



GROUP

BOARD AGENDA

Meeting	28 September 2021, 9.30am – 3.00pm
Location	VC
VC/dial in	Teams
Attendees	Leigh Auton (Independent Chair), Peter Mersi, Nicole Rosie, Shane Ellison, Katja Lietz, Jim Stabback, Cr. Darby, Margi Watson, Karen Wilson, Ngarumi Blair, Leilani Frew (observer), Dan Cameron (observer) Tommy Parker, Lucy Riddiford, Out of Scope
Apologies	

* Present for part of the meeting

Karakia timatanga (to open the meeting)

Kia hora te marino	May peace be widespread
Kia whakapapa pounamu te moana	May the sea be like greenstone
Hei huarahi mā tatou I te rangi nei	A pathway for all this day
Aroha atu, aroha mai	Let us show respect for each other
Tātou i a tātou katoa	For one another
Hui e! Tāiki e!	Bind us all together

No.	Item	Sponsor	Attendees	Timing	Mins
Introduction					
1	Board Only	Chair		9:30am	15
2 2A	Apologies Minutes	Chair		9:45am	5
3	Project narrative	Tommy Parker		9.50am	20
4	Report back from Sponsors Meeting	Chair		10.10am	20
5	Engagement Report	Tommy Parker	Out of Scope	10:30am	20

No.	Item	Sponsor	Attendees	Timing	Mins
6	Te Rautaki Hunanga Māori	Tommy Parker	Out of Scope	10:50am	20
Break				11:10am	10
7	Urban	Tommy Parker	Out of Scope	11.20am	30
8 8A	Funding and Value Capture Funding and Value Capture – detailed reports	Tommy Parker	Lucy Riddiford/ Out of Scope	11.50am	20
9	Delivery Entity	Tommy Parker	Lucy Riddiford Out of Scope	12.10pm	25
Break				12.35 pm	15
10	Integration with the North Shore and Northwest Rapid Transit	Tommy Parker	Out of Scope	12.50pm	15
11 11A 11B 11C 11D 11E	Business case Strategic Case Economic Case Commercial Case Financial Case Management Case	Tommy Parker	Out of Scope	1.05pm	90
12	General Business	Chair		2.35pm	25
MEETING CLOSE				3:00pm	

He Karakia Whakamutunga (to close the meeting)

Unuhia, unuhia

Draw on, draw on,

Unuhia ki te uru tapu nui

Draw on the power of the natural world

Kia wātea, kia māmā, te ngākau,
te tinana, te wairua i te ara
tāngata

To clear, to free the heart, the
body and the spirit of mankind

Koia rā e rongō whakairia ake ki
runga

Peace, suspended high above us

Kia tina! Tina! Hui e! Tāiki e!

Draw together! Affirm!



GROUP

Board paper

Meeting date:	28 September 2021
Subject:	Funding and value capture
Author:	Lucy Riddiford
Date:	22 September 2021
Pages:	3 + 2 appendices (the two reports are provided separately).

1. Purpose

1. To provide an update to the Board on funding and value capture work.

2. Recommendations

2. It is recommended the Board:
 - **Note** the detailed funding and value capture advice will be provided to the Sponsors with the Independent Chair's report and the business case.

3. Strategic Relevance

3. The March 2021 Cabinet paper identified that a project of this scale, with objectives spanning transport and urban development, is likely to require new approaches to funding and financing. Identifying the appropriate funding and financing arrangements involves considering who benefits from the investment (beyond just passengers), when they benefit (this will vary over a period of decades), and where the risks associated with construction and operation of the rapid transit solution will rest.
4. Cabinet directed officials to commence work on value capture mechanisms and funding tools for the project.

4. Background

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5. **Appendix A** shows the scope of the funding and value capture workstream.
6. We provided the funding shortlist report that will be appended to the financial case to the Board at its meeting on 24 August 2021. We advised that report does not recommend a funding solution to take forward. It identifies the potential trade-offs of different options, which should be considered in greater detail once the technical solution, costing, procurement, Delivery Entity and governance arrangements are further developed, following a decision by Cabinet.

5. Key Issues

7. **Appendix B** is the further funding and value capture summary. Key points to note:
- The key audience for this work is Treasury and the Ministry of Transport – it will help them to inform decision makers about the range of available options. They have been involved in commissioning this work.
 - The draft reports have been provided to Treasury and the Ministry, as well as Auckland Council and Waka Kotahi for their feedback. We propose to meet with them to discuss. We envisage that there will be ongoing work post submission of the business case, to support the advice that Treasury and the Ministry will need to include in the Cabinet paper.
 - We have looked at a range of existing and potentially new value capture tools, assessing financial and non-financial considerations and trade-offs of using different tools.
 - The report proposes a mix of tools to capture value from different beneficiaries with an IFF levy (for local beneficiaries (within station catchments)), general rates for Auckland-wide beneficiaries, a business rate supplement across Auckland (commencing once operational) and development contributions.
 - A case study in this report suggests potential \$2-3bn of value capture to contribute to capital costs. This requires further validation and analysis on affordability considerations across the CC2M corridor.
 - Strategic land acquisition and intervention could provide further funding, however, the degree of opportunity, risk and Crown appetite for this needs to be further considered at the DBC stage.
 - Even with the use of value capture, there will be a significant funding gap.
 - The ability of Auckland Council and Waka Kotahi to contribute to capex, based on current baselines, is limited. “Levers” could be used to enable a contribution – such

