

Council Workshop, 10 March 2026

Information considered in the public part of the workshop.

Workshop – Risk Appetite

Setting the scene

- Happy for questions but a reminder that the risk appetite statements are a governance level artefacts meaning they are meant to be set at a high level.
- The statements were codesigned with cross-GW subject matter experts, and governance level feedback from ELT and FRAC. Therefore, they are representative of all GW rather than a specific project, asset or service.
- If you do have detail specific questions (e.g., specific asset or project), please still ask, but we may need to take away the question for internal input.

Workshop schedule

Risk Category	Timing
Loss, failure, or damage to assets	10 March
Financial	10 March
Regulatory & compliance	10 March
Technology	2 April
Our People	2 April

Risk Category	Timing
Continuity of service	2 April
Environment	21 April
Health & safety	21 April
Treaty of Waitangi	23 April
Community & stakeholder	23 April

Purpose

Risk Appetite Statements are...

A mechanism to explicitly define the level of uncertainty that is deemed to be acceptable by Council, for ELT to take on, in order to deliver on its mandate and strategic priorities.

To do this FRAC/Council will...

Set risk appetite at a level that enables them to focus on strategic problems/opportunities while not getting bogged down in operational matters.

This enables ELT to...

Operate with sufficient flexibility in order to deliver on its mandate and strategic priorities.

This allows Officers to...

Get on with day job without unnecessary escalation to ELT and/or FRAC/Council.

Existing risk appetite

Source of risk	Risk appetite		
	Averse	Balanced	Tolerant
Loss, failure or damage to assets		X	
Services being severely curtailed		X	
Health & safety to staff and contractors	X		
Physical harm to the general public	X		
Financial, macroeconomic risk		X	
Subsidiary companies and Trusts		X	
Legislative and regulatory	X		
Political and reputation		X	
Projects		X	
Environmental damage	X		
Human Resources		X	

Risk Appetite definitions	
Risk Averse	Risk avoidance is paramount, with minimal risk exposure and maximum treatments/controls in place, leaving little or no residual risk in order to achieve objectives. In terms of residual <u>risk</u> the target is low risk
Risk Neutral/Balanced	Risk exposure is not preferred but recognised as part of achieving objectives. Treatments/controls to minimise uncertainty are expected to be in place through a cost/benefit assessment approach. In terms of residual <u>risk</u> the target is medium risk
Risk Tolerant/Seeking	Council actively seeks to take on risks in order to enhance its ability to achieve its objectives. Treatments/controls implemented through a cost/benefit analysis. In terms of residual <u>risk</u> the target can be high

Risk appetite statement – Loss, Failure and Damage to Assets

The new risk appetite statement is relatively aligned to the current risk appetite for “Loss, failure or damage to assets” of “balanced”.

The risk appetite statement enforces governance expectations by prioritising critical/high value assets.

As discussed at last week’s Council workshop this risk appetite statement also aligns to our updated insurance strategy by specifically referencing:

- Critical/high-value assets having sufficient and appropriate insurance in place.
- Self-insurance being an appropriate mechanism to manage risk as long as appropriate reserves and debt headroom is available.
- Not needing to insure assets where premiums are uneconomical

Risk category Loss, failure, or damage to assets	
Risk category description We are responsible for delivering services across our communities, which relies on our infrastructure networks delivering reliable services in line with our commitments, and the networks’ capacities to respond to unplanned events.	
Risk appetite statement Loss or damage to assets is unavoidable and is expected to happen based on the type of assets we hold and nature of the services we offer to our communities. We will need to work alongside our partners and suppliers to ensure we have processes and controls in place to prioritise maintenance, renewals, and improvements towards the most critical assets.	
Risk stance Investment and maintenance of our infrastructure networks will be prioritized based on asset criticality.	
Risk tolerance	Balanced
Council will tolerate: <ul style="list-style-type: none"> • Appropriate physical security is in place to protect our most critical physical assets from damage or theft and to prevent local network intrusion to our digital assets. • The prioritisation of maintenance, renewals and improvements of our assets is based on criticality. • Implementation of new technologies, innovative initiatives or projects so far as cost and risk are balanced. • Using self-insurance as the primary means of insurance, even for critical assets, as long as appropriate reserves are in place. • Not insuring assets where premiums make it uneconomical to insure. 	Council will not tolerate: <ul style="list-style-type: none"> • Degradation of critical infrastructure networks. • Critical/high-value assets not having sufficient or appropriate insurance in place. • Breaches in regulations and legislation through mismanagement or inappropriate design of our assets. • Single points of failure not being identified and actively managed for critical infrastructure networks. • Not having approved Asset Management Plans in place as defined within Greater Wellington’s infrastructure strategy.
Associated Uncertainties (ELT Dashboard)	
<ul style="list-style-type: none"> • Ability to deliver the capital programme. • Reliance of actions of third parties 	<ul style="list-style-type: none"> • Fitness for purpose of assets • Financial

Applying the risk appetite statement

Example 1 – Maintenance Prioritiation		Example 2 – Critical Networks	
a) Prioritise maintenance in favour of critical assets (Flood Management critical structures) and networks (Water Treatment Plants and pipelines). b) Not maintain some non-critical assets when funds are limited (e.g. amenity plantings) or uneconomic (e.g. run-to-fail equipment replaced at either failure or on a schedule).		Degradation of critical networks (Drinking Water Treatment)	
<u>Why we do this?</u> Recognition of budget affordability and insurance limits; balanced approach to decision making that takes account of risk likelihood and consequence		<u>Why we do this?</u> Essential networks – risk consequence for lifelines are very high; service continuity is a legal or regulatory requirement. Must deliver our mandatory roles.	
<u>What are the risks?</u> a) Flood protection asset failures flooding and risk to life and property for the community (e.g., Barrage Gates) b) Aesthetically unkempt plantings	<u>How do we control this?</u> a) Asset maintenance and inspection programmes; Asset Management Plan priorities; Insurance Strategy b) Address only when funding is available to address this lower order priority	<u>What are the risks?</u> Continuity of services compromised either through decline or when stressed by natural events	<u>How do we control this?</u> Asset Management Plan – renewals; holding critical spares; business continuity and recovery plans
We are able to identify maintenance prioritisation and critical assets as this information is built into Ngātahi through our asset management module. This information is used for developing GW asset management plans and is maintained by our Asset Managers.			

Risk appetite statement - Regulatory & Compliance

The new risk appetite statement is relatively aligned to the current risk appetite for “Legislative and Regulatory” of “averse”.

The risk appetite statement enforces governance expectations by:

- Ensuring there is a control environment which enables the identification and management of breaches or potential areas of breach.
- If required, management plans to address and gaps as they are identified.

The risk appetite statement also references our need to be an effective regulator.

