

BOARD AGENDA

Meeting	13 May 2021, 10.00am – 1.00pm
Location	Level 10, 203 Queen St, Auckland
VC/dial in	Teams
External attendees	n/a

No.	Item	Sponsor	Attendees	Timing	Mins
Introduction					
1	Welcome and apologies	Chair		10.00am	10
2	Interests Register	Chair			
Strategic					
3A	Introduction to Light Rail	Tommy Parker		10.10am	60
3B	Background to Auckland Light Rail Project (Inform Paper)				
MORNING TEA				11.10am	10
Operational					
4A	Mobilisation leaders report	Tommy Parker		11.20am	40
4B	Monthly report and programme				
5	Establishment Unit Board fundamentals	Lucy Riddiford		12.00	15
General Business					
6	General Business	Chair		12.15	15
7	Board only session			12.30	30
	MEETING CLOSE			1.00	

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DRAFT for discussion

Auckland Light Rail

City Centre to Māngere (CC2M)

Briefing Paper

Overview of the CC2M project, key trade-offs and strategic considerations, and what we are delivering

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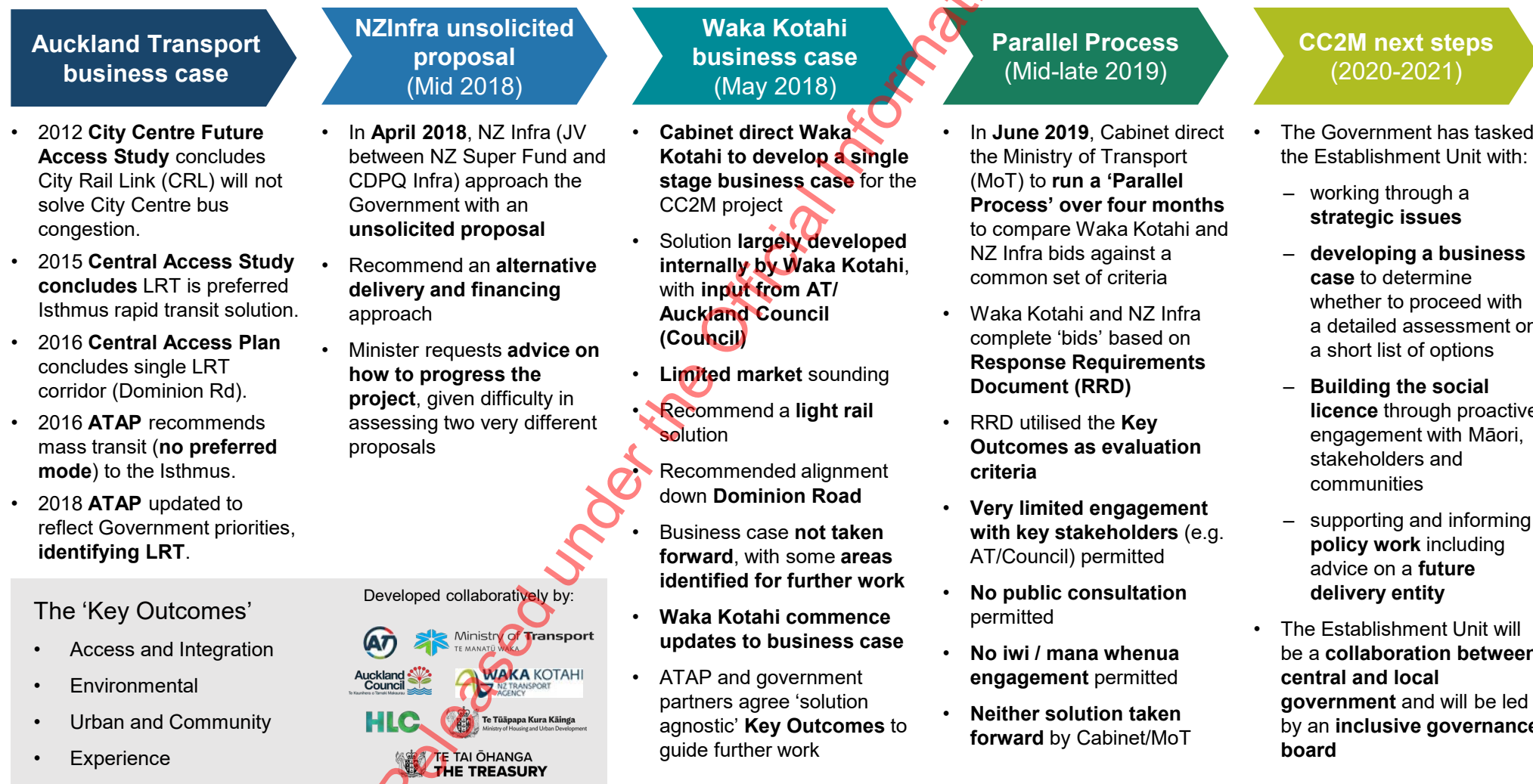
Contents

- **Background**
- **Establishment Unit and what it needs to deliver**
- **Strategic considerations**
- **Key challenges and trade-offs**

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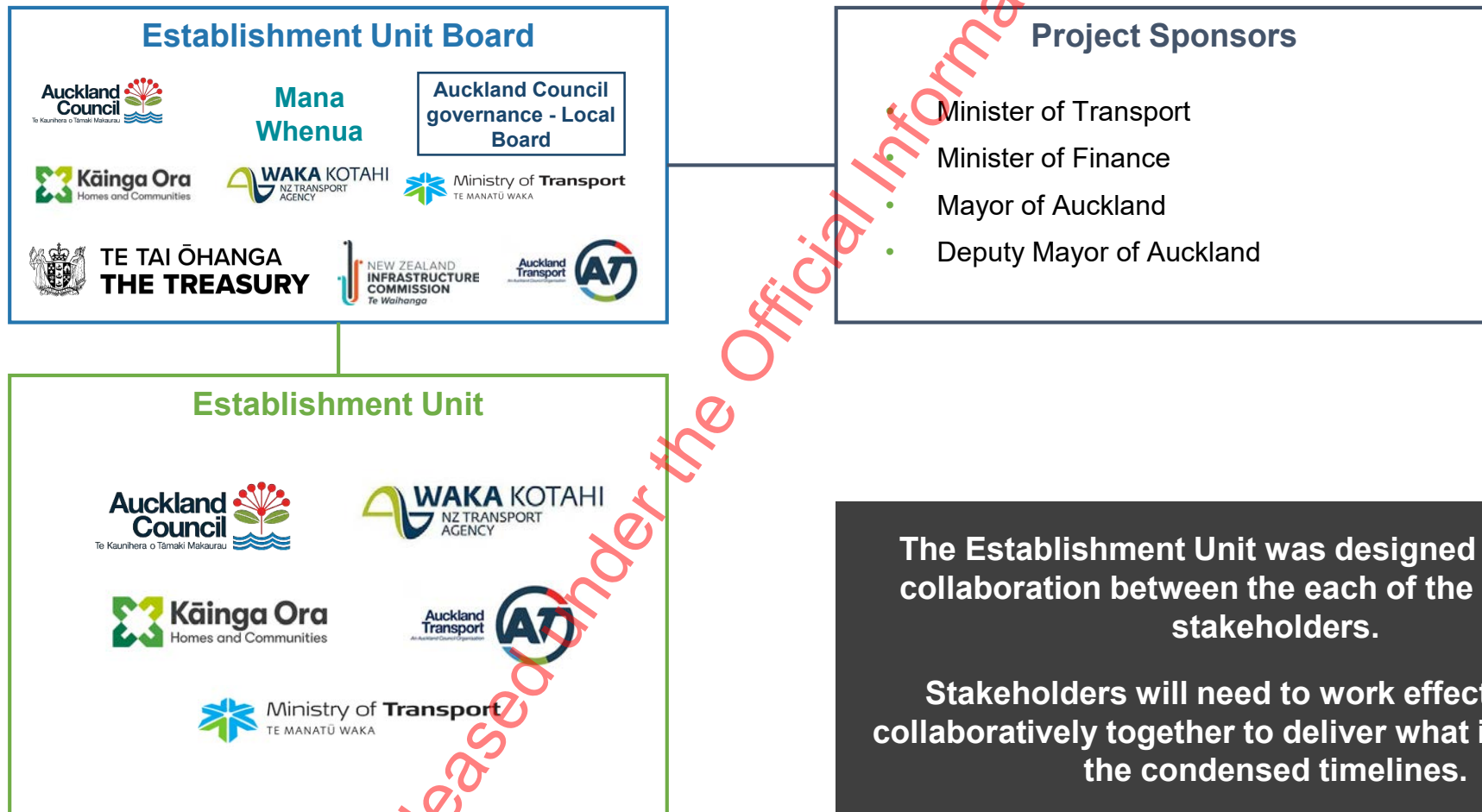
Background to the CC2M project

The CC2M project was originally commenced by Auckland Transport (AT) and has been through a number of different iterations over the past five years. The timeline below provides an overview of the project throughout its different phases.



Establishment Unit – A collaborative approach

The Establishment Unit was formed to progress the CC2M project through the indicative business case phase, while a long-term delivery model is being developed.



The Establishment Unit was designed to promote collaboration between the each of the key project stakeholders.

Stakeholders will need to work effectively and collaboratively together to deliver what is required in the condensed timelines.

What the Establishment Unit will deliver

The Establishment Unit has been tasked with completing four key deliverables. The key focus of the next six months will be on building the social licence for the project and progressing with an indicative business case.



Delivery of an **Indicative Business Case (IBC)** to support a robust shortlisting assessment of different options (e.g. mode, route, alignment).



Leading **engagement with stakeholders and communities** to Build the social licence for the CC2M project.



Working with iwi / mana whenua to identify partnership opportunities in relation to the CC2M project.



Providing detailed **advice on the appropriate delivery entity** to deliver the CC2M project (e.g. City Rail Link Limited, new entity, unincorporated joint venture (JV)).

The key Cabinet decision in December will be whether to proceed with the next stage of the business case, rather than committing to an investment decision, or a specific preferred route.

Strategic considerations

The four strategic questions identified in the March 2021 Cabinet Paper need to be addressed to ensure the business case is scoped appropriately, and work can be undertaken efficiently in the tight timelines.

Strategic questions

The March 2021 Cabinet paper identified four strategic questions that will need to be tested with sponsors in order to shape the business case:

- *What city shaping function should CC2M serve?*
- *What level of commitment can be given to delivering on the urban development opportunities unlocked by CC2M?*
- *What role should CC2M play in Auckland's wider rapid transit network?*
- *What level of complexity are the Government and stakeholders prepared for?*

Guidance on the following areas needs to be provided to answer these questions and provide minimum requirements for options assessment:









- Weighting given to transport outcomes 'vs' urban outcomes
- Importance of value creation and capture
- High level funding parameters to enable outcomes to be assessed in light of affordability
- Congestion now 'vs' future network integration
- Appetite for investment now where benefits might not be realised for 10-15yrs+ years (housing / urban intensification)
- Speed 'vs' number of stops
- Risk appetite in relation to urban development opportunities

Obtaining guidance on these areas is critical to ensuring:

- Focused business case process (particularly given timelines)
- Trade-offs to be assessed and considered meaningfully
- Short listed solutions able to be taken forward to the next stage

Key decisions required over the next 6 months

A summary of some of the key decisions that the Establishment Unit will need to make are provided below.

-  **Short list of options** (mode, route, alignment) taken forward for further evaluation.
-  How and what **stakeholder engagement** will be undertaken (e.g. stakeholder management plan).
-  **Roles for each of the project partners** in relation to the delivery of the CC2M project.
-  **Assessment criteria**, project **KPIs** and **Critical Success Factors**.
-  How **Mana Whenua engagement** will be facilitated (e.g. Mana Whenua Engagement Plan).
-  **Preferred delivery model** to undertake the delivery of CC2M, including governance.
-  **Powers** the delivery entity will be provided with to support delivery.
-  How the project will be **funded and financed**, including the use of value capture.

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Challenges and trade-offs

There are three key challenges / trade-offs that will need to be addressed in order to successfully deliver the CC2M programme over the next six months.

1

Trade-off between the **desire to build social licence** through collaboration and consultation with stakeholders and communities, and the need to **deliver the business case in a very short timeframe**.

2

Tension between short and long-term pressures (e.g. project benefits realised significantly later than the timing of the investment).

3

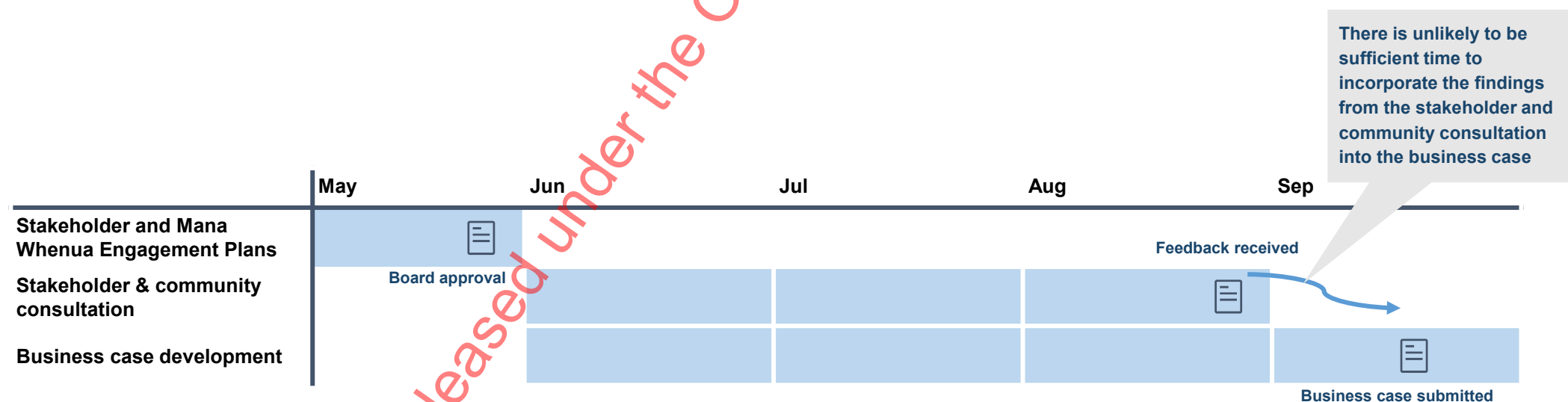
Complexity involved with aligning the CC2M project to a number of strategic and planning documents, many of which are being developed concurrently with the business case.

Each is explored in more detail on the following pages

Building social licence

A focus for the next six months is building social licence for CC2M through stakeholder and community consultation. Given the limited timeframes, a balance will need to be struck between the level of engagement and progressing the business case.

- There are significant time constraints associated with delivering the business case, which may **limit the extent to which feedback**, obtained through the stakeholder and community consultation, **can be incorporated** into the business case.
- The Establishment Unit was designed to **promote collaboration between key partners**. Facilitating further collaboration through interactive workshops will need to be **balanced against the need to progress the business case in an efficient and unified manner**.

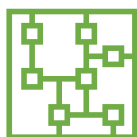


Short term v long term investment horizon

Along with the unavoidable timing difference between capital investment and benefits realisation, a trade-off between resolving short-term capacity constraints and optimising the future rapid transit network will also be required.



Investment required in the short term, with the associated **benefits derived over the long-term**. Lengthy construction period associated with the project and long-term nature of urban development mean that the project benefits are not immediate, and will increase and be realised over a long period of time (i.e. between 10-50+ years from today).



There is a trade-off associated with the short and long-term drivers of the project. In the short-term, **bus capacity constraints through the isthmus and city centre** remain a key driver, but this **must be balanced against optimising the future rapid transit network, shaping urban form and driving increased mode shift over the long-term**.

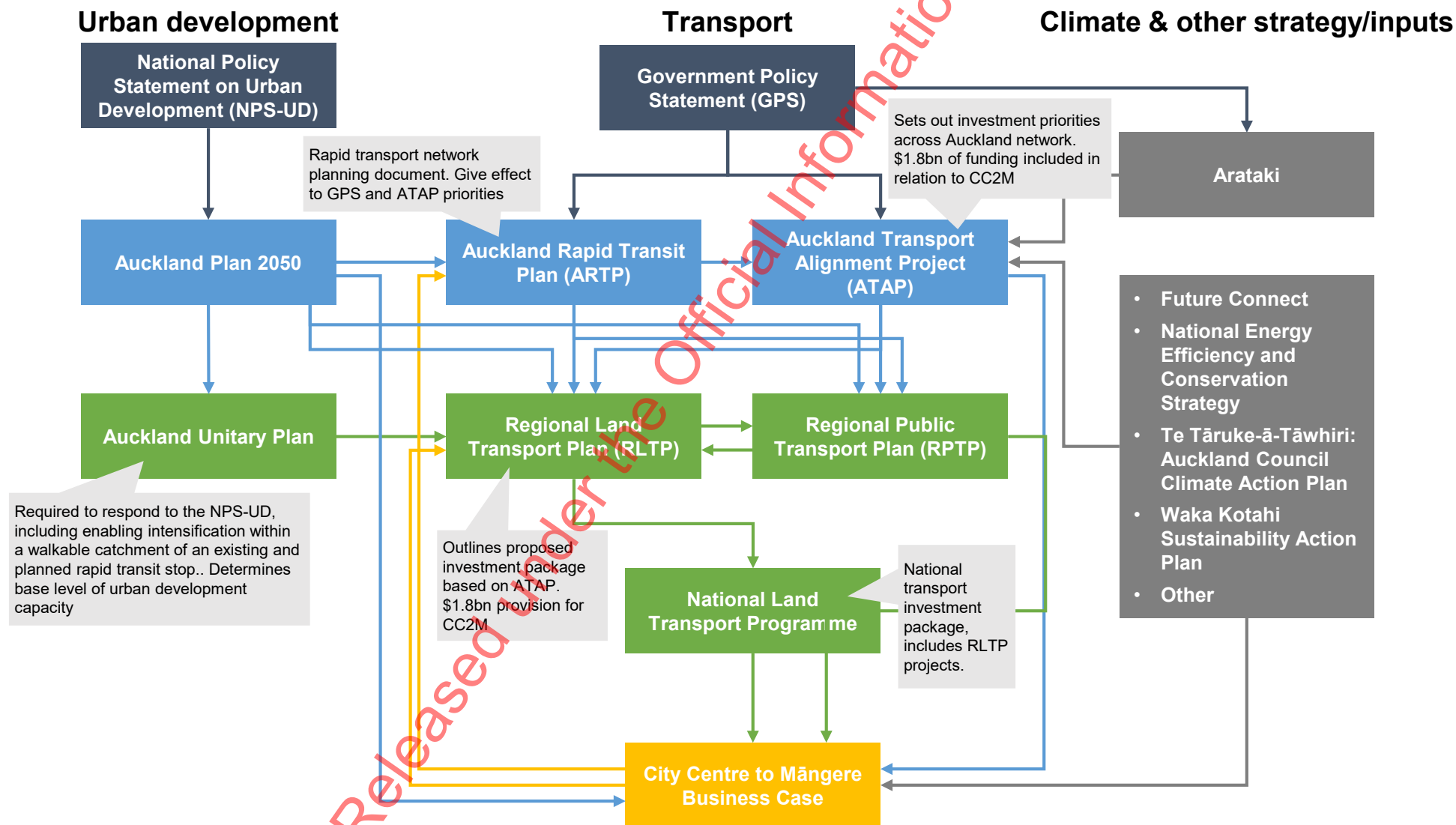


Given the long-term and enduring nature of urban development, a **greater focus on urban development** and using the CC2M project to shape urban form, will **accentuate the trade-off** between the short and long-term drivers of the project.

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How CC2M fits within the planning framework

The CC2M project needs to respond to a number of policy, strategy and planning documents, adding to the complexity of project design and delivery.



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Concurrent processes – ARTP, ATAP and RLTP

A number of key planning documents are being updated as part of the regular review processes, which is outlined in the timetable below.

ATAP 2021-31

- **Adopted** March 2021
- Focus on **investment prioritisation**
- **Provision for CC2M** included (\$1.8bn of funding), **limited detail** given lack of certainty
- Focus on **mode shift, supporting growth, climate change and safety**
- Next iteration will **reflect CC2M** business case decisions

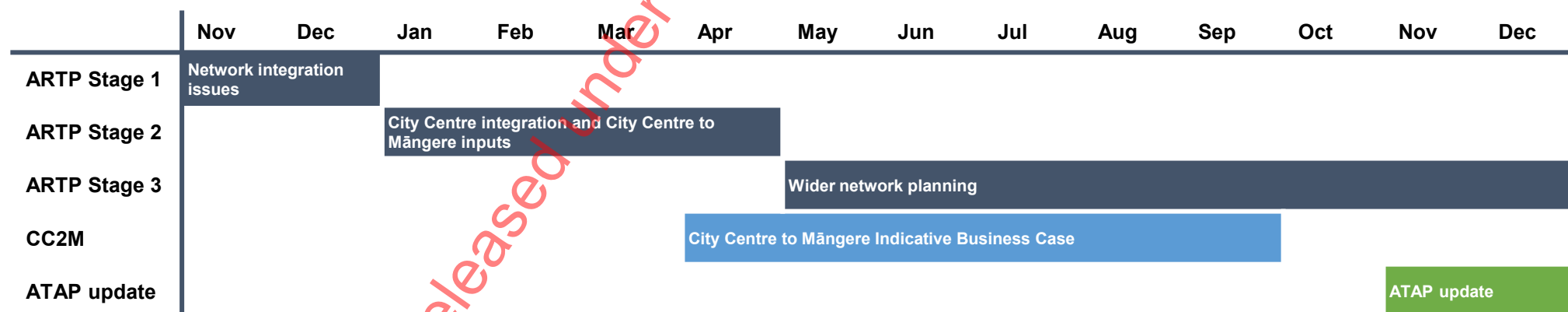
ARTP

- **Holistic analysis** of options for developing Auckland's rapid transit network
- Focus on **network planning**
- **Stage 1 complete**, work on **stage 2 has commenced** (refer figure below)
- Stage 2 **outputs provided to support development** of the business case
- **Wider network planning in parallel** to business case

RLTP 2021-31

- **Guided by ATAP**
- Currently in draft and **out for consultation**
- **Consistent with ATAP, CC2M seed funding** included. Does not include full completion of light rail links.
- **Final RLTP expected late June 2021** (i.e. pre-completion of the business case) as part of the LTP process

Timeline of integration activities



Urban development

Urban development opportunities and land value uplift are influenced by the Auckland Unitary Plan and the requirements of the National Policy Statement on Urban Development (NPS-UD).



The **Auckland Unitary Plan** includes the Regional Policy Statement and sets out provisions that determine what can be built and where (e.g. identifies zones, land uses anticipated for zones and associated rules).



