

# A smart investment in Auckland's future



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# A city shaping investment

**By tackling congestion and unlocking huge development opportunities, a mass rapid transit solution from the City Centre to Māngere is a decisive step for Auckland's economy and quality of life.**



- ✓ Fast, frequent, reliable journeys for up to 19,800 passengers an hour.
- ✓ Frees up road space for freight and other essential trips.
- ✓ Part of a wider rapid transit network, creating easier connections to more places.
- ✓ Enables Northwest rapid transit and maximises the benefits of other rapid transit projects.



- ✓ Unlocks access to major development sites.
- ✓ Enables up to 75,000 additional homes, more housing choice and 122,000 additional jobs.
- ✓ A strong business case unlocking up to \$38bn in economic benefits.
- ✓ Urban benefits help to pay for the project.
- ✓ Delivers more housing and job choice.

# Executive Summary

**Auckland is growing fast – about 700,000 more people could live here within the next 30 years. This growth presents a huge opportunity, but needs to be well planned to maintain competitiveness and quality of life.**

Three connected challenges need to be addressed:

- Increasing congestion with a lack of transport choices
- Constrained access to housing choice
- A high carbon footprint with poor transport network resilience to the impacts of climate change.

## Key criteria for a solution

The scale and complexity of the challenges requires government intervention to ensure a co-ordinated investment that delivers the full scale of possible transport and urban benefits.

- An integrated urban and transport solution
- Fits into and supports the wider rapid transit network
- Agreement between central and local government

## A mass rapid transit solution

We have completed a significant amount of work to understand the challenges facing Auckland, as well as the range of mass transit solutions, including their benefits and limitations.

As growing traffic puts the brakes on economic growth, mass rapid transit cuts through rising congestion, offering journeys from Māngere to the city centre in less than 30 minutes, quicker and more reliable than the average car trip. This will boost productivity and make Auckland a more attractive location for international investors.

**Mass rapid transit is the best opportunity** to unlock access to major urban development sites across the city. This will unlock more housing, housing choices and jobs, as well as improved employment access and increased productivity.

The fully separated mass rapid transit (MRT) scheme we have developed addresses both transport and urban challenges. The transport solution has a healthy Benefit Cost Ratio (BCR) and the work we have produced to date shows value for money can be further enhanced through integrated investment in wider urban and social outcomes.

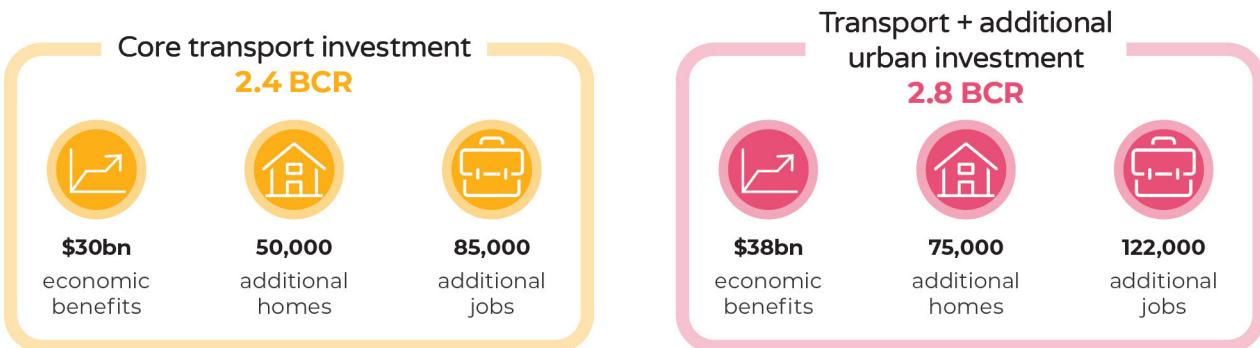
## Integrated approach to transport and urban outcomes

Common internationally, the combined transport and urban outcomes being sought are unique for a project of this scale in New Zealand. This integrated transport and urban approach provides greater certainty of the benefits and ensuring they are delivered.

In addition to delivering large numbers of new houses and jobs for Auckland this approach helps ensure quality urban growth.

## A strong business case

The project represents a clear value for money investment with up to \$38bn of economic benefits unlocked during the next 60 years. Extensive innovation and value engineering has demonstrated cost control while maximising benefits.



The economic case demonstrates this project represents one of the largest single interventions that would enable Auckland to:

- Attract significant numbers of new public transport users
- Address the city's housing needs
- Increase wider transport network capacity
- Generate significant employment and economic growth.

## Funding solutions and leveraging investment

**We have a credible approach to delivering the transport investment and catalysing quality urban development at scale, that could be implemented within a three-year timeframe.**

Our market intelligence indicates the substantial value created by the project will be attractive to private financiers, institutional investors and private developers.

Founded on the substantial value created by the infrastructure investment, we have:

- Identified a range of funding solutions
- Developed potential financing options which will attract significant private capital
- Scoped the role of an Urban Enabling Entity in unlocking urban development potential
- Outlined the close partnership between the Crown and Auckland Council required
- Explored the potential for further urban value creation and capture through urban development partnerships
- Explored potential opportunities for mana whenua partnering for investment and Māori business growth
- Prepared a staging approach that is deliverable, attractive to the market and at a similar annual investment to City Rail Link.

Testing the project with the market will provide an opportunity to challenge for any other cutting-edge solutions that can be assessed to deliver best value for Auckland and New Zealand as a whole.

## Street running light rail

We also have an understanding of the costs and benefits of an alternative street running solution, but not to the same level of detail.

It is cheaper and has a strong economic case but would respond to Auckland's existing problems in a different way. Investing in a street running system would have trade offs, for example on the level of compact urban growth enabled, capacity, travel times and integration with other rapid transit projects.

## Why invest in the City Centre to Māngere corridor?

- Two of Auckland's largest employment and economic hubs – the city centre and the airport district.
- Three of the largest development opportunity areas set out in the Auckland Council's Future Development Strategy (adopted November 2023).
- Congestion already significant on key routes for car and public transport
- Not enough space on roads for more buses
- One of the largest gaps in Auckland's rapid transit network.



### KEY

- Development opportunities
- Employment centres

# 1. Why this matters now

## 1.1 Auckland is facing three connected challenges

**As Auckland has steadily grown out, and not up, the city's low-density model has created three key risks to our competitiveness.**

1

### Increasing congestion, lack of transport choices

Public transport provision varies across Auckland, with almost half of residents lacking access to regular, reliable public transport. As a result, 81% of trips are made by car, far above cities like Melbourne (32%), Toronto (68%), or San Francisco (64%).

During peak times, congestion accounts for almost 65% of every hour spent driving.

Meanwhile, public transport use is growing fast – doubling from 52 million trips in 2006 to 103 million in 2020 – putting huge pressure on services and on the capacity of our roads.

12%



81%



Lower active and public transport compared global cities

60% of Aucklanders don't live within easy walking distance of rapid or frequent public transport

2

### Constrained access to housing and employment choice

Limited and inconsistent concentration of housing and jobs close to high quality public transport is holding back Auckland's development of a compact urban form as the population grows.

This limits affordable housing choices, increases inequities and reduces social cohesion.

From the perspective of public finances, low-density development is also expensive to develop and service.

Population density is low

Cost of properties high

3

### High carbon footprint and poor climate resilience

Low-density growth is carbon-intensive, and a heavy reliance on cars contributes to rising air pollution and greenhouse gas emissions.

As a result, transport contributes almost half of Auckland's carbon footprint, threatening our commitment to Net Zero by 2050. A transition to EV's will help but rapid transit is needed to deliver bigger gains.

Climate change is also exposing resilience risks in Auckland's transport infrastructure as seen in recent extreme weather and flood events.

Transport makes up **44%** of Auckland's total carbon footprint



# 1.1 Solving these problems is key to New Zealand's competitiveness and prosperity

**Contributing 37% of New Zealand's GDP, and home to 35% of its workers, Auckland is New Zealand's economic engine. It is also New Zealand's gateway to the world. This makes solving Auckland's problems a national priority.**

While Auckland is a vibrant and economically significant city, it faces challenges causing it to lag behind its global peers:

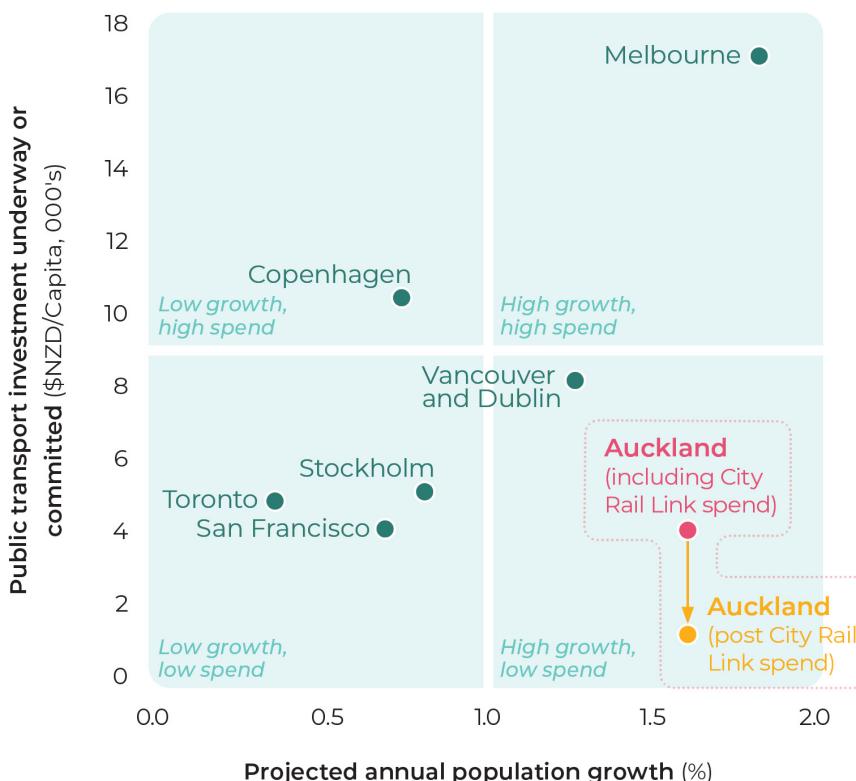
**Economic competitiveness:** High housing costs, infrastructure constraints, and income inequality are making it less attractive for businesses and investors compared to our competitor cities.

