OC260691

25 September 2026

[redacted]

Tēnā koe [redacted]

Thank you for your email received by the Ministry of Cities, Environment, Regions, and Transport (the Ministry) on 17 August 2026 , requesting the following under the Official Information Act 1982 (the Act):

> *"- All briefings, reports, aides-mémoire and other substantive advice provided by the Ministry to the Minister of Transport or other Ministers since the current Government took office concerning an additional Waitematā Harbour crossing.*
> *- Advice relating specifically to the decision to commission, continue or undertake further investigation or reporting on crossing options.*
> *- Advice provided to Ministers regarding the amount previously spent by the Crown and its agencies investigating an additional harbour crossing.*
> *- Any assessments undertaken by the Ministry of the previous reports, business cases, technical studies and investigations relating to an additional crossing.*
> *- Advice considering whether the existing body of work was sufficient to enable Ministers to make decisions about a preferred option.*
> *- Advice identifying gaps, deficiencies or information that the Ministry considered required further investigation.*
> *- Advice concerning the estimated cost, scope and value for money of the additional work now being undertaken.*
> *- Advice on what specific decisions the latest work is expected to enable that could not reasonably be made using the investigations already completed.*
> *- Any advice regarding the anticipated timetable for Government decisions on the preferred option and subsequent delivery of an additional Waitematā Harbour crossing.*
>
> *Where relevant, I would also appreciate copies of any Ministry advice comparing the costs and benefits of undertaking further investigation against progressing one of the options identified through previous studies."*

On 11 September 2026, we advised you that we would be extending the due date on your request by up to nine working days because the request was for a large quantity of information or necessitated a search through a large quantity of information, and meeting the original time limit would have unreasonably interfered with the operations of the Ministry. In addition, consultations necessary to make a decision on the request were such that a proper response could not reasonably be made within the original timeframe. This work has now been completed.

I have identified 13 documents within the scope of your request and am releasing them to you in part as listed in the document schedule attached as Annex 1.

Certain information is withheld or refused under the following sections of the Act:

9(2)(a)	to protect the privacy of natural persons
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
9(2)(i)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
18(d)	the information requested is or will soon be publicly available

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

If you would like to discuss this decision with us, please do not hesitate to contact us at OIA@mcert.govt.nz.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website www.ombudsman.parliament.nz.

Please note that due to the public interest in our work, the Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on its website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā



Mitch Macaulay
Manager, Transport Financing
Ministry for Cities, Environment, Regions, and Transport

Annex 1: Document Schedule

#	Date	Reference	Title of Document	Decision on request
1	06/12/2023	OC230875	Waitematā Harbour Connections	Released with some information withheld under sections 9(2)(a) and 9(2)(f)(iv).
2	10/05/2024	OC240024	Recommended next steps for the Waitematā Harbour Connections project	Released with some information withheld under sections 9(2)(a) and 9(2)(f)(iv). The changes between this draft Cabinet Paper and the Cabinet Paper attached to document 4 were not substantial and consisted primarily of reordering and adjusting phrasing while conveying the same overarching message. I therefore refer you to the attachment to document 4.
3	23/05/2024	OC240543	Progressing Waitematā Harbour Connections work	Released with some information withheld under section 9(2)(a). The changes between this draft Cabinet Paper and the Cabinet Paper attached to document 4 were not substantial and consisted primarily of reordering and adjusting phrasing while conveying the same overarching message. I therefore refer you to the attachment to document 4.
4	30/05/2024	OC240589	Progressing the Waitematā Harbour Connections project Attachment: Cabinet Paper	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
5	11/06/2024	OC240630	Summary of Feedback on the Draft Cabinet Paper to Progress the WHC Project Attachments: - Cabinet Paper Minute	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
6	05/07/2024	OC240749	Progressing the Waitematā Harbour Connections Project	Released with some information withheld under section 9(2)(a). The changes between this draft Cabinet Paper and the Cabinet Paper attached to document 7 were not substantial and consisted primarily of reordering and adjusting phrasing while conveying the same overarching message. I therefore refer you to the attachment to document 7.
7	06/08/2024	OC240899	Revisions to WHC Cabinet paper following NZTA advice - Briefing – Policy	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).

#	Date	Reference	Title of Document	Decision on request
			Attachment: Cabinet Paper	
8	25/09/2025	OC250827	Update on the Waitematā Harbour Connections Project	Released with some information withheld under sections 9(2)(a) and 9(2)(f)(iv).
9	10/12/2025	OC251104	December update on the Additional Waitematā Harbour Crossing	Released with some information withheld under sections 9(2)(a) and 9(2)(f)(iv).
10	7/04/2026	OC260262	Aide Memoire: Update on 2026 Waitematā Harbour Connections Cabinet Paper	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
11	9/06/2026	OC260397	Draft Cabinet Paper - Waitematā Harbour Connections Update and Public Engagement (including attached Cabinet paper)	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv), 9(2)(g)(i) and 9(2)(i). Attachment withheld in full under section 9(2)(f)(iv).
12	27/07/2026	OC260501	Cabinet paper – next steps on Waitematā Harbour Connections	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv), 9(2)(g)(i) and 9(2)(i). Attachments 2 and 3 (the Cabinet Paper and Minute) are refused under Section 18(d) of the Act. Once published the documents will be available on the Ministry's website here: https://www.transport.govt.nz/about-us/our-corporatepublications/proactive-releases/results
13	7/08/2026	OC260655	Aide Memoire: Options for SRO appointment for the Waitematā Harbour Connections Detailed Business Case phase	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv), 9(2)(g)(i) and 9(2)(i).

TE MANATŪ WAKA
MINISTRY OF TRANSPORT

6 December 2023 OC230875

Hon Simeon Brown
Minister of Transport

Action required by:
Friday, 16 December 2022

WAITEMATĀ HARBOUR CONNECTIONS

Purpose

To outline key considerations on the Waitematā Harbour Connections (WHC) indicative business case to help inform your direction for this project. This briefing should be read in conjunction with the NZTA briefing (BRI-2897).

Key points

- NZ Transport Agency (NZTA) is moving at pace to the detailed planning stage of the Waitematā Harbour Connections project, with a recommended option that would take several decades to deliver. This option encompasses a first stage of road tunnels and repurposing the existing bridge, followed by a second stage involving a light rail tunnel and North Shore light rail line.
- s 9(2)(f)(iv) [redacted]
- The Government needs to be satisfied with all aspects of the work, as well as governance arrangements, before detailed planning starts.
- There has been significant work on the indicative business case in a short timeframe and it is helpful to consider options for the longer-term. However, we do not support moving to detailed planning with the recommended option.
- We agree that issues in this critical and vulnerable corridor need to be addressed over time but do not see the urgency of proceeding with detailed planning on one option.
- Along with the Treasury, we do not consider the recommended option demonstrates value for money.
- In our view, instead of moving to detailed planning on one option it would be useful to focus on the more critical issues such as resilience and provide more analysis of lower cost options to address the most critical issues.

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- We also think that an investment pathway that includes demand management measures and better utilisation of the existing bridge and land-use options, would bring more clarity on what would trigger the need for high-cost asset-based solutions.
- The project needs to be considered in the broader Auckland and national context. There is significant opportunity cost of this level of investment within the transport sector and across other areas of Government spending.
- Auckland Council are not yet on board with the project and share our concerns. Given the scale of the project, attempting to progress it further without strong local support would be challenging. A discussion with the Mayor would be useful to inform your direction for the project.
- We recommend that you request NZTA to pause the current work. This will enable you to engage with Cabinet colleagues to confirm objectives, scope and governance for the project and the next planning phase.

Recommendations

We recommend you:

1	**discuss** the contents of this briefing with officials	Yes / No
2	**agree** that this briefing be shared with the Minister of Finance	Yes / No
3	**agree** to write to the NZTA Board and request that the current work is paused until you provide further direction	Yes / No
4	**discuss** the WHC project with Mayor Wayne Brown	Yes / No
5	**direct** officials to prepare material to support your discussion with Cabinet colleagues on the project	Yes / No



David Wood
Deputy Chief Executive Monitoring and Investment
..... / ..... / .....

Hon Simeon Brown
Minister of Transport
..... / ..... / .....

Minister's office to complete: ☐ Approved ☐ Declined ☐ Seen by Minister ☐ Not seen by Minister ☐ Overtaken by events

Comments

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Contacts

Name	Telephone	First contact
David Wood, Deputy Chief Executive Monitoring and Investment	s 9(2)(a)	
Karen Lyons, Director Auckland		✓
Danny Pouwels, Senior Investment Advisor		

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WAITEMATĀ HARBOUR CONNECTIONS

Introduction

1. You have received a briefing (BR-2897) from NZ Transport Agency (NZTA) about the Waitematā Harbour Connections (WHC) project.

2. This advice complements that briefing by providing the Ministry's views on the indicative business case and the key considerations that are relevant for you in the short-term.

3. The programme objectives, options considered. and results of the business case investigation is set out in the NZTA briefing.

4. The project is expected to require significant Crown funding. Given this, decision-making sits with Ministers. The Government needs to be satisfied with the project's problem definition, objectives, option development and governance before detailed planning starts. Given the significant fiscal risk we recommend sharing this briefing with the Minister of Finance.

5. NZTA expects to move to detailed planning in early 2024 following Ministerial direction.

6. There have been numerous studies investigating options for a second crossing over the Waitematā Harbour. To build on the insights of the 2020 business cases, NZTA approved $24 million for an Indicat ve Business Case (IBC) to be delivered in the National Land Transport P ogramme 2021–2024. NZTA was asked by the previous government to bring this work forward to integrate with planning for Auckland Light Rail (ALR), the City Centre to Māngere rapid transit corridor.

7. Ngā Iwi Mana Whenua o Tāmaki Makaurau, Auckland Transport and Auckland Council, have been engaged as partners in the work. s 9(2)(f)(iv) [redacted]

8. The IBC, developed by NZTA and an alliance of technical consultants, is almost complete. The recommended option consists of two stages: stage one involves road tunnels bypassing the city centre, improving the Northern Busway, raising a section of SH1 to protect against sea level rise, and establishing dedicated lanes for pedestrians and cyclists. Stage two involves a light rail tunnel and light rail line for the North Shore.

9. The NZTA Board is scheduled to consider the final business case in March 2024

The Ministry recommends more work is undertaken before moving to detailed business casing

10. NZTA has undertaken significant analysis and modelling and developed a comprehensive evidence base in a short time. There is now a substantive body of work to draw on.

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11. NZTA and the Ministry are aligned on several areas including:

- addressing resilience is a priority;
- improving the Northern Busway is a *no regrets* investment; and
- other corridors in Auckland are of a higher priority for rapid transit than a new North Shore line.

12. Notwithstanding this, we believe more work is needed at the IBC stage and do not support moving to detailed planning until there is broader confidence in the proposed solutions to the problems identified.

13. The Ministry and the Treasury are both concerned about the affordability of this project, and its value for money. s 9(2)(f)(iv) [redacted]

14. Seventy percent of the wider economic benefits relate to delivery of the second stage of the project. There is a high level of uncertainty associated with this, given the current land-use and the urban development infrastructure decisions are required to support uplift around station locations over multiple decades. Recent experience has shown that actual project costs typically end up being significantly higher than initial estimates.

15. We believe that the project would benefit from:

- confirming objectives to align with the Government's priorities and to ensure that they do not constrain the breadth of options assessed in the next phase. For example, the requirements to integrate with a tunnelled ALR and to provide for active modes has restricted option development.
- greater clarity on improving resilience. Resilience incorporates the age of the bridge, the inability of the bridge to cope with changing demand (heavier vehicles, notably freight and new busses) and the increasingly frequent and severe weather events causing disruption. The nature and scale of disruption caused over the short and medium-term needs to be better understood so the impact of accepting disruption can be weighed up against the need for major investment.
- broader options assessments including lower-cost options and those that can adapt to an uncertain future. Low-cost options were discounted too early in the BC process where they did not meet all of the objectives. Higher cost asset-based solutions were favoured because they addressed multiple objectives. Instead, we suggest that packaging low-cost options, including demand management and alternative interventions.
- an investment pathway. The IBC is focused on the ultimate solution and how it might be staged. A stronger case for investment could be made by packaging a range of interventions over time and more clearly demonstrating the triggers that warrant higher cost solutions. This would provide confidence that the value of existing assets is being maximised and low-cost options fully utilised prior to large capital spend.

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16. This feedback has been provided to NZTA.

Independent views as well as partner views have raised concerns about the project

17. In developing its views on the draft business case, the Ministry has engaged with the Treasury; the Ministries of Housing and Urban Development (MHUD) and Environment (MfE), the Department of Internal Affairs, and New Zealand Infrastructure Commission. There is consensus that more work is required to build a compelling case for the recommended option and that the IBC could be improved to reflect the significant sources of risk and uncertainty.

18. As well as value for money concerns, the Treasury see the project representing significant fiscal risk for the Crown and note that a decision to fund the project would likely have implications for the Government's fiscal strategy in the long-term.

19. MHUD believe that there remain gaps in the evidence for achieving housing and urban development outcomes. Providing access to public transport and unlocking land for housing may be a greater priority in other areas of Auckland. To improve urban development outcomes and unlock additional land for housing, the project would need to connect new areas of the North Shore to the public transport network. This does not occur until Stage 2. They see that inclusion of the road tunnel in stage 1 runs the risk of inducing demand (which has implications for urban outcomes regarding congestion and car parking).

20. The Ministry engaged TSA consultancy to provide an independent assessment on the emerging preferred option in June 2023 (before the previous Government announced the emerging preferred option) and then again on the draft business case. Our feedback to NZTA has been informed by this work.

21. Overall, TSA concluded that the draft IBC continues to be too focused on finding the best harbour crossing solutions as opposed to considering wider options to solve the transport challenges in the corridor including non-infrastructure options. Resilience, urban form and multi-modal access are all presented as being solved through a staged mega-project, rather than a multi-faceted series of investments over time. They recommend the articulation of a response encompassing demand management and productivity solutions, as well as separating out resilience as a distinct focus area to better understand root causes and consequences.

22. The most recent Treasury Gateway Review for the project reported:

- an amber/green status for delivery confidence and the quality of the business case. The review found that successful delivery of the IBC to the NZTA Board is probable, but more work is recommended on better articulation of options assessment and more rigorous prioritisation and value for money assessments for each component of the project

- a red status for the likelihood of delivery. This is a result of factors outside of NZTA's control including uncertainty around the priorities and affordability thresholds of the new government and Auckland Council

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- this rating requires NZTA to develop a plan to address the recommendations of the review and to inform you as the Minister of Transport.

23. Auckland Council has expressed concerns about the recommended option, and this will be discussed at the Council's Transport & Infrastructure Committee on Thursday 7th December. Council staff consider that a bridge option remains a viable and more affordable option and would be faster and cheaper to build with a lower carbon footprint. Council staff emphasise that any new harbour crossing or major network change must be considered as part of the Auckland Integrated Transport Plan.

24. Ngā Iwi Mana Whenua o Tāmaki Makaurau (Ngā Iwi) is a collective of the 13 iwi most impacted by the project and are recognised as partners on the project. This group comprises: Te Ākitai Waiohua, Te Kawerau ā Maki, Ngāti Maru, Ngāti Paoa, Te Patukirikiri, Ngāi Tai ki Tāmaki, Ngāti Tamaoho, Ngāti Tamaterā, Ngāti Te Ata, Ngāti Whanaunga, Ngāti Whātua Ōrākei, Ngāti Whātua o Kaipara and Te Runanga o Ngāti Whātua. s 9(2)(f)(iv) [redacted]

25. There has been no endorsement of the business case yet by any of the partners. Moving forward with a single recommended option without sufficient alignment across partners puts the next phase at risk.

The project should be re-set according to Government direction

26. Investment sequencing for any additional/enhanced Waitematā crossing should ultimately be driven by prioritisation at an Auckland and national level. For Auckland, it should be considered as work on the Auckland Integrated Transport Plan.

27. In response to Ministry and partner feedback, NZTA are progressing additional work. This is considering outcomes that could be achieved through a lower level of investment, including combinations of non-infrastructure solutions, and less costly bridge solutions.

28. We support this work but also consider that a more fundamental look at the project's scope is warranted. Once a preferred option has been selected and announced publicly, it will be difficult to change direction. It is therefore important that ministers are satisfied that any option that progresses to the detailed business case stage is affordable, deliverable, and represents good value for money. It will also be critical that this project is assessed against others at a portfolio level in both an Auckland and national context. s 9(2)(f)(iv) [redacted]

29. We recommend the following next steps.

- writing to the NZTA Board requesting that it delay decisions to move to detailed planning until you have provided further direction on the project

- meet with the Mayor of Auckland to discuss the project, and how it should be considered alongside other investments in the Auckland network

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- engage with Cabinet colleagues to discuss the project and its context in relation to the wider transport investment portfolio to determine Government direction

- in making decisions on the direction on the project, consider the governance arrangements for the next planning phase, including what formal role departments and ministers have alongside NZTA.

30. Some targeted engagement with iwi would also be useful. Their engagement is critical to the success of the work.

31. s 9(2)(f)(iv) Ministers need to make decisions on how this project progresses and, if so, in what form taking into account project objectives, scope, governance, affordability thresholds and decision-making processes.

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TE MANATŪ WAKA
MINISTRY OF TRANSPORT

10 May 2024 OC240024

Hon Simeon Brown **Action required by:**

Minister of Transport Friday, 17 May 2024

Hon Nicola Willis, Minister of Finance

Hon Chris Bishop, Minister of Infrastructure

RECOMMENDED NEXT STEPS FOR THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

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Purpose

To outline the views of the Ministry of Transport, The Treasury and Te Waihanga NZ Infrastructure Commission on the approach to progressing the Waitematā Harbour Connections Project.

Key points

- We have looked at the options for progressing the project into the detailed business case (DBC) phase and consider that it is too early to narrow options or recommend the best approach on who will deliver detailed planning and how that work is done.
- Progress can continue and work can be undertaken in parallel that will benefit both the business case process and ultimately the overall delivery of the project. This includes early market sounding with the private sector, geotechnical investigations, and work on funding and financing the project.
- The level of ministerial oversight and the role of the New Zealand Transport Agency Waka Kotahi (NZTA) Board in the next phase is a key consideration. We have presented options on this and invite your feedback.
- There are also a series of no regret investments that can be made before a second crossing is needed, such as the Northern Busway enhancements, demand management, and low-cost mitigations for sea-level rise, flooding and high winds.
- A draft Cabinet paper is attached for your feedback. This paper seeks agreement from Cabinet to pause before beginning the DBC phase, progress the project by closing information gaps and making low regret investments, and decide on how to deliver the detailed planning phase in 2025.

Recommendations

We recommend you:

1	**discuss** with officials the degree of ministerial oversight and independent assurance you wish to have in the next phase of the project	Yes / No
2	**provide feedback** on the attached Cabinet paper	Yes / No
3	**agree** to provide an update on this project to the Infrastructure and Investment Ministers Group on 21 May	Yes / No

David Wood
Deputy Chief Executive, Investment and Monitoring
10 / May / 2024

Hon Simeon Brown
Minister of Transport
..... / ..... / .....

Minister's office to complete: ☐ Approved ☐ Declined ☐ Seen by Minister ☐ Not seen by Minister ☐ Overtaken by events

Comments

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Contacts

Name	Telephone	First contact
David Wood, Deputy Chief Executive, Investment and Monitoring	s 9(2)(a)	
Tim Herbert, Manager Investment		✓
Karen Lyons, Director Auckland		

RECOMMENDED NEXT STEPS FOR THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

Background

NZTA are awaiting Cabinet direction prior to making decisions on the Indicative Business Case

1 the New Zealand Transport Agency Waka Kotahi (NZTA) briefed you (BRI-2998) in March 2024 on the Indicative Business Case (IBC) for the Waitematā Harbour Connections project (WHC). In the briefing they recommend proceeding with Stage 1 of their recommended option, including two distinct packages of work:

1.1 **Package A** – Resilience including twin road tunnels, changes to the existing Auckland Harbour Bridge and State Highway 1 approaches

1.2 **Package B** – Northern Busway Enhancements (short and medium term).

2 A second stage involving a second rapid transit connection to the North Shore that was aligned with the previous Auckland Light Rail business case is not proposed to be taken further. The Northern Busway enhancements will be staged to manage expected passenger growth up to 2040.

3 The briefing expected that the NZTA board would consider the IBC in April. The NZTA have deferred their decision and are awaiting Cabinet feedback.

4 More background information about the project is contained in Annex 1 Draft Cabinet paper.

Key Government agencies are concerned with the direction of the final draft IBC

5 The Ministry of Transport has worked with The Treasury and Te Waihanga NZ Infrastructure Commission to assess the case for change in the IBC. This briefing has been prepared by the Ministry of Transport in consultation with these agencies and the views of The Treasury and Te Waihanga are presented in this paper.

6 The three agencies recognise that the IBC provides a better understanding of the benefits of well-timed investment to avoid disruption. The limitations of lower-cost interventions to improve resilience in the long-term also contribute to an improved evidence base for decision making into the future.

7 Our concerns with the IBC include quality issues raised through independent and agency assessments including:

7.1 A need to realign investment objectives with the current Government's priorities (i.e. the removal of the focus on emissions reductions, active modes, and rapid transit)

7.2 The packaging of low-cost options to make better use of existing assets and services (e.g. targeted sea-wall protections in the short-term and time of use charging)

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7.3 Better reflection of the nature and scale of disruption caused over the short and medium-term, and the triggers that warrant large-scale asset investment.

8 Narrowing options too early exposes the government to delivery risks. Without strong alignment across key partners and stakeholders there is a greater probability of disruption to the programme.

9 s 9(2)(f)(iv)

We have looked at the three options for detailed planning but do not recommend progressing these now

10 You have requested that Ministry of Transport officials work with The Treasury and Te Waihanga NZ Infrastructure Commission to provide views on three options for progressing the project. The options are summarised in Annex 1 with key considerations for each. In summary:

10.1 **Option 1 - Private sector-led model**: The private sector would lead detailed planning work and through this process recommend a procurement model for construction. Market soundings with the private sector would be needed to identify interest

10.2 **Option 2 - NZTA-led DBC on two options (bridge and tunnels)**: Undertaking competing business cases preserves optionality but will be costly to deliver and to assess

10.3 **Option 3 - NZTA-led DBC on the twin road tunnels**: We would be concerned with narrowing to a single option (road tunnels) too early. Experience both in New Zealand and internationally has shown that projects often fail when a single option is taken forward to detailed planning without strong alignment across key stakeholders.

11 We do not consider that a decision needs to be made on the approach to detailed planning now. Both The Treasury and Te Waihanga NZ Infrastructure Commission also recommend completing more work before selecting one of these options. We can keep making progress towards delivery though without having to narrow options at this stage.

We can start a next phase of work to make progress before detailed planning

Getting on with low and no risk investments

12 A programme of no and/or low regret investments can be undertaken while further work is undertaken on the nature and form of the second crossing. These include:

12.1 Northern Busway enhancements - Auckland Transport are expecting to deliver the enhancements over the next 15 years in a staged way to meet projected demand, this is dependent on NLTP funding

12.2 Demand management approaches to leverage existing assets and services like time of use charging

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12.3 Targeted low-cost mitigations for sea-level rise, flooding and high winds. For example, wind mitigations like deflectors/buffers and targeted seawalls.

Engaging with the private sector could help inform the detailed planning phase

13 Market sounding can provide an understanding of market interest and awareness and provides the opportunity to tap into industry expertise and insights at an early stage. This would not be a full market engagement process as undertaken in a DBC and would be in addition to any future procurement related engagement.

14 Any information obtained through the market sounding process should be treated as part of a wider information gathering exercise and used to help shape the scope and delivery of detailed planning work.

15 If the market response is low, this may indicate that a DBC should progress under NZTA, and they should undertake market engagement as part of the DBC. If the market response is strong, then we will gain new information on the feasibility of the private sector led model.

16 Engaging with the private sector will require careful managing with clear communication of the purpose at this early stage and clarity that the Government has not yet made a decision to progress with the project. An open and transparent process will be important given expected public knowledge of the exercise.

Other work can start now to close information gaps

17 In parallel with the early market sounding approach, we recommend progressing the following work, which will be required independent of what detailed planning approach is taken:

17.1 **NZTA undertaking initial geotechnical sampling** and other technical assessments on both the tunnel and bridge options. This will help reduce uncertainty and quantify risk. NZTA advises the estimated cost of this work will be $50-60 million and will take between 12 and 24 months. Forthcoming fast track legislation presents an opportunity to compress timeframes/costs

17.2 **Modelling funding and financing options** to assess the fiscal impact of the project. The National Land Transport Fund (NLTF) is unlikely to be able to fully fund repayments to a private sector partner without significantly impacting future settings for Fuel Excise Duty and, or Road User Charges or the current pipeline of projects. Te Waihanga NZ Infrastructure Commission suggest that this could lead to the Crown setting some affordability parameters for the project. Given the fiscal objectives of the Crown we will also need to explore non-Crown funding and financing options

17.3 **Conducting an independent cost assessments of the bridge options** developed in the IBC, looking at international comparators would be beneficial for making future decisions from a more informed position. Estimated cost $50-60k.

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Determining the level of ministerial oversight for the next phase of work is important

18 The governance and assurance structure of the next phase needs to align with your expectations, s 9(2)(f)(iv) [redacted]

19 If the project is managed as part of the National Land Transport Programme you can outline your expectations, receive regular updates against key objectives and set conditions for Crown funding, but essentially all major decisions around progressing the project would be delegated to the NZTA Board.

20 At the other end of the spectrum, you can create a governance and assurance structure with greater ministerial oversight and more opportunities for direction on decision-making including requiring ministerial consent.

