

OC241295

6 December 2024

Tēnā koe [REDACTED]

I refer to your email dated 5 November 2024, requesting the following briefings under the Official Information Act 1982 (the Act):

- *New Zealand Transport Agency: Monitoring Plan, OC241012*
- *Coastal Shipping Resilience Fund: Establishment, OC240829*
- *City Rail Link Sponsors Options for the Maungawhau and Karanga-A-Hape Development Precincts, OC240420 and T2024/2275*
- *Meeting Briefing - Infrastructure Commission Quarterly Catch Up, OC241082*
- *First Draft Cabinet paper: Revenue - October Report Back, OC241078*
- *Public Transport Policies Direction, OC240457*
- *Aide Memoire: Cook Strait Ferry Capacity, OC240872*
- *Review of NZTA's Short-Term Borrowing Facility, OC240772*
- *Outstanding Decisions on Auckland Light Rail Limited, OC241018*

On 2 December 2024, we advised you of an extension to the time period for responding to your request. The extension was due to consultations necessary to make a decision on your request being such that a proper response could not reasonably be made within the original time limit. We have now completed the necessary search and consultations.

Of the nine briefings requested, five are released with some information withheld, three are withheld in full and one is refused.

The document schedule at Annex 1 details how the briefings have been treated. The following sections of the Act have been used:

- |             |  |
|-------------|--|
| 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)(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)(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)  |
| 18(d)       | the information requested is or will soon be publicly available   |

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz)

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry's website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā



Hilary Penman  
**Manager, Accountability & Correspondence**

## Annex 1 - Document Schedule

Doc#	Reference	Document	Decision on release
1	OC241012	New Zealand Transport Agency: Monitoring Plan	Released with some information withheld under section 9(2)(a).
2	OC240829	Coastal Shipping Resilience Fund: Establishment	Refused under section 18(d). When published, it will be found here: <a href="https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm">https://www.transport.govt.nz/about-us/what-we-do/proactive-releases/SearchForm</a>
3	OC240420 T2024/2275	City Rail Link Sponsors Options for the Maungawhau and Karanga-a-Hape Development Precincts	Released with some information withheld under sections 9(2)(a), 9(2)(b)(ii), 9(2)(f)(iv), 9(2)(h), 9(2)(g)(i) and 9(2)(j).
4	OC241082	Meeting Briefing - Infrastructure Commission Quarterly Catch Up	Released with some information withheld under sections 9(2)(a) and 9(2)(f)(iv).
5	OC241078	First Draft Cabinet Paper: Revenue - October Report Back	Withheld in full under sections 9(2)(f)(iv) and 9(2)(g)(i).
6	OC240457	Public Transport Policies Direction	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
7	OC240872	Aide Memoire: Cook Strait Ferry Capacity	Withheld in full under section 9(2)(f)(iv).
8	OC240772	Review of NZTA's Short-Term Borrowing Facility	Withheld in full under section 9(2)(f)(iv).
9	OC241018	Outstanding Decisions on Auckland Light Rail Limited	Released with some information withheld under sections 9(2)(a) and 9(2)(j).

4 September 2024

OC241012

**Hon Simeon Brown**  
**Minister of Transport****Action required by:**  
Monday, 9 September 2024

## NEW ZEALAND TRANSPORT AGENCY: MONITORING PLAN

### Purpose

To seek your agreement to a draft monitoring plan for the New Zealand Transport Agency (NZTA) – refer to **Appendix One**.

### Key points

- The Ministry of Transport is developing monitoring plans for each transport Crown entity you have responsibility for. You received the first of these monitoring plans – for the Civil Aviation Authority – last week (OC240957 refers).
- The purpose of the NZTA monitoring plan is to:
  - Agree monitoring priorities for the next 36 months to June 2027, to support improved NZTA performance
  - Develop a shared understanding of NZTA's current performance, and what 'good' looks like
  - Confirm our monitoring deliverables/outputs for NZTA.
- The Plan provides an assessment of NZTA's current performance across five key performance dimensions from the Public Service Commission's "The Foundations of Good Practice: Guidelines for Crown Entity Monitoring"<sup>1</sup>.
- The Plan identifies six key monitoring priorities:
  - Support improvements to the quality and timeliness of performance information (including updated strategic outcomes in NZTA's Statement of Intent, monthly reporting on 2024 GPS and enhanced quarterly reporting)
  - Establish a stronger relationship with the refreshed board (including supporting you to have structured quarterly performance conversations with the Board Chair)

<sup>1</sup> <https://www.publicservice.govt.nz/assets/DirectoryFile/Guidelines-for-Crown-Entity-monitoring.pdf>



- Ensure that NZTA delivers on its own Regulatory Strategy and gets the memorandum accounts back into surplus
  - Ensure that NZTA meets the Government's financial expectations (as signalled via the Budget process, 2024 GPS and Performance & Efficiency Plan)
  - Ensure that NZTA meets Government's expectations around asset performance (as outlined in Cabinet Office circular CO (23) 9 and 2024 GPS)
  - Achieve improved transparency and accountability of NZTA's capital investment programme, and assurance that the Board is providing effective oversight and control of the complete investment life cycle.
- Once you have agreed to the Plan, we propose discussing it with the NZTA Chair.

**Recommendations**

We recommend you:

- |   |   |          |
|---|---|----------|
| 1 | agree to the NZTA monitoring plan, subject to any feedback you may have | Yes / No |
| 2 | agree to the Ministry sharing the monitoring plan with the NZTA Chair   | Yes / No |




---

David Wood  
**Deputy Chief Executive, Investment and Monitoring**

---

Hon Simeon Brown  
**Minister of Transport**

..... / ..... / .....

**Minister's office to complete:**

- |  |   |
|--|---|
| <input type="checkbox"/> Approved            | <input type="checkbox"/> Declined             |
| <input type="checkbox"/> Seen by Minister    | <input type="checkbox"/> Not seen by Minister |
| <input type="checkbox"/> Overtaken by events |   |

**Comments**

**Contacts**

Name	Telephone	First contact
David Wood, Deputy Chief Executive, Investment & Monitoring	s 9(2)(a)	
Tim Herbert, Acting Manager, Crown Entity Monitoring		✓
Chris Jones, Principal Advisor, Crown Entity Monitoring		



TE MANATŪ WAKA  
MINISTRY OF TRANSPORT

# Monitoring Plan for the NZ Transport Agency (NZTA)

1 July 2024 – 30 June 2027

RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

## Purpose of monitoring plan

This purpose of this monitoring plan is to:

- Develop a shared understanding of NZTA's current performance, and what 'good' would look like
- Confirm our monitoring priorities for the next 36 months to support improved performance
- Confirm our monitoring approach, and our deliverables/outputs.

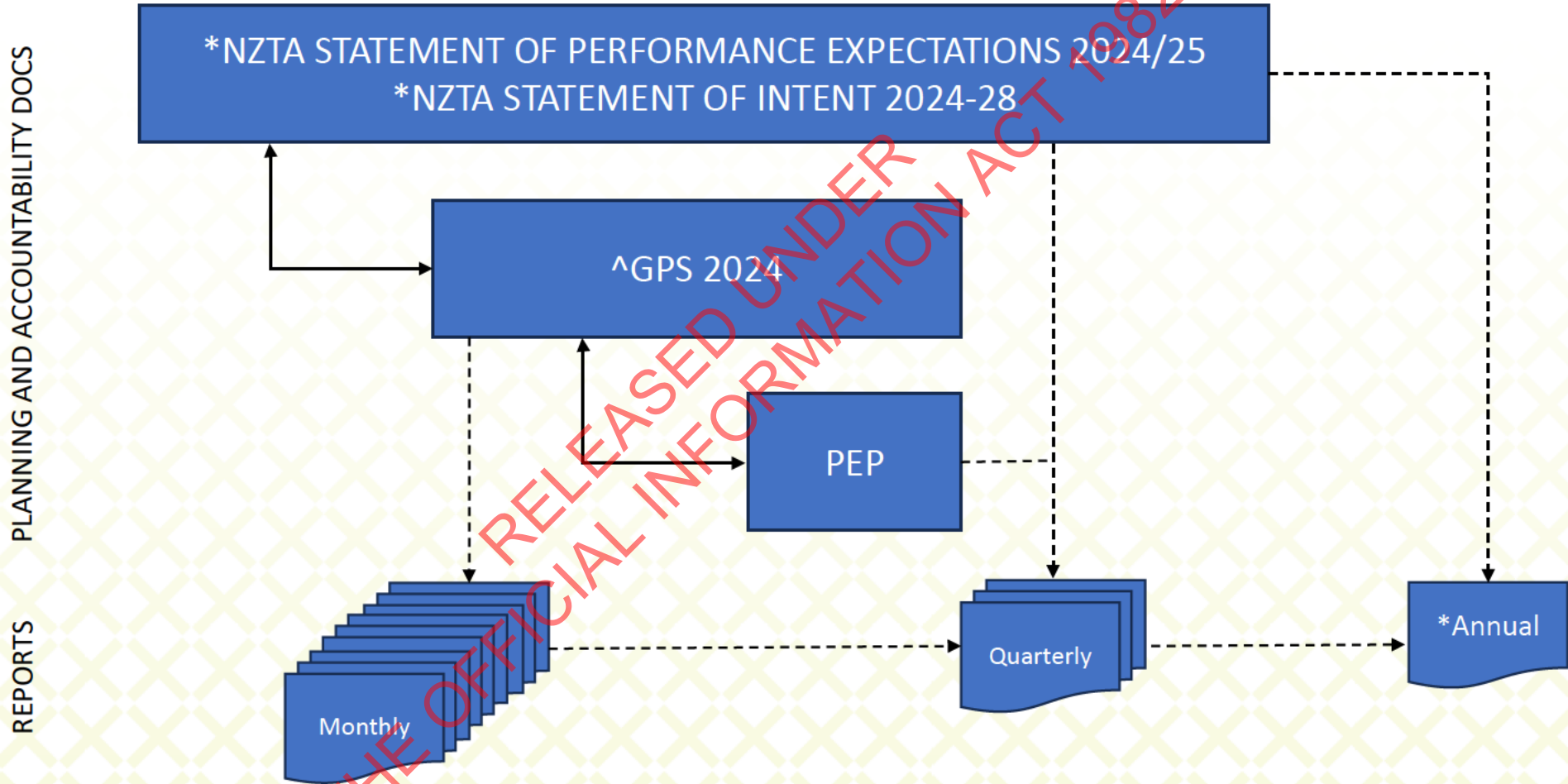
Once this plan has been confirmed with you, we intend to discuss it with the Chair of the Board.

