



17 December 2020

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**Hon Michael Wood**  
**Minister of Transport**

cc Hon Grant Robertson  
Minister of Finance

### **Taking the City Centre to Māngere project forward through a Programme Office**

#### **Purpose**

Inform you of the intended function of the proposed CC2M Programme Office and the activities. It would undertake to support key decisions on the Project.

#### **Key points**

- Ministers have a series of important decisions to make on the scope of the City Centre to Māngere (CC2M) Project, including in relation to mode and route alignment, the nature of a delivery entity, funding and finance arrangements and policy settings.
- A number of activities can provide the information needed to make these decisions, including stakeholder engagement, technical analysis and design development, transport network and land use planning, and policy development.
- A mechanism is needed to coordinate and streamline these activities in a way that draws on the capability, roles and wider responsibilities of central and local government agencies. We recommend that this is achieved by following a business case process, which will ensure that project decisions are enduring and prudent.
- Setting up the Programme Office to lead this work will allow the business case process to be planned, coordinated and completed effectively. This requires staff with specialist expertise from ATAP partners, Ministry of Housing and Urban Development and Kāinga Ora, but also significant input from specialist technical consultants.

- The Programme Director and the Senior Responsible Owner will set the direction of the Programme Office, supporting Ministerial decision making and project governance. These roles should be established quickly to maintain momentum on the Project.



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17/12/20



Hon Michael Wood  
**Minister of Transport**

20/12/20

- Minister's office to complete:**
- Approved  Declined
- Seen by Minister  Not seen by Minister
- Comments**  Overtaken by events

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## Taking the City Centre to Māngere project forward through a Programme Office

### Further work and evidence is needed to set the direction for the project

- 1 In November this year, we provided you advice that outlined options for taking the Project forward through a public service delivery model (OC200890 refers). In the advice we noted a number of key strategic decisions that will need to be made, relating to matters such as the form and function of the scheme, the choice of a delivery entity, funding and finance arrangements and policy considerations.
- 2 Much of the evidence needed to make these decisions can be drawn from previous work undertaken by Auckland Transport, Auckland Council and Waka Kotahi as part of earlier iterations of a CC2M scheme. This can be assembled quickly and will help establish the strategic context and case for change, and assist Ministers in setting investment objectives and the overall parameters for the work going forward.
- 3 However, to allow strategic choices to be determined as soon as possible, an indicative-level business case (IBC) process needs to be taken forward to address known gaps in the options assessment and ensure that all key questions and issues are addressed from the outset. This is needed to allow Ministers (and Auckland focal government as required), to make a set of early decisions to shape core aspects of the Project and set the direction as a whole.
- 4 The JBC process we are proposing should have input from partner agencies including Auckland Transport, Auckland Council, Waka Kotahi, Kāinga Ora and the Ministry of Housing and Urban Development (MHUD) so that it can effectively resolve questions on the critical success factors for the project, and establish a preferred way forward. Such collaboration will ensure that key issues for agencies are factored in at an early stage, such as operational implications, and the integration of the scheme with the wider transport network and urban development opportunities.
- 5 To enable this, we have proposed establishing a Programme Office that would oversee a coherent and coordinated work programme. This Programme Office would be made up of staff drawn from key partner agencies to develop and appraise options in a robust and consistent manner.

### An IBC is an effective way to allow Ministers to make decisions that set the direction for the project

- 6 Current CC2M proposals aren't delivery or investment ready and it is important to follow a good process to arrive at a project that is. The role of the IBC will therefore be to ensure the robust comparison of options, drawing on previous work and addressing gaps in evidence necessary to make informed decisions. Bringing analysis together in one place will allow for a transparent process that helps with building social licence and ultimately save the project time and cost in the future.
- 7 Decisions by Ministers following such assessment can therefore have regard to the full range of costs, benefits and risks associated with different choices. This will allow Ministers to quickly provide clarity to a future delivery entity on the nature of the solution to be delivered.
- 8 There are five key components of a business case, and for an IBC the most significant of these are the Strategic Case and the Economic Case. Based on our

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assessment of previous business proposals, both of these components are at different stages of readiness:

- 8.1 **The Strategic Case** will draw on previous work to confirm the compelling case for change. In the context of CC2M, much of the strategic case has already been established through previous business case work, and should be able to move to completion relatively quickly.
- 8.2 **The Economic Case** will include analysis that ensures that options are refined to optimise value for money. In the context of CC2M, whilst much of the information necessary for this already exists, much of the focus of an IBC will be to ensure that the costs and benefits of various mode and alignment options are developed to a similar level of detail.
- 9 We consider that the remaining components of an IBC (the 'Commercial', 'Financial' and 'Management' cases) can be developed to the necessary level of detail relatively quickly, although this would be confirmed by the Programme Office once established.
- 10 We will guide you through the stages associated with the business case process and will provide further advice in the new year on the decisions you can make to guide the process. For example, Ministers may wish to ensure that the investment objectives being used to guide the process are focussing on aspects that are of most importance to the Government.

*The IBC process will help resolve outstanding questions associated with CC2M*

- 11 The Ministry of Transport and the Treasury have been discussing the need for an IBC with partner agencies over the past few months, and most recently met Auckland Council, Auckland Transport and Waka Kotahi to discuss this at a workshop last week.
- 12 ATAP partners agreed that these strategic questions are key to setting the direction of the project. An IBC provides a structured way of doing this.
- 13 To be successful, the development of an IBC needs to take place as part of a coherent and coordinated programme of work. It will need to inform (and be informed by) other work including design development and stakeholder engagement activities, as well as work to ensure that legislative and regulatory settings are fit-for-purpose for the Project.
- 14 It will also assist in informing the advice on the optimal arrangements for a delivery entity, as it will give guidance on the powers needed by the entity and refine options for the funding and financing of the project.

### **Establishing the Programme Office follows international best practice**

- 15 Establishing a Programme Office is an orthodox approach for a project of this nature and complexity, consistent with international best practice. It would help ensure that Ministers and Auckland stakeholders have the assurance that the Project will be successful and that its risks can be appropriately managed.
- 16 Officials from the Ministry, Treasury and Infrastructure Commission recently met with practitioners from the New South Wales government to learn from their experience of taking forward similar light rail projects. Lessons from schemes such as Parramatta

Light Rail and Sydney Light Rail reinforce the importance of following a structured process.

- 17 The differing success of these projects shows how good process can ask the necessary questions, include the right people, and do so with a sense of purpose and accountability within realistic timeframes and clear governance structures.

**The Programme Office will house a range of expertise that are needed to drive the project forward**

- 18 We continue to work with our retained consultants (who are infrastructure experts, experienced in establishing other large scale Programme Offices) and are seeking input from the Infrastructure Commission and partner agencies, to identify the range of capabilities that would be needed within the Programme Office. These key capabilities are focused on driving the project forward, and will provide an outward facing and more visible approach.
- 19 Key capabilities of the Programme Office are likely to include:
- **programme management and commercial capability**
  - **planning and consenting** with technical experts for assessing social, cultural and environmental impacts
  - **communications and engagement** with particular skills in stakeholder management and working with Maori communities and organisations. This is important to develop trusted relationships and build social licence for the project
  - **urban development** (outside the corridor designation) covering urban design, planning, modelling, and policy
  - **property acquisition** including identifying property needs and initiating the process to acquire properties through the Public Works Act as required
  - **design** across the range of technical fields in transport and urban development
  - **procurement, funding and finance, and economics**
  - **other technical expertise** such as quantity surveying.
- 20 Some of the above expertise can be sourced from existing agencies, and we are discussing with partner agencies how they could help resource a Programme Office. However, due to the size and complexity of the project, the Programme Office will need to bring in a significant external resource and technical expertise, including international experts and organisations with experience of developing business cases of this nature
- 21 Robust assurance processes will be necessary, and the overall programme should be subject to Treasury Gateway reviews, providing independent and confidential peer review to inform decision making. This will involve clear roles for Te Waihanga and the Treasury.

