

## BOARD PAPER

<b>Paper no:</b>	<b>2018/12/1323</b>
<b>Meeting date:</b>	14 December 2018
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<b>Recommended by:</b>	Brett Gliddon, General Manager System Design & Delivery
<b>Board function:</b>	Significant planning, investment and operational matters
<b>Subject:</b>	<b>Auckland Light Rail</b>

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# Recent engagement with the Board regarding the City Centre to Mangere Light Rail project

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- The NZ Transport Agency Board received a paper on Auckland Light Rail in November 2018 that had a number of recommendations
- Following discussion amongst Board Members, the Board agreed to defer making some decisions and leave some of the proposed resolutions on the table, pending additional matters being addressed, including:
  - further discussion with Treasury and the NZ SuperFund (NZSF) on the unsolicited proposal and any alternative approaches; and
  - a thorough independent review of the preferred options and proposals
- This paper reports back on those matters, and other matters arising

# The independent [REDACTED] review has commenced, and [REDACTED] will report back via the Board Chair

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s9(2)(ba)(i)

- Following the 16 November 2018 Board meeting, [REDACTED] was appointed to undertake a review of aspects of the project
- It is understood that [REDACTED] will report back to the Board Chair

# The NZSF/CDPQ JV proposal has been assessed further

- The Transport Agency has produced two reports (located in the Resource Centre in Diligent Boards) on the NZSF and Caisse de dépôt et placement du Québec (CDPQ) Joint Venture's (NZSF/CDPQ JV) proposal:
  - an analysis of the merits of the unsolicited proposal (USP); and
  - an analysis of the value of the NZSF proposed Public-Public Investment (PPI) model against the Transport Agency's standard practice
- These reports have been shared with Ministry of Transport (MoT) and Treasury to assist with their own assessments of the USP
- The PPI value assessment report has been shared with NZSF/CDPQ, under confidentiality agreements
- The USP assessment has concluded that the threshold tests of uniqueness and value-for-money have not been demonstrably met
- The PPI model assessment concludes that additional information/evidence is required to justify the claims made by NZSF/CDPQ with regards to the benefits of the PPI model over and above the Transport Agency delivery model

# Discussions with NZSF, CDPQ, MoT and Treasury are continuing

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- Further to previous Transport Agency/NZSF/CDPQ meetings, a three-way meeting was held on 27 November 2018 with NZSF and Treasury, including Chief Executives from Transport Agency and NZSF, and Deputy Secretary of the Treasury. The meeting covered an update on the Transport Agency's project and the NZSF/CDPQ JV's activities; discussion of potential partnership options between the Transport Agency and NZSF; and discussion of process for considering the NZSF/CDPQ JV's USP
- NZSF advised it has had a multi-disciplinary project team working for two months on their USP. This has produced a route and technical option, which the NZSF/CDPQ JV plans to present to Ministers
- Treasury and MoT are considering the broader process for how such 'out of process' proposals should be treated. The MoT are advising the Minister on the NZSF/CDPQ proposal independently. NZSF is meeting the Minister of Transport on 12 December 2018. The Transport Agency and Treasury are meeting again with NZSF/CDPQ on 13 December 2018 to discuss feedback on the PPI assessment shared with NZSF/CDPQ previously

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# Market Engagement has been on hold pending progression of discussions with NZSF

s 9(2)(j)

- During the previous market engagement phase, the Transport Agency indicated it would return to the market in the final quarter of 2018 with an update. While the NZSF discussions are still ongoing, it is recommended that market engagement recommences immediately on the above basis to maintain market confidence in the Transport Agency's process
- This would involve written correspondence within the next week, followed by meetings with market participants in the first quarter of 2019



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# Stakeholder Agreements are progressing, including Auckland Council and Utility providers

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- Formal engagement on the potential route for the CC2M: Auckland Light Rail Project has commenced on a confidential basis with Utility providers
- Meetings with Transpower, Vector, Watercare and Auckland Council (AC) have been at Chief Executive to Chief Executive level, supported by officials
- An ongoing series of meetings is being scheduled with the various Telco companies considered to have assets in the proposed Light Rail corridor
- To date, all those met have indicated a willingness to work with Transport Agency to understand the extent of interaction with the Light Rail project and process for protection or relocation
- The 'top 3' (Transpower, Vector and Watercare) have established technical teams and named individual points of contact for the Light Rail Utilities team to engage with

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