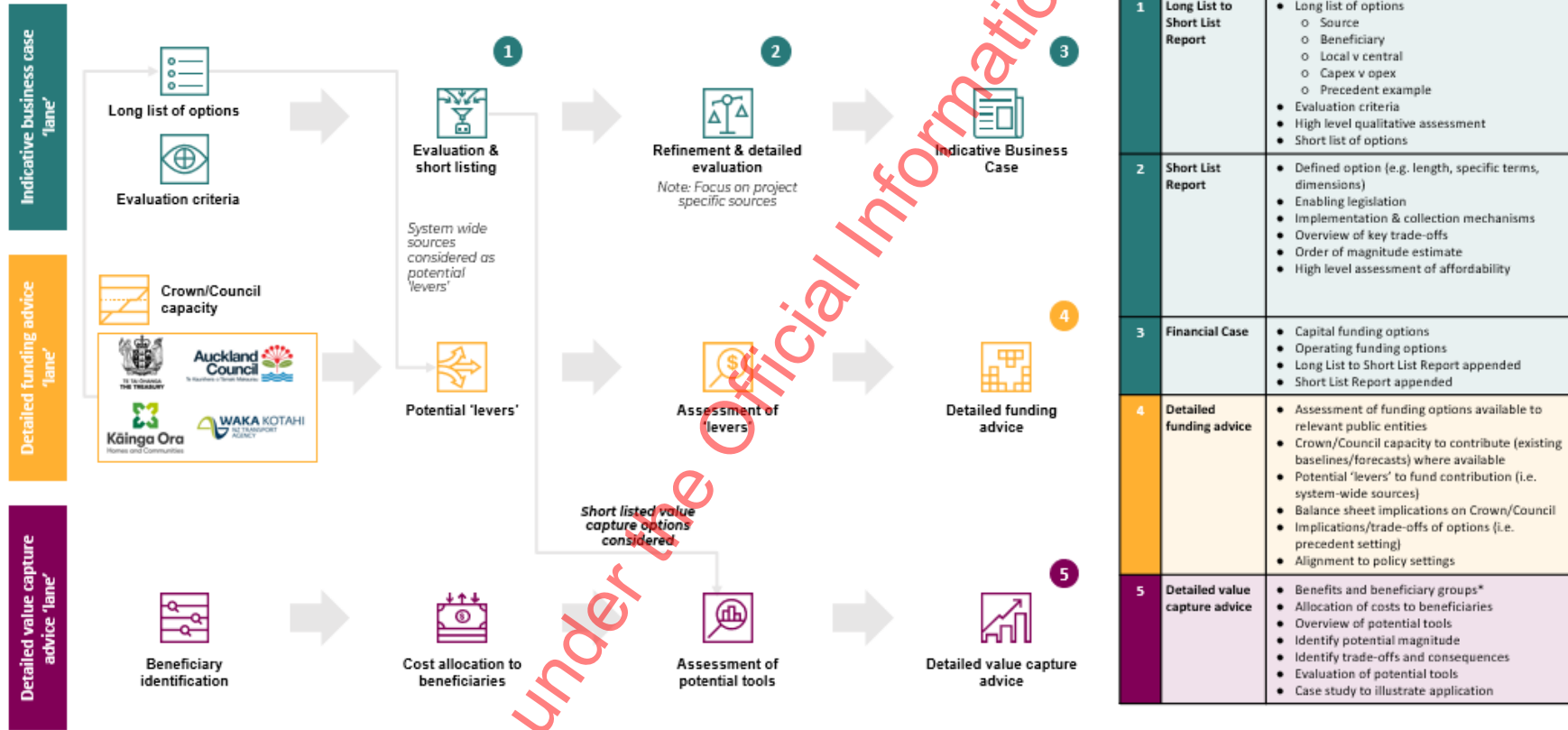
levers include asset sales, additional debt, increased revenues or reduced expenditure. Council's biggest lever that already exists is the use of IFF. Council and Kāinga Ora have strategic land holdings that could be offered to the project as a 'payment in kind' in order to support its delivery by reducing the upfront capital required. Further work will be required to establish if any land holdings overlap with land required for the project, or to support urban development outcomes, once the route is confirmed.

- The case study assumes operational costs are met through a combination of farebox, premium farebox (premium charged to travellers to and from the airport (other than precinct workers), a small amount of commercial revenue, and the balance met through the current 51%/49% NLTF and Council FAR¹ arrangements. In the absence of a 'premium farebox' (potentially 25% of forecast opex), significant additional operating funding would be required from the standard farebox (i.e. higher network fares), Auckland Council, the NLTF, and / or additional sources. This risk needs to be better understood and explored at the DBC stage.
- We have considered options (which would require further policy consideration) including:
 - The **ETS** may be a potential funding source for the Project, however a strong environmental narrative and climate change benefits will likely need to be demonstrated in order to access this funding source.
 - **Congestion charging** is being considered by the Ministry. The Project may be a good candidate for the use of these proceeds, however, there will likely be other projects and system wide requirements competing for this funding source.

¹ FAR, or "funding assistance rate" is the rate of contribution from the National Land Transport Fund to projects/ activities. Typically local projects are funded 51%/49% NLTF (National Land Transport Fund) and local government contribution, with decisions as to the rate of funding contribution sitting with the Waka Kotahi board and subject to the requirements of the Land Transport Management Act, which governs the administration of the NLTF.

Appendix A – scope of the funding and value capture workstream

Funding & value capture scope



*Beneficiary identification relies upon outputs from the technical and urban workstreams.

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Urban story

key messages

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Summary

- Investing in a **new form of rapid transit** will be critical to shaping Auckland's growth and future urban form
- Rapid transit in CC2M could deliver **1/4 of Auckland's growth**
- **Key areas** of focus:
 - Dominion Junction
 - Mt Roskill
 - Onehunga
 - Mangere
- But investing in **rapid transit alone won't be enough** to deliver the urban aspiration
- A broad range of **interventions** will be required to realise the full benefits of rapid transit in the corridor
- While not a game changer, investment in **other infrastructure** to enable urban development will be significant – more work needed
- LR and LM will have **different urban form implications** with LM having the ability deliver more growth than LR
- Realising urban outcomes requires a **long term commitment** well beyond the delivery of the infrastructure
- A **collaborative all of government approach with mana whenua** will be essential to delivering benefits
- A number of **key early moves** will be important to get underway in the first few years while the transit is being built.



