

30 January 2026

S9(2)(a)

REF: OIA-20263

Dear S9(2)(a)

Request made under the Official Information Act 1982

Thank you for your letter dated 11 November 2025 and received on 12 November 2025 requesting the following information under the Official Information Act 1982 (the Act). You refined your request on 20 and 28 November 2025. I will respond to each point of your refined request in turn.

- 1. A detailed analysis of the cost overrun on this project, including the original approved business case cost estimate, the revised programme cost and the cost of the scope which has been deferred due to cost overruns.**

The project budget was originally approved at a cost of \$107.6 million in 2020. This was a high-level estimate based on national rather than local construction rates at the time. This was subsequently revised to include the NZTA core-costs, as well as costs incurred by the project prior to the 2020 budget adoption. This resulted in a revised project budget of \$115 million being adopted.

Once the delivery Alliance was set up, topographical and geotechnical investigations commenced which enabled a proposal for the balance of project development, design and ultimately delivery to be provided. This was then tested against a full parallel pricing process by an independent estimator, resulting in a reconciled delivery price of \$329.97 million, excluding former business case costs, property costs, Alliance management costs, consenting costs, and NZ Transport Agency Waka Kotahi (NZTA) core costs and directly managed costs. Further investigations revealed that the scope of work to divert and upgrade/futureproof existing underground services was greater than that originally envisaged. In addition, there was a high level of cost escalation at this time, in part due to the impacts of COVID-19 on the construction industry. It is important to note that this project was funded as part of the Crown appropriation established as part of the former New Zealand Upgrade Programme (NZUP). This appropriation was designed to support regional investment priorities across the country, with committed projects being delivered within a nationally allocated programme envelope.

The programme originally included:

- a) Upgrading to traffic signal-controlled intersections at five locations at Frankton:
 1. SH6/SH6A (to replace existing roundabout)
 2. SH6 / Joe O'Connell Drive (access to Events Centre)

3. SH6 / Bus Hub exit
 4. SH6 / Bus Hub entry
 5. SH6A / McBride Street.
- b) A new and expanded bus hub, at Frankton.
 - c) A new roundabout at SH6/Howards Drive (Ladies Mile).
 - d) Four other traffic-signal controlled intersections and three pedestrian-only traffic signals along SH6A, between Frankton and Queenstown.
 - e) Widening and upgrading of the Hawthorne Drive and Grant Road intersections to traffic signal-control, and pedestrian only traffic signals near Hardware Lane, within Frankton, SH6, eastern corridor.
 - f) Widening and upgrading of the Humphrey Street and Lucas Place (airport) roundabouts to traffic signals, and relocated pedestrian only traffic signals near Ross Street, along the SH6 Kaurarau Road/southern corridor.
 - g) SH6 (Ladies Mile), a new eastbound bus lane, between Howards Drive and the Shotover River bridge.

The scope of works was then consolidated and renamed the Roads of Regional Significance (RoRS) Queenstown package, and a budget of \$250 million was adopted based on the delivery price, accommodation of costs incurred, as well as forecasts of costs outside of the delivery proposal.

While all the above were designed, only items a, b, and c were funded to progress to construction in 2024. Robust cost estimates have not been developed for the elements that have not progressed to construction.

Key factors of the cost increase:

- Significant cost escalation due to the impacts of COVID-19 on the sector.
- The original estimate was high-level and based on generic national (rather than the higher local) construction rates.
- Extensive utility relocation and installation works were undertaken ahead of the main roading works during the first 12 months of construction to support futureproofing of the network the extent of which was not envisaged in the original estimate. Construction involves significant and disruptive work above and below ground and includes large-scale stormwater system upgrades.
- Queenstown having a shorter construction season than most of New Zealand given the lower temperatures experienced from May onwards.
- A limited resource pool requiring workers to be brought into the region. Some key skills have had to be sourced on a FIFO (fly in/fly out) basis. Similarly, materials including concrete and asphalt/bitumen are also required to be brought in from other regions.
- Lack of detours capable of managing the high traffic volumes of approximately 36,000 vehicles per day needing access through the SH6/6A intersection. This requires the works to be undertaken in segregated work areas and discrete stages to ensure continuity of traffic flow, bus operations, property access, and pedestrian connectivity.
- Not being able to carry out lengthy nightworks due to the surrounding urban environment, limiting construction to daytime hours.
- The upgraded SH6/6A intersection enables new provision for bus priority, pedestrians and cyclists, increased capacity for all vehicle users, and new bus hub facilities. Relative to the existing roundabout, this requires a substantially enlarged intersection footprint. The intersection design also needs to tie in with several immediately adjacent local roads with the Frankton town centre. Further investigation at this location determined that extensive works would be required because of this enlarged footprint.