Note that this plan covers a three-year period (to June 2027), to align with the 2024 GPS. It will be updated as priorities and/or expectations change and reviewed annually.

# Scope of monitoring plan

\*Statutory documents under the Crown Entities Act

^Statutory document under the Land Transport Management Act



RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

# What shifts are we looking for from NZTA over the next 3 years?

The following slides provide an assessment of NZTA's current performance across five key performance dimensions from the Public Service Commission's *Foundations of Good Practice for Crown Entity Monitoring*.

Performance dimension	Key questions for NZTA
<b>Alignment:</b> <i>Is the Crown Entity aligned to the priorities, strategic direction and policies of the Minister and Government?</i>	<ul style="list-style-type: none"> <li>What are the key gaps between the Government's strategic priorities for NZTA, and its current policies &amp; performance metrics?</li> </ul>
<b>Results:</b> <i>Is the Crown Entity delivering outputs and outcomes in accordance with expectations, managing resourcing effectively, and meeting legal requirements?</i>	<ul style="list-style-type: none"> <li>Is NZTA meeting the Minister's delivery expectations (GPS etc)?</li> <li>Is NZTA operating efficiently and effectively?</li> <li>Are customers (levy payers) satisfied with the level of service?</li> </ul>
<b>Risk management (and assurance):</b> <i>Does the Crown Entity understand its key risks, and have effective risk identification and management frameworks in place?</i>	<ul style="list-style-type: none"> <li>How does the NZTA risk management function compare to similar capital-intensive entities?</li> <li>What risk maturity target does NZTA have beyond June 2025?</li> </ul>
<b>Organisational capability:</b> <i>Does the culture of the Crown Entity support a healthy, safe, inclusive work environment, and is the agency well placed to have the capacity and skills necessary for success now and in the future?</i>	<ul style="list-style-type: none"> <li>What are NZTA's key capability gaps, given the Government's priorities and expectations?</li> <li>What actions does NZTA have underway to address these gaps?</li> </ul>
<b>Governance performance:</b> <i>Is the Board providing effective Crown Entity Governance, including holding the executive to account?</i>	<ul style="list-style-type: none"> <li>Is the Board operating effectively, getting to the right level of detail at the right time, and asking the right questions of the Executive?</li> </ul>



# Alignment: Government priorities & expectations

## Current State: What are we observing?

NZTA has made significant progress adapting to the Government's change in transport priorities and expectations outlined in the 2024 GPS and elsewhere. Considerable work remains however, particularly with respect to implementing the direction set out in GPS 2024, achieving the targets (i.e. 2% of SH rehabilitated and 9% of SH resurfaced per annum) and delivering the programmes of work set out within it (e.g. RoNs). NZTA will need to find the right balance between rapid delivery of key projects and putting robust processes/ disciplines in place to achieve better value for money.

You were broadly pleased with the first iteration of the Performance and Efficiency Plan (PEP) but asked for the Plan to be updated by the end of 2024 to include all activity classes and provide more detail on the impacts and outcomes being targeted. You also asked for more information on the Road Efficiency Group (REG) by 30 Sept 2024.



## Future State: What would we like to see?

NZTA is focussed on its core role and taking a 'back to basics' approach, with a culture focussed on delivery, robust project management, and value for money. It will be able to demonstrate programme delivery and steps it has taken to reduce costs and deliver continuous improvements in productivity, leveraging its significant purchasing power with its supply chain. It will be able to clearly show how it has given effect to the Government's strategic priorities outlined in the GPS and the 2024/25 Letter of Expectations.

NZTA provides regular and transparent reporting through the PEP, which shows tangible improvements over time, including:

- Improved management of benefits, costs, and risks at the programme and activity class level
- Increased capacity & capability of the transport sector to deliver
- Business cases and cost estimation reflect best practice, with fewer cost overruns
- Reduced overheads and back-office costs.

# Results: investment and regulatory functions

## Current State: What are we observing?

NZTA is struggling to deliver a large and complex investment (including maintenance and resilience) programme on time and within budget. While this is partly due to circumstances beyond its control, evidence suggests that better capability, scrutiny and accountability can help deliver projects to agreed scope, time and budget. Cost and milestone variations for projects purchased directly by the Crown have often been raised too late, when limited options are available other than increasing funding. The Board has responded to NZTA's delivery risk by commissioning an independent review of Transport Infrastructure Capital Projects.

Despite recently completing a comprehensive fees and funding review, NZTA's regulatory function remains financially vulnerable and unsustainable (including a significant and growing deficit in its memorandum accounts). Current performance measures also need improvement.



## Future State: What would we like to see?

1. Less variance (on average) between forecast project budgets and milestones, and actuals
  2. Evidence that NZTA is focussed on productivity improvements and project scope & design issues to reduce construction costs (i.e. that it's actively managing factors that are within its control)
  3. Ministers are presented with a range of options and choices when additional Crown funding is being sought.
- 
1. A mature, financially sustainable and cost-effective regulator that achieves the five capability shifts outlined in NZTA's [Regulatory Strategy](#) (2023-32), including the application of modern best-practice regulation across NZTA and its land transport partners
  2. Performance measures which better articulate impact, value for money & financial sustainability.

# Risk management (and assurance)

## Current State: What are we observing?

NZTA has made good progress since the Board approved a Risk and Assurance Strategy in July 2022. NZTA's risk maturity rating\* has increased from 1.8 (out of 5) in mid-2022 to 2.5 in mid-2024. The Strategy set a stretch target of 3 by June 2025.

\* Refer to [All of Government Enterprise Risk Maturity Assessment Framework](#)



## Future State: What would we like to see?

1. By 30 June 2025, NZTA achieves a risk maturity target of 3, meaning that (amongst other things) risk management practices are well defined & documented, and consistently applied across all business units
2. Before June 2025, the Board updates the Risk and Assurance Strategy and establishes an appropriate longer-term risk maturity target with reference to comparable entities
3. NZTA is confident that Road Controlling Authorities receiving NLTF funding comply with the ministerial expectations outlined in 2024 GPS
4. The Ministry and NZTA have a mutual understanding of key NZTA risks and how the Board is identifying, prioritising and managing risks including the delivery of key projects.



# Organisational capability: financial and investment management

## Current State: What are we observing?

NZTA has responded positively to the Government's expectation around improved financial management by reprioritising funding as part of the Budget 2024 process, reducing expenditure on contractors & consultants and initiating an internal efficiency and effectiveness programme to reduce back-office costs. Ongoing cost savings and productivity improvements will be required.

NZTA does not have a strong track record of delivering capital projects on time and within budget, with a material decline in delivery during 2023/24 due to "unprecedented cost challenges".

NZTA receives regular feedback from its employees through Tapatahi, its engagement survey. NZTA has an SOI target of 7.5 or greater (out of 10) for its staff engagement survey. This has remained relatively stable in recent years.



## Future State: What would we like to see?

1. A fiscally responsible Crown entity that meets or exceeds the Government's financial expectations
2. More accurate forecasting of future operating and capital requirements
3. A culture of continuously seeking productivity improvements and more cost-effective ways of delivering its outputs and outcomes.

1. NZTA consistently meets capital project delivery milestones, budgets and scope targets, with a recognised culture and practice of continuous improvement
2. Increased confidence in NZTA's ability to deliver its future pipeline of capital projects (proxy for 'Investor Confidence Rating').

1. NZTA maintains a healthy organisational culture and consistently achieves its SOI target of 7.5 or greater in engagement surveys.

# Governance performance

## Current State: What are we observing?

Four out of nine Board members are relatively new, including the Chair. This presents a risk in terms of continuity and cohesion of Board members, but also an opportunity to reset the direction and culture of NZTA.

The Chair recently announced the Chief Executive's departure at the conclusion of her term in mid-February 2025. Filling that vacancy will be a key focus for the Board over the remainder of 2024.

The Ministry does not currently have a good understanding of Board performance.



## Future State: What would we like to see?

1. The Board undertakes a robust process for selecting a new chief executive, incl. compliance with s117 of the Crown Entities Act
2. The Board maintains trust and confidence of the Government, and has the following "high-performance" attributes:
  - a. Is focussed on what matters most, including oversight of the Minister's strategic priorities
  - b. Holds itself and the Executive to account for NZTA's financial and delivery performance
  - c. Asks questions of the Executive based on a clear understanding of NZTA's performance drivers and strategic context
  - d. Has clarity on NZTA's legislative responsibilities, & complies with the Code of Conduct for Crown Entity Board Members
  - e. A culture that draws on member's expertise and encourages healthy & robust conversations with the Executive
  - f. Expects robust data and advice to help focus on long term outcomes and opportunities for new thinking/initiatives
  - g. Evaluates itself annually (including an independent assessment every three years) and shares these evaluations with the Ministry and Minister.

