



Ministry of Transport: Aide Memoire

To: Hon Phil Twyford

From: [REDACTED] Withheld to protect privacy of individuals

Date: 29 January 2019

Subject: Information for discussion with Wellington City Council and Greater Wellington Regional Council

OC Number: OC190081

Purpose of this aide memoire

1. You are meeting with Wellington City Council (WCC) and Greater Wellington Regional Council (GWRC) on Thursday 31 January to discuss next steps for Let's Get Wellington Moving (LGWM).

You should not agree to WCC and GWRC's counter-proposal

2. The Ministry's advice is that you should not agree to WCC and GWRC's counter-proposal for LGWM because:
 - the assumptions they used to predict National Land Transport Fund (NLTF) revenue do not align with the Ministry's NLTF forecasting practices – an increase of 36 cents per litre in petrol excise duty (PED) and an equivalent increase in road user charges (RUC) over 30 years would be required to deliver the NLTF revenue assumed in their proposal
 - the Ministry has not seen work to show the costs or benefits associated with the scaled back state highways package in the counter-proposal.

Increases in PED and RUC are required to progress your preferred approach

3. In December 2018 you indicated a preferred approach for the first phase of LGWM. The total cost of this approach is \$2.44 billion (uninflated), and the proposed NLTF portion of this cost is \$1.45 billion (uninflated).
4. After accounting for inflation, operating costs and financing costs, the cost of your preferred option increases to \$5.8 billion after 30 years, of which \$3.18 billion is to be funded from the NLTF.
5. In December 2018 you indicated that the Wellington Region could expect to receive no more than their 'population share' of NLTF revenue over the next 30 years. This is approximately 10 percent.

6. We provided advice to you in December 2018 on the affordability of your preferred option. We advised you that, based on current cost estimates and other likely regional investments, there would be a \$1.25 billion shortfall in NLTF revenue at the end of 30 years if the Wellington Region received **only** 10 percent of NLTF revenue over the next 30 years.
7. We used modelling from the New Zealand Transport Agency (NZTA) and WCC to do the analysis required to provide you with this advice. Since then, we have further looked into this analysis and determined that the modelling assumed an increase of approximately 12 cents per litre in petrol excise duty (PED) and an equivalent increase road user charges (RUC) over the 30 year period.
8. We have done further analysis and determined that, to progress your preferred approach for the first phase of LGWM, an increase of 20 cents per litre in PED and an equivalent increase in RUC would be required over the next 30 years.

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