



BRIEFING TO THE INCOMING MINISTER FOR RAIL

2024



Table of Contents

| | |
|---|-----------|
| Welcome | 3 |
| About KiwiRail..... | 3 |
| Our Business Units | 3 |
| Benefits of Rail | 4 |
| Leadership | 5 |
| Directors | 5 |
| Key contacts..... | 5 |
| Executives | 6 |
| Network by Line | 7 |
| By the Numbers | 8 |
| Top Issues | 9 |
| Transformation and Market..... | 9 |
| Future Ferries..... | 10 |
| Rail Network Investment Programme | 11 |
| Core Lease of Railway Land..... | 11 |
| Rolling Stock Procurement | 12 |
| Metropolitan Rail | 13 |
| Northland Rail | 14 |
| How we are Governed | 15 |

Welcome

KiwiRail welcomes you back to the portfolio with co-shareholding responsibility for our company, the New Zealand Railways Corporation, and the newly established Ferry Holdings Limited. Since the first rail was laid in 1863, railways have been key to New Zealand's development. KiwiRail is carrying this legacy into the future, delivering connected transport services for economic, social, and environmental value to New Zealand.

We are accountable to shareholding Ministers for our commercial performance, and to the Minister of Transport for infrastructure delivery and transport outcomes. We are accountable to the New Zealand public as our ultimate owner.

About KiwiRail

We are a transport services and infrastructure business moving people and freight by rail and sea, and we are the steward of the national rail network.

KiwiRail plays a critical role in New Zealand's transport network and is a core component of New Zealand's supply chain. Rail adds capacity for passenger and freight movements, affording choice to individuals and businesses. We help businesses get their goods to market and to their destination in a less carbon intensive mode than going by road.

KiwiRail is relied upon by customers that together form a large part of New Zealand's primary industries and import/exports. Our customers include Fonterra, Port of Tauranga, Team Global Express, BT Mining, Mainfreight, Kaingaroa Timberlands, New Zealand Steel, CentrePort, the Alliance Group, and Bascik Transport. Fonterra products flow across New Zealand on rail. New Zealand exports get to port by rail. Heavy industries like logs, coal and dairy are well suited to the single-handling transport we offer between manufacturer and port.

We're a national employer of 4800-plus. A large portion of our workforce is unionised, across four unions. KiwiRail uses High-Performance, High-Engagement to lift performance by working with our staff and unions to find solutions to problems together.

Our Business Units

Services business

- **Rail freight** – rail logistics services to freight markets.
- **Interislander** – ferry services to rail and road freight markets, and for tourist and domestic passengers and their vehicles.
- **Great Journeys and Commuter** – passenger services for tourism markets and public transport.
- **Property** – management and development of rail operations land and third-party land use.

Infrastructure business

- **Networks** – managing infrastructure assets, infrastructure renewals, upgrades, signalling, metro and national train control, and rail network improvements across the metropolitan and national rail network.

Programme delivery

- **Planning and Development** – major network and mechanical facility projects and planning, and large-scale asset procurement.

Shared services

- **Support** across the business, including safety, health and wellbeing, finance, legal, human resources, IT, policy and funding, communications, and strategy teams.

Benefits of Rail

Rail provides \$3.3 billion in economic value to New Zealand.¹

- Across passenger and freight, the Benefits of Rail includes **\$2.3** billion annually in environmental, safety, health, and reduced road congestion benefits, as well as almost **\$1** billion each year towards New Zealand GDP. This includes:
 - **\$1.53** billion cutting down time and congestion benefits.
 - **\$291** million less adverse health effects.
 - **\$267** million lower fuel and maintenance.
 - **\$161** million less crashes, deaths, and serious injuries.
 - **\$36** million less domestic greenhouse gas emissions.
- An estimated **211** serious injuries and deaths on the road are avoided each year through the use of rail.
- In recent years, rail moves about **25** million passengers in Auckland and Wellington a year, and **600,000** passengers on tourism services.
- Rail also serves more than **300** freight customers and moves more than **17** million tonnes of freight over **40,400** mainline freight services – that's **900** a week.
- It takes about **55** trucks to move the equivalent freight on a standard freight train. Rail freight offers significant savings for road users, such as reduced road maintenance by **\$42** million per annum. Rail is a very effective pothole prevention fund, as avoiding the need for **1** million truck trips per year reduces wear and tear on New Zealand's roads, removing **22** million road hours in the process and **750** million light and heavy vehicle road kilometres.
- Every tonne moved by rail emits **70%** less carbon than by road freight. Increased use of rail presents an immediate opportunity for customers to meet their sustainability obligations, and for New Zealand's emission reduction targets. Since 2011/12, KiwiRail has achieved a **25%** reduction of scope 1 and 2 emissions – 29% reduction from the rail fleet and 25% reduction from the Interislander fleet – and carbon intensity has reduced by **13.3%**.
- It would take about **357** cars to move the people in a standard three-carriage set on Auckland's network in the morning. That's **1.6** kilometres of road lanes freed up for those who have to use the road, and **1029** kg CO₂ avoided.
- We operate **3,400** Interislander sailings per year, serving commercial vehicles, drive-on and walk-on passengers, and rail freight. We have had near **100%** reliability this financial year.