Risk category Regulatory & compliance	
Risk category description Understanding and abiding by our legislative, regulatory and compliance obligations and ensuring that we are an effective regulator.	
Risk appetite statement We will operate in line with legislative and compliance requirements and expect there to be processes and controls in place to identify and manage these requirements and, where a breach occurs, be able to identify and respond to the breach on a timely basis. We will ensure that we are aware of any gaps in our processes and controls that could lead to a breach of legislative and/or common law requirements, in relation to our regulatory requirements, and will have management plans in place to address these gaps (if necessary). We will ensure that appropriate management policy exist to give effect to our legislative and regulatory obligations. This also includes ensuring processes and controls in place, are aligned to these policies and are regularly reviewed.	
Risk stance We will ensure we comply with our legislative and regulatory obligations which will be supported by effective management policy.	
Risk tolerance	Adherence
<p>Council will tolerate:</p> <ul style="list-style-type: none"> • Gaps in processes and controls where legislation or policy is not critical and we are actively working towards addressing the gap. Also were a breach to occur, we would be able to identify and respond to the breach in a timely basis. • Undertaking necessary enforcement actions even if this could have negative impacts (e.g. reputation, cost). 	<p>Council will not tolerate:</p> <ul style="list-style-type: none"> • Legislative non-compliance causing significant reputational risk, which includes by our staff and/or our suppliers (including public transport operators). • Undue interference in undertaking regulatory decision making (e.g. political or staff). • Undertaking enforcement if we do not have sufficient evidence to support the proceedings and/or there are other options to achieve good environmental outcomes. • Management policy that does not give effect to legislation or regulation and controls are not in place to ensure policy remains up to date.
Associated Uncertainties (ELT Dashboard)	
<ul style="list-style-type: none"> • Reputation and public profile • Impact on the environment • Data and information governance • Compliance with legislative & regulatory requirements 	<ul style="list-style-type: none"> • Reliance on actions of third parties • Impact of reform • Health, safety and wellbeing of people • Capability and capacity of people

Applying the risk appetite statement

Example 1 – Employment Law Compliance		Example 2 – ComplyWith Non-Compliance (Area of Reform)	
<p><u>Why we do this?</u> Employment law compliance affects every staff member within Greater Wellington. Breaches employment related legislation (e.g. ERA, Holidays Act) are expensive in terms of penalty, remediation costs, staff time and productivity of staff, and reputation.</p> <p>Example: Holidays Act non-compliance.</p>		<p><u>Why we do this?</u> The ComplyWith survey identified 19 obligations that are partial or non-complaint with no action plan in place. The majority of these partial or non-compliance relate to review of plans within a specific time period that are impacted by reform (e.g. resource management act) where legislation is out of date or awaiting reform.</p> <p>Example: Resource Management Act</p> <p>Council must undertake a review of the efficiency and effectiveness of policies, rules, or other methods in council's policy statement or plan and results must be made available to the public at least every 5 years.</p>	
<p><u>What are the risks?</u></p> <ul style="list-style-type: none"> • Potentially large penalties and fines • Reputational damage • Cost of remediation in terms of redress and staff time (see Holidays Act remediation programme) 	<p><u>How do we control this?</u></p> <ul style="list-style-type: none"> • Track non-compliance - ComplyWith • Insist on and closely track Action Plans • Convert legislative requirements into internal policy and update regularly • Use technology bounded compliance where available • Ensure consequences (disciplinary) can be effected and implement where necessary (on advice). 	<p><u>What are the risks?</u></p> <ul style="list-style-type: none"> • Technical breaches of timelines • No legal penalty in terms of fines or similar • Out date public reporting • Reputational risks associated perceived lack of effectiveness • Unproductive effort in achieving technical compliance 	<p><u>How do we control this?</u></p> <ul style="list-style-type: none"> • Track partial or non-compliance through ComplyWith • Track and submit on area of reform • Maintain compliance with a much of the requirement as possible • Complete review post reform

Risk appetite statement - Financial

The new risk appetite statement aligns itself with how we operate and enables us to split our tolerance for non-adherence to policy, from our appetite for setting and managing budgets.

The risk appetite statement enforces governance expectations around:

- There being an effective control environment and financial policy(s) in place
- Operating in line our established budgets and regulatory documents

Risk category Financial	
Risk category description Projects, activities, or decisions which may have an impact on Greater Wellington's assets and liabilities resulting in a financial gain or loss for the Council and/or Council Controlled Organisations (CCO) and trusts.	
Risk appetite statement Greater Wellington is financially prudent by our adherence to sensitive expenditure principles and financial strategy to ensure we are transparent to our ratepayers. This is also demonstrated through Greater Wellington operating in-line with our annual plans and long-term plans and that we will not undertake unbudgeted expenditure without appropriate approvals and public consultation. We will maintain a high level of fraud maturity by ensuring we have an effective control environment in place to manage the risk of fraud or material misstatement in our accounts. Everyone is accountable for ensuring they are aware of and operate within our financial control environment and associated policies. Significant financial decisions should be able to demonstrate value for value and strategic alignment with the long-term plan and other relevant strategic documents and policy. CCO's and trusts will need to be self-sufficient (profitable, e.g. Centreport), or will need to operate in-line with our long-term plan (Service providers e.g. Wellington Water Limited).	
Risk stance We will ensure that significant expenditure outside of annual plans and long-term plans are escalated to the appropriate level for approval (ELT / Council), and we will manage financial risk through ensuring appropriate policies and controls are in place and are followed.	
Risk tolerance	
Council will tolerate: <ul style="list-style-type: none"> • Risk based investments aligned to our Treasury policy • Variations to the annual plan that are unforeseen and are appropriately approved. • Capital works cost escalation or cost scope adjustments that are unforeseen, unavoidable and appropriately approved. • Minor costs, or capital outlays, attributable to new processes or innovation to improve services that demonstrate value for money and are aligned to Council strategic documents. 	Council will not tolerate: <ul style="list-style-type: none"> • Failure to maintain or implement effective systems, processes and controls. • Financial activities and/or investment practices that contravene controls or policy. • Available funds being below Treasury targets for an extended period of time. • Management not ensuring their staff are aware of and operate within financial policy and controls. • Non reporting of suspected or actual fraud.
Associated Uncertainties (ELT Dashboard)	
<ul style="list-style-type: none"> • Impact of climate change • Ability to deliver the capital programme • Fitness for purpose of assets • Appropriateness of services & delivery design • Ability to fund delivery • Capability and capacity of external suppliers and partners 	<ul style="list-style-type: none"> • Reputation and public profile • Reliance on actions of third parties • Continuity of service • Effectiveness of planning • Integrity of people, fraud, bribery or corruption • Impact of reforms

Applying the risk appetite statement

Example 1 – The Sensitive Expenditure Policy		Example 2 – Core financial controls	
<p><u>Why we do this?</u> To provide a clear expectation and process for staff to follow when making any financial decisions to ensure the expenditure is appropriate and will withstand any audit or public scrutiny it may face.</p>		<p><u>Why we do this?</u> Core financial controls are important to providing trust and confidence in the performance of a number of important business processes. These processes and enabling controls must be well designed and operate effectively to help mitigate the risks inherent to these important financial processes.</p>	
<p><u>What are the risks?</u></p> <ul style="list-style-type: none"> • Organisation reputational damage from inappropriate expenditure • Misuse of funds leading to staff disciplinary actions 	<p><u>How do we control this?</u></p> <ul style="list-style-type: none"> • Easy to use flowcharts/tools and guidance to help staff make informed decisions • Education and awareness engagement with staff • Training • Monitoring of requests and transactions • Communication with managers 	<p><u>What are the risks?</u></p> <ul style="list-style-type: none"> • Process fraudulent or inaccurate transactions • We do not have a complete or accurate understanding of our financial position • Transactions are captured in way that misrepresents their nature • We spend money in a way that is outside our social licence 	<p><u>How do we control this?</u></p> <ul style="list-style-type: none"> • Tone at the top • Policies, processes and controls • Communication, training and guidance • Information systems and other supporting tools
<p>We note that recent PWC findings found that our core controls address the risks inherent to each process and the financial management system as a whole. However, we note that continued improvements are being made to capital controls and how we manage our policy environment.</p>			