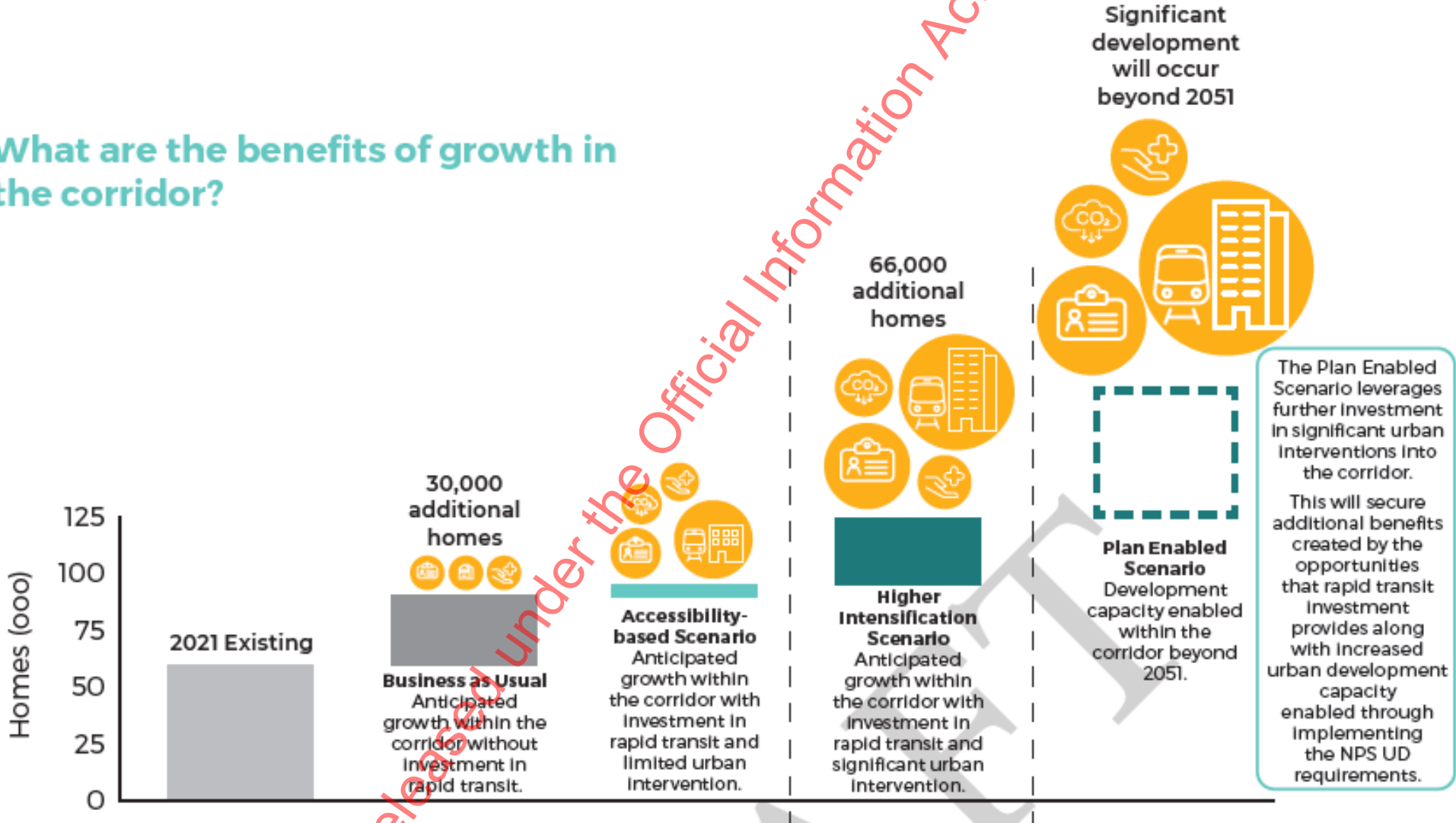
How has the urban work helped to inform the business case?

- Land use models, assumptions and scenario development have all informed transport modelling
- Provides critical evidence base
- Urban findings used for MCA option evaluation (e.g growth numbers, place based and design integration issues)
- Urban key messages woven through each case supporting the integrity of transport and urban integration

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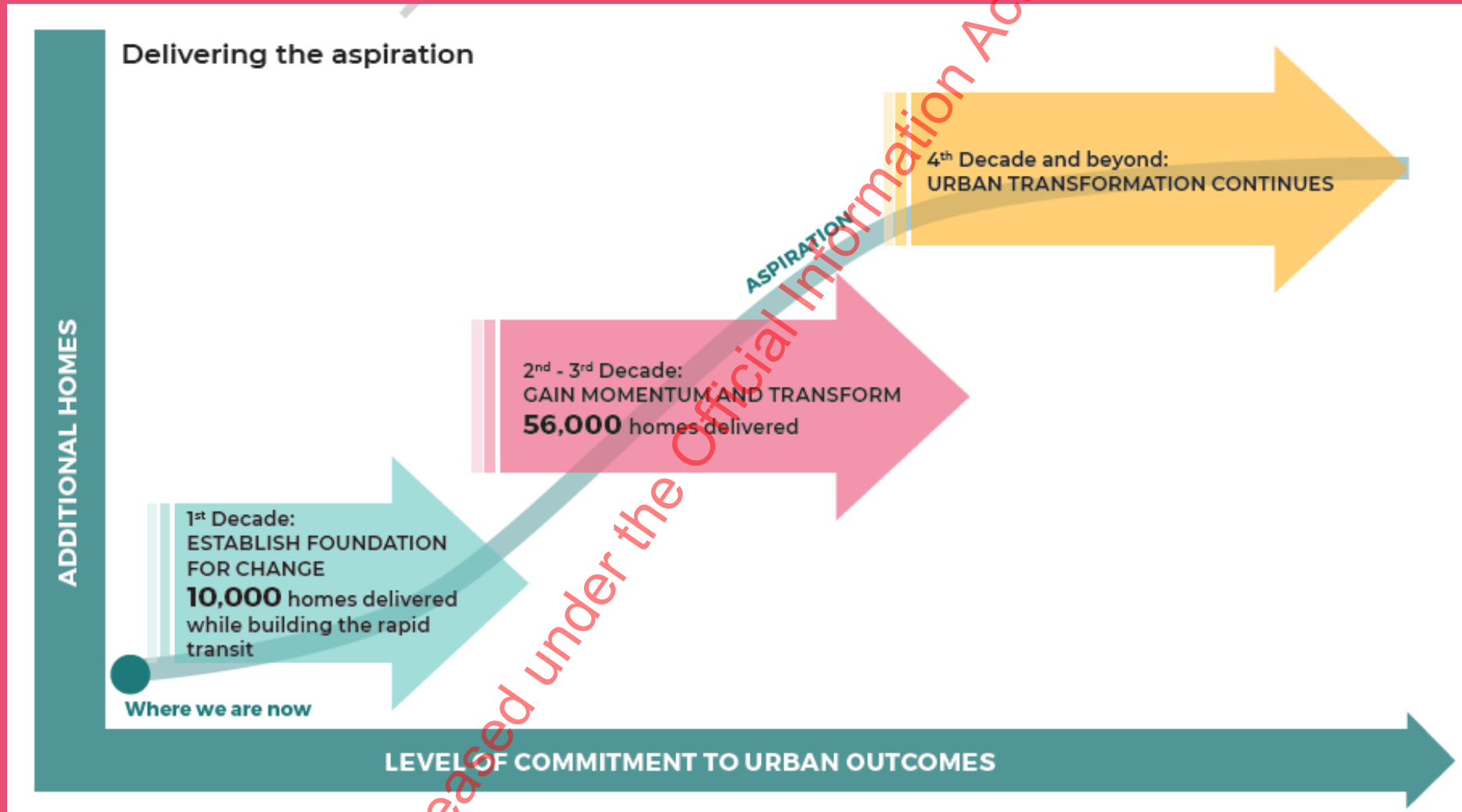
The urban growth opportunity 2051 and beyond

What are the benefits of growth in the corridor?

