

MINISTERIAL BRIEFING NOTE

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| Subject | CCNZ Auckland Infrastructure – Simon Court |
| Date | 13 June 2024 |
| Briefing number | BRI-3069 |

| Contact(s) for telephone discussion (if required) | | | | |
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| Brett Gliddon | Group General Manager, Transport Services | section 9(2)(a) | section 9(2)(a) | ✓ |

Action taken by Office of the Minister

- Noted
- Seen by Minister
- Agreed
- Feedback provided
- Forwarded to
- Needs change [please specify]
- Withdrawn
- Overtaken by events

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13 June 2024

Hon Simeon Brown – Minister of Transport

CCNZ AUCKLAND INFRASTRUCTURE – SIMON COURT

Purpose

1. This briefing provides information to support Simon Court with his presentation to the Civil Contracting NZ (CCNZ) Auckland AGM.

Background

2. CCNZ is an incorporated society that represents the interests and aspirations of more than 800 member organisations, including large, medium and small business in civil engineering, construction and general contracting.
3. CCNZ has outlines that it is struggling with a decrease in work which creates significant risk. While they understand decisions to disestablish various projects and standing up new projects may take some time, they have advised that civil contracting will need work to stay afloat. There is risk that there will be capacity and capability risks for delivering Government projects when finally ready due to skilled workers going elsewhere.
4. Their Auckland AGM is being held on 17 June. They have suggested the following topics as being points of discussion for the presentation led by Simon Court:
 - Plans for the Roads of Significance around the Auckland region
 - National infrastructure projects, including Three Waters
 - The Auckland Harbour Crossing
 - Residential developments
 - Plans to kick start Auckland following the downturn in local economy
 - Pothole remediation plan
 - Anything else planned for the Auckland region
5. In preparing this briefing, NZTA has received input from other agencies which can be found in Appendix One. Talking points have been provided as Appendix Two.

Roads of Significance in the Auckland Region:

6. A number of Roads of National Significance (RoNS) and Roads of Regional Significance (RoRS) projects are planned for the wider Auckland region.

Auckland RoNS:

7. Northern Corridor – Warkworth to Wellsford is part of the Northland Corridor which combines three RoNS between Warkworth and Whangārei named in the Draft Government Policy Statement on Land Transport (GPS) 2024 (Alternative to Brynderwyn Hills, Whangārei to Port Marsden Highway and Warkworth to Wellsford). An accelerated delivery approach is under development for Warkworth to Whangārei as a single strategic corridor.
8. Mill Road Stage 1 – NZTA has started focusing on confirming scope for the long-term solution, and confirming whether there are any early construction opportunities possible in the 2024-27 period. The plan will be to progress consenting and designation for the long-term at the same time as early progress is made.
9. The future SH16 Alternative State Highway will be a new route extending the existing North Western Motorway from Brigham Creek Road to State Highway 16 east of Waimauku, supporting the upgrade of the current state highway in Kumeū-Huapai town centre. The Alternative State Highway is a major transport project that, once completed, will support economic growth and productivity, reduce congestion, improve safety, support housing development, and provide a more resilient roading network. Auckland Council is about to notify the decision on the Notice of Requirement to designate the land for this highway.
10. East West Link will improve resilience of our strategic transport network by providing a further connection between SH1 and SH20 and improving connections to rail and freight hubs. Improve travel times between the Onehunga - Penrose industrial area and State Highways 1 and 20 and provide more reliable bus journey times between State Highway 20 and Onehunga. NZTA is renewing the scope of the East West Link project after the conclusion of a 7-year appeals process.

Auckland RoRS

11. O Mahurangi - Penlink will be a new seven-kilometre highway between Whangaparāoa Road and State Highway 1. The highway will create a more resilient network and get people where they need to be faster. The project is currently in delivery and work is progressing well.
12. Waihoehoe Road upgrade is located between the intersections of Waihoehoe Road / Great South Road and Waihoehoe Road / Kath Henry Lane. The improvements will provide access to the planned Drury East housing development area and Drury Railway Station to support long-term growth in the region. Pre-implementation work is under way and delivery is expected to start in 2025.
13. SH1 Papakura to Drury will provide 4.5km of new traffic lanes in each direction to improve highway access, safety, resilience and capacity on SH1 between Papakura and Drury. Papakura to Drury is being delivered in three stages with the first stage (1A) contractually committed and in construction and the second (1B1) and third stage (1B2) well-progressed through pre-implementation.

