

File No. T/2/11/4  
huntrail3may

3 May 2002

Mr Ian Hunter  
Central Regional Manager  
Transfund New Zealand  
P O Box 2331  
WELLINGTON

Dear Ian

### **Request to Roll over the Current Wellington Urban Rail Control for a Further Period**

The current Wellington urban rail contract between the Wellington Regional Council and Tranz Rail Ltd ceases on 30 June 2002. You will be aware that Tranz Rail Ltd has signalled its intent to sell Tranz Metro Wellington. It seems therefore appropriate to roll over the current contract until the sale process has been resolved.

The current contractual relationship between the Council and Tranz Rail has serious deficiencies. These problems are best illustrated by reference to letters and performance reports received from Tranz Rail (copies attached).

These letters identify that Tranz Rail is unwilling to provide a detailed breakdown of the costs of supplying services, in particular these costs associated with the introduction of the Transfund approved "kick start" service improvements.

These letters and performance reports also provide evidence of the growing poor state of rolling stock and operational maintenance of the track and overhead.

The Wellington Regional Council is deeply concerned about the state of the Tranz Metro Wellington service. The Council is making every effort to rectify the problems but this is difficult with the current owner who wishes to sell the Tranz Metro Wellington Company.

You will be aware of the Councils interest to establish a joint venture rail company to purchase Tranz Metro Wellington once legislation allows. However whoever eventually owns Tranz Metro Wellington the Council will want to ensure that its relationship with the new owner is based on a more business like contract so as to eliminate the current difficulties.

The Council is therefore seeking a further roll over of the current contract on an interim basis until the sale of Tranz Metro Wellington occurs. It would then wish to proceed, with the assistance of a new CPP, to have a contract for the regions rail services with a new operator or operators.

Yours sincerely

DAVE WATSON  
Divisional Manager, Transport