

## Auckland East-West Link

<b>Reason for this briefing</b>	To provide you with advice on giving effect to Government priorities for a lower cost, better value Auckland East-West Link.
<b>Action required</b>	Sign the attached letter to the New Zealand Transport Agency Board.
<b>Deadline</b>	Before the scheduled Board meeting on 10 November 2017.
<b>Reason for deadline</b>	To ensure the Board has your letter and can respond in time for the Ministry to amend or develop the Government Policy Statement on land transport.

### Contact for telephone discussion (if required)

Name	Position	Telephone		First contact
		Direct line	After hours	
Helen White	Manager, Investment	[REDACTED]	[REDACTED]	✓
Bryn Gandy	Deputy Chief Executive, Strategy and Investment	[REDACTED]	[REDACTED]	

Withheld under section 9(2)(a) of the Official Information Act 1982

### MINISTER'S COMMENTS:

<b>Date:</b>	1 November 2017	<b>Briefing number:</b>	OC05388
<b>Attention:</b>	Hon Phil Twyford (Minister of Transport)	<b>Security level:</b>	In-confidence

### Minister of Transport's office actions

- |                                       |   |  |
|---------------------------------------|---|--|
| <input type="checkbox"/> Noted        | <input type="checkbox"/> Seen                 | <input type="checkbox"/> Approved            |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Referred to          |  |
| <input type="checkbox"/> Withdrawn    | <input type="checkbox"/> Not seen by Minister | <input type="checkbox"/> Overtaken by events |

## **Purpose of report**

1. This report provides you with information on how the Auckland East-West Link (East-West Link) project may be reviewed. It attaches a letter to the New Zealand Transport Agency Board (the Board) seeking its views on how it would achieve the Government's priorities for a lower cost, better value east-west link in Auckland.

## **Land transport investment context**

2. The Government Policy Statement on land transport (GPS) sets out the Government's strategic priorities for land transport investment. The Board must ensure the National Land Transport Programme (the Programme) gives effect to the direction in the GPS. However, the Land Transport Management Act 2003 (the Act) does not enable you to use the GPS to direct investment into or away from specific projects. The Board independently makes decisions to fund specific projects using the National Land Transport Fund (the Fund).
3. The Board's statutorily independent functions are found in section 95(2) of the Act. Section 70 of the Act requires that the GPS is not used to direct the Board to approve or decline funding for a particular activity or combination of activities.
4. The effect of these two sections of the Act mean that a GPS cannot be constructed in such a way as to remove the Board's ability to determine which projects proceed or do not proceed under the Programme using the Fund. Other instruments (e.g. Letters of Expectations) also cannot be used to direct the Board in the matters that it is statutorily independent.
5. It may be helpful to read this East-West Link report alongside our report on achieving your priorities through the GPS that you will receive later this week. This separate report explains the GPS mechanism, and the associated funding regime in more depth.

## **Auckland East-West Link**

6. The East-West Link is a proposed investment in the 2015-2018 Programme, with construction proposed to start in 2018. The Government has signalled a preference for an east-west link in Auckland that would cost less and have a higher benefit cost ratio than the current East-West Link proposal.
7. Information on the East-West Link, provided by the New Zealand Transport Agency, is appended to this briefing.

## **Giving effect to a more cost effective east-west link in Auckland**

8. You have asked how to achieve the Government's intentions for the East-West Link. Given the independent function of the Board, we recommend that you write to the Board inviting it to identify how it could achieve Government priorities, with a specific focus on cost effective delivery of the East-West Link.
9. Attached is a draft letter that invites the Board to provide its views on achieving this. To make it clear that you are not seeking the Board's advice on the content or development of a GPS, the letter clarifies that you are not formally consulting or seeking advice from the Board.