21 A middle ground could be struck with most decisions delegated to the NZTA board but with governance and assurance mechanisms in place to allow input from you (and Cabinet) and consent at key stages or gateways within the project

Table 1: options for the role of the NZTA in the next phase

Option	Advantages	Disadvantages
Low level of ministerial oversight	Less delays due to well-tested business practices Clear accountability across all stages of the project resting with one organisation Continuity of institutional knowledge, relationships and capability are carried through all stages of the project	Ministers and Cabinet have a reduced ability to direct the project and manage risk and cost/ delivery issues
High level of ministerial oversight	Ministers have visibility at key decision making points and the ability to ensure the project stays within the agreed scope of the project Decision making frequency and nature can be according to your direction. Cross-government collaboration can be considered alongside technical (NZTA) advice to deliver a more fit-for-purpose analysis and improve alignment with wider system changes signalled in the GPS, such as the establishment of the National Infrastructure Agency. Can encourage greater exploration of lower cost options.	Needing to establish new processes, policies, and a new cross-agency team to implement the work programme may cause delays. As the project progresses to construction, the key relationships are more likely to change and project knowledge lost.

22 Under any option we recommend an independent assurance function is established to provide oversight, made up of experts to provide ministers with confidence on delivery and risk management. A cross agency team can also be established within existing baselines to support the panel.

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The views of the Treasury

23 **Fiscal context.** In March the Government released its Budget Policy Statement setting out its short-term intentions and long-term fiscal objectives. This included bringing government debt to prudent levels and reducing net core Crown debt and government spending as a percentage of GDP. As also noted in this briefing, the NLTF is in an unsustainable fiscal position, based on current fuel excise duty and road user charges settings, to fully fund a project of this size. We see this fiscal context putting additional emphasis on the need for infrastructure investments to focus on the highest value-for-money options based on robust evidence through the Investment Management System (IMS), and for alternative non-Crown funding and finance options to be thoroughly explored.

24 **IBC shortcomings.** As set out above, officials' review of the IBC material to date has revealed concerns in some areas. In addition, a Gateway Review in October 2023 gave the project a red risk rating for the likelihood of delivery of the overall project (based on NZTA's recommended option at the time). This included a recommendation that the planning process needed to better show how the large investment options were to be supported by sufficiently rigorous investment prioritisation in Auckland, value for money and government affordability assessments. We have not received any confirmation that the Gateway Review recommendations have been addressed.

25 s 9(2)(f)(iv)



26 If Ministers wish to proceed with the next planning phase of the project, we recommend the following steps:

26.1 A new Gateway Review is undertaken ahead of submission of the final IBC to officials and Ministers. This is a standard requirement for high-risk investments such as this project, to provide Cabinet with independent assurance that the investment is set up for successful delivery. This Gateway review will also provide an opportunity for independent assurance on whether the agency has implemented the recommendations from the October 2023 Gateway review

26.2 NZTA address the shortcomings identified in the IBC before it is finalised, focused on better informing a decision between design options including (1) more information on lower-cost bridge options and (2) addressing any further recommendations from the additional Gateway review above. This could include the work described in the next phase

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26.3 Following the additional work to finalise the IBC, an informed decision could then be made on the scope of a subsequent DBC process – this would be an appropriate time to decide which tunnel or bridge option(s) goes forward for further detailed analysis

26.4 While initial targeted market sounding could be useful in the near-term, it should be preliminary and would not form the basis of a final decision on procurement models (such as a PPP). As set out in this briefing, a subsequent DBC process is the normal process to inform final decisions on procurement, consistent with the IMS.

The views of Te Waihanga NZ Infrastructure Commission

27 The Commission supports approaches that preserve optionality of the preferred transport solution at this point in the project lifecycle.

28 s 9(2)(f)(iv)



29 Cabinet should therefore consider the fiscal impacts and trade-offs of the project before ruling out options or making a decision to move forward solely with the tunnel option. This could also extend to signalling Crown affordability parameters to assist option assessment.

30 Moving forward without understanding these matters risks progressing an unaffordable project, with associated reputational risks, or providing Cabinet limited options but to fund the project.

31 Any Cabinet decision to progress the tunnel option should be fully informed. To allow this, assessment of both options should confirm strategic alignment against the current government's clearly specified investment objectives (which are likely to have changed since the IBC was completed), overall costs and benefits, affordability and fiscal impacts, including potential impacts of significant embedded and enabled greenhouse gas emissions on any fiscal liability required to meet our Nationally-Determined Contribution, the opportunity cost associated with this scale of investment and deliverability given the complexity, risk and scale of the options in the context of a relatively thin construction market.

32 Recognising the appetite for fast progress and work carried out to date, it may be that this work could be conducted relatively quickly. An early, informed decision by Cabinet could preclude the need to take two options to the detailed planning phase which would add significant cost.

33 Any market sounding and/or geotechnical investigation, as discussed in this paper, should be sequenced appropriately, and only commence once necessary to inform decisions required to move forward. Geotechnical investigation of either option is likely to incur significant cost and potential environmental impact and therefore should commence only if Cabinet are willing to consider the Crown funding requirement needed for the project.

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34 Additionally, any market sounding process should be carefully designed, build upon NZTA's existing relationships with the private sector and be informed by a clear understanding of the Crown's objectives and bottom lines to manage market expectations and ensure that responses support progress towards a deliverable project.

Next steps

35 Following your feedback, we will amend the draft Cabinet paper in Annex 1 and take your direction on a timeframe for consultation and lodging.

36 The attached timeline sets out some high level next steps. This is outlined in Annex 2.

37 Pending your feedback on the level of ministerial oversight desired in the next phase of work, we will further develop an approach to governance and assurance in partnership with key agencies.

38 We recommend you provide an update on this project in the Roundtable agenda item for the Infrastructure and Investment Ministers Group on 21 May 2024.

39 We have not consulted NZTA in the development of this advice. They have provided initial technical feedback on the draft Cabinet paper. Pending your feedback, we will engage with NZTA further.

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ANNEX 1 DRAFT CABINET PAPER

Attached separately

The changes between this draft Cabinet Paper and the Cabinet Paper attached to document 4 were not substantial and consisted primarily of reordering and adjusting phrasing while conveying the same overarching message.
Therefore please refer to the version attached to document 4.

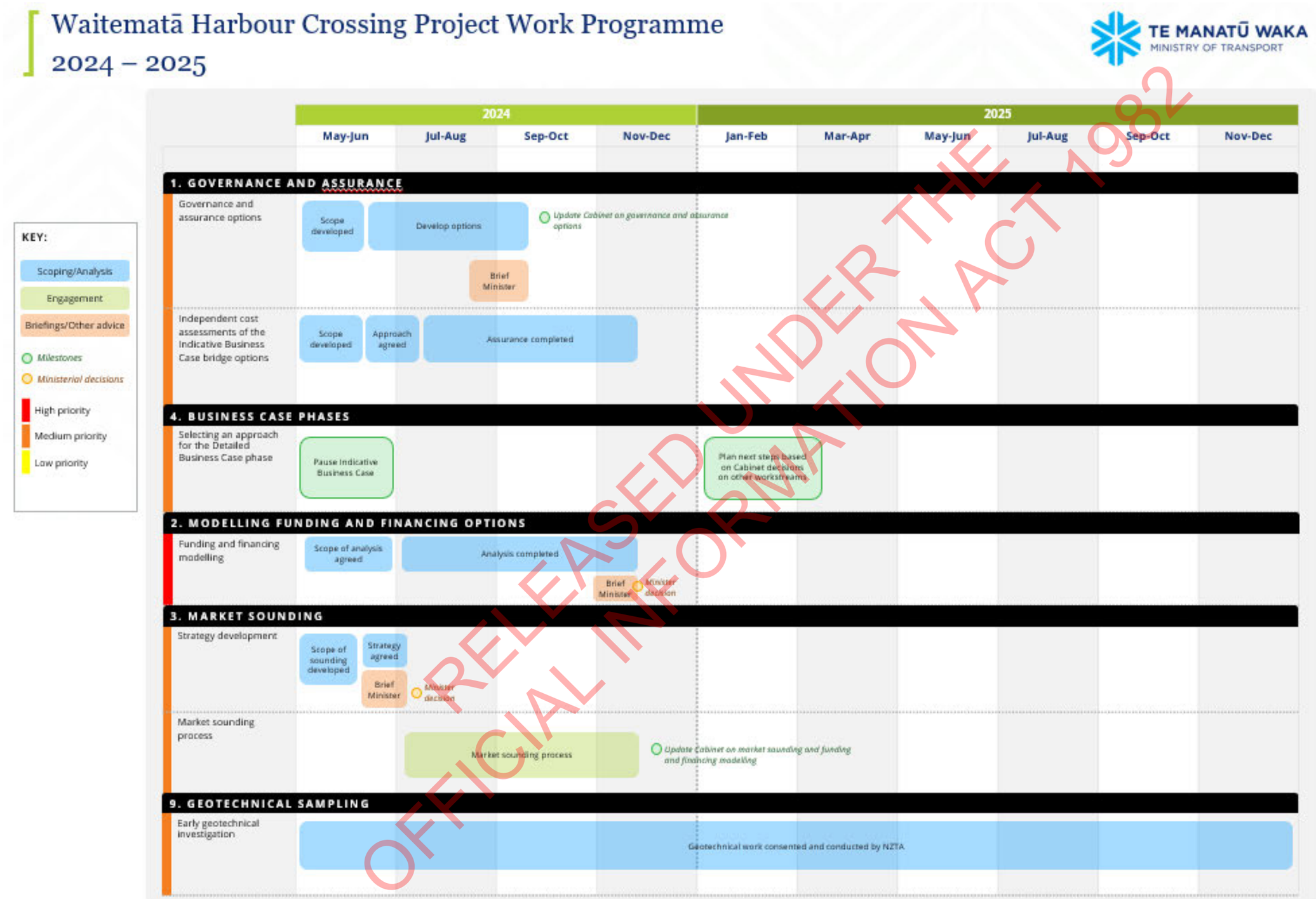
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Annex 2 – Options for progressing to detailed planning

Option	Implementation	Benefits	Risks
Option 1 Recommend to Cabinet a private sector led model	• A market sounding process is undertaken to test levels of interest • If sufficient interest, a process for the market to respond and for proposals to be evaluated would be developed by the Ministry, The Treasury and other government agencies • Respondents would be provided access to the IBC as a common reference point • An independent advisory and evaluation panel could be established • Intellectual property developed by a short-list of respondents would need to be compensated • Estimated Cost: ~$2m	• Leverages work to date on the IBC as a public sector comparator • Enables IP development by the private sector and potentially innovative solutions before detailed planning • Consistent with GPS direction, signalling to the market that the Government is serious about private sector innovation • Establishes practices (and learning) for other projects	• Given the National Infrastructure Agency is not yet established this would need to draw on resource from government agencies - additional funding and capability required • The parallel process for the City Centre to Māngere corridor may disincentivise some market participants • Adds significant time compared to other options
Option 2 Recommend to Cabinet to note the indicative business case and agree to progress to detailed planning with both road tunnel and bridge options	• NZTA progresses to a DBC phase on road tunnels and a bridge option. • An independent panel could be established to evaluate technical work and advise ministers on both options. • Ministerial direction and oversight strengthened relative to work-to-date. • Estimated Cost: NZTA have not been able to provide a revised cost update within the available time. This approach will be more costly to deliver than Option 3 due to the wider range of technical studies required	• Keeps options open based on reasonable evidence of feasibility and value for money of a bridge option • Maintains the momentum of the current process • Consistent with expectations conveyed by key stakeholders • Provides more opportunity for the public to have a say on different options	• Misses opportunities to revisit the investment objectives and undertake the work to close known weaknesses in the IBC • Does not enable market involvement and potential innovation at an early stage
Option 3 Recommend to Cabinet to note the indicative business case and agree to progress to detailed planning with the road tunnel option	• NZTA progresses to DBC phase with road tunnels • An independent panel could be established to evaluate technical work and advise ministers • Ministerial direction and oversight strengthened relative to work-to-date • Estimated Cost: $80m from the NLTF (subject to NLTP approval). Funding for route protection or an independent panel not included. 2-3 years.	• Maintains the momentum of the current process	• Not supported by government agencies • Progressing with only one option would make it difficult to change direction later, if the tunnel option proves to be unaffordable or unviable • Does not enable market involvement and potential innovation at an early stage

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Annex 3 Draft programme outline for the next phase of work – key decisions and updates



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TE MANATŪ WAKA
MINISTRY OF TRANSPORT

23 May 2024 OC240543

Hon Simeon Brown **Action required by:**

Minister of Transport Click to enter a date or delete this + "Action required by:"

PROGRESSING WAITEMATĀ HARBOUR CONNECTIONS PROJECT

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Purpose

To update you on changes made to the draft Cabinet paper on progressing the Waitematā Harbour Connections project following your direction to officials on 14 May 2024.

Key points

- The draft Cabinet paper for the Waitematā Harbour Connections (WHC) project now reflects a programme of work in the next phase that will allow work on the tunnel and bridge options to be progressed, whilst in parallel, enabling work on low regret investments (e.g. Northern Busway enhancements) to also be delivered through the National Land Transport Programme.
- The New Zealand Transport Agency, Waka Kotahi (NZTA) will deliver workstreams on geotechnical and engineering investigations, a pathway for statutory approvals, funding and financing options and early market sounding. These work streams will be delivered as part of the National Land Transport Programme. A governance and assurance workstream will be led by the Ministry of Transport.
- The paper also recommends establishing a cross agency reference group to support the work programme and report to ministers. This will enable cross agency collaboration and input as work progresses. A terms of reference for the group will provide clarity on role and scope, thereby setting the group up for success.
- The paper proposes that you keep the Infrastructure and Investment Ministers Group informed of the work. You could also consider whether you seek a delegation from Cabinet to yourself and the Minister of Infrastructure to oversee the work
- Once you are satisfied that the draft Cabinet paper is ready, we will undertake departmental consultation in parallel with ministerial consultation.

Recommendations

We recommend you:

1 **agree** to commence departmental consultation on the draft cabinet paper in Annex 1 in parallel to ministerial consultation Yes / No

Richard Cross
Acting Deputy Chief Executive, Investment and Monitoring
..... / ..... / .....

Hon Simeon Brown
Minister of Transport
..... / ..... / .....

Minister's office to complete: ☐ Approved ☐ Declined

☐ Seen by Minister ☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Richard Cross, Acting Deputy Chief Executive Investment and Monitoring	s 9(2)(a)	✓
Tim Herbert		
Karen Lyons		

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PROGRESSING WAITEMATĀ HARBOUR CONNECTIONS WORK

Update since our last briefing

The Ministry has amended the Cabinet paper and consulted with NZTA, The Treasury and Te Waihanga, NZ Infrastructure Commission

1 In response to your direction on our last briefing (OC240024), we have updated the Cabinet paper to:

1.1 Confirm that a bridge and tunnel option will be progressed through the next phase

1.2 Reflect NZTA's planned work as set out in their recent briefing (refer MIN-4488)

1.3 Outline that NZTA will lead workstreams on engineering and geotechnical investigations, a pathway for statutory approvals, funding and financing options and early market sounding

1.4 Include a governance and assurance workstream led by the Ministry of Transport

1.5 Include the establishment of a cross agency WHC Reference Group that will support the programme of work and report to ministers

1.6 Maintain the focus on enabling low regret investments such as the Northern Busway.

2 It is expected that funding decisions made by the NZTA through the National Land Transport Programme will reflect your expectations. The changes are reflected in Annex 1 Draft Cabinet Paper

The paper proposes a terms of reference for the WHC Reference Group

3 The Cabinet paper sets out the role and membership of the cross agency reference group in broad terms and recommends that a Terms of Reference (TOR) is developed to provide more detail.

4 The intent of the reference group is to enable better collaboration across agencies and ensure that those agencies accountable for delivering the work are supported. It can ensure effective scoping of the workstreams and going forward will support robust and consistent advice.

5 Initially the WHC Reference Group is expected to include senior officials from NZTA, Ministry of Transport, The Treasury and Te Waihanga, NZ Infrastructure Commission. It will cover the period up to the delivery of the detailed business case, when a new approach is expected to be developed that reflects the delivery model that is proposed. The group may need to be adapted over time, notably with the establishment of the National Infrastructure Agency. It may need to call on independent technical advice.

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6 The TOR will also clarify how the Infrastructure and Investment Ministers Group will be kept informed about work across the workstreams. We expect this will be a group that you consult with as the work progresses.

7 An outline of the approach to project oversight and workstream delivery is outlined in Annex 2.

Engagement with Auckland Council and mana whenua need to be considered in this next phase

8 The 13 iwi engaged as project partners throughout the IBC phase hold interests over te Waitematā and throughout the area. NZTA will discuss with you the engagement approach with iwi that has worked well to date.

9 As the next phase of work is set up, we would like to discuss with you the role that you see for Auckland Council and Auckland Transport.

Next steps

10 Once you are satisfied with the draft cabinet paper, we will commence departmental consultation over the next two weeks with those agencies whom we have already consulted as well as the following agencies:

10.1 Ministry of Housing and Urban Development

10.2 Department of Internal Affairs

10.3 Ministry for the Environment

10.4 Ministry for Business, Innovation and Employment (reflecting the lifeline utilities impacted by works on this corridor).

11 To keep momentum we will be consulting with departments in parallel with ministerial consultation.

12 The following Cabinet committee (ECO) meetings align with this timeframe, depending on how much time you may wish to take to consider this advice:

12.1 Wednesday 19 June 2024

12.2 Wednesday 26 June 2024

12.3 Wednesday 24 July

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ANNEX 1 DRAFT CABINET PAPER

13 Attached separately

The changes between this draft Cabinet Paper and the Cabinet Paper attached to document 4 were not substantial and consisted primarily of reordering and adjusting phrasing while conveying the same overarching message.
Therefore please refer to the version attached to document 4.

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ANNEX 2 PROJECT OVERSIGHT AND WORKSTREAMS

14 Attached separately

A duplicate of this table is released in document 4.

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TE MANATŪ WAKA
MINISTRY OF TRANSPORT

30 May 2024 OC240589

Hon Simeon Brown

Minister of Transport

PROGRESSING THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

Purpose

To update you on changes made to the draft Cabinet paper on progressing the Waitematā Harbour Connections project following your direction to officials on 29 May 2024.

Key points

- Annex 1 contains an updated draft Cabinet paper for the Waitematā Harbour Connections (WHC) project following your direction on the previous draft (OC240543).
- The form and function of the cross agency reference group has been updated to exclude the New Zealand Transport Agency (NZTA) from its membership and to reflect the reference group's role to support the comp etion of the IBC, provide advice alongside NZTA, and how the recommendations of the last gateway review will be resolved.
- We will provide you with a draft terms of reference for the proposed reference group, and prepare an accompanying draft letter to the NZTA Board Chair. These will be provided in a separate briefing after Cabinet has considered your recommendations. You may want to consult with the Infrastructure and Investment Ministers Group before approving the terms of reference.
- Once you are satisfied that the draft Cabinet paper is ready, we will undertake departmental consultation in parallel with ministerial consultation.

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Recommendations

We recommend you:

		Yes/No
1	**agree** to commence departmental consultation on the draft cabinet paper in Annex 1 in parallel to ministerial consultation	

David Wood, **Deputy Chief Executive, Investment and Monitoring**

30 / May / 2024

Hon Simeon Brown
Minister of Transport

..... / ..... / .....

Minister's office to complete: ☐ Approved ☐ Declined ☐ Seen by Minister ☐ Not seen by Minister ☐ Overtaken by events

Comments

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Contacts

Name	Telephone	First contact
David Wood, Deputy Chief Executive, Investment and Monitoring	s 9(2)(a)	✓
Tim Herbert		
Karen Lyons		

PROGRESSING THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

Update since our last briefing

The Ministry has amended the draft Cabinet paper following your direction

1 In response to your direction on our last briefing (OC240543), we have updated the Cabinet paper in Annex 1 to:

1.1 Remove NZTA as a member of the proposed reference group

1.2 Reflect the role of the NZTA board

1.3 Incorporate the governance and assurance work under the reference group, rather than as a separate workstream, noting it will be led by the Ministry of Transport

1.4 outline how the expectations of the Government will be relayed to the NZTA Board, through a letter to the Board Chair, outlining how it is expected to work with the reference group

1.5 Clarify the relative costs to maintain options through the next phase

1.6 Include a summary of the draft IBC as an annex to the Cabinet paper.

Further work is underway to understand how Government agencies can best support the work

2 Annex 2 presents a revised project oversight model for the project in the next phase reflecting your recent feedback

3 Ministry of Transport officials will work with colleagues at NZTA, The Treasury and the New Zealand Infrastructure Commission to develop the draft Terms of Reference for the proposed reference group. Once we have the draft in good shape, we will also prepare a draft letter to the NZTA Board Chair that outlines the Government's direction and the proposed model for engagement with government agencies and Ministers in the next phase. We expect to bring both documents to you soon after Cabinet has considered your recommendations.

Next steps

4 Once you are satisfied with the draft cabinet paper, we will commence departmental consultation over the next two weeks with those agencies whom we have already consulted as well as the following agencies:

4.1 Ministry of Housing and Urban Development;

4.2 Department of Internal Affairs;

4.3 Ministry for the Environment;

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4.4 Ministry for Business, Innovation and Employment (reflecting the lifeline utilities impacted by works on this corridor).

5 To keep momentum up, we will be consulting with departments in parallel with ministerial consultation.

6 The following Cabinet committee (ECO) meetings align with this timeframe, depending on how much time you may wish to take to consider this advice:

6.1 Wednesday, 26 June 2024

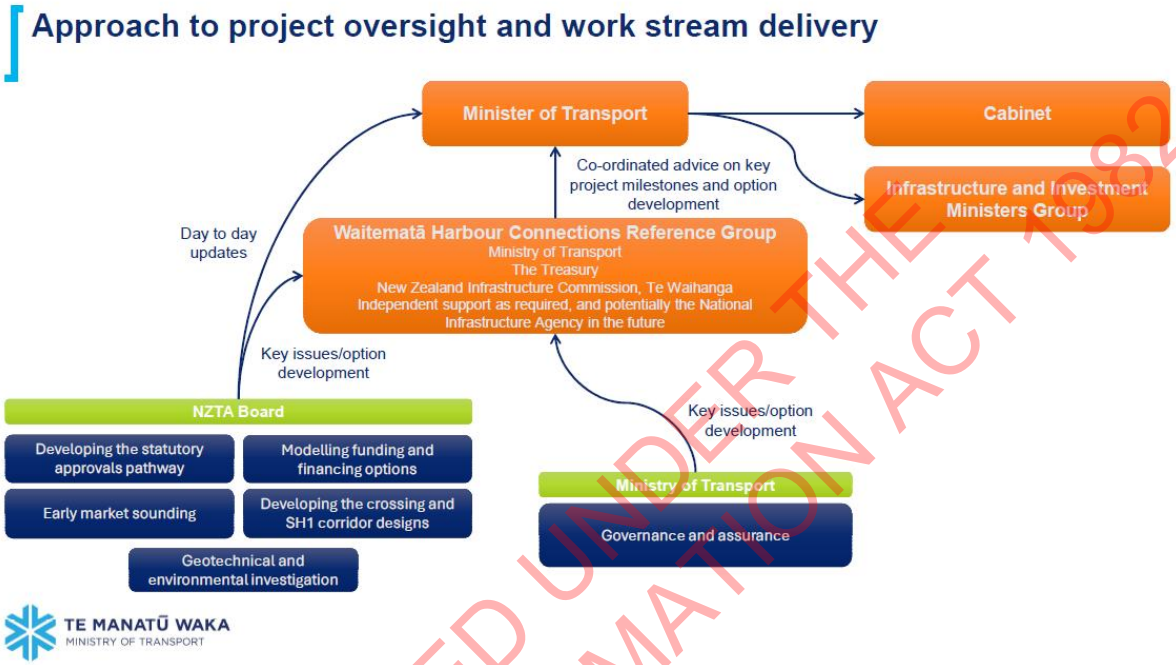
6.2 Wednesday, 24 July 2024.

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ANNEX 1

To be attached separately

ANNEX 2



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In Confidence

Office of the Minister of Transport

Cabinet Economic Policy Committee

Progressing the Waitematā Harbour Connections project

Proposal

1 This paper seeks agreement on progressing the Waitematā Harbour Connections (WHC) project through a work programme led by the New Zealand Transport Agency (NZTA) and by establishing a cross agency reference group to support the work and report to Ministers.

Relation to government priorities

2 The draft Government Policy Statement on Land Transport 2024 states that the Government commits to delivering an additional crossing over the Waitematā Harbour that, at a minimum, provides for additional road connections between Auckland's North Shore and the city centre.

3 It further outlines that in order to reduce the upfront cost of this project to taxpayers, options for private funding, including through equity financing and value capture mechanisms, will be pursued.

Executive Summary

4 A second harbour crossing is of critical importance to Auckland and a major investment decision. The next phase of work is about maintaining momentum, optionality, and ensuring we have the right information to make good investment decisions.

5 The proposed next phase of work involves NZTA progressing no regret investments, such as the Northern Busway improvements, and a work programme aimed at providing more certainty on the risks and costs of the project. It will also give us an indication of the private sector's interest in future design, delivery, and financing.

6 To keep options open, I propose we progress both bridge and tunnel options through this work programme. The next phase of project development is expected to take two to three years. This work will lead into finalising an Indicative Business Case (IBC) and moving into the Detailed Business Case (DBC) phase.

7 Given the broad government interest in this project and the need to evolve governance and delivery arrangements as the work progresses, and the National Infrastructure Agency is stood up, I propose establishing a cross agency reference group. This group will support NZTA's work, consider options, keep Ministers informed on progress and provide advice on the future governance and assurance arrangements for the Infrastructure and Investment Ministers Group and Cabinet.

