

27. 9. 2001

**REPORT BY THE CHAIRMAN OF THE
STRATEGY AND RESOURCES COMMITTEE**

1. "SOUTHERNER" RAIL SERVICE

Councillors will be aware from reports in the media that local authorities in Otago and Southland have been discussing some sort of rescue package with central government. The Mayor and I have had informal approaches from various parties about the Council's possible participation. I have indicated that the Council would be most unlikely to agree to any large ongoing subsidy of an under-utilised service, but that the Council might consider a contribution towards a feasibility study and towards operating costs while the study is carried out.

Officials in the Ministry of Transport have confirmed that the Government is willing to contribute \$140,000 towards the operation of the Southerner until February, and an additional \$30,000 towards a feasibility study. The Government contribution would be conditional upon local authorities contributing \$100,000 to operational costs and matching the Government's contribution of \$30,000 for the feasibility study.

It is essential that the proposed feasibility study should be well researched, vigorous and realistic. It is understood that the study would deal with issues such as the role of the rail service in the South Island tourist strategy and with realistic scenarios for achieving break-even over a period of perhaps three years.

Staff will provide a more detailed report for the Council meeting.

CONSIDERED THIS 27TH DAY OF SEPTEMBER 2001

MAYOR