

Proactive Release

This document is proactively released by Te Manatū Waka the Ministry of Transport alongside other Auckland Light Rail Business Case documents. It should be noted that the Auckland Light Rail project was cancelled and will not be progressing in any form. This cancellation occurred before the completion of the Detailed Business Case (of which this document forms a part). This document does not, therefore, represent government policy. This document must not be relied on in any way or treated as a finished product. A complete peer review process has not been undertaken of this document, and any analysis or conclusions contained in this document may contain errors and omissions. The Ministry accepts no responsibility for the consequences of this document being relied upon by any other party, or being used for any other purpose, or containing any error or omission. Some information has been withheld on the basis that it would not, if requested under the

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)

Office of the Minister of Transport
Cabinet Economic Policy Committee

Auckland Light Rail March Report Back

Proposal

- 1 This paper reports back to the Committee on the progress of disestablishing Auckland Light Rail Ltd (ALR Ltd or the Company) as agreed by Cabinet on 18 December 2023 [CAB-23-MIN-0496 refers].

Relation to government priorities

- 2 Stopping work on the Auckland Light Rail Project (ALR Project) was a priority action completed as part of the Government's 100-Day Action Plan released on 29 November 2023. Disestablishing ALR Ltd is a consequence of stopping work.

Executive Summary

- 3 Cabinet agreed to cancel the previous government's ALR Project in December 2023. The primary means of achieving this was to instruct ALR Ltd to cease work immediately, followed by the disestablishment of the Company.
- 4 ALR Ltd was established in October 2022 as a Crown entity company under Schedule 2 of the Crown Entities Act 2004. Its key purpose when established was to undertake the planning and preparatory work for the ALR Project. The Crown owns 100 percent of ALR Ltd.
- 5 As a result of Shareholding Ministers' instructions, ALR Ltd has progressed its wind-up by terminating contracts, making staff redundant, and taking steps to transfer the Company's records and intellectual property to the Ministry of Transport (the Ministry). From 19 April 2024, the Company will have no permanent employees.
- 6 Before initiating the formal steps required to complete its wind-up, ALR Ltd must dispose of land it purchased for \$33 million in September 2023. s 9(2)(b)(ii), s 9(2)(f)(iv)

7 s 9(2)(b)(ii), s 9(2)(f)(iv)

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s 9(2)(f)(iv)

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Progress made on stopping work on the ALR Project

- 12 On 18 December 2023, Cabinet agreed the best method to fulfil the Government's 100-Day Action Plan commitment to cancel the ALR Project was for ALR Ltd to be instructed to cease its work and for the Company to be disestablished.
- 13 Shareholding Ministers made the following decisions to give effect to Cabinet's decisions:
- 13.1 A Letter of Expectation from Shareholding Ministers to the Board of ALR Ltd was sent on 15 January 2024 instructing the Company to cease work on the project and setting out the expectations for managing the disestablishment of the Company.
 - 13.2 ALR Ltd's company constitution was amended, which changed the Company's purpose to managing its disestablishment in a manner that protects the Crown's financial and other interests.
 - 13.3 The Board was reduced from seven to two members, and currently comprises a Chair (Hon Dame Fran Wilde) and Leigh Auton.
- 14 Following receipt of the Letter of Expectation, ALR Ltd initiated the necessary steps to wind down the Company, including:
- 14.1 Undertaking the required consultation with staff before issuing redundancy notices. As of 29 March 2024, only two permanent employees remain at the Company, to support the audit process. These staff members have received their notice, with their permanent employment ending on 19 April 2024.
 - 14.2 A process to terminate the Company's contracts. Eighty-three (83) contracts have been terminated, including the Project Alliance Agreement (PAA) between ALR Ltd and Aurecon and Arup.
 - 14.3 Working closely with the Ministry to manage the transfer of the Company's intellectual property to the Ministry.
- 15 Some of the steps that need to take place before ALR Ltd is formally liquidated and struck off the Companies Register include:

- 15.1 resolving residual invoices,
 - 15.2 completing a final audit,
 - 15.3 completing a final annual report, and
 - 15.4 clearance by Inland Revenue to finally wind-up the Company.
- 16 Many of these steps cannot occur until the close of the financial year in which the Company is fully disestablished.

