

OC230739

18 September 2023



Tēnā koe 

I refer to your email dated 21 August 2023, requesting the following under the Official Information Act 1982 (the Act):

*"I would like to request a copy of the following document under the Official Information Act please.*

*Parker Robertson Webb OC230569 T2023/1349 6/07/2023 Rapid Review Into Kiwirail's Handling Of Recent Disruptions."*

Regarding the document requested, I have interpreted your request to refer to the advice provided by officials to the Sponsoring Ministers (Ministers of Transport, Finance and for State Owned Enterprises) of the Rapid Review. This advice consists of one ministerial briefing and two annexes.

The briefing is attached with this letter. Annex One of the briefing can be accessed here: [https://www.transport.govt.nz/sitesearch/SearchForm?Keyword=Final+report+-+Rapid+Review+of+Kiwirail%E2%80%99s+handling+of+recent+disruptions+to+passengers&action\\_results=Go](https://www.transport.govt.nz/sitesearch/SearchForm?Keyword=Final+report+-+Rapid+Review+of+Kiwirail%E2%80%99s+handling+of+recent+disruptions+to+passengers&action_results=Go)

Certain information is withheld under the following sections of the Act:

- |             |  |
|-------------|--|
| 9(2)(a)     | to protect the privacy of natural persons  |
| 9(2)(f)(iv) | to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials   |
| 9(2)(g)(i)  | to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty. |
| 9(2)(i)     | to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities  |

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz)

The Ministry of Transport publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry website. Before publishing, we will remove any personal or identifiable information.

Nāku noa, nā



Seona Ku  
**Principal Adviser, Supply Chain**

6 July 2023

**BRIEFING**

OC230569-T2023/1349

**Hon David Parker**  
**Minister of Transport**

**Hon Grant Robertson**  
**Minister of Finance**

**Hon Dr Duncan Webb**  
**Minister for State Owned Enterprises**

## **RAPID REVIEW INTO KIWIRAIL'S HANDLING OF RECENT DISRUPTIONS**

### **Purpose**

Provide initial advice on the final report (the report) of the Rapid Review (the review) into KiwiRail's handling of recent disruptions, to support a potential meeting with the reviewers, and provide guidance regarding any direct actions that need to be taken with KiwiRail.

### **Key points**

- The review has been completed. The report of the review has been presented for the sponsoring Ministers' comments and for a discussion between the Ministers and the reviewers, yet to be scheduled.
- The report does a good job of explaining the operational failure that led to the recent disruption in the Wellington Metro, which triggered the review. More importantly, the review has identified wider systems issues that have contributed to this failure.
- At a high level, the report concludes that the current arrangements in the following four areas are inadequate and makes recommendations accordingly:
  - metro rail system governance
  - safety standards and procedures
  - funding required to maintain the network
  - addressing the findings of previous reports on metro rail issues.

### *Operational response*

- It should be possible to address many of the operational recommendations within the various entities as a matter of course, and we note that work is already underway in

many of the identified areas. As part of their regular engagement, Ministers should ask KiwiRail and other relevant parties for a process to monitor progress.

- This briefing does not focus on the operational recommendations (most of the recommendations) but instead focuses on the system level problems that ultimately will require Ministerial consideration.

*System-level response*

- Some of the key system-level problems identified could be progressed via the Ministry of Transport undertaking a review of the Metropolitan Rail Operating Model (MROM review) to ensure that the system is fit to support current and future operations.
- A key focus area for an MROM review would be to resolve ongoing funding shortfalls within the system, based on a close partnership with all parties involved in the system. We can also consider options to simplify existing funding channels, as recommended by the reviewers.
- The MROM review could also address other system-level recommendations, such as improving system governance, strengthening the role of Waka Kotahi as an independent verifier, and developing a set of system objectives.

s 9(2)(i), s 9(2)(f)(iv)

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s 9(2)(g)(i)

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- We have also encouraged KiwiRail and Wellington and Auckland Metro to progress the recommendations in the review where they can. We understand there is work underway on this including picking up recommendations like improving their approach to working together.

*Ownership response*

- There are some significant issues raised around KiwiRail's performance. These can be largely addressed through KiwiRail's participation in the subsequent work programmes in response to the recommendations. Consequently, we expect KiwiRail to cooperate and engage fully, and positively, in processes that emerge from the review.
- To facilitate this, shareholding Ministers should raise with KiwiRail, the expectation that KiwiRail consider all recommendations and respond in a constructive manner.

