



# LEVERAGING RAIL NOW AND INTO THE FUTURE

16 August 2018



**SUSTAINABLE AND  
INCLUSIVE STORY**

**PROGRESS**

**SOME  
CHALLENGES**

**OUR FUTURE**

**THREE THEMES**

**INVESTMENT  
PRIORITIES**

**BOTTOM-UP  
LEADERSHIP**

# A sustainable and inclusive story

## ENVIRONMENTAL

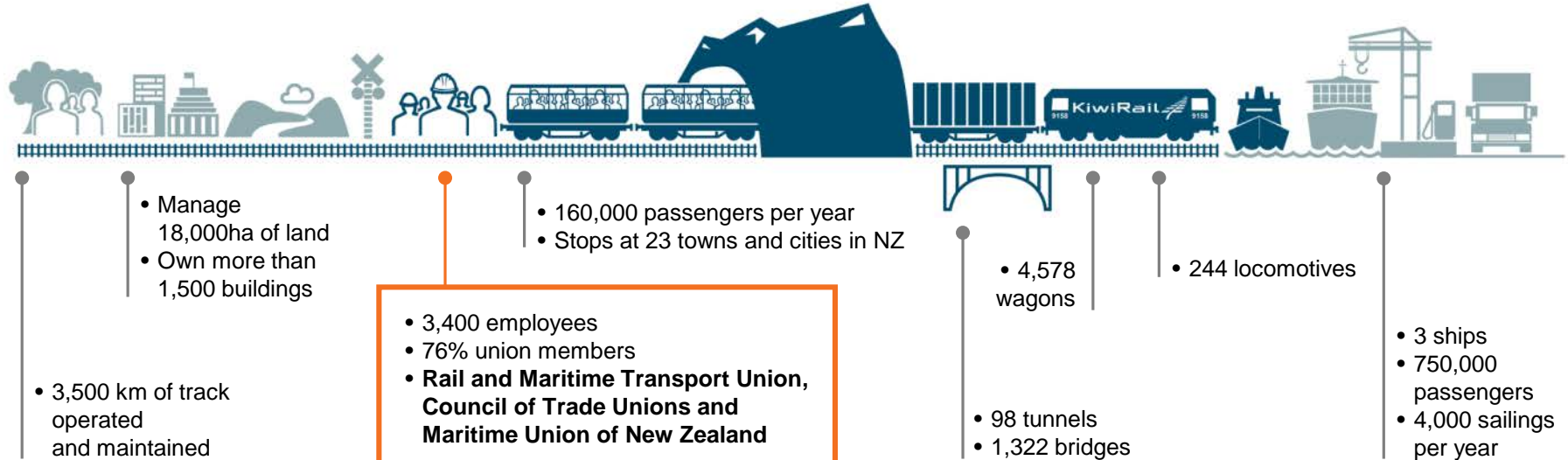
32m low-carbon journeys

## ECONOMIC

We transport around 25%  
of New Zealand exports

## SOCIAL

3400 employees  
in 50 towns and cities



# Progress last four years

## Safety

**45% Reduction**  
in injuries  
since 2016

**WINNER**  
of the NZ Workplace  
Safety Awards  
Engagement category

## People

NPS Engagement  
score up from  
**-21 (2016)**  
**to +1**

NPS Participation  
up from  
**47% (2016)**  
**to 81%**

## Commercial

**33% REDUCTION**  
in hours spent on  
locomotive maintenance

**EBITDA PER  
EMPLOYEE**  
**+33%**  
since 2016

## Customer

**PASSENGER  
NPS INCREASE  
BY 22%**  
since 2015

**INTERISLANDER  
CUSTOMER  
SATISFACTION  
UP 18%**

**RELATIONSHIPS:** Collective  
agreement negotiations **4 HOURS**  
(2018) down from 6 months (2016)

**ONE WINNING  
TEAM**

**GREAT  
CUSTOMER  
EXPERIENCES**

**CARE  
& PROTECT**

**STRAIGHT  
& TRUE**

# Value of Rail to New Zealand

The total economic  
value of rail is:

