

30 August 2023

Hon Grant Robertson, Minister of Finance

Hon David Parker, Minister of Transport

Hon Dr Duncan Webb, Minister for State Owned Enterprises

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Dear Ministers

Rapid Review

This letter acknowledges the Rapid Review by your independent reviewers into the failure of KiwiRail to schedule the EM80 track evaluation car (TEC) inside its compliance period and the resultant imposition of a 70kmph temporary speed restrictions on the Kāpiti Line for three days in May 2023.

Background

The TEC is one of the tools we use to maintain a condition assessment of the entire network. In this instance, we fell outside the compliance period. While there were no safety issues with the line, our protocol requires temporary speed restrictions to be put in place until the TEC has completed its four-monthly evaluation. This had never happened previously in the 41 years in which TEC has operated in Wellington.

The Kāpiti Line speed restriction resulted in significant disruption with Greater Wellington Regional Council applying a less frequent train schedule across the entire Wellington metropolitan network for three days. As our Chief Executive said at the time, this did not meet our Great Customer Experiences value. We let the people of Wellington down, undermining our reputation for priding ourselves on the safe and reliable provision of rail services. We take responsibility for this, and for taking steps to ensure this does not happen again.

KiwiRail Initiated Independent Review

Prior to the Rapid Review, KiwiRail commissioned an independent review by Beca. This identified the times within which responsible teams could have corrected scheduling errors and recommended stronger protocols and escalation requirements to ensure this cannot happen again. The improvements made following the independent review include:

- Use of the TEC to achieve network compliance is now part of a wider Infrastructure Integrated Plan, with a longer-term (12 month) plan around its use nationally. While there have been detailed operating plans for each area the TEC assesses, this change introduces a national level of oversight, linked into when track safety cases expire.
- Developing robust processes and procedures around the escalation, prioritisation and approvals required where the TEC schedule cannot be met. This is an important backup procedure if it is looking unlikely the TEC will be able to carry out the required work in



time. The issues that resulted in the Wellington disruption were escalated too late for KiwiRail to take effective action to avoid the speed restriction being put on the Kāpiti Line.

- Developing better resilience around the TEC, through a review of the tasks needed to ensure its successful operation – including a review of existing staff resourcing and formalising training processes. This is to ensure the TEC can operate effectively.
- Reviewing the maintenance programme for the TEC. The TEC is 41 years old and will be replaced in 2026/27. A procurement process for a new vehicle is well advanced, and the Board is scheduled to approve the contract in September. The maintenance programme review, and any changes that come from it, will help ensure the TEC can continue operating reliably until the new vehicle arrives.

The Government's Rapid Review

We have since received and read the Rapid Review. Our team has supplied your officials with a summary of KiwiRail's views on each recommendation, and we are taking the recommendations forward as appropriate.

The breadth of this Review goes further than the EM80 issue and looks at the overall system in place for metropolitan rail. It makes 31 recommendations, for which actions fall across the Ministry of Transport, Waka Kotahi, KiwiRail, Greater Wellington Regional Council and its rail operator, and Auckland Transport and its rail operator.

Some of these recommendations will require decisions by Cabinet, including funding the maintenance and renewals of the metropolitan lines to the levels needed and reviewing the funding policy settings that have continued to constrain these activities due to the evident inability of regional councils to fund their shares of the costs. KiwiRail has raised this with the Government and the fact that under-maintenance will result in ever-increasing risk of service disruption and unreliability. I strongly reiterate the view of KiwiRail's Board that these costs should be funded, and express support for the Review's recommendation that the Ministry of Transport review the metro funding settings with urgency. Until the settings have been corrected, the reviewers' have recommended that current shortfalls be funded immediately. We seek your leadership in finding a solution in response to their recommendation.

Funding will also be required to support other recommendations, for example for KiwiRail to prioritise additional resources to speed up the Auckland Metro Transformation Programme and expand it to include Wellington, and to prioritise specialist plant for the metro areas. We expect to seek this funding through the upcoming RNIP process.

The time horizons for some of the Review recommendations are potentially years-long processes. These include the review of the Common Access Terms. KiwiRail is currently seeking to renew the Wellington and Auckland Network Access Agreements with Auckland Transport and Greater Wellington. These are fundamentally matters relating to KiwiRail assets and are legal agreements, and as such KiwiRail will progress these with all parties through renewal processes. We note that any change to Common Access Terms require agreement from all rail users.

The Review reiterates the dual priority of the Government's Rail Plan for metro rail and freight rail. I can assure you that KiwiRail shares these priorities. The value of rail is inherently connected to the safe, efficient, and reliable movement of both people and goods.

The existing Common Access Terms already explicitly prioritise the movement of people, as any conflicting train movement requires Train Control to move the metropolitan and inter-regional trains before a freight train. We are mindful of ensuring an appropriate balance to meet the Government's objectives for both passenger and freight.

The Review specifically requests a tier two lead at KiwiRail for metropolitan rail. I wish to advise you that our Chief Executive has recently restructured the executive team, separating Infrastructure (including Metro) from Freight Operations through the establishment of a Chief Infrastructure Officer. This leader's main external customers will be Auckland Transport and Greater Wellington Regional Council, reflecting the intensity of work required to maintain the metropolitan networks.

Finally, the KiwiRail Board wishes to reiterate a simple point: Auckland and Wellington metro customers are important to us, and we will ensure this message is reiterated within KiwiRail and with the public. We know the value we provide when the system works as it should. The recent FIFA events were a demonstration of this fact, with 173,000 people moved to and from 18 matches. Our teams work incredibly hard in the service of the public, and the Board acknowledges their work. Network services maintenance is often delivered overnight and outside of peak hours to support the travelling public. We set high targets for minimising unplanned outages that affect the public and advocate strongly for the funding to achieve this for good reason – public transport must be reliable for people to use it.

Yours sincerely



David McLean

Chair