

IR TENZ Conference

Confidential update

August 2019



Connecting New Zealand

ENVIRONMENTAL

- Enabled 35m low-carbon passenger journeys
- 1 million truck trips avoided per year

ECONOMIC

We transport around 26% of New Zealand exports

SOCIAL

3600 employees in 50 towns and cities



- 3,700 km of track operated and maintained

- Manage 17,800ha of land
- Own more than 1,350 buildings

- 3,600 employees
- 74% union members

- 230,000 passengers per year
- Stops at 24 towns and cities in NZ

- 4,756 wagons

- 98 tunnels
- 1,325 bridges

- 253 locomotives

- 3 ships
- 825,000 passengers
- 3,700 sailings per year

Value of rail \$1.5bn per annum in economic value for NZ

The Value of Rail in New Zealand

For more than a century rail has connected New Zealand's communities, taken our goods around the country and to the world and showcased our landscapes to locals and visitors. But the total value that rail delivers to New Zealand can sometimes be overlooked while the costs are much debated.

Last year KiwiRail released a groundbreaking report by EY which, for the first time, quantified the unseen benefits of rail and what the costs of rail not existing would be to New Zealand if it was stopped tomorrow.

The results, though admittedly conservative, were remarkable. EY identified and quantified the economic, social and environmental contributions rail makes to the economy each year through the 34 million commuter journeys on our network; the tourist journeys; and the 18 million tonnes of freight moved by rail. EY calculated the benefits of the reduced congestion in our cities, the carbon emission savings made, the road maintenance costs avoided and – most importantly – the injuries and fatalities prevented on our roads through the use of rail

totalled \$1.5 billion each year, far exceeding the investment made by Government.

The EY Report, which was commissioned by NZTA in conjunction with KiwiRail and other agencies, followed similar work completed in Scotland, Australia and the wider United Kingdom. There are additional benefits also not yet quantified, including resilience for New Zealand's transport network, connectivity and the uplift in land values.

The total economic value of rail is:

**\$1.47B-
\$1.54B**
EVERY YEAR



Total value is derived from:

\$1.3B
reduced congestion

\$8.5M
reduced emissions

\$60M
improved safety outcomes

\$63M
reduced road maintenance

This value far exceeds the Government's annual investment in rail

RAIL REDUCES ROAD CONGESTION BY

76M

LIGHT VEHICLE HOURS PER ANNUM (SAVING \$1.1B) 75% IN AUCKLAND

THAT'S THE EQUIVALENT OF 100,000 DAILY CAR TRIPS OR REMOVING ALL THE CAR JOURNEYS IN PALMERSTONNORTH, EVERY DAY (SAVING \$1.1B)

RAIL REMOVES

11M

HEAVY VEHICLE HOURS PER YEAR (SAVING \$200M)

THE EQUIVALENT OF TAKING 30,000 TRUCKS OFF THE ROAD FOR AN HOUR, EVERY DAY (SAVING \$200M).

HELPING THE ENVIRONMENT BY

REDUCING

CO₂

EMISSIONS BY **488,000** TONNES PER YEAR (SAVING \$9.5M)
THAT'S THE EQUIVALENT EMISSIONS OF 87,000 CARS EVERY YEAR, OR A 747 FLYING NON-STOP ALL YEAR, EVERY DAY!

RAIL ELIMINATES

271

AT LEAST SAFETY INCIDENTS A YEAR COMPARED WITH ROADS

THAT'S THE EQUIVALENT OF, ACTUALLY, WHO NEEDS AN EQUIVALENT? THAT'S 271 PEOPLE WHO WON'T DIE OR BE INJURED.

SAVING TAXPAYERS

\$63M

IN ANNUAL ROAD MAINTENANCE COSTS

THE AVERAGE COST TO OPERATE, MAINTAIN AND REPAIR AN URBAN ROAD IS \$60,000 KM P/YR. THAT'S A ROAD NEARLY THE LENGTH OF THE SOUTH ISLAND.