The **NPS-UD (2020)** requires territorial authorities to provide for greater intensification to better respond to growth. One of the key changes relevant to the CC2M project is a requirement for planning rules to enable at least **six storeys within walkable catchments* of existing and planned rapid transit stops**. Greater restrictions on heritage protections also included.

*The NPS-UD requires Auckland Council to define walkable catchments around existing and planned rapid transit stops. This work is currently underway. As a starting point, Ministry for the Environment guidance indicates a 10 minute walk, which equates to a walking distance of 800m.



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AUCKLAND LIGHT RAIL: MOBILISATION LEADER'S SUMMARY REPORT

This summary report provides an overview of the team set up and progress to date. Detail is provided in the Project Plan and the Board Briefing Pack, attached.

The core team have been in the project office for three weeks. The work stream structure has been determined and objectives and outline programs established, as detailed in the Project Plan and we are in the process of on boarding consultants to undertake the technical work.

The work stream leaders and myself are meeting on a weekly basis, as a senior leadership team, to review progress. Two senior external leaders will supplement the leadership team to provide advice and challenge. Claire Stewart and Richard Hancy both have extensive experience of infrastructure delivery in Auckland. Claire will also assist Lucy in the advice on the delivery entity and Richard has a role in integrating the work streams to ensure we optimise the program and identify risks early.

We have an all office stand up meeting every Tuesday morning to bring the team together and update on progress. We have commenced discussions with a team coach to help develop a high performance culture.

Work stream Key Progress

Social Licence:

The team supported Minister Wood at the first stakeholder event on Friday 7th in Mt Eden. The event was attended by around 80 local people and media. The minister gave a presentation followed by Questions and was well received.

Following a fast track appointment process we have identified our preferred Communications partner. DDB Aotearoa are a large agency with sufficient resources to mobilise a team to help us produce the material we need to undertake the stakeholder consultation and have a strong reputation and track record of innovative engagement campaigns.

We have appointed a team to develop and implement the ManuWhenua partnership plan. The stakeholder and Iwi plan will be ready for Board/Project Sponsors Sign off at the end of May. Preliminary conversations with key stakeholders will continue through May with full implementation commencing in June

Business Case:

The ILM (Investment Logic Map) workshop was held on Monday 10th May. This was facilitated by an independent accredited facilitator and was attended by all partner organisations. The ILM is the foundation document for the Business case as it sets out the problem definition and investment objectives that the plan responds to. A draft of the output of the workshop will be provided to the board.

Technical Support, Procurement Advice and Program:

The technical gap analysis of the previous scheme has been completed and we are in the process of establishing packages where further design is required. This work needs to respond to the needs of the business case and some will not be commenced until the short list is confirmed. A procurement workshop is being arranged and Industry liaison meeting for mid may.

Delivery Entity:

Discussions undertaken to align the work of the Establishment Unit with the Policy work led by Ministry.

Urban:

Discussions Underway to align the project timeframes with the NPSUD consultation. Ongoing conversation to ensure we align the Light Rail objectives and outcomes with those of the Council and Kāinga Ora.

Key Concerns:

Program Interactions

The tight timeframes and complexity of the issues we need to resolve require careful interaction and program planning, discussed further in the Board Briefing.

Resourcing

As the work ramps up over the next few months we will need to identify and bring in the necessary resources, from both the home organisation and consultancies. We have developed a resource plan and a procurement plan which we will continue to monitor and review.

Back Office Support

We are experiencing teething problems in terms of IT and admin support which will become increasingly frustrating to the team if we do not resolve promptly.

Tommy Parker
May 2021

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AUCKLAND LIGHT RAIL

PROJECT PLAN

May 2021

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ESTABLISHMENT UNIT DASHBOARD

Key Actions Undertaken for the Period Mid April –Mid May 2021	Status
Resource Plan, High Level Programme and Forecast Budget developed	On target, no issues or risks
Establishment and Onboarding of team members Branding: team voted on Team Neo (new beginnings)	Risk of falling off track, attention needed
Community Engagement , media plan and briefing underway. Two Communication Agencies and three Engagement Agencies engaged.	On target, no issues or risks
Programme and Procurement: Market Engagement strategy, Technical workshops, Design scoping underway	On target, no issues or risks
Urban Policy, Infrastructure, Growth + dev capacity, Urban Economics, Station Walkable catch, Delivery Strategy underway	On target, no issues or risks
Business Case ILM (investment logic map) workshop conducted	On target, no issues or risks
Airport Property engagement	On target, no issues or risks

Planned for next period Mid May – mid June 2021
<ul style="list-style-type: none"> Risk Workshops (internal and external factors) Stakeholder kick offs, Media Plan and Briefing continue, Communication Agency and Engagement Agency appointed to develop key messages, channels etc Prepare for 28th May Minister Wood community discussion Urban Dev. Uplift Scenarios, Gap Analysis Defining scope for funding + finance, powers required, value capture and partnership approach. Brief advisers. Scoping with Ministry of Transport and Treasury Technical Options workshop, refining schemes , Design optimisation scoping scheme Continue with Market Engagement Strategy Urban – gathering non transport requirements

Financials

This forecast holds a 30% contingency. This will be reforecast 30/6/21 after the Technical design/solution costs are complete. At time of writing no actuals to present.

Current forecast for the Establishment Uni is \$12million for period April – December 2021

This covers Programme + Procurement, Business Planning, Social Licence, Urban, PMO, Culture and Governance + Policy. Refer to Delivery team Structure also.



Top 5 milestones	Date	Note
Establishment unit announced	31/03/21	Complete
First board meeting	13/05/21	On target, no issues or risks
Community engagement start	7/5/11	On target, no issues or risks
Cabinet paper finalised	01/10/21	On target, no issues or risks
Cabinet decision	21/11/21	On target, no issues or risks

Project status	
Scope	Resources
Risk	Issues
Budget	Schedule

Key	
Red	Off track, immediate attention needed
Yellow	Risk of falling off track, attention needed
Green	On target, no issues or risks
Blue	On hold
Purple	Complete

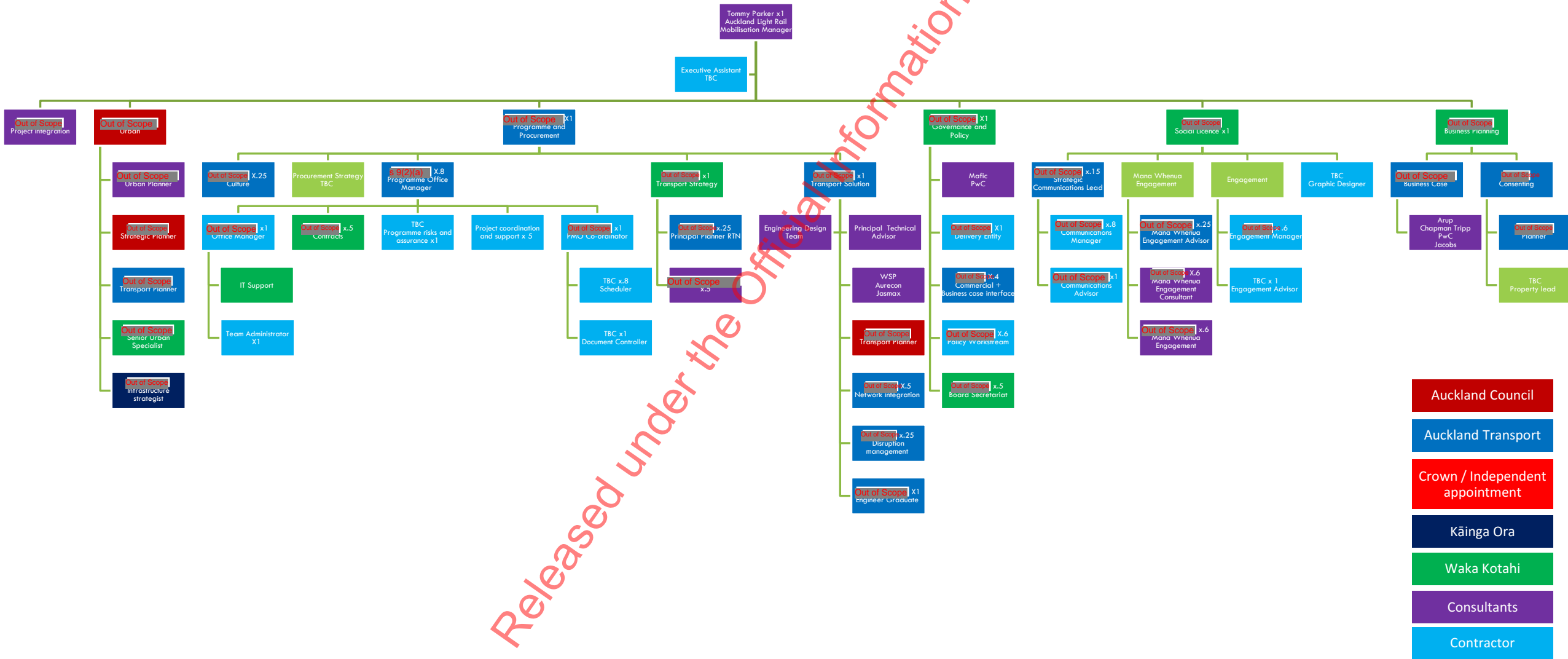
TEAM NEO WORKSTREAMS PROGRESS DASHBOARD

Key	
	Off track, immediate attention needed
	Risk of falling off track, attention needed
	On target, no issues or risks

Workstream	High-Level Progress Overview	Programme	Resources	Budget	Risk Status
Governance and policy	Board Secretariat setup, begun scoping including powers required, funding and finance. Produced Resource Plan	Future reports will show progress + will be baselined	Internal processes to be established	\$1,558,587	Future reports will show overall RAG status
Social licence	Community Engagement begun with Minister Wood on 07/5/21, Communications Manager on board, Marketing Agencies engaged begun, Creative concept and brand, Media Plan and briefing, agencies engaged	"	"	\$2,144,902	"
Business case and consenting	Short list briefing, ILM facilitated workshop, Consultants onboard for assistance with Gap Analysis from previous Strategic/Commercial Case/Management case,	"	"	\$2,083,150	"
Urban development	Scoping Integration and resource plan across urban work stream, for Policy: Infrastructure: Growth + Development: Urban Economics: Station/Walkable catchments; Urban Delivery. Modelling Inputs,	"	"	\$1,052,728	"
Technical solution	Resource Planning , Design Scoping Sessions Technical Options W/Shop Interface into the Business Case, Objectives Workshop	"	"	\$2,144,902	"
Procurement	Marketing Strategy, begun developing Procurement Strategy,	"	"	\$298,571	"
PMO & Culture	Resource Plan, Schedule, WBS on a page, Forecast budget, reporting to board setup; Culture plan – engagement with Human Syncs	"	"	\$422,292	"
Office Support	Office Manager has been appointed, IT support still outstanding. Waka Kotahi internal processes to be established to support procurement of resources.	"	"	\$352,000	"
			Total	\$10,057 000.00+ 30% Contingency	
			Grant total	\$13,074,272	

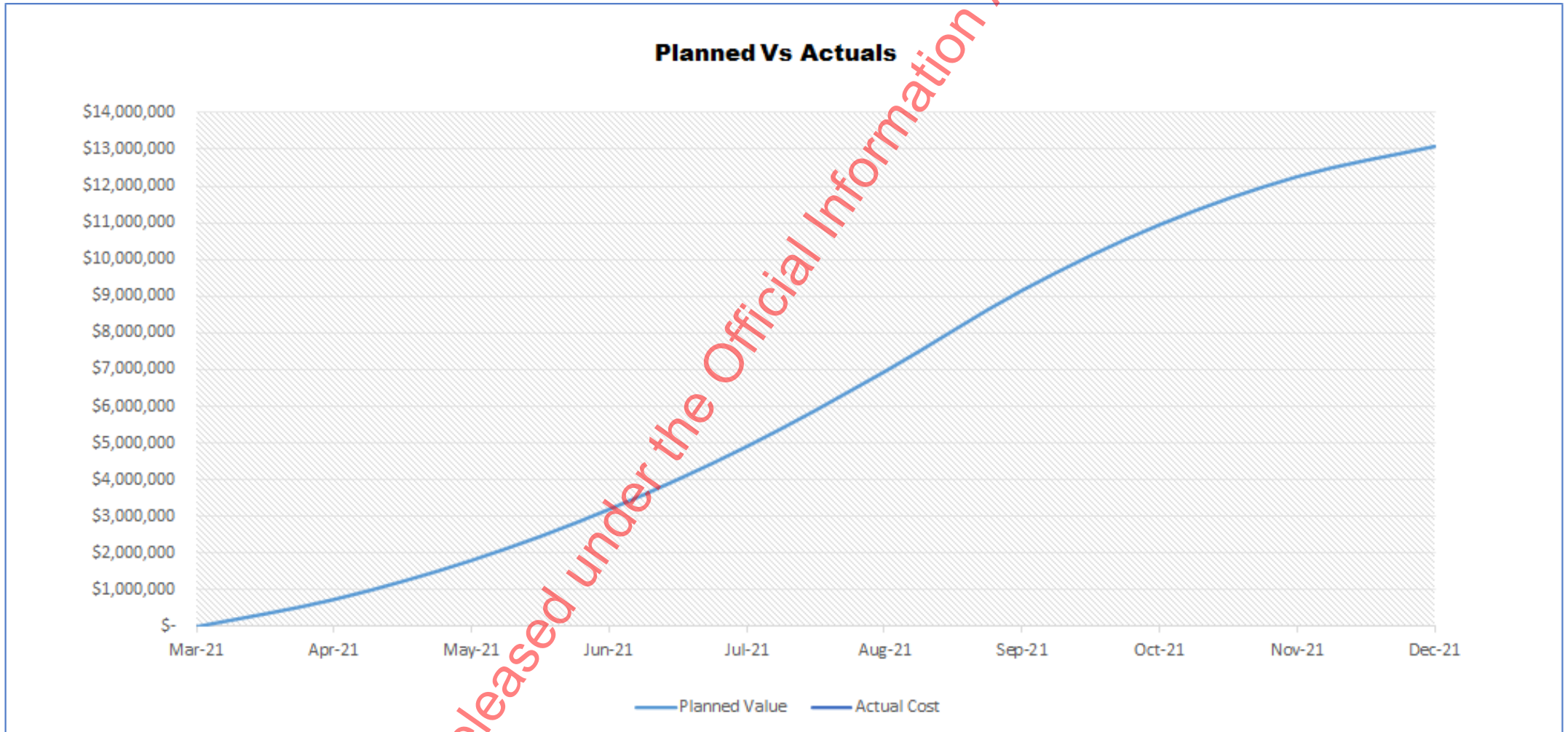
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MOBILISATION STRUCTURE – THIS IS A DELIVERY MODEL NOT AN ORGANISATION CHART as at 10th May 2021



FINANCIALS – S _ CURVE VIEW OF FORECAST SPEND – APRIL – DECEMBER 2021

Note: This forecast holds a 30% contingency. Which will be held centrally by the PMO.
Actuals not available yet.

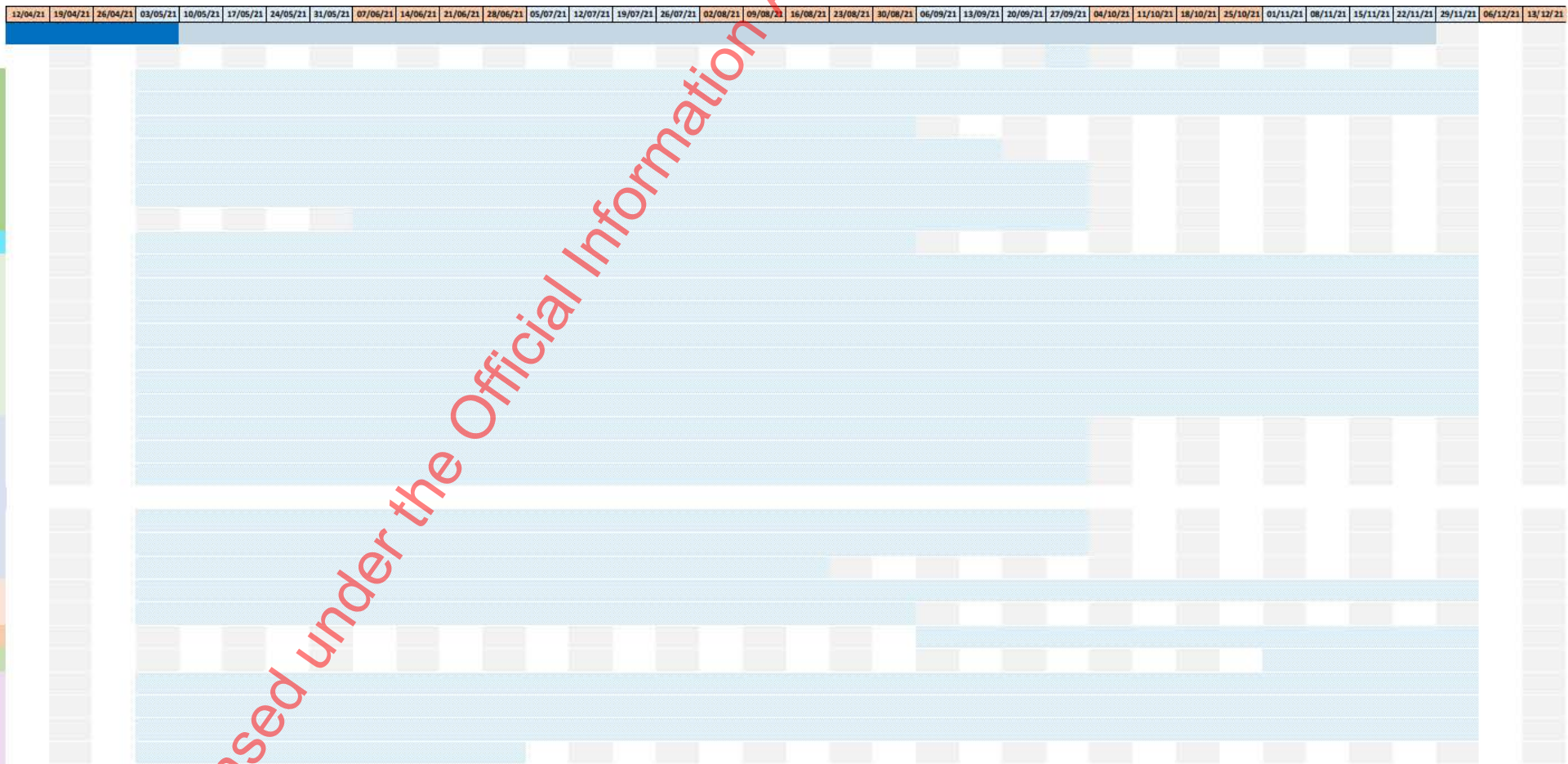


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SCHEDULE — THIS IS A HIGH LEVEL VIEW OF OUR ACTIVITIES , FOR DETAIL REFER TO THE "ON A PAGE" SCHEDULES PROVIDED AT THE END OF THIS PACK.

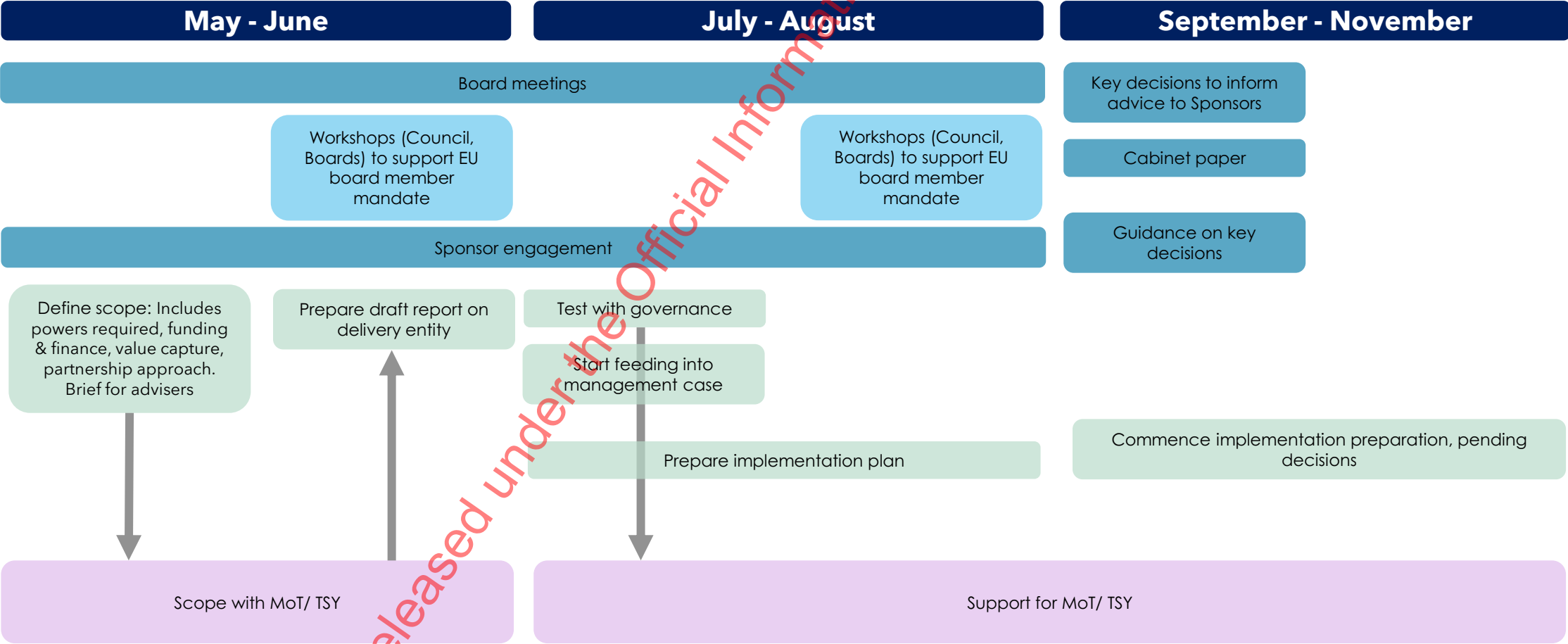
	Start Date	End Date	Value	Progress %
Overall	12/04/21	23/11/21	225	12%
Cabinet paper ready	25/09/21	30/09/21	5	0%
Programme + Programme	01/05/21	30/11/21	213	0%
Technical solution	01/05/21	30/11/21	213	0%
Operations/requirements	01/05/21	31/08/21	122	0%
Technical Stream Engagement	01/05/21	15/09/21	137	0%
Technical Design	01/05/21	30/09/21	152	0%
Transport Strategy	01/05/21	30/09/21	152	0%
Programme	06/06/21	30/09/21	116	0%
Procurement	01/05/21	31/08/21	122	0%
Urban	01/05/21	30/11/21	213	0%
Policy Direction	01/05/21	30/11/21	213	0%
Infrastructure	01/05/21	30/11/21	213	0%
Grown and Development Capacity	01/05/21	30/11/21	213	0%
Urban Economics	01/05/21	30/11/21	213	0%
Station/walkable catchments	01/05/21	30/11/21	213	0%
Centres	01/05/21	30/11/21	213	0%
Business Case	03/05/21	30/09/21	150	0%
Strategic	03/05/21	30/09/21	150	0%
Economic	03/05/21	30/09/21	150	0%
Financial	27/05/21	30/09/21	126	0%
Commercial	03/05/21	30/09/21	150	0%
Management	01/05/21	30/09/21	152	0%
Procurement strategy	27/04/21	20/08/21	115	0%
Social Licence - Engagement	01/05/21	30/11/21	213	0%
Social Licence - Communications	01/05/21	31/08/21	122	0%
Partnership	01/09/21	30/11/21	90	0%
Urban form	01/11/21	30/11/21	29	0%
Governance and policy	01/05/21	30/11/21	213	0%
Governance	01/05/21	30/11/21	213	0%
Delivery Entity	01/05/21	30/11/21	213	0%
Policy	01/05/21	30/06/21	60	0%



