

# Delivery Entity Scope Considerations

DRAFT

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This paper provides a summary of material discussed at a hui on 30 June and additional scope considerations discussed at a further hui on 9 August. The contents of the two sets of papers have been consolidated into this paper.

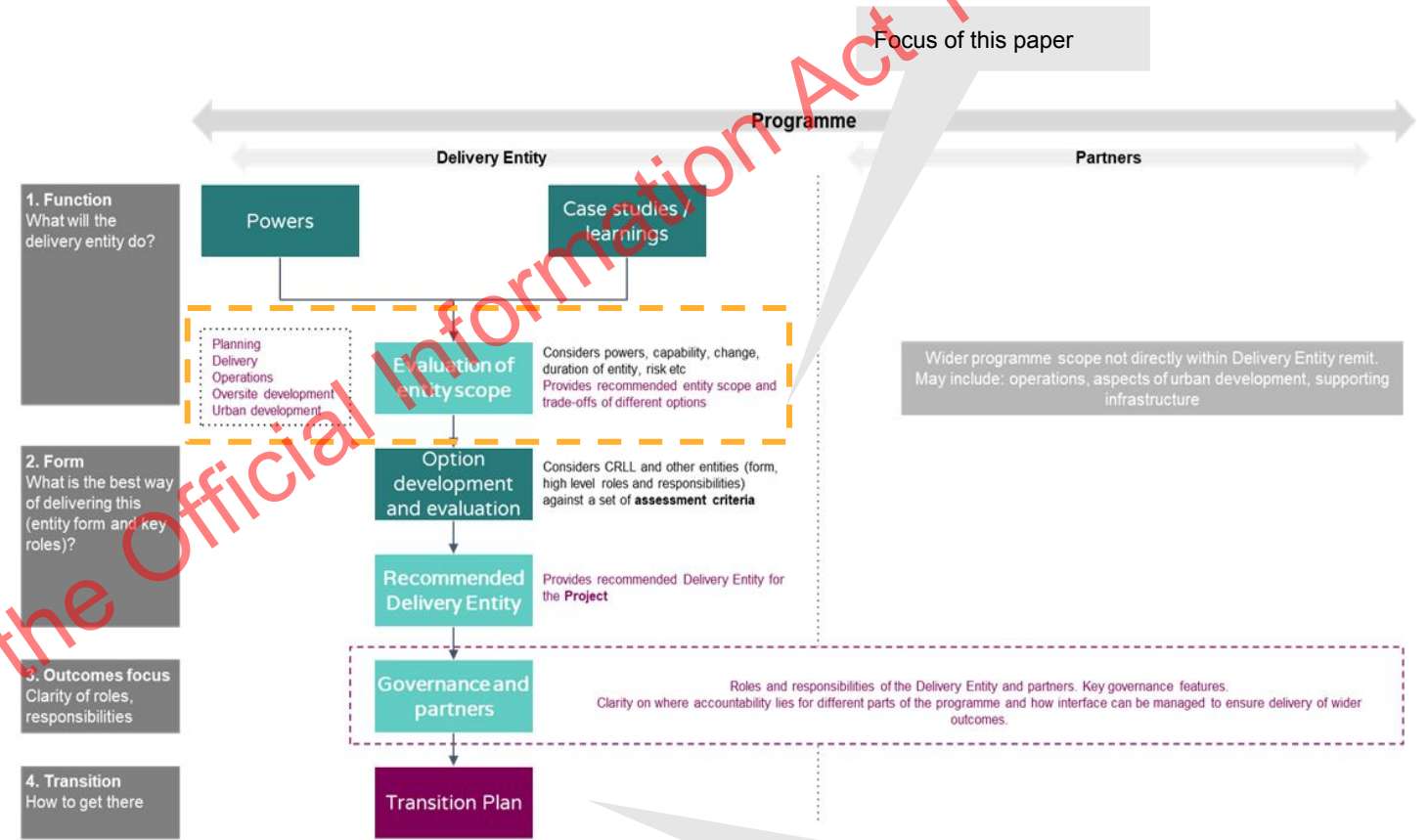
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# 1. Overview of approach

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# Introduction

- 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.
- This paper provides an overview of:
  - potential areas of scope for the Delivery Entity;
  - a framework for considering these; and
  - an evaluation and initial thoughts on which areas of scope the Delivery Entity should be responsible for.