# How will we know if NZTA is heading in the right direction?

We will determine whether NZTA is heading in the right direction through performance reporting, regular engagements with the Board Chair, feedback from the sector, and reviews of key accountability documents. Key things we will look for include:

## Performance reporting

- NZTA's strategic measures (in draft 2025-29 SOI) align with the Govt's strategic priorities (in GPS 2024)
- Projects are delivered with less variance (on average) between agreed budgets and milestones, and actual budgets and milestones
- Monthly GPS reporting tracks RoNS progress and other metrics agreed as part of 2024 GPS
- Quarterly performance reports track progress against SPE/SOI targets and the PEP

## Board engagement

- The Board maintains trust and confidence of the Government
- The Board manages delivery, risk and budgets effectively, and seeks reporting that best informs board decision-making
- Information is shared and issues raised early on a 'no surprises' basis
- The Board has a deep understanding of the entity's strategic context, and an ability to strategically position the organisation to meet the needs of today and the future
- The Board maintains ongoing focus on organisational culture

## Sector feedback

- NZTA conducts various surveys to assess user experience of the transport network and of itself (as a service provider), including:
- User experience of transport network by mode (PT, active and private vehicles)
  - State highway user experience
  - Digital service quality
  - Overall service quality
- We would expect to see a gradual improvement in these survey results over time (all else being equal)

## Accountability documents

- Strategic measures and written narrative aligns with Government priorities and expected outcomes
- More consistent delivery of capital projects in line with SPE milestones
- Evidence that savings are being realised and value for money improved over time
- Improved service delivery and customer satisfaction results
- Ongoing refinement in PEP and more consistent delivery against targets



## Our monitoring priorities

The key areas of focus for NZTA monitoring for the period 1 July 2024 – 31 December 2027 are:

1. Support improvements to the quality and timeliness of performance information (including updated strategic outcomes in NZTA's SOI, monthly reporting on 2024 GPS and enhanced quarterly reporting)
2. Establish a stronger relationship with the refreshed board (including supporting you to have structured quarterly performance conversations with the Board Chair)
3. Regulatory performance: ensure that NZTA delivers on its own Regulatory Strategy and gets the memorandum accounts back into surplus
4. Ensure that NZTA meets the Government's financial expectations (signalled via the Budget process, 2024 GPS and PEP etc), including a requirement to better manage overheads and back-office costs
5. Asset management: ensure that NZTA meets Government's expectations around asset performance, as outlined in Cabinet Office circular CO (23) 9 and 2024 GPS
6. Achieve improved transparency and accountability of NZTA's capital investment programme, and assurance that the Board is providing effective oversight and control of the complete investment life cycle (including investment planning and delivery of project benefits, budgets and milestones).

## Enhancing our monitoring methodology

The Ministry recognises the need to improve our monitoring methodology for NZTA. We propose some changes to our current approach, including:

1. Establishing quarterly, structured performance discussions between you and the Chair, supported with robust advice from the Ministry
2. Strengthening our capacity to support the Board to improve its performance metrics
3. Taking a more active approach to our monitoring, including regular engagements with the sector to gain feedback and insights.

The purpose of our monitoring is not to second-guess the Board, but to ensure that we are well positioned to provide you with good second-opinion advice on how issues and risks are being managed, and to enable us to support the Board to meet your expectations.

## Monitoring plan: Key outputs & deliverables (2024/25 and 2025/26, to Dec)

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Monthly GPS performance report	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Quarterly performance reports (followed by meeting with Chair)			Q1			Q2			Q3						Q1	
Annual reports	Draft (23/24)	Final (23/24)											Draft (24/25)	Final (24/25)		
Letter of Expectations						Final (25/26)										
Statement of Performance Expectations								Draft (25/26)		Final (25/26)						
Statement of Intent								Draft (2025-)		Final (2025-)						

Additional monitoring outputs will be agreed with you as required, e.g. where there is a need to undertake additional assurance on key risks or areas of concern



10 September 2024

OC240420 / T2024/2275

**Hon Simeon Brown**  
**Minister of Transport**

**Action required by:**  
Friday, 20 September 2024

**Hon Nicola Willis**  
**Minister of Finance**

## CITY RAIL LINK SPONSORS OPTIONS FOR THE MAUNGAWHAU AND KARANGA-A-HAPE DEVELOPMENT PRECINCTS

### Purpose

This briefing provides you with background information on the land owned by City Rail Link Limited (CRL) and Auckland Council (on behalf of CRL) intended for development and the decisions made to date in relation to the development sites in the Maungawhau and Karanga-a-Hape precinct.

This briefing is split into two parts, each section outlining the decisions required from you:

- Part 1 provides options for reconsidering the Foundation Outcomes sought in relation to the development of the land, as requested by the Minister of Transport.
- Part 2 provides <sup>s 9(2)(f)(iv)</sup> [REDACTED]

### Key points

- <sup>s 9(2)(j)</sup> [REDACTED]
- The Foundation Outcomes (Outcomes), are set out in the development programme business case, produced by Eke Panuku and Kāinga Ora and approved by Sponsors in July 2023. The Outcomes set the baseline that any proposed development must achieve on those sites, <sup>s 9(2)(j)</sup> [REDACTED]

<sup>1</sup> Sponsors of the City Rail Link project are the Ministers of Transport and Finance on behalf of the Crown, and the Mayor and Deputy Mayor of Auckland on behalf of Auckland Council.

- The current development approach maximises the density within the constraints of the Auckland Unitary Plan (AUP). To increase the density of development sites owned by CRL and Auckland Council (on behalf of CRL) in the Maungawhau and Karanga-a-Hape precinct requires a Plan Change to the AUP under the Resource Management Act 1991 (RMA)<sup>2</sup>. This Plan Change would seek approval to breach the volcanic viewshafts<sup>3</sup>. Auckland Council is responsible for approving a Plan Change and have advised that changes to the AUP would be a significant and expensive undertaking involving community consultation and legal challenges.

s 9(2)(b)(ii), s 9(2)(j)



s 9(2)(g)(i)



s 9(2)(j)



- In addition, CRL has identified that following practical completion of the CRL project in November 2025, the development sites are likely to be surplus land that is not required for railway purposes. CRL has advised that any surplus land that was acquired pursuant to the PWA will be subject to the PWA disposal process (see Annex 3). CRL is in the process of determining the nature and extent of any land and protections required for railway purposes under the CRL project to confirm the

<sup>2</sup> The Resource Management Act 1991 (RMA) allows anyone to seek changes to district or regional plans through a request for a private plan change. Requests for private plan changes enable innovative proposals to be tested through the RMA process and allow applicants to initiate change without waiting for a plan review.

<sup>3</sup> Volcanic viewshafts are designated viewpoints or observation areas which protect significant views to Auckland's volcanic cones. Buildings that intrude into a significant volcanic viewshaft require consent.



amount of surplus land that would be available for development. s 9(2)(f)(iv)

- s 9(2)(b)(ii), s 9(2)(j)

### Recommendations

We recommend you:

	Minister of Finance	Minister of Transport
s 9(2)(b)(ii), s 9(2)(j)	Yes / No	Yes / No
	Yes / No	Yes / No
	Yes / No	Yes / No
	Yes / No	Yes / No

5 **note** if you agree to any of the above options, further advice will be provided to you.

s 9(2)(b)(ii), s 9(2)(j)

s 9(2)(j)

Hon Nicola Willis  
Minister of Finance

..... / ..... / .....



Hon Simeon Brown  
Minister of Transport

..... / ..... / .....



Ann Webster  
Manager, Commercial and Institutional  
Performance  
The Treasury

David Wood  
Deputy Chief Executive, Investment and  
Monitoring  
Ministry of Transport

Minister's office to complete:

- Approved
- Declined
- Seen by Minister
- Not seen by Minister
- Overtaken by events

Comments

Contacts


Name	Telephone	First contact
Richard Cross, Director, Investment and Monitoring, Ministry of Transport	s 9(2)(a)	✓
Rebekka Jobson, Senior Adviser, Programme Monitoring and Investment Management, Ministry of Transport		

Michael Moore, Principal Advisor, Commercial and Institutional Performance, The Treasury	s 9(2)(a)	
Ann Webster, Manager, Commercial and Institutional Performance, The Treasury		

RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

## CITY RAIL LINK SPONSORS OPTIONS FOR THE MAUNGAWHAU AND KARANGA-A-HAPE DEVELOPMENT PRECINCTS

### Background

- 1 The CRL project required the purchase of land by Auckland Council (on behalf of CRL) in order to complete the works required for the underground rail infrastructure and above ground stations.
  - 2 CRL's primary objective regarding the land is to ensure that the ultimate asset owners of CRL (KiwiRail through the Crown and Auckland Transport through Auckland Council) have the land and associated protections that they require to own, operate and maintain CRL.
  - 3 In June 2020, Sponsors approved the Blueprint Masterplan produced by CRL, which outlined approximately 4ha of developable land surrounding the Maungawhau and Karanga-a-Hape Railway Stations; one site adjacent to the Karanga-a-Hape Railway Station and eleven sites in the vicinity of the Maungawhau Railway Station. These twelve sites are collectively referred to as the development sites.
  - 4 In July 2021, Sponsors directed Eke Panuku and Kāinga Ora to work in consultation with CRL to deliver a development programme business case for the twelve development sites. The high-level Blueprint Masterplan, including the development sites, current land ownership and the intended developer of each site (as per Eke Panuku and Kāinga Ora's development programme business case) is attached in Annex 1. The exact composition of the development sites is not yet known, and relies on a number of matters, for example, what land is required by Auckland Transport, KiwiRail and Vector, and what land is still required for railway purposes.
  - 5 Within the Blueprint Masterplan there are three parcels of land owned by Auckland Council that are intended to be incorporated into development Blocks A, C and D. Some of that land will be required to be transferred to CRL for the Station, some of that land will need to be vested as road, and the balance of land (not required for the CRL project or road) will remain in Auckland Council ownership. Those balance titles will be subject to a Right of First Refusal under the Ngā Mana Whenua o Tāmaki Collective Redress Act 2014.
  - 6 In addition, Kāinga Ora purchased Block G for urban development purposes, enabling amalgamation with adjoining CRL residual land to facilitate a mixed-use development with a new accessible east-west connection to the station, and maximise value capture opportunities.
- s 9(2)(b)(ii), s 9(2)(j)
- 
- 8 In July 2023, Sponsors approved the development programme business case and precinct development plan, which included seven Outcomes for the development sites that guide the delivery of the development programme. The Eke Panuku Board was also delegated decision-making governance as the lead agency to take the sites

to market. Sponsors set a minimum value to be achieved by property sales [REDACTED]  
s 9(2)(b)(ii) [REDACTED]  
[REDACTED] (OC230402 refers).

