

## In Confidence

Office of the Minister of Transport

Cabinet Economic Policy Committee

## Proposal for GPS 2024 and NZUP tagged contingency for Transport Projects

### Proposal

- 1 This paper seeks approval to:
  - 1.1 amend the scope for drawdown of the *Government Policy Statement on Land Transport – Tagged Contingency* of \$1 billion created through Budget 2024
  - 1.2 reallocate \$78 million held in the *New Zealand Upgrade Transport Projects – Tagged Capital Contingency*
  - 1.3 authorise drawdown against both the *Government Policy Statement on Land Transport – Tagged Contingency* and *New Zealand Upgrade Transport Projects – Tagged Capital Contingency* to provide funding for priority projects to be progressed now, which will otherwise be delayed until 2027.

### Relation to government priorities

- 2 This will support the delivery of the Government's land transport priorities as outlined in GPS 2024.

### Executive Summary

- 3 In June 2024, I released the Government Policy Statement on land transport 2024 (GPS). This outlines the Government's ambitious \$23.6 billion transport plan over 2024-2027 to boost productivity and support economic growth. This includes re-introducing the successful Roads of National Significance (RoNS) programme and delivering 11 Roads of Regional Significance (RoRS).
- 4 I am reporting back to Cabinet with an update on the implementation of GPS and seeking Cabinet's agreement to draw down the \$1 billion tagged contingency established in Budget 2024 to accelerate priority GPS investments that would otherwise be delivered from 2027 [CAB-24-MIN-0228.02]. I am also seeking agreement to reallocate \$78 million of the remaining tagged contingency from the Northern Pathway project, part of the New Zealand Upgrade Programme (NZUP), that is no longer needed.
- 5 This \$1.078 billion of tagged contingency funding will enable NZTA to progress high priority projects that will otherwise be delayed until 2027 and support delivery of the RoNS programme. The tagged contingency funding will be allocated to:
  - 5.1 Melling interchange
  - 5.2 Waikare Gorge realignment
  - 5.3 Auckland Level Crossings Removal Programme

- 5.4 Second Ashburton Bridge
- 5.5 SH76 Brougham St Corridor Improvements
- 5.6 Roads of National Significance.

**Update on the implementation of GPS**

- 6 In September 2024, NZTA released its NLTP for 2024-27 outlining how \$23.6 billion will be invested from the NLTF across activities that support economic growth and productivity, provide better maintenance of our roads, and build greater resilience and safety into the network. The main deliverables of the 2024-27 NLTP are:
  - 6.1 \$4.1 billion of improvements to New Zealand’s state highway network, including commencing construction on wave one RoNS and planning and design on the remaining waves.
  - 6.2 \$4 billion in fixing potholes across the state highway and local road network.
  - 6.3 \$3.6 billion in state highway and local road maintenance operations.
  - 6.4 \$3.6 billion in public transport to support transport services, service improvements (including improvements to support City Rail Link operations), and constructing significant public transport infrastructure (e.g. the Eastern Busway and Northwest Rapid Transit).
  - 6.5 \$1.7 billion in road policing and safety promotion,
  - 6.6 \$0.5 billion in local road improvements.
- 7 The State Highway Improvements activity class provides the sector with a pipeline of work to build capacity and capability over the first three years, to help deliver a larger programme in years four to ten. A summary of expected RoNS delivery is provided below, with key updates for Wave 1 projects.

**Table 1: Roads of National Significance project phasing**

s 9(2)(g)(i)

--

Table 2: Roads of National Significance Wave 1 project updates

Project	Update
<b>Warkworth to Te Hana (Northland Corridor)</b>	Property acquisition for Stage 1 (Warkworth to Te Hana) is underway. Market engagement is ongoing with potential suppliers.
<b>Cambridge to Piarere</b>	Further pre-implementation funding is being requested at NZTA's December 2024 Board meeting. The project has been split into three distinct work packages to enable accelerated progress once consents are obtained and property acquisitions are completed for each package.
<b>Tauriko West Omanawa Bridge</b>	NZTA is currently in the pre-implementation phase with property acquisition underway and detailed design work about to commence.
<b>Hawke's Bay Expressway</b>	The project investment case for stage 1 will be going to the NZTA Board for approval in December 2024. Enabling works for Stage 1 are underway.
<b>Belfast to Pegasus</b>	The investment case was approved at NZTA's November 2024 Board meeting, and the project is now moving into the design phase.
<b>Mill Road Stage One</b>	The investment case is under development and is expected to be considered by the NZTA Board in April 2025. The design update and detailed estimate stage will commence in November/December 2024.