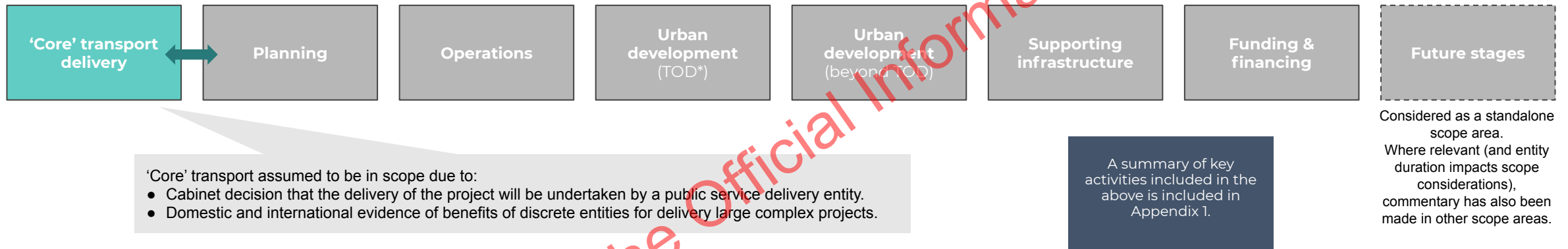
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Governance structures and roles of partners will need to be developed to address scope areas not included in the Delivery Entity. The Transition Plan will consider how to get from the current establishment unit to the Delivery Entity

# Approach to scope considerations

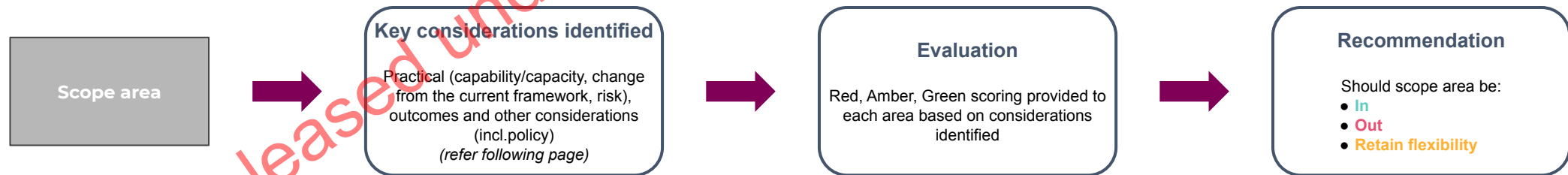
## Potential scope areas

There is a broad range of potential scope elements that will need to be undertaken by the Establishment Unit, any interim 'entity' (as required), Delivery Entity and/or Partner Organisations to deliver on the outcomes and investment objectives that will be considered in this paper. Definitions for each scope area are included in Appendix 1.



## Approach

The following process has been applied to determine whether scope areas should be included as part of the Delivery Entity's remit:



\*Transit Oriented Development

# Guiding considerations

The following areas will be considered when determining whether a function should be in or out of scope for the Delivery Entity.

<b>Practical considerations</b>	<b>Skills to successfully and efficiently deliver CC2M</b> Where does capability and capacity current sit? How can this be efficiently leveraged rather than duplicated?	<b>Degree of legislative / institutional change required</b> Some scope areas may require institutional and / or legislative change.	<b>Management of risk</b> What risks does the scope area create and / or mitigate? What risk can the Delivery Entity manage? Is it best placed to manage the risk?
<b>Outcomes considerations</b>	<b>Ability to achieve wider outcomes</b> How will inclusion / exclusion of scope areas impact the ability to achieve the outcomes? What is needed from partners / Delivery Entity to do this?		
<b>Other considerations</b>	Other policy and wider considerations that may impact whether the function should be within the scope of the Delivery Entity. Includes commentary on potential wider implications and trade-offs, including whether an enduring entity would impact the assessment. It also considers the roles and / or behaviours required of partners.		

Each area and each scope item will be given a RAG rating (detail in appendix 2):

- **Green:** Considerations indicate that this scope area should sit with the Delivery Entity.
- **Amber:** Considerations indicate that this scope area could sit with the Delivery Entity and / or flexibility needs to be retained at this stage in the process to include or exclude.
- **Red:** Considerations indicate that this scope area may not best sit with the Delivery Entity.

There are trade-offs to consider when determining Delivery Entity scope and how it will work with partners. Capability, complexity (powers, interface etc), risk appetite, political appetite, and entity duration will drive a recommendation. Refer Appendix 4 for a summary of key trade-offs.