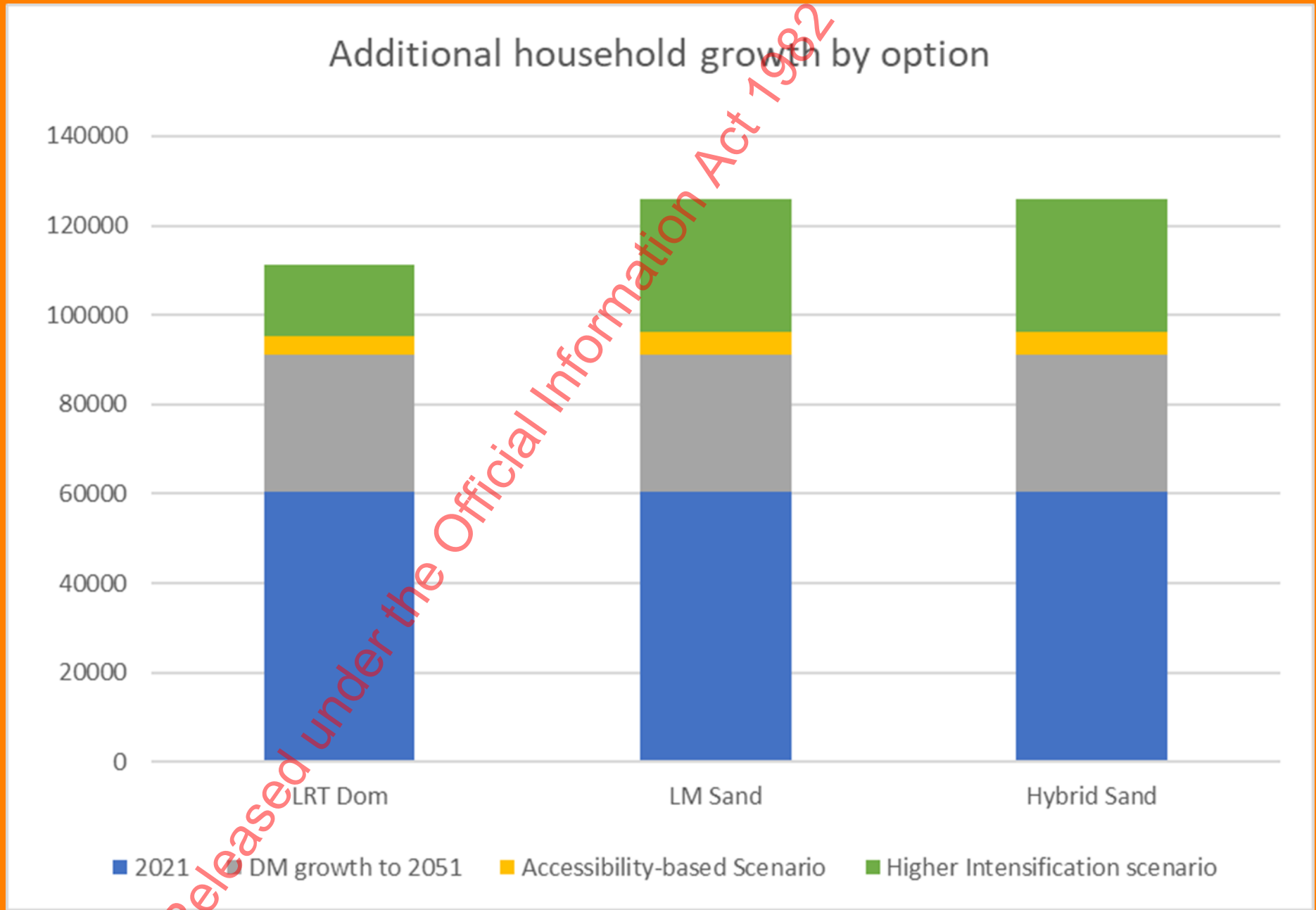


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The urban aspiration could be bigger but requires on going and long-term commitment

