Australasian Railway Association

Submission

Draft National Infrastructure Plan

New Zealand Infrastructure Commission

August 2025

ABN: 64 217 302 489

Australasian Railway Association

Overview of the ARA

The Australasian Railway Association (ARA) is the peak body for the rail sector in Australia and New Zealand, and advocates for more than 230 member organisations across the industry.

Our membership covers every aspect of the rail industry, including the:

- passenger and freight operators that keep essential rail services moving;
- track owners, managers, and contractors that deliver a safe and efficient rail infrastructure network; and
- suppliers, manufacturers, and consultants that drive innovation, productivity, and efficiency in the rail industry.

Our members are driven to support vibrant, sustainable and connected communities through greater use of rail across Australia and New Zealand. We bring together industry and government to help achieve this ambition.

Our advocacy is informed by an extensive research program to ensure we offer solutions that are grounded in evidence and focused on delivering tangible value in our daily lives.

The ARA's significant program of work is focused on supporting a strong advocacy agenda, and creating opportunities for the rail industry to network, collaborate and share information, and maximise the benefits we have to offer the wider community.

Background

Within New Zealand, the ARA's members include KiwiRail, Auckland One Rail, Auckland Transport, Greater Wellington Regional Council, and Transdev New Zealand. Our members also include many multinational organisations that provide services and deliver infrastructure for the New Zealand rail sector, such as Martinus, John Holland, UGL, Downer, CAF, and Siemens to name just a few.

The ARA has been actively seeking to expand its engagement in New Zealand over the past two years and bring together all elements of the rail sector (both industry and Government) to collaborate and build a stronger rail industry in New Zealand.

In November 2023, the ARA released its inaugural Aotearoa Strategy. This document outlines an ambitious five-year strategic vision for rail in New Zealand, underpinned by five strategic objectives. These objectives are focused on ensuring that the New Zealand rail industry will be:

- A compelling mode of choice for passenger and freight.
- Customer focused by providing safe, seamless and connected journeys.
- A recognised and valued contributor to transport decarbonisation.
- Strengthened with a clear infrastructure investment pipeline, balancing urban and regional requirements.
- An innovative and dynamic industry, supporting a growing, skilled, and diverse workforce.

The ARA has also produced two major research reports in the last 12 months: *The Benefit of Rail to New Zealand* and *Building New Zealand Rail Skills for the Future*.

The Benefits of Rail to New Zealand report highlights the vital role rail plays in the stability and efficiency of New Zealand's transport network. It provides detailed analysis on rail's direct GDP contribution to the economy, as well as the externality benefits rail delivers in terms of reduced congestion, reduced emissions, and improved health and safety outcomes for New Zealanders.

The development of the *Building New Zealand Rail Skills for the Future* report involved extensive industry consultation and data collection to better understand and analyse the state of the rail workforce and identify its major challenges. The report makes a series of recommendations for both government and industry to help strengthen the future of the rail workforce, one of which highlights the importance of long-term infrastructure investment certainty for rail as being essential for maintaining a strong workforce.

The relevant findings and recommendations from both of these reports will be drawn upon as part of this submission.

The ARA welcomes the opportunity to provide a submission to the New Zealand Infrastructure Commission's Draft National Infrastructure Plan. The Draft Plan provides a detailed assessment of the challenges facing the delivery of infrastructure in New Zealand and, more importantly, outlines 19 recommendations to address these challenges under the four key areas of: '*establish affordable and sustainable funding', 'clear the way for infrastructure', 'start with maintenance',* and '*right-size new investment'.*

The ARA believes the Draft Plan outlines several practical recommendations that could help address several of the major challenges that are impacting the reliability, efficiency, and delivery of rail operations and infrastructure in New Zealand. The ARA's submission will focus on highlighting the significant benefits that the rail industry provides the New Zealand economy. It will also highlight the importance of a longer-term vision for rail infrastructure investment, as well as an increased focus on infrastructure maintenance as the cornerstones of reliable, productive, and sustainable transport infrastructure.