The Auckland Harbour Crossing (Waitematā Harbour Connections):

14. Waitematā Harbour Connections is a major part of Auckland's transport network and is one of New Zealand's most significant city-shaping projects. It will change the way people cross the Waitematā Harbour and use the wider transport system in the future. It is a significant long-term investment in the resilience and efficiency of our land transport system and will form part of a well-connected and efficient transport system, improving travel choice, and providing greater resilience in the wider transport network.
15. The Waitematā Harbour Connections corridor is a critical regional and inter-regional connection in our transport system. 15% of the 760,000 daily trips to, from or around the North Shore depend on the corridor to access economic, social, and wellbeing opportunities. Approximately 14 percent of the total vehicle kilometres travelled (VKT) daily in Auckland are via the harbour crossing. In addition to freight and light vehicle trips, the crossing carries 35,000 bus passengers daily, connecting North Shore communities to the city centre and beyond. By 2051, 240 million kilometres of truck

movements, 2 billion kilometres of light vehicle movements and 11 percent of all public transport trips across the Auckland region will rely on the crossing corridor.

Pothole Remediation Plan:

16. Potholes are a symptom of a roading network that is ageing and coming to the end of its lifecycle, and while focusing on repairing potholes is important, it will not fix the underlying issue. Over the past ten years the length of state highway has grown, increasing the assets being maintained. Additionally, traffic volumes have increased by 15% (on average) which has increased the load and rate of deterioration of infrastructure. Road condition has deteriorated to a level where more work is required to bring them back to an acceptable condition.
17. By increasing the level of road maintenance there will be a decrease in the number of potholes on the network, however this will take time. NZTA has developed an ambitious ten-year programme that will gradually increase the level of rehabilitation to achieve a desired level of service across the entire state highway network by 2033. Over a ten-year period, this will reduce the volume of reactive maintenance the contractors are required to perform.
18. To meet the expectations for an increased level of service for potholes, for state highways, NZTA is:
 - Implementing increased frequency of network inspections (by contractors)
 - Developing operational improvements to the materials/treatments used to temporarily fix potholes
 - Shortening the timeframe requirement to conduct permanent repairs following a temporary fix
 - Developing a mechanism to allocate additional funding to contractors based on network needs. This mechanism would account for network length, traffic volumes, and pothole history.
19. The NZTA Board has confirmed indicative funding levels in the National Land Transport Programme (NLTP) to give effect to the Government's commitment to significantly increase funding for road maintenance.
20. Over the next three years, the Agency will deliver a record \$2.07 billion for State Highway Pothole Prevention and \$1.9 billion for Local Road Pothole Prevention.
21. Compared to spend under the last government's 2021-2024 NLTP, this represents a 91% increase in funding for State Highway Pothole Prevention and a 50% increase in the total funding for Local Road Pothole Prevention.
22. Auckland's indicative allocation is \$478m over the 2024-27 period, which is a 74% increase from 2021-24.

Other Plans for the Auckland Region:

23. Priority projects for Auckland are at different stages from early planning through to construction. They include:
 - City Rail Link: work is ongoing to completing the City Rail Link build and supporting infrastructure required for opening in 2026.
 - Eastern Busway: planning and design work is underway on the final phase of the Eastern Busway (Pakuranga to Botany). Once completed, the busway will make local trips easier and more efficient, creating a reliable network between Botany and Britomart.

- Airport to Botany: Will deliver a dedicated route between Auckland Airport, Manukau, and Botany. A new bus-rail interchange at Puhinui, and bus and transit lanes between Manukau and the Auckland Airport precinct have been completed.
- Northwest Rapid Transit: Undertake planning over the next three years for a dedicated bus corridor alongside State Highway 16 (SH16) to improve access to an area currently very poorly served by public transport. Delivery is expected to be staged.
- Rail Network Rebuild and Metropolitan Rail Operating Model Review (MROM): Complete the Rail Network Rebuild programme of catch-up renewals across the network to bring the network to a resilient and reliable level. Complete the MROM review looking at options for the ongoing operating model for metro rail in Auckland and Wellington.

