Delivery Entity Report

DRAFT

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Delivery Entity Report

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1. Introduction

On 29 March 2021 Cabinet met to discuss next steps in relation to the City Centre to Māngere project (CC2M or Project). Cabinet minute CBC-21-MIN-0036 stated that the Establishment Unit would prepare advice on the form and governance arrangements for the best public service delivery entity to progress the Project (the Delivery Entity).

The supporting Cabinet paper noted the desire for the Establishment Unit to consider (amongst other options) two possible options for the Delivery Entity to take CC2M forward: a joint venture (JV) and City Rail Link Limited (CRLL).

The purpose of this paper is to summarise different Delivery Entity options considered to deliver the Project. This includes a JV, CRLL, as well as other existing entities and new entity forms. This paper provides an overview of the relative considerations and trade-offs of the different options.

1.1 The Delivery Entity Workstream

The Establishment Unit and Partner agencies have worked collaboratively over a series of workshops with representatives from Waka Kotahi, Kāinga Ora, Auckland Council, Auckland Transport (AT), the Ministry of Transport (MoT), the Treasury and Te Waihanga in attendance. These workshops covered: Delivery Entity scope, defining assessment criteria, assessment of options, governance and partnership principles, and phasing/transition (a summary of documents and workshops is provided in the Appendix).

The main findings in this paper reflect discussions held in these workshops and are based on a number of key baselines around the scope of the Delivery Entity (i.e. its functions) and how it will work with partners to deliver on this and the broader CC2M outcomes. In addition, it incorporates further analysis received from the Board at its 14 and 28 September 2021 meetings. A summary of key baselines is provided in Section 3 with further detail included the supporting reports.

Delivery Entity work has been undertaken in parallel with the development of other workstreams, including the preferred route and mode, urban development, funding and financing, and procurement. As such, it is iterative in nature and will continue to be refined.

The next phase, summarised as the detailed business case (DBC) stage will provide further clarity on route and mode, the associated urban development opportunities, appetite in relation to risk and control of urban outcomes, and the role of the Delivery Entity and its partners in delivering the outcomes. The form of the Delivery Entity can be considered and confirmed as these elements are refined to ensure the optimal entity is used to deliver this important and city-shaping project.

1.2 Approach to Assessment

In order to consider each option, assessment criteria were developed to reflect key desirable features for a Delivery Entity. These are summarised in the table below.

Criteria	Description
Clear accountability	Model provides clarity of scope, roles and responsibilities, accountabilities and expectations. Entity is accountable to partners, sponsors/shareholders, funders and the community.
Independent and autonomous decision-making	Model allows sufficient independence and autonomy to ensure the entity can make decisions efficiently. *Note: the degree of operational autonomy required will vary over the life of the Project. It is anticipated that greater Sponsor oversight and decision making is required during the planning stages given the more strategic nature of decision making at this stage of the Project.*
Outcomes led approach	Model promotes achievement of outcomes and ensures an integrated whole of programme, whole of network, whole of life approach is adopted.
Effective partnerships	Entity can work effectively with Partners and manage interfaces in an integrated manner.
Adaptable / flexible	The model is adaptable over time to allow for transition through project phases, potential extension of role etc. Sufficient commercial flexibility to enable it to adapt to different funding, financing and procurement options.
Appropriately resourced	The entity can attract the necessary skills and experience (at management and board levels) needed to ensure successful delivery of the project, outcomes and manage the associated risks.
Deliverability	The degree of regulatory / legislative change required to establish the entity does not impact the ability to continue progressing the project in a timely manner.

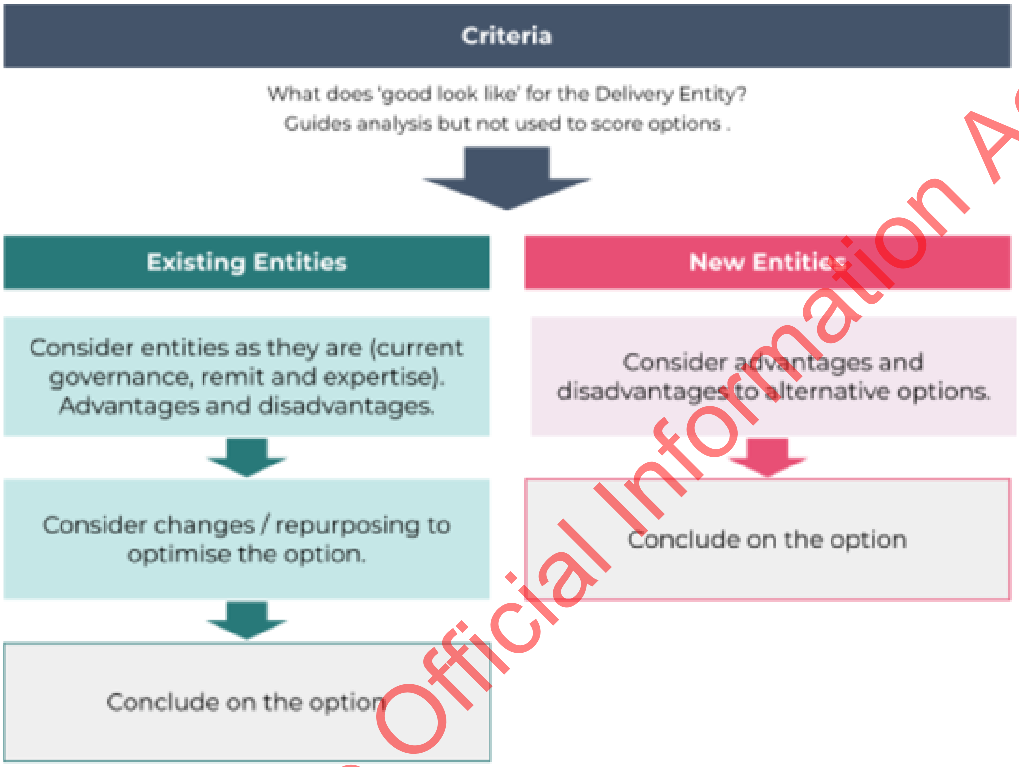
The above criteria were developed through consideration of the CC2M outcomes, the scope of the Delivery Entity, Cabinet guidance (refer text below) and domestic and international lessons learned.

> *"There will be a number of features required for the entity, including:*
>
> - *It must have clear expectations and incentives to work constructively with other stakeholders, and vice-versa;*
> - *it must also have a clear and undiluted accountability for delivering the Project's key outcomes; and*
> - *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.*
>
> *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 resources to undertake a project of this scale."*

There is inherent difficulty in comparing something that already exists (e.g. CRLL) with existing capability, remit, and governance arrangements, to something bespoke and purposely created to optimise the CC2M outcomes. For this reason, existing entities have been assessed on their current arrangements (i.e. current scope, governance, etc.)

and commentary has been provided as to changes that could be made to optimise the form. We also include commentary on repurposing CRLL.

The approach has considered the framework above in assessing options, supported by explanatory narrative, but not mechanically rank and score the different options. The process is summarised in the diagram below.



2. Executive Summary

CCM2 is large, complex and the 'first of its kind' in New Zealand. The Project has a broad set of outcomes and high expectations of what it will deliver and how it will work with key stakeholders and partners to deliver on these outcomes. Getting the structure right for planning and delivering the Project is critically important to its success.

2.1 Evaluation of Entity Forms

The Project could be delivered by either existing entities or a new entity. An existing entity would be more straightforward as systems, processes, and some capabilities are already in place and can be leveraged. However, it would require some changes to the existing entities to better enable them to deliver on the Project's outcomes. Risks would remain around the ability of these entities to manage and govern the Project alongside other activities given its scale and complexity.

A new entity would require time and resources to establish. However, it could be set up to be solely focused on meeting the Project's needs and functions and provide the required balance between operational autonomy and Ministerial or Sponsor oversight. It can also adapt as the Project evolves. Whatever type of entity is used, there will be challenges in securing the requisite capability and capacity.

As requested by Cabinet, a range of different options were considered to deliver the Project. The evaluation includes re-purposing CRLL to accommodate the Project, a JV structure, existing transport agencies, and a new Crown company.

