



21 January 2022

OC220011 / T2022/52 / BRF21/22011215

Hon Michael Wood
Minister of Transport

Action required by:
Wednesday, 26 January 2022

Hon Grant Robertson
Minister of Finance

Hon Dr Megan Woods
Minister of Housing

OC220011 / T2022/52 / BRF21/22011215 AUCKLAND LIGHT RAIL BOARD APPOINTMENTS: CONFIRMATION OF POSITION DESCRIPTION AND SKILLS MATRIX

Purpose

Seeks your approval to the skills matrix and position description for the new Auckland Light Rail (ALR) Board, to enable advertising for the roles immediately after public announcement of Cabinet decisions on the project.

Key points

- Appointing the new Auckland Light Rail (ALR) Board will be a key step for the next phase of the ALR project. Your appointment decisions will be crucial as a high performing board providing effective governance is a critical enabler for strong entity performance.
- To enable the appointments to be publicly listed immediately after the announcement of Cabinet's decisions, we require approval of the draft skills matrix and position description (**attached at Appendix One**).
- The skills matrix and position description focus on what is required to successfully deliver the detailed planning phase of the project. The intent is for the ALR Board to endure over the remaining phases of the project, being responsible for the permanent entity once that is stood up, with continuity of membership.
- Transitioning from the existing board to the new will be a process that occurs over time. This needs to be managed to ensure momentum of the project is not lost.

- The immediate focus must be on appointing the Chair of the new ALR Board, as this will provide leadership to the project and act as a drawcard to candidates for other roles on the ALR Board.

We recommend you:

	Minister of Transport	Minister of Finance	Minister of Housing
1 approve the position description and skills matrix to be used by the Ministry of Transport in the recruitment process for the ALR Board	Yes / No	Yes / No	Yes / No
2 agree to the Ministry of Transport initiating advertisements and a proactive search for the ALR Board immediately following the Government's public announcement of the next phase of the Auckland Light Rail project expected in the next few weeks	Yes / No	Yes / No	Yes / No
3 agree in principle that the ALR Board will be comprised of five to seven members	Yes / No	Yes / No	Yes / No
4 agree in principle that ALR Board members will be appointed for at least a two-year period	Yes / No	Yes / No	Yes / No
5 agree to the Chair of the ALR Board being the Senior Responsible Office for the transitional phase of the ALR project	Yes / No	Yes / No	Yes / No
6 agree to te ao Māori being embedded as a competency and value within the ALR Board as opposed to having a mana whenua representative on the ALR Board	Yes / No	Yes / No	Yes / No
7 invite the Minister of Transport to meet with officials to discuss the content of this briefing, including any continuity of involvement from the existing Establishment Unit Board after the new ALR Board is in place	N/A	Yes / No	Yes / No

	Minister of Transport	Minister of Finance	Minister of Housing
8 advise of any alternative actions you wish the Ministry of Transport to take in relation to ALR Board appointments	Yes / No	Yes / No	Yes / No



Gareth Fairweather
Acting Director, System Strategy and Investment, Ministry of Transport

21 / 01 / 2022



Rebecca Maplesden
Manager, Places and Partnerships, Ministry of Housing and Urban Development

21 / 01 / 2022



David Taylor
Manager, National Infrastructure Unit, The Treasury

21 / 01 / 2022

Hon Michael Wood
Minister of Transport

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Hon Grant Robertson
Minister of Finance

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Hon Dr Megan Woods
Minister of Housing

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Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Gareth Fairweather, Acting Director System Strategy & Investment, Ministry of Transport	s 9(2)(a)	
Chris Gulik, Auckland Strategic Adviser, Ministry of Transport		
Jono Reid, Principal Adviser, Governance, Ministry of Transport		✓
Ben Wells, Senior Analyst, the Treasury		
Mary Barton, Senior Policy Advisor - Places and Partnerships, Ministry of Housing and Urban Development		

PROACTIVELY RELEASED BY
TE MANATŪ WAKA MINISTRY OF TRANSPORT

AUCKLAND LIGHT RAIL BOARD APPOINTMENTS: CONFIRMATION OF APPROACH, POSITION DESCRIPTION AND SKILLS MATRIX

Cabinet has agreed to a new governance structure for the Auckland Light Rail project