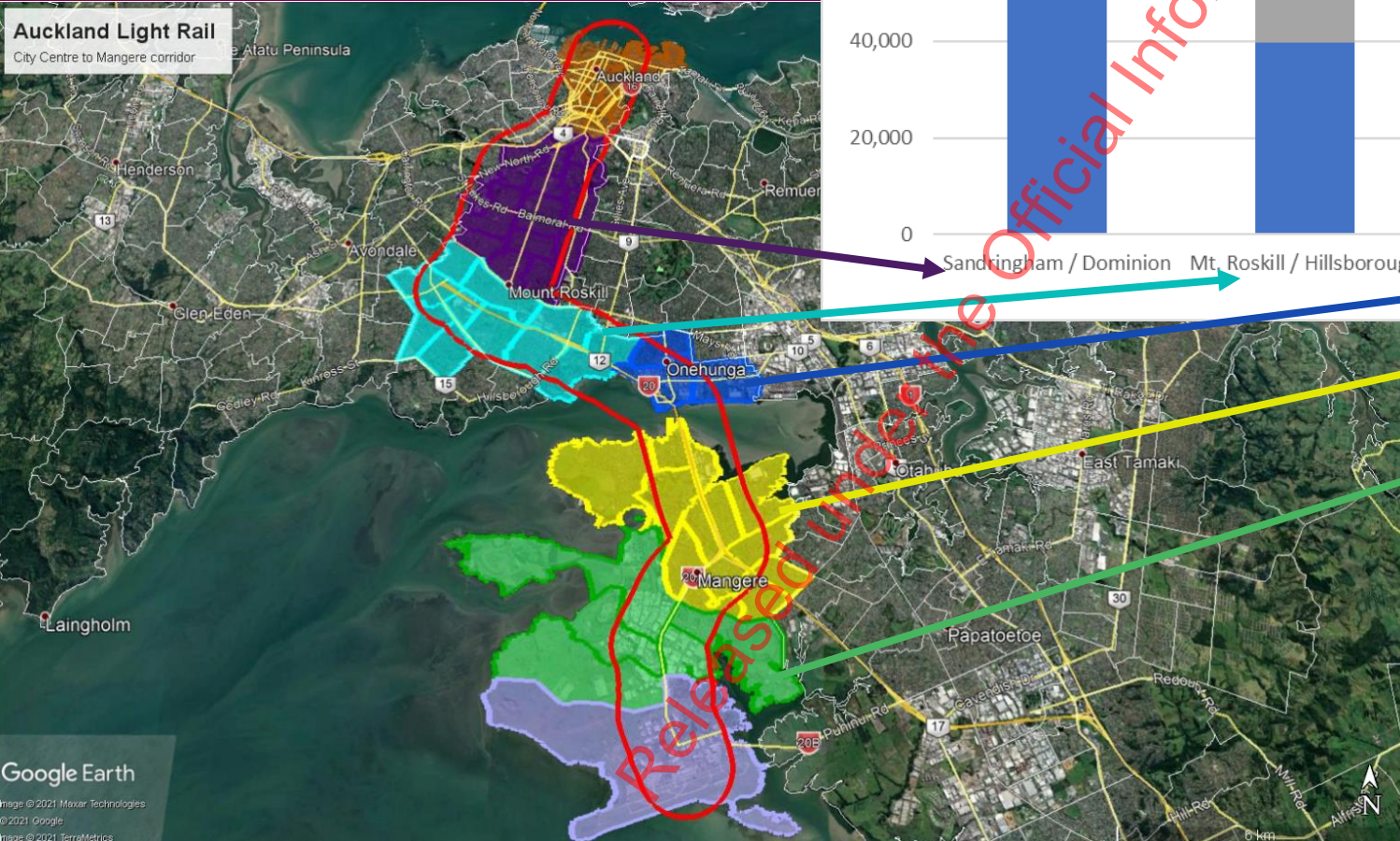
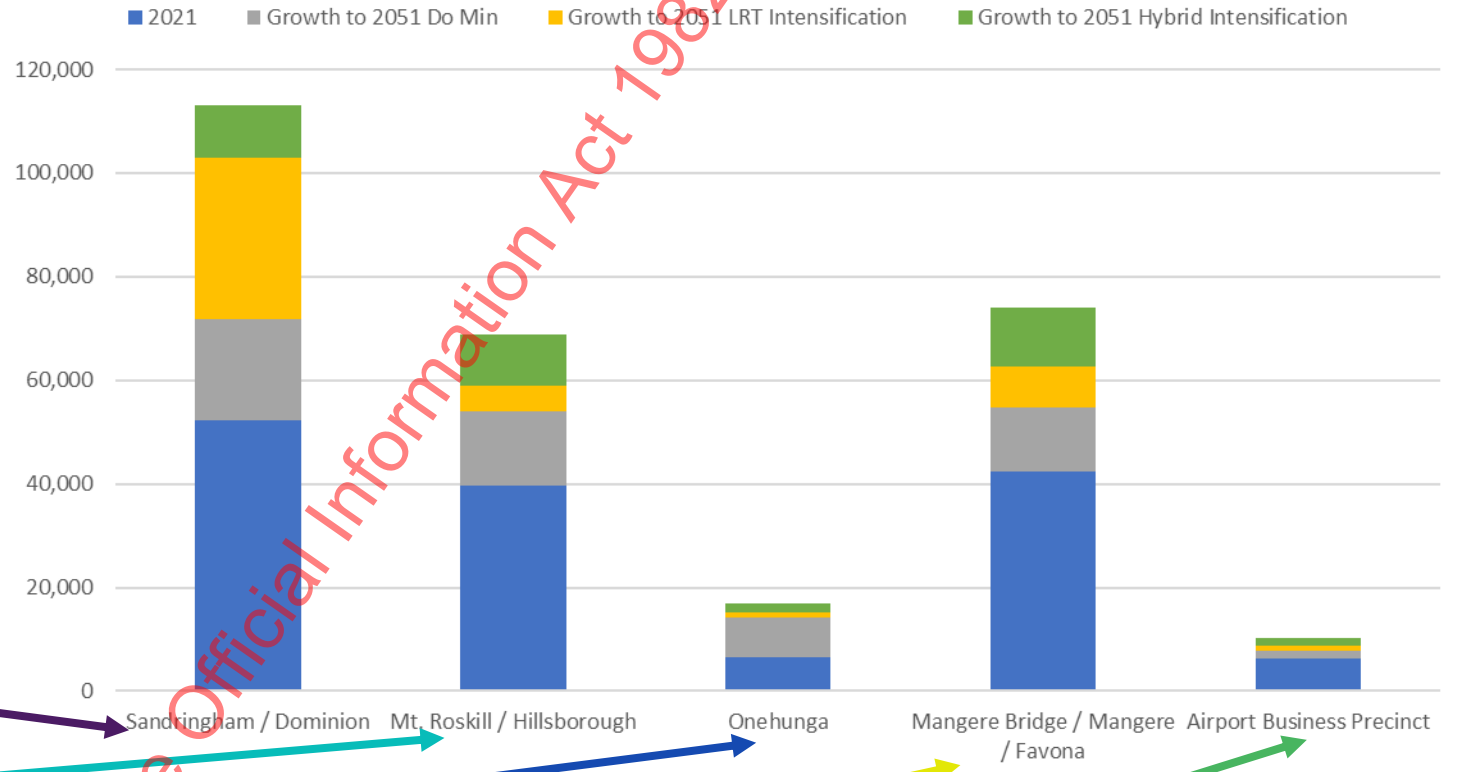


Understanding the growth by option (mode + route)



Comparing options for locations within the corridor

Population growth by option and by section



Google Earth

Image © 2021 Maxar Technologies
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Image © 2021 TerraMetrics

