

Proactive Release

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Some information has been withheld on the basis that it would not, if requested under the Official Information Act 1982 (OIA), be released. Where that is the case, the relevant section of the OIA has been noted and no public interest has been identified that would outweigh the reasons for withholding it.

Listed below are the most commonly used grounds from the OIA.

<u>Section</u>	<u>Description of ground</u>
6(a)	as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government
6(b)	as release would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by <ul style="list-style-type: none"> (i) the Government of any other country or any agency of such a Government; or (ii) any international organisation
6(c)	prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
9(2)(a)	to protect the privacy of natural persons
9(2)(b)(ii)	to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
9(2)(ba)(i)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public
9(2)(ba)(ii)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
9(2)(f)(ii)	to maintain the constitutional conventions for the time being which protect collective and individual ministerial responsibility
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
9(2)(h)	to maintain legal professional privilege
9(2)(i)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
9(2)(j)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

AGENDA

Auckland Light Rail (ALR) Sponsors meeting

Time and date	16 August 2022 4.30-5.30pm
Location	Zoom. The meeting link is here: Out of Scope
ALR Sponsors	Minister Michael Wood, Minister Grant Robertson, Minister Megan Woods, Mayor of Auckland Phil Goff, Deputy Mayor of Auckland Bill Cashmore
Also in attendance	Dame Fran Wilde – Chair, Auckland Light Rail Board
Officials	Bryn Gandy, Gareth Fairweather, Chris Gulik, Sam Ponniah and Tristan Coulson – Ministry of Transport Ben Wells – The Treasury Mary Barton – Ministry of Housing and Urban Development Megan Tyler and Vanessa Blakelock – Auckland Council Mark Lambert and Christian Messelyn – Auckland Transport Tommy Parker and Lucy Riddiford – Auckland Light Rail Group
Apologies	Kerry Lambeth – Ministry of Transport

Time	Item	Discussion lead
-	1. Welcome and updates from Ministers	Minister Wood
15 mins	2. Auckland Light Rail Group project update	Tommy Parker
15 mins	s 9(2)(f)(iv)	
10 mins	4. Proxy owner and operator	Sam Ponniah Christian Messelyn
10 mins	5. Sponsors role with the new ALR Company	Chris Guilk
5 mins	6. Verbal update on NPS-UD progress	Auckland Council
5 mins	7. Upcoming matters for consideration by Sponsors	Gareth Fairweather



GROUP

To: Project Sponsors
From: Auckland Light Rail Group
Meeting date: 16 August 2022
Title: ALR Group project update
Pages: 13 + 3 appendices

A. Purpose

1. This is the ALR Group report for the sponsors' meeting on 16 August 2022.

B. Contents

2. This paper covers:
 - Recommendations
 - Project Update – for noting
 - Business Case – seeking approval of the ILM
 - s 9(2)(f)(iv)
 - Auckland Light Rail land programme objectives – for endorsement
 - Key risks – for noting

C. Recommendations

3. That the Sponsors:
 - **note** the update;
 - **note** the update, including:
 - update on setting up the company
 - premises update
 - the procurement update
 - the communications and engagement work programme; and
 - the Master budget
 - the schedule
 - **endorse** the investment logic map for the business case
 - **note** the key risks

D. Project Update – for noting

Setting up the company

4. We are grateful for the support of sponsors and officials to enable the establishment of Auckland Light Rail as a company, which we hope can be

achieved by 3 October. This timing is important, as we expect to sign the Interim Project Alliance Agreement for the Urban Engineering and Planning alliance no later than 10 October and would like the company to enter this important agreement.

5. The focus for the ALR unit is on ensuring that the company is ready to operate on day one. The Ministry, with its lawyers, is preparing the Project Planning Agreement, which will cover the detailed planning phase and we look forward to having a clear understanding of roles and responsibilities, how the funding will work and the monitoring and assurance framework. This is a critical document for all involved. We've agreed the high level contents, but need to have early and ongoing engagement on the detail.
6. We are currently working through what the name of the company should be, recognising that this will ultimately be the decision of Cabinet. We will provide a verbal update at the Sponsors' meeting.

