

WELLINGTON LAMBTON INTERCHANGE FUNDING PROPOSAL

The Funding Proposal

The project has five elements, these, are:

- The pedestrian subway (\$940,000)
- The station forecourt (\$711,000)
- The bus terminal (\$6,409,000)
- Pedestrian shelters (\$2,316,000)
- Bus priority (\$454,000)

It is proposed that the five elements be funded as separate items as follows:

- The subway as a refurbishment of the existing subway and therefore attracting the average Financial Assistance Rate (FAR) for bus and rail, that is 50%.
- The station forecourt as a refurbishment of the existing forecourt and therefore attracting a FAR of 60%.
- The bus terminal as 90% refurbishment of the existing terminal and 10% as improvements to attract additional patronage (see below for calculation of this), hence a FAR of 40% for the refurbishment and capitalisation of patronage growth up to the cost of the remainder.
- The pedestrian shelters as “Kick start projects”.
- The bus priority as a local road.

Calculation of the Transfund contribution

The proposed Transfund New Zealand contribution to each element of the project then becomes:

- 50% of \$940,000 which equals \$470,000.
- 60% of \$711,000 which equals \$426,600.
- 40% of 90% (for the basis of this see below) of \$6,409,000 which equals \$2,307,724.
- 40% of 10% of \$6,409,000 capitalised patronage growth funding which equals \$256,360.
- Kick start funding of \$1,325,000.
- Road funding of 43% of \$454,000 which equals \$195,220.

All up Transfund will contribute about \$4.98 million. The Regional Council would forgo \$256,360 in future patronage funding.

Funding Options.

There are two basic ways this funding could be arranged. Assuming that this is Wellington City's project all Transfund monies should be paid direct to Wellington City. Then the funding flow would be:

Transfund gives Wellington City \$4.98 million.
The Regional Council funds the rest through a service agreement with Wellington City and forgoes \$256,360 in future patronage funding.

If we assume that the Regional Council baseline funding should change to reflect this refurbishment project then the following proposal might be appropriate:

Transfund gives Wellington City \$1.78 million for the kick start, the road improvement and the terminal enhancement.

Transfund contributes on an annual basis through the Regional Council service agreement a further \$2.95 million (a calculation of an annual payment for the length of the service agreement would have to be made) and the Regional Council does not forgo any patronage growth funding.

Basis for the 90/00 split

About 30,000 trips come through the Wellington station each working day. This is about 250 times 30,000 or 7,500,000 trips. The interchange has been calculated to attract about 100,000 people* more a year (see ATR evaluation). Of the 7,500,000 about a 15% (see ATR evaluation) use the interchange this is therefore approximately 1,000,000 people. The extra passengers are therefore about 10% of the current total.

Financial Effect of Transfund Position

The difference in rating between the above proposal and the current Transfund decision is \$1.79 m. This is equivalent to a 4% rate increase and is similar to the total patronage growth funding the Region hopes to receive this financial year. If the Council has to find this amount from transport rates then the Council will have to cancel many of its new public transport initiatives which appears somewhat contrary to the governments intentions for passenger transport.