The table below provides a summary of the evaluation exercise for the four main Delivery Entity options, as assessed against the evaluation framework. The light green shading reflects relatively better performance of the option against the evaluation criteria.

Criteria	CRLL*	JV** (incorporated JV)	New S4A Company	Waka Kotahi (Sub or Unit)
Clear accountability	Existing Crown / Council structure. Complexity and risk in managing and governing 'dual' projects. Potential risk to CRL project delivery.	Designed to provide clarity of roles & responsibilities. Potential complexity and ambiguity in accountability given parental legislative requirements.	Purpose-designed governing documentation and framework to ensure clear roles & responsibilities. Line of sight and accountability to Crown and Sponsors provided through Board of directors.	Provides for a direct line of sight and accountability to the Crown, recognising that the Waka Kotahi board has a wide mandate. Significant scale of the Project may, however, detract Waka Kotahi Board from its core activities and responsibilities. Could be addressed by the establishment of a skills-based subsidiary or

Criteria	CRLL*	JV** (incorporated JV)	New S4A Company	Waka Kotahi (Sub or Unit)
				project board to oversee the Project.
Independent and autonomous decision-making	Operationally independent Board with clear Ministerial / Sponsor oversight.	Unlikely to be fully operationally independent given parental oversight requirements.	Operationally independent and has the advantage of clarity of purpose as solely project focused.	Will be ultimately accountable to Waka Kotahi Board, but considerable discretion and flexibility can be built into reporting lines and structure.
Outcomes led approach	Changes required to broaden remit and beyond pure transport (project delivery) outcomes.	May be limited by parental 'functions'. Would require greater reliance on partners to deliver outcomes.	"Blank sheet of paper" to create a fit-for-purpose entity with a focus on CC2M outcomes.	Will need to be guided by Waka Kotahi functions, but considerable flexibility is provided for within governing legislation.
Effective partnerships	Changes needed to clarify roles of partners for CC2M and how these may differ for CRL.	May require additional reliance on partners to deliver urban outcomes.	Could support wider governance obligations and build partnerships but will need to develop core competencies and relationships. May rely on Sponsors to support efforts to build partnerships.	Waka Kotahi has a history of partnering and close stakeholder relationships but lacks specific Auckland mandate and may have limited awareness amongst local communities, especially rapid transit projects.
Adaptable / flexible	Changes required to current scope and functions. Complexity of balancing different scope for different projects. Can adapt to different commercial models, scopes and over time. Project focus may limit ability for Delivery Entity to support a wider perspective around rapid	Limited by parental legislative framework. Project focus may limit ability for Delivery Entity to support a wider perspective around rapid transit network integration.	Commercial and flexible entity. Can adapt to different commercial models, scopes and over time. Potential complications could arise from governance and funding arrangements, plus perceived Auckland orientation. Project focus may limit ability for Delivery Entity to support a wider	Has national coverage, extensive transport network related relationships and experience working with local authorities and communities across the country. However, potential lack of recognised rapid transit brand could undermine social licence to develop and execute regional/Auckland projects.

Criteria	CRLL*	JV** (incorporated JV)	New S4A Company	Waka Kotahi (Sub or Unit)
	transit network integration.		perspective around rapid transit network integration.	Able to support integrated rapid transit network.
Appropriately resourced	Ability to leverage existing Board, management team and corporate services. A company delivering two large projects may assist with attracting capability. Additional resource required to manage both projects.	Independence / flexibility limitations may impact ability to attract capability.	Will require the entity to build capability from the 'ground-up', but single delivery and commercial focus, plus the scale of project, would likely attract suitable resources. New entity provides chance to build bespoke project culture.	Provides the opportunity to build upon Waka Kotahi core competencies around planning, consenting, design, procurement and delivery. Subsidiary option offers opportunity to build bespoke project culture.
Deliverability	Entity already established, with some existing capability, systems and processes resulting in efficiencies. Complexity in unravelling and amending governing documentation (to address two different projects). Complexity with 'merging' CRLL Board and teams to shadow Delivery Entity Board and teams. Compromised CRLL social licence.	Could be relatively straightforward to establish, though would still require a commitment of resources.	Would require a commitment of resources to establish. Potentially presents future risks if the structure needed to be amended or unwound. Straightforward Order in Council process and no legislative change required.	Entity already established, with some existing capability, systems and processes resulting in efficiencies. Largely seamless transition and continuity, and preserves the option to move to another entity once further work has been undertaken

* The CRLL option above assumes that the Project and CRL are undertaken as side-by-side projects with separate management teams but under one Board and shared corporate functions.

**The table above includes consideration of an incorporated JV. An unincorporated JV was also considered and summarised below.

The **S4A option** would enable the entity to be designed to focus on CC2M outcomes and the Delivery Entity's social and commercial remit (transport, TOD urban development and funding/financing as required); allows for an operationally independent Board with a framework for Ministerial / Sponsor oversight; provides flexibility in shareholding mix; and provides adaptability to evolve as the Project does (refer Section 4.5).

Continuing to progress and deliver CC2M under the **Waka Kotahi** umbrella would result in a largely seamless transition and continued momentum. It would provide direct access to many of the skills and relationships needed to continue to progress the Project. Capability would be further enhanced by the establishment of a skills-based subsidiary or project board to oversee the Project. Ministerial and Sponsor oversight would be achieved through the main Waka Kotahi Board, and supporting Funding and Sponsors agreements. Auckland Council's role in this structure and inclusion of the Auckland voice would also need to be provided for. Finally, the ability of the Waka Kotahi Board to govern a project of this scale, complexity and risk profile, alongside its other 'business as usual' activities will need to be carefully addressed (refer Section 4.6).

CRLL's mandate could be expanded to enable it to deliver CC2M. However, the risk remains around the ability to manage two large and complex projects under one entity. This presents a risk to delivering CRL on time and on budget (as it enters a critical project phase) and adding CC2M into CRLL's remit may compromise the focus and/or momentum for either project. There is a pre-existing public perception of the CRL project (in particular for business disruption), which could also negatively impact the social licence of CC2M, (refer Section 4.3).

A **JV structure** was also considered. An incorporated JV is unlikely to provide sufficient flexibility, adaptability and operational autonomy to a Delivery Entity Board to undertake the delivery of CC2M given it will need to operate within parental legislative frameworks.

An unincorporated or **contractual JV** is essentially a governance structure that provides flexibility in allocating voting-rights, funding and liabilities between different participants who appoint an 'Operator' to deliver on an agreed work programme to agreed budgets. However, it drives decision-making and accountability upwards to JV participants (Sponsors), rather than down to the Operator (Delivery Entity). Given the scale and complexity of the Project, there is merit in driving more operational autonomy to the Delivery Entity (refer Section 4.4).

A range of other options were considered:

- Delivery by **Auckland Transport** is unlikely to provide the Crown with the degree of oversight required for the scale of the investment (refer Section 4.6). See also Council Controlled Organisation reference below.
- A **Statutory Entity** would provide for a bespoke flexible entity focused on CC2M outcomes. Due to establishment complexity, and anticipated required changes to existing legislative framework, a statutory entity may be best suited to the situation where the Delivery Entity is required to deliver more than CC2M (such as future rapid transit projects Auckland, or across New Zealand), and/or its scope increased to have more responsibility for urban development activities (refer Section 4.7).
- **Council Controlled Organisations** would be limited by the Local Government Act which would add additional complexity to the organisation and provide for limited independence and autonomy. Arrangements (potentially including legislative change) would be needed to provide the Crown with the oversight required, particularly in light of potential funding arrangements (refer Section 4.7).

2.2 Preferred Delivery Entity

Based on the options evaluation, the preferred choices for the Delivery Entity are for a new purpose-designed **Schedule 4A company** or **Waka Kotahi** (through an internal business unit or subsidiary). These three options, in comparison to CRLL and a JV, perform better in the Delivery Entity evaluation. Each option is capable of delivering the Project outcomes, noting they all have their own advantages and limitations.

The evaluation therefore supports a position that keeps open the choice of final Delivery Entity at this point. However, a delayed decision on the final Delivery Entity may mean that the Project loses momentum without a dedicated champion. Extended delays could also have an impact on wider Sponsor agendas, the Project programme, and impact the ability of the Delivery Entity to build capability, attract and retain skilled staff.