RAIL PROVIDES A RANGE OF BENEFITS



THESE BENEFITS:

- HELP PEOPLE IN OUR COMMUNITIES TO CONNECT
- RESULT IN MORE PRODUCTIVE USE OF LAND
- KEEP US MOVING IN TIMES OF TROUBLE



Getting bigger

- Population – Upper North Island
- Warehousing footprints
- Ships
- Planes
- Trucks
- Ferries



Kawerau

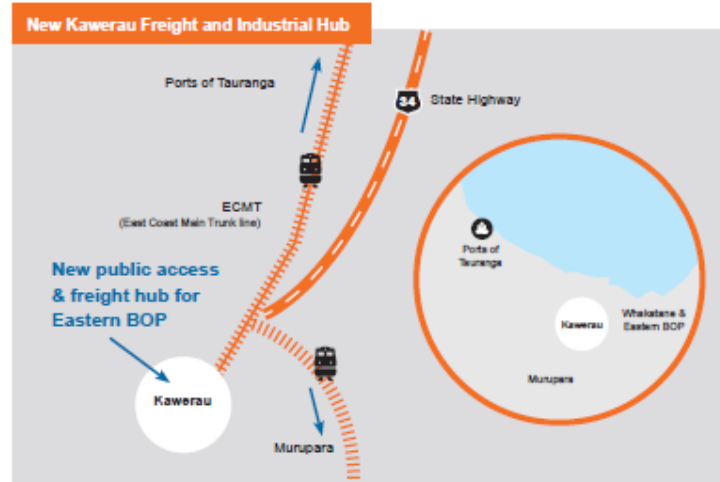
Emerging PGF application

New CT site in Kawerau



Delivering growth for Kawerau and the Eastern BOP

Kawerau Putauaki Industrial Park

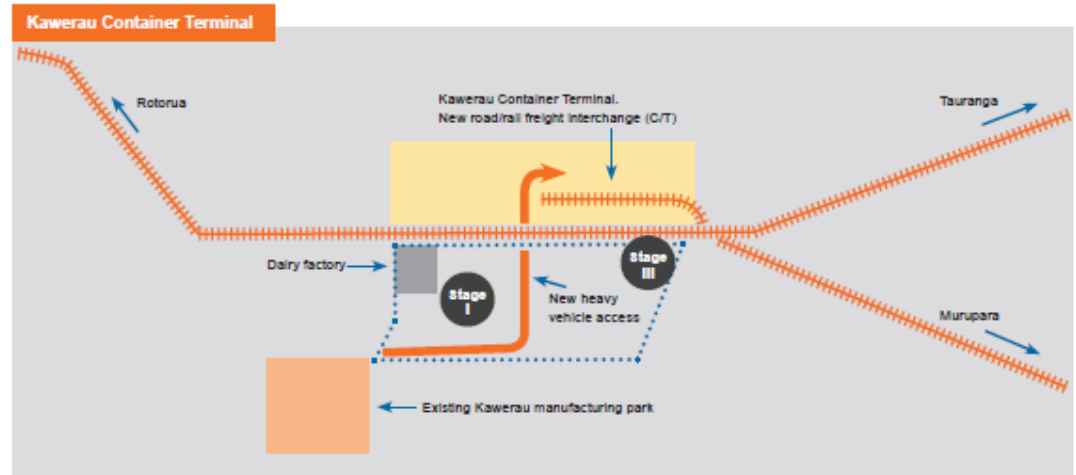


\$20m PGF Investment Package

Delivering value for Kawerau and EBOP

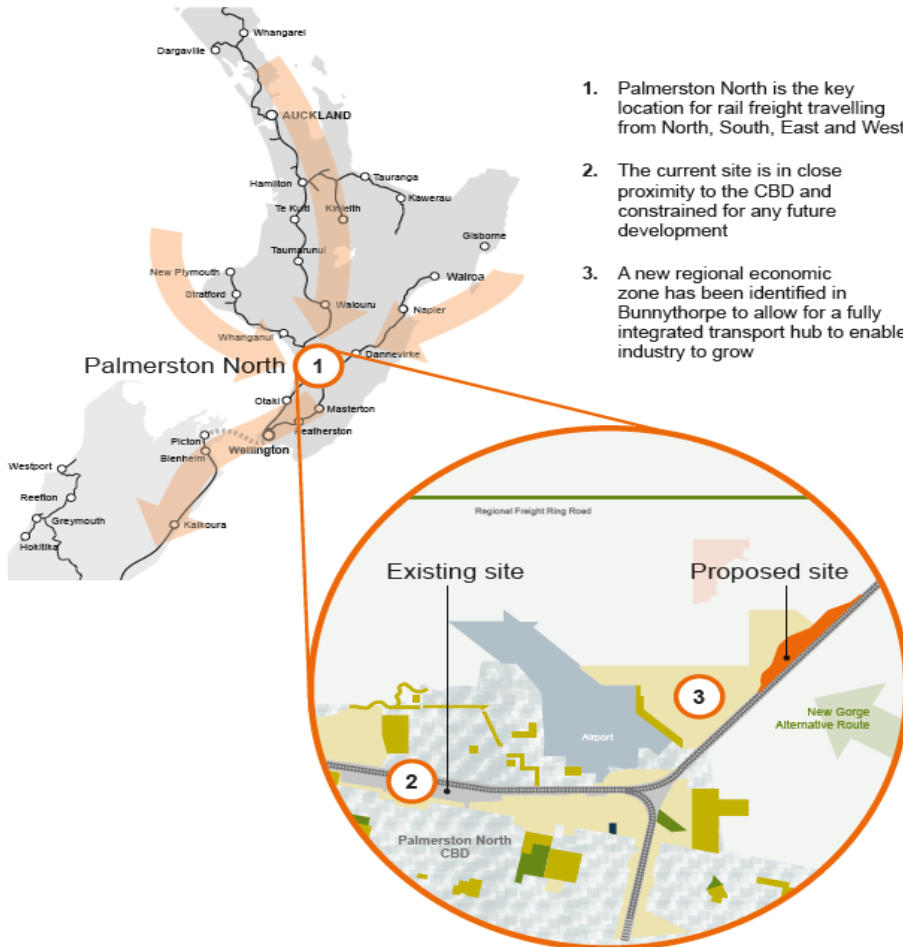
1. Employment of up to 150 direct and 600 indirect jobs created
2. Rail Access for Eastern BOP
3. Lower supply chain costs for value add exporters
4. Iwi asset development
5. Safer roads – less truck movements
6. Reduce carbon footprint by 28,000 tonnes of CO₂ per annum

Kawerau – Putauaki Industrial Development (KPID)



Palmerston North

Provincial Growth Fund Regional Economic Hub - North Island Central



1. Palmerston North is the key location for rail freight travelling from North, South, East and West
2. The current site is in close proximity to the CBD and constrained for any future development
3. A new regional economic zone has been identified in Bunnythorpe to allow for a fully integrated transport hub to enable industry to grow

Purchase the land required to give the ability to relocate rail to the new industrial precinct in Bunnythorpe to assist with regional growth and ensure rail remains viable

The Cost (\$m)	FY19	FY20	FY21
Funding required	3	25	9
TOTAL	c\$37m		

- * Based on approval for the project by June 2018
- * Assuming negotiation can be reached with land owners

Positive Regional Impacts

- Employment from site development and increased surrounding industry
- Reduction in numbers of heavy vehicles by approximately 1500 per day in Tremain Avenue (10-12%) providing congestion relief
- Freeing up current Tremain Avenue site for urban growth

• Hub of the future	Ability to design and build a fully integrated, green field, industrial precinct allowing for automation, efficient layout and fit for purpose design
• Improved Safety	Reduce risk of heavy vehicle accidents in the congested Tremain Avenue area which is 9% of injury causing accidents
• Integrated Transport System	Development of complete industrial precinct linking highway, airport and rail freight in one key location
• Improved Environment	Purpose built rail depot allowing for greater freight flows and less heavy vehicles

Christchurch - Rolleston

LPC'S MIDLAND PORT AT ROLLESTON

LPC's MidlandPort is at the gateway of the South Island's primary production area, located at the intersection of the major freight arteries.