## 2. Scope area considerations

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# Summary findings

Based on the findings of this paper, the following working hypothesis around DE scope has been made and applied to later thinking around governance and partner roles and entity form considerations. The Delivery Entity (including any transition entity prior to the establishment of a DE):

- **will be** directly responsible for **'Planning'** (design, Detailed Business Case (DBC), consenting, land acquisition etc);
- **will be** directly responsible for **'Core transport delivery'** (procure and deliver rail and stations);
- **will be** responsible for **'narrow 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;
- **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. Clarity of roles & responsibilities and partnerships and the governance structure will be developed to ensure there is clarity of responsibilities and to minimise interface risk.

The working hypothesis is that **Auckland Transport will have a lead role in procuring, contracting and integrating operational and maintenance services** for CC2M.

A number of different **funding tools** are likely to be required to fund ALR, which **may require the Delivery Entity and/or partners to have a role in implementation and/or 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 DBC 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 CC2M 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-wide change option at this stage in the process**. This will be considered at the DBC stage.

Important considerations:

- **Planning may be undertaken by a precursor/shadow Delivery Entity** prior to establishing the ultimate Delivery Entity. It is envisaged that any transitional entity would be focused on ensuring continuity of key personnel (including governance) and a smooth transition from shadow entity to Delivery Entity. This will be summarised in the Transition Plan paper.
- **The exact extent of TOD urban development at each node and the Delivery Entity's responsibility in relation to this requires further work as a technical solution involves**. 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. Detailed masterplanning 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 do what to deliver on this.



# Planning

Planning could be undertaken by the Delivery Entity (or precursor Delivery Entity). Dedicated experienced staff from partner agencies would be required.

## Why is it being considered?

- Decisions made at this stage of the project are critical to later transport, network, urban and customer experience outcomes (refer appendix 5).

<p><b>Practical considerations</b></p>	<p><b>Skills to successfully and efficiently deliver CC2M</b></p> <ul style="list-style-type: none"> <li>Potential for some duplication of capability with Waka Kotahi, AT, Auckland Council and Kāinga Ora - extensive knowledge of processes and complexities in these entities.</li> <li>Secondments could be used as a way of managing some of this.</li> <li>Scale of work involved will require significant increase in capacity from BaU and private sector (consultancy) availability..</li> <li>Consideration needs to be given to how CRL capability and learnings can also be leveraged.</li> </ul>	<p><b>Degree of legislative / institutional change required</b></p> <ul style="list-style-type: none"> <li>In order for the Delivery Entity to have control / flexibility over consenting, it would need to be a requiring authority.</li> <li>Unlikely that major changes to the institutional / legislative framework needed to enable this.</li> <li>If land acquisition / consenting commences during this stage, legislative process is likely to be utilised.</li> <li>This will ultimately depend on the consenting strategy adopted.</li> </ul>	<p><b>Management of risk</b></p> <ul style="list-style-type: none"> <li>Ensures an understanding of the risks from an early stage (by the entity that will ultimately deliver the project and manage the risks).</li> <li>Alignment of risk appetite through different stages of the project (if Board and key management in place from this stage).</li> <li>Operational asset risk also needs to be managed through this stage (operator / asset owner involvement).</li> </ul>
<p><b>Outcomes considerations</b></p>	<ul style="list-style-type: none"> <li>Integration of the right parties and people at this stage of the project is key to ensuring outcomes are planned for in an integrated manner. It will need to consider transport, urban and operational aspects to optimise benefits.</li> <li>This could be done by the Delivery Entity or a precursor entity / alliance between partners.</li> </ul>		
<p><b>Other considerations</b></p>	<ul style="list-style-type: none"> <li>Consideration should be given to whether this presents an opportunity for a 'centre of excellence' for rapid transit project planning.</li> </ul>		

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# Operations (1 of 2)

Given Auckland Transport's current roles and responsibilities in relation to passenger transport services in Auckland, it has been assumed that it will have a lead role in procuring, contracting and integrating operational and maintenance services for CC2M.

## Why is it being considered?

- Ensures integration between construction and operations. Recent projects have shown the risks associated with limited / late operator involved in design/build (time, cost, integration etc).
- Provides flexibility for alternative forms of procurement and financing options.