**Public transport and infrastructure:** Although it is improving, Auckland's public transit infrastructure lags other cities in coverage and reliability.

**Environmental sustainability:** Auckland Council has increased investment in sustainability and the environment but is still struggling to turn around long-term environmental decline in the face of population growth and urban development.

**Cost of living:** Auckland's high cost of living, including housing, transport, and other essentials, makes it less affordable for residents and businesses compared to other cities.

**Quality of life:** Global cities compete to offer a high quality of life which attracts international talent. Auckland's challenges, such as traffic congestion and high housing costs, are impacting residents' overall quality of life and talent attraction and retention.

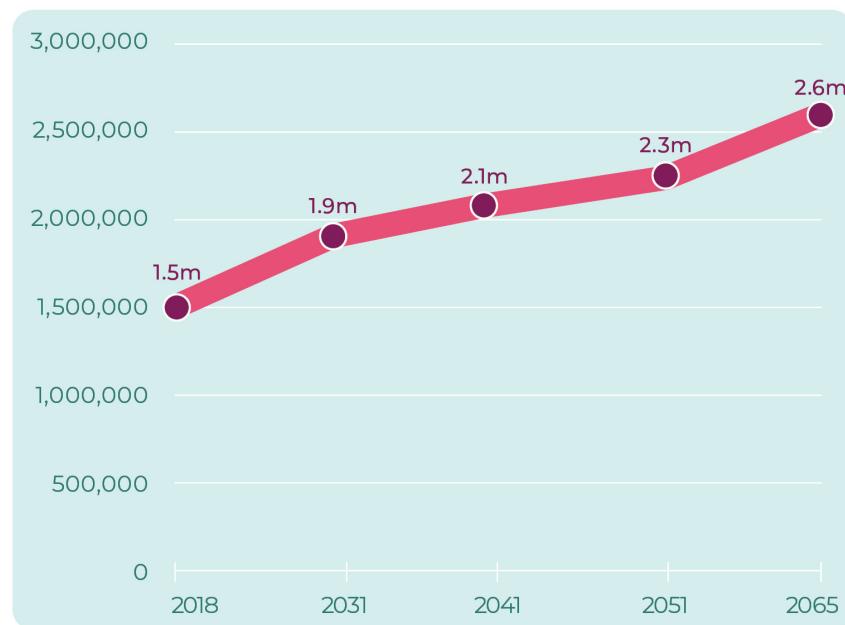


**Auckland is not alone among its global peers in facing these issues – but we spend the least per capita on public transport, despite our rapid growth.**

# 1.2 Change is needed to stay competitive

**Auckland is facing significant growth and we need to do things differently.**

**700,000 more Aucklanders within 30 years**



## After decades growing out, we've hit the tipping point

Unless action is taken to speed up Auckland's transition to a quality compact city we will face:

- Rising congestion and limited housing, degrading productivity, employment and liveability.
- Dispersed and ad hoc development increasing infrastructure and service delivery costs and degrading the environment.
- Inability to attract talent decreasing Auckland's productivity, making the city less competitive and attractive business.
- Locked in high-carbon travel patterns threatening our Net Zero target and limited resilience to the impacts of climate change.

## Delivering better transport and more compact quality growth

Modern, globally competitive cities are underpinned by mass rapid transit systems and strategically located areas of quality density.

Auckland is capable of supporting such high-capacity transport and urban systems to support its growing population and attracting the global investments it required.

To deliver the benefits, a more sophisticated approach to integrating city planning, investment prioritisation, and infrastructure funding is needed.

### Impacts of growth without mass rapid transit

Detailed modelling and assessments show that without mass rapid transit in the City Centre to Māngere corridor there would be the following impacts:

- 55% of freight trips in peak (AM and PM) would be in severe congestion
- Transport delays per person per year would increase by 37.5 hours
- The cost of congestion to the economy would increase from the current \$1.3b to about \$1.9b per year by 2051.

## 2. The transport and growth solution Auckland needs

### 2.1 Solutions require an integrated response to meet three criteria

**The complexity and scale of the three challenges facing Auckland requires government intervention. While the market will respond, leaving that to happen in an uncoordinated way will see investment failing to deliver the full scale of the transport and urban benefits that are possible.**

Any solution needs to meet the following criteria:

- **Integrated land use and transport**

An integrated transport and urban solution is essential to halting dispersed development and unlocking significant urban potential to improve employment and education access, productivity and liveability. Well planned housing and employment choices with access to high-capacity public transport also reduces infrastructure development and maintenance costs.

- **Fits into and supports the wider rapid transit network**

There is a key strategic gap in Auckland's rapid transit network, which is failing to serve the most populated area of the isthmus. Significant investment in this corridor should not only service the isthmus itself, but also create critical connections to unlock other rapid transit projects including Northwest rapid transit, Airport to Botany and Eastern Busways.

- **Agreement between central and local government**

Central and local government agreement on a solution that meets joint priorities is essential and will require ongoing collaboration and commitment. Investment should address Auckland Council's Future Development Strategy to ensure new homes are built closer to existing urban centres with easy access to a range of amenities.

**Development of a rapid transit solution in the City Centre to Māngere corridor has been designed to target and meet all three criteria.**

## 2.2 A mass rapid transit solution for Auckland

### An integrated plan to cut congestion, unlock urban development and help drive the economy.

Significant work and a strong evidence base have been completed during the planning process. This includes site investigations, business case development, planning and commercial validation of urban growth scenarios and consent design.

We have developed a metro rapid transit scheme because it addresses both transport and urban challenges and will be critical to achieve transformational outcomes. The transport solution has a healthy BCR (2.4) and the work we have produced to date shows value for money can be further enhanced through integrated investment in the wider urban response.



#### Mass rapid transit transport benefits

The City Centre to Māngere (CC2M) scheme is a mass rapid transit system, like the Copenhagen Metro, or Sydney Metro.

Running on dedicated track and separated from the road network, the solution we have developed offers a better, faster service for more people that attracts people out of cars.

- **A train at least every five minutes at peak** means no need to check timetables and reduces wait times for passengers.
- **Quicker journeys** – less than 30 minutes from Māngere to the city centre. Travel times to the city centre halved from most destinations.
- **Safe and highly reliable**, operating away from the road network.
- **Fully accessible stations and trains** mean all Aucklanders can benefit.
- **Can be automated**, cutting operating costs, and improving reliability and flexibility to respond to demand surges (e.g., weather events).
- **Frees up road space** for freight and other essential trips, with up to 160,000 fewer trips in cars per day by 2051.
- **Can carry large number of passengers**, estimated at approximately 40 million to 49 million, making it highly efficient for urban areas.
- **Connects with buses and heavy rail** services, making journeys quicker and more convenient to more places.
- **Low carbon transport option** – makes a significant contribution to lowering Auckland's carbon footprint by attracting large numbers to public transport.
- **Increases transport network resilience** to the impacts of climate change

## Key corridor public transport travel times (and savings)

Mt. Roskill to University	10 minutes (29 to 30-minute saving)
Māngere to Te Waihorotiu (Aotea)	27 minutes (33 to 54-minute saving)
Airport to Wynyard	39 minutes (37 to 69-minute saving)

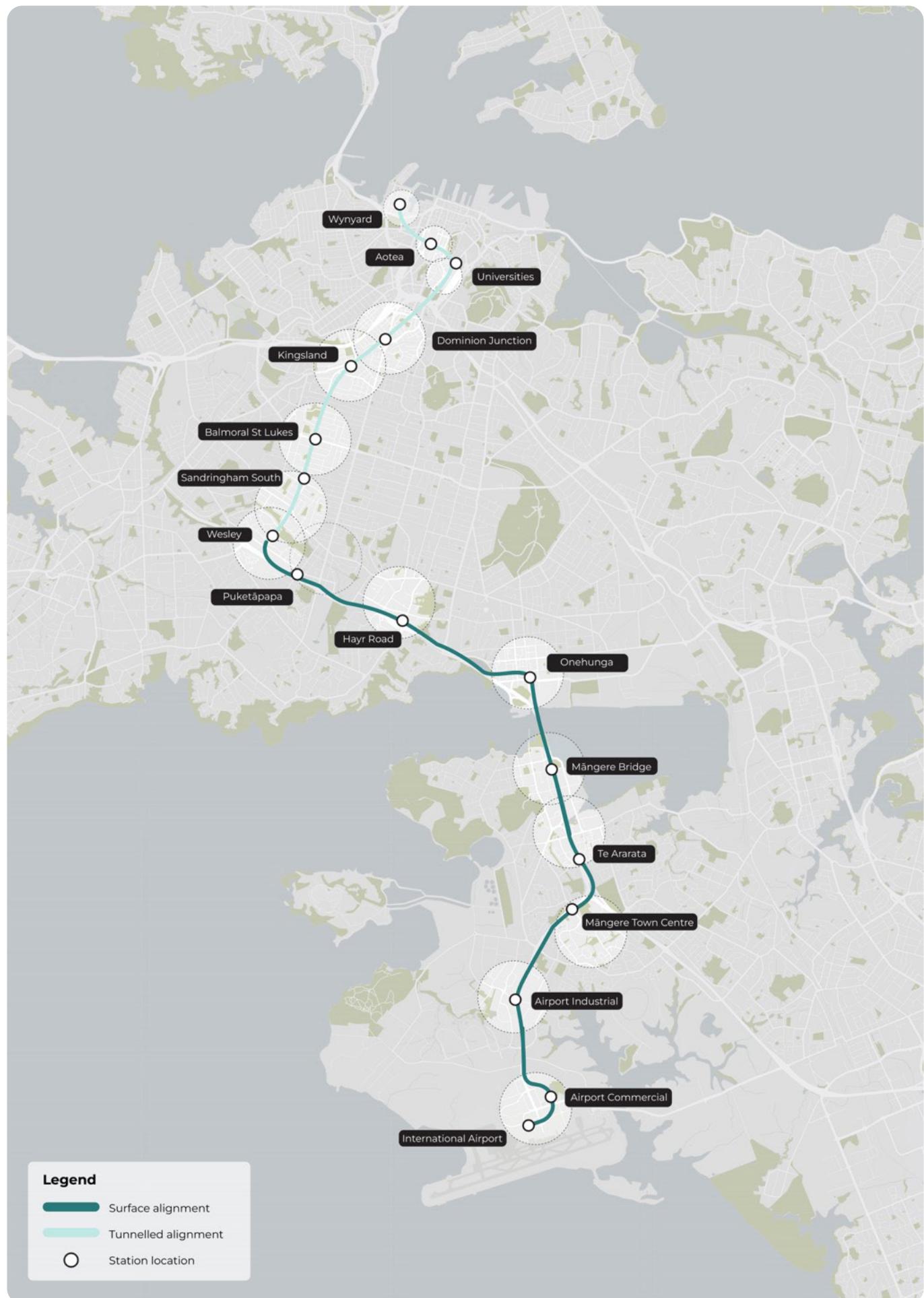
## Jobs within 45 minutes by public transport from:

	Transport standalone investment	Transport + integrated urban investment
Mt. Roskill	440k (+35%)	470k (+45%)
Onehunga	450k (+150%)	480k (+165%)
Māngere	430k (+305%)	460k (+330%)

## Homes within 45 minutes by public transport from:

	Transport standalone investment	Transport + integrated urban investment
City Centre	400k (+7%)	410k (+10%)
Airport	220k (+880%)	230k (+900%)





Proposed mass rapid transit route

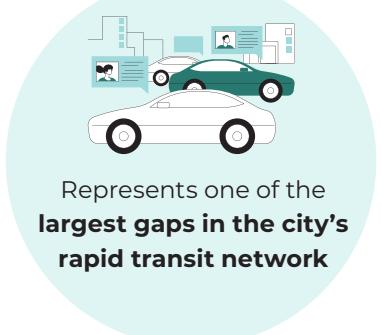
## 2.3 Why do we need to invest in this corridor?

**With the Waitematā Harbour at its northern end, and the Airport at its southern end, the City Centre to Māngere corridor...**



### KEY

- Development opportunities
- Employment centres



## Congestion is a growing problem

Congestion is already significant on routes into and out of the city centre, and future growth will see it worsen markedly.

Journey times by both cars and public transport are unreliable, a particular issue within the City Centre to Māngere corridor given that four of the city's six busiest bus routes operate within the central isthmus.

For example, travelling by bus can often take as long or longer than in a car.

## Accessibility

Many parts of the CC2M corridor have a lack of access to public transport, meaning a number of people find it difficult and expensive to access employment opportunities.

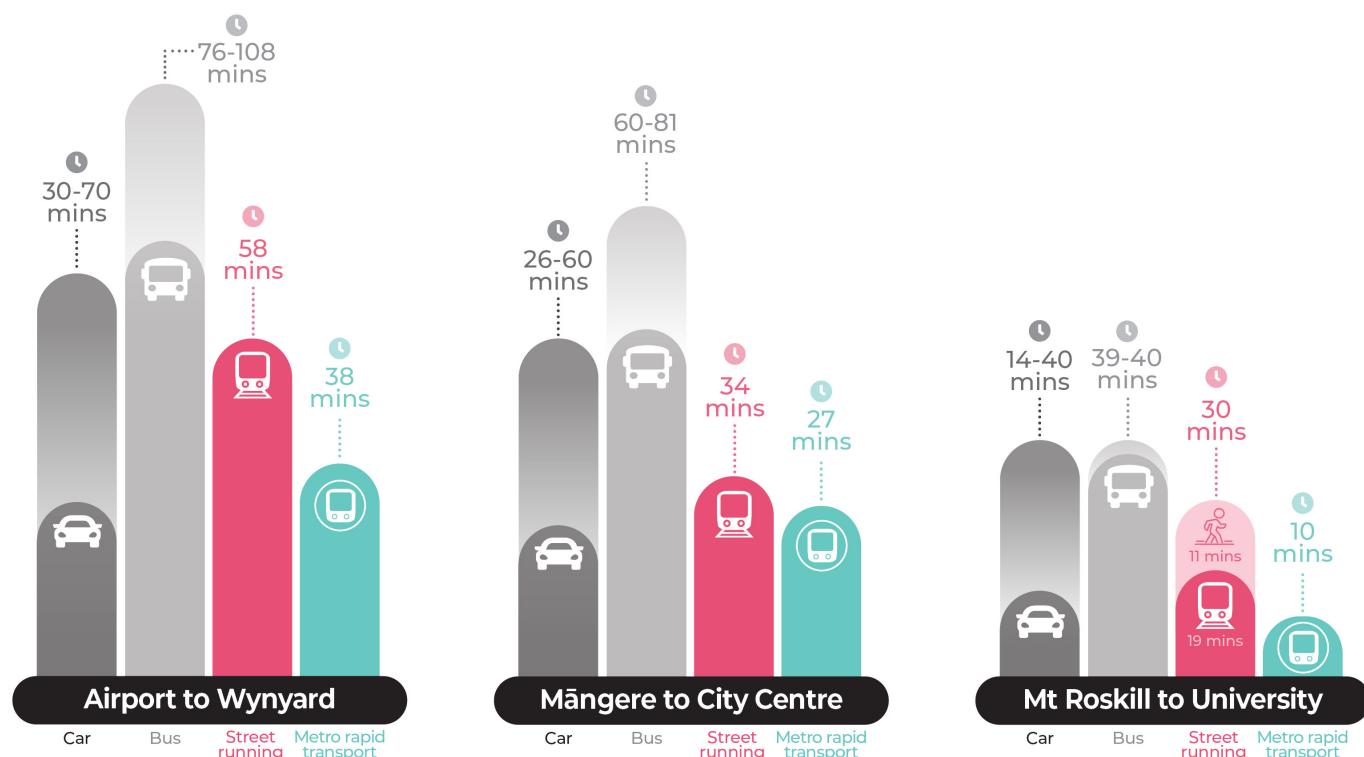
For example, a professional living in Māngere Town Centre can currently access approximately 23,500 jobs within 45-minutes on public transport in morning peak. This is significantly lower than a city centre resident who can access approximately 350,000 jobs within the same time. Based on current forecasts a professional living in Māngere in 2041 will have access to 13,000 jobs, a decrease of 45%. Significant investment in public transport infrastructure in the corridor offers the opportunity to address this imbalance.

## Growing demand and limited capacity

Analysis indicates the growing CC2M corridor is likely to generate demand for upwards of 10,000 trips per hour during the peak into the central city in the morning peak by 2050.

There is not enough space on roads, particularly in the city centre, for this number of people to be carried on buses.

The challenges of the CC2M corridor will only intensify as its population increases, and investment will be needed to resolve them.



## 2.4 Street running light rail

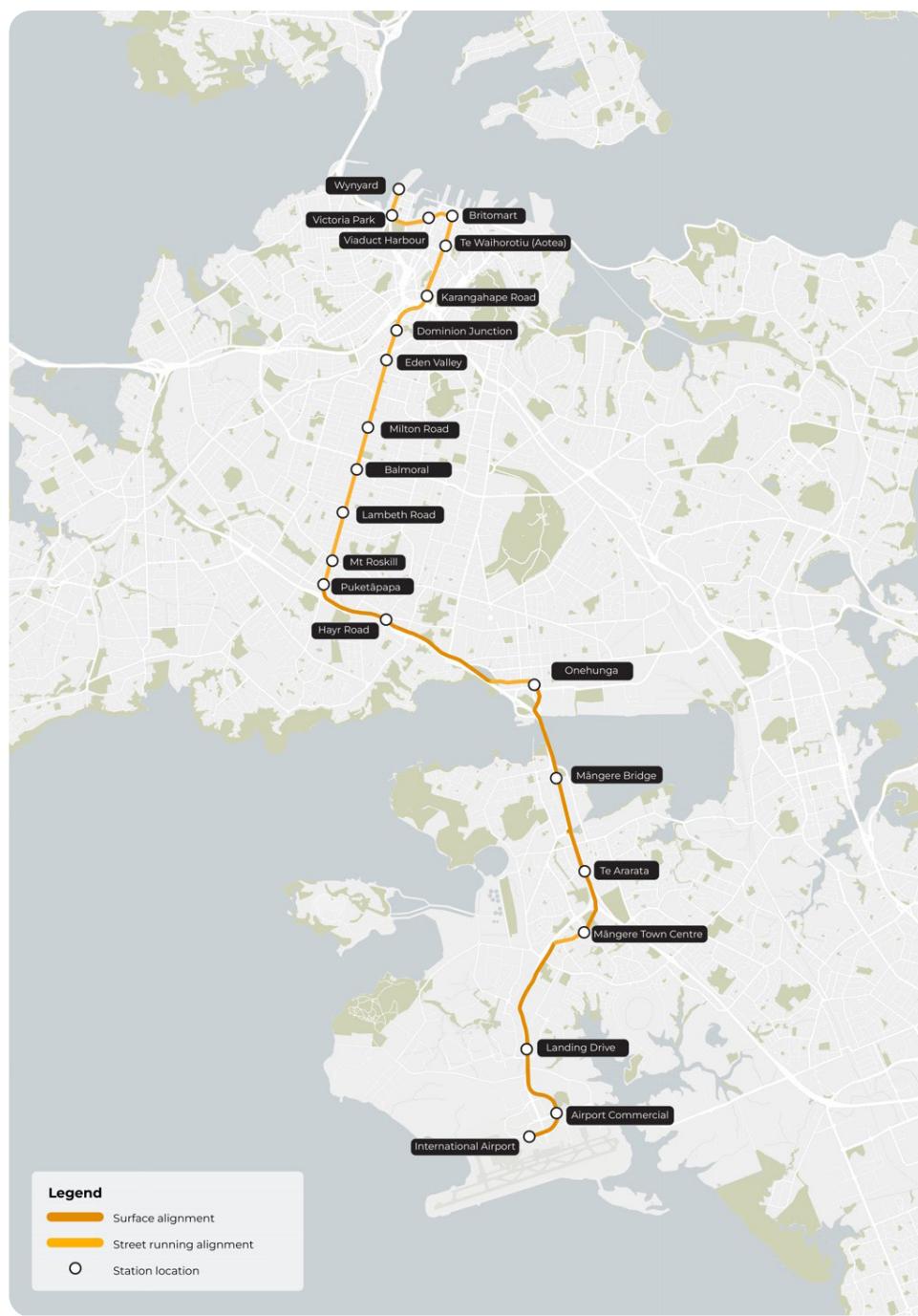
As part of the Business Case, we have assessed whether the project objectives could be sufficiently met with a lower cost option. A street running light rail scheme was selected and assessed.