We recommend you:

1. **Note** that many of the operational recommendations from the Rapid Review should be able to be addressed as a matter of course within the various entities.
2. **Note** that the Rapid Review raises a range of issues around KiwiRail's priorities and performance, which will be largely addressed through KiwiRail's participation in subsequent work programmes in response to the operational recommendations.
3. **Note** that the system-level recommendations from the Rapid Review require Ministerial consideration and could be addressed through a review of the Metropolitan Rail Operating Model.
4. **Agree** that shareholding Ministers, when next engaging with the KiwiRail Chair, express the expectation that KiwiRail works constructively with other parties in responding to the recommendations. Yes / No
5. **Direct** Ministry of Transport officials to report back on the potential scope of a Metropolitan Rail Operating Model review and funding options for resources required. Yes / No

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Hon Grant Robertson  
**Minister of Finance**

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Michael Moore  
**Acting Manager –  
Commercial and  
Institutional  
Performance**  
**The Treasury**

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Hon Dr Duncan Webb  
**Minister for State Owned  
Enterprises**

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Jacob Ennis  
**Acting Manager –  
Supply Chain**  
**Ministry of Transport**

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Hon David Parker  
**Minister of Transport**

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- Minister's office to complete:**
- Approved
  - Declined
  - Seen by Minister
  - Not seen by Minister
  - Overtaken by events

**Comments:**

**Contacts**

Name	Telephone	First contact
Bryn Gandy, Deputy Chief Executive (MoT)	s 9(2)(a)	✓
Jacob Ennis, Acting Manager – Supply Chain (MoT)		
Michael Moore, Acting Manager – Commercial and Institutional Performance (TSY)		✓

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## THE RAPID REVIEW INTO KIWI RAIL'S HANDLING OF RECENT DISRUPTIONS

### The review is a fair representation of the issues in the metro rail system

- 1 The reviewers, Greg Pollock and Rick van Barneveld, have submitted the final report (the report) of their review into KiwiRail's handling of recent disruptions (Annex One refers). The executive summary of the report provides a useful summary of the background and key conclusions of the review.
- 2 The report concludes that the current arrangements in the following four areas are inadequate and makes recommendations accordingly:
  - metro rail system governance
  - safety standards and procedures
  - funding required to maintain the network
  - addressing the findings of previous reports on metro rail issues.
- 3 Officials sought your agreement to a meeting between you, the Minister of Finance and the Minister for State Owned Enterprises (collectively the sponsoring Ministers) and the reviewers to discuss the report (OC230554 refers).
- 4 The report should be well received by the various agencies involved (KiwiRail, Greater Wellington Regional Council, Auckland Transport and Waka Kotahi) and be seen as a fair representation of the issues within the metro rail system (the system). At the margin, there may be some differences of opinion on how best to address these issues. It is likely Greater Wellington Regional Council in particular will be very keen for these recommendations to be implemented.
- 5 The report acknowledges a lot of work is currently being done to improve the system, but the reviewers think this work could be happening faster and with better oversight.

### The incident that led to the review is a symptom of wider system issues

- 6 Although the review was commissioned because of a particular operational failure by KiwiRail that resulted in passenger disruptions on the Wellington Metro in early May, the review has identified the system-level issues that contributed to this failure. These system-level issues need to be addressed if the metro networks are to deliver reliable services into the future.
- 7 This briefing does not focus on the operational recommendations (most of the recommendations) but instead focuses on the system-level problems that ultimately will require Ministerial consideration. The incident and review provide additional momentum for all entities to work collaboratively to solve the more fundamental problems identified.



- 8 The review has been conducted against the backdrop of heightened public interest in rail. There is public expectation for rail to play a more prominent role in New Zealand's public transport to reduce emissions. This review has received a fair degree of public and media interest in that context.

**Many of the operational recommendations should be addressed as a matter of course**

- 9 The report makes a range of detailed recommendations in various areas (a list of recommendation is on pages 52-54 of the report). Many of the recommendations are operational. We expect that these will be addressed as a matter of course within the various entities, although it will be up to the respective agencies to decide on what specific operational changes need to be made.
- 10 KiwiRail has adopted a positive approach to the review and was expected to meet with the reviewers on Friday 30 June to go through the recommendations in detail.
- 11 It would be sensible for Ministers to seek assurance from officials that there is an appropriate process to monitor that the review recommendations have been properly considered and implemented.
- 12 The reviewers stated (conclusion #4 in the executive summary):  
“We recommend that the Minister of Transport direct the Ministry to establish a programme within 30 working days to deliver and monitor the implementation of accepted recommendations from our review, along with those of the Auckland RCF [rolling contact fatigue] Report (2022) that remain incomplete.”
- 13 There is already a cross agency group (the Metro Rail System Standing Group Meeting (MRSSG) established to monitor the recommendations from the Independent Review into Auckland Metro Rail System Issues (2022), which looked at the issues that gave rise to advanced rolling contact fatigue on the Auckland network. There is potential for this group to also take on the role of monitoring the recommendations from this review.
- 14 This group could also be tasked with providing an update to Ministers (and the Joint Governance Groups which have been recently established in Auckland and Wellington) by the end of the year on the progress of addressing issues identified through the review. Up until now secretariat support for this group has been provided by Waka Kotahi. Whilst the Ministry could provide this role, it has not done so to date due to competing priorities within the rail space and resource constraints.

**The review raises significant questions regarding KiwiRail's priorities and performance**

- 15 While the review recommendations are largely at an operational and systems level, there are several themes throughout the report relating to the performance of KiwiRail in its role in delivering metro network services.



