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4 July 2001

Mr Burghout
Planning and Evaluation Manager
Transfund New Zealand
PO Box 2331
WELLINGTON

Attention also: Bob Alkema

Dear Pieter and Bob

Wellington Interchange Funding

I respond to your letter of 28 June 2001 (ref: 789-01). On behalf of the Wellington Regional Council I agree to enter into an arrangement that takes account of actual patronage growth generated by the completion of the Wellington Lambton Interchange so as to act in accordance with the Transfund Board policy on double funding. This will allow you to release (to Wellington City) the capital funding for the interchange project in accordance with your letter and your normal funding procedures.

I will write to you again shortly setting out, in detail, our proposed approach to achieve your required outcome. It must be recognised that the ATR evaluation assumed a conservative estimate of the value of the public's willingness to pay for amenity benefits. Our expectation, over time, is that there will be a higher patronage growth as a result. It will also be necessary to ensure that we capture actual growth relating to this project, not growth resulting from, for example, Kick Start projects on the same network of services.

Once I have got my proposal to you I suggest it may be necessary to get together to sign off on the various processes it will contain so that there is no doubt about how the calculation of patronage growth will be measured. I assume no patronage calculation is necessary until the project has reached the state of practical completion, which should now be around February 2002.

Yours sincerely

DAVE WATSON

Divisional Manager, Transport

CC: Steve Harte, Wellington City Council