

9 February 2024

OC240080

Action required by:Hon Simeon Brown
Minister of Transport

1 March 2024

**PROACTIVE RELEASE OF INFORMATION RELATING TO THE GOVERNMENT'S
RESPONSE TO THE TRANSPORT AND INFRASTRUCTURE COMMITTEE'S
INQUIRY INTO THE FUTURE OF INTER-REGIONAL PASSENGER RAIL.****Purpose**

Seek your approval to proactively publish a Briefing note and Cabinet paper relating to the Government's response to the Transport and Infrastructure Committee's Inter-regional Passenger Rail inquiry, on the Ministry of Transport's website.

Number of papers 2**Deadline** As soon as reasonably practicable**Recommendations**

We recommend you:

- | | | |
|---|---|----------|
| 1 | approve the Ministry to publish 2 documents with redactions as marked on the Ministry's website | Yes / No |
| 2 | note that in order to meet the timeliness required by Cabinet Office circular 18(4), the documents must be published as soon as reasonably practical | Yes / No |

Name
Alex Voutratzis**Acting Manager, Urban Development
and Public Transport**

..... / /

Hon Simeon Brown
Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Marieka Curley, Senior Advisor, Urban Development and Public Transport	s 9(2)(a)	✓
Alex Voutratzis, Acting Manager, Urban Development and Public Transport		

PROACTIVE RELEASE OF INFORMATION RELATING TO THE GOVERNMENT'S RESPONSE TO THE TRANSPORT AND INFRASTRUCTURE COMMITTEE'S INQUIRY INTO THE FUTURE OF INTER-REGIONAL PASSENGER RAIL.

Background

- 1 In August 2023, Cabinet made a decision on the paper titled *Government Response to the Transport and Infrastructure Committee's Inquiry into the Future of Inter-regional Passenger Rail*.
- 2 The Government tabled their response to the inquiry in the House of Representatives in accordance with Standing Order 256. The Government's response was made publicly available on Parliament's website on 17 October 2023, during the Caretaker Government period.
- 3 We now propose to publish the following documents on the Ministry of Transport's website.
 - Briefing #OC230668 – *Government's Response to the Inter-regional Passenger Rail Inquiry Report*
 - Cabinet paper - LEG-23-SUB-0180 *Government response to the Transport and Infrastructure Committee's Inquiry into the Future of Inter-Regional Passenger Rail*

Review

- 4 The Ministry has reviewed these documents and proposes some content is withheld consistent with the grounds contained in the Official Information Act 1982 (the Act).
- 5 Note that whilst agencies withhold information in proactive releases consistent with the Act, Section 48 of the Act which protects Ministers and agencies from civil or criminal liability where information is released under the Act, does not apply to information that is proactively released.
- 6 We recommend that information is withheld under the following sections of the Act:
 - 9(2)(a) - to protect the privacy of natural persons.

Risks and mitigations

- 7 We do not foresee any risks given the decisions made by Cabinet reflect the Government's response to the inquiry, which was published on Parliament's website on 17 October 2023.

Next steps

- 8 Once you have approved the release of the documents, we will publish them on the Ministry's website.

Table 1: Document Schedule.

Table 1		
Doc #	Document title	Details
1	Briefing #OC230668 – <i>Government's Response to the Inter-regional Passenger Rail Inquiry Report</i>	Some information is withheld under these sections of the OIA: <ul style="list-style-type: none">• 9(2)(a), to protect the privacy of natural persons.
2	Cabinet Paper # LEG-23-SUB-0180 - <i>Government response to the Transport and Infrastructure Committee's Inquiry into the Future of Inter-Regional Passenger Rail</i>	Release in full

Annexes

The following documents are attached to this briefing:

Annex 1 Briefing #OC230668 – *Government's Response to the Inter-regional Passenger Rail Inquiry Report*

Annex 2 Cabinet Paper # LEG-23-SUB-0180 - *Government response to the Transport and Infrastructure Committee's Inquiry into the Future of Inter-Regional Passenger Rail*

ANNEX 1:



10 August 2023

OC230668

Hon David Parker

Action required by:

Minister of Transport

Thursday, 31 August 2023

GOVERNMENT'S RESPONSE TO INTERREGIONAL PASSENGER RAIL INQUIRY REPORT

Purpose

The Transport and Infrastructure Select Committee has conducted an inquiry into the future of inter-regional passenger rail in New Zealand and made six recommendations. The Government is required to respond to these recommendations within 60 working days under Standing Order 256. This briefing seeks your agreement to the Government's draft response (Annex 1).

Key points

- On 11 August 2022, the Transport and Infrastructure Select Committee (the Committee) began an inquiry into the future of inter-regional passenger rail in New Zealand (the inquiry). The aim of the inquiry was to find out what the future could hold for inter-regional passenger rail in New Zealand.
- The Committee released its final report on 4 July 2023. The report has six recommendations to the Government, focusing on leadership for inter-regional public transport, funding for future inter-regional passenger rail services and scoping studies to be progressed for inter-regional passenger rail services.
- Te Manatū Waka Ministry of Transport (the Ministry) has analysed the recommendations and determined they largely align with current transport objectives and can be progressed through work already underway. The Public Transport Strategy (PTS), which has been agreed to be delivered by 2025 as part of the Emissions Reduction Plan, can be used to investigate opportunities to improve clarity for roles and responsibilities across the public transport system. The PTS will provide national direction for public transport in New Zealand.
- In addition, the draft GPS on land transport provides for funding for inter-regional public transport and would be an appropriate source of funding for scoping studies and supporting services.

- For this reason, the Committee's six recommendations can be supported fully or in part.
- The Committee recommended that an agency be identified to hold several responsibilities for inter-regional public transport (Recommendation 2), with the broad aim of providing more leadership for inter-regional public transport and improving coordination amongst all the relevant parties. We are mindful that the work on the PTS and other work programmes such as the Sustainable Public Transport Framework will provide for improved guidance and leadership, and as such we are not yet clear that there is a compelling need for a particular agency leadership role at this time. However, this work will help to clarify whether there is a need for this additional role, and so we suggest that the recommendation is partially supported.
- The Government's response to the Inquiry is due to be presented to the House by 27 September 2023 in accordance with House Standing Order 256. To meet this timeframe, consideration by the Cabinet Legislation Committee (LEG) will be required by 31 August 2023.
- If you are comfortable with the draft Government response, we recommend that you undertake consultation with relevant Ministers over 14 to 23 August and seek to lodge the proposed response to LEG by 24 August.

