

**Auckland Light Rail Advisory Group
Meeting Agenda**

Chairperson	Peter Mersi, Ministry of Transport
Date/Time	Wednesday 14 July 2019 from 11.30am – 12.30pm
Location	Kauri Room, Auckland Policy Office, Level 6, 45 Queen St, Auckland. <i>(Richard is phoning in from Wellington.)</i>
Members	Shane Ellison – Auckland Transport Stephen Town – Auckland Council Greg Miller – KiwiRail Lewis Holden – State Services Commission Andrew Crisp – Ministry of Housing and Urban Development Amanda Moran (standing in for Vicky Robertson, Ministry for the Environment) David Taylor (standing in for Jon Grayson, Treasury) Richard Leverington – NZTA
In attendance	Bryn Gandy – Ministry of Transport Karen Lyons – Ministry of Transport Jo Mackay – Ministry of Transport [REDACTED] – Audit NZ probity adviser Withheld to protect the privacy of natural persons
Apologies	Vicky Robertson – Ministry for the Environment Jon Grayson – Treasury

Agenda

1. Conflicts of interest declarations
2. Draft minutes of 18 July 2019 meeting
3. Project update from the Chair
4. Probity and communications protocols for this stage
5. Final Terms of Reference (TOR) for this Group for adoption

Attachments:

- a. Conflict of Interest declaration form (item 1)
- b. Light Rail Governance Group minutes of 18 July 2019 (item 2)
- c. Cover note: Project update (item 3)
- d. Response Requirements Document (item 3)
- e. ALR Governance Advisory Group TOR (item 5)

To: Auckland Light Rail Advisory Group	MEMORANDUM
From: Bryn Gandy, Deputy Chief Executive Strategy and Investment, Ministry of Transport	
Date: 14 August 2019	

Purpose of this cover report

- 1 This cover report provides an update on:
 - Recent project highlights and upcoming deliverables
 - Proposal development commencement
 - Public announcement
 - Partner agency involvement going forward
 - Probity and the Terms of Reference for this Group
 - Further work on underlying policy issues.

Recent project milestones and upcoming deliverables

- 2 A number of important deliverables have been achieved since this group's last meeting on 18 July 2019, signalling the beginning of the proposal development phase.
- 3 These deliverables include the finalisation and release of the Resource Requirements Document (RRD) to Respondents NZ Infra and NZTA. This followed the signing of probity documentation essential to ensuring a fair and transparent process.
- 4 Initial briefing meetings have been held with Respondents since release of the RRD. The Interactive Engagement Process (IEP) is scheduled to commence in the week beginning 12 August and will likely be underway while the Advisory Group meets. The primary aim of the IEP is to improve the quality of proposals, providing an opportunity to meet with the Ministry and engage with other parties every fortnight to discuss early deliverables and work through agendas set by the Respondents.
- 5 Recent milestones and upcoming deliverables are listed at **Appendix A**.

The RRD

- 6 The Response Requirements Document sets out the minimum response requirements that the Ministry considers necessary to enable an evaluation of the approaches from NZTA and NZ Infra. The evaluation, along with wider public policy considerations, will inform the Secretary of Transport's recommendations to Cabinet and assist them in their task of selecting a preferred delivery approach.

www.transport.govt.nz

HEAD OFFICE: PO BOX 3175, Wellington 6140, New Zealand. TEL: +64 4 439 9000, FAX: +64 4 439 9001

AUCKLAND OFFICE: NZ Government Auckland Policy Office, PO Box 106 238, Auckland City 1143, New Zealand. TEL: +64 9 985 4827, FAX: +64 9 985 4849

7 Some points to note regarding the final RRD:

- A principle of 'maximum flexibility, minimum constraints' underpins the document in line with seeking innovative approaches to design, delivery, funding and operation.
- The Ministry has had to make some careful judgements about the amount of specificity in the RRD given the timeframe and the principle noted above. The technical requirements have therefore been kept to a level of detail sufficient to enable the key differences in the proposals to be discerned during the evaluation process
- The Minister requested that the RRD include the Northwest as well as the City Centre to Māngere (CC2M) corridor. Respondents are not required to provide detailed responses in relation to the Northwest but must show that ability for future expansion has been explicitly considered.
- The choice of 'Response Requirements Document' as a title reflects that a structured process has been established, and it incorporates commercial disciplines, but it is not a procurement process.