ALR Ltd's property holding

17 Consistent with the previous Government's direction, ALR Ltd acquired the Kiwi Bacon Factory at 317-319 New North Road, Kingsland, Auckland in September 2023 for the proposed ALR Project. This land was the only property acquired by ALR Ltd before the decision to cancel the ALR Project.

18 s 9(2)(b)(ii) [REDACTED] It was bought by ALR Ltd for \$33 million through a competitive tender process. The purchase was within parameters established by the then Cabinet and the former Shareholding Ministers. The property consists of land and a building rented to a mix of commercial tenants. Along with its carpark, the property has an s 9(2)(b)(ii) [REDACTED]

19 Shareholding Ministers s 9(2)(b)(ii), s 9(2)(f)(iv) [REDACTED]

20 s 9(2)(b)(ii), s 9(2)(f)(iv) [REDACTED]

21 [REDACTED]

22 [REDACTED]

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s 9(2)(b)(ii), s 9(2)(f)(iv)



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Management of the Company pending disposal of the land

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s 9(2)(b)(ii), s 9(2)(f)(iv)



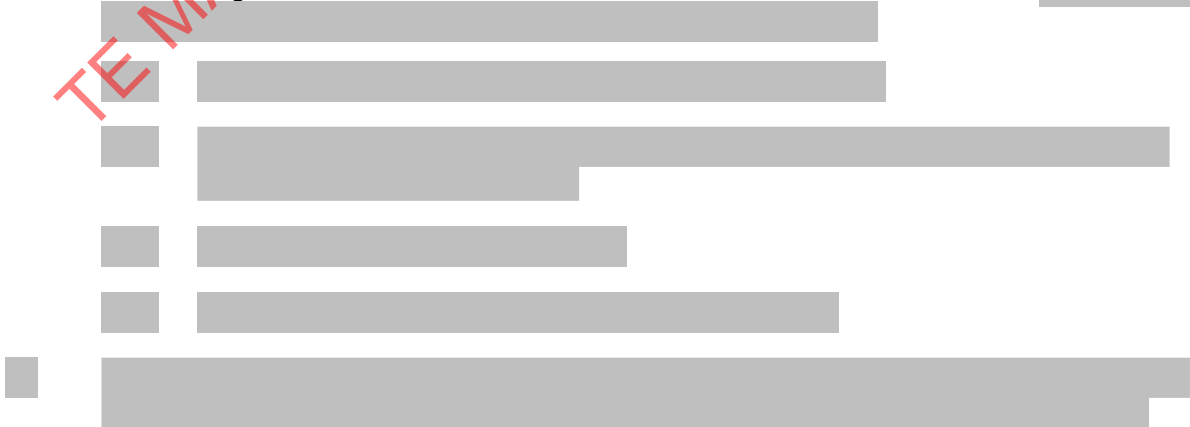
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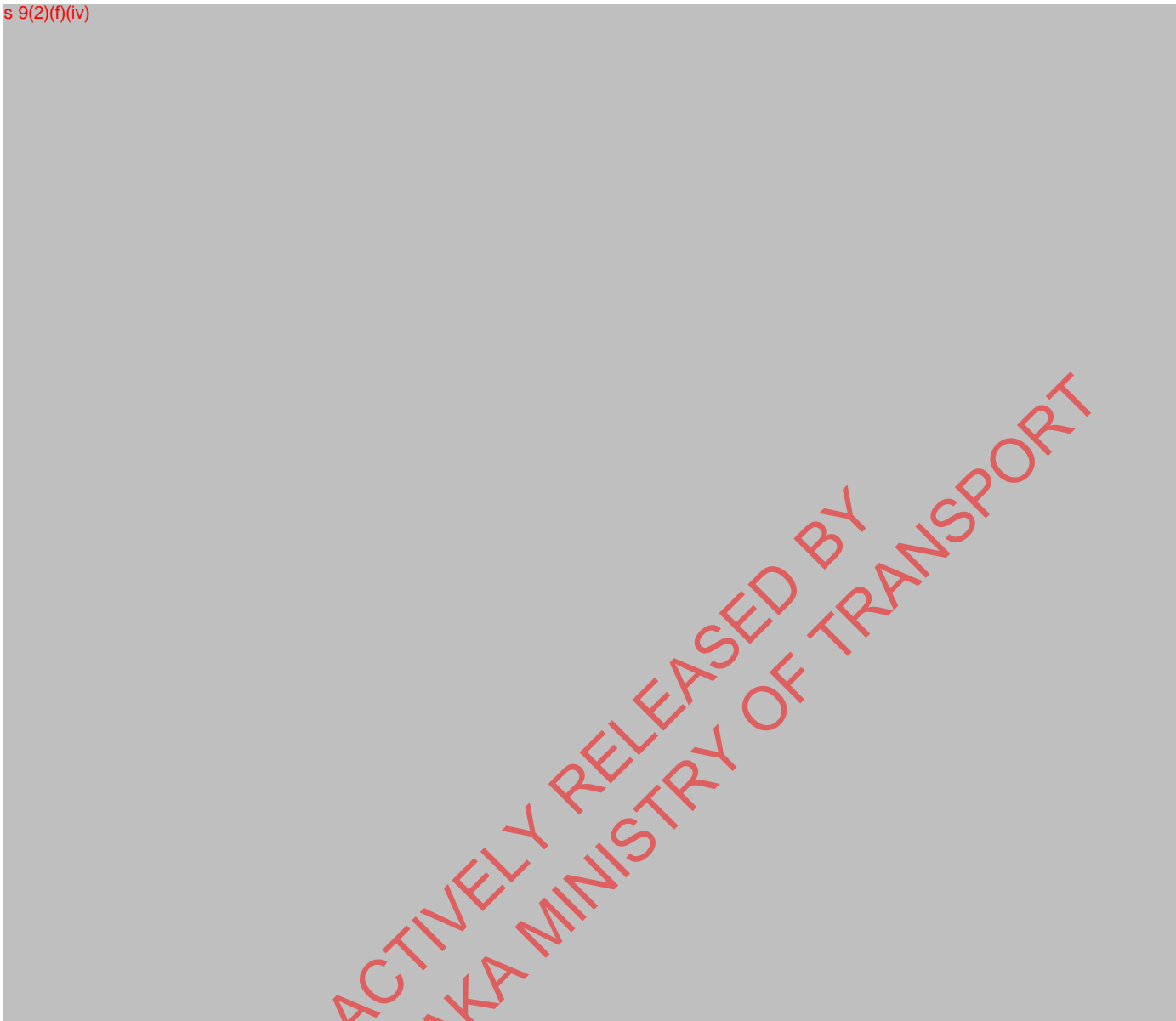
Ongoing Company Board composition

