



14 October 2021

OC210845

Hon Michael Wood
Minister of Transport

Action required by:
 Friday, 15 October 2021

AUCKLAND LIGHT RAIL - PREPARING FOR CABINET DECISIONS

Purpose

1. Explain the choices you have regarding the timing and nature of decisions by Cabinet in the coming weeks in relation to Auckland Light Rail, including your proposal to release the Indicative Business Case.
2. Confirm the matters on which we require direction from you in order to draft the necessary Cabinet paper(s).

Background

3. The Establishment Unit has completed its work on an Indicative Business Case (IBC). This is currently being considered by Officials from the Ministry of Transport and Treasury to inform your decisions on how best to progress the project. A Gateway Review, run by the Treasury, is also scheduled to take place during the first week of November.
4. You have indicated a preference to release the IBC in October, in advance of Cabinet's decisions on a preferred option in November. There are significant risks associated with this and you will shortly receive advice from the Establishment Unit regarding this. The Ministry has contributed to the development of the Unit's advice.
5. Decisions both to release material into the public domain and on the Government's preferred way forward for the project will need to be agreed by Cabinet. You have choices on how these Cabinet decisions are ordered and structured.

There are risks associated with releasing the IBC in October in advance of Cabinet agreeing a preferred way forward in November

6. In line with earlier advice [OC210804 refers], Officials had anticipated that decisions by Cabinet in November would state a preferred option and provide a mandate for the project to progress to the next phase. This would allow for genuine engagement with communities and stakeholders as part of a structured programme of consultation and engagement during the detailed planning phase.
7. We have concerns regarding the release of the IBC (or other material generated by the Establishment Unit, including the Chairperson's report) in advance of Cabinet taking decisions on a preferred way forward in November.

8. A key risk with this approach is the perception that the recommendations made by the Establishment Unit have been informed by stakeholder feedback on specific options. This is not the case, given that in the time available the Establishment Unit's focus was on the rationale for investment and the needs and expectations of communities along the Corridor, rather than on the specifics of individual options.
9. It is also important that neither the IBC itself nor the Chairperson's report are positioned as the principal vehicle through which to engage with the public. We believe that a more structured approach to engagement with stakeholders and communities is necessary. This would need to be clear on what feedback is being sought and for what purpose.

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You have choices on the decisions you seek from Cabinet in the coming weeks

13. The Establishment Unit has outlined two alternative scenarios associated with the release of the IBC and agreeing a preferred way forward. The pathways to reaching agreement at Cabinet are different between both scenarios.

Scenario 1: Release the IBC following a Cabinet decision in November (preferred)

14. This scenario is most consistent with the current timescales that Officials are working to, with Cabinet deciding in November (amongst other things) to:
 - Accept/endorse the IBC as the basis on which to progress the project, with a clear mandate for the next stage of work
 - Agree for the IBC to be released as part of a comprehensive and managed engagement process which would commence as part of the early stage of the first phase of work
 - Agree for the project to enter the 'detailed planning phase', with a clear mandate given to the next operating unit to take the project forward alongside a policy work programme including future decision making by the Crown
 - Agree on the parameters for the future governance for the project.

15. As part of this, you may choose to be specific on your preferred option, or delay a firm decision on mode and route until after public engagement and further assessment has been undertaken (e.g. to mid-2022).

16. Given your intent to release the IBC, we believe that this scenario presents the lowest risk to decision making [REDACTED]

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Scenario 2: Release the IBC following a Cabinet decision in October but delay decisions on a preferred option(s) until mid-2022

17. This scenario would spread Cabinet's decision making across a longer timeframe including delaying any announcement on the Government's preferred option until further stakeholder engagement has been undertaken as well more detailed work by the Establishment Unit on matters of design, master planning and option refinement.

18. This would involve Cabinet making a series of decisions in the coming months:

- **October** – Cabinet agrees to release the IBC and commence engagement into the New Year. We would recommend that this is supported by a short Cabinet paper that outlines your intended approach to engagement on the IBC as well as future decision making
- **November** – you may still choose to seek a mandate from Cabinet for the project to progress to the next phase, confirm governance arrangements and the commitment to a future work programme, but make no decisions on mode and route options
- **Mid-2022** – return to Cabinet to make firm decisions on mode and route following stakeholder engagement and further analysis undertaken by the Unit.

19. There are two important trade-offs associated with this decision.

20. Firstly, releasing the IBC in October would be in advance of the Gateway review, with no opportunity for addressing these in the final product to be released. Secondly, this option would result in a delay in the Government making firm decisions on a preferred option until the middle of 2022.

21. A paper for consideration by Cabinet on Tuesday 26 October will only benefit from limited ministerial consultation and would be lodged on Friday 22 October.

We require a steer from you on a number of matters to draft a Cabinet paper

22. Our current timeframe is most consistent with Scenario 1, as above. Early direction from you will be needed should you intend to release material into the public domain before the end of October.

23. Based on our current timeframe, the Ministry will be providing you with its advice following our review of the IBC next week. This will seek direction from you on your preferred approach to announcements, consultation and Cabinet decision making in the coming weeks.

24. We are working closely with the Treasury in this respect, who we understand will also be briefing the Minister of Finance next week. As you will be aware, the independent Gateway Review is scheduled for w/c 1 November.
25. Officials note that we are also awaiting direction from you in relation to the following matters:
 - Your preferences regarding the form of the next operating unit to take forward the detailed planning phase
 - Your preferences regarding how the next phase of work is funded.
26. Direction on all of the above matters is necessary to confirm the purpose and content of the Cabinet paper(s) required in the coming weeks.

Recommendations

We recommend you:

- 1 **note** the content of this briefing
- 2 **provide direction** to Officials on the outstanding matters to inform a draft Cabinet paper

Gareth Fairweather
Acting Director, System Strategy & Investment
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Hon Michael Wood
Minister of Transport
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- Minister's office to complete.**
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|--|---|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Seen by Minister | <input type="checkbox"/> Not seen by Minister |
| <input type="checkbox"/> Overtaken by events | |

Comments

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