

# Attachment 1

## Preferred governance and funding model

### Option Summary

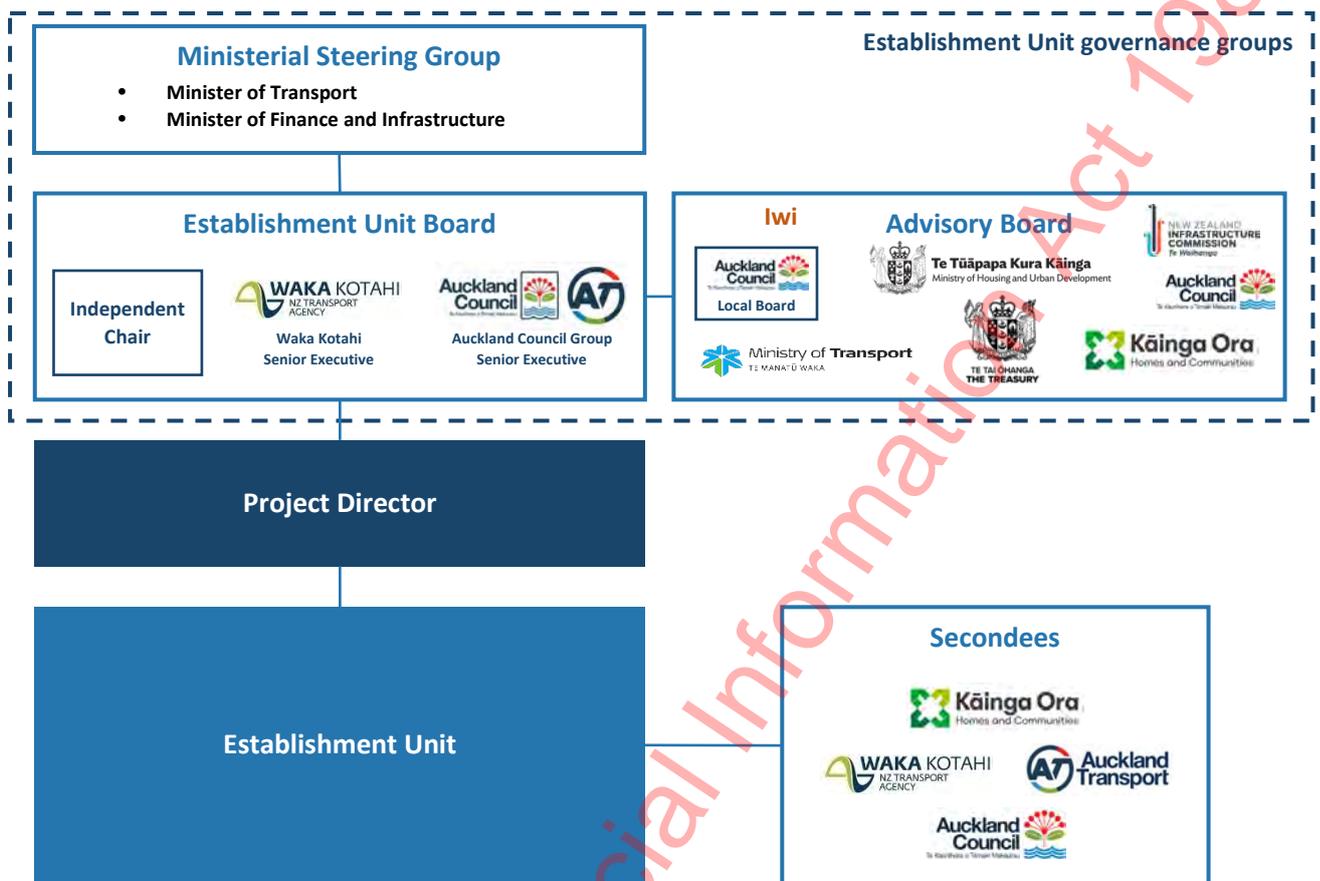
The intention of the City Centre to Māngere (CC2M) Establishment Unit is to undertake a six month 'sprint' to:

- deliver an Indicative Business Case (IBC);
- undertake iwi, stakeholder and community engagement to re-establish the 'social licence' for the project; and
- inform and support further work on a number of wider policy issues, including the permanent form of the CC2M delivery entity.