<p><b>Practical considerations</b></p>	<p><b>Skills to successfully and efficiently deliver CC2M</b></p> <ul style="list-style-type: none"> <li>• Delivery Entity responsibility for operations could result in some duplication with AT public transport operations responsibility</li> <li>• LR/LM would be a new mode in NZ with limited existing public sector specific capability</li> </ul>	<p><b>Degree of legislative / institutional change required</b></p> <ul style="list-style-type: none"> <li>• Would be a relatively significant change from the status quo</li> <li>• An additional PTOM agreement would need to be entered into between AT and the Delivery Entity</li> <li>• Would require highly effective partnering with AT and for AT to agree to contract for operations</li> </ul>	<p><b>Management of risk</b></p> <ul style="list-style-type: none"> <li>• Lower interface risk between Delivery Entity and operator (ensures alignment of design, build and operations)</li> <li>• Potential for network integration risk with existing operators in the wider network. AT would need to maintain a critically important role to minimise this risk</li> </ul>
<p><b>Outcomes considerations</b></p>	<ul style="list-style-type: none"> <li>• DE responsibility for operations would provide whole of life considerations</li> <li>• Provides an integrated link between operational outcomes and project delivery - enhancing greater customer experience..</li> </ul>		
<p><b>Other considerations</b></p>	<ul style="list-style-type: none"> <li>• May allow greater flexibility in procurement options (noting arrangements could be made to ensure alternative options can still work).</li> <li>• It would need the entity to endure beyond the delivery of the core infrastructure which would better align to likely timelines for urban development benefits (this longer timeframe may support wider institutional change)</li> <li>• It is critical to have the operator or shadow operator (approved by the relevant public entity) involved throughout the early stages (planning and delivery) where this is not in scope for the entity directly. Lack of clarity around this has been a major problem on domestic and international projects.</li> <li>• Some of the concerns could be partially mitigated if the Delivery Entity was only responsible for the initial operating period (7-10 yrs), with AT ultimately assuming responsibility for operations.</li> <li>• Add complexity to ticketing and funding models</li> </ul>		

# Operations (2 of 2)

**On balance, the working hypothesis is that Auckland Transport will have a lead role in procuring, contracting and integrating operational and maintenance services for CC2M.**

- AT has a current role as the planner and operator of passenger transport services across Auckland. As such, it is best placed to manage network integration over the lifetime of the project.
- AT is best placed to manage whole network integration.
- AT has expertise and relationships with operator companies.
- AT has existing customer relationships including tried and tested consultation arrangements. It is the face of PT in Auckland.

## ***Other considerations***

- AT's role as a partner is critical and it should be involved at all stages of the project to ensure integration considered from the start.
- There may be benefit in procuring a shadow operator given new mode to support / supplement AT's role.
- Consideration will need to be given to funding of opex given the likely higher costs of this mode, including how this impacts overall recovery across the network.
- When determining the preferred entity form and wider arrangements, further consideration should be given to ensuring flexibility is retained for alternative models if required.

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# Urban development (TOD) (1 of 3)

Allows the Delivery Entity to consider trade-offs between the transport and urban costs/benefits to achieve wider outcomes. Focus on 'Narrow TOD' and retain flexibility to directly deal and manage in this land or partner to achieve desired outcomes.

## Why is it being considered?

- CC2M is city shaping infrastructure, it is more than just a transport project. Ensuring the link between urban development and transport aspects is key.
- Lessons learned show the importance of an integrated solution - more likely to be able to control urban outcomes where responsibility lies with the Delivery Entity.
- Opportunity to also provide a source of funding.

