

Tranz Rail: Issues to discuss – 11 March, 2003

Package – not numbers

1. Purchase of network: to include track infrastructure and all assets required for management and operation (tracks, tunnels, bridges; signalling, train control) includes buy-back of lease. (Implications for new provisions agreed and TR real-estate rights?) (Residual liabilities) [knowledge of potential liabilities]

Value of rail network determined by :

- Access fees charged
- Level of maintenance provided
- Access arrangements (How much of TR's existing monopoly rights protected)

2. High-level Strategic Alliance providing for:

- Company/crown alliance
- A basis for information exchange
- Consultation processes (e.g. interventions to close lines)
- Processes for collaboration on investment

Agreement to maintain specified line-by-line services (cf Telecom kiwi share) [Isn't this part of SLA?]

3. Purchase of more detailed and closely specified service level agreements for particular lines or services covering

- for example frequency/volume of service/ service quality such as timing;
- Provisions for penalties/incentives; default mechanism include contestability
- Provisions to cope with changing economics and rail viability
- Publication of Tranz Rail by performance information.
- SLAs would cover certain at-risk lines and services such as:
 - Services on marginal/uneconomic lines
 - Services to smaller centres/regional plants
 - Services where TR have insufficient specific use wagons (fertiliser/timber/meat)?
- Wholesaling of space on main trunk line
 - Tranz Rail sells capacity (wagons, containers and space) to other freight providers an agreed percentage of freight on particular sectors.
 - Only Tranz Rail would operate locomotives
 - Price would be determined by Tranz Rail and potential freight providers.

4. Not open access but new operators:

- Where Tranz Rail fails to meet performance indicators specified in detailed service level agreement
- Where agreed with TR

- Where govt offers a service subsidy
- For long distance passenger transport where no service is provided at present.
- For all existing non TR operators and types (eg heritage)

I.e. Tranz Rail would retain rail operations including its freight operating rights