



Hon Michael Wood

Minister of Transport

PRESS RELEASE

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Hon David Clark

Minister for State Owned Enterprises

Rail keeps economic recovery on track

- A local wagon assembly facility will be built at Hillside, Dunedin to create dozens of permanent local jobs.
- 60 new trains and 1,900 new wagons to help move freight more efficiently – 1,500 of the wagons to be assembled locally at Hillside.
- A new South Island Mechanical Maintenance Hub is now fully funded and will be built at Waltham, Christchurch and create 300 construction jobs.
- New IT systems, maintenance and renewals across KiwiRail's 3,700 km rail network to create 150 jobs and improve safety.

The Government is delivering on its pre-election commitment to invest in rail and develop domestic rail workshops to create jobs as part of the COVID-19 economic recovery plan, Transport Minister Michael Wood and State Owned Enterprises Minister Dr David Clark announced today.

Michael Wood said investing in critical infrastructure to boost jobs and the economy is a key part of the Government's recovery plan.

"By investing in rail workshops in Dunedin and Christchurch, we're going to create around 445 good local jobs and help boost jobs in the civil engineering and construction sector through the wider supply chain. These will also create apprenticeships and help upskill KiwiRail's workforce.

"COVID-19 supply chain disruptions have reinforced the importance of having a resilient and reliable rail freight network.

"The new locomotives, wagons and critical track maintenance from the Budget will help us move more freight efficiently, reducing emissions and congestion. On average, every tonne of freight moved by rail produces at least 70 percent less carbon emissions compared with heavy road freight. This helps with New Zealand's crucial transition to a low carbon economy.

“Our investments also support the 4,000 jobs at KiwiRail. As outlined in our New Zealand Rail Plan, we’re going to keep getting rail back on track after it was left in managed decline by the previous Government,” Michael Wood said.

David Clark said \$85 million from Budget 2021 will be used to build new facilities to assemble wagons at Dunedin’s Hillside Engineering Workshops.

“The Hillside Workshops have been an important part of Dunedin’s history and economy for over 100 years and we’re building off the nearly \$20 million investment we made in 2019 to re-establish them as a mechanical hub.

“Instead of buying ready-made wagons from overseas, this new facility will allow us to initially assemble around 1,500 wagons locally. This investment means local jobs, rebuilding expertise, youth training opportunities, boosting Otago’s economy and making our railway more self-reliant,” David Clark said.

The \$1.3 billion in Budget 2021 for rail builds on the Government’s revitalisation of rail, which has included:

- re-opening the Wairoa to Napier line
- building a third main line in Auckland (Wiri to Quay Park)
- extending electrification from Papakura to Pukekohe
- future rail stations at Drury to support housing development
- future-proofing Auckland’s City Rail Link
- bringing the rail line north of Auckland back up to scratch to help move freight
- getting 15 new electric trains onto Auckland’s growing network
- starting Te Huia – the Waikato to Auckland commuter service
- starting work towards a Palmerston North Regional Economic Growth Hub
- double tracking the rail line between Trentham and Upper Hutt
- saving the Wairarapa line from deteriorating with critical maintenance work
- bringing in new wagons and trains to replace aging assets.

Budget 2021’s \$1.3 billion for rail includes:

- \$722.7 million to continue the commitment to replace locomotives and wagons
- \$449.9 million to support investment in track and supporting infrastructure
- \$87.3 million to support essential maintenance of KiwiRail’s existing assets such as locomotives, wagons, ferries, and IT
- \$85 million to develop domestic rail workshops at Hillside in Dunedin.

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Notes for editor:

Changes implemented through the Land Transport (Rail) Legislation Act 2020 provide long-term certainty for rail by allowing network investment to be channelled through the National Land Transport Fund (NLTF).

The \$449.9 million investment in track and supporting infrastructure will be channelled through the NLTF.

Breakdown of rail investments

Domestic Rail Workshops: \$85 million

- Construction of a local wagon assembly facility at Hillside, Dunedin will support up to **150 construction jobs** and up to **45 operational KiwiRail jobs**, including apprenticeships.
- An estimated half of the new operational staff will gain skills and go through apprenticeships or training programmes. Indirect benefits include downstream employment (service and training support).
- In addition, the assembly facility will permanently improve KiwiRail's maintenance capacity, enabling faster safety and efficiency upgrades over the next few decades.

Future of Rail – Rolling Stock and Mechanical Depots: \$722.7 million

- *Train (Locomotive and shunt) replacement*
 - Replaces the remaining 40 (of 65) new mainline freight locomotives for the South Island.
 - Replaces the last 20 (of 50) shunt locomotives.
- *Wagon replacement*
 - Replaces the last 1,900 (of 3,004) old wagons (Note: around 1,500 of these will be assembled at Hillside, once the facility has been built. KiwiRail needs to purchase around 400 from overseas now to maintain existing capacity prior to wagon assembly beginning).
- *Wellington metropolitan rail safety improvements*
 - Equips the KiwiRail locomotive fleet entering the Wellington metropolitan area with modern vigilance, condition monitoring, and movement authority control system (which has already been funded for Auckland freight trains and is operational on Auckland metro trains).
- *Mechanical maintenance facility upgrades*
 - Final investment to build a new South Island Mechanical Maintenance Hub at Waltham, building on the \$39 million invested through the COVID-19 Recovery and Relief Fund in July 2020 – supporting approximately **300 construction jobs** (over 3 years), as well as supporting existing KiwiRail jobs and apprentices. The Hub creates an improved working/learning environment, which will help increase participation of female apprenticeships.
 - Funding to complete upgrades on smaller regional depots (eg, New Plymouth, Kawerau, Palmerston North, Westport, etc). This work supports some local construction and trades contractors.

Future of Rail – Rail Network Investment Programme (RNIP): \$449.9 million

- This investment is for maintenance and renewals across KiwiRail's 3,700 km national network.
- It supports the continued employment of KiwiRail's current workforce of around 4,000 and (subject to finalisation of the investment programme through the RNIP) is expected to help support a further **150 new KiwiRail jobs** (eg, engineers, track staff, trainees, etc.) across Aotearoa New Zealand.

- As the funding is for an ongoing renewal and maintenance programme, it will also provide a pipeline of works for the engineering and civil construction sector. We expect this to be of a similar scale.

Future of Rail – Core Asset Management: \$87.3 million

- This initiative provides an instalment of working capital into KiwiRail, ensuring core freight, tourism, and property services can be maintained until, and positioned for, the commissioning of the new replacement assets. This funding also includes a new freight ICT system, which will offer a better customer experience (eg, real-time freight tracking) and allow a more efficient allocation of rolling stock.
- This funding, in the short term, will maintain service continuity and reliability.
- Longer term, this initiative, together with the broader Budget funding (rolling stock and network investment, etc.) will also maintain and:
 - improve the safety environment for the public and KiwiRail staff
 - improve customer experience
 - increase productivity.