

IWIRAIL

THE ENGINE ROOM OF THE REGIONAL ECONOMY

māori



LOCAL JOBS
FOR LOCAL
PEOPLE



BOOSTING
REGIONAL
EXPORTS



SAFER
CLEANER
FASTER



PROMOTING
MAORI
TOURISM

CONNECTING OUR PEOPLE



IwiRail: Connecting our People

Policy Launch 12 July, 10-12 pm

Matangireia, Parliament Buildings

Rail was built to connect people together

Ki te kotahi te kakaho ka whati, ki te kapuia e kore e whati.

-- Kingi Tawhiao

The Māori Party believes rail has a critical role in shaping the future of our regions, not only by breaking the isolation of hard to reach communities, but as an engine room of job growth.ⁱ Our regional economies need a rail transport network that connects more people and goods to more places with reduced end-to-end journey times.ⁱⁱ

IwiRail will unlock more capacity from existing regional lines and bring back moth-balled lines such as the Napier-Gisborne rail line.ⁱⁱⁱ Our policy recognises that since the restructure of our rail system by the Labour Government in the mid-1980s, our transport investment has been narrowly focused on roads, leading to the loss of over 15,000 rail jobs and an outdated rail transport network across our regions.^{iv}

Our plan will bring back both moth-balled lines and jobs where our people live.

The Māori Party will:

1. **Bring future jobs to the regions: One job in rail transport leads to another job in forestry, agriculture, manufacturing, tourism and other key sectors.**

A well-developed network of rail connections is essential to a successful, higher-wage economy.^v We recognise that infrastructure is the foundation of job creation. Through a dual investment in the renewal of our railway and tourism infrastructure, our plan will grow jobs in regions that desperately need them.

IwiRail will: Guarantee jobs for local people and address unemployment by reintroducing rail sector wage and job training subsidies - a policy that worked in the past when our people manned the rail, drove the trains and built rail.^{vi}

2. **Give regional rail back to communities: Railways are an essential means of linking regional businesses to the national economy.**

Rail for the regions has become the taniwha in the room at a time where the renewal of our railway transport network is urgently needed. Investment in regional railways has lagged increasingly far behind roading infrastructure,^{vii} and as a result, our rail network is not able to support regional exports of forestry, agriculture and dairy products into global markets.^{viii} Current investment into rail is grossly inadequate^{ix} and KiwiRail has not maintained lines nor been able to build new lines critical to regional economic growth.

IwiRail will: Take over the leases of key regional lines and work with local communities and Iwi to build new rail infrastructure which is able to compete effectively and efficiently against other transport modes. Our plan will aim to capture a minimum 60% share of both regional freight and passenger rail transport.^x

3. Promote investment into safer, cleaner and faster trains through the establishment of an IwiRail Infrastructure Fund to promote rail investment.

To become engines of national growth, our regional economies need a strategy to unlock capacity from existing infrastructure that enables regions to benefit from more trains, better connections and greater reliability. This investment is vital.

IwiRail will: Establish an IwiRail Infrastructure Fund worth \$350 million^{xi} for debt and capital venture financing for rail line upgrades, new rail lines and a fleet of high speed, digitally connected and carbon neutral trains.

Why this policy?

Breaking down isolation and growing jobs

To create jobs and generate the investment needed to bring prosperity back to the regions, a strong economic policy like IwiRail is required. Our policy will also ensure fairness, competition and long-term sustainability in the rail sector.

The Government's current transport policy favours investment into roads in Auckland and other big cities without any real plan for upgrading and expanding regional infrastructure, such as rail. While it has been allocating billions of dollars on expensive highway and by-pass projects, our regional rail transport network is outdated and in need of major repairs in some areas.

We propose a series of policy interventions in order to even the playing field for rail to create future jobs and lower costs for freight. By introducing equity focused labour and pricing policies,^{xii} IwiRail will create thousands of new jobs, trades training apprenticeships and increase economic productivity by getting goods to markets cheaper and faster.

Growing our regions and connecting our people

Our philosophy is that if we build rail, the investment will flow in. Our plan has the potential to add \$1 billion to the country's balance sheet.^{xiii} We will do this by investing in renewing neglected rail lines and building new lines where value for money can be demonstrated.

IwiRail will provide greatly improved connectivity between regions while reducing congestion in ports, on freight rail lines, and along our highway system. The increased economic activity associated with the development and implementation of the IwiRail regional rail system could indirectly generate up to 10,000 long-term, permanent jobs nationwide.^{xiv}

Relieving tourism and freight pressures on our congested roading network

IwiRail will invest in rail projects that the Government and KiwiRail are not presently willing to invest in. As a result, the regional economy will become more efficient and competitive as goods move more freely and as less time is wasted. This will help to decongest our roads from pressures caused by an increasing number of trucks, tourists and cars.^{xv} IwiRail will get more traffic off roads in key areas and tourists onto trains where they can safely enjoy IwiRail's cultural tourism experiences.

How will it work?

Line maintenance appropriation

IwiRail will receive an annual appropriation of \$100 million^{xvi} from the National Land Transport Fund for regional line upgrades and maintenance. This new appropriation will not cut into funds already allocated for KiwiRail. Instead, the focus is to increase the overall spend into railway transport in the regions and complement the mostly urban focused services currently on offer by KiwiRail.