¹ Note: analysis prepared by Ernst and Young for the Australasian Railway Association. This analysis is being reviewed by the Ministry of Transport.

Leadership

Directors



Rob Jager ONZM has had an extensive career with Shell, holding roles such as Chairman and Vice President of Shell Companies in New Zealand, and later, Vice President of Shell Australia's Prelude Floating LNG. He has served as a director of Beach Energy and Air New Zealand and chaired New Zealand's Independent Task Force on Workplace Health and Safety following the Pike River Mine disaster. Rob's leadership is guided by values of honesty, integrity, and respect, along with a strong commitment to diversity of thought and inclusion.

Rob Jager ONZM
Acting Chair



Sue McCormack
Deputy Chair



Bruce Wattie
Director



Sina Cotter-Tait
Director



Liz Ward
Director

Key contacts

The Board of Directors are your primary contact with the company. The contact details for the Acting Chair, Rob Jager ONZM, are as follows:

- Mobile: 9(2)(a) - Privacy
- Mobile: 9(2)(a) - Privacy
- Email: 9(2)(a) - Privacy

The contact details for the Chief Executive, Peter Reidy, are as follows:

- Mobile: 9(2)(a) - Privacy
- Email: 9(2)(a) - Privacy
- EA: 9(2)(a) - Privacy

KiwiRail provides briefings and media advisories to Ministers. Your office will primarily work with **Angus Hodgson** for policy and funding matters 9(2)(a) - Privacy and **Britton Broun** for media issues 9(2)(a) - Privacy

Executives



Peter Reidy
Chief Executive

Peter Reidy was Chief Executive between 2014-2018, and again since 2022. He was Fletcher Construction Chief Executive from 2018-2022. Prior to KiwiRail, Peter was Chief Executive of Downer New Zealand, and held senior leadership roles with Downer Group in Australia and Singapore, including Board roles on the KeolisDowner joint venture operating Yarra Trams in Melbourne, and Gold Coast Light Rail. He has also held senior roles with Todd Energy and Freightways New Zealand.