9

s 9(2)(b)(ii)

[REDACTED]

10

Previous Ministers also agreed in principle, s 9(2)(i)

[REDACTED]

11

Work to revalue the parcels of land available for development will progress once CRLL has identified the nature and extent of the land and protections required. Based on the timing of land sales and the applicable Outcomes, the land could be sold for s 9(2)(b)(ii), s 9(2)(i) [REDACTED]  
[REDACTED] as the market will ultimately determine the price.

s 9(2)(b)(ii)

[REDACTED]

s 9(2)(i)

[REDACTED]

s 9(2)(b)(ii)

[REDACTED]

s 9(2)(j)

17

s 9(2)(b)(ii)

18

19

s 9(2)(j)

## Current state

*There are seven Foundation Outcomes guiding the urban regeneration programme*

20 The Outcomes were developed to reflect the vision and objectives of the CRL Blueprints Masterplan. The urban regeneration programme is led by Eke Panuku, in partnership with Kāinga Ora. The seven Outcomes are:

- **Environmental vitality and climate action:** An exemplar net zero carbon urban regeneration development that is resilient to climate change and focuses on the prioritisation of sustainable modes of transport and environmental vitality.
- **Mana whenua partnership:** Partner with mana whenua to integrate mātauranga Māori (Māori knowledge) and reflect Māori identity in the precincts.
- **Homes:** Provide healthy, affordable, and accessible homes with a mix of different types and options, to cater for a diverse community.
- **Affordable homes:** Provide an adequate supply of quality, affordable homes in the precinct to make the most of the location being adjacent to a significant transport connection.
- **Accessibility:** Create precincts that are accessible for all, encourage the use of public transport, and provide a safe and connected neighbourhood.
- **Economic and social wellbeing ('Community well-being')**: Provide public space, health, community space, learning, and employment facilities that enhances the existing community and enables people to thrive.

- **Value realisation:** Creating enduring investments for the community and realise value over time.

21 The Outcomes do not establish specific design criteria, allowing flexibility and interpretation on aspects such as 'adequate' supply of housing and 'accessible' precincts, for Eke Panuku as they develop the design for these sites. The Outcomes will get attached to any development agreement once there is certainty on which sites get transferred to Auckland Council.

*The Blueprint Masterplan reflects the location of underground CRL assets*

22 The development sites will have restrictions on them to prevent compromise of the CRL infrastructure assets underneath, adjacent or in close proximity, while reflecting Eke Panuku's interpretation of the Outcomes. There will be protection covenants for CRL assets and easements in relation to access and utilities.

23 s 9(2)(b)(ii)

*The density of the development sites aligns with the Auckland Unitary Plan*

24 The development follows the preferred option in the development programme business case – maximising the development density within the constraints of the AUP. The development sites currently owned by CRLL have a capacity for approximately 730 homes in total. Developers could maximise development to the volcanic viewshaft height controls, which could increase the development sites to a total capacity of 810 homes. It is recommended that this be undertaken by developers through resource consents.

25 Increasing the current density of the development sites beyond what is currently permitted under the AUP would likely intrude into volcanic viewshafts. This would require changes to the AUP, through a Plan Change under the RMA. Sponsors cannot make this decision – Auckland Council are responsible for making decisions on any changes to the AUP. s 9(2)(j)

• s 9(2)(j)

•

•

*Eke Panuku has made progress since the development programme business case and precinct development plan was approved by Sponsors in July 2023*

26 Eke Panuku has worked with relevant agencies, including Auckland Council, CRL, Auckland Transport and Kāinga Ora, to:

- understand the rail protection requirements that may be needed and the process for CRL to confirm these requirements
- finalise the essential Outcomes which developers will be required to deliver at each site

s 9(2)(b)(ii)

- 
- 
- 

*Kāinga Ora is the Crown's delivery partner in the Maungawhau and Karanga-a-Hape development precinct urban regeneration programme*

27 In June 2021, Kāinga Ora secured, under strategic land acquisition, 98-110 New North Road (Block G identified in Annex 1). The site was purchased for urban development purposes, enabling amalgamation with adjoining CRL residual land to facilitate comprehensive transit-oriented development with a new accessible east-west connection to the station, and to maximise development and value capture opportunities for the shareholders.

28 s 9(2)(f)(iv)

29

s 9(2)(j)

31 Pursuant to the PDA, decisions regarding the CRL project must be collectively agreed to by all Sponsors.

32 s 9(2)(j)

The Outcomes currently reflect the baseline outcomes that any proposed developments on the sites will be evaluated against, and these, together with any qualifying development plan, would then be expressly contracted for



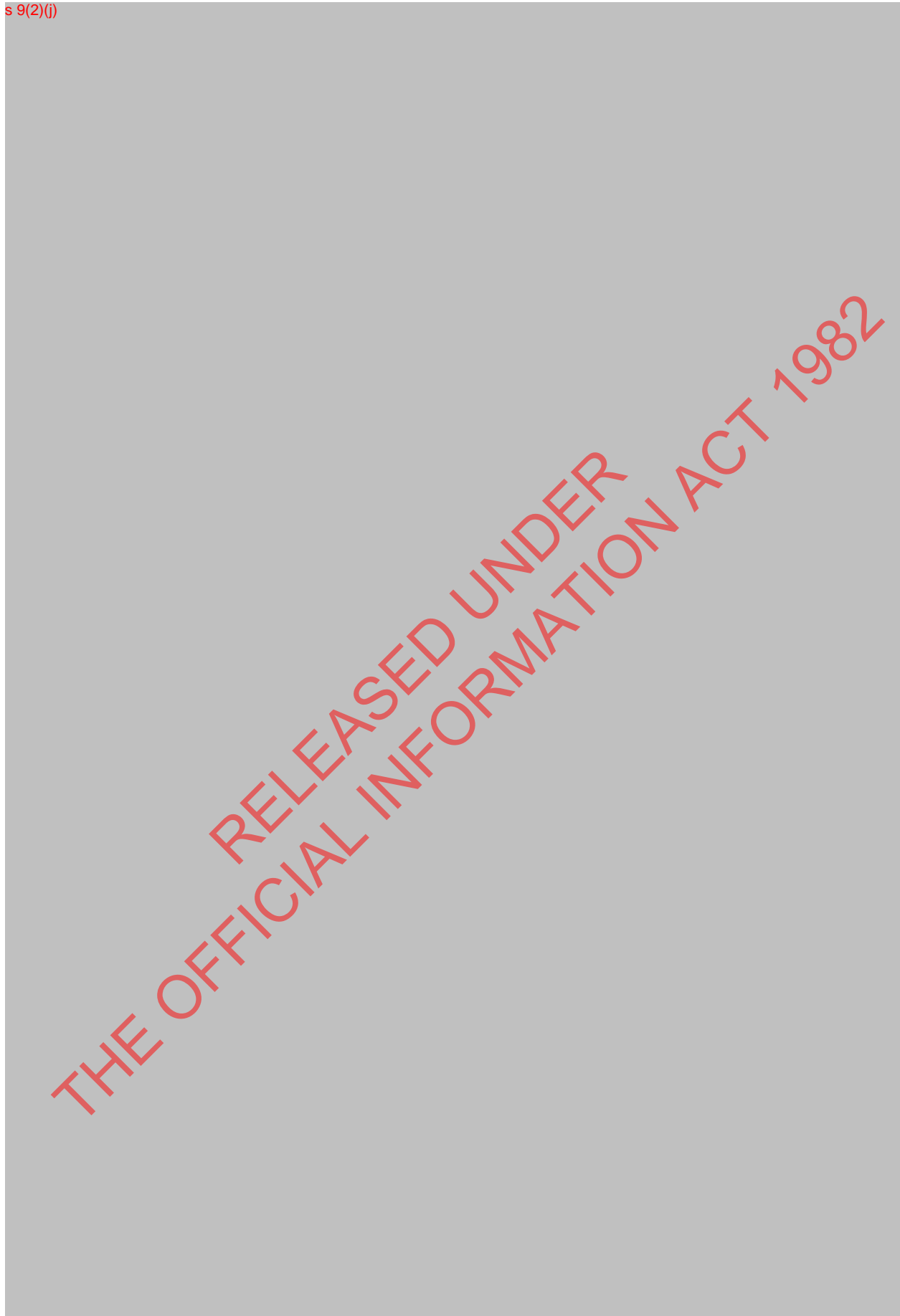
in the ultimate development agreement with developers. This is a widely used contractual framework by public sector entities to provide for the delivery of development outcomes.

s 9(2)(j)



