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Report 02.403

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Report to the Passenger Transport Committee
From Dr D J Watson, Division Manager Transport

Lambton Interchange Funding

1. Purpose

To remind the Committee of the funding arrangements for Lambton Interchange.

To agree how the current funding shortfall will be managed.

2. Background

The Council has been having a long debate with Transfund New Zealand over their contribution to the Lambton Bus/Rail Interchange project. **Attachments 1, 2 and 3** are previous reports covering these issues. The last decision made by the Regional Council was the adoption of the following resolutions at the 5 March 2002 meeting of the Council:

“Accepts the Transfund New Zealand Board funding offer for the Lambton Bus/Rail Interchange.”

3. Recent Events

Wellington City Council was advised of the Regional Council 5 March 2002 resolutions. Both Councils then formalised a service funding agreement for the project. The City Council proceeded to seek new tenders for the outstanding works and the project was restarted. Work is currently ongoing with a completion date of December 2002.

A request was made on 20 March 2002 to Transfund New Zealand, under the Official Information Act, for a copy of any submissions on Lambton Interchange made to the Transfund Board at its February 2002 meeting. The response (**attachment 4**) was a memo to the Board in response to a letter sent to them in February 2002. No reference was made to the December delegation led by the Council chairperson.

The Council chairperson then wrote to the Transfund Board chairman, Michael Gross, on 6 May and a reply was received on 24 May (**attachments 5 and 6**).

The Transfund Board met on 20 June 2002. The decision of the Board was communicated to the Council on 8 July 2002 (**attachment 7**). The consequence of the Transfund Board decision is a reduction in their contribution to the project of about \$450,000.

4. Comment

The reduction in Transfund contributions is a direct result of the project being delayed by the Council over the period September 2001 to March 2002, a period of some 6 to 7 months. Without the delay the project would have been completed by July 2002. This episode is a sad reflection of the lack of flexibility of the Transfund Board funding procedures.

5. Possible Actions

The options available to the Council appear to be:

- A. Accept the funding situation and the reduction of Transfund funding support and either:
 - (i) complete the project as currently envisaged and fund the shortfall through an extension to the service contract; or
 - (ii) reduce the scope of the project to accommodate the reduction in Transfund support.
- B. Not accept the new reduction in Transfund funding and seek a meeting with the Minister of Transport to pursue its reinstatement and in the interim decide to:
 - (i) halt work on the Lambton project; or
 - (ii) continue work on the project; or
 - (iii) reduce the scope of the project to accommodate the reduction in funding support.

6. Communications

Dependent on the decision made there will be a need to reflect it in a Council media release. It will be necessary, regardless of the decision made, to inform Wellington City operators and users.

7. Recommendations

That the Council:

1. *Receive the report.*

2. *Not accept the decision of Transfund New Zealand to not address the funding shortfall resulting from delays to the project.*
3. *Inform Wellington City Council of the action being taken by the Council to address the funding shortfall.*
4. *Seek a meeting with the Minister of Transport to pursue a resolution to the funding shortfall.*

DAVE WATSON
Divisional Manager, Transport

Attachments

- 1: Report PE 01.747**
- 2: Report PE 01.773**
- 3: Report PE 02.97**
- 4: Memorandum to Transfund Board dated 21 February 2002**
- 5: Letter to Transfund from WRC dated 6 May 2002**
- 6: Letter to WRC from Transfund dated 22 May 2002**
- 7: Letter to WRC from Transfund dated 8 July 2002**