- 1 In December 2021, Cabinet agreed to progress the Auckland Light Rail (ALR) project into a detailed planning phase (CAB-21-MIN-0531 refers). As part of this, Cabinet agreed that:
 - 1.1 the Minister of Transport, Minister of Finance and Minister of Housing will act as the project sponsors alongside representation from Auckland Council and mana whenua. These Ministers (yourselves), in consultation with Auckland Council and mana whenua, are given delegation to take decisions as required in relation to setting up these governance arrangements
 - 1.2 a Crown-established competency-based project board will be appointed by Cabinet as one part of the governance arrangements. A fee exception was likely to be sought as part of the appointment process, given the complex nature and competency requirements sought for the ALR project
 - 1.3 that Cabinet will appoint the competency-based board for the next phase, and for the Minister of Transport, Minister of Finance and the Minister of Housing to prepare a paper for consideration by the Cabinet Appointments and Honours Committee
 - 1.4 the Ministry of Transport (the Ministry), the Treasury, and the Ministry of Housing and Urban Development (MHUD) will jointly develop the governance arrangements, assurance and monitoring framework and the accountability mechanisms for the next phase of work, and set up the ALR Unit to take forward further business case, technical, design and masterplanning work

In doing this, the Cabinet paper establishes an expectation that officials should work with a number of parties to refine and confirm the governance arrangements, including Auckland Council, mana whenua, Auckland Transport, Kāinga Ora, Waka Kotahi, Te Waihanga Infrastructure Commission, and the Establishment Unit.
- 2 Following Cabinet's decision, guidance was sought from the Ministers of Transport and Finance on the approach to appointing ALR Board members, including a draft skills matrix and position description (OC211006 refers). This guidance was a priority for work to implement the new organising model. This paper also enabled the Minister of Transport to provide clarity to the current Establishment Unit Board members on the process going forward following Cabinet's decision and before the new ALR Board is appointed.

The functions of the ALR Board, and individual board members, will have a significant bearing on the shape and success of the detailed planning phase

- 3 Board appointments are one of the strongest influences that Ministers have in ensuring that Crown entities and companies deliver against the Government's priorities and desired outcomes. As ALR will be New Zealand's largest infrastructure project, and one of the largest single investments in rapid transit to date, the decisions made by the ALR Board over the course of the detailed planning phase will be a key factor in determining the long-term success of the project.
- 4 The composition of skills and expertise on the ALR Board is therefore a critical decision that Ministers will need to make at the outset of the detailed planning phase. As the project progresses beyond planning and into construction, it is also appropriate to consider how the ALR Board could evolve to guide the entity that will be established to deliver the project.
- 5 To enable the process to appoint the ALR Board to commence immediately after public announcements, officials from the Ministry, the Treasury and MHUD have worked together to prepare a position description and skills matrix for your approval (**Appendix One**).
- 6 These documents are central to the appointment process, needed to guide the search for potential candidates and support candidate shortlisting.
- 7 The skills matrix and position description include the following key features:
 - 7.1 **A focus on achieving the desired transport and urban development outcomes.** This goes to the heart of providing project specific competency-based knowledge and experience on the ALR Board and is consistent with the intent of the Cabinet paper to progress the project as an integrated urban development and transport project.
 - 7.2 **Navigating complex issues within the context of central and local government, while working collaboratively with a range of partners.** One factor driving complexity of the ALR project is the number of central and local government agencies that must be involved, each with their own interests and priorities. There remain a number of Crown and council decisions to be made in the detailed planning phase, and the ability for the ALR Board to effectively navigate this landscape is critical.
 - 7.3 **A focus on project governance as opposed to company governance.** While the ALR Board does have some financial responsibilities, at this stage it does not have the same legal responsibilities that a Crown entity or company possesses. As such the competencies focus on what is required to deliver the detailed planning phase, including a compliant business case, rather than on oversight of internal matters such as corporate services. As the project evolves, it is envisaged that the competency matrix will be revised to reflect governance requirements needed at each stage.

7.4 **Embedding te ao Māori values, knowledge and skills on the ALR Board.** A finding from the engagement undertaken by the Establishment Unit with mana whenua was that mana whenua wish to be involved at all levels of decision-making. However, as the ALR Board is skills-based and not a representative forum, it is proposed that te ao Māori skills, capabilities and understanding is sought generally across the ALR Board, as opposed to seeking a mana whenua representative. Mana whenua representation will be present in the organising model, with representative/s as Sponsors alongside the Crown and council.