New premises

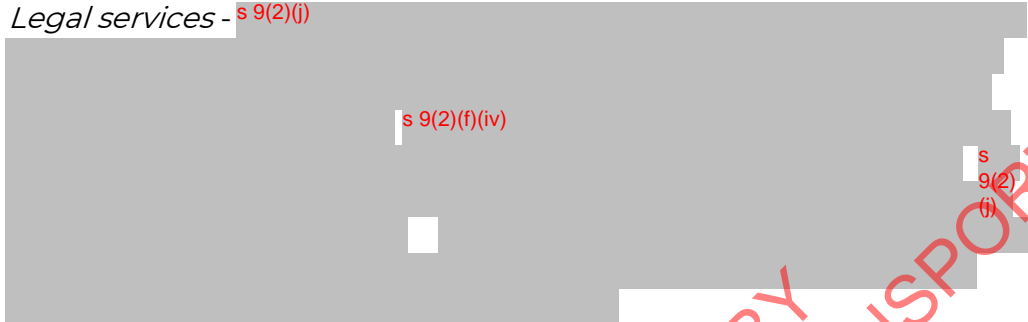
7. City Rail Link Limited (CRL) have agreed to let us use level 3 of the CPO building above Britomart, at a favourable rental. This is a "win-win", as the space is not required by CRL and is sitting empty. The location is perfectly suited to our needs in a building with a rich history within a central transport hub. We have the option to use as much or as little of the 1,666sqm floor plate as we need and pay for only as much as we use. We can grow or contract as required.
8. The space is only available until the end of 2024. We considered this was acceptable as by then we will have greater certainty of the project's office space requirements. The cost of an additional move is more than offset by the favourable commercial terms.
9. We are targeting the move in the first week of October, which aligns nicely with the establishment of the company and the commencement of the UEP alliance.

Procurement of professional services

10. Tenders for the Urban Engineering and Planning alliance closed on 9 August. Part of the evaluation process includes interactive workshops with the ALR unit, to allow the tender evaluation team to observe how well the proponents and the unit can work together.
11. The preferred tenderer being announced in late September. The successful consortium will contract through an initial project alliance agreement (IPAA) phase, while the scope and costs are negotiated (expected to be a 3-6 month period).
12. Significant other procurement processes underway include:
 - *Operations and maintenance (O&M)* – As part of the preconstruction planning phase of the project there is a requirement for specialist Operations and Maintenance (O&M) advice to ensure that O&M

requirements are adequately considered, informing the optioneering associated with the Corridor Business Case, potential depot development and other key decisions. Procurement of an O&M Advisor was prioritised such that they could be established in advance of the successful UEP Proponent team being confirmed, noting that these skills are primarily located outside of New Zealand.

- *Legal services* - s 9(2)(j)



- *Commercial advisers* - Commercial Advisor services are required, outside of the UEP Alliance, to support with:
 - s 9(2)(f)(iv)
 - Identifying and assessing approaches to incentivise development of non-ALR owned land;
 - Identifying and assessing funding and financing options for transport and urban interventions;
 - Development of value capture mechanisms for transport and urban interventions; and
 - Supporting the main works procurement strategy.

This work will build on the policy inputs currently being led by the Ministry of Transport, Treasury and the Ministry of Housing and Urban Development, which are planned to be delivered in time to feed into the business case.

- *Field investigations* - Survey, utilities investigation and geotechnical investigations are required to inform design development, are expected to sit on the critical path for the preconstruction planning phase and are generally provided by specialist companies. Planning is currently underway to start discussions with specialist providers in these areas in advance of the UEP Alliance commencement to test the capacity of the market in the Auckland region. We are considering separate framework agreements for geotechnical investigations and utilities with 2-3 suppliers for each.

Communications and Engagement

Engagement approach

13. At the last sponsors' meeting the sponsors requested a work programme for upcoming community and stakeholder engagement.

14. The communications and engagement for this phase is focused on continuing to build project awareness and understanding with key audiences and developing deeper relationships with stakeholders.
15. The project team are hosting or co-hosting a number of community events with partners every weekend over the winter months, to raise awareness and gather insights about how people currently travel as well as gathering general sentiment on the project.
16. Planning is underway for the upcoming round of engagement to take place from mid October to early December. Five key questions will be asked during this period to ensure consistency throughout the engagement. The objective is to provide opportunities for communities and stakeholders to influence and shape the project including:
- Educating on the concept of new light rail stations as a catalyst for transit supportive development
 - Asking for local knowledge on intuitive station locations/areas to inform the design process and decision making
 - Delving deeper into customer experience preferences to inform the design process
 - Setting the stage for early 2023 consultation on emerging design/station locations.
17. Tactics include face-to-face engagement opportunities and events across the corridor, neighbourhood liaison groups; youth, urbanism, business and disability/access focused groups and the Urban Uplift Working Group (Property Council of NZ and developer representatives). Workshops with elected officials, advocates and interested parties will also take place (Airport, utilities, Eke Panuku, KiwiRail). Online advertising and a broad communications campaign will also promote the engagement.