Adele Wilson
Chief Customer & Growth
Officer



André Lovatt
Chief Infrastructure Officer



David Gordon
Chief Capital Planning &
Asset Development Officer



Siva Sivapakkiam
Chief Operations Officer



Duncan Roy
Interislander Executive
General Manager



Jason Dale
Chief Financial Officer



Vanessa Oakley
Chief General Counsel,
Company Secretary &
Property Officer



James House
Chief Safety, Health &
Wellbeing Officer

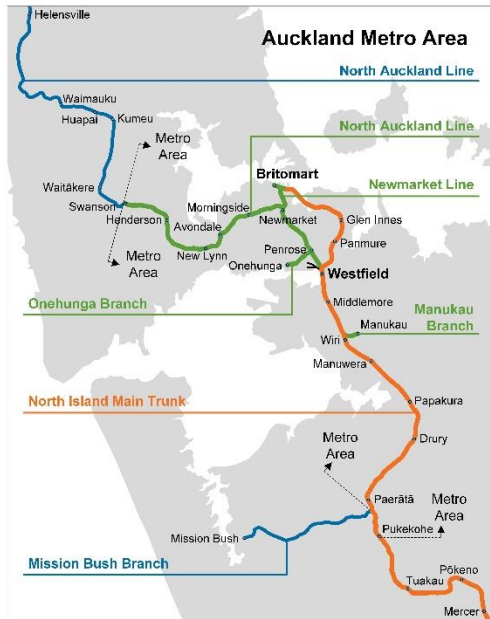


Andrew Norton
Chief People &
Communications Officer

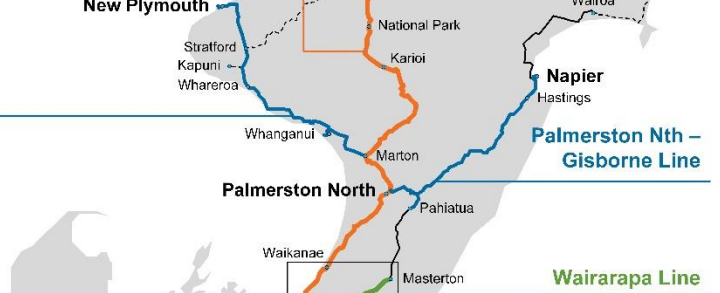


Joanne Black
Chief External Affairs Officer

Network by Line



Marton – New Plymouth Line



Stillwater – Ngakawau Line

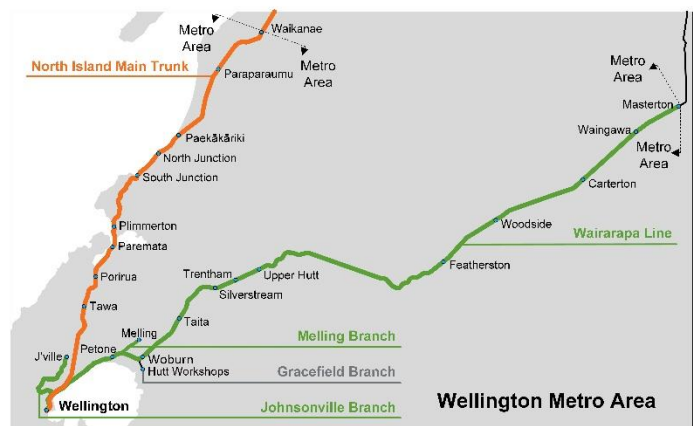
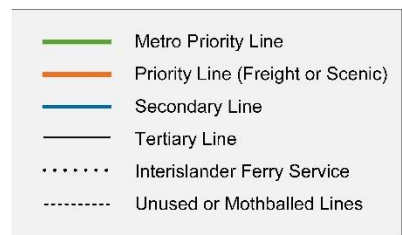
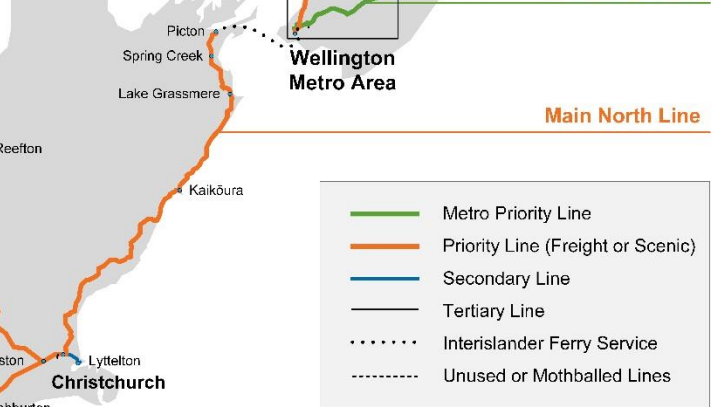
Hokitika Line

Midland Line

Main South Line

Ohai Line

Bluff Line



By the Numbers



VALUE

The total value of rail to New Zealand's economy is \$3.3 billion every year*

An estimated 210 minor injuries, serious injuries and deaths on the road are avoided each year by using rail.*



SUSTAINABILITY

Reduce heavy vehicle impact by more than 1 million truck journeys per year

Every tonne of freight carried by rail delivers a 70% emissions saving over road



COMMUNITY

Strong public support for a modern, efficient rail and ferry network

Public recognition of rail and ferries as critical infrastructure
Efficient movement of people and goods underpins the economy

Services



FREIGHT

Move around 17 million tonnes of freight
Transport around 18% of New Zealand's exports and imports
Connect more than 300 customers' freight supply chains



GREAT JOURNEYS NEW ZEALAND

Offer tourism experiences connecting Auckland, Wellington and Christchurch with regional New Zealand
Operate Te Huia and Capital Connection



INTERISLANDER

Operate three ships making 3400 sailings per year.
We move around 73,000 commercial vehicles and provide around 600,000 passenger trips
Connects State Highway 1 across Cook Strait



PROPERTY

Manage a portfolio worth \$4.3 billion with more than 18,000 hectares of land leased from NZRC
Own more than 900 buildings
Manage 10,000+ leases, licences and grants

Infrastructure



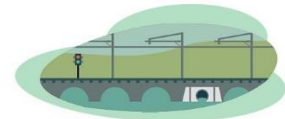
METRO NETWORKS

Manage the metro networks supporting more than 25 million metro commuter trips each year.



TRACK

Operate and maintain 3700km of track



INFRASTRUCTURE

3096 signals
1444 public level crossings
105 tunnels
1367 bridges

Resources



PROPERTY
(see Services)



ROLLING STOCK AND FERRIES
4500 wagons
241 locomotives and shunts
3 ferries



OUR TEAM
4900 employees
19% women
32% under 35 years old

* Australasian Railway Association, The Benefit of Rail to New Zealand - EY 2024.

Top Issues

Transformation and Market

Transformation savings initiatives are progressing well, as KiwiRail works to improve our customer offering, grow volumes, and lift operating margins.