Recommendations

We recommend you:

- 1 **agree** to seek Cabinet approval for the attached Government's response to the recommendations of the Transport and Infrastructure Select Committee inquiry into the future of inter-regional rail in New Zealand. Yes / No
- 2 **agree** to commence consultation on the draft Government response with Hon Grant Robertson, Minister of Finance, Hon Duncan Webb Minister for State Owned Enterprises and Hon Megan Woods, Minister for Infrastructure, with a view to consideration of the response by LEG on 31 August 2023. Yes / No



Siobhan Routledge
Director System Strategy and Investment
10 / 08 / 2023

Hon David Parker
Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Siobhan Routledge, Director System Strategy and Investment	s 9(2)(a)	✓
Oscar Casswell-Laird, Senior Advisor Placemaking and Urban Development		

PROACTIVELY RELEASED BY
TE MANATŪ WAKA MINISTRY OF TRANSPORT

GOVERNMENT'S RESPONSE TO INTERREGIONAL PASSENGER RAIL INQUIRY REPORT

Background

Inquiry into the future of inter-regional passenger rail

1. On 11 August 2022, the Transport and Infrastructure Select Committee began an inquiry into the future of inter-regional passenger rail in New Zealand (the Inquiry). It was informed by the terms of reference, which set out the Committee's intentions to gain insight into the economic, environmental, and social factors affecting the viability of inter-regional passenger rail services.¹ The aim of the Inquiry was to find out what the future could hold for inter-regional passenger rail in New Zealand.
2. The Committee publicly consulted until 21 October 2022. Altogether, there were 1,752 written submissions to the inquiry from members of the public, businesses, community organisations, and local and central government organisations. Public hearings were held, and additional online engagement was undertaken with 3,486 responses received through the Committee's social media channels until 15 December 2022.
3. Te Manatū Waka the Ministry of Transport (the Ministry) and Te Waihanga New Zealand Infrastructure Commission also provided advice to the inquiry. The committee appointed an independent specialist advisor, Dr Shane Martin, to provide an independent viewpoint.
4. Inquiry submissions were overwhelmingly in support of inter-regional passenger rail. 97 per cent of submitters expressed support for new inter-regional passenger rail services in New Zealand.
5. The Committee released its final report on 4 July 2023. The report discussed several key themes heard by the Committee during the inquiry process, including equity, inclusivity and accessibility, climate change, resilience, operational, institutional and governance arrangements, public-value creation, public transport and freight network planning, funding, and investment. The report's main finding was that the potential for inter-regional public transport had often been overlooked because of the intra-regional-centred approach to land transport in New Zealand. The ACT and National parties expressed differing views in the report.
6. The final report made six recommendations to the Government:
 - **Leadership for inter-regional public transport**
 - We recommend that the Government clearly identify a transport-sector agency to provide system leadership and guidance specifically for inter-regional public transport.
 - We recommend that this agency be responsible for the following areas:

¹ Terms of reference can be viewed on Parliament's webpage at:
https://www.parliament.nz/en/pb/sc/make-a-submission/document/53SCTI_SCF_INQ_125787/inquiry-into-the-future-of-inter-regional-passenger-rail

- providing advice, support, education, and guidance relating to inter-regional public transport in New Zealand
 - identifying and proposing new inter-regional public transport services
 - engaging with and supporting regional councils to identify potential for interregional public transport services that would benefit their region and communities
 - engaging with regional councils and Waka Kotahi—New Zealand Transport Agency to help consider the costs and benefits of proposed inter-regional public transport services
 - coordinating with regional councils, Waka Kotahi—New Zealand Transport Agency, and the Treasury—Te Tai Ōhanga to determine the appropriate business case pathway for proposed inter-regional public transport services and providing assistance to regional councils during the business case process
 - promoting well-being and environmental principles in the planning and design of public transport services
- We recommend that the Ministry of Transport investigate how the New Zealand Rail Plan could better incorporate inter-regional passenger rail
- **Funding for future inter-regional passenger rail services**
- We recommend that funding arrangements for future inter-regional passenger rail services reflect the level of national benefit of such services to New Zealand.
- **Scoping studies to be progressed for inter-regional passenger rail services**
- We recommend that scoping studies be progressed for the following inter-regional rail services:
 - a) Auckland–Wellington
 - b) Auckland–Tauranga
 - c) Napier–Wellington
 - d) an extension of the Capital Connection service to Feilding.
 - We recommend that further investigation of other potential inter-regional passenger rail routes be undertaken to meaningfully compare and identify the costs, benefits, and risks associated with different opportunities.

Government response

The Government must now respond to these recommendations

7. Under Standing Order 256, the Government must present a paper to the House responding to any recommendations of a committee that are addressed to it, within 60 working days, in this case 27 September 2023.
8. The Ministry of Transport has drafted a proposed response for presentation to the House and paper for the Cabinet Legislation Committee (LEG) seeking agreement to the response (Appendix 1). The final LEG for this sitting term is 31 August, and we recommend that you seek to have the proposed Government response considered on that date.

The recommendations overlap with existing government work programmes

9. The Government has already made significant investment into restoring the national rail network. Since 2017, the Government has invested \$8.5 billion to improve network resilience and reliability, and to support freight and metropolitan rail outcomes. This investment also broadly supports the operation of inter-regional passenger rail services. Specific investment into inter-regional passenger rail services includes the Te Huia trial and the infrastructure upgrades in Hamilton to accommodate the trial.
10. The Government has recently announced the investment into 18 new passenger trains through the Lower North Island Rail Integrated Mobility initiative. It has also supported the detailed business case for electrification of the North Island Main Trunk line and the rail network between Auckland, Hamilton, and Tauranga. The Government has also been working to provide more clarity and certainty to the transport sector through the publication of the first Rail Plan and the Rail Network Investment Programme.
11. The Government response highlights the work that the Government is already undertaking to support inter-regional public transport. These include:
 - a) the development of the first Public Transport Strategy (PTS) committed to as part of the Emissions Reduction Plan, which will be delivered by the Ministry by 2025
 - b) refreshing of the New Zealand Rail Plan which is due to be completed in 2025
 - c) a new activity class for inter-regional public transport has been proposed in the draft GPS 24 which can help with scoping business cases and supporting the development of proposed services
 - d) recent amendments to the Land Transport Management Act (LTMA) to support the Future of Rail review, which enable rail network investment decisions to be made under the LTMA
 - e) the establishment of the Sustainable Public Transport Framework.

- *The proposed response*

12. The Ministry has prepared the attached response (Annex 1), with input from Waka Kotahi and KiwiRail.

13. Table 1 outlines the proposed response to the six recommendations. This table forms the basis of the attached response. More detailed explanations for these responses are set out after this table.

Table 1: Proposed response to recommendations

Recommendation	Response	Comment
<i>1. We recommend that the Government clearly identify a transport-sector agency to provide system leadership and guidance specifically for inter-regional public transport.</i>	Partially support	Existing workstreams are currently underway which will help to provide this leadership and guidance, including the Public Transport Strategy, the upcoming review of the New Zealand Rail Plan and the Land Transport Management (Regulation of Public Transport) Amendment Bill.
<i>2. We recommend that this agency be responsible for the following areas... [etc]</i>	Partially support	A single transport-sector agency to lead inter-regional public transport is not currently recommended, as wider workstreams that are underway will help to provide to clarify the case for additional leadership. Should the Government decide to establish such a leadership role, the Government will consider the Select Committee's recommendations on the range of responsibilities that may be required.
<i>3. We recommend that the Ministry of Transport investigate how the New Zealand Rail Plan could better incorporate inter-regional passenger rail.</i>	Support	The Ministry of Transport can investigate how the next New Zealand Rail Plan could better incorporate inter-regional passenger rail.
<i>4. We recommend that funding arrangements for future inter-regional passenger rail services reflect the level of national benefit of such services to New Zealand.</i>	Support in principle	Inter-regional passenger rail has the potential to deliver a range of benefits to New Zealand, and those benefits should be reflected during investment appraisal processes.
<i>5. We recommend that scoping studies be progressed for the following inter-regional rail services:</i> <ul style="list-style-type: none"> • <i>Auckland-Wellington</i> 	Support	The Ministry view is that these scoping studies should be undertaken through a partnership approach between the appropriate Public Transport Authorities (PTAs) and the Ministry, Waka Kotahi, and KiwiRail.

