

COVER SHEET

<h2>1. Hokitika to Westport Rail Feasibility Project PGF Application</h2>	<h2>For: Approval</h2>
<p>Background & context:</p>	<p>Recommendation:</p>
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> • KiwiRail • Tourism partners <p>Location:</p> <ul style="list-style-type: none"> • West Coast <p>Proposal:</p> <ul style="list-style-type: none"> • Feasibility Study – Hokitika to Westport <p>Funding Sought:</p> <ul style="list-style-type: none"> • Total project value: Up to \$ <small>Commercial Information</small> • PGF Funding: Up to \$ <small>Commercial Information</small> <p>Background: KiwiRail together with tourism partners (to be finalised) intend to undertake a feasibility study to determine the viability of establishing a passenger rail service between Hokitika and Westport. The applicant has noted potential tourism partners include:</p> <ul style="list-style-type: none"> • <small>Commercial Information</small> • <small>Commercial Information</small> • <small>Commercial Information</small> • <small>Commercial Information</small> • <small>Commercial Information</small> • <small>Commercial Information</small> <p>The study will focus on:</p> <ul style="list-style-type: none"> • The logistics required to establish, run and maintain the service • How the service might develop tourism and 	<p>We recommend that SROs:</p> <p>a) Discuss KiwiRail’s Feasibility Study – Hokitika to Westport</p> <p>b) Note The project is looking to develop a PGF priority sector, tourism, in a surge region, West Coast</p> <p>c) Note The project applicant has a proven track record of delivering tourism products, including the Tranz-Alpine which currently brings visitors to the region</p> <p>d) Note The application meets a number of PGF criteria including increased economic activity, additional employment as the rail service will generate not just jobs directly associated with the establishment and running of the service but additional commercial opportunities that will likely follow from its development</p> <p>e) Approve up to \$ <small>Commercial Information</small> from the PGF to KiwiRail subject to:</p> <ul style="list-style-type: none"> • The development of a detailed project plan • Due diligence on the party engaged to undertake the feasibility study

other commercial opportunities on the West Coast

A feasibility study will allow KiwiRail and the other stakeholders to size the market opportunity of this route, and allow a wide range of interested parties to review and consider how such an offering might deliver new economic benefits to the region.

Initial concepts include:

- Packages that allow visitors to access West Coast attractions such as The Old Ghost Road and DOC walks without requiring a car.
- The opportunity to continue rail travel by transferring from the Tranz-Alpine to the West Coast route

To provide some context of what such a service might deliver, KiwiRail's Tranz-Alpine attracts 83,000 tourists to the West Coast, 10% of West Coast visitor arrivals. These statistics highlight that people are interested in travelling to the Coast via rail and could be interested in continuing this journey.

The purpose of this briefing is to consider recommending PGF funds to TranzRail's feasibility study Hokitika - Westport

Alignment to PGF criteria:

Increased Economic Benefit

If a passenger rail service is developed between Hokitika and Westport, KiwiRail will need to establish a carriage maintenance facility in Greymouth. In addition to maintenance roles at the carriage maintenance facility KiwiRail will need to hire Locomotive Engineers and passenger service staff for the trains.

The larger economic benefit could be in associated opportunities that develop as a result of establishing the line. Tourism on the West Coast has grown solidly over the last ten years. Evidence of this can be seen with KiwiRail currently looking to increase capacity on the Tranz-Alpine.

The opportunity to establish new offerings associated with such a service will be explored during the feasibility but the Tranz-Alpine has proven that providing such a service can act as a catalyst for tourism industry growth.

Additionality

There is currently no rail passenger service on the West Coast.

Alignment with regional plans/ Stakeholder support

Tourism West Coast is supportive of this project.

The feasibility study will engage with district councils and Maori including Ngai Tahu and Ngati Waewae to ensure consultation is undertaken.

Management and Governance

KiwiRail has experience in developing rail projects and undertaking studies to analyse opportunities associated with expanding existing services and developing new ones.

Risks Issues:

The feasibility will determine that the service is not economic

It will be essential to understand the market opportunity over an extended period to gauge what could be achieved by establishing the route. Only then can an informed decision be made.

The feasibility might exceed budget

The development of a detailed project plan will be undertaken with the applicant to ensure costs are kept within accepted parameters.

Eligibility points of note:

- *Due diligence:-* Full due diligence is to be completed on any entity providing services to this feasibility study.
- *Conflict(s) of interest:-* Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further.
- *Illegal Activity:-* Based on the application information provided there is no indication that the applicant or project has been involved in, or associated with illegal activity.
- *Alignment with Regional development plans:-* Project aligns with existing tourism services (Tranz-Apline) that have a proven track record of successful tourism product delivery for the West Coast. Tourism is heavily noted in the Regional Economic Action Plan.
- *Commercial funding availability:-* Given the nature of the project which is to undertake a feasibility study access to commercial funding is not considered a feasible option.

Consultation undertaken or implications:

Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	
Supporting proposal:									
Yes									
Appendices:									
Yes – Application									
Sponsor(s):									
N/A									
Manager/Author of paper:									
ELH Investment Team									