Response to Focus Areas and Recommendations

The Draft National Infrasturcture Plan has grouped its recommendations into four key areas to outline where efforts must be made to address the infrastructure challenges facing New Zealand. The two focus areas of most interest to the ARA are '*Establish affordable and sustainable funding'* and *'Start with maintenance'*.

Focus Area - Establish affordable and sustainable funding

It is important to acknowledge that as the world transitions to a more decarbonised economy and seeks to more efficiently move both people and freight, it is generally accepted that planning of land transport infrastructure and services must take an integrated systems-level multimodal approach.

Each land transport mode plays a critical role in the transportation system, and it is important to ensure that the funding allocated to maintain and improve the enabling infrastructure for each mode is sufficient. If funding for New Zealand's rail network is not maintained at a sufficient level for the decade ahead, there is a significant risk that the network will deteriorate and in turn put even greater pressure on the already constrained road infrastructure. Rail is an essential and valuable transportation mode for the New Zealand economy, and this needs to be reflected through long-term investment plans for rail developed by the Government.

The ARA welcomes the Draft Plan's recognition that infrastructure investment must increase to meet future demands, noting that approximately 60 per cent of investment should be directed to renewing and replacing existing infrastructure. The ARA also welcomes the Draft Plan's position that long-term planning, backed up by funding decisions, is essential for government investment. These recommendations will help address some of the infrastructure challenges facing rail in New Zealand.

As the Draft Plan notes in section 7.2.5, there is a significant discrepancy between the levels of investment between road and rail in New Zealand, with roads receiving more than 34 per cent more funding than comparator countries, whereas rail receives 64 per cent less funding than comparator countries. As a result, the overall quality of the rail infrastructure is concerningly 90 per cent worse than comparator countries.

These findings align with similar analysis produced for the ARA's *Building Rail Skills for the Future* report, which undertook a comparative analysis of rail investment on a per capita basis and percentage of GDP with comparator countries (see Figure A below).