<ul style="list-style-type: none"> • <i>Auckland-Tauranga</i> • <i>Napier-Wellington</i> • <i>an extension of the Capital Connection service to Feilding.</i> 		<p>A new activity class for inter-regional public transport has been created for GPS 24 which will help support the development of proposed services.</p>
<p>6. <i>We recommend that further investigation of other potential inter-regional passenger rail routes be undertaken to meaningfully compare and identify the costs, benefits, and risks associated with different opportunities.</i></p>	<p>Partially support</p>	<p>The Ministry's view is that the existing Waka Kotahi business case processes are appropriate for understanding the costs and benefits of potential investment in inter-regional passenger rail service.</p> <p>A new activity class for inter-regional public transport has been created for GPS 24 which will help support the development of proposed services.</p>

Recommendation 1: We recommend that the Government clearly identify a transport sector agency to provide system leadership and guidance specifically for inter-regional public transport

14. It is recommended the Government **partially support** this recommendation.
15. There is a lack of clarity in the existing roles and responsibilities for inter-regional public transport. The current system does not easily support PTAs to provide inter-regional connections and Regional Public Transport Plans (RPTP) processes are not well suited to planning inter-regional public transport.
16. There are opportunities for the Government to improve system leadership and guidance through existing workstreams. In particular, the Public Transport Strategy (PTS), which has been agreed to be delivered by 2025 as part of the Emissions Reduction Plan, can be used to investigate opportunities to improve clarity for roles and responsibilities across the public transport system, including clearer guidance on planning, funding, delivering, and operating inter-regional public transport services.
17. The PTS will align with the objectives of the Government Policy Statement for land transport (GPS) and the changes resulting from the Land Transport Management (Regulation of Public Transport) Amendment Bill (the RPT Bill) which will, if enacted, clarify the planning and procurement arrangements for inter-regional public transport services.

Recommendation 2: We recommend that this agency be responsible for the following areas:

- a) *providing advice, support, education, and guidance relating to inter-regional public transport in New Zealand*
- b) *identifying and proposing new inter-regional public transport services*
- c) *engaging with and supporting regional councils to identify potential for interregional public transport services that would benefit their region and communities*
- d) *engaging with regional councils and Waka Kotahi—New Zealand Transport Agency to help consider the costs and benefits of proposed inter-regional public transport services*

- e) *coordinating with regional councils, Waka Kotahi—New Zealand Transport Agency, and the Treasury—Te Tai Ōhanga to determine the appropriate business case pathway for proposed inter-regional public transport services and providing assistance to regional councils during the business case process*
- f) *promoting well-being and environmental principles in the planning and design of public transport services*

- 18. It is recommended the Government **partially support** this recommendation.
- 19. There is work underway that will help establish clearer guidance and leadership to support improved public transport within New Zealand and across regions. This work will help clarify whether there is a need for more leadership at an agency level.
- 20. There are opportunities available through this work to improve how inter-regional public transport is planned, funded, delivered, and operated. There are also opportunities to improve how government organisations, local government and other partners work together in a coordinated way.
- 21. If this work determines that additional leadership is required, the Committee's recommendations regarding roles and responsibilities of a leadership function can be considered.

Recommendation 3: We recommend that the Ministry of Transport investigate how the New Zealand Rail Plan could better incorporate inter-regional passenger rail.

- 22. It is recommended that the Government **supports** this recommendation.
- 23. The inaugural Rail Plan established an objective for a resilient and reliable national rail network. This is a key investment priority, necessary both for freight and passenger rail.
- 24. The Ministry will investigate how the Rail Plan can better strategically incorporate inter-regional passenger rail and deliver outcomes that benefit New Zealanders and the land transport system. This will be done through the review the Rail Plan before public consultation of the GPS 2027.
- 25. There are competing priorities for rail funding in New Zealand, including freight, metropolitan rail, and inter-regional rail. These can be considered as part of the review process to ensure that the system is investing where there is likely to be the greatest delivery of outcomes.

Recommendation 4: We recommend that funding arrangements for future inter-regional passenger rail services reflect the level of national benefit of such services to New Zealand.

- 26. It is recommended that the Government **supports in principle** this recommendation.
- 27. Inter-regional passenger rail has the potential to deliver a wide range of benefits for New Zealand, which was communicated clearly in the inquiry. Submitters to the inquiry noted potential benefits to access and equity, regional development and climate change and mitigation benefits, among others. These benefits should be captured in investment appraisal processes that Waka Kotahi is responsible for.
- 28. Due to the potential costs involved, it is appropriate that funding arrangements for inter-regional passenger rail services reflect the full range of benefits, costs, risks, and alternatives available. The Ministry can work with agencies to ensure that the data and evidence necessary to reflect this is available.

Recommendation 5: We recommend that scoping studies be progressed for the following inter-regional rail services:

- a) *Auckland-Wellington*
- b) *Auckland-Tauranga*
- c) *Napier-Wellington*
- d) *an extension of the Capital Connection service to Feilding.*

29. It is recommended that the Government **supports** this recommendation.

30. The Ministry provided a supplementary report to the Committee on these four identified routes. It identified existing challenges in delivering new inter-regional passenger rail services. These include the current state of the rail network and infrastructure, lack of capacity and rolling stock to provide additional services, and the need to upgrade certain parts of the network (for instance the Kaimai Tunnel) and station and depot infrastructure to support passenger services.

31. Considering these challenges and the potential costs involved, it is prudent to undertake scoping studies to ensure any new inter-regional passenger rail services are feasible over the long-term and will deliver the economic, environmental, social and transport system outcomes sought.

32. This scoping should involve the relevant PTAs to ensure that identified routes deliver on the transport needs and aspirations of the regions involved. The PTAs can work with the Ministry Waka Kotahi and KiwiRail to determine the viability of these services. Any new or expanded service will be expected to demonstrate contribution to the strategic priorities set out in the current Rail Plan and the GPS 2024.

33. Any changes to the existing Capital Connection service needs to be made by KiwiRail and service co-funders Greater Wellington Regional Council, Horizons Regional Council and Waka Kotahi.

Recommendation 6: We recommend that further investigation of other potential inter-regional passenger rail routes be undertaken to meaningfully compare and identify the costs, benefits, and risks associated with different opportunities.