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GOVERNANCE & POLICY

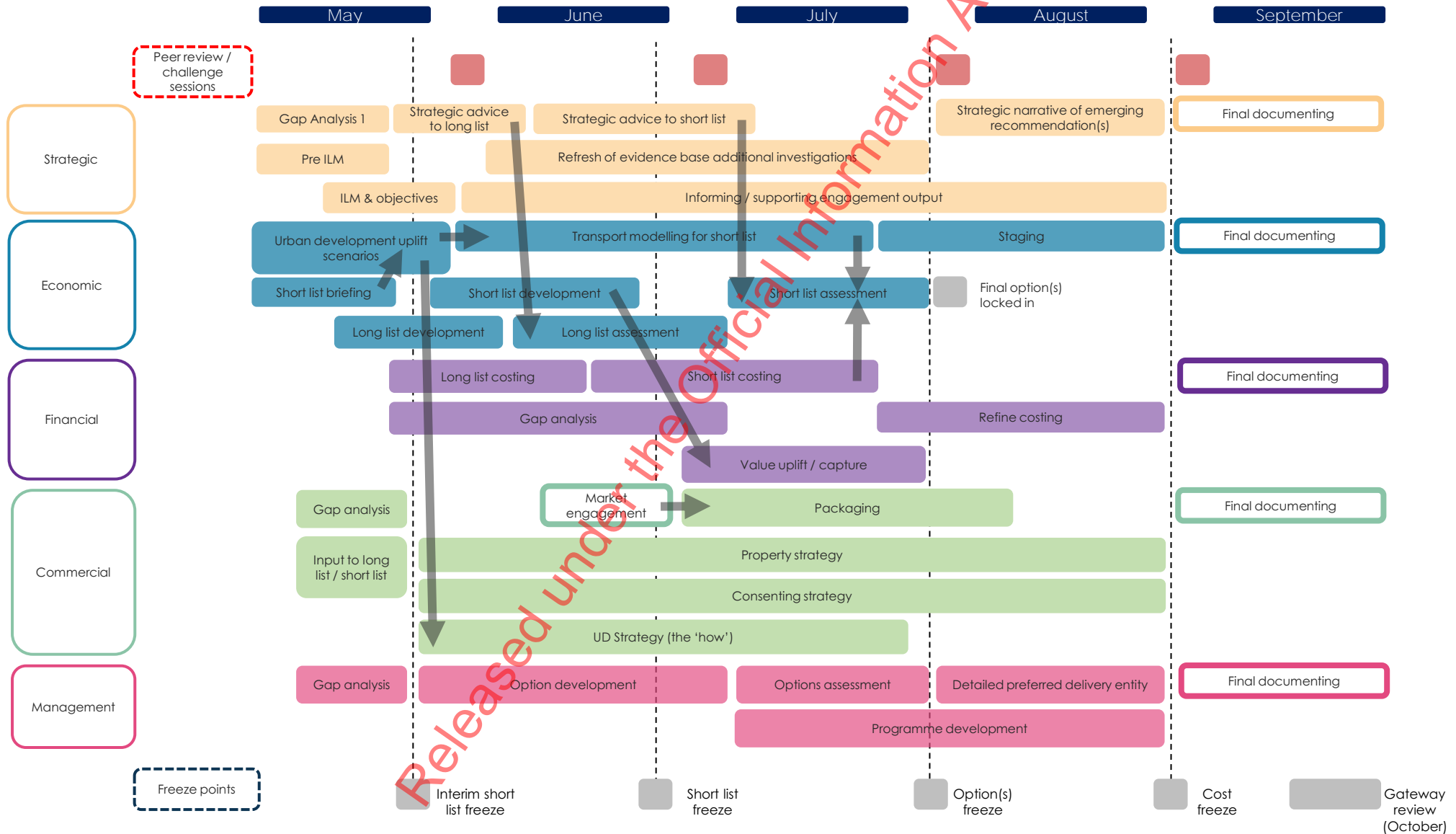
The purpose of the governance and delivery entity workstream is to provide governance support to the Independent Chair and Establishment Unit Board, to lead the advice on the delivery entity and to be the interface with the policy programme of work being led by the Ministry of Transport



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BUSINESS CASE AND CONSENTING

The purpose of the business planning workstream is to lead the business case and consenting for the Independent Chair and Establishment Unit Board, to lead the development of the business case and be the interface of the programme of work



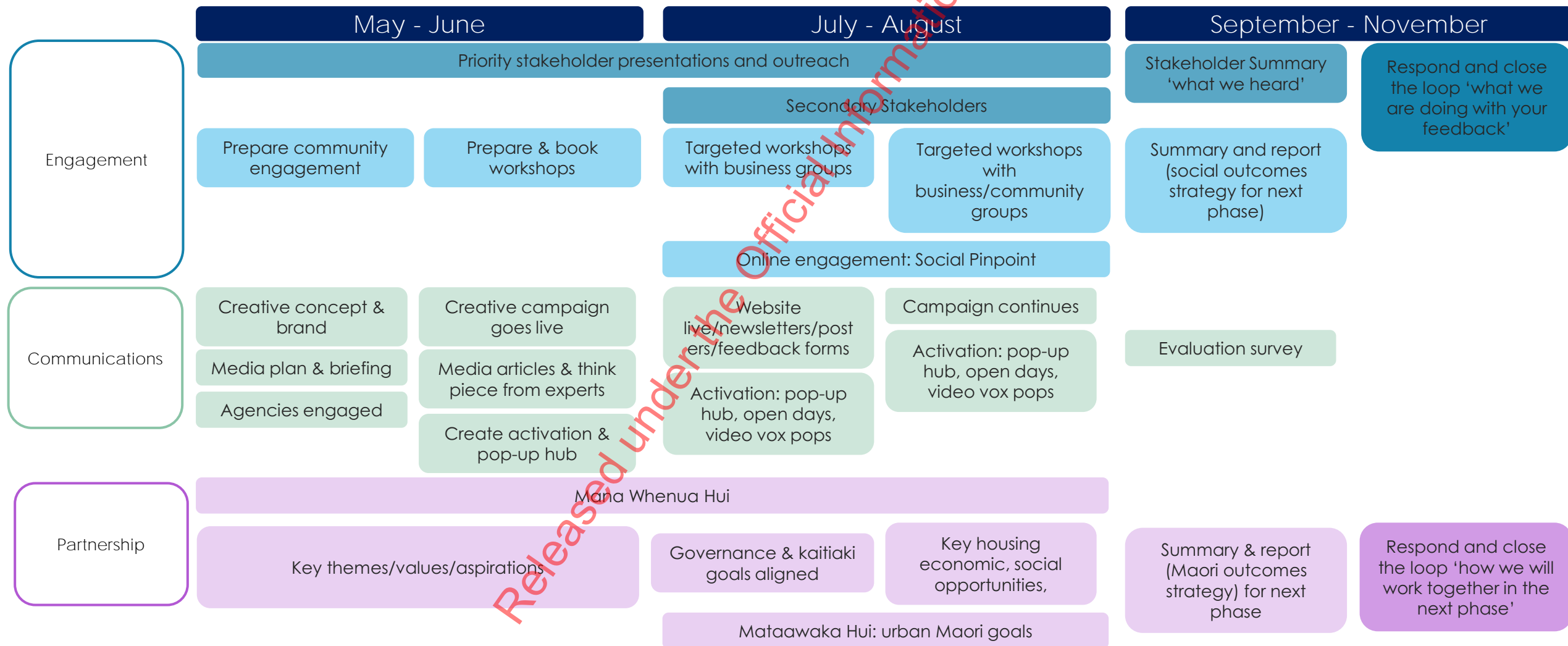
SOCIAL LICENCE

PARTNERSHIPS, COMMUNICATIONS & ENGAGEMENT

AUCKLAND LIGHT RAIL

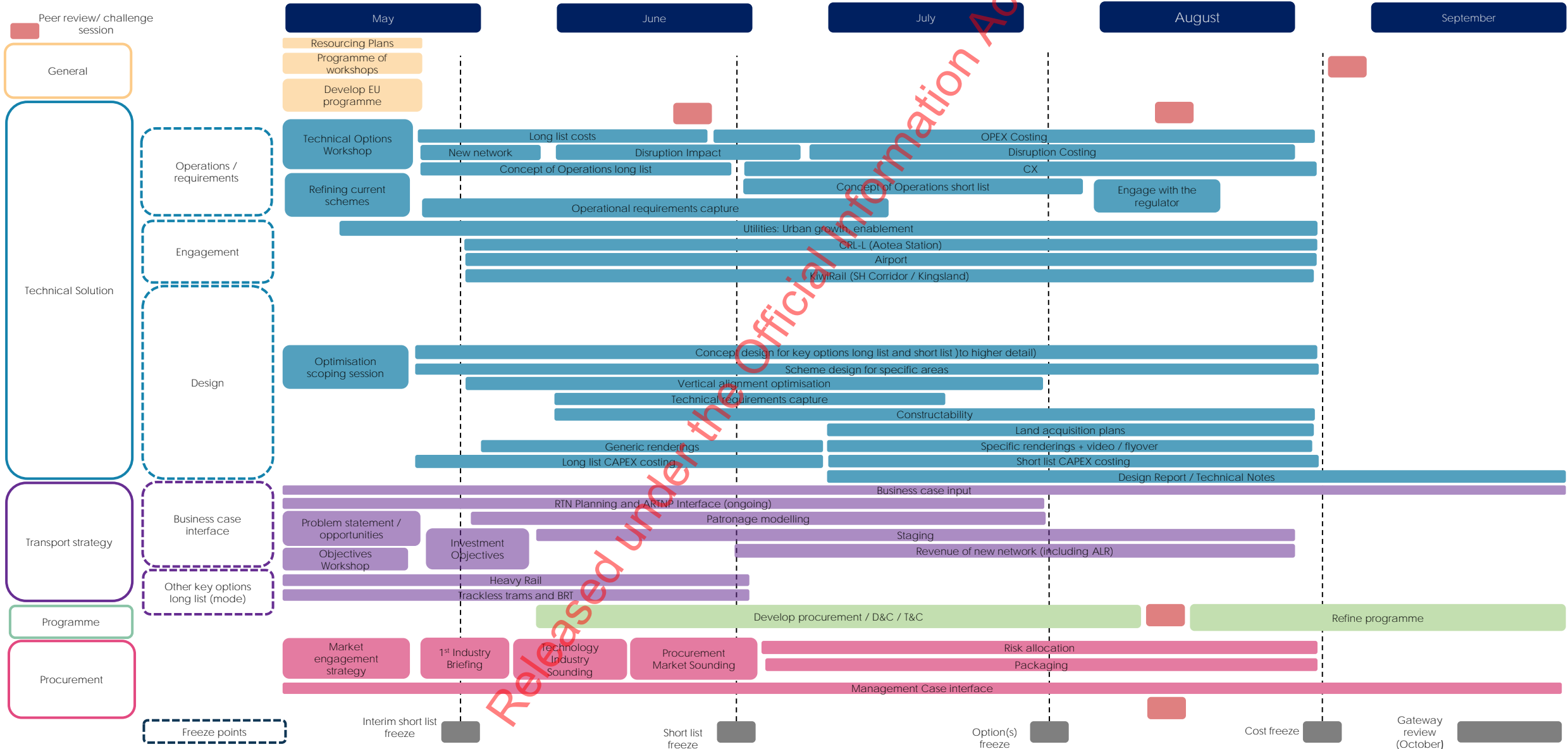
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The overall objective of communications and engagement is to introduce light rail to local communities and wider Auckland. We will inform and position the project as a catalyst for improving communities as part of a growing Auckland. Communications will tell the big picture story and what it will mean for people. The purpose of stakeholder engagement is to start the conversation and build new support from stakeholders who will play a role in advocating for the project. A partnership will be established with Mana Whenua to incorporate cultural values and opportunities, to be carried into the next phases of the project.



TECHNICAL SOLUTION

The purpose of the technical solution workstream is to lead the technical solution, transport strategy, programme and procurement for the business case.



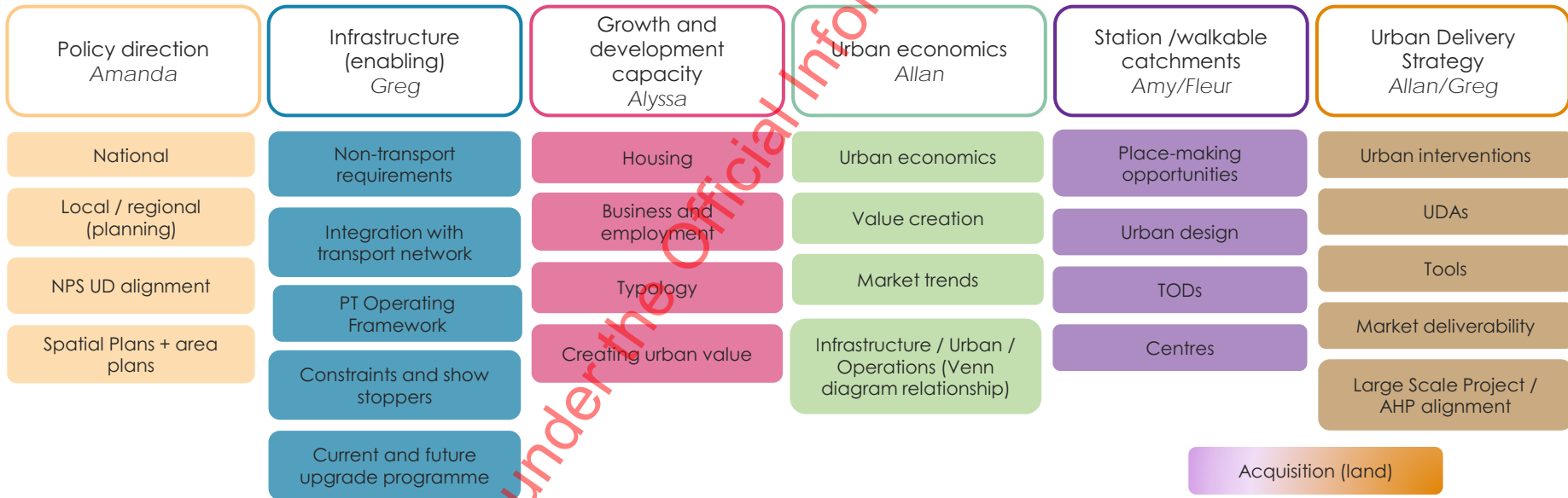
URBAN – (WORKSTREAM STRUCTURE, PROGRAMME TO FOLLOW)

The purpose of the urban workstream is to lead the urban policy direction, infrastructure, growth and development capacity, urban economics, stations/walkable catchments and urban delivery strategy for the business case.

Lens over the workstream

- Urban form – urban / transport integration
 - What do we want for the city and the corridor?
 - Urban story / key messages
- Climate change
- Iwi / mana whenua

Integration across pillars
Amanda



Place	
City centre / Queen St	Roskill
University	Onehunga
Mt Eden Station / CRL	Māngere Town Centre
Dominion Junction	Airport Business Park
Kingsland	

Mode and Urban Outcomes
Research – Literature review (international experience)

Integration with business case
Strategic case
Economic case
Commercial case

Comms and Engagement
Key messages (urban)
Images / graphics

Trade offs
Evidence base
Route
Mode

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Meeting Date	14 May 2021
Subject	Light Rail Establishment Unit Board foundations
Author	Lucy Riddiford
Date	11 May 2020

Purpose

This paper informs Board members of the key foundations for the Establishment Unit Board.

Recommendations

It is recommended the Board:

- **Note** that Cabinet has mandated the Establishment Unit to prepare a business case, build social licence and provide advice to sponsors as to the appropriate delivery entity to take the project forward, as set out in the Cabinet paper and Cabinet Business Committee minute.
- **Note** the key roles and responsibilities.
- **Approve** the meeting protocols.
- **Endorse** the application of the Code of Conduct for Crown Entity board members (attachment 4).
- **Note** the conflict of interest guidelines in attachment 5 and the Board expenses, travel, gifts and hospitality guidelines in attachment 6.
- **Approve** the communications protocol in attachment 7.

Strategic Relevance

Cabinet has prioritised progressing light rail from the City Centre to the airport in the next decade, as the first spine of a wider rapid transit network for Auckland. This reflects the commitments the Government has made through the Auckland Transport Alignment Project (ATAP). A commitment to the project was made in the 2020 Labour Party Election Manifesto.

Background

On 31 March 2021, the Minister of Transport announced that Cabinet had decided to progress the City Centre to Māngere (CC2M) project in the following way:

- **Set up an Establishment Unit** to provide the visible face of the project, and take forward work to resolve key outstanding questions in relation to project scope and delivery entity;
- **Take forward a business case**, initially led by the Establishment Unit, to ensure a robust process for determining the mode and alignment of a rapid transit solution, and as a basis for consultation, prior to detailed planning and investment decisions; and
- **Develop an inclusive governance structure** to oversee the first phase of a business case, involving key partners and with a strong focus on building social licence.

The Independent Chair of the Establishment Unit was appointed on 23 April 2021.

The Cabinet paper is Attachment 1. The minute of the Cabinet Business Committee is Attachment 2.

This paper sets out the core foundational documents for the Establishment Unit Board.

Terms of Reference

The [draft] Terms of Reference for the Establishment are in Attachment 3.

The Establishment Unit is fully funded through the National Land Transport Fund

The National Land Transport Fund, established under the Land Transport Management Act, is administered by Waka Kotahi. The Waka Kotahi Board has approved funding for the Establishment Unit's programme of work. The Waka Kotahi Board remains accountable for oversight of expenditure from the fund. In order to achieve this, Waka Kotahi has put in place delegations to the Project Director (once appointed) to incur expenditure to enable the unit to carry out the project in accordance with the Terms of Reference. Conditions on the delegation are that all expenditure must be incurred in a manner that is consistent with approved procurement procedures as set out in the Waka Kotahi Procurement Manual, or as advised and approved by Waka Kotahi. The unit must consult with Waka Kotahi before committing any expenditure over \$5m.

Pursuant to the Terms of Reference, the Establishment Unit Board has oversight of the Establishment Unit and its deliverables. The Establishment Unit Chair and the Project Director are accountable for determining on what matters, and in what amounts, expenditure is required by the Establishment Unit in order to deliver the outcomes required by Cabinet and the Project Sponsors.

Meeting protocols

The Terms of Reference provide that the Establishment Unit Chair is responsible for determining meeting protocols and practices such as meeting frequency, quorum, attendance requirements, whether delegates are able to attend and the approach to managing resignations.

The table below sets out the meeting protocols which the Establishment Unit Chair has determined.

Meeting quorum	Quorum is the Independent Chair, with four members of those formally appointed at the time of the meeting, excluding observers. For the purpose of meeting a quorum, attendance may be virtual.
Meeting frequency	At least monthly
Meeting location	Meetings will be held in Auckland and members can join virtually, although being physically present is encouraged.
Agenda, minutes and reports	These will be circulated at least three days in advance of each meeting.
Attendance requirements	The expectation is that only in exceptional circumstances a member does not attend a meeting.
Delegates	Save for the Independent Chair, named alternates are able to attend by exception. The named alternates should be advised to the Chair and should remain consistent.

	In the event of the Independent Chair being unavailable, the Ministry of Transport representative will seek urgent guidance from the Minister of Transport on an alternate.
Managing resignations	Membership on the board is by virtue of members' roles. If a member leaves the role for which they have been appointed then they lose their membership on the board and it goes to the new position holder.
Conflicts of interest	In addition to disclosing interests on the register, at each meeting members are expected to declare any conflicts relating to decisions on the agenda and to recuse themselves from relevant decisions.

There are some minimum requirements that the Board and its members must adhere to

The Establishment Unit is not a legal entity, its board will not have statutory obligations, and its role is defined by the terms of reference.

That said, this is a grouping of public sector organisations, spending public money, and for this reason there are some basics that we need to put in place to protect the Establishment Unit, the members of its board and the integrity of the process mandated by Cabinet.

Code of conduct

The Public Services Commission has issued a Code of Conduct for Crown Entity board members (Code of Conduct). This is set out in attachment 4. Whilst it has been developed for statutory entities and Crown entity companies, it is a good articulation of the key principles that board members in a public entity should subscribe to. For this reason, Management seeks the Board's endorsement to apply the Code of Conduct to the Establishment Unit Board.

We draw your attention to the provisions around the use of information and note the expectation that the papers and discussions of the Board should be kept confidential to the Board. Board members may share information with their home organisations to the extent necessary to ensure that they are mandated by their home organisation and to understand broader implications of matters that the Establishment Unit Board is considering.

Disclosure of interests

An important part of the Code of Conduct is the requirement to identify, disclose, manage and regularly review all interests.

To this end, we have requested Board members to disclose interests, which will be recorded in a register and disclosed at each Board meeting. Where applicable, a management plan will be put in place to manage any conflicts of interest. Board members have the responsibility to disclose interests on an ongoing basis.

The Board is asked to note the conflict of interest guidelines in attachment 5.

Sensitive expenditure

The Board is asked to note the Board expenses, travel, gifts and hospitality guidelines in attachment 6.

Communications protocol

Stakeholder and mana whenua engagement are a critical part of this phase of the project, which has as an objective building social licence.

CC2M is a high-profile project attracting considerable media and public interest. From time to time Board members may be approached by media for comment, or their 'home' organisations may be the subject of an OIA or LOGOIMA request (if applicable) relating to CC2M. To ensure consistent and accurate messaging about the project we have developed communications protocols which set out how the Establishment Unit will respond to such approaches. In short, Board members are requested to refer all enquiries to the Establishment Unit for response and to avoid making their own statements about the project which are not part of planned communications or engagement.