**\$1.47B-  
\$1.54B**  
EVERY YEAR



Total  
Value is  
derived  
from:

**\$1.3B**  
reduced  
congestion

**\$8.5M**  
reduced  
emissions

**\$60M**  
improved  
safety  
outcomes

**\$63M**  
reduced road  
maintenance

This value far exceeds  
the government's annual  
investment in rail

# Value of Rail to New Zealand

RAIL REDUCES  
CONGESTION BY

**76M**



 LIGHT VEHICLE  
HOURS PER ANNUM

That's the equivalent of  
**100,000 daily  
car trips**

or removing all the car  
journeys in Palmerston North,  
every day (saving \$1.1b)

RAIL REMOVES

**11M**



 HEAVY VEHICLE  
HOURS PER YEAR

That's the equivalent of taking  
**30,000 trucks**  
off the road for an hour,  
everyday (saving \$200m).

RAIL REMOVES

**488,000**

TONNES 



**EMISSIONS**  
FROM VEHICLES PER ANNUM

The equivalent emissions of  
**87,000 cars  
every year**

Or a 747 flying non-stop  
all year, every day!

(source: YouSustain Carbon Calculator)

MAKING OUR ROADS  
SAFER WITH

**271**



 FEWER INJURIES  
& FATALITIES PER  
YEAR (SAVING \$60M)

SAVING  
TAXPAYERS

**\$63M**



IN ANNUAL ROAD  
MAINTENANCE  
COSTS



A photograph of a coastal railway track. The track curves along a steep, rocky hillside. To the left of the track is a paved road with a metal guardrail. In the background, the ocean is visible under a clear blue sky. The foreground shows the wooden sleepers and metal rails of the track, with some gravel and rocks scattered around.

## SOME CHALLENGES

Kaikoura 2016

**NOVEMBER  
2016**

**Kaikoura earthquake**

**60 MAJOR  
DAMAGE  
SITES**

**including tunnels,  
bridges, embankments**

**OVER  
100 SLIPS**

**Main North Line  
buried under more  
than 100 slips  
and landslides**

**AROUND  
60 BRIDGES**  
damaged

**OVER  
1500**

**people involved  
in rebuild**

**750**

**Worksites**





# Our future – Ambitious growth

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**"To the board member, to the CEO, pony up your proposals because you will be pushing on an open door"**

**Hon Shane Jones**

Minister for Regional  
Economic Development  
6 June 2018

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# Three themes

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**PURPOSE  
BEYOND  
PROFIT**



