

## Speaking notes for DEV: Progressing our plans for the delivery of light rail in Auckland

### Key points:

- Through the Auckland Transport Alignment Project (ATAP) we have, with Auckland stakeholders, developed a comprehensive 30 year plan to address Auckland's well-known transport problems. [CAB-18-MIN-0169 refers]
- Through ATAP we have developed a transformative package of investments across road, heavy rail, light rail, buses, and walking and cycling. This package is based on many years of research by Auckland Transport, Auckland Council and the NZTA.
- Light rail is a key plank of this package – it will provide a rapid transit spine across the city which connects employment centres (city to airport), and it will unlock housing and urban developments along the corridor.
- ATAP CEs have emphasised that progressing light rail in Auckland is an increasingly pressing priority – it is critical to unlock productivity, address congestion, and to provide attractive alternative public transport for people.

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### *Work to date and the two proposals*

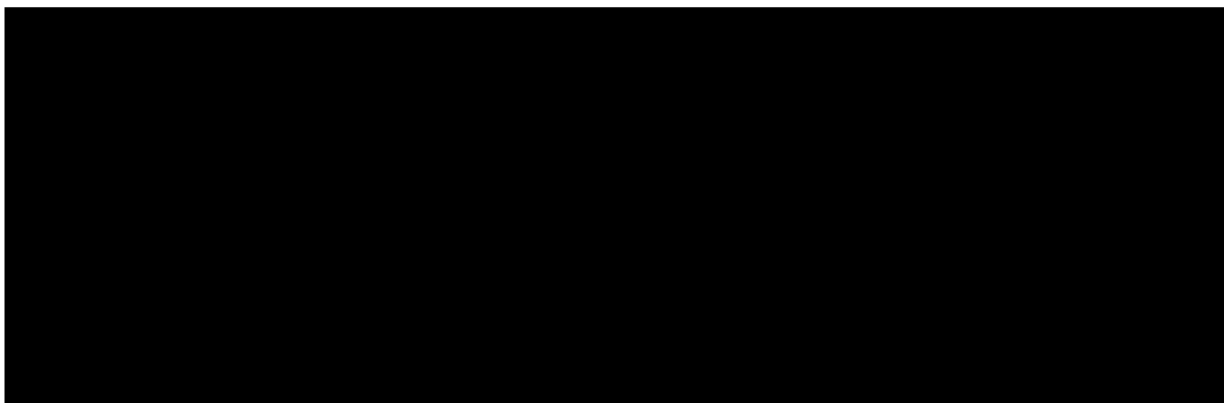
- Considerable work has happened to date, with NZTA leading a single stage business case [DEV-18-MIN00059 refers]. This business case is advanced,
- NZTA has indicated that it could further enhance its business case, and I would like to allow them to do so – it is important that they have the ability to put forward the best case which meets our objectives for the project.
- We always anticipated that project, as a revenue earning asset in its own right, would make it a likely candidate for alternative financing arrangements. And, under current GPS settings, approximately \$1.8bn has been earmarked for the city centre to Mangere (CC2M) project in the first decade. Alternative funding and financing (which may include a variety of tools including a PPP, or a grant, loan, and other revenue sources such as land value capture, a

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contribution from the Council) is required. NZTA are considering options for funding and financing.

- NZ Infra have offered an alternative model for the financing, design, construction, operation and ownership of light rail in Auckland. NZ Infra is a consortia of the New Zealand Super Fund and CDPQ, a Canadian pension fund.
- NZ Infra's model is credible, and it has appealing features. However, it is also an entirely new model for the financing, delivery and ownership of a core transport asset.

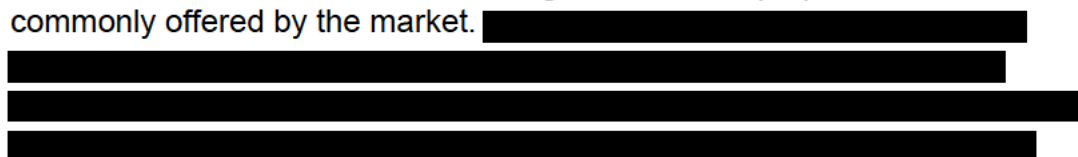
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### *My proposed next steps*

- Both proposals, from NZTA and NZ Infra, are worth further development and consideration. This will allow us to consider two robust proposals, and to compare them.
- Both have strengths. NZTA offers a high level of control and public ownership over a public asset, and offers more seamless integration of the asset into the Auckland transport system.
- NZ Infra, offers an innovative financing and ownership option that isn't commonly offered by the market. [Redacted]
- In this context, we need to explore the merits of each in more detail. My preferred approach is to initiate a parallel process over the next 4 – 6 months involving:
  - *Developing and enhancing the NZTA business case.*

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[Redacted text block]

- *Undertaking further discussions with NZ Infra to develop a draft MOU and high level terms sheet.*

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[Redacted text block]

- On the completion of the 4 – 6 months, I will report back to Cabinet with my findings, so that we can make further decisions. [Redacted]

[Redacted text block]

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