2.3 Transition Arrangements

Transition describes the process of changing from the Establishment Unit to the final Delivery Entity. The transition period effectively ends when the final Delivery Entity is stood-up and fully operational.

The Transition paper put forward the creation of a 'shadow' Delivery Entity housed within Waka Kotahi to continue to progress the Project during the transition period. Transition tasks would include continued community and stakeholder engagement, refining the transport scheme and costs, preparation of a Detailed Business Case, master planning at key nodes along the corridor, and undertaking additional work to determine the final Delivery Entity, governance and funding arrangements, and partner roles.

3. Background and Baselines

This section provides an overview of the baselines agreed through the Delivery Entity work and collaborative workshops. These baselines have informed the comments and conclusions of this report. Further detail on each area can be found in supporting reports including the Delivery Entity Scope Considerations, Powers and Institutional Framework paper, Governance and Partner Roles, Transition reports and the Case Studies Reference Pack. A summary of the transition from the current Establishment Unit to the Delivery Entity is included in Section 5.

3.1 Powers and Institutional Arrangements

A review of the existing institutional framework and existing powers was completed by the Establishment Unit, as summarized in the Powers paper. This review looked at the legal powers required in the context of the existing institutional arrangements and analysed the ability / risks to transfer / obtain powers outside of existing arrangements.

The analysis suggests that the CC2M project could be planned and delivered within the existing legislative framework through statutory agencies, partnerships and commercial arrangements. There is, therefore, no requirement for significant legislative change.

Key considerations from the report are noted below.

Area	Key powers considerations for Delivery Entity form evaluation
Planning	Auckland Transport and Waka Kotahi have existing statutory roles in planning for the Auckland region and across New Zealand.
Consenting	A Delivery Entity could apply to become a Requiring Authority or partner with existing agencies.
Land acquisition	A Delivery Entity could apply to compulsorily acquire lands for public works under the Public Works Act (PWA). Acquisition of land using PWA for TOD likely to raise a number of risks.
Land access and roading powers	AT is the Road Controlling Authority for the local road network and has power to make and enforce bylaws.
Urban Development	Kāinga Ora is the logical agency to lead urban development activities as it will be difficult for a Delivery Entity to acquire capability and similar powers to Kāinga Ora under the Urban Development Act (UDA).
Operations	AT is the statutory decision-maker responsible for procuring and contracting passenger transport services in the Auckland region.
Ownership	Ownership of rapid transit infrastructure can be held by any entity and ownership of rolling stock can be held by any entity.
RMA reform	No considerations for RMA reform have been made in Delivery Entity form evaluation as material impacts on entity forms are unknown at this time (addressed in the Indicative Business Case).

3.2 Delivery Entity Scope

Delivering on the broad set of transport, urban, environmental and social outcomes expected from CC2M can be achieved through:

- The Delivery Entity being directly responsible for the wider spectrum of outcomes; or
- The Delivery Entity being directly responsible for a clearly defined subset of outcomes, working with Partners to deliver on the wider outcomes.

In determining the Delivery Entity scope a number of areas were considered:

- the impact of incremental scope responsibility on the Delivery Entity's ability to achieve the CC2M outcomes;
- the skills needed to successfully and efficiently deliver CC2M (and where these currently exist);
- the existing legislative and institutional framework and ability to work within the existing arrangements or degree of legislative/institutional change required;
- the impact on the Delivery Entity's ability to manage risk (interface and delivery); and
- other policy and wider considerations.

Detail is provided in the Delivery Entity Scope Considerations paper, with key baselines agreed in the workshop summarised below. These will be updated and refined as further clarity is gained as part of the detailed planning and master planning undertaken at the next stage.

The Delivery Entity (including any transition entity prior to the establishment):

- will be directly responsible for planning (DBC, consenting, land acquisition etc);
- will be directly responsible for core transport delivery (procure and deliver stations/stops);
- will be responsible for narrow Transit Oriented Development (TOD) urban development (over /adjacent to station infrastructure). It can choose to engage developers directly or partner with others (Kāinga Ora, Panuku or Auckland Council) to do this. Some specialist capability will be required within the Delivery Entity. The expectation is that this is not looking to duplicate or replicate expertise in other agencies but provide sufficient expertise for the Delivery Entity to hold robust and informed discussions with developers and alongside Partners, as needed. It could also partner to provide development expertise;
- will not be responsible for supporting infrastructure (e.g. feeder buses, intersection upgrades etc); and
- will not be responsible for wider beyond-TOD urban development. These would remain the responsibility of Partner organisations. Defined roles and responsibilities and partnerships and the governance structure will be developed to ensure there is clarity of responsibilities and to minimise interface risk

Auckland Transport will have a lead role in procuring, contracting and integrating operational and maintenance services for CC2M and is expected to own and operate the transport assets following Project completion.

A number of different funding tools are likely to be required to fund the Project, which may require the Delivery Entity and Partners to have a role in their implementation and collection. A financing structure may include Crown financing and/or Delivery Entity raising its own financing across a number of different Project areas. This will be further considered at the next stage as further clarity is gained on the transport solution, funding solution, procurement strategy and approach to delivering urban development.

The remit of the Establishment Unit is to focus on the Delivery Entity for the Project rather than system-wide changes to the planning, delivery and funding of rapid transit (which requires significant policy work). Therefore, the key focus of the Establishment Unit is to ensure that no decisions preclude a system-wider change option at this stage in the process. This will be considered at the DBC stage.

The exact extent of TOD urban development at each geographical node and the Delivery Entity's responsibility in relation to this requires further work as the technical solution evolves. It will ultimately be based on the opportunity at each node (itself driven by route and mode), land holdings, risk appetite, desire for direct control of urban outcomes and funding sources, and how it can work with Partners to deliver this. More detailed master planning of nodes is recommended at the next phase (once route and mode are confirmed) to better understand the nature of the opportunity and who is best placed to deliver on this.

It is also important to note that the Project's outcomes will evolve and change over 30-50 years as they are delivered. The indicative scope summarised above and how Partners work together will need to evolve as the Project does.

3.3 Governance and Partnerships

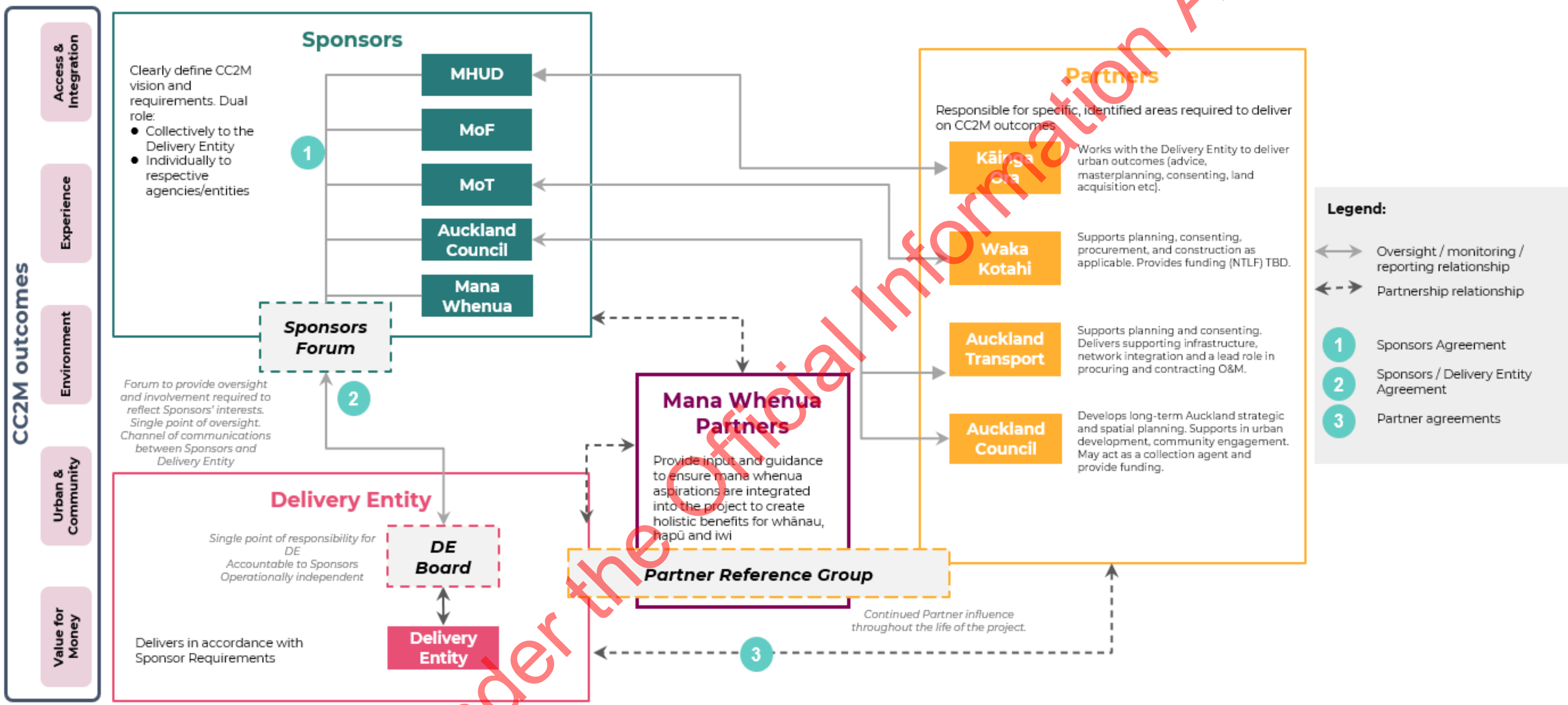
Strong governance and partnerships will be key to the success of CC2M. The governance framework proposed has been designed to reflect the importance, scale and complexity of the project, and mitigate risks to delivering CC2M outcomes. Partnerships are important for integrated outcomes and to support the Delivery Entity's access to partner powers, given its limited scope focus, as detailed above. These will be developed further during the Detailed Business Case stage once there is greater clarity on scope and required decisions.

