

Hauraki Rail Trail Funding

TO	Economic Development Committee
FROM	Greg Hampton - Area Manager Thames and Coromandel
DATE	2 September 2014
SUBJECT	Hauraki Rail Trail Funding

1 Purpose of Report

The purpose of the report is to confirm approval to recommence the previously agreed funding arrangements in relation to the Hauraki Rail Trail.

2 Background

The Hauraki Rail Trail project is a joint Council project funded by Hauraki District Council (HDC) in partnership with Thames-Coromandel District Council (TCDC) and Matamata-Piako District Council (MPDC). The Councils agreed to partially fund the project (TCDC - \$475,000) with the balance of the funding being provided by the other Councils and central government under the Nga Haerenga - NZ Cycle Trail Project.

In March 2012 the Hauraki Rail Trail Charitable Trust (the Trust) was formed to provide on-going governance, operation and maintenance responsibilities for the trail. All three Councils have representation on the Trust along with local Iwi.

Ongoing Funding

TCDC has an agreement in place to provide funding for operational costs to an agreed capped amount annually through to 2021 to support shortfall of revenue to cover operational and management expenses.

TCDC has also committed to being a funding partner of the Kaiaua to Kopu section of the trail which is currently in the planning phase with construction planned for commencement in 2015.

TCDC has allocated \$100,000 in the current financial year towards the design and planning, and along with HDC, a construction contribution of \$1,000,000 each towards the estimated \$4,000,000 total cost of the project. The Hauraki Rail Trail Charitable Trust intends to apply for public grants to fund the remaining \$2,000,000.

3 Issue

Whilst the trail has been a great recreational and economic success attracting good usage by both locals and visitors, TCDC staff and elected members have had valid concerns around the performance of the Principal Trail Operator Contract and the issues raised by the Audit New Zealand Report 2012-13.

As a result of this the Economic Development Committee at its meeting of 18 July 2014 resolved to;

1. Request from the Hauraki District Council the external review report of the Hauraki Rail Trail
2. Request a report from the Hauraki Rail Trail Charitable Trust on the full disclosure of the performance (including financial statements) of the Trust and the Principal Trail Manager (Operator)

3. Withholds all payments to the Trust and the Hauraki District Council until the Economic Development Committee is satisfied with the performance of the Trust and Principal Trail Manager (Operator).

4 Discussion

The Chief Executive and senior staff have been in discussion with both Hauraki District Council and the Hauraki Rail Trail Charitable Trust (HRTCT) and are satisfied that the Economic Development Committee concerns are being actively managed and addressed as follows;

a) The Principal Trail Operator Contract is now being actively managed to address compliance and performance concerns

b) HRTCT has provided the requested information and are working through the Audit New Zealand recommendations (**Attachment; HRTCT letter 14 October 2014**)

c) The partnering Councils are working positively together to seek solutions to the identified issues, including to support and resource the Trust appropriately to enable it to operate more effectively in the future.

Accordingly the Chief Executive has agreed to release the current operational funding commitments, and it is recommended that the Committee approve recommencement of all Council approved funding arrangements in relation to the Hauraki Rail Trail.

5 Suggested Resolution(s)

That the Council:

1. Receives the report.
2. Rescinds its previous resolution to withhold payments to the Hauraki Rail Trail Charitable Trust and Hauraki District Council, and approves recommencement of agreed funding arrangements in relation to the Hauraki Rail Trail.

References-Tabled/Agenda Attachments

Attachment A *Hauraki Rail Trail Charitable Trust Financial Statements for year ended 30 June 2014 and HDC appointed contract Manager Wayne Henderson's report and update on solutions currently being sought by HDC and the Hauraki Rail Trail Charitable Trust*

[Attachment A - Hauraki Rail Trail Charitable Trust Financial statement...](#)