The Board is asked to approve the communications protocol in attachment 7.

Attachments

Attachment 1 Cabinet paper

Attachment 2 Cabinet minute

Attachment 3 [Draft] terms of reference

(The Terms of Reference are still being finalised. We will circulate these to the Board when they are ready.)

Attachment 4 Code of Conduct for Crown Entity Board Members

Attachment 5 Conflict of interest guidelines

Attachment 6 Board expenses, travel, gifts and hospitality guidelines

Attachment 7 Communications protocol

Attachment 1 – Cabinet Paper

Released under the Official Information Act 1982

In Confidence

Office of the Minister of Transport

Cabinet Economic Development Committee

Progressing the City Centre to Māngere Project through a public service delivery approach

Proposal

- 1 This paper seeks agreement to progress work on the City Centre to Māngere light rail project (CC2M). It proposes to set up an Establishment Unit, guided by an inclusive governance structure made up of representatives of central and local government, iwi/Māori and an independent chairperson.
- 2 The Establishment Unit will progress a business case process that allows Ministers to take firm decisions on the scope of the project, including in relation to mode and alignment. It will also provide advice on a future delivery entity, and proactively engage with stakeholders, communities and Māori to increase the visibility of the project and develop its social licence.

Relation to government priorities

- 3 Cabinet has prioritised progressing light rail from the city centre to the airport in the next decade, as the first spine of a wider rapid transit network for Auckland [DEV-18-MIN-0059 refers]. This reflects the commitments the Government has made through the Auckland Transport Alignment Project (ATAP). A commitment to the project was made in the 2020 Labour Party Election Manifesto.

Executive Summary

- 4 Work on a rapid transit solution for CC2M has been taken forward through different processes in recent years, including earlier business case work conducted by Auckland local government and Waka Kotahi New Zealand Transport Agency (Waka Kotahi).
- 5 In 2019, Cabinet initiated a parallel process to determine a preferred delivery partner between Waka Kotahi or NZ Infra (a joint venture between the New Zealand Superannuation Fund and Canadian institutional investors CDPQ Infra). In terminating this process in June 2020 [CAB-20-MIN-0300 refers], Cabinet resolved not to take forward either of the proposals, and instead instructed the Ministry of Transport (the Ministry) and the Treasury to report back on how the project could be taken forward through a public service delivery approach.
- 6 Since this direction, the Ministry, with the support of the Treasury has led a collaborative exercise with ATAP partners¹, Ministry of Housing and Urban

¹ ATAP partners are Auckland Council, Auckland Transport, Treasury, Ministry of Transport, Waka Kotahi, KiwiRail and the Public Service Commission

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Development (MHUD), Kāinga Ora and the Infrastructure Commission (Te Waihanga) to develop advice to the incoming government.

- 7 This work has demonstrated that there are many areas of agreement among stakeholders and partners regarding the strategic case for CC2M. There are, however, a number of strategic choices and trade-offs that still need to be worked through to assist us in confirming the best way forward.
- 8 To ensure that critical and enduring decisions can be made on matters such as mode and route alignment, as well as on funding and finance and the nature of a delivery entity, I propose that our next steps are based on the following key elements:
 - 8.1 **An Establishment Unit is set up** to provide the visible face of the project, undertake stakeholder and community engagement, and take forward work to resolve key outstanding questions in relation to project scope and delivery entity;
 - 8.2 **A business case is taken forward**, initially led by the Establishment Unit, to ensure a robust process for determining the mode and alignment of a rapid transit solution, prior to detailed planning and investment decisions; and
 - 8.3 **An inclusive governance structure is developed** to oversee the first phase of a business case, involving key central, local government and Māori partners and with a strong focus on partnership and building social license.
- 9 The 'stop-start' nature of the project over recent years has resulted in a low level of social licence, with limited visibility of the project's objectives among local communities and stakeholders including the private sector. The work of the Establishment Unit will therefore include a programme of communication and engagement that will be vital to the success of the project. The business case may be used as a basis for this consultation.
- 10 I am also proposing that the Establishment Unit provides advice on two options for a delivery entity (a joint venture or City Rail Link Limited).
- 11 The work of the Establishment Unit will advance our understanding of the cost of the project. While this will not provide a detailed costing, it will allow Ministers to agree the scope and parameters of a future Delivery Entity, and to advance work on the funding and financing tools needed for a project of this scale.

- 12 A significant Crown contribution should be expected to fund this project, reflecting that it is the largest and most complex infrastructure project undertaken in New Zealand. Costs are driven by the need to retro-fit a very large transport project in our largest city, along existing urban corridors.
- 13 In addition to a Crown contribution, value capture and commercial opportunities are well suited to a project of this nature, and further work is proposed to progress these tools.
- 14 Key elements of the current legislative framework are not suited to accommodating the delivery and operation of a project of this scale and complexity. I propose that the Ministry works with other central government agencies to take forward a comprehensive policy work programme, running concurrently and collaboratively with the work of the Establishment Unit.
- 15 Informed by the business case, I intend to return to Cabinet seeking substantive decisions on the scope of the project, delivery entity and next steps. I expect to do this in November 2021. This does rely on a 'fast start' for the Establishment Unit and the business case work being completed in approximately six months.

Background

Supporting Auckland's growth requires significant investment in transport

- 16 To avoid exacerbating Auckland's current transport challenges, it is vital that the city's future growth is enabled by a transport system that improves access, reduces overall journey times and supports a shift to sustainable and active travel.
- 17 Auckland's population is set to grow significantly over the next 30 years, with much of this growth anticipated to occur along the CC2M corridor. CC2M not only represents a significant opportunity to transform an area of Auckland, but also to lay the foundations for the wider rapid transit network across the city as envisaged through ATAP.
- 18 Projects like CC2M are highly complex in nature. Having a clear understanding of the outcomes being sought is therefore essential. From an urban development perspective, the outcomes aim to guide the project towards enabling more housing to be built and to enhance the urban environment. The expected growth along the corridor is significant – over the next 30 years it is expected to account for around 17 per cent of Auckland's population growth and 33 per cent of its employment growth. A project of this nature offers new opportunities for transit-oriented-developments (for example, mixed use development above and adjacent to stations) and compact vibrant urban form.
- 19 The project is also key to unlocking a high quality transport solution for planned developments along the corridor. The CC2M corridor contains substantial areas of publicly owned land, with urban development, including

up to 20,000 new homes, planned through Kāinga Ora's Auckland Housing Programme for Mount Roskill and Māngere.

- 20 CC2M is the first phase of a wider rapid transit network that will drive and shape Auckland's future growth. It will support significant intensification of housing, employment and other activities along the corridor. CC2M will enable large numbers of people to travel within these communities, and to other parts of the city through fast, frequent and high-capacity services along dedicated rights of way.
- 21 CC2M offers the opportunity to dramatically increase the number of people able to travel from areas like Māngere, to access opportunities across the city. It would introduce a fast and reliable option to communities in Māngere, Mount Roskill and Onehunga that encourages people out of cars and reduces congestion and emissions.
- 22 The effects of a rapid transit projects such as CC2M can be felt across the network, with wide benefits for the city as a whole. In combination with other public transport and walking and cycling networks, CC2M will be essential in lifting transport capacity across Auckland as a whole, supporting the delivery of housing to meet pressing needs.
- 23 CC2M is intended to be the first part of a new wider transit network for Auckland. It will therefore influence the nature of the wider development of that network over the next 50 years and beyond. It is critical that we take this long term view in making decisions on its route, mode and alignment. In this way, CC2M should be seen as a vital component of a long-term and integrated approach to combating congestion and reducing emissions in Auckland, as well as strengthening communities and promoting more compact urban form.

ATAP Partners have prioritised investment in rapid transit along the CC2M Corridor

- 24 ATAP is an agreement between the Crown and Auckland Council. It was collectively developed by ATAP Partners.
- 25 Cabinet has previously agreed that light rail along the CC2M Corridor should be prioritised within ATAP, recognising its national significance (e.g. commercial and employment centres around the city centre and the airport)
- 26 ATAP Partners (along with MHUD and Kāinga Ora) recognise that the current transport system along the CC2M corridor is unable to accommodate new developments and housing which are essential to supporting Auckland's growth and productivity. The current system also does not foster the reduction of emissions, as it does not sufficiently encourage people out of their cars.
- 27 Seed funding of \$1.8 billion for rapid transit along both the CC2M and North Western corridors has been specifically allocated in the ATAP 2021-31 investment package. This was carried over from the previous ATAP 2018 package.

History and origins of City Centre to Māngere project

- 28 The development of a rapid transit solution for CC2M has been subject to a number of iterations in previous years, including by Auckland local government and Waka Kotahi.
- 29 Transport solutions that have been considered over time include bus improvements, and heavy rail between the airport and Puhinui. Heavy rail would provide a service to airport users, but would not serve the high growth communities of Māngere, Onehunga and Mt Roskill, or add to the network's development.
- 30 In May 2018 Waka Kotahi was commissioned by Cabinet to develop a single stage business case [DEV-18-MIN-0059 refers]. Its design was based on the street-integrated light rail solution that had been earlier developed by Auckland Transport and shared with Auckland stakeholders.
- 31 While Waka Kotahi made significant progress, its draft business case was not finalised. At the time, the incoming Light Rail Director at Waka Kotahi noted that the business case could be further improved, and that there was an opportunity to put forward an enhanced solution.

Parallel process

- 32 In April 2018, NZ Infra (a joint venture between the New Zealand Superannuation Fund and Canadian institutional investors CDPQ Infra) approached the Government with an unsolicited option for an alternative delivery and financing approach to CC2M.
- 33 In 2019, Cabinet agreed to establish a parallel process, which was aimed at determining a preferred delivery partner (either Waka Kotahi or NZ Infra).
- 34 The previous Government considered proposals from both respondents. However, the result of cross-party consultation was that the three parties of Government were unable to reach agreement on a preferred delivery partner. There were also elements of both proposals that were not acceptable to the Crown in an environment of economic recovery.
- 35 Cabinet decided not to proceed with either proposal, and ended the parallel process [CAB-20-MIN-0300 refers]. In doing so, Cabinet agreed to revert to public service delivery, and noted that as a consequence, neither proposal will be progressed.
- 36 While the parallel process is complete, there remain ongoing Crown legal obligations to treat both respondents fairly and in good faith, and not to misuse confidential information and intellectual property provided as part of the process. The proposals in this paper take account of those ongoing legal obligations.

Taking an Outcomes Approach

- 37 The ongoing development of CC2M needs to be guided by a clear understanding of the outcomes required by Government, Māori and stakeholders. This is vital to ensure that the scope of the project is continuously assessed and refined in a robust manner as the project progresses through its various stages against clearly defined measurements.
- 38 Prior to the 2019 parallel process, an Outcomes Framework was developed and agreed collaboratively by ATAP and additional central government partners. This provided a “solution agnostic” set of outcomes, where no one mode or alignment is favoured above another. The agreed outcomes are:
- 38.1 **Access and Integration** - Improved access to opportunities through enhancing Auckland’s Rapid Transit Network and integration with the current and future transport network;
 - 38.2 **Environment** - Optimised environmental quality and embedded sustainable practice;
 - 38.3 **Experience** - A high quality service that is attractive to users and highly patronised; and
 - 38.4 **Urban and Community** - Enabling of quality integrated urban communities, especially around Māngere, Onehunga and Mt Roskill.
- 39 ATAP partners have agreed that the outcomes remain relevant and should endure in taking the project forward through a public sector delivery model.
- 40 During the parallel process the relative value of different options was considered in the absence of a specific value for money outcome. I recommend adding a specific value for money outcome that complements this outcomes framework and appropriately reflects the Government’s priorities.

There are strategic choices relating to the scope of the project that require resolution

- 41 In line with Cabinet’s direction in June 2020, the Ministry, with the support of the Treasury, have recently been leading a collaborative piece of work with ATAP partners, MHUD and Kāinga Ora to develop options for the public sector delivery of the project. Input from Te Waihanga was also sought throughout the development of the advice.
- 42 The agreed project outcomes were used as a starting point, and the work drew on intellectual property from the Waka Kotahi parallel process proposal (that was subsequently acquired by the Crown following termination of the parallel process), and the significant body of work undertaken over many years by Waka Kotahi, Auckland Transport, Auckland Council and Kāinga Ora.

- 43 This work confirms that there are many areas of agreement among stakeholders and partners regarding the strategic case for CC2M, and the transformative social, economic and environmental impact that it will have on Auckland and New Zealand.
- 44 There remain a range of questions and trade-offs that still need to be resolved before decisions can be made on the scope of the project, notably in relation to the choice of mode and alignment.
- 44.1 **What city shaping function should CC2M serve?** This relates to the alternative roles of CC2M as one that primarily supports existing and planned growth along the corridor, or one which enables a new pattern of urban development across Auckland. In places such as Māngere and Mount Roskill, the nature, form and alignment of rapid transit will be a major determinant of how these areas grow and on the wellbeing of their existing communities.
- 44.2 **What level of commitment can be given to delivering on the urban development opportunities unlocked by CC2M?** This requires considering the nature and scale of development potential, how consistent the current spatial strategy for Auckland is with this, and how, when and by whom these development opportunities would be taken up. Close alignment with the Auckland Housing Programme will be necessary to establish the connections between CC2M and achieve the urban development outcomes.
- 44.3 **What role should CC2M play in Auckland's wider rapid transit network?** This relates to ensuring multi-generational outcomes for Auckland as a whole, while also resolving the transport and growth pressures that already exist along the CC2M Corridor.
- 44.4 **What level of complexity are the Government and stakeholders prepared for?** The form and alignment of CC2M will have a significant bearing on cost, and matters relating to consenting, land take, utilities, Māori land and Treaty settlement provisions, construction feasibility, procurement and timing all need to be factored into a decisions on project scope.
- 45 The remaining sections of this paper outline my proposed approach to addressing these matters. This will be vital to ensure that the agreed scope of CC2M is enduring and to allow meaningful progress to be made towards its delivery.

Moving towards investment readiness requires a structured approach

A temporary Establishment Unit will be charged with advancing CC2M

- 46 Given the need to progress the project towards delivery with clarity while also addressing a number of outstanding strategic questions, I intend to set up a temporary Establishment Unit to undertake work that will help the Government and its partners to jointly:
- 46.1 work through the strategic issues outlined above and make firm decisions on matters such as scope, delivery entity and funding and finance;
 - 46.2 initiate a business case, which provides a robust process for considering the options and to determine a short list that can be rigorously developed, prior to taking investment decisions;
 - 46.3 rebuild the social licence for CC2M through a programme of Māori, stakeholder and community engagement, including involvement at a governance level; and
 - 46.4 support and inform policy work on a number of policy and regulatory matters that need to be resolved for project delivery, including the permanent form of the CC2M delivery entity.
- 47 In order to deliver the above in the proposed timeframes, the Establishment Unit must be set up quickly and have governance and management arrangements that efficiently support its operations and its objectives. I propose that it be overseen by a streamlined governance structure, involving a standalone Establishment Unit Board that is accountable to a sponsoring group of Ministers and representation from Auckland local government (Project Sponsors). The Establishment Unit Board would be chaired by an independent person, appointed by myself and the Minister of Finance.
- 48 The Establishment Unit will provide the visible face of the project and be responsible for delivering the short-term work programme. The majority of its work, and in particular its leadership of the business case process and providing advice on the form of a permanent delivery entity, will take place over approximately 6 months. However, it will need to remain in place until such time as it can either transition or handover responsibility for the next phase of the project to the permanent delivery entity. I therefore anticipate that the Establishment Unit will exist for a period of 6-9 months.

The Establishment Unit should be set up quickly within Waka Kotahi

- 49 The Establishment Unit is being set up for a defined purpose and the Establishment Unit Board will be accountable to the Project Sponsors. The Establishment Unit will not be a legal entity, its board will not have statutory obligations, and its role will be defined by a terms of reference to be developed by officials and agreed with partner agencies.

- 50 To progress CC2M quickly, I am seeking to 'host' the Establishment Unit within Waka Kotahi. This approach provides several advantages over other options, including access to existing back office systems, support/corporate staff resource, and potential Establishment Unit funding through the NLTF. Further work needs to be undertaken to confirm the feasibility of this funding source².
- 51 Should the NLTF be used as the funding source, this will require the approval of the Waka Kotahi Board. In order to provide clarity to the Waka Kotahi Board in relation to the funding of the Establishment Unit, I am recommending that Cabinet's previous direction on the role of Waka Kotahi to deliver light rail is rescinded. This earlier direction was designed to facilitate Waka Kotahi's role in an earlier iteration of the project.
- 52 Rescinding this previous direction by Cabinet will be particularly important to distinguish the work of the Establishment Unit from Waka Kotahi's role in the previous process to lead a business case for the development of CC2M. Waka Kotahi has broader responsibilities in respect of public transport and transit that are set out in other instruments.
- 53 While the Establishment Unit will be 'hosted' in Waka Kotahi, so that it can quickly leverage Waka Kotahi systems and processes, it will be run as a joint endeavour with Auckland Transport to ensure high levels of operational support and collaboration. The Establishment Unit will be accountable directly to the Establishment Unit Board for its performance and deliverables.
- 54 This distinction is important and will be set through clear Terms of Reference that outline key points including reporting lines and accountabilities. This is particularly important to give partner agencies assurance that their interests will be equally represented.
- 55 In addition to resourcing the Establishment Unit with expertise from partner agencies, the Establishment Unit will require significant external resource and technical expertise, including international experts and organisations with experience of developing complex projects of this nature.
- 56 The Establishment Unit will have a 'one team culture' focused on ensuring that the project achieves the best outcomes for Auckland and New Zealand. The proposed collaborative arrangement recognises the key roles that our partners will need to play and provides them with an environment in which they can work constructively towards a common objective.

Progressing the Business Case allows key choices to be made

- 57 Given the need to refine the scope of the project, the Establishment Unit will oversee the development of a business case.
- 58 The business case will ensure the robust comparison of options, drawing on previous available work and addressing gaps in evidence necessary to make

² Costs associated with the Establishment Unit to be further refined. [REDACTED]

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informed decisions. This approach gives me confidence that our decisions, especially relating to the delivery entity and the nature of the solution to be delivered, have regard to the full range of costs, benefits and risks associated with different choices.

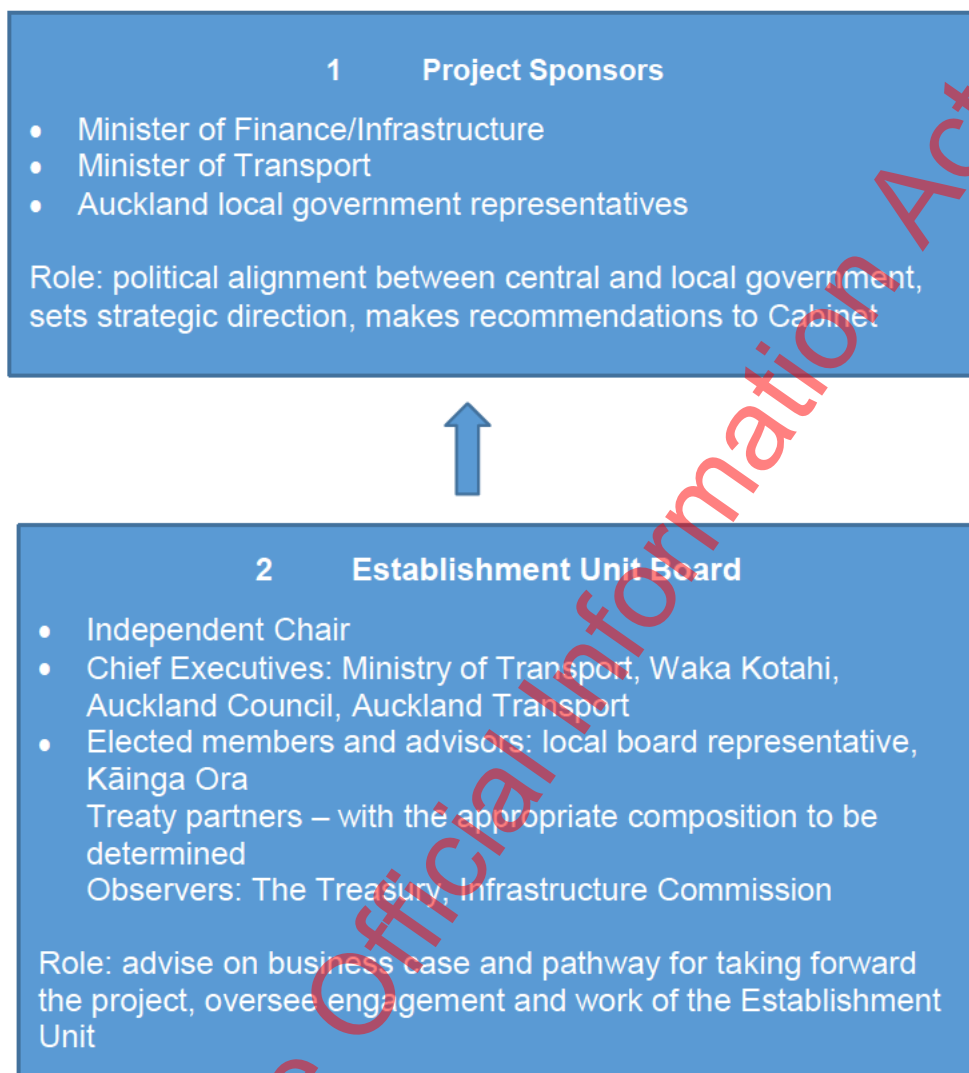
- 59 In initiating the setup of the Establishment Unit and confirming the parameters of the business case, I propose that the Project Sponsors are given the opportunity to provide direction on the strategic choices identified above. This will be important to confirm the project's investment objectives and ensure that the work of the Establishment Unit remains focussed, reflects the level of ambition, and is conducted within a clear set of expectations from decision-makers.
- 60 I will seek direction from the Project Sponsors within 4- 6 weeks of setting up the Establishment Unit.
- 61 Following this direction, I expect the business case process to last approximately six months. At the end of this exercise, I am proposing to return to Cabinet to:
- 61.1 provide a high level cost estimate for each of the short-list options;
 - 61.2 outline the preferred way forward, in relation to route and mode, noting that this will be subject to validation through a detailed economic assessment of the short-list of options;
 - 61.3 recommend the preferred project governance framework, including specific advice on the appropriate delivery entity form to progress the project;
 - 61.4 identify initial priorities for the policy, legislative and regulatory work programme; and
 - 61.5 identify the next steps for the project, including the scope for subsequent detailed business case work.

