

Tranz Rail Limited
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Tapanui
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Auckland Mail Centre
New Zealand

Michael J Beard
Managing Director

7 November 2002

Hon Dr Michael Cullen
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Dr Cullen

Road/Rail Level Playing Field Exercise

Tranz Rail is in the process of finalising the second stage of its strategic change programme and has a number of key decisions to make regarding the track network.

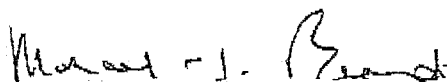
At the beginning of the change programme Tranz Rail made a commitment to Government that it would consult regarding its future direction to ensure consistency with Land Transport Policy objectives.

The change process also requires consideration of the requirement for a "level playing field" between road and rail if future investment is to be optimised in the national interest.

Accordingly I believe it would be an appropriate time for Tranz Rail and the Government to resume the discussions that were underway prior to the recent elections.

I would be grateful for your thoughts regarding the above.

Yours sincerely



Michael J Beard
Managing Director

cc: Hon Paul Swain