8 Key decisions will be brought to Cabinet, and I will keep the Infrastructure and Investment Ministers Group updated as this work progresses.

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Background

The Auckland Harbour Bridge is a critical part of the strategic transport network

9 The Auckland harbour bridge is the most travelled stretch of the state highway network, carrying 14% of the total daily vehicle kilometres travelled in Auckland and on average 12,000 freight trips and 235,000 people a day, including more than 1,000 daily bus crossings carrying 35,000 passengers.

10 The Northern Busway carries about a third of the trips over the harbour bridge in the morning peak travel period. This is expected to at least double over the next 30 years. The busway is currently operating near capacity, often with standing room only at morning peak times.

11 For vehicles travelling to and from the city via the alternative Western Ring Route, it takes an extra 15 minutes outside of peak times. This is the route that High Productivity Motor Vehicles carrying more than 44-tonnes are required to use due to weight restrictions placed on the harbour bridge 20 years ago. For inter-regional freight traffic, this route (via SH20) is 12km longer, parts of which are heavily congested at peak times.

12 Since 2008 there have been seven significant studies that have looked at long-term solutions to increase capacity and resilience across the Waitematā Harbour. None of these options have progressed to the DBC stage.

The bridge will need a significant renewal within the next fifteen years

13 The aging bridge is subject to rigorous monitoring and ongoing repairs. Measures are in place to manage the risk of carrying increasingly heavy vehicles and to manage the effects of increasingly frequent high wind events. Approaches to the bridge are also subject to inundation from king tides and floods during extreme weather events, which also leads to disruption.

14 NZTA anticipate that the renewal required to address these issues will close two lanes at a time for a period of two years. This is expected to occur from 2040 onwards.

What work has been done on a second crossing?

15 Following direction from the previous Government, NZTA developed an IBC to identify a solution to carry through to the DBC phase. An IBC is an early opportunity to inform decision-makers of whether a project is viable or not, and to build confidence that the project will deliver value for money.

16 Upon receiving advice on the project in December 2023, I wrote to the Acting Chair of NZTA to ensure that work on the IBC was focussed on improving resilience and enhancing the Northern Busway.

17 NZTA have deferred their decision on endorsing the IBC and are awaiting Cabinet feedback. An outline of the draft IBC, as it relates to this Government's priorities, is summarised in Annex 1.

18 The draft IBC is recommending the tunnel option, on the balance of benefits, costs and risks of each option:

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18.1 s 9(2)(f)(iv) [redacted]

18.2 [redacted]

19 [redacted]

This project would be the largest single transport investment to date value for money is a critical consideration

20 The Government released its Budget Policy Statement in March setting out its short-term intentions and long-term objectives. This emphasised bringing government debt to prudent levels, reducing net core Crown debt as a percentage of GDP, and reducing government spending as a percentage of GDP.

21 This fiscal context puts additional emphasis on the need for the WHC planning process to identify the highest value options, and for alternative non-Crown funding and finance options to be properly explored.

22 More work is required on the cost estimates and key risks associated with the bridge option in the IBC. This view is shared with key partners, such as Auckland Council.

23 Annex 1 includes a summary of the IBC and Annex 2 includes partner views and the findings of the most recent Treasury Gateway Review.

24 The scale of investment required for ultimate delivery, means it is of high interest to the Government and New Zealanders. Agreeing to progress to delivery will require difficult choices and trade-offs across other transport projects and other areas of government expenditure. Cabinet therefore needs to provide direction to NZTA and other agencies about the next phase of work.

25 There is a significant cost premium associated with private sector financing and risk sharing that will need to be reflected in any value for money assessment going forward. This premium is the difference between what the private sector expects to be paid for delivering the agreed network outcomes (i.e. meeting asset standards for the build phase and maintaining assets and services to agreed levels during the operation phase) and what the public sector estimates it will cost to deliver the project using a traditional procurement arrangement (the public sector comparator).

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26 Moving to the DBC phase is a key decision and I do not yet believe we are ready to determine what options should be taken off the table, nor how the DBC phase should be delivered. I am therefore proposing we commence a phase of project development before a future DBC to maintain momentum towards delivery.

What does the next phase of work for the project look like?

Delivering no regret investments in parallel with progressing planning

27 While further planning of a second crossing continues, a programme of no regret investments can be undertaken as part of the National Land Transport Programme (NLTP). NZTA will determine the detailed scope and timing of this work within the priorities of the NLTP.

28 The Northern Busway enhancements are an example of a low-risk investment. This work will deliver faster services and reduced wait times and has progressed through a DBC. Auckland Transport are expecting to stage the enhancements to meet projected demand over the next 10-15 years. This project is in the Auckland Regional Land Transport Plan, however no funding is allocated until the 2027-30 period. NZTA will need to work with Auckland Transport to resolve this funding gap

29 Additionally, time of use charging in Auckland and resiliency mitigations for high winds and sea level rise could be opportunities to leverage existing assets to improve efficiency now and once a second crossing is up and running.

Starting a work programme to develop the project further before moving into a DBC

30 The work programme for the next phase focuses on enabling current design and delivery risks to be further assessed, refined, and reduced. I recommend both the tunnel and bridge options are included in this work. Given the scale of this project it is critical that we ensure both options are thoroughly investigated.

31 NZTA have outlined that progressing the tunnel option through this work programme is estimated to cost $80 million. Taking a bridge option forward as well is expected to add $20 million of cost. NZTA will need to confirm these costs based on final scoping decisions. This work would be funded from the National Land Transport Fund (NTLF).

32 This work will allow us to maintain momentum with the project, without locking in a specific design, allowing the private sector to engage with the Crown on detailed design and delivery options going forward. Market soundings during this phase will help inform and shape the work.

33 The work programme would include the following workstreams led by NZTA:

33.1 **developing the crossing and State Highway 1 (SH1) corridor designs** to understand the engineering requirements and reduce the risk profile in cost estimates. This would include specific work on form, location and methodology and detailed response to resilience issues on SH1, including whether raising the corridor could be avoided by using seawalls. Cost benefit analysis will be required as cost estimates are revised;

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33.2 **geotechnical and environmental investigation** to better inform engineering and design development, including estimations of the emissions impacts of different options and their potential implications for meeting national emissions targets. Findings will also be important for future private sector engagement;

33.3 **developing the statutory approvals pathway**, which will also include consideration of any required enabling legislation. When ready this would also lead to route protection and early property acquisition. This would occur after a decision is made on whether to progress a tunnel or bridge option. Depending on the role of the private sector, route protection may need to occur alongside a Public Private Partnership arrangement, or similar delivery model;

33.4 **modelling funding and financing options** to quantify the fiscal impact of the project and advise on options for funding and financing. Given the fiscal objectives of the Crown, this will also need to explore non-Crown funding and private sector financing options. s 9(2)(f)(iv) This workstream will also undertake procurement investigations to inform later planning stages and delivery models. The cost premium associated with private sector financing and risk sharing will also need to be identified;

33.5 **early market sounding** to provide an understanding of market interest and provide the opportunity to tap into industry expertise and insights at an early stage. This would not be a full market engagement process as undertaken in a DBC and would be in addition to any future procurement related engagement.

34 The final scope of these workstreams will need to be confirmed by the NZTA Board. As is standard for work funded by the NLTF, the NZTA Board would oversee the work, approving expenditure and providing strategic direction and feedback.

I recommend a project reference group is also established to support delivery

35 Given the high levels of interest in this project across ministerial portfolios, I propose a cross-agency reference group be established to work with NZTA to deliver the work programme and support Ministers with necessary advice.

36 The reference group will:

36.1 support the development and testing of options before decisions are made to ensure they align with Government objectives;

36.2 support me to have oversight of the programme, providing coordinated advice across agencies for sharing with the Infrastructure and Investment Ministers Group;

36.3 consider options for governance and assurance for future stages of the project including delivering the DBC. This will include how Auckland Council, Auckland Transport and, once established, the National Infrastructure Agency are involved. These arrangements will evolve as the project progresses and will need to reflect the respective roles of the government agencies, the private sector, and Ministers. This work will be led by the Ministry of Transport in consultation with other reference group members and NZTA.

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37 The reference group would include senior officials from the Treasury, the New Zealand Infrastructure Commission, and the Ministry of Transport, and be accountable for reporting to Ministers. As the work progresses on setting up the new National Infrastructure Agency, they could also be included in the group.

38 If Cabinet agrees to this approach, I propose to develop a Terms of Reference to be shared with the Infrastructure and Investment Ministers Group. This Terms of Reference will specify how the reference group will support the completion of the IBC, provide advice alongside NZTA, and how the recommendations of the last gateway review will be resolved (these are summarised in Annex 2).

39 I will write to the NZTA Board Chair to outline the Government's preferred approach for advancing the project. This will include expectations on how NZTA will work with the reference group and will ensure that Ministers are kept informed on both progress and on any key decisions or risks.

40 This letter will emphasise my expectation that information be provided to the reference group in a timely manner and transparently outline key risks and the reasoning behind key decisions. I further expect that NZTA Board papers on the project incorporate feedback and views from the reference group. I will also outline that I expect regular project updates from NZTA, including briefings on significant issues and decisions, which will be complemented by advice from the reference group.

41 This letter will also outline that while final scoping is the decision of the NZTA Board, I expect NZTA to closely collaborate with the reference group in developing workstream scopes.

42 The reference group may need to call on independent technical expertise to support its work and assurance provided to Ministers. If needed, these costs will be met from the Reference Group agency baselines and are expected to not exceed $100,000.

Cost-of-living Implications

43 s 9(2)(f)(iv) [redacted]

44 The GPS identifies this project as an opportunity to explore options for private funding, including through equity financing and value capture, as a means to deliver benefits earlier and spread the costs over a longer period. This could help mitigate cost of living implications.

Financial Implications

45 While there are no immediate financial implications arising from this paper, the continued investigation, and any Government public announcement of the emerging preferred option, creates a substantive financial risk to the Crown.

46 While final decisions have not yet been taken on the GPS Land Transport 2024, the NLTF will not be in position to fund a second crossing in the foreseeable future based on current settings for Fuel Excise Duty and Road User Charges alongside the current pipeline of projects. This means the fiscal risk sits more broadly on the

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Crown, beyond just road users. This risk may also impact other parties depending on what alternative funding tools are used to fund the project.

47 The project is already recognised as a specific fiscal risk in the forthcoming Budget and Economic Fiscal Update under the Public Finance Act 1989. The addition work in the next phase will allow the Crown to consider the fiscal implications within the broader fiscal strategy well in advance of any future possible future final investment decision.

Treasury Comment

48 No specific Treasury comment has been provided at this stage in drafting. This may be updated through the consultation process.

Legislative Implications

49 There are no legislative implications arising from this paper.

Impact Analysis

Regulatory Impact Statement

50 A Regulatory Impact Statement is not required for this paper, as no policy or investment commitments from the Crown are being made.

Climate Implications of Policy Assessment

51 The Climate Implications of Policy Assessment (CIPA) team have not yet been consulted, however, this will be undertaken to confirm that the CIPA requirements do not apply, as the threshold for significance is not met given this proposal does not make any decisions to progress any particular option.

52 Given this proposal outlines a pathway towards delivery, any emissions impacts will be assessed and disclosed to Cabinet as the work is progressed.

Population Implications

53 There are no gender, disability, or ethnic group implications arising from this paper.

Human Rights

54 There are no human rights implications arising from this paper.

Use of external Resources

55 No external contractors have been engaged in the writing of this Cabinet paper.

Consultation

56 Departmental consultation on content (beyond The Treasury, the New Zealand Infrastructure Commission, and NZTA to be undertaken).

57 Annex 1 summarises NZTA public engagement to date on the draft IBC and Annex 2 summarises the views of Auckland Council, and the 13 iwi with interests in the project, on the recommended option proposed by the NZTA.

Communications

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58 Following Cabinet consideration of this paper I plan to make an announcement. The nature of this will be confirmed in consultation with NZTA and will avoid signalling any direction that could impact on market engagement or s 9(2)(f)(iv)

Proactive Release

59 I intend to release the Cabinet paper proactively within the 30-day timeframe.

Recommendations

I recommend that the Committee:

1 **note** that NZTA have deferred their decision on endorsing the IBC pending Cabinet feedback. The IBC will remain in draft form until the work outlined in recommendation 3 is complete;

2 **approve** commencing the next phase of the Waitemata Harbour Connections Project advancing the bridge and tunnel options at an estimated cost of $100 million

3 **note the** NZTA will lead the following workstreams to maintain momentum with the project and support private sector engagement:

3.1 developing the crossing and SH1 corridor designs;

3.2 geotechnical and environmental investigations;

3.3 developing the statutory approvals pathway;

3.4 modelling funding and financing options;

3.5 early market sounding;

4 **note**, subject to NZTA Board approval no regrets investment, such as the Northern Busway improvements, will progress in parallel to workstreams outlined in recommendation 3;

5 **approve** the establishment of the Waitematā Harbour Connections Reference Group, consisting of senior officials from the Ministry of Transport, the Treasury, and the New Zealand Infrastructure Commission; to provide project support to NZTA and report to Ministers;

6 **note** I will develop a Terms of Reference for the Waitematā Harbour Connections Reference Group to be shared with the Infrastructure and Investment Ministers Group;

7 **note** I will write to the NZTA Board Chair to outline the Government's preferred approach for advancing the Waitematā Harbour Connections Project and expectations for NZTA's engagement with the reference group;

8 **note** I intend to announce the next steps to advance the Waitematā Harbour Connections project;

9 **note** as this project progresses, I will report back to this committee as Cabinet decisions are required and will keep the Infrastructure and Investment Ministers Group updated.

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Hon Simeon Brown

Minister for Transport

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Annex 1: Summary of the draft IBC

1 An IBC investigation was commissioned as part of the delivery of the National Land Transport Programme 2021-2024. The investigation was scoped to build on the extensive studies previously undertaken and was delivered using an Alliance model.

Public engagement and input from stakeholders considered connectivity for cars, pedestrians, cyclists and users of public transport

2 Public consultation and engagement with key stakeholders was undertaken in April 2023 looking at five scenarios, all including multi-modal connectivity across te Waitematā. This work determined that transport choice and the ability to get to and around the North Shore using public transport were key priorities. Tunnels were seen as superior to bridges to increase resilience and relieving congestion and avoiding disruption were also important.

3 The Automobile Association surveyed its Auckland members (9,180 responses) as part of its submission on the five scenarios:

3.1 96% favoured a new connection across te Waitematā;

3.2 Two thirds considered closures of the Auckland harbour bridge due to weather a major problem (this increased to 81% for respondents who cross the Auckland harbour bridge daily or most days).

4 Views of freight/land developers were mixed on the form of investment, but all supported investment in a second crossing of some kind. The importance of efficiency on this corridor and the current limitations in place for high productivity and oversized freight movers were the key issues raised.

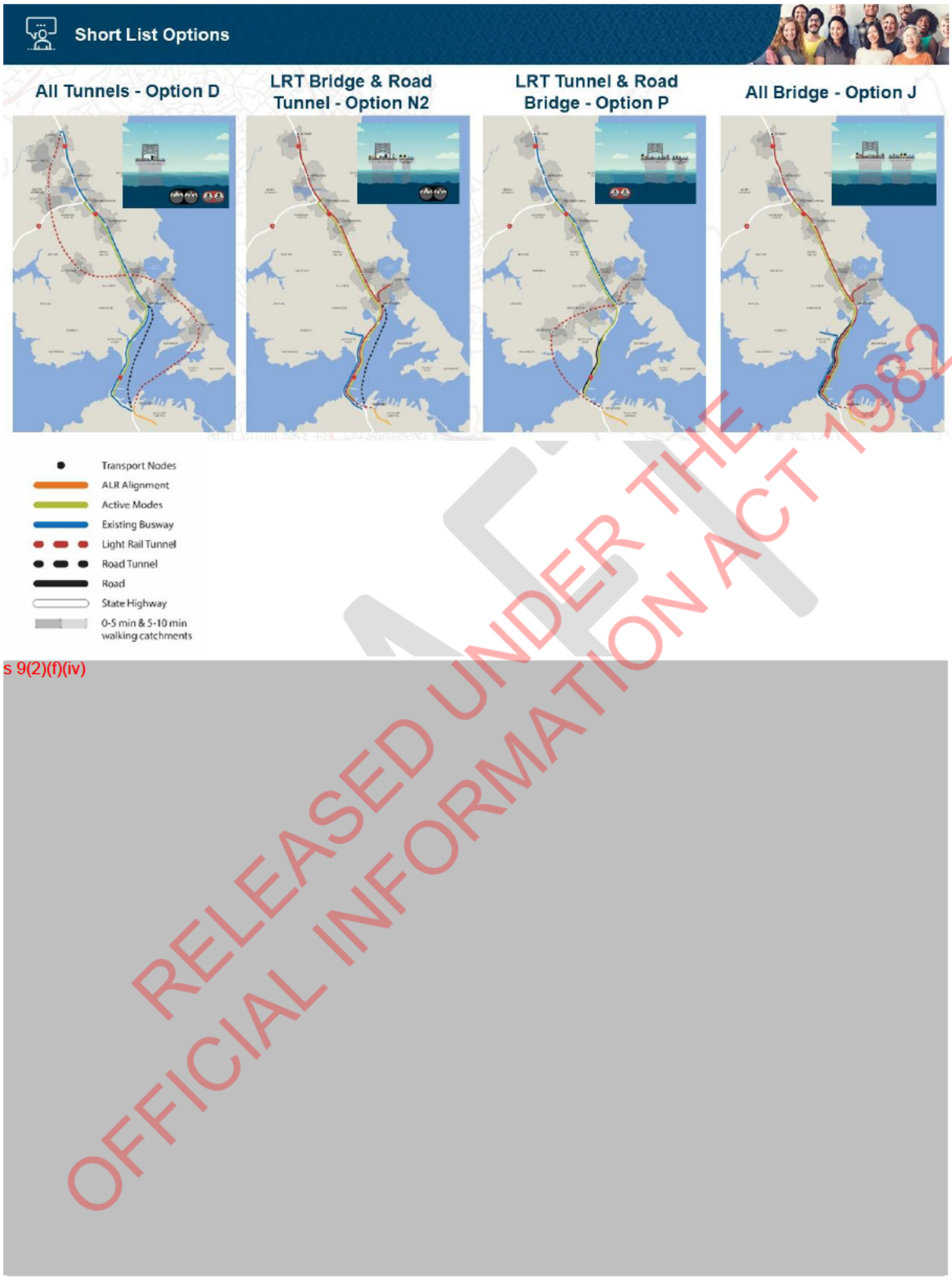
Initial option development failed to identify a compelling case for change

5 The previous Government established wide-ranging investment objectives for the project, recognising the likely need for Crown funding for any additional crossing. Meeting the investment objectives resulted in options favouring large-scale asset investment with multiple new crossing assets. s 9(2)(f)(iv) [redacted]

6 An emerging preferred option of multimodal investment was announced by the previous Government in August 2023 favouring the option at the top of the cost range as the best solution over the long-term to deliver population and economic growth.

7 Further work was undertaken in response to feedback from partners to identify opportunities to improve affordability, including refinement of bridge options and better use of demand management, e.g. road pricing.

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The draft IBC was reviewed to reflect the direction of the current Government

8 NZTA have developed a revised staging plan that maintains progress on addressing the resilience challenge but is more focussed on delivering those elements of the programme that align with new directions of the current Government. The recommended option in the draft IBC is delivering two packages of work:

8.1 Package A – Resilience including twin road tunnels, changes to the existing Auckland Harbour Bridge and SH1 approaches;

8.2 Package B – Northern Busway Enhancements (short and medium term). The Northern Busway enhancements will be staged to manage expected passenger growth up to 2040.



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The draft IBC is expected to be updated to reflect the work now outlined by Cabinet

9 As outlined in this paper, following direction from Cabinet, the IBC will be updated by NZTA, considering the findings of the workstreams explained in the body of the paper. Bridge and tunnel options will be included in these workstreams.

Annex 2: s 9(2)(f)(iv) and s9(2)(g)(i) gateway results

1 s 9(2)(f)(iv) and s9(2)(g)(i)

2

3

Treasury Gateway Review

4 An independent Treasury Gateway Review was completed on this project in October 2023 and gave the project a dual rating. It received amber/green rating for the successful delivery of the IBC through to the NZTA Board. It noted the project team has made significant progress in developing the IBC and is considered to be on track for delivery of a final document to usefully inform and guide the NZTA Board on the next steps for this project. It received a red rating on the likelihood of delivery of the overall project. The prospects for success of the overall project appear to be in jeopardy for the following reasons outside the control of the NZTA:

4.1 There is limited ability of the IBC to establish that the project sits appropriately within the incoming Government s and Auckland Council's investment priorities, as well as within their affordability thresholds;

4.2 This presents a challenge and opportunity for the infrastructure agencies to come together and create the conditions for this project to be successful.

5 The Treasury has not received formal confirmation regarding how the gateway recommendations have been addressed.

6 The Terms of Reference for the Waitematā Harbour Connections project Reference Group will monitor how the recommendations of the last gateway review will be resolved.

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TE MANATŪ WAKA
MINISTRY OF TRANSPORT

11 June 2024 OC240630

Hon Simeon Brown

Minister of Transport **Action required by:** 12 June 2024

SUMMARY OF FEEDBACK ON THE DRAFT CABINET PAPER TO PROGRESS THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

Purpose

This briefing:

- summarises feedback from departments and Ministe s on the draft Cabinet paper for progressing the Waitematā Harbour Connections (WHC) project (**Annex 1**) and
- seeks your final edits to the draft Cabinet paper and approval to submit it to the Cabinet Office for consideration at the Economic Pol cy Committee (ECO) on Wednesday, 19 June 2024.

Key points

- Consultation on the draft Cabinet paper to progress the WHC project took place with departments between 31 May and 7 June 2024.
- Your office organised consultation with your Ministerial colleagues.
- We have considered all feedback and have suggested changes to the draft Cabinet paper for you to consider (see the summary in **Annex 1**). No major changes have been suggested.
- We seek your agreement to these changes and seek any final changes you would like to make to the draft Cabinet paper (see **Annex 2** for updated Cabinet paper).
- Direction will be sought at ECO on Wednesday, 19 June 2024 and at Cabinet on Monday, 24 June 2024.
- We will work with your office to finalise the Cabinet paper and lodge it with the Cabinet Office by 10am on Thursday, 13 June 2024.

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Recommendations

We recommend you:

1 **indicate** whether you would like any further changes made to the updated draft Cabinet paper — Yes / No

2 **agree** to the changes proposed to the draft Cabinet paper (summarised in this briefing and tracked in Annex 2) — Yes / No

3 **approve** the updated draft Cabinet paper for lodgement with the Cabinet Office by 10am on Thursday 13 June 2024. — Yes / No

David Wood
Deputy Chief Executive Investment and Monitoring

Hon Simeon Brown
Minister of Transport
..... / ..... / .....

Minister's office to complete: ☐ Approved ☐ Declined ☐ Seen by Minister ☐ Not seen by Minister ☐ Overtaken by events

Comments

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Contacts

Name	Telephone	First contact
David Wood	s 9(2)(a)	✓
Tim Herbert		
Karen Lyons		

SUMMARY OF FEEDBACK ON THE DRAFT CABINET PAPER TO PROGRESS THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

Consultation on the draft Cabinet paper

1 The draft Cabinet paper to progress work on the Waitematā Harbour Connections Project was shared for consultation with other departments between 31 May and 7 June 2024. The revised document was reshared with departments on 10 June 2024 after changes were prepared in response to feedback.

2 We provided the documents to the following departments for consultation:

- Department of Internal Affairs
- Ministry of Business, Innovation and Employment
- Ministry for the Environment
- Ministry of Housing and Urban Development
- New Zealand Infrastructure Commission
- New Zealand Transport Agency
- The Treasury.

3 Your office organised consultation with your Ministerial colleagues.

Feedback received and suggested changes to the documents

4 Officials have analysed all feedback and have provided a summary of the key points and suggested changes in **Annex 1**.

5 Overall, feedback received on the draft Cabinet paper was minor, changes in response were:

5.1 consistently referring to the project as an additional, rather than second harbour crossing, reflecting that there are already two crossings, including the Western Ring Route

5.2 removing cost references where absolute values were not provided.

Approval to lodge

6 We seek your agreement to the proposed changes to the attached draft Cabinet paper (**Annex 2**) and seek any further changes you want to document.

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7 Subject to your agreement to these changes, we seek your approval to lodge the Cabinet paper with the Cabinet Office by 10am on Thursday, 13 June 2024. You will then take this document to the Cabinet Economic Policy Committee (ECO) on Wednesday, 19 June 2024 and Cabinet on Monday, 24 June 2024.