Establishment Unit Governance and Funding

Project governance structure for the short-medium term

- 62 To ensure the Project's success, governance is the most critical thing to get right, and from the outset. Until a delivery entity is appointed, I propose the following governance structure.

Figure 1 Proposed Governance Structure



63 Based on the above, the proposed governance aims to provide a structure that consists of key stakeholders and agencies with an interest in the project, including Auckland local government agencies.

64 Given the dual responsibilities of overseeing the outputs of the Establishment Unit and reaching consensus on a preferred way forward, the role of the independent chair will be critical in bringing together the diverse composition of the Establishment Unit Board, working with members who are participating in the process in the spirit that is required and who feel accountable for the success of their work.

65 Given the mixed composition of membership on the Establishment Unit Board, different members will have different roles. Officials would have the broadest set of responsibilities. Local board members, iwi and advisors would have fewer responsibilities focused on their areas of relevant expertise and knowledge.

- 66 While I see the delivery of this project to be focused on transport, I recognise that urban development outcomes play a central role in refining the scope of the project. It is also vital that the project is closely aligned to priority housing and urban development opportunities, including those set out in the Auckland Housing Programme.
- 67 It is therefore important that there is strong advice on this aspect of the project, and I am proposing that Kāinga Ora is included on the Establishment Unit Board.
- 68 It is important to note that this governance structure is proposed for the first phase of the business case and until the permanent delivery entity is in place. Once the delivery entity has been established a different governance structure will be critical for project success.
- 69 This will need to be fit for purpose for overseeing the more technical phase, further developing a detailed business case, and transitioning to the delivery phase of the project. The composition of the governance structure at this time will need to shift to being a competency-based governance board having a stronger technical and commercial capability set, including light rail and major infrastructure expertise.

Views from our partners

- 70 I have heard a range of views about this governance structure from our partners. While acknowledging the intent of an inclusive governance structure, a particular concern is the mixed membership proposal for the Establishment Unit Board, and its ability to both oversee the functions and outputs of the Establishment Unit, and build consensus on strategic matters and a preferred way forward. Concerns about this approach include:
- 70.1 having stakeholders in the boards' composition risks slowing down decision-making as the focus turns to consultative and information sharing;
 - 70.2 caution against having those better placed as advisors on the Establishment Unit Board; and
 - 70.3 having members with different roles on the group could create role confusion.
- 71 Treasury officials have noted their concern with the approach I am proposing, specifically that it does not meet with international best practice. Its recommendation is to have a smaller Establishment Unit Board with a narrower focus which draws on requisite skills and with a clear mandate to make decisions arising from the business case process. This Board would receive advice from a separate stakeholder advisory group, with membership made up of local board members, iwi representatives and MHUD/Kāinga Ora.

- 72 This would separate out functions regarding technical business case outputs and reaching consensus on strategic matters. The Treasury propose that there could also be the possibility of other expert and technical advisory groups as deemed necessary to support the Establishment Unit Board.
- 73 These concerns have been reflected by some of our other partner agencies, including Auckland Council and Te Waihangā. Many of the concerns relate to the ability of the Board to make critical decisions on matters such as mode and alignment in a timely way.
- 74 I have considered the views of our partners on this matter and appreciate the concerns raised. However, it is my view that given the current phase of the project and the outstanding strategic matters to be resolved, the emphasis must be on inclusivity, building consensus and social licence.
- 75 It is my view that the governance structure I have proposed achieves this while achieving the principles of good governance – accountability, transparency and confidentiality.

Key governance considerations being worked through

- 76 Recognising the variety of views, there are a number of matters that require further consideration that I have asked officials to look into, working alongside partner agencies and Auckland local government. I propose the finalisation of these matters is delegated to myself and the Minister of Finance, in consultation with Auckland local government.
- 77 I have asked for this work to be completed by no later than April 2021. These matters are ones that require discussion with Auckland Council and with the Boards of Auckland Transport and Waka Kotahi. It is critical that these matters are resolved with urgency so that the Establishment Unit can be populated as quickly as possible. I have asked officials to start setting up a pre-mobilisation team to support the mobilisation of the Establishment Unit.
- 78 Key matters to finalise will include:
- 78.1 Confirming Terms of Reference which provide role clarity and decision-making authorities for all parties. This will include setting out the appropriate role for Treaty partners and how technical expertise will be accessed to inform decision-making. These ultimately will need to be agreed by Council, the relevant bodies and the independent chair.
 - 78.2 Ensuring that all parties have the necessary mandate/delegated authorities from their organisations to participate fully and efficiently.
 - 78.3 Completing any necessary partner agreements between participating agencies.

Best practice engagement approach is vital to the Project's success

- 79 Success of the Project relies on strong partnerships and bringing stakeholders on the journey. Stakeholder and community engagement will support the business case process, by drawing on expertise and benefiting from multiple perspectives.
- 80 Social licence is currently low and there is a risk of delays and cost escalation if we don't adopt a collaborative approach to address this from an early stage.
- 81 There are Māori-Crown responsibilities to fulfil, which will need to be reflected in CC2M's engagement approach. CC2M represents an opportunity for a step change in how the Crown partners with Māori on major projects.
- 82 The first step in the engagement process is to build a common understanding of CC2M and the benefits it will deliver. This can be achieved through a targeted public information campaign.
- 83 The stakeholder engagement and Māori partnership work will need to be well resourced in the Establishment Unit. It will also need to commence shortly after the Government announces next steps for the project to continue the momentum of interest and avoid speculative commentary.

Policy, regulatory and legislative changes will be needed to enable delivery and operation of the project

- 84 The work of the Establishment Unit will happen alongside a policy work programme that will consider the legislative, regulatory, and institutional frameworks that are needed to move the project to delivery. This has the potential to be a significant and challenging programme in its own right, and will require contributions from a number of agencies (including the Ministry of Transport, MHUD, Treasury and Ministry for the Environment).
- 85 We have identified a number of key policy and legal issues that will need to be taken forward alongside technical work to develop CC2M itself. Key issues are likely to relate to:
- 85.1 acquisition of land and rights of use, while safeguarding Māori land and Treaty settlement land that might be impacted;
 - 85.2 the roles of agencies in supporting urban development, and the nature of partnerships between those agencies;
 - 85.3 funding and financing, including any possible changes to the Land Transport Management Act's funding framework and the establishment of value capture mechanisms; and
 - 85.4 entity form, including possible establishment of a new delivery entity.

86 Other matters that may require further policy work may include: consenting processes, utilities, asset ownership, public transport planning and operational roles of Auckland Transport and rail regulation.

87 Work will also be required to ensure that there is appropriate Māori and community involvement, including having regard to the Cabinet Guidelines in CO (19) 5, for policy makers to consider Te Tiriti o Waitangi/the Treaty of Waitangi in policy development and implementation.

88 During this initial phase of the project, the policy work is intertwined with the business case work, which informs the key priorities for detailed policy development. It is expected that the majority of the policy work programme will take place post approval of the business case outputs by Cabinet, and this will require the attention of a range of policy agencies beyond the Ministry.

89 The Ministry will lead work to scope and initiate this policy work programme in consultation with Waka Kotahi, [REDACTED]

[REDACTED]

(Confidentiality)

90 [REDACTED]

Funding and finance will be better understood through Business Case and policy work

91 Broader Project funding and financing (beyond the initial Establishment Unit/business case phase) will largely be addressed through the business case process and policy workstream.

92 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.

93 Overall, this points to a combined approach across Crown, NLTF, farebox, local government tools (to capture local/regional community benefit), private funding sources (to capture commercial/private business benefit) and new value capture mechanisms. The business case will need to identify the best mix of these for the project, given factors such as forecast patronage, preferred cost per fare, and distributional impacts both along the corridor and across the city. These involve trade-offs which we will need to consider carefully.

- 94 The approach to funding should be in line with the public service delivery approach and this project represents an opportunity to consider the case for tools that better match those who benefit with those who pay. This should have regard to the benefits the project could have on urban development opportunities in Auckland, as well as the increased levels of access the scheme will provide for residents and businesses across the city.
- 95 Agreements with property owners, public and private sector partnering for development, and targeted rates may all play a role in this funding toolkit. Many of these tools are long-term propositions where revenue will take many years, likely decades, to fully materialise. Their implementation will need to align with the overall strategic outcomes of the project.
- 96 I note that while there are good policy reasons to investigate value capture mechanisms, research shows that they have proven challenging to implement. The various considerations will be worked through in the business case process. To ensure a clear signal is provided, I recommend that Cabinet agrees to signal an intent to capture value and agrees to progress work on value capture and commercial opportunities through the business case and policy work programme. This can be integrated with urban development opportunities.
- 97 We do not have robust cost estimates for CC2M, but we know it will be high cost. ATAP signals a commitment of \$1.8bn from the NLTF for light rail in Auckland. This is just seed funding, so additional funding will be required³. Even if all of the revenue sources above are used to their full potential, there will likely remain a funding shortfall, requiring substantial central government support. Any such capital contribution, whether from Budget allowances or the NLTF (beyond the initial NLTF seed funding of \$1.8m billion), will involve trade-offs, either within the transport portfolio or our wider government priorities:
- 97.1 Additional NLTF funding would require reprioritisation of other transport projects or commitments, or an increase in Petrol Excise Duties and Road User Charges; and
- 97.2 A Crown grant would constraint Budget allowances, or would require an increase in debt levels.
- 98 These choices will warrant careful consideration in the context of our ongoing fiscal strategy.
- 99 Further work through the business case process will consider whether project financing is appropriate (rather than a Crown loan facility), including whether this will provide value for money and help to manage risk. If, as mandated through Cabinet, using a public service delivery model, it may be difficult to

[Redacted text block]

(Confidentiality)

transfer risk to the private sector via financing, in which case a Crown loan is likely to be simpler and more cost effective.

- 100 A key consideration will be the proportion of non-Crown project funding (e.g. NLTF, local government funding tools, new revenue sources such as other value capture mechanisms, farebox revenue, and other commercial revenue). This funding needs to be sufficient to support any CC2M specific debt financing.
- 101 It is my view that the funding and financing arrangements should reflect and be consistent with a model of public ownership and public operational control of CC2M.

Choosing the best public service Delivery Entity to progress the project

- 102 Consistent with Cabinet's earlier decisions, the delivery of the project will be undertaken by a public service delivery entity. I am seeking for further work to be done to confirm the form of that entity through the business case process. There will be a number of features required for the entity, including:
- 102.1 it must have clear expectations and incentives to work constructively with other stakeholders, and vice versa;
- 102.2 it must also have clear and undiluted accountability for delivering the Project's key outcomes; and
- 102.3 it will need a stable operating environment, so that it can plan and deliver the Project with certainty, as well as manage its relationships with stakeholders and communities.
- 103 In addition, significant system and entity capability will need to be built up to deliver the Project, as no entities in New Zealand currently have the expertise or resource to undertake a project of this scale.
- 104 There is a strong case to separate transport and urban development functions. In effect, this suggests that the Delivery Entity should have a mandate to focus on delivery of the transport project and should partner with other agencies, in particular Kāinga Ora, to progress urban development outcomes.

Two initial options for the Delivery Entity for further development

- 105 I would like the Establishment Unit to consider two main options for the Delivery Entity.

A joint venture entity

- 106 A Joint Venture combines and improves delivery capability, expertise and relationships of partnering agencies. Risks and accountabilities would also be shared between them. If there is a joint venture between Crown and Council

entities, this would provide both levels of government with representation in the project. There would however be considerable time and setup costs.

City Rail Link Limited

107 City Rail Link Limited has established capabilities in infrastructure delivery. It was set up to operate as a delivery entity, with a mandate to deliver a well-defined project that has an agreed business case. With this history, it does not currently hold some key capabilities that are needed for CC2M, including design and planning capability, or in complementary areas such as partnering for urban development outcomes.

Financial Implications

108 A funding decision for the Establishment Unit from the NLTF will be sought from the Waka Kotahi Board at its March meeting. Such approval will be subject to a decision by Cabinet to take CC2M forward through the Establishment Unit, as described in this paper. [REDACTED]

[REDACTED]

(Confidentiality)

109 [REDACTED]
[REDACTED]
[REDACTED] Given the eventual scale of the project additional funding or financing will need to be in place prior to commencing project delivery.

Legislative Implications

110 As outlined above, key changes to legislation are likely to be required to enable delivery and operation of the project.

111 While there are no immediate legislative implications, changes are likely to be required to enable delivery and operation of the project. These will be identified through the business case and associated policy work, and will be reported back to Cabinet in due course.

112 A bid has been submitted that outlines any proposed legislation will go to Cabinet late 2022 for introduction in early 2023.

Impact Analysis

Climate Implications of Policy Assessment

113 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal at this stage as the likely impact on emissions is not yet able to be quantified.

114 The CIPA team notes that the final option that is progressed is likely to result in significant emissions reductions by supporting mode shift from bus and private motor vehicle travel to rapid transit. As this work is progressed,

comprehensive emissions analysis will be carried out in advance of final policy decisions as appropriate.

Population Implications

Treaty of Waitangi and recognition for mana whenua

- 115 The Project needs to establish processes for working with mana whenua as Treaty partners over the life of the Project given its likely impact on:
- 115.1 Treaty settlements, potentially including rights of first refusal and activity in the marine and coastal areas where the route crosses the Manukau Harbour at Onehunga/Māngere; and
- 115.2 matters of national importance under the Resource Management Act, specifically the relationship of Māori and their culture and traditions with their ancestral lands, water, sites, waahi tapu, and other taonga.
- 116 Given its scale and duration, the Project represents a significant opportunity to make a step change in how the Crown and Māori work in partnership on major projects by embedding practices that move from engaging to empowering mana whenua.
- 117 The Ministry has made early contact with mana whenua entities with interests along the corridor to start identifying the opportunities, aspirations, issues and challenges they see arising from the Project, and to reflect these in the project scope as appropriate.
- 118 This should also help to identify opportunities for Māori businesses to participate successfully in procurement processes, commercial opportunities for Māori, and significant employment of Māori in quality jobs.

Consultation

- 119 The Ministry of Transport and Waka Kotahi worked with the Treasury, MHUD, Kāinga Ora, Te Kawa Mataaho Public Service Commission, Te Arawhiti and Te Waihanga Infrastructure Commission and consulted them on this proposal.
- 120 Crown Law has been consulted on the paper in relation to any public law aspects.
- 121 Auckland Council and Auckland Transport have been involved in discussions that informed the content of this Cabinet paper.

Comment from the Treasury

- 122 The Treasury supports the setup of the establishment unit, including its proposed functions and tasks, to ensure Cabinet can make informed and evidence-based decisions on the project based on the business case and other streams of advice, and to build social licence. We are aware of Ministers' desire to ensure the project moves forward with tangible progress

towards delivery. With this in mind, we are concerned that the proposed single board, with broad membership mixing stakeholders and those accountable for the business case and advice, will dilute accountability and could result in delays due to a lack of clarity around decision-making.

- 123 The Treasury agrees it is critical for the future of the project that there is as broad an agreement as possible on key choices such as mode and route alignment. However, the Treasury's recommendation, aligned with international best practice, is that this is most effectively achieved through a separate stakeholder and/or expert advisory group. These groups would work closely with the Board (comprising those who are accountable for the business case and advice to Ministers) to ensure stakeholder perspectives are fully taken into account through the process. This structure would enable the Board to make timely decisions and will enable more efficient management of the operations of the unit, including managing financial delegations and holding the Project Director to account for performance and delivery. This will provide the Government with a clear line of sight on how the project is progressing. These views are also held by the NZ Infrastructure Commission, Te Waihangā.

Communications

- 124 There is a high level of public interest in the project and the announcement of next steps can be expected to attract considerable interest.
- 125 Before any public announcements, it is important that we first brief key partners, especially ATAP agencies and the Mayor of Auckland.
- 126 I propose that the next steps for CC2M be announced at a Government media briefing in Auckland supported by key partners. To avoid speculation, it is important that this briefing provides as much information about the future of the project as possible, including:
- 126.1 the agreed outcomes and benefits;
 - 126.2 the work to be carried out by the establishment unit and plans for transition into a delivery entity;
 - 126.3 broad phases and timelines for delivery;
 - 126.4 decisions that will require further work and why, for example route and mode;
 - 126.5 opportunities for the market;
 - 126.6 how and when stakeholders and communities will be able to have their say; and
 - 126.7 The Government's intention to partner with Māori.

Proactive Release

- 127 It is my intention to proactively release this Cabinet paper, alongside my announcements on the project. Some material may need to be redacted to take account of any residual risks arising from the termination of the parallel process, including ongoing obligations of confidentiality owed to the respondents.

Released under the Official Information Act 1982

Recommendations

The Minister for Transport recommends that the Committee:

- 1 **note** that in June 2020, Cabinet agreed that the City Centre to Māngere project be taken forward through a public service delivery approach [CAB-20-MIN-0300];
- 2 **agree** that an Establishment Unit will be set up and tasked with progressing the following over a six month period:
 - 2.1 completing business case work to inform future advice to Cabinet;
 - 2.2 undertaking initial iwi, stakeholder and community engagement;
 - 2.3 preparing advice on the form and governance arrangements for the delivery entity for the project;
 - 2.4 preparing advice on the options to take the project forward, including mode, alignment, and decision gateways; and
 - 2.5 supporting and informing, as required, policy work undertaken by policy agencies.
- 3 **agree** to the proposed Establishment Unit governance of project sponsors and an Establishment Unit Board;
- 4 **agree** to the Ministers of Finance and Transport to act as the project sponsors, alongside representation from Auckland local government;
- 5 **note** that the roles, responsibilities and composition of these governance bodies will be finalised in discussion with relevant agencies (including Auckland Council and Auckland Transport);
- 6 **agree** that the Ministers of Finance and Transport be delegated authority to finalise the governance structure that will oversee the project;
- 7 **authorise** the Ministers of Finance and Transport, in consultation with Auckland local government, to take decisions on the following matters:
 - 7.1 the questions of strategic direction that will need to be confirmed in order to commence with the business case;
 - 7.2 the scope of the business case outputs, including what key decision criteria will be included, such as mode, alignment and funding and financing options; and
 - 7.3 a Stakeholder Management Plan and a Mana Whenua Engagement Plan, specifically the scope and intent of iwi, stakeholder and community engagement.

Commercial in confidence

- 8 **authorise** the Ministers of Finance and Transport, in consultation with Auckland local government representatives on the Sponsors Group, to provide direction to the Establishment Unit to confirm the parameters of the business case and investment objectives;
- 9 **note** that the Sponsors Group and Establishment Unit Board will provide ongoing direction to the Establishment Unit in the development of the business case;
- 10 **note** that the Establishment Unit will be 'housed' within Waka Kotahi;
- 11 **note** that further work is underway to confirm whether the Establishment Unit can be set up as a joint endeavour arrangement between Waka Kotahi and Auckland Transport;
- 12 **direct** the Ministry of Transport to work with Waka Kotahi, Auckland Council and Auckland Transport to set up the Establishment Unit;
- 13 **authorise** the Minister of Finance and the Minister of Transport to take decisions as required to support the setup of the Establishment Unit, including appointing the members of the Establishment Unit Board and approving the Board's Terms of Reference;
- 14 **authorise** the Establishment Unit Board to appoint key members of the Establishment Unit, including the Project Director;
- 15 **agree** that the Ministry of Transport takes forward a policy work programme, encompassing legislative and regulatory changes that may be needed to enable the delivery of the project, including the permanent form of the CC2M delivery entity;
- 16 **direct** officials to commence work on value capture mechanisms and funding tools for the project;
- 17 **note** the proposed funding arrangements and budget for undertaking the work of the Establishment Unit;
- 18 **note** that the funding of the Establishment Unit is intended to be from the NLTF and that this is a matter for the Waka Kotahi Board to approve pursuant to the Land Transport Management Act 2003;
- 19 **agree** to rescind Cabinet's previous direction on the role of Waka Kotahi to deliver light rail, to provide clarity to the Waka Kotahi Board in relation to the funding of the Establishment Unit;
- 20 **note** that additional funding may be required to resource the policy work programme. The Ministry is working through a set of options and will provide further advice;

Commercial in confidence

- 21** **invite** the Minister of Transport to report back in November 2021, with:
- 21.1 further advice based on the Business Case, and recommendations on a preferred way forward, including route, mode, funding and financing and the form of the delivery entity; and
 - 21.2 recommendations based on the detailed policy positions developed with respect to CC2M, including legislative and regulatory changes that are needed to take implementation of the project forward.
- 22** **note** that the Establishment Unit will manage the development of the project until the delivery entity is appointed and mobilised and that the proposed governance framework will be in place until this time (expected in the 6 – 9 month timeframe).