KiwiRail's ambition is to grow by winning customer loyalty. We are implementing initiatives to grow our margin and build reserves to fund future costs of capital. These initiatives are about lifting asset utilisation and rationalisation, reducing costs and lifting operational performance. In the short-medium term, this involved a reduction in total headcount. We are building better systems, being more responsive and adaptable to customer needs, and harnessing the expertise and pride of our people through high union engagement.

In simple terms:

- **Get match fit:** FY25 is about reducing direct costs in labour and operations and lifting reliability of our services. Reducing direct costs enables better price competition in domestic markets, and lifting reliability underpins volume growth across all freight markets.
- **Grow and invest:** FY26 and FY27 is about growing volumes, revenue, productivity, and yield. A refreshed product strategy to attract volumes, lift market share, and improve customer experience, with a right-sized asset base.
- **Scale up new growth:** FY29 and beyond is about continuous improvement, growing market share further, and embedding the transformation.

The momentum and commitment to our transformation is strong. We over-delivered the November year-to-date savings at \$18 million, and we are on track to over-deliver Q2 in-year actuals (against the year-end Statement of Corporate Intent target of [REDACTED]). We have a lot to deliver in the next few months to June 2025. Targets will require significant union consultation, and this is in progress.

We are investing in Integrated Business Planning tools, training, and systems to bring customer demand to the forefront of train/ship capacity planning. This will take 12-18 months to integrate. We are starting to lift this performance lens in monthly commercial reviews. It is clear we currently have excess capacity, and locomotive and wagon utilisation targets are in place for this financial year through better scheduling, deployment, and demand management.

We have started to see positive survey responses from employees. We are seeing results coming from more cross-functional work. The two-year priority roadmap focuses on fleet rationalisation and overall headcount reduction, while balancing the need to retain expertise in operations, safety, and customer service. We commenced hiring freezes earlier this year, completed restructures to the corporate parts of our business, and restructures to Interislander, Networks, and parts of our rail operations. We also offered a voluntary redundancy programme to the whole company, from which 80 applications were accepted. Restructuring will continue in 2025.

Fonterra volumes are positive, but the wider freight market is following tight economic conditions. This is negatively affecting total volumes and revenue relative to FY25 forecasts.

Pre-Christmas imports are continuing to show good signs with solid volumes flowing through Port of Tauranga, in part due to Christmas activity resulting in a request for increased train services, which we will deliver. This lifts per-week trains to Tauranga from 54 to 62. Fonterra continues to produce strong peak volumes, with encouraging pricing signals to farmers strengthening over the last month.

Oji Fibre Solutions are a key freight customer in the central North Island and are engaging KiwiRail on their proposal to close their paper mill at Kinleith with a decision expected in July 2025. For reference, in FY23 KiwiRail moved 164,000 tonnes of paper for Kinleith. We are working closely with Oji to understand the impact on KiwiRail.

KiwiRail reached a commercial outcome which will see the logging operator Ernslaw transport its logs to Port of Napier by rail. This followed the closure of the Winstone Pulp (WPI) sawn timber and pulp plant earlier this financial year, which had a material impact on KiwiRail's FY25 revenue forecasts. The Ernslaw arrangement reinstates approximately 140,000 tonnes per annum to rail (vs 137,000 WPI tonnes in FY23) **9(2)(i) - Commercial Activities**. Key to getting the arrangement across the line was all parties acknowledging the impact on safety as well as the considerable road maintenance costs on the Tūrangi to Napier Road ("Gentle Annie").

KiwiRail's decisions, together with the Minister of Transport, Auckland Council and Auckland Transport, to deliver the pre-City Rail Link works in Auckland has a flow-on disruption effect on rail freight volumes. The longer closure periods, which are required to prepare the network for CRL's opening and increased train frequency, will temporarily disrupt freight flows in and out of Auckland, requiring road-bridging of rail freight from Auckland to Hamilton and bus replacement for metropolitan services. Despite the short lead-in, the response is being managed and we believe the Christmas disruption management will be successful.

The temporary closure of the Tawhai Tunnel on the West Coast is still impacting export coal volumes; however, the tunnel remediation work is on track, and we are expecting our reopening date in January (one month early) will be achieved. Following reopening, KiwiRail will provide seven-day-running services to enable both our customers and us to recover lost volume this financial year. However, we are forecasting a net loss relative to forecast because of this infrastructure outage.

Overall, freight net tonne kilometres year-to-date are 7% down reflecting softening demand and trading conditions. The key freight forwarding companies we work with have traded 10-15% lower volumes over the last 12 months. It is a tough freight market across the board. Interislander passenger volumes are softer, but positive work is occurring on reliability and on-time performance.