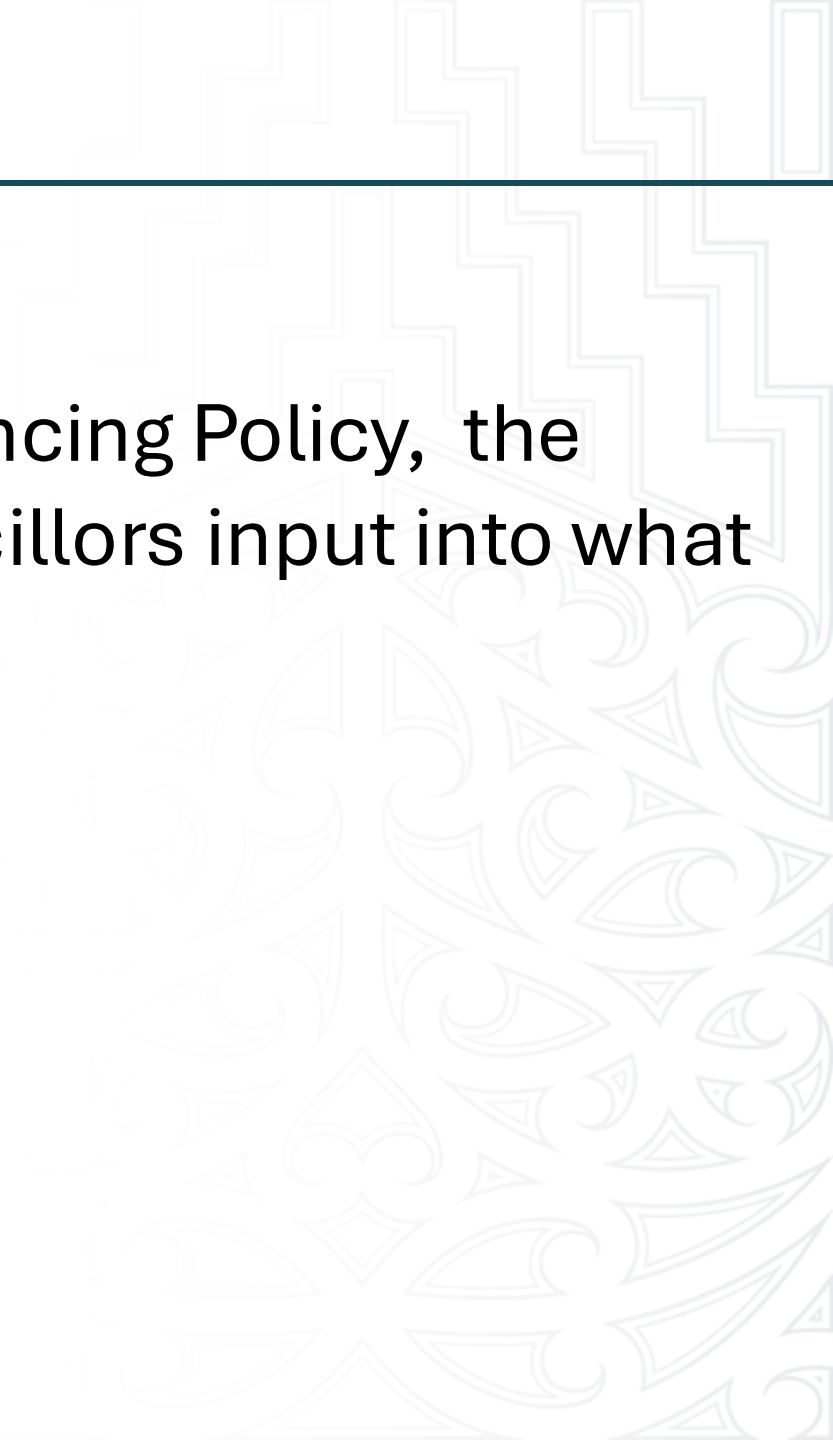
Revenue & Financing Policy

Policy Review: Workshop #1

10 March 2026

Purpose of this workshop

To understand the Revenue and Financing Policy, the process to review it, and to get councillors input into what gets reviewed.



Contents

- What the Revenue and Financing Policy is
- How the review process works
- Some matters for consideration
- **Setting the direction for this review**
- The timeframe for this review

The Revenue and Financing Policy

Our ability to collect rates, to pay for the activities in our Plans, starts here!

- The Revenue and Financing Policy is about where the funding (money) will come from, and how Greater Wellington will share the costs of services across the region, and among different groups of ratepayers.
- The Local Government (Rating) Act (LG(R)A) 2002 (section 102) set out our ability to collect rates, as well our obligations to be able to collect lawfully.
- The Policy is a statutory requirement and public facing. It is found on our website along with the other LTP supporting policies.
- The current Policy was last reviewed in 2024 in conjunction with the 2024-34 Long-Term Plan (LTP). This review will enable the 2027-37 LTP.

Rates are a tax, not a charge for service.

Economists note that rates function like taxes: they are compulsory, apply broadly, don't vary with the level of benefit received, and their use is publicly accountable.

How the review process works

Ensuring your funding decisions are fair, transparent, sustainable, and legally defensible.

- A **two-step process** is required under Section 101(3) of the LG(R)A. Councils must use it when deciding how each activity will be funded and how the overall mix of funding impacts the community.

STEP ONE:

Considerations for each activity:

- The community outcomes the activity promotes (and how funding supports this)
- Who benefits from the activity
- When do benefits occur
- Whose actions create the need for expenditure
- The costs and benefits of funding the activity separately

STEP TWO:

Taking step one information, then consider:

- The overall impact on the current and future social, economic, environmental and cultural well-being of the community.

- Step Two helps us check:
 - Is the overall approach **‘affordable’** and not creating unreasonable burdens?
 - Are **impacts fair** across demographics, locations, and land uses?
 - Does the funding mix support the council’s strategic goals?

How the review process works (continued)

Councillors carry statutory, procedural, and democratic accountability when they review and adopt the Policy!

- Decisions about the funding methods used in a Revenue and Financing Policy are made by the Council, not officers.
- The LG(R)A 2002 requires Council to consider specified funding factors. It does not prescribe the weighting of those factors.
- Once Council has demonstrably considered the statutory criteria and adopted the Revenue and Financing Policy, the funding decision is a matter of elected member judgement.

Some matters for consideration

An internal scoping exercise has raised several matters to be considered

- **Water Supply** – the new entity will remove our justification to collect a water levy
- **RiverLink** - moving and replacing the sewer main (Western Hills Sewer Main)
- **Financial Contributions** – the Natural Resources Plan used the Resource Management Act to introduce a form of funding that this Policy may need to align to
- **Flood Protection** - next steps towards a catchment approach in the Wairarapa
- **Public Transport** – overdue a review of the benefits and who pays as well as new challenges to discuss: private share targets from NZTA, patronage impacts on ‘User fees and charges’, MROM review (metro rail funding model), and who bears the costs of network disruptions caused by third parties – e.g. Riverlink/Melling interchange disruption
- **Energy Transformation Initiative Programme** – potentially a new requirement for solar power equipment

Setting the direction for this review

Your chance to shape the Policy

What **activities** do you want to discuss?

What **information** do you expect to see?