The governance and Partnership structure has been designed with these outcomes in mind and is intended to adapt to the final Delivery Entity form. Governance and Partnership roles and responsibilities will be developed further during the Detailed Business Case stage once there is greater clarity on scope and required decisions. Key principles are summarised below and can be adapted to different Delivery Entity forms. Further detail is provided in the 'Governance and Partner Roles' paper.

- Sponsors, the Delivery Entity and partners all have a role to play in delivering the CC2M outcomes.

- Sponsors should represent a mix of local and national representation and provide both transport and urban focus. Auckland Council, Minister of Transport, Minister of Finance, Minister of Housing and Urban Development, and Mana Whenua representative(s) are proposed as Sponsors.
- Sponsors are the ultimate decision makers on the outcomes being sought, the nature and scope of the project. They have oversight and monitoring responsibility. They have a dual role to collectively provide direction, oversight and monitoring to the Delivery Entity; and individually to provide strategic direction and funding to their relevant agencies/subsidiaries to partner with the Delivery Entity in achieving the objectives (including Waka Kotahi, Kāinga Ora, Auckland Transport, and Panuku).
- A partnership approach is proposed which:
    - ensures leveraging, rather than replicating capability and capacity that already exists in other agencies / entities;
    - provides a dedicated focus recognising the complexity of one entity delivering on all the outcomes (including management / governance / funding);
    - supports different timelines of outcomes realisation (urban outcomes likely to take longer to realise).
- Partners may change throughout the Project lifecycle.
- Partnership with Mana Whenua is proposed that provides Mana Whenua and Mataawaka with effective platforms to integrate their aspirations. Mana Whenua partnership is envisaged at a number of levels including at Sponsor and Partner Reference Group levels as well as advisory levels throughout the Delivery Entity.
- The Delivery Entity would have a skills-based operationally independent Board.
- A Sponsors forum (or delegates) would provide a single point of oversight and be the channel of communication between the Delivery Entity and Sponsors.
- A Partner Reference Group would also be established based on the current Establishment Unit Board (or some members thereof). The Partner Reference Group will be a forum to come together and provide timely advice and guidance to the Board (it is not a decision making or direction giving group).
- Agreements would be in place between the Sponsors, between the Sponsors and the Delivery Entity, and between the Delivery Entity and Partners to ensure clarity of roles and responsibilities and outcomes / requirements being sought.

Structure of partnership roles and responsibilities:



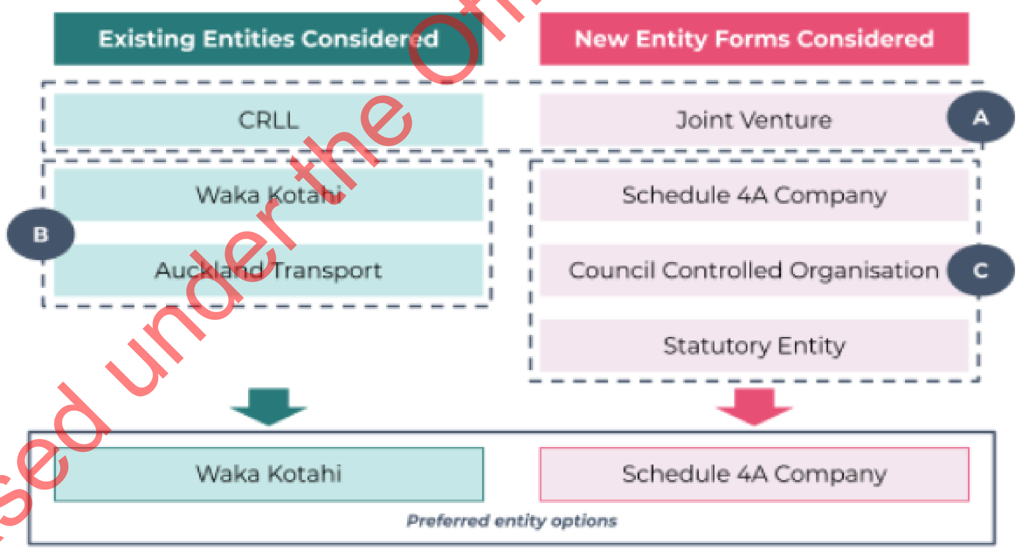
4. Final Delivery Entity

4.1 Overview of Entities Considered

The March 2021 supporting Cabinet paper requested the Establishment Unit consider two options:

> ***CRLL:*** *"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."*
>
> ***JV:*** *"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."*

As noted in the Introduction, the Establishment Unit evaluated these two options, along with several other additional options. The options summarised in this report are presented below with references to relevant sections of this paper that provide the supporting commentary.



A. Entities to be considered per Cabinet paper (Section 4.3 - 4.4)
B. Other existing entities evaluated (Section 4.6)
C. Other new entity forms evaluated (Section 4.5 and 4.7)

4.2 Overriding Considerations

4.2.1 Existing or New Entities

There are advantages and disadvantages when considering repurposing an existing entity or establishing a new entity for delivery of CC2M.

Repurposing an Existing Entity	Establishing a New Entity
Advantages: • Entity already established - shorter establishment timeframe. • Efficiency - existing systems and processes. • Some existing capability. This differs between options and includes: planning, consenting and community and wider stakeholder relationships (AT and Waka Kotahi) and experience with delivering large scale underground heavy rail infrastructure (CRLL). • When possible, existing powers can be utilised.	**Advantages:** • "Blank sheet of paper" to create a fit-for-purpose entity. • Entity designed with a clear focus on its purpose and CC2M outcomes (and potentially future CC2M stages or wider rapid transit). • Governance, roles & responsibilities, funding, powers etc can be designed to suit what is needed rather than retrofitted. • Can be created to be as flexible as needed. • No negative impact to existing business priorities.
Disadvantages: • Existing entities already have priorities, remits and outcomes they are working towards. CC2M is large, complex and the first-of-its kind project in New Zealand. It will require dedicated focus that could impact both business as usual (BaU) and CC2M delivery. • Strain on senior management capacity to add CC2M on top of BaU. • May be constraints in terms of undertaking CC2M activities (e.g. remit to undertake TOD activities) based on current institutional settings. • Changes required to governing and legislative frameworks, funding, roles and responsibilities. May be complex, albeit not insurmountable. • Consideration needs to be given to the social licence impact of using existing entities, either in terms of current public perception (e.g. CRLL and disruption); or history of the CC2M project (previous AT and Waka Kotahi processes).	**Disadvantages:** • Establishment complexity, including potential regulatory / legislative change. • Establishment of new processes and systems which can take time. • Cost to establish a new entity and ongoing compliance costs. • However potential to leverage corporate services via purchase agreement with existing entity. • Community relationships would need to be developed. • Building a team from scratch (leveraging Establishment Unit as needed) in a capacity constrained market. • Impact on existing organisations in Auckland delivering complementary services (transport and urban).