In order to deliver the above in the proposed timeframes, the Establishment Unit must be set up quickly and have governance and management arrangements that efficiently support its operations and its objectives. To achieve this, it is proposed to bring together Waka Kotahi and Auckland Transport (as the two delivery agencies responsible for transport planning) under a partnership approach (governed by a Terms of Reference), with a standalone Board that is accountable to Ministers. Whilst the Establishment Board would be "housed" in Waka Kotahi, so that it can make a fast start, leveraging Waka Kotahi systems and processes, it will functionally be a partnership.

This option aims to simplify the governance structure by having the Establishment Unit Board be accountable to Ministers. It also simplifies the Establishment Unit Board structure to the key transport stakeholders, with all other stakeholders within an Advisory Board. This enables participation of these entities without needing to manage existing approval chains. Note that MoT is included in the Advisory Board as opposed to the Establishment Unit Board so it can provide independent policy advice to Ministers outside of the Establishment Unit Board construct.

## Proposed Establishment Unit structure



## Principles of good governance

This governance framework has been prepared in accordance with international best practice project governance principles. The Infrastructure Commission: Te Waihangā Major 'Infrastructure Project Governance Guidance' report outlines three common principles of good project governance, these are:

- accountability;
- transparency; and
- confidentiality.

It states that accountability is "core of good project governance and is central to the Government investment in infrastructure". This means that those governing the project must be answerable for the decisions made. Transparency and confidentiality refer to reporting and disclosure practices which underpins the proposed structure with the Advisory Board enabling transparent and clear advice in a confidential forum. The guidelines and approach to wider stakeholder transparency, including the communication strategy will be developed as part of the Establishment Unit plan.

The report emphasises that for governance to be successful it is critical that the right people are involved, enabling members with the requisite expertise and delegated authority to make decisions effectively and efficiently.

Reasons specifically highlighted for causing past governance failures include:

- where governance members do not have sufficient decision making authority; and
- where governance groups act as stakeholder groups, rather than decision making groups.

Based on the above, a governance framework has been developed that seeks to be accountable, effective and efficient, while also being inclusive of CC2M's diverse stakeholders.

## Governance framework

**Ministerial Steering Group:** Made up of the Minister of Transport and the Minister of Finance and Infrastructure. The Ministerial Steering Group will engage directly with the Mayor of Auckland around key decision points.

**Establishment Unit Board:** The proposed membership for the Establishment Unit Board includes an independent chair, a senior executive from Waka Kotahi and a senior executive from the Auckland Council Group (e.g. the chief executive of Auckland Transport). A small membership is proposed to provide decision making efficiency, which will be critical to the success of the Establishment Unit. A skills based independent chair will provide Ministers with visibility on the Establishment Unit Board and ensure strong governance practices are followed. The independent chair will have a mandate to provide advice to Ministers based on outputs from the Establishment Unit.

**Advisory Board:** The Advisory Board is intended to provide a forum for key stakeholders to represent the interests of their agencies, organisations and communities. The Advisory Board will provide members with a direct platform to provide advice (i.e. on how different options may affect them and their organisations / communities), raise concerns, and receive regular information and reporting. The proposed membership covers a range of different stakeholders, which have different interests and roles the project. Accordingly, specific engagement arrangements may be required for particular groups (i.e. iwi). The Terms of Reference for the Establishment Unit Board will include taking into account these views against the agreed outcomes and objectives for the project, to ensure that members are at the heart of the project and involved in shaping the advice that goes to Ministers. Senior representation (i.e. CE level) from members will be critical to ensure a holistic and informed view is presented.

**Project Director:** An independent Project Director will be appointed by the Board to lead the Establishment Unit during the sprint phase.