Further information relating to drivers of cost increases can be found in the documents in scope of parts 2 and 3 of your request.

2. **All correspondence to the cost overrun and explanations therein. REFINED TO: any papers or formal correspondence sent or received reporting on cost overruns, limited to the author/s and approvers of any board papers, reports, and recommendations to decision makers/the decision makers who received, deliberated on and made decisions about the programme, revisions to it and how to accommodate the cost overruns**
3. **The recommendation made to the decision makers on the procurement project recommending the Alliance, and any supporting documents, including the revised budget and scope.**

The attached document schedule outlines the documents in scope of this part of your request and my decision on the release of each document.

Please note I am withholding some information in these documents under the following sections of the Act:

- 9(2)(a) – to protect the privacy of natural persons
- 9(2)(i) – to enable NZTA to carry out, without prejudice or disadvantage, commercial activities.
- Information considered as being out of scope of your request has also been removed.

Furthermore, an extract from the NZUP Governance Group updated provide to the NZTA Board on 27 September 2023 is in scope of your request. This extract is provided below:

- **Queenstown Package:** As previously advised the package is unaffordable within the funding allocation of \$130 million. The project team is progressing detailed design and costing for a reduced scope package. It will be highly challenging to include all the critical components to achieve the strategic priorities for the Queenstown transport network. Options will be presented to the Investment and Delivery Committee in November.

4. The Alliance contract.

I am withholding the Alliance contract documents in full under section 9(2)(i) of the Act.

With respect to the information that has been withheld, I do not consider there are any other factors which would render it desirable, in the public interest, to make the information available.

Under section 28 of the Act, you have the right to ask the Ombudsman to review my decision to withhold this information. The contact details for the Ombudsman can be located at www.ombudsman.parliament.nz.

In accordance with NZTA policy, this response will soon be published on our website, with personal information removed.

If you would like to discuss this reply with NZTA or wish to meet with NZTA officials to discuss this further, please contact James Caygill, Director of Regional Relationships, by email to james.caygill@nzta.govt.nz.

Yours sincerely



Sam Russell

Manager – Ministerial Services

OIA-20263 Document Schedule

Ref	Document	Date	Decision on release
1.	[BOARD] Queenstown Transport Programme Procurement decision paper	17 September 2020	Released in full.
2.	NZUP Queenstown Package – Governance Group feedback	10 May 2022	Some information withheld under section 9(2)(a) of the Act.
3.	NZUP Governance Group – NZUP Queenstown Package Update	10 May 2022	Released in full.
4.	Advice to Minister – Queenstown Package	2 November 2022	Released in full.
5.	BRI-2571 New Zealand Upgrade Programme SH1/29, SH58, Canterbury Package and Queenstown Package project updates	2 November 2022	Some information withheld under section 9(2)(a) of the Act. Out of scope information has also been removed.
6.	NZUP briefing memo to Brett Gliddon	10 March 2023	Released in full. Out of scope information has been removed.
7.	[BOARD] NZUP Governance Group update	9 November 2023	Out of scope information has been removed.
8.	NZUP Governance Group Queenstown Update [DRAFT]	24 November 2023	Released in full
9.	BRI-2886 EXTRACT – Crown Funding delivery	28 November 2023	Some information withheld under section 9(2)(a) of the Act. Out of scope information has been removed.
10.	BRI-2919 – New Zealand Upgrade Programme: options to progress delivery	6 December 2023	Some information withheld under section 9(2)(a) of the Act. Out of scope information has been removed.
11.	[BOARD] NZUP Governance Group update	11 December 2023	Out of scope information has been removed.
12.	[BOARD] Committee report back – Investment & Delivery	12 December 2023	Out of scope information has been removed.
13.	BRI-2973 – NZ Upgrade Programme: Queenstown Package way forward	1 February 2024	Some information withheld under section 9(2)(a) of the Act.