

OC210125
15 March 2021

[REDACTED]

Withheld under section 9(2)(a) of the
Official Information Act 1982

Dear [REDACTED]

I refer to your request dated 18 February 2021, pursuant to the Official Information Act 1982, seeking "a copy of the correspondence re Accelerated Regional State Highway Package (ARSHP) - Tranche 3 between the Ministry/Minister of Transport and NZTA".

Based on our conversation on 18 February 2021, I have limited the scope of your request to the following document, which is enclosed: "OC02535 - Delivery of the Accelerated Regional Roads Package".

The document within the scope of your request is a letter from Hon Gerry Brownlee to Chris Moller, Chair of the Waka Kotahi NZ Transport Agency Board, from early September 2014. The Minister copied the Ministry of Transport into the letter to assist with the Ministry's monitoring role. I have enclosed a copy of that letter.

The Ministry publishes our Official Information Act responses and the information contained in our reply to you will be published on the Ministry website. Before publishing we will remove any personal or identifiable information.

Yours sincerely

Tim Herbert
Manager, Investment

Proactive Release



Office of Hon Gerry Brownlee

MP for Ilam

Leader of the House
Minister of Transport

Minister for Canterbury Earthquake Recovery
Minister Responsible for the Earthquake Commission

COPY

Chris Moller
Chair
New Zealand Transport Agency Board
Private Bag 6995
WELLINGTON

Dear Mr Moller

Delivery of the Accelerated Regional Roads Package

The purpose of this letter is to seek the Board's agreement to implement the Accelerated Regional Roads Package (the Package), and to provide the terms and conditions for this undertaking. I would appreciate confirmation in writing that these are acceptable to the NZ Transport Agency Board.

As you will be aware, the government has committed \$212 million of appropriated funding to bring forward the construction or investigation of a number of regional State highway projects. This funding supplements that administered by the NZ Transport Agency under the current R-funds policy and the proposed Regional Funding activity class in the draft Government Policy Statement on Land Transport 2015.

The funding is for a specific set of regionally-important projects where the benefits can be confirmed but constraints on the National Land Transport Fund mean investigation or construction would likely be delayed due to other priorities.

The NZ Transport Agency's acknowledged lead and expert role in procuring State highway improvements make it logical for it to act as the government's agent for the Package.

These considerations are reflected in the conditions set out here.

Timing

The timing of the outputs is as set out in the government's announcement of the Package on 29 June 2014:

Construction to commence in 2014/15 (Tranche One)

- Kawarau Falls Bridge, in Otago
- Mingha Bluff to Rough Creek realignment, in Canterbury
- Akerama Curves Realignment and Passing Lane, in Northland
- State Highway 35 Slow Vehicle Bays, in Gisborne
- Normanby Overbridge Realignment, in Taranaki

Investigation to commence in 2014/15 and (if appropriate) construction by 2016/17 (Tranche Two)

- Whirokino Trestle Bridge replacement, in Manawatu/Wanganui
- Motu Bridge replacement, in Gisborne
- Opawa and Wairau Bridge replacements, in Marlborough
- Taramakau Road/Rail Bridge, on the West Coast
- Loop road north to Smeatons Hill safety improvements, in Northland
- Mt Messenger and Awakino Gorge Corridor, in Taranaki

Investigation and (if appropriate) design to commence in 2014/15 (Tranche Three)

- Port of Napier access Package, in Hawke's Bay
- Nelson Southern Link, in Nelson
- Rotorua Eastern Arterial, in Bay of Plenty

The timing of construction for the second and third tranches of projects will be determined at a later date, should the investigations provide sufficient grounds to proceed.

Decision points

Operational decision-making on the construction and investigation of projects will rest with the NZ Transport Agency.

The final decision on whether to use Crown funding to proceed with the construction of any project investigated as part of the Package (i.e. tranches two and three) rests with the Minister of Transport.

The NZ Transport Agency Board may decide to proceed with constructing State highway improvements that form part of the Package through the National Land Transport Programme.

Information to support decision-making

Upon completion of each investigation of a project in tranches two and three, in order to support any decision to proceed to construction, the NZ Transport Agency will provide the Minister of Transport with information on:

- The assessment of the project in terms of the Transport Agency's investment assessment framework, including the benefit and cost appraisal
- The likely timing of the project given other priorities if funded from the National Land Transport Programme
- The likely timing of the project should Crown funding be made available to advance the project
- The impact of the decision on the level of Crown funds available for the Package given current commitments and actual costs incurred in delivering the Package to that point in time
- Any other matters the NZ Transport Agency considers relevant to effective decision-making.

Communication

The Package demonstrates the government's commitment to support the economic development of all New Zealand. Significant milestones, such as the decision to proceed to construction, the receipt of consenting approval, or ground breaking, are opportunities to reinforce this purpose. The NZ Transport Agency will provide advanced notice of an impending opportunity of this nature and provide information to support media announcements from the Office of the Minister of Transport.

Operational communication on any aspect of the Package will be undertaken by the NZ Transport Agency in accordance with its usual practice.

Cost risks

The cost estimates for the Package reflect the best estimates available at the time; therefore, there is an element of risk. The following principles should guide funding decision-making:

- Cost risks are to be managed across the Package as a whole so that any cost over-runs with one project can be set against savings achieved in another
- The Crown funding for any project included in the Package that is subsequently incorporated within the 2015-18 National Land Transport Programme is to be made available as a reserve against the impact of cost pressures
- The Crown funding for any project from the Package that, following investigation, is deemed unsuitable to proceed is to be made available as a reserve against the impact of cost pressures

For the avoidance of doubt, this agreement is for the delivery of regional roading projects up to a maximum of \$212 million of appropriated funding. It is up to the NZ Transport Agency to manage the implementation to stay within the overall commitment. I acknowledge that this may mean that not all projects in the Package may be able to be delivered within the amount specified, and that the delivery of projects may have to be delayed unless additional funding is provided.

I would like the NZ Transport Agency to work with the Ministry of Transport to determine and monitor the availability of Crown funds, as the impact of actual costs on \$212 million committed becomes known, and develop advice on any cost risks likely to have a significant impact on delivery of the Package.

I acknowledge that the Package represents a significant step change in road construction and that this will add pressure in the longer term on road maintenance and operations budgets. This will be taken into account in developing activity class funding ranges for the GPS.

Reporting

Reporting on progress will be by exception or on the achievement of significant milestones through the NZ Transport Agency's quarterly reporting. Supplementary reports may be made at any time on any related matter the NZ Transport Agency deems significant. Summary reporting on progress and financial performance will be included in the NZ Transport Agency's annual report.

I am confident the NZ Transport Agency will be able to deliver the Package, consistent with the expectations set out here, and look forward to your favourable response.

Yours sincerely



Hon Gerry Brownlee
Minister of Transport

Copy: Geoff Dangerfield
Chief Executive, NZ Transport Agency

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