

10 February 2021

OC200971

**Hon Grant Robertson**  
**Minister of Finance**

**Action required by:**  
Monday, 15 February 2021

**Hon Michael Wood**  
**Minister of Transport**

## **New Zealand Upgrade Programme - Transport Update - December 2020**

### **Purpose**

Updates you on progress of the transport component of the New Zealand Upgrade Programme (NZUP or the Programme) to 31 October 2020, as well as the outcome of the 9 December 2020 meeting of the NZUP Oversight Group (the OSG).

### **Key points**

- The OSG last met on 9 December 2020. The OSG was joined by members of Waka Kotahi's internal governance group. The discussion focussed on progress on the transport component of the Programme, the baselining work underway, and major decisions planned to be undertaken between now and June 2021. The OSG discussion was based on reporting up to 31 October 2020.
- The 'first five' Waka Kotahi projects are State Highway One Papakura to Drury South, Northern Pathway, State Highway 58 Safety Improvements, Takitimu North Link Stage One, and Penlink. The 'first five' represent the projects that are closest to delivery, and account for approximately \$1,731 million of allocated Programme funding. Following further forecasted cost increases up to 31 October 2020, four of the 'first five' projects (with the exception of Penlink) are now forecasted to exceed their funding allocation by around \$522 million.
- Engineering requirements for the Northern Pathway have placed this project over its affordability threshold. Waka Kotahi is carrying out a more fundamental review but for the time being, there is not a clear way forward for the Northern Pathway's delivery.
- KiwiRail has three major projects progressing to key decision points in the near term. These are Wiri to Quay Park (W2QP), Papakura to Pukekohe Electrification (P2P) and Drury Stations. These first three rail projects account for approximately \$933 million of the allocated funding. W2QP and P2P have key milestones due in April 2021, and both projects are progressing as planned. KiwiRail reporting has forecasted that costs for W2QP and P2P are in line with the current funding

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allocation. KiwiRail is developing a reduced scope option for Drury Stations that also fits within the envelope.

- In addition to project specific cost increases, further cost risks are evident across the Waka Kotahi component of the Programme. Price inflation and property acquisition are two of the drivers behind the forecasted cost increases. Independent advisors conservatively estimate that the total cost of the Programme could eventually exceed the \$6.8 billion funding allocation, by around \$1.92 billion.
- Delays to schedule are also becoming apparent across the Programme, primarily relating to Waka Kotahi projects. These schedule delays may negatively impact construction timings and the associated economic stimulus benefits of the Programme.
- The OSG review of project baselines and subsequent provision of Ministerial advice is likely to be delayed beyond the target of 31 March 2021, reflecting that officials do not expect to receive baselining information until the end of March 2021. Tentative estimates suggest the OSG's review will be completed by mid-May 2021 (six weeks after the completion of the baseline), on the basis that the baselining work is delivered on time. Officials will be working closely with delivery agencies to help inform development of the baseline over the next months, and will deliver advice earlier if possible.
- Delivery agencies are progressing key decisions in advance of the baselining work being completed. While this is consistent with your expectations, in the case of Waka Kotahi projects, this could commit up to \$900 million of funding (up to June 2021) in advance of you indicating your priorities in respect of a Programme that is increasingly constrained. Your early expectations were that the delivery agencies would create early momentum in Programme delivery.
- Accordingly, officials have been working with your office to revise the baselining letters to the Chairs of Waka Kotahi and KiwiRail, which were previously provided to you on 16 December, 2020 (OC201001 refers). Your office has suggested revisions to the Waka Kotahi letter, indicating your comfort with Waka Kotahi progressing a number of key decisions, and seeking advice on the cost pressures and scoping for Takitimu North Link, State Highway One Papakura to Drury South, and Mill Road. Officials have suggested that you also seek advice on the Northern Pathway project through the Waka Kotahi baselining letter.
- The revised Waka Kotahi and KiwiRail baselining letters have been attached to this briefing. Officials will be working closely with Waka Kotahi on the advice you are seeking, and you will be updated on when you can expect to be briefed by officials.
- In addition, Ministry of Transport (the Ministry) and Treasury officials will work with delivery agencies, and provide you with indicative advice in early March 2021 on trade-offs and possible re-prioritisation options you can take to progress with delivery of the Programme within a fixed funding envelope of \$6.8 billion, while managing the uncertainty and risks across the Programme.