A toolbox of interventions - examples

Levers	Examples
Policies	Value Capture
Planning	Vision and Master/corridor, station, precinct and infrastructure planning
Financial	Infrastructure cost sharing, strategic land purchases, site amalgamation
Statutory	Changes to planning policy e.g new zones, inclusionary zoning, minimum densities, increased height
Information	Design guides, engagement, progress communications
Partnerships	Planning, infrastructure or delivery across all of government and iwi
Delivery	Direct investment or development e.g placemaking, facilitating or procuring development



cc Peter Cade Stone



Key Actions

1. **Mandate** - the Project partners to have a clear mandate to deliver urban development by 2051, including housing (eg 66k homes), environmental and Te Ao Maori outcomes.
2. **Governance** - specific responsibility within governance group to oversee urban development outcomes.
3. **Statutory** - key legislation to be reviewed to ensure tools are available to the Project to deliver urban development outcomes, including land assembly as required.
4. **Strategic assessment and master planning** – assessment across the corridor and node by node to determine the scale of urban development opportunities and constraints, and interventions required to enable and unlock urban development.
5. **Intervention plan** - identify specific interventions required, including enabling infrastructure, amenity and land purchases, and strategy for implementation.
6. **Funding** - identify funding structure to support interventions, and value capture plan.
7. **Delivery** - optimise delivery strategy to secure outcomes, including private sector partnerships.



Recommendation

That the Establishment Board endorse the Urban story content for inclusion in the Business Case and other reporting including advice to Sponsors.

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Auckland Light Rail Establishment Unit Board Meeting Minutes	
Date & time	28 September 2021, 9.30am to 3.10pm
Location	Teams meeting
Board members	Leigh Auton (Independent Chair) Peter Mersi (Ministry of Transport) Katja Lietz (Kāinga Ora) Shane Ellison (Auckland Transport) Nicole Rosie (Waka Kotahi) Jim Stabback* (Auckland Council) Megan Tyler (Auckland Council) Councillor Darby (Auckland Council) Margie Watson (Local Board Representative) Ngarimu Blair (Mana whenua representative, observer until appointment complete) Leilani Frew (Treasury, observer) Dan Cameron (Te Waihanga, observer)
Staff in attendance	Tommy Parker (Project Director) Lucy Riddiford (Board secretary) Out of Scope [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted]
Guests	s 9(2)(a) [Redacted] [Redacted] [Redacted]

* Present for part of the meeting

1. Board Only Session

There was no Board Only Session.

Ms Rosie noted that there is a significant amount of pressure on employees in the public sector and the Board noted the importance of supporting staff, particularly given lockdown, and the need to ensure that staff are supported and enabled to take some time off once the business case has been submitted.

2. Apologies, minutes, interests and matters arising

Apologies

Karen Wilson

Minutes

Resolution	The Board approved the minutes of the last meeting.
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Interests

There was no discussion on the interests register.

Matters arising

- No action has yet been taken on appointing an independent historian to undertake a history of the corridor from a mana whenua perspective.
- Two sessions have been held with the cost estimation team, an optional session for Board members and a more detailed session with Treasury, Ministry of Transport, Te Waihangā and Waka Kotahi.
- Further information has been provided to Treasury about the approach and basis for assumptions for the Urban Work.
- Further work requested on the Delivery Entity to compare Waka Kotahi (permanent) or a new schedule 4A, factoring in governance, decision-making and clear line of sight between sponsors and the project is presented in a paper to be discussed at this meeting.

3. Project Narrative

Mr Parker introduced his paper and noted that the purpose is to set the scene for the discussions that the Board would be having at this meeting.

There was a general discussion, including:

- A desire for clarity on the number additional households that would be enabled with mass rapid transit
- The need to articulate the urban story clearly. This investment would be “catalytic”. Currently operating within a market that is fundamentally broken and planning changes will not be enough. The current system needs to be shifted.
- Social licence and the need to build on the foundations that have been laid. Also discussed the need to engage with broader stakeholders outside the corridor. Social licence needs to be not just for the transport investment but also for urban outcomes.
- The need to include climate in the narrative.
- The need to emphasise productivity and economic growth.
- Caution around referencing the airport, given that earlier iterations of the project have over-emphasised the message about fast trips to the airport.
- The need to be able to articulate a clear vision.
- Clarity around articulating the different types of partnership.

- Interaction with the second harbour crossing.

Resolution	The Board noted the project narrative.
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4. Report back from sponsors meeting

Mr Auton provided a summary of the sponsors meeting on 20 September 2021. The Minister of Finance did not attend the meeting, but his office subsequently sent an email with feedback.

Sponsors had endorsed the recommendations, which were mainly for noting. The following key points were discussed:

- Route and mode options
- Costs and affordability
- Urban context and potential levers
- Value capture
- Delivery Entity and the need to ensure that we had looked at CRL as a potential delivery entity
- The announcement strategy.

Mr Auton also noted that at a meeting with the Minister of Transport on Friday 17 September, we had provided more detail on potential future connections with the North and Northwest through the city centre.

It was noted that there will be factors outside the remit of the Establishment Unit that will inform the ultimate decision.

5. Engagement Report

Out of Scope joined the meeting at 10.30 am and introduced her report and made the following key points

- Overall good results with over 3,000 responses from the survey, email and in writing. 66% support the investment, 14% are neutral with 20% opposed.
- Good engagement with stakeholders – 115 groups.
- Strong support from groups in the corridor communities.
- In terms of age, strongest support in the 20-40 year age range, with more entrenched views in the 50-70 year old age range.
- Key themes include gentrification, business disruption, safety and experience. Public Transport, affordability, urban renewal, less congestion and less reliance on cars. People want a different mode of transport, want a mixture.
- Next steps – we’ve established a relationship. The public do want to continue engagement, want to be involved.

There was a general discussion, including the following:

- The range of stakeholders engaged included airline pilots and business associations. Strong desire for us to come back with more information.
- That while we had support for the project, we had not engaged in detail on the 3 options. The responses would likely have been more technical. We have been able to achieve a broad understanding of what the project is about and what it can do for the future, which we can build on.
- The Board requested the appendices to the engagement report.
- The report provides a good summary for where we are in the project and the nature of the engagement. Overall positive sentiment is a great start. There is large support around accessibility, transport solution. An orange flag is that the support for density is at 37%, which is lower than expected, given that that is one of the overall objectives of the project. 20% opposition is not unusual.
- The need to be clear about the degree of “social licence”, given that we have been unable to engage in detail on the options because of the timeframe and sequencing of the work.
- Kantar conducted a sentiment survey, with the results very similar to our engagement results.
- The fact that this engagement is not in a vacuum. There is also engagement by Auckland Council, including upcoming engagement on the NPS Urban Development and engagement by Kāinga Ora in some of the corridor communities.

