

Ministry of Transport: Aide Memoire

To: Hon Phil Twyford
From: Bryn Gandy, DCE, System Strategy and Investment
Date: 19 March 2020
Subject: Auckland Light Rail - considerations for the next phase
OC Number: OC200261

Purpose of this aide memoire

1. We have been considering the timing and key issues that arise for the next phase with the Auckland light rail programme, in the context of the COVID-19 situation. The key issues are the same regardless of Respondent.
2. We would welcome a discussion with you to work through these matters and to ensure that our efforts are focused where they need to be.

COVID-19 is likely to result in project delays

3. We believe that the COVID-19 situation is likely to have a number of impacts on the Auckland light rail work programme. These mostly relate to the need for very strong support for the project from partner agencies, and the overseas delivery capability that both the Crown and the delivery partner will need. Our best assessment, based on what we know today, is that probable impacts include:
 - a. A delay for the Ministry and the preferred delivery partner to starting public meetings and public hearings (for example, for consenting) on the project. A public process will be needed both to mobilise the project and seek public input on the preferred delivery partner's route and solution. This is part of the key task of building social licence for the project and the partner
 - b. Delayed engagement and input from partner agencies. This could range from assisting with the policy work, assisting with the agreement with the preferred delivery partner, supporting further technical work, and committing resources to project governance. Agencies such as Auckland Council, Auckland Transport and the Ministry of Housing and Urban Development (MHUD) will be very focused on the COVID-19 response for some time
 - c. Similarly, there is the likelihood of delayed engagement with utilities companies and Auckland Airport

d. The project workstreams (including policy and commercial) will rely on being well engaged with the political process, and will need the time of a group of senior Ministers as well as Cabinet

e. [REDACTED]

f. If restrictions on gatherings continue to the point at which offices cannot be used and domestic travel is curtailed, this will disrupt our ability to mobilise the project, and in particular we may have difficulty getting access to the right consultants and contractor resource.

4. [REDACTED]

5. We have not yet asked either Respondent for an indication of how the COVID-19 situation affects their planning or thinking about the project. We would like to open up a dialogue with both of them in the next week, as we expect they will also have started to consider these issues. NZ Infra has indicated it would like to meet with the Ministry, and it may intend to raise this issue with us.

6. Because of the significant uncertainty associated with COVID-19 it is difficult to estimate the scale of these issues and the length of the delay.

However, work can get underway to provide a strong foundation for the project

7. The start-up phase for the project delivery may take longer than anticipated, but this may also enable us to put the process on a better footing and consider how we manage some of the project risks. For example, the policy work programme is very challenging and early progress on this would assist the negotiation process, potentially significantly.

8. Conversely, it would take some time to restart the project if it was stopped, to be restarted at a later date. [REDACTED]

9. We are currently in the process of setting up project structures and plans for the next phase of the light rail project. There is work that can get underway, and it can be set up so that once the Government, its partners and the preferred delivery partner are ready, we are able to move to full project mobilisation quickly.

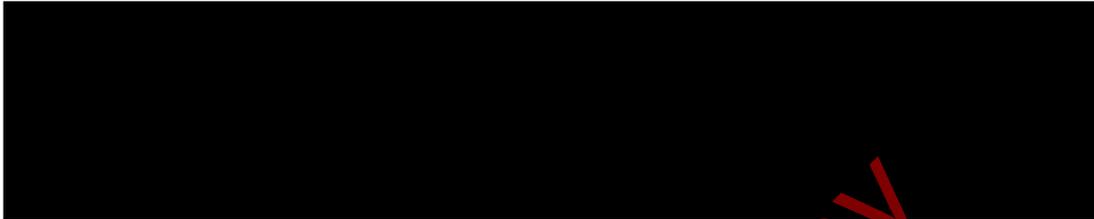
10. In the short term, we have identified the following key work areas to progress:

a. Establish a line of communication with the preferred delivery partner, and begin joint planning of activities for the mobilisation of the project post COVID-19

- b. Confirm a prioritised work programme for the policy work necessary for the project, and get this programme underway. The work programme will be a significant undertaking, and while we can start some of this work, in the short term we may be only able to engage in a limited way with key partner agencies such as Auckland Council, Auckland Transport and MHUD

c.

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- d. Confirm the project delivery structure, including governance and securing the necessary advisory support.

11.



If the rail-related amendments to the LTMA are passed before that time, further costs could be met from the NLTF.

Cabinet paper implications

- 12. The issues we outline above apply to both Respondents, and it is too early to know the relative challenges they provide to each.

- 13. While the timing of the Cabinet paper will be for Ministers to determine, we recommend that you continue with your current political consultations on the Cabinet paper. You may wish to consider how a decision on the preferred delivery partner will provide ongoing project certainty and momentum. These points may be particularly important to Ministers in a post COVID-19 world. For example, an announcement on this project may form part of wider thinking on any future economic stimulus activities, in that the project would provide certainty of a significant anchor investment for urban investments in Auckland to follow the COVID-19 situation.

14.



Other matters

- 15. As noted above, we would like to speak to the Respondents in the next week to discuss their planning and any concerns they have with the current COVID-19 situation.

- 16. We would also like to keep key partners apprised of progress, and to gauge their ability to contribute to the project at least in the short term. Key agencies will include Auckland Council, Auckland Transport, MHUD and Kāinga Ora.

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17.

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