8 We will provide talking points for ECO once a final version of the Cabinet paper is confirmed.

Next Steps

9 A tentative timeline for the project is outlined below but is subject to input from NZTA.

Milestone	Timing
Cabinet provides direction	24 June 2024
Briefing to the Minister of Transport with draft Terms of Reference and draft letter to the NZTA Board Chair is provided, with request to consult with the Infrastructure and Investment Ministers Group	3 July 2024
First meeting of the Reference Group is held	16 July 2024
Briefing to the Minister of Transport covering final programme and workstream scopes	31 July 2024
Work programme commences	14 August 2024

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ANNEX 1 – RECORD OF FEEDBACK

Feedback from:	Feedback	Ministry of Transport comment	Suggested changes
Departments			
Ministry of Housing and Urban Development	A consistent approach in the paper regarding how we refer to the project – i.e. referring to it being an 'additional' harbour crossing (rather than second harbour crossing).	Agreed.	The paper now refers to "additional" harbour crossing, reflecting that there are already two crossings, including the Western Ring Route.
	Para 18.1 - it would be good to include absolute costs here Justifying the cost of tunnel by offsetting it against the relatively cheap cost of the approach (compared to bridge option) is not helpful.	Agreed.	We have removed the reference to costs where an absolute figure was not provided.
	Para 19 – even when considering the wider economic benefits, the benefit cost ratio, is fairly marginal. This supports the need for further work on cost estimates and risks (in para 22).	No change required.	No change, noting that paragraph 22 has now been moved to be alongside information on IBC costings in response to feedback on paragraph 18.1.
	HUD are comfortable with not being included in the Reference Group. However, would welcome the opportunity to be involved in an informal basis, particularly regarding opportunities for urban development.	No change required. The Ministry of transport will call on the respective expertise of any Government Agency as and when required.	No change.

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Feedback from:	Feedback	Ministry of Transport comment	Suggested changes
	Para 53 states no gender or ethnic group implications s 9(2)(f)(iv) [redacted] We are comfortable with the statement in para 53, however the impact on Māori and other ethnic groups will need to be considered further down the track when decisions are made.	No change required at this time. This will be relevant for future decisions when the funding and financing implications are more clearly known.	No change.
NZ Infrastructure Commission - Te Waihanga	We support an approach that preserves optionality on a preferred solution at this point in the project lifecycle, and that is aligned with the wider strategic investment programme for Auckland.	No change required.	No change.
	Progressing no regret investments in parallel is also investment supported	No change required.	No change.
	There may be significant affordability and deliverability challenges in progressing with either option given the scale and complexity of the project.	No change required.	No change.
	s 9(2)(f)(iv) [redacted]	No change required.	No change.
	We agree that further investigation of lower-cost options, including options to manage demand (e.g. through pricing or public transport solutions), are needed before proceeding to a Detailed Business Case (DBC).	No change required.	No change.
	The work programme proposed in the Cabinet paper covers the key issues and it is appropriate that work is led by NZTA given funding and system roles and responsibilities. The proposal for a project reference.	No change required.	No change.

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Feedback from:	Feedback	Ministry of Transport comment	Suggested changes
Department of Internal Affairs	DIA generally supports the direction of the paper, including that options for a bridge and a tunnel are further investigated before a preferred solution is chosen, and the pursual of no regrets investments.	No change required.	No change.
	We also support the resilience improvements for the current harbour crossing and note the major disruptions caused to the traffic network arising from extreme weather events and traffic accidents.	No change required.	No change.
	We also acknowledge that there are significant affordability and deliverability challenges with both options and support further investigation of lower-cost options, such as through demand management and/or increased provision of public transport services or active modes.	No change required at this time. This is a matter that the Reference Group and NZTA will need to address.	No change.
	We note that while the paper focusses on the development of an additional harbour crossing and is relatively silen on how another crossing would link to other projects underway, or how it would impact the efficiency of Auckland city s traffic network as a whole, which we understand is a priority.	No change required at this time. This is a matter that the Reference Group and NZTA will need to address.	No change.
	We recommend thorough consultation with Auckland Council and Auckland Transport and the leveraging of existing relationships throughout the ongoing development of this complex project.	No change required at this time. This is a matter that the Reference Group and NZTA will need to address.	No change.
Treasury	The Treasury supports the progression of the WHC project, and the NZTA leading the workstreams outlined in noting rec 3. We expect that NZTA will work with the Waitematā Harbour Connections Reference Group to set the scope of these workstreams, and for Ministers to have visibility on their progress.	No change required.	No change.

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Feedback from:	Feedback	Ministry of Transport comment	Suggested changes
	The Treasury supports the tunnel and bridge options being included in this next phase of the work programme, and given the scale of this project, it is critical that both options are thoroughly investigated before moving into the Detailed Business Case phase.	No change required.	No change.
	The Treasury agrees there is a need for the WHC planning process to identify the highest value options, and for alternative non-Crown funding and finance options to be properly explored. We also support further work being undertaken on the cost estimates and key risks associated with the bridge option in the Indicative Business Case.	No change required	No change.
	The Treasury supports the establishment of the Waitematā Harbour Connections Reference Group, and our inclusion in this group. We also support the expectation that agencies will meet any costs associated with reference group participation from baselines. However, we would argue that a cap is not required, as the Reference Group will be time bound and have a limited scope, and we suggest the removal of the reference to $100,000 from paragraph 42 of your draft paper.	Given th s detail was added as part of feedback from your office, your expectation is a relevant matter for the Reference Group to consider. For this reason no changes have been made in response to this feedback.	No change.
	We would also suggest that agree rec 2 is amended and that the estimated cost of $100 million is removed. The progression of the WHC project through the NZTA-led workstreams will further refine the project scope and costs, which may alter the estimated amount.	Given this detail was added as part of feedback from your office, and the figure is communicated as an estimate no change has been made in response to this feedback.	No change.

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Feedback from:	Feedback	Ministry of Transport comment	Suggested changes
Ministry for the Environment	It isn't clear why this is the most important project out of the many at this time. It isn't clear how the work outlined in para 33 would make that any clearer. What is missing is a proposal to assess the strategic\spatial value of this project, so that its relative merits, wider benefits, opportunity costs can help inform decisions	No change required at this time. This is a matter that the Reference Group and NZTA will need to address.	No change.
	The strategic importance of the project hasn't been made clear.	No change required at this time. This is a matter that the Reference Group and NZTA will need to address	No change.
	Paragraph 26 should be moved up the paper as it is a key point.	No change required at this time. This is a matter that the Reference Group and NZTA will need to address.	No change.
	The workstream to develop the crossing and State Highway 1 (SH1) corridor design should cover the strategic role of the crossing in shaping land-use and travel/freight patterns.	No change required at this time. This is a matter that the Reference Group and NZTA will need to address.	No change.

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ANNEX 2 – UPDATED CABINET PAPER

Attached separately, with tracked changes.

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In Confidence

Office of the Minister of Transport

Cabinet Economic Policy Committee

Progressing the Waitematā Harbour Connections project

Proposal

1 This paper seeks agreement on progressing the Waitematā Harbour Connections (WHC) project through a work programme led by the New Zealand Transport Agency (NZTA) and by establishing a cross agency reference group to support the work and report to Ministers.

Relation to government priorities

2 The draft Government Policy Statement on Land Transport 2024 states that the Government commits to delivering an additional crossing over the Waitematā Harbour that, at a minimum, provides for additional road connections between Auckland's North Shore and the city centre.

3 It further outlines that in order to reduce the upfront cost of this project to taxpayers, options for private funding, including through equity financing and value capture mechanisms, will be pursued.

Executive Summary

4 An additional~~second~~ harbour crossing is of critical importance to Auckland and a major investment decision. The next phase of work is about maintaining momentum, optionality, and ensuring we have the right information to make good investment decisions.

5 The proposed next phase of work involves NZTA progressing no regret investments, such as the Northern Busway improvements, and a work programme aimed at providing more certainty on the risks and costs of the project. It will also give us an indication of the private sector's interest in future design, delivery, and financing.

6 To keep options open, I propose we progress both bridge and tunnel options through this work programme. The next phase of project development is expected to take two to three years. This work will lead into finalising an Indicative Business Case (IBC) and moving into the Detailed Business Case (DBC) phase.

7 Given the broad government interest in this project and the need to evolve governance and delivery arrangements as the work progresses, and the National Infrastructure Agency is stood up, I propose establishing a cross agency reference group. This group will support NZTA's work, consider options, keep Ministers informed on progress and provide advice on the future governance and assurance arrangements for the Infrastructure and Investment Ministers Group and Cabinet.

8 Key decisions will be brought to Cabinet, and I will keep the Infrastructure and Investment Ministers Group updated as this work progresses.

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Background

The Auckland Harbour Bridge is a critical part of the strategic transport network

9 The Auckland harbour bridge is the most travelled stretch of the state highway network, carrying 14% of the total daily vehicle kilometres travelled in Auckland and on average 12,000 freight trips and 235,000 people a day, including more than 1,000 daily bus crossings carrying 35,000 passengers.

10 The Northern Busway carries about a third of the trips over the harbour bridge in the morning peak travel period. This is expected to at least double over the next 30 years. The busway is currently operating near capacity, often with standing room only at morning peak times.

11 For vehicles travelling to and from the city via the alternative Western Ring Route, it takes an extra 15 minutes outside of peak times. This is the route that High Productivity Motor Vehicles carrying more than 44-tonnes are required to use due to weight restrictions placed on the harbour bridge 20 years ago. For inter-regional freight traffic, this route (via SH20) is 12km longer, parts of which are heavily congested at peak times.

12 Since 2008 there have been seven significant studies that have looked at long-term solutions to increase capacity and resilience across the Waitematā Harbour. None of these options have progressed to the DBC stage.

The bridge will need a significant renewal within the next fifteen years

13 The aging bridge is subject to rigorous monitoring and ongoing repairs. Measures are in place to manage the risk of carrying increasingly heavy vehicles and to manage the effects of increasingly frequent high wind events. Approaches to the bridge are also subject to inundation from king tides and floods during extreme weather events, which also leads to disruption.

14 NZTA anticipate that the renewal required to address these issues will close two lanes at a time for a period of two years. This is expected to occur from 2040 onwards.

What work has been done on a<u>n additional</u> ~~second~~ crossing?

15 Following direction from the previous Government, NZTA developed an IBC to identify a solution to carry through to the DBC phase. An IBC is an early opportunity to inform decision-makers of whether a project is viable or not, and to build confidence that the project will deliver value for money.

16 Upon receiving advice on the project in December 2023, I wrote to the Acting Chair of NZTA to ensure that work on the IBC was focussed on improving resilience and enhancing the Northern Busway.

17 NZTA have deferred their decision on endorsing the IBC and are awaiting Cabinet feedback. An outline of the draft IBC, as it relates to this Government's priorities, is summarised in Annex 1.

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18 The draft IBC is recommending the tunnel option, on the balance of benefits, costs and risks of each option:

18.1 s 9(2)(f)(iv)



18.2

18.3

19

This project would be the largest single transport investment to date, value for money is a critical consideration

20 The Government released its Budget Policy Statement in March setting out its short-term intentions and long-term objectives. This emphasised bringing government debt to prudent levels, reducing net core Crown debt as a percentage of GDP, and reducing government spending as a percentage of GDP.

21 This fiscal context puts additional emphasis on the need for the WHC planning process to identify the highest value options, and for alternative non-Crown funding and finance options to be properly explored.

~~22 More work is required on the cost estimates and key risks associated with the bridge option in the IBC. This view is shared with key partners, such as Auckland Council.~~

~~23~~22 Annex 1 includes a summary of the IBC and Annex 2 includes partner views and the findings of the most recent Treasury Gateway Review.

~~24~~23 The scale of investment required for ultimate delivery, means it is of high interest to the Government and New Zealanders. Agreeing to progress to delivery will require difficult choices and trade-offs across other transport projects and other areas of government expenditure. Cabinet therefore needs to provide direction to NZTA and other agencies about the next phase of work.

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~~25~~24 There is a significant cost premium associated with private sector financing and risk sharing that will need to be reflected in any value for money assessment going forward. This premium is the difference between what the private sector expects to be paid for delivering the agreed network outcomes (i.e. meeting asset standards for the build phase and maintaining assets and services to agreed levels during the operation phase) and what the public sector estimates it will cost to deliver the project using a traditional procurement arrangement (the public sector comparator).

~~26~~25 Moving to the DBC phase is a key decision and I do not yet believe we are ready to determine what options should be taken off the table, nor how the DBC phase should be delivered. I am therefore proposing we commence a phase of project development before a future DBC to maintain momentum towards delivery.

What does the next phase of work for the project look like?

Delivering no regret investments in parallel with progressing planning

~~27~~26 While further planning of an additional~~second~~ crossing continues, a programme of no regret investments can be undertaken as part of the National Land Transport Programme (NLTP). NZTA will determine the detailed scope and timing of this work within the priorities of the NLTP.

~~28~~27 The Northern Busway enhancements are an example of a low-risk investment. This work will deliver faster services and reduced wait times and has progressed through a DBC. Auckland Transport are expecting to stage the enhancements to meet projected demand over the next 10-15 years. This project is in the Auckland Regional Land Transport Plan, however no funding is allocated until the 2027-30 period. NZTA will need to work with Auckland Transport to resolve this funding gap.

~~29~~28 Additionally, time of use charging in Auckland and resiliency mitigations for high winds and sea level rise could be opportunities to leverage existing assets to improve efficiency now and once the additional~~a second~~ crossing is up and running.

Starting a work programme to develop the project further before moving into a DBC

~~30~~29 The work programme for the next phase focuses on enabling current design and delivery risks to be further assessed, refined, and reduced. I recommend both the tunnel and bridge options are included in this work. Given the scale of this project it is critical that we ensure both options are thoroughly investigated.

~~31~~30 NZTA have outlined that progressing the tunnel option through this work programme is estimated to cost $80 million. Taking a bridge option forward as well is expected to add $20 million of cost. NZTA will need to confirm these costs based on final scoping decisions. This work would be funded from the National Land Transport Fund (NTLF).

~~32~~31 This work will allow us to maintain momentum with the project, without locking in a specific design, allowing the private sector to engage with the Crown on detailed design and delivery options going forward. Market soundings during this phase will help inform and shape the work.

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~~33~~32 The work programme would include the following workstreams led by NZTA:

~~33.1~~32.1 **developing the crossing and State Highway 1 (SH1) corridor designs** to understand the engineering requirements and reduce the risk profile in cost estimates. This would include specific work on form, location and methodology and detailed response to resilience issues on SH1, including whether raising the corridor could be avoided by using seawalls. Cost benefit analysis will be required as cost estimates are revised;

~~33.2~~32.2 **geotechnical and environmental investigation** to better inform engineering and design development, including estimations of the emissions impacts of different options and their potential implications for meeting national emissions targets. Findings will also be important for future private sector engagement;

~~33.3~~32.3 **developing the statutory approvals pathway**, which will also include consideration of any required enabling legislation. When ready this would also lead to route protection and early property acquisition. This would occur after a decision is made on whether to progress a tunnel or bridge option. Depending on the role of the private sector route protection may need to occur alongside a Public Private Partnership arrangement or similar delivery model;

~~33.4~~32.4 **modelling funding and financing options** to quantify the fiscal impact of the project and advise on options for funding and financing. Given the fiscal objectives of the Crown, this will also need to explore non-Crown funding and private sector financing options. s 9(2)(f)(iv) [redacted] This workstream will also undertake procurement investigations to inform later planning stages and delivery models. The cost premium associated with private sector financing and risk sharing will also need to be identified;

~~33.5~~32.5 **early market sounding** to provide an understanding of market interest and provide the opportunity to tap into industry expertise and insights at an early stage. This would not be a full market engagement process as undertaken in a DBC and would be in addition to any future procurement related engagement.

~~34~~33 The final scope of these workstreams will need to be confirmed by the NZTA Board. As is standard for work funded by the NLTF, the NZTA Board would oversee the work, approving expenditure and providing strategic direction and feedback.

I recommend a project reference group is also established to support delivery

~~35~~34 Given the high levels of interest in this project across ministerial portfolios, I propose a cross-agency reference group be established to work with NZTA to deliver the work programme and support Ministers with necessary advice.

~~36~~35 The reference group will:

~~36.1~~35.1 support the development and testing of options before decisions are made to ensure they align with Government objectives;

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~~36.2~~35.2 support me to have oversight of the programme, providing coordinated advice across agencies for sharing with the Infrastructure and Investment Ministers Group;

~~36.3~~35.3 consider options for governance and assurance for future stages of the project including delivering the DBC. This will include how Auckland Council, Auckland Transport and, once established, the National Infrastructure Agency are involved. These arrangements will evolve as the project progresses and will need to reflect the respective roles of the government agencies, the private sector, and Ministers. This work will be led by the Ministry of Transport in consultation with other reference group members and NZTA.

~~37~~36 The reference group would include senior officials from the Treasury, the New Zealand Infrastructure Commission, and the Ministry of Transport, and be accountable for reporting to Ministers. As the work progresses on setting up the new National Infrastructure Agency, they could also be included in the group.

~~38~~37 If Cabinet agrees to this approach, I propose to develop a Terms of Reference to be shared with the Infrastructure and Investment Ministers Group. This Terms of Reference will specify how the reference group will support the completion of the IBC, provide advice alongside NZTA, and how the recommendations of the last gateway review will be resolved (these are summarised in Annex 2).

~~39~~38 I will write to the NZTA Board Chair to outline the Government's preferred approach for advancing the project. This will include expectations on how NZTA will work with the reference group and will ensure that Ministers are kept informed on both progress and on any key decisions or risks

~~40~~39 This letter will emphasise my expectation that information be provided to the reference group in a timely manner and transparently outline key risks and the reasoning behind key decisions. I further expect that NZTA Board papers on the project incorporate feedback and views from the reference group. I will also outline that I expect regular project updates from NZTA, including briefings on significant issues and decisions, which will be complemented by advice from the reference group.

~~41~~40 This letter will also outline that while final scoping is the decision of the NZTA Board, I expect NZTA to closely collaborate with the reference group in developing workstream scopes.

~~42~~41 The reference group may need to call on independent technical expertise to support its work and assurance provided to Ministers. If needed, these costs will be met from the Reference Group agency baselines and are expected to not exceed $100,000.

Cost-of-living Implications

~~43~~42 s 9(2)(f)(iv) [redacted]

~~44~~43 The GPS identifies this project as an opportunity to explore options for private funding, including through equity financing and value capture, as a means to deliver

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benefits earlier and spread the costs over a longer period. This could help mitigate cost of living implications.

Financial Implications

4544 While there are no immediate financial implications arising from this paper, the continued investigation, and any Government public announcement of the emerging preferred option, creates a substantive financial risk to the Crown.

4645 While final decisions have not yet been taken on the GPS Land Transport 2024, the NLTF will not be in position to fund an additional ~~second~~ crossing in the foreseeable future based on current settings for Fuel Excise Duty and Road User Charges alongside the current pipeline of projects. This means the fiscal risk sits more broadly on the Crown, beyond just road users. This risk may also impact other parties depending on what alternative funding tools are used to fund the project.

4746 The project is already recognised as a specific fiscal risk in the forthcoming Budget and Economic Fiscal Update under the Public Finance Act 1989. The addition work in the next phase will allow the Crown to consider the fiscal implications within the broader fiscal strategy well in advance of any future possible future final investment decision.

Treasury Comment

4847 ~~No specific Treasury comment has been provided at this stage in drafting. This may be updated through the consultation process.~~ The Treasury is satisfied its position has been incorporated into the body of the paper, and no separate comment is required.

Legislative Implications

4948 There are no legislative implications arising from this paper.

Impact Analysis

Regulatory Impact Statement

5049 A Regulatory Impact Statement is not required for this paper, as no policy or investment commitments from the Crown are being made.

Climate Implications of Policy Assessment

5150 The Climate Implications of Policy Assessment (CIPA) team have not yet been consulted however, this will be undertaken to confirm that the CIPA requirements do not apply, as the threshold for significance is not met given this proposal does not make any decisions to progress any particular option.

5251 Given this proposal outlines a pathway towards delivery, any emissions impacts will be assessed and disclosed to Cabinet as the work is progressed.

Population Implications

5352 There are no gender, disability, or ethnic group implications arising from this paper.

Human Rights

5453 There are no human rights implications arising from this paper.

Use of external Resources

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~~55~~54 No external contractors have been engaged in the writing of this Cabinet paper.

Consultation

~~56~~55 Departmental consultation was conducted with the Department of Internal Affairs, Ministry of Business Innovation and Employment, Ministry for the Environment, Ministry of Housing and Urban Development, New Zealand Infrastructure Commission, the Treasury, and NZTA.

~~57~~56 Annex 1 summarises NZTA public engagement to date on the draft IBC and Annex 2 summarises the views of Auckland Council, and the 13 iwi with interests in the project, on the recommended option proposed by the NZTA.

Communications

~~58~~57 Following Cabinet consideration of this paper I plan to make an announcement. The nature of this will be confirmed in consultation with NZTA and will avoid signalling any direction that could impact on market engagement s 9(2)(f)(iv)

Proactive Release

~~59~~58 I intend to release the Cabinet paper proactively within the 30-day timeframe.

Recommendations

I recommend that the Committee:

1 **note** that NZTA have deferred their decision on endorsing the IBC pending Cabinet feedback. The IBC will remain in draft form until the work outlined in recommendation 3 is complete;

2 **approve** commencing the next phase of the Waitemata Harbour Connections Project advancing the bridge and tunnel options at an estimated cost of $100 million

3 **note the** NZTA will lead the following workstreams to maintain momentum with the project and support private sector engagement:

3.1 developing the crossing and SH1 corridor designs;

3.2 geotechnical and environmental investigations;

3.3 developing the statutory approvals pathway;

3.4 modelling funding and financing options;

3.5 early market sounding.

4 **note**, subject to NZTA Board approval, no regrets investment, such as the Northern Busway improvements, will progress in parallel to workstreams outlined in recommendation 3;

5 **approve** the establishment of the Waitematā Harbour Connections Reference Group, consisting of senior officials from the Ministry of Transport, the Treasury, and the New Zealand Infrastructure Commission; to provide project support to NZTA and report to Ministers;

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6 **note** I will develop a Terms of Reference for the Waitematā Harbour Connections Reference Group to be shared with the Infrastructure and Investment Ministers Group;

7 **note** I will write to the NZTA Board Chair to outline the Government's preferred approach for advancing the Waitematā Harbour Connections Project and expectations for NZTA's engagement with the reference group;

8 **note** I intend to announce the next steps to advance the Waitematā Harbour Connections project;

9 **note** as this project progresses, I will report back to this committee as Cabinet decisions are required and will keep the Infrastructure and Investment Ministers Group updated.

Hon Simeon Brown

Minister for Transport

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Annex 1: Summary of the draft IBC

1 An IBC investigation was commissioned as part of the delivery of the National Land Transport Programme 2021-2024. The investigation was scoped to build on the extensive studies previously undertaken and was delivered using an Alliance model.

Public engagement and input from stakeholders considered connectivity for cars, pedestrians, cyclists and users of public transport

2 Public consultation and engagement with key stakeholders was undertaken in April 2023 looking at five scenarios, all including multi-modal connectivity across te Waitematā. This work determined that transport choice and the ability to get to and around the North Shore using public transport were key priorities. Tunnels were seen as superior to bridges to increase resilience and relieving congestion and avoiding disruption were also important.

3 The Automobile Association surveyed its Auckland members (9,180 responses) as part of its submission on the five scenarios:

3.1 96% favoured a new connection across te Waitematā;

3.2 Two thirds considered closures of the Auckland harbour bridge due to weather a major problem (this increased to 81% for respondents who cross the Auckland harbour bridge daily or most days).

4 Views of freight/land developers were mixed on the form of investment, but all supported investment in an additional ~~second~~ crossing of some kind. The importance of efficiency on this corridor and the current limitations in place for high productivity and oversized freight movers were the key issues raised.

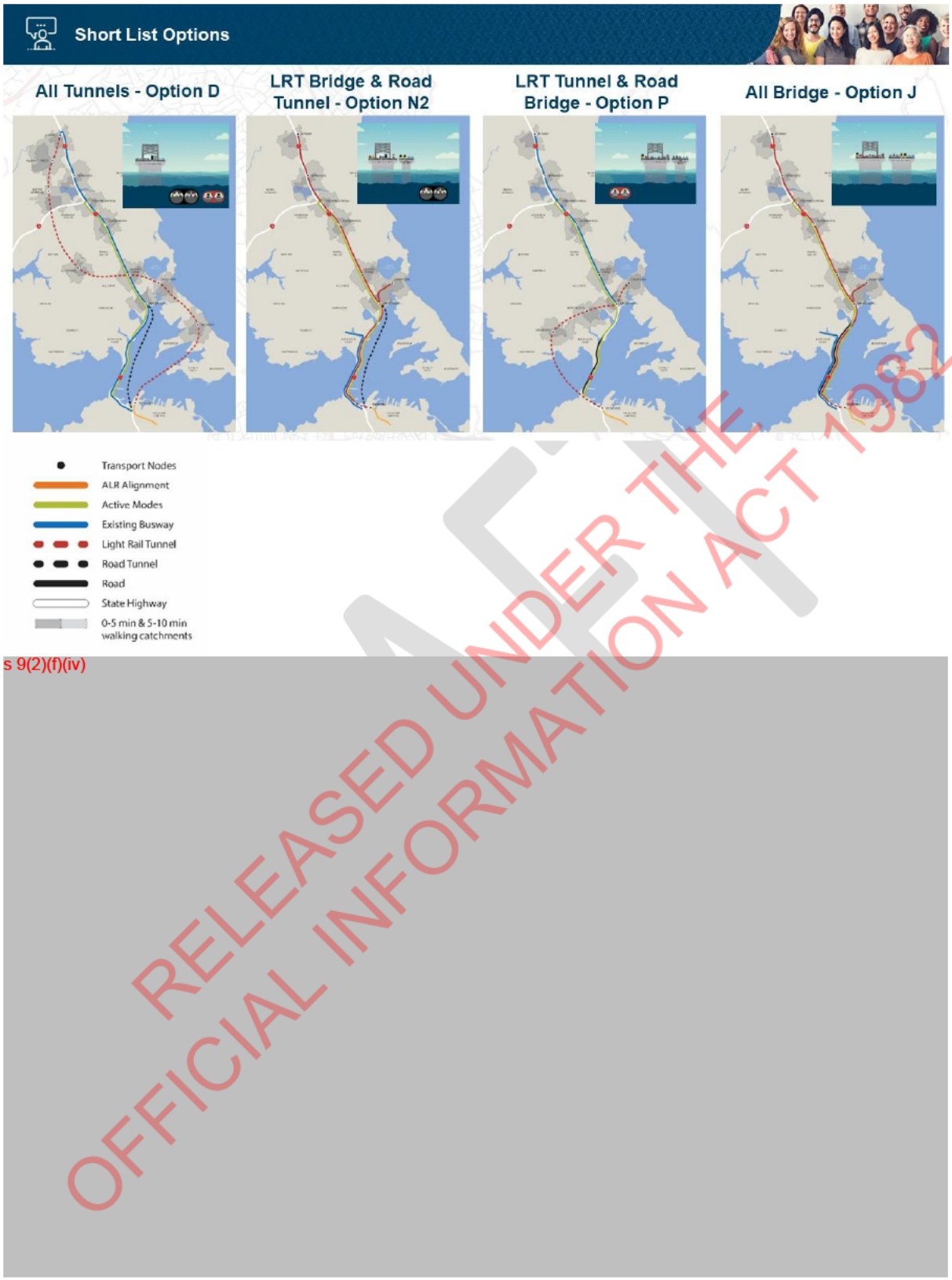
Initial option development failed to identify a compelling case for change

5 The previous Government established wide-ranging investment objectives for the project, recognising the likely need for Crown funding for any additional crossing. Meeting the investment objectives resulted in options favouring large-scale asset investment with multiple new crossing assets. s 9(2)(f)(iv) [redacted]

6 An emerging preferred option of multimodal investment was announced by the previous Government in August 2023 favouring the option at the top of the cost range as the best solution over the long-term to deliver population and economic growth.