Feedback from partner agencies

8 The Ministry of Transport's project team received feedback from most partner agencies (Ministry of Housing and Urban Development, Ministry for the Environment, Auckland Transport, Auckland Council, The Treasury) on the draft outcomes and the draft Response Requirements Document (RRD). We considered and incorporated the feedback where possible. My team has collated notes on our responses to detailed feedback which is being shared with staff in your agency.

9 The final RRD is attached to this meeting's agenda for your reference. Please note this is provided in strict confidence.

The final outcomes framework (incorporated into the RRD)

10 Immediately following the last meeting the Ministry convened a discussion to determine appropriate weightings for the four outcomes. This meeting was attended by representatives from Auckland Council, Auckland Transport, the Ministry for the Environment, and the Ministry of Housing and Urban Development. The final outcome weightings were adopted from the discussion with agencies as follows:

- Access and integration – 40%
- Environment – 15%
- Urban and community – 30%
- Experience – 15%.

11 The Access and Integration outcome received the highest weighting as light rail is first and foremost a transport project intended to significantly improve access to labour markets, education and social activities. The Urban and Community outcome received

the next highest weighting recognising the role of rapid transit in shaping urban form. Aspects of the criteria under the Environment outcome were considered to be mandatory bottom lines.

- 12 The outcome framework and weightings received comment from the Ministerial Oversight Group (Ministers of Transport, Urban Development, Finance, Infrastructure, for the Environment, and Associate Minister of Transport).

Proposal development commencement

- 13 With the release of the RRD to both respondents the project is now in the Proposal Development stage, which runs to 29 November 2019. We anticipate this will be a period of intense activity for the Respondents, and also of frequent engagement with the Ministry as the Respondents seek further information and raise questions to assist with their proposal development.
- 14 The Ministry has set up a 'lead team' and since the last meeting we have appointed a Project Director (Amelia East) whose responsibilities include being the Authorised Representative for engagement with the respondents. The other 'lead team' members are Sarah Sinclair (Minter Ellison Rudd Watts), Fiona Mules (commercial adviser) and Bryn Gandy (Ministry representative).
- 15 We have put in place communications protocols between the Ministry, NZTA and NZ Infra to help guide the way the three agencies communicate publicly and with stakeholders.
- 16 The RRD restricts Respondent communications with particular parties. They must not directly approach a number of organisations including Auckland Council (staff or elected members), Auckland Transport, Members of Parliament or Government agencies, KiwiRail, utilities providers, business and community groups. Any contact is to be facilitated via the Project Director. If you or your staff are approached by either respondent during this stage they should refer the request to Amelia.
- 17 Our aim in proscribing direct communications is not to prevent necessary conversations, but to avoid confusion for the third parties, and to ensure the process is facilitated in accordance with the even-handedness principle.
- 18 The respondents can engage with potential industry providers, to determine pricing and other aspects of their proposals.
- 19 The MOT/NZTA/NZ Infra communications protocols are appended to this Agenda for your information.

Virtual Data Room

- 20 Thank you also for your agencies' support in providing information for the Virtual Data Room for respondents. The Data Room is up and running with an initial set of information and links to publicly available information. We continue to work with you to gather relevant information.