7.5 **Emphasis on working with communities and consultation.** The detailed planning phase will continue to require engagement with stakeholders and the community while the final parameters of the project are defined.

- 8 The draft skills matrix indicates how these competencies could be represented by board members. We expect that these competencies could be represented by a five to seven-member board. This number balances both the desire for decisions to be made at pace (more likely to be achieved through a smaller, technically focused board), with the need for a configuration that reflects the broad range of skills required.
- 9 The ALR Board is being established to endure across the phases of the project and into the new permanent delivery entity. This provides a degree of certainty to prospective ALR Board members and ensures that there is continuity of knowledge and relationships to the benefit of the project. This also means that ALR Board members will have 'skin in the game' for the longer-term project decisions.
- 10 The mix of skills needed across the different phases of the project will change to some degree as the project progresses, for example when a new permanent entity is stood up and following a final investment decision. For example, a greater focus on procurement and construction expertise will be needed at later stages.

s 9(2)(f)(iv), s 9(2)(g)(i)

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It is proposed the Chair of the ALR Board is the Senior Responsible Owner

- 12 Recognising the significant Crown decision making that needs to take place in the detailed planning phase, the Gateway Review recommended that the Senior Responsible Officer (SRO) should represent sponsors and expects a senior official from one of the sponsor agencies to be appointed. Officials have considered this option alongside others and recommend that instead the SRO is the Chair of the ALR Board. This should be reassessed once the new permanent entity has been stood up.
- 13 The purpose of the SRO is to be ultimately accountable for the delivery of the project and for ensuring the project meets its objectives, delivers the projected outcomes, and realises the required benefits. In the context of the detailed planning phase this would be the delivery of the business case to inform Crown and council decision making, including final investment decisions.
- 14 The Chair has the most direct line of accountability between the Project Director and Sponsors. A senior official from a sponsor agency does not have this direct line of accountability as the Project Director does not report to them.
- 15 The Chair would have the greatest capacity to identify and direct resources as required to ensure project milestones and outcomes are achieved and can do so across the breadth of project outcomes (such as urban development and transport).
- 16 The Chair of the Sponsors Forum, working with other forum members, will play the role of SRO until the ALR Board Chair is appointed.

A range of views have been sought in the development of the skills matrix and position description

- 17 The skills matrix and position description have been developed in close collaboration with the Ministry, the Treasury and the Ministry of Housing and Urban Development, and Auckland Council. This included the consideration of the documents by the ALR Sponsors Forum, with representation of senior officials from these agencies.
- 18 Additional consultation has taken place with the Establishment Unit, the Chair of the Establishment Unit Board, and Te Waihanga Infrastructure Commission.
- 19 Feedback has been constructive, broadly supportive and is reflected in the draft skills matrix and position description.
- 20 We recognise the need to have mana whenua input on the ALR Board appointment process. Officials have reached out to Karen Wilson and Ngarimu Blair, mana whenua representatives on the current Establishment Unit Board, to seek this input but have been unable to arrange a meeting at this stage. We will continue to seek their views throughout this process.
- 21 Draft versions of the position description and skills matrix were provided to the Minister of Transport and Minister of Finance in December 2021 for initial feedback. General support for the content was given.

The transition to the new ALR Board will need to be managed in phases

- 22 The Cabinet paper was clear that until the time the new ALR Board has been established, the current Establishment Unit Board will continue to operate. You wrote to the Chair and other Establishment Unit Board members in December 2021 setting out your expectations of the current board during this transition period.
- 23 A plan for this transition period is being developed by officials and the Establishment Unit as part of the scoping work for the detailed planning phase. We will keep sponsors informed of this.