7 Further work was undertaken in response to feedback from partners to identify opportunities to improve affordability, including refinement of bridge options and better use of demand management, e.g. road pricing.

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The draft IBC was reviewed to reflect the direction of the current Government

8 NZTA have developed a revised staging plan that maintains progress on addressing the resilience challenge but is more focussed on delivering those elements of the programme that align with new directions of the current Government. The recommended option in the draft IBC is delivering two packages of work:

8.1 Package A – Resilience including twin road tunnels, changes to the existing Auckland Harbour Bridge and SH1 approaches;

8.2 Package B – Northern Busway Enhancements (short and medium term). The Northern Busway enhancements will be staged to manage expected passenger growth up to 2040.



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The draft IBC is expected to be updated to reflect the work now outlined by Cabinet

9 As outlined in this paper, following direction from Cabinet, the IBC will be updated by NZTA, considering the findings of the workstreams explained in the body of the paper. Bridge and tunnel options will be included in these workstreams.

Annex 2: s 9(2)(f)(iv) and s9(2)(g)(i) gateway results

1 s 9(2)(f)(iv) and s9(2)(g)(i)

2

3

Treasury Gateway Review

4 An independent Treasury Gateway Review was completed on this project in October 2023 and gave the project a dual rating. It received amber/green rating for the successful delivery of the IBC through to the NZTA Board. It noted the project team has made significant progress in developing the IBC and is considered to be on track for delivery of a final document to usefully inform and guide the NZTA Board on the next steps for this project. It received a red rating on the likelihood of delivery of the overall project. The prospects for success of the overall project appear to be in jeopardy for the following reasons outside the control of the NZTA:

4.1 There is limited ability of the IBC to establish that the project sits appropriately within the incoming Government s and Auckland Council's investment priorities, as well as within their affordability thresholds;

4.2 This presents a challenge and opportunity for the infrastructure agencies to come together and create the conditions for this project to be successful.

5 The Treasury has not received formal confirmation regarding how the gateway recommendations have been addressed.

6 The Terms of Reference for the Waitematā Harbour Connections project Reference Group will monitor how the recommendations of the last gateway review will be resolved.

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ECO-24-MIN-0103

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.

Progressing the Waitematā Harbour Connections Project

Portfolio **Transport**

On 19 June 2024, the Cabinet Economic Policy Committee (ECO):

1 **noted** the contents of the submission under ECO-24-SUB-0103;

2 **invited** the Minister of Transport to consider next steps, in discussion with relevant Ministers, and submit a further paper to ECO in due course.

Rachel Clarke
Committee Secretary

Present:
Rt Hon Winston Peters
Hon David Seymour
Hon Nicola Willis (Chair)
Hon Brooke van Velden
Hon Shane Jones
Hon Chris Bishop
Hon Simeon Brown
Hon Erica Stanford
Hon Paul Goldsmith
Hon Tama Potaka
Hon Simon Watts
Hon Melissa Lee
Hon Andrew Bayly
Hon Andrew Hoggard
Hon Mark Patterson
Simon Court MP
Jenny Marcroft MP

Officials present from:
Office of the Prime Minister
Office of Hon Chris Bishop
Officials Committee for ECO

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TE MANATŪ WAKA
MINISTRY OF TRANSPORT

5 July 2024 OC240749

Hon Simeon Brown

Minister of Transport Monday, 8 July 2024

PROGRESSING THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

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Purpose

To outline changes to the Cabinet paper for progressing the Waitematā Harbour Connections project in response to direction from the Cabinet Economic Policy Committee on 24 June 2024.

Key points

- The Cabinet Economic Policy Committee at its June 24 meeting directed you to consult with Cabinet colleagues further, before reporting back to the Committee.
- Following your consultations, you have directed officials to update the Cabinet paper to focus the work programme in the next phase on early market sounding. As part of this work, NZTA's role will include considering market solutions to the design, funding, and financing of the connection, viability of the 'Build, Own, Operate, Transfer' Public Private Partnership model and whether the project can be funded on a cost recovery basis (coupled with revenue raising abilities).
- We have updated the Cabinet paper in response to your direction.

Recommendations

We recommend you:

1	**indicate** whether you would like any further changes made to the updated draft Cabinet paper	Yes / No
2	**agree** to the changes proposed to the draft Cabinet paper (summarised in this briefing and tracked in Annex 1)	Yes / No

David Wood
Deputy Chief Executive Investment and Monitoring
..... / ..... / .....

Hon Simeon Brown
Minister of Transport
..... / ..... / .....

Minister's office to complete: ☐ Approved ☐ Declined

☐ Seen by Minister ☐ Not seen by Minister

☐ Overtaken by events

Comments

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Contacts

Name	Telephone	First contact
David Wood	s 9(2)(a)	✓
Tim Herbert		
Karen Lyons		

PROGRESSING THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

Changes to the Cabinet paper

The first phase of work programme will focus on early market sounding

1 Following the Cabinet Economic Policy Committee (ECO) meeting on 24 June 2024 your office provided the following direction:

1.1 Refining the work programme to include only early market sounding at this stage. Noting that as part of this work, NZTA's role will include considering:

1.1.1 market solutions to the design, funding, and financing of the additional crossing

1.1.2 viability of the 'Build, Own, Operate, Transfer' Public Private Partnership model for the project

1.1.3 whether the project could be funded on a cost recovery basis. This may include the coupling of revenue raising activities.

2 Once this phase of work is complete and the findings considered, NZTA would be expected to review the need and scope of the other four workstreams. Since receiving your direction, we have updated the Cabinet paper (Annex 1). The establishment of a cross-agency reference group has been retained, but with a narrower focus of supporting the early market sounding undertaken by NZTA.

3 You may wish to consider how you would like to see engagement with Auckland Council and Ngā iwi be undertaken before market sounding commences. We understand that NZTA will not be engaging with the council without direction from yourself.

4 We have shared the updated Cabinet paper with other government agencies who provided input on earlier versions, including NZTA, the Treasury, NZ Infrastructure Commission, Ministry of Housing and Urban Development, Department of Internal Affairs, and the Ministry for the Environment.

5 Given changes to the paper primarily relate to sequencing of work only, we do not believe departmental consultation is required. However, we recommend that feedback from NZTA is considered before lodgement, given they will be leading early market soundings.

6 Additionally, as ECO discussed the updated approach, we do not believe Ministerial consultation is required before lodgement.

7 With no ECO meetings occurring over the next two weeks, 24 July is the earliest date the paper could be considered.

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Next Steps

8 A tentative timeline for the project is outlined below but is subject to input from NZTA.

Milestone	Timing
Cabinet Economic Policy Committee considers the revised paper	24 July 2024
Cabinet decision	5 August 2024
Draft Terms of Reference and draft letter to the NZTA Board Chair is presented to the Infrastructure and Investment Ministers Group	20 August 2024
Briefing to the Minister of Transport covering early market sounding workstream scope	23 August 2024
Early market sounding commences	September 2024

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ANNEX 1 UPDATED CABINET PAPER

To be attached separately

The changes between this draft Cabinet Paper and the Cabinet Paper attached to document 7 were not substantial and consisted primarily of reordering and adjusting phrasing while conveying the same overarching message.
Therefore please refer to the version attached to document 7.

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MINISTRY OF TRANSPORT
TE MANATŪ WAKA

6 August 2024 OC240899

Hon Simeon Brown

Minister of Transport Click to enter a date or delete this + "Action required by:"

PROGRESSING THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

Purpose

To outline changes to the Cabinet paper for progressing the Waitematā Harbour Connections project in response to direction from the Cabinet Economic Policy Committee on 24 June 2024.

Key points

- NZTA have provided you with advice on pre-procurement activities with useful case studies of projects of similar scales in other jurisdictions. You have asked us to include the Sydney cases in your proposal to Cabinet to progress the Waitematā Harbour Connections project.
- We have updated the Cabinet paper in response to your direction.

Recommendations

We recommend you:

1 **agree** to the changes proposed to the draft Cabinet paper (summarised in this briefing and tracked in Annex 1) Yes / No

David Wood
Deputy Chief Executive Investment and Monitoring

Hon Simeon Brown
Minister of Transport
..... / ..... / .....

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Minister's office to complete: ☐ Approved ☐ Declined

☐ Seen by Minister ☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
David Wood	s 9(2)(a)	✓
Tim Herbert		
Karen Lyons		

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PROGRESSING THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

Changes to the Cabinet paper

Minor changes to the Cabinet paper have been made, referencing two case studies

1 Following the Cabinet Economic Policy Committee (ECO) meeting on 24 June 2024 we revised the draft Cabinet paper to recommend that the next phase of the Waitematā Harbour Connections project (WHC) focus on early market sounding (refer OC240749). We have received further direction from your office to reference the recent experiences of Transport for New South Wales provided to you by NZTA (refer MIN-4575) as they draw useful insights for the WHC project.

2 We have updated the Cabinet paper (Annex 1) by adding two new paragraphs referencing the NZTA advice and highlighting the two Sydney case studies: WestConnex M4-M5 Link Tunnels and the Western Harbour Tunnel. A new Annex 3 is attached to the Cabinet paper which presents the WHC summary as well as the two case studies. These pages have been extracted directly from the NZTA briefing.

3 We have outlined in the paper the types of pre-procurement activities that will be tested during the early market sounding. These include whether the market requires work on an affordability threshold, tolling options, consultation and reference case designs prior to a competitive tender or whether suppliers would be willing to take on these activities.

Once Cabinet has approved the proposal, we are ready to move at pace to support NZTA in the next phase

4 The establishment of a cross-agency reference group has been retained in the Cabinet paper with the narrower focus of developing a terms of reference. We will update the draft terms of reference to reflect that the group will be expected to support the early market sounding and work with the agency on a revised work programme. We will share the updated draft with NZTA and member agencies before briefing you in advance of the scheduled Investment and Infrastructure Minister's Group meeting on 17 September 2024.

5 You may wish to consider how you would like to see engagement with Auckland Council and Ngā iwi be undertaken before market sounding commences. We understand that NZTA will not be engaging with the council without your direction.

Next Steps

6 Given changes to the paper primarily relate to sequencing of work only, we do not believe departmental consultation is required. However, we recommend that feedback from NZTA is considered before lodgement, given they will be leading early market soundings. The Cabinet paper indicates a report back to Cabinet on the market sounding early in 2025.

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7 Additionally, as the ECO discussed the updated approach and you plan to take the draft paper to the Infrastructure and Investment Minister's Group (IIMG) on 20 August, we do not believe Ministerial consultation is required before lodgement. We have provided a draft coversheet for the IIMG meeting to your office for lodging.

8 Your office has indicated it wishes to target the 28 August ECO meeting. A tentative timeline for the project is outlined below but is subject to input from NZTA.

Milestone	Timing
Cabinet Economic Policy Committee considers the revised paper	28 August 2024
Cabinet decision	2 September 2024
Draft Terms of Reference and draft letter to the NZTA Board Chair is presented to the Infrastructure and Investment Ministers Group	17 September 2024
Briefing on early market sounding strategy by NZTA	TBD
Results of early market sounding reported back to Cabinet along with next steps	Early 2025

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ANNEX 1 UPDATED CABINET PAPER

To be attached separately along with the new Annex 3 case studies

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In Confidence

Office of the Minister of Transport

Cabinet Economic Policy Committee

Progressing the Waitematā Harbour Connections project

Proposal

1 This paper seeks agreement on progressing the Waitematā Harbour Connections (WHC) project through early market soundings to be undertaken by NZTA. This will test interest in market solutions, including the 'Build, Own, Operate, Transfer" Public Private Partnership (PPP) model, and whether the project could be funded on a cost recovery basis. The paper also seeks agreement to create a cross agency reference group to support the project.

Relation to government priorities

2 The Government Policy Statement on Land Transport 2024 states that the Government commits to delivering an additional crossing over the Waitematā Harbour that, at a minimum, provides for additional road connections between Auckland's North Shore and the city centre.

3 It further outlines that in order to reduce the upfront cost of this project to taxpayers, options for private funding, including through equity financing and value capture mechanisms, will be pursued.

Executive Summary

4 An additional harbour crossing is of critical importance to Auckland and a major investment decision. The next phase of work is about maintaining momentum, optionality, and ensuring we have the right information to make good investment decisions.

5 The proposed next phase of work involves NZTA progressing no regret investments, such as the Northern Busway improvements, and undertaking early market sounding to consider market solutions to the design, funding, and financing of any future additional harbour crossing. This will give Cabinet a sense of the viability of the 'Build, Own, Operate, Transfer' PPP model for this project. This will include whether the project can be funded on a cost recovery basis.

6 To keep options open, I propose that NZTA progress the early market sounding with both bridge and tunnel options.

7 Early market sounding is expected to take about six months to complete, with precise timings to be finalised as the work is scoped. Once completed, Cabinet will consider the findings from the work and provide further direction to the project.

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8 Given the broad government interest in this project and the need to evolve governance and delivery arrangements as the work progresses, and with the National Infrastructure Agency being stood up, I propose establishing a cross agency reference group. This group will support NZTA's work, keep Ministers informed on progress, and provide advice for the Infrastructure and Investment Ministers Group and Cabinet.

9 Key decisions will be brought to Cabinet, and I will keep the Infrastructure and Investment Ministers Group updated as this work progresses.

Background

The Auckland Harbour Bridge is a critical part of the strategic transport network

10 The Auckland harbour bridge is the most travelled stretch of the state highway network, carrying 14% of the total daily vehicle kilometres travelled in Auckland and on average 12,000 freight trips and 235,000 people a day, including more than 1,000 daily bus crossings carrying 35,000 passengers.

11 The Northern Busway carries about a third of the trips over the harbour bridge in the morning peak travel period. This is expected to at least double over the next 30 years. The busway is currently operating near capacity, often with standing room only at morning peak times.

12 For vehicles travelling to and from the city via the alternative Western Ring Route, it takes an extra 15 minutes outside of peak times. This is the route that High Productivity Motor Vehicles carrying more than 44 tonnes are required to use due to weight restrictions placed on the harbour bridge 20 years ago. For inter-regional freight traffic, this route (via SH20) is 12km longer, parts of which are heavily congested at peak times.

13 Since 2008 there have been seven significant studies that have looked at long-term solutions to increase capacity and resilience across the Waitematā Harbour. None of these options have progressed to the Detailed Business Case (DBC) stage.

The bridge will need a significant renewal within the next fifteen years

14 The aging bridge is subject to rigorous monitoring and ongoing repairs. Measures are in place to manage the risk of carrying increasingly heavy vehicles and to manage the effects of increasingly frequent high wind events. Approaches to the bridge are also subject to inundation from king tides and floods during extreme weather events, which also leads to disruption.

15 NZTA anticipate that the renewal required to address these issues will close two lanes at a time for a period of two years. This is expected to occur from 2040 onwards.

What work has been done on an additional crossing?

16 Following direction from the previous Government, NZTA developed an Indicative Business Case (IBC) to identify a solution to carry through to the DBC phase. An IBC is an early opportunity to inform decision-makers of whether a project is viable or not, and to build confidence that the project will deliver value for money.

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17 Upon receiving advice on the project in December 2023, I wrote to the Acting Chair of NZTA to ensure that work on the IBC was focussed on improving resilience and enhancing the Northern Busway.

18 NZTA have deferred their decision on endorsing the IBC and are awaiting Cabinet feedback. An outline of the draft IBC, as it relates to this Government's priorities, is summarised in Annex 1.

19 The draft IBC recommends a tunnel option, on the balance of benefits, costs and risks of each option:

19.1 s 9(2)(f)(iv)

19.2

19.3

20

This project would be the largest single transport investment to date, value for money is a critical consideration

21 The Government released its Budget Policy Statement in March setting out its short-term intentions and long-term objectives. This emphasised bringing government debt to prudent levels reducing net core Crown debt as a percentage of GDP, and reducing government spending as a percentage of GDP.

22 This fiscal context puts additional emphasis on the need for the WHC planning process to identify the highest value options, and for alternative non-Crown funding and finance options to be properly explored.

23 Annex 1 includes a summary of the IBC and Annex 2 includes partner views and the findings of the most recent Treasury Gateway Review.

24 The scale of investment required for ultimate delivery, means it is of high interest to the Government and New Zealanders. Agreeing to progress to delivery will require difficult choices and trade-offs across other transport projects and other areas of government expenditure. Cabinet therefore needs to provide direction to NZTA and other agencies about the next phase of work.

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25 There is a significant cost premium associated with private sector financing and risk sharing that will need to be reflected in any value for money assessment going forward. This premium is the difference between what the private sector expects to be paid for delivering the agreed network outcomes (i.e. meeting asset standards for the build phase and maintaining assets and services to agreed levels during the operation phase) and what the public sector estimates it will cost to deliver the project using a traditional procurement arrangement (the public sector comparator).

26 Moving to the DBC phase is a key decision and I do not yet believe we are ready to determine what options should be taken off the table, nor how the DBC phase should be delivered.

What does the next phase of work for the project look like?

Delivering no regret investments in parallel with progressing planning

27 The Northern Busway enhancements are an example of a no-regret investment. This work will deliver faster services and reduced wait times and has progressed through a DBC. Auckland Transport are expecting to stage the enhancements to meet projected demand over the next 10-15 years. This project is in the Auckland Regional Land Transport Plan; however, no funding is allocated until the 2027-30 period. NZTA will need to work with Auckland Transport to resolve this funding gap.

28 Additionally, time of use charging in Auckland and resiliency mitigations for high winds and sea level rise could be opportunities to leverage existing assets to improve efficiency now and once the additional crossing is up and running.

Early market sounding will give us an indication of the opportunities and challenges of working with the private sector

29 The proposed work programme for the next phase focuses on early market sounding. NZTA will develop a market sounding strategy that will allow the market to present solutions to the design, funding, and financing of an additional crossing. This will involve gauging the market's interest and testing the viability of different delivery models, including the 'Build, Own, Operate, Transfer' PPP model.

30 Early market sounding provides the opportunity to engage with potential private sector suppliers before competitive tendering begins. It will help determine what pre-procurement activities are important to the market. Appropriate pre-procurement work is important to the success of major projects as it supports all parties to cost effectively assess risk, uncertainty and understand feasibility.

31 NZTA have provided information on the pre-procurement activities undertaken by Transport NSW for two Sydney projects: the WestConnex M4-M5 Link Tunnels and the Western Harbour Tunnel (see Annex 3). Before the competitive tender phase, Transport NSW developed an affordability threshold, assessed tolling options, undertook critical consultation and developed reference case designs. These case studies will help inform the market sounding strategy NZTA develops to test market capacity and appetite to deliver components of the project including any pre-procurement activities.

32 Through this work, I expect to get an indication of whether the project can be funded on a cost recovery basis by sharing in the risks and rewards of infrastructure investment with private institutions. This will help us understand what role other revenue sources may play, s 9(2)(f)(iv)

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33 I recommend both tunnel and bridge options are considered in this work. Given the scale of this project it is critical that we ensure both options are thoroughly investigated.

34 I anticipate that NZTA will complete the work by early 2025, however this will depend on detailed scoping to be undertaken by NZTA and officials. This work will be funded from the National Land Transport Fund (NTLF).

35 Once early market sounding is complete and the findings considered, I will report back to Cabinet with the results and provide an update on next steps.

I recommend a project reference group is also established to support delivery

36 Given the high levels of interest in this project across ministerial portfolios, I propose a cross-agency reference group be established to work with NZTA and support Ministers with necessary advice.

37 In the first instance the role of the reference group is to support the NZTA market sounding process and advise ministers on the findings. Going forward the group can continue to provide input and advise as appropriate. The exact role will be determined by the delivery model for taking the project forward.

38 The reference group would include senior officials from the Treasury, the New Zealand Infrastructure Commission, and the Ministry of Transport, and be accountable for reporting to Ministers. As the work p ogresses on setting up the new National Infrastructure Agency, they could also be included in the group.

39 If Cabinet agrees to this approach, I propose to develop a Terms of Reference to be shared with the Infrastructure and Investment Ministers Group. This Terms of Reference will specify how the reference group will support the project, provide advice alongside NZTA, and how the recommendations of the last gateway review will be resolved (these are summarised in Annex 2).

40 I will write to the NZTA Board Chair to outline the Government's preferred approach for advancing the project. This will include expectations on how NZTA will work with the reference group and will ensure that Ministers are kept informed on both progress and on any key decisions or risks.

41 This letter will emphasise my expectation that information be provided to the reference group in a timely manner and transparently outline key risks and the reasoning behind key decisions. I further expect that NZTA Board papers on the project incorporate feedback and views from the reference group. I will also outline that I expect regular project updates from NZTA, including briefings on significant issues and decisions, which will be complemented by advice from the reference group.

42 This letter will also outline that while final scoping is the decision of the NZTA Board, I expect NZTA to closely collaborate with the reference group in developing its work programme, so that I can have confidence that the planning and execution of early market sounding is robust and aligned with Government objectives.

Cost-of-living Implications

43 s 9(2)(f)(iv) [redacted]

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s 9(2)(f)(iv)

44 The GPS identifies this project as an opportunity to explore options for private funding, including through equity financing and value capture, as a means to deliver benefits earlier and spread the costs over a longer period. This could help mitigate cost of living implications.

Financial Implications

45 While there are no immediate financial implications arising from this paper, the continued investigation, and any Government public announcement creates a substantive financial risk to the Crown.

46 The NLTF will not be in position to fund an additional crossing in the foreseeable future based on current settings for Fuel Excise Duty and Road User Charges alongside the current pipeline of projects. This means the fiscal risk sits more broadly on the Crown, beyond just road users. This risk may also impact other parties depending on what alternative funding tools are used to fund the project.

47 The project is recognised as a specific fiscal risk in the Budget and Economic Fiscal Update 2024 under the Public Finance Act 1989.

Treasury Comment

48 TBC

Legislative Implications

49 There are no legislative implications arising from this paper.

Impact Analysis

Regulatory Impact Statement

50 A Regulatory Impact Statement is not required for this paper, as no policy or investment commitments from the Crown are being made.

Climate Implications of Policy Assessment

51 The Climate Implications of Policy Assessment (CIPA) team have not been consulted, however, the CIPA requirements do not apply, as the threshold for significance is not met given this proposal does not make any decisions to progress any particular option.

52 Given this proposal outlines a pathway towards delivery, any emissions impacts will be assessed and disclosed to Cabinet as the work is progressed.

Population Implications

53 There are no gender, disability, or ethnic group implications arising from this paper.

Human Rights

54 There are no human rights implications arising from this paper.

Use of external Resources

55 No external contractors have been engaged in the writing of this Cabinet paper.

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Consultation

56 Annex 1 summarises NZTA public engagement to date on the draft IBC and Annex 2 summarises the views of Auckland Council, and the 13 iwi with interests in the project, on the recommended option proposed by the NZTA.

Communications

57 Following Cabinet consideration of this paper I plan to make an announcement. The nature of this will be confirmed in consultation with NZTA and will avoid signalling any direction that could impact on market engagement s 9(2)(f)(iv)

Proactive Release

58 I intend to release this Cabinet paper proactively within the 30-day timeframe.

Recommendations

I recommend that the Committee:

1 **note** that NZTA have deferred their decision on endorsing the IBC pending Cabinet feedback. The IBC will remain in draft form while market sounding is conducted;

2 **approve** NZTA undertaking market soundings to consider market solutions to the design, funding, and financing of a future additional Waitematā Harbour crossing (bridge and tunnel options) including testing the viability of the 'Build, Own, Operate, Transfer' PPP model and whether the project can be funded on a cost recovery basis;

3 **note** once early market sounding is complete and the findings considered, I will report back to Cabinet in early 2025 with the results and provide an update on next steps;

4 **approve** the establishment of the Waitematā Harbour Connections Reference Group, consisting of senior officials from the Ministry of Transport, the Treasury, and the New Zealand Infrastructure Commission; to provide project support to NZTA and report to Ministers;

5 **note** I will develop a Terms of Reference for the Waitematā Harbour Connections Reference Group to be shared with the Infrastructure and Investment Ministers Group;

6 **note** I will write to the NZTA Board Chair to outline the Government's preferred approach for advancing the Waitematā Harbour Connections Project and expectations for NZTA's engagement with the reference group;

7 **note** I intend to announce the next steps to advance the Waitematā Harbour Connections project;

8 **note** as this project progresses, I will report back to this committee as Cabinet decisions are required and will keep the Infrastructure and Investment Ministers Group updated.