4.2.2 Delivery Entity Capability and Capacity

Common across all options being considered is the need to build the right team, capability, and culture. Given the Project is introducing a new mode to New Zealand with a high degree of complexity to deliver , it will likely require dedicated, focused and specialist expertise that does not currently exist in any of the existing entities considered, or in New Zealand generally.

At a governance level there are challenges around the demand for high calibre directors stemming from the degree of change and reform in New Zealand (including Three Waters, and health sector reforms). There are also challenges around finding local expertise in planning, delivering and / or operating a new rapid transit mode at this level.

At a management and team level, as the Project evolves, existing skills will need to be complemented by specific international expertise. The volume of work currently being planned and underway in Australia may present a challenge to attracting and retaining the right people. The use of an integrated delivery partner may be part of the solution, but is unlikely, by itself, to provide the capability and leadership needed to successfully deliver CC2M.

The degree of certainty that can be provided around the Project's progression and operational autonomy provided to the Delivery Entity will likely impact the attractiveness of the Project (governance, management, and labour market). There is a clear correlation between clarity of mandate and quality of candidates. This will need to be addressed through the transition period. Current border restrictions present additional complexity.

4.3 City Rail Link Ltd (CRLL)

CRLL, a Schedule 4A company, was established as a special purpose company to deliver City Rail Link (CRL), a major infrastructure project for local and central government in Auckland. It's remit is limited to the delivery of the CRL project.

The Establishment Unit has prepared a report on CRLL following interviews with circa 30 individuals currently or historically involved in the project (refer CRLL Review Summary for further detail). Key points in relation to CRLL's current suitability to deliver CC2M are summarised below.

4.3.1 CRLL as the CC2M Delivery Entity

There are benefits to using CRLL to deliver CC2M:

- It is an existing entity that has a skills based **independent board** that is able to make decisions in line with the Sponsors Agreement, Project Delivery Agreement, and constitution.
- It has a **transport project outcomes focused** structure with a transparent way of operating.
- It is the only NZ entity delivering a large-scale rapid transit project. It continues to build significant **capability and capacity** (including the Link Alliance which is constructing the project), particularly in assurance, rail safety and utilities (for heavy rail infrastructure).

- It has joint Crown and Council sponsorship arrangements with agreement required between Sponsors providing joint Crown and Council views.
- There are efficiencies of using the same overriding management team, systems / back-office and compliance costs (Board, monitoring etc).

However, there are limitations to using CRLL:

- CRL is entering a critical stage in its delivery programme. Adding CC2M into CRLL creates a risk of distracting management and the Board from successfully delivering and commissioning the CRL project on time and on budget.
- While it has some relevant capability, given CC2M is a more complex project and a new mode, additional expertise would be required in addition to existing CRLL capability, particularly to ensure existing focus on CRL is not impacted. It is also unclear whether the current Board would want to take on the CC2M planning risk at the same time as the CRL delivery risk.
- Under its current governing documentation, CRLL does not have flexibility to adapt to potential scope activities, including TOD, planning, operations or future stages.
- CRLL was established and delivery was well underway before establishing clarity around partner roles and responsibilities, including asset ownership and operations.
- The risk of complex and unclear accountability when governing two projects, each with different Sponsors, Partners, governance, and funding arrangements would need to be carefully managed.
- The current shareholding of CRLL reflects the funding arrangements (50%/50% split between Crown and Council). This may not reflect the ultimate CC2M funding arrangements and therefore amendment to the joint shareholding would need to be considered.
- Assuming transition occurs as noted in Section 5, there could be complexities associated with merging a shadow Delivery Entity skills-based project board and team with the CRLL structure. This lack of certainty could negatively impact the calibre of people attracted to lead and govern.
- The social licence for CRLL has been compromised by significant construction related disruption in the city centre which could adversely impact CC2M.

4.3.2 What Would Need to Change to Make it Work?

The following key changes would be required to support optimising CRLL to deliver CC2M:

- Sponsors agree to amend the project scope to cover CC2M and its final scope (i.e. rail, stations and agreed extent of TOD urban development).
- Re-write the CRLL documentation (Sponsors Agreement and constitution, if applicable) to:
    - Clearly define new requirements.

- Define CC2M funding arrangements and how funding for CRL and CC2M will be managed alongside each other.
    - Include MHUD as a CC2M Sponsor.
    - Amend shareholding arrangements.
- Amend the Project Delivery Agreement or create a new one for CC2M, without putting at risk CRLL's obligation to deliver the CRL project on time and budget.
- Formalise new partnering arrangements or amend the current Delivery Partner Agreement to modify AT and KiwiRail's roles and include Waka Kotahi and Kāinga Ora as new CC2M Partners.
- Significant additional resourcing, including:
    - Early stage design expertise.
    - Early stage planning and consenting expertise.
    - New project management team dedicated to CC2M to ensure clear focus on each project.
- Bolster management to cope with managing two large complex projects at once. *To ensure there is dedicated focus on each project, this may need to be in two clearly distinct 'divisions' each with their own management team and both operating side-by-side and reporting to a single Board and leveraging shared corporate services.*
- Review Board composition to ensure appropriate expertise for CC2M, including light rail and urban development expertise.
- Change to the S4A documentation including constitution, letter of expectation, statement of performance expectations and statement of intent.
- Position the CRL brand and CCM2 brand.
- Amend governance arrangements to allow for monitoring of projects with different combinations of Sponsors and funding.

The above assumes that CRLL would take on CC2M prior to substantial completion of the CRL project. Alternatively CRLL could assume responsibility for CC2M after substantial completion of the CRL project (in 3-4 years), which would remove some of the complexity and risk. However, this could delay the transition to the ultimate Delivery Entity and there are risks to the knock-on impact to CC2M of delays to CRL.

4.1. Schedule 4A Company

In conclusion, a number of changes could be made to optimise CRLL to deliver CC2M, including the creation of two parallel 'divisions' under one common Board.

However, there are several risks associated with using CRLL to deliver CC2M that cannot be discounted, even with implementing these changes:

- The underlying risk to the progress and successful delivery of two large and complex competing projects under one Board.

- The complexity and distraction from project progress to develop and implement fit-for-purpose dual governing documents, shareholding and funding arrangements.
- There is a pre-existing public perception of CRL (in particular for business disruption), which could also negatively impact the social licence of CC2M.

4.4 Joint Venture

A JV can exist in multiple forms, either through a stand-alone entity (i.e. an incorporated JV) or an unincorporated / contractual relationship.

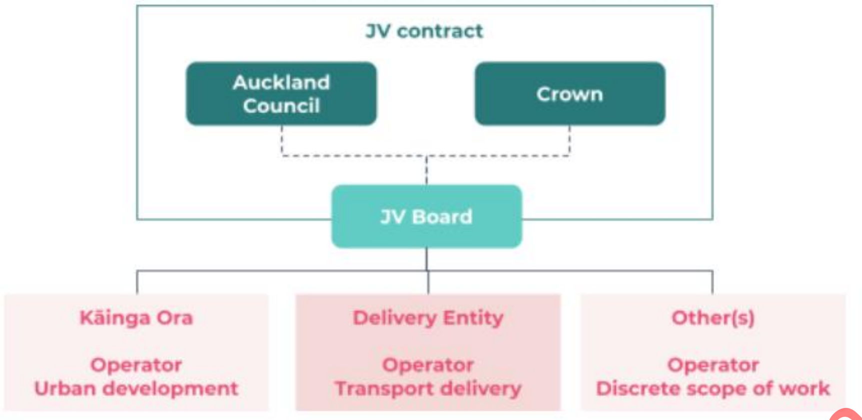
4.4.1 Contractual JV (Unincorporated JV)

The underlying premise of the unincorporated JV is that it is a relationship between the participants that is governed by contract (as opposed to being shareholders in a single entity). This type of contract is commonly used for commercial ventures where participants share in property interests with the intention of sharing in revenues, risks and product.