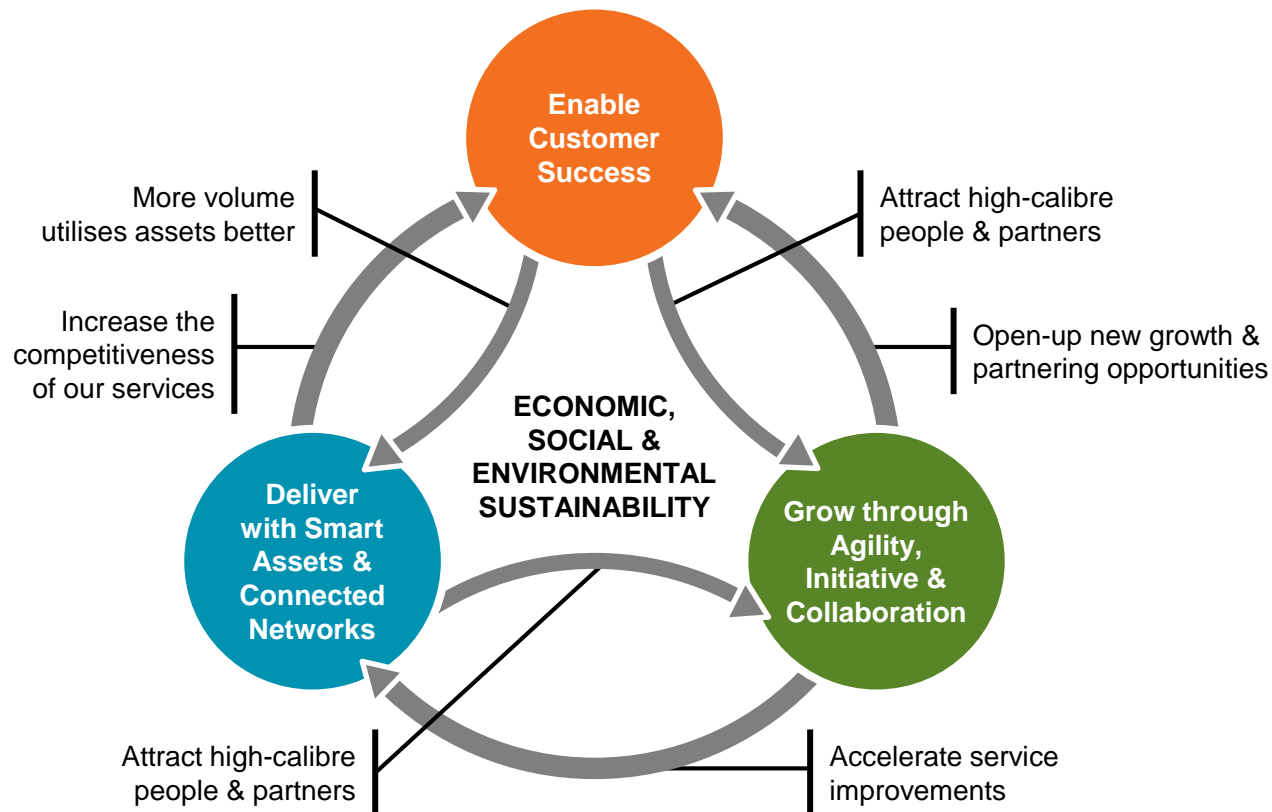
**CUSTOMER  
VOICE**



**BOTTOM-UP  
LEADERSHIP**

# Our purpose

Stronger  
Connections.  
Better  
New Zealand.





# Customer voice

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**“Moving on rail  
– everybody wins.”**

