MINO-4144 Engagement of local contractors in the East Coast recovery alliance

12 April 2023

Further information for the Minister on local contractor engagement and involvement, to support the signing of the East Coast recovery alliance.

Waka Kotahi NZ Transport Agency's response:

Interim Alliance

Interim alliance agreement

- The interim alliance agreement between Waka Kotahi, KiwiRail, Downer, Higgins, and Fulton-Hogan is for a three-month establishment period.
- The scope of the interim alliance is to:
    - set up the design and delivery management team
    - undertake some emergency works on behalf of KiwiRail
    - produce a procurement and delivery plan, based on the asset owners' procurement strategy.
- The procurement strategy will define Waka Kotahi and KiwiRail requirements for the engagement of regional contractors and consultants.

Project Alliance

Objective of the alliance

To support a collaborative and integrated regional response to the East Coast recovery through:

- A regional approach that engages early with council, iwi, regional suppliers, and supports the local recovery (including the local construction market).
- Delivery at pace to build back better.
- Flexible to changing priorities, scope and community need.
- Enhanced regional capability and relationships to build trust and respect, through early and ongoing engagement with the local contractors (asset owner and supply chain).
- Local community and economy are supported with an enduring positive legacy.
- Integration of regional and national contractors.
- A procurement and delivery strategy, developed through early engagement with iwi and local supply chain partners.
- Value for money through international best practice approach to design and construction.

Project alliance commencement

- Regional delivery teams will be established, which will be a combination of local, national and other specialist contracting partners, as determined by the developing scope of the rebuild.
- The full Alliance agreement will be signed by July 2023 to facilitate commencement of recovery design and rebuild.

Proactively Released

- The transition of network management and stabilisation from the Network Outcome Contracts (NOCs) into the recovery alliance will commence in July 2023.
- Detailed design as directed by the strategic transport design currently being undertaken by Waka Kotahi will commence in July 2023. The development of the design will provide certainty of scope and allow the delivery contractors to resource the years ahead.
- The alliance management team will prioritise the use of local resource, where the capacity and capability is appropriate to the pace and complexity of the work ahead.
- Local expertise will ensure delivery planning is optimised to suit regional conditions.

Engagement with regional contractors

Early engagement with regional contractors

- Waka Kotahi has already engaged with regional contractors (T2,3,4) in both Gisborne (29 March 2023) and Hawkes Bay (5 April 2023) to explain our intended approach and to listen/understand their position.
- The contractors' response was generally positive.
- Regional contractors are very keen to be involved and are seeking clarity on the pipeline of work through the rebuild, to provide confidence for investment.
- The bulk of the contractors spoken to are keen to support the recovery of their specific communities and have limited capacity for work across the wider region.

Ongoing engagement with regional contractors through the interim phase

- Our early thinking confirmed by the recent engagement with local contractors is that the East Coast will be split into geographic delivery zones.
- Local contractors and consultants will continue to be consulted through the interim alliance phase, to refine the delivery zones as the scope of physical works becomes clearer.
- This will enable the alliance to begin to draw on the regional knowledge and expertise of the local contractors.

Proactively Released