34. It is recommended that the Government **partially supports** this recommendation.

35. The Ministry believes that existing business case processes are appropriate for understanding the costs and benefits of potential investment in inter-regional passenger rail. A new activity class for inter-regional public transport has been created for GPS 24 which will help support the business case process and development of any proposed services.

36. The PTS will support regions to work with agencies to investigate inter-regional public transport services, on a mode-neutral basis.

Consultation

37. This response was prepared by the Ministry of Transport. Waka Kotahi and KiwiRail have provided feedback that has been incorporated in the response. Te Tai Ōhanga The Treasury have been provided the response, but due to timeframes were not able to provide comment.

38. It is recommended that you forward this briefing to the Minister of Finance Hon Grant Robertson, the Minister for State Owned Enterprises Hon Duncan Webb and the Minister for Infrastructure Hon Megan Woods.

Next steps

39. Under Standing Order 256, the Government must present a paper to the House responding to any recommendations of a committee that are addressed to it, within 60 working days. A response to this inquiry must be presented to the House by 27 September 2023.
40. There is a Cabinet Legislation Committee meeting on 31 August 2023. If you are comfortable with the proposed draft Government response, it is recommended that you consult with the Ministers of Finance, Infrastructure and SOES over 14 to 23 August. This would allow you to submit the draft response to LEG for its meeting of 31 August.

PROACTIVELY RELEASED BY
TE MANATŪ WAKA MINISTRY OF TRANSPORT

ANNEX 2

Government Response to Report of the Transport and Infrastructure Select Committee on the Future of Inter-regional Passenger Rail
In-Confidence

Office of the Minister of Transport

Chair, Cabinet Legislation Committee

Government Response to the Transport and Infrastructure Committee's Inquiry into the Future of Inter-regional Passenger Rail

Proposal

- 1 This paper seeks approval of the Government's response to the Transport and Infrastructure Committee inquiry into the future of inter-regional passenger rail in New Zealand.

Background

- 2 In August 2022, the Transport and Infrastructure Committee began an inquiry into the future of inter-regional passenger rail in New Zealand. It aimed to gain insight into the economic, environmental, and social factors affecting the viability of inter-regional passenger services.
- 3 There were 1,752 written submissions to the inquiry from members of the public, businesses, community organisations and local government. Public hearings with 104 individuals and groups were held, and additional online engagement was undertaken through social media.
- 4 The Ministry of Transport, Te Waihangā | the New Zealand Infrastructure Commission and an independent economist, Shane Martin, all provided independent advice to the Committee during the inquiry.
- 5 The Transport and Infrastructure Committee published its report in June 2023 and made six recommendations to the Government.

The Transport and Infrastructure Committee findings

- 6 The Transport and Infrastructure Committee made the following recommendations:

Leadership for inter-regional public transport

1. that the Government clearly identify a transport-sector agency to provide system leadership and guidance specifically for inter-regional public transport in New Zealand,
2. that this agency be responsible for the following areas:
 - a) providing advice, support, education, and guidance relating to inter-regional public transport in New Zealand
 - b) identifying and proposing new inter-regional public transport services
 - c) engaging with and supporting regional councils to identify potential for inter-regional public transport services that would benefit their region and community
 - d) engaging with regional councils and Waka Kotahi—New Zealand Transport Agency to help consider the costs and benefits of proposed inter-regional public transport services
 - e) coordinating with regional councils, Waka Kotahi—New Zealand Transport Agency, and the Treasury—Te Tai Ōhanga to determine the appropriate business case pathway for proposed inter-regional public transport services and providing assistance to regional councils during the business case process
 - f) promoting well-being and environmental principles in the planning and design of public transport services
3. that the Ministry of Transport investigate how the New Zealand Rail Plan could better incorporate inter-regional passenger rail;

Funding for future inter-regional passenger rail services

4. that funding arrangements for future inter-regional passenger rail services reflect the level of national benefit of such services to New Zealand;

Scoping studies to be progressed for inter-regional passenger rail services

5. that scoping studies be progressed for the following inter-regional rail services:
 - a) Auckland–Wellington
 - b) Auckland–Tauranga
 - c) Napier–Wellington

- d) an extension of the Capital Connection service to Feilding; and
6. that further investigation of other potential inter-regional passenger rail routes be undertaken to meaningfully compare and identify the costs, benefits, and risks associated with different opportunities.

The Government is committed to improving the resilience and the reliability of the rail system

- 7 In 2017, the Government initiated the Future of Rail review, which aimed to identify the future role rail could play in New Zealand's transport system. The key outcome of the Future of Rail review was the establishment of a programme of change to support the delivery of the Government's vision for rail as an enabler of economic, social, and environmental benefits for all New Zealanders. The Future of Rail review identified:
- the state of the rail network, owned and operated by KiwiRail, faced a state of managed decline due to long-term underinvestment,
 - short-term funding arrangements for the rail network through the annual Budget process, were inadequate for a long-term network asset,
 - historically, the outcomes the Crown has been seeking through its freight rail network investment have been unclear. In effect, Crown funding has been used to meet the shortfall between the minimum investment needed to support the rail network and the profits that KiwiRail can generate from its rail operations, and
 - a lack of integration between road and rail network investments, which has been a long-standing concern in New Zealand. Rail and road investment utilise different decision-making frameworks making strategic alignment difficult.
- 8 The key recommendations from the Future of Rail review included:
- the development of a 10-year investment programme for rail to rehabilitate the rail network and KiwiRail's freight and ferry assets and ensure its is sufficiently resourced to deliver the transport and wider outcomes the Government seeks the establishment of a purpose statement for rail in the form of the New Zealand Rail Plan (the Rail Plan).
 - The Rail Plan would set out the Government's 10-year strategic vision for rail, a 10-year programme of indicative investment and benefits, roles, and

responsibilities of the 13 entities involved, funding sources and principles, and monitor the performance of rail against the Government objectives.

Comment on the Transport and Infrastructure Committee findings and recommendations

- 9 The final report and recommendations represent an important contribution to the development of policy on the future of inter-regional public transport in Aotearoa New Zealand. The report also provides a starting point to better understand the role inter-regional passenger rail can play in helping the Government to achieve its aspirations for the land transport sector as well as achieve broader environmental, economic, cultural and social outcomes.

Leadership for inter-regional public transport (recommendations 1, 2 and 3)

- 10 The Government recognises that there is a need for clearer roles and responsibilities and guidance for inter-regional public transport. Existing workstreams are currently underway which will help to clarify roles and responsibilities, improve coordination, and enhance national guidance.
- 11 The Ministry of Transport, working with transport agencies, will develop a Public Transport Strategy (PTS) by 2025, which offers the opportunity to investigate options for providing greater system leadership and guidance for inter-regional public transport. This work will provide options for how this will work in practice, including the roles and responsibilities of those taking on a system leadership role.
- 12 The Ministry of Transport will also investigate how the New Zealand Rail Plan could better incorporate inter-regional passenger rail, as part of its review of the Plan in 2027. There are competing priorities for rail, and these must be weighed carefully to ensure that we are delivering value for money for New Zealand. The current Rail Plan's strategic investment priority to invest in the national rail network to restore freight is a necessary step to ensuring that the network is resilient and reliable for any passenger rail service.