10. The Ministry will consider the Board's response. If the Board indicates impediments in the GPS, then, depending on how quickly change is required, it may involve amending the current GPS 2015 or including provision in a new GPS 2018.
11. At a later point during the development of a new GPS, you may choose to confirm the delivery of Government priorities through the Ministerial expectations in the GPS. In addition, you may consider using the Letter of Expectations that the Minister of Transport (as responsible Minister) typically sends to the Chair of the Board between December and February each year.
12. With any of these actions, it is important to ensure that the Board's statutorily independent functions are respected and the GPS is not used to direct the Board to approve or decline funding for a particular activity or combination of activities.
13. We have considered other options that could be available to you to give effect to the Government's priorities for the East-West Link. For example, we could amend the strategic direction and associated funding ranges in the GPS, amend legislation to delay and require restructuring of the East-West Link, or consider further actions under the Crown Entities Act 2004.
14. These options are not recommended at this stage, as you are able to achieve what you seek under the existing framework.

#### **Allocation of savings**

15. The Government's transport initiatives identify that \$1.2 billion could be made available if a lower cost East-West Link is progressed.
16. Any savings to the Fund from implementing lower cost and/or more cost effective land transport investments become available for other land transport investments and are guided by the GPS. Decisions on the use of the Fund are made by the Board exercising its independent powers. For example, savings may be used to accelerate existing projects in the Programme or to bring new projects into the Programme.
17. You could consider inviting the Board to identify what projects would progress if a significantly lower cost option for the East-West Link achieved savings for the Programme that were available for reallocation. The attached letter has been drafted to seek this feedback from the Board. However, until a new GPS is issued and the Programme for 2018-2021 is developed, it may be difficult for the Board to undertake this exercise in a meaningful way. You may also wish to signal your interest in a further report from the Board on how it has reprioritised projects within the Programme given Government priorities signalled in a new GPS.

#### **Recommendations**

18. The recommendations are that you:
  - (a) **invite** the New Zealand Transport Agency Board to inform you on how it could give effect to the Government's priority for a lower cost, better value east-west link in Auckland Yes/No

- (b) **sign** the attached letter to Chris Moller, Chair of the New Zealand Transport Agency Board Yes/No
- (c) **copy** this briefing to the Associate Minister of Transport (Hon Julie Anne Genter). Yes/No

Helen White  
**Manager, Investment**

**MINISTER'S SIGNATURE:**

**DATE:**

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Chris Moller  
Chair  
New Zealand Transport Agency Board  
Private Bag 6995  
**Wellington 6141**

Dear Chris

**Government priorities for land transport**

The Government has identified a number of areas where it is seeking change in the type of projects and programmes that are given priority for land transport investment. One of the priorities that the Government has identified is the Auckland East-West Link where it is seeking a lower cost, better value option.

I am therefore writing to you to invite the Board to identify how it believes a lower cost, better value Auckland East-West link could be achieved. This letter is not formal consultation over any prospective GPS or seeking your advice on its development. However, I would welcome the Board identifying how it could respond to the priority above.

I am looking to make decisions on the Government Policy Statement for land transport (GPS) over the next few weeks. I would appreciate your reply in time for the Ministry of Transport to advise me on any potential amendments to the GPS.

I would also welcome a report from you, once the National Land Transport Programme 2018-2021 has been developed, that identifies how the Board has prioritised and reprioritised projects within the Programme given Government priorities signalled in the new GPS. For my information, I would appreciate this report giving examples of the key projects affected.

Yours sincerely

Hon Phil Twyford  
**Minister of Transport**

## Purpose

1. This briefing provides you with an update on the status of the East West Link project.

## Background to the East West Link

2. The NZ Transport Agency and Auckland Transport identified a programme of multi-modal transport improvements, referred to as East West Connections, which address the existing network deficiencies and support the planned growth targets of the Auckland Plan. More recently, the Auckland Plan and Auckland Transport Alignment Project (ATAP) identified the East West Link project as one of the top three priority transport projects for Auckland.
3. In October 2012 a joint project team was established including representatives from Auckland Council, Auckland Transport, and NZ Transport Agency to develop a Strategic Case and Programme Business Case for the Onehunga/ Penrose industrial hub. Attachment A highlights the transport system demands for the case. The process for the project development is outlined in Attachment B.
4. The project development timeline is outlined below:

Phase	Start	End
Strategic Case	October 2012	March 2013
Programme Business Case	March 2013	June 2014
Indicative Business Case	July 2014	February 2015
Detailed Business Case	February 2015	December 2015
Pre-implementation (planning and consenting)	January 2016	Ongoing
Implementation (Design and Contract Documents)	March 2017	Ongoing

5. The Project Objectives are:

- (a) To improve travel times and travel time reliability between businesses in the Onehunga-Penrose industrial area and SH1 and SH20;

(b) To improve safety and accessibility for cycling and walking between Māngere Bridge, Onehunga and Sylvia Park, and accessing Ōtāhuhu East; and

(c) To improve journey time reliability for buses between SH20 and Onehunga Town Centre.

### NZ Transport Agency Board Approvals

6. The key NZ Transport Agency Board (Board) approvals followed the below timeline. These decisions resulted in approval of implementation funding for the East West Link totalling \$1.65 Bn (in 2017 dollars inflation adjusted). This is made up of \$400m for property and \$1.25 Bn for design and construction and remains within the \$1.25Bn (P5%) to \$1.85Bn (P95%) range forecast in the Detailed Business Case.

Board Meeting	Purpose
July 2017	Approved \$1.25 billion for implementation of the East West Link (subject to resource consent and Notices of Requirement approval by the Board of Inquiry) and additional funding of \$270 million for property acquisition
November 2016	Update ahead of lodging applications for the necessary RMA approvals with the Environmental Protection Authority (EPA)
December 2015	Approved the Detailed Business Case and funding to proceed with property acquisition (\$130m) and pre-implementation activities. The Board also approved implementation funding for the stage 1 early works to widen SH20 between Neilson St and Queenstown Rd
December 2014	The Board noted initial support for the emerging preferred option, but requested further consultation on and refinement of options prior to any formal decision-making on the preferred option
July 2014	The Board supported the East West Connections programme business case and approved funding to progress investigations

The Board of Inquiry are due to advise on the East West Link planning approvals early November 2017

7. The Board of Inquiry was established to assess the planning approvals (resource consents and designation) for the East West Link is due to release their Draft findings to the EPA on 7 November 2017, which are required to be publically released by 14 November 2017. The full timeline is outlined below:



Date	Milestone / Task
22 February 2017	Public notification of the application by the EPA
22 March 2017	Submission period closed, with 685 submissions
27 June 2017	Hearings commenced (through mid September)
7 November 2017	BOI submits Draft Decision to EPA
14 November 2017	EPA required to publicise draft decision by
12 December 2017	Comments on Draft Decision due to EPA
22 December 2017	Final decision due
TBC January 2018	EPA required to publicise Final decision (note – date depends on when the EPA can lodge the decision)
TBC February 2018	Appeal period closes (15 Working days following Final)
Late February 2018	Designation and Consents confirmed (Based on no appeals)

### Property negotiations are well developed

8. Landowner negotiations commenced in October 2016. Currently 38 out of 200 properties have been secured on a willing buyer/seller basis, the majority along the SH1 corridor.
9. We have in principle agreement for another six properties with Public Works Act agreements yet to be concluded. These properties total \$98m (purchase price - excludes resale recoveries), detailed in Attachment C.
10. Public Works Act Section 18 (s18) notices of desire for the required residential properties were served in May 2017 on 22 private owners (and 1 in July) around the Princes Street area. The s18 notices are valid for 12 months. There are currently 11 owners for the Princess St properties for which the Transport Agency is preparing the Section 23 (compulsory acquisition) paperwork.
11. There are approximately 60 remaining landowners. The Transport Agency has been preparing the paperwork to serve s18 notices of desire on all remaining landowners. Nine signed s18 notices have been received from LINZ but are currently on hold.

### Procurement for the East West Link

12. An existing professional services contract is in place to complete the detailed design and procurement of the East West Link. The proposed procurement has been broken down into three contracts as indicated in Attachment D.
13. Contract 1 is proposed as a \$50m traditional contract for the Princess Street Interchange area. Design is in the final stages and is anticipated to be ready to go to market in early 2018.