Resolution	The Board noted the engagement report.
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Action	Provide the Board with the appendices to the engagement report.
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6. Te Rautaki Hunanga Maori

Out of Scope at 10.55 am.

Out of Scope introduced the paper.

There was a general discussion, including:

- Fact that this is the start of the korero and we need to develop conversations with mataawaka.
- The report seeks to be positive and future focused for the whole lifecycle of the project and beyond.
- The need to bring out issues of climate justice, which is more an issue for Māori youth than the leadership.
- A desire to understand other models of co-governance and partnership to see what has worked well.
- Reflecting on some of the aspirations in the report, the need to start to assist Māori to be ready to deliver on the aspirations.
- Strong desire to build on this work in the DBC phase.

Resolution	The Board noted Te Rautaki Hunanga Maori.
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Out of Scope joined the meeting at 11.20 am.

The Board took a short break.

7. Urban

The Board reconvened at 11.30am and Ms Harland joined the meeting.

Ms Harland introduced her paper and presented some slides which were subsequently added to the Board pack.

There was a general discussion, including:

- The need to reflect the actions and also to ensure that the governance of the project and the delivery entity supported these actions.
- The distinction between what the project can deliver and what Auckland needs. The high intensification scenario looked at what the project can deliver, freed from constraints, with some element of deliverability. This will be tested in the next phase with master planning with community, stakeholders and mana whenua.
- Whether the problem was demand side or supply side, acknowledging that it is a bit of both. The market is delivering 3-4 level developments well. But not more. So, there is a supply side issue. But there is also demand side issue as the community need to support with benefits of intensification.
- There are broader implications for the region. What other levers need to be pulled elsewhere in the region to support the realisation of growth aspirations for this corridor?
- Light rail is potentially the best mode at the southern end of the corridor in terms of urban/ community outcomes because it provides more flexibility to get into the heart of the community.

Resolution	The Board endorsed the Urban story content for inclusion in the Business Case and other reporting, including advice to Sponsors.
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Ms Harland left the meeting at 12.10 pm.

8. Funding and value capture

Ms McClew joined the meeting at 12.10 pm.

Ms Riddiford and Ms McClew introduced the paper and made the following general points:

- The reports discuss all potential sourcing of funding and then discuss the potential beneficiaries of the investment to inform who should contribute to the cost.

- Regional beneficiaries can contribute, with the strongest lever being IFF.
- There is a spectrum of options for urban development from strategic land purchases to more active node development. All come with cost risk and complexity.
- Operating cost funding is highly reliant on patronage, with particular sensitivity around the premium farebox.
- There will be further discussions with Treasury, the Ministry of Transport, Waka Kotahi and Auckland Council about the reports, which will inform advice to decision-makers.

There was a general discussion, including the following points:

- The need for further work, for example looking at Waka Kotahi, the NLTF is a national fund, so it would be necessary to consider trade-offs within the activity class, as well as nationally. Without revenue increases (FED/ RUC increases are ruled out until 2024), Waka Kotahi would not support the proposed level of borrowing.
- Many of the options are beyond the control of individual entities and require a system view. It would be helpful to articulate who can pull each of the various funding levers.
- If IFF is used to fund this investment, would that leave a funding gap for other enabling infrastructure, such as water, noting that developers would expect this enabling infrastructure to be built?
- The need to consider different needs in different parts of the corridor, noting that developers might not be attracted to developing multi-storey dwellings in the southern part of the corridor if there are costs associated with that.
- Kāinga Ora already has funding to make strategic land purchases and any profits could be returned to the Crown.

Resolution	<p>The Board:</p> <ul style="list-style-type: none"> - Noted the detailed funding and value capture advice will be provided to the Sponsors with the Independent Chair’s report and the business case. - Noted that further work will be undertaken with Treasury, the Ministry of Transport, Waka Kotahi and Auckland Council and work will be ongoing.
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Ms McClellan left the meeting at 12.30pm.

9. Delivery Entity

Out of Scope joined the meeting at 12.30 pm.

Ms Riddiford introduced her paper and made the following points:

- Partnership is at the heart of the proposed model.

- Broader governance is proposed at the sponsor level, including the Minister of Housing and mana whenua, in addition to existing sponsors.
- The need for a clear line of sight to Ministers, especially in the early phase when they will want to retain key decisions
- The recommendation for flexibility into next phase.

There was a general discussion, including the following points:

- Mr Mersi supported keeping options open for the ultimate delivery entity and noted the need to keep up momentum for the project and having clarity on accountability for decisions. Focus on the next phase and what is needed to deliver in the early phases, noting that legislation cannot be changed in the short term. Whatever is put in place needs to be people agnostic, there needs to be a robust system to deliver.
- Ms Frew agreed that momentum is important, but noted that Treasury has a slightly different perspective on when the delivery entity should be stood up. It should be earlier, to ensure that there is a proponent for the project and moral commitments made to communities and stakeholders can be retained. Treasury will be including this in their advice to Ministers. There may be differences of opinion on when the delivery entity should be stood up and where it should sit.
- Ms Rosie noted the need for interfaces with other related projects in the network and the fact that these projects are currently being led by Waka Kotahi and Auckland Transport.
- Mr Ellison expressed concern that there might be further advice and wanted to ensure that the partnership model and the role of Auckland delivery partners, as articulated in the management case, was supported.
- Ms Lietz requested that the Ministry of Housing be involved in discussions about the delivery entity.
- The Board endorsed the recommendations and added a further recommendation: **Note** the work done in the management case which identifies specific roles for Auckland Transport and Auckland Council and that future discussions and decisions on delivery entity should enable those roles.
- Treasury and the Ministry of Transport noted that they will be putting up separate advice to their Ministers.

