

Oakley Moran

Page 2

Tranz Rail as an output and Tranz Rail would pay KCDC for the use of the facility. That way there would be no payment to the local authority so far as Transfund is concerned. However, I think we should get it approved in principle by Transfund. We would need to know Tranz Rail would agree but I see no reason why it would not. Obviously it would not want an irrevocable commitment to pay KCDC unless it had a comparable one from us. It would simply contract with KCDC on the same basis that we were proposing 'to do so, i.e. its obligation would be measured in the same terms as WRC's.

I doubt that the option suggested in your email of 16 March 2000 is lawful (and hence viable). I presume that any subsidy paid by Transfund will have to come from the National Road Account. That effectively creates the impediment.

The statutory requirement seems to be that all moneys received by Transfund comes from the Crown Bank account. Under s.10(2)(e) of the Act, Transfund gets the balance remaining after payment of the specific matters referred to in s.10(2)(a) to (d). Payments from the Crown Bank account to Transfund must go to the National Roads Account by reason of s. 12(3) and 13. Transfund makes its output and capital project payments under s. 17(1). Any money received by a local authority has to be paid into its Land Transport Disbursement Account (s.24). That includes approved outputs and capital projects (s.23). that means WRC cannot receive funds except through its Land Transport Disbursement Account.

I hope this is helpful. If you have any queries, please do not hesitate to contact me.

Yours faithfully

OAKLEY MORAN



J.W. Tizard