It is recommended that you:

1. **Note** the contents of this briefing
2. **Forward** this briefing to the office of Simon Court MP **Yes / No**



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Brett Gliddon

Group General Manager, Transport Services

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Hon Simeon Brown, Minister of Transport

Date: 2024

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Appendix One – Input from other agencies

National Infrastructure Projects, including Three Waters – provided by the DIA:

Local Water Done Well

1. Local Water Done Well is the Government's plan to address New Zealand's long-standing water infrastructure challenges.
2. It recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in the future.
3. The Government will do this while ensuring a strong emphasis on meeting rules for water quality and investment in infrastructure.
4. The intention of Local Water Done Well is to enable councils and communities to determine what works best for them, while establishing clear expectations and bottom lines.
5. The plan for this includes:
 - a. Fit-for-purpose service delivery models and financing tools, such as improving the current council-controlled organisation model and developing a new class of financially separate council-owned organisation.
 - b. Ensuring water services are financially sustainable. Financial sustainability means revenue sufficiency, balance sheet separation, ring-fencing and funding for growth.
 - c. Setting rules for water services and infrastructure investment.
 - d. Introducing greater central government oversight, economic and quality regulation.
6. The previous Government's approach assumed a one size fits all solution, and that was not necessarily the best approach for all councils.
7. Good progress is being made in delivering on Local Water Done Well.
 - a. In February 2024, the commitment to restore continued local council ownership and control of water services was delivered, by repealing the previous Government's three waters legislation.
 - b. In May 2024, a Bill setting out the Local Water Done Well framework and the preliminary arrangements for the new water services system was introduced to Parliament.
8. The Local Government (Water Services Preliminary Arrangements) Bill gives effect to Cabinet decisions for Local Water Done Well that were announced in April 2024.
9. This includes streamlined processes for setting up water services council-controlled organisations, requirements for councils to develop Water Services Delivery Plans, steps towards future economic regulation and provisions that enable a new, financially sustainable model for Watercare, as announced by the Government and Auckland Council on 5 May 2024.
10. The Local Government (Water Services Preliminary Arrangements) Bill lays the foundation for a new approach to water services management and financially sustainable delivery models that meet regulatory standards. It paves the way for councils to determine their preferred future water services delivery arrangements, starting with the development of a Water Services Delivery Plan within 12 months of enactment of the Bill.

- 11. The Government’s expectation is that in many cases councils will develop joint Plans so they can address financial sustainability and affordability challenges by working together.
- 12. Further work is underway on the broader range of structural and financing tools that will be available to councils to access long-term borrowing for investment in water services under Local Water Done Well. The Government expects to share details about these tools early in the second half of this year.

Watercare

- 13. On 5 May 2024, the Government and Auckland Council announced a new model for Watercare.
- 14. The new model provides Watercare with financial independence from the council allowing it to access more long-term borrowing to fund infrastructure investment while avoiding substantial increases in water charges for Aucklanders.
- 15. This decision means Watercare’s proposed increase in water charges this year is expected to be 7.2% rather than the 25.8% proposed earlier, while strengthening Watercare’s capacity to fund its current investment programme.
- 16. **section 9(2)(ba)(i)** [Redacted]
- 17. **section 9(2)(ba)(i)** [Redacted]
- 18. Improved access to long-term borrowing also means Watercare’s previously proposed longer term price increases can be reduced to more manageable levels.
- 19. More long-term borrowing will allow Watercare to get on with its programme of renewals, improvements and additions to the supercity’s drinking water and wastewater networks. This means fewer wastewater overflows, cleaner beaches, and allows for more housing.
- 20. Financial independence for Watercare – or balance sheet separation as it’s commonly referred to – also benefits Auckland Council’s financial position. With Watercare’s borrowing no longer sitting on its balance sheet, the Council will also gain additional capacity to borrow to fund investment in other infrastructure, including for projects that currently have constrained funding.