Midland Port has established itself as Inland Port for the Christchurch/Canterbury region.



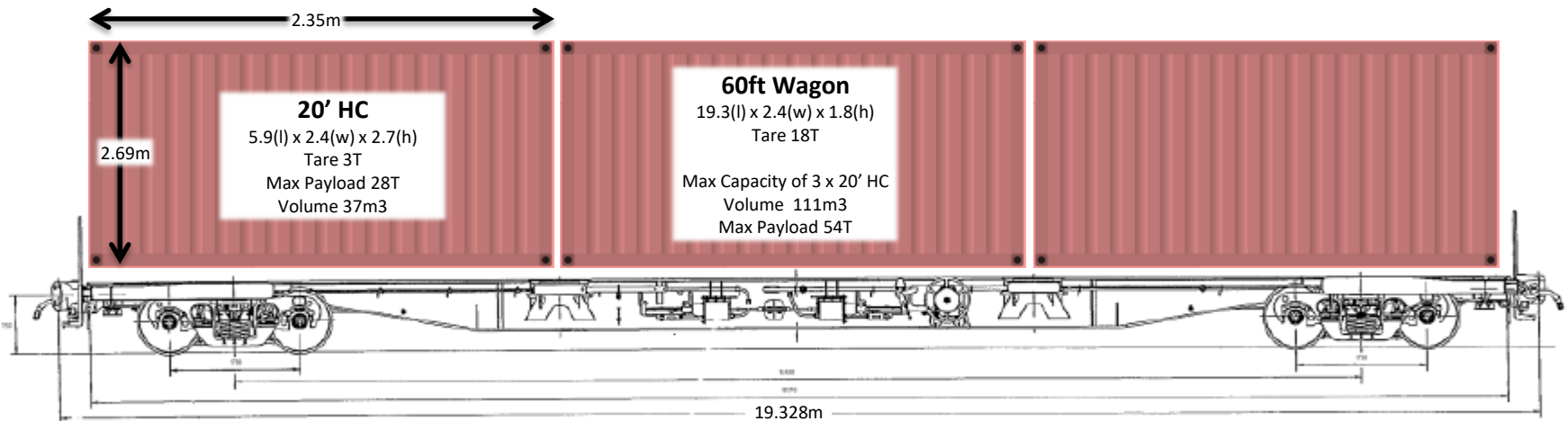
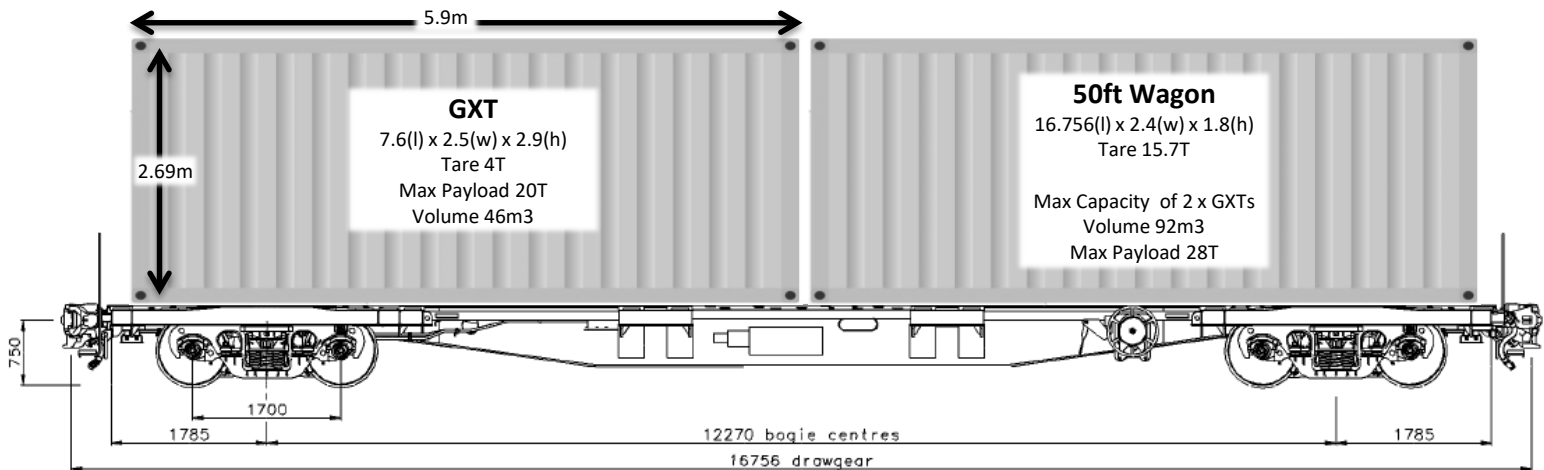
Cook Strait