### Drawing down tagged contingencies to accelerate transport priorities

- 8 Budget 2024 established a tagged capital contingency within the Transport portfolio of up to \$1 billion (*Government Policy Statement on Land Transport – Tagged Contingency*) [CAB-24-MIN-0228.02 refers]. The purpose of the tagged contingency funding is to enable the New Zealand Transport Agency (NZTA) to bring forward investments in the Government's land transport priorities as set out in the GPS that would otherwise be phased to begin from 2027 onwards.
- 9 Following the development of the National Land Transport Programme (NLTP) and consultation with my colleagues, NZTA has identified priority projects with unfunded cost pressures that are at risk of not being delivered or facing significant delays. I am seeking agreement that the \$1 billion of tagged contingency is made available to the NZTA Board to commence delivery on specific projects that may otherwise be delayed or deferred.
- 10 I am also proposing to reallocate \$78 million of remaining tagged contingency from the Northern Pathway project [DEV-22-MIN-0297 refers]. This funding was put into a tagged contingency for the Greater Christchurch Public Transport Futures Programme. NZTA has advised that work on the Greater Christchurch Public Transport Futures has stopped, and it will no longer require the \$78 million set aside in the tagged contingency.

**Projects to be funded from GPS and NZUP tagged contingencies**

- 11 I am seeking agreement to draw down the full \$1 billion tagged contingency, and \$78 million in NZUP tagged contingency (\$1.078 billion in total) and make this funding available to the NZTA Board (the Board) to accelerate the projects listed in Table 3.
- 12 Accelerating the delivery of these projects will allow construction to begin before 2027. This will bring forward the expected economic growth and congestion reduction benefits of these projects. NZTA has advised me that:
- 12.1 despite significant effort to identify cost savings and scope reduction opportunities, the Melling Interchange is unaffordable within the current available Crown funding. This additional funding will provide confidence to the Board to proceed with contracting s 9(2)(g)(i)
- 12.2 while some of the projects outlined above are included within the NLTP, without confirmation of the additional funding, the decisions needed to progress these projects cannot be undertaken in the timeframes desired.
- 12.3 The NZTA Board will prioritise the additional funding provided to the proposed projects through their business-as-usual processes.
- 13 In addition, following a scoping exercise to confirm the RoRS programme, Joint Ministers (Transport and Finance) agreed to remove the Canterbury Brougham St Corridor Improvements project from the Crown funding envelope.
- 14 An overview of these projects, including the indicative allocation of the \$1.078 billion, is detailed below in Table 3. Further detail on each of the projects is included as Annex One. The NZTA Board will confirm how best to allocate funding (across the Crown appropriations and the NLTF) to ensure these projects progress at pace.

**Table 3: Projects and proposed allocation of \$1.078 billion tagged contingency.**

Project	Overview Status and expected progress with the money	Indicative allocation (\$m)	Indicative construction start date
Melling Interchange <sup>1</sup>	The Melling project partners are urgently seeking certainty on the project delivery and funding. Additional funding will allow commercial agreements to be signed and delivery to proceed. The additional funding is also required to deliver the full scope and associated project benefits and allow NZTA Board to proceed with contracting s 9(2)(g)(i)	s 9(2)(j)	s 9(2)(i)

<sup>1</sup> Both the Melling interchange and Brougham Street Canterbury are Crown funded outside of the National Land Transport Fund.