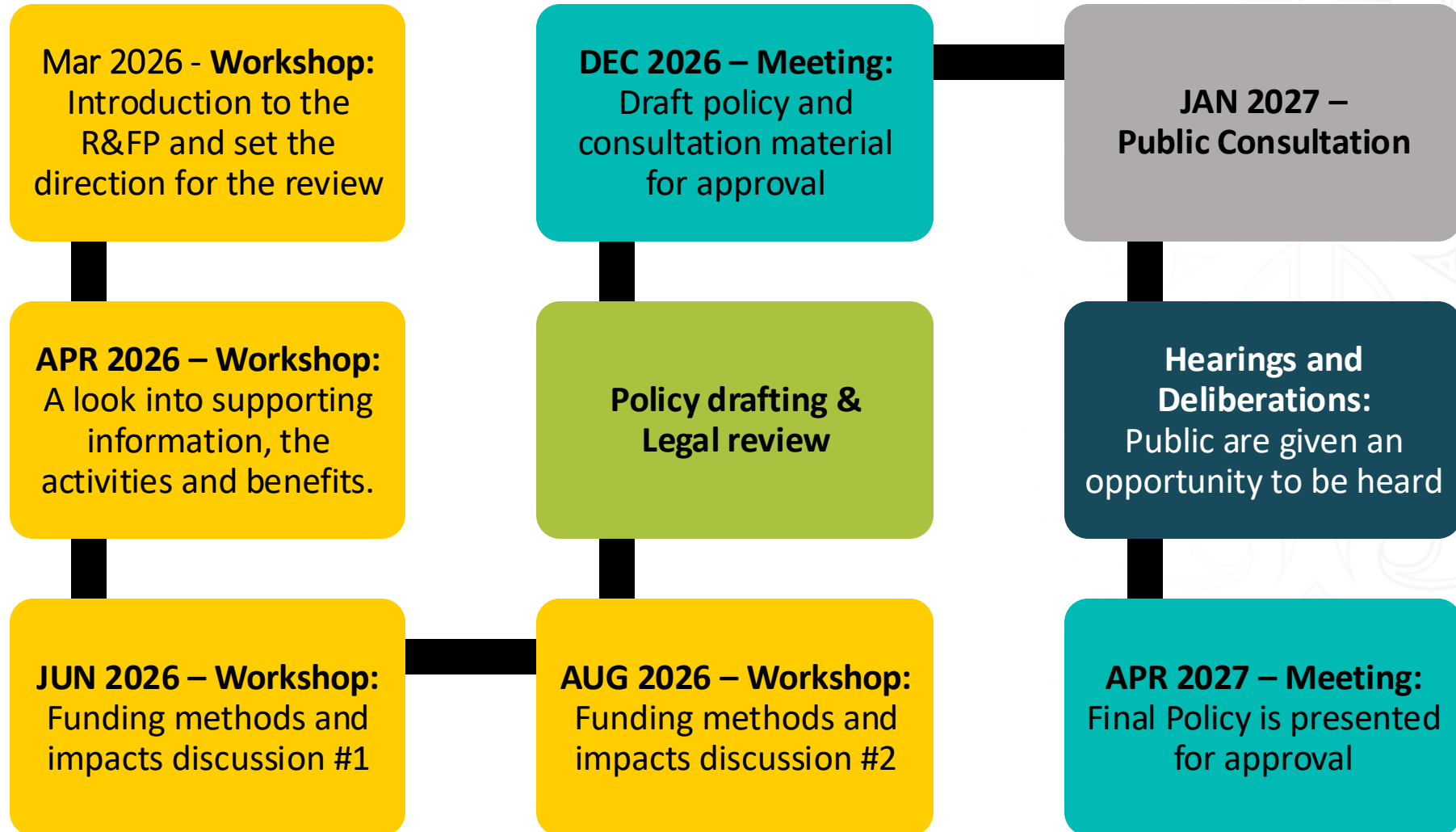
What **funding methods** are you concerned about?

What level of **involvement** do you want?

What **issues** are you aware of?

The timeframe for this review

General timeline of the review process



Rail Network

Overview

10 MARCH 2026 - COUNCIL WORKSHOP

Fiona Abbott – Senior Manager, Assets and Infrastructure

David Mawson - Rail Network Delivery Manager – Assets and Infrastructure



Purpose

To provide Councillors with an oversight of the Wellington Metro rail network, partnerships and challenges

AGENDA

1. Rail network overview
2. Policy & contractual settings
3. Wellington Network Agreement (WNA)
4. Metro rail network funding
5. State of assets and implications
6. Key messages

Wellington Metro Rail Network Overview

BASED ON 24/25FY DATA


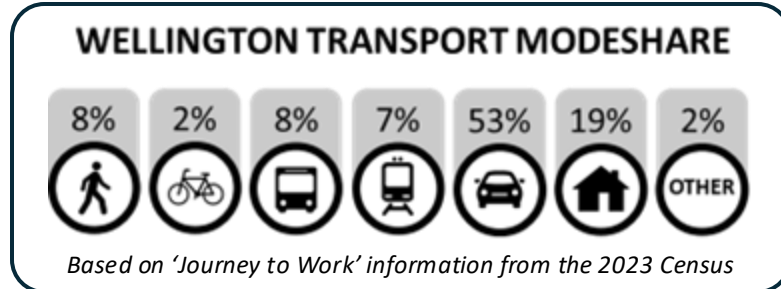
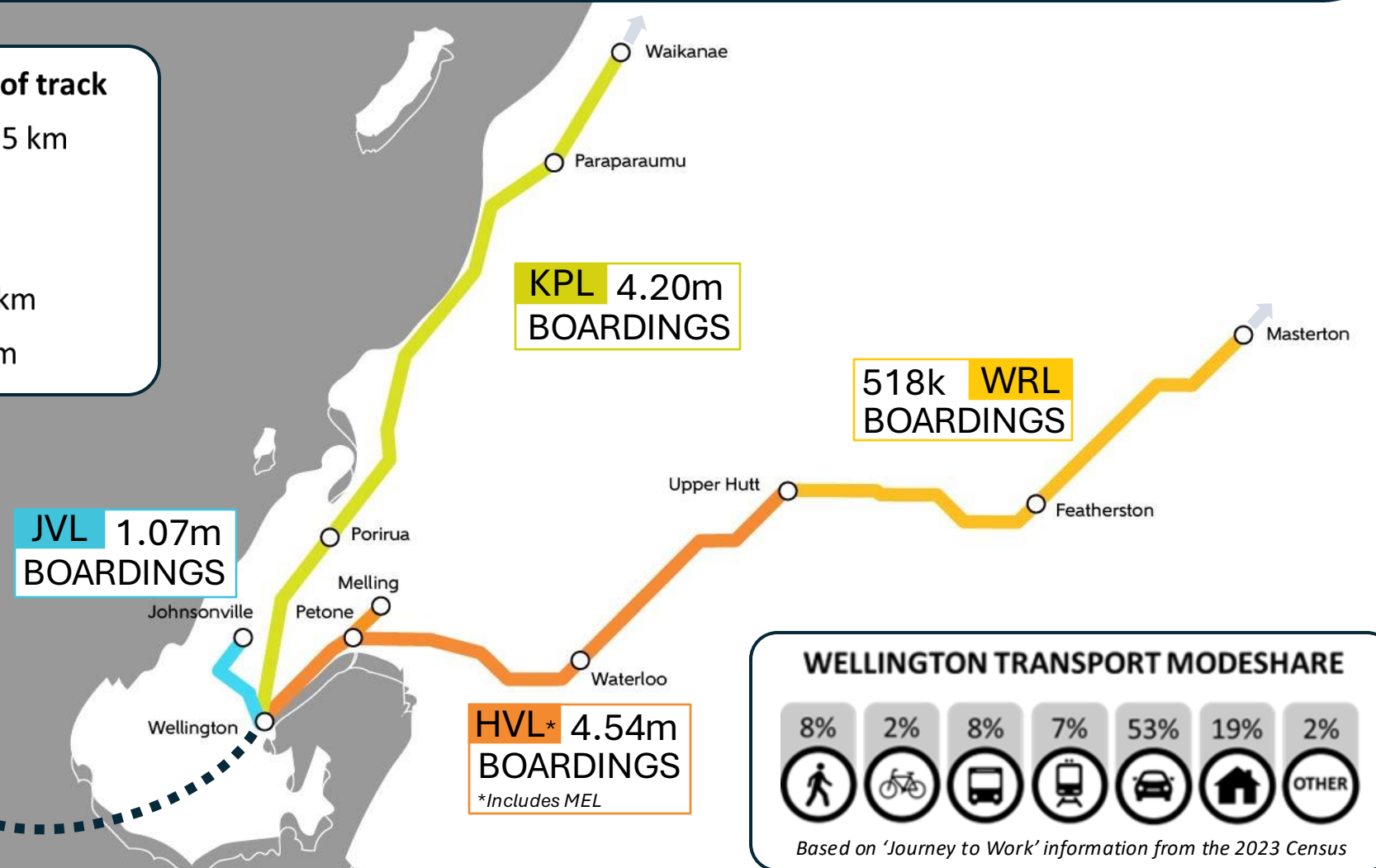
 <p>1 Rail Operator 83 multi-units + 24 carriages 5 rail lines, 160km of track 48 stations</p>	<p>377 AVERAGE WEEKDAY SERVICES</p>	<p>10.3m RAIL PASSENGER BOARDINGS IN 24/25</p>	<p>241m PASSENGER KM TRAVELLED</p>	<p>\$36.2m RAIL FAREBOX REVENUE</p>	<p>437 NUMBER OF RAIL STAFF</p>	<p>WHICH INCLUDES 338 FRONT LINE STAFF</p>
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Metlink Rail network has a total of 159.9km of track