- Interislander an extension of SH1
- 25 year old ferries nearing end of life
- New ferries for the next 25 years
 - PAX capacity
 - Commercial vehicles
 - Rail
- Confidence in Tourism and JIT supply chain supports investment in larger ferries and supporting infrastructure
- Increasing rail capacity from 32 to 40 wagons per sailing will deliver 50% lift in payload

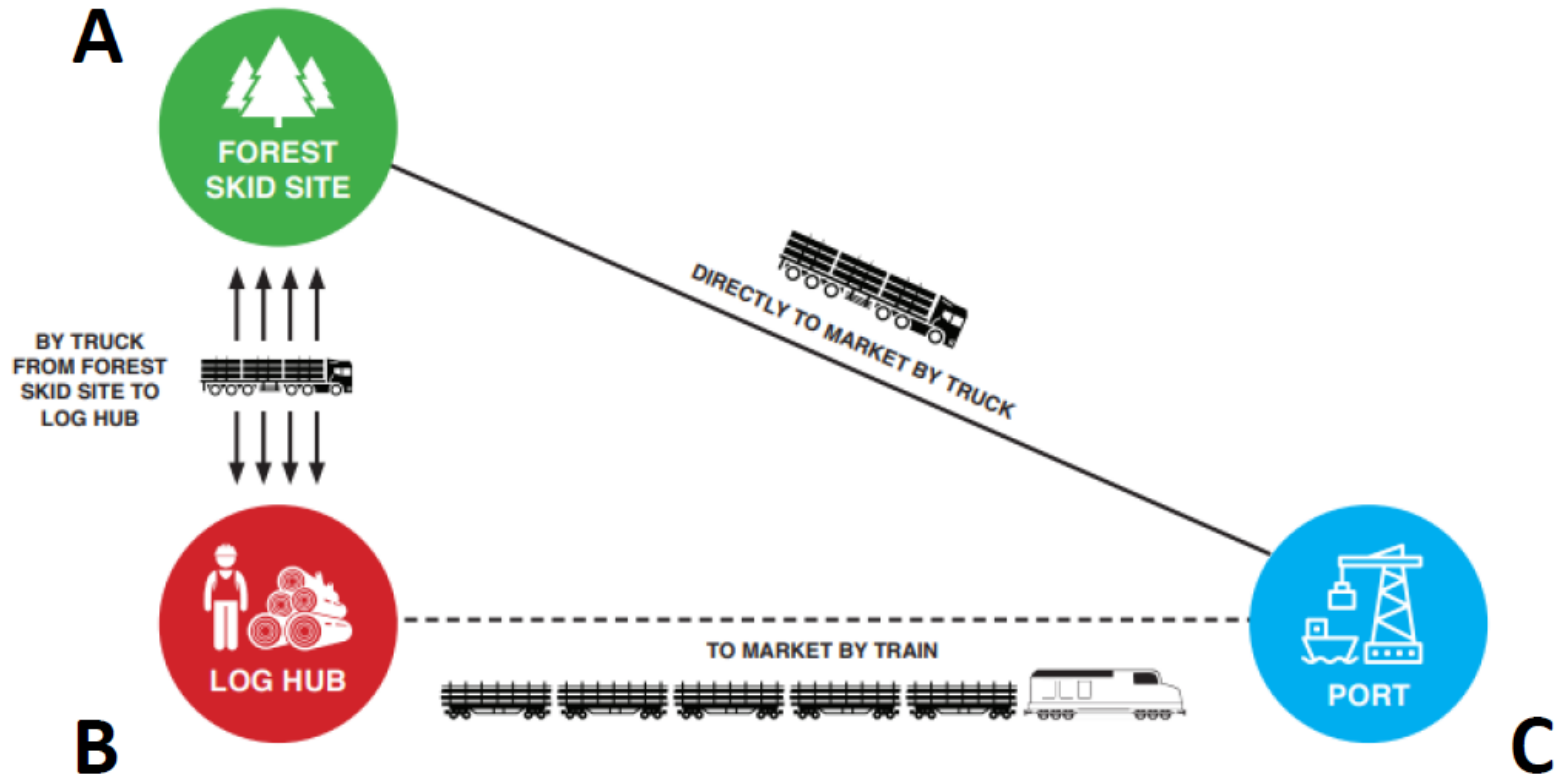


Competing with HPMV trucks

50ft vs 60ft Wagon = an 21% increase in m3 payload



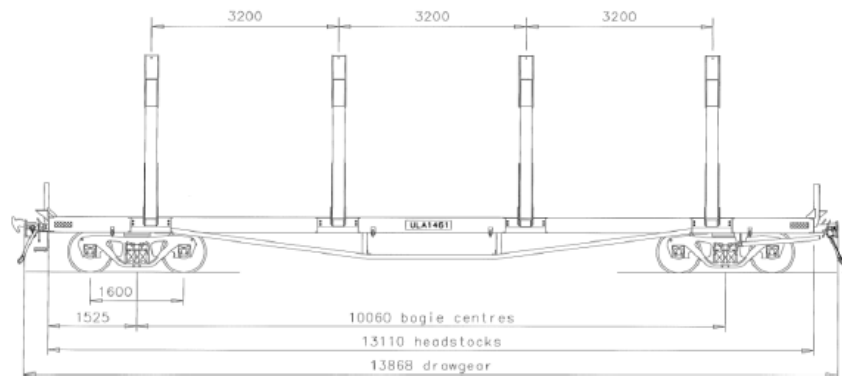