<p><b>Practical considerations</b></p>	<p><b>Skills to successfully and efficiently deliver CC2M</b></p> <ul style="list-style-type: none"> <li>• Development expertise currently exists within Kāinga Ora and Panuku. However, there is currently limited TOD expertise in NZ given historical projects (some capability is in CRLL).</li> <li>• An independent Delivery Entity may be well placed to attract and retain specialist talent if required.</li> </ul>	<p><b>Degree of legislative / institutional change required</b></p> <ul style="list-style-type: none"> <li>• Unlikely to require material changes to the current institutional / legislative framework.</li> <li>• Interrelationship between land acquisition and consenting process with urban development and land use is required.</li> <li>• Ultimately depends on consenting strategy adopted.</li> </ul>	<p><b>Management of risk</b></p> <ul style="list-style-type: none"> <li>• Range of different risk profiles depending on development options chosen. Unlikely to be appropriate for the Delivery Entity to undertake large scale development directly. Partner with Kāinga Ora, Panuku or private sector.</li> <li>• There is a risk that urban development distracts from core delivery. DE structure / governance would need to shape to mitigate this.</li> <li>• Reduces risk of poorly planned/ uncoordinated urban form, lost value capture opportunities and poorly utilised infrastructure.</li> </ul>
<p><b>Outcomes considerations</b></p>	<ul style="list-style-type: none"> <li>• Greater focus on both transport and urban outcomes (wider perspective and trade-offs considered where change is required).</li> <li>• Needs to be considered from the planning stages to optimise outcomes.</li> </ul>		
<p><b>Other considerations</b></p>	<ul style="list-style-type: none"> <li>• Delivery Entity is well placed to consider trade-offs where it is undertaking both transport and transport footprint Urban Development.</li> <li>• Provides greater understanding and alignment of value to be created and potentially captured.</li> <li>• Provides greater clarity on total programme costs.</li> <li>• Structure and governance will need to define responsibility for the outcomes on this land (e.g. land value, specific land use etc) rather than expect the Delivery Entity to undertake the development directly. Will need detailed discussions with Kāinga Ora to agree an effective partnership in this space.</li> <li>• Limits / delineation of transport to wider in larger precincts will also needs to be worked through.</li> </ul>		

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# Urban development (TOD) (2 of 3)

The following principles have been applied when considering the extent of TOD urban development to be undertaken by the DE. They have been discussed at a principles level with Kāinga Ora:

- Focusing purely on delivery of the transport solution does not provide the DE with any control over the urban outcomes being sought. Responsibility for TOD will ensure that the DE considers transport and urban trade-offs in decisions it makes.
- It also provides the DE with the opportunity for financial gains to go towards funding the transport infrastructure.
- DE needs to ensure it is enabling urban development and will work with partners to masterplan accordingly in the next stage of the project. This planning is critical to understanding the opportunity, risks, costs and benefits and derive clarity on DE and partner responsibilities.
- DE needs to be able to do some form of narrow TOD (above and adjacent to the transport land) (refer following page).
- This is land acquired for transport purposes but this could extend slightly, where beneficial to do so (in terms of urban outcomes and / or potential financial returns for a slightly wider land acquisition footprint).
- It needs to make commercial deals and 'manage' delivery of TOD on DE owned land (e.g. deliver supporting civis if required). This degree of control will enable the DE to better control outcomes on the land it has acquired (e.g. requirements for affordable housing) and also undertake activity that may be required to make the site attractive to the market.
- The DE could contract to developers directly or to Panuku, Kāinga Ora or Auckland Council to do so. It is envisaged that where the scale of TOD is large and / or complex, the DE would leverage capability in partner agencies and contract with them to lead the development on these sites, or agree at the planning stage that the partner is responsible for this TOD site.
- Some specialist capability will be required within the DE. Expectation is that this is not looking to duplicate or replicate expertise in other agencies but provide sufficient expertise for the DE to hold robust and informed decisions with developers as needed.
- There is no "one-size-fits-all" approach to TOD development along the corridor, each area and node needs to be considered individually. Exact arrangements and partner responsibilities at key nodes (Dominion Junction, Mt Roskill, Onehunga and Māngere) should be further refined at the DBC stage.

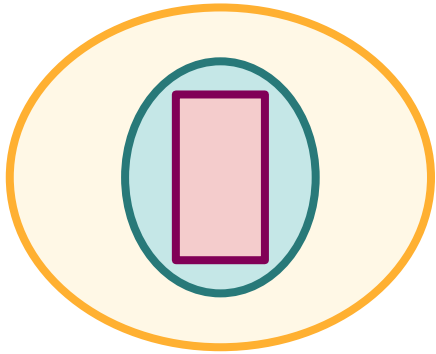
**The breadth and depth of TOD urban development activity will ultimately depend on:**

- **The opportunity at each node**
- **Land holdings at each node, including public ownership**
- **Degree of acceptable risk**
- **Availability of upfront capital and tenor of availability of this capital**
- **Requirements for return to fund the project**
- **Degree of control required around urban outcomes**

# Urban development (TOD) (3 of 3)

The Delivery Entity should be responsible for 'narrow' TOD. It could then determine the extent of involvement at each site and whether it undertakes this directly or partners.