**“Tourism at capacity  
[in NZ] needs  
to focus on  
premium end.”**

**“How do we  
develop the  
partnership?.”**

**“Focus on seamless –  
frictionless journeys.”**

**“Interislander is the  
most critical purchase  
I make every day.”**

**“We’d like KiwiRail to  
have a culture of  
innovation... to step  
up and be a key  
strategic partner.”**



# INVESTMENT PRIORITY



# Investment Priority – Infrastructure

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**INTERISLANDER  
FERRIES**

**AUCKLAND  
METRO**

**WELLINGTON  
METRO**

**HAMILTON TO  
AUCKLAND**

**MECHANICAL  
ROLLING STOCK  
AND DEPOTS**

**NATIONAL  
NETWORK  
UPGRADES**

**REGIONAL  
ECONOMIC ZONES**

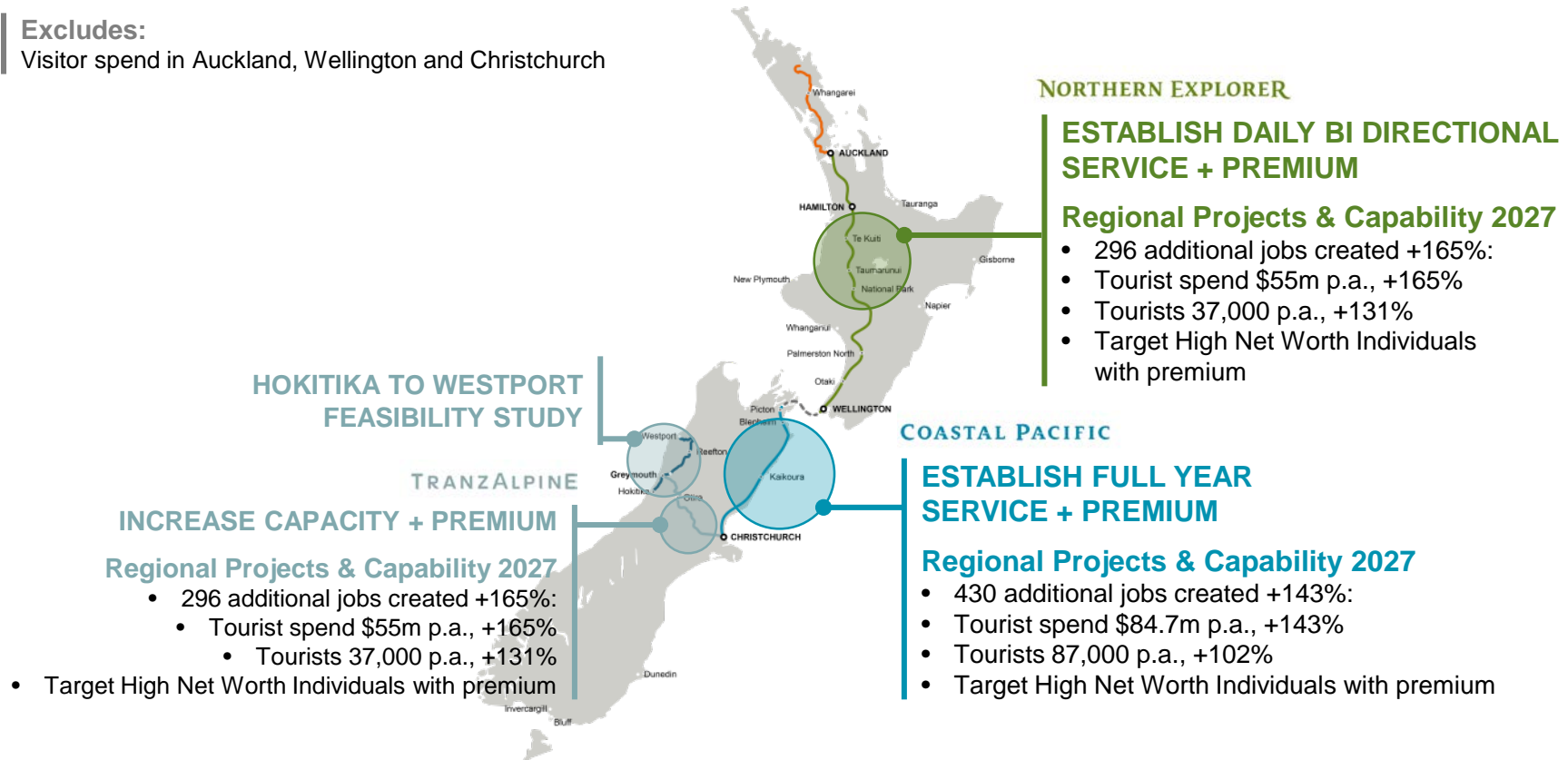
**NAPIER  
TO WAIROA**

**NORTHLAND  
UPGRADE**

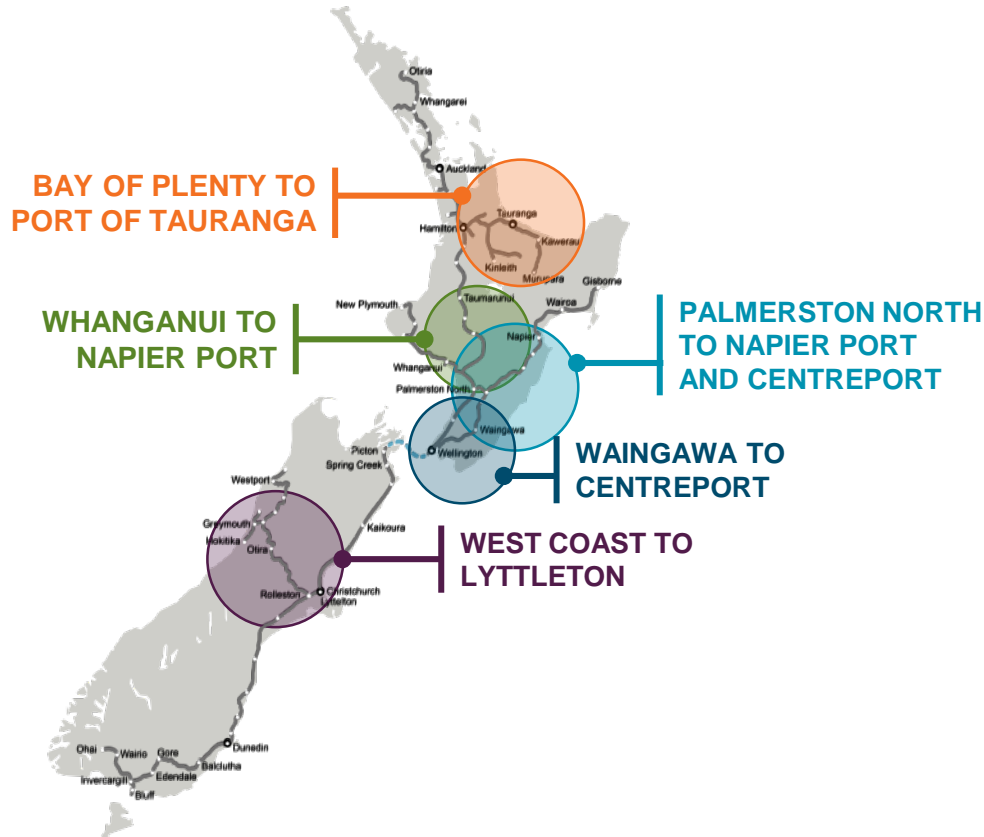
# Investment Priority – Tourism

## Excludes:

Visitor spend in Auckland, Wellington and Christchurch



# Investment Priority – Forestry

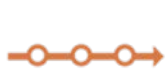


- Proposal for new and increased forestry services in the North Island
- Establishment of log hubs in lower North Island
- Enabling an additional 1,000,000 tonnes pa on rail
- This would:
  - improve road safety
  - take 60,000 fewer truck journeys off the road
  - Save 6,000 tonnes of carbon per year
  - Create new sustainable jobs

# Investment Priority – Digital

## CUSTOMERS

ENABLE CUSTOMER SUCCESS



Streamlined and innovative  
Customer Experience



A simple digital 'shop  
front' of our products,  
services, and pricing



New E-Commerce channels  
for retail route to market



Direct 'system to system'  
zero touch channels for  
enterprise customers



Real time journey visibility  
and tracking



Simplified billing and  
invoicing processes

## ASSETS

DELIVER SERVICES WITH SMART ASSETS AND A  
CONNECTED NETWORK



Smart assets with sensors,  
tracking devices, and real  
time communications



Predictive analytics  
leveraging big data to  
support condition based  
asset management



Digital control tower using  
analytics and deep  
learning, predicting  
customer delays before  
they occur



Integrated Planning and  
Operational systems which  
can enable robotics,  
automation and  
optimisation