Waikare Gorge realignment	Following Cyclone Gabrielle in Feb 2023, there is currently a temporary Bailey bridge installed at Waikare Gorge. The additional funding is needed to allow full realignment of the route rather than just replace the existing bridge, and ensure greater resilience to future weather events. Additional funding will also accelerate the detailed design, construction contract award and construction commencement within the 2024-27 NLTP period.	s 9(2)(j)	s 9(2)(i)
Second Ashburton bridge	The existing bridge is nearing its end of life, and is often closed during a storm events, notably in 2019 and 2023. The additional funding will cover any funding shortfall and is needed to ensure the replacement bridge can progress quickly through to implementation. The bridge component of the project is \$95 million which NZTA will deliver as a State Highway. The local road connections will be funded by Ashburton District Council. This additional funding enables early works construction to commence in 2026 subject to resource consents and council decisions and funding.		
SH27 Brougham Street Corridor Improvements <sup>1</sup>	Brougham St is a key freight route to Lyttleton Port, and has previously been progressed through to pre-implementation through the Roads of Regional Significance programme but was removed due to programme affordability. Allocation would cover the current P50 construction costs and enables construction start mid-2025 subject to resource consents.		
Auckland Level Crossings Removal Programme	Auckland Transport is developing a programme to remove a cluster of high priority level crossings in the Auckland rail network. If these level crossings are not removed, road users will face significant delays, with increased safety risks, when CRL opens in 2026. The funding will enable this work to be brought forward, to take advantage of planned network closures in Auckland for the Rail Network Rebuild.		
Roads of National Significance	This funding will allow NZTA to continue to work on the high priority State Highway projects, that will increase economic growth and productivity across New Zealand. The RoNS is a pipeline of major projects that will provide greater certainty to the construction sector.		
	<b>Total</b>	<b>1,078</b>	

- 15 NZTA has yet to confirm phasing requirements associated with the funding from the tagged contingency at an individual project level. Initial engagement has suggested a requirement of \$150 million in 2024/25, \$400 million in 2025/26 and \$450 million in 2026/27 to commence delivery of the above projects. Phasing will vary from that indicated given the complexity of the multi-year projects listed.

**Conditions of the GPS 2024 tagged contingency**

- 16 The original scope of the GPS tagged contingency was to enable NZTA to bring forward investments in the Government's land transport priorities, as set out in the GPS, that would otherwise be phased to begin from 2027 onwards. I am seeking agreement that this tagged contingency be accessed for the projects outlined in paragraph 14.
- 17 A number of conditions need to be met before this contingency funding can be drawn down. I note that many, but not all of the conditions agreed by Cabinet have been met. I am seeking Cabinet approval to proceed with draw down of the funds noting that the remaining conditions will be met by the NZTA Board.
- 18 The following conditions for drawing down the funding have been met:
  - 18.1 Demonstrating compliance with Cabinet Office circular CO (23) 9: Investment Management and Asset Performance in Departments and Other Entities, including but not limited to submitting Strategic Assessments, Risk Profile Assessments, Business Cases, and Quarterly Investment Reporting returns to the Treasury;
  - 18.2 Confirming the proposed works to be prioritised; and
  - 18.3 Providing regular reporting to the Infrastructure and Investment Ministers Group.
- 19 The NZTA Board will maintain oversight of the remaining conditions:
  - 19.1 Project timelines, key milestones, decision points and off-ramps;
  - 19.2 Independent Quantitative Risk Assessments;
  - 19.3 Benefit cost ratios; and
  - 19.4 Assessment of delivery capacity in affected regions to ensure that projects are deliverable.
- 20 To ensure these remaining conditions are met I will write to the NZTA Board outlining my expectations for this funding, including the expectation that:
  - 20.1 The remaining conditions attached to the establishment of the GPS 2024 tagged contingency are to be met as part of their standard business case and approvals processes; and
  - 20.2 Due consideration be given to the Government fiscal strategy including the treatment of capital versus operating expenditure and.
- 21 Further, I intend to note that these expectations do not impose an obligation on NZTA to approve or decline funding for any particular activity or combination of activities (given the Agency's statutorily independent functions under section 95(2) of the LTMA). The long-term affordability and ability to finance and fund delivery through to completion will be dependent on future NLTF revenue and the NZTA Board's willingness and capacity to service additional debt; as well as endorsement from the Minister of Finance that the level of debt is consistent with the fiscal strategy for net core Crown debt.

### **Reporting requirements**

- 22 Although I am seeking approval from Cabinet to delegate final decisions on the allocation of funding across the projects to the Board, I expect the Board to provide ongoing reporting on the delivery of these projects. NZTA already provide me with updates through their monthly reporting on GPS 2024 delivery and Cabinet will receive updates on these projects through Treasury's Quarterly Investment Reports (in line with CO(23)9).

### **Cost-of-living Implications**

- 23 There are no specific cost-of-living implications arising from this advice.

