



**INQUIRY INTO THE FUTURE OF
INTER-REGIONAL PASSENGER RAIL**

KIWI RAIL HOLDINGS LIMITED

Inquiry into the Future of Inter-Regional Passenger Rail

20 October 2022

QUESTION 1: WE WISH TO MAKE THE FOLLOWING COMMENTS

KiwiRail moves freight and people by rail and sea, and we are the stewards of the rail network. We are pleased to contribute to the Select Committee's inquiry into the future of inter-regional passenger rail.

About KiwiRail and its contribution to New Zealand

Our purpose is Stronger Connections, Better New Zealand:

- Connected to our customers and the future needs of their businesses.
- Connected to the communities we serve and operate in.
- Connected to each other, for the good of the country.

KiwiRail operates a rail freight, Interislander ferry, property, and tourism rail business. We are a proud supporter of passenger rail and operate public transport services for regional councils. That's our "Above Rail" function – the business. We are investing in the business to renew our commercial assets, supporting our pathway to self-sufficiency in the Above Rail business.

We own and maintain the national rail network infrastructure. That's our "Below Rail" function – the network. The Rail Network Investment Programme (RNIP) is funded through the National Land Transport Fund (NLTF), with other investments made through specific Government investments like the New Zealand Upgrade Programme (NZUP).

We are an integrated infrastructure and transport services entity. This model is consistent with other nations of similar scale to New Zealand and supports a safe, reliable, and efficient rail system. The Future of Rail reforms, led by the Ministry of Transport, confirmed this model remains the right one for New Zealand.

We're a national employer of 4,500 staff, with a presence in communities stretching throughout New Zealand, and we are a proud service provider to many companies and communities.

KiwiRail is a State-Owned Enterprise and is therefore an operationally independent entity charged with running a successful business, being a good employer, and exhibiting a sense of

social responsibility. We are accountable, through our Board, to shareholding Ministers for our commercial performance and to the Minister of Transport for transport outcomes.

KiwiRail provides passenger rail services for public transport and tourism markets through our Scenic and Commuter division.

KiwiRail's Statement of Corporate Intent (SCI) describes this further as:

- Scenic provides rail tourism services that need to be financially viable in their own right. Operating the Great Journeys of New Zealand, we are motivated to provide a great experience on rail for locals and international tourists alike.
- Commuter operates Te Huia and Capital Connection services which are funded by Waka Kotahi and regional authorities, supplemented by passenger fares. We want to be a provider of more commuter services but rely on financial commitment from others.

KiwiRail is a proud supporter and provider of both tourism services and public transport (commuter)

The rail network is a national public asset and is available for use by authorised rail operators with network access agreements. KiwiRail owns and maintains the network infrastructure to meet the levels of services established through access agreements and, through the Government-funded RNIP, to deliver the catch-up renewals and maintenance required for a resilient and reliable national network.

Currently, passenger rail in New Zealand serves the following purposes:

- Metropolitan rail services within the Auckland and Wellington metropolitan networks. These services are provided by Auckland Transport and Greater Wellington Regional Council respectively, through their contracted operator. KiwiRail supports these activities as the network provider and through our maintenance of the metropolitan rail networks.
- Inter-regional commuter rail public transport services through Te Huia and the Capital Connection. These services are provided by Waikato Regional Council and, jointly, Greater Wellington and Horizons Regional Councils respectively, through KiwiRail as their contracted operator. KiwiRail also supports these activities as the network provider and through our maintenance of the metropolitan rail networks.
- Scenic rail tourism services. KiwiRail provides these services on a commercial basis, supported by a maintained rail network. Scenic services do not receive any council or Waka Kotahi funding.
- Heritage rail tourism services. Heritage rail operators provide these services, supported by KiwiRail as the network provider and through our maintenance of the national rail network.

There is an existing system for establishing a public transport rail service

The land transport management system has funding and planning processes for new and existing public transport services.

The New Zealand Rail Plan sets out the Government’s vision and priorities for rail until 2030, and the levels of investment needed to achieve it. The NZ Rail Plan outlines two key priorities:

- Investing in the national rail network to restore rail freight and provide a platform for future investments for growth; and
- Investing in metropolitan rail to support growth and productivity in our largest cities.

The priority for regional commuter rail outlined is “to support planned regional services between Hamilton and Auckland, and existing services between Palmerston North and Wellington.”

Typically, new services are led through councils, supported by the national direction expressing the Government’s strategy for rail. Alignment between regions is required for inter-regional services. Councils develop Regional Public Transport Plans (RPTPs), informing Regional Land Transport Plans (RLTPs).

Waka Kotahi considers all RLTPs and develops the National Land Transport Plan (NLTP) in line with the Government's strategic objectives.

Councils are influenced by the strategic funding signals in the Government Policy Statement on Land Transport (GPS) and, for rail, the New Zealand Rail Plan (Rail Plan). The Government's 2018 identification of a Hamilton to Auckland rail commuter service demonstrated this, with support and eventual funding occurring through the business case process. The requirements of passenger rail services are incorporated by KiwiRail, as network provider, in the RNIP planning processes. For instance, current references in RTPs to potential future passenger services are being incorporated into KiwiRail's 30 Year Network Plan.