Compared to the metro rapid transit scheme, the street running scheme is about 30% cheaper and it has a similar BCR. But it creates a lower level of economic benefits.

Street running also responds to Auckland's growth challenges in a different way. For example, it would not support the same level of future quality compact urban form and has less ability to integrate with other rapid transit projects.

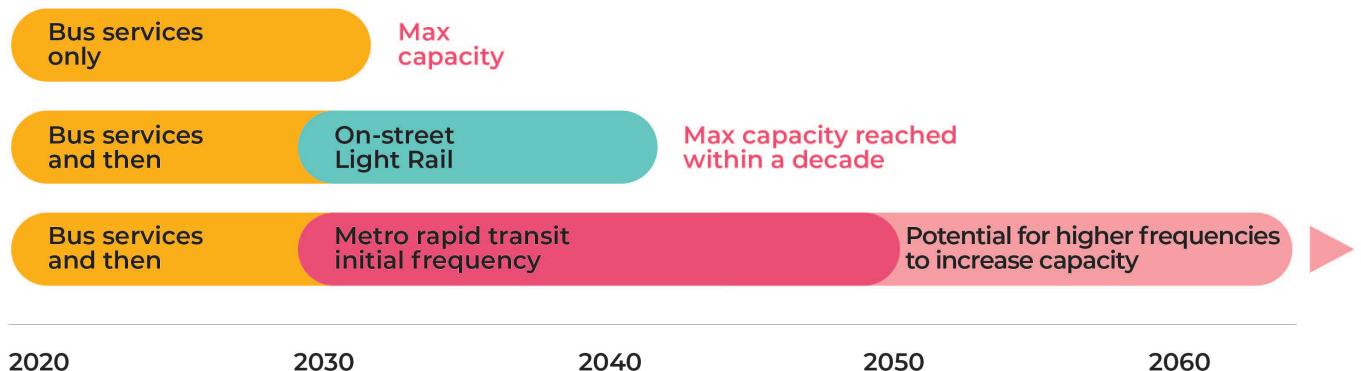
The trade-offs between street running light rail and metro rapid transit schemes for this corridor include capacity, travel time, carbon, mode shift, network integration, urban form, and intensification.

The two options would produce quite different transport and urban outcomes and quite different future versions of Auckland.



Trade off	Metro rapid transit	Street running light rail
<b>Capacity</b> 	19,800 passengers per hour each way.	6,990 passengers per hour each way.
<b>Travel Time</b> 	Airport to Wynyard (CBD) 38mins Mt Roskill (Wesley station) to University (CBD) 10mins.	Airport to Wynyard (CBD) 58mins. Mt Roskill to University (CBD) 30mins (19min journey + 11 minute walk).
<b>Urban Form</b> 	50,000-75,000 additional homes. 85,000-122,000 additional jobs.	48,000 additional homes. 84,000 additional jobs.
<b>Cost</b> 	\$12.6bn (NPV) BCR 2.4	\$9.0bn (NPV) BCR 2.4
<b>Carbon</b> 	Higher up-front carbon, due to larger construction. Greater emissions avoided.	Smaller up-front carbon with fewer emissions avoided.
<b>Integration</b> 	Provides for both Northern and Northwest rapid transit systems.	Insufficient capacity to interface with other light rail services.
<b>Disruption</b> 	Construction period of about 9 years. Localised impacts.	Construction period of about 7 years Significant Dominion Road and CBD impacts.

## 2.5 Right-sized for current demand and a rapidly growing future



**An on-street light rail scheme would reach capacity within a decade of opening. It would also limit the shift from car to public transport use and achieve lower urban intensification.**

With up to 30 trains an hour, metro rapid transit has capacity for 19,800 passengers/hour each way. This is equivalent to three buses every minute, far more than the road network could accommodate.

This is enough to meet our needs now, and prepares for the growth we expect during the next four decades, supporting quality housing and efficient movement of people and goods.

## 2.6 Effectively unlocking development capacity

**The scheme has been designed to maximise transport and development benefits – creating huge potential for more quality housing and employment growth.**

Overall, the project enables growth in the corridor of approximately:

- 50,000-75,000 additional homes for 119,000-193,000 more people
- 85,000-122,000 more jobs.

There are six key areas of major urban uplift, totalling more than 1500ha of urban regeneration opportunity within a walkable distance of metro rapid transit stations. These neighbourhoods are diverse in urban character and their economic role, and the way metro rapid transit is implemented would vary.

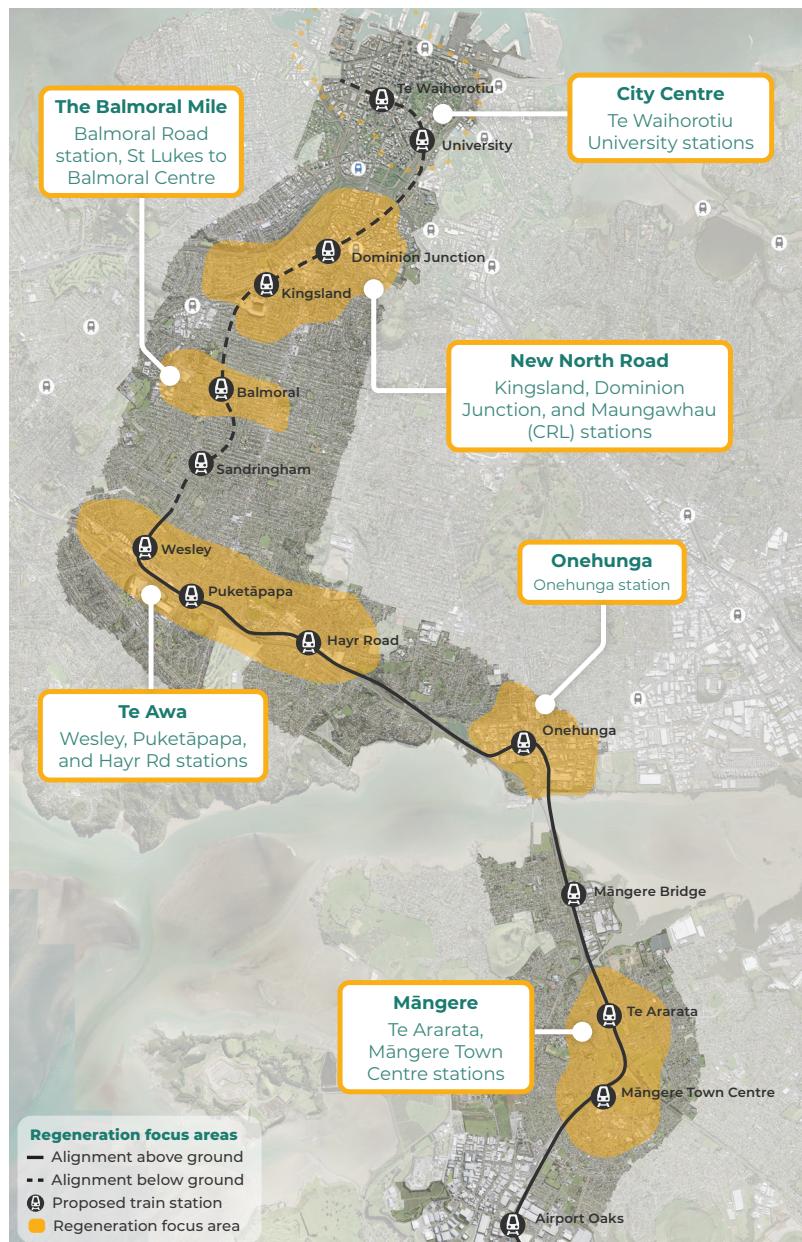
Additional integrated urban investment is required to deliver higher numbers of homes and jobs.

The integrated transport and urban approach taken by the project provides greater certainty of the benefits and ensuring they are delivered.

### Quality growth grounded in commercial and planning evidence

This scale of urban change and the development opportunities have been aligned with:

1. Auckland Council's strategic growth plans through the Future Development Strategy
2. How demand to live in the corridor will increase as transport accessibility improves
3. The market's commercial appetite to deliver
4. The ability to deliver quality places, taking into account aspects such as protected volcanic viewshafts and daylight quality.



The two case studies below show how improving transport and urban environments can enhance the quality of a place and allow for new homes and additional employment opportunities.

## New North Road area

 Station and rail line sit below ground

 New district created



### A new mixed use urban district extending the city centre southwards

- Metro stations at Kingsland and Dominion Junction work with Maungawhau (Mt Eden) City Rail Link station.
- Leverages, expands, and accelerates the urban uplift associated with Maungawhau station.
- Kingsland metro station provides a substantial interchange with existing rail, and a new front door to Eden Park stadium.
- The northern end of Dominion Road to Eden Valley benefits from close proximity to Dominion Junction through increased urban development opportunities.



## Onehunga Town Centre

 Station and rail line sit above ground

 Integrating into existing area



### Increasing and accelerating Auckland Council growth plans for existing town centre area, including housing and quality employment uses.

- The new metro station connects to the existing rail station with new bus interchange facilities.
- New development is sensitively designed to integrate with local built and natural heritage.
- The project would provide a new public realm connection to Te Tauranga (Onehunga Bay Reserve) from the town centre.
- It would also create a new public realm connection to the Onehunga waterfront.