### **Financial Implications**

- 24 There is a risk that allocating funding to the NLTF – which the Board has statutory independence to manage – will increase the NLTF operating expenditure profile compared to current forecasts. This would have a corresponding negative impact on OBEGAL. To the extent practicable, I expect the \$1.078 billion tagged contingencies to be allocated as capital expenditure. I intend to write to the NZTA Board to outline my expectation that the Board give due consideration toward capital expenditure and the Crown's fiscal strategy.

### **Legislative Implications**

- 25 There are no legislative implications arising from this advice.

### **Impact Analysis**

### **Regulatory Impact Statement**

- 26 There are no regulatory implications arising from this advice.

### **Climate Implications of Policy Assessment**

- 27 The emissions impact cannot be reliably estimated until final investment decisions on project scope and phasing are made by the NZTA Board.
- 28 NZTA will consider the emissions impact as part of their standard approval process.

### **Population Implications**

- 29 Progressing the projects referenced in this paper is likely to cause short to medium term disruption to residents near both construction corridors. Potential disruptions will need to be well communicated to residents as work progresses.

### **Human Rights**

- 30 The proposal in this paper is not inconsistent with the New Zealand Bill of Rights Act 1990 and Human Rights Act 1993.

### **Consultation**

- 31 This paper was prepared by the Ministry of Transport. The Treasury, DPMC and the NZTA, were consulted on this Cabinet paper.

## Communications

32 I intend to announce Cabinet decisions in due course.

## Proactive Release

33 I intend to proactively release this advice with some material withheld subject to any grounds under the Official Information Act 1982.

## Recommendations

The Minister of Transport recommends that the Committee:

### *Existing funding within Vote Transport*

- 1 **note** that Budget 2024 established the GPS 2024 tagged capital contingency, to enable the NZTA to accelerate delivery of projects in the Government's land transport priorities as set out in the GPS that would otherwise be phased to begin from 2027 onwards.
- 2 **note** that the *New Zealand Upgrade Transport Projects – Tagged Capital Contingency* was initially established for the former New Zealand Upgrade Programme and that, following subsequent decisions taken to appropriate and reallocate funding from the contingency, the remaining balance and indicative funding profile is as follows:

	\$m – increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
<i>New Zealand Upgrade Transport Projects – Tagged Capital Contingency</i>	78.000	8.000	263.000	-	-
Total Capital	78.000	8.000	263.000	-	-

- 3 **note** that \$78 million held within the above capital tagged contingency in recommendation 2 was allocated to the Greater Christchurch Public Transport Futures Bus Improvement project by the previous Government, contingent on confirmation of the funding profile of potential co-funders [DEV-22-MIN-0297/CAB-22-MIN-0564 refers], and that any drawdown of the contingency would have seen it reclassified as operating expenditure.

### *Re-allocation towards projects at risk*

- 4 **note** that a range of projects have been identified (Melling Interchange, Waikare Gorge realignment, Second Ashburton Bridge, SH27 Brougham Street Corridor Improvements, Auckland Level Crossings, and the Roads of National Significance) that are at risk of delayed delivery without early confirmation of funding availability and that to access this funding requires a change in scope of the tagged contingency.



**IN C O N F I D E N C E**

- 5 **note** that the conditions attached to the *Government Policy Statement on Land Transport – Tagged Contingency* have only been partially met and that the unmet conditions will remain a requirement for the NZTA Board.
- 6 **agree** to expand the scope of the GPS 2024 tagged contingency to include the projects included in recommendation 4.
- 7 **agree** to rescind the previous decision to allocate \$78 million towards the Christchurch Public Transport Futures Bus Improvement project and reallocate the funding towards the projects identified in recommendation 4.

*Drawdown of the tagged contingencies to provide funding certainty for identified projects*

- 8 **note** that the Minister of Transport was invited to report back to Cabinet by 30 June 2025 with an update on the implementation of the GPS.
- 9 **agree** to fund the projects “at risk” in recommendation 4 by drawing down \$1 billion from the *Government Policy Statement on Land Transport – Tagged Contingency* and \$78 million of the *New Zealand Upgrade Transport Projects – Tagged Capital Contingency*.
- 10 **note** that the Melling Interchange and Canterbury Brougham St projects are part of the Roads of Regional Significance programme that NZTA is responsible for delivering on behalf of the Crown.
- 11 **agree** to delegate allocation of funding decisions on the Melling Interchange and Canterbury Brougham St projects to the NZTA Board, subject to NZTA’s standard decision-making processes, and with due consideration to the impact on the Government’s fiscal strategy.
- 12 **agree** to establish the following new multi-year appropriation, to run from 1 July 2025 to 30 June 2029:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Name	Minister of Transport	Ministry of Transport	New Zealand Transport Agency: Crown Funding for Transport Projects (Capital)	Non-Departmental Capital Expense	This appropriation is limited to Crown funding for transport projects that will result in assets owned by the Crown