The key characteristics of a contractual JV are:

- A contractual relationship to undertake specific objectives, each party with clearly defined obligations, benefits, and rights.
- An entity ("Operator") is appointed by the JV to undertake operations (e.g. a project) on behalf of the JV.
- JV board is made up of JV participants. It is the decision-making forum for operations of the JV, its responsibilities include:
    - Supervision and monitoring
    - Providing direction to Operator(s) and holding to account
    - Approving budget and program
    - Controlling operator(s) expenditure limits
    - Operators can be multiple entities for discrete projects.
- The JV Board is the ultimate decision-making forum for operations of the JV. It sets parameters / delegations within which the Operator works and has responsibility, through the review and approval of work programs and budgets.
- Liability remains with the JV Partners as determined in contractual arrangements.

In practice, a contractual JV for CC2M would be achieved at the Sponsorship level, rather than at the Delivery Entity level, and could take on the following structure:



The benefit of a JV arrangement is that it provides **flexibility** in relation to how decision making and funding can be provided. It allows a range of participants to have **clearly defined roles and responsibilities** and can have several Operators delivering clearly defined scope areas.

There are several limitations to this model that prevent it from being a recommended option for CC2M:

- Some form of entity (Operator) would still be necessary to undertake the transport delivery (as the JV Operator). The JV is not an entity as such, and rather an alternative governance structure.
- Each JV participant would continue to operate within its own decision-making / governance and accountability framework in exercising its decision-making rights under the JV. This could effectively create an additional layer of governance.
- The obligations and liabilities lie with the JV participants rather than the Operator (who essentially acts as an agent). This pushes back a lot of the risk upwards and away from the Delivery Entity. There is no single accountable person (e.g. the equivalent to a chair in a S4A) meaning there may **be a lack of clear accountability** which is unlikely to be optimal given the scale and importance of the project.
- This would also likely mean greater time commitment and involvement from JV Participants.

However, key principles underlying a contractual JV are attractive and are considered in the CC2M governance and partnership principles outlined in the 'Governance and Partner Roles' paper, including:

- JV Participants have input and oversight to the project vision and outcomes.
- Governing agreements clearly stipulate expectations/requirements, roles, responsibilities, decision-making and funding responsibilities between Sponsors and with the Delivery Entity. Note that voting rights and funding do not necessarily need to be aligned.
- JV participants provide direction to the various operators (Delivery Entity and partners).

- Partners accountable for delivering their scope of work.
- A stand alone branded identity (irrespective of form).

4.4.2 Incorporated JV

An incorporated JV is an entity that could have a joint Crown and Council shareholding. This could take a number of forms and different shareholding mixes. The ownership mix of the JV will impact how the entity can operate, the degree of parental involvement required and the entity's autonomy and flexibility.

To illustrate, in a JV between Waka Kotahi and Auckland Transport, if Waka Kotahi is deemed to control the JV (e.g. controls composition of the Board, and holds the majority of shares or voting rights) then the JV becomes a subsidiary of Waka Kotahi and therefore limited by Waka Kotahi's powers and subject to the Crown Entities Act (CEA) and Land Management Transport Act (LTMA). Waka Kotahi would then need to retain some oversight responsibility which will impact the ability to have a fully independent board.

Likewise, if Auckland Council holds or controls the majority of the voting rights; or has the right to appoint 50% or more of the directors, the Delivery Entity would be subject to the Local Government Act (LGA). Whereas in a 50/50 scenario, the entity could be subject to both sets of legislation.

Legal limitations of this construct would pose **restrictions on the functions of the JV, independence and autonomous decision-making**. Changes may need to be made to parent governing documentation / legislation to address this.

International experience also suggests JV models are very challenging for delivery of large scale complex infrastructure projects.

This model could work for the early stages of the Project, but is unlikely to be suitable for later stages where the risk profile of the activities increases and greater Board autonomy and flexibility and adaptability is desired.

It is worth noting that a Schedule 4A company can be a form of JV under a mixed ownership arrangement.

In conclusion, a contractual JV is not an entity structure as such, but rather an alternative governance structure. It provides flexibility in allocating voting-rights, funding and liabilities between different participants who appoint an Operator to deliver on an agreed work programme to agreed budgets. However, it drives decision-making and accountability upwards to Sponsors, rather than down to the Delivery Entity. Given the scale and complexity of the project, there is merit in pushing more operational autonomy to the Delivery Entity.

Key features of a JV model can be leveraged including clarity and delineation of roles, responsibilities, decision-making and funding between sponsors and the role of various 'Operators' in delivering the CC2M outcomes.

4.5 Schedule 4A Company

While there would be set up time and costs associated with establishing a new entity, there could be significant advantages from creating a bespoke entity to deliver CC2M. International best practice has shown the benefit of discrete standalone entities, separate from shareholders and sponsors to deliver mega-projects.

4.5.1 Why a Schedule 4A?

A S4A is a limited liability company that is typically used when outcomes are required in a within a clearly defined scope, often with a mixture of commercial and social objectives. It is subject to the provisions of the Crown Entities Act 2004 (CEA), Companies Act 1993 (CA) as well as the Public Finance Audit Act 2001 , Official information Act 1982 and the Ombudsman Act 1975.

This form provides for commercial operations, board governance with a degree of autonomy while providing comfort and oversight from the governing legislation and framework in which it operates. A S4A has a constitution and reporting requirements that include a Statement of Intent (SoI), Statement of Performance Expectations (SPE) and annual reports, which provide mechanisms for monitoring of performance and outcomes. The entity structure also enables flexibility for multiple shareholders and the entity can be wholly or majority owned by the Crown.

Key benefits for a new S4A to deliver CC2M are:

- It would provide for a purpose-designed entity not limited by existing BAU or legislative constraints (e.g. LTMA or LGA).
- It would have a focused remit on delivering CC2M outcomes without the distraction of other projects or broader remits. It provides dedicated focus and lower risk for the Board to manage. This is critically important given the scale, complexity and importance of this project.
- It could support delivery any TOD urban development tasked to the Delivery Entity, in addition to CCM2.
- Clear accountability would be built into the new entity governance structure.
- Could have an independent board with sufficient autonomy to make operational decisions for the organisation, as it would not be constrained to existing 'parent' legislative restrictions.
- Would provide more opportunity for additional funding and financing options as required (flexible).
- Commercial nature would likely assist in attracting high calibre talent (appropriately resourced).
- Establishment requires an Order in Council but no specific legislative change is necessary. Deliverability is therefore relatively straightforward.
- Flexibility, in shareholding and governance arrangements to shape appropriate roles and responsibilities around ownership, funding and decision making.
- Flexible, as it could adapt to new project phases as they progress and could accommodate changes to scope or role. If required, it could also be set up or

amended to allow for delivery of future stages / and or other projects. Given the long term nature and mix of transport and urban outcomes required, flexibility to adapt is important.

It is envisaged that lessons learned from CRLL (and other S4A companies) would be applied, leveraging key areas of success (commercial nature, strong Board) with further work to shape up partnership, governance and funding arrangements to suit the specific nature and objectives of the CC2M project.

In conclusion, a S4A company is the preferred entity form if a new entity is to be established for CC2M delivery. It would provide a balance of commercial flexibility / operational autonomy and a framework for robust Ministerial and Sponsor oversight commensurate with the scale, complexity and importance of the project.

4.6 Repurposing Existing Entities

In this section consideration is given to whether Auckland Transport or Waka Kotahi could deliver CC2M. CRLL is addressed above.

Given the dual transport and urban development outcomes being sought from the project, Kāinga Ora was also considered as a potential Delivery Entity. However, given the scale and complexity of the core transport elements, it was determined that a transport focused entity would be best placed to deliver CC2M if an existing entity is used. In addition, Kāinga Ora has numerous existing responsibilities and ambitions to deliver on critical housing infrastructure needed for New Zealand to prosper and there is risk of distraction from this if transport elements are added to its remit.

