

File No. TP/6/4/1
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7 September 2001

Mr M Gross
Chairman
Transfund New Zealand
PO Box 2331
WELLINGTON

Dear Michael

Funding of Lambton Bus/Rail Interchange

With regard to the above subject, I have to advise you that my Council does not accept the patronage funding claw back condition placed on the decision of your Transfund New Zealand Board, of 16 August 2001, to provide a contribution of \$2.778m to the Lambton Bus/Rail Interchange. They have instructed me to seek an urgent meeting with representatives of your Board to find a solution to this problem. They also require me to make direct contact with the Minister of Transport to inform him of the issue and to solicit his intervention.

My Council believes that it has been caught unfairly in a series of changing circumstances not of its making that lead the Transfund Board to make pragmatic decisions. I have attached a copy of the report that went to my Council. I will traverse some of the main points raised in it and add some that were made at the meeting on receipt of papers released by Transfund officials to Auckland Regional Council after a request under the Official Information Act.

The Lambton Bus/Rail Interchange appears to me to be one of two projects, the other is the Hamilton City Bus Station, that were put forward as ATR (Alternatives to Roothing) projects prior to the introduction of government initiatives on patronage funding. The initial application for Lambton was made in March 2000 well before the consideration and later introduction of patronage growth funding.

The project proved ultimately to be fundable under ATR procedures and finally in June 2001 your Board formally approved it and confirmed its funding as part of the 2000/01 National Roothing Programme.

It was a complete surprise to me and my Council that the ATR funding approved should be conditional on the Council forgoing further patronage growth funding, initially \$2.738m which was reduced to \$1.369m at your Board's 16 August 2001 meeting.

My Council knows that passenger transport patronage growth in Wellington will be modest. We have a mature network that currently carries about 30% of daily commuters into Wellington. We are predicting patronage growth of no more than 2% per annum over three

years and then static thereafter. Achieving even this target will require significant investment. But your Board's proposed claw back of \$1.369m in patronage growth funding, equivalent to about one and a half years predicted passenger growth will have a material effect on my Council's future public transport expenditure. This appears contrary to the Government's stated intentions of supporting additional public transport investments to maintain and growth patronage.

At my Council's meeting on 5 September 2001 we had access to the papers provided to Auckland Regional Council under the Official Information Act. We had the submission to the Board on the "Double Funding" issue, the proposed consultation document and a legal opinion. Our reading of the NRP agreement between Transfund and the Council is that before there is a change in Transfund policy or any of the procedural manuals, Transfund will consult with the industry. Clearly that was the intention of Transfund regarding this issue. However, for reasons that are unclear, this did not take place. My Council believes that Transfund has failed to follow the agreed process in this matter and has therefore been left to take pragmatic decisions on a case by case basis.

I do not wish to place either you or your Board in a difficult position, neither do I feel that I should meet with Mark Gosche until we have explored all avenues to reach a form of agreement. Similarly, a formal meeting between your Board and representatives of my Council might perhaps restrict free and frank discussion. I therefore suggest that once you receive this letter we make contact and arrange to meet informally in my office. I would invite Cr Terry McDavitt, Howard Stone and Dave Watson to be with me and you no doubt would be appropriately accompanied.

Perhaps you would be good enough to contact me at your early convenience.

Yours sincerely

STUART MACASKILL
Chairman