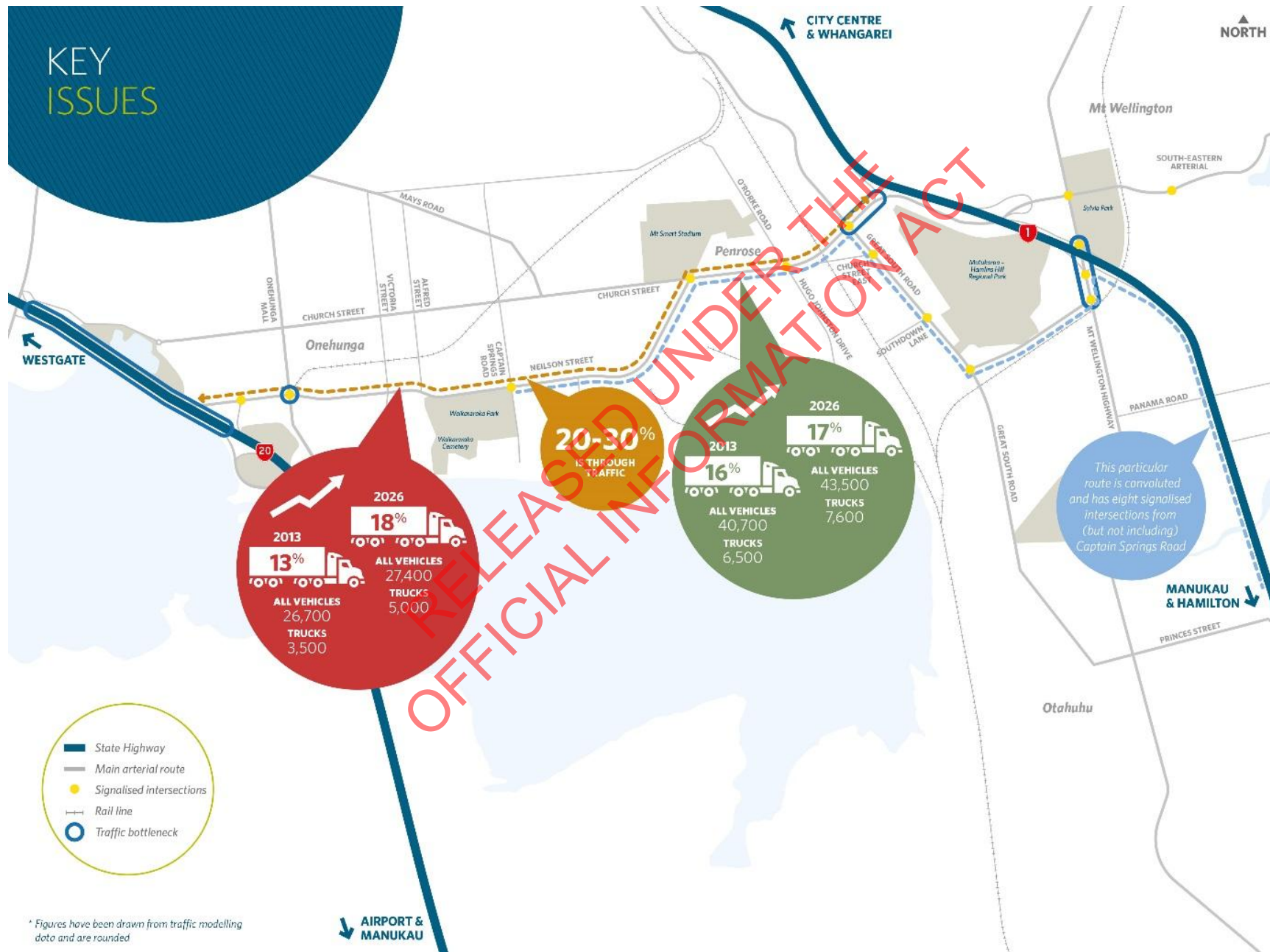
14. Contract 2 is proposed to be a circa \$500m Competitive Alliance<sup>1</sup> contract focused on the Onehunga interchange and foreshore works. This contract is expected to go to a shortlisting process just prior to Christmas.
15. Contract 3 is proposed as a second alliance type procurement and includes flyovers and interchanges from State Highway 1 through to the foreshore. This package could be up to a \$700m Competitive Alliance contract and is programmed for tender mid-2018.
16. A geotechnical investigation package of work has been prepared to inform the procurement process and is currently on hold.

