

## **chief executive's report to the Board**

August 2019

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## key governance issues

Topic	Update
Out of Scope	
Light rail	<p>The Ministry of Transport wrote to us on 29 July 2019 setting out Probity Requirements for the Auckland Light Rail (ALR) Proposal Process and requiring us to confirm acceptance of these requirements. There are several challenges with the requirements as we are required to play different roles to support the process which require strict protocols to be implemented to ensure that information is appropriately protected and to ensure that it can be demonstrated that the process is transparent and withstand public scrutiny.</p> <p>We are expected to develop our own proposal (response), participate in the ALR Governance / Advisory Group and provide information for the process both prior to formal commencement of the process and during the process as required. This includes engaging with NZ Infra if required. All of this must be undertaken in strict compliance with the probity requirements.</p>

To simplify matters relating to the ALR Governance / Advisory we have proposed to the Ministry of Transport that the Senior Manager Risk and Audit (Richard Leverington) replaces myself as a member of this group, thereby allowing me to provide oversight to the team developing the proposal (response).

Governance, confidentiality and probity will need to be managed very carefully. Board Members will find Auckland Light Rail process and confidentiality guidance in the reading room.

Following our response to the 29 July 2019 letter setting out some qualifications to our agreement to the terms of the letter, particularly in relation to stakeholder engagement, the Ministry of Transport issued the Response Requirements Document (RRD) on 2 August 2019. The RRD is modelled on a Public Private Partnership Request for response and sets out the minimum response requirements that the Ministry of Transport considers necessary to enable the evaluation of the two respondent proposals and to inform a Cabinet paper in early 2020 in relation to selecting a Preferred Delivery Partner that will then enter into an exclusive negotiation period with the Ministry of Transport with a view to finalising all contractual arrangements including a Project Agreement.

The RRD sets out objectives, evaluation criteria, minimum requirements. Its focus is a single option for City Centre to Mangere. The Ministry of Transport propose using an Interactive Engagement Process to test respondents thinking during the process and are looking for early deliverables relating to Commercial Terms, Route Alignment and Legislative or Regulatory Amendments. We confirmed on 9 August 2019 that we will participate in the Ministry of Transport's process, in line with the RRD requirements. The final response is required on 29<sup>th</sup> November 2019.

We are developing a response in line with the discussions held at the July Board. It will be developing options in relation to the Rapid Transit Network, the engineering solution, funding and financing and procurement / delivery model. There are some challenges with this approach as this response will not line up completely with the requirements of the RRD. At this time, we believe that this can be managed but will need to be kept under review as we proceed.

Resolution of how to engage key stakeholders including Auckland Transport, Auckland Council and Treasury in the development of our response is a key concern and discussions with Ministry are planned. It is currently unclear what advice stakeholders have received from the Ministry of Transport in this regard.

# Out of Scope