

Special Allocation of Funding for Rail Rolling Stock Refurbishment

Transfund proposes a new one-off rolling stock allocation for rail refurbishment in Auckland and Wellington in 2002/03. This allocation will be subject to a number of conditions, as follows:

- regional councils will be required to contribute 40% of this refurbishment expenditure, and will not be able to pay their share using existing or future patronage growth payments
- a guarantee that any up-front public investment to refurbish rail rolling stock will be applied directly to the nominated asset, and not be redistributed away from the public transport service by way of sale, retirement of the relevant service or asset, or appointment of a new operator
- the whole of life costs of rolling stock will be incorporated in any future contracts once contracts are negotiated with new providers in Auckland and Wellington
- the service provider will agree to provide the relevant regional council with full disclosure of all relevant costs and revenues associated with the service. These will specifically include depreciation, maintenance, and refurbishment costs
- the regional council and service provider in each contract shall agree to independent review of refurbishment costs (including the benchmarking of these costs to comparable international results, and/or to appropriate statistical indices) where the service provider is the sole supplier of a service.

Specific amounts will be discussed and negotiated with the respective regional councils.