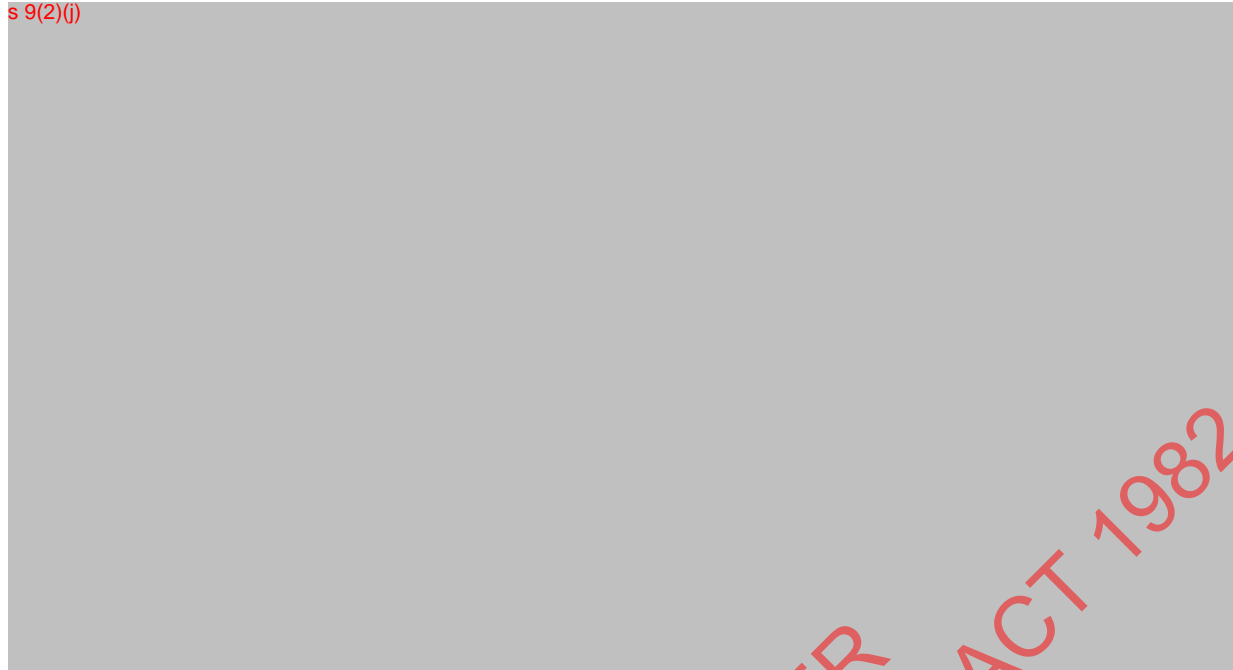
RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

s 9(2)(j)



RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

s 9(2)(j)



**Part 2: Process for Disposal of surplus land owned by CRL**

*Following practical completion of the CRL project, CRL needs to dispose of surplus land that is not required for railway purposes*

- 45 As per the PDA<sup>5</sup>, it is ultimately the Sponsors' decision on how CRL disposes of land acquired for the CRL project. Any decisions must be provided via written consent to CRL.

s 9(2)(h)



s 9(2)(b)(ii)



s 9(2)(b)(ii), s 9(2)(j)



RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

s 9(2)(b)(ii), s 9(2)(j)

57

58

### Engagement

59 Officials have engaged with Auckland Council, Eke Panuku, CRL, Kāinga Ora and the Ministry of Housing and Urban Development in the development of this paper.

60

s 9(2)(b)(ii)

### Next Steps

s 9(2)(b)(ii), s 9(2)(j)

62

s 9(2)(b)(ii), s 9(2)(j)

63

RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

## ANNEX 1: BLUEPRINT OF THE MAUNGAWHAU AND KARANGA-A-HAPE DEVELOPMENT SITES

The below image sets out the Blueprint Masterplan for the development sites in the Maungawhau and Karanga-a-Hape precinct. The twelve development sites are split into blocks of land labelled A-L. Block K is a 220sqm building on Symonds Street, which is not captured in the visuals provided by Eke Panuku. For reference, on the map, block K would be located just above block J. Block G is the parcel owned by Kāinga Ora.



The below table shows current land ownership and the intended developer of each site, as described in Eke Panuku and Kāinga Ora's development programme business case:

Block	Site address	Current landowner
A	Central	CRLL – Auckland Council own RfR portion
B	Central	CRLL
C	Central	CRLL – Auckland Council own RfR portion
D	Central	CRLL – Auckland Council own RfR portion
E	Central	CRLL
F	Central	CRLL
G	98-110 New North Road	Kāinga Ora
H	1 Fenton Street	CRLL
H	3 Fenton Street	CRLL
I	14-22 Boston Street	CRLL
I	26 Mt Eden Road	CRLL
I	28 Mt Eden Road / 11 Water Street	CRLL
J	1 New North Road	CRLL
J	257 Symonds Street	CRLL
K	223 Symonds Street	CRLL
L	East Street	CRLL

s 9(2)(f)(iv), s 9(2)(j)

To note:

- Vector requires land for installation of a substation.
- CRLL's land requirements have been further refined and portions of Block I will not be surplus to the CRL project. Neither 26 or 28 Mount Eden Road as listed in the table are surplus.

s 9(2)(f)(iv), s 9(2)(j)



s 9(2)(h)

RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

s 9(2)(h)



RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

s 9(2)(h)



s 9(2)(h)



RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

## ANNEX 3: PROCESS FOR DISPOSAL OF SURPLUS LAND

### *Sponsors consent*

- Any arrangement CRLI enters into in relation to the transfer of the development sites requires the consent of the Crown (as Sponsor) alongside Auckland Council (as Sponsor).
- This consent can be provided by way of letter confirming that CRLI dispose of the relevant land in the matter contemplated. <sup>s 9(2)(b)(ii), s 9(2)(j)</sup>


### *Public Works Act 1981 (PWA) process*

- If land is required for another public work, land can be transferred to the entity undertaking that public work. Public works can include, for example, urban renewal and public housing. <sup>s 9(2)(b)(ii), s 9(2)(j)</sup>
- If the surplus land is not required for another public work, then the land must be offered back to the person that it was acquired from before any other open market transaction can be considered by CRLI.

<sup>s 9(2)(b)(ii), s 9(2)(j)</sup>

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

• s 9(2)(b)(ii), s 9(2)(j)



- 
- 
- 

RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

s 9(2)(b)(ii), s 9(2)(j)

RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982





17 September 2024

OC241082

**Hon Simeon Brown**  
**Minister of Transport, Energy, and Local Government**

## **MEETING BRIEFING – INFRASTRUCTURE COMMISSION QUARTERLY CATCHUP**

### **Snapshot**

This meeting is part of a series of quarterly catchups with the Infrastructure Commission. This meeting will likely focus on infrastructure systems and settings, funding and financing tools, sector reforms, and other major projects.

<b>Time and date</b>	<b>11.30am (30 min), Wednesday 18 September 2024</b>
<b>Venue</b>	Room 5.1, The Beehive
<b>Attendees</b>	Dr Alan Bollard, Board Chair, Infrastructure Commission Geoff Cooper, Acting Chief Executive, Infrastructure Commission Andy Hagan, General Manager – Infrastructure Delivery, Infrastructure Commission
<b>Officials attending</b>	Tim Herbert, Manager, Investment Private Secretary, Infrastructure (Hon Chris Bishop's office)
<b>Agenda</b>	Please find an agenda attached

### **Contacts**

Name	Telephone	First contact
Tim Herbert, Manager, Investment	s 9(2)(a)	✓
Quaid Forbes, Adviser, Investment		

## MEETING BRIEFING – INFRASTRUCTURE COMMISSION QUARTERLY CATCHUP

### Key points

- The Infrastructure Commission (the Commission) has produced an Infrastructure Strategy that sets a pathway for New Zealand’s infrastructure over the next 30 years. It is also undertaking work alongside the Treasury to renew and modernise the public-private partnership (PPP) model.
- With the establishment of the National Infrastructure Agency (NIA) in December 2024, Cabinet will clarify roles within the Crown’s infrastructure system. The Infrastructure Commission will retain its role as the Government’s independent long-term strategic advisor on infrastructure matters. The Treasury will assume the Commission’s PPP policy role and take primary responsibility for supporting the Minister for Infrastructure.
- The Department of Internal Affairs has provided information on water reform. The Ministry of Business, Innovation, and Employment were consulted but did not have anything to add regarding the Energy portfolio.

### Infrastructure system and settings

#### *30-Year National Infrastructure Plan*

- 1 The Minister for Infrastructure has tasked the Infrastructure Commission (the Commission) with developing a 30-year infrastructure plan to demonstrate a pipeline of major projects for New Zealand. It will have four main components:
  - 1.1 **An infrastructure needs analysis** which will explore infrastructure needs by sector and region over a 30-year time horizon.
  - 1.2 **An Infrastructure Priorities Programme (IPP)** which will provide an independent assessment of unfunded/uncommitted proposals and projects, including non-built solutions, over the next five to 15 years.
  - 1.3 **Current investment intentions** which will have a ten-year view and build on the pipeline and Quarterly Investment Reporting.
  - 1.4 **Priority policy and system reforms.**
- 2 The Commission are aiming to provide a draft 30-year plan to the Minister for Infrastructure in June 2025 and publish a final 30-year plan in December 2025.
- 3 You may want to ask how the Commission intend for the 30-year pipeline to interact with the Government Policy Statement of land transport (GPS), the National Land Transport Plan (NLTP), and wider transport sector project planning.
- 4 You may also want to reiterate your expectation that both the Ministry of Transport and NZTA will work closely with the Commission on the transport aspects of this plan.

## Funding and financing tools for transport infrastructure

### *Update on PPP policy work programme*

- 5 The GPS 2024 outlines that the NZTA Board should ensure that all relevant sources of funding and financing have been examined in relation to any project. NZTA is currently developing cost estimates for the Roads of National Significance (RoNS) programme, which will include work to understand the funding and financing options for the projects.
- 6 The Government expects that public private partnerships, and other opportunities to use private expertise and finance, will be considered for all major projects in the NLTP.
- 7 You may want to express an interest in the Commission's work on PPP settings and ask if they have any ideas of how to utilise PPPs for transport infrastructure.