Funding for future inter-regional passenger rail services (recommendation 4)

- 13 The Government has proposed a new activity class in the draft GPS 24 for inter-regional public transport, which is available for regions to use to investigate the viability of a proposed inter-regional public transport service.

Scoping studies to be progressed for inter-regional passenger rail services (recommendations 5 and 6)

- 14 Scoping of specific inter-regional passenger rail services should continue to be initiated by territorial and regional authorities, with regard to their local and regional transport needs and aspirations. Waka Kotahi, KiwiRail and the Ministry of Transport will support local government, and other relevant parties,

to ascertain the viability of a proposed service, including assessing whether the services align with the GPS.

Timing of the government response

- 15 The government response must be presented to the House no later than 1pm on 27 September 2023.

Consultation

- 16 The following agencies have been consulted:
- Waka Kotahi | New Zealand Transport Agency
 - KiwiRail
- 17 [The Treasury have been informed of the Government's proposed response to the Committee's recommendations. At the time of drafting this paper, the Ministry of Transport is awaiting feedback from Treasury on the Government's response.]

Financial implications

- 18 There are no direct financial implications associated with this paper.
- 19 There are significant costs associated with providing new or expanded inter-regional passenger rail services. It is therefore important to accurately quantify the costs, benefits, risks and alternatives of any proposed services, and to provide adequate system leadership and guidance on inter-regional public transport services across the land transport system.
- 20 Strategic work which is currently being undertaken by the Ministry of Transport, in collaboration with other government organisations, is able to be delivered within baselines. A new activity class for inter-regional public transport has been created for GPS 24. There are no additional financial implications of this response.

Publicity

- 21 I do not propose to undertake any further publication of this response at this time.

Proactive Release

- 22 I propose to proactively release this paper in whole within 30 business days of final decision being taken by Cabinet.

Recommendations

The Minister of Transport recommends that the Cabinet Legislation Committee:

7. **note** that on 4 July 2023, the Transport and Infrastructure Committee presented its report to the House entitled “Inquiry into the future of inter-regional passenger rail in New Zealand”

8. **note** that the Transport and Infrastructure Committee recommended:

a) that the Government clearly identify a transport-sector agency to provide system leadership and guidance specifically for inter-regional public transport in New Zealand

b) that this agency be responsible for the following areas:

- 1.8.b.1 providing advice, support, education, and guidance relating to inter-regional public transport in New Zealand
- 1.8.b.2 identifying and proposing new inter-regional public transport services
- 1.8.b.3 engaging with and supporting regional councils to identify potential for inter-regional public transport services that would benefit their region and community
- 1.8.b.4 engaging with regional councils and Waka Kotahi—New Zealand Transport Agency to help consider the costs and benefits of proposed inter-regional public transport services
- 1.8.b.5 coordinating with regional councils, Waka Kotahi—New Zealand Transport Agency, and the Treasury—Te Tai Ōhanga to determine the appropriate business case pathway for proposed inter-regional public transport services and providing assistance to regional councils during the business case process
- 1.8.b.6 promoting well-being and environmental principles in the planning and design of public transport services

c) that the Ministry of Transport investigate how the New Zealand Rail Plan could better incorporate inter-regional passenger rail

d) that funding arrangements for future inter-regional passenger rail services reflect the level of national benefit of such services to New Zealand.

e) that scoping studies be progressed for the following inter-regional rail services:

- 1.8.e.1 Auckland–Wellington

- 1.8.e.2 Auckland–Tauranga
- 1.8.e.3 Napier–Wellington
- 1.8.e.4 an extension of the Capital Connection service to Feilding.

- f) that further investigation of other potential inter-regional passenger rail routes be undertaken to meaningfully compare and identify the costs, benefits, and risks associated with different opportunities.
9. **note** that the draft GPS 2024 proposes the introduction of a new inter-regional public transport activity class to enable funding for inter-regional public transport proposals to be investigated, overcoming a limitation for local government in the current GPS.
10. **note** the submission of the former Minister of Transport, Hon Michael Wood, and in particular his advice that the development of the Public Transport Strategy represents an opportunity to provide greater clarity about system leadership and roles and responsibilities for inter-regional public transport;
11. **approve** the Government response, attached to this submission, to the Report of the Transport and Infrastructure Committee entitled “Inquiry into the future of inter-regional passenger rail in New Zealand”;
12. **note** that the Government response must be presented to the House no later than 1pm on 27 September 2023 in accordance with House Standing Order 256.

Authorised for lodgement

Hon David Parker

Minister of Transport

**Government Response to the Inquiry into the Future of Inter-
Regional Passenger Rail in New Zealand**

Presented to the House of Representatives

In accordance with Standing Order 256

PROACTIVELY RELEASED BY
TE MANATŪ WAKA MINISTRY OF TRANSPORT

Government response to the Transport and Infrastructure Committee Inquiry into the Future of Inter-Regional Passenger Rail

Introduction

The Government welcomes the Transport and Infrastructure Committee's (the Committee) report. The Government acknowledges the important and positive role rail plays in delivering a range of economic, environmental, and social outcomes for New Zealanders.

The Government responds to the Committee's report in accordance with Standing Order 256.²

Background

Inquiry into the future of inter-regional passenger rail

1 In 2022, the Committee undertook an inquiry into the future of inter-regional passenger rail in Aotearoa New Zealand (the inquiry). The terms of reference were deliberately broad with the intention to gain insight into the economic, environmental, and social factors affecting the viability of inter-regional passenger services in this country. The terms of reference were:

- investigate possibilities and viability of passenger rail in underserved communities, those with prior rail links that have been disestablished, and those currently advocating for improved rail links,
- gain insight into viability of passenger rail sitting alongside KiwiRail's freight network,
- evaluate existing inter-regional passenger rail, such as the Capital Connection, and how these services work between local and regional councils and central government,
- gain insights into the integration of regional rail into existing local public transport networks,
- investigate the climate and emissions reductions possibilities of passenger rail, and how this links to VKT (vehicle kilometres travelled)

² **256 Government responses to select committee reports (1)** The Government must, not more than 60 working days after a select committee report has been presented, present a paper to the House responding to any recommendations of the committee which are addressed to it.

reduction targets in the Emissions Reduction Plan, and including electrification between regions,

- investigate potential rail expansions and investments in specific areas such as Tauranga (following a recent report on the re-introduction of passenger rail) 2 and the Lower North Island (following a business case funded at Budget 2022).

2 Te Manatū Waka, the Ministry of Transport (the Ministry), provided independent advice to the Committee, alongside Te Waihanga, the New Zealand Infrastructure Commission (the Commission) and an independent advisor, Dr Shane Martin. As part of this independent advice, the Ministry and Commission responded to the Committee's information requests, and provided independent analysis on information shared during public hearings and submissions.