- JVL** Johnsonville (Johnsonville Line) = 10.5 km
- KPL** Waikanae (Kāpiti Line) = 55.4 km
- MEL** Melling (Melling Line) = 13.5 km
- HVL** Upper Hutt (Hutt Valley Line) = 32.4 km
- WRL** Masterton (Wairarapa Line) = 91.0 km

Journeys into Wellington CBD

- Approx 20,000 peak usage per day (most to Wgtn CBD)
- Approx. 40% of Wellington region jobs are in Wgtn CBD
- Rail accounts for 22% of all peak person trips into the Wellington CBD

Who's who?

The key organisations involved in the governance, operation and monitoring of the Wellington Metropolitan Rail Network are:



Procures metro rail passenger services (via Metlink brand), has strategic oversight for the Wellington public transport network and owns the fleet of commuter passenger trains on the Network



State-owned enterprise, which owns and maintains the rail network (on behalf of the Crown) and operates freight and long-distance passenger services



Provides policy oversight for the rail sector and advises the Minister and Cabinet on key funding and investment decisions



Crown entity, which regulates rail safety and invests in the land transport system



Contracted by Greater Wellington to operate metropolitan passenger rail services and maintain Metlink's rolling stock (through a sub-contract with Hyundai Rotem).

Policy & contractual settings



TE TAI ŌHANGA
THE TREASURY

Common Access Terms (CAT)

Provides the rights and obligations governing access to the national and Wellington and Auckland rail networks.



TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Metro Rail Operating Model (MRON)

The Policy framework set by NZ Government. This model covers Strategy, infrastructure, Rolling Stock & Stations and Operations, including funding



TE MANATŪ WAKA
MINISTRY OF TRANSPORT



Greater Wellington
Te Pane Matua Taiao



KiwiRail



transdev
the mobility company

Wgtn Network Agreement

The WNA provides the rights and cost associated with rail network access rights e.g.: how much GWRC pay KiwiRail to use the rail network, Track Access Charge (TAC), and other associated costs.

Rail Partnering Contract

The RPC is a performance-based agreement between GWRC and Transdev Wellington (in partnership with Hyundai Rotem) to operate services and maintain the rolling stock



Greater Wellington
Te Pane Matua Taiao



transdev
the mobility company



HYUNDAI
Rotem

MROM: objectives and current arrangements

Cabinet agreed the current policy for the Metropolitan Rail Operating Model (MROM) in 2009. The four key public policy transport objectives for the MROM system were to:

- increase economic growth and productivity by reducing congestion on urban roads and by more efficient utilisation of the transport network
- provide transport choices for users
- integrate rail with other modes of transport
- reduce the environmental impact of the transport system.



The intent of MROM was to provide a clear framework for planning, funding, ownership, procurement and operation of metro rail passenger services to achieve value for money and strong customer service.

MROM: objectives and current arrangements

MROM sets out funding arrangements as follows:

CROWN FUNDING

At a funding assistance rate (FAR) of 100%

For the costs to bring the rail network up to a 'steady state'



GREATER WELLINGTON

Funded via NZTA at 51% FAR

Once the Rail network is at 'steady state', costs to maintain the network are borne by Greater Wellington (funded via NZTA FAR). The costs to maintain the network are agreed and funded through a contract with KiwiRail (for Greater Wellington – the Wellington Network Agreement).



Recap problems to address: GW perspective

Rail network infrastructure performance challenges and increasing maintenance costs present a significant risk to Wellington Metro services and additional capacity investment.

In the last 4 years, two significant investigations have occurred to shape MoT's thinking on MROM:

- The 2022 RCF (Rolling Contact Fatigue) review into track failure in Auckland; and
- The 2023 EM80 review into Scheduling errors that led to reduced operating speeds in Wellington.



PROBLEM 1

Network is unable to support the current level of service, without increased and sustained investment and asset management performance.



PROBLEM 2

Decision-making across rail participants is not aligned. Unclear 'Roles and Responsibilities'. Unclear funding responsibility.



PROBLEM 3

Customers are disproportionately disrupted due to infrastructure related failures.



PROBLEM 4

There are no discernible economic checks and balances against asset management and maintenance costs.



