

Waka Kotahi NZ Upgrade Programme projects update: as at 31 August 2020

For the period of August the programme is reporting a 0.7% spend to date against the overall programme budget, however is it projecting a 7% increase (approx \$355M) on the overall forecast due to Northern Pathway, Papakura to Drury South scope concerns (refer to further detail in project update) and SH58 indicative construction pricing:









- The Northern Pathway cost risk was signalled to the Waka Kotahi (WK) Board as part of a procurement paper on the project. The next step, with the commencement of the interim phase with an alliance, is to challenge the alliance to develop a scope that can be delivered for the allocated funding.
- The Papakura to Drury South scope and cost is also in review and will be progressed to the Steering Group. This issue will be subject to a ministerial briefing (draft now well advanced).
- Indicative construction pricing received for SH58 by the contractor is presenting cost challenges. There are design options the project is reviewing that will inform clear direction of costs and schedule by end October and will be progressed to the Waka Kotahi Steering Group.
- > Penlink has identified a high risk that the current scope will not deliver project outcomes without legislative changes (i.e. which allows tolling for demand management purposes). Following endorsement in the August Governance Group meeting, a workstream to assess scope options is now underway and will be reported back to the Governance Group in October 2020.
- > Melling has seen an increase to RED due to significant impact to schedule and budget. A design freeze required to prepare the consenting application documents was not met due to CWRC having an increase in land requirements for the river in order to achieve flood protection requirements. This may have impacts on project outcomes and/or costs.
- > Northern Pathway project signed the Interim Project Alliance Agreement with the contractor joint venture of Fulton Hogan, HEB Construction, Aurecon, McConnell Dowell and Freyssinet. The alliance will finalise detailed design and prepare for construction to start in 2021. Work to prepare the application for consents using the new fast-track process is underway.
- > SH58 is escalated to RED due to significant cost challenges as mentioned above. There are also schedule impacts that are an accumulation of activities however delivery to the overall timeline is still achievable. Contract negotiations continue to progress for SH58, Stage 2. Through collaboration with the contractor, Waka Kotahi has reached a position where we are comfortable to award the first stage (SP2a) to Downer. This is subject to a value engineering exercise, with award expected in September 2020. The remaining sections (2b and 2c) are still subject to ongoing negotiations with variances between the submitted price and the parallel estimate. Physical works likely to begin on SP2a alternative in November.

- Key highlights:**
- > Waka Kotahi, working with the Hapū Advisory Group, has changed the names of the Tauranga Northern Link and SH2 Te Puna to Ōmokoroa projects to Takitimu North Link (Stages One and Two), which reflects the city's and New Zealand's cultural heritage.
 - > We are now part way through a three-month design sprint with industry to create a step change for the delivery of NZUP and other programmes of work. We have completed initial idea generation workshops and are currently in a challenge phase where the proposed ideas are critiqued by a wider panel of industry representatives (consultants and contractors) before we prioritise and refine the step change ideas.
 - > We are simultaneously working to coordinate the Step Change programme with broader change workstreams ongoing across Waka Kotahi, and to identify pragmatic opportunities for step change in the first five projects.
 - > We have now concluded negotiations with Auckland Transport to purchase 100 properties for the Penlink and Mill Road projects. A Board paper in September 2020 seeks Waka Kotahi Board approval to complete the settlement for these properties.

- Procurement – Recent major procurement activities and milestones completed are:**
- Penlink – Professional Service Providers have now submitted their tenders, and these are under evaluation
 - Takitimu North Link (formally Tauranga Northern Link) – Release of Registration of Interest occurred in August 2020, with Request for Tender due in early September 2020
 - SH58 Stage 2 – negotiations with Downer NZ Limited are in an advanced stage
 - Waka Kotahi Board has approved a collaborative procurement approach with Queenstown Lakes Council (QLDC) to progress both the NZUP and QLDC projects recently funded as part of the Government's economic stimulus package.