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## Recommendations

We recommend you:

- 1 **note** that the 'first five' Waka Kotahi projects are forecast to exceed their funding allocation by \$522 million (as of 31 October 2020), and independent advisors currently estimate that the total cost of the Programme could exceed the \$6.8 billion funding allocation by \$1.92 billion
- 2 **note** that this includes \$150 million in costs relating to the Northern Pathway project, which is now over its affordability threshold and does not have a clear way forward to delivery pending a review
- 3 **note** the OSG's review of project baselines, and advice to you, is likely to be delayed beyond the target of 31 March 2021, to mid-May 2021, reflecting our best current understanding of when baselining information will be received
- 4 **note** that while officials recognise the need to proceed at pace to maintain the momentum of the Programme, the current pace of the Programme may limit your ability to make decisions later on
- 5 **note** that following the provision of the baselining letter to Waka Kotahi, officials will be working with the Agency on advice regarding cost pressures and scoping on Takitimu North Link, State Highway One Papakura to Drury South, Northern Pathway, and Mill Road, and will brief you at the earliest convenience
- 6 **note** officials will be separately providing you with indicative advice in early March 2021 on trade-offs and possible re-prioritisation options you can take to progress with delivery of the Programme within the fixed funding envelope of \$6.8 billion, while managing the uncertainty and risks across the Programme.

Bryn Gandy  
**Deputy Chief Executive, System  
Strategy and Investment**

10 / 2 / 2021

Hon Grant Robertson  
**Minister of Finance**

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Hon Michael Wood  
**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
Bryn Gandy, Deputy Chief Executive, System Strategy and Investment	██████████	✓
Robert Anderson, Manager, Governance	██████████	

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by the Ministry of Transport

## New Zealand Upgrade Programme - Transport Update - December 2020

### 9 December NZUP Oversight Group (the OSG) meeting

*The last OSG meeting was attended by Waka Kotahi's internal governance group, focussing on upcoming major decisions, and the Programme's progress to date*

1. The last OSG meeting was held on 9 December 2020 and focused on progress of the transport component of the New Zealand Upgrade Programme (the Programme), progress on the baselining work, and major decisions planned through to June 2021. The OSG discussion was based on reporting up to 31 October 2020.
2. Members of Waka Kotahi's internal governance group for the Programme, Nicole Rosie, Mark Ratcliffe, Dean Kimpton, Roger McRae and Brett Gliddon, joined the meeting. The Waka Kotahi governance group and the OSG discussed the major opportunities and challenges in enabling the delivery of the Programme. Areas of specific focus included further defining benefits, scope and cost estimations across the Programme.
3. The OSG clarified that signals from Ministers have so far indicated that the Programme will have a fixed funding envelope. On this, the Waka Kotahi governance group confirmed their focus is on delivery timelines and phasing of projects, and that the Programme needs to progress further for them to be able to focus on the financials of individual projects. There was acknowledgement that the Programme's scope, timing and funding will need to be reconsidered.

*The discussion also focussed on progress in developing a robust baseline for the Programme*

4. Work on a baseline for the Programme, encompassing benefits, scope and cost, is currently underway. A robust baseline is critical so that the Programme has a clear agreed starting position which allows continued monitoring, and a baseline from which any future changes can be assessed against. It also allows you, as purchaser, to have a clear view on the achievability of the Programme and any deviations from your expectations.
5. [REDACTED]  
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[REDACTED] Free and frank
6. It remains a priority for both Waka Kotahi and KiwiRail to deliver the Programme's baseline by the end of March 2021, with items of uncertainty adequately documented and the risks and unknowns quantified. The baseline will then help inform decisions on priorities, which projects to progress (or would require further work to progress), and which could be scoped or delivered differently.