## 2.7 Unlocking Auckland's rapid transit network

### Mass rapid transit in the CC2M corridor is a key enabler of a successful rapid transit network.

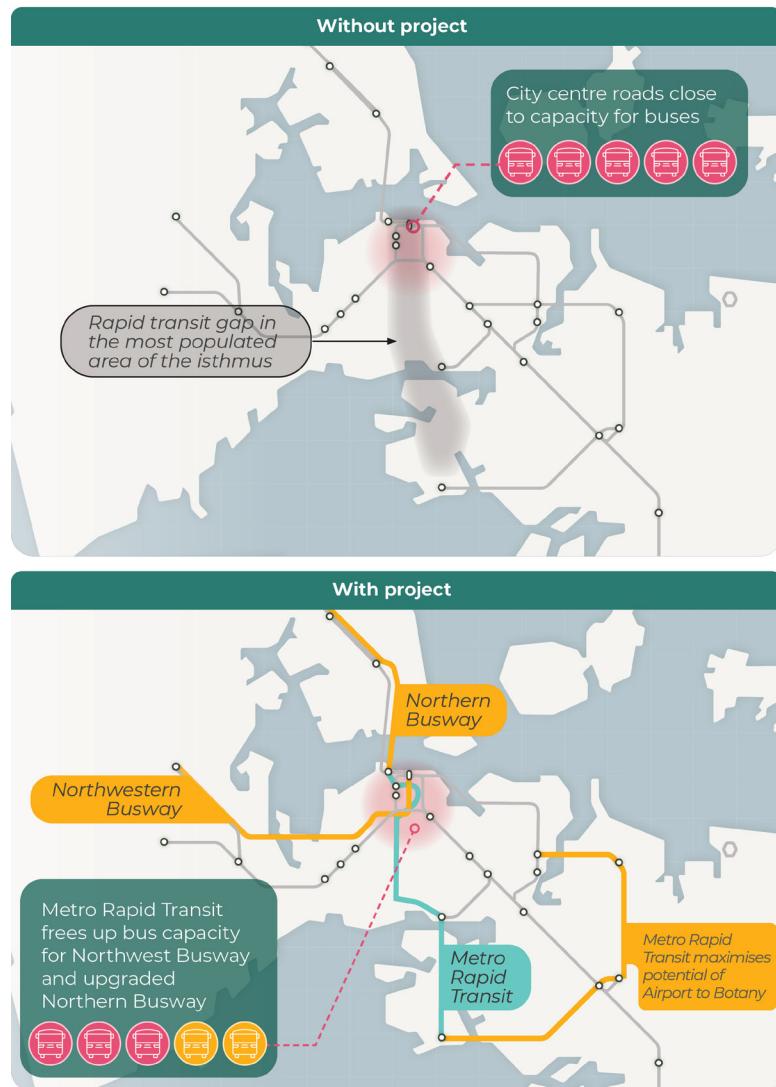
- The current rapid transit network has a gap in the urban core and most populated area of the isthmus, between the city centre and Māngere.
- Space for buses in the city centre is already almost fully utilised, meaning more capacity is required for Northwest rapid transit and the Northern Busway expansion.
- Providing mass rapid transit in the CC2M corridor fills a strategic gap in the network and would remove up to 100 buses from the city centre in the morning peak (2051) as passengers switch to the new service.
- This creates space for services to operate on the planned Northwest rapid transit and Northern Busway upgrade projects.
- Mass rapid transit in the CC2M corridor also allows the creation of a new interchange with the Northwest rapid transit within the vibrant new mixed use New North Road district.

#### Maximising benefits of other rapid transit projects

With a number of interchange stations to rail and bus, mass rapid transit in the CC2M corridor also creates critical connections to the Northwest, Airport to Botany and Eastern Busways, maximising benefits for their passengers.

At least 10% of passengers on the Airport to Botany link are expected to use the CC2M service to access isthmus and city centre destinations.

Many of those crossing the Waitematā Harbour on the Northern Busway or potential new Waitematā Harbour Crossing have destinations south of the city centre, in the central isthmus.



# 3. The project stacks up and is ready to deliver

## 3.1 A strong business case that maximises benefits

**The project represents a clear, value for money investment, that has been right-sized to manage costs and unlock between \$30bn and \$38bn in economic benefits during the next 60 years.**

Extensive innovation and value engineering, particularly the use of a single-bore tunnel and refinement of station designs has demonstrated we can control costs and maximise benefits.

This has resulted in a core transport investment which has a strong BCR of 2.4. It would deliver approximately 50,000 additional homes and 85,000 additional jobs.

Investment in additional integrated urban development would allow the project to deliver up to \$2.80 of economic, social, and environmental benefits for every dollar invested.

This additional development would deliver quality growth in the corridor that supports liveability, productivity, and competitiveness.

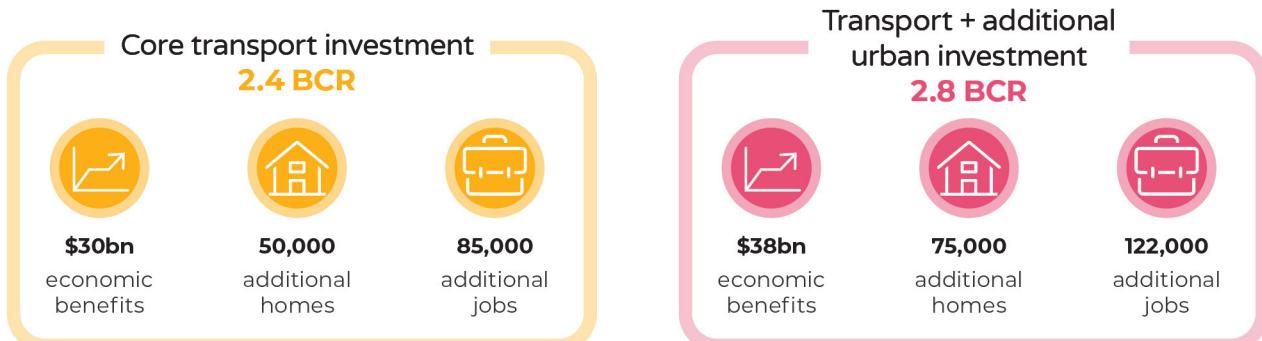
It also further increases the number of homes and jobs delivered in the corridor- unlocking 75,000 homes and 122,000 jobs by 2051.

The economic benefits include \$13bn in additional GDP from agglomeration and productivity growth.

The economic case demonstrates this project represents one of the largest single interventions that would enable Auckland to:

- Attract significant numbers of new public transport users.
- Address the city's housing needs.
- Increase wider transport network capacity.
- Generate significant employment and economic growth.

The investment in the transport scheme and integrated urban outcomes could be fully recovered through unlocked economic benefits as early as 12 years after the start of operations.

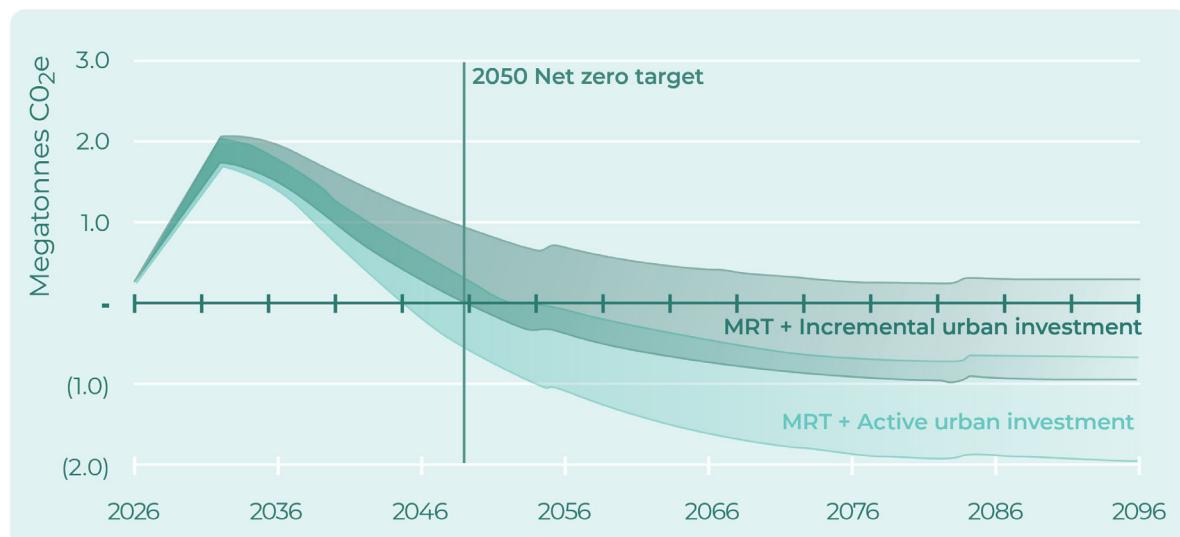


## 3.2 A low carbon, climate-resilient outcome

**This project provides the physical, economic, and social platform to accelerate Auckland's transition to a low-carbon, liveable future.**

We expect the project to deliver:

- Whole-of-life carbon reductions that allow payback of the project's embodied carbon emissions by 2050.
- Broader sustainability outcomes around supply chains, a circular economy and social procurement.
- A more resilient transport network that withstands climate shocks and stresses to minimise service disruption and maintain productivity.



### 3.3 A project that will secure market confidence

**During the past year significant progress has been made to address areas of potential risk and get the project ready for testing with the market.**

Work developed to get the project ready to go includes:



# 4. How we can make this happen

## 4.1 Bringing together the components of an integrated urban and transport delivery solution

**We have developed infrastructure, funding, finance, delivery, and urban development options that work together to catalyse the outcomes for the city.**

We have a credible approach to delivering the transport investment and enabling quality urban development at scale, that could be implemented within a three-year timeframe.

Founded on the substantial value created by the infrastructure investment, we have:

- Identified a range of funding solutions and developed a fair and affordable option (sections 4.2 and 4.3)
- Developed a potential financing model which could attract significant private capital (4.4)
- Scoped the role of an Urban Enabling Entity in unlocking urban development potential (4.5)
- Outlined how this would align with a possible new model of Crown and City partnership for delivery (4.6)
- Explored the potential for further urban value creation and capture through urban development partnerships (4.7)
- Explored potential opportunities for mana whenua partnering for investment and commercial purposes and sector analysis of Māori business (4.8)
- Prepared a staging approach that is deliverable and attractive to the market (4.9)

Testing the project with the market will provide an opportunity for them to identify other cutting edge solutions that could deliver best value for Auckland and New Zealand as a whole.