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<sup>1</sup> An alliance involves the owner (the Transport Agency), engineering consultant and contractor entering into a contract that promotes collaborative working within an integrated project team. Alliance participants take collective ownership and equitable sharing of all risks associated with the delivery of the project, unlike the traditional forms of contract where risk is allocated to different parties.

Attachment A - Key issues (and future freight trends) in the Onehunga Penrose Area



\* Figures have been drawn from traffic modelling data and are rounded


















# EAST WEST LINK OVERALL ALIGNMENT



## LEGEND: LANDSCAPE

### PROPOSED PLANTING

	Medium specimen tree		Saline edge planting		Self established mangroves
	Large specimen tree		Headland planting		Rocky riprap
	Coastal specimen tree		Grass open space		Shingle slope
	General planting		Coastal planting		Large feature rocks
	Highway corridor planting		Stormwater wetland		
	Riparian edge planting		Stormwater forebay		

## LEGEND: LINEWORK

	Guide sign
	4.0m boardwalk
	3.0 gravel path
	Retaining wall
	Noise wall
	Future rail to the airport alignment
	New old Māngere bridge alignment

# IMPORTANCE OF THE AREA

The East West Link is a priority project for the long term growth of Auckland and the economic development of New Zealand. The project fits within the wider Auckland motorway network and connects to the Western Ring Route which will provide an alternative route around the city and improve access to regions in the upper North Island.

Over half of the country's freight journeys take place across the upper North Island and these journeys are expected to double by 2035. As the engine room of New Zealand's industrial and manufacturing economy, the Onehunga-Penrose area is a key piece in the region's transport network. Many of the largest distribution and logistics facilities are based in the area because it is close to state highways, the rail network, the airport, inland ports and the port.

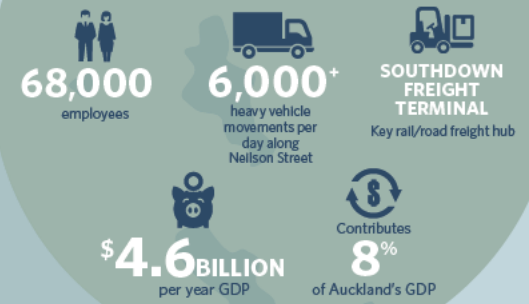
## CURRENT TRANSPORT ISSUES

However the current transport connections into and through the area are either incomplete or highly congested. This makes it slower and more expensive to move freight and these costs have to be passed on to customers. The project will provide the necessary infrastructure to unlock the restrictions to growth and support Auckland's future prosperity.