Outreach timeline



Community events held in the corridor this month:

<https://www.lightrail.co.nz/events/>

- Matariki Kite Day: with Puketapapa Local Board – 26 June
- Matariki ki Onehunga Origins of Fire: with 312 Hub – 16 July
- Māngere Town Centre Market: with I AM Māngere – 23 July
- Balmoral Street Food Night Market – 29 July
- Waikōwhai Intermediate School prizegiving event: with Minister Wood – 29 July
- Mt Roskill War Memorial Park coffee cart: with Minister Wood – 6 August
- Haumi Wynyard Quarter with Eke Panuku – 6 August
- Māngere Bridge Sunday Market – 14 August
- Britomart Saturday Market – 20 August
- Old Māngere Bridge Replacement Bridge opening event with Waka Kotahi – 27 August

External stakeholder meetings/briefings held this month:

- Women in Urbanism – 4 July
- Uptown Magazine Media Launch event – 12 July
- Precinct Properties – 13 July
- 312 Hub Onehunga – 13 July
- CCNZ Major Contractors Group – 13 July
- Onehunga Business Association – 14 July
- Onehunga District Council of Social Services – 14 July
- AUT -19 July
- Wynyard Quarter TMA – 20 July
- Airport Connect Business Networking event – 21 July

- I AM Māngere Trust – 21 July
- Māngere College – 21 July
- City Centre Residents Association – 26 July
- Wynyard Quarter Neighbours Forum – 28 July
- Sandringham Business Association – 28 July
- SPICE – 2 August
- Maungakiekie-Tāmaki Local Board – 2 August
- Māngere-Otāhuhu Local Board – 3 August
- NZ Police Ethnic Liaison Office – 4 August
- National MPs Paul Goldsmith and Simeon Brown briefing – 8 August
- Waitematā Local Board - 9 August
- Otara-Papatoetoe Local Board – 9 August
- Albert-Eden Local Board - 9 August
- Property Council of NZ Value Capture presentation – 10 August
- Puketāpapa Local Board – 11 August

Master budget

18. At the last sponsors' meeting, the sponsors requested a master budget. We have worked with officials from Treasury and the Ministry of Transport, as well as understanding the way that City Rail Link Limited reports against its budget to inform how we present this information.
19. Appendix A shows the proposed reporting template for the Master budget, with indicative costs per workstream. This budget has been approved by the ALR board. Further work is now being undertaken to verify the budget, which will become significantly more certain once the total outturn cost for the UEP alliance has been agreed (target end of the year). We are currently scrutinising the annual budget, which will need to be approved by the ALR board, so the line items in this "master budget" is subject to change, as the costs become more certain. We have also shown a preliminary cashflow.
20. The change to the funding source occurred on 1 July and with this change there has been some delay from suppliers in submitting their July services. When we wrote this report, we were not able to give an accurate view of costs incurred in July.
21. We expect to refine our reporting, when the Ministry of Transport confirms their monitoring and assurance requirements, which we expect to be included in the Project Planning Agreement.

Schedule

22. The two year and six month schedules are attached in appendix B. The three key focuses for the team are setting up the company, procurement and getting ready for the alliance and communications and engagement with the community.

E. Business Case – seeking approval of the ILM

Background – the IMS letter

23. On 7 June 2022 Minister Wood wrote to the Auckland Light Rail (ALR) Board, outlining the expectations of ALR Sponsors in relation to the scope of the business case and the Investment Management System (the IMS letter).
24. Both the December 2021 ALR Cabinet Paper and the IMS letter directed that the ALR Unit should review the previous ILM to take account of greater understanding of urban development matters.
25. The ALR team has reconsidered the project's Investment Logic Map (ILM) to better incorporate consideration of urban development aspects as requested in the IMS letter. The revised ILM has now been signed off by the ALR Board and we now seek Sponsors' endorsement.
26. In relation to the other matters raised in the IMS letter, we have established a technical expertise forum on business case matters. That forum includes our partners in MOT, Treasury, Te Waihanga, MHUD, Auckland Council and Kāinga Ora, working with the ALR team to share thinking and build alignment on best practice for integrated business cases, and to provide support and guidance to the ALR Alliance business case team. The forum will progress discussions on all matters raised in the IMS letter including best practice business case guidance, investment appraisal methodology, and a benefits framework.
27. It is important that the endorsement of the updated ILM occur ahead of the Alliance consultant team coming onboard as the ILM (with its problem statements, benefits and objectives) sets both the strategic direction and the framework for the Corridor Business Case optioneering process and must be understood by that team before any optioneering work can progress.
28. We are now working with partner agencies to develop and refine the measures associated with each Key Performance Indicator (KPI), which we will do through the business case forum.