NZ Upgrade Programme							Financials (\$M) as at 31 August 2020					Schedule				Overall Commentary
							5,614.00	39.65	0.7%	5,969.00	-355.00	Construction Contract Awarded	Construction Start	Construction Complete	Next Milestone (Establishment Report)	
Project (crown funded)	Description	Current Phase	Schedule Health Status RAG	Budget Health Status RAG	Scope Health Status RAG	Project \$(M) Total Approved "BUDGET"	Project \$(M) Total Spent to Jul-20 "YTD"	% of Budget spent*	Estimate at Completion "FORECAST"	Variance	Construction Contract Awarded	Construction Start	Construction Complete	Next Milestone (Establishment Report)	Overall Commentary	
Northland	NZUP SH1 Whangarei to Port Marsden H'way	The SH1 Whangarei to Port Marsden highway is an upgraded 22km four-lane corridor that will improve transport connections between Auckland and Whangarei. The upgrade is part of a wider programme of improvements that includes: • Ara Tuhono – Puhoi to Warkworth project (under construction) • Warkworth to Welsford (consenting phase) • Improvements to the State Highway 1 (SH1) and Loop Road (SH15) Intersection (under construction and includes a short section of four-laning as an early deliverable for the new four-lane corridor). Together, these projects aim to improve safety, build greater resilience into the transport system and improve access to Northland.	Single Business Case	Current Month AMBER	Current Month GREEN	Current Month GREEN	692.00	0.71	0.1%	692.0	0.00	Mid 2023	Late 2023 – early 2024	2027 / 2028	Business Case completed in late 2020 Lodge notice of requirements and consents in mid 2021 Schedule remains Amber due to the initial planning highlighting a number of milestones in the Establishment Report will not be met and will therefore be managed in the risk register. Detailed planning as part of the development of the Project Plan is underway with draft schedule completed in August 20. Change documentation will be prepared for Project Steering Committee endorsement in October prior to going to the Programme Steering Group. Commencement of construction in late 2023/early 2024 as scheduled is on target.	
				Previous Month AMBER	Previous Month GREEN	Previous Month GREEN										
Auckland	SH1 Papakura to Drury South	The Papakura to Drury South project consists of a number of upgrades, including new lanes, bridges, underpasses and a shared use path. The project also allows for planned improvements to the adjacent rail line, the new Drury stations, and the electrification of the rail line from Papakura to Pukekohe.	Pre-Implementation	Current Month GREEN	Current Month RED	Current Month RED	423.00	8.51	2.0%	669.0	-246.00	-	Late 2020	2025	Stage 1a detailed design completion Mid 2020 Stages 1b+2 consents and Notice of Requirement lodgement There is a misalignment between the scope outlined in the public brochure (Papakura to Drury South) and the funding allocation (Papakura to Drury only). The project is forecasting a 58% addition on its approved budget. There are options which need to be considered that may result in trade-offs required across the broader Programme. The scope and cost is under review and will be subject to a ministerial briefing on the outcomes and costs associated with inclusion of the Drury to Drury south section of the project (draft is well advanced).	
	Northern Pathway Westhaven to Akoranga	Northern Pathway Westhaven to Akoranga (Northern Pathway) is part of the Auckland Transport Alignment Project's (ATAP) 'Better Travel Choice Mode Shift Plan'. It supports a significant shift during the next five years in the number of those walking and cycling, connecting into the city's walking and cycling network.	Pre-Implementation	Current Month AMBER	Current Month RED	Current Month RED	360.00	14.01	3.9%	434.0	-74.00	Late 2020	2021	2024	Lodge RMA statutory approvals and consents Mid 2020 Shared Path Alliance established Mid-Late 2020 The Northern Pathway cost risk is being signalled to the Waka Kotahi (WK) Board as part of a procurement paper on the project. The next step, with the commencement of the interim phase with an alliance, is to challenge the alliance to develop a scope that can be delivered for the allocated funding. The Interim Project Alliance Agreement with the contractor is a joint venture of Fulton Hogan, HEB Construction, Aurecon, McConnell Dowell and Freyssinet. Work to prepare the application for consents using the new fast-track process is underway.	
	NZUP Penlink	Penlink will link State Highway 1 (SH1) and Whangaparāoa Peninsula, north of Auckland, addressing existing transport issues and supporting substantial residential and employment growth in North Auckland. The new corridor will offer new walking, cycling and public transport travel options to and from these areas. Penlink is included within the Auckland Transport Alignment Plan indicative package and is a key part of the Supporting Growth programme.	Pre-Implementation	Current Month AMBER	Current Month GREEN	Current Month AMBER	411.00	0.81	0.2%	411.0	0.00	Mid 2021	Late 2021	Late 2025	Award professional services contracts Mid 2020 Construction contract tendered late 2020 Penlink has identified a high risk that the current scope will not deliver project outcomes without legislative changes (i.e. which allows tolling for demand management purposes). Following endorsement in the August Governance Group meeting, a workstream to assess scope options is now underway and will be reported back to the Governance Group in October 2020.	
	NZUP Mill Road Corridor	Mill Road will provide an additional route from Manukau to Drury, in south Auckland. The new 21.5km corridor includes upgrading the existing two-lane sections of Mill Road to four lanes, which will connect through to the new sections of the corridor being built across greenfield sites. These new sections connect to Drury through Ōpaheke and Papakura. The project includes an interchange overbridge at Drury to connect with SH1.	Single Business Case	Current Month GREEN	Current Month GREEN	Current Month GREEN	1354.00	0.56	0.0%	1354.0	0.00	-	Late 2022	Late 2028	Public consultation on preferred route Mid 2020 Notice of requirement and consent application lodged Mid 2021 Construction contract tendered Late 2021 A detailed business case is currently underway through the Supporting Growth Alliance (SGA) to identify the preferred option for the Central and Southern sections and complete the designation. The northern section has existing designations completed through Auckland Transport. An emerging risk is the Cost Estimate for the project that may be higher than the funding allocated however it is still in development.	
Waikato & Bay of Plenty	NZUP SH1/29 Intersection Improvements	The intersection of SH1 and SH29, located southeast of Hamilton, is a T-intersection with free left-hand turns. This intersection is among New Zealand's most dangerous, with about 62 crashes in the past eight years. This SH1/SH29 Intersection project proposes to replace the T-intersection with a new large rural two-lane roundabout which will improve safety and access.	Pre-Implementation	Current Month GREEN	Current Month GREEN	Current Month GREEN	58.00	0.27	0.5%	58.0	0.00	Early 2022	Early 2022	Late 2024	Design contract tendered Late 2020 Lodge NOR and consent application Mid-2021 Construction contract tendered Mid-2021 Working through strategies for consenting, consents and property. Project is tracking to plan. Emerging property risk re landowner issues that may impact schedule however mitigation is completion of the detailed business case to allow for earlier property negotiation. This is expected for September.	
	NZUP Takitimu North Link Stage 1 (previously Tauranga Northern Link)	The Takitimu North Link Stage 1 project caters for strong historic and forecast population growth in the Western Bay of Plenty region. Once complete, the project will significantly improve safety and ease congestion on SH2 between Te Puna and Tauranga.	Pre-Implementation	Current Month GREEN	Current Month GREEN	Current Month GREEN	478.00	0.98	0.2%	478.0	0.00	Early 2021	Late 2021	Late 2026	Supplementary site investigations Mid-late 2020 Issue request for tender Mid-late 2020 In principle property agreement Late 2020 s9(2)(j) The team have agreed direction with the Steering Group and have mitigations in place to sufficiently treat the possible impact to schedule hence the improvement to Amber. Requests for Tenders for construction will go to the market in early September. The project renamed Takitimu North Link stage one, a name gifted by local iwi and hapu to reflect the important history of the area. Stage two will be the Te Puna to Ōmokoroa extension	
	NZUP Takitimu North Link Stage 2 (previously SH2 Ōmokoroa to Te Puna)	The new Te Puna to Ōmokoroa Highway will provide a safer, alternative route and better access to Tauranga Port. With almost 90% of all journeys to work in Tauranga taken by private car, it is critical residents have better access to safer and more reliable travel options, such as public transport and walking and cycling, to change the way they move about the region.	Single Business Case	Current Month GREEN	Current Month GREEN	Current Month GREEN	455.00	0.25	0.1%	455.0	0.00	Mid-2023	Late 2024	Late 2028	Begin planning phase Mid-2020 Lodge NOR and consent application Late 2021 Construction contract tendered Late 2022 Renamed Takitimu North Link Stage 2 in August. Several strategic/early property purchases being reviewed. Better alignment with Takitimu North Link Stage 1 as this project approaches RFT stage.	