The current GPS and Rail Plan outline the Government's commitment to metropolitan rail and the two existing inter-regional passenger rail services through co-funding the operating costs of existing services, lifting and maintaining the rail network to a condition of resilience and reliability, and funding specific improvement projects. Additional inter-regional passenger rail services and routes are not currently identified in these documents as strategic priorities.

Metropolitan services are the responsibility of Auckland Transport and Greater Wellington Regional Council. These authorities are ultimately accountable for the provision of passenger services that meet the needs of their communities.

Outside of these networks, services also require engagement from local government and central government. The process will be consistent, however the considerations for each service will typically be bespoke depending on the type of service (e.g., a commuter service running in the morning and evening to and from a major centre, or a long-distance connector service, or a short-distance frequent return service) and the number of communities involved.

Access to the rail network

KiwiRail owns and maintains the rail network in the interest of all rail users. KiwiRail Networks (a division within KiwiRail) manages access to the rail network for new and existing users. They operate distinct from KiwiRail Freight, which seeks access for its timetable (i.e., the time slots in which a service runs) alongside all other users (and in open forums with other users).

The network is shared, rather than having separate freight and metropolitan/passenger networks like some other countries. As such, access must be balanced between metro, freight, commuter, scenic, and heritage services, as well as providing sufficient access for network maintenance and upgrade work. Generally, there is sufficient capacity for all activities however timetable committees exist to balance pressure points in the metro networks. To ensure access is balanced, not privileging a particular activity over another, timetable committees involve all rail users of a line and follow processes according to Common Access Terms and Rail Network Access Agreements.

KiwiRail reports on approval of timetable applications. All applications within the past two years have been approved.

Any new rail user would need to enter a Rail Network Access Agreement, agree to the Common Access Terms, and obtain a rail safety license from Waka Kotahi (as rail safety regulator).

An example of a potential passenger service is a service between Auckland-Hamilton-Tauranga

The terms of reference specifically raise the community-initiative proposal for a Tauranga passenger connection. In broad terms, such a service would go through the following process:

- The proponent council (local and/or regional) would identify the potential demand and core components of a service to understand its feasibility. The next step would be to proceed to a business case.
- The region/s (in this case Auckland, Waikato, Bay of Plenty) would need to prioritise the new service in the RLTP.
- The region and Government can determine the funding required and then the work can proceed to developing the assets and readying the service.

KiwiRail has previous experience operating a service in this corridor, therefore we would like to outline below our knowledge and understanding of various factors to consider.

Using Auckland-Hamilton-Tauranga as an example, the network supported a journey time (using Silver Fern railcars) of 3.5 hours when the last Kaimai Express passenger rail train operated in 2001. At that time, freight volumes on the East Coast Main Trunk (ECMT) serviced an average of 20-25 trains per day. Today, 38 trains per day on average run on the Hamilton-Tauranga line. These services are crucial components of New Zealand's freight supply chain, and for the Bay of Plenty economy. It is entirely possible for freight and passenger services to operate on the same networks.

Any material reduction in the 3.5-hour transit time may require investment in the network (in particular, through building additional passing loops or route re-alignment) which has not been estimated at this time. The ECMT is single track with frequent crossing loops, but the existing volume presents logistical considerations for operating freight and passenger services together at different speeds.

The type of rolling stock is also a key factor. Whilst rebuilt carriages (like Te Huia) may be suitable for an interim service, further refurbishment of existing carriages would need to be assessed as to their value for money proposition against procuring new assets. This may mean that a new passenger service would require new assets to be procured.

We note a key operating constraint for reinstating services to Tauranga is the Kaimai Tunnel. This is acknowledged in the community-led report by Tarakin Limited. While locomotive engineers may pass through the tunnel inside locomotives, the Tunnel is not currently rated for passenger services and may require upgrades to ventilation and fire safety systems for passenger volumes to pass through. These matters would be considered through any business case to ensure any resultant service meets rail safety regulation standards.

Lower North Island Rail Integrated Mobility

KiwiRail was involved in the Greater Wellington Regional Council governance steering group for the detailed business case to identify suitable rolling stock to replace its current long distance rolling stock fleet (non-electrified). Their preferred rolling stock is for 22 four-car tri-mode units (also referred to as tri-mode railcars).

Tri-mode railcars will enable low-emission electric operations within the electrified 1600V DC Wellington rail network and battery and combustion ignition generator operation beyond the existing electrified network. This makes sense for enabling inter-regional services without the need for expensive electrification required for a standard electric railcar fleet. KiwiRail supports the preferred rolling stock technology for the Wellington region.

QUESTION 2: WE WISH TO MAKE THE FOLLOWING RECOMMENDATIONS:

KiwiRail is available to assist the Select Committee, through the Ministry of Transport as its advisor, with our technical and operational expertise. We are also available to present to the Select Committee.

We extend an invitation to the entire Select Committee to join us on Te Huia before Christmas. We would value an opportunity to talk through the operations of the service and the associated infrastructure to support the operation. This would involve catching the early morning commuter service from Hamilton to Auckland. If the Select Committee is agreeable, then we will work with Waikato Regional Council (as the service provider) to arrange a suitable date aligning with your schedule.