## TRANSPORT INFRASTRUCTURE INVESTMENT



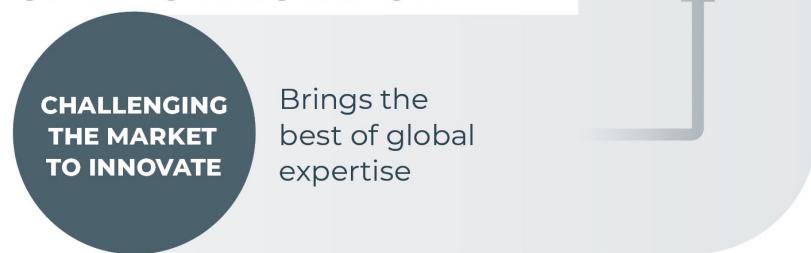
## URBAN DEVELOPMENT ENABLING



## INTENTIONAL DELIVERY



## OPEN TO INNOVATION



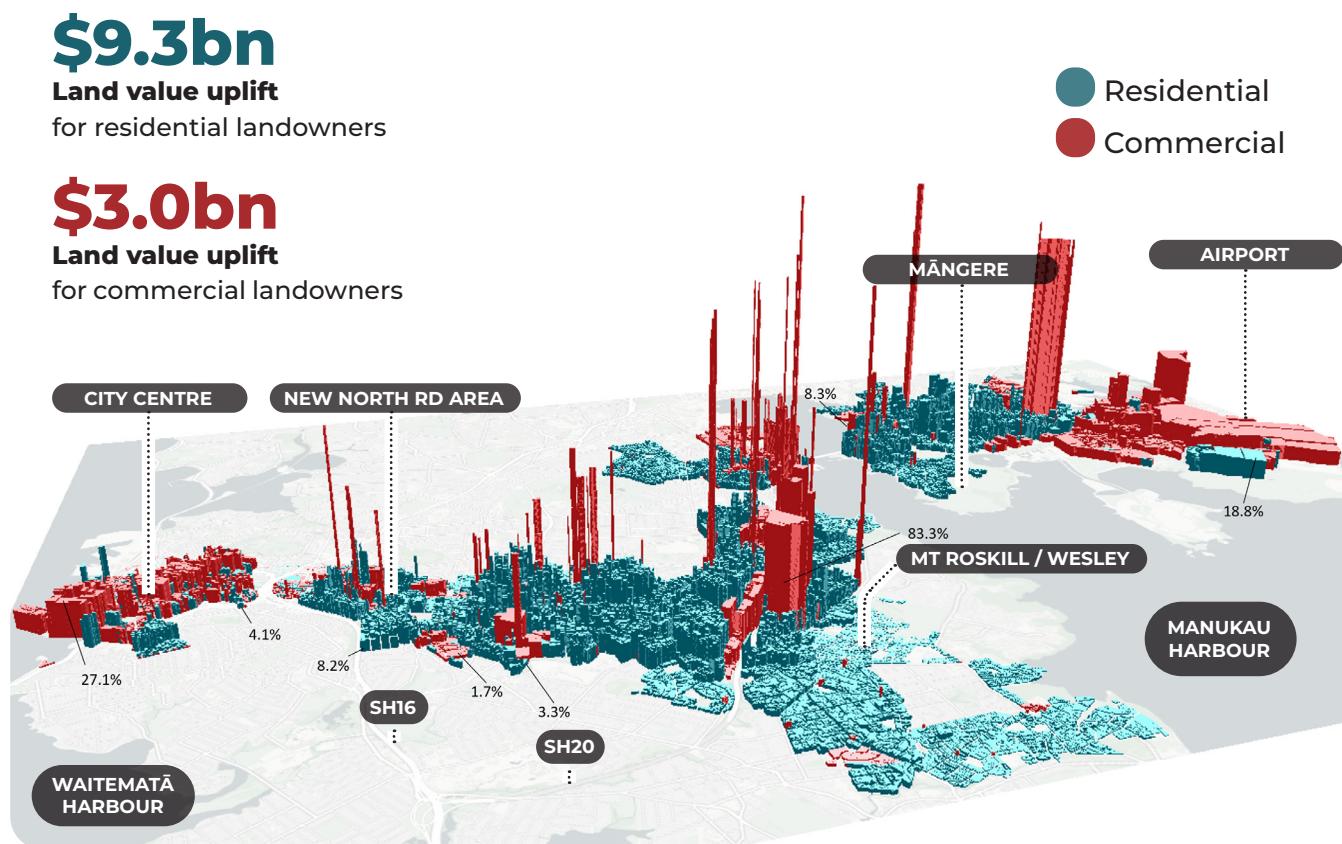
## 4.2 The project creates substantial value

**This project will create substantial value for landowners and drive economic growth and productivity that benefits all New Zealanders.**

Funding and financing packages can harness this value and share the costs of the project equitably across those who benefit.

The nature of the value created means the project could be funded through a mix of:

- Capture of increased land value,
- Transport system charges,
- Incremental tax revenue resulting from economic growth.



## Value capture strategies internationally

Value creation and capture mechanisms are widely deployed around the world, increasingly making a significant funding contribution.

Common strategies include:

- Fee-based rates, levies, and special contributions,
- Development-based (air rights, development partnering),
- Tax Increment Financing (financing against future revenue streams).



## 4.3 Identifying a fair and affordable funding solution

The project could be funded and delivered in various ways, binding together the transport and urban elements, and balancing the competing value drivers.

Our market intelligence indicates that it will be attractive to private financiers, institutional investors and private developers.

The funding stacks we've developed clearly set out the trade-offs (land value capture, household affordability, Crown contribution, beneficiary pays), so Government can make choices about how individual and combined levers can be utilised.

There is already a tool for capturing land value uplift, using the Infrastructure Funding and Financing Act.

Delivery can be staged and packaged in a way that will be attractive to the market and manages cashflow spend.

Feedback from the market can help inform the best approach and mix of tools to use for funding and financing.

### Potential funding tools

#### **Value capture levy on increased land values**

- Set to provide fair share for project and further upside gains to owner
- Levy can be postponed until property sale
- Tailored according to affordability for landowners and expected value gain

#### **Selling over station development rights and construction land**

#### **Additional value capture tools**

- Levy on new development in the corridor (eg Crossrail community infrastructure levy)

#### **Transport system charges**

- For example share of congestion charge, premium fares for airport trips

#### **Crown contribution**

- Recovered through higher tax revenues generated by the project

#### **Equity funding**

- Private funding from local and international investors, eg pension funds

## 4.4 Attractive opportunities for private capital

A best-practice financing model can leverage significant private investment to minimise up-front Government contributions and share infrastructure costs across beneficiaries through time.

A financing solution could be optimised around the project's funding streams, and packaging together a mix of private debt, project finance, low-cost government finance, and direct private long-term investment in large-scale urban development.

### How can private finance be leveraged?

#### Private debt

Capital costs are privately financed through a value capture tool, with long-term debt raised against the revenue stream. This reduces cost and provides flexibility for different procurement models.

#### Project finance

Project finance could also raise capital costs and leverage private sector innovation and expertise. There is an opportunity to draw on global precedent to evolve the NZ PPP model.

#### Public finance

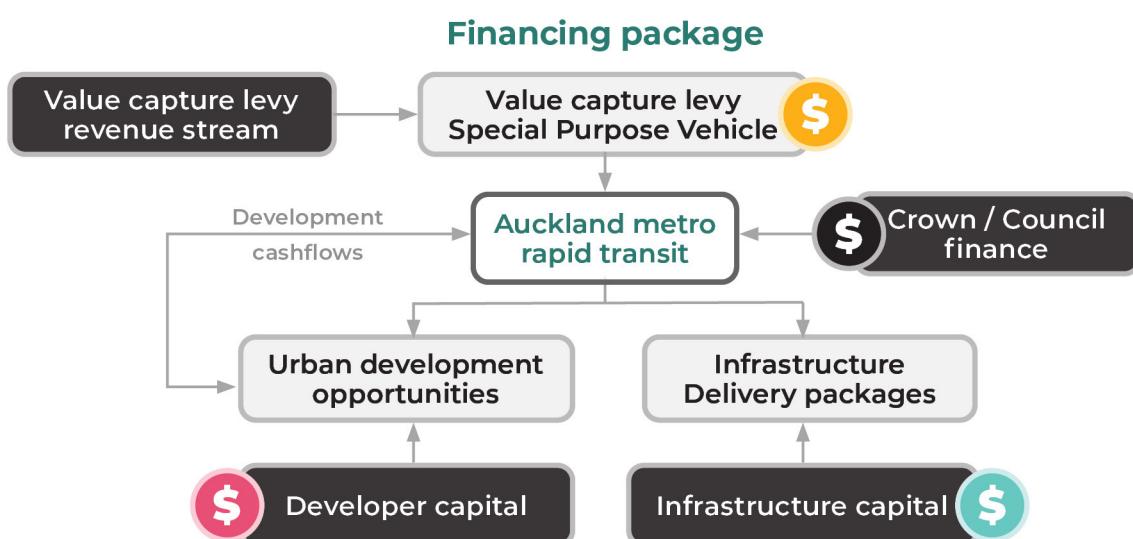
Some capital costs could be financed through low-cost government finance, backed by the revenues associated with the congestion charge, premium fares, and incremental tax take generated by the investment in the project.

#### Urban investors

The market has expressed interest in investing in integrated station development at key station nodes. Wider long-term precinct development opportunities provide further avenues to deploy private capital.

#### Other options

Leverage private equity and institutional investor balance sheets to invest in long-term urban development in the corridor. This could include large scale and long-horizon partnering with private developers and financiers (such as pension funds) and presents an opportunity to introduce international expertise into the New Zealand development market.



## 4.5 An Urban Enabling Entity to unlock development

An empowered Urban Enabling Entity provides the platform to ensure a pipeline of development ready land and to partner with the private sector for urban outcomes.

This is a ground-breaking urban project for New Zealand. It involves a scale of urban change that is beyond any previous vision for Auckland. It requires a new model of urban delivery.

A globally tried-and-true means of assuring urban benefits would be to establish an Urban Enabling Entity (UEE), with a mandate to act commercially and focus on creating a pipeline of enabled land for development.

To deliver a pipeline of developable land, the UEE would need to be empowered to:

- Acquire and aggregate land for urban development purposes, with flexibility to transact.
- Coordinate the funding and delivery of enabling infrastructure.
- Coordinate and direct development controls and fast track planning approvals.

These powers would enable the entity to be an effective public partner for the private sector for development.