## Extent of Land acquisition



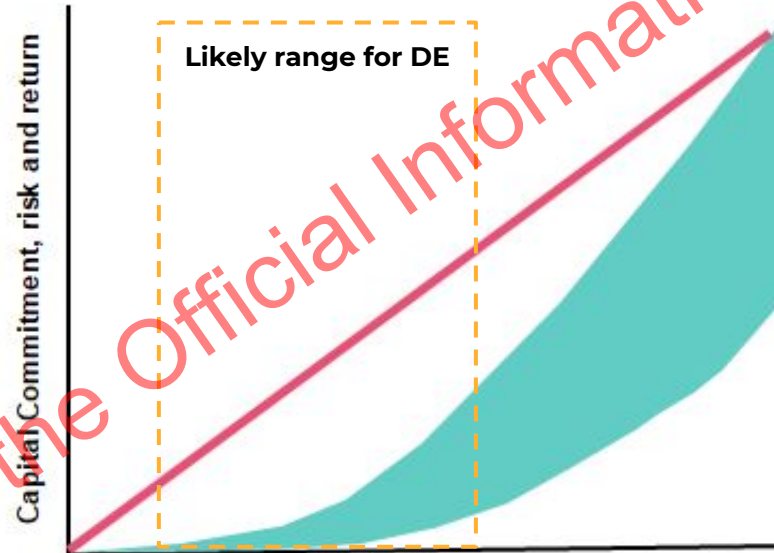
Three categories of land acquisition considered:

**Rapid Transit** - core transport infrastructure, including station box and connectivity

**'Narrow' TOD** - TOD over / adjacent to station infrastructure

**'Broad' TOD** - comprehensive urban regeneration catalysed by transport infrastructure

## Extent of DE involvement in property development



Potential return increases with degree of risk the DE is willing to take. Provides opportunity for value capture

Note: non-linear in nature, line shown for illustrative purposes

Increasing amount of capital required and risk taken with more active development.

	Sell	Consented land, Development Agreement	JV	Self-develop
<b>Low</b>		Intervention		<b>High</b>
<b>Low</b>		Development risk		<b>High</b>
<b>Low</b>		Control of outcomes		<b>High</b>
<b>Low</b>		Ability to capture value		<b>High</b>

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# Urban development (beyond TOD)

Urban development (beyond TOD) should be excluded from Delivery Entity scope as risk, capability duplication and loss of focus is likely to outweigh benefits. Robust and clear governance and partnerships needed to ensure outcomes and integrated benefits are realised.

## Why is it being considered?

- CC2M is more than just a transport project, it is city shaping infrastructure. Ensuring the link with urban development aspects is key.
- Ensuring the right housing and jobs are created to support the infrastructure will drive its success.
- Opportunity to also provide a source of funding.

<p><b>Practical considerations</b></p>	<p><b>Skills to successfully and efficiently deliver CC2M</b></p> <ul style="list-style-type: none"> <li>• Kāinga Ora is the Crown's delivery agency and has considerable expertise and resources focused on small to large scale housing (and broader precincts). Panuku also has expertise in this area.</li> <li>• Establishment of a broader housing / commercial development arm of the Delivery Entity would result in duplication of capability.</li> </ul>	<p><b>Degree of legislative / institutional change required</b></p> <ul style="list-style-type: none"> <li>• Likely to require significant change to current frameworks or duplication for the Delivery Entity to have specific powers.</li> <li>• May result in duplication of the purpose / function of the UDA.</li> </ul>	<p><b>Management of risk</b></p> <ul style="list-style-type: none"> <li>• Risk profile of urban development projects likely to be materially different to transport elements - different approach, capability etc.</li> <li>• Risk of focus being detracted from transport elements.</li> <li>• Fully integrated masterplanning and delivery of transport / urban elements would likely reduce future risks around dispersed urban form, patronage and infrastructure utilisation (reduce interface risk).</li> </ul>
<p><b>Outcomes considerations</b></p>	<ul style="list-style-type: none"> <li>• Would drive integrated transport and urban outcomes with a single point of accountability for benefits realisation. Governance and partnerships needed to be structured to address this if not included in entity scope.</li> </ul>		
<p><b>Other considerations</b></p>	<ul style="list-style-type: none"> <li>• Provides greater understanding and alignment of value to be created and potentially captured.</li> <li>• Governance and partnerships critical to ensuring wider outcomes are met. Kāinga Ora has a broad remit and several live responsibilities and roles, its capacity to partner to the desired degree will need to be worked through.</li> <li>• Planning stages should consider the wider urban form implications of transport decisions, whether this scope item is included in the Delivery Entity scope or not to ensure integrated masterplanning.</li> <li>• Would require the Delivery Entity to be enduring given the wider urban development is likely to occur over a much longer timeframe than the core transport delivery.</li> <li>• The interaction of value capture tools and desired urban form will need to be considered (unintended consequences, affordability, type of housing etc).</li> </ul>		

# Supporting infrastructure

Partners should remain responsible for delivering supporting infrastructure (they have the capability and may be better placed to manage the associated risks). Arrangements will be required to ensure supporting investment is made to enable benefits realisation.