What is ILM?

29. Investment Logic Mapping is a process that ensures the story of any proposed investment makes sense. The ILM (the resulting diagram) is a single page flowchart that sets out the problem statements, and maps that to the benefits and objectives of investment. The ALR Indicative Business Case (IBC) included an ILM which set out the problem statements and the associated benefits and project objectives and which guided the development of interventions for the ALR project (see Figure 1 below).

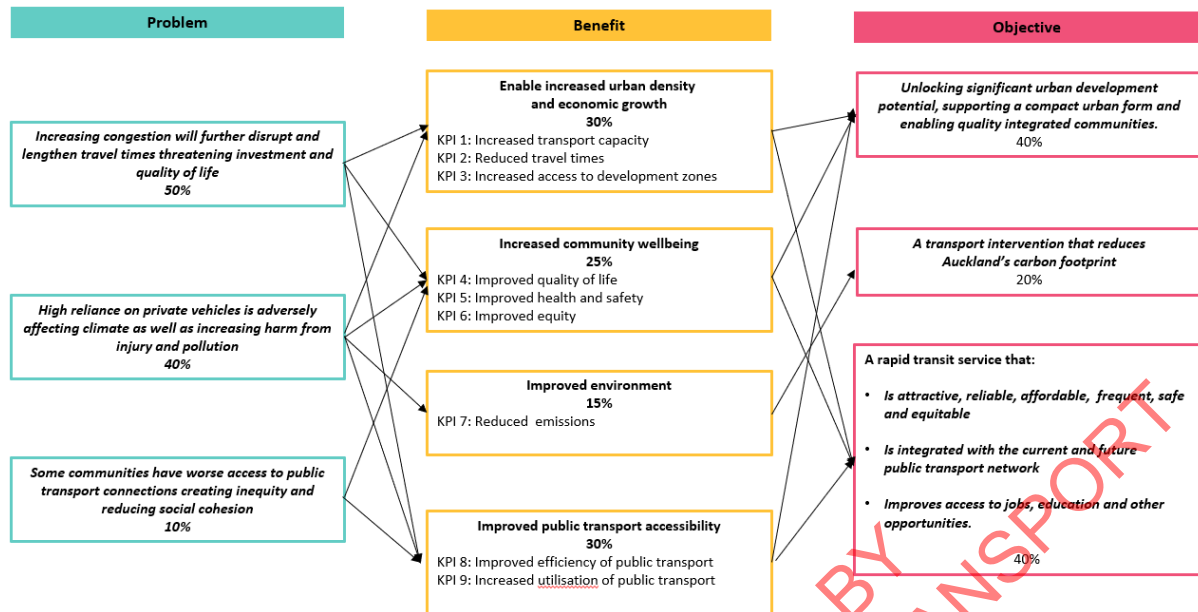


Figure 1: Previous Investment Logic Map showing problem statements, benefits and objectives for IBC phase

Process

30. An ILM review workshop was undertaken in July 2022, following Treasury's Better Business Case guidance, with particular focus on the inclusion of urban development factors.
31. The facilitated workshop was attended by representatives from the ALR Unit, Treasury, the Ministries of Transport and Housing and Urban Development, as well as Te Waihanga. Each of the ALR Unit's partner organisations was represented.
32. The attendees were provided with updated evidence to support any revisions and were responsible for gathering any post-workshop feedback from their respective organisations.

Proposed new ILM

33. The proposed new ILM is shown in Figure 2 below. In summary, the ILM now reflects problem statements relating to: urban (40%), transport (40%), and environment (20%). This weighting is already reflected in the project's objectives and means the Key Performance Indicators (KPIs) required only limited modification.
34. In this way, the new ILM has a clearer and simpler line-of-sight from problems to objectives than before. All of the previous transport-related aspects are retained, in revised problem statements.
35. The request from Cabinet and Minister Wood for the greater inclusion of urban development factors in the ILM has been achieved through the creation of a new urban problem statement. This captures the integration of transit services with the provision of development-enabled land.

