



## Ministry of Transport: Aide Memoire

**To:** The Minister of Transport  
**From:** Amelia East  
**Date:** 27 January 2020  
**Subject:** Briefing on recommendation and next steps  
**OC Number:** OC200048  
**Classification:** Commercial in confidence

### Purpose of this aide memoire

1. This report provides a briefing for the Minister on the City Centre to Mangere (CC2M) Light Rail project.
2. This briefing covers the following key items:
  - **Status of the Process**
  - **Outcome of the Evaluation Process**
  - **Timeframe leading to Cabinet Decision**
  - **Process after Cabinet Decision**
  - **Key Messages**
3. All matters raised in this briefing are commercial in confidence and are for note. No decisions are required.

### Status of the Process

4. Both Respondents submitted compliant Proposals in answer to the Response Requirements Document (RRD) on 29 November.
5. These Proposals were then comprehensively reviewed by five Subject Matter Evaluation Teams (SMETs): Commercial and Financial, Technical, Service Delivery, Iwi and Stakeholder Engagement, and Key Outcomes Narrative and the due diligence teams.
6. The SMETs had four to six members each from across local government, central government and the private sector. Members were selected based on their personal experience and knowledge, rather than as a representative of their agency. Each SMET member reviewed the relevant sections of the Response Requirements

Proposals and individually scored their evaluation criteria. They then came together as a SMET and moderated their scores into a single agreed score. The due diligence teams were made up of professional suppliers and created DD Reports (legal, policy, pricing and probity).

7. The SMET Reports and DD Reports were then considered by the Overall Evaluation Team (OET). This was made up of Sarah Sinclair (Chair Minter Ellison Rudd Watts), Fiona Mules (independent consultant), [REDACTED] (professional director), [REDACTED] (independent consultant), Bryn Gandy (Ministry of Transport), and Amelia East (Ministry of Transport).
8. Evaluation of the Proposals was completed on 24 January 2020, when the Overall Evaluation Team (OET) provided its recommendation to the Secretary for Transport on 24 January 2020 (the OET Report).
9. The Ministry has also developed advice on the Policy and System Issues that are raised by the Respondents (the Policy Report).
10. The Secretary for Transport will consider both the OET Report and the Policy Report before making his final recommendation to Ministers.
11. This briefing only covers the OET recommendation as the Secretary for Transport has yet to engage with partner agencies on the material contained within both the reports to help inform his eventual recommendation.
12. The Secretary for Transport has a meeting planned with the ALR Advisory Group (Auckland Council; Auckland Transport; the Treasury; Ministry of Housing and Urban Development; Ministry for the Environment; Kainga Ora; State Services Commission) to discuss the reports on 29 January 2020 and gain input into his recommendation.
13. The ALR Advisory Group members who are not central government agencies (Auckland Transport, Auckland Council, Kainga Ora and KiwiRail) will not be told the recommendation of the OET, nor have any price information disclosed. Instead, the discussion will focus on the strengths/weaknesses/opportunities/issues of each Respondent.
14. The Secretary for Transport has a meeting scheduled with the Minister on the 30 January 2020 and will be able to provide more certainty on his final recommendation at this meeting having completed his consultation process. The recommendation of the OET may not align with the recommendation from the Secretary for Transport following his overlay of the Policy Report and his consultation with ALR Advisory Group members.

#### Outcome of the Evaluation Process

15. [REDACTED]
16. [REDACTED]

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17. [Redacted]

18. [Redacted]

19. In coming to its recommendation, the OET considered each SMET Report, and associated materials, and discussed the strengths and weaknesses of the Proposals, including whether the due diligence reports changed the relative evaluation of the Proposals.

20. [Redacted]

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- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

21. The evaluation process has highlighted that New Zealand’s current settings are not well suited for delivering a large, brownfield, mass rapid transit and urban development projects. Changes and investments are considered necessary, regardless of which Respondent is selected as the Preferred Delivery Partner. This is most likely to be achieved through Project specific enabling legislation.

22. The policy process has also evidenced that there are some issues Ministers will need to consider when making their decision, as Cabinet’s view on these may have an influence on the ultimate decision.

23. [Redacted]

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**Timeframe leading to Cabinet Decision**

24. To get to agreement of a Preferred Delivery Partner, the following dates show the current Project plan

Date	Action
24 Jan	OET Report presented to the Secretary for Transport
27 Jan	Update report sent to the Minister of Transport
27 Jan	Materials circulated to the ALR Advisory Group

29 Jan	ALR Advisory Group
30 Jan	Meeting with the Minister to discuss agency feedback and recommendations
3-5 Feb	Cabinet paper consultation
14 Feb	Cabinet Paper sent to Minister for feedback
17 Feb	Ministerial Oversight Group Meeting 1 (8.15am)
19 Feb	Ministerial Consultation on Cabinet Paper
24 Feb	Ministerial Oversight Group Meeting 2 (8.15am)
5 March	Lodge for DEV
11 March	DEV
16 March	Cabinet

**Process following Cabinet Decision**

- 25. Once Cabinet appoints a Preferred Delivery Partner, then an exclusive negotiation period would commence - targeting an initial agreement within 6 months. We would need delegation from Cabinet to enter into this agreement if we are to meet this timeframe.
- 26. During this period, whilst there will still be some confidential discussions – there will be much more public visibility on the project. We have yet to confirm what mobilisation activities will take place in 2020 but will include stakeholder engagement on the preferred route alignment.
- 27. Given its oversight and in-depth knowledge of the RRD process, the Respondents and the Proposals, the OET considered that the Ministry and existing team is likely to be the Crown agency best placed to manage the exclusive period. During this time, the Crown can decide what is the optimal enduring structure for this Project and define all the Crown, Council and Stakeholder relationships including contract agreement, decision making, governance and oversight.

28. [Redacted text block]

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**Key Messages**

- 29. NZ Infra and NZTA are both likely to try and establish whether they are the Preferred Delivery Partner prior to any formal decision. We would advise caution on any interactions you have with either Respondent between now and the Cabinet decision and the Ministry can provide official support to any meetings if required.

30. Media and stakeholder interest in the Auckland Light Rail announcement is likely to increase over coming weeks and we are starting to see this shift already.
31. Until a Preferred Delivery Partner is decided by Cabinet, the Ministry will continue to work with the office to ensure communications are co-ordinated. The Ministry is developing a communications and stakeholder engagement plan for the coming weeks leading into the Government's announcement and will consult with the Minister's office on this plan. This will include risk planning in the event of information being leaked.
32. The main risk until a decision is made is the appearance of favouring one Respondent over the other and that could ultimately lead to a legal challenge. A further risk is the perception that the Minister has seen the Proposals before the Secretary for Transport has provided an official briefing within the agreed process.
33. The Proposals also contained detail that might be different to that previously known [REDACTED] and we would not want to prejudice or compromise our negotiation position by making public statements.

### Recommendations

- (a) **note** the content of this briefing. Yes/No

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