



In response quote reference: 1240434
In response enquire to: Langley Cavers

12 August 2014

Glenn Leach
Mayor
Thames Coromandel District Council
Private Bag
THAMES 3540

Dear Glenn

HAURAKI RAIL TRAIL

Receipt of your letter of the 24 July 2014 is acknowledged and your and David Hammonds time to discuss these and other issues at our offices on the 11 August 2014.

You have requested confirmation from the Hauraki District Council on what actions it is taking to address the matters raised in your letter and in particular the issue around the performance of the Principal Trail Manager performance.

As you are aware the Hauraki District Council has taken a lead role in the development of the Hauraki Rail Trail and has entered into agreements with the Government, the Hauraki Rail Trail Charitable Trust (HRTCT), Department of Conservation, Matamata-Piako District Council (MPDC), Thames-Coromandel District Council (TCDC), New Zealand Railways Corporation and a Principal Trail Manager (PTM) (Great Cycle Rides New Zealand Limited (GCRNZ)) for the development and operation of the trail.

Ultimately it was Hauraki District Councils intention that the overall responsibility for the trail would pass to the HRTCT and in the interim while Council was the principal party to all the agreements it assigned the responsibility for the management of them to the HRTCT.

It is apparent that the current management of the PTM contract needs to be improved and that the contractor is not meeting the performance requirements of the Management Agreement. In this regard the Hauraki District Council resolved at its Ordinary meeting on the 30 July that the responsibility for the management of the PTM contract be taken back from the HRTCT and for the immediate future HDC manage the contract.

The HRTCT and PTM have been formally advised of this and a review of the contract performance is currently being carried out by Council staff. Once this review is finalised we will be in a position to report on what action Council will be able to take to address contract performance issues.

In addition to this a review of the contractual relationships is being undertaken by Sally Davis of Jowett Consulting Limited (JCL). JCL initial observations are that some of the difficulties that have arisen with the relationships appear to have arisen largely because the roles, responsibilities and relationships between the Council, the Trust and the Operator have not been clearly defined in the Agreements, nor are they well understood or agreed between the parties.

HRTCT auditors, Audit New Zealand, have also recommended that the Management Agreement between HDC and GCRNZ be renegotiated to address the confusion around roles and responsibilities and to ensure that commission revenue received is accurate and complete.

Hauraki District Council is committed to finishing this review and will work with Matamata-Piako and Thames-Coromandel District Council's and the HRTCT to finalise this review. It is expected that this review will be completed over the next couple of months.

Yours sincerely



L D Cavers
Chief Executive

Copy to:

~~Don McLeod
Chief Executive
Matamata Piako District Council
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TE AROHA 3342~~

~~Teena Cornes
Chairperson
Hauraki Rail Trail Charitable Trust
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