Residential Developments – provided by MHUD:

- 21. The Government is pursuing an ambitious Going for Housing Growth agenda which aims to deal with the underlying cause of our housing problems. Going for Housing Growth will make residential development easier by making policy and legislation changes to held free up land for development, and removing unnecessary planning barriers, enabling more homes to be built and improving infrastructure funding and financing tools.
- 22. There are several ways the Government more directly supports residential developments:
 - a. One way is through Government funding into large scale projects in Auckland and Wellington regions.
 - b. These are large Kainga Ora led brownfield redevelopments that aim to significantly increase housing supply in key locations. Five locations are in Auckland (Tamaki, Roskill, Mangere, Northcote, Oranga), and one is in Eastern Porirua. These large scale projects enable build-ready land for housing development (for either the Kāinga Ora social housing programme or private developers).
 - c. In Budget 2024 the Government has retained \$1.8 billion from the Housing Acceleration Fund (HAF) for essential transport and waters infrastructure as well as land development costs for these projects. While \$435 million has been removed from the LSP envelope in

the Budget, the remaining funding will focus on projects that present highest value for money, and currently aim to enable around 13,000 homes across the Large Scale Projects over the next eight years.

- d. The Government also supports residential development through the **Land for Housing** programme overseen by the Ministry of Housing and Urban Development (HUD). This increases housing supply by making land it owns available (via deferred settlement) to developers, who then deliver social, affordable or market homes.
- e. In Auckland, the programme currently supports delivery of eight development sites that are under construction or expected to be under construction by 2025. These sites are planned to provide around 1700 homes. Of these homes, at least 371 will be complete by 30 June 2025 and the remainder are estimated to be complete by June 2030.

Kick Starting Auckland – provided by the Infrastructure Commission:

23. Budget 2024 includes some key infrastructure investments that build on the existing capital pipeline, including programmes already in delivery. These investments will have positive impacts across the country, including in Auckland. This includes:

- a. \$1.2 billion for the Regional Infrastructure Fund to support regional economies. Within this is an initial investment of \$200 million into flood resilience infrastructure.
- b. \$2.68 billion in roads, rail, and public transport, including 17 new Roads of National Significance and funding for the Rail Network Investment Programme. This Budget boosts the Land Transport Fund with an additional \$1 billion in capital funding, over that previously signalled, to accelerate construction of the Roads of National Significance.
- c. \$1.48 billion in school and kura property so kids can learn in safe, warm and dry schools, and the school property portfolio can expand to accommodate more students.
- d. \$2.1 billion for Law and Order, including funding for an 810-bed expansion of Waikeria Prison to support stronger sentencing and capital costs associated with delivering 500 new police officers.
- e. \$408 million to upgrade Defence equipment and infrastructure.
- f. \$140 million to deliver 1,500 new social housing places.
- g. \$103 million to meet emerging cost-pressures in Health NZ's infrastructure pipeline, which includes \$11.6 billion of investments over the forecast period.

Appendix Two – talking points

- High-quality infrastructure connects our communities, drives economic growth, and supports the services we all rely on every day, but New Zealand has a multi-billion-dollar infrastructure investment challenge.
- The infrastructure challenge we face includes the need for new infrastructure, but also includes looking after what we already have and building resilience into our networks.
- The Government has identified six priorities for addressing the infrastructure challenge. As Under-Secretary to the Minister for Infrastructure, I have been asked to focus on the 4th and 5th of these priorities:
- A 30-year National Infrastructure Plan which will help us chart our course and support regions
 - This will create an enduring framework for investment in New Zealand's infrastructure systems, from making better use of existing assets and ensuring they are well maintained, to selecting new investments that provide value for money.
- Establishing a National Infrastructure Agency
 - We are committed to a National Infrastructure Agency that will be the centre of expertise for procurement, focusing on complex projects and private finance.
 - The design of this Agency is still under development, however, I can confirm that Budget 2024 included \$5 million for the creation of this new agency which the Government want up and running in 2025, and that the Minister has asked Steven Joyce to lead an expert team to advise on what the Crown needs from a high performing infrastructure system, who is doing what in the system currently, and what might need to change. Ministers are currently considering next steps and implementation.
 - A key aspect of the new National Infrastructure Agency will be to centralise and scale-up the Crown's commercial procurement expertise to attract and deploy more private capital into New Zealand's infrastructure projects. This will mean that the way we finance and procure some projects will be different.
- A new consenting framework for infrastructure investment.
- Improving health and education infrastructure
 - The Minister has asked me to look at innovative ways of funding and financing, and delivering health and education infrastructure, including the use of public private partnerships, build and lease back arrangements, and improvements to the public sector delivery arrangements.
 - These approaches could help accelerate the delivery of our core social infrastructure by providing capacity and funding, and also help bring innovation, private sector expertise and commercial discipline to the sector.
- Improving infrastructure funding and financing, including more use of tools including road pricing, value capture, tolls and public private partnerships
 - We need to improve the ways in which our public infrastructure is funded and financed. The Government has signalled its desire for improved partnership with the private sector, including greater user of private capital to finance infrastructure