Authorised for lodgement

Hon Michael Wood

Minister of Transport

Attachment 2 – Cabinet Minutes

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Cabinet Business Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Progressing the City Centre to Māngere Project Through a Public Service Delivery Approach

Portfolio Transport

On 29 March 2021, the Cabinet Business Committee, having been authorised by Cabinet to have Power to Act [CAB-21-MIN-0094]:

Background

1 **noted** that in June 2020, Cabinet noted that the City Centre to Māngere light rail project (the CC2M project) is a key part of the Auckland Transport Alignment Project, and agreed that the CC2M project be taken forward through a public service delivery approach [CAB-20-MIN-0300];

Establishment Unit

2 **agreed** that an Establishment Unit be set up and tasked with progressing the following work over a six-month period:

- 2.1 completing business case work to inform future advice to Cabinet;
- 2.2 undertaking initial iwi, stakeholder and community engagement;
- 2.3 preparing advice on the form and governance arrangements for the delivery entity for the CC2M project;
- 2.4 preparing advice on the options to take the project forward, including mode, alignment, and decision gateways;
- 2.5 supporting and informing, as required, policy work undertaken by policy agencies;

3 **agreed** to the proposed Establishment Unit governance of project sponsors and an Establishment Unit Board, as outlined in the paper under CBC-21-SUB-0036;

4 **agreed** that the Minister of Finance and the Minister of Transport be the project sponsors, alongside representation from Auckland local government;

5 **noted** that the roles, responsibilities, and composition of the governance bodies will be finalised in discussion with relevant agencies (including Auckland Council and Auckland Transport);

- 6 **authorised** the Minister of Finance and the Minister of Transport, in consultation with the Minister of Housing, to finalise the governance structure that will oversee the CC2M project;
- 7 **authorised** the Minister of Finance and the Minister of Transport, in consultation with the Minister of Housing and Auckland local government, to take decisions on the following matters:
- 7.1 the questions of strategic direction that will need to be confirmed in order to commence with the business case;
 - 7.2 the scope of the business case outputs, including what key decision criteria will be included, such as mode, alignment, and funding and financing options;
 - 7.3 a Stakeholder Management Plan and a Mana Whenua Engagement Plan, and specifically the scope and intent of iwi, stakeholder and community engagement;
- 8 **authorised** the Minister of Finance and the Minister of Transport, in consultation with Auckland local government representatives on the Sponsors Group, to provide direction to the Establishment Unit to confirm the parameters of the business case and investment objectives;
- 9 **noted** that the Sponsors Group and Establishment Unit Board will provide ongoing direction to the Establishment Unit in the development of the business case;
- 10 **noted** that the Establishment Unit will be housed within Waka Kotahi New Zealand Transport Agency (Waka Kotahi);
- 11 **noted** that further work is underway to confirm whether the Establishment Unit can be set up as a joint endeavour arrangement between Waka Kotahi and Auckland Transport;
- 12 **directed** the Ministry of Transport to work with Waka Kotahi, Auckland Council and Auckland Transport to set up the Establishment Unit;
- 13 **authorised** the Minister of Finance and the Minister of Transport to take decisions as required to support the set-up of the Establishment Unit, including appointing the members of the Establishment Unit Board and approving the Board's Terms of Reference;
- 14 **authorised** the Establishment Unit Board to appoint key members of the Establishment Unit, including the Project Director;
- 15 **agreed** that the Ministry of Transport progress a policy work programme, encompassing legislative and regulatory changes that may be needed to enable the delivery of the project, including the permanent form of the project's delivery entity;
- 16 **directed** officials to commence work on value capture mechanisms and funding tools for the project;

Financial Implications

- 17 **noted** the proposed funding arrangements and budget for undertaking the work of the Establishment Unit, as outlined in the paper under CBC-21-SUB-0036;
- 18 **noted** that the funding of the Establishment Unit is intended to be from the National Land Transport Fund, and that this is a matter for the Waka Kotahi Board to approve pursuant to the Land Transport Management Act 2003;

- 19 **noted** that in May 2018, the Cabinet Economic Development Committee (DEV) agreed that Waka Kotahi be the government's lead agency for the Auckland light rail project [DEV-19-MIN-0141];
- 20 **rescinded** the above decision on the role of Waka Kotahi to deliver light rail, to provide clarity to the Waka Kotahi Board in relation to the funding of the Establishment Unit;
- 21 **noted** that additional funding may be required to resource the policy work programme, and that the Ministry of Transport is working through a set of options and will provide further advice;

Next Steps

- 22 **invited** the Minister of Transport, in consultation with relevant portfolio Ministers, to report back to DEV in November 2021 with:
- 22.1 further advice based on the business case and recommendations on a preferred way forward, including route, mode, funding and financing, and the form of the delivery entity;
- 22.2 recommendations based on the detailed policy positions developed with respect to the project, including legislative and regulatory changes that are needed to take implementation of the project forward;
- 23 **noted** that the Establishment Unit will manage the development of the project until the delivery entity is appointed and mobilised, and that the proposed governance framework will be in place until this time (expected in the 6 – 9 month timeframe).

Rachel Clarke
Committee Secretary

Present:

Rt Hon Jacinda Ardern (Chair)
Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Carmel Sepuloni
Hon Andrew Little
Hon David Parker
Hon Stuart Nash
Hon Kris Faafoi
Hon Michael Wood

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet

Attachment 3 – [Draft] Terms of Reference

(The Terms of Reference are still being finalised. We will circulate these to the Board when they are ready.)

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Attachment 4 – Code of Conduct for Crown Entity Board Members

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CODE OF CONDUCT FOR CROWN ENTITY BOARD MEMBERS

Issued by the Public Service Commissioner under section 17(3) of the Public Service Act 2020 to apply to board members of statutory entities (excluding corporations sole) and Crown entity companies (excluding Crown Research Institutes and their subsidiaries)

Crown entities deliver public services, exercise significant powers and directly impact the lives of New Zealanders. To be effective, Crown entities must have the trust and confidence of New Zealanders and the Government.

Acting in the spirit of service

Boards oversee the operations and performance of Crown entities. As board members we bring to our roles a spirit of service to the community and a desire to improve the wellbeing of New Zealand and New Zealanders, including of Māori consistent with Te Tiriti o Waitangi. A key requirement of our roles is to act with the highest levels of integrity and professional and personal standards.

Responsibilities under this code

Personal integrity

We are honest and open

We act with honesty and with high standards of professional and personal integrity.

We are truthful and open. We speak up in board meetings on decisions or advice that may be detrimental to the public interest.

We are fair

We deal with people fairly, impartially, promptly, sensitively and to the best of our ability.

We do not act in a way that unjustifiably favours or discriminates against particular individuals or interests. We help create an environment where diverse perspectives and backgrounds are encouraged and valued. We treat other members and staff employed by the entity with courtesy and respect.

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We speak up

We report unethical behaviour when we see it. We treat all concerns raised by others seriously.

We support the entity to have clear policies and procedures in place that help expose serious threats to the public interest, and encourage open organisation cultures where all staff feel safe speaking up.

Professional conduct

We use our positions properly

When acting as a member, we do not pursue our own interests at the expense of the entity's interests.

We do not misuse official resources for personal gain or for political purposes. We behave in a way that reflects well on the reputation of the entity and do not do anything to harm that reputation.

We never seek gifts, hospitality or favours for ourselves, members of our families or other close associates. We inform the Chair or other proper authority, or otherwise follow our entity's procedures, in relation to any offers of gifts or hospitality. We ensure that, where a gift or hospitality is accepted, it is recorded in a register as required under the entity's procedures.

We use information properly

We use information we gain in the course of our duties only for its intended purpose and never to obtain an advantage for ourselves or others or to cause detriment to the entity.

We are well informed about privacy, official information and protected disclosures legislation. We fully comply with entity procedures and only disclose official information or documents when required to do so by law, in the legitimate course of duty or when proper authority has been given.

We are politically impartial

We act in a politically impartial manner. Irrespective of our political interests, we conduct ourselves in a way that enables us to act effectively under current and future governments. We do not make political statements or engage in political activity in relation to the functions of the Crown entity.

When acting in our private capacity, we avoid any political activity that could jeopardise our ability to perform our role or which could erode the public's trust in the entity. We discuss with the Chair any proposal to make political comment or to undertake any significant political activity¹.

We use care, diligence and skill

We carry out our work with care, diligence and skill.

We give proper consideration to matters and seek and consider all relevant information.

Acting lawfully

We meet our statutory and administrative requirements

We understand and act in accordance with all statutory and administrative requirements relevant to our roles.

We play a full and active role in the work of the board and fulfil all our duties responsibly. We respect the principle of collective decision-making and corporate responsibility. This means once the board has made a decision, we support it. We follow board protocols for public comment.

We identify and manage conflicts of interest

We identify, disclose, manage and regularly review all interests.

We become familiar with, and follow, all conflicts of interest requirements, including those of the board, the entity, and all statutory and professional requirements including the Crown Entities Act 2004, sections 62-72.

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Attachment 5 – Conflict of Interest Guidelines

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BOARD CONFLICTS OF INTEREST GUIDELINES

Purpose

Establishment Unit Board members have statutory obligations around the disclosure of interests for the purposes of managing conflicts. This note sets out guidance on identifying and disclosing those interests.

Scope

These guidelines are for all Establishment Unit Board members.

Obligation to disclose interests

Board members have personal obligations under the Crown Entities Act 2004 to disclose all interests. The obligation is in an ongoing one – interests must be disclosed as and when they arise.

Failure to disclose an interest can have legal consequences for the Establishment Unit (for example, exposure to judicial review) and the Board member.

Board members may make standing disclosures. A standing disclosure ceases to have effect if the nature of the interest materially alters or the extent of the interest materially increases.

Key principles for identifying potential conflicts

Conflicts of interest arise where a Board member's own interests interfere, or could appear to interfere with, the Establishment Unit interests. Conflicts may include direct or indirect interests, positions, associations or relationships that could influence, or be perceived as influencing, a Board member's ability to:

- Bring an independent view to the exercise of the Establishment Unit powers or functions or Board decisions, or
- Act in good faith and in the best interests of the Establishment Unit.

When considering whether there might be conflict of interest, a good question to ask is: Do my other interests create an incentive for me to act in a way that may not be in the best interest of the Establishment Unit?

Board members should assess their interests by considering their relevance and materiality.

Relevance

- Could a Board member's interest be perceived as potentially relevant to the Establishment Unit, given its role and responsibilities?
- Board members need to be aware of the Establishment Unit statutory duties and role (such as the functions set out in section 95 of the Land Transport Management Act 2003) and its operational activities (for example, State Highway projects, funding regional roads, regulating land transport activities).
- This helps to think about areas where potential conflicts will most likely arise (for instance, engineering and construction contractors, regional councils, infrastructure operators, recipients of funding administered, and entities that are regulated, by the Establishment Unit such as car importers and VTNZ).

Materiality

- Are Board member's interests so remote or insignificant, such that they would not affect the Board member in performance of his or her duties? Or is the interest sufficiently material that it could be perceived as creating some incentive to not to act in the best interests of the Establishment Unit?

- The materiality of an interest is determined by reference to the individual Board member. For example, a shareholding of \$10,000 might be financially material for one Board member, but not for another.

Some common scenarios that Board members might encounter are set out in Appendix One.

Key accountabilities and responsibilities

- Although disclosure of interests is the responsibility of each Board member, a consistent approach between Board members is desirable. It is useful for the Board to regularly discuss potential interests.
- A general disclosure does not necessarily give rise to an interest which engages the statutory conflict rules. It will always be necessary to assess the particular matter and whether there is any connection between the Establishment Unit and the Board member's role and the other interest.

A more detailed summary of the legal requirements is set out in Appendix Two.

Contact

For further information email marina.pinel@nzta.govt.nz

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APPENDIX ONE

Some common scenarios

While Board members should take caution in relying solely on rules of thumb, some common conflict of interest scenarios might include:

- Directorships of other companies: It does not matter whether the other company is listed or private, large or small. A conflict could still arise, for example, if the other company engages in a contract with Establishment Unit. In general, Board members tend to disclose other directorships because this is relatively straight forward.
- Trusteeships of family trusts (either your own or a friend's): These will usually not be relevant to the Establishment Unit given the scope of activities of most family trusts. Equally, a role as a trustee of a charitable trust with limited activities (such as investment of money) is unlikely to be relevant to the Establishment Unit Board members.
- Investments (for example, shares in listed companies): If individual share or bond holdings are small, it may be that they do not meet the materiality threshold for disclosure. Board members should also be aware that indirect interests in investments should be considered (such as investments held through family trusts).
- Some matters will clearly be de minimis, such as membership of the NZAA, because that interest is not likely to affect the Board member's decision making or create an incentive not to act in the best interests of Establishment Unit.

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APPENDIX TWO

Summary of the legal rules

- The legal test on what constitutes an interest in a matter is found in section 62 of the Crown Entities Act 2004.
- In summary, a Board member is interested in a matter (being any performance of the Establishment Unit functions or exercise of its powers, or any arrangement, agreement, contract made or entered into, or proposed to be entered into, by the Establishment Unit) where the Board member:
 - may receive a financial benefit from the matter
 - has a familial connection (spouse, partner, child, parent) with someone who may derive a financial benefit from the matter
 - may have a financial interest in a person (incl. non-natural persons) to whom the matter relates
 - is a partner, director, officer, board member, or trustee of a person who may have a financial interest in a person to whom the matter relates
 - is interested because the Establishment Unit governing legislation so provides (as at 4 July 2020, it does not), or
 - is otherwise directly or indirectly interested in the matter.
- There are some exclusions from the definition of an interest including:
 - The interest is so remote or insignificant that it cannot reasonably be regarded as likely to influence the Board member in carrying out their responsibilities
 - It arises only because the Board member has past or current involvement in the relevant sector, industry, or practice.
- As is to be expected, the Office of the Auditor General and State Services Commission guidance is that Board members of public entities should take a conservative approach. They stress that:
 - There are no universal rules
 - Relevant interests can be financial or non-financial
 - The focus should be on the public entity's specific circumstances
 - It is better to err on the side of openness
 - Conflicts are not a problem per se, provided they are identified and managed appropriately
 - Board member conflicts are best managed by the Board as a whole, and
 - Conflicts can be actual, potential, or perceived, and the perception of a conflict can be as damaging as a potential or actual conflict.

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Attachment 6 - Board expenses, travel, gifts and hospitality guidelines

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BOARD EXPENSES, TRAVEL, GIFTS & HOSPITALITY

Expenses

Reasonable and actual expenses Board members incur in connection with the performance of their roles (such as travel and accommodation) are reimbursed.

The Board Chair reviews Board expenses quarterly (i.e. retrospectively). The Risk & Assurance Committee Chair reviews the Board Chair's expenses quarterly (i.e. retrospectively).

The following expenses require **pre-approval**:

- International travel
- Domestic travel outside the guidelines below.

Board members should send expense claims (with GST receipts) to ashley.hunt@nzta.govt.nz monthly.

Travel

Flights and accommodation

Flights and accommodation should be booked by ashley.hunt@nzta.govt.nz and be booked as far in advance as practicable.

Where possible, travel will be arranged so overnight accommodation is not necessary. Where this is not possible or appropriate (e.g. there are limited flights or meetings on adjacent days) overnight accommodation will be arranged.

As a general guide, accommodation will be booked at the following rates:

- Up to \$220 per night for Auckland, Wellington, Christchurch, Dunedin, Queenstown, Rotorua and Tauranga
- Up to \$180 per night for other locations.

If you travel, need to stay overnight for Establishment Unit Board business and choose to stay in private accommodation:

- \$50 in expenses can be claimed if you own or rent the accommodation, or
- \$50 for a gift made to the host can be claimed (alcohol is not to be given as a gift).

Meals

Reasonable costs for meals when travelling overnight are reimbursed. As a guide cost should be:

- Up to \$25 for breakfast
- Up to \$20 for lunch
- Up to \$50 for dinner

Alcoholic beverages must be paid for personally.

Private vehicle use

The reimbursement rate for use of private vehicles is the IRD rate (currently 79 cents per kilometre).

Gifts and Hospitality

Board members should not accept gifts or hospitality that would, or might be seen to, compromise their integrity or independence.

Timing and frequency are relevant. Offers of gifts or hospitality, even of limited monetary value, may be of concern if offered repeatedly and/or at times when they could be seen to influence or reinforce a particular decision or action.

Board members should check with the Chair before accepting any gift or hospitality.

Board members should not solicit goods or hospitality under any circumstances.

Gifts

Gifts should be declined unless:

- They are of nominal value, or
- The gift is from international/cultural dignitaries or iwi and refusal would cause offence.

Hospitality

Hospitality provides opportunities for Board members to develop productive relationships. However acceptance of hospitality can also be open to criticism.

Careful judgement should be exercised. Board members should satisfy themselves the hospitality is not:

- Too frequent or elaborate, given the nature of the relationship, or
- Part of a pattern of invitations which, taken together, could be considered excessive.

Practice

Common sense will usually determine whether a gift or offer of hospitality should be accepted.

Useful tests include how Parliament, the media, suppliers and the wider public might interpret acceptance, the reasons that may be behind the offer, and how the Board member would justify acceptance.

Register

A register of gifts and hospitality of \$100 or more accepted by Board members is kept in Diligent (the value of cultural gifts is recorded as "unknown" in the register).

Please advise ashley.hunt@nzta.govt.nz of all such gifts and hospitality.

Suppliers

You cannot purchase goods and services from our suppliers at preferential rates, unless explicit staff discounts have been negotiated.

Where a supplier offers to fund attendance at a conference or similar event for which there is a legitimate business purpose, the offer should be declined, and the costs of attendance met by the Establishment Unit Board.

****All amounts noted in these guidelines are GST inclusive.***

Attachment 7 – Communications Protocol

Released under the Official Information Act 1982

External communications protocols for the City Centre to Māngere (CC2M) project

April 2021

Purpose

This document sets out the principles and processes for managing and coordinating external communications relating to the CC2M project across the various agencies, consultants and contractors within the Establishment Unit.

This protocol is managed by the communications and engagement team within the CC2M Establishment Unit.

Parties to this protocol

Parties to this protocol are agencies that are represented within the Establishment Unit, as well as consultants and contractors:

- Members of the Establishment Unit Board
- Waka Kotahi NZ Transport Agency
- Auckland Transport
- Auckland Council
- Ministry of Transport
- Consultants
- Contractors

The Project Sponsors are not a party to this protocol, but close liaison with the Finance and Transport Ministers' Offices and the Mayor and Deputy Mayor's Offices will facilitate consistent and accurate messaging about light rail and CC2M.

Overview

The City Centre to Māngere Light Rail Project (CC2M) is a priority in the Auckland Transport Alignment Project investment package agreed by the Government and Auckland Transport and Auckland Council. The intention of the project is to expand Auckland's mass transit network to improve access, thereby encouraging a shift to public transport and enabling quality urban communities.

The Government announced in March 2021 its decision to progress the CC2M project through a temporary Establishment Unit comprising representatives from central and local government agencies. The Unit was tasked with:

- partnering with Māori,
- engaging with stakeholders and communities,
- developing a business case so evidence-based decisions can be made on mode and route, providing cost estimates, and funding and financing options which includes looking at value capture,
- determining the best form for the delivery entity, which will be either City Rail Link Limited or a new joint venture with Auckland Council.

The Unit will report back on its work by the end of the year to enable Government to make key decisions.

Scope

These protocols cover:

- comments in a public forum
- media statements (including social media) and requests
- OIA and LOGOIMA requests
- correspondence (letters and emails)
- parliamentary questions (WPOs and OPQs)

Overriding principles

- **Clear responsibility** - the Establishment Unit communications and engagement team is responsible for all external communications relating to light rail and CC2M on behalf of the project .
- **No surprises** – Board members, partner agencies, consultants and contractors within the unit will share information on a no-surprises basis and ensure the Establishment Unit communications and engagement team is aware of all media and information requests relating to light rail or CC2M (even those most appropriately answered by one of the partner agencies)
- **Coordinated approach** - where partner agencies are the appropriate party to respond to a request for information (eg LOGOIMA request) they will consult the communications and engagement team to ensure the messaging is correct and to enable the team to build an understanding of stakeholders' areas of interest.

Media engagement (print, broadcast, social and online media, bloggers, and commentators)

The designated media spokespeople for CC2M are the Independent Chair, Leigh Auton and Tommy Parker, Mobilisation Lead. Where appropriate, the Independent Chair will advise the Project Director and the Project Sponsors in advance of engaging with the media.

The Media Manager, Establishment Unit will lead all media comment and engagement about CC2M.

All media queries about CC2M should be directed to the Media Manager, Establishment Unit and media responses should only be made with the approval of the Media Manager.

The Media Manager will inform the other parties of significant public statements relating to the project.

Statements about CC2M are not to be made in a public forum or to media without the express permission from the Establishment Unit communications and engagement team.

Contact details for media engagement

Name	Organisation	Phone	Email
Out of Scope	CC2M Establishment Unit	Out of Scope	Out of Scope
Out of Scope	Waka Kotahi	Out of Scope	
Out of Scope	Auckland Transport		
Out of Scope	Auckland Council	Out of Scope	

	Ministry of Transport	Out of Scope	media@transport.govt.nz
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OIA and LOGOIMA requests

Parties to this protocol will inform the Establishment Unit as soon as practicable, and no later than within five working days of receiving requests that are subject to the Official Information Act or Local Government Official Information and Meetings Act. The parties will discuss how best to deal with the requests, in accordance with the Act, which may include responding, declining or transferring the requests.

Contact details for OIA and LOGOIMA requests

Name	Organisation	Phone	Email
Out of Scope	CC2M Establishment Unit	Out of Scope	
Out of Scope	Waka Kotahi	Out of Scope	
Out of Scope	Auckland Transport	TBC	Out of Scope
Out of Scope	Auckland Council	Out of Scope	
Out of Scope	Ministry of Transport	Out of Scope	ocu@transport.govt.nz

Correspondence (letters and emails)

The Finance and Transport Ministers, Mayor and Deputy Mayor of Auckland, Establishment Unit Board members, chief executives of partner agencies, and senior project team members can expect to receive letters and emails from the public relating to the CC2M project.

To ensure consistent messaging and to enable the Unit to build an understanding of stakeholders' key areas of interest, responses should be coordinated by the Establishment Unit.

Contact details for correspondence

Name	Organisation	Phone	Email
Out of Scope	CC2M Establishment Unit	Out of Scope	
Out of Scope	Waka Kotahi	Out of Scope	
	Auckland Transport		
Out of Scope	Auckland Council	Out of Scope	
Out of Scope	Ministry of Transport	Out of Scope	ocu@transport.govt.nz

Parliamentary questions (WPQs and OPQs)

Released under the Official Information Act 1982

On behalf of the Transport Minister, the Ministry of Transport or Waka Kotahi may be asked to provide draft answers to WPQs and OPQs. These requests should be passed to the Establishment Unit to prepare draft answers. Draft responses will go back to the responsible agency (MoT or WK) to pass to the Minister's office.

It may be necessary for the Establishment Unit to seek information from or consult with other agencies in order to draft the answers. For OPQs in particular this will need to happen very quickly. Parties to this protocol have identified the following subject matter experts who can be quickly brought together.

