



15 April 2005

Ref AF 89 01 01

Barry Harris  
Chief Executive  
Greater Wellington Regional Council  
PO Box 11646  
WELLINGTON

REF	
GM/01/04.01	
25/04/05	
referred to	referred to
B Harris	

Dear Barry

**Funding of trolley bus retention**

This is to confirm the decision of the Land Transport New Zealand Board at its March 2005 meeting on the subject of the funding of trolley bus retention in Wellington.

The Board resolved as follows:

*That the Land Transport New Zealand Board:*

- a. **approves** funding of up to \$750,000 (Land Transport NZ share) per year over and above the cost of providing equivalent services by diesel bus over the next 10 years from the Crown allocation to the Wellington region, for the purpose of assisting the rebuilding and operation of the trolley bus fleet and overhead wiring;
- b. **notes** that the Board did not accept some aspects of the evaluation report, but approved funding on the basis of the requirements of the Land Transport Management Act;
- c. **requests** the Chief Executive to discuss the improved performance of the diesel fleet with Greater Wellington Regional Council with particular emphasis on noise and emissions;
- d. **requires** Greater Wellington Regional Council to prepare a Business Plan (including an Asset Management Plan) for the refurbishment and operation of the overhead system; and
- e. **agrees** to take Board paper 05/03/1534 out of Committee once the Board's decision has been conveyed to the applicant.

**National Office**

7-27 Waterloo Quay  
PO Box 2840  
Wellington New Zealand  
Telephone 04 931 8700  
Fax 04.931 8707

www.landtransport.govt.nz

In the course of discussion the Board expressed concern that the economic evaluation includes some double counting of benefits between the willingness to pay and the environmental benefits claimed. In addition, they questioned the claimed national environmental benefits and noted that the CO<sub>2</sub> benefits have been wrongly estimated because of a misunderstanding about the nature of marginal electricity generation. These considerations led the Board to the view that the efficiency ratio for trolley bus retention is probably less than 1. Approval of funding from the National Land Transport Fund (N funding) of an uneconomic activity could create an undesirable precedent and open the Board to criticism from road user groups. On the other hand, R funding and C funding, while allocated through the Allocation Process, can have different funding thresholds applied to funding approval, perhaps including funding of uneconomic activities in special circumstances.

Land Transport New Zealand expects that the requirements for the Crown contribution to the Wellington Transport Project will be similar to those for the Crown contribution to Auckland as set out in clauses 20 to 22 inclusive of the Allocation Process document issued by Transfund on 9<sup>th</sup> September 2004. This requires these funds to be "allocated through the NLTP by Transfund (now Land Transport New Zealand) in accordance with the requirements of the LTMA". This view is consistent with the wording of the Cabinet paper on the Wellington Transport Project.

Yours sincerely



**Wayne Donnelly**  
Chief Executive