## Why is it being considered?

- If delivered, CC2M will be a part of a wider public transport network. To realise its full benefits, upgrades and changes to existing services, roading and interchanges are likely to be required.
- Lessons learned show the importance of this to ensure the infrastructure is fully utilised and that envisaged benefits are realised.

<p><b>Practical considerations</b></p>	<p><b>Skills to successfully and efficiently deliver CC2M</b></p> <ul style="list-style-type: none"> <li>• Capability and expertise exists in AT and Waka Kotahi and across the sector broadly.</li> </ul>	<p><b>Degree of legislative / institutional change required</b></p> <ul style="list-style-type: none"> <li>• Would likely require the Delivery Entity to obtain a number of powers, designations and approvals to undertake this responsibility.</li> </ul>	<p><b>Management of risk</b></p> <ul style="list-style-type: none"> <li>• Likely to increase delivery risk.</li> <li>• Partner organisations better placed to manage risk given that they are likely to be the ultimate asset owners / operators (and have expertise of undertaking similar investment).</li> <li>• Would reduce interface risk.</li> <li>• May reduce risk around future capacity / infrastructure utilisation / network integration.</li> </ul>
<p><b>Outcomes considerations</b></p>	<ul style="list-style-type: none"> <li>• Provide a single point of accountability for benefits realisation. Delivery Entity would be well placed to consider the trade-offs (including whole of life) involved with changes and the impact these could have on CC2M and the wider network.</li> </ul>		
<p><b>Other considerations</b></p>	<ul style="list-style-type: none"> <li>• Lessons learned have shown the importance of identifying supporting infrastructure requirements early and ensuring that there is clarity of roles, responsibilities, expectations and incentives around this to enable alignment and benefits realisation. This will be a key area to address in the governance structure and partner arrangements.</li> </ul>		

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# Funding & financing

It may be beneficial for the Delivery Entity to undertake some elements itself and rely on partners for others (e.g. rates collections)

## Why is it being considered?

- A number of funding & financing sources are likely to be required to deliver the project.

### Practical considerations

#### Skills to successfully and efficiently deliver CC2M

- Capability sits across a number of different partners. Some duplication may occur, however, some mechanisms may allow leveraging rather than replicated (e.g. rates collection agreements).
- For certain funding sources, specific capability would be needed in the entity directly (e.g. debt raising would require own treasury function).

#### Degree of legislative / institutional change required

- Degree of change would depend on the type of funding and associated specific powers / functions required
- Arrangements could be made for the entity to be responsible for some elements and to leverage partner powers for others.

#### Management of risk

- Control over its funding and financing will enable the Delivery Entity to retain a degree of agility / flexibility to deal with risks.
- Tail risk is likely to ultimately lie with the Crown / Sponsors / funders which may drive the Crown to have greater control (e.g. raising finance directly rather than through the Delivery Entity).

### Outcomes considerations

- Sources of funding and funding mix needs to consider potential consequences on outcomes (e.g. value capture on development and urban outcomes). Where this is controlled by the entity there may be greater alignment and lower risk to outcomes than if responsibility lies elsewhere.

### Other considerations

- Funding and financing work to consider sources that would require specific powers / institutional change.
- Delivery Entity would need to work closely with partners to ensure there is limited overlap / double charging to the same pool of beneficiaries.
- Where the Delivery Entity is expected to endure it would make more sense for a greater degree of responsibility and powers to be enabled in the Delivery Entity.

# Future stages (1 of 2)

At this stage in the process, it is beneficial to retain flexibility for the Delivery Entity to endure beyond the delivery of CC2M.

## Why is it being considered?

- CC2M is intended to be the spine of the rapid transit network with potential future stages envisaged for the North West and North.
- Joint responsibility for these stages and the integrated rapid transit network could evolve over time and sit in one entity.