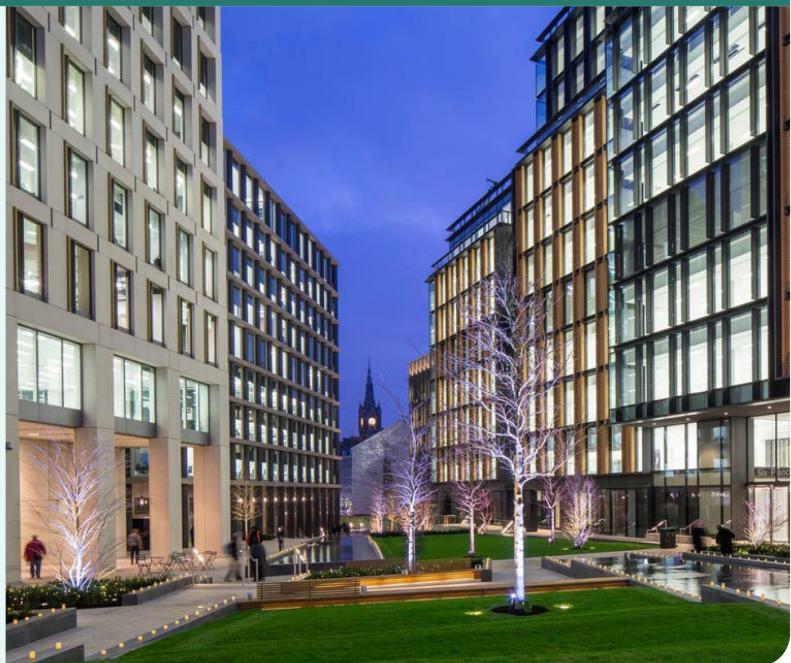
It would facilitate management of the interface between the market and other public agencies, as well as undertaking or facilitating the key interventions needed to catalyse private development and create a steady pipeline of development ready land.

### **There are clear lessons from our overseas peers**

This approach is consistent with global precedent, where bespoke entities are established to ensure successful development outcomes from transformational urban transport investment, such as London's Kings Cross.

#### **Headline insights from overseas experience are:**

- The ability to acquire land for urban development purposes is key, as it enables the creation of a pipeline of developer-ready land suited to the required scale
- Early confirmation of structure and powers assists in integrating transport and urban form, and can catalyse urban development before the transport is in place, offering early returns and supporting a strong sense of place
- A broad toolbox is essential to ensure flexibility over long time horizons. Entities require access to:
  - Planning and legislative mechanisms.
  - Risk mitigation mechanisms.
  - Financial investment.



## 4.6 A new model of Crown and City partnership

### Collaboration is needed to capture the project's full, transformational benefits.

A close partnership between central and local government is required to bring together all the transport delivery, funding, and urban outcomes. A shared commitment from the Crown and Auckland Council, with both having 'skin in the game' is needed.

The partnerships and integrated approach we have built to date with Auckland Council at governance, executive and operational levels means there is already strong progress towards this.

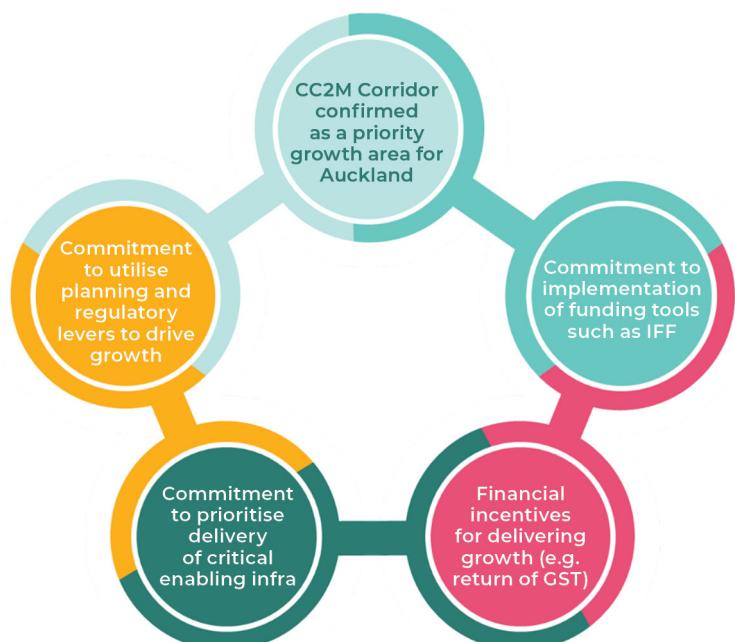
#### A partnership for Auckland

An Auckland partnership would align the incentives and goals of the Crown and the council, harnessing the strengths and powers of each to achieve the best outcomes. For example as part of a potential city deal, the council's planning powers can influence the pace, location and delivery of development into the corridor, while the Crown has access to Auckland-derived revenue streams and wider legislative powers. A deal would ensure the right levers are pulled by the right partner at the right time.

A partnership between the Crown and Auckland Council could:

- Confirm the CC2M corridor as a priority growth area.
- Commit each party to using planning, regulatory, and consenting levers to facilitate development in the CC2M corridor.
- Establish joint commitment to implement the funding package (e.g. IFF Levy, congestion charge, etc.)
- Provide financial incentives for achieving growth targets (e.g. returning GST on new development above a growth threshold).
- Ensures funding and delivery for critical enabling infrastructure in the CC2M corridor is prioritised.
- Coordinate council activities and outcomes with the urban enabling entity.

**A partnership would coordinate all the central and local government interventions required to realise the desired urban outcomes.**



## 4.7 Partnering with developers to create urban value

### Additional value could be created and captured by partnering with private developers and institutional investors to deliver long-term urban development at scale.

The CC2M alignment includes large potential development areas in the station catchments that lend themselves to a pipeline of urban change and intensification sequenced over decades. These urban development opportunities are attractive to domestic and global investors, and could bring new entrants to the market.

There is an opportunity to deliver development at scale through a long-term partnership between a public entity and a well-capitalised and experienced partner.

#### Investing in long-term urban outcomes

A partner would bring 'patient', or long term, capital and development expertise and leadership. The public partner would help enable the development.

The expertise of a development partner maximises the value that can be created while managing risk. This enables co-investment and leveraging private balance sheets to free up public capital.

The public partner can share in the development uplift through contractual mechanisms tailored to balance risk and return.

#### Creating surety for the wider developer market

The urban enablement initiatives clear the path for the wider developer market to deliver residential and commercial development in the corridor. Developers can invest directly or participate in opportunities enabled by the development partnership.



## 4.8 Opportunities for mana whenua and Māori business

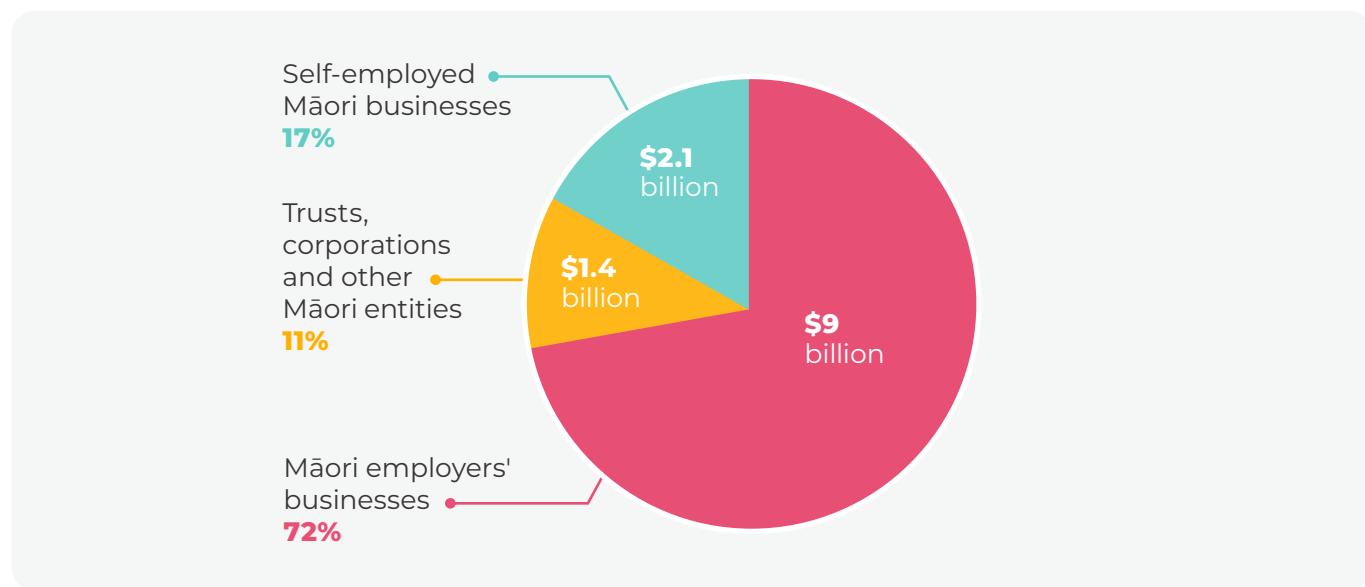
**This project has the opportunity to grow and leverage Te Ōhanga Māori the Māori Economy in Tāmaki Makaurau.**

It will contribute positively to:

- Māori wellbeing and intergenerational prosperity.
- Māori employment, and opportunities and growth for pakihi Māori (Māori business).
- Enabling Māori to thrive and contribute to the growth of the overall economy of Tāmaki Makaurau and Aotearoa.

### The Māori asset base in Tāmaki Makaurau is substantial

The asset base amounts to \$12.5 billion in total, comprising:



### Partnership opportunities

There is opportunity, if mana whenua so wish, to leverage the asset base of their tribal entities through partnering and for the project to provide investment and commercial opportunities to them through enabling procurement and approaches.

The largest number of pakihi Māori sit within the construction sector in Tāmaki. In addition significant numbers of Māori are employed within the construction industry. Professional, Scientific and Technical Services account for the second largest business category for pakihi Māori in the city.

There is significant opportunity for pakihi Māori in these two sectors to contribute to job creation, business growth and long-term prosperity in Tāmaki Makaurau.

Workforce development, including capability uplift, will also be provided to ensure Māori are actively participating at all levels in economic opportunities presented through the project.