On balance, this is signalling tighter freight volumes and revenue than budgeted. **9(2)(i) - Commercial Activities**

Safety transformation is tracking well, with continued progress and focus.

Safety is core to our transformation, as companies with a strong safety culture are companies with good systems, processes, and engagement. If you know your teammate has your back, that the work ahead is planned, then the likelihood of mistakes reduces. Fewer mistakes mean fewer injuries, and fewer mistakes mean fewer unplanned outages that affect customers and reduce revenue.

Our total recordable injury frequency rate (TRIFR) has reduced by 11% year on year (November-November 12-month rolling average), measuring injuries per million person hours. Since November 2022 to November 2024, TRIFR has reduced by 22%. Hi-potential near miss events (being critical injuries or potential fatalities) have reduced by 44% year on year (November-November 12-month rolling average). We remain heavily focussed on lifting safety performance.

KiwiRail's obligations under the Health and Safety at Work Act and the Railways Act are ultimately director and officer accountabilities and are taken very seriously. We regularly review competency systems and worker profiles to understand gaps and review other companies to look for best practice (e.g. City Rail Link/Link Alliance). Over the past four months, we have been resetting our critical risk standards and controls, including a formal verification process to test effectiveness.

Future Ferries

KiwiRail welcomes the Government's commitment of capital to the Cook Strait.

We look forward to working with you, the Minister of Finance, the Treasury, and Ferry Holdings Limited on the ship specification and landside infrastructure decisions. We know resilience is top of mind for all and having the capacity for future growth. We welcome the decision to procure two new ships. It safeguards reliability and prepares for future growth in the Cook Strait market.

9(2)(f)(iv) - Active consideration

9(2)(f)(iv) - Active consideration

9(2)(i) - Commercial Activities, 9(2)(f)(iv) - Active consideration

Our current fleet is safe, and while the age of the fleet carries vulnerabilities and intensive maintenance, we are well informed by Det Norske Veritas and have updated our asset management strategies so that the existing fleet can be operated to 2029. Following the overhaul of our maintenance regime and recent deep maintenance of both Kairahi and Kaitaki this year, we are well placed to deliver the reliability needed until the new ships arrive. For the past four months, reliability has been close to 100 per cent and last week we carried a record number of trucks – and only the second time we have moved more than 2,000 in a single week.

Rail Network Investment Programme

KiwiRail is working with the Minister of Transport on the long-term network objectives.

The Minister of Transport holds statutory responsibility for approving the three-yearly Rail Network Investment Programme, in consultation with shareholding Ministers. The RNIP sets out the ongoing maintenance and renewal programme for the network. It allocates funding from two National Land Transport Fund activities – Rail Network for the national network and Public Transport Infrastructure for network investments in the Auckland and Wellington metropolitan networks.

The Minister of Transport recently approved the RNIP for the FY25-FY27 programme, which carries a ten-year national network investment profile of \$6 billion. 9(2)(f)(iv) - Active consideration

KiwiRail acknowledges the fiscal constraints the Government is operating within. We are focussed on lifting the levels of standardisation, driving greater efficiency into our programme, and prioritising investment to achieve a good outcome that fits within an affordable range for the Government. 9(2)(f)(iv) - Active consideration

Core Lease of Railway Land

KiwiRail seeks to extend the core lease on railway land from its current expiry date of 2070 to 2170.

KiwiRail leases railway land from the New Zealand Railways Corporation. This includes the land on which KiwiRail's infrastructure assets sit and enables KiwiRail to realise the full commercial benefit of the landholding. This is a foundational arrangement for the company to develop assets in partnership with other companies, investors, and iwi.

We identified the extension of the core lease on railway land as a strategic priority in 2019. Its current expiry is set for 2070. This is shorter than the life of the assets we are building for the network, and too short to secure long-term

commercial benefits through developments. Without an extension, the core lease is constraining the company and potential co-developers – including iwi – in realising value.

KiwiRail has proposed extending the core lease to 2170. In 2022, then Ministers considered Treasury advice that the commercial case for extending is in the best interests of KiwiRail. KiwiRail then commenced engagement with iwi, guided by Te Arawhiti, which was completed in 2022. This engagement assured iwi that their rights of first refusal for railway land will not be changed by an extension to the core lease. It also opened discussions with iwi about co-development opportunities.

In 2025, following further engagement with the Treasury and Te Arawhiti, the KiwiRail Board may present a variation agreement to give effect to the extension. We look forward to engaging with you on this opportunity.

Rolling Stock Procurement

New rolling stock is coming on-line, bringing reliability for freight customers and lower emissions.