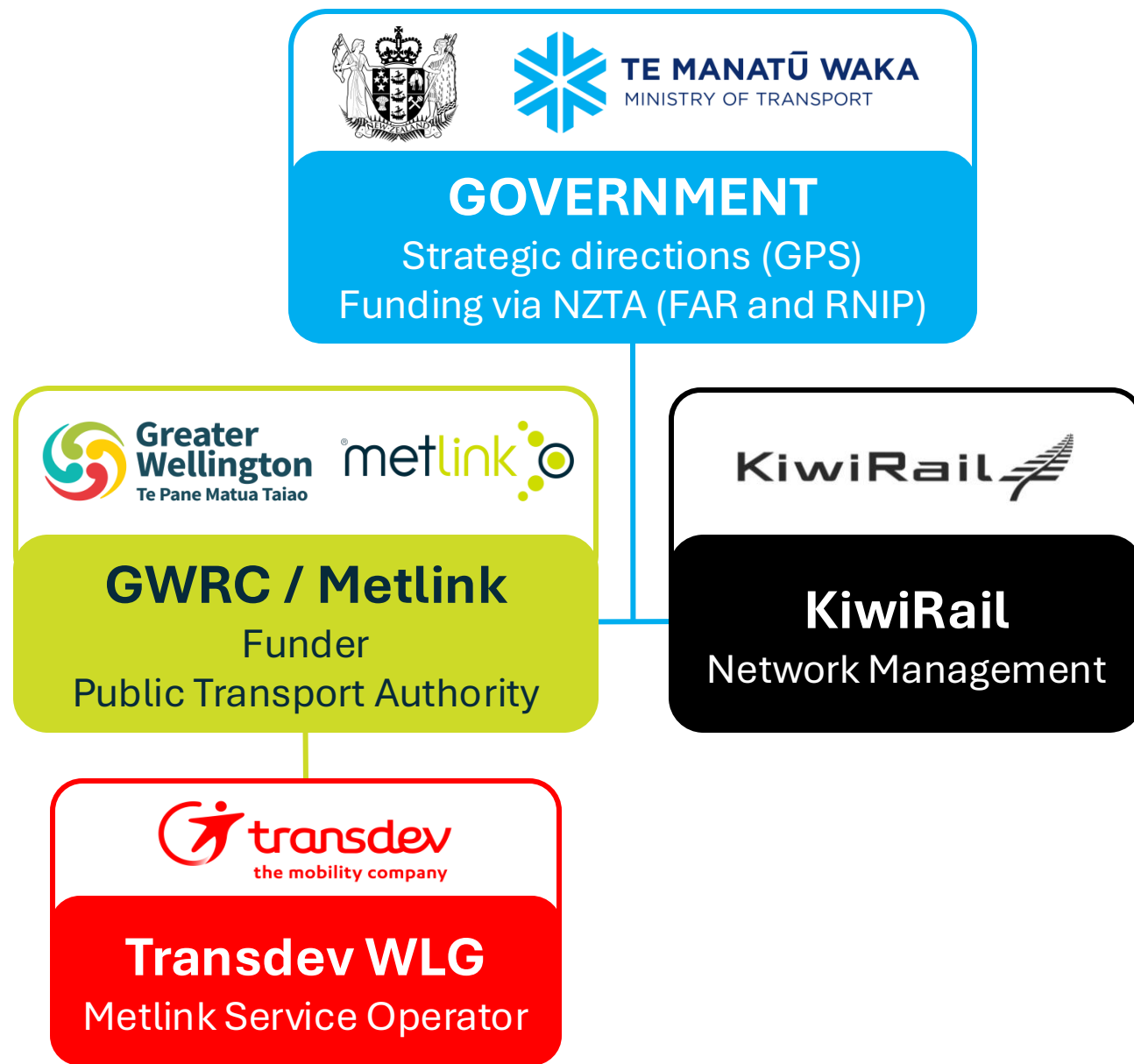
PROBLEM 5

Performance incentives are inadequate or not aligned.

Wellington Network Agreement (WNA)

The **Wellington Network Agreement** is the framework that:

- Allows **Metlink passenger services** to legally and operationally use the **KiwiRail network**
- Defines **who does what, who pays for what, and how performance is managed**
- Underpins the planning and delivery of all metro rail services in the Wellington region
- Works in parallel with the Rail Partnering Contract between GW and Transdev



What is funded under the WNA?

KIWIRAIL STAFF AND ACTIVITIES

- KiwiRail Metro Management
(Facilities & staff)
- KiwiRail Metro Operations
(Activities & staff)
Trains control, Network Access,
Operation support
- KiwiRail Metro Maintenance
(Activities & staff)
Asset Inspections Asset
Maintenance, Communications &
Corridor safety
- Renewal Services
“Steady State” Asset Renewals

OTHER WNA FUNDED ACTIVITIES

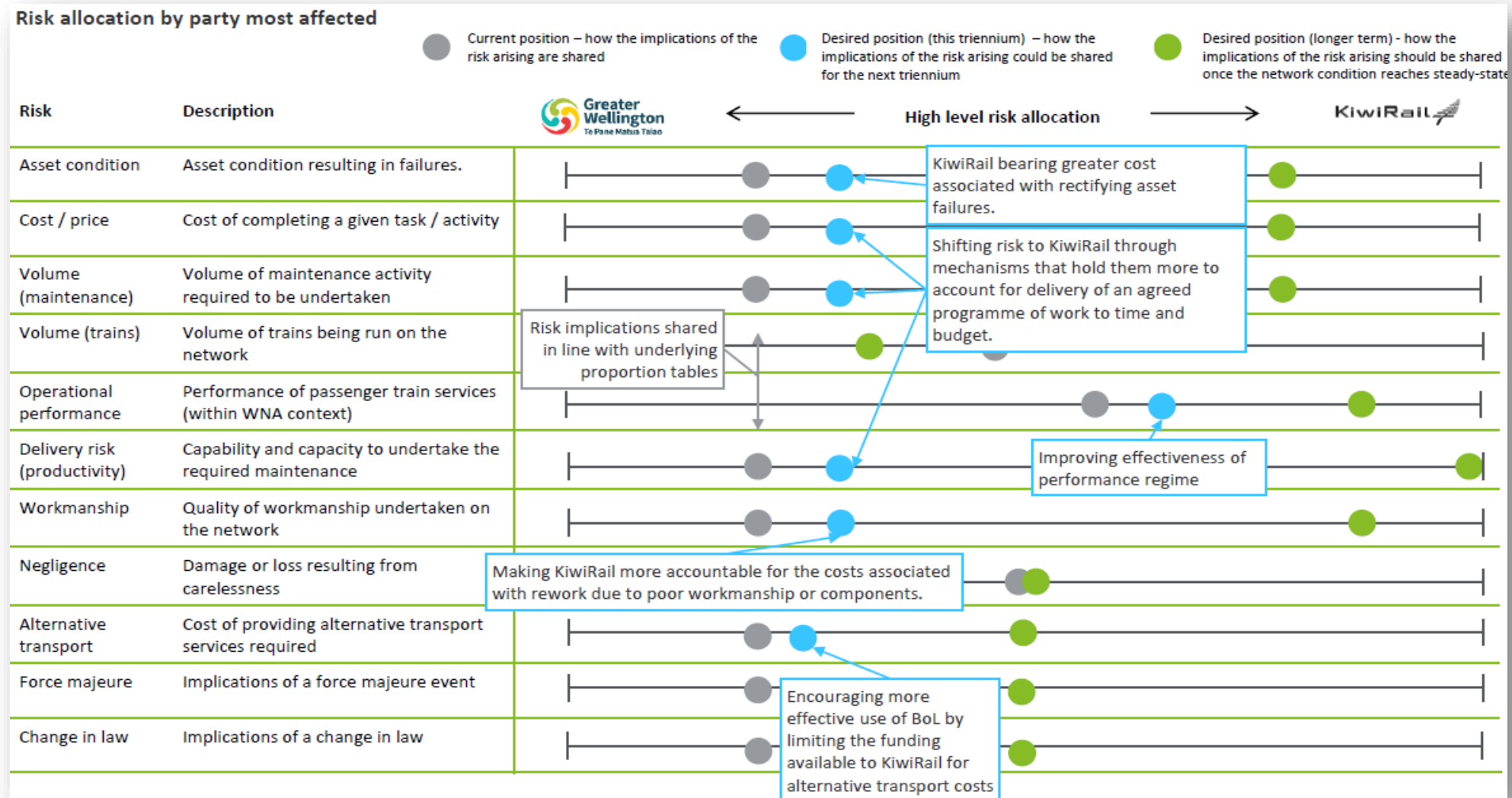
- WLG Metro Traction Electricity: 100%
- Network Insurance: % of national
- KiwiRail Performance Fee % varies
- Incident management (*Slip, Weather*)

WHAT THE WNA DOES NOT FUND

- Freight portion of using the network
- Overdue Renewals
- Enhancements (*E.g. New signalling systems and major network projects*)

Deloitte's WNA review of risk

In 2021 Deloitte completed a review of the WNA for GWRC. From this review Deloitte concluded that **“KiwiRail is best placed to manage risk, but the implications largely flow to GWRC currently.”**