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Wellington	SH58 Safety Improvements - Stage 2	Stage two of the SH58 safety project involves upgrading 5.5km of road from Mount Cecil Road to the interchange with Transmission Gully at Paurohaka. Stage one of this work, covering the 3km section from Western Hutt Road to Mount Cecil Road, began late 2019.	Pre-Implementation				59.00	1.10	1.9%	94.0	-35.00	Mid-late 2020	Mid-late 2020	Mid-late 2023	Lodge NOR and consent application Mid-2020
	SH2 Melling Efficiency and Safety Improv	Improvements at the Melling Intersection in Lower Hutt are part of the RiverLink programme – three separate but interdependent projects: flood protection (Greater Wellington Regional Council), Making Places urban development plan (Hutt City Council) and Melling Intersection Improvements (Waka Kotahi). Improvements include a new Melling interchange, a new bridge over the Hutt River, relocation of the Melling Railway Station (including a new park and ride) and walking and cycling paths.	Single Business Case				258.00	1.21	0.5%	258.0	0.00	Mid-2022	2022	2026	Public engagement Mid-2020 NOR and consent application lodged Early 2021 Construction contract tendered Late 2021
	Otaaki to North of Levin (O2NL)	The 24km four lane highway between Otaaki to north of Levin (O2NL) is critical for moving people and freight between the Wellington and Manawatu-Whanganui regions and enabling the two regions to continue to grow. The project also provides better access to key distribution hubs at Palmerston North, one of the largest freight connections in the central North Island.	Single Business Case				817.00	8.44	1.0%	817.0	0.00	Late 2024	2025	2029	Consultation Mid-2020 Detailed business case complete Mid-2021 NOR and consent application lodged 2022
Canterbury	Brougham St Corridor Improvements	Improvements to Brougham Street (SH76), including crossing opportunities that will improve safety, provide better travel choice and support a more reliable freight route to Lyttelton Port.	Single Business Case				40.00	1.61	4.0%	40.0	0.00	-	2020-2022	2021-25	Preferred options identified Early-mid 2020 Business case approved in stages from mid-2020
	Rolleston Transport Improvements	A new transport link between the Rolleston Town Centre and Rolleston Industrial Zone (Izone) and adjacent intersection safety improvements.	Single Business Case				60.00	0.14	0.2%	60.0	0.00	-	2020-2022	2021-25	Preferred options identified Early-mid 2020 Business case approved in stages from mid-2020
	SH75 Halswell Rd Imps	The addition of two bus lanes along about 2.5 kilometres of SH75 through Halswell will improve public transport and support a shift to travel by bus.	Single Business Case				25.00	0.09	0.4%	25.0	0.00	-	2020-2022	2021-25	Preferred options identified Early-mid 2020 Business case approved in stages from mid-2020
	SH73 Weedons-Ross Road Intersection		Single Business Case				6.00	0.10	1.7%	6.0	0.00	-	2020-2022	2021-25	Preferred options identified Early-mid 2020 Business case approved in stages from mid-2020
	Walnut Avenue Intersection Improvements	Improvements to intersections at Walnut Avenue and along the Tinwald corridor (Ashburton) and Weedons Ross Roads (West Melton) will improve safety and community access.	Pre-Implementation				18.00	0.13	0.7%	18.0	0.00	-	2020-2022	2021-25	Preferred options identified Early-mid 2020 Business case approved in stages from mid-2020
	Tinwald Corridor Improvements		Single Business Case				10.00	0.09	0.9%	10.0	0.00	-	2020-2022	2021-25	Preferred options identified Early-mid 2020 Business case approved in stages from mid-2020