Delivering this investment underpins our strategy to better serve our customers and the economy. The overarching strategy of the rolling stock programme is to:

- **Standardise the locomotive fleet:** from five generic locomotive types with various sub-categories to three locomotive types, reducing the cost and the range of skillsets and competencies required to operate and maintain the fleet.
- **Reduce the locomotive fleet size from 175 to a maximum of 146 locomotives:** getting more from fewer assets with greater reliability and availability performance, and shifting to dual-cab locomotives, resulting in lower costs and better customer service.
- **Standardise the wagon fleet:** the wagon assembly activity at Hillside continues the strategy of standardising the wagon fleet based on container flat top wagons.
- **Decarbonising rail:** adopting new technologies to maintain the competitive advantage and environmental benefits of a low-carbon rail operation with modern low-emission diesel locomotives and an electric fleet.
- **Adaptability:** manage the risks of emerging carbon technologies while retaining the option to adapt and change with the most likely heavy-haul locomotive technology.
- **Live within our means:** manage within the \$1.7 billion committed for rolling stock renewals by maximising opportunities presented until the last payment occurs in FY29, with future renewals to be self-funded on commercial terms.

To date, KiwiRail has committed to:

- **66 Stadler DM locomotives** to replace the full mainline locomotive fleet operating in the South Island and the oldest DL locomotives in the North Island with fuel-efficient double-cab locomotives. The first two prototypes arrived in New Zealand in October 2024, and the balance will arrive across the next three years.
- **15 refurbished EF class electric locomotives** operating between Palmerston North and Hamilton, with completion expected in October 2025. Eight locomotives have been refurbished and are in service.
- **24 yard shunt locomotives** to replace our end-of-life diesel shunt fleet with low-emission hybrid units.
- **16 ESV electric shunt vehicles** – high tech, remote-controlled shunts introduced into service in 2022, currently used for light duties in depots and yards around the country.
- **2,944 wagons** through various renewals, including 1304 procured from overseas and up to 1,500 to be assembled at Hillside Workshops in Dunedin across 2024 to 2026.
- **Installation of European Train Control System equipment** on DL and DM locomotives to reduce collision risk in the Auckland metropolitan network, and ensuring readiness should funding to install ETCS in Wellington be approved.

Metropolitan Rail

Major progress is underway to ready Auckland for the City Rail Link and Wellington for new GWRC trains in the late 2020s, under the purview of the Minister of Transport.

Over the next 14 months, KiwiRail will deliver more than a decade's worth of network renewals and upgrades in Auckland. This is the last big push before the City Rail Link opens in 2026. The Government, including through Budget 2024, has fully funded the necessary works and KiwiRail is responsible for delivering them. This includes completing:

- **The Rail Network Rebuild**, with more than 66% of works already completed. We have already excavated and replaced 13.5km of formation, 57.4km of drainage, removed and replaced almost 21km of sleepers, lifted and replaced 6.2km of track, and excavated and replaced 16.8km of ballast. The final stages will focus on Papakura to Pukekohe which we will complete in January 2025, and Wiri to Papakura, Otahuhu to Wiri, Westfield to Otahuhu, Parnell to Newmarket, Morningside, Henderson to Swanson, Maungawhau, and the Quay Park Junction from December 2024 to January 2026.
- **A third main line between Westfield and Wiri junction and Quay Park, Wiri and Westfield Junctions** enabling more capacity at one of the busiest parts of the Auckland network. This is 95% complete and will be fully operational by mid-2025.
- **Electrification from Papakura to Pukekohe**, extending Auckland's electrified network south and enabling Auckland Transport's passenger trains to connect to Pukekohe. Construction work is substantially complete, and we and Auckland Transport are targeting passenger services to start on 3 February 2025.
- **Three new stations, in Drury Central, Ngākōroa, and Paerāta**, enabling land use development in southern Auckland. The stations will be completed in 2025, 2026, and 2025 respectively.
- **Four station upgrades**, with Pukekohe and Otahuhu completed, Middlemore to be completed in January 2025, and Henderson on track for completion in 2026.
- **Auckland Rail Operations Centre**, a new train control centre in Auckland co-locating KiwiRail and Auckland One Rail's train control operations opened in 2024.

In Wellington, KiwiRail is well progressed through upgrades to the network. Our focus over the next few years is lifting the network reliability and readying the network for additional trains in the late 2020s:

- **Delivering the Wellington substations programme**, which will deliver five new substations, critical reliability upgrades at three substations, and reliability and resilience upgrades at six substations. This removes foreseeable reliability risk areas, ensures electric network reliability in the long-term, and greatly improves electric network resilience.
- **Improving the network ahead of additional trains**, including upgrading tracks, signals, bridges, retaining walls, culverts, train platforms and other repairs. We will also deliver a new crossing loop in Maymorn, near the Remutaka Tunnel, and at Woodside, and stabling facilities in Masterton.
- **Signalling Upgrades** – upgrading the network signalling system to European Train Control System Level 1 or 2, to provide equivalent levels of protection and safety to those in place in Auckland.