- 13 **approve** the following change to appropriations to give effect to the decision to provide funding for Melling Interchange and SH27 Brougham Street Corridor Improvements in recommendation 9 above, with a corresponding impact on net debt:

**IN C O N F I D E N C E**

	\$m – increase/(decrease)	
<b>Vote Transport Minister for Transport</b>	<b>2024/25</b>	<b>2025/26-2028/29</b>
Non-Departmental Capital Expenditure  Capital Investment Package - Funding for Crown assets	20.000	-
Non-Departmental Capital Expenditure  New Zealand Transport Agency: Crown Funding for Transport Projects (Capital)	-	406.000
<b>Total Capital</b>	<b>20.000</b>	<b>406.000</b>

- 14 **note** that the indicative spending profile for the additional funding provided in recommendation 13 above is as follows:

	\$m – increase/(decrease)				
<b>Indicative annual spending profile</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
Non-Departmental Capital Expenditure  New Zealand Transport Agency: Crown Funding for Transport Projects (Capital)	-	66.000	87.000	73.000	180.000
Non-Departmental Capital Expenditure  Capital Investment Package - Funding for Crown assets	20.000				

- 15 **note** that, following the decision in recommendation 12 above, the total funding envelope for the Roads of Regional Significance will increase from \$6.54 billion to \$6.97 billion.
- 16 **agree** that additional funding to support the Waikare Gorge realignment, Second Ashburton Bridge, Auckland Level Crossings Removal programme and Roads of National Significance will be included in the National Land Transport Fund, subject to NZTA's standard decision-making processes and with due consideration given to the impact on the Government's Fiscal Strategy.

**IN C O N F I D E N C E**

- 17 **note** that NZTA has independent statutory authority over whether activities are approved for National Land Transport Fund funding.
- 18 **approve** the following change to appropriations to give effect to the policy decision in recommendation 9 above, with a corresponding impact on the operating balance and net debt:

<b>Vote Transport Minister for Transport</b>	<b>\$m – increase/(decrease)</b>	
	<b>2024/25 to 2027/28</b>	<b>2028/29</b>
Non-Departmental Capital Expenditure		
Government Policy Statement on Land Transport - Capital Grant (2024-2028)	\$652.000	-

- 19 **note** that the indicative spending profile for the additional funding provided in recommendation 18 above is as follows:

<b>Indicative annual spending profile</b>	<b>\$m – increase/(decrease)</b>				
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	52	150	250	100	100

- 20 **authorise** the Minister of Transport and Minister of Finance (acting jointly) to make changes to appropriations as necessary (including capital to operating swaps and establishing new appropriations) to give effect to final investment decisions taken by the NZTA Board under recommendation 11 and 16 above,
- 21 **note** that phasing will vary from that indicated given the complexity of the multiyear projects listed.
- 22 **agree** that the proposed changes to appropriations above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.
- 23 **agree** that up to \$78 million of the capital expenditure incurred under recommendations 13 and 18 above be charged against the New Zealand Upgrade Transport Projects – Tagged Capital Contingency noted in recommendation 2 and that up to \$1 billion of the capital expenditure incurred under recommendations 13 and 18 above be charged against the Government Policy Statement on Land Transport – Tagged Contingency noted in recommendation 1.
- 24 **note** that, following the adjustment detailed in recommendations 13 and 18 above, the remaining balances and indicative phasing of the New Zealand Upgrade Transport Projects – Tagged Capital Contingency described in recommendation 2 above will be:

**IN C O N F I D E N C E**

	\$m – increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
New Zealand Upgrade Programme Tagged Capital Contingency	-	8.000	263.000	-	-
Total Capital	-	8.000	263.000	-	-

25 **note** that, following the adjustment detailed in recommendations 12 and 18 above, the GPS tagged contingency described in recommendation 1 above is now exhausted and therefore closed.