<p><b>Practical considerations</b></p>	<p><b>Skills to successfully and efficiently deliver CC2M</b></p> <ul style="list-style-type: none"> <li>• Once established for CC2M the capability would be in place in one entity. Efficient use of capability and ability to build a centre of excellence.</li> <li>• Greater ability to attract and retain capability which is an important consideration in this market (not a sunset company).</li> <li>• Creating long-term capability in another entity may provide a degree of duplication with existing agency long term roles and powers (WK and AT). In order to minimise this duplication, clear delineation of the types of projects would need to be provided (e.g. rapid transit only with other projects remaining within the existing framework)</li> </ul>	<p><b>Degree of legislative / institutional change required</b></p> <ul style="list-style-type: none"> <li>• Likely to justify and require a greater degree of change where the entity is enduring.</li> </ul>	<p><b>Management of risk</b></p> <ul style="list-style-type: none"> <li>• Learnings from risks in CC2M would be helpful in managing risks from future stages.</li> <li>• Risk of timing of future stages distracting from completion of CC2M.</li> </ul>
<p><b>Outcomes considerations</b></p>	<ul style="list-style-type: none"> <li>• An enduring entity would align to the timing of urban outcomes which will be significantly longer than the time to deliver CC2M</li> <li>• Whole of future network considerations and overall shaping of urban outcomes more likely where planned and delivered as an integrated whole.</li> </ul>		
<p><b>Other considerations</b></p>	<ul style="list-style-type: none"> <li>• Would this be just for future stages or expanded for other rapid transit projects in Auckland (and maybe New Zealand)?</li> <li>• Ability to leverage learnings from CC2M to other projects.</li> <li>• Certainty to the market more generally given the stable structure.</li> <li>• Would provide a consistent approach to rapid transit planning, delivery and funding (currently fragmented and inconsistent)</li> <li>• Different projects may have different sponsors and funding requirements. They will also have different timelines, outcomes and demographics to address. This means a level of complexity in the design, management, governance and day-to-day operations of the entity</li> <li>• There is a risk around distraction from a project at a critical point in time where focus shifts to another project. Appropriate capacity and processes would need to be built to mitigate this risk</li> <li>• This complexity is further increased where projects outside of Auckland are included</li> <li>• A greater degree of institutional and legislative change is likely to be required (and justified) to enable this. This will invariably take time to implement, which may result in either delayed progress to CC2M delivery or an extended period of time in a transitional entity</li> </ul>		

# Future stages (2 of 2)

A degree of change from the status quo will be required to optimise the DE and framework for planning, delivering and operating CC2M. There is also a pipeline of Rapid Transit projects both in Auckland and nationally. This lends itself to considering the opportunity to structure the DE so as to undertake these additional projects also.

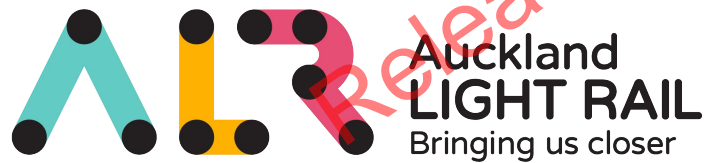
The extent of change required will depend on what the enduring entity is expected to do. The following areas (amongst others) would need to be considered to determine the degree of change required, including to planning requirements as stipulated in the LTMA, LGA and policy statements (GPS-LT and NPS-UD):

- Would DE be responsible for planning aspects only or also delivering?
- Would planning involve early network planning or only more granular detailed project planning (eg. IBC, DBC design etc)? Or both?
- Would it operate the assets? How would this work with existing responsibility for operations and network integration?
- Would it own the assets?
- Would DE be responsible only for core infrastructure or also supporting infrastructure? Would it deliver smaller scale augmentation or only the larger components?
- Are funding models bespoke or consistent across projects?
- Could an existing agency (e.g. Waka Kotahi) be repurposed to take on the lead role

There is appeal to creating something enduring and fit-for-purpose for New Zealand's upcoming pipeline of projects which would provide clarity on roles and responsibilities in relation to planning, delivering, operating and funding rapid transit.

**Given the extent of policy work needed to understand the complexity of the changes required, it is considered beyond the remit of the current Establishment Unit scope to further explore this system-wide change at this stage in the process. We consider that this warrants additional consideration at a DBC stage.**

**In considering the DE to deliver CC2M, a degree of flexibility will be retained to allow for future changes if required. The focus of the Establishment Unit is to ensure that no decisions preclude a system-wide change option at this stage in the process.**



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