**Programme update**

*The 'first five' Waka Kotahi projects ('first five' projects) are expected to exceed their funding allocation by around \$522 million*

7. State Highway One Papakura to Drury South, Northern Pathway, State Highway 58 Safety Improvements, Takitimu North Link Stage One, and Penlink form the 'first five' projects, and are the five projects closest to delivery.
8. Four of the 'first five' projects are now forecasted to exceed their funding allocation: State Highway One Papakura to Drury South, Northern Pathway, State Highway 58 Safety Improvements, and Takitimu North Link Stage One. Takitimu North Link Stage One is the latest to report a forecast exceeding its funding allocation.
9. The \$522 million forecast cost escalation is up from the \$355 million forecast provided in the November 2020 update (OC200807 refers).

*Table One: Revised cost estimates across four of the 'first five' projects<sup>1</sup>*

Project	Original allocation	Revised cost estimates (November 2020 update refers, reflected data up to 30 September 2020)	Revised cost estimates (December 2020 update, reflected data up to 31 October 2020)	Increase from original allocation
Takitimu North Link Stage One	\$478 million	\$478 million	\$569 million	\$91 million
Northern Pathway	\$360 million	\$434 million	\$510 million	\$150 million
State Highway One Papakura to Drury South	\$423 million	\$669 million	\$669 million	\$246 million
State Highway 58 Safety Improvements	\$59 million	\$94 million	\$94 million	\$35 million
<b>Total</b>	<b>\$1,320 million</b>	<b>\$1,675 million</b>	<b>\$1,842 million</b>	<b>\$522 million</b>

*Penlink*

10. Penlink has an allocation of \$411 million. Waka Kotahi is conducting a peer review of the 2017 Penlink cost estimate, and emerging findings indicate significant cost pressures to the project. Waka Kotahi has confirmed the original macro-scope option (two lane toll road) is feasible. It is understood that design and related cost impacts will be confirmed in February 2021.
11. Should Penlink forecast a cost increase over and above the current funding allocation, this would mean that each of the 'first five' projects would have forecasted costs that exceed their current funding allocations.

<sup>1</sup> The table is based on Waka Kotahi reporting provided to the OSG.

*Takitimu North Link Stage One*

12. The Takitimu North Link Stage One project is reporting an estimated total cost of \$569 million, \$91 million over the project's funding allocation of \$478 million.
13. A peer review of the original 2017 Takitimu North Link Stage One cost estimate was completed in November 2020. It identified that price inflation and changes to road standards would require increased funding. Takitimu North Link Stage One cost escalations may also indicate similar cost pressures will be experienced for Takitimu North Link Stage Two, because of the similarities across the projects.

*Northern Pathway*

14. The Northern Pathway project experienced a further forecast cost increase of \$76 million, increasing the total estimated cost to \$510 million. This is \$150 million over the \$360 million funding allocation.
15. The additional Northern Pathway cost increase is driven by the 'Auckland Harbour Bridge clip-on' option becoming unfeasible, due to bridge loading concerns, and the need to develop and assess other options to deliver the project. In place of a 'clip-on' to the Auckland Harbour Bridge, an independent structure to the Auckland Harbour Bridge will be required.
16. Waka Kotahi advised that this puts the project over its current funding allocation, and the Agency is reviewing how the project might be delivered. This means that for the time being at least, there is not a clear way forward for the Northern Pathway project. Potential solutions include a larger structure at greater cost, but which might carry other traffic in addition to bicycles.