Authorised for lodgement

Hon Simeon Brown

**Minister of Transport**

## Annex One: Priority Projects

### *Melling interchange*

- 1 The State Highway 2 Melling Interchange is a Road of Regional Significance. The project will provide better access to/from State Highway 2, Lower Hutt and Western Hills by building a grade-separated interchange and removing the existing Melling traffic lights. It also provides improved walking and cycling paths, and better access to public transport.
- 2 The current total approved funding is ~\$700m with \$200m of contingency expected to be transferred to the project soon. Recent work has revised the forecast cost to s 9(2)(j) The primary drivers of cost increases include an extended pre-implementation phase and design development, along with Councils' removing scope from the programme (e.g. the Riverlink Bridge). The Council changes have led to increased costs and cost risk for NZTA due to the need to accommodate the scope changes within the programme.

### *Waikare Gorge Realignment*

- 3 The Waikare Gorge Realignment project includes a 4 kilometre realignment and a new 160 metre bridge across the Waikare Gorge on State Highway 2 at Putorino (north of Napier). The NZTA Board approved an interim Single Stage Business Case (SSBC) for the project in 2021 and in September 2023 endorsed an updated SSBC with realignment as the preferred option.
- 4 During Cyclone Garbielle, the existing Waikare bridge was destroyed, closing SH2 between Napier and Wairoa for three months. A one lane Bailey Bridge with speed restrictions and stop/go controls was installed to reinstate access and remains in place. Budget 2024 provided funding for NZTA to install a like-for-like replacement of the Waikare bridge in the same location. The current location remains a significant resilience risk due to damage in future severe weather or seismic events. The NZTA considered alternatives, including a raised permanent replacement bridge close to the existing site. This option would require additional funding, the resilience issues would remain and construction would cause significant disruption for the region over 9-12 months, including periods of road closure which would be incredibly challenging for the local community due to the road having no alternatives.
- 5 Additional funding would enable NZTA to proceed for the realignment option instead, realigning the SH corridor and rebuilding a new bridge with improved safety, resilience and travel time savings.

### *Auckland Level Crossing Removal Programme*

- 6 Auckland Transport has developed a programme of level crossing removals. This funding will enable delivery of level crossing improvements and removals, with a focus on the Takanini Cluster.
- 7 The opening of the City Rail Link (CRL) will enable 16 trains per hour per direction to run across the network, compared to six trains per hour per direction currently. With more train movements, the number of trains will result in more frequent and longer operation of level crossing barrier arms. Indicative modelling has demonstrated that barrier arms could be down for up to 45 minutes per peak hour on CRL Day One, increasing as more train services are added. Removing level crossings will reduce the risk of significant delays to motorists when the City Rail Link is operational.

- 8 Crown funding will be additional to funding from Auckland Transport, who will still be expected to contribute their funding share (49 percent) towards these works. The Ministry of Transport is exploring the preferred approach to delivering these capital works. NZTA is also undertaking further work to interrogate the indicative costings.

*Ashburton (Bridge) Tinwald Connectivity*

- 9 The existing two-lane State Highway 1 bridge is the only bridge across the river within Ashburton. The detailed business case completed in 2022 identified capacity and safety issues with the State Highway 1 Bridge and approaches. The Bridge has also been the subject of closures and the alternative route to cross the river requires at least a 60 kilometre detour. Local traffic is estimated to make up 75% of the current traffic on the State Highway 1 Bridge.
- 10 Current information is that the total cost of the project (including Council share) will be s 9(2)(j). The bridge component of the project is s 9(2)(j) which NZTA will deliver as a State Highway. The local road connections will be funded by Ashburton District Council.

*State Highway 76 Brougham St Corridor Improvements*

- 11 State Highway 76 is a high demand corridor and operates as the only access to the Christchurch Port. The project includes upgraded signals at intersections, upgraded parking locations to a T2 lane at peak times, upgraded centre crossings, as well as a 5 metre pedestrian and cyclist overbridge to replace the existing signalised crossing on Brougham Street.
- 12 Following a scoping exercise to confirm the Roads of Regional Significance programme, Joint Ministers (Transport and Finance) agreed to remove the Canterbury Brougham St Corridor Improvements project from the Crown funding envelope (\$6.54 billion). This decision followed design work for the upgrade, confirming that additional funding would be required for the construction. Design and consenting works have continued.