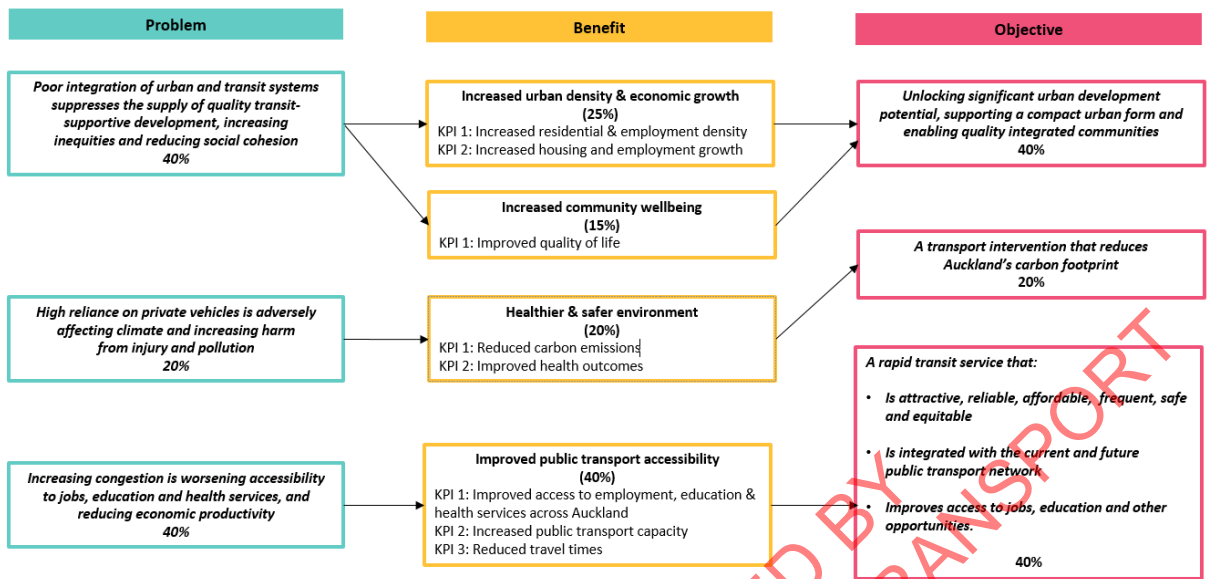


Figure 2: Proposed new Investment Logic Map.

36. The Unit has also assessed the updated ILM to ensure alignment with desired Ngā Pūtanga Māori outcomes.

s 9(2)(f)(iv)

s 9(2)(i)

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H. Key risks

52. Appendix C shows key risks identified in the last sponsors paper with commentary on the risk trend, compared with the last report to sponsors.

53. Big infrastructure projects are built on confidence, credibility and momentum.

s 9(2)(g)(i)

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Appendices are withheld in full under sections 9(2)(g)(i) and 9(2)(i) of the Official Information Act 1982.

Confirmation of proxy owner and operator role and responsibilities

16 August 2022

Purpose

- Provide an update on the work undertaken by Auckland Transport and the Auckland Light Rail (ALR) Unit to scope the potential role and functions of a proxy owner and operator of ALR and the responsibility for network operation and integration to support the detailed planning phase

Recommendations

ALR Sponsors are invited to:

- **Endorse** the approach proposed by Auckland Transport and the ALR Unit for Auckland Transport to perform the role of a proxy owner and operator of ALR until decisions are taken on the ultimate ownership and operating arrangements for ALR
- **Note** that Auckland Transport will also bring its perspective as the network operator to ensure that ALR is able to be integrated effectively with the wider Auckland transport network, from planning, operational and customer experience standpoints
- **Note** that the intention is that funding for Auckland Transport's contribution to the technical governance of the project is provided through the ALR project budget
- **Agree** that the role and responsibilities of Auckland Transport will be set out in the Project Planning Agreement

Background

- 1 As ALR enters the detailed planning phase and key decisions are taken in relation to the project, it is important to ensure that the interests of a prospective light rail owner and operator are being recognised and addressed.
- 2 Given further work is required to determine the appropriate entity(ies) to own and operate ALR when delivered, there is a need for an interim arrangement to provide this input into the project until decisions are taken on the ultimate owner and operator.