*State Highway One Papakura to Drury South (Stages One and Two)*

17. The State Highway One Papakura to Drury South project is a key focus for the OSG. This is due to the project's scale, proposed scope changes and urgency of decisions required to progress the project within the proposed delivery timeframes.
18. Two significant scope changes have been proposed by Waka Kotahi. These are to:
  - 18.1. combine the delivery of both Stages One and Two. This will accelerate the delivery of the overall project. An additional \$246 million is required to deliver both stages
  - 18.2. transfer the \$80 million Drury South Interchange component of the Mill Road project so that it is delivered under the State Highway One Papakura to Drury South project instead. This will essentially mean that the Drury South Interchange is completed sooner and its benefits realised earlier, given delays that have occurred to the Mill Road project.
19. Waka Kotahi is in the process of procuring a construction partner for Stage One. A subsequent contract variation is the likely mechanism that will be used to deliver Stage Two and the Drury South Interchange components, if they go ahead.
20. Should the Crown fund Stage Two, there may be benefit to including the \$80 million Drury South Interchange in the overall State Highway One Papakura to Drury South project, as this has the potential to enable increased land development opportunities. It

would also commit to the upgrade of State Highway One between Drury South and Papakura through a single project rather than two separate stages. Further advice from Waka Kotahi on the benefits and disbenefits will be sought to support this decision.

21. There are a number of delivery risks related to design, engineering, consenting and property purchase activities that require active management.
22. Waka Kotahi will provide advice to you and seek a decision to include Stage Two and the Drury South Interchange within State Highway One Papakura to Drury South project, after approval of the baseline is provided as described in the previous section.

*Price inflation and property acquisition are two of the drivers behind the forecasted cost increases*

23. Officials' previous update to you in November 2020 (OC200807 refers) highlighted a number of cost risks and pressures across the Programme. These risks relate to Mill Road, Ōtaki to North of Levin and Whangārei to Port Marsden, with the level of cost escalation yet to be quantified.
24. Two themes behind the forecast cost increases are becoming evident across the Waka Kotahi sub-Programme.
25. The first is general construction price inflation, which is a material component of the reported cost increases and is likely to impact all projects in the Waka Kotahi sub-Programme.
26. The second is increased costs associated with property acquisition due to property price inflation, complex negotiations and increased property acquisition requirements. These items will be addressed through the baselining exercise and will be a key component of the reviews undertaken by the OSG independent advisers.
27. Taking into account price inflation, and quantified cost increases, independent advisors now provisionally estimate that the total cost of the Programme could eventually exceed its \$6.8 billion funding allocation by \$1.92 billion. This is up from the previous estimate of \$1.7 billion as previously reported to you, and primarily reflects the increases forecast in the 'first five' projects.

*KiwiRail has three major projects progressing to key decision points in the near term*

28. The three KiwiRail projects progressing to key decisions in the near term are the Wiri to Quay Park (W2QP), Papakura to Pukekohe Electrification (P2P), and Drury Stations projects. The three projects relate to approximately \$933 million of funding.
29. W2QP and P2P are both well advanced, with contracts in place with main contractors and physical works already underway. KiwiRail are now in negotiations with contractors and expected to develop a Target Outturn Cost<sup>2</sup> for each in April/May 2021. KiwiRail reported that there are no anticipated cost risks on either of these projects. Both projects

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<sup>2</sup> The Target Outturn Cost (TOC) is a price agreed between the client and the construction or the implementation partner to deliver the project scope. The TOC is often based on a detailed design and is therefore generally considered to be a more accurate costing than estimates undertaken earlier in the project.



are progressing as planned and in line with the information presented in the KiwiRail Establishment Report.

30. A number of options have been developed for the Drury Stations project. This was included in the Programme with \$247 million of associated funding to deliver two stations located in Drury Central and Drury West. Waka Kotahi advised the previous Minister of Transport that there was sufficient funding available to deliver a third station. The project was subsequently transferred to KiwiRail.
31. Recent work by KiwiRail and the Supporting Growth Alliance<sup>3</sup> has confirmed that building three stations with fully developed transport connections will not be achievable within the \$247 million funding envelope. Building a fully connected station requires other supporting infrastructure including rail alignment, signalling, platforms and shelters. Pedestrian connections are also required to ensure safety.
32. The potential locations for the three stations have now been agreed with key stakeholders including Auckland Council, Auckland Transport and Waka Kotahi. A number of options have been developed by KiwiRail and the Supporting Growth Alliance team, with P50<sup>4</sup> costs ranging from \$197 million to \$345 million depending on the number of stations and connecting infrastructure.
33. More detailed advice has been developed by KiwiRail and was shared with your office on 15 December 2020 (KiwiRail briefing NZ Upgrade Programme – Drury Stations Update refers). The advice recommends that if Ministers intend to stay within the existing \$247 million funding envelope, the option of building Drury/Paerata with roading connections should be progressed.