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- 16 The overarching theme in that regard is that KiwiRail does not give sufficient priority to the metro network or the impact that its actions have on metro operations and customers. The reviewers concluded that there was:
- insufficient integration both internally and externally
  - outdated network access rules
  - insufficient benchmarking, and
  - a need for KiwiRail to ensure it has the right skills available to support metro services.
- 17 Consequently, the reviewers recommended for KiwiRail, amongst other things:
- it considers establishing a tier-two executive role exclusively focused on metro rail.
  - better internal communication processes, reflecting delays in escalation for recent events and/or the failure to recognise the impact on the public of actions taken by KiwiRail
  - reporting that creates more visibility for metro rail performance, including in the Statement of Corporate Intent and Corporate Reporting.
  - participation in better governance arrangements over metropolitan rail involving, Waka Kotahi, Greater Wellington Regional Council and Auckland Transport.
- 18 Given the significance of issues raised, we should expect KiwiRail to cooperate and engage fully, and positively, in processes that emerge from the review. Given KiwiRail's state-owned enterprise status, we recommend that shareholding Ministers to clarify this expectation with KiwiRail.
- 19 Our review has not considered the financial and operational implications of implementing the Rapid Review's recommendations on KiwiRail. We would expect these to be addressed, and associated issues raised, as part of the process of responding to recommendations, as this will require the input of multiple parties.

### **The identified system level problems and recommendations could be progressed through a review of the Metropolitan Rail Operating Model**

- 20 The reviewers state that it is important for all the recommendations of the 2022 Auckland Rolling Contact Fatigue review to be implemented, and that their review makes similar and some broader recommendations.
- 21 The key system-level problems identified could be progressed via the Ministry of Transport undertaking a review of the Metropolitan Rail Operating Model (MROM review) to ensure that the system is fit to support current and future operations.

22 The MROM was agreed by Cabinet in 2009. It is a policy framework underpinning the current system, upon which the future development of metro rail operation should be based to improve the operation of metro rail services.

**Addressing the funding gaps and arrangements, working closely with partners, would be the priority for an MROM review**

23 A key part of an MROM review would be to address the current funding arrangements and look at options to address the current affordability issues faced by councils. We note that the reviewers stated (conclusion #3 in the executive summary):

“We recommend the Minister of Transport seek advice on means to re-prioritise existing funding to resolve the Auckland and Wellington network maintenance and steady state renewals funding gap.”

24 We share the reviewers’ concern that the funding issues need to be resolved to avoid potentially lengthy customer service disruptions in the future (also refer to recommendations B4 and B5). These issues should be addressed before any further enhancement to service levels are considered.

25 s 9(2)(f)(iv), s 9(2)(i)  


26  
27 The reviewers also highlight that the current funding arrangements have become too complex, with the result that a single coherent view of investment and expected metro outcomes is not clear. Officials agree that the funding arrangements should be made simpler and clearer.

28 In addition, the reviewers found that agencies need to improve their approach to partnering, collaboration and communication and may need some further support from government in the form of statutory or governance interventions.

29 An MROM review could be the vehicle to bring together all parties in the rail system and consider options for appropriate governance for greater integration and better alignment (refer recommendation B8). An MROM review could also consider some of the other recommendations of the rapid review including:

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- Developing a unified set of system objectives for planning and delivering the desired levels of service.
- An enhanced role for Waka Kotahi (refer recommendation A10 “*That Waka Kotahi strengthens its independent verifier role in relation to funding of all KiwiRail’s below rail metro services functions, with reference to benchmarking outcomes as required*”).

30 We note that Waka Kotahi is already in the process of enhancing its role, but there remains an open question as to whether more should be done, or if this role needs to be further codified.

31 We would also look to use the MROM review as an opportunity to make sure MROM where appropriate, is consistent with the new Sustainable Public Transport Framework (SPTF).

s 9(2)(f)(iv)

s 9(2)(g)(i)

s 9(2)(f)(iv)

**Next steps**

34 The reviewers have expressed desire for an opportunity to brief Ministers once you have digested the review findings and recommendations. We sought your agreement to meet with them in the previous briefing to the Minister of Transport (OC230554).

35 We will work with other parties to develop a better picture of the implementation of the review recommendations and report back to you in due course. Subject to your agreement, we will also work with them to develop a potential scope of an MROM review.

## **ANNEX ONE: RAPID REVIEW INTO KIWIRAIL'S HANDLING OF RECENT DISRUPTIONS – FINAL REPORT**

Annex 1 is refused under Section 18(d) as the final report is available on the Ministry website: <https://www.transport.govt.nz/assets/Uploads/TERMS-OF-REFERENCE-RAPID-REVIEW-OF-KIWIRAILS-HANDLING-OF-RECENT-DISRUPTIONS-TO-PASSENGERS.pdf>

Annex 2 is withheld in full under sections 9(2)(f)(iv) and 9(2)(f).

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