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File No. T/2/11/1

26 July 2001

Mr P Burghout
Planning and Evaluation Manager
Transfund New Zealand
PO Box 233 1
WELLINGTON

Dear Pieter

Wellington Lambton Interchange

I am very disappointed that you have not yet found it possible to provide Wellington City Council with the funding assistance that the ATR evaluation of **Lambton Interchange** entitles them to receive. As a consequence all work on the Interchange will now cease and the site vacated once it is made safe. The large hole in the ground at **Lambton** will become an embarrassment to us all. The final cost of the project will now increase as there will be additional costs associated with closing down the site and eventually restarting the work at a later date.

I believe that Transfund New Zealand might be acting outside its legal mandate by insisting that funding to one independent local authority be linked with a decision by another independent local authority over patronage growth funding. This appears to breach section 594ZU of the Local Government Act.

Transfund could create enormous good will by funding Wellington City separate from resolving its dispute with the Regional Council over the capitalisation of patronage growth funding that might flow once it is completed.

At our meeting on Friday 13 July 2001, black Friday, we discussed several issues. I pointed out that the total amount of Transfund money attracted by the Interchange under patronage funding appeared less than it would have been without it. This is a bizarre result and contrary to the clear intent of the government. I suggested that the baseline funding should contain an element to allow the normal refurbishment or reconstruction of existing infrastructure such as **Lambton**. You offered to consider alternatives as long as they did not contravene the Board's stated policy of no double dipping. You provided a proposal to deduct a fixed annual amount from the Regions Patronage Growth funding for the next 25 years, a sum of \$300,000 a year was proposed. I suggested that this left all the risk with me. I agreed to get back to you, which I did via e-mail and the phone.

I write now to advise you that I will be relaying the present situation to my Passenger Transport Committee on 2 August 2001. I will be asking them formally to approach the Transfund Board to seek a reversal of their current position, as stated by you, regarding the capitalisation of further patronage growth funding as a prerequisite condition prior to releasing capital funding to the project.

The more I think through the issues the more I feel that the Transfund Board has misunderstood the effects of their resolution. I will be in touch again once my Council's Passenger Transport Committee has met.

Yours sincerely



DAVE WATSON
Divisional Manager, Transport

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