Hon Simeon Brown

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Minister for Transport

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Annex 1: Summary of the draft IBC

1 An IBC investigation was commissioned as part of the delivery of the National Land Transport Programme 2021-2024. The investigation was scoped to build on the extensive studies previously undertaken and was delivered using an Alliance model.

Public engagement and input from stakeholders considered connectivity for cars, pedestrians, cyclists and users of public transport

2 Public consultation and engagement with key stakeholders were undertaken in April 2023 looking at five scenarios, all including multi-modal connectivity across te Waitematā. This work determined that transport choice and the ability to get to and around the North Shore using public transport were key priorities. Tunnels were seen as superior to bridges to increase resilience and relieving congestion and avoiding disruption were also important.

3 The Automobile Association surveyed its Auckland members (9,180 responses) as part of its submission on the five scenarios:

3.1 96% favoured a new connection across te Waitematā;

3.2 Two thirds considered closures of the Auckland harbour bridge due to weather a major problem (this increased to 81% for respondents who cross the Auckland harbour bridge daily or most days).

4 Views of freight/land developers were mixed on the form of investment, but all supported investment in an additional c ossing of some kind. The importance of efficiency on this corridor and the current limitations in place for high productivity and oversized freight movers were the key issues raised.

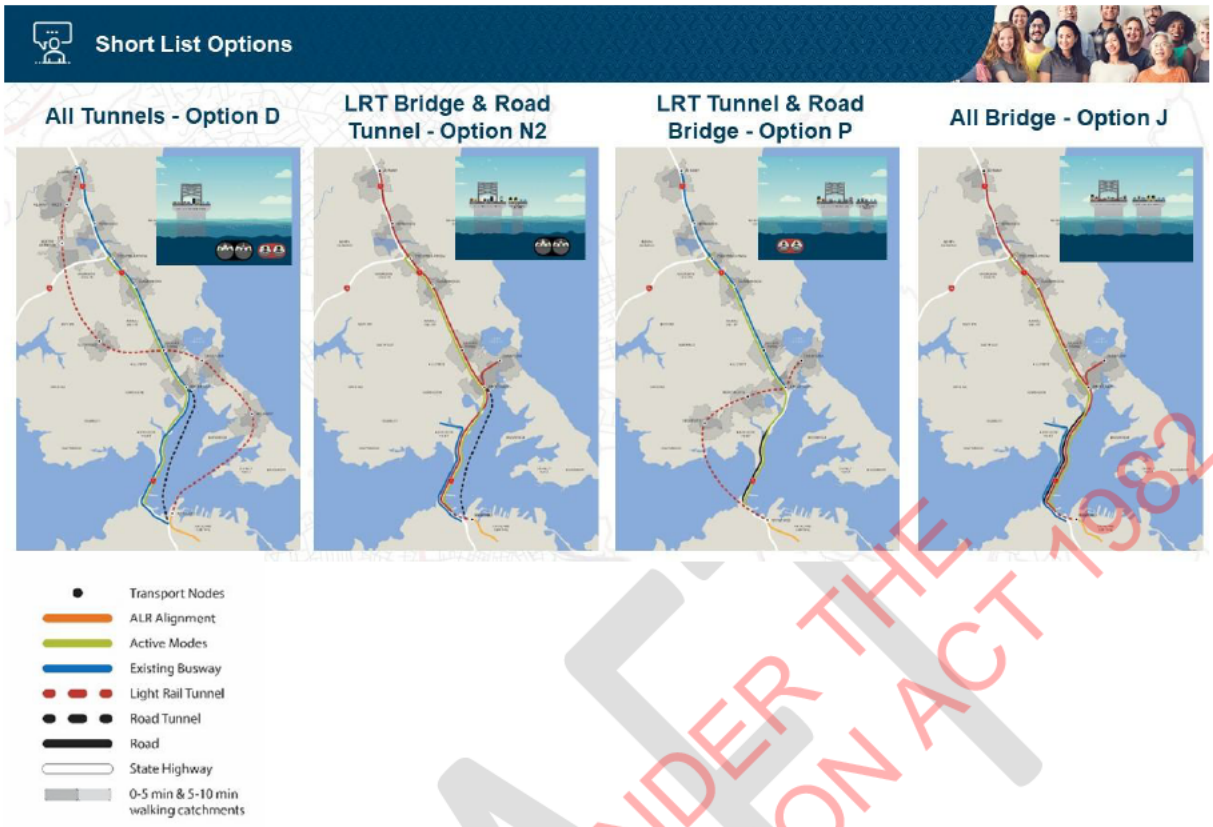
Initial option development failed to identify a compelling case for change

5 The previous Government established wide-ranging investment objectives for the project, recognising the likely need for Crown funding for any additional crossing. Meeting the investment objectives resulted in options favouring large-scale asset investment with multiple new crossing assets. s 9(2)(f)(iv) [redacted]

6 An emerging preferred option of multimodal investment was announced by the previous Government in August 2023 favouring the option at the top of the cost range as the best solution over the long-term to deliver population and economic growth.

7 Further work was undertaken in response to feedback from partners to identify opportunities to improve affordability, including refinement of bridge options and better use of demand management, e.g. road pricing.

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s 9(2)(f)(iv)

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The draft IBC was reviewed to reflect the direction of the current Government

8 NZTA have developed a revised staging plan that maintains progress on addressing the resilience challenge but is more focussed on delivering those elements of the programme that align with new directions of the current Government. The recommended option in the draft IBC is delivering two packages of work:

8.1 Package A – Resilience including twin road tunnels, changes to the existing Auckland Harbour Bridge and SH1 approaches;

8.2 Package B – Northern Busway Enhancements (short and medium term). The Northern Busway enhancements will be staged to manage expected passenger growth up to 2040.



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The draft IBC is expected to be updated to reflect the work now outlined by Cabinet

9 As outlined in this paper, following direction from Cabinet, the IBC will be updated by NZTA, considering the findings of the early market sounding explained in the body of the paper and any further work undertaken in response to direction provided by Cabinet following the presentation of findings. Bridge and tunnel options will continue to be assessed until the IBC is successfully delivered.

Annex 2: s 9(2)(f)(iv) and s9(2)(g)(i) and gateway results

1 s 9(2)(f)(iv) and s9(2)(g)(i)

2

3

Treasury Gateway Review

4 An independent Treasury Gateway Review was completed on this project in October 2023 and gave the project a dual rating. It received amber/green rating for the successful delivery of the IBC through to the NZTA Board. It noted the project team has made significant progress in developing the IBC and is considered to be on track for delivery of a final document to usefully inform and guide the NZTA Board on the next steps for this project. It received a red rating on the likelihood of delivery of the overall project. The prospects for success of the overall project appear to be in jeopardy for the following reasons outside the control of the NZTA:

4.1 There is limited ability of the IBC to establish that the project sits appropriately w thin the incoming Government's and Auckland Council's investment priorities, as well as within their affordability thresholds;

4.2 This presents a challenge and opportunity for the infrastructure agencies to come together and create the conditions for this project to be successful.

5 The Treasury has not received formal confirmation regarding how the gateway recommendations have been addressed.

6 The Terms of Reference for the Waitematā Harbour Connections project Reference Group will outline how agencies will support the NZTA to respond to the recommendations of the last gateway review.

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Annex 3: WHC pre-procurement activities

To be attached separately

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Document 8

MINISTRY OF TRANSPORT
TE MANATŪ WAKA

NZ TRANSPORT AGENCY
WAKA KOTAHI

24 September 2025 OC250827

Hon Chris Bishop **Action required by:**

Minister of Transport Monday, 29 September 2025

UPDATE ON THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

Purpose

This report updates you on progress since the briefing on 24 July, on funding and financing options under development and potential statutory pathway requirements for the Waitematā Harbour Connections (WHC) Investment Case.

It provides you with the opportunity to seek more detailed information of what is being considered, provide feedback on the project team's considerations as updates to NZTA's Board are being developed, and seeks your direction on how and when you want to update your Ministerial colleagues through the Infrastructure Investment Ministers Group (IIMG) and Cabinet.

Key points

- The WHC project is working to Cabinet decision on a preferred option in May 2026.
- NZTA provided you with an update on 24 July on the WHC project, including options development and funding and financing opportunities. This briefing identifies a need to scope the statutory pathway required for each of an additional bridge or tunnel option, and s 9(2)(f)(iv) A timeline for further advice is provided.
- This paper should be considered alongside advice on the Roads of National Significance (RoNS) the Government Policy Statement on Land Transport 2027 (GPS 2027), the Budget 2026 Vote Transport package, and toll road concessions. Potential overlap between the funding and financing aspects of the WHC work and the Auckland Regional Deal negotiations is also identified.
- s 9(2)(f)(iv)
- [redacted]

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- s 9(2)(f)(iv)

- Subject to your approval, we propose providing an update to the Infrastructure Investment Ministers Group in November 2025, and an update to Cabinet in February 2026. This will provide Ministers and Cabinet with visibility and the ability to signal any updated expectations alongside the NZTA Board, which has an interim update planned for December 2025, with a final investment case due March 2026. Cabinet decisions on the preferred option and timing are scheduled for May 2026.

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Recommendations

We recommend you:

1 **note** that the development of GPS 2027 is the most appropriate process to consider prioritisation of the WHC project within the broader transport system and associated funding pressures

2 **note** that a Cabinet decision on a preferred WHC option in mid-2026 will best enable the project to be developed and begin work before significant remediation work is required on the existing AHB in the late 2030s.

3 s 9(2)(f)(iv)

4 **note** that trade-offs encompassing fiscal priorities and funding and financing tools will be considered as funding and financing packages are developed for the WHC project.

5 s 9(2)(f)(iv)

6 **agree** to provide an update to IIMG in November, and Cabinet in February on the options development and funding and financing requirements of WHC Yes / No

7 **agree** the Ministry and NZTA begin identifying the required policy and parameters for the statutory pathway s 9(2)(f)(iv) to help inform the option decision. Yes / No

8 **refer** this briefing to Hon Nicola Willis, Minister of Finance. Yes / No



Mark Hodge
Manager, Transport Financing
24 / 09 / 2025



Sara Lindsay
Group General Manager, Commercial and Corporate
24 / 09 / 2024

Hon Chris Bishop
Minister of Transport
..... / ..... / .....

Minister's office to complete: ☐ Approved ☐ Declined

☐ Seen by Minister ☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Mark Hodge, Manager, Transport Financing, Ministry of Transport	s 9(2)(a)	✓
Duncan Wilson, Principal Advisor Transport Financing, Ministry of Transport		
Sara Lindsay, Group General Manager, Commercial and Corporate, NZTA		✓

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UPDATE ON THE WAITEMATĀ HARBOUR CONNECTIONS PROJECT

Background

1 NZTA's work exploring the Waitematā Harbour Connections (WHC) follows the direction of the then Minister of Transport (Hon Simeon Brown) in September 2024 to:

1.1.1 Develop the best performing bridge and tunnel option (including design, cost benefit analysis, network impacts, and funding and financing options)

1.1.2 Undertake market testing to inform development

1.1.3 Commence geotechnical assessments and other investigations

2 At that time, NZTA indicated to the Minister that it would assess approvals pathways, s 9(2)(f)(iv) confirm the impacts on the existing Auckland Harbour Bridge (AHB), and refine key risks, including geotechnical conditions, market capacity to deliver, funding and financing options and shortfalls.

3 On 24 July 2025, NZTA provided you with a briefing on the WHC work. The high-level briefing covered:

3.1 The economic importance of the transport corridor that the existing AHB is part of

3.2 The challenges faced as options for an additional crossing are investigated, including: growth in demand, the condition of the existing AHB and increasing renewals requirements, and rising SH1 corridor vulnerabilities

3.3 Market feedback and delivery considerations, including that cost escalation was a significant risk, with progress and timing being imperative to affordability

3.4 Funding pathways and considerations, including that there was an opportunity for finance innovation to attract significant global capital including KiwiSaver funds, but which may require legislative change, and

3.5 Indicative delivery pathways for each of the bridge and tunnel options being considered, including the importance of s 9(2)(f)(iv) and statutory approvals ahead of pre-implementation work and construction being able to begin.

4 This paper provides a further update on these issues, including identifying future points where Ministerial or Cabinet decisions may be required to facilitate an additional crossing.

5 NZTA is working to enable a Cabinet decision on a preferred option in May 2026. This will require confidence that an appropriate funding and financing package can be developed to deliver construction, while supporting the Government's fiscal strategy and meeting the principles of the Treasury's Funding and Financing Framework. Both the ability to begin construction and put funding and financing in place will rely on the necessary legislative and statutory settings being in place.

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6 The final investment case for each of the preferred options is due with the NZTA Board in March 2026. Prior to this, NZTA intends to test options with its Board in December 2025, and funding and financing options with its Board between now and December 2025 to support development of detailed funding and financing packages for the bridge and tunnel options.

7 These considerations by the NZTA Board will identify if/when interim Ministerial decisions or guidance on the work programme are required. They will also provide the basis for further updates to you, the IIMG, and Cabinet ahead of the NZTA Board considering the preferred options in March 2026. An indicative timeline for updates is provided in this paper.

8 The Government has an ambitious land transport capital programme, of which WHC is one component along with RoNS, the Northwest Busway and potential rail investments. NZTA modelling has highlighted the financial constraints for the National Land Transport Fund (NLTF), which does not have the capacity to fund the full programme.

9 As identified in Minister Brown's Letter of Expectation to NZTA, alternative funding and financing options will be required to support the NLTF for the land transport investments identified. Trade-offs will be required to balance the priority of different projects and households' and users' ability to pay any new or incremental charges. This briefing outlines some of the initial trade-offs across different funding and financing approaches that have been identified.

10 The indicative timelines provided in the briefing to you on 24 July identified that the project is targeting the commencement of main works at the end of this decade in order to enable an alternative crossing to be available by the mid to late 2030s. The timelines highlighted that completion and full opening of either of the WHC options would be targeted for when the considerable remediation work for the existing AHB begins. Ministers will have choices around the timing and prioritisation of this project.

Funding and financing options for an additional crossing

11 Following an Indicative Business Case process (IBC) for the WHC in 2023, NZTA has undertaken detailed analysis of the potential funding and financing options available to generate funding for an additional crossing (bridge or tunnel) from users and project beneficiaries. This work is guided by Ministerial direction to investigate alternative funding and financing mechanisms, as well as the principles of the Treasury's Funding and Financing Framework.

12 This analysis will be further refined and updated as detailed project costings become available through to December 2025. The NZTA project team has shared this information with the Ministry, Treasury and NIFFCO as they have developed the parameters for these options.

13 s 9(2)(f)(iv) [redacted]

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s 9(2)(f)(iv)



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s 9(2)(f)(iv)



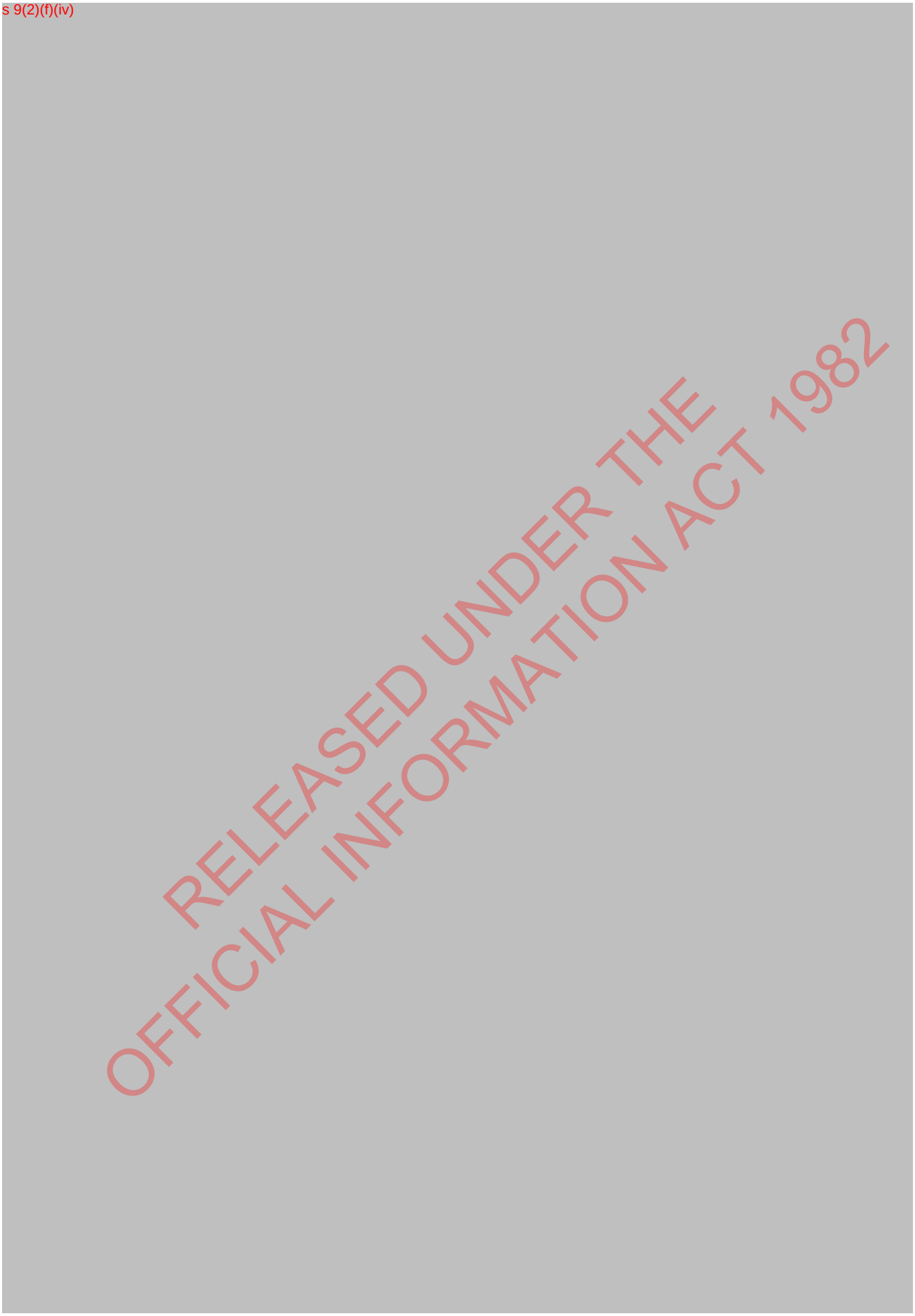
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s 9(2)(f)(iv)



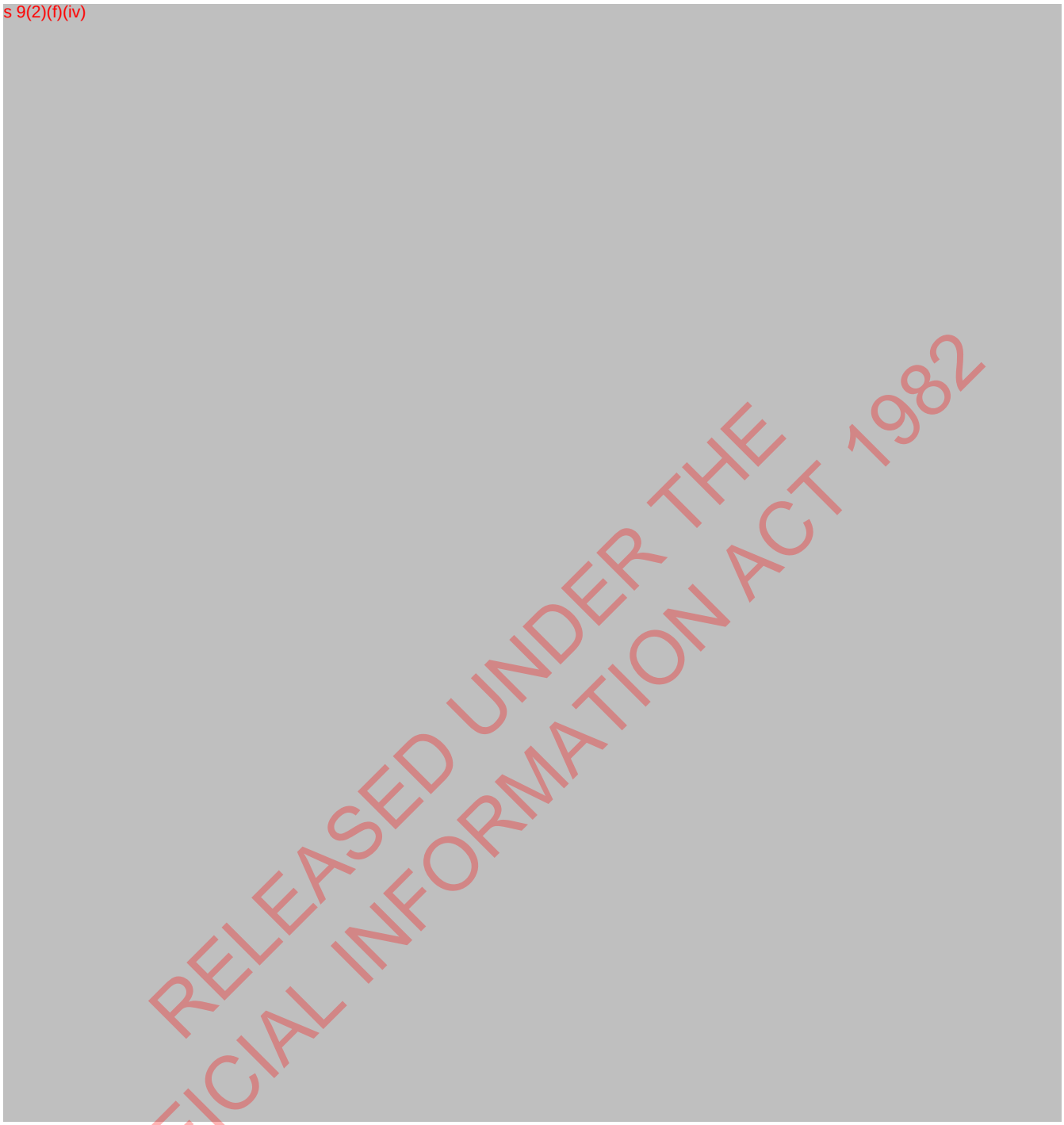
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s 9(2)(f)(iv)



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s 9(2)(f)(iv)



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Next steps

48 You will receive advice on the GPS 2027 process next week, and we recommend you consider WHC through this process.

49 NZTA intends to update its Board s 9(2)(f)(iv) It will then update its Board in December on the progress of the investment case and seek early indications of the preferred options, ahead of final investment case approval by the Board in March 2026.

50 Gateway review of the Investment Case is currently scheduled for February 2026.

51 A decision on the preferred options will be sought from Cabinet in May 2026. As highlighted above, given the end-of-decade timing imperative and the AHB condition assessment, a timely decision from Cabinet on both the crossing option solution and the associated funding and statutory pathways will be important in order for the project and funding tools to meet its timelines.

52 To facilitate efficient decision making, it is proposed that NZTA and Ministry officials prioritise and develop advice on s 9(2)(f)(iv) and statutory pathways for each of the options, given the reliance that both the funding and financing package, pre-implementation work and construction start dates will have on the legislative and statutory pathway considerations.

53 Given the fiscal options this project creates, alongside the notable size of the project, we recommend you provide an update on WHC work to IIMG in November, and Cabinet in February to keep your Cabinet colleagues informed alongside the NZTA Board. Early guidance may be sought from Cabinet in February on statutory parameters and pathways, as well as fiscal priorities for funding tools to smooth future decision making.

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MINISTRY OF TRANSPORT
TE MANATŪ WAKA

10 December 2025 OC251104

Hon Chris Bishop **Action required by:**

Minister of Transport Friday, 19 December 2025

DECEMBER UPDATE ON THE ADDITIONAL WAITEMATĀ HARBOUR CROSSING

Purpose

Update you on progress on the Additional Waitematā Harbour Crossing (AWHC), including the NZTA Board meeting on 5 December, and seek your commission for the February Cabinet paper.

Key points

- You updated the Infrastructure and Investment Ministers Group (IIMG) on the emerging funding and financing options for AWHC in November and are further updating them on 16 December on the problem definition and proposed bridge and tunnel designs.
- The NZTA Board met on 5 December to discuss the project. They explored the risks associated with the project and possible mitigations including benchmarking against comparator projects.
- s 9(2)(f)(iv) [redacted]
- You agreed to provide an update to Cabinet on the project in February 2026 [OC250827 refers]. We recommend you use this as an opportunity to detail the preferred bridge and preferred tunnel options NZTA have identified, as well as outlining the indicative costs and funding options available.
- The NZTA Board is due to consider and endorse the completed Investment Case in April 2026. Decisions by Cabinet on the preferred option are due in May 2026.

Recommendations

We recommend you:

1 **note** the NZTA Board met on 5 December and discussed project risks and mitigations

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s 9(2)(f)(iv)

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6 **note** the key criteria being used to assess financing options are cost of capital, balance sheet impact, risk transfer, and complexity

7 **agree** to commission the February Cabinet paper by 19 December to ensure sufficient time for development and consultation. Yes / No

Mark Hodge
Transport Financing
..... / ..... / .....

Hon Chris Bishop
Minister of Transport
..... / ..... / .....