**The Programme Director and Senior Responsible Officer set the direction of the Programme Office**

- 22 A key first step to move the Project forward will be to appoint a Programme Director and Senior Responsible Officer (SRO). These are key roles, and will need very capable and credible leaders who have deep infrastructure experience and can work collaboratively with the project's stakeholders.
- 23 These roles will set the tone of the Programme Office, and will be best placed to make detailed decisions about the organisational structure and the sequencing of work. These roles are vital to confirm as quickly as possible following direction from Ministers.
- 24 The Programme Director will shape the team and the detailed work programme for the project. They will be accountable for ensuring the delivery of a work programme within budget, escalating matters to the Programme Board, managing risk and ensuring quality control.
- 25 The Programme Director will need to be able to quickly establish (or already have) constructive relationships in Auckland, and have experience in leading business cases for major infrastructure projects. It will be vital for them to build a sense of common purpose and direction among staff within the Programme Office, and create an organisational culture of delivery.
- 26 Equally as significant will be the role of the SRO, who will most likely be appointed as a 'Deputy Chief Executive for Delivery' within the Ministry of Transport. It is important that the SRO has sufficient experience and ability to lead a project of this nature, especially given their responsibility to engage with Ministers, manage numerous stakeholder relationships and lead significant external engagement.
- 27 Annex 1 provides an overview of the indicative roles of a Programme Director and a SRO.

**Next steps in advance of Programme Office being established**

- 28 The Ministry continues to work with ATAP Partners, MHUD and Kāinga Ora, and our retained technical consultants, to develop indicative governance and resourcing arrangements for the Programme Office.
- 29 Pending further direction from Ministers, it will be important to move quickly to appoint a Programme Director and SRO. This may take some time because of the unique nature of the roles and the need to appoint highly credible and experienced people. Depending on the time taken for recruitment, interim appointments may be necessary.
- 30 To ensure that progress can be made quickly, the Ministry is identifying when and how to undertake a detailed assessment of the gaps in existing evidence, and set out a more detailed scope of the IBC.
- 31 Discussions are ongoing with ATAP partners in respect of these immediate next steps. Also, whilst the nature of Treaty partner involvement has yet to be determined, the Ministry has commenced engagement with Auckland iwi, with engagement with mataawaka groups needing to progress as soon as possible.

**Annex 1**

**Indicative role descriptions for Programme Director and Senior Responsible Officer**

	<b>Senior responsible officer (SRO)</b>	<b>Programme director</b>
What is the purpose of this role?	The SRO steers and champions the project and is accountable for a programme or project meeting its objectives, delivering the required outcomes and realising the required benefits.	The Programme Director directs the project and is accountable to the SRO for establishing the governance framework and for the day-to-day management of a programme/project.  They are responsible for driving the delivery of the project and overseeing it to ensure that the objectives are clearly defined and achieved within the agreed time, cost and quality constraints.
Typical profile	Should ideally hold a leadership position within the Ministry and have control or influence over the business area or resources into which the project outcomes will be delivered.	Should be a project delivery professional with relevant knowledge and experience of the type and complexity of project to be delivered. Will have proven project leadership capabilities.
<b>Accountabilities of the role</b>		
Design and delivery	Owns the overall design of the project and the temporary organisation needed to deliver it.  Delivers the project objectives and projected outcomes, and realisation of the benefits set out in the business case.	Establishes the temporary organisation in line with the agreed design.  Creates and leads the project to deliver the agreed outcomes within time, cost and quality constraints.
Project Management	Provides strategic guidance to the Programme Director and sets key strategic delivery parameters.  Agrees and owns the project vision and success criteria with the Programme Director.	Provides effective leadership and management.  Develops and maintains the project plan and integrates with other inter-dependent projects. Monitors and controls project progress and performance, and reports regularly to the Senior responsible owner..
Business Case	Owns the business case, ensures and assures ongoing viability. Must refer any significant concerns about feasibility, value for money, regularity or propriety to the relevant accounting officer or Ministers	Develops the business case and supports the SRO in delivering the business case objectives.
Resources	Appoints the Programme Director, agrees the responsibilities and authority of the role and secures other resources necessary to deliver the project.	Identifies skill requirements for all stages of the project.  Recruits resources within budget constraints and effectively deploys them.  Builds the project team; delegates roles and responsibilities, develops capability and fosters innovation.
Stakeholder Management	Influences and manages the relationships with key stakeholders, business owners and impacted parties.	Ensures stakeholder interests are identified and addressed. Manages stakeholder communications and ensures buy-in.

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