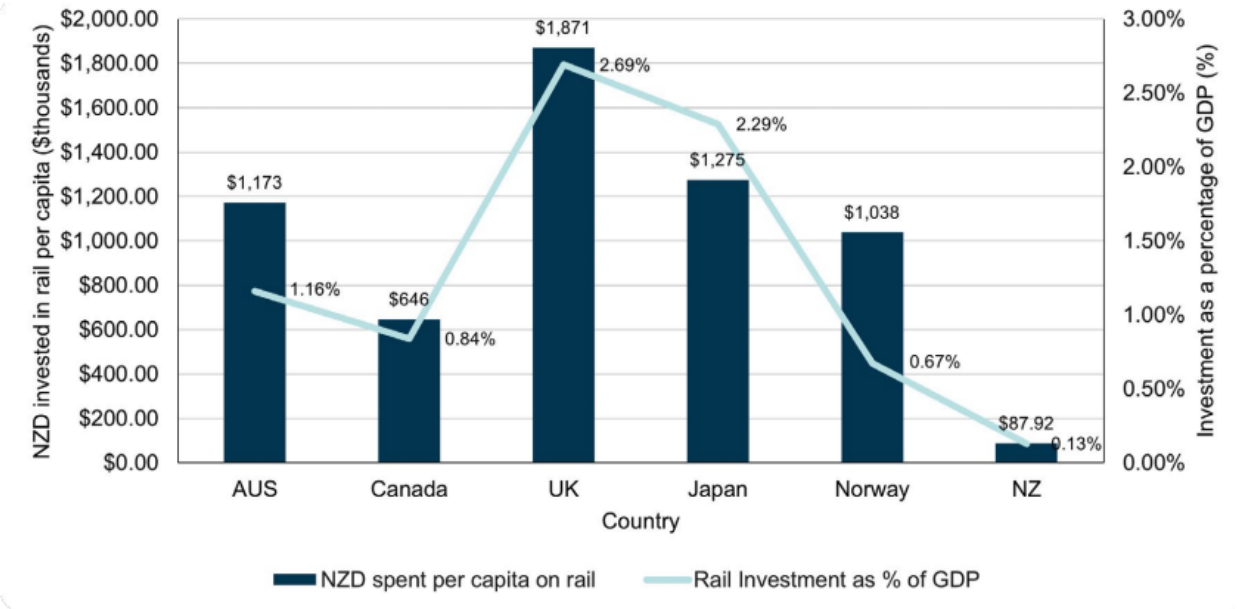

Figure A: Comparative analysis of rail investment metrics and GDP by country (Building Rail Skills for the Future, ARA, 2025)

New Zealand invests significantly less per capita and per GDP in rail compared to other countries. While there are key differences between these countries based on the size of the network, population size and access to skilled workforce, this shows New Zealand is far behind other countries in investing in rail. In turn, this low investment will continue to have an impact on the ability for rail to take on a greater share of the transport demands for the movement of both people and freight.

While there has been a welcome increase in government funding provided to expand and upgrade rail infrastructure in recent years, including $600m in this year's Budget, there remains an extensive infrastructure asset base to maintain and upgrade to ensure both passenger and freight rail operations can be more reliable and efficient. Improving the performance and reliability of the rail network will be the single biggest factor to attracting greater modal shift from road to rail.

The economic benefit of rail to New Zealand

In 2024, the ARA commissioned EY to undertake detailed analysis and modelling of the economic, environmental, and social benefits that the rail industry delivers to New Zealand. This report builds on the previous Value of Rail (2021) report developed by the Ministry of Transport and KiwiRail, by providing updated analysis of the benefits canvassed in that report, as well as providing analysis of the economic GDP contribution the rail sector delivers for New Zealand.

The Benefits of Rail to New Zealand report has found that the rail industry delivers a total value of **$3.3 billion in benefits to New Zealand each year**. This includes $2.3 billion in environmental, safety, health and reduced road congestion benefits, as well as almost $1 billion towards the GDP of New Zealand. The productivity benefits delivered by rail also generate the equivalent of 1,010 jobs annually in sectors such as construction and wholesale and retail trade.