Minister's office to complete: ☐ Approved ☐ Declined ☐ Seen by Minister ☐ Not seen by Minister ☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Mark Hodge, Manager, Transport Financing	s 9(2)(a)	✓
Duncan Wilson, Principal Advisor, Transport Financing		

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DECEMBER UPDATE ON ADDITIONAL WAITEMATĀ HARBOUR CROSSING

Background

1 NZTA is currently developing the Investment Case for AWHC. This is due to be completed in time for NZTA Board consideration and endorsement in April 2026, and for Cabinet to make a decision on the preferred option in May 2026.

2 The Ministry of Transport (the Ministry) and NZTA have previously advised you on the funding and financing options under development [OC250827 and BRI-3448 refers]. In this advice you agreed to update Cabinet in February ahead of final decisions in May.

3 The NZTA Board considered the AWHC project progress to date on 5 December. They explored the risks associated with the project and the impact those risks may have s 9(2)(f)(iv) At this session they agreed to further work to benchmark the project against both national and international comparator projects to identify other potential risks and inform risk management.

Costs and benefits have been further developed

4 In October NZTA indicated costs would be firmed up by later 2025. We understand from NZTA that Design Constructability Estimate costs are still being reconciled, but that NZTA intends to provide a caveated verbal update on costs to IIMG on 16 December, and will finalise the costs in early 2026.

5 The delay is due to changes to the preferred tunnel option that reduce complexity and cost, and remaining uncertainty over the risks of each option. s 9(2)(f)(iv)

6 These indicative costs have resulted from detailed design work but have yet to be tested with the market. We recommend NZTA undertakes market testing as soon as possible to identify any major constructability issues and improve the confidence of these costs prior to consideration by the NZTA Board in April, and Cabinet in May. This aligns with your announcement at the Infrastructure Investment Summit that a second round of market testing will take place in 2026.

7 Indicative benefit numbers have been provided to you by NZTA in the December IIMG material, with gross benefits of the tunnel around 10% higher than the bridge s 9(2)(f)(iv) While we have not had a chance to examine these numbers, they broadly align with earlier findings from the IBC. Both options show significant benefits in resilience, decongestion, public transport, travel time, and wider economic benefits as would be expected from an investment this size.

8 We do not currently have enough information to assess whether there is a difference in relative risk across the two options. This will be developed in early 2026.

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Project specific funding can significantly contribute to the project

9 As previously advised, tolling and Infrastructure Funding and Financing Act (IFF) levies are the most viable project specific revenue tools [OC250827 refers] s 9(2)(f)(iv)

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15 s 9(2)(f)(iv)



You have upcoming opportunities to share progress with your ministerial colleagues

16 You are taking an update to IIMG on 16 December. This will cover the problem definition and proposed bridge and tunnel designs. We understand NZTA will also provide a caveated verbal update on costs at this meeting.

17 You have indicated you wish to take an update to Cabinet in February. We recommend you commission this prior to the Christmas break so officials can produce a draft for you to consider in January prior to the required consultation. We recommend this update provide an outline of the preferred bridge and tunnel options, indicative costs and benefits, and potential funding options being considered. This will allow Cabinet to provide an early indication of preferences they want reflected in the final information for May decisions.

18 Cabinet is scheduled to make its decision on the preferred option between the bridge and tunnel in May 2026, as per your announcement at the Infrastructure Investment Summit. This will require the comple ion of a robust like-for-like Investment Case across both options for the NZTA Board to endorse in April 2026.

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Document 10

MINISTRY OF TRANSPORT
TE MANATŪ WAKA

AIDE MEMOIRE

7 April 2026 OC260262

Hon Chris Bishop
Minister of Transport

AIDE MEMOIRE: UPDATE ON 2026 WAITEMATĀ HARBOUR CONNECTIONS CABINET PAPER

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Purpose

1 Update you on the assurance outcomes for the Waitematā Harbour Connections project, the forthcoming June 2026 Cabinet Paper and the ongoing policy work programme required to meet project timelines.

The project is well-placed for a June option decision and to progress to pre-implementation

2 The primary assurance process is complete. Gateway, the Independent Reviewer, and NZTA IQA all concluded that there is sufficient information for Cabinet to take a decision on a preferred option (bridge or tunnel) in June and for the project to progress to pre-implementation. The Ministry supports this conclusion.

3 The assurance process identified key risks to the project that need to be addressed during pre-implementation including funding and financing settings, governance arrangements, and wider engagement. A June decision by Cabinet on the preferred option is required for the project to move into pre-implementation and address these risks fully in a timely manner. Further Cabinet decisions and advice to address these key risks will then likely be required in February 2027 to maintain timelines.

s 9(2)(f)(iv)

4 [redacted]

5 [redacted]

s 9(2)(f)(iv)

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s 9(2)(g)(i)

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Next steps

15 The NZTA Board is scheduled to endorse the Investment Case at its 15 May Board meeting. We recommend you take the Investment Case and option decision to ECO committee the week of 22 June and Cabinet the following week.

16 We will work with NZTA to provide you a draft Cabinet paper in May in line with the above approach. If you wish to discuss the contents of this Cabinet paper or any of the material in this aide memoir ahead of this, the project can be put on the agenda for the 9 April officials meeting.

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Contacts

Name	Telephone	First contact
Duncan Wilson, Principal Advisor, Transport Financing	s 9(2)(a)	✓
David Wood, DCE, Investment and Monitoring		

MINISTRY OF TRANSPORT
TE MANATŪ WAKA

9 June 2026 OC260397

Hon Chris Bishop **Action required by:**

Minister of Transport Wednesday, 10 June 2026

DRAFT CABINET PAPER – WAITEMATĀ HARBOUR CONNECTIONS UPDATE AND PUBLIC ENGAGEMENT

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Purpose

To provide you with a draft Cabinet paper for the Cabinet Strategy Committee (STR) on 23 June that gives an update on the Waitematā Harbour Connections project and seeks agreement for public engagement.

Key points

- NZTA has completed the Waitematā Harbour Connections Investment case. Their Board endorsed the tunnel option. Fully progressing to pre-implementation requires Cabinet to endorse a preferred option. You indicated you wish NZTA to undertake public engagement prior to Cabinet endorsing a preferred option.
- For the paper to be considered by STR on Tuesday 23 June, it will need to be lodged by 10am on Thursday 18 June. To allow a week for Ministerial and Departmental consultation you will need to circulate a version by Thursday 11 June. NZTA, Treasury and DPMC have already been engaged in the development of the attached Cabinet paper. We understand Infrastructure and Investment Ministers Group (IIMG) intend to discuss the contents on 18 June, and we will work with Treasury to provide a separate cover note for this item.
- If Cabinet agrees to the public engagement, NZTA will require six to eight weeks from the STR meeting to develop, implement and analyse public engagement and targeted stakeholder feedback. This will allow you to report back to ECO committee seeking a preferred option in late August or early September. This timeframe is tight and, if decisions are not progressed promptly, creates risk that Cabinet will not have time to endorse a preferred option prior to the general election. s 9(2)(g)(i) [redacted]
- Given the high level of stakeholder interest in this project, we have recommended that Cabinet give a delegation to you and the Minister of Finance to approve an engagement plan before the public engagement process commences, to ensure you are comfortable with the scope of the engagement, the key messages, and the questions that will be asked.

- While there will be a high level of public interest in the project generally, the Ministry expects that a significant proportion of the feedback received will focus on the fact that the preferred option does not explicitly provide capacity for active modes.

Recommendations

We recommend you:

1 **Provide feedback** on the attached Cabinet paper by Wednesday 10 June so an updated version can be circulated for Ministerial and Departmental consultation by Thursday 11 June Yes / No



David Wood
Deputy Chief Executive, Investment & Monitoring

Hon Chris Bishop
Minister of Transport
..... / ..... / .....

Minister's office to complete: ☐ Approved ☐ Declined ☐ Seen by Minister ☐ Not seen by Minister ☐ Overtaken by events

Comments

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Contacts

Name	Telephone	First contact
David Wood, Deputy Chief Executive, Investment & Monitoring	s 9(2)(a)	✓
Duncan Wilson, Principal Advisor, Transport Financing		

ATTACHMENTS 1

Draft Cabinet paper and A3s - Waitematā Harbour Connections update and public engagement

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Attachment

Draft not progressed further

In Confidence

Office of the Minister of Transport

Cabinet Strategy Committee

Waitematā Harbour Connections update and public engagement

Proposal

1 This paper updates the Cabinet Strategy Committee on the Waitematā Harbour Connections (WHC) project and seeks agreement for the Minister of Transport to direct the New Zealand Transport Agency (NZTA) to conduct public engagement on the best performing bridge and tunnel options.

Relation to government priorities

2 The Government Policy Statement on Land Transport 2024-34 (GPS 2024) commits to delivering an additional road connection between Auckland's North Shore and the central business district.

Executive Summary

3 The existing Auckland Harbour Bridge (AHB) forms part of the busiest corridor of the state highway network. The corridor carries 170,000 vehicles crossings daily and underpins $911m in annual economic activity, projected to increase to $3.9b by 2051.

4 The AHB is an aging asset that requires long term de-loading regardless of any new crossing and, in the coming decades, will need major renewal works involving multiple lane closures for months at a time to maintain even a reduced level of service. The estimated cumulative economic cost of the disruption to undertake the renewals is calculated at $4.8 billion. An additional crossing reduces the costliest network disruption and solves the resilience and capacity problems facing the corridor, enabling future economic growth.

5 In October 2024, the previous Minister of Transport (Hon. Simeon Brown) directed NZTA to undertake detailed investigations into the best performing bridge and tunnel options. Both options, in conjunction with a refurbished AHB, would provide a total of 10 general traffic lanes and two dedicated bus lanes across the harbour.

6 On 15 May 2026, the NZTA Board endorsed the WHC Investment Case and the recommended option of a tunnel. s 9(2)(i) [redacted]

7 In order for an additional crossing to be in place before renewals take place on the existing AHB, a replacement project needs to proceed with urgency, with main

[1] P50 and P95 are probabilistic cost estimates that represent a budget that has a 50% and 95% respective likelihood of covering actual costs of construction.

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construction beginning by 2030/31. The assurance process undertaken on WHC Investment Case has concluded that the work done to date is robust and sufficient to support a form decision and to proceed to pre-implementation.

8 Given this urgency, I seek Cabinet's agreement to direct NZTA to undertake public engagement on the two options developed in the Investment Case. s 9(2)(f)(iv) [redacted]

9 After Cabinet decides on the preferred form of the crossing, more work will be required to complete the Approval to Deliver to the standard required to support a final investment decision. The scale and complexity of this project, and s 9(2)(f)(iv) [redacted] means that Cabinet will need to provide more direction than would be the case for other major roading projects. Cabinet will need to consider a range of issues, including the preferred funding and financing approach and the preferred governance and delivery structure to take the project through to implementation, with in-principle decisions on these issues expected in mid-2027.

Context

10 Auckland's harbour crossing plays a critical role in the state highway network, forming part of the busiest travel corridor in New Zealand that carries 170,000 vehicle crossings daily and underpins $911m in annual economic activity, projected to increase to $3.9b by 2051.

11 Progressive corridor upgrades over 60 years (clip-ons, Northern Busway, state highway and network enhancements) have served growing demands, but we are approaching the limits of what is possible to meet future transport demands with existing infrastructure.

12 Issues on this section of the corridor now put significant pressure on the wider network with widespread economic impacts. Most notably the AHB does not enable High Productivity Motor Vehicles (HPMV)[2] limiting freight efficiency, and NZTA has recently rejected Auckland Transport's application for electric double decker buses to use the AHB due to weight issues, impacting the efficacy of the public transport network.

13 Resilience issues in the corridor from weather events, including flooding, wind and sea level rise, are causing unplanned closures on the AHB, and are occurring with increasing frequency. The impact of lane closures on the AHB is significant and economic costs range from $4 million to $190 million per weekday for unplanned events. Structural rehabilitation does not address any of these unplanned closures.

14 Parts of SH1 and the Northern Busway already face flooding when there is extreme rainfall or coastal inundation. By 2041, all lanes could close for up to an hour 18 days a year, with two northbound lanes closed for up to two hours during these events. By 2060, the future southbound bus lane on the AHB approach will be inundated from

[2] HPMVs are trucks that exceed normal weight limits and need a permit to operate but provide more efficient freight movement. They are excluded on certain roads due to weight and size issues, including the AHB.

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high tides, on average every two weeks; by 2070, two traffic lanes will also be underwater, and by 2090, the entire motorway is expected to be submerged.

15 High wind events have a significant impact on operational protocols, e.g. an event that results in the loss of 2 lanes in each direction and speed restrictions for 6-12 hours, is predicted to increase customer delay hours across the network of between 90% and 200% compared to a typical day.

16 The existing AHB requires major renewals works in the coming decades that will require lengthy closures of multiple lanes at a time. The estimated cumulative economic cost of these disruptions is $4.8 billion consisting of:

16.1 Closing three lanes for 250 working days for main truss bridge deck strengthening – economic disruption of $3.75 - $4 billion.

16.2 Closing three lanes for 80 working days for truss bridge over arch recoating – economic disruption of $1.2 billion

16.3 Closure of two lanes over 80 working days for the replacement of extension bridge expansion joints - economic disruption of $600 million.

Please note: this disruption is likely to place over several decades as different renewals take place while avoiding a full closure of the bridge

17 Even with the major renewals, additional restrictions will need to be placed on the AHB to ensure it maintains operations until 2090. This includes increasing volume and weight restrictions on trucks and buses. The economic cost of these additional restrictions is estimated to reach $89 million per annum by 2043.

18 s 9(2)(f)(iv)



19 Three decades of studies have evaluated a wide span of additional crossing options and have progressively narrowed down the options to the best performing bridge and tunnel option in this corridor.

20 s 9(2)(f)(iv)



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21 In October 2024, the Minister of Transport set out the Government's expectations for the project and requested NZTA undertake a detailed analysis of the highest performing bridge and tunnel options, before seeking a decision from Cabinet on which option to progress. GPS 2024 included the Government's commitment to delivering an additional crossing that provides, at a minimum, additional road connections between Auckland's North Shore and the central business district.

22 At the March 2025 NZ Infrastructure Investment Summit, I announced the next steps for the project, including undertaking geotechnical, environmental and utilities investigations over the following 12 months to inform a decision on whether a bridge or tunnel should be the preferred crossing option. I also announced that NZTA would commence early market soundings from April 2025 with civil contractors, maintenance providers, investors and debt financiers to test design and staging opportunities, delivery approaches, market appetite and capacity, and potential funding, financing and procurement options. I indicated that the Government expected to announce a preferred option in mid-2026.

Proposed solutions

23 NZTA has completed the Investment Case comparing the best performing bridge and tunnel solutions. This investment case has gone through its assurance process including Gateway Review, Independent Reviews, and NZTA internal Independent Quality Assurance process. These processes all concluded that the information is robust and of sufficient quality to support a form decision between the two options to proceed to pre-implementation. s 9(2)(f)(iv) [redacted]

24 Both bridge and tunnel options provide long-term solutions to solve specific and increasing issues of resilience and demand. Both options achieve this through the provision of a roading connection between Auckland's CBD and North Shore with ten lanes for freight and general traffic, a dedicated bi-directional busway corridor, and resilience improvements to guarantee long-term SH1 connectivity. The attached slides detail the configuration of each option.

25 Irrespective of form, a new crossing delivers substantial benefits for New Zealand, including:

25.1 A doubling of public transport (PT) trip capacity across the harbour and shortened commutes by 4 to 13 minutes with a dedicated busway (from 35,000 to 77,000 daily bus users).

25.2 30,000 more jobs accessible within 30 minutes across the Auckland region.

25.3 Up to 13 minutes faster for morning commuters from Wairau Valley to Symonds Street.

25.4 Boosting the economy through greater freight efficiency (25% increase in inter-peak freight capacity).

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25.5 Extending the service life of the AHB to the 2090s and beyond (due to a 40-50% reduction in vehicle weights).

s 9(2)(f)(iv)

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[3] s 9(2)(f)(iv)

s 9(2)(f)(iv)



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s 9(2)(f)(iv)

36 [redacted]

37 [redacted]

38 [redacted]

NZTA Board endorsed the tunnel

39 On 15 May 2026, the NZTA Board endorsed the WHC Investment Case and the recommended option of a tunnel. s 9(2)(f)(iv)

40 [redacted]

40.1 [redacted]

40.2 [redacted]

40.3 [redacted]

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s 9(2)(f)(iv)

Next steps

41 Subject to Cabinet's agreement, I propose to direct NZTA to undertake public engagement on the two options that have been developed in the Investment Case

s 9(2)(f)(iv)

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44.1

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44.6 s 9(2)(f)(iv) [redacted]

Cost-of-living Implications

45 The engagement decision sought in this paper will not have any direct cost-of-living implications. s 9(2)(f)(iv) [redacted]

Financial Implications

46 The engagement decision sought in this paper does not have any direct financial implications. s 9(2)(f)(iv) [redacted]

Legislative Implications

47 The engagement decision being sought in this paper does not have any direct legislative implications. s 9(2)(f)(iv) [redacted]

Population Implications

48 There are no specific population implications in this proposal.

Human Rights

49 There are no implications for human rights in this paper.

Use of external Resources

50 The WHC Investment Case has been developed by NZTA, with input from specialist consultants.

Consultation

51 NZTA, Treasury, and DPMC were consulted in the development of this paper.

Communications

52 Subject to Cabinet agreement, NZTA will undertake public and targeted stakeholder engagement on the project in mid-2026.

Proactive Release

53 I intend to release this Cabinet paper barring any redactions under the Official Information Act 1982 within the standard 30 business days.

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Recommendations

The Minister for Transport recommends that the Committee:

1 Note that AHB serves as an inter-regional asset for the upper North Island, Auckland, Waikato, and Bay of Plenty communities, supporting $911m in annual economic activity, projected to grow to $3.9b by 2051

2 Note that the existing AHB needs major renewal over the coming decades. These renewal works will cause $4.8 billion of economic disruption without an additional crossing in place

3 Note that in addition to the renewals, the existing AHB will need increasing operational restrictions that, without an additional crossing, will add an additional $89 million in economic cost per annum by 2043

4 Note that, in order for an additional crossing to be in place before renewals take place the project needs to proceed with urgency, with main construction planned to begin by 2030/31

5 Note that the assurance process has concluded that the work done to date is robust and sufficient to support a form decision and to proceed to pre-implementation

6 Note that proceeding to pre-implementation does not entail proceeding with the project, and a report back is expected in 2027 to approve any implementation parameters

7 s 9(2)(f)(iv) [redacted]

8 Note that the NZTA Board has endorsed the tunnel as their preferred option

9 Agree that the Minister of Transport direct NZTA to undertake public and targeted stakeholder engagement on the two options

10 Agree that the Minister of Transport and Minister of Finance jointly approve an engagement plan

Once the Minister has approved the draft Cabinet paper for lodgement for Cabinet or a Cabinet committee, this section should be updated to state 'Authorised for lodgement'.

Hon Chris Bishop

Minister for Transport

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Appendices

Appendix 1: Waitematā Harbour Connections Supporting Slides

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Appendix withheld in full under section 9(2)(f)(iv).

Cabinet paper - next steps on Waitematā Harbour Connections

Date:	27 July 2026	Priority:	High	Tracking number:	OC260501

To	Action sought	Response by
Hon Chris Bishop **Minister of Transport**	**Agree** preferred delivery arrangements and provide any feedback on the attached draft Cabinet paper	28 July 2026

Contact for discussion (if required)

Name	Position	Telephone	1st contact
Stephanie Rowe	Executive Leader, Delivery	s 9(2)(a)	☑
Mitch Macaulay	Acting Manager, Transport Financing		☐
Duncan Wilson	Principal Advisor, Transport Financing		☐

Action for Minister's Office staff

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Purpose

1. This briefing seeks:

    - your approval to the preferred delivery arrangements for completing the detailed business case (DBC) for the Waitematā Harbour Connections (WHC) project; and
    - any further feedback on the draft Cabinet paper prior to lodgement on Thursday 30 July 2026 (attached in **Annex 1**).

Key points

Draft Cabinet paper

2. Officials have been preparing you a draft Cabinet paper to seek decisions on next steps for the WHC project – including establishing governance and delivery arrangements to oversee delivery of a Detailed Business Case (DBC) on crossing options.
3. Your office circulated a draft Cabinet paper for Ministerial consultation on 9 July 2026. The attached Cabinet paper has been updated to incorporate feedback from your colleagues that:
    - the Meola Reef crossing option needs to be properly considered as an alternative option alongside the tunnel and bridge options considered by NZTA;
    - the Market Led Proposal (MLP) s 9(2)(i) also needs to be properly considered alongside the current solutions;
    - the paper needs to more clearly set out how the project will align with wider transport development in Auckland and include an Auckland 'voice' in governance; and
    - that the DBC will further refine the options, costs and trade-offs before Cabinet decides on the preferred solution in mid-2027.
4. We request any further feedback on the draft Cabinet paper by Tuesday 28 July 2026.

Options for delivery arrangements

5. We understand you are also interested in exploring different options for the delivery arrangements to complete the DBC. In this briefing we set out two options:
    - Option 1: An independent entity established within MCERT; or
    - Option 2: An independent project team hosted within NZTA.
6. This paper outlines these two approaches and the advantages and disadvantages of each. MCERT recommends Option 1 – that the WHC project team is established as an independent entity within MCERT. This option sends the clearest signal that this project is shifting to core Crown-led.
7. We seek your feedback on these two options and can then update the Cabinet paper to reflect any changes needed.

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Recommendations

8. We recommend you:

   a. **note** that the attached draft Cabinet paper has been updated to reflect feedback from Ministerial consultation

   b. **agree** the WHC Project Team be established as an independent entity within MCERT **(recommended)** Yes / No

   or

   agree the WHC Project Team be established as an independent unit hosted by NZTA Yes / No

   c. **provide** feedback on any further changes you would like made to the attached Cabinet paper

   d. **agree** that, pending your feedback, the Cabinet paper be lodged by 30 July 2026 for consideration by ECO on 5 August 2026 Yes / No



Stephanie Rowe
Executive Leader, Delivery, Ministry for Cities, Environment Regions and Transport (MCERT)
27 / 07 / 2026

Hon Chris Bishop
Minister of Transport
..... / ..... / .....

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Comments

Cabinet paper - next steps on Waitematā Harbour Connections

Background

9. Officials have been preparing you a draft Cabinet paper to seek decisions on next steps for progressing the WHC project.

10. This Cabinet paper will seek decisions on establishing a new independent governance and delivery model and that a DBC be completed by mid-2027 to inform decisions by Cabinet on the preferred crossing option.

Updated draft Cabinet paper

11. You circulated a draft Cabinet paper on next steps for the WHC project to your ministerial colleagues for feedback on 9 July 2026. Feedback provided by your colleagues, and changes made in the attached draft Cabinet paper, are set out below:

    - the Meola Reef crossing option needs to be properly considered as an alternative option alongside the tunnel and bridge options considered by NZTA;
    - the MLP s 9(2)(i) also needs to be properly considered alongside the current solutions;
    - the paper needs to more clearly set out how the project will align with wider transport development in Auckland and include an Auckland 'voice' in governance; and
    - that the DBC will further refine the options, costs and trade-offs before Cabinet decides on the preferred solution in mid-2027.

12. The updated Cabinet paper incorporates this feedback (see **Annex 1**). Key changes include:

    - making it explicit that the Meola Reef crossing option and Stage 2 of the MLP will be considered on a common assessment framework alongside the existing Investment Case solutions, all options will go through a common assurance process, and that ultimate decision making on all four options sits with Ministers;
    - including the chair of the Auckland Regional Transport Committee (ARTC) on the WHC Steering Group to ensure alignment with the 30-year plan in development and new governance arrangements for transport in Auckland; and
    - edits to note that the DBC will involve further refinement of costs and trade-offs from progressing with the project.

13. We request further feedback on this paper by 28 July 2026. It will then be lodged on Thursday 30 July 2026 for consideration at Cabinet Economic Policy Committee (ECO) on 5 August 2026.

14. We understand you intend to announce next steps on WHC at the Building Nations 2026 event on 20 – 21 August 2026. We will work with your office to support this announcement.

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Options for establishing the WHC Project Team

15. We understand you are also interested in exploring different options for establishing the WHC Project Team to deliver the DBC. We have assessed two options:
    - Option 1: An independent entity established within MCERT; or
    - Option 2: An independent project team hosted within NZTA.
16. Both options would involve drawing in resources and staff from different agencies. We have outlined how each approach could work below, noting that the Senior Responsible Owner (SRO) would confirm the details of how the preferred option will be implemented.

