



Report 06.245
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Committee Regional Land Transport
Author Ian Buchanan Chairman

Deputation to Government Ministers on Western Corridor Plan Funding

1. Purpose

To update the Committee on progress towards establishing a deputation to approach Government Ministers to resolve uncertainties in funding the Western Corridor Plan.

2. Significance of the decision

The matters for decision in this report **do not** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

At its 11 April meeting the Regional Land Transport Committee adopted the Western Corridor Plan (WCP), as recommended by the Western Corridor Hearing Subcommittee. The Subcommittee's report identified a significant funding gap between committed Government funding and the WCP, in particular the construction cost of the Transmission Gully project, based on current project cost assumptions.

The Committee resolved the following:

“(9) That the Committee establishes a delegation, led by the Chair of the Regional Council, comprising of the chair of the Regional Land Transport Committee and the region's mayors, to undertake discussions with appropriate Government Ministers to resolve uncertainties in funding the Western Corridor Plan, and to report back to the Committee.”

On the 18th of May the Government announced its 2006 Budget. The Budget included \$80 million for “*the investigation and preliminary design work for Transmission Gully to enable a construction start by 2011/12.*” This funding is to be provided through the issue of “infrastructure bonds”. Exactly how these

will be applied is still being determined. I understand that funding for the investigation stage will be included in the 2006/07 National Land Transport Programme (NLTP). The NLTP is expected to be finalised by Land Transport New Zealand by the end of this month.

4. Comment

The Committee's decision to approach Government Ministers about the funding gap for the WCP was in part based on a concern that Transmission Gully may not have progressed given the existing funding uncertainties. While the Transmission Gully project was included in the regional programme there was concern that it would not receive funding for any of the project stages through the National Land Transport Programme until the entire project funding issues had been resolved. The Committee was also concerned that funds required for Transmission Gully would be diverted away from other regional projects.

The subsequent Budget announcement and special funding for the investigation phase has changed the situation for the region. The Government is now committed to the project, at least as far as investigation and preliminary design. One of the outcomes of the investigation phase will be a clearer identification of project costs.

While the Government has not addressed potential funding shortfalls for the project construction, at this time the amount of any funding shortfall is uncertain. Until the size of any actual shortfall is known it will be very difficult for Ministers to respond to any possible future funding options. Therefore I believe that there is little to be gained in approaching Government Ministers directly about funding shortfalls at this time. Once the information is available we can put a reasonable case to them based on the size of the funding shortfall. I anticipate that such information will start to become available in 2-3 years, once the investigation and preliminary work has been progressed.

I therefore recommend to the Committee that we delay approaching the Ministers until we have more detailed costing information which will enable us to construct a strong case for resolving any funding shortfall. In the meantime we will work closely with all parties involved with the Transmission Gully work and we will continue to implement the other aspects of the Western Corridor Plan.

5. Communication

The decision will be communicated to the local Members of Parliament who have indicated a strong interest in the progression of the Transmission Gully project.

6. Recommendations

That the Committee:

1. *Receives the report.*

2. *Notes the content of the report.*
3. *Agrees to defer undertaking a discussion with Government Ministers, as agreed at the April meeting of the Committee, until further information is available on the costs of the Transmission Gully project that will come from the investigation and preliminary design work.*

Report prepared by:

A handwritten signature in black ink, appearing to read 'Ian Buchanan', written in a cursive style.

Ian Buchanan
Chairman