## Sector reforms

### *Water Reform*

- 8 The recent passage of the Local Government (Water Services Preliminary Arrangements) Act means that councils now have 12 months to develop Water Services Delivery Plans. These plans will set out how councils intend to deliver financially sustainable water services at the least cost to communities.
- 9 The Local Government Funding Agency (LGFA) has confirmed that it will lend to water council-controlled organisations at a level that will allow for the increased water infrastructure investment New Zealand requires. The Government's expectation is that councils will utilise joint arrangements with neighbouring councils and the LGFA's financing to fund infrastructure investment. The Ministry notes that the Government said it will introduce, not implement, the third Local Water Done Well Bill in December 2024
- 10 Later this year, the third and final Local Water Done Well Bill will be implemented. The Bill will implement the enduring settings for New Zealand's water services sector. This includes an economic regulation regime to be administered by the Commerce Commission which will ensure New Zealanders get value for their money from water services and that investment is made where it is needed most.
- 11 As changes are made to water services, it is important that councils are in control of the process and free to choose the model they believe is right for their communities (if they are financially sustainable and meet the legislative and regulatory requirements).

### *Transport revenue and funding reforms*

- 12 Transport officials are currently working on reforms to the land transport revenue system to ensure fairness and sustainability for the wider transport revenue system. In June, Cabinet agreed to the revenue action plan, and you publicly announced it at the end of August. Key features include increasing existing charging, effectively using tolling, exploring the full range of tools, and transitioning the fleet to road user charges by as early as 2027.

13 Time of use charging legislation is currently being drafted. The Commission provided feedback on an early Cabinet paper expressing a desire for a highly devolved model. The developed model has NZTA involved in each scheme alongside territorial authorities. NZTA will have the final decision on whether a scheme is submitted to the Minister of Transport.

14 s 9(2)(f)(iv)

15

16

A large grey rectangular redaction box covers the content of paragraphs 14, 15, and 16. The text 's 9(2)(f)(iv)' is written in red at the top left of the redaction.

16 You may wish to ask the Commission if they have any further feedback on the ongoing transport revenue and funding reforms for you to consider.

### Other major projects

#### *Major transport projects*

17 The NLTP has now been published and details how the New Zealand Transport Agency (NZTA) intend to deliver the Government Policy Statement on land transport 2024 (GPS). This includes NZTA's work programme on the RoNS.

18 NZTA will be providing monthly reporting on the delivery of the GPS 2024, which will include updates on their 28 major capital projects (including the RoNS and Road of Regional Significance) against their expected budget, milestones, and scope. NZTA will also report on any regulatory or other government-controlled barriers to delivery every six months.

19 s 9(2)(f)(iv)

20

A large grey rectangular redaction box covers the content of paragraphs 19 and 20. The text 's 9(2)(f)(iv)' is written in red at the top left of the redaction.

#### *Value capture for major transport proposals*

21 The Commission may raise the work that the Ministry of Housing and Urban Development (MHUD) is leading regarding value capture. MHUD is due to provide advice in the coming weeks on enhancements to existing funding tools, such as the Infrastructure Funding and Financing Act 2020, development contributions, and targeted rates.

22

s 9(2)(f)(iv)

Given major transport projects appear to experience challenges with existing funding and financing tools, s 9(2)(f)(iv)

### Any other business

23 In your previous quarterly catchup meeting with the Commission, you expressed an interest in their report on the equity implications of transport pricing. Since your last meeting, the Commission has published three reports onto their website. The reports touch on:

23.1 **Being transparent** – accountability in publicly funded infrastructure projects.

23.2 **Valuing water** – sustainable water services and volumetric charging.

23.3 **Transport revenue** – toll roads, congestion charges, and investment.

24 You may wish to ask if there are any points of note within these recent reports that the Commission wants to discuss with you.

RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

## Biographies



### **Dr Allan Bollard**

Dr Allan Bollard has been the Chair of the Infrastructure Commission since July 2019. He is a Professor of Practice at Victoria University of Wellington and has extensive experiences as a senior public servant. Allan has previously held roles. He has previously held roles as the Executive Director of the Asia Pacific Economic Cooperation (APEC) Secretariat, Governor of the Reserve Bank of New Zealand, and Chief Executive and Secretary to the New Zealand Treasury. He holds a PhD in Economics and an honorary LLD from the University of Auckland.



### **Geoff Cooper**

Geoff Cooper has been the acting Chief Executive of the Infrastructure Commission since July 2024. He has served as the Infrastructure Commission's Strategy General Manager for four years. Geoff is a former Chief Economist for both PwC and Auckland Council, where he worked on infrastructure, housing, regulation and financial policy, including business case development for Auckland's City Rail Link. He holds a Master of Economics with First Class Honours from the University of Auckland and a Master of Public Affairs from Princeton University.

RELEASED UNDER FOIA 1982  
THE OFFICIAL INFORMATION ACT



# AGENDA

<b>Subject</b>	Three-monthly meeting: Hon Brown and Infrastructure Commission Chair and CE
<b>Time/ Date</b>	11.30am-12pm, 18 September 2024
<b>Location</b>	Hon Brown's office, Room 5.1 The Beehive
<b>Attending</b>	Hon Simeon Brown Dr Alan Bollard, Chair of InfraCom Geoff Cooper, Acting CE of InfraCom Andy Hagan, GM Delivery, InfraCom Private Secretary, Infrastructure (Hon Bishop's office)

	Item	Responsible
1	Introductions	All
2	Infrastructure system and settings: <ul style="list-style-type: none"> <li>• 30-year National Infrastructure Plan <ul style="list-style-type: none"> <li>○ Timeline for delivery of the NIP and Government response</li> <li>○ Infrastructure needs analysis</li> <li>○ Strengthening of the pipeline</li> <li>○ Infrastructure Priorities Programme</li> <li>○ Gap analysis</li> <li>○ System and policy reforms</li> </ul> </li> </ul>	Geoff
3	Funding and financing tools for energy and transport infrastructure: <ul style="list-style-type: none"> <li>• Update on the PPP policy work programme</li> <li>• Water and transport pricing work</li> </ul>	Geoff
4	Sector reforms: <ul style="list-style-type: none"> <li>• Water reform</li> <li>• Transport revenue and funding reforms <ul style="list-style-type: none"> <li>○ Transport revenue review</li> </ul> </li> </ul>	Minister
5	Other major projects (transport, energy, local government)	Minister
6	Any other business	All



6 August 2024

OC240457

Hon Simeon Brown


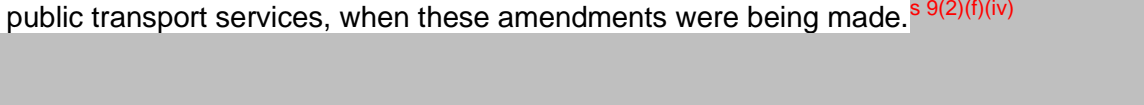
Minister of Transport

## PUBLIC TRANSPORT POLICIES DIRECTION

### Purpose

To advise you on the legislative and policy framework for planning and delivering public transport services and to seek your direction on the way forward.

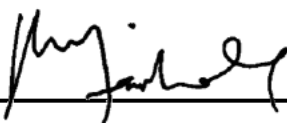
### Key points

- The framework for planning, procuring, and delivering public transport services is established through the Land Transport Management Act 2003 (**LTMA**), which is administered by the Ministry of Transport (**the Ministry**), and operational policies that are developed by the NZ Transport Agency (**NZTA**).
- The foundations for the current framework were established in 2013, when the Public Transport Operating Model (**PTOM**) was established. In 2023, the previous Government modified the PTOM and called it the Sustainable Public Transport Framework (**SPTF**).
- We recommend NZTA continues to develop and issue operational policies and guidance that it began developing as part of implementing the SPTF, which it has been adjusting to align with your expectations set in the Government Policy Statement on Land Transport 2024. This will enable improvements to procurement processes to help achieve better value for money. It will also support the provision of technical guidance to improve service delivery.
- s 9(2)(f)(iv)  

- The SPTF also involved amendments to the LTMA. We understand you raised concerns about the principles for regulating public transport, and in-house provision of public transport services, when these amendments were being made. s 9(2)(f)(iv)  


**Recommendations**

We recommend you:

- 1 s 9(2)(f)(iv) [Redacted]
- 2 **indicate** if you support the direction of public transport operational polices that NZTA is currently developing, as set out in Annex Three, or if you want to specify new or different expectations for the direction of any of these policies Yes / No
- 3 **indicate** whether there are other areas where you wish to specify direction Yes / No
- 4 **agree** if you want to meet with officials to discuss the expectations you want to set for NZTA's public transport operational polices Yes / No
- 5 s 9(2)(f)(iv) [Redacted]



Ruth Fairhall  
**DCE – Policy Group**  
 Ministry of Transport  
 06 / August / 2024

Hon Simeon Brown  
**Minister of Transport**  
 ..... / ..... / .....

- Minister's office to complete:**
- Approved  Declined
  - Seen by Minister  Not seen by Minister
  - Overtaken by events

**Comments**

**Contacts**

Name	Telephone	First contact
Jessica Ranger, Manager Urban Development and Public Transport, Ministry of Transport	<span style="color: red;">s 9(2)(a)</span> [Redacted]	✓
Nick Potter, Principal Adviser Urban Development and Public Transport, Ministry of Transport	[Redacted]	

## PUBLIC TRANSPORT POLICIES DIRECTION

### The framework for planning, procuring, and delivering public transport services is established through legislation and operational policies

- 1 The regulatory framework that governs public transport is set out in Part 5 of the Land Transport Management Act 2003 (**LTMA**). The Ministry of Transport (**the Ministry**) administers this legislation.
- 2 The NZ Transport Agency (**NZTA**) gives effect to this legislation through operational policies. A primary objective underpinning NZTA's operational policies is its statutory responsibility to obtain the best value for money.
- 3 Public Transport Authorities (**PTAs**) must adhere to NZTA's operational policies to be eligible for funding of public transport investments from the National Land Transport Fund.

### The foundations for the current framework were established in 2013

- 4 In 2013, the then Government established the Public Transport Operating Model (**PTOM**).<sup>1</sup> This aimed to grow the commerciality of public transport services and create incentives for services to become fully commercial. It also aimed to grow confidence that services are priced efficiently and there is access to public transport markets for competitors.