However, to ensure that urban outcomes remain at the heart of the Project as the solution is planned and delivered, Kāinga Ora and MHUD are expected to have critical roles at Partner and Sponsor levels, respectively. Kāinga Ora is also expected to provide key capability into the Delivery Entity as it continues to develop and design the solution and master planning.

4.6.1 Waka Kotahi (Subsidiary or Unit)

It is currently envisaged that a subsidiary or unit housed in Waka Kotahi could be responsible for delivering on transition stage activities until the establishment of the final Delivery Entity (refer Section 5).

The Project could however continue to be delivered under the Waka Kotahi umbrella beyond the transition period, through either a subsidiary or unit, with the Project retaining its current brand and dedicated team. Both options would take direction from Ministers and be accountable to the main Waka Kotahi Board and Sponsors.

Key differences between the two Waka Kotahi options are:

- A subsidiary would have its own skills-based Board (Crown and Sponsor appointments) focused on the Project with the ability to select the skills required. It would remain subject to Waka Kotahi's Board's governance oversight roles. It would employ staff directly and would be the contractual counterparty.
- A business unit would be fully integrated into Waka Kotahi and subject to Waka Kotahi's Board's direct oversight. Additional capability could be recruited onto the Waka Kotahi Board or an internal Project Board could be established to provide

oversight and guidance. Staff would be employed by Waka Kotahi and Waka Kotahi would act as the contractual counterparty.

Both options would be supported through a funding agreement to enshrine Project governance oversight rights (e.g. reporting rights, approval rights etc) in favour of the funder(s) and the Sponsors, depending on the final arrangements put in place.

Key considerations under both options are outlined below.

- **High deliverability** and continuity, and provides a largely seamless transition to final Delivery Entity.
- Waka Kotahi has significant expertise in delivering infrastructure projects (albeit not light rail / metro or Auckland city centre projects) and planning and consenting expertise.
- Waka Kotahi would have oversight responsibilities, which could **limit the independence** of the Delivery Entity.
- The appetite of the Waka Kotahi Board to be responsible for a project of this scale and complexity and associated risks, alongside BaU responsibilities needs to be established.
- Under these structures the Delivery Entity's functions would be limited to Waka Kotahi's statutory functions, noting it has a statutory whole of system role to oversee public transport in New Zealand. Nevertheless, consideration should be given to whether Waka Kotahi's functions would need to be formally expanded to include rapid transit and TOD activities required to undertake the Project.
- Auckland Council's governance and oversight role in this structure needs to be worked through to ensure the Auckland perspective can be brought through both potential Waka Kotahi structures. This matter can also be addressed in funding and Sponsor's agreements.

In conclusion, continuing to progress and deliver CC2M under the Waka Kotahi umbrella would result in a largely seamless transition and continued momentum. However, consideration needs to be given to the ability of the Delivery Entity to operate successfully within the Waka Kotahi organisation and governance structure. Likewise, questions around Waka Kotahi's ability to undertake functions broader than its existing mandate, need to be addressed. The necessity to ensure the Auckland community is represented and Auckland Council's role in these structures, also should be clarified. Finally, the ability of the Waka Kotahi Board to govern a project of this scale, complexity and risk profile, alongside its many BaU activities also needs to be carefully considered.

4.6.2 Auckland Transport

Auckland Transport (AT) is the statutory decision-maker responsible for planning and consulting on public transport services in the Auckland region. In addition to the advantages and disadvantages identified in Section 4.2, the following considerations were identified:

- Has **extensive existing** expertise of planning, consenting, land (acquisitions e.g. for the CRL project), managing stakeholders and community relationships.

- Familiar to the public and the existing face of public transport in Auckland. As such, AT may be seen as accountable for CC2M by the public.
- AT would support a **transport outcomes-led approach** with a focus on integrating CC2M with the wider network. As the assumed operator, it would also have a clear whole-of-life approach.
- AT does not currently have the remit to deliver TOD and **would rely on partners** for TOD delivery.
- As a CCO, it would be accountable to Auckland Council and subject to provisions of the LGA which may impact on **independent decision making** and long-term **adaptability/flexibility**.
- Based on the current Long Term Plan, Auckland Council does not have capacity to fund the project. Given the likely requirement for substantial Crown funding, this structure may not provide the degree of Crown oversight required.
- As Crown will play a significant role in accountability and oversight, bespoke legislation may be required to provide a direct line to Crown.

The following key changes could support AT to deliver CC2M:

- Additional resourcing, both to ensure capacity for the Project and build rapid transit delivery expertise.
- Establishment of additional project Board or governing forum that with a mix of representatives including Crown, Auckland Council, transport, and urban.
- Broaden AT's remit to allow for TOD development or enable reliance on Partners to deliver TOD urban development.
- Establish a direct line of communication to Ministers, to provide the oversight needed.

In conclusion, delivering CC2M through AT is unlikely to provide the Crown with the degree of oversight required for the scale of the investment. Changes could be made to the existing framework, but it would continue to be constrained by the LGA. AT's involvement, nevertheless, is critically important in delivering the CC2M outcomes and it will be a key partner in all project stages to ensure successful delivery of CC2M.

4.7 Other New Entity Forms

4.7.1 Statutory Entity

A statutory entity has a board but is not a company. It usually has its own establishing legislation that contains entity-specific objectives that could be a mix of social, public policy or commercial. There are different types of statutory entities with varying levels of compliance needed to government policy (give effect, have regard, or independent of government policy).

- The key benefit is that a statutory entity is bespoke and can be shaped to have the powers, objectives, roles and responsibilities needed to deliver CC2M and its outcomes.

- It would require significant effort and time to establish (2.5 years minimum per advice from Te Kawa Mataaho Public Services Commission), so has a low deliverability as a potential Delivery Entity.
- Once established, a Statutory entity's ability to adapt could be difficult if it requires statutory amendments if modifications are required.
- To meet the desire to have both Crown and Council on the project, there would need to be well defined agreements between the Statutory entity and Council.

Due to establishment complexity, and anticipated required changes to existing legislation frameworks, a statutory entity may be best suited to the situation where the Delivery Entity is required to deliver more than CC2M (such as future rapid transit projects Auckland, or across New Zealand), and/or its scope increased to have more responsibility for urban development activities.

4.7.2 Council Controlled Organisation (CCO)

Entity with 50% or more Auckland Council/Auckland Transport shareholding (could be structured as a JV).

- A CCO would be limited by the Local Government Act which would add additional complexity to the organisation.
    - As a CCO, assets and liabilities (including any debt of the Delivery Entity, if relevant) would consolidate on Auckland Council's balance sheet.
    - While an independent board could be established, the CCO would be accountable to Auckland Council who would set the entity's objectives and targets.
    - Arrangements (potentially including legislative change) would be needed to provide the Crown with the oversight required, particularly in light of potential funding arrangements.
- Similar to considerations outlined for Auckland Transport Section 4.6, a new CCO would require specific arrangements to optimise it as a CC2M.

In conclusion, alternative new entity forms noted above were not considered preferable options for CC2M delivery.

5. Transition

Transition describes the process of changing from the Establishment Unit to the final Delivery Entity. The transition period effectively ends when the final Delivery Entity is stood-up and fully operational.

The Transition paper has put forward the creation of a 'shadow' Delivery Entity to continue to progress the Project during the transition period. The Shadow Delivery Entity could be housed within Waka Kotahi and would be responsible for transition activities. Transition tasks would include continued community and stakeholder engagement, refining the transport scheme and costs, preparation of a DBC, master planning at key nodes along the corridor, and undertaking additional work to determine the final Delivery Entity form, governance and funding arrangements, and partner roles. The key transition activities are summarised on the following page.

The Shadow Delivery Entity governance structure will seek to mirror the final agreed Delivery Entity structure noted in Section 3.3 above. It will take direction from Ministers and Sponsors and could be set-up with an operationally independent Board and a forum for partner involvement.