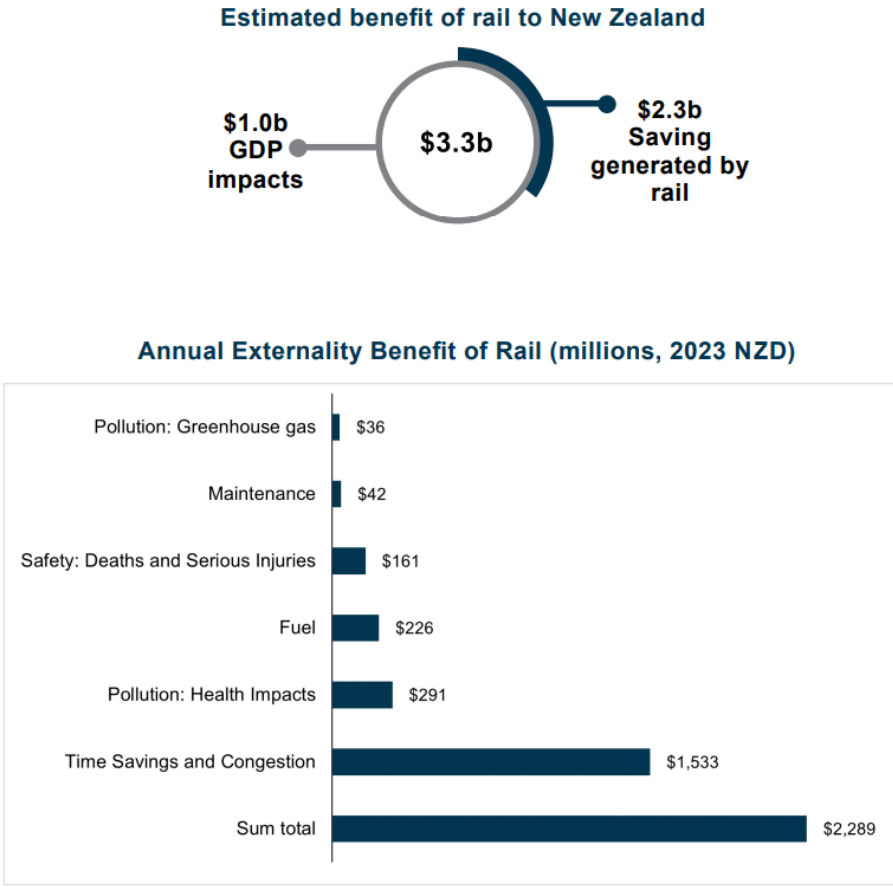

Figure B: Estimated direct and indirect benefits of rail to New Zealand
(The Benefit of Rail to New Zealand, ARA, 2024)

It is important to note that this report has taken a very conservative approach to its modelling and analysis when estimating the benefits that rail delivers. The analysis does not consider land value uplift, tourism, relative infrastructure costs, resilience, or long-term supply chain performance that occurs as a result of rail, therefore the actual value of the contribution of rail to the economy would be significantly higher.

As evidenced by the report, the ARA believes that the rail industry in New Zealand will play an increasingly critical role in driving the New Zealand economy forward by delivering a safe, efficient, and environmentally sustainable transport solution for the movement of freight and people across the country. Continued investment in rail infrastructure and services across New Zealand will be essential to maintaining strong supply chains, delivering efficient public transport, and reducing transport emissions on the journey to net-zero.

The importance of long-term funding

Strategic investment in rail infrastructure strengthens freight efficiency and urban mobility, reducing congestion and driving economic growth.

Rail transport also plays a critical role in sustainability, emitting 70 per cent less carbon than heavy road freight, which aligns with New Zealand's emissions reduction targets. Additionally, investment in major projects supports job creation and workforce skill development, particularly in civil engineering, signalling, and digital rail systems. The introduction of digital signalling, automation, and predictive maintenance further improves network reliability and operational efficiency, ensuring infrastructure remains modern and resilient. However, New Zealand's rail sector has historically faced inconsistent investment cycles, leading to challenges in skills retention, workforce planning, and project continuity.

New Zealand's rail infrastructure planning remains fragmented, relying on short-term funding cycles rather than a coordinated long-term strategy. These cyclical investment patterns often lead to periodic funding gaps, creating pipeline uncertainty for contractors and suppliers, as well as workforce instability and causing talent attrition and knowledge loss.

The absence of a nationally coordinated, bipartisan rail infrastructure plan limits strategic workforce development and long-term planning that extends beyond political cycles. Without an overarching multi-decade rail strategy, the sector struggles with inefficient project sequencing, missed cost-saving opportunities, and difficulty attracting long-term investment. Delays and cost overruns are further intensified by regulatory bottlenecks, shifting government priorities, and a lack of coordination between rail and broader infrastructure investments.

A more integrated approach is needed to ensure that rail infrastructure investment aligns with broader transport and economic goals. Lessons can be drawn from infrastructure bundling strategies used in other sectors, where large-scale projects are grouped to improve efficiency, reduce costs, and streamline procurement. Aligning rail investments with road, public transport, and urban development projects could enhance connectivity and create long-term efficiencies, including the retention of skills and capabilities.

Greater collaboration between central and local governments, sector leaders, and transport agencies is essential to ensuring that rail infrastructure investment supports both current transport demands and future growth of rail infrastructure. If immediate transport needs persist at current levels, the sector faces a predicted workforce decline within a decade, potentially rendering it incapable of meeting demand.

Additionally, anticipated future demand will further strain capabilities and capacities, highlighting the need for robust workforce planning and solution implementation. Without these measures, there's a risk of reducing rail's role as a key commercial transport carrier. By uniting these sectors and organisations, we can better address the investment and planning required to provide the rail sector with the assurance it needs regarding future demand. This understanding is vital for workforce planning and cultivating the critical skills and capabilities necessary within the rail workforce.