*Delays to schedule are apparent across the Programme, primarily related to Waka Kotahi projects*

34. Waka Kotahi has noted that there are schedule delays developing across the Programme. In general, delays of two to three months are occurring across projects within the Waka Kotahi sub-Programme.
35. Schedule delays are resulting in related underspend relative to forecast across a number of projects, including the 'first five' projects from Waka Kotahi and the first two from KiwiRail. In the February 2020 to November 2020 period, Programme expenditure totalled \$183 million, an underspend of around \$23 million relative to the \$206 million forecast.
36. Delay of key Takitimu North Link Stage One milestones will impact progression of Takitimu North Link Stage Two. Key risks relate to supplier procurement and property acquisition.
37. Project reporting provided for the November 2020 period indicated that KiwiRail projects are on schedule to meet major milestones. Officials currently have access to only the highest level of milestone information, with underlying more frequent milestones not reported to the OSG.

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<sup>3</sup> The Supporting Growth Alliance is a collaboration between Auckland Transport and Waka Kotahi to plan transport investment in Auckland's future urban zoned areas over the next 10 to 30 years.

<sup>4</sup> The "P50" is a project management term that, in its simplest sense, refers to a "middle estimate" – in this case the 'middle estimate' of a project's costs.

38. Financial reporting indicates, however, that spend and associated activity on KiwiRail projects may be falling behind schedule. In the February 2020 to November 2020 period, KiwiRail's expenditure totalled \$24 million, an underspend of \$14 million relative to the \$38 million forecast. The OSG was advised by KiwiRail that the significant renewal works required to remedy rolling contact fatigue issues on the Auckland network (i.e. damage to the Auckland rail network track through wear and tear) was prioritised and contributed to KiwiRail's delays and associated underspend.
39. KiwiRail awarded the contracts for P2P and W2QP early last year and the physical construction of these projects is already underway. KiwiRail is proceeding ahead with these two projects following directions from Joint Ministers in May 2020 (letter from Minister Twyford to the Chair of KiwiRail, 12 May 2020, refers) to award contracts for the two projects. Schedule delays will likely negatively impact construction timings and associated stimulus benefits of the Programme.

*While the Programme is progressing at pace to maintain momentum, it is important that delivery agencies manage the Programme in a way that does not limit your long-term choices*

40. Officials recognise the need to proceed at pace to maintain the momentum of the Programme, although this also brings with it a number of risks. Officials are of the view that delivery agencies are currently prioritising speed to deliver economic stimulus, as well as identifying opportunities to accelerate project delivery across the Programme.
41. Officials note that committing expenditure to the 'first five' Waka Kotahi projects could present risks to the delivery of other projects in the Programme due to funding constraints. This could mean that important trade-off decisions are effectively being made without a full assessment of the impacts for the overall Programme.
42. Significant cost escalations may mean that some projects could present a low value for money outcome, and no longer represent the best use of available funding. Officials are of the view that decisions by delivery agencies to enter into individual contracts should also consider the end impact on the Programme as a whole.
43. Waka Kotahi, at the latest OSG meeting, signalled that a significant number of decisions are planned through to June 2021 (forward decisions by Waka Kotahi and KiwiRail are tabled in Appendices One and Two). These relate to property acquisition, awarding of contracts (professional services and physical works), landowner and community engagement, and consent lodgment. The estimated value of decisions is approximately \$900 million.