Option 1: Independent entity established within MCERT

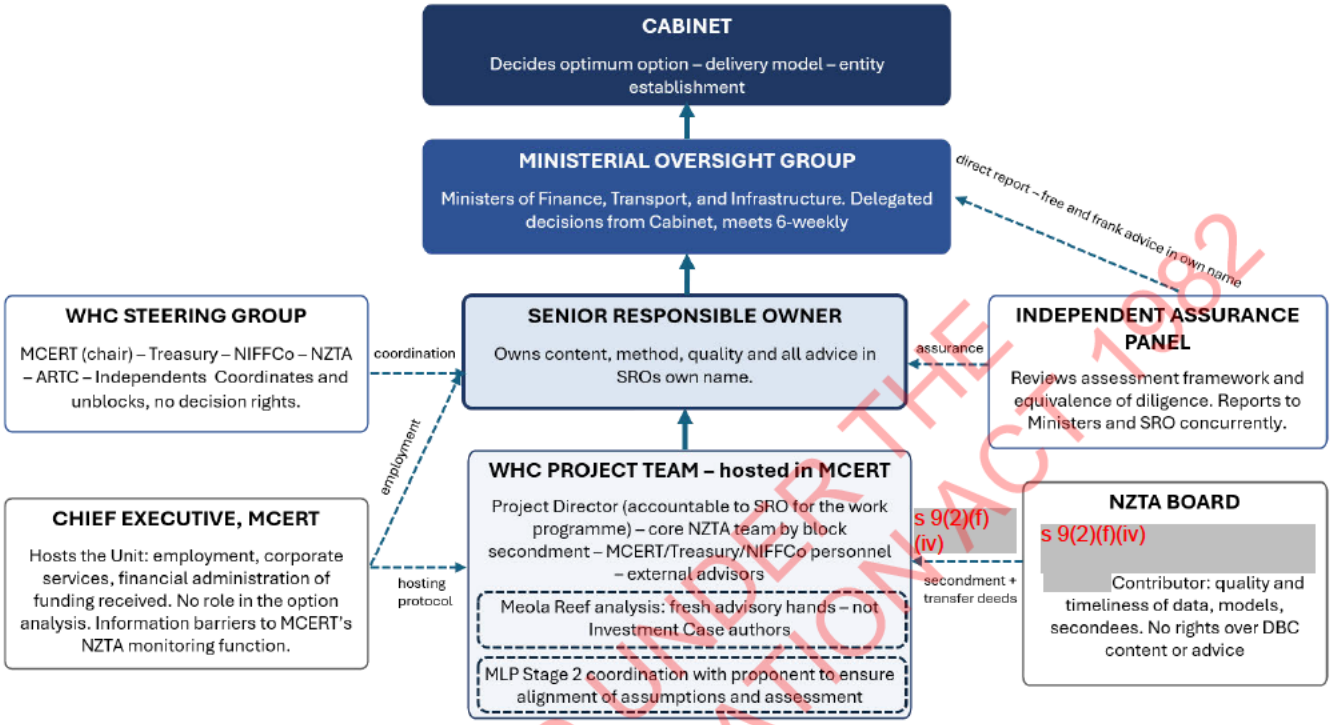
17. Under this option, an independent entity would be established within MCERT. This would provide the strongest independence to develop the DBC outside of existing arrangements in NZTA.
18. Under this option, an SRO would be appointed by the MCERT Chief Executive and employed by MCERT. The SRO would have full discretion over the development of the DBC and assessment of alternative options. The SRO would report directly to joint Ministers – the Ministers of Finance, Transport and Infrastructure. MCERT would host and administer funding for the WHC Project Team. MCERT would not direct the content of the DBC as the DBC would be owned by the SRO.
19. s 9(2)(f)(iv) [redacted] the NZTA WHC project team would be seconded into the WHC Project Team alongside staff from other agencies (including MCERT, NIFFCo, and Treasury). NZTA's Board would not direct the DBC process, but NZTA would still have a say at the governance level through their membership in the WHC Steering Group.
20. Under this proposal, the independent study into a corridor solution at Meola Reef and MLP engagement would take place as separate workstreams under direction from the SRO. The contract for the Meola Reef feasibility study would be administered independently from NZTA to minimise any perceived conflict of interest.
21. A common assessment framework will apply identically to all four options (the two Investment Case options, Meola Reef crossing option, and MLP). Assurance will be shared across all four options and operate at two levels:
    - A common assurance process: Gateway and Investment Management System requirements on a fixed schedule; and
    - An Independent Assurance Panel, appointed by the SRO with the agreement of joint Ministers, which reviews the assessment framework and the equivalence of diligence across options and reports to the SRO and Ministers concurrently. These are distinct from the advice Ministers will continue to receive from agencies in their own name, including MCERT's advice as monitor and Treasury and Infrastructure Commission system perspectives.
22. s 9(2)(f)(iv), s 9(2)(g)(i) [redacted]

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s 9(2)(f)(iv), s 9(2)(g)(i)

The Cabinet paper provides delegated authority to joint Ministers to take fiscally neutral funding decisions.

Figure 1: Illustration of governance and delivery structure under Option 1



Advantages	Disadvantages
s 9(2)(g)(i)	Establishing a new unit outside of NZTA will take additional time to establish and may result in attrition from the NZTA project team arising from the transition from NZTA to MCERT
Provides a clear signal to the market, and public, that this is a core Crown-led project that warrants a bespoke approach to delivery	Novel three-line construct (SRO / host CE / s 9(2)(f)(iv) creates complexity around decision rights and accountability (which can be overcome through ensuring clear processes and terms of reference)
Converts cleanly if Cabinet chooses a new Crown delivery vehicle — the Project is already outside NZTA, making it easier to establish a new delivery unit if needed post-DBC	MCERT hosts the Unit while monitoring NZTA — any potential conflict of interest would need careful management (e.g. by maintaining distance between MCERT's hosting of the Project Team and its function for monitoring NZTA)
The SRO's position is simplest to defend as there is no embedded relationship with the sponsoring agency to explain	If NZTA ends up as the delivery agency, the team moves twice which results in additional cost and potential loss of capability / staff

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Option 2: Independent project team hosted within NZTA

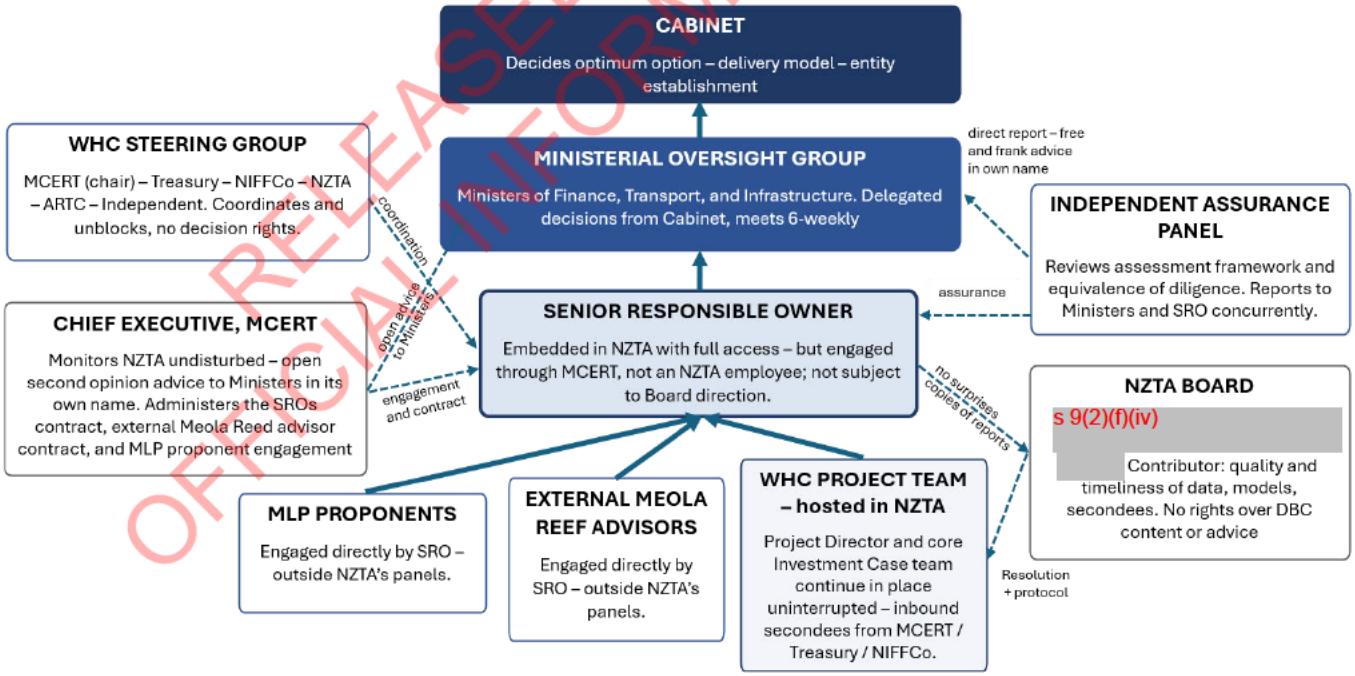
23. Alternatively, the WHC Project Team could be hosted within NZTA to minimise project disruption. Like Option 1, this option also includes an independent SRO appointed by the MCERT Chief Executive and employed by MCERT with full discretion over the development of the DBC and assessment of alternative options. However, the WHC Project Team would be hosted within NZTA as the project's 'home' agency for this work.

24. s 9(2)(f)(iv) However, the NZTA Board would not be able to direct the content or conclusions in the DBC and would receive reports on a 'no surprises' basis from the SRO and WHC Project Team.

25. The SRO would administer the contract for the Meola Reef crossing study, as well as engagement with the MLP proponent independently of NZTA channels to minimise any perceived conflict of interest. Similar to option 1, a common assessment framework would apply to all four options. A common assurance process would also be shared across all four options and be overseen by an Independent Assurance Panel appointed by the SRO.

26. Cabinet would hold final decision rights on the preferred option, delivery model and any entity establishment. s 9(2)(g)(i) however, having an independent SRO embedded in a Crown Entity but reporting directly to Ministers and not their Board is a novel arrangement that will need to be managed – including to ensure there is clear accountability for the DBC.

Figure 2: Illustration of governance and delivery structure under Option 2



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Advantages	Disadvantages
Helps to preserve existing momentum and expertise by adding expertise and resources to support work	Continued hosting within NZTA does not best reflect the move towards a Crown-led project
Makes use of existing funding machinery and can be quickly established by Board resolution	s 9(2)(g)(i)
MCERT's monitoring function of NZTA continues as normal with no conflicts of interest that need to be managed	Placing the team in NZTA may result in unclear accountability and relationships with NZTA's leadership and Board
	Direct Ministerial reporting outside the Crown Entity Board is unusual and creates unclear accountabilities
	If arrangement does not work, making changes mid-DBC development is highly disruptive

Recommendation

27. s 9(2)(g)(i) Situating the WHC project team within NZTA does not best reflect a move towards a core Crown-led project.

28. Establishing the unit within MCERT will likely take more time than building on the existing NZTA-hosted project team. However, this disruption is likely to be required at some point in the project as s 9(2)(f)(iv) Cabinet holds most decision rights. Establishment readiness for implementation will be prepared during the DBC so that the mid-2027 decision will include a recommended approach to implementation and delivery arrangements.

29. Now is likely the least disruptive time to extract the project from NZTA. They have made good progress on the technical elements of the project, but some of the key outstanding areas (funding and financing, and entity form) sit outside their areas of responsibility. While it would be possible to extract the WHC project team from NZTA later, it is best to do so before the DBC (and its conclusions) are too far advanced.

30. The disruption of shifting the project to MCERT can be mitigated through block secondment of the existing Project Team and Project Director to maintain the existing structure as much as possible. s 9(2)(f)(iv) The SRO will be given discretion to amend existing arrangements as they deem necessary to support completion of the DBC phase.

Risks

31. Timing to establish the independent entity within MCERT and complete the DBC, Meola Reef

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crossing study, and MLP stage 2 by mid-2027 is tight. s 9(2)(g)(i) [redacted]

32. s 9(2)(i) [redacted]

Next steps

33. If you have any further feedback on the attached Cabinet paper, please provide this by the end of Tuesday 28 July 2026 for it to be incorporated ahead of lodgement on Thursday 30 July 2026 for consideration by ECO on Wednesday 5 August 2026.

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Annex 1

Draft Cabinet Paper – Next steps on Waitematā Harbour Connections

Attached separately.

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Cabinet Committee Background Information and Talking Points

Cabinet Committee: Cabinet Economic Committee (ECO); 5 August 2026

Paper Title: Next steps on Waitematā Harbour Connections

Portfolio: Transport

Officials Attending:

- Jeremy Lightfoot, Chief Executive, MCERT
- Paul O'Connell, Deputy Executive Leader – Sector Strategy, MCERT
- Mitch Macaulay, Acting Manager – Transport Financing, MCERT.

Background Information:

- Waitematā Harbour Connections will be the biggest transport infrastructure project in New Zealand's history and have a significant effect on shaping Auckland as a city.
- Major renewal works are required on the existing Auckland Harbour Bridge in the early 2040s at the latest. To minimise the disruption an alternative crossing needs to be operational first. s 9(2)(f)(v)
- NZTA have completed the Investment Case comparing their best performing bridge and tunnel options. Their Board endorsed the tunnel as their preferred option.
- Other stakeholders have advocated for alternative options. The Mayor of Auckland prefers an al gnment over Meola Reef to the west, and NIFFCo have received a market led proposal s 9(2)(i)
- These have not yet been assessed to the same standard as the options in the Investment Case.

Talking Points:

- NZTA have completed the Investment Case that compares their preferred bridge and tunnel options as per the direction set by the Minister of Transport in 2024.
- This Investment Case provides a robust comparison of the performance of these two options and has significantly advanced the understanding of issues with the corridor and potential solutions.

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- However, the Investment Case does not compare the options to a solution at Meola Reef, the Mayor of Auckland's preferred option, nor to the Market Led Proposal s 9(2)(i)
- Further work is also needed to establish a clear path to delivery, s 9(2)(f)(iv)
- International evidence of projects this size and complexity highlights the importance of thorough planning at the outset, including having strong stakeholder alignment and clear delivery pathways, before deciding on a single preferred option.
- This reduces the risk of delays and complications during the delivery phase when such issues are far more costly and disruptive.
- I am recommending that the WHC project move into a next phase where a full Detailed Business Case is developed for the two solutions in the Investment Case, alongside investigations into a solution at Meola Reef and the s 9(2)(i) Market Led Proposal.
- Assessing all the potential options on the table is important to ensure we arrive at the best solution for the crossing and will help build buy in with key stakeholders.
- The size and importance of this project mean it needs to be led through an independent unit, made up of cross-agency expertise, to ensure the next phase takes an unbiased view of all the possible options.
- I am therefore proposing that this project be led by an independent unit housed in the newly established Ministry for Cities, Environment, Regions and Transport (MCERT).
- Moving the project outside NZTA will better reflect where decision-making lies for this project s 9(2)(f)(iv), s 9(2)(g)(i)
- To ensure this work meets the expectations of all stakeholders, I am recommending that this work be undertaken by an independent Senior Responsible Owner who will sit within MCERT, but report directly to Joint Ministers on the project.
- This SRO will have sole responsibility for the DBC and overall assessment of all options. The existing NZTA project team will be merged with expertise from MCERT, Treasury and NIFFCo to form a single WHC project team solely focused on this project.
- Assessing all the options consistently is important to ensure they are weighed fairly. A common assessment framework and assurance process will also be held across all four options to ensure they are assessed fairly and impartially.
- I expect the full DBC and assessments of Meola Reef and the Market Led Proposal to all be completed in time for Cabinet to assess the options and decided a preferred crossing approach when I report back in mid-2027.

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Potential Q&As

Q: Why are we not deciding on a preferred option now?

- More work is required on the delivery pathway for the Investment Case options, particularly the funding and financing and management plans, before we can confidently decide a preferred form.
- Global experience is that projects this size and complexity consistently face elevated risk due the aggregation of scale, duration, governance complexity, political intervention, approvals risk and the need to maintain social license.
- Best practice is to reduce these risks in the planning phase when it is easier to change before entering the delivery phase where issues result in far bigger delays and cost increases. Deciding a single option now would lock us into an option that does not have a clear delivery pathway nor widespread stakeholder support.

Q: Why is NZTA not running the next phase?

- NZTA have completed good, detailed design work to advance our understanding of the issues and constructability of potential solutions
- However, I believe it is important that a wider range of views is present in the next phase given any solution will need to draw on a range of levers across government.
- s 9(2)(g)(i) [redacted]
- [redacted]

Q: What is the Meola Reef crossing option?

- The Meola Reef option is an alternative crossing situated over Meola Reef to the west of the existing Auckland Harbour Bridge. It is the Mayor of Auckland's preferred solution.
- It has the advantage of being a shorter crossing length than other routes but is further from the existing state highway network making network integration more challenging.
- An independent study will assess the viability and comparative performance of this crossing to allow us to consider it alongside other solutions.

Q: What is the Market Led Proposal process?

- The Market Led Proposal process is run by NIFFCo and allows private sector proponents to present unsolicited proposals to the government where they may have innovative solutions that have not been considered to justify exclusive negotiation outside the normal procurement process. It must then pass through various assessments.
- NIFFCo have received a market led proposal s 9(2)(i) [redacted]

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- The Market Led Proposal s 9(2)(i) has passed Stage 1a (that the proposal is for a project in the public interest and the proponent has the exclusive ability to deliver) and Stage 1b (that the proposal has the potential to provide a value for money solution).
- It is now ready to proceed to Stage 2 which includes a detailed assessment, doing so alongside the DBC and Meola Reef investigation will allow for a fair assessment of the best possible solution.

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Attachments 2 and 3 (the Cabinet Paper and Minute) are refused under Section 18(d) of the Act. Once Published the documents will be available on the Ministry's Website here: https://www.transport.govt.nz/ about-us/our-corporate-publications/proactive-releases/results

Aide Memoire

Options for SRO appointment for the Waitematā Harbour Connections DBC phase

Date:	7 August 2026	Priority:	Urgent	Tracking number:	OC260655

Information for Minister(s)
Hon Chris Bishop **Minister of Transport**

Contacts

Name	Telephone	First contact
Stephanie Rowe, Executive Leader, Delivery	s 9(2)(a)	☑
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Purpose

1. Provide you with information on how a Senior Responsible Owner (SRO) to lead the Detailed Business Case (DBC) phase of the Waitematā Harbour Connections project may be appointed, following discussion at Cabinet Expenditure and Regulatory Review Committee (EXP).

The SRO will hold final responsibility for the outputs from the next phase of work

2. The SRO will hold final responsibility for the DBC, independent Meola Reef study and Crown interaction with Stage 2 of the Market Led Proposal. This responsibility includes providing an assessment of these options and a recommendation to Joint Ministers in mid-2027.

3. This is a significant amount of work to be completed in a short time frame and how quickly the SRO can be brought up to speed and the amount of flexibility they have to deliver what is required will have a significant impact on the quality of the outputs Ministers receive.

4. Regardless of the appointment process, the SRO will require funding and staffing delegations, clear authority and accountability, and direct Ministerial communication.

Appointing through the Ministry of Cities, Environment, Regions and Transport (MCERT) Chief Executive (CE) provides the quickest and most flexible option

5. The SRO role is primarily tasked with delivering a specialist technical piece of advice, it is deliberately intended to be apolitical to protect the independence and impartiality of the advice produced to maximise the chance the findings are supported by a variety of key stakeholders. Making the appointment through the MCERT CE will support the appearance of apoliticality.

6. Appointing through the MCERT CE provides the greatest flexibility in terms of remuneration, who can be appointed and allows for financial and staffing delegations to be agreed directly. This will support the SRO to have the flexibility they require to organise and run this phase and deliver the best possible advice in mid-2027.

7. Appointing through the MCERT CE also provides the quicker pathway to onboarding the SRO and establishing the project team. Given this appointment is likely to be for 9-12 months to lead the completion of the DBC and other studies, a quick appointment that maintains momentum will be required to meet expected timeframes. Once a preferred option has been selected in mid-2027 and the project moves into pre-implementation for a single option, leadership of the project will need to be reconsidered on a longer term basis, this more substantive longer-term appointment would be supported by a Cabinet appointment process.

An appointment that goes through Cabinet provides greater input but slows and complicates the process

8. At EXP Ministers made changes to the recommendations to make the SRO a Cabinet appointment rather than by the MCERT CE. While technically Cabinet does not make appointments, we have

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identified two options whereby the SRO appointment will first be considered by Cabinet; appointing the SRO as the head of a new Departmental Agency or appointing the SRO as a single person Ministerial Advisory Group (MAG).

9. A Departmental Agency is an operationally autonomous agency hosted by a Public Service department with the CE reporting directly to Ministers. The CE of this Departmental Agency would be appointed by the Public Service Commission after consideration by Cabinet through the Appointments and Honours Committee (APH) in the same process as other Public Service CE appointments. The establishment of the Departmental Agency would also require an Order-in-Council to establish which would require going the Cabinet Business Committee or Legislation Committee committees prior to the election. Consideration should also be given as to whether the small size and short term of this unit warrant the creation of an entirely new entity.

10. A MAG provides Ministers with external advice on particular issues. The SRO would make up a one person MAG and their appointment would first be considered through APH. This option has greater flexibility in establishment, but the SRO would have far less power in how the officials from various agencies support their work, with officials still employed by their home agency and supporting the MAG through terms of reference only.

11. Both of these options would require taking the appointment through APH Committee. Realistically a late September appointment via the final APH Committee on 15 September is the only viable pre-election option. This timeframe would substantially reduce the recruitment and selection period down to a single week in order to run the APH process:

    - Recruitment and selection of SRO – Now until 14 August;
    - Due diligence of candidates – 17 to 21 August;
    - Minister selects preferred candidate, draft APH paper – 24 to 28 August;
    - Ministerial and agency consultation on APH paper– 31 August to 4 September;
    - Update and lodge the paper – 7 to 10 September;
    - APH – 15 Sept (final APH pre-election);
    - Cabinet – 21 September.

12. Appointing the SRO through a MAG would incur the fee limits under the Cabinet Fees Framework (although a Departmental Agency would not) s 9(2)(i)

Recommended approach

13. The DBC phase will require rapidly pulling together a cross-agency team, developing detail on multiple options and running a fair and balanced assessment process in the next 9-12 months.

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14. The most important factors in appointing the SRO for effective delivery of the next phase are hiring the right candidate as quickly as possible and giving them the flexibility and authority to lead the work effectively.

	Appointment by MCERT CE	Ministerial Appointment
Strength of candidate	+ Remuneration able to be set according to market rate	s 9(2)(i) [redacted] - Recruitment and selection period limited to one week to accommodate APH
Timeliness of appointment	+ Appointment able as soon as preferred candidate available	- Appointment contingent on tight Cabinet Committee timelines
SRO flexibility and authority	- SRO authority confined to terms of reference conditions + Confers staffing and funding delegations at appointment	+ SRO given clear Cabinet mandate and backing - SRO role restricted by organisation form

15. Appointment via the MCERT CE is the preferred approach as it maintains existing project momentum for the relatively short time available for the DBC phase (9-12 months), and supports a stronger recruitment process by removing constraints caused by APH timeframes s 9(2)(i) [redacted]

16. If Cabinet approves a preferred option to proceed into pre-implementation in mid-2027, this wold provides an opportunity to reset leadership and organisation of the project to align with the intended delivery model and engage Cabinet in this more substantive appointment.

Next Steps

17. EXP agree to an edited recommendation to give responsibility for the SRO appointment to Cabinet and not the MCERT CE. If you wish to change this back you will need to seek agreement at Cabinet on Monday 10 August.

18. Subject to final Cabinet decisions, the appointment of the SRO will commence following the 10 August Cabinet meeting. Any organisational arrangements required to support this will also commence at this point in time.

19. The Waitematā Harbour Connections DBC phase is due to report back to Ministers with their findings and recommendations in mid-2027. The decision to proceed to pre-implementation of the preferred option will be sought at this time, this will include the delivery entity and organisational change required for this transition.

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Annex 1

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Attachment
OC260655

Cabinet Background Information and Talking Points

Paper Title: *Next Steps on Waitematā Harbour Connections*

Portfolio: *Transport*

Background Information:

- EXP considered the Cabinet paper "Next Steps on Waitematā Harbour Connections" on 4 August. They requested a change to allow Cabinet to appoint the SRO.
- You will discuss this paper, including how the SRO will be appointed, at Cabinet on Monday 10 August 2026.

Talking Points:

- At EXP we discussed the appointment process for the SRO and how to give Cabinet greater involvement in appointing this key role.
- I have sought advice from officials on options to allow for this and note that options to give Cabinet or Ministers the appointment decision wouldn't be possible before the Election.
- Given the tight timing to produce a DBC and independent studies by mid-2027, I consider that finding a suitably skilled and experienced SRO quickly is key.
- Leaving the appointment decision to the MCERT Chief Executive will enable a faster process to appoint the SRO and get on with delivering the DBC and other studies.
- But I also recognise Ministers' strong interest in who gets appointed to this key role.
- I propose that Joint Ministers confirm priorities for the role through the role description for the SRO and nominate an interview panel member for discussion with the Chief Executive
- This would give Ministers involvement in the appointment and the ability to highlight what we would expect to see in a strong candidate in terms of their background, skills and experience.
- I propose updating the EXP Minute to reflect the following in **recommendation 7**:

  agreed that a dedicated Senior Responsible Owner, responsible for the delivery of the Detailed Business Case and investigations into other options, be appointed by the Chief Executive of MCERT with Joint Ministers confirming priorities through the role description and nominating an interview panel member for discussion with the MCERT Chief Executive.

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What other options were considered to appoint the SRO?

- There is no perfect machinery-of-government arrangement the allows Cabinet to appoint the SRO.
- Officials looked at two options – either a new Functional Chief Executive role within MCERT, or appointing the SRO as a one-person Ministerial Advisory Committee:
    - Establishing a new **Functional Chief Executive** would require Cabinet approving the specifics of the role, and an Order-in-Council to establish the position. There would be insufficient time after this to recruit and appoint a candidate before the final CBC on 27 October 2026. This role would also likely constitute a 'significant appointment' that could only be taken during the period of restraint if certain conditions were met and would contravene our existing direction to not establish additional Public Service entities.
    - Establishing and appointing an SRO via a **Ministerial Advisory Committee** is also not possible prior to the election. Establishing the terms of reference and role description and recruiting and shortlisting will likely take until the end of September at the earliest. Appointing an SRO via this method would also restrict their powers to run the DBC process as they could not hold staffing and funding delegations and advice would need to come from individual agencies.
- By contrast, Public Service Chief Executives have greater flexibility in appointments within their departments.
- Under my recommended option, Joint Ministers can still input into this process through reviewing the job description and may nominate an interview panel member for discussion with the MCERT CE

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