Metro rail network funding

Wellington Rail Network Programmes v2																	
Plan	Wellington Rail Programme Business (WLG Strategic Rail Plan)																
	Wellington Network Management Plan (NMP) FY25 - FY34						Rail Network Investment Programme (RNIP)		NZ Upgrade Programme (NZUP)		Regional Land Transport Plan						
Contract	Wellington Network Agreement (WNA)										LNIRIM (governance)						
Fund		Waka Kotahi (51%)		National Land Transport Fund (NLTF)							NLTF - GWRC Horizons - Crown						
Conduit	RNIP	GWRC (49%) GWRC		RNIP		GWRL pass-thought payment: <i>Transitional rail</i>		RNIP		RNIP	GWRC						
Programme	BAU Maintenance		Renewals Services		Backlog Renewals	WMUP III	WMUP IV	WMUP Subs	WMUP V	WMUP VI a	WMUP VI b	LNIRIM					
Description	Network Mtce, Mgt and Control		Steady State Renewals		Backlog Renewals	Catch-Up track and Civil Renewals	Capacity and Resilience Upgrades	Capacity and Resilience Upgrades	New Signalling and Automatic Train Protection (ETCS)	Wellington Station Approaches'	Regional Infrastructure Enhancements	New Regional Trains and Infrastructure					
Scope	Planned asset maintenance & Inspection activities.		Asset renewals that are replaced at the optimised time to continue a 'steady state' network		All Network asset renewals that have fallen into backlog.	Wairarapa Line formation, track and drainage upgrades.	Trentham to Upper Hutt double tracking (T2UH)	New or Upgrades to Wellington traction substations. Required to operate a RS1 LNIRIM timetable.	New signalling system for Wellington Metro area.	Track and signalling upgrades entering Wellington Station.	New signalling system for the Wairarapa Line. (FSTN to MSTN)	Purchase new regional passenger rollingstock, replacing the exiting carriages on the Wairarapa and Manawatu lines.					
	Network Control and Operations					Remutaka & Tawa Tunnel track upgrades.	Porirua Area Capacity Enhancement (PACE)	(Note: Originally in WMUP IV Programme.	Level 2 - European Train Protection System (ETCS) enabled.	Scope include, realigned crossovers and signals, Combined services route.	Passing loop at WOODSIDE	Station and track upgrades					
Cost (NMP)	Management overheads, Insurance and Traction Electricity					Resleepering 12 short tunnels.				Level Crossing upgrades UH to MSTN	Waingawa depot upgraded	Depot and Maintenance facilities					
	Ongoing		Ongoing		Ongoing	Completed (Wash up phase)	Completed	Delivery Phase	Business Case phase	Completed	Delivery phase	Procurement phase					
Timeline	\$33m	\$491m	\$141m	\$33m	\$494m	\$174m	\$145m	\$131m	\$600-800m	\$114m	\$130m	\$172m	\$702m				
Type	Continuous (10-year totals shown) FY25 - 34			FY19 - 26		FY20 - 24		FY24 - 27 phase 1		FY26 - 34		FY24 - 25		FY23 - 26		FY24 - 30	
Delivery	Maintenance		Renewal		Catch - Up Renewal			Improvements									
Delivery	KR Wellington Metro					KR Capital Projects and Asset Development (CPAD)						LNIRIM					

Committed Funding for Rail Network *(Current / Next 3 Years)*

\$741.6m committed since FY25

GW/NZTA via LTP/FAR

\$155m

WNA (Includes 51% FAR)
KR requested \$181.2m

Includes:

- Maintenance / Inspections
- Renewals (*On-time*)
- Electricity
- Insurance
- Contingency (Slips, Floods)
- Performance Fee

KR/Crown via RNIP*

\$17.9m

KiwiRail's share of WLG
Mtce and Renewals
(*Freight and Capital
Connect*)

Includes:

- Maintenance /
Inspections
 - Renewals
- *RNIP (Rail Network
Investment Programme)**

Crown via MoT/Treasury

\$568.8m

Includes:

- \$213.3m Upgrade Projects
- \$75.1m LNIRIM (Network)
- \$15.6m ETCS (development)
- \$118.8m Substations
- \$146m Overdue Renewals
(*\$53m in FY25 and \$93m in
FY26/27*)

The next WNA request could double in the next LTP

Funding + State of assets

- Funding for Rail under the Metro Rail Operating Model (MROM) is based on a principle that the Crown funds up to '**steady state**' and GWRC funds (at normal FAR) the 'steady state' through the Wellington Network Agreement (WNA)
- The KiwiRail owned and managed network remains in '**catch up**' (despite Crown funding injections) –there is a shortfall of approximately \$750m for end-of-life* assets that have not been replaced when required (*deferred renewals or non-steady state).
These costs are not considered in the GWLTP.
- **Overdue Renewals** have been Crown funded for three years. Long term funding for these assets has no commitment past FY27.



Role of speed restrictions

Speed restrictions are used to ensure the safety of passenger and freight services on parts of the network where renewals are taking place, or to prolong the asset condition until they can be delivered.

Whilst a buffer is built into rail timetables to allow for 'normal' maintenance, a higher-than-expected level of speed restrictions will impact travel times until sufficient funding is found, and renewal work can be undertaken on the rail network.



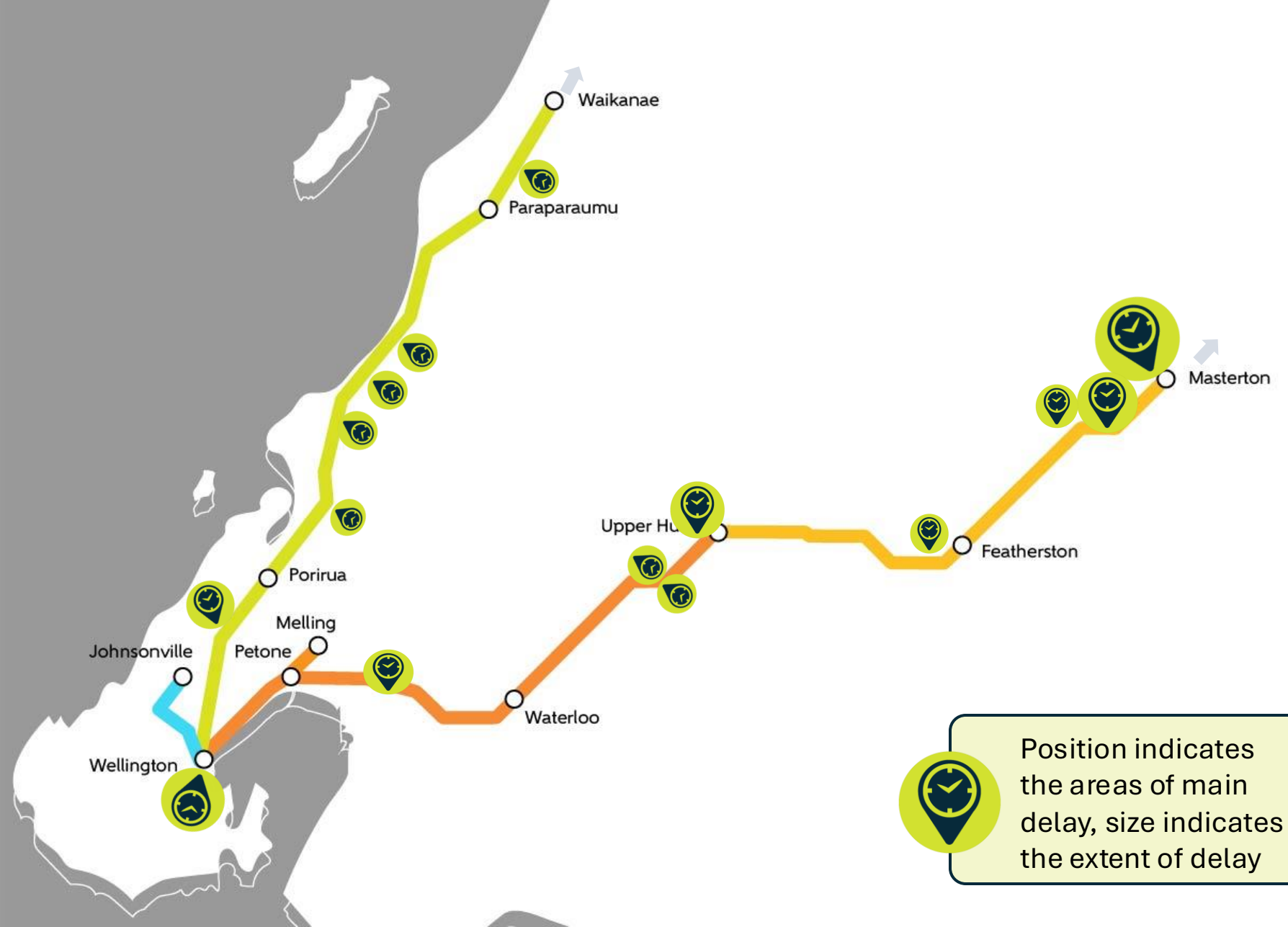
Current Temporary Speed Restrictions (TSR)