### **Programme baselining**

*Both the Waka Kotahi and KiwiRail baselining letters, provided to you pre-Christmas, have been further revised based on comments from your office*

44. Following feedback from your office, officials have worked to finalise both the Waka Kotahi and KiwiRail baselining letters (Appendices 3 and 4 refers), based on versions previously provided to you on 16 December 2020 (OC201001 refers). Officials have consulted with delivery agencies on the revised baselining letters.
45. The letters reflect significant forecasted cost escalations and material project decisions signaled by delivery agencies as being required through to June 2021. The letters

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indicate a preference for delivery agencies to maintain momentum. In addition, delivery agencies should avoid making contractual commitments on projects that are likely to exceed available funding, and lead to an oversubscribed Programme which could limit your choices in the longer term.

46. As part of the baselining letter to Waka Kotahi, you also indicated comfort progressing with a number of decisions. You also indicated to Waka Kotahi that you request full briefings on the projects below, at the earliest opportunity, regarding their current cost pressures and scope:

- Takitimu North Link
- State Highway One Papakura to Drury South
- Mill Road.

47. Officials recommend that you also indicate to Waka Kotahi that you wish to seek advice on the Northern Pathway project.

48. Officials will be working through with Waka Kotahi on the advice for the three projects that you requested full briefings on. Officials will also update you on the earliest date that you can expect to receive advice on these three projects.

*Baseline development is a critical activity to delivering the Programme to scope, cost and schedule expectations*

49. To enable quality decision making and management control of the projects, a robust baseline is required with well-developed supporting information. These should address, at a minimum, scope, cost, schedule and risk. Officials understand that this will not be available at a sufficient depth for a number of projects.

50. The delivery agencies have indicated that baseline reports will cover the breadth of information required, but to a lower and varying level of quality than originally anticipated by officials, especially for those projects which require Joint Ministers' decisions such as the Drury Stations project. Delivery agencies have also indicated that baselines will require ongoing revisions. This may therefore impact on the extent to which Ministers could rely on the baseline process in the short-term to inform decision making and choices across the Programme.

*Work is underway to ensure the baseline process is completed in an efficient and comprehensive way to support Ministerial decision making*

51. Delivery agencies have indicated that baselines will be approved by their internal governance in the final week of March 2021.

52. Waka Kotahi has provided a high-level plan for approval of the baseline at a Programme level. This plan indicates that the baseline will be approved by the Waka Kotahi Board on 25 March 2021, prior to being shared with the OSG for review. KiwiRail has indicated that their Board meeting will take place on 6 April 2021 where the baseline will be approved.

53. This timetable does not leave enough time for the OSG to seek further information, or provide a robust analysis of the quality and breadth of the information for Ministerial approval on 31 March 2021, as originally timetabled.

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54. The OSG is looking at how it can re-schedule its meetings and direct resources to provide robust and comprehensive advice to Joint Ministers on what it receives from the delivery agencies. A report will be prepared for you summarising the OSG's feedback and advice, and officials will advise you as soon as we have certainty on the timing of this.
55. To accelerate the baseline review process as much as practicable, officials have requested that delivery agencies provide early access to draft baselines and supporting information for the first five Waka Kotahi projects and the first three KiwiRail projects.

#### Next steps

56. Waka Kotahi is progressing key decisions in advance of the Programme's baselining work being completed, such as contract awards to suppliers, which will commit significant funding (see Appendix One). The baselining letter to Waka Kotahi indicates your comfort with the Agency progressing with a number of decisions. Officials will also be working with delivery agencies on advice regarding current cost pressures and scoping for Takitimu North Link, Northern Pathway, State Highway One Papakura to Drury South, and Mill Road. You will be updated on when you can expect to be briefed.
57. Officials are also working on advice regarding the possible re-prioritisation of projects, in anticipation of the major decisions scheduled before March 2021. Officials will provide you with indicative advice in early March 2021 on trade-offs and possible re-prioritisation options you can take to deliver the Programme within the fixed funding envelope of \$6.8 billion, while managing the remaining uncertainty and risks across the Programme.
58. The first Oversight Group meeting for 2021 will be held on 10 February 2021. Officials will continue to update you after each Oversight Group with a briefing on the overall delivery of the Programme, including advice on associated opportunities and risks.