### The previous Government modified the PTOM framework through a combination of legislative changes and directives for operational policies

- 5 Between 2019 to 2021, the Ministry reviewed the PTOM to assess whether it was meeting its original outcomes and to identify areas for improvements. This review led the Ministry to identify and recommend a range of changes.
- 6 In 2023, the previous Government established the Sustainable Public Transport Framework (**SPTF**) to modify the PTOM.<sup>2</sup> The SPTF retains key structural features of the PTOM, including the responsibilities of PTAs for planning, procuring, and delivering public transport services. It also includes a focus on efficiency and delivering value for money.
- 7 Key changes included new principles to guide the regulation of public transport and expanding options for PTAs in how they procure and deliver public transport services to deliver efficiency and value for money.
- 8 The SPTF was intended to be implemented through a combination of changes to the LTMA, which were enacted in 2023, and by operational policies developed by NZTA that are still under development. These changes are summarised below.

---

<sup>1</sup> To achieve this, the Public Transport Management Act 2008 was repealed. Its provisions and PTOM were then incorporated into the amended LTMA.

<sup>2</sup> The name given to the current framework is not set in legislation.

*The LTMA was amended in 2023*

- 9 Amendments to the LTMA involved the following:
- establishing new principles to guide the regulation of public transport (listed in **Annex One**)
  - enabling in-house provision of public transport services and providing more flexibility around asset ownership
  - supporting benchmarking and more transparent pricing
  - improving roles and relationships between PTAs and operators
  - updating the regulation of exempt services (e.g. the Waiheke ferry service) that do not receive public transport subsidies
  - clarifying the treatment of on-demand public transport services (i.e. services that have flexible routes and timetables, which change based on the location and destinations of passengers who book a trip).
- 10 We understand you raised concerns about the principles for regulating public transport, and in-house provision of public transport services as the amendment to the LTMA was going through the Parliamentary process.

11 s 9(2)(f)(iv)



*Operational policies for public transport are being led by NZTA*

- 12 Alongside the LTMA amendments, the former Minister of Transport set expectations for NZTA to develop operational policies and guidance that would support more specific changes. The Minister set these expectations through a letter to the Chair of NZTA's Board on 30 August 2022. **Annex Two** summarises these expectations.
- 13 Since 2022, NZTA has been closely engaging with PTAs and industry members to develop these operational policies and guidance. It has also researched public transport practices in other countries to inform their development.
- 14 NZTA has recently been re-orienting some of these policies to align them with the expectations that you set in the Government Policy Statement on Land Transport 2024 (GPS 2024) to deliver value for money and to increase the focus on performance and efficiency.
- 15 The GPS 2024 sets your broad expectations for investments in land transport, but it only provides limited direction to NZTA on your expectations for public transport operations.<sup>3</sup>

---

<sup>3</sup> These expectations are: "that existing public transport services will continue to be funded, if they are cost effective, achieve value for money, and achieve the expected outcomes of less congestion and increased patronage"; "greater farebox recovery and third-party revenue by Public Transport Authorities"; and "to deliver the National Ticketing Solution to improve the efficiency of public transport."

- 16 **Annex Three** summarises the public transport operational policies NZTA has been developing.

s 9(2)(f)(iv)



RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

**Next steps**

- 23 Officials from the Ministry and NZTA are available to meet with you if you want to discuss any of these operational policies in more detail, or to express your expectations through a meeting.

24

s 9(2)(f)(iv)

25





## Annex One: LTMA principles that guide the regulation of public transport

The LTMA includes the following principles in Part 5, section 115.

### 115 Principles

- (1) All persons exercising powers or performing functions under this Part must be guided by each of the following principles to the extent relevant to the particular power or function:
  - (a) well-used public transport services reduce the environmental and health impacts of land transport, including by reducing reliance on single-occupant vehicles and using zero-emission technology;
  - (b) public transport services support a mode shift from private motor vehicle use and equitable access to places, facilities, services, and social and economic opportunities if they are co-ordinated, integrated, reliable, frequent, accessible, affordable, and safe;
  - (c) fair and equitable employment or engagement of people in the public transport workforce should ensure that there is a sufficiently robust labour market to sustain and expand public transport services;
  - (d) regional councils, territorial authorities, and public transport operators should work together to co-ordinate public transport services, the provision of infrastructure, and land use as necessary—
    - (i) to meet the needs of passengers; and
    - (ii) to encourage more people to use the services;
  - (e) public transport services should be provided in a way that assists—
    - (i) public transport investment to be efficient; and
    - (ii) public transport investment to give value for money.
- (2) Without limiting subsection (1), the principles specified in subsection (1) must be taken into account by—
  - (a) the Agency when—
    - (i) approving procurement procedures under [section 25\(1\)](#);
    - (ii) preparing guidelines to be issued under [section 95\(1\)](#);
    - (iii) approving the approach to procurement under [section 120\(3\)](#);
  - (b) the Environment Court when it considers an appeal against a regional public transport plan under [section 140](#);
  - (c) the Minister when the Minister considers making a recommendation under [section 150](#).
- (3) In this section, **territorial authority** includes Kāinga Ora—Homes and Communities if there are any specified development projects in the region.

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

## **Annex Two: Previous direction provided to NZTA**

On 30 August 2022, the former Minister of Transport set expectations for NZTA to develop operational policy in the following areas:

- to protect and improve bus driver terms and conditions, achieving the following outcomes:
  - bus drivers have the opportunity to maintain employment if there is a change of operator
  - the substantive terms and conditions of bus drivers are not negatively impacted by a change of operator
  - the terms and conditions of the bus driver workforce are improved to increase recruitment and retention
- to support different asset ownership arrangements
- to support increased transparency of operating costs and financial performance of public transport operators
- guidance to improve partnering between public transport authorities (PTAs) and operators through procurement and contracting
- guidance on processes relating to the registration and variation of exempt services
- guidance on how exempt services should be transitioned into the SPTF if an exemption is removed by Order in Council
- guidance on establishing units to ensure PTAs have the ability to procure and contract on-demand services separate to, or bundled with, timetabled services
- to assist PTAs to manage potential conflicts of interest in contracting services where an in-house unit is one of the options for provision alongside external providers.

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

**Annex Three:** Direction of public transport operational policies and guidance being developed by NZTA

Policy area	Overview and status	Ministry view	Your view
<p><b>Bus driver recruitment and retention</b></p>	<p>This operational policy is designed to improve employment terms and conditions for bus drivers to avoid future widespread driver shortages.</p> <p>NZTA is intending to establish an ongoing national workforce survey to monitor workforce trends and to identify initiatives that will improve driver retention and recruitment. This is supported by the sector.</p> <p>The intended policy changes would formalise workforce terms and conditions as aspects that will be assessed as part of evaluating tender responses for all bus service delivery contracts. This in turn would encourage greater competitive tension and market innovation amongst tenders, while enabling operators to determine terms and conditions appropriate to the specific market and context in which they are tendering.</p> <p>It is also intending to develop a procurement policy to encourage competitive tension while maintaining and improving workforce terms and conditions. Work to date on this so far has generally received unanimous support from the sector.</p> <p>NZTA began developing a policy to establish a nationally consistent approach for transferring bus drivers at the end of a contract if the operator changes. Operators strongly opposed this work. Some PTAs also expressed concerns regarding complexity. <sup>s 9(2)(g)(i)</sup></p>	<p>s 9(2)(f)(iv)</p>	
<p><b>Asset control</b></p>	<p>This operational policy is designed to support different asset ownership arrangements. Prior to the 2023 LTMA amendments, PTAs were required to establish a Council Controlled Trading</p>		

	<p>Organisation (CCTO) to own public transport assets if they wanted to control how those assets are used and deployed. This requirement was removed as some councils found the requirements for setting up a CCTO to be onerous.</p> <p>Currently, the operational policy being developed by NZTA assumes PTAs may need to control some strategic assets, such as bus depots and infrastructure in locations close to routes and/or with good access to energy networks, to deliver value for money. The intention is to support competition and better pricing when tendering for contracts by removing barriers to entry for operators who do not control these assets.</p> <p>Asset control is not limited to ownership. For example, build, own, operate and transfer models can enable private sector delivery while ensuring PTAs can facilitate the transfer of strategic assets at the end of a contract to an incoming operator.</p> <p>NZTA currently intends establishing operational policy that would require PTAs to:</p> <ul style="list-style-type: none"> <li>• consider and propose asset control arrangements as part of developing their procurement strategies</li> <li>• demonstrate how the proposed asset control arrangements will enable competitive and efficient markets for the supply of services and maximise value for money spent on public transport.</li> </ul> <p>NZTA consulted on the draft policies and initial guidance last year. The Bus and Coach Association and operators generally do not support PTAs controlling assets. PTAs support enabling a range of approaches.</p>	<p>s 9(2)(f)(iv)</p>
<p><b><i>In-house versus out-sourced service delivery</i></b></p>	<p>The current approach to service delivery through out-sourcing and enabling competitive and efficient markets for the supply of services remains the core policy of NZTA and the primary method for achieving long-term value for money. This position was unaffected by the 2023 LTMA amendments.</p>	

	<p>NZTA is not developing a separate operational policy in this area and has set a high bar for any PTAs that seek to deliver public transport services in-house.</p> <p>If a situation arises where a PTA wishes to consider delivering services in-house, it will need to develop a business case that demonstrates value for money and undertake an effectiveness review under section 17a of the Local Government Act. It would also need to obtain funding and procurement procedure approvals from NZTA under the LTMA.</p>
<p><b>Openness and transparency</b></p>	<p>The 2023 LTMA amendments set requirements to ensure openness and transparency for operating costs, service performance, vehicles used to operate services, financial performance, and workforce terms and condition.</p> <p>Both PTAs and operators expressed support for greater openness and transparency. NZTA is embedding this as a foundation for all relevant operating policies related to public transport planning, procurement, and contract management.</p> <p>NZTA is also developing tools to assist PTAs in seeking more transparent pricing information during tenders.</p>
<p><b>Improving partnering</b></p>	<p>PTAs are expected to take a 'partnering' approach to contracts with public transport operators. This approach was first established in the PTOM. However, over the last 20 years the relationship between these two parties has often been transactional, with low levels of collaboration and innovation between partners.</p> <p>NZTA is intending to develop a dedicated Public Transport Procurement Manual, which will reflect new expectations for improved partnering through relational contracting, joint planning, and a more appropriate allocation of risk. This is generally endorsed by the sector.</p>

s 9(2)(f)(iv)