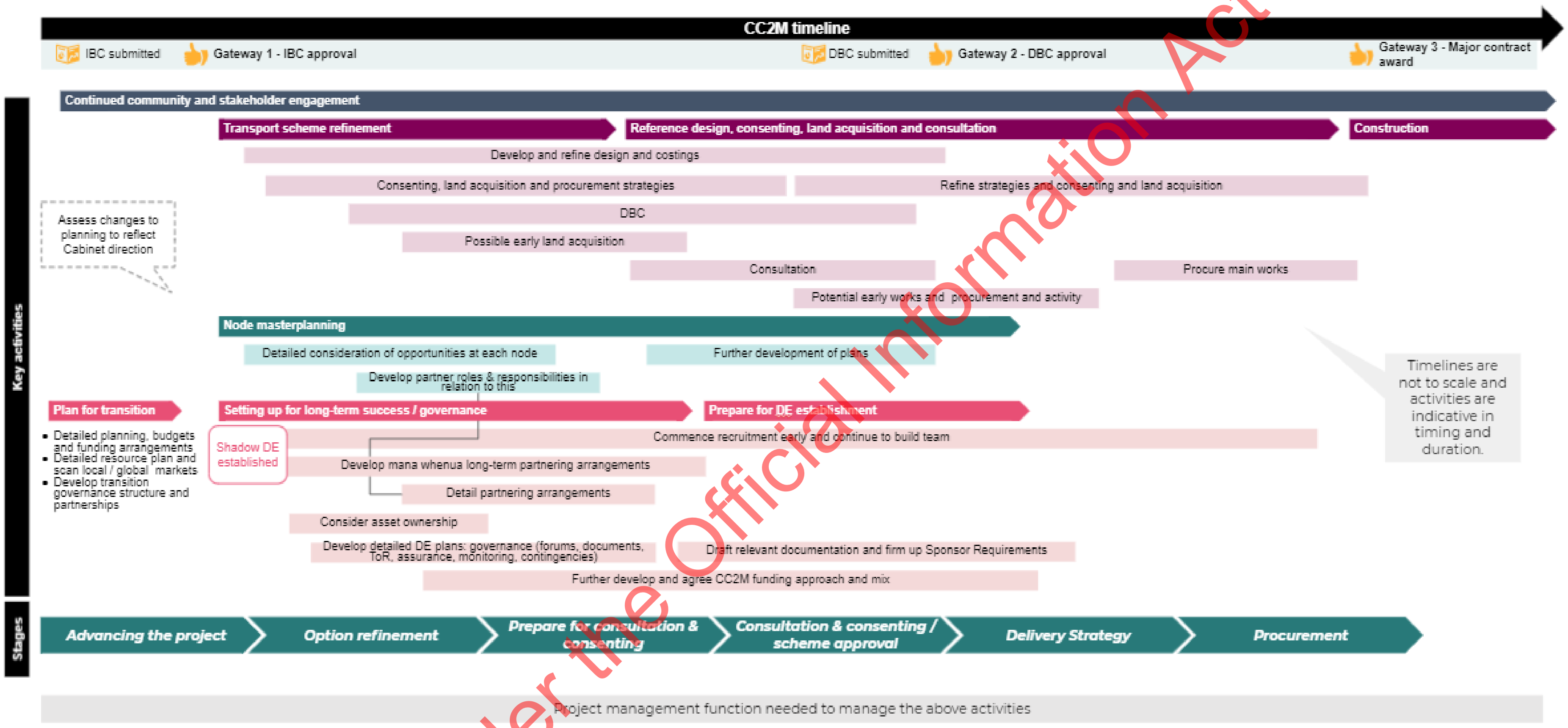
The transition to the final Delivery Entity should occur at a point in time when there is sufficient certainty around the Project, roles and responsibilities, and governance required for key decisions.

The timing of any such shift from the shadow Delivery Entity to a final Delivery Entity could align to the following activities/milestones:

- Key Board and management appointments made and embedded for a period of time to provide Ministers and Sponsors with comfort around the capability and process to progress the project.
- Further refinement and certainty around the technical solution, costings and project maturity.
- Clarity and confirmation of partner roles and DE scope in relation to TOD, wider urban development, and operating model.
- Clarity around governance and assurance processes to provide comfort around project and risk management.
- Major contractual, procurement and funding decisions confirmed to support the Board and management ownership of key decisions.

Ultimately, depending on the structure of the Shadow Delivery Entity and the eventual scope of the project (scale, complexity, extent of urban development etc) a decision will need to be made as to whether to remain in the form of the Shadow Delivery Entity or transfer to an alternative entity form.

Summary of key transition activities:



Appendix

Supporting Documentation

Powers

- Powers work is summarised in the *Powers paper*, dated 29 July 2021.
- Overview of this paper was provided during the Governance and Partnerships workshop.

Delivery Entity Scope

- The framework used for determining the Delivery Entity scope, and the associated scope areas was discussed during the Scope Considerations workshop.
- Further work was undertaken to determine scope delineations for TOD, Operations, and Future Stages and was discussed during the Governance and Partnerships workshop.
- A final summary of Delivery Entity scope considerations, incorporating all workshop feedback, is outlined in the *Detailed Scope Considerations* paper, 18 August 2021, included as an appendix to the Indicative Business Case.

Governance and Partnerships

- Initial governance and partnership principles were reviewed during the Evaluation of Options workshop.
- Detailed governance principles, Sponsors, Partners roles and responsibilities, were discussed in the Governance and Partnerships workshop.
- Workshop material was updated to incorporate feedback from the workshop and presented in the *Delivery Entity Governance and Partner Roles* paper, 18 August 2021, included as an appendix to the Indicative Business Case.

Final Delivery Entity

- Domestic and international case studies are outlined in *the Case Study Reference Pack*, dated 30 July 2021 provides learnings that informed evaluation criteria and assessment considerations.
- Options evaluation criteria was agreed during the Evaluation Criteria workshop.
- The evaluation framework, included agreed criteria, was outlined in the *Delivery Entity Assessment Framework* paper, dated 5 July 2021.
- An initial indicative evaluation was discussed in the Evaluation of Options workshop.
- Following feedback from this workshop, the approach to evaluation was adjusted and is reflected in this *Delivery Entity Report*.

Transition

- Transition principles and structure options were discussed in the Transition workshop.
- The workshop material was updated to reflect discussions and feedback from the workshop and presented in the *Transition* pack, 31 August 2021, which is included as an appendix to the Indicative Business Case.

Delivery Entity Workshops

The following workshops were held as part of the Establishment Units work on Delivery Entity:

Date	Workshop	Attendees
30 June 2021	**Scope Considerations** Workshop to discuss framework used to determine scope considerations, and initial thoughts on Delivery Entity scope.	Representatives from the Establishment Unit, Kāinga Ora, The Treasury, Ministry of Transport, and Infracom. Advisors from PwC, Mafic, and Chapman Tripp.
1 July 2021	**Evaluation Criteria** Workshop to discuss the approach to evaluation criteria and finalise developed criteria.	Representatives from the Establishment Unit, Kāinga Ora, The Treasury, and Ministry of Transport. Advisors from PwC, Mafic, and Chapman Tripp.
21 July 2021	**Evaluation of Options** Workshop to discuss high-level governance principles and indicative options evaluation.	Representatives from the Establishment Unit, Kāinga Ora, The Treasury, Ministry of Transport, Te Waihanga, and Public Service Commission. Advisors from PwC, Mafic, Chapman Tripp and MartinJenkins.
9 August 2021	**Governance and Partnerships** Workshop to discuss the governance principles, Sponsors, Partners roles and responsibilities. Overview on powers and further thinking on Delivery Entity scope (TOD, Operations and Future Stages) work provided.	Representatives from the Establishment Unit, Kāinga Ora, The Treasury, Ministry of Transport, Te Waihanga, and Public Service Commission. Advisors from PwC, Mafic, Chapman Tripp and MartinJenkins.
25 August 2021	**Transition** Workshop to discuss transition principles and proposed transition structure options.	Representatives from the Establishment Unit, Auckland Council, The Treasury, Ministry of Transport, Te Waihanga, and Public Service Commission. Advisors from PwC, Mafic, Chapman Tripp, MartinJenkins, and MinterEllison.