3 On 4 July 2023, the Government received the final report and six recommendations from the Committee. The recommendations focused on challenges and opportunities for inter-regional public transport across Aotearoa New Zealand. These recommendations are:

1. that the Government clearly identify a transport-sector agency to provide system leadership and guidance specifically for inter-regional public transport in New Zealand
2. that this agency be responsible for the following areas:
 - a) providing advice, support, education, and guidance relating to inter-regional public transport in New Zealand
 - b) identifying and proposing new inter-regional public transport services
 - c) engaging with and supporting regional councils to identify potential for inter-regional public transport services that would benefit their region and community
 - d) engaging with regional councils and Waka Kotahi—New Zealand Transport Agency to help consider the costs and benefits of proposed inter-regional public transport services
 - e) coordinating with regional councils, Waka Kotahi—New Zealand Transport Agency, and the Treasury—Te Tai Ōhanga to determine the appropriate business case pathway for proposed inter-regional public transport services and providing assistance to regional councils during the business case process

- f) promoting well-being and environmental principles in the planning and design of public transport services
3. that the Ministry of Transport investigate how the New Zealand Rail Plan could better incorporate inter-regional passenger rail
4. that funding arrangements for future inter-regional passenger rail services reflect the level of national benefit of such services to New Zealand.
5. that scoping studies be progressed for the following inter-regional rail services:
 - a) Auckland–Wellington
 - b) Auckland–Tauranga
 - c) Napier–Wellington
 - d) an extension of the Capital Connection service to Feilding.
6. that further investigation of other potential inter-regional passenger rail routes be undertaken to meaningfully compare and identify the costs, benefits, and risks associated with different opportunities.

The Government is committed to improving the resilience and the reliability of the rail system

- 4 In 2017, the Government initiated the Future of Rail review, which aimed to identify the future role rail could play in New Zealand's transport system. The key outcome of the Future of Rail review was the establishment of a programme of change to support the delivery of the Government's vision for rail as an enabler of economic, social, and environmental benefits for all New Zealanders. The Future of Rail review identified:
 - the state of the rail network, owned and operated by KiwiRail, faced a state of managed decline due to long-term underinvestment
 - short-term funding arrangements for the rail network through the annual Budget process, were inadequate for a long-term network asset
 - historically, the outcomes the Crown had been seeking through its freight rail network investment were unclear. In effect, Crown funding had been used to meet the shortfall between the minimum investment needed to support the rail network and the profits that KiwiRail generated from its rail operations
 - a lack of integration between road and rail network investments, which had been a long-standing concern in New Zealand. Rail and road investment utilise different decision-making frameworks making strategic alignment difficult.

- 5 The key recommendations from the Future of Rail review included:
- the development of a 10-year investment programme for rail to rehabilitate the rail network and KiwiRail's freight and ferry assets and ensure it is sufficiently resourced to deliver the transport and wider outcomes the Government seeks
 - the establishment of a purpose statement for rail in the form of the New Zealand Rail Plan (the Rail Plan)
 - the Rail Plan would set out the Government's 10-year strategic vision for rail, a 10-year programme of indicative investment and benefits, roles, and responsibilities of the 13 entities involved, funding sources and principles and monitor the performance of rail against Government objectives.
- 6 Through the release of the first Rail Plan in 2021, the Government has sent strong signals of its commitment to rail over the next decade and the investments needed to achieve a resilient and reliable rail network. The Rail Plan outlines a long-term national vision and signals investment priorities.
- 7 The Rail Network Investment Programme (RNIP) sets out a three-year investment programme and a 10-year investment forecast for the national rail network. This outlines investment into the track network and associated infrastructure such as signals, tunnels and bridges, which provide the network for rail freight and passenger services in New Zealand. The RNIP is guided by both the Rail Plan and the Government Policy Statement on Land Transport (GPS).
- 8 The Future of Rail review recommended the Government make amendments to the Land Transport Management Act 2003 (LTMA) to:
- reduce the short-term annual funding focus for rail, which has led to uncertainty for the rail business decision-making
 - better enable long-term strategic planning focus for the rail network
 - allow for better co-ordination and integration of road and rail network investment decisions through the land transport investment programme.
- 9 The 2020 LTMA amendments gave effect to these recommendations by implementing a new planning and funding framework for the rail network. This new framework brought planning and funding of the rail network under the land transport planning and funding regime.

- 10 Since 2017, the Government has invested over \$8.6 billion into rail. This investment confirms the Government's commitment to restoring the rail track network and other associated infrastructure to ensure rail can play its part in a multi-modal transport system. This investment is a necessary step to ensure that the rail network is safe, resilient, and reliable for freight and passenger rail services. Rail is a key enabler of economic, social, and environmental benefits for all New Zealanders.
- 11 The Government has recently announced up to \$455m of operational funding in a tagged contingency to support the capital investment of new rolling stock and associated infrastructure for the Lower North Island. More recently, through Budget 2023, the Government is providing \$369.2m additional funding for the RNIP for network maintenance, management, renewal, and improvement work.

The Committee's finding and recommendations represent an important contribution to the development of policy on inter-regional public transport in New Zealand

- 12 The final report and recommendations represent an important contribution to the development of policy on the future of inter-regional public transport in Aotearoa New Zealand. The report also provides a starting point to better understand the role inter-regional passenger rail can play in helping the Government to achieve its aspirations for the land transport sector as well as achieve broader environmental, economic, and social outcomes.
- 13 Several work programmes across government agencies are investigating how to improve public transport within the land transport system with the goal of achieving the objectives set out in the Transport Outcomes Framework.³ Examples of these work programmes include:
 - Kāinga Ora's Sustainable Transport Outcomes
 - Emissions Reduction Plan Action 10.1.2: *support people to walk, cycle and use public transport*
 - The Sustainable Public Transport Framework (SPTF), including proposed amendments to the Land Transport Management Act 2003.
- 14 While the Government has endeavoured to respond to the Committee's recommendations as extensively as possible, some of the recommendations

³ The transport sector has a common outcomes framework that helps enable public organisations in this sector to demonstrate how they are individually and collectively having an impact and contributing toward shared outcomes.

will require further work over the short - medium term from government agencies. In completing this further work, it is important to ensure:

- there is no duplication with existing work programmes,
- any proposed system changes improve cohesion (including alignment with strategic priorities), increases efficiency, clarifies roles responsibilities and improves coordination across the land transport system, and
- inter-regional passenger rail is considered in the context of inter-regional public transport more generally and a mode-neutral approach is taken to planning inter-regional public transport.

Recommendations and the Government responses

- 15 The table below outlines, at a high level, the Government's responses to the Committee's recommendations. Further detailed explanations for these responses are set out after the table.

