

## City Centre to Māngere – next steps

In confidence /Legally privileged (as indicated)

<b>Meeting Date</b>	<b>24 February 2021</b>
<b>ELT Sponsor</b>	Carl Devlin
<b>Prepared By</b>	Lucy Riddiford, General Counsel Strategic Projects
<b>Legal Reviewer</b>	Anna Moodie, Group General Counsel & Manager Risk & Assurance
<b>Version</b>	Final
<b>Date</b>	19 February 2021
<b>Pages</b>	5 + 1 Attachment

### Purpose

This paper updates the Board on the next steps for the City Centre to Māngere Auckland Light Rail project (CC2M).

### Recommendations

It is recommended the Board:

- **Notes** that the Minister proposes to set up an establishment unit (Establishment Unit) to advise on the CC2M project;
- **Notes** that the current favoured proposal is for the Establishment Unit to be “housed” within Waka Kotahi, which may be achieved by the Minister issuing a direction to Waka Kotahi creating a new function for Waka Kotahi to provide support and assistance to the Establishment Unit;
- **Notes** the proposed governance structure for the Establishment Unit;
- **Notes** that the Minister proposes to take a paper to Cabinet in mid-March 2021;
- **Notes** that approval for funding from the NLTF for the Establishment Unit is likely to be sought, subject to Cabinet’s decisions; and
- **Notes** that the Ministers of Finance and Transport may also approve funding from the NLTF for a policy workstream to be led by the Ministry of Transport.

### Strategic relevance

Auckland’s population is set to grow by 730,000 to 2.3 million over the next 30 years. Population growth supports greater diversity of economic, social and cultural opportunities. Improving access

depends on the entire transport system being managed and developed as an integrated whole, and shifting more travel to walking, cycling and public transport. Without significant investment in transport, current issues such as long journey times, congestion, emissions and inequitable access will be exacerbated. Much of Auckland's forecast growth is concentrated along the City Centre to Māngere (CC2M) corridor. Many communities along the CC2M corridor face high levels of socio-economic deprivation, with poor access to economic and social opportunities and housing.

ATAP partners have prioritised investment in rapid transit along the CC2M corridor and Cabinet has also previously agreed that this investment should be prioritised.

## Background

Since August 2020, following the termination of the parallel process, the Ministry of Transport and Treasury have led a piece of work with ATAP partners, MHUD and Kāinga Ora to develop advice on optimal arrangements for public sector delivery of the CC2M project.

This drew on previous work including the IP acquired from Waka Kotahi and earlier business case work by partner agencies (e.g. Auckland Transport).

We understand that this work has demonstrated that there are many areas of agreement amongst stakeholders and partners regarding the strategic case for the scheme. But there are a number of strategic choices and trade-offs that still need to be worked through to assist us to confirm the best way forward.

The Minister now proposes to seek the agreement of Cabinet to set up an Establishment Unit to advise on the CC2M project, with a timeframe of up to 6 months. This summary reflects early guidance from the Minister and the thinking is still being developed.

The Establishment Unit will either be a joint venture or housed within Waka Kotahi. The Establishment Unit will have a board. The exact composition of the board, terms of reference and reporting lines is discussed below.

The focus of the Establishment Unit (and any subsequent delivery entity) would be on the transport project. It would work closely with Kāinga Ora who would lead on urban development for the project.

The Establishment Unit would be directed to:

- Engage with stakeholders on design of the CC2M project and the delivery entity
- Engage in a period of public consultation for 2-4 months
- Pull together an indicative business case with options and then report back to Ministers with recommendations.

The Government will set the key objectives and questions it would have to answer before further decisions could be made. The key objectives are likely to involve:

- Building social licence for the project with stakeholders and the public;
- Using the Government's previously agreed objectives on Auckland rapid transit as a starting point; and
- Providing advice on route and mode in light of the Government wanting to build a rapid transit network in Auckland with CC2M being the potential spine.

The Establishment Unit will be asked to advise on options for delivery entity, which could include using City Rail Link Limited, or establishing a new joint venture or Crown entity.

The Minister proposes to take a paper to Cabinet on 22 March<sup>1</sup> and has asked Waka Kotahi to work with the Ministry of Transport and Treasury to prepare the paper.

## Key issues

### *Establishment Unit and governance*

Attachment 1 shows the proposed Establishment Unit structure and governance. This is the current recommendation of Management and (broadly) officials but may not represent the recommendations in the final cabinet paper. There is a high alignment with Treasury officials on the proposed structure, with a few details still to be agreed with the Ministry of Transport.

Management and other officials have recommended that the Establishment Unit be “housed” within Waka Kotahi. This has the advantage of ensuring a fast start, as it will be able to use Waka Kotahi offices, systems, processes and policies. However, functionally it should be a partnership between Waka Kotahi and Auckland Transport. This is important to allow the project to move forward in a transparent and collaborative fashion, respecting Auckland interests and stepping away from some of the history of this project.

The Establishment Unit will not be a legal entity. The board of the Establishment Unit will not have statutory obligations and its role will be defined by the terms of engagement of its members.

The Minister has proposed that, in addition to an independent chair, a broad stakeholder group would constitute the board of the Establishment Unit, including representatives from Auckland Council, Auckland Transport, Ministry of Transport (Peter Mersi), Waka Kotahi, Infrastructure Commission, a Local Board member and an Iwi representative.

Management and officials continue to provide advice to the Minister about the most effective and efficient governance arrangements. Management's current recommendation is that the Establishment Unit board, accountable for the deliverables of the Establishment Unit, should be a narrower group. Management's recommendation is that the board should comprise an independent Crown appointed Chair, a senior Waka Kotahi representative and a senior representative from the Auckland Council family (probably Auckland Transport). This would recognise the critical role of these organisations in this advisory phase and address the need for the Establishment Unit to be able to move quickly and make decisions. The Ministry considers that it should also have a representative on the Establishment Unit board. This would also be workable.

The other stakeholders would be part of a separate advisory board, which would provide a forum for these key stakeholders to represent the interests of their agencies, organisations and communities. This structure would also allow government departments (for example Treasury and Te Waihangā) to provide input into the project, while still being able to provide advice to their Ministers. The Ministry has slightly different views as to how the boards should be structured, but in terms of how the narrow and broader groups should operate, we're aligned.

### **Legally privileged**

s 9(2)(h)

---

<sup>1</sup> The paper will go to the Cabinet Economic Development Committee (DEV) on 17 March.

s 9(2)(h)

s 9(2)(h)

s 9(2)(h)

### **Health & safety, customer/stakeholder & environmental impact**

The impact of this paper is considered by Waka Kotahi to be positive in terms of health and safety, the public and other stakeholders, and the environment.

In particular, endorsement to engage properly with stakeholders and the general public about the project will be positive in terms of social licence.

## Attachments

**Attachment 1** Preferred governance and funding model

Released under the Official Information Act 1982