CURRENT MAX TSRs

- JVL 0
- KPL 2:25 mins
- MEL 0
- HVL 2:41 mins
- WRL 7:23 - 9:27 mins

AGREED MAX. TSR - KPIS

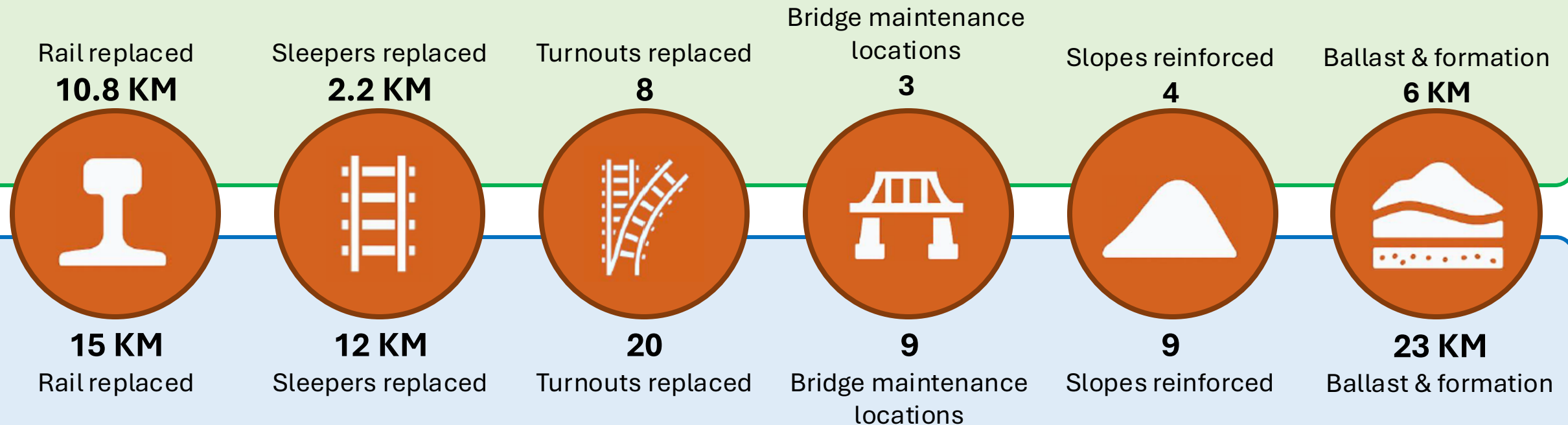
- JVL 2 min
- KPL 2:30 mins
- MEL 2 mins
- HVL 2:00 mins
- WRL 6 mins



Overdue Renewals – work programme

WELLINGTON METRO OVERDUE RENEWALS PROGRAM – FY25 DELIVERED

In Budget 2024, the Crown approved \$53m for Overdue Renewal in the WLG Metro region.



In Budget 2025, the Crown approved \$93m for Overdue Renewal able to span 2 funding years

WELLINGTON METRO OVERDUE RENEWALS PROGRAM – FY26-27 PLANNED

It's a great start but it needs to continue

Background: What is RS1, what does it require?

Rail Scenario 1 timetable (RS1) provides for services every 15 minutes on main lines

A **Wellington Metro Unlocking Capacity and Improving Resilience Business Case** issued in 2017:

Identified a number of rail network infrastructure improvements required prior to implementing higher frequency, higher capacity and more dependable rail services (RS1) during the morning and evening peaks through to 2030.

The problem RS1 now seeks to address is the need to improve the **resilience** of our rail network.

The **objective** of RS1 is to enable an **increase in frequency and capacity** of services, ultimately providing a near 'turn up and go' timetable across the busiest parts of the network. This will encourage and allow for a **spread of passenger demand**.

The crown have invested approx \$640m to date on RS1 initiatives. RS1 completed projects are, Trentham and Upper Hutt double tracking, Plimmerton area upgrades, WRS approaches and Metro wide asset renewals.

New substations or upgrades to Wellington traction substations are required before we can operate a RS1 timetable.

NOTE: The purpose of the LNIRIM project is to replace life expired assets (trains) and leverage previous work on the network (i.e RS1)

Key messages: Affordability + Service

Rail network operations and insurance is unaffordable for GWRC (and KiwiRail)

- Increasing costs to operate the rail network is *far* higher than inflation
- Insurance costs for the Wellington rail network have increased from \$2m pa in 2018 to \$9m pa in 2023 and forecast to reach \$12m in 2026/27. KiwiRail have not made a claim in the Wellington Region during this time.
- Renewals Services funding ('steady state renewals') that GWRC pays to KiwiRail under the WNA has been used for assets on a priority basis regardless if these asset are deferred renewals or on-time renewals – KiwiRail have recently signalled the difference via the Investment case business case in FY24 which led to Crown funding in FY25 - 27
- There are longer term issues with funding certainty for existing programmes* of work that, if not resolved, could undermine the benefits of current Crown investments. (*WMUP, LNIRIM)
- If funded, the work required on the Rail Network will result in passenger disruption and increased levels of BRT .



Summary

WHAT	Working with KiwiRail and funding partners to secure investment for a steady state rail network
PURPOSE	To manage third party risk to provide continuity of service and proactively influence systems and policy settings that could bring about more sustainable funding.
GOALS	To grow patronage and maintain, then improve services and ensure the RS1 timetable can be implemented, and funding is sustainable and a reasonable split between local and central government based on risk
KEY OUTPUTS	Plan to achieve a steady state network. Clarity of funding pathways. A revised Metro Rail Operating Model to provide clarity for GW in terms of how we will operate sustainably.
MILE STONES	<p>GWRC LTP 2024/34 - 3-year funding allowed for the WNA at circa \$50m per year (including FAR)</p> <p>Budget 2024 \$53m available for Wellington metro rail network to assist with funding shortfalls in FY25</p> <p>September 2024 – GW/KR 10-year investment case for backlog renewals to Treasury for budget 2025</p> <p>Budget 2025 - \$93m available for Wellington metro rail network to assist with funding shortfalls in FY26 & 27</p> <p>MROM Review – policy being developed.</p>