Recommendation	Response	Comment
<i>1. We recommend that the Government clearly identify a transport-sector agency to provide system leadership and guidance specifically for inter-regional public transport.</i>	Partially support	<p>The Government recognises that there is a need for more system leadership and guidance for inter-regional public transport. Existing workstreams are currently underway which will help to provide this leadership and guidance, including the Public Transport Strategy (a key action under the Government's Emissions Reduction Plan), the upcoming review of the New Zealand Rail Plan and the Land Transport Management (Regulation of Public Transport) Amendment Bill.</p> <p>The Government is not currently intending to establish a single transport agency to lead inter-regional public transport work. However, work underway will help to establish whether there is a</p>

		strong case for doing so in the future.
<i>2. We recommend that this agency be responsible for the following areas... [etc]</i>	Partially support	As noted above, the Government is not currently planning to establish a single transport-sector agency to lead inter-regional public transport, as wider workstreams that are underway will help to provide to clarify the case for additional leadership. Should the Government decide to establish such a leadership role, the Government will consider the Select Committee's recommendations on the range of responsibilities that may be required.
<i>3. We recommend that the Ministry of Transport investigate how the New Zealand Rail Plan could better incorporate inter-regional passenger rail.</i>	Support	The Ministry of Transport will investigate how the next New Zealand Rail Plan could better incorporate inter-regional passenger rail. Work is expected to commence on the new Rail Plan in 2024/25.
<i>4. We recommend that funding arrangements for future inter-regional passenger rail services reflect the level of national benefit of such services to New Zealand.</i>	Support in principle	The Government agrees that inter-regional passenger rail can provide a wide range of benefits to New Zealand, and that those benefits should be reflected during investment appraisal processes.
<i>5. We recommend that scoping studies be progressed for the following inter-regional rail services:</i> <ul style="list-style-type: none"> <i>• Auckland-Wellington</i> <i>• Auckland-Tauranga</i> <i>• Napier-Wellington</i> 	Support	<p>The Government sees value in scoping inter-regional rail services to determine their viability. The Government's view is that these scoping studies should be undertaken through a partnership approach between the appropriate Public Transport Authorities and the Ministry of Transport, Waka Kotahi, and KiwiRail.</p> <p>A new activity class has been proposed for inter-regional public</p>

<ul style="list-style-type: none"> an extension of the Capital Connection service to Feilding. 		transport in the draft GPS 24 which can help support the development of proposed services.
<p>6. We recommend that further investigation of other potential inter-regional passenger rail routes be undertaken to meaningfully compare and identify the costs, benefits, and risks associated with different opportunities.</p>	<p>Partially support</p>	<p>The Government agrees that further investigation would help to determine the feasibility, costs, and potential benefits of these routes.</p> <p>The Government's view is that the existing Waka Kotahi business case processes are appropriate for understanding the costs and benefits of potential investment in inter-regional passenger rail service. A new activity class for inter-regional public transport has been proposed in the draft GPS 24 which can help support the development of proposed services.</p>

Recommendation 1: We recommend that the Government clearly identify a transport sector agency to provide system leadership and guidance specifically for inter-regional public transport

- 16 The Government **partially supports** this recommendation.
- 17 The Government acknowledges that there is a lack of clarity regarding roles and responsibilities for inter-regional public transport.
- 18 Regional and territorial public transport authorities (PTAs) play a key role in identifying their transport needs and priorities through the existing land transport system processes. However, it can be challenging under the current system for inter-regional connections to be prioritised and progressed.
- 19 Regional Public Transport Plan (RPTP) processes are not well suited to planning of inter-regional services, where a service might operate across two or more regions.
- 20 During this inquiry, as well as during public consultation on the Land Transport Management (Regulation of Public Transport) Amendment Bill (the RPT Bill) submitters made the case that inter-regional passenger services already provide a critical part of the public transport system and will grow in importance over time. Some PTAs are already working with neighbouring PTAs to deliver inter-regional services.

- 21 There is an opportunity for the Ministry of Transport and transport agencies to work with regions on investigating the planning and provision of inter-regional transport more broadly. A key opportunity to do so would be through the Public Transport Strategy which is discussed further below.
- 22 In 2019, the Climate Change Commission recommended in its advice to the government on emissions budgets that a national Public Transport Strategy (PTS) be delivered. In 2022, the Government included this recommendation as part of its emission reduction plan and agreed that the Ministry of Transport would deliver a national Public Transport Strategy by 2025. This action requires government to provide a set of principles for planning and funding diverse kinds of public transport, within and between towns and cities, to enable the development of a national public transport network. The Government proposes to use this opportunity to investigate opportunities to improve clarity for roles and responsibilities across the public transport system, including clearer guidance on planning, funding, delivering, and operating inter-regional public transport services.
- 23 The PTS could help regions to connect by providing a set of clear principles for planning, funding, delivering, and operating a range of public transport options.
- 24 The Transport and Infrastructure Committee has recommended the RPT Bill modifies the exemption for inter-regional public transport services, so that they are treated the same as intra-regional services. This will help to clarify the planning and procurement arrangements for inter-regional services, which can be built upon with the PTS.
- 25 In addition to the changes to the treatment of inter-regional services, the RPT Bill establishes the Sustainable Public Transport Framework (SPTF), which will replace the Public Transport Operating Model (PTOM). The SPTF has guiding principles focused on fair and equitable treatment of the workforce, improved environmental and health outcomes and mode shift, moving away from the current focus on commerciality and competition. These principles will also guide the development of inter-regional public transport services through RPTPs.
- 26 The Government believes that the PTS, the Government Policy Statement on land transport (GPS) and the RPT Bill, when all in place and aligned, will form a comprehensive approach to providing system leadership and guidance for New Zealand's inter-regional public transport network. They will also help the Government determine whether additional leadership, at an agency level, is required.

Recommendation 2: We recommend that this agency be responsible for the following areas:

- g) providing advice, support, education, and guidance relating to inter-regional public transport in New Zealand*
- h) identifying and proposing new inter-regional public transport services*

- i) *engaging with and supporting regional councils to identify potential for interregional public transport services that would benefit their region and communities*
- j) *engaging with regional councils and Waka Kotahi—New Zealand Transport Agency to help consider the costs and benefits of proposed inter-regional public transport services*
- k) *coordinating with regional councils, Waka Kotahi—New Zealand Transport Agency, and the Treasury—Te Tai Ōhanga to determine the appropriate business case pathway for proposed inter-regional public transport services and providing assistance to regional councils during the business case process*
- l) *promoting well-being and environmental principles in the planning and design of public transport services*

28. The Government **partially supports** this recommendation

29. As noted above, the Government has work underway that will help establish clearer guidance and leadership to support improved public transport within New Zealand and across regions. This work will help clarify whether there is a need for more leadership at an agency level.

30. The Government acknowledges there are opportunities to improve how inter-regional public transport is planned, funded, delivered, and operated. There are also opportunities to improve how government organisations, local government and other partners work together in a coordinated way.

31. Should the Government determine that additional leadership is required, the Government will take account of the Committee's recommendations regarding roles and responsibilities of a leadership function. Achieving improved coordination would be an obvious minimum function.

Recommendation 3: We recommend that the Ministry of Transport investigate how the New Zealand Rail Plan could better incorporate inter-regional passenger rail.

33 The Government **supports** this recommendation.

34 The inaugural Rail Plan established an objective for a resilient and reliable national rail network. It included inter-regional passenger rail, but noted the

priority was on embedding and improving existing services (Capital Connection) and a new service (Te Huia).