**Establishment Unit:** In order to quickly make progress, the partnership would be 'housed' within Waka Kotahi to access existing resources and back office systems but would not report to the Waka Kotahi Board. It would be provided with a mandate to deliver the required outputs, and report to, the Establishment Unit Board. The Establishment Unit would primarily be staffed by Waka Kotahi and Auckland Transport secondees under a Resourcing Agreement. Partners such as Kāinga Ora and Auckland Council may also provide specialist staff, and external advisors will be required. Even though the Establishment Unit will be made up of secondees it will be critical to establish its own identity, both internally and externally. This is expected to include a project office, branding and email addresses, as well as emphasising a 'one team' culture. Establishment Unit staff will also need to engage with relevant agencies on matters that affect their roles and responsibilities (e.g. working directly with AT on network integration).

## Advisory Board membership

As noted above, members of the Advisory Board will be at the heart of the project and involved in shaping the advice that goes to Ministers. The proposed membership of the Advisory Board is as follows:

- The Auckland Council group will need to make a decision on the representation on the Establishment Board (one person from the Group). s 9(2)(g)(i)

s 9(2)(g)(i)

. Therefore Auckland Council representation on the Advisory Board is preferable, with Auckland Transport represented on the Establishment Unit Board., This would ensure Auckland Council remains actively involved in the project, where they may engage on the wide range of matters that will affect them, including land use, urban development, supporting infrastructure and financial implications. Auckland Council would also be able to second staff into the Establishment Unit to provide representation at an operational level.