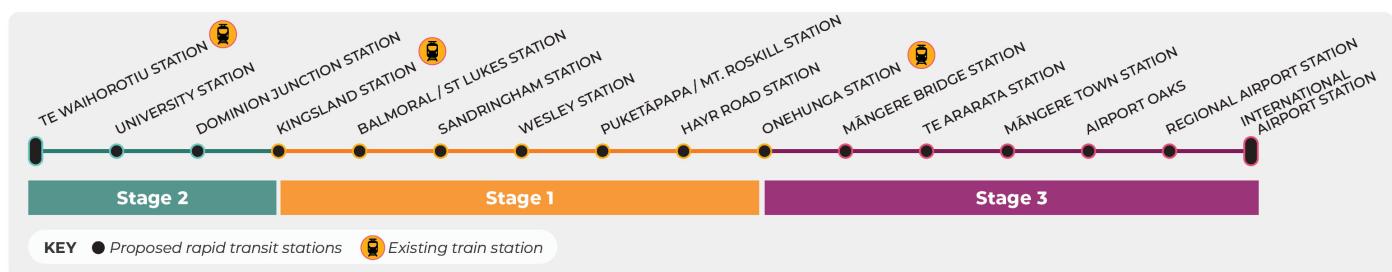
## 4.9 Staged and packaged into deliverable pieces that are attractive to the market

**We have identified an approach to staging the delivery of the transport infrastructure within construction market capacity and urban development timelines, which also maximises benefits as the transport network develops.**

Stage 1 connects Onehunga with City Rail Link at Kingsland. Stage 2 continues to the City Centre, freeing space to allow the Northern Busway upgrade and Northwestern projects to progress according to their preferred delivery timelines. Stage 3 then completes the link from Māngere Town Centre to the airport.

The staging approach balances efficient delivery against market capacity while managing annual cash flow spend. The level of annual spend is at similar level to City Rail Link's, maintaining a consistent investment to improve Auckland's transport infrastructure.

There is further flexibility to manage the delivery by sequencing the large underground stations after the major tunnelling works have finished.



The procurement timeline allows us to capitalise on the cooling of major tunnelling projects in Australia. With smart planning we can draw on this expertise, including luring Kiwi workers back home.

Sequencing the delivery of the project alongside other future rapid transit connections supports a longer-term pipeline of activity, providing confidence to the local and global market to mobilise and scale up here. International participation in the New Zealand infrastructure market relies on this long-term pipeline surety.

Pipeline certainty also underpins opportunities for career pathways and workforce development, and helps retain skills, benefiting future infrastructure and construction projects in New Zealand.

The delivery approach packages the operational and systems elements together into a single privately financed contract that drives innovation and customer outcomes.

## 4.10 Challenging the market to bring unique solutions

### **We will challenge the market to bring cutting edge solutions, capabilities, and partnerships to delivery and financing.**

We have developed a credible and innovative delivery and commercial model that is ready to test with the market. The approach reflects global precedent models for large, complex infrastructure projects, such as those used for the Sydney Metro and Dublin Metro projects.

The delivery approach packages the operational and systems elements together into a single privately financed contract that drives innovation and customer outcomes.

The next step is a comprehensive global market engagement process, to ask the market how it can add alternative or unique solutions.

This could include tighter integration of transport infrastructure and urban development scopes, a different way to deliver urban development at scale, or an enhancement of the underlying commercial model.

Feedback from the market will inform a rapid refinement of the delivery and commercial model that could enable the project to progress quickly to achieve spades in the ground within three years. If attractive alternative approach(es) emerge, this can be tested and co-developed through a pre-development agreement process to demonstrate value for money.

# 5. Gearing up for delivery

## 5.1 Project readiness

**Positioned to start construction by 2026, this project is at least 18 months closer to having spades in the ground than other large rapid transit projects.**

As outlined in Section 4, there are multiple delivery and commercial options that have different pathways and timeframes.

To further define their potential, an initial decision would be to start engagement with the global market on investment, finance and tendering appetite, and optimal delivery and commercial settings, and to test and challenge the market on innovative alternatives for delivery.

Engagement could include discussions with:

- Private financiers (including banks and institutions).
- Equity investors.
- Construction contractors, rapid transit operators, systems and rolling stock providers.
- Urban development partners, including investors.
- Conglomerates and specialist project entities.
- Mana whenua for investment and commercial opportunities and partnering.

Following market engagement on the delivery and commercial options, the next step would be a decision on the preferred delivery approach.

If the proposed delivery model is progressed, it provides the opportunity to award contracts and allow construction to begin within the next three years.

Key decision	Allows:
Start comprehensive global market engagement process	Refine the full delivery and commercial model, explore any unique proposals, and update and complete the Business Case
Confirm preferred delivery and commercial option, investment decision on detailed transport solution and urban development options	Start procurement for delivery, lodge Notices of Requirement and consents, begin property purchase, and develop detailed business cases for urban development
Certainty on entity responsible for delivery of the proposed scheme	Instills confidence in the market on political will to deliver and provides credibility throughout the market engagement process

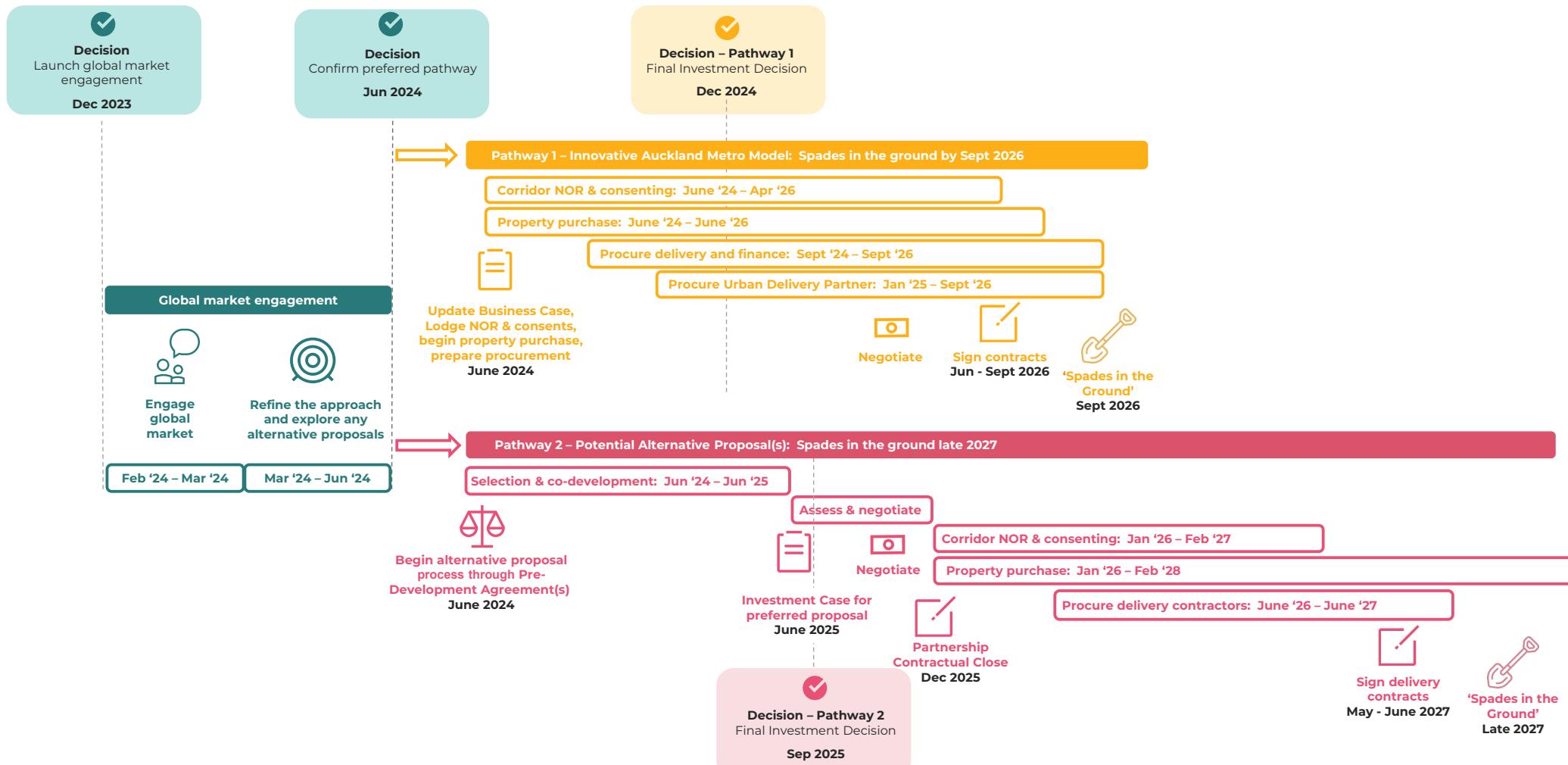
## Three years of milestones

Depending on the delivery model pathway, the following key milestones could be achieved in the next three years:

- Lodgement of Notices of Requirement and resource consents.
- Establishment of urban enabling entity and urban development included in project mandate.
- Award of civil works contracts.
- Announcement of preferred private delivery partner(s).
- A partnership with Auckland Council.
- Spades in the ground.

## 5.2 The timeline to delivery

Ensuring delivery within three years requires concurrent workstreams to collaborate as shown below. Streamlined decision-making processes will also be needed.



# 6. Leaving a positive legacy

## 6.1 A city shaping investment

**By unlocking huge development opportunities and providing efficient connections between people and businesses, this project is a decisive step towards a more prosperous future for all Aotearoa.**



- ✓ Fast, frequent, reliable journeys for up to 19,800 passengers an hour.
- ✓ Frees up road space for freight and other essential trips.
- ✓ Part of a wider rapid transit network, creating easier connections to more places.
- ✓ Enables Northwest rapid transit and maximises the benefits of other rapid transit projects.



- ✓ Unlocks access to major development sites.
- ✓ Enables up to 75,000 additional homes, more housing choice and 122,000 additional jobs.
- ✓ A strong business case unlocking up to \$38bn in economic benefits.
- ✓ Urban benefits help to pay for the project.
- ✓ Delivers more housing and job choice.

## 6.2 A decisive investment in Auckland's future

**With the potential to start construction by 2026 and carry passengers by 2033, metro rapid transit in the City Centre to Māngere corridor is a decisive investment in the future of our city, and New Zealand as a whole.**