The interests of a prospective owner and operator are not currently represented within the technical governance of the project

- 3 At present, there are a wide range of interests across transport agencies in Auckland Light Rail, as illustrated in the table below:

Table 1: Interests of transport agencies in Auckland

Agency	Likely interests
Auckland Transport	<ul style="list-style-type: none"> • Integration with existing public transport, cycling and roading network, and IT systems • Customer experience specifier • Corridor planning • Impacts on transport network during construction • Integration in the fare and revenue collection system • Operational funding implications
Waka Kotahi	<ul style="list-style-type: none"> • Integration with state highway network, if needed • NLTF funding implications • Impacts on transport network during construction

- 4 The ALR Unit is setting up a technical governance group comprising the above agencies supplemented by technical experts and representatives from Kāinga Ora, KiwiRail and Auckland Council as required. The purpose of the forum is to enable innovation, best practice and lessons learned from overseas projects as well as others such as City Rail Link.
- 5 A notable absence from the current set of interests is an agency that can consider the interests of a prospective owner and operator, including considering the impact that key decisions taken on project design, specification and other matters have on issues such as:
- whole of life costs for the project (capital and operating costs), including impacts on the existing transport network
 - feasibility and operability of the project
 - complexity of asset management and maintenance
 - operational and technical risks
 - customer experience.

Auckland Transport is well placed to play the role of a proxy owner and operator in addition to its network operator role

- 6 Auckland Transport plans, owns and operates the wider Auckland transport network and has primary responsibility for ensuring the network is integrated, responsive to user demands and delivers the outcomes set by Auckland Council (through the Auckland Plan) and the Government (through the Government Policy Statement on land transport).
- 7 In considering the set of interests required under current technical governance arrangements, Auckland Transport and the ALR Unit have developed a proposed arrangement through which Auckland Transport will play the role of a proxy owner and operator in addition to its role as the wider transport network operator and mobility integrator.

- 8 As part of its role on the technical governance group, Auckland Transport will have three key responsibilities:
- advising on the desired performance outcomes for ALR including key transport and customer service outcomes for the project, whole of life costs, long term ownership and asset management issues.
 - advising on implications for network integration and the impacts ALR will have on its other public transport, walking and cycling and roading networks
 - advising on the impacts of construction on the existing transport network in Auckland, how these can be mitigated and the associated cost.
- 9 Auckland Transport is supportive in principle of the approach and is confident it has the capacity and capability to perform the role, particularly given it has held a similar role during the City Rail Link project planning and construction phases.
- 10 The proxy owner and operator role for Auckland Transport will be in addition to its role on the Sponsors Forum, which provides an additional avenue through which it can provide advice to Sponsors from the perspective of a prospective owner and operator of the service and infrastructure.
- 11 Sponsors may also invite Auckland Transport to present the perspective of a prospective owner and operator on specific issues or key decisions Sponsors are asked to make on the project, for instance in relation to the preferred route or when determining the desired outcomes for the project.

Sponsors can confirm the proxy owner and operator arrangements through the Project Planning Agreement for ALR

- 12 Given the phase of the project and the urgent need for the interests of a prospective owner and operator to be reflected in current arrangements, Auckland Transport represents a logical fit for such a role at the present time.
- 13 Sponsors are invited to endorse the proposed arrangements for Auckland Transport to perform this role on an interim basis until decisions are taken on the ultimate ownership and operating arrangements for ALR.
- 14 These arrangements will be reflected in the Project Planning Agreement, which will set out how the project will be governed once the new ALR Company has been established.
- 15 Funding for Auckland Transport's contribution to the technical governance of the project is anticipated to be provided through the ALR project budget. A partnering agreement between the ALR Unit and Auckland Transport will give effect to the role and set out the terms on which funding will be provided.

Establishing the company for the detailed planning phase: Sponsors role with the new Auckland Light Rail (ALR) Company

16 August 2022

Purpose

- 1 To explain the function of the ALR Project Planning Agreement (PPA) and confirm which parties enter into it.
- 2 Confirm the instrument that maintains the role of Sponsors in the absence of the Sponsors Agreement, as the new Auckland Light Rail Company is established (the ALR Company).

Recommendations

That the Sponsors:

- A. **note** that a Project Planning Agreement will be used to define the:
- roles and responsibilities of the Crown, other Sponsors and Auckland Light Rail Limited
 - scope of decision-making for Auckland Light Rail Limited
 - information sharing between Auckland Light Rail Limited, Sponsors and officials
 - funding arrangements
 - assurance and monitoring arrangements.
- B. **agree** that letters of commitment from the Crown to Sponsors will be the instrument which confirms the role of Sponsors, until the Sponsors Agreement has been finalised.
- C. **agree** the Crown alone is party to the Project Planning Agreement with the Auckland Light Rail Company. **Note Recommendation C was not agreed to. Final parties to the Project Planning and Funding Agreement were the Crown, Auckland Council and Auckland Light Rail Limited.**

