

**PROPOSED PACKAGE  
FOR SAVING THE OVERLANDER  
AND REBUILDING LONG DISTANCE PASSENGER RAIL**

**Context**

The most important thing to achieve before 30 September is to prevent the complete removal of the service – even if it is reduced to as low as one train per week. If the service is totally removed, rebuilding the idea of long distance passenger rail in the North Island, and re-starting the service will both be made more difficult. Staff and rolling stock will be redeployed and will cease to be available.

The package adopted also needs to provide a sound basis for moving forward. So the relative responsibilities need to reflect as far as possible a likely long term arrangement.

The package has to show that Toll is at least not gouging, and at best contributing. That will be essential to satisfy the Minister of Finance.

The package has to show that regional councils are prepared to contribute.

The package has to look like more than just a stop-gap, and start the re-building process immediately.

To reinstate a full system of provincial trains will require considerable time and investment in rolling stock and tracks. The system needs to be rebuilt progressively, in a way that generates income to cover short term costs while new infrastructure is developed, and to rebuild interest and confidence in the idea of long distance passenger rail. Creating shorter trips to cities such as Napier will be easier in the short term because of rolling stock availability issues.

If the North Island system is not rebuilt, the long term future of the South Island services as affordable trips is in jeopardy. The two current services may survive as high cost tourist operations, but would not be affordable for average New Zealanders.

Some services could be designed as expanded suburban commuter services, e.g. Palmerston North and Hamilton.

**Proposal for Immediate Period – 9 months**

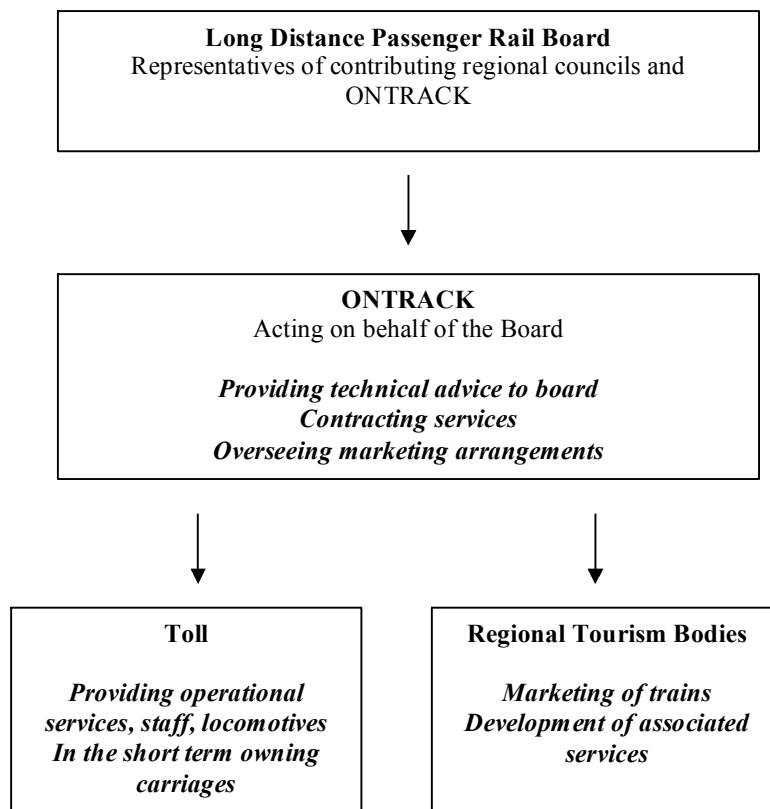
Toll provides locomotive power and crews, in a hook and pull operation. They are paid a rate that represents the direct costs of them undertaking those operations. The rolling stock ownership transfers as soon as possible to ONTRACK. On-board staff are also transferred to ONTRACK on the same terms and conditions as they have at present.

A board of directors comprising representatives of the four regional councils and the Government makes the decisions on what services will run.

ONTRACK or an alternative body with suitable expertise acts as the contracting arm of the Board, managing the accounts and contracting Toll.

Regional councils guarantee funding to cover the direct marginal operating costs of running the services. Regional tourism bodies undertake the marketing and develop packages of associated activities to make trains attractive (e.g. associated trains with art deco weekends, rugby games, rail heritage excursions, etc). The responsibility for covering any gap between fare income and marginal operating costs will give them an incentive to design and market the services well.

The Government and councils waive any fees for use of infrastructure, or contribute a sum equivalent to the income they receive.



## **Proposal for the Interim – until new rolling stock can be purchased**

Rolling stock is the property of ONTRACK.

Other rolling stock is added to the pool by using suburban cars when they are not needed (e.g. Capital Connection cars at the weekends) and by using surplus cars as they become available (e.g. the Silver Fern).

There are two options for the acquisition of existing rolling stock by the Government – Toll gifts the rolling stock in return for the Government agreeing to a minimum investment in new rolling stock; or Toll is paid for the scrap value of the carriages.

Toll will retain the monopoly on operating the trains (other than heritage trains), but will transfer its rights to determine what services run to the Government. This will require a change to the access agreement.

Contract Toll to provide new SW cars as soon as Hillside can begin the work. If that is not feasible, contract Hutt workshops).

The Board would expand as more regions joined. Eventually it would encompass South Island services.

ONTRACK would develop a plan for track improvement, allowing the Board to operate with a clear knowledge of safety and transit time constraints on different lines.

## **Proposal for the longer term – after new rolling stock**

Rebuild an extensive service by gradually incorporating passenger cars into freight services on lines such as Napier/Gisborne, Wanganui/New Plymouth, Tauranga, Rotorua and Whangarei.

Extend the system to the South Island, including taking over the existing Tranz Scenic services and reinstating services on other lines.

The Government would provide additional funding for track work that was necessary for passenger rail but not covered by the Toll access agreement.

Review the operations of the system, with possible transfer to a suitable commercial operator.