## PEOPLE

GROW THROUGH AGILITY, INITIATIVE, AND  
COLLABORATION



Customer Experience  
Innovation Lab



Digital first enablement for  
frontline workforce



Strong innovative culture  
and behaviours



Digital tools to support  
customer insight and  
relationship management



Integrated performance  
and profitability  
dashboards

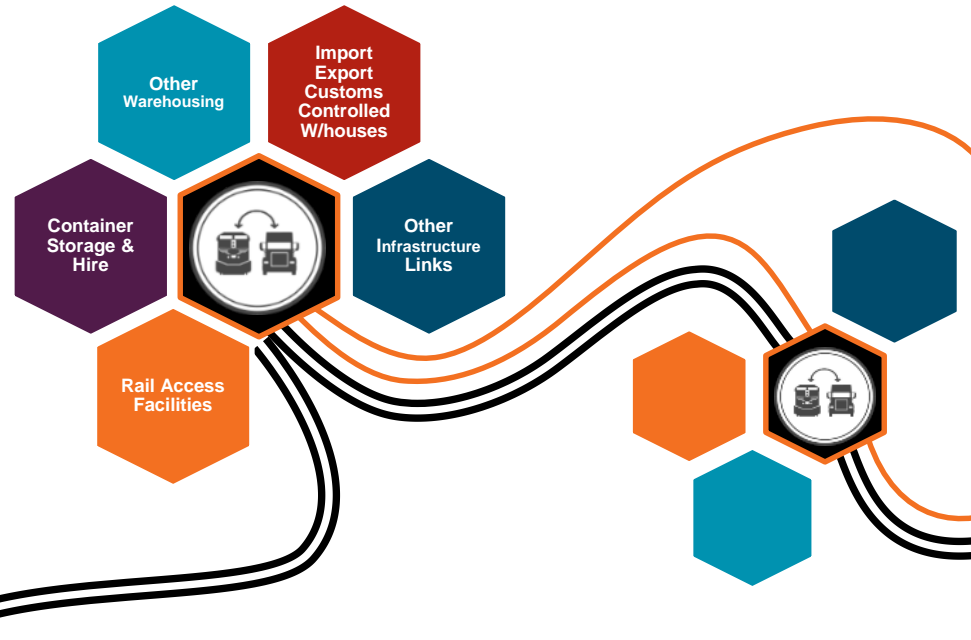


Mature Digital Capability  
and Capacity, both  
technical and business

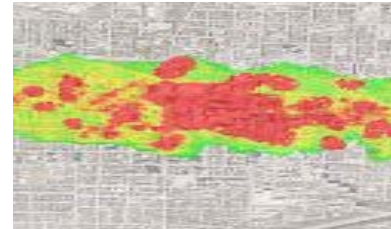


# Investment Priority – Leveraging Property Value

## H1: Intermodal Hub & Spoke Networks



## H2: Economic Freight Zones



## H3: Land Value Uplift



## H3: Air-Rights for Drones



## H3: Carbon Sinks

# Investment Priority – Climate Change

## Roads

INCREASE IN CO<sub>2</sub> SAVINGS FOR NZ BY REMOVING TRUCKS FROM THE ROAD (TONNES)



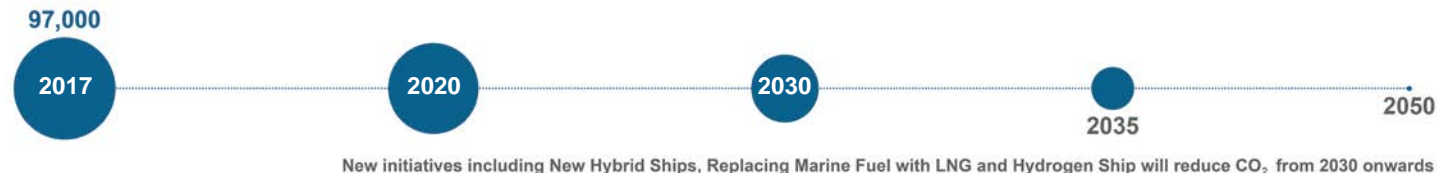
## Locomotives

REDUCTION IN CO<sub>2</sub> FOR KIWIRAIL FOR FREIGHT LOCOMOTIVES (TONNES)



## Interislander

REDUCTION IN CO<sub>2</sub> FOR KIWIRAIL FOR INTERISLANDER SHIPS (TONNES)



# BOTTOM-UP LEADERSHIP

# HPHE – What is it?



**A coalition  
mind-set**

**Trust**

**Leaders  
not being  
afraid to  
let go**

**Solving  
problems from  
the bottom up**

**Interest based  
problem-solving  
training**

**Retaining  
leaders and  
workers' rights**





**"What we know is that  
when businesses engage  
their workforce on safety  
they get real improvements  
on safety in the workplace."**

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**HON IAIN LEES-GALLOWAY**

Minister for Workplace Relations  
and Safety, ACC and of Immigration



**“THE SCULPTURE REMINDS US THAT  
CHANGE IS VERY MUCH A CONSTANT.  
THE TWISTED RAIL COMMUNICATES  
THE RAW POWER OF MOTHER NATURE,  
AND MAY STAND AS A CONSTANT  
REMINDER OF HOW RESILIENT WE  
ALL ARE AS IT REACHES UPWARD.”**

- Ben Foster, Kaikoura Artist

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