*Roads of National Significance (RoNS)*

- 13 The RoNS are strategic corridors that will support economic growth by enabling new housing areas for population growth and key links to export markets. They'll also improve safety, help to get goods to market more efficiently and effectively, and will build greater resilience into the roading network.
- 14 Planning and project development is well underway, with additional funding seeking to accelerate the delivery of the RoNS programme.



# Cabinet Economic Policy Committee

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Government Policy Statement 2024 and NZ Upgrade Programme Tagged Contingency for Transport Projects

Portfolio                      Transport

On 11 December 2024, the Cabinet Economic Policy Committee:

#### Existing funding within Vote Transport

- 1        **noted** that Budget 2024 established the *Government Policy Statement on Land Transport 2024 - Tagged Capital Contingency* (the GPS 2024 tagged contingency), to enable the New Zealand Transport Agency (NZTA) to accelerate delivery of projects in the Government's land transport priorities as set out in the GPS that would otherwise be phased to begin from 2027 onwards [CAB-24-MIN-0148.83];
- 2        **noted** that:
  - 2.1        the *New Zealand Upgrade Transport Projects – Tagged Capital Contingency* (the NZUP tagged contingency) was initially established for the former New Zealand Upgrade Programme [CAB-21-MIN-0192];
  - 2.2        following subsequent decisions taken to appropriate and reallocate funding from the contingency, the remaining balance and indicative funding profile is as follows:

	\$m – increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
New Zealand Upgrade Transport Projects – Tagged Capital Contingency	78.000	8.000	263.000	-	-
Total Capital	78.000	8.000	263.000	-	-

3 **noted** that:

- 3.1 the previous government agreed to provide \$78.0 million held within the NZUP tagged contingency to the Greater Christchurch Public Transport Futures Bus Improvement project, contingent on confirmation of the funding profile of potential co-funders [DEV-22-MIN-0297];
- 3.2 any drawdown of the contingency for the above would have seen it reclassified as operating expenditure;

### **Re-allocation towards projects at risk**

- 4 **noted** that a range of projects have been identified (Melling Interchange, Waikare Gorge realignment, Second Ashburton Bridge, SH27 Brougham Street Corridor Improvements, Auckland Level Crossings, and the Roads of National Significance) that are at risk of delayed delivery without early confirmation of funding availability, and that to access this funding requires a change in scope of the GPS 2024 tagged contingency;
- 5 **noted** that the conditions attached to the GPS 2024 tagged contingency have only been partially met and that the unmet conditions will remain a requirement for the NZTA Board;
- 6 **agreed** to expand the scope of the GPS 2024 tagged contingency to include the projects in paragraph 4 above;
- 7 **agreed** to:
  - 7.1 rescind the decision noted in paragraph 3.1 above; and instead
  - 7.2 reallocate the funding towards the projects identified in paragraph 4;

### **Drawdown of the tagged contingencies to provide funding certainty for identified projects**

- 8 **noted** that in Budget 2024, Cabinet invited the Minister of Transport to report back to Cabinet by 30 June 2025 with an update on the implementation of the GPS [CAB-24-MIN-0148.83];
- 9 **agreed** to fund the projects at risk in paragraph 4 above by drawing down \$1.0 billion from the GPS 2024 tagged contingency and \$78.0 million of the NZUP tagged contingency;
- 10 **noted** that the Melling Interchange and Canterbury Brougham St projects are part of the Roads of Regional Significance programme that NZTA is responsible for delivering on behalf of the Crown;
- 11 **authorised** the NZTA Board to take decisions on the allocation of funding for the Melling Interchange, and Canterbury SH27 Brougham Street projects, subject to NZTA's standard decision-making processes, and with due consideration to the impact on the Government's fiscal strategy;



- 12 **agreed** to establish the following new multi-year appropriation, to run from 1 July 2025 to 30 June 2029:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Name	Minister of Transport	Ministry of Transport	New Zealand Transport Agency: Crown Funding for Transport Projects (Capital)	Non-Departmental Capital Expense	This appropriation is limited to Crown funding for transport projects that will result in assets owned by the Crown

- 13 **approved** the following change to appropriations to give effect to the decision to provide funding for Melling Interchange and SH27 Brougham Street Corridor Improvements in paragraph 9 above, with a corresponding impact on net debt:

	\$m – increase/(decrease)	
Vote Transport Minister for Transport	2024/25	2025/26-2028/29
Non-Departmental Capital Expenditure		
Capital Investment Package - Funding for Crown assets	20.000	-
Non-Departmental Capital Expenditure		
New Zealand Transport Agency: Crown Funding for Transport Projects (Capital)	-	406.000
Total Capital	20.000	406.000

- 14 **noted** that the indicative spending profile for the additional funding provided in paragraph 13 above is as follows:

	\$m – increase/(decrease)				
Indicative annual spending profile	2024/25	2025/26	2026/27	2027/28	2028/29
Non-Departmental Capital Expenditure					
New Zealand Transport Agency: Crown Funding for Transport Projects (Capital)	-	66.000	87.000	73.000	180.000
Non-Departmental Capital Expenditure					
Capital Investment Package - Funding for Crown assets	20.000				

- 15 **noted** that, following the decision in paragraph 12 above, the total funding envelope for the Roads of Regional Significance will increase from \$6.54 billion to \$6.97 billion;
- 16 **agreed** that additional funding to support the Waikare Gorge realignment, Second Ashburton Bridge, Auckland Level Crossings Removal programme and Roads of National Significance will be included in the National Land Transport Fund, subject to NZTA's standard decision-making processes and with due consideration given to the impact on the Government's Fiscal Strategy;
- 17 **noted** that NZTA has independent statutory authority over whether activities are approved for National Land Transport Fund funding;
- 18 **approved** the following change to appropriations to give effect to the policy decision in paragraph 9 above, with a corresponding impact on the operating balance and net debt:

	\$m – increase/(decrease)	
<b>Vote Transport Minister for Transport</b>	<b>2024/25 to 2027/28</b>	<b>2028/29</b>
Non-Departmental Capital Expenditure		
Government Policy Statement on Land Transport - Capital Grant (2024-2028)	652.000	-

- 19 **noted** that the indicative spending profile for the additional funding provided in paragraph 18 above is as follows:

	\$m – increase/(decrease)				
<b>Indicative annual spending profile</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	52.000	150.000	250.000	100.000	100.000

- 20 **authorised** the Minister of Transport and Minister of Finance jointly to make changes to appropriations, as necessary (including capital to operating swaps and establishing new appropriations), to give effect to final investment decisions taken by the NZTA Board under paragraphs 11 and 16 above;
- 21 **noted** that phasing will vary from that indicated given the complexity of the multiyear projects listed;
- 22 **agreed** that the changes to appropriations above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 23 **agreed** that:
- 23.1 up to \$78.0 million of the capital expenditure incurred under paragraphs 13 and 18 above be charged against the NZUP tagged contingency;
- 23.2 up to \$1.0 billion of the capital expenditure incurred under paragraphs 13 and 18 above be charged against the GPS tagged contingency;

- 24 **noted** that, following the adjustment detailed in paragraphs 13 and 18 above, the remaining balances and indicative phasing of the NZUP tagged contingency will be:

	\$m – increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
New Zealand Upgrade Programme Tagged Capital Contingency	-	8.000	263.000	-	-
Total Capital	-	8.000	263.000	-	-

- 25 **noted** that, following the above adjustments, the GPS tagged contingency is now exhausted and therefore closed.

Rachel Clarke  
Committee Secretary

---

**Present:**

Hon David Seymour  
Hon Nicola Willis (Chair)  
Hon Shane Jones  
Hon Simeon Brown  
Hon Paul Goldsmith  
Hon Louise Upston  
Hon Judith Collins KC  
Hon Todd McClay  
Hon Tama Potaka  
Hon Melissa Lee  
Hon Penny Simmonds  
Hon Chris Penk  
Hon Nicola Grigg  
Hon Andrew Bayly  
Hon Andrew Hoggard  
Hon Mark Patterson  
Simon Court MP

**Officials present from:**

Office of the Prime Minister  
Office of Hon Judith Collins KC  
Officials Committee for ECO



# Cabinet

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Report of the Cabinet Economic Policy Committee: Period Ended 13 December 2024

On 16 December 2024, Cabinet made the following decisions on the work of the Cabinet Economic Policy Committee for the period ended 13 December 2024:

Out of Scope

ECO-24-MIN-0304

**Government Policy Statement 2024 and NZ  
Upgrade Programme Tagged Contingency for  
Transport Projects**  
Portfolio: Transport

CONFIRMED

Out of Scope

Out of Scope



Rachel Hayward  
Secretary of the Cabinet