Redefining our Forestry offer



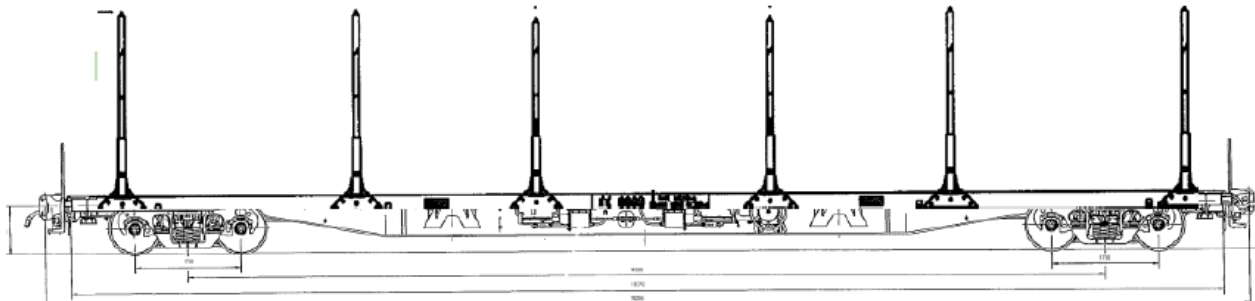
Commercial competitiveness = Cost of A to C - Cost (A to B + Handling costs of B + B to C)

Improving payload

Currently operated in Eastern BOP (400 x 40' wagons)
30t payload, 12t axle load, payload to tare ratio = 1.76



What we want to replace them with (260' x 60' wagons)
45t payload, 16t axle load, payload to tare ratio = 2.25



Other intermodal opportunities

- Fuel
- Cement
- Motor vehicles



Thank you and questions

