

Ministerial Briefing

COMMERCIAL IN CONFIDENCE

To	Hon Dr Megan Woods, Minister of Housing Hon Michael Wood, Minister of Transport	17 February 2021
Cc	Brian Corban, KiwiRail Chairman Greg Miller, KiwiRail Group Chief Executive	
From	David Gordon, KiwiRail Chief Operating Officer – Capital Projects	

NZ UPGRADE PROGRAMME – SOUTHERN STATIONS UPDATE

PURPOSE

1. This briefing supports your meeting on Thursday 18 February 2021 regarding the Southern Stations around Drury and related housing developments, and provides background information on different cost estimates depending on the level of cost certainty required.
2. The NZUP baselining exercise is in progress, and will consolidate the updated information at a programme level for discussion with the OSG and advice to Ministers. This briefing incorporates early advice from the baselining exercise.

CURRENT SITUATION

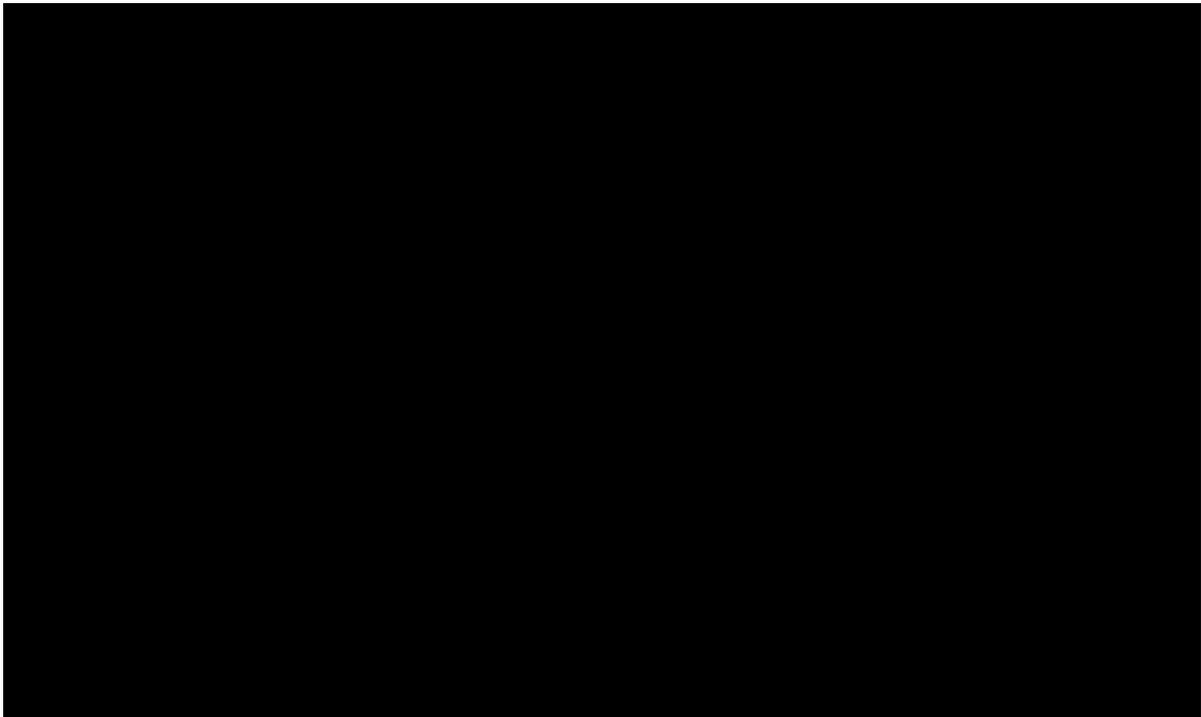
3. KiwiRail has made progress on understanding initial costs for building stations and the roading connections around Drury necessary for operation from day one.
4. A Stage 1 development would include building platforms, bus interchanges, park & ride facilities, and road connections back to existing roads. This approach leaves no stranded assets from day one and has a lesser demand on the already stretched ATAP \$30.7 billion budget for transport in Auckland.
5. There will need to be further investment in subsequent decades to accommodate growth, but a minimum viable product for each station has been reached.

6. [REDACTED]

7. [REDACTED]

POTENTIAL STATIONS OPTIONS

8. If the Government prefers to stay close to the \$247 million funding envelope then KiwiRail recommends progressing Drury Central/Paerata with roading connections plus designating. As explained below, Drury West could be developed at a later stage.
9. The project objective is to support and enable expected housing growth in the wider Drury area. The stations at Central Drury/Paerata are the best option to serve the expected patterns of development in the first decade. This is because:
 - Development close to the Drury Central and Paerata stations is expected to be delivered earlier than development close to Drury West, which is at least a decade away;
 - Drury Central station could serve the development currently underway at Auranga (in the context of Drury West station being delayed); and
 - Drury West has a high reliance on local catchment for patronage.



11. \$247 million NZUP funding would enable construction of the two stations and roading to begin, which could be supplemented from ATAP Discretionary Projects for the Paerata connecting roads up to P50 or more if a P95 level of confidence (i.e. a high level of certainty) is required.
12. Alternatively, the project could proceed up to tender stage at P50 level of funding approval, inclusive of the access roads, close to the current \$247 million NZUP budget.



13. KiwiRail supports this alternative approach.

STATION LOCATIONS

14. The three stations need to be designated for rail purposes under the Resource Management Act as part of this project. This will protect footprints and allow construction to commence.
15. KiwiRail intends to seek approval from the Minister for the Environment to fast track Drury Central/Paerata consenting, while Drury West would follow the conventional method. This approach allows more time to work through potential issues around the Drury West location. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
16. The key benefits of the fast-track process are processing speed and the reduction of appeal risk, compared with a standard process. Once lodged, a decision is required within 70 working days, assuming no appeals (compared to a minimum 130 working days under the two-stage RMA process). Appeal rights are limited to High Court appeals on points of law. Public input is limited, but comments on referred projects must be invited from parties specified in the Act, including adjoining land owners.
17. The identified locations for the stations have been agreed by Auckland Council and Ministry of Transport officials (see APPENDIX), together with other stakeholders, using a multi-criteria analysis. They have been determined based on the long-term growth aspirations for the Drury Basin as a whole and, as such, it is not possible to satisfy all interested parties.
18. [REDACTED]
 - [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
 - [REDACTED]
[REDACTED]
 - [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
19. KiwiRail will continue talking to residents, developers and other interested parties. Last week the intended locations of the three stations were publicly announced and a consultation pack sent to all affected landowners and stakeholders around the station sites, which is a first step in the designation process to protect the station footprints. KiwiRail expects the Notice of Requirement for designation of, and the separate consenting process for building, Drury Central/Paerata could begin in May.
20. KiwiRail cannot let uncertainties on station location delay the design and build of the related NZUP funded Papakura to Pukekohe electrification project. To keep delivery

momentum we are working toward the multi-agency recommended locations of the stations but will change approach if necessary.

CONCLUSION

21. From KiwiRail's perspective a key issue at Drury Central and Paerata is the extent to which developers feel pressure to find a consensus on the layout to avoid further delay or postponement of the works.
22. If Ministers want greater than P50 cost certainty, that will need to be underwritten by the ability of either ATAP to fund the supplementary investment from Discretionary Spending or NZUP. However, KiwiRail believes it is possible to proceed with all parties accepting greater levels of cost uncertainty until tenders are received and then managing the risk of having to reduce scope further, if that is necessary.

RECOMMENDATION

1. We request that Ministers:

Note the contents of this briefing

APPENDIX 1 – General Station Locations

