

**Treasury Report:** Response to Letter from P Lucas (Queensland Minister for Transport)

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<b>Date:</b>	10 June 2004	<b>Treasury Priority:</b>	Low
<b>Security Level:</b>	IN-CONFIDENCE	<b>Report No:</b>	T2004/993

**Action Sought**

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	<b>Action Sought</b>	<b>Deadline</b>
Minister of Finance	Sign attached letter to Paul Lucas	None
Minister for State-Owned Enterprises	Note	None

**Contact for Telephone Discussion (if required)**

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st Contact</b>

**Enclosure:** Yes

10 June 2004

SH-8-4-2

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### Analysis

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The Queensland Minister of Transport and Main Roads, Paul Lucas, has written to you proposing a three day trade mission to explore possibilities of collaboration on investment in the New Zealand rail network.

We understand that you wish to ensure that officials working on the rail transaction utilise all the expertise that might be available to them. You also wish to ensure that the possibility of a collaborative relationship with Queensland Rail is fully explored.

However, the proposal from Mr Lucas presents two immediate issues:

- The New Zealand Railways Corporation (NZRC) board will be accountable for developing future business relationships to assist with the improvement of the rail network. Any discussion with potential business partners needs to be consistent with this accountability; and
- It would be preferable for any meeting with Queensland Rail and to occur once the new NZRC board and chief executive have been appointed.

We therefore suggest that you:

- facilitate a meeting between New Zealand officials and Queensland Rail to discuss the assistance that Queensland could provide with respect to the rail infrastructure transaction and the establishment of TrackCo. This meeting could occur as soon as practicable;
- arrange for a Ministerial meeting, to be followed by detailed discussions between NZRC and Queensland Rail to explore the possibility of a longer term collaborative relationship with Queensland Rail. This meeting would be scheduled to occur once the new NZRC board and chief executive are appointed.

### Recommended Action

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We recommend that you **sign** the attached letter to Paul Lucas.

*Agree/disagree.*

for Secretary to the Treasury

**Hon Dr Michael Cullen**  
Minister of Finance

[Letter below not sent – Revised at Minister’s request. See following letter.]

Hon Paul Lucas MP  
Minister for Transport and Main Roads  
GPO Box 2644  
Brisbane  
Queensland 4001  
AUSTRALIA

Dear Paul

Thank you for your letter of 12 May offering to convene a rail trade mission in Wellington.

You will be aware that at the present time we are still in the middle of our restructuring process. We currently expect to take ownership of the rail infrastructure during June and to assume management control two to three months later.

At this time arrangements for the transfer are the responsibility of the New Zealand Treasury. Over the next few months management control will be vested in the New Zealand Railways Corporation (NZRC). The track operation will be governed by a board, which will be accountable for developing future business relationships.

This provides two areas of potential collaboration. First, there may be areas where Queensland could provide expertise to assist the officials managing the asset transfer and configuration of the relationship with Toll Rail. Exploration of this can occur as soon as practicable. I suggest your office contact John Wilson of the Treasury ([john.wilson@treasury.govt.nz](mailto:john.wilson@treasury.govt.nz)) in the first instance to identify the areas of expertise that might usefully be covered and arrange a mutually convenient time for a visit.

Second, I would be pleased to meet with you to explore possibilities for collaboration on development of the New Zealand rail network. I believe that this discussion would be most productive once the new NZRC board and chief executive are in place. At this stage I cannot confirm a specific date for these appointments, but my hope is that the new chief executive will be in place by August.

I have instructed my office contact you once the timing is confirmed to organise a meeting between us. I recognise that this delay may be disappointing but can assure you that it will not affect the opportunities for us to develop collaborative arrangements.

Yours sincerely

Hon Dr Michael Cullen  
Deputy Prime Minister  
Minister of Finance

Hon Paul Lucas MP  
Minister for Transport and Main Roads  
GPO Box 2644  
Brisbane  
Queensland 4001  
AUSTRALIA

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I would be pleased to meet with you, in conjunction with the Chair of the NZRC, to explore possibilities for collaboration on development of the New Zealand rail network. Please contact my office to organise a mutually convenient time for this meeting.

Yours sincerely

Hon Dr Michael Cullen  
Deputy Prime Minister  
Minister of Finance