Resolution	<p>The Board:</p> <ul style="list-style-type: none"> - Noted the contents of the paper which provided additional considerations around two potential options for the Delivery Entity, being Waka Kotahi (potentially through an internal business unit or subsidiary), or a new Schedule 4A company. - Noted that the Delivery Entity report found that CC2M could be delivered by both options considered. Each of the options has benefits and limitations. This means that Sponsors have alternative options differentiated by the desired levels of oversight, appetite for institutional change, costs, and long term flexibility
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	<p>around scope and projects. There will be significant challenges to capability and capacity under any of the options considered.</p> <ul style="list-style-type: none"> - Noted a Waka Kotahi entity may be more efficient to establish as systems and processes, and importantly some existing capability, can be leveraged. However the project would need to be set up to ensure that there is a clear line of sight between Sponsors/ Ministers and there is real clarity on governance, decision-making and accountability. Risks might remain around the ability of Waka Kotahi to manage and govern CC2M alongside existing activities. - Noted that a new Schedule 4A Crown Company does require time and cost to establish, however, it can be created to suit CC2M's exact needs, functions and to provide the balance of operational autonomy and Ministerial / Sponsor oversight needed. It can be flexible to adapt as the Project does. - Noted the next phase will provide further clarity on route and mode, the associated urban development opportunities, appetite in relation to risk and control of urban outcomes, and the role of the Delivery Entity and its partners in delivering the outcomes. The form of the Delivery Entity can be considered and confirmed as these elements are refined to ensure the right entity is used to deliver this important and city-shaping project, or established in the nearer term with flexibility to accommodate elements yet to be determined. - Endorsed a position that keeps open the choice of final Delivery Entity, recognising that there may be drawbacks that could arise from risks the project could lose momentum without a dedicated champion. Extended delays could also have an impact on wider Sponsor agendas, the project programme, and impact the ability of the Delivery Entity to build capability and attract skilled staff. - Noted the work done in the management case which identifies specific roles for Auckland Transport and Auckland Council and that future discussions and decisions on delivery entity should enable those roles.
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Out of Scope left the meeting at 1 pm.

The Board took a short break.

10. Integration with the North Shore and North West rapid transit

The Board reconvened at 1.15 pm and **Out of Scope** joined the meeting.

Out of Scope introduced his paper. There was a general discussion, including the following points:

- The recommendation is not to rule a tunnel in the city centre *in*, but not to preclude it.

- Whether the issue turns on capacity or journeys/ journey time. If capacity, then that would favour Light Metro and hybrid (tunnelled light rail) options.
- The fact that early planning for the North and North-West routes suggest a Light Metro option would be best.
- Whether tunnelling in the city centre would still be supported if the next Waitemata Harbour Crossing were a bridge, noting that if there is not a tunnel in the city centre, a further light rail corridor would be needed in the city centre in the future and there would be capacity challenges.
- The need to plan this project together with the Waitemata Harbour Crossing project so that the three routes can come together.
- A discussion of whether it was right for this project to bear the costs for future proofing future benefits.

Resolution	The Board noted the Integration with the North Shore and Northwest Rapid Transit paper.
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11. Business case

Out of Scope joined the meeting at 2pm.

Out of Scope introduced his paper. There was a general discussion, including the following:

- All options meet the investment objectives.
- Affordability, noting that if this is the primary consideration, Light Rail is an option that meets the objectives, but it does mean that there will be future problems in the city centre.
- Climate change and the tunnelling and carbon budget in the construction phase. Whilst this levels up over time, the Auckland climate change plan requires 2/3 reduction in petrol and diesel use. There was some discussion about the measurement of embedded carbon and also about construction innovations that will reduce embedded carbon.
- The fact that the proportionate cost difference between Light Metro and the hybrid option is not great, so that could support the Light Metro option.
- The fact that the Light Rail option appears to support better urban form outcomes in the southern part of the route.
- That the demand profile for different sections supported the hybrid option.
- The need for the choices, assumptions and trade-offs to be clearly articulated for decision-makers.
- The impact of congestion charging, noting that the project team had done some sensitivity modelling.

- Level of confidence in the costs. It was noted that this is an Indicative Business Case and the costs support the process of determining a shortlist. It is less about numbers and outcomes, more about demonstrating need for change and argument for solutions to support what is needed, using a qualitative and quantitative approach. The costs are for comparative analysis, not absolute and do not necessarily reflect the actual investment. This is not the final investment decision.
- Construction and disruption impacts, including on businesses, noting that the construction methodology has only been considered at a high level.
- The need for more investigation on the interconnection between future mass transit corridors to North Shore and North West.
- Concerns about Light Rail in the city centre from an operational perspective.
- The fact that there will be significant community engagement on details in the next phase.
- Lifespan for this investment.

Resolution	<p>The Board:</p> <ul style="list-style-type: none"> - Noted that the Indicative Business Case is a near final draft and will continue to be refined in response to feedback from the assurance process, the Board and Sponsors. - Endorsed the Indicative Business Case and authorise the Project Director, in consultation with the Chair to approve the final Indicative Business Case. - Noted that Sponsors have requested a clear recommendation for a preferred mode and route and an articulation of the trade-offs and differentiators between options. - Noted that the Indicative Business Case has identified three options – Light Rail, Light Metro and a Hybrid (partly tunnelled Light Rail) – each of which would deliver the investment objectives with varying levels of benefits. - Endorsed the Hybrid (partly tunnelled Light Rail) option as the preferred mode to be presented to Sponsors. - Noted that the exact route of the Hybrid (partly tunnelled Light Rail) option remains flexible and the final route through the central Isthmus (including the length of tunnelling) can be explored in the next phase. <p>As observers, Ms Frew and Mr Cameron did not participate in the recommendation.</p>
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	<p>Mr Mersi abstained from the recommendation, on the basis that as Secretary of Transport, he is obliged to provide independent advice to the Minister of Transport.</p> <p>Mr Blair did not support the recommendation. Mr Blair prefers the Light Rail option for 2 main reasons:</p> <ul style="list-style-type: none">- Carbon reduction - surface Light Rail has less embedded carbon (because there is less concrete and steel involved in construction) so it achieves carbon neutrality fastest.- Cost.
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Out of Scope

3.02pm

left the meeting at

12. General business

There was a discussion about whether it might be possible to take more than one option to the detailed business case phase.

There was also a further discussion about supporting the well-being of project team members by ensuring that they take sufficient time to have a break once this phase of the work has been completed.

The meeting concluded at 3.10 pm.



Minutes approved by the Independent Chair

Leigh Auton

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