projects. Improved funding and financing could help enable more infrastructure to be delivered more quickly, but can also support fairer and more equitable distribution of the costs of infrastructure and help improve delivery outcomes by improving incentives.

- Strengthening the resilience and asset management of critical infrastructure
- The Government has recently announced the Roads of National Significance and Roads of Regional Significance projects, including a number of projects around the Auckland region. Once completed, these projects will support economic growth and productivity, reduce congestion, improve safety, support housing development, and provide a more resilient roading network.
- NZTA is working at pace to position for successful delivery of the projects (pending funding confirmation under the 2024-27 National Land Transport Programme). Pending confirmation of funding, NZTA is looking to begin construction on the RoNS over the next three years and establish a 10-year construction pipeline.
- Local Water Done Well is the Government's plan to address our long-standing water infrastructure challenges. This recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in the future.
- The Government and Auckland Council have recently announced a new model for Watercare, which provides Watercare with financial independence from the Council allowing it to access more long-term borrowing to fund infrastructure investment while avoiding substantial increases in water charges for Auckland.
- The Waitematā Harbour Connections project is a major part of Auckland's transport network and one of the country's most significant city-shaping projects. This is a significant long-term investment in the resilience and efficiency of our land transport system and will form part of a well-connected and efficient transport system, improving travel choice, and providing greater resilience in the wider transport network.
- The Government is pursuing an ambitious Going for Housing Growth agenda which aims to deal with the underlying cause of our housing problems. Going for Housing Growth will make residential development easier by making policy and legislation changes to held free up land for development, and removing unnecessary planning barriers, enabling more homes to be built and improving infrastructure funding and financing tools.
- Alongside the RoNS, RoRS and Waitematā Harbour Connections projects that are planned for Auckland, there are a number of other priority transport projects planned for Auckland. These are at different stages from early planning through to construction and include:
 - a. City Rail Link – work is ongoing to completing the City Rail Link build and supporting infrastructure required for opening in 2026.
 - b. Eastern Busway – planning and design work is underway on the final phase of the Eastern Busway (Pakuranga to Botany). Once completed, the busway will make local trips easier and more efficient, creating a reliable network between Botany and Britomart.
 - h. Airport to Botany - will deliver a dedicated route between Auckland Airport, Manukau, and Botany. A new bus-rail interchange at Puhinui, and bus and transit lanes between Manukau and the Auckland Airport precinct have been completed.

- i. Northwest Rapid Transit – planning will be undertaken over the next three years for a dedicated bus corridor alongside State Highway 16 (SH16) to improve access to an area currently very poorly served by public transport. Delivery is expected to be staged.
- Potholes are a symptom of a roading network that has not been well maintained, and while focusing on repairing potholes is important, it will not fix the underlying issue. Over the past ten years the length of state highway has grown, increasing the assets being maintained. Additionally, traffic volumes have increased by 15% (on average) which has increased the load and rate of deterioration of infrastructure.
- By increasing the level of road maintenance there will be a decrease in the number of potholes on the network, however this will take time. NZTA has developed an ambitious ten-year programme that will gradually increase the level of rehabilitation to achieve an acceptable level of service across the entire state highway network by 2033.
- To meet the expectations for an increased level of service for potholes, for state highways, NZTA is:
 - a. Implementing increased frequency of network inspections (by contractors) to be in line with higher standards found within some existing contracts
 - b. Developing operational improvements to the materials/treatments used to temporarily fix potholes
 - c. Shortening the timeframe requirement to conduct permanent repairs following a temporary fix
 - d. Developing a mechanism to allocate additional funding to contractors based on network needs. This mechanism would account for network length, traffic volumes, and pothole history.

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