Public announcement

- 21 The Minister of Transport intends to make an announcement shortly to the market and to media to provide an update on the current process for developing light rail for Auckland.
- 22 The key messages focus on:
- the timeframe and rationale for this stage
 - noting the most important thing is the achievement of the outcomes, which have been developed jointly by central and local government
 - explaining we are looking to understand the broad parameters of the options over the next 6 months, not fully developed proposals, noting this process places a minimum of constraints on the parties to encourage innovation
 - acknowledging that people will want to engage, and noting the next step – the preferred partner will then be able to engage more broadly with stakeholders and communities, before things are finalised
 - setting some broad expectations of what the respondents might seek from the market.

Partner agency input going forward

- 23 We anticipate seeking future partner agency input in at least three ways:
- From now to mid-November, we may require assistance with responses or additional information arising from the Interactive Engagement Process. This may be requested at relatively short notice, but Respondents are required to give us an indication by 12 August of what they would like to cover in each IEP meeting.
 - Following receipt of Early Deliverables (during September and October) from the Respondents, we will appreciate partner agency input into reviewing the Early Deliverables or other relevant matters that are put forward by Respondents.
 - The Ministry is completing our evaluation planning and resourcing over the next couple of weeks for formal evaluation of the proposals from 1 December through to a Cabinet process in February 2020. We anticipate having a core evaluation panel, supported by a number of advisory groups that will review aspects of the proposals and advise on technical matters. We will be in touch during August regarding resourcing to support the evaluation process.

Probity and the Terms of Reference for this Group

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- 24 The Ministry has engaged Audit NZ to be the independent probity auditor. [REDACTED] and her colleagues from Audit NZ will monitor the process, attending key meetings where necessary, and provide advice as well as provide an independent view and

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reports on the integrity of the process. If you wish to raise any probity concerns relating to the process at any time, you may contact [REDACTED] directly at [REDACTED].

- 25 It is important to the integrity of this process that it is conducted with high standards of probity, which include ensuring that all actual, potential, and perceived conflicts of interest are declared and managed. Accordingly, a conflicts of interest form was attached with this agenda and we seek your completion of a form to cover your involvement in this forum.
- 26 A revised Terms of Reference for the Advisory Group is included in this agenda for this group's adoption. The recent updates are the name change to 'Advisory' from 'Governance' and the replacement of the Interim CE, NZTA with Richard Leverington, Senior Manager Risk and Audit. NZTA has proposed to ring-fence Richard Leverington from NZTA's proposal activities.

Further work on underlying policy matters

- 27 With the RRD now released to Respondents, the Ministry is starting to draw together a high level work programme on underlying policy matters that will need to be considered as we pull together our final advice. Some will need to be progressed from now, but others will only be able to be considered once we have further information from the Respondents. At a high level, these matters are likely to include:

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- 27.1 [REDACTED]
- 27.2 How to effectively implement the next stage once a preferred delivery partner has been identified, including the roles for different agencies (in particular MOT, NZTA, AT)
- 27.3 Subject to the decision, understanding any necessary changes to the operation of the National Land Transport Fund, including legislative amendments
- 27.4 Any other legislative or regulatory changes identified by the Respondents.

Appendix A

Recent project milestones and upcoming deliverables

Milestone / Deliverable	Date
Ministerial Oversight Group meeting	23 July 2019
Outcomes framework and RRD finalised	31 July 2019
NZ Infra signed probity deed, provided RRD	31 July 2019
NZTA signed probity letter, provided RRD	2 August 2019
Virtual Data Room ready	5 August 2019
Initial meetings with respondents	5 August (NZTA), 7 August (NZ Infra)
Interactive Engagement Process starts	Week commencing 12 August 2019
Submission of Early Deliverables:	2 September (1)
1. Commercial Terms / Risk and Responsibility Allocation Principles	30 September (2)
2. Indicative Proposed Route Alignment	11 October (3)
3. Legislative or Regulatory Changes	for discussion at IEP Meetings in September and October.
Final Clarification Questions and Interactive Engagement Process Meetings	Week commencing 11 November 2019
Deadline for Submission of Proposals	29 November 2019
Evaluation and clarification process	December 2019/January 2020
Evaluation and Cabinet paper complete	Q1 2020