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**Appendix One: Decisions planned by Waka Kotahi through to June 2021**

Theme	Project Name	Summary	Estimated value	Decision date	Funding allocation (\$M)	Current budget RAG	Critical path?
Property Acquisition	SH1 Papakura to Drury South	Property acquisition for stage 1B	\$4 million to June 21(of total \$35M)	Mar-21	423.0		Yes
	Mill Road	Initial acquisitions for northern section	\$3 million to June 21 (of north section total \$120M)	March-21	1354.0		Yes
	Various	Early purchases	\$15 million	June-21	-	-	Yes
Contracts	Penlink	Professional Services Contract	\$4.4 million Contract	Dec-20	411.0		Yes
	Northern Pathway	Interim Project Alliance Agreement (signed)#	\$12 million	Nov-20#	360.0		Completed
	Papakura to Drury South	Physical Works Contract Award	\$140 million contract	March-21	423.0		Yes
		Professional Services Contract Variation	\$18 million contract	March-21			Yes
	Takitimu Northern Link Stage 1	Physical Works design Contract Award	\$420 million contract	Feb-21	478.0		Yes
	SH58 Safety Improvements Stage 2	Physical Works Contract Award stage 2a#	\$15 million contract	Nov-20#	59.0		Completed
	Canterbury Package	Physical Works Contract Award - Walnut Avenue	\$10 million contract	Dec-20	159.0		Yes
	Queenstown Package	Physical Works Contract Award	\$5 million contract initially to June 21	Feb-21	90.0		Yes
Landowner and community engagement	Whangarei to Port Marsden	Landowner engagement, initial preferred route#	Non-contractual	Nov-20#	692.0		Completed
		Landowner engagement, refined preferred route	Non-contractual	Feb-21			Yes
	Mill Road	Landowner engagement for final preferred route	Non-contractual	Feb-21	1354.0		Yes
	Otaki to North of Levin	Landowner engagement, refined preferred option	Non-contractual	Feb-21	817.0		Yes
Consent Lodgement	Papakura to Drury South	Stages 1B and 2	Non-contractual	March-June 21	423.0		Not currently
	SH2 Melling Improvements	New SH designations	Non-contractual	May-21	258.0		
	Queenstown Package	New SH designations	Non-contractual	Jun-21	90.0		

Appendix Two: Decisions planned by KiwiRail, through to June 2021

Project	Milestone	Decision date
Wellington programme (\$211 million)	Scope confirmation for Capital Connection carriages (\$15 million)	February/March 2021
	Scope confirmation for civil work projects	July 2021
Drury Stations (\$247 million)	Selection of station sites and issue Notices of Requirement	Notices of Requirement May 21 2021 to 22 June 2021
	Report to you on prospect for 2 versus 3 stations within the \$247 million funding limit	Minister briefing delivered on 15 December 2020 Further briefing as part of baseline process expected
Wiri to Quay Park (\$315 million)	Fix target outrun cost and sign final contract <sup>5</sup>	Wiri and Westfield packages executed by end May 2021
Papakura to Pukekohe Electrification (\$371 million)	Fix target outrun cost and sign final contract	Price exchange end May 2021, contract executed end August 2021 Main works contract start date October 2021

<sup>5</sup> Wiri to Quay Park and Papakura to Pukekohe have contracts in place with main contractors and physical works have commenced. KiwiRail is proceeding ahead with these two projects following directions from Joint Ministers in May 2020 (letter from Minister Twyford to the Chair of KiwiRail, 12 May 2020, refers) to award contracts for the two projects. This process and decision point is to establish the target outrun cost.

Appendix Three: Revised baselining letter to Waka Kotahi

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Appendix Four: Revised baselining letter to KiwiRail

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by the Ministry of Transport