

# MIN-3900 – Funding for additional Te Huia services

1 July 2022

Following the official's meeting on 27 June 2022, Waka Kotahi NZ Transport Agency undertook to provide an update on what was communicated following the Waka Kotahi Board's decisions in April 2022.

## Waka Kotahi NZ Transport Agency's response:

The Te Huia Governance Working Group wrote to the Waka Kotahi Board Chair on 3 March 2022 with a number of requests and received the following responses in May 2022, following the April Board meeting:

- Scope and cost change for an additional return service, from four to six services per weekday:

### Waka Kotahi summarised response:

*"Before approving any increase to services, our expectation would be that you could clearly demonstrate the additional value these services could deliver, and that recent patronage increases have been sustained, and patronage is trending towards the original business case projections. The Board look forward to the time when there is strong ongoing patronage growth to support the resubmission of this request to further improve the Te Huia service."*

In line with established practice, material cost and scope changes from any approved business case (50% increase in service frequency in this case) require evidence to be provided in order to be prioritised, particularly when the NLTP is already under significant cost pressure. Patronage levels are improving from COVID-19 impacted lows but are still below the original levels estimated in the business case. Waka Kotahi is working with Waikato Regional Council (WRC) officials to support provision of the evidence to make the case to improve the service offering.

- The request to shift the two-year review to be two years after the re-start, rather than original commencement, has been approved:

### Waka Kotahi response:

*"The Board agrees that the service can only be fairly evaluated after a reasonable period of uninterrupted operation and appreciate that COVID-19 has had impacted passenger demand."*

- The request to shift the end of the five-year trial period to also be five-years after the commencement of service, as the working party felt that the service should be "fairly evaluated after a reasonable period of uninterrupted operations and with the temporary impacts of COVID-19 on demand, being less pronounced":

### Waka Kotahi response:

The original five-year funding period is not associated with any evaluation process but rather was aligned with the remaining asset life of the rolling stock (which are already 50 years old). Waka Kotahi declined this request stating *“restarting the five-year trial period would see the service continuing into the 2024-27 NLTP which brings added operational complexity and potentially costs (for both infrastructure and rolling stock). Waka Kotahi does not consider the service costs are yet fully understood and suggested that WRC continue to use the funding already approved to provide an addendum to the business case on rolling stock and infrastructure requirements to better understand the complexity and future potential costs before any future decisions are made.”*

Finally, the Board Chair thanked the Te Huia Working Group for their ongoing work in making Te Huia and regional passenger rail successful and stated that Waka Kotahi staff will continue to work with the WRC to support improvements to the service in line with its investment policies.

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