

4 December 2023

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Tēnā koe Gareth

### **Following up on Performance Audit of the Governance of the City Rail Link**

Thank you for your letters of 19 September 2023 regarding the Performance Audit of the City Rail Link (CRL) project. Please find below our joint written response regarding how Te Manatū Waka – The Ministry of Transport and Te Tai Ohanga – The Treasury, as representatives of the Sponsors (the Minister of Transport and the Minister of Finance, on behalf of the Crown) are addressing your performance audit recommendations and other opportunities for improvement. We understand that Auckland Council will provide a separate response to you on this matter.

**Recommendation one: To provide greater transparency of how well they are carrying out their oversight role, we recommend that the Sponsors' Forum and Joint Sponsors Team prioritise improvements to the way they manage the Assurance Manager's recommendations.**

The Assurance Manager's representatives attend monthly Joint Sponsor Team (JST) meetings and meetings with Sponsors' Representatives. Any recommendations made by the Assurance Manager are recorded and discussed as part of a standing agenda item in the JST meeting. Where the recommendations present a strategic risk, they are added to the risk register, which is a live document and is a standing agenda item at the monthly JST meeting.

Sponsors' Representatives have been working with our Assurance Manager to ensure that their focus is on Sponsors' risks and risk framework, and not on matters that are the responsibility of the Link Alliance or City Rail Link Limited (CRL). CRL and the Assurance Manager both keep Sponsors' Representatives aware of key operational issues, which may require escalation to Sponsors. Regular briefings and meetings, and engagement with Ministers' offices assists Sponsors in maintaining appropriate oversight.

**Recommendation two: That the Sponsors of the City Rail Link project ensure that officials prioritise completing an agreed comprehensive benefits realisation plan.**

A Phase 1 Benefit Realisation Plan (BRP) addressing part of this recommendation (to define and quantify the benefits expected from the CRL with measures that are specific, measurable and realistic, and assign responsibilities for managing benefits), was completed in May 2022.

Phase 1.5, which incorporates more urban development inputs following the recent approval of Eke Panuku and Kāinga Ora's development programme for the precincts around Maungawhau and Karanga-a-Hape stations, has been provided to Sponsors.

Phase 2 updates the BRP to incorporate all benefits for the CRL Programme, including the urban development benefits, based on recent information on Maungawhau and Karanga-a-Hape stations, and additional information provided through the Auckland Metro Programme Business Case. Phase 2 is due to be completed in late-2023 or early-2024, which we would be pleased to provide you with once it is complete.

**Recommendation three: That the Sponsors of the CRL project review the governance arrangements to ensure that there is an appropriate mechanism for Boards of City Rail Link Limited, Auckland Transport, and KiwiRail Holdings Group to have collective oversight of project dependencies and support the Delivery Partners Steering Committee with joint decision-making where appropriate.**

In response to this recommendation, Sponsors' Representatives have established the One Client Governance Group (OCGG). This forum is formally comprised of the Chairs and Chief Executives of CRL, Auckland Transport, and KiwiRail, the Chief Executive of Auckland One Rail, and Sponsors' Representatives from Auckland Council and Te Manatū Waka.

Acknowledging its role as a secondary monitor for CRL within the Crown, the Treasury is an observer on this forum.

The focus of the OCGG is to ensure that integration between the entities is prioritised and achieved for the success of the CRL project and for future customers. The project is considered to include the delivery of the Project Alliance Agreement works and the post-delivery phase leading to and beyond in-revenue service (Day 90).

The OCGG meets three to four times per year, or more regularly as required and is supported by the Delivery Partners Steering Committee, which has been renamed to the One Client Executive Committee. This group is not a decision-making group but should aim to resolve issues where possible. It is the responsibility of each member to make decisions to support operational readiness, and to ensure concerns are escalated internally where necessary.

To date, the OCGG has considered and (on 6 November 2023) finalised its terms of reference - focusing on operational readiness, has been provided with updates from each of the partner agencies, has developed a combined Day 90 risk register and is ensuring connected governance oversight between the delivery partners and CRL.

**Recommendation four: That officials from Auckland Council, the Ministry of Transport, and the Treasury ensure that they sustain improvements in reporting to the Sponsors of the City Rail Link project to promote accountability, improve governance, and gain the confidence of stakeholders.**

As noted in recommendation one above, regular briefings and meetings, and engagement with Ministers' offices assists Sponsors in maintaining oversight of how the project is progressing. The confidence of Sponsors in the project, and the benefits it will deliver, was noted in early-2023 when further funding to support the project was agreed upon. This funding request process involved several discussions between CRL and Sponsors, supported by officials.

CRL provides Sponsors' Representatives with monthly reporting on the status of the project, system integration, financial performance and non-CRL initiatives that impact on the CRL project benefit realisation. This reporting flows through as inputs to reporting to Sponsors. We look forward to briefing incoming Ministers on the CRL project to ensure that we maintain the trust and confidence of Sponsors.

Thank you for the opportunity to reply to your letters. Please do not hesitate to contact us if you require any further information at this time.

Nāku noa, nā



**Audrey Sonerson**

Hēkeretari o te Manatū Waka | Secretary for Transport  
Te Manatū Waka | Ministry of Transport



**Caralee McLiesh**

Te Tumu Whakarae mō Te Tai Ōhanga  
Secretary and Chief Executive  
Te Tai Ōhanga – The Treasury