

26 October 2023



REF: OIA-13727

Dear 

**Request made under the Official Information Act 1982**

Thank you for your letter, received on 27 September 2023, requesting information regarding the new State Highway 25A (SH25A) bridge and Coromandel roading network expenditure under the Official Information Act 1982 (the Act).

I will address each part of your request in turn below.

For context, the nature of the contract between Waka Kotahi NZ Transport Agency and McConnell Dowell / Fulton Hogan joint venture (JV) to build the new SH25A bridge is cost reimbursable. The cost of the project work and all day-to-day expenditure is being incurred by the JV and its designers. Its rates, costs and claims are audited by a quantity surveyor and other independent engineers engaged by Waka Kotahi.

This means that Waka Kotahi is unable to provide you with exact figures as you have requested until after the project completion date, which is expected to be 31 March 2024. At this stage, Waka Kotahi can only provide estimated figures.

Therefore, your request for exact costs is refused under section 18(e) of the Act, as the document alleged to contain this information does not yet exist. You are welcome to submit another request for costs after the project completion date, and we will be happy to consider it under the provisions of the Act.

***Exactly how much of the \$40 million will be spent on the actual physical State Highway 25A bridge?***

The cost of \$40 million was an early estimate for this project. The budget has since been increased to circa \$48 million, allowing for a 20 percent contingency and the need to complete the project quickly. As at 5 October 2023 the total contract cost is estimated to be \$41.5 million.

Waka Kotahi estimates that \$18.1 million of the estimated total project cost will be spent on bridge materials and worker consumables.

***Exactly how much of the \$40 million will be spent on salaries and wages for the staff, contractors/consultants?***

As advised above, due to the nature of the contract being reimbursable, Waka Kotahi cannot advise the exact amount that will be spent on salaries and wages for staff until after the project is completed.

With that said, Waka Kotahi can advise that labour costs for the delivery of the project (including direct labour, and all subcontractors/suppliers) are estimated to be \$23.4 million. Waka Kotahi and the JV are working to build this bridge as quickly and economically as possible, noting that speed comes with additional cost from factors such as staff overtime and material supply risk management. This means that the final costs may differ from the estimated figure above.

***Exactly how much of the \$40 million will go straight into the pockets of shareholders of the privately owned contracting/consulting companies?***

The amount of dividends that will be paid to the JVs shareholders is solely dependent on the JV companies and their profit margins as a whole (not reliant on one project) and is not information that Waka Kotahi holds. Therefore, this part of your request is refused under section 18(g)(i) of the Act, as the information is not held by Waka Kotahi, and there are no grounds to believe it is held by another government agency. If you would like this information, you will need to request this directly from McConnell Dowell and Fulton Hogan.

***Exactly when will the people of the southern Coromandel district get \$40 million spent on fixing our roads which can only be described as unfit for purpose?***

Waka Kotahi is responsible for approximately 11,000km (24,500 lane kilometres) of state highway network across New Zealand. With a replacement value of over \$90 billion, the state highway network is New Zealand's largest value physical asset and is of critical importance to the country's economic and social wellbeing, connecting people and places and efficiently moving freight to markets.

Our initial investment through the 2021-24 National Land Transport Programme (NLTP) increased to \$2.8 billion for Waka Kotahi programmes nationwide, which includes state highway roading network maintenance and operations and, includes an estimated \$300 million for emergency works caused by the extreme weather events experienced in this year. This is a 30 percent increase on the previous three years (2018-21).

Approximately \$80 million of the funding will be spent on the East Waikato network in the three years to 30 June 2024, for roading maintenance and operations through our Network Outcomes Contract (NOC). This is a significant investment which includes approximately 170 lane kilometres of state highway to be renewed this summer. Approximately 40 lane kilometres, at an approximate cost of \$3.7 million, will be spent this year on SH25 which includes work undertaken on the Coromandel Peninsula. This work is expected to commence in November 2023, with the majority planned for completion prior to Christmas 2023.

We are prioritising keeping our roads safe, avoiding disruption for users, as well as minimising future costs of restoring the network to sustainable levels of service. However, even with additional funding in this NLTP, there are still several factors which limit what we can deliver in our road maintenance programme. The size of both the local road and state highway network has increased along with traffic volumes, including for freight, and this is resulting in greater wear and tear.

As evidenced this year, there are more significant and intense weather events occurring - requiring more extensive recovery work to damaged sections of the network. The severe weather events during the peak construction season have also meant we were unable to complete a significant amount of our renewal programme for the 2022/23 financial year.

Waka Kotahi is prioritising routes which are critical for getting goods to market and keeping communities connected.

More information about the SH25A bridge and other work being done for the network in the Coromandel area is available on the frequently asked questions page on our website: [www.nzta.govt.nz/projects/sh25-sh25a-thames-coromandel/sh25a-taparahi-rebuild/faqs/](http://www.nzta.govt.nz/projects/sh25-sh25a-thames-coromandel/sh25a-taparahi-rebuild/faqs/). A copy of these frequently asked questions is also enclosed.

Under section 28 of the Act, you have the right to ask the Ombudsman to review my decision to refuse parts of your request. The contact details for the Ombudsman can be located at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz).

In line with Waka Kotahi policy, this response will soon be published on our website for the benefit of the public, with your personal information removed.

Additionally, we would like to acknowledge your letter received 24 October 2023, regarding the increased budget for the bridge. While we have partially addressed this in this letter, a complete response will be provided to you in a further letter.

Unless more time is required, this additional response will be sent to you within 20 working days of receiving your request – in this instance on or before 21 November 2023.

If you would like to discuss this reply with Waka Kotahi, please contact Ministerial Services by email at [official.correspondence@nzta.govt.nz](mailto:official.correspondence@nzta.govt.nz).

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Kinvig', with a long horizontal flourish underneath.

**Mark Kinvig**  
National Manager Infrastructure Delivery