

## Office of Hon Phil Twyford Member of Parliament for Te Atatū

Minister of Transport
Minister of Housing and Urban Development

## Cabinet Oral Item Talking Points

Date: Monday 17 December

Oral item: Light rail procurement

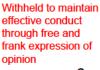
Portfolio: Transport

## Talking points:

Auckland Light Rail – Considering NZ Superfund's proposal

- You will be aware that the Government has received an unsolicited proposal by a consortium of the New Zealand SuperFund (NZSF) and Caisse de depot et placement du Quebec (CDPQ¹) to fund, deliver and operate light rail in Auckland. This proposal was received in April 2018.
- The proposal is framed as a Public Public Investment model, with the NZSF/CDPQ entering into a joint venture which would partner with the Government.
- 3. The NZTA is leading our work on the planning, procurement and delivery of light rail, and is currently developing a business case for the initiative. The NZTA have undertaken initial market soundings, and have assessed the consortium's initial JV proposal. The NZTA have considered the proposal following MBIE's guidance on unsolicited proposals, and from the perspective of their own operating principles.
- 4. In addition, and separate to NZTA's process, the Ministry of Transport and the Treasury have provided me with advice on the merits of the Government considering NZSF/CDPQ's alternative approach for the planning, procurement and delivery, and operation of the project.
- 5. On advice from officials, I have met with the consortium and have had a presentation on their proposal. The consortium's proposal has been further developed, and it is presenting as a potentially credible alternative offering. It offers a different approach both in terms of design and in terms of funding and

<sup>1</sup> A Canadian institutional asset manager. CDPQ Infra is a wholly owned subsidiary of CDPQ, and is leading the delivery and operations of light rail in Montreal. The Montreal light rail network is under construction.



6.

7.

Withheld to protect the confidentiality of advice tendered by Ministers or officials and to enable a Minister, Department or other organisation to carry on negotiations without prejudice or disadvantage



Withheld to protect the confidentiality of advice tendered by Ministers or officials and to enable a Minister,

the confidentiality

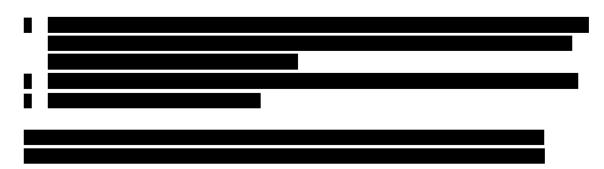
8.

by Ministers or officials

Department or other organisation to carry on 9. negotiations without prejudice

or disadvantage

Withheld to protect the confidentiality of advice tendered by Ministers or officials and to enable a Minister, Department or other organisation to carry on negotiations without prejudice or disadvantage



## Next steps

- 10. I am of the view that the NZSF/CDPQ JV could be a credible alternative to fund, deliver and operate light rail in Auckland. However, there are significant unknowns and risks, and more needs to be done to test the offering.
- 11. I have therefore asked officials to continue with their assessment of the NZSF/CDPQ JV and provide a full assessment that will enable us to decide how to proceed. Officials will provide advice to us in March, which is a challenging timeframe.
- 12. The advice in March will allow us to evaluate the merits of the proposal in a more detailed way, and to determine our next steps. Indicatively, our choices may be to either:

Withheld to protect the confidentiality of advice tendered by Ministers or officials and to maintain effective conduct through free and frank expression of opinion



- 13. Ministry of Transport and Treasury officials will work closely with both the NZSF/CDPQ consortium and the NZTA in carrying out this work.
- 14. In the meantime, the NZTA will continue with its existing programme of work. Officials will work with the NZTA to consider any impacts of the two exercises proceeding in parallel.