Across both Auckland and Wellington, there is a coordinated focus on overdue renewals:

- **Systemically addressing the overdue renewals** over a 22-year period, meaning aged assets are replaced over a long cycle. The funding for this work is being considered as part of the Minister of Transport's wider review of the metropolitan rail operating model, which governs how decisions are taken by passenger rail operators and the network provider.

Long term major projects in Auckland.

Auckland is our largest city, where substantial benefit can come from targeted public transport and efficient freight connections. KiwiRail and Auckland Transport have jointly identified the key rail opportunities over the next 30 years, to be considered through the Integrated Transport Plan for Auckland to be agreed upon by both Cabinet and Auckland Council. The priority for the Government, and for KiwiRail, right now is to address the critical asset conditions and ready the network for City Rail Link. Beyond this, we have identified the following opportunities:

- **A step change in maintenance and renewals** – delivering the programme of overdue renewals systematically over time.
- **Maintenance plan and equipment** – investing in the equipment and maintenance depots to shift to a highly-productive and proactive maintenance regime that is less reliant on network closures, thereby reducing commuter and freight disruption.
- **Signalling upgrades** – upgrading the network signalling system either to European Train Control System Level 2 or finding an acceptable pathway making best use of the existing network by allowing greater frequencies on existing track and increased reliability.
- **Southern line four tracking** – building third and fourth main lines systematically south, building capacity into the busiest part of the passenger network and the Golden Triangle freight network by 2042. Without this, neither passenger nor freight service levels can be increased beyond the City Rail Link timetable, which would limit regional and national growth.
- **Avondale-Onehunga Link** – activating the designated rail corridor to segregate freight and passenger services in central Auckland, enabling a cross-town link bypassing the CBD and building an efficient Golden Triangle connection from Tauranga to Northport. This will also provide a passenger service, enabling about five new stations and housing intensification within parts of Auckland.
- **Level crossing removal** – an Auckland Transport programme of level crossing removals and grade separations, removing congestion at roads which intersect with busier rail corridors.

Northland Rail

KiwiRail will submit a detailed business case in mid-2025 for the Marsden Point Rail Link and reopening the North Auckland Line from Kauri to Otiria.

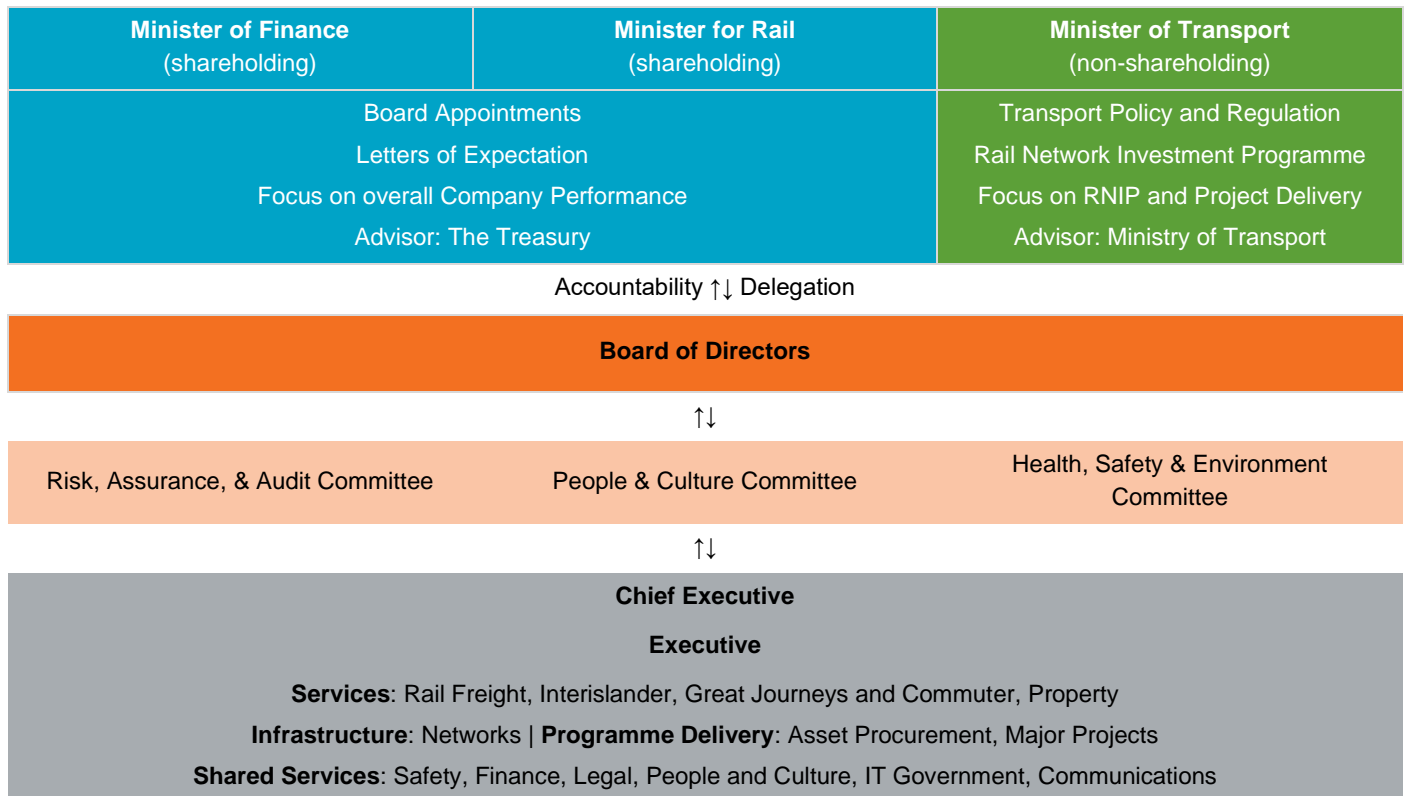
KiwiRail has already upgraded the North Auckland Line to take 72 tonne standard wagons (compared to truck gross tonne weights of 60 tonnes, demonstrating the value of rail's capability), as well as increasing the dimensions of tunnels to take hi-cube containers. The first standard-weight freight train ran in late January 2023, the same day as the Auckland Anniversary Weekend flooding shut the network due to major slips. This line is now operational again, following a reinstatement programme, with an improved line serving Fonterra from Kauri to Whangārei and other services from Auckland to Whangārei.

