



5 October 2021

OC210804

Hon Michael Wood
Minister of Transport

Action required by:
Wednesday, 6 October 2021

AUCKLAND LIGHT RAIL - MEETING WITH OFFICIALS 6 OCTOBER 2021

Purpose

- 1 Provide additional information in advance of your meeting with Officials on 6 October 2021 to discuss Auckland Light Rail (ALR).
- 2 Identify the key choices that need to be made by Ministers in order to confirm a preferred way forward in the Cabinet paper, and on which Officials require guidance from you.

Current focus of the Ministry's work

- 3 The final draft recommendations of the Establishment Unit have been presented to Sponsors, and you now have choices regarding how you wish to respond and set out a preferred way forward in a Cabinet paper in November.
- 4 The Ministry's work is currently focussed on reviewing the final business case and engaging with various agencies on matters of future governance and decision making.
- 5 We are also undertaking additional analysis to support Ministers in assessing the overall affordability of the project to inform decision making and in setting out a future policy work programme on which to seek a mandate from Cabinet.
- 6 Together, this will inform our ongoing advice to support you in making these system-level choices, and on what decisions you should seek from Cabinet in November.

Cabinet decisions

- 7 We are working to an assumption that the purpose of the Cabinet 'report back' will be to agree a preferred way forward for the delivery of the project, in response to the recommendations made by the ALR Establishment Unit.
- 8 The Cabinet paper would seek agreement to an integrated programme of project development and policy work that supports the delivery of the project and the realisation of the outcomes it is intended to support.

- 9 The Cabinet paper would agree the broad governance arrangements that provide for appropriate Crown oversight, ensure alignment with Auckland Council and mana whenua, and incorporate the necessary skills to set the project up for success.
- 10 To achieve this purpose, and depending on your preferences and priorities, you may wish for Cabinet's decision to:
- 10.1 confirm the robustness of the IBC, based on advice from Officials, the Treasury and the independent assurance process, and seek a mandate to progress to the next stage of detailed business case work.
 - 10.2 confirm that there are alternative options that could deliver against investment objectives, and state your preferred route and mode.
 - 10.3 seek a mandate to establish governance and oversight arrangements to guide the detailed planning phase, including setting up a form of Joint Endeavour with Auckland Council and mana whenua.
 - 10.4 agree on the entity that should take the next stage of the project forward through the detailed planning phase
 - 10.5 confirm your preferred approach to funding the next stage of work, noting the links between these choices and those relating to accountabilities and incentives in the next phase of work.
 - 10.6 agree to pursue a refined package of funding and value capture tools alongside work to continuously assess the affordability of the preferred option
 - 10.7 agree a future integrated programme of work covering ongoing governance, oversight and assurance, project milestones and policy development. This would include the necessary policy work to determine and implement the preferred arrangements for the delivery entity.
 - 10.8 agree an approach to announcements.
- 11 Note that the above does not represent a draft set of recommendations, rather the broad parameters of a Cabinet decision. We would welcome a steer from you on whether the above framing of a Cabinet decision meets your expectations.

Governance and entity to progress the next stage of work

- 12 
- 13 This will be a critical period for the project, during which a number of significant decisions will be made that refine the scope of the project and confirm arrangements for consenting, land acquisition, construction, delivery and operation.

- 14 During this phase, detailed policy matters will need to be resolved, including matters such as final ownership and operation, and the preferred funding arrangements to cover both capital and operational costs. It will be during this phase that the arrangements and accountabilities for the delivery and operation of the project will be agreed in detail, in advance of a Final Investment Decision.
- 15 Many of the significant decisions made during this phase are the reserve of Ministers and will require close political coordination with Auckland Council. It is therefore vital that Ministers have a direct line of sight to the project during this phase, given that this is where the majority of the risk sits.
- 16 This is especially important given the indicative nature of the project's scope, costs and benefits at this stage, and the potential for this to change significantly before a specific project for delivery has been agreed.
- 17 The options we have presented are specific to the ALR project in that they reflect the stage that this project has reached and the nature of the decisions required to refine how it is delivered.
- 18 Whilst the transport system can accommodate a certain number of bespoke arrangements for individual projects, you may ultimately wish to make decisions on the form of an entity that would have a more enduring mandate to plan, fund and deliver rapid transit projects across New Zealand.
- 19 We are aligned with the Establishment Unit's recommendations that no decisions should be taken in November 2021 that restrict your future choices on the form of the final delivery entity. We don't believe that these are decisions that can be made at this stage and to do so may reduce momentum that has been built for ALR.
- 20 Part of our future policy work programme will nevertheless be to explore how an entity could be given a mandate not only for the delivery of this project, but also other rapid transit projects more generally.
- 21 This will require work to consider where accountabilities and incentives should lie, and the impact this could have on existing entities within the system, including the various functions held by agencies such as Waka Kotahi.

There are a number of matters on which we require direction from you

- 22 Drawing on our earlier advice (OC210794 refers) [REDACTED] we would welcome any direction you may have on the following matters:
 Withheld as information is under active consideration
- 22.1 Your preferences for Joint Working/Sponsor/Joint Endeavour arrangements between the Crown, Auckland Council and mana whenua during the detailed planning phase, noting that this may evolve as the project progresses.
- 22.2 How best Officials can support your engagement with Auckland Council and mana whenua in advance of a Cabinet decision.
- 22.3 Your preferences regarding the form of the entity to take forward the next phase of work.

- 22.4 Your preferences on how the detailed planning phase should be funded, noting that choices between a Crown appropriation or funding through the NLTF have a significant bearing on accountabilities and incentives within the system.
- 22.5 The key decisions being sought through a Cabinet decision in November, including whether our overview above broadly meets your expectations.
- 22.6 Your current preferences on the nature and timing of announcements regarding mode, route and the next phases of the project.

Timescales

- 23 To meet a Cabinet deadline in November, we are currently working to the timescales identified in Annex A.
- 24 The Treasury's final advice on the robustness of the business case, as well as the timings of the Gateway Review, may strain these timescales. We understand that the Treasury is still awaiting essential information from the Establishment Unit to inform its review.
- 25 We may need to delay lodging a Cabinet paper by a week to accommodate these assurance functions, although this would still allow for a report back in November 2021, as reflected in the Cabinet minute.

PROACTIVELY RELEASED BY
TE MANATŪ WAKA MINISTRY OF TRANSPORT

Recommendations

We recommend you:

- 1 **note** the contents of this briefing
- 2 **provide direction** on the matters listed in paragraph 22 at your meeting with Officials on 6 October 2021.

Gareth Fairweather
Acting Director, System Strategy & Investment
 / /

Hon Michael Wood
Minister of Transport
 / /

- Minister's office to complete:**
- Approved Declined
 - Seen by Minister Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Bryn Gandy, Deputy Chief Executive System Strategy & Investment	██████████	
Gareth Fairweather, Acting Director System Strategy & Investment	██████████	✓
Chris Gulik, Auckland Strategic Adviser	██████████	

Withheld to protect the privacy of Natural Persons

ANNEX A – CURRENT TIMESCALES FOR CABINET DECISION

