

Hon Grant Robertson

MP for Wellington Central

Deputy Prime Minister

Minister of Finance

Minister for Infrastructure

Minister for Sport and Recreation

Minister for Racing



3 May 2021

Sir Brian Roche
Chair Waka Kotahi Transport Agency Board

Sue McCormack
Deputy Chair KiwiRail Board

Dear Sir Brian Roche and Sue McCormack

We are writing to indicate our initial views following the advice we have received on the New Zealand Upgrade Programme (the Programme) baselining.

Firstly we want to begin by thanking you and your organisations for all the work that has gone in to the baselining process. It is important Ministers have a good understanding of the projects in order to support decision making going forward.

Our priorities through this decision making process will be to:

- remain within fiscal limits where possible
- prioritise decarbonisation in light of the independent Climate Change Commission's carbon budgets
- support the Government's housing objectives
- provide certainty for infrastructure providers and support economic development
- ensure there is sufficient capacity to deliver the projects that are funded in the construction sector.

It is our intention to seek Cabinet approval for changes to the Programme in late May.

In advance of that process, based on the information provided, our in principle decision would be for the following projects to proceed through to completion:

- SH58
- SH1/29
- Takitimu North Link Stage 1
- Papakura to Drury South Stage 1
- Canterbury Package
- Queenstown Package
- Wiri to Quay Park
- Papakura to Pukekohe electrification
- Wellington Railway Station safety
- Wairarapa Railway upgrade
- Capital Connection Interim replacement rolling stock
- Drury rail stations (three stations)
- Melling
- Penlink.

The following projects require further consideration:

- Mill Road and Papakura to Drury South Stage 2 – we request that officials reconsider the South of Auckland investments as a package alongside the Drury Stations investment. We seek a reconfigured option for consideration that:
 - Works within the original fiscal envelope across the three projects, and;
 - Supports increased housing supply in the area in a way that is consistent with the government's decarbonisation objectives, and;
 - Improves safety outcomes.
- Ōtaki to North of Levin – we request that officials provide advice on the full range of options for this project, including whether there are lower cost rail and targeted safety and congestion relieving road projects that could deliver good transport outcomes for residents along the corridor, consistent with the fiscal envelope for the project and the government's decarbonisation objectives.
- Whangārei to Port Marsden – we request officials provide advice on the full range of options for this project, including whether there are lower cost rail and targeted road safety projects that could deliver similar outcomes for the corridor, consistent with the fiscal envelope for the project and the government's decarbonisation objectives.
- Penlink – we request that officials provide further advice on their rationale for recommending that the project does not proceed to construction, and any alternatives to this project that officials would recommend in this corridor
- Takitimu North Link Stage 2 – as Stage 1 proceeds we propose that business case work on Stage 2 continues with the intention that this project be considered through the National Land Transport Fund as a source of funding.

The Northern Pathway project, given its significant change in scope, we believe requires separate consideration by Cabinet to the remainder of the Programme projects. We would like to put forward to Cabinet for consideration at the earliest opportunity an options paper setting out the key choices for the Government. These should include the preferred option put forward by Waka Kotahi, the option of using existing lanes on the current bridge structure, and the option of bringing forward delivery of an additional harbour crossing that includes a walking and cycling component and an extension of the Northern busway.

We request that the additional advice on the projects that require further consideration and Northern Pathway is provided by close of play Monday 11 May.

Where we have requested further information and advice from officials, we expect KiwiRail and Waka Kotahi to work jointly with the Ministry and Treasury in forming this advice. Ministers preference is to receive joint briefings from all agencies rather than separate briefings with split recommendations if necessary.

Given the fiscal pressure on the Programme we do not support adding the additional elements that are beyond the original scope of KiwiRail's projects, other than the additional rail station at Drury. We encourage KiwiRail to consider if these changes could be funded through a different source.

Thank you again for your work on this Programme.

Yours sincerely



Hon Grant Robertson
Minister of Finance



Hon Michael Wood
Minister of Transport

Copy: Nicole Rosie
Chief Executive, Waka Kotahi NZ Transport Agency

Greg Miller
Chief Executive, KiwiRail Group

Peter Mersi
Chief Executive and Secretary for Transport

Dr Caralee McLiesh
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