- 35 The Government notes that the current Rail Plan's strategic investment priority to invest in the rail network to better enable freight services is a necessary first step. This will help to ensure the network is resilient and reliable for future passenger rail services.
- 36 The Government will investigate how the PTS, GPS, and Rail Plan can better strategically incorporate inter-regional passenger rail and deliver outcomes that benefit New Zealanders and the land transport system. The Ministry will develop and release the next Rail Plan before public consultation of the GPS 2027.
- 37 The draft GPS 2024 proposes a broadening of language so that it is enabling of new inter-regional passenger rail services. Any decisions on funding still sits with the Waka Kotahi Board. Waka Kotahi will determine whether funding is available from the National Land Transport Fund. Waka Kotahi will also need to make trade-offs between funding different priorities across the land transport system and in relation to rail investment specifically.
- 38 The Government supports reducing barriers to cross-regional transport planning and consider that the PTS will be an appropriate place to investigate whether such a change is required.

Recommendation 4: We recommend that funding arrangements for future inter-regional passenger rail services reflect the level of national benefit of such services to New Zealand.

- 39 The Government **supports in principle**.
- 40 The Government agrees that inter-regional passenger rail can provide a wide range of benefits to New Zealand, and that those benefits should be reflected during investment appraisal processes that Waka Kotahi and the Treasury are responsible for.
- 41 The Ministry of Transport commissioned Ernst and Young to deliver the Value of Rail Report 2021 (the EY report) to estimates the benefits that rail produces ever year. The commitments the Government has made in rail are multi year investments - in many cases this represents once in a generation investment

in long life infrastructure assets. The EY report highlights, essentially, that without rail there would be an additional \$1.7 - \$2.1 billion cost each year to New Zealand, through increased congestion, transport emissions and the like.⁴

- 42 The business case and investment appraisal processes involve a systematic and evidence-based approach to identifying, assessing, and evaluating the potential benefits and costs of a transport infrastructure project.
- 43 The Government has committed, in the Emissions Reduction Plan, to better integrate climate mitigation into government decisions on infrastructure by reviewing central government frameworks, guidelines, and tools to factor climate outcomes into decision making on infrastructure investment (Action 7.7).⁵ The Treasury holds responsibility for leading this work alongside other key government organisations.
- 44 The Government also acknowledges that there is a data and evidence gap when it comes to inter-regional passenger rail. This was highlighted in the inquiry, as a significant number of submitters suggested that further data and evidence is needed to accurately measure the anticipated benefits and costs of identified passenger rail projects.
- 45 As discussed above, the draft GPS 24 is signalling a more enabling approach towards investment into inter-regional passenger rail services and associated rail network infrastructure upgrades.

Recommendation 5: We recommend that scoping studies be progressed for the following inter-regional rail services:

- e) Auckland-Wellington
- f) Auckland-Tauranga
- g) Napier-Wellington
- h) an extension of the Capital Connection service to Feilding.

- 46 The Government **supports** this recommendation.

⁴ Accessed: <https://www.transport.govt.nz/assets/Uploads/Report/EY-Report-Externality-value-of-rail-2020.pdf>

⁵ Accessed: <https://environment.govt.nz/assets/publications/Files/Aotearoa-New-Zealands-first-emissions-reduction-plan-Table-of-actions.pdf>

- 47 The Government sees value in scoping these specific inter-regional rail services to determine their viability.
- 48 As the Ministry outlined in its supplementary report to the Committee, there are existing challenges in delivering new inter-regional passenger rail services. These challenges include needing to improve the rail network at a standard to enable passenger rail services, the construction or upgrade of stations and depot infrastructure and other corresponding infrastructure.
- 49 These improvements are necessary because of the historic underinvestment in the rail network, including choosing to let the rail network fall into a state of managed decline, demolishing stations, or selling off land with rail assets.
- 50 Addressing this will require a pipeline of significant and sustained investment by the Government (and potentially funding partners) over the long term.
- 51 Considering these challenges and the potential costs involved, it is prudent to undertake scoping studies to ensure any new inter-regional passenger rail services are feasible over the long-term and will deliver the economic, environmental, social and transport system outcomes sought.
- 52 Relevant organisations, including councils can work with the Ministry of Transport, Waka Kotahi and KiwiRail in these regions to determine the viability of these proposed inter-regional passenger services.
- 53 Any new or expanded service will be expected to demonstrate contribution to the strategic priorities set out in the current Rail Plan and the GPS 2024. This includes integration with long-term land-use, infrastructure and transport planning by regional and territorial authorities, assisted by supporting actions from central and local government organisations, and in some cases, private businesses.
- 54 A new activity class has been proposed for inter-regional public transport in the draft GPS 24 which can help support the funding needed to investigate the viability of a proposed services.
- 55 The Government notes that decisions on any changes to the existing Capital Connection service needs to be made by KiwiRail and service co-funders

Greater Wellington Regional Council, Horizons Regional Council and Waka Kotahi.

Recommendation 6: We recommend that further investigation of other potential inter-regional passenger rail routes be undertaken to meaningfully compare and identify the costs, benefits, and risks associated with different opportunities.

- 56 The Government **partially supports** this recommendation.
- 57 The Government believes that existing business case processes are appropriate for understanding the costs and benefits of potential investment in inter-regional passenger rail. As already noted, a new activity class for inter-regional public transport has been proposed for GPS 24 which will help support the business case process and development of any proposed services.
- 58 The Government is investigating options to provide greater system leadership and guidance on inter-regional public transport (outlined in response to Recommendation 1) as part of developing the PTS. This will support regions, working in partnership with government agencies, in investigating inter-regional public transport services that reflect the transport needs and aspirations of their communities. However, a mode neutral approach is appropriate when initially considering inter-regional public transport connections.

Conclusion and next steps

- 59 The Government acknowledges this inquiry has revealed a public desire for inter-regional public transport that helps to improve accessibility and equity outcomes for people, as well as deliver broader economic, environmental, and social national and regional outcomes.
- 60 The Government also recognises the need for greater clarity on roles and responsibilities and national guidance for inter-regional public transport. The Government will also explore opportunities to consider the Committee's recommendations within existing work programmes.
- 61 The Ministry will also investigate how the next Rail Plan can better incorporate inter-regional passenger rail. More broadly, there is the opportunity through the development of the Public Transport Strategy to ensure that inter-regional

public transport is considered more within the broader public transport networks and land transport systems.

- 62 The Government will continue to investigate opportunities to ensure investment appraisal processes better reflect a broad range of costs and benefits. There are opportunities for regions to investigate the viability of inter-regional public transport services, including inter-regional passenger rail. Government agencies will work with regions to support regional and inter-regional public transport planning, including the identification of the full range of costs, benefits, risks, and alternatives.
- 63 The Government also acknowledges that funding must be prioritised to highest-value investments so as to seek the best outcomes for New Zealanders. The strategy to date has been to iteratively lift the condition of the rail network to improve its resilience and reliability. There have also been specific improvements as additional investments for the network or for the establishment of a particular service such as Te Huia. The priority remains maintaining the existing assets; however high-value additional investments may still attract investment.

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