

11 December 2024

Rt Hon Winston Peters, Minister for Rail
WELLINGTON

By email: w.peters@ministers.govt.nz

Dear Minister

Welcome to KiwiRail

On behalf of the KiwiRail Board, I would like to congratulate you and welcome you back as the Minister for Rail. If at all possible, I would greatly appreciate an opportunity to meet with you before the Christmas break and I understand that our teams are exploring this already. We will also issue a Briefing to the Incoming Minister in the coming days.

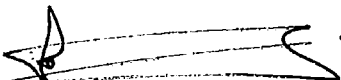
While most of us weren't around at the time, KiwiRail and its Board previously worked with you during your time as shareholding Minister between 2017 and 2020, and we recognise a great many initiatives have been delivered based on the strategic direction provided during this period. We are procuring new rolling stock, upgraded mechanical facilities, and lifted the standard of the North Auckland Line, for example.

The Rail Network Investment Programme (RNIP), which outlines the programme of maintenance and renewals for national and metropolitan network infrastructure was instituted during that time and we look forward to working with you, alongside the Minister of Transport, on the ongoing delivery of the RNIP. The network is a public asset, and the levels of funding and activity for the network are determined by Cabinet. Steady state maintenance and renewals by the RNIP, and other large-scale projects – like building the Marsden Point Rail Link, Auckland's Third and Fourth Mains, and an Avondale-Southdown cross-town rail corridor – are considered as business cases are completed and Government funds permit.

As you know, the ferries have been a major topic of consideration between us and the Government. The Board thanks the Government for its commitment of capital to the Cook Strait, which we welcome and we look forward to continued engagement with responsible Ministers on this matter, as appropriate. At the same time, we remain fully committed to reliable and safe operation of the current Interislander fleet. For the past four months, reliability has been close to 100 per cent and last week we carried a record number of trucks, moving more than 2000 in the week.

We are also in the middle of a major commercial transformation. We are working to materially lower our costs and increase our volumes and revenue in the service of our customers such that future capital expenses, like wagons, locomotives and other technology, can be self-funded from commercial revenue reserves to be built up over the next few years. Our focus this financial year is on reducing our costs to serve and lifting our service reliability. We have already delivered cost-savings of \$18 million against (12)0 - Commercial Activities current year target, and our reliability and safety performance is improving. This will position the company to attract more volume and customers in FY26 and beyond, ultimately realising the benefit of the shareholders' investments and ensuring our (above rail, commercial) business does not require long-term taxpayer funding.

Yours sincerely



Rob Jager ONZM

Acting Chair

On behalf of the Boards of KiwiRail Holdings Limited and the New Zealand Railways Corporation

Copied. Hon Nicola Willis, Minister of Finance
Hon Simeon Brown, Minister of Transport



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