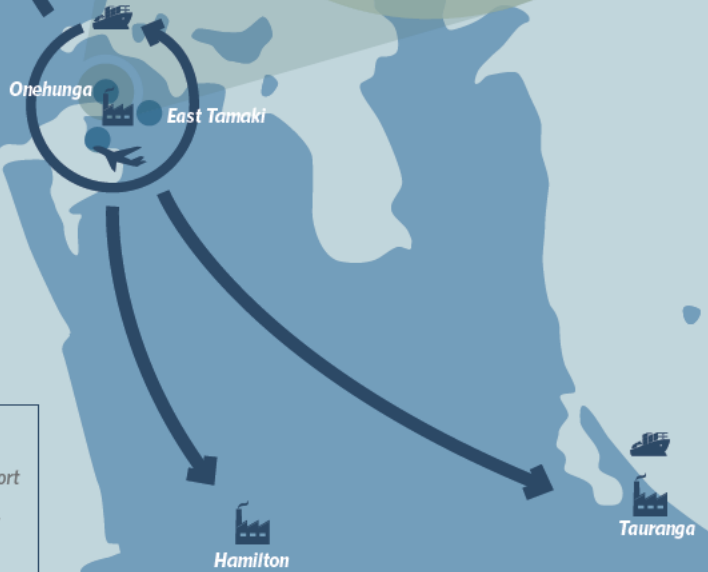


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## ONEHUNGA AND PENROSE



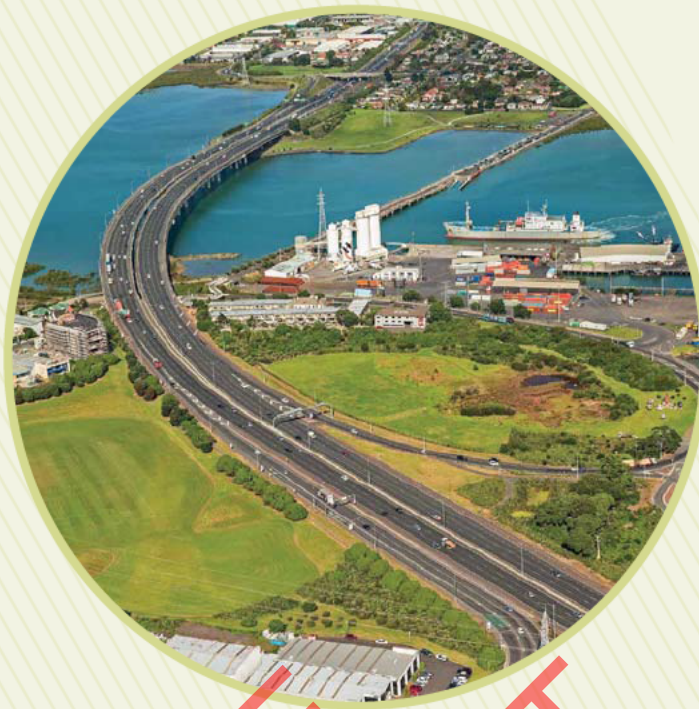
KEY	
	Inland port
	Sea port
	Airport
	Rail





# EAST WEST LINK

Driving New Zealand's Growth and Prosperity



A priority project for the long term growth of Auckland and the economic development of New Zealand.

The link will support the Onehunga and Penrose area - the industrial and manufacturing capital of the country.

Significant traffic congestion in this area is hampering the productivity of businesses and having a negative impact on local roads and access to the Onehunga Town Centre. This makes it slower and more expensive to move freight, which is expected to double over the next 20 years.



## PROJECT OBJECTIVES

- To improve travel times and travel time reliability between businesses in the Onehunga-Penrose industrial area and SH1 and SH20;
- To improve safety and accessibility for cycling and walking between Māngere Bridge, Onehunga and Sylvia Park, and accessing Ōtāhuhu East; and
- To improve journey time reliability for buses between SH20 and Onehunga Town Centre.

## OUTCOMES



- Enhance the mauri of the Māngere Inlet through improved water quality outcomes from stormwater treatment wetlands (treating the wider run-off from the Onehunga-Penrose catchment) and a contamination containment bund (preventing leachate from existing landfills from entering the Inlet along the proposed embankment)



- Creating better public access to the Māngere Inlet foreshore through the new coastal edge and boardwalks



- Opening up access to the Onehunga Wharf and enabling its development



- Restoration of ecology of the area through planting of 'green corridors' and providing improved habitat for wildlife such as wading birds



- Recognition of the cultural significance of the area, including at Ōtāhuhu Creek (removal of culverts and replacement with a bridge), improving the ecology and water quality in this area



- Safer access to schools, community facilities and places of employment through improved walking and cycling connections (such as across the Princes Street Bridge)



- More direct walking and cycling paths between Māngere Bridge, Onehunga Town Centre and Sylvia Park



- Supporting economic growth by reducing the cost of transporting goods and people and improving reliability of freight journeys



- More reliable journey times for buses and commuters (especially between SH20 and the Onehunga Town Centre)



- Improved access to rail freight hub at Southdown and interface between road and rail