THE OFFICIAL INFORMATION ACT 1982

<b>Managing exempt services</b>	<p>The 2023 LTMA amendments changed the framework for regulating exempt public transport services that do not receive public transport subsidies (e.g. Waiheke ferry services).</p> <p>NZTA has completed technical guidance to PTAs in this area, which has been issued. It is planning to develop further technical guidance this year.</p>
<b>On-demand public transport services</b>	<p>The 2023 LTMA amendments enabled 'on-demand' public transport services (i.e. services that have flexible routes and timetables, which change based on the location and destinations of passengers who book a trip) to operate as part of public transport networks.</p> <p>NZTA has completed technical guidance to PTAs in this area, which has been issued. It is planning to develop further technical guidance this year.</p>

s 9(2)(f)(iv)

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982



30 August 2024

OC241018

**Hon Simeon Brown**  
**Minister of Transport**

**Action required by:**  
Friday, 6 September 2024

## OUTSTANDING DECISIONS ON AUCKLAND LIGHT RAIL LIMITED

### Purpose

Seeks your decision on changing the company name and reappointing the directors of Auckland Light Rail Limited (ALRL).

### Key points

- ALRL is awaiting formal notification on whether the proposed name change is proceeding, and whether the directors will be reappointed.
- The proposed name change was deferred by the Cabinet Legislative Committee (LEG) and is pending your direction on whether to resubmit the LEG paper.
- We anticipate the company will be able to be disestablished in approximately six months, so recommend that it continue to operate as Auckland Light Rail Limited until disestablishment.
- The advice provided to your office to submit for consideration at Appointments and Honours (APH) in June (OC240534 refers) can be easily updated to progress these appointments at the next available APH meeting.
- While it is considered best practice that reappointments are made as close as possible to the end of a member's term, the ALRL Board constitution enables members to continue to serve as directors until such time as they are reappointed or replaced. Therefore, there is no technical requirement for you to formally reappoint them.



**Recommendations**

We recommend you:

- 1 **agree** that the proposed name change is not progressed Yes / No
  
- 2 **agree** to either:
  - proceed with reappointments via Cabinet’s Appointments and Honours Committee (APH) and direct the Ministry to re-submit advice for consideration, OR Yes / No
  
  - write to the directors requesting they continue without formal reappointment until ALRL is disestablished. Yes / No




---

David Wood  
**Deputy Chief Executive, Investment & Monitoring**

---

Hon Simeon Brown  
**Minister of Transport**

..... / ..... / .....

- Minister’s office to complete:**
- Approved
  - Declined
  - Seen by Minister
  - Not seen by Minister
  - Overtaken by events

**Comments**

**Contacts**

Name	Telephone	First contact
Andrew Hicks, Principal Advisor, Programme Monitoring & Investment Management	s 9(2)(a)	
David Wood, Deputy Chief Executive, Investment & Monitoring		✓

## OUTSTANDING DECISIONS ON AUCKLAND LIGHT RAIL LIMITED

### Background

- 1 In May 2024 (OC240289 refers), Shareholding Ministers made decisions on a range of matters on ALRL which were then communicated to the ALRL Board (Annex One refers). These decisions included:
  - 1.1 changing the company name;
  - 1.2 advising of the intention to reappoint directors; and
  - 1.3 advising of a revised pool of directors' fees to apply from 1 July 2024 to 30 June 2025.

*Company name change was not supported by Cabinet Legislative Committee*

- 2 On 27 June 2024, the Cabinet Legislative Committee deferred consideration of the company name change and associated orders in council to a future date [LEG-24-MIN 0135]. We have not received further direction from you on whether you wish to take the decision back to the Committee.

*Decisions on director reappointments were not progressed following the deferral of the company name change*

- 3 We provided you and Shareholding Ministers with advice on reappointing the directors, Dame Fran Wilde and Leigh Auton, in June and for consideration by Cabinet Appointments and Honours Committee on 25 June 2024. We understand Ministerial consultation was not completed and the advice was deferred. Following the decision noted above (to defer the decision on the company name change) the reappointments advice to APH has not progressed.

### Outstanding decisions on ALRL

*The decision on whether to progress the name change is still pending*

- 4 Since May 2024, the ALRL Board have been working through the necessary steps to change the company name to Kingsland Crown Property Management Limited. The final step to implement the name change was approval via the Cabinet Legislative Committee (LEG), due to the requirement to update the company name in the Crown Entities Act and the Ombudsman Act. This proposal was deferred.
- 5 We understand the primary concern from the LEG Committee related to the costs involved in updating the name. The original estimated cost \$50,000, but the actual cost was much lower at around \$11,000. The discrepancy was mainly due to more work being done in house and lower than expected legal costs.
- 6 ALRL is still awaiting formal advice on whether the name change is to proceed. ALRL advised us that in the absence of a decision they are continuing to use the ALRL company title. Given the concerns expressed by the LEG Committee, and with the

company expected to be disestablished in approximately six months, there may be little value in revisiting the company's name.

- 7 Should you wish to progress the name change, we would recommend consulting with Shareholding Ministers before putting advice to the LEG Committee to ensure they still support the proposal.

#### *Director reappointments*

- 8 In the letter sent to ALRL directors in May, it was noted that you intended to reappoint both members for further terms and advised them of a revised pool of director fees. Both directors' terms of appointment have now expired, and they are awaiting formal notification of reappointment. As advised previously, we expect it may take up to six months to dispose of the ALRL property and be able to disestablish the company.
- 9 It is considered best practice that reappointments are made as close as possible to the end of a member's term. The advice provided to your office in June can be easily updated to progress these appointments at the next available Cabinet Appointments and Honours (APH) Committee meeting.
- 10 We note that the ALRL Board constitution enables members to continue to serve as directors until such time as they are reappointed or replaced. Therefore, there is no technical requirement for you to formally reappoint them now. We recommend that if you do not wish to take advice to APH to formally reappoint the directors', you write to them to request that they continue to serve until the company is disestablished, noting that this differs from the approach outlined in May.
- 11 We note that under either scenario, the revised director fees are being applied and therefore there is no change in operating costs for ALRL.

#### **Next steps**

- 12 Based on your decisions, we will work with your office to progress your preferred approach, including if required drafting of a letter to directors.

IN CONFIDENCE

**ANNEX ONE: COPY OF MAY LETTER TO ALRL BOARD**

RELEASED UNDER  
THE OFFICIAL INFORMATION ACT 1982

IN CONFIDENCE



Honourable Dame Fran Wilde  
Chair  
Auckland Light Rail Limited  
s 9(2)(a)

Dear Dame Fran

I am writing to notify you of some decisions recently made by Cabinet and Shareholding Ministers and set out the implications for Auckland Light Rail Limited (ALR Ltd) as the company moves towards final disestablishment.

### Intentions on reappointment

Firstly, I want to thank you and Leigh Auton for indicating your willingness to stay in place as directors to oversee the disestablishment of ALR Ltd. I can confirm Shareholding Ministers intend to progress you both for reappointment either through to 30 June 2026 or any earlier date that the disestablishment of ALR Ltd is completed. Ministry of Transport officials will be in touch to finalise matters relating to your reappointment, so that it can be considered by Cabinet's Appointments and Honours Committee.

I note that your terms expire on 30 June 2024 and will endeavour to ensure the reappointment process is completed before that date. Should this not be the case, Clause 7.4(c) of the ALR Ltd Constitution enables directors to continue in office following the expiry of their term.

### Directors' fees for 2024/25

I can also confirm that Shareholding Ministers have approved the pool of directors' fees from 1 July 2024 to 30 June 2025. The total pool of fees approved is \$123,660 per annum, based on there being one director and one Chair on the Board. The ordinary fees are based on a unit rate for directors of \$41,220 per annum, with the Chair receiving twice the unit rate.

It remains the Board's prerogative to determine the allocation of 'ordinary fees' to individual directors. For the avoidance of doubt, it is expected that fees for any vacant Board positions will be excluded from any allocation of the pool of director fees.

s 9(2)(j)

## Company Matters

Cabinet also agreed to change the name of ALR Ltd to reflect its limited functions. Shareholding Ministers have agreed that the name will change to Kingsland Crown Property Management Ltd. I request that the Board agree to this by resolution and work with the Companies Office to implement it. Officials will be working in parallel to change the name in relevant pieces of legislation.

Shareholding Ministers have also decided to grant ALR Ltd a waiver from the requirement to complete a Statement of Intent, and this letter serves as formal notice of that waiver. I note that it is not possible to exempt ALR Ltd from the obligation to complete other accountability documents (for example, the Statement of Performance Expectations and an annual report). I expect ALR Ltd to work with Ministry officials to look for opportunities to streamline these processes as much as possible.

Finally, I understand that ALR Ltd has been considering options for returning a portion of its working capital to the Crown, given that the ongoing needs of the company are lower than they have been previously. Shareholding Ministers expect the Board to propose a return of unneeded capital and to continue to work with officials to implement that return of capital.

Thank you again for your continued work and engagement.

Yours sincerely



Hon Simeon Brown  
**Minister of Transport**

cc: Mr Leigh Auton, Director, Auckland Light Rail Limited  
Audrey Sonerson, Chief Executive, Ministry of Transport