ARA Submission – Draft National Infrastructure Plan

Focus Area - Start with maintenance

Extreme weather events in New Zealand in recent times have highlighted the vulnerability of both road and rail infrastructure in parts of the transport network. With events of this nature likely to become increasingly frequent and more severe, it is essential that greater Government consideration be given to improving the resilience and reliability of the exisiting rail network.

The ARA supports the Draft National Infrastructure Plan's identification of the need to prioritise the maintenance and renewal of existing infrastructure assets. This is particularly important for the rail sector, in both New Zealand and Australia, where much of the rail infrastructure is many decades old and requires investment to ensure it remains productive and resilient to changing climatic conditions. The rail network provides an important link in the national supply chain and with adequate investment it can be better utilised to take a greater shared of the transport burden from the road network.

It is also important to consider the maintenance and resilience of transport infrastructure through the lens of an integrated transport system. If one particular mode of transport infrastructure is funded disproportionately to another, then the overall efficiency and productivity of the system will suffer.

Although asset age may not always be a reliable indicator of its remaining life or condition, it is still an important variable when developing lifecycle renewal and replacement strategies, particularly where performance-based monitoring is not available.

Generally speaking, ageing assets have higher risks of failure or delay costs and require more frequent maintenance to meet operational standards. Without sufficient levels of maintenance and long-term plans for renewal, disruptions to the network are inevitable. Similarly, older assets may no longer be fit for purpose, where renewal and replacement of these assets (for example signalling systems) would lead to improved asset performance and customer outcomes.

With competing modes of transport (roads and ferries for metro passengers, and road and air for regional passengers), it is important to have a clear value proposition for passengers considering rail for their journeys. Common expectations from train transport include reliability, speed, frequency of services, and minimal delays. Passenger rail services also form an integral element of holistic and multi-modal transport strategies for capital cities dealing with increasing demand and land use constraints.

Ageing assets or assets in poor condition will require more frequent maintenance and servicing to sustain their operability while meeting safety and performance standards. Failure to maintain these assets to acceptable conditions and in a timely manner can have a range of implications on network performance and the quality of the journey.

Below-rail assets waiting for maintenance, renewal or replacement/upgrades pose operational risks to passengers and employees, including delays and other failure consequences. Temporary speed restrictions, reduced operating capacity, and reduced train frequencies are all mechanisms that are often used when managing deferred maintenance and consequently impact the performance and reliability of services.

Response to Recommendations

Overall, the ARA supports the key focus areas and recommendations outlined in the Draft National Infrastructure Plan. In particular, the ARA supports the following recommendations in the Draft Plan as mechanisms to help provide greater long-term investment certainty for rail and to drive an increased focus on the critical investment required to maintain and renew existing rail infrastructure.

- **Workforce development:** Workforce development planning and policy is informed by infrastructure investment and asset management plans and the New Zealand Infrastructure Commission's independent view of long-term needs.
- **Sustainable investment:** Forward guidance is refreshed through quarterly updates to the National Infrastructure Pipeline and ongoing updates to the Infrastructure Priorities Programme and the Infrastructure Needs Analysis.
- **Needs based government investment:** Fiscal strategy is informed by infrastructure investment and asset management planning and the New Zealand Infrastructure Commission's independent view of long-term needs.
- **Asset management and investment planning:** Central government agencies are legislatively required to prepare and publish long-term asset management and investment plans.
- **Asset management assurance:** Central government agencies' asset management and investment plans are independently assessed.

The ARA also notes the Draft Plan's recommendations regarding funding pathways and transport system reform, noting the proposal that transport network infrastructure should be fully funded by user-charging. The ARA recommends that further consideration be given to the implications of this approach for the rail sector, noting that full cost-recovery through user charges for both passenger and freight rail services would likely create pricing distortions that would deter greater use of rail services.