

Minister's Office request on Friday 12 February, 2021:

Noting that commitment to the physical works contract for stage 1A commits the Minister to around \$700m for the first stage of the project. A significant chunk of the cost escalation for this project came from the fact the programme was extended from being to Drury to going to Drury South, the Office would like the Ministry to clarify that committing to stage 1A does not lock the Government into procuring the remaining stages.

Waka Kotahi comment:

Waka Kotahi can confirm that the Papakura to Drury South Physical Works Contract Award and Professional Services Contract Variation for Stage 1A do not contractually commit Government to later stages of the project.

However completing Stage 1A as a standalone project has significant implications on outcomes, and will not deliver the anticipated benefits of the project without completion of the whole of Stage 1 (1A, 1B1, 1B2).

These benefits include ensuring peak travel times do not increase, travel demand management opportunities are provided, and multi-modal objectives are achieved.

In this regard, Waka Kotahi would recommend that from an outcomes perspective that the decision to the South Physical Works Contract Award and Professional Services Contract Variation for Stage 1A be taken on the basis of committing to the whole of Stage 1.

Waka Kotahi's latest expected estimate for the whole of Stage 1 is \$640 million to \$720 million.

The outcomes and benefits of Stage 2 of the project are heavily linked to decisions on Mill Road. The immediate decision on Stage 1 is not considered by Waka Kotahi to commit Government to Stage 2, either contractually or from an outcomes perspective.

Ministry of Transport comment:

The Ministry's view is that Stage 1 of Papakura to Drury South will need to be completed in its entirety (Papakura to north of Drury Interchange) to deliver tangible benefits. The view of independent advisers is that the signing of an estimated \$150 million Stage 1A contract essentially commits up to \$750 million consisting of the remainder of Stage 1 of Papakura to Drury South.

On Stage 2 of Papakura to Drury South, the Ministry's view is that commitment to Stage 1 does not mean that Stage 2 needs to proceed. The view of independent advisers is that if Stage 2 does not proceed, it is likely that development in Drury and Ramarama would be impacted. The interdependencies of proceeding with Stage 2, including how the project relates to Mill Road, will be considered through advice on programme reprioritisation and the baseline.