Background

- 3 As ALR progresses through the detailed planning phase, Sponsors agreed to establish a new company (the ALR Company) to carry out the roles and functions currently assigned to the ALR Unit.
- 4 ALR Sponsors discussed and ALR Sponsoring Ministers subsequently have confirmed that the ALR Company will take the form of a Crown entity company, named under Schedule 2 of the Crown Entities Act 2004.
- 5 In order to establish the ALR Company for the detailed planning phase, the following workstreams are being undertaken:
 - the Ministerial, Cabinet and statutory processes associated with the creation and gazetting of a limited liability company
 - entering into a Project Planning Agreement that will govern the project and provide Ministers and Sponsors the necessary influence and oversight required during the detailed planning phase. This must be in place before the company is stood up
 - ensuring the ALR Unit has the systems and processes needed to operate as a company and transition out of the Ministry of Transport. This is the responsibility of the ALR Unit and Board

- registering the company
- preparing strategic company documents (i.e. Letter of expectation).

A Project Planning Agreement will govern the project in the detailed planning phase

The role of Sponsors in the detailed planning phase

- 6 In establishing ALRL, we intend for the principles of the existing governance arrangements to endure, this is particularly important with respect to the role of Sponsors.
- 7 The foundation of the governance arrangements is the partnership between the Crown, Auckland Council and mana whenua, who form the Sponsors. This partnership is critical to the success of the ALR project and wider programme.
- 8 The detailed planning phase requires significant policy and strategy decisions that need to be made by, and are the reserve of, the Crown and Sponsors. This includes, for example, the level of intensification along the corridor and the funding and financing arrangements. These decisions will inform the business case and ensure it meets the Sponsors outcomes and, wider government and council priorities.
- 9 Because of this role in the detailed planning phase, the governance arrangements have been set up with a direct line of sight and influence for the Crown and Sponsors to make decisions and guide the ALR Unit.
- 10 In the current organising model the board is a Ministerial Advisory Committee, this enables the direct line of sight and influence required by Sponsors.

Why a project planning agreement is required

- 11 With the establishment of the Crown entity company, the public sector oversight framework governing the new company has limited scope for Sponsor oversight and decision-making. It falls short of what is required to reflect the intended roles of Ministers and Sponsors during the detailed planning phase.
- 12 The role of Sponsors to have a direct line of sight and influence in the detailed planning phase does not change and must continue with the establishment of the ALR company.
- 13 The PPA will detail the roles and responsibilities of the ALR Company (in relation to the ALR Project), as well as its relationship with the Crown and Sponsors. The PPA will include:
 - roles and responsibilities of the Crown, other Sponsors and the ALR Company in relation to the ALR Project
 - scope of decision-making authority of the ALR Company
 - information sharing between the ALR Company, Sponsors and their officials. This will be done through the Sponsors' meeting and the Sponsors' Forum
 - funding arrangements and payment regime
 - assurance and monitoring arrangements.
- 14 It is important to note that by entering into the Project Planning Agreement (which will also govern funding) the company contractually agrees to be bound by decisions and guidance of Sponsors, or to do or not do certain things, in specified situations – these are contractual constraints within which the ALR company is agreeing to operate by entering into this agreement.
- 15 It is expected that the PPA will be developed and agreed in-principle before the ALR Company is established. The transfer of responsibilities from the Ministerial Advisory Committee (and the ALR Unit) to the ALR Company will be contingent on the signing of the PPA. This is expected to occur in early October. Without the PPA the ALR

Company would not be able to access funding, nor would Ministers and Sponsors be able to have the level of oversight or influence expected.

Giving effect to the relationship between and the role of Sponsors

- 16 A heads of terms for the Sponsors Agreement governing the detailed planning phase has previously been developed and agreed by both Cabinet and Auckland Council (the council). However, it is not the intent to confirm the Sponsors Agreement until all Sponsors are ready into it. This requires the confirmation of mana whenua Sponsor representatives, which is ongoing.
- 17 In the absence of a finalised Sponsors Agreement alongside the establishment of the ALR Company and the entering into of the PPA, an additional instrument to maintain the relationship between and role of Sponsors is required. This is because the ALR Company will be 100 percent Crown-owned, yet the Sponsor partnership to govern the ALR Programme remains.
- 18 The proposed additional instrument is a letter of commitment from the Crown to the other Sponsors, which would confirm the role of Sponsors. These will be superseded by the Sponsors Agreement once this has been finalised.
- 19 The letters of commitment would be underpinned by the already agreed heads of terms. This would commit the Crown to representing the three Sponsors when acting under the PPA, maintaining the principle in the heads of terms for Sponsors to speak as 'one Sponsor' when providing direction to the ALR company
- 20 A response from council and mana whenua would further cement the commitment between Sponsors.
- 21 Officials considered entering into an interim sponsors agreement, without mana whenua as a means to maintain the Sponsors role alongside the establishment of the ALR Company.
- 22 While entering into an interim sponsors agreement would be a significant milestone to progress the governance arrangements for the detailed planning phase, this option is not recommended.
- 23 Entering into the Sponsors Agreement without mana whenua is undesirable. Both Cabinet and the council agreed the heads of terms on the grounds that these would form the basis of the Sponsors Agreement to be confirmed once mana whenua representatives were able to join the agreement too. This reflects the principle of a partnership between all three Sponsors.