Name	Organisation	Phone	Email
Out of Scope	CC2M Establishment Unit	Out of Scope	[Redacted]
Out of Scope	Waka Kotahi	Out of Scope	[Redacted]
	Auckland Transport		
Out of Scope	Auckland Council	Out of Scope	[Redacted]
Out of Scope	Ministry of Transport	Out of Scope	[Redacted]

More information

If you have any questions about this protocol please contact [Redacted]

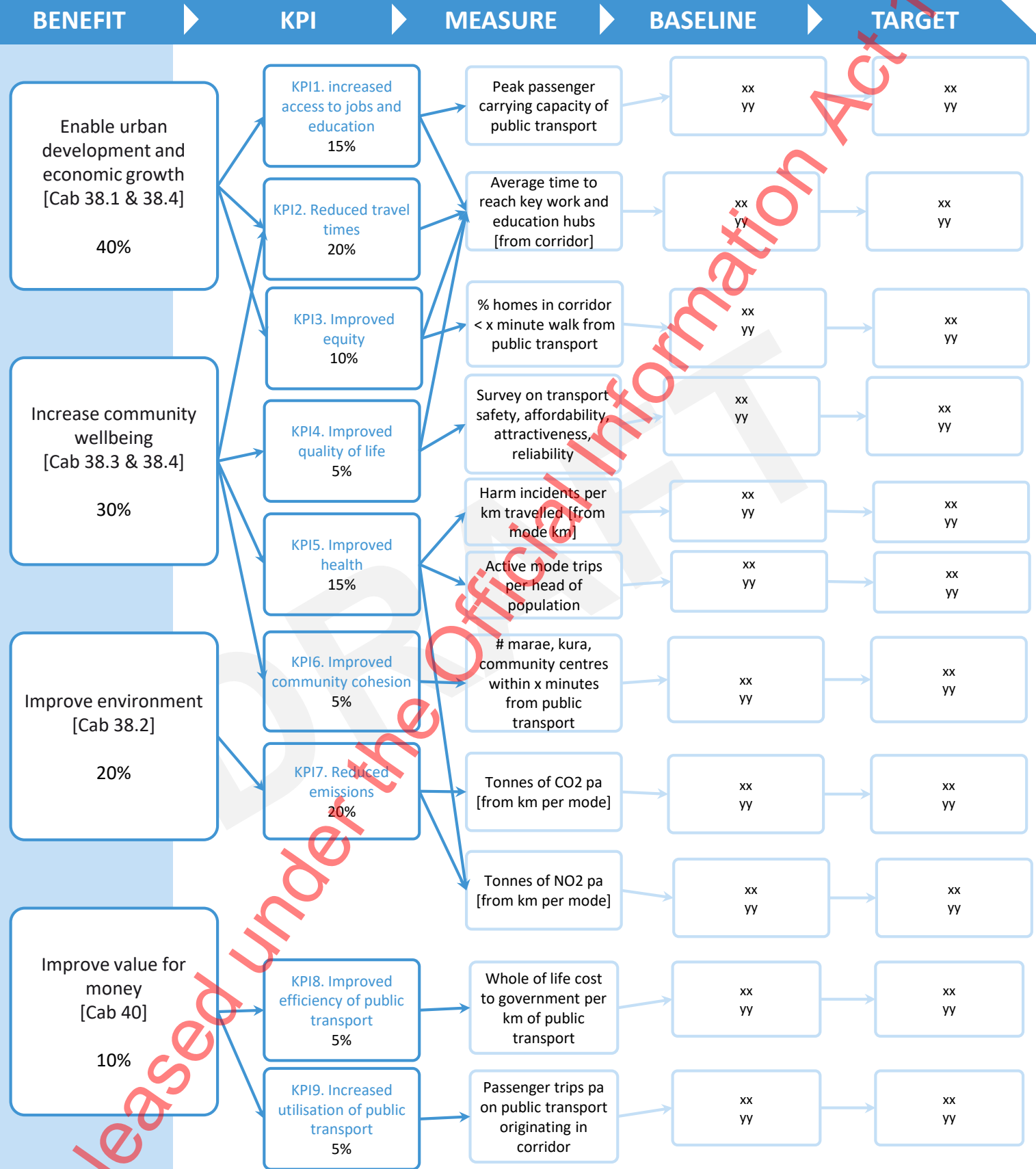
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Transport in the Central City to Māngere Corridor

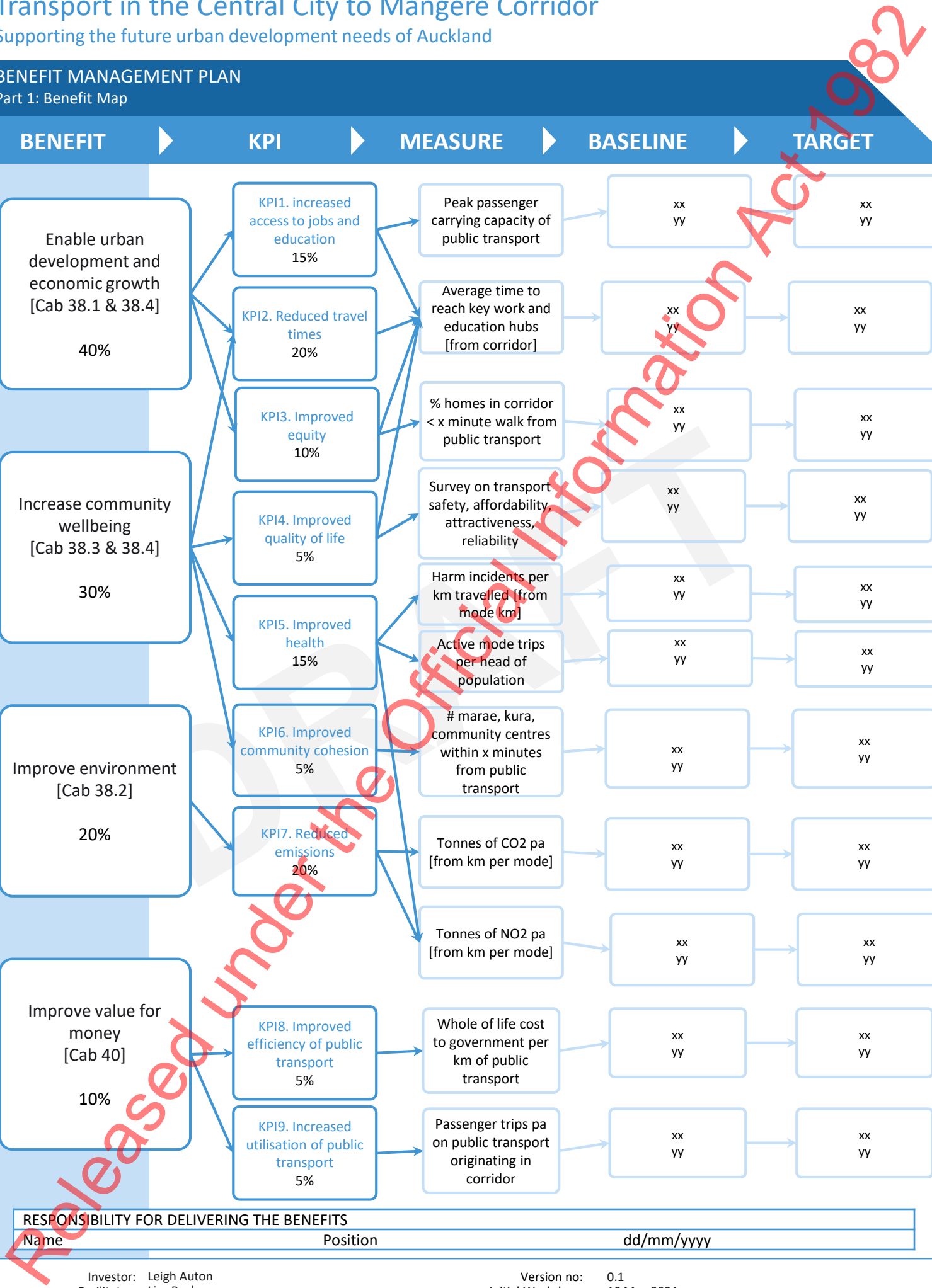
Supporting the future urban development needs of Auckland

BENEFIT MANAGEMENT PLAN

Part 1: Benefit Map



RESPONSIBILITY FOR DELIVERING THE BENEFITS		
Name	Position	dd/mm/yyyy



Transport in the Central City to Māngere Corridor

Supporting the future urban development needs of Auckland

INVESTMENT LOGIC MAP
Initiative

PROBLEM **BENEFIT** **RESPONSE**

Housing and population increases will further degrade access to work and education centres restricting incomes and investment and increasing travel costs
50%

High reliance on private vehicles is increasing CO2 emissions and causing congestion, high costs, and harm from injury and pollution
30%

Inadequate access to marae, kura, and other community hubs is increasing inequity and is detrimental to social cohesion
20%

Enable urban development and economic growth
40%
KPI 1: Increased access to jobs and education
KPI 2: Reduced travel times
KPI 3: Improved equity

Increase community wellbeing
30%
KPI 4: Improved quality of life
KPI 5: Improved health
KPI 6: Improved community cohesion

Improve environment
20%
KPI 7: Reduced emissions

Improve value for money
10%
KPI 8: Improved efficiency of public transport
KPI 9: Increased utilisation of public transport

Uncertainties:
Population growth
Pandemic/Impacts on Future of Work
Future Planning Changes /RMA impacts
Climate Change targets
Time frame for urban development

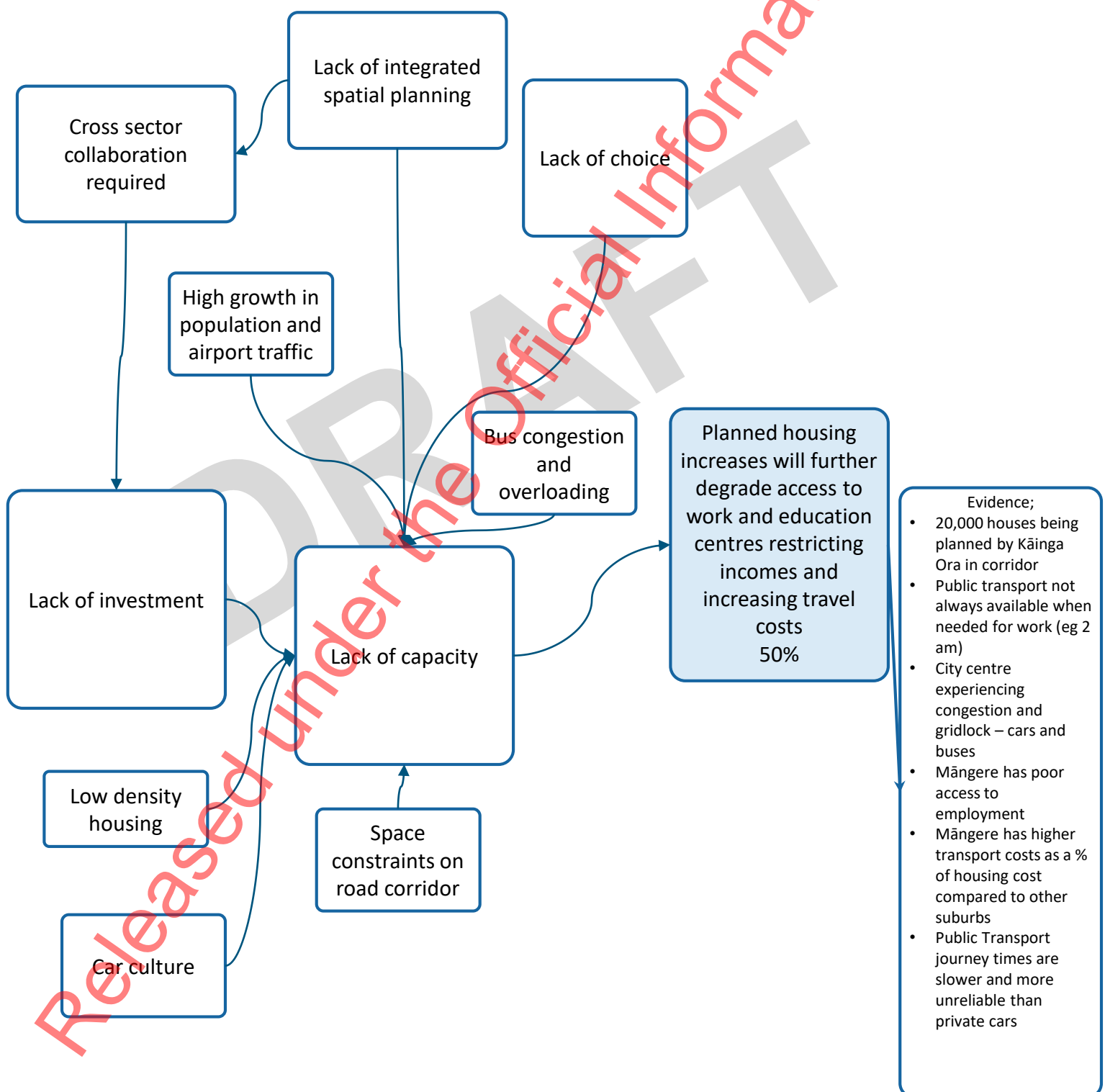
Dis-benefits
Gentrification /Increasing land prices

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Transport in the Central City to Māngere Corridor

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PROBLEM CAUSE MAP



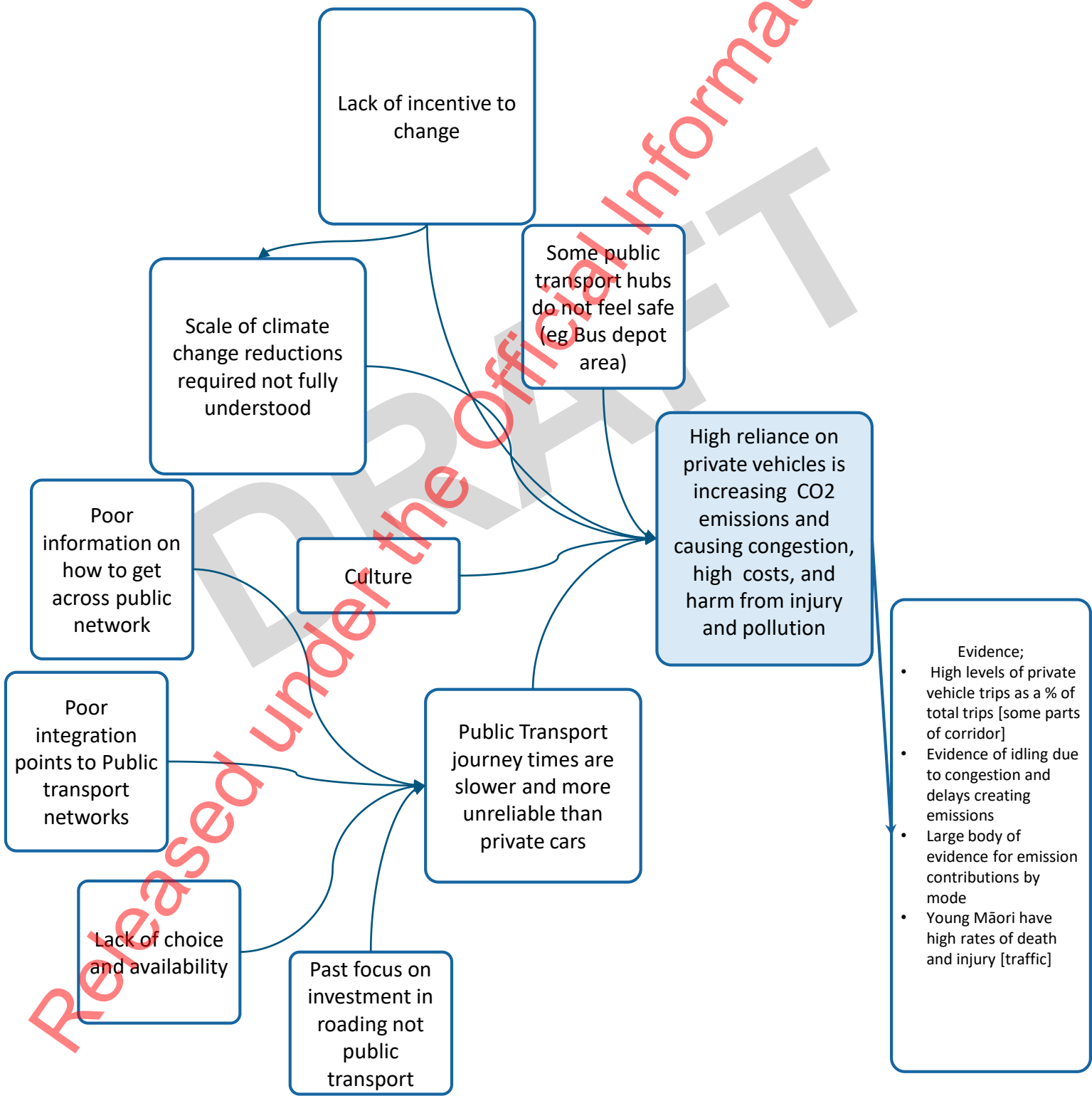
- Evidence;
- 20,000 houses being planned by Kāinga Ora in corridor
 - Public transport not always available when needed for work (eg 2 am)
 - City centre experiencing congestion and gridlock – cars and buses
 - Māngere has poor access to employment
 - Māngere has higher transport costs as a % of housing cost compared to other suburbs
 - Public Transport journey times are slower and more unreliable than private cars

Transport in the Central City to Māngere Corridor

Supporting the future urban development needs of Auckland

PROBLEM CAUSE MAP

Organisation



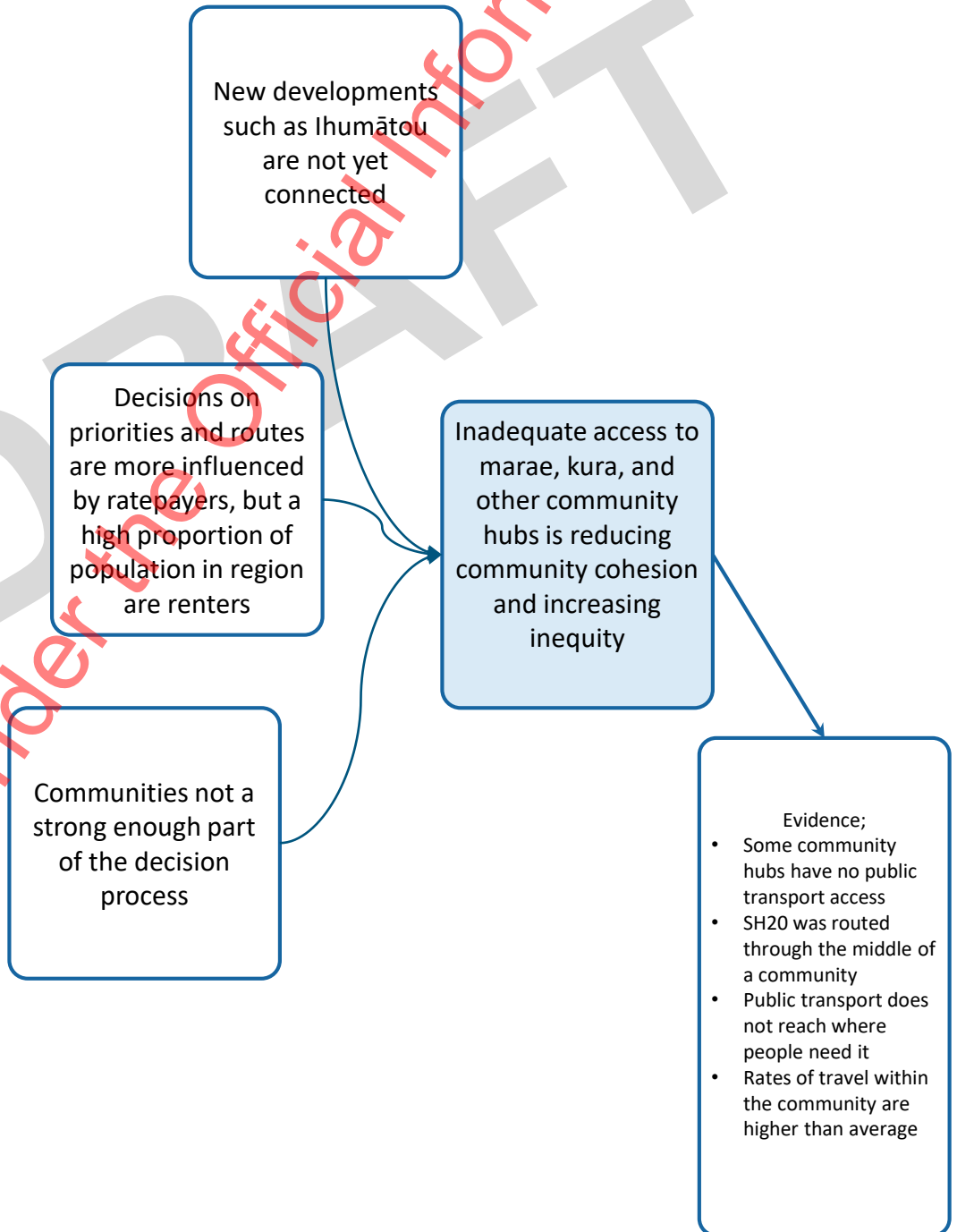
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Transport in the Central City to Māngere Corridor

Supporting the future urban development needs of Auckland

PROBLEM CAUSE MAP

Organisation



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Meeting Date	14 May 2021
Subject	Light Rail Establishment Unit Board foundations
Author	Out of Scope
Date	13 May 2021

Purpose

Inform board members about the terms of reference for the governance arrangements of the city centre to Māngere light rail project.

Recommendations

It is recommended the Board:

- **Note** the terms of reference for the governance arrangements of the city centre to Māngere light rail project.

Strategic Relevance

The terms of reference set out the roles and responsibilities of the different parts of the governance arrangements that have been set up to deliver on Cabinet's expectations to deliver advice that informs decisions on taking forward the city centre to Māngere light rail project.

Background

- The terms of reference for the governance arrangements of the city centre to Māngere light rail project (terms of reference) have been developed to provide clarity on the roles and responsibilities of the Project Sponsors, Establishment Unit Board and its Chairperson, Establishment Unit and the Project Director of the Establishment Unit.

Key Issues

- The terms of reference are based on the intent and direction given in the March 2021 Cabinet paper which set the direction for progressing the city centre to Māngere project through a public service delivery approach.
- The terms of reference have been written on the guiding principle of an inclusive governance structure.
- There has been extensive engagement in the development of these terms of reference. That includes the key partners involved in the Establishment Unit as well as the Treasury, Te Waihanga Infrastructure Commission and the Public Services Commission.
- The terms of reference are at attachment 1 and the Establishment Unit Board is invited to note them.
- Approval for the terms of reference will be sought from the Ministers of Transport and Finance, where permitted this will take place next week.

Attachments

Attachment 1

City Centre to Māngere light rail project

Terms of reference for the governance arrangements

Background and Cabinet decisions

- 1 Auckland's population is set to grow by 730,000 to 2.4 million over the next 30 years, with much of this growth concentrated along the Auckland City Centre to Māngere corridor. Auckland's future growth must be enabled and supported by a transport system that improves access, reduces overall journey times and supports a shift to sustainable and active travel. Rapid transit is an enabler of higher density and better quality urban development, leading to stronger communities, greater vitality and attractive compact urban form.
- 2 The Auckland City Centre to Māngere (CC2M) light rail project has been prioritised through the Auckland Transport Alignment Project, as the first spine of a wider rapid transit network for Auckland. Cabinet has endorsed this prioritisation. To support progress of this project of both national and regional significance Cabinet has agreed to set up an Establishment Unit, guided by an inclusive governance structure that will help build consensus and social licence for the project. There will be representatives of central and local government and mana whenua and with an independent chairperson.
- 3 Cabinet is looking to put in place a new process for the CC2M project so that Cabinet can:
 - 3.1 make decisions with confidence on the appropriate form of light rail, and its route along the CC2M Corridor. This requires properly testing the options with an open mind and taking an evidence-based approach;
 - 3.2 involve the communities of Auckland in the process – recognising the long term impacts this project will have in terms of shaping the city over 50 plus years, and in terms of shaping the network of rapid transit across the city. This means working with local politicians, agencies, and with communities;
 - 3.3 recognising the roles of Treaty partners, build a strong Crown – Māori partnership that embeds practices which empower Māori.
- 4 The purpose of these terms of reference is to set out the roles, responsibilities and authority of those within the governance structure that have been tasked with delivering the business case for CC2M, including to clarify the relationships and set out the engagement required given the inclusive nature of the Establishment Unit Board.
- 5 The Cabinet Business Committee minute providing the direction for this project is at annex X. These terms of reference have been written to be consistent with and read alongside the minute.

