



By email

29 November 2021

Hon Grant Robertson
Minister of Finance
Freepost PO Box 18 888
Parliament Buildings
Wellington 6160
Email: g.robertson@ministers.govt.nz

Hon Michael Wood
Minister of Transport
Freepost PO Box 18 888
Parliament Buildings
Wellington 6160
Email: m.wood@ministers.govt.nz

Tēnā kōrua

Lower North Island Rail Integrated Mobility Detailed Business Case

As recently discussed with you, we have now completed the Detailed Business Case for the Lower North Island Rail Integrated Mobility (attached), which details the opportunity to decarbonise passenger transport in the Lower North Island by investing in new regional trains and significantly help the Government in meeting its climate change aspirations, as recently outlined at COP26.

The delivery of a proven decarbonised regional passenger rail solution to the communities in the lower North Island, through the investment in a new fleet of 22 four-car tri-mode trains and associated infrastructure, will address several key issues including:

- reducing **carbon emissions** through:
 - increased mode shift - divert 23.8m passenger vehicle trips away from roads and avoid 1.7 million tonnes of carbon emissions
 - reduced tail pipe emissions – on each trip, the new tri-mode trains will emit 8x less carbon than the current 1970s diesel locomotives hauled trains.
- provide a **safe, reliable, and resilient** transportation mode.
- meeting the **service needs** for **accessing** social and economic opportunities:
 - key enabler to unlock access to affordable housing across the Lower North Island, while maintaining connectivity to employment, education, recreation, friends and whānau – which is essential to the continued growth and prosperity of our Lower North Island towns and cities.
- maximise **value for money** and operational efficiency.

This investment is required now because:

- Our carriage fleet is approaching **end of life** and cannot reasonably be further refurbished.
- We are already **approaching full capacity** on the Wairarapa Line.
- We **can't keep up** with our projected future growth.
- We can't provide a frequent enough service on longer lines to **incentivise behaviour change** – this is particularly an issue for Manawatū.

Key features of the preferred solution include:

- Using a proven tri-mode propulsion system, which uses the existing overhead lines and batteries topped up by an on board low-emission generator beyond the limits of the electrified network (the concept of plug-in hybrid cars).
 - It maximises the regeneration of braking energy to achieve minimal emissions and does not require long and expensive electrification works.
- The tri-mode is a solution that is highly reliable and provides dependable connectivity
 - It will quadruple the peak service on the Manawatū Line, and commence two return inter-peak and weekend services
 - It will double the peak and off-peak services on the Wairarapa Line
- The new trains will provide amenities and services tailored to customers' needs and lift NZ regional passenger rolling stock to international safety standards.
- The investment includes the revitalisation of the regional railway stations.
- The new trains will be designed to create a national platform to address other regional train service needs, for example Te Huia, and accordingly provide economies of scale to New Zealand as a whole.

A total of \$762m (P95 Inflated) of investment is required to deliver the Detailed Business Case, which estimates there will be a benefit of \$1.83 for every dollar invested. On a present value whole of life basis, the net cost of the preferred solution is only \$182m greater than the do-minimum case, but provides significant service uplift.

Due to the strong alignment with achieving national objectives and benefits with this investment, and the precedent established with the Matangi trains, Greater Wellington Regional Council and Horizons Regional Council propose to fund 10%, with the Crown funding the remaining 90% (51% Waka Kotahi's NLTP + 39% Budget 2022), for the rolling stock, maintenance depot and above platform assets. While the KiwiRail Network owned assets are proposed to be funded at 100% from the 2022 Budget.

It is important to note that, in the context of the current NLTP allocations, the Waka Kotahi Board is expected to review and ultimately endorse a 51% NLTP contribution to rolling stock, maintenance depot and above platform assets investment at its forthcoming December Board meeting.

We are currently responding to your invitation to bid for Budget 2022 by proposing a Crown contribution of only \$368.2m of the total \$762m investment through the Climate Emergency Response Fund (CERF), to contribute as follows:

- 39% of the rolling stock, maintenance depot and above platform station assets investment (\$186.7m)
- 100% of the stabling yards, below platform station assets and track infrastructure investment (\$67.4m) - (KiwiRail Network owned assets).
- Share of contingency \$59.5m (P50) and \$54.9m (P95)

Officers from Greater Wellington and Horizons are working with your respective officials to ensure you have all requisite information at hand as you consider the bids associated with Budget 2022, and we very much appreciate the open and constructive manner in which the relevant government officials have been engaging with our officers.

We have strong support for this investment, from the Lower North Island Mayors (see attached letter), KiwiRail Network (Rail Network Access Provider), and Transdev (Operating Partner). In addition, we note the complete alignment of this initiative with the Government's policy on emissions. The Government Policy Statement on Land Transport 2021-31 prioritises the development of "a low carbon transport system that supports emissions reductions while improving safety and inclusive access", and the Ministry for the Environment's Emissions Reduction Plan, currently being consulted on, sets out a 2050 vision for a "productive, sustainable and inclusive economy" where "transport systems are accessible, affordable and sustainable". This initiative will also help deliver New Zealand's 2030 emission targets committed to during the recent COP26.

We look forward to obtaining your funding support for this great opportunity to make the land transport strategic objectives for the Lower North Island - Inclusive Access; Economic Prosperity; Environmental Sustainability; Healthy & Safer People; and Improved Resilience; a reality.

Ngā mihi



Daran Ponter
Chair
Greater Wellington Regional Council

Rachel Keedwell
Chair
Horizons

Encl: Detailed Business Case for the Lower North Island Rail Integrated Mobility