It is proposed that the Crown is party to the project planning agreement with the Auckland Light Rail Company

- 24 With the letters of commitment in place to maintain the role of Sponsors, it is proposed that the Crown enters into the PPA with the ALR Company.
- 25 The case for this approach is:
 - it best retains the partnership principle. It is considered that if not all Sponsors can enter the PPA then it is cleanest that the Crown undertakes this role on behalf of all Sponsors
 - it aligns with the Crown being the sole funder for this phase of the project
 - it is the most straight-forward and fastest option to deliver the PPA, ensuring Sponsors can keep to their commitments in supporting the quick set up of the ALR Company

Other options considered

26 Officials from the Crown and council have considered a variation on the recommended approach where the Crown and the council are both party to the PPA with the ALR Company. Officials advise there is a risk with this option in that two Sponsors are formalising their relationship without mana whenua's involvement. This could be perceived negatively by mana whenua when their Sponsor representatives are confirmed.

27 s 9(2)(f)(iv)

28 Based on these risks, officials do not recommend this option.

Consultation with Sponsor agencies

29 This matter has been discussed with all Sponsor agencies and was presented to the August 2022 Sponsors Forum.

30 This paper reflects the general agreement of Sponsor agencies.

Sponsors will be proactively engaged before decisions are made

31 Confirming the PPA is a critical component of standing up the ALR Company. Agreeing now who the parties to the PPA are will allow officials to best plan for the signing of this agreement and avoid delays to stand up the ALR Company.

32 The Crown will continue to work closely with other Sponsors to ensure a strong Sponsor role. All sponsors will be engaged on the PPA as it becomes finalised. Officials advise this will be undertaken in September or October 2022.

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Upcoming matters for consideration by Sponsors

16 August 2022

Purpose

- Provide an early line of sight on key matters and decisions that Sponsors will likely be consulted on in upcoming Sponsors meetings.

Recommendations

ALR Sponsors are invited to:

- **Note** the sequencing of key matters and decisions identified in Table 1
- **Note** that under the current schedule, we expect Sponsors will need to approve a Single Preferred Option **s 9(2)(f)(iv)**

Background

- 1 This paper responds to a request made at previous Sponsors' meetings for a forward schedule of matters Sponsors are likely to be consulted on in upcoming meetings.
- 2 In developing this paper, we have followed the direction set out in the Terms of Reference for the ALR Board on matters that Sponsors are expected to have oversight and awareness of, as well as the decisions that are the reserve of the Crown (in consultation with other Sponsors as appropriate).

Indicative forward schedule of matters for Sponsors

- 3 A forward schedule of matters that are likely to be brought to Sponsors' attention at future meetings is set out in Table 1. This is an indicative list based on the alignment of both the policy and delivery workstreams.
- 4 This list will be maintained as a live tracker and updated at future Sponsors meetings, reflecting that the matters requiring Sponsors' attention will evolve as we progress through the current phase of the project. Some matters are yet to be scheduled and officials from Sponsor agencies will continue to work with the ALR Unit to add greater clarity to the schedule beyond April 2023.

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s 9(2)(f)(iv)

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- 7 Auckland Council has also noted that the upcoming local election and moratorium will have an impact on its ability to make significant decisions. We will work with Council officers to better understand the implications of the local election on its representation in the Sponsors group and the ability of its representatives to make decisions on behalf of the Council over this period.

Next Steps

- 8 The ongoing work between Sponsor agencies and the ALR Unit will ensure this schedule of decisions is kept updated to identify what further matters are likely to need to be escalated to Sponsor level, either for approval or consultation.
- 9 Officials will work with the ALR Unit to confirm the timing of matters that are yet to be scheduled in the second half of 2023 leading to final investment decisions, and will provide updates a future Sponsors meetings.
- 10 A reporting framework for policy workstreams is also being prepared by the Ministry of Transport.

PROACTIVELY RELEASED BY
TE MANATŪ WAKA MINISTRY OF TRANSPORT