

By email

4 December 2024

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Tēnā koutou Ministers

Rail Infrastructure - Wellington Metropolitan region

Further to my meeting on Friday 15 November 2024 with Minister Bishop, I would like to lay out the issues facing the Wellington region with respect to rail renewals.

On 4 December 2023, through the Greater Wellington Regional Council's (GWRC) *Briefing for Incoming Minister (BIM) – Improving resilient infrastructure*, we outlined fourteen matters for your attention. The first matter on that list was:

Halt the degradation of Wellington's Rail Network infrastructure: KiwiRail is in urgent need of Government funding for upgrades to the Wellington metro rail network. The upgrades address a significant backlog of deferred maintenance of the metro rail network. They are crucial to safe and reliable service provision to thousands of passengers and cater for the new hybrid inter-regional trains due to arrive in 2028.

We were pleased the Government committed funds of approximately \$53m for the Wellington Rail Metro area in FY25. This will continue to lift the rail infrastructure condition acknowledging decades of under-investment in this critical Crown asset. Thank you. We are working with KiwiRail on the efficient delivery of this funding.

We also support and are actively engaged in the current review of the Metropolitan Rail Operating Model (MROM) to clarify accountabilities, funding pathways, and monitoring. All rail funders are aware that one-off funding bids and year-on-year budget allocations without long-term certainty are not conducive to a delivering a reliable and resilient metro rail service which will give Wellingtonians a transport choice and take pressure off the constrained roading network.

The value of rail to Wellington the Wellington Region is significant. In 2023, we had 11.3 million passenger boardings - people getting to work and school, hospital appointments, recreational activities and events. Our data shows that 40% of jobs in Wellington are in the CBD and that rail is 22% of all peak journeys into the city.

This letter is a useful opportunity to provide the local government perspective on the current funding situation. I summarise below the key aspects of the Crown's funding of overdue renewals and capacity.

Crown funding for overdue renewals and capacity

In establishing Metropolitan Rail Operating Model (MROM) in 2010, acknowledging the degraded state of the rail network, the Crown agreed to invest to bring the network up to a functional, safe and reliable standard with ongoing maintenance to be funded by user charges.

In 2011 the then Minister of Transport Hon Steven Joyce informed Cabinet of the emerging elements of the Wellington Metro Rail Package with financial implications for the Crown. Paragraph 29 of the [paper](#) noted that "The Crown will retain ownership of the Wellington metro rail network infrastructure (i.e. track, signals, power supply etc) and be responsible for future investment to bring the network to a functional, safe and reliable standard." Cabinet subsequently [authorised](#) the Minister to continue negotiation of the package on this basis.

To begin to uplift the network standard, the Crown and KiwiRail identified some complex infrastructure enhancements and 'deferred renewals' as seven separate programmes of work. This became the Wellington Metropolitan Upgrade Programme (WMUP). Crown funding for rail has also been provided directly to KiwiRail through the Rail Network Improvement Programme (RNIP) and New Zealand Upgrade Programme (NZUP).

Some of these catch-up renewal programmes are in progress. KiwiRail confirms they are insufficiently funded to resolve the decades-old overdue renewals. Through a significant uplift in asset management maturity, KiwiRail has identified it will require \$700m - \$900m over the next 15 years to maintain the existing level of service by addressing renewals of assets that are well beyond their life expectancy.

What does this mean for the Wellington region?

Greater Wellington remains committed to continuing to meet the operating costs as applied to a 'steady state' network, but we cannot afford the significant escalation in these costs due to the poor asset condition and increased need for reactive maintenance

Rail is a fundamental element of the Wellington region's transport system as the highway network cannot accommodate more traffic at peak times. Disruptions to rail are known to critically impact peak congestion, road travel times and bus punctuality and reliability. Overall, this negatively impacts regional productivity, acutely affecting businesses in the Wellington CBD. Reduced rail services also undermine the viability of housing intensification and economic development along key transport corridors.

In the past 12 months, Greater Wellington and KiwiRail have reviewed the overdue renewals and how these will impact rail services in our region. WSP assisted with modelling three funding scenarios from KiwiRail's 10-year track asset renewal programme against the current rail timetable in Wellington.

The final July 2024 WSP TSR Impacts Assessment Report (using the current funding scenario) states the following short to medium impact:

1. Kāpiti Line – 5 of 15 morning peak services cancelled/removed. Journey time increases by 17 minutes.
2. Hutt Line – 2 peak services cancelled/removed. Journey time increases by 19 minutes.
3. Wairarapa Line – 2 off-peak services cancelled/removed. Journey time increases by 21 minutes.
4. Johnsonville Line – 25 services cancelled per day (half of services). Journey time increases by 6 minutes.
5. Melling Line – 22 services cancelled per day (half of services).

What the above list indicates is the very real implications of continued under-investment in rail renewals. If the rail network is not uplifted from its current state, more Temporary Speed Restrictions (TSRs) will be needed to further extend life. Eventually, without renewals, the Wellington rail lines will need to be shut as the assets fail.

KiwiRail has been open about this overdue renewal situation for many years. However, without sufficient Crown investment to renew its aging asset, asset health continues to decline, and operational costs have escalated significantly as assets fail and require unplanned corrective maintenance. Greater Wellington has escalated this situation many times to both KiwiRail and the various funding agencies. As yet, the situation remains unresolved.

Working towards a solution

The WSP TSR Impacts Assessment Report was used by BECA in the KiwiRail and Greater Wellington joint development of the Wellington Rail Network: Sustained Annual Renewal Funding Investment Case. (Draft Oct 2024)

The Investment Case supports investment in rail network renewals to address overdue (life expired) assets and affirms the need for on time (life expiring) assets. It seeks significant additional funding to the amounts currently signalled in the RNIP. A final draft of this document has been sent to MoT and NZTA for review. We have been advised that this expenditure would have to be considered as part of budget 2025.

I would be happy to meet to discuss further.

Ngā mihi



Daran Ponter
Heamana | Chair

Copy: Rob Jager, Acting Chair, Kiwirail