

Ministry of Transport: Aide Memoire

To: Hon Phil Twyford, Minister of Transport

From: Amelia East, Project Director – Auckland Light Rail

Date: 20 August 2019

Subject: Light Rail Announcement - information for the Ministerial Oversight Group

OC Number: OC190788

Purpose of this aide memoire

1. This Aide Memoire provides an update on the planned announcement of next steps for the Auckland Light Rail project. It provides talking points that can be provided to members of the Ministerial Oversight Group. It also contains the Terms of Reference for the Ministerial Oversight Group.

Background

2. In May 2018, the New Zealand Transport Agency (NZTA) began developing a business case for the City Centre to Māngere Light Rail Project.
3. An alternative approach to the project was proposed in April 2018 by NZ Infra, a joint venture of the New Zealand Superannuation Fund and Canadian institutional investors CDPQ Infra. This new and untested infrastructure solution in the New Zealand context would see NZ Infra design, finance, construct, own and operate light rail in Auckland. While the initial high-level option has undergone some development in subsequent months, it is still not sufficiently developed for the Government to be able to understand its long-term implications and benefits.
4. Cabinet has therefore agreed to initiate a process whereby NZTA and NZ Infra further develop their options over a four-month period by responding to a Response Requirements Document. This will allow the Government to consider, in a structured way, the merits of the two options, so that the Government can then consider its preferred delivery partner.
5. NZTA and NZ Infra have received the final Response Requirements Document and both parties have now confirmed they will take part in the process to develop their proposals.

Ministerial Oversight Group involvement

6. The Ministerial Oversight Group received an early draft of the Response Requirements Document when it met on 23 July 2019. Feedback was provided by Ministers on that document, and this has been reflected in the final version and the accompanying outcomes framework.

7. There were three main themes to the Ministerial feedback:
 - a. Ensure that the Response Requirements Document seeks only the information needed for Ministers to make a decision. Officials have continued to refine the document and have kept that principle very much in mind. Information on the design and technical solution is required, as it is a significant driver of cost, deliverability, and for Ministers to understand the physical impact of the alternative approaches.
 - b. Ensure that there is a clear focus on value for money as one of the overriding principles for decision-making. The Response Requirements Document sets out criteria to support the Government's decision-making and to test value for money. These criteria allow the Government to determine which party offers the greatest benefits, at an acceptable price and level of risk.
 - c. Minister Genter requested several changes to the measures in the outcomes framework to ensure mode shift and network capacity and efficiency were not undermined which were incorporated. Minister Genter also suggested setting a minimum level of CO₂ emissions reductions that the Project should achieve. Consideration of this level will form part of the evaluation process.
8. The Ministerial Oversight Group also asked for some changes to be made to the Group's Terms of Reference. These changes have been made, and an updated Terms of Reference is attached. Key points were to reflect that meetings are held only on as required basis, and that adequate time (at least 5 days) is provided for Ministers to pre-read material.
9. In addition, the Minister of Transport has asked officials to develop a schedule for these meetings. Officials expect to report to the Minister in the next two weeks with a proposed schedule. The schedule will be developed following initial meetings with NZTA and NZ Infra, and once officials have a better understanding of the types of issues that will require Ministerial feedback.

Announcement approach and talking points

10. As discussed with the Minister of Transport's office, the agreed approach is that the Minister will lead the public communication and explain the process that is taking place. That will include Minister Twyford speaking about the process agreed by Cabinet during his speech at the Building Nations Symposium at 9:40am, Thursday 22 August 2019. A media release will be sent from Minister Twyford's office shortly after the speech.
11. It is vital that messaging is managed since any breach of confidentiality of the project, considering we are now in a live commercial process, could expose the Crown to reputational risk and/or legal challenge. The Ministry of Transport has prepared speaking notes to help you manage this risk and be consistent in any public statements. We have also set up a dedicated email address for any enquiries received outside of the Minister of Transport's office or the Ministry, to ensure everybody stays on message.
12. Prior to the formal announcement referred to in point 10 above, we suggest that any comment is restricted to "the Minister of Transport requested officials to investigate options for the delivery of Auckland Light Rail and an announcement on this will be made on Thursday".
13. The Minister of Transport will also have the opportunity to send a letter to the Mayor of Auckland outlining the next steps in the Auckland Light Rail project, and the Ministry of Transport will offer to meet and brief Councillors in person.

14. The Ministry will inform mana whenua in Auckland of the next steps and will offer to meet and brief them in person.
15. The Ministry, in conjunction with NZTA, will then brief infrastructure stakeholders that NZTA have previously engaged with as they have developed their business case. There will be a clear differentiation between the Ministry's messages and NZTA's messages. It is important that the Ministry leads the discussion of the process.
16. As this is a commercial process, the Ministry of Transport has agreed protocols that cover all media, Official Information Act requests and stakeholder activity by NZ Infra, NZTA and the Ministry regarding the project. The Ministry will also be engaging with other central and local government agencies to ensure there is a consistent message and approach to any enquiries received by them directly.
17. It is anticipated that members of the Ministerial Oversight Group may be asked to comment on this announcement, particularly during the Building Nations Symposium. Appended to this aide memoire are high level talking points, since we would recommend that any questions of substance be referred back to the Ministry to manage. This is to help limit the risk that matters that are otherwise confidential are released that could, or be seen to, prejudice the process.

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Talking points

Background

The City Centre to Māngere light rail line is a key component of Auckland's future transport network.

Light rail will be able to carry 11,000 commuters per hour – the equivalent of four lanes of motorway – and connect commuters to the biggest concentration of jobs in the country.

This multi-generational infrastructure project will revolutionise the public transport system and urban landscape in our biggest city.

It is critical that we find the best long-term solution for Aucklanders and New Zealand.

The Announcement

The Minister of Transport has announced that work has started on deciding the preferred delivery partner for Auckland Light Rail.

The Parties

NZ Infra (a joint venture of the New Zealand Superannuation Fund and Canadian institutional investors CDPQ Infra)

NZTA

The Ministry is not inviting other market participants to participate in the Proposal Process.

The Process

The Government requires further information from both the NZTA and NZ Infra in order to determine its preferred delivery partner for the Project. Accordingly, the Government has instructed the Ministry of Transport to run a process, which will:

- seek further information from the NZTA and NZ Infra in relation to their respective proposals in order to assess these proposals against established project-related outcomes and other evaluation criteria as well as public value (including value for money) and public policy considerations; and
- allow the NZTA and NZ Infra to advance and refine their proposals to a level whereby the Government is able to make a decision on its preferred delivery partner for the Project.

The purpose of this process is to fairly give further consideration, and respond, to NZ Infra's unsolicited proposal rather than undertaking an open market engagement process – accordingly an open invitation has not been issued to the market.

NZTA is included to enable them to continue to develop their option for a public procurement of the project and ensure that a fair comparison can be made between the two proposals.

This process is an important next step in delivering one of the largest transport projects in New Zealand, and will allow a more complete comparison of the two different models.

Details on when construction starts will be part of that process.

Consultation

This phase is focused on developing strong proposals for the delivery of light rail for Auckland. In developing their proposals, NZTA and NZ Infra will have access to comprehensive data, analysis and the findings of engagements held over the last several years on light rail. This will allow them to understand, at a high level, mana whenua and community stakeholder interests and concerns.

NZTA and NZ Infra are being asked to develop comprehensive plans for how they'd engage with mana whenua and the community – as the Government wants to be sure that both parties have considered and can work well with all key stakeholders.

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