



17 MAY 2018

Bruce Gordon
Chairman
Horizons Regional Council
Private Bag 11025
Manawatu Mail Centre
PALMERSTON NORTH 4442

Dear Bruce

Update on Budget 2018 and consultation on KiwiRail becoming an approved public organisation

Thank you for your letter of 11 April 2018 regarding our discussion on the Capital Connection and KiwiRail becoming an approved organisation.

The Government is committed to regional passenger rail, including the continuation of the Capital Connection service. The Future of Rail study, which is currently underway, will provide certainty on the funding and other arrangements that are needed to deliver on the Government's vision for rail. It will also provide options for considering rail and roads on equal footing within the transport system, and will determine how to fund rail sustainably.

In the interim, the Government Policy Statement on land transport 2018 (GPS 2018) has been amended to provide strong signals to allow for projects, such as the Capital Connection, to be included in the National Land Transport Programme (NLTP) 2018-21 by the New Zealand Transport Agency (NZTA) Board.


Although the draft GPS 2018 signals priority for inter-regional passenger services, what projects are included in the NLTP and what the Funding Assistance Rate for those projects will be, is a statutorily independent function carried out by the NZTA Board. I encourage you to work closely with the NZTA on how the Capital Connection could be included in the NLTP. The final NLTP 2018-21 and associated funding is expected to be adopted by the NZTA Board before 1 September 2018.

I am pleased to hear that the Horizons Regional Council has included the Capital Connection's funding in its Long-term Plan 2018-28. I understand that the current funding arrangement for the Capital Connection service (currently subsidised jointly by Horizons and Greater Wellington Regional Councils) will expire on 30 June 2018.

If Capital Connection is included in the NLTP, funding would only be available from 1 September 2018 at the earliest. I encourage you to work with Greater Wellington Regional Council and the NZTA on how the short term funding gap could be addressed including exploring potential bespoke funding options. I understand there are also ongoing discussions between officials from the Ministry of Transport, NZTA, KiwiRail and Greater Wellington and Horizons Regional Councils regarding this matter.

Thank you again for sharing your views with me.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'PH', followed by a horizontal line and a vertical line.

Hon Phil Twyford
Minister of Transport