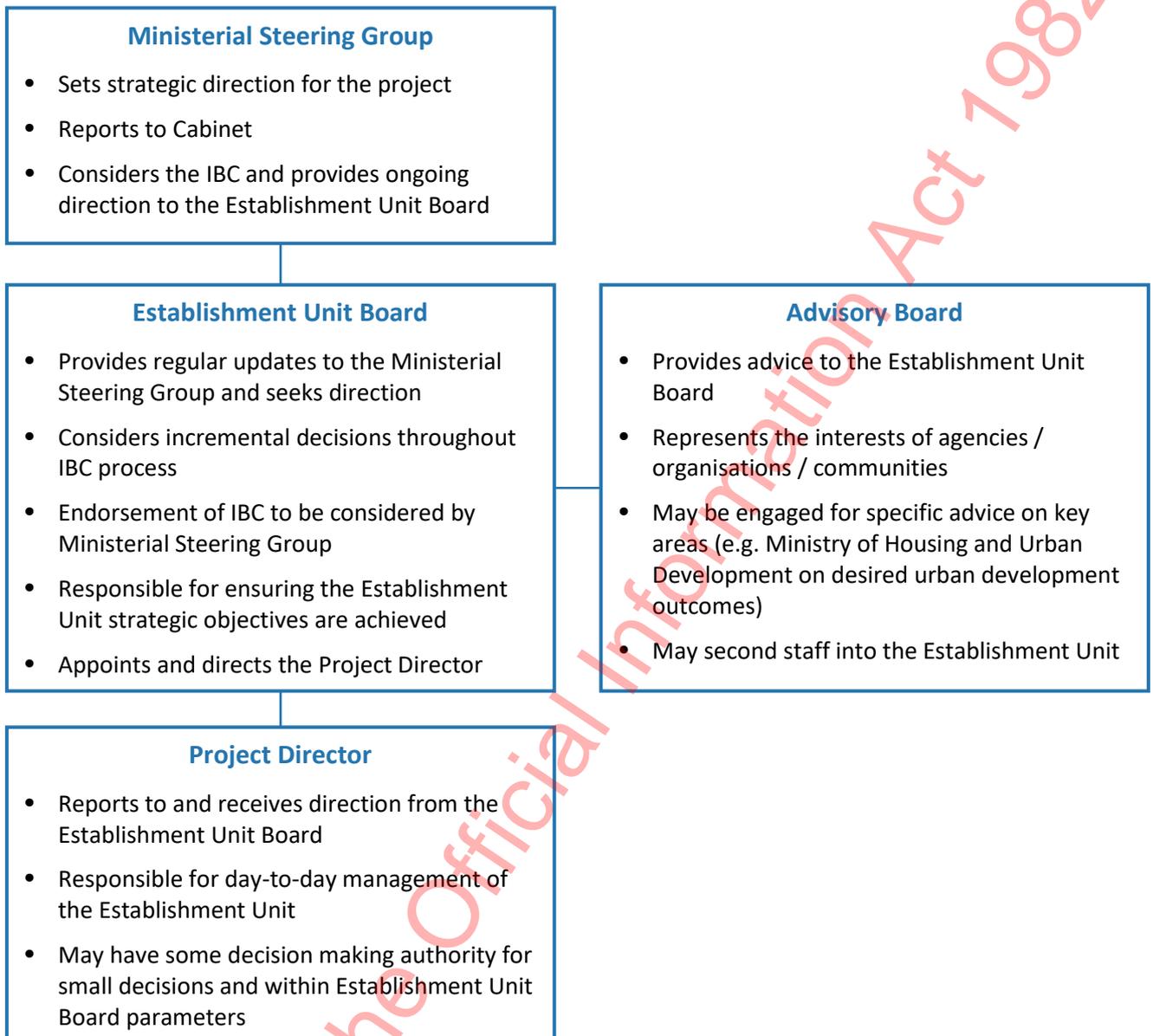
- **Local board representation** will be key to establishing the social license for the project, however the elected nature of local boards can complicate decision making, when mixing decision making rights with those held by officials. Accordingly, under this structure a local board representative is appointed onto the Advisory Board. The local board representative on the Advisory Board would be in addition to the Auckland Council representative noted above.
- Achieving urban development outcomes is a cornerstone of the CC2M project. To ensure these interests are appropriately recognised and considered, **the Ministry of Urban Housing and Development** and **Kāinga Ora** are proposed to have representation on the Advisory Board. These strong links will be required irrespective of whether urban development is led by the Establishment Unit as part of the project, or separately through a Kāinga Ora led workstream. Again, secondment of staff into the Establishment Unit provides the ability for representation at an operational level.
- The **Ministry of Transport's** representation will be key to ensuring policy thinking is being considered as it evolves and that this advice can be provided independently to the Minister of Transport.
- It is suggested the **Treasury** should also be represented on the Advisory Board to ensure that financial implications for the Crown are appropriately assessed and considered. Treasury may prefer to attend as an observer given Treasury would also have a role in the reviewing the IBC through the Treasury Better Business Case gateway review process.
- The **Infrastructure Commission** has been set up to be autonomous and provide government with independent advice. Representation on the Advisory Board would be most consistent with the Commission providing independent and impartial advice. Involvement on the governance board may constrain their usual independent role.
- Commensurate with the Crown's obligations under Te Tiriti o Waitangi, **iwi** will need to be active partners to decision making and provided with opportunities to be involved in co-design. s 9(2)(g)(i)

s 9(2)(g)(i)

It is proposed that at this stage input is provided via the Advisory Board, with future participation in the delivery entity, potentially via an Independent Maori Statutory Board (IMSB).

### **Roles and responsibilities**

- Clear terms of reference for the Establishment Unit Board will be needed to ensure members understand their roles. Role of independent chair and their role with respect to Ministers will need to be clearly defined.
- The roles and responsibilities of the proposed governance groups and the Project Director are outlined below:



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## Funding

- It is proposed that funding for the Establishment Unit would be provided from the NLTF – subject to Waka Kotahi board approval.
- Clarity as to the role of Waka Kotahi vis-à-vis funding is best achieved via a direction under s.9(2)(j).
- Waka Kotahi and Ministry of Transport would have usual oversight of expenditure approved from the NLTF, with expenditure authority delegated to the Independent Chair and Project Director (with the approval of the Minister for Transport and Waka Kotahi board if either of them are not Waka Kotahi staff).
- There will be significant cost associated with mobilising the Establishment Unit and undertaking agreed activities over the six-month period. Key stakeholders may be reimbursed for use of resources (seconded and / or premises, systems, IT etc) required and used by the Establishment Unit.

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