



15 November 2021

OC210918

Hon Michael Wood
Minister of Transport

AUCKLAND LIGHT RAIL (ALR) - SPEAKING NOTES FOR MEETING WITH MINISTER OF FINANCE 15 NOVEMBER 2021

Purpose

- 1 This briefing provides you with speaking points to support discussion at your meeting with the Minister of Finance on 15 November 2021 on entity options to take forward the detailed planning phase of ALR.

Bryn Gandy
**Deputy Chief Executive System
Strategy & Investment**

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Hon Michael Wood
Minister of Transport

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Minister's office to complete:

Approved

Declined

Seen by Minister

Not seen by Minister

Overtaken by events

Comments

Contacts

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Auckland Light Rail - Speaking notes for meeting with Minister of Finance 15 November 2021

Context

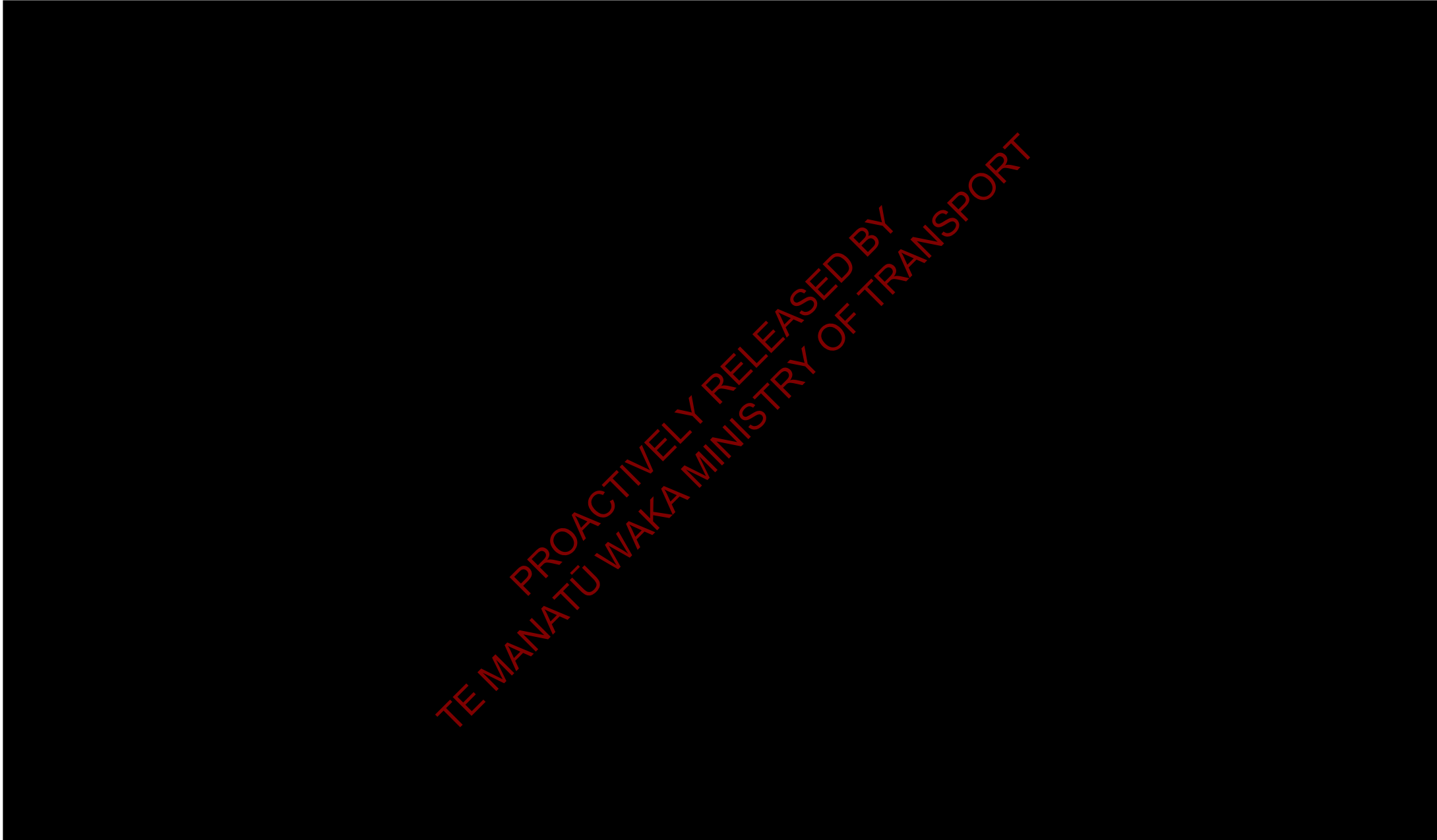
- 2 This is a complex project involving a range of partners - central and local government, mana whenua, crown entities. There is no 'perfect' machinery of government tool.
- 3 Significant strategic and policy decisions which are the responsibility of the Crown will need to be made in the next phase of the project, reflecting the key activities to be undertaken (consistent with the view of Establishment Unit). These include refining the urban development scope and how these benefits are realised, how the project is funded, the approach to delivering the project and, ultimate ownership and operation of the transport asset. Ministers will need close oversight and the ability to influence the direction of the entity.
- 4 Advice on an enduring delivery entity is a key part of the policy work programme for the next phase. This approach is consistent with the advice of the Establishment Unit Board. Officials anticipate that Ministers may want this to proceed with some urgency. Ministers may want officials to consider options that could enable it to be responsible for other projects e.g. other mass rapid transit projects.
- 5 Integrating urban development and transport work programmes is going to be key to success in the next phase. All the assessments of the indicative business case have noted this.
- 6 Regardless of which option is taken forward, there will need to be management of planning and resources across entities and the relevant sectors e.g. transport, urban and construction. Te Waihanga The Infrastructure Commission has a lead role to understand pressures across the infrastructure sector, and officials will work with them and individual entities on how this can be managed. Based on recent discussions with the Australian Infrastructure Commission, the most likely impacts may be on the availability of resources to smaller projects, e.g. those delivered by Auckland Transport and Waka Kotahi.