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Queenstown	SH6A Corridor Improvements	Single Business Case	 Current Month AMBER  Previous Month AMBER	 Current Month GREEN  Previous Month GREEN	 Current Month GREEN  Previous Month AMBER	20.00	0.23	1.1%	20.0	0.00	-	2021-22	2023-24	<p>The recent funding commitment of \$110m Economic Stimulus (Arterials Stage 1 and Town Centre upgrades) and \$90m NZUP packages present real opportunities and challenges.</p> <p>These committed packages must be delivered together with an integrated long-term programme of NLF investments such as Stanley Street PT hub and PT services. Without these additional NLF activities, the Economic Stimulus package may be compromised.</p> <p>The NZ Upgrade Programme (NZUP) consists of the three activities that make up the Queenstown package. It has been agreed to combine the activities into the existing SH6A and Town Centre business case. This will now be delivered as one integrated package under a single business case. Recent analysis from this business case has shown that the NZUP package provides a significant level of bus priority on the critical link between Frankton/Airport and the Town Centre which will enable mode-shift.</p> <p>The combined business case has become much more complex than first envisaged due to the high level of predicted growth and the dispersed nature of the future land use. This has required the scope to be broadened to consider the wider impacts on the transport system. There will be a review process starting 7 Sept to work through the complexities and impacts.</p> <p>Achievements this month include –</p> <ul style="list-style-type: none"> • Completion of the public consultation on preferred option • Detailed technical review of the Frankton corridor improvements. • Completion of the modelling and economic analysis. <p>A procurement strategy and plan for the Queenstown package has been endorsed and is on the agenda for the NZUP steering group meeting 11/9/2020.</p>		
	SH6 Ladies Mile Stage 2 NZUP		The \$90m investment aims to fund a range of public transport projects on SH6 and SH6A between Ladies Mile, Kawarau Falls Bridge and Queenstown town centre. The investment comprises:	 Current Month AMBER  Previous Month AMBER	 Current Month GREEN  Previous Month GREEN	 Current Month GREEN  Previous Month AMBER	35.00	0.08	0.2%	35.0	0.00	-	2021-22		2023-24	Business Case completed in late 2020 Lodge notice of requirements and consents in mid 2021
	Grant Rd to KF Bridge Improvements (incl. Frankton Bus Hub)		<ul style="list-style-type: none"> • SH6A corridor improvements • Ladies Mile corridor improvements • SH6 Grant Road to Kawarau Falls improvements (incl. Frankton Bus Hub). 	 Current Month AMBER  Previous Month AMBER	 Current Month AMBER  Previous Month AMBER	 Current Month GREEN  Previous Month GREEN	35.00	0.34	1.0%	35.0	0.00	-	2021-22		2023-24	