Infrastructure fund and investment

IwiRail will receive an initial investment of \$350 million for regional rail infrastructure projects.^{xvii} This fund will serve as a mechanism not only to generate co-investment to offset debt and venture capital financing but to support our job creation policy. The fund will offer a minimum ROI of 8%^{xviii} for shareholders who will be required to be New Zealand citizens. IwiRail will utilise a mix of public, Iwi and private investment to ensure that our regional rail lines stay in local ownership and are not captured by foreign or commercial interests.

Environment and people before profits

IwiRail's point of difference from KiwiRail is not only in its name but its values. It will offer a range of rail and freight offerings which leverage off Māori cultural values. This includes providing affordable access and fair pricing to train operators and users.^{xix} It will also see the renaming of lines with ancestral names as part of efforts to boost cultural tourism to bring to life the legends of our people. A focus on authentic cultural experiences, sound environmental principles and labour equity policies will also ensure IwiRail is a brand that stands for sustainability and putting people first before profits.

ⁱ Job creation estimates are based on business modelling conducted by the Brookings Institute. See www.aar.org for more information. See also http://www.hsr.ca.gov/docs/programs/small_business/Creating%20Jobs%20Through%20High-Speed%20Rail.pdf

ⁱⁱ For an international best-practice model on high speed rail and its benefits, see *Fast Forward: A High-Speed Rail Strategy for Britain* located at www.greengauge21.net.

ⁱⁱⁱ The Gisborne-Napier line was moth-balled in 2012. For more information see: <http://gisborneherald.co.nz/localnews/2535803-135/three-parties-say-fix-rail>.

^{iv} One of the major social impacts of the restructuring of railways by the Labour Government in the mid-80s were the large-scale job cuts that saw the number of employees decline nationwide from 21,600 in 1982 to 5,400 in 1992. Job losses had a profound impact on Māori in the rohe potae and East Coast regions. See Cavana, R.Y., "Railway System in New Zealand: Case Study in Strategic Change," Graduate School of Business and Government Management, Victoria University, Wellington, 1992.

^v Over the next 30 years the inland freight transport market is set to grow strongly. See *The Role of Rail in NZ Freight Transport Strategy*, published in "Technical Eclipse"; NZ Government Productivity Commission, 2014.

^v The link between higher wages and rail is considered in a report published by Towson University states that in 2014, rail freight supported 1.5 million jobs across America; generated nearly \$33 billion in taxes and created \$89 billion in wages. See www.aar.org for more information.

^{vi} Prior to the Labour Party's restructure of rail in the 1980s, New Zealand Railways (NZR) served as a trades training school for the nation, with countless young people learning trades such as fitting, turning, and boiler-making in NZR workshops.

^{vii} The New Zealand Transport Authority (NZTA) spends around \$4 billion per annum on transport. Of this around 50% of money goes to state highways with Auckland receiving over a third of all NZTA funding.

^{viii} KiwiRail's freight business constitutes 65% of its revenue and accounts for approximately 13% of New Zealand's land freight. Of this freight over 60% of all freight haulage occurs in the Waikato, Auckland and Bay of Plenty regions. Freight by rail accounts for 6% of all current freight transported nation-wide by tonne. The movement of freight plays a vital role in supporting economic development and an essential component of export industries, linking areas of production to the ports where goods are sent overseas.

^{ix} Government invested \$750 million into rail between 2015 and 2017 as part of its Turn Around Plan: \$750 million, 2013/4; \$94 million in 2014/5 and \$198 million in 2015/6. Budget 2017 will invest \$548 million of new capital funding to maintain KiwiRail (\$450 million) and to maintain the upgrade the country's rail network (\$98 million). See Ministry of Transport website.

^x IwiRail proposes to control 60% of all regional freight by 2025 through upgrading regional lines and building new lines in areas where value for money can be illustrated.

^{xi} Costings are based on a forecasted cost of \$1.5 million per km of rail, both for maintenance and construction. The IwiRail Infrastructure Fund will be used as a revolving debt financing and venture capital fund. The first ten years of the Fund's priority infrastructure investments will involve the takeover of rail line leases across key regional rail lines in Taranaki, Waikato-Tauranga and Napier-Gisborne.

^{xii} IwiRail intends to develop competitive rates for both freight and passenger transport through its subsidy programme.

^{xiii} This figure of \$1 billion is based on the creation of 5000 rail construction jobs, 2500 long term permanent regional rail jobs, the \$350 million IwiRail Investment Fund and an additional investment of \$350 million from Iwi, public and private investment to purchase new trains, railway stations and tourism hubs.

^{xiv} Building the IwiRail network, including potential high speed rail corridors, will generate an additional 5,000 jobs annually from the commencement to completion of construction and will also produce growth in several other sectors throughout the wider economy. This project is based on business modelling conducted by the Brookings Institute. See also http://www.hsr.ca.gov/docs/programs/small_business/Creating%20Jobs%20Through%20High-Speed%20Rail.pdf

^{xv} According to the Accident Compensation Corporation (ACC), over 32,534 new claims for road injuries were filed in 2015/16. See ACC website.

^{xvi} See endnote x.

^{xvii} This figure is worked out on the basis of KiwiRail's appropriation of \$200 million per annum for lines maintenance. It covers estimated lines maintenance costs and to upgrade regional lines.

^{xviii} Iwi and New Zealand citizens will have preferential rights to investment options and will have their investments guaranteed.

^{xix} IwiRail will offer competitive freight rates per net tonne kilometre.