Short-listed options

- 7 The Ministry undertook an analysis of options to take forward the next phase of the project, taking account of the project requirements and machinery of government toolkit. The assessment criteria used were:
 - 7.1 the choice of organising model enables the project to deliver on the investment objectives (which weight urban development and transport evenly)
 - 7.2 ability for the Crown to set the direction for and have oversight of the project, and make well-informed decisions
 - 7.3 momentum is maintained across different phases of the project
 - 7.4 the organising model is supported by the sponsoring partners for the project (Crown, Auckland Council and mana whenua).

- 8 The Ministry short-listed three options. A subsidiary or business unit of Waka Kotahi or an evolution of the existing arrangements that would see a project unit hosted by Waka Kotahi.
- 9 Some other options have also been developed, including by Waka Kotahi, but none of these have been developed sufficiently for the Ministry to compare these to the short-listed options.
- 10 Across all options the same governance arrangements are proposed. This includes a sponsorship agreement between the Crown, Auckland Council and mana whenua. Sponsoring ministers are proposed to be the Ministers of Transport, Finance and Housing.
- 11 The Ministry's preferred option is an evolution of the existing arrangements on the basis that this (wiring diagram at appendix 1):
- 11.1 provides a high level of ministerial influence in this critical phase of the project where significant strategic and policy decision-making are reserved to the Crown. This is achieved through the ability of the Crown to appoint directors to the project board and direct project outcomes
- 11.2 provides for a direct line of accountability between the Crown and the project board, enabling partners to participate and influence the project on a level playing field. This feature is significant given the focus on urban development in the next phase. A separate entity without responsibilities back to the Waka Kotahi Board is the strongest way of achieving this.
- 11.3 is quick to set-up, maintaining momentum and continuity for the project.
- 12 
- Withheld to enable the Crown to carry out negotiations
- 13 Challenges with the Waka Kotahi business unit or subsidiary options:
- 13.1 create indirect lines of accountability back to the Crown and for directing the project
- 13.2 creates challenges with regards to bringing urban development responsibilities into the remit of Waka Kotahi. A business unit would have to rely on partnership agreements to achieve this, a subsidiary would need to be given urban development functions, which could override Kāinga Ora's urban development statutory leadership and co-ordination function. Further policy work would be required to resolve the appropriateness and flow on implications of these urban development functions being given to Waka Kotahi.
- 14 Across all options clarity of roles and responsibilities will be important. We agree with Waka Kotahi that if we proceed with the evolution of the existing arrangements clarity of the Waka Kotahi Board role is important. The use of accountability mechanisms such as the Waka Kotahi letter of expectation, a funding agreement and associated partner agreements can be used to address this.

Withheld as information is under active consideration



PROACTIVELY RELEASED BY
TE MANATŪ WAKA MINISTRY OF TRANSPORT