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I have been considering options for how to structure the Board of the Company – Cabinet agreed in December 2023 to reduce the Board to two directors. s 9(2)(f)(iv)



s 9(2)(f)(iv)



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Financial Implications

34 There are no direct financial implications from this paper. Officials advise that existing funding for ALR Ltd will be sufficient to fund disestablishment.

35 Cabinet has already agreed to return \$98 million of surplus funding in the Auckland Light Rail Strategic Land Acquisition appropriation as part of the initial decision to disestablish the ALR Project. s 9(2)(f)(iv)



36 s 9(2)(b)(ii), s 9(2)(f)(iv)



Legislative Implications

37 s 9(2)(f)(iv)



38 In addition, once the Company is finally wound up and removed from the Companies Register, it will need to be deleted from the schedules of the Crown Entities Act and Ombudsmen Act by Order in Council.

Regulatory Impact Statement

39 There are no regulatory impacts associated with this paper.

Human Rights

40 This proposal is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

41 LINZ, the Public Service Commission, the Treasury and MHUD have been consulted on this paper and agree with the recommendations. The Department of Prime Minister and Cabinet has been informed.

Proactive Release

45 The Ministry will proactively release this paper within 30 business days of final decisions being made by Cabinet subject to redactions to protect sensitive information.

Recommendations

I recommend that the Committee:

1 **note** that as at 31 March 2024 all major contracts entered into by Auckland Light Rail Limited have been terminated; all staff have been made redundant with the exception of two; and its operations reduced to accommodate audit and Crown Entities Act 2004 compliance activities, the management and disposal of the its land, and final wind-up activities;

2 s 9(2)(b)(ii), s 9(2)(f)(iv)

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4 **note** that, until the wind-up is complete, Auckland Light Rail Limited will continue with its existing Board, with no permanent staff from the end of April, and with its remaining functions expected to be met from the rental income of its land;

5 s 9(2)(f)(iv)

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s 9(2)(f)(iv)

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Authorised for lodgement

Hon Simeon Brown

Minister of Transport

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