Continuity of representation in governance across the project's phases needs to be considered

- 24 Some continuity of existing membership will be important as we transition to the new ALR Board. Continuity will help ensure that momentum and certainty is maintained, carrying project knowledge from one phase of the project into the next.
- 25 A strong lever of continuity built into the new organising model is that four of the twelve members on the current Establishment Unit Board will transfer to the Sponsors' Forum (representatives from the Ministry, the Treasury, Auckland Council and Te Waihangā Infrastructure Commission). The purpose of the Sponsors' Forum is to provide a second stream of advice to the Crown alongside the new ALR Board, with a particular focus on system stewardship and broader government and council priorities.
- 26 There are options to consider regarding continuity and/or further involvement of other existing members of the Establishment Unit Board as we transition to the new ALR Board. With regards to the role of Leigh Auton, the existing Chair, Mr Auton has expressed an interest to continue in some capacity. Any continuity of Mr Auton would have to be in the context that the new ALR Board is skills based. The Ministry of Transport invites the Minister of Transport to discuss this with officials in the first instance.
- 27 There are other considerations to be made regarding the continued involvement of existing board members. For example, this includes the consideration of whether it is appropriate to continue to have political representation at the level of project governance (as opposed to sponsor level governance). Ministers will have options in this space and will receive advice from officials on this matter shortly.

Phasing of ALR Board appointments

- 28 We will be engaging a recruitment consultant (Kerridge & Partners) to support us in the board appointment process. Their advice is that different candidates are likely to bring a unique mix of skills to the ALR Board, and that getting the right mix of skills is a careful balancing act. The phasing of the appointments onto an inaugural board is considered more likely to get the best result from this careful balancing act.

- 29 The Chair is the critical appointment. This appointment will act as a drawcard to candidates for other roles on the ALR Board. It is the key appointment for transitioning to the new ALR Board and leading the project into and through the detailed planning phase. This would also enable the Chair to be involved in the appointments process for the remaining ALR Board members, better supporting an effective mix of styles and personalities on the board.
- 30 Appointing the Chair first is a common practice amongst many inaugural boards and there are many examples of this occurring across Government. For example, Sir Brian Roche was appointed as Chair of both City Rail Link Limited and the Kāinga Ora Establishment Board in advance of other member appointments.
- 31 Appointing the full ALR Board by April 2022, as per the direction from the Cabinet paper, is incredibly ambitious, especially given the timing of public announcements of Cabinet's decisions on the project, as well as the challenges presented in securing the right balance of skills on the ALR Board and in providing continuity across the phases of the project. Officials propose the focus should be on securing the appointment of the Chair by April, with the remainder of the ALR Board to follow as soon as practically possible.
- 32 Further thought will be given to other approaches that can be taken to ensure a timely and smooth transition to the new ALR Board, and officials will advise on this in due course.

We intend to work with a recruitment consultancy through the search process

- 33 The Ministry, the Treasury and MHUD have set up relationships and processes to work collaboratively throughout this appointments process.
- 34 We have initiated engagement with Kerridge & Partners, a recruitment consultancy that specialises in governance appointments. Kerridge & Partners are one of the leading firms in this space. Using Kerridge & Partners, we expect to gain a wider reach to the specialist pool of candidates required on the ALR Board, and to enable the appointments process to work at pace.
- 35 In addition to the services provided by Kerridge & Partners, we recommend advertising the ALR Board roles through the Ministry's established appointment channels. This will be through seeking nominations through the Treasury database, public sector nominating agencies¹, and through publishing the advert on our website and LinkedIn page. We will then work with Kerridge & Partners to finalise a list of proposed interviewees for your consideration.
- 36 We continue to work with Kerridge & Partners to shape up the services they will offer us and formalise the arrangement. Whilst working with Kerridge & Partners, the policy

¹ Ministry for Women, Ministry for Pacific Peoples, Te Puni Kōkiri, Ministry for Ethnic Communities, Office for Disability Issues.

agencies will retain ownership of the entire process, including the formulation of advice to yourselves and the interview process. The interview panel will be comprised of senior officials from the Ministry, the Treasury and MHUD. We are also considering the benefits of an independent member (such as an experienced Crown Entity Chair) assisting with the interview process.

Next Steps

- 37 Advertising for the ALR Board will begin immediately following the public announcement of Cabinet's decisions. As noted in the briefing to you in December, we expect to work through Kerridge & Partners to begin the search for candidates on a confidential basis prior to the announcement. The active search and advertising will take place for up to a month. You will receive a candidate shortlisting briefing in March 2022.
- 38 The Cabinet paper noted the expectation that an exception to the Cabinet Fees Framework was likely to be sought for ALR Board members given the scale and complexity of the project. Officials are continuing to work through the process of recommending appropriate fees for the ALR Board Chair and members and will bring this to you for a decision shortly.

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