Role of Project Sponsors

- 6 The Cabinet Business Committee, having been authorised by Cabinet to have power to act, has agreed that the Ministers of Transport and Finance (the Ministers) be Project Sponsors for the Establishment Unit, alongside representation from Auckland local government [CBC-21-MIN-0036 at 4].
- 7 Reflecting the importance of this project both nationally and to the communities of Auckland, the Ministers have invited the Mayor and Deputy Mayor of Auckland (Project Sponsors) to work closely

with the Ministers as joint sponsors of the project. The Mayor and Deputy Mayor of Auckland have accepted this role.

8 The role of the project sponsors is to:

8.1 set the strategic direction of the Establishment Unit Board, including addressing in consultation with the Minister of Housing those matters delegated to the Ministers of Finance and Transport by Cabinet matters [CBC-21-MIN-0036 at 7 and 8] being:

- (a) the scope of the business case outputs, including what key decision criteria will be included, such as mode, alignment, and funding and financing options;
- (b) a stakeholder management plan and, mana whenua and mataawaka engagement plan, and specifically the scope and intent of mana whenua and mataawaka, stakeholder and community engagement;

so that the Establishment Unit Board has appropriate guidance on the project sponsors' objectives and interests sufficient to allow the Establishment Unit to undertake its work;

8.2 be regularly informed of progress with the Establishment Unit Board's work, and provide direction on key strategic, policy or systems matters as required;

8.3 maintain political cooperation between central government and Auckland Council with regards to the project; and

8.4 with the benefit of the advice from the Establishment Unit Board Chairperson, enable the Ministers to take back to Cabinet proposed decisions to inform the next stage.

Establishment Unit Board

Purpose

9 Through the Chairperson, the Establishment Unit Board is responsible for reporting to and seeking strategic guidance from the Project Sponsors. The role of the Establishment Unit Board is to provide governance to the outputs of the Establishment Unit. Specifically;

9.1 Oversee the development of a business case for the CC2M project. This needs to:

- (i) align with the Treasury's Better Business Case framework;
- (ii) include options analysis, giving regard to the full range of costs, benefits and risks associated with different choices;
- (iii) include funding and financing options;
- (iv) take account of the CC2M project's agreed outcomes, including value for money;
- (v) take account of direction provided by the project sponsors on key strategic choices relating to the scope of the CC2M project;
- (vi) ensure that sponsors are kept regularly informed of progress, and have appropriate opportunities to provide guidance, particularly on matters of policy, strategy or systems;
- (vii) through the Chairperson, provide advice on the options to take the CC2M project forward including route and mode.

- 9.2 Ensure that the Establishment Unit undertakes high quality mana whenua and mataawaka, stakeholder and community engagement. This may include providing direction to the Establishment Unit on approaches to engaging, or facilitating access to stakeholder groups as appropriate.
- 9.3 Oversee the preparation of advice, on options for the form, powers and governance arrangements of the delivery entity for the CC2M project, including but not limited to using the existing City Rail Link Limited or a joint venture arrangement between the Crown and Auckland local government.
- 9.4 Oversee the preparation of advice on the pathway for taking the project forward, including decision gateways, and supporting and informing, as required, any parallel supporting policy work undertaken by policy and system agencies.
- 9.5 Establish appropriate processes so that the Establishment Unit Board can be satisfied that the work of the Establishment Unit has appropriate project management practices in place and has been subject to appropriate project assurance. This may, in particular, include the Establishment Unit Board seeking external technical expertise to inform its processes and advice.
- 10 The Establishment Unit Board is responsible for:
- 10.1 sound decision-making and working to the strategic direction set by the Project Sponsors;
- 10.2 seeking direction from the Project Sponsors at any point without delay in the project if significant challenges arise that would prevent the direction given by Project Sponsors from being met. This is with respect to challenges arising about project scope and strategic direction, the building of social licence, meeting the timeframes set out in this terms of reference and/or project spend.
- 10.3 ensuring that the Establishment Unit delivers on time, to scope, to a high standard and with prudent management of the budget

Strategic direction

- 11 In overseeing the preparation of the business case the Establishment Unit Board will give effect to the following project outcomes and such other strategic directions that the Sponsors Group might provide to the Establishment Unit Board:
- 11.1 The Outcomes Framework developed and agreed collaboratively by Auckland Transport Alignment Project agencies and central government. The agreed outcomes are:
- (i) **Access and Integration** - Improved access to opportunities through enhancing Auckland's Rapid Transit Network and integration with the current and future transport network;
 - (ii) **Environment** - Optimised environmental quality and embedded sustainable practice;
 - (iii) **Experience** - A high quality service that is attractive to users and highly patronised;
 - (iv) **Urban and Community** - Enabling of quality integrated urban communities, especially around Māngere, Onehunga and Mt Roskill;
- 11.2 Value for money.

Role of the Chairperson

- 12 In addition to guiding the Establishment Unit Board to achieve its responsibilities, the Chairperson is responsible for:
- 12.1 appointing and performance management of the Project Director of the Establishment Unit;
 - 12.2 alongside the Project Director, representing the views and interests of the Establishment Unit Board to Government Ministers and to the media. Where appropriate, the Chairperson will advise the Project Director and the Project Sponsors in advance of engaging with the media;
 - 12.3 determining meeting protocols and practices such as meeting frequency, quorum, attendance requirements, management of conflicts of interest, and approach to managing resignations and board vacancies;
 - 12.4 providing advice to the Project Sponsors on behalf of the Establishment Unit Board. While the Chairperson will hold the responsibility of providing advice, the purpose of inclusive membership on the Establishment Unit Board is to seek broad consensus. The Chairperson will work closely with Establishment Unit Board members to seek strong support for the Chairperson's advice wherever possible.
 - 12.5 If there is a material difference of view between Establishment Unit Board members, the Chairperson will ensure that view is described in their report to the Project Sponsors.

Composition

- 13 The independent Chairperson of the Establishment Unit Board has been appointed by the Ministers.
- 14 The remaining eight members of the Establishment Unit Board have been appointed by the Ministers and comprise a single representative from the following: Auckland Council councillors, Auckland Council local boards, the Auckland Council organisation, Auckland Transport, Kāinga Ora, mana whenua, Ministry of Transport and Waka Kotahi. In the instance of officials, the expectation is representatives should be at the Chief Executive level.
- 15 The Establishment Unit Board acknowledges that Te Waihangā and The Treasury will act as observers. The observers have a right to attend the Establishment Unit Board meetings and to have access to information necessary for them to provide independent visibility of progress and advice to their respective Ministers. These are non-voting roles to ensure the observers' roles as independent advisors to Ministers is not compromised. The observers will provide their expert advice and make linkages across the public sector to provide expertise or exemplars to assist the Establishment Unit Board.
- 16 As appropriate, the Chairperson and Sponsors Group may review the membership composition to ensure the required expertise is represented on the Establishment Unit Board through the life of the CC2M project.

Authority

- 17 Membership on the Establishment Unit Board is not a proxy for engagement with the organisations and communities represented on the Establishment Unit Board.
- 18 Members of the Establishment Unit Board must act in good faith, honestly and without bias to represent the views of their organisations and communities.
- 19 Representatives from Auckland Transport, Waka Kotahi and Kāinga Ora must hold appropriate delegations on behalf of their organisation on matters to be considered by the Establishment Unit Board.

Deliverable

- 20 The Chairperson shall provide the Project Sponsors with the business case (that addresses the requirements in paragraphs 9.1) and the required advice on the delivery entity and project pathway to enable Ministers to report to Cabinet in November.

The Establishment Unit

- 21 The Establishment Unit must deliver on the expected outputs of the Establishment Unit Board, seeking and taking direction from the Establishment Unit Board. The Establishment Unit will be led by the Project Director.

Guiding principles of working

- 22 Frequent, clear and transparent lines of communication across the governance arrangements are required. This may include Project Sponsors meeting with the Establishment Unit Board at key intervals during the Establishment Unit Board's work programme, and the Establishment Unit providing interim presentations or reports to the Project Sponsors if the Chairperson considers it helpful to do so.
- 23 It is expected that all members and their organisations will participate in a manner that will best support consensus where possible. Members must perform their functions in the spirit of the inclusive governance structure. Members will need to bring their unique insights and perspectives into the work, and work constructively to achieve the CC2M project's deliverables.
- 24 The Project Sponsors expect there will be a high level of transparency and co-operation on this project. In particular between the Establishment Unit and the organisations represented on the Establishment Unit Board, including Observers. This is to support the twin objectives of building these organisations' confidence in the work of the Establishment Unit and enhancing their support for the final outputs of the Establishment Unit. The Project Sponsors also expect to have high visibility of the work of the Establishment Unit Board.
- 25 These guiding principles will be subject to whatever protocols the Chairperson may require to ensure orderly sequencing and flow of information, and protection of confidential/commercially sensitive information.

Te Tiriti o Waitangi / Treaty of Waitangi

- 26 This project will recognise the principles of Te Tiriti o Waitangi/Treaty of Waitangi. This includes:
- 26.1 supporting mana whenua and mataawaka in resourced decision-making processes;
 - 26.2 recognising and the protection of rights and interests, cultural values and perspectives of mana whenua and mataawaka within Tāmaki Makaurau;
 - 26.3 building and maintaining collaborative and meaningful relationships with Māori;
 - 26.4 providing the opportunities for mana whenua and mataawaka to participate and share in the project's vision for Tāmaki Makaurau;
 - 26.5 providing the mana whenua representative member of the Establishment Unit Board with the necessary support for them to properly fulfil their role.

Community Engagement

- 27 Reflecting the significance of this project to the communities of Auckland Tāmaki Makaurau a key element of the Establishment Unit's work will be to build community understanding of the project and its benefits, hear from the communities, reflect on that feedback in the preparation of the business case, and by doing this seek to develop a strong social licence for this significant project.

Policy engagement

- 28 As matters of the optimal approach for project delivery arise, it is likely that wider policy issues will need to be considered, including the implications of potential choices beyond the project. This includes the nature of possible legislative and regulatory changes that may be needed to enable the delivery of the CC2M project, including the permanent form of the project's delivery entity, which the Cabinet Business Committee has agreed will be led by the Ministry of Transport. The Project Sponsors expect that both the Establishment Unit and relevant policy agencies will work collaboratively with the Ministry of Transport so as to provide well-formed advice. It is important to acknowledge that the Establishment Unit may need to handover some matters that have wider strategy or system implications to policy agencies.
- 29 Such matters will form a policy work programme that will be led by the Ministry of Transport. The Ministry of Transport will work with other policy agencies as well as the Establishment Unit Board in the development of any policy advice. It is expected that both the Establishment Unit and relevant policy agencies will work collaboratively so as to provide well-formed advice to the Project Sponsors

Resourcing and support

- 30 The Establishment Unit Board's work will be supported through the Establishment Unit, a joint endeavour of Auckland Transport and Waka Kotahi, the Auckland regional and national key transport delivery agencies. The Chairperson, after consultation with the Establishment Unit Board members, will appoint a project director to oversee the Establishment Unit's work. Waka Kotahi will house the Establishment Unit. To ensure a highly collaborative approach to the work of the Establishment Unit, it is expected that partner agencies will actively look to second staff into the Establishment Unit or provide other equivalent resources, taking into account other resourcing needs for each organisation.
- 31 Funding for the work of the Establishment Unit will be provided for through the National Land Transport Fund (NLTF). The Waka Kotahi Board is responsible for the NLTF and will retain oversight of this spend. In all other respects the Waka Kotahi Board has the same responsibilities as other agencies in the project.

Conflicts of interest

- 32 Members of the Establishment Unit Board must avoid situations that might compromise their integrity or otherwise lead to conflicts of interest, other than as contemplated in clause 18 of these terms of reference. Proper observation of these principles will protect the Establishment Unit Board and its members and will ensure that it retains public confidence.
- 33 If, in respect of a member of the Establishment Unit Board, a conflict of interest arises during the CC2M project that is unable to be mitigated, that member may be removed at the Ministers' discretion.

Confidentiality

- 34 Information from the project should generally be treated as confidential and only shared beyond members of the governance structure when this is necessary to support members in undertaking their role. Sharing of information should be done so with respect to the integrity of the project. At the chairperson's discretion, further guidance on confidentiality can be provided.
- 35 CC2M project information must not be used for personal benefit or profit, and must not be replicated or stored on unsecure devices.

The roles and responsibilities set out in these terms of reference are summarised in the table below.

Role	Responsibility
Cabinet	<p>Decision-maker</p> <ul style="list-style-type: none"> Preferred way forward, based on the business case and Establishment Unit recommendations, including route, mode, funding and financing, and the form of the delivery entity. On any key policy issues, including legislative and regulatory changes needed to take the implementation of the project forward. This may include agreeing to a policy work programme which sets out matters that require further detailed policy work.
Delegated Ministers	<p>Decision-maker</p> <ul style="list-style-type: none"> Make decisions required to set up the Establishment Unit, including appointing the Independent Chair Report back to Cabinet with further advice based on the business case and recommendations on a preferred way forward
<p>Project Sponsors</p> <p>Delegated Ministers and Mayor and Deputy Mayor of Auckland</p>	<p>Strategic guidance</p> <p>The delegated Ministers (Minister of Finance and Minister of Transport) will work closely with the Mayor and Deputy Mayor of Auckland as joint sponsors of the project.</p> <p>Delegated Ministers are required also to consult with the Minister of Housing on significant decisions.</p> <p>Key roles for the Sponsors group are to support the delegated Ministers to:</p> <ul style="list-style-type: none"> Provide early and ongoing strategic direction to the Establishment Unit for the development of the business case Approve a Stakeholder Management Plan and a Mana Whenua Engagement Plan and specifically the scope and intent of iwi, stakeholder and community engagement Provide advice to Cabinet with further advice based on the business case and recommendations on a preferred way forward, including route, mode, funding and financing, and the form of the delivery entity and recommendations on detailed policy positions developed with respect to the project.
<p>Establishment Unit Board</p> <p>Independent Chair</p>	<p>The role of the Establishment Unit Board is to support the Independent Chair in the following areas:</p> <p>Advice to Sponsors Group</p> <p>The Establishment Unit Board reports and seeks guidance from the Project Sponsors, including providing the business case to the Project Sponsors.</p> <p>Governance</p> <ul style="list-style-type: none"> Oversight of the Establishment Unit and its deliverables, including expenditure. Appointment and performance management of the Project Director
Waka Kotahi Board	<p>Oversight of funding</p> <p>Funding for the Establishment Unit is provided from the National Land Transport Fund.</p> <p>Housing the establishment unit</p> <p>This includes providing office and back office support, as well as some shared functions such as procurement and human resources support.</p>

Role	Responsibility
Project Director	<p>Delivery</p> <ul style="list-style-type: none"> Leads and manages the Establishment Unit on a day-to-day basis reporting to the Establishment Unit Board. Responsible for preparation of all project documentation and prepares reporting to support the role of the Establishment Unit, Minister(s) and Cabinet as required. Resolves planning and implementation issues, manages progress and budget, structures project delivery and provides specialist resources and skills necessary to deliver the project to an agreed scope, quality, schedule and budget.

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Draft Auckland Light Rail Establishment Unit Board Meeting Minutes	
Date & time	14 May 2021, 10am to 1pm
Location	Auckland Light Rail Establishment Unit Office, 203 Queen st, Auckland
Board members	Leigh Auton (Independent Chair) Peter Mersi (Ministry of Transport)* by VC Siobhan Routledge (Ministry of Transport)* by VC Katja Lietz (Kāinga Ora) Shane Ellison (Auckland Transport) Nicole Rosie (Waka Kotahi) Megan Tyler (Auckland Council, alternate) Councillor Darby (Auckland Council) Leilani Frew (Treasury, observer) Dan Cameron (Te Waihangā, observer)
Staff in attendance	Tommy Parker (Mobilisation Lead) Lucy Riddiford (Governance and policy lead)
External attendees	None
Apologies	Jim Stabback (Auckland Council)

* Present for part of the meeting

Introduction and governance matters

1. Apologies, Minutes and Actions

Mr Stabback sent his apologies.

Draft minutes and actions

As this was the first meeting, there were no minutes and actions from previous meetings.

Strategic

2. Introduction to Light Rail

Mr Parker introduced the session. Management and the Board discussed a number of matters including:

- The context for this project, including previous work:
 - 2015 scheme (AT) – light rail scheme along Dominion road
 - 2018 scheme (Waka Kotahi) – business case, which was not approved
 - 2019 parallel process.
- This project may build on previous work, but work undertaken by NZ Infra is not available to this project. The Ministry of Transport will provide further guidance about use of information arising out of the parallel process.
- The inclusive and collaborative governance structure of the project.
- Roles of the Establishment Unit Board members, noting that presence on the Board does not replace proper stakeholder engagement with the relevant organisations. Establishment Unit Board members do need to be able to share information about the project with their Boards and executive teams, so that they can appropriately represent the interests of their organisations when attending the Establishment Unit Board meetings.

- The deliverables for the Establishment Unit, noting:
 - The business case will likely be an indicative business case (IBC), as it will be limited by the extent to which full consultation will be possible (for example on station locations), given the timeframe and the overall objective to build social licence for the project;
 - Social licence is on the critical path for the programme; everything else hangs off this;
 - Iwi/ mana whenua partnership
 - Detailed advice, some of which will be part of the business case and some will be separate around the recommended delivery entity.
- The IBC will go back to the cause/ problems that the project is solving and will require a robust optioneering process. It is unlikely that in the timeframe it will be possible to get to a single recommendation, but we will have a good understanding of trade-offs that can be put to decision-makers.
- The strategic questions in the business case, noting that they are largely political questions that will need to be resolved, but if they are answered too early, there is a risk of undermining the robustness of the business case. The approach will need to be tested with the Project Sponsors.
- Schedule of future meetings, noting that some will likely be workshops. Broadly, future meetings will focus on the following questions:
 - June:
 - mana whenua and stakeholder engagement plans (noting that it is likely that management will seek approval of the plans out of cycle ahead of that meeting)
 - short list options
 - July – funding/ procurement
 - August – delivery entity and powers
 - Sept – Advice to the Project Sponsors to inform Cabinet Paper, drawing it all together.
- Challenges and trade-offs:
 - Interplay between social licence and the business case, noting that in the timeframe it is likely that only one round of consultation on high level questions will be possible.
 - Short term investment vs long term benefits.
 - Broader context for the project, including ATAP/ ARTP and consultation on the NPS urban development.

Resolutions	The Board noted the contents of the Introduction to Light Rail paper.
Actions	Roles and responsibilities: <ul style="list-style-type: none"> • Review draft terms of reference to ensure that they appropriately reflect their roles as members of the Establishment Unit Board and as representatives of their respective home organisations. • Explain how the Establishment Unit will support engagement with the home organisations to support the Establishment Unit board members.

Mr Mersi joined the meeting and Ms Routledge left the meeting at 11.00 am.

The Board broke for morning tea at 11.15 am and resumed at 11.30 am.



Operational

3. Mobilisation leaders report and monthly report and programme

Mr Parker introduced the session. Management and the Board discussed a number of matters including:

- The 5 workstreams, noting that social licence and business case are the critical ones to progress quickly.
- The challenging timeframe and the need to agree with Sponsors what the Establishment Unit can realistically deliver, particularly as it's critical to build social licence in parallel.
- The need to lay out a full programme for the delivery of the project, beyond a Cabinet decision.
- The draft ILM (Investment Logic Mapping), which was provided as a "walk-in" paper in the meeting and subsequently provided to Board members:
 - Explained that the ILM is the foundation document for the business case.
 - The ILM was developed in a workshop using an accredited ILM facilitator. The attendees included members of the Establishment Unit, as well as a broader group of representatives from Auckland Transport and Waka Kotahi who have been working on the broader Auckland Rapid Transit Plan. Representatives from the Ministry of Transport and Treasury also attended.
 - There was general agreement on the problem statements. The Board asked management to consider the weightings, in particular the weighting for climate change.
 - The Board will provide any further feedback on the ILM within one week.
- The project pack and, in particular, the risks, their likelihood and risk mitigation.
- Resources, noting that given the challenging timeframes, representatives from the home organisations (who will own the workstreams) will need to be supplemented with significant consultant resource. Management noted that given the available timeframe, consultants will be direct appointed. The Independent Chair will endorse the procurement plan.
- The health and safety management system.

Resolutions	The Board noted the contents of the Mobilisation leaders report and monthly report and programme.
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Actions	<p>Board to provide feedback on the ILM.</p> <p>Management to provide further information on the Health & Safety management system.</p> <p>Include a map of Auckland in future board packs.</p>
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4. Establishment Unit Board fundamentals

Ms Riddiford introduced the session. Management and the Board discussed a number of matters including:

- The Code of conduct for Crown Entity board members
- The disclosure of interests, noting that specific guidance will be provided to those Board members who had access to information from the parallel process.
- Sensitive Expenditure.
- Communications protocols.
- Meeting protocols.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Noted that Cabinet has mandated the Establishment Unit to prepare a business case, build social licence and provide advice to sponsors as to the appropriate delivery entity to take
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	<p>the project forward, as set out in the Cabinet paper and Cabinet Business Committee minute.</p> <ul style="list-style-type: none"> • Noted the key roles and responsibilities. • Approved the meeting protocols. • Endorsed the application of the Code of Conduct for Crown Entity board members (attachment 4). • Noted the conflict of interest guidelines in attachment 5 and the Board expenses, travel, gifts and hospitality guidelines in attachment 6. • Approved the communications protocol in attachment 7.
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5. Terms of Reference

Ms Riddiford introduced the session. Management and the Board discussed a number of matters including:

- The respective roles and responsibilities in the governance structure and the need to ensure that these are clearly set out in the terms of reference.
- The need to ensure that Board members can get a mandate from their home organisations where applicable.
- The need to ensure that there is sufficient flexibility in the deliverables set out in the Terms of Reference to ensure that Sponsors can provide appropriate guidance as the project progresses.

Resolutions	The Board noted the terms of reference for the governance arrangements of the city centre to Māngere light rail project.
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General Business

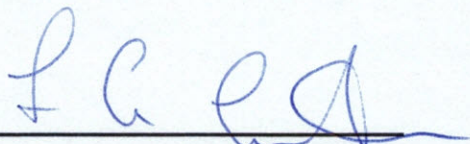
6. General Business

There was no further business.

The Board held a Board only session.

The meeting concluded at 1 pm.

Minutes approved by the Independent Chair



 Leigh Auton

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