We will present a detailed business case to the Minister of Transport in mid-2025 outlining the options to build the Marsden Point Rail Link and reopen the line from Kauri north to Otiria to attract log volumes. The Marsden Point corridor has been designated and KiwiRail has acquired all the necessary private land, with some small parcels in final negotiations which will help lower construction costs. The 19km rail link between the North Auckland Line and Northport is not just a transport solution – it can be an investment in growth to transform the region into a competitive inter-regional container port (particularly assuming Northport's expansion consents are eventually approved). This link would enable Northport to absorb increased freight demand, to be considered among a package of transport opportunities for Northland.

How we are Governed

The Board of Directors of KiwiRail is appointed by the shareholding Ministers and is accountable to them for the performance of KiwiRail. Shareholding Ministers may jointly remove directors at any time. The expectations of the shareholding Ministers for the governance of KiwiRail are communicated at least annually to the Board via the Letter of Expectations and set out in the Owner’s Expectation document which is administered by the Treasury.

The role of the Board is to guide the strategic direction of KiwiRail and direct and oversee management. The Board establishes objectives and sets strategies to achieve those objectives, as described in the Statement of Corporate Intent. The Board, in the context of the approved policy, risk and compliance framework within which the company operates, monitors the performance of management and the group against those strategies. The Board has delegated day-to-day management to the Chief Executive.



Commercial mandate

KiwiRail Holdings Limited is a limited liability company incorporated under the Companies Act 1993 and a State-Owned Enterprise under the State-Owned Enterprises Act 1986. As an SOE, all KiwiRail’s shares are held by shareholding Ministers. They are held in equal proportions by the Minister of Finance and the Minister for Rail. The principal objective of every SOE is to operate as a successful business and, to this end, to be as profitable and efficient as comparable businesses that are not owned by the Crown. SOEs are also required to be good employers and to exhibit a sense of social responsibility. During the financial year ended 30 June 2024, the company comprised KiwiRail Holdings Limited, and its subsidiaries as detailed. KiwiRail has three Board committees supporting director oversight of the company and its performance. Each committee generally meets four times per year.

Rail network mandate

KiwiRail leases railway land from the New Zealand Railways Corporation and owns the rail infrastructure and associated assets on railway land. KiwiRail maintains these assets for the benefit of all rail users, in line with the Rail Network Investment Programme (RNIP) approved by the Minister of Transport (on advice from NZTA and in consultation with shareholding Ministers). The RNIP is guided by the Government Policy Statement on land transport and monitored by NZTA. The RNIP is funded by the National Land Transport Fund (NLTF), however the primary source of funding is from direct Government appropriations. KiwiRail contributes to the NLTF through paying a Track User Charge. The RNIP outlines an approved programme of work over a three-year basis and outlines a forecast spending profile across years four to ten. The three-yearly RNIP periods align to the land transport management systems used by local and regional authorities and NZTA. The current RNIP period spans FY25 to FY27.