

New Zealand Government

COVER SHEET

7.2 Business case development for North Auckland (rail) Line Upgrade	Decision/Noting/Discussion
Background & context:	Recommendation(s):
<p>Northland is identified as a high priority region for the Provincial Growth Fund.</p> <p>Funding the improvement of transport infrastructure is one of the three identified investment tiers.</p> <p>The application states that improving land transport connections between Northland and Auckland will offer better access to markets for Northland businesses.</p> <p>A business case will provide greater certainty about costs and benefits of rail. It will also gauge support within Northland for upgrading the North Auckland Rail Line and assist with planning for the upgrade.</p> <p>Neither the Ministry of Transport nor Kiwirail are able to fund the cost of the business case out of their baselines.</p>	<p>We recommend that the IAP:</p> <ul style="list-style-type: none"> a) Discuss the Business Case Development for North Auckland (rail) Line Upgrade. b) Note that the project aims to inform decision-making concerning improved transport connectivity for Northland. The Northland community has identified transport infrastructure improvements as essential for supporting Northland’s ongoing growth and development. c) Note that funding of the improvement of transport infrastructure is one of the three identified investment tiers. d) Note the preference is for Kiwirail to be the contracting party. e) Note that the Ministry of Transport and Kiwirail are unable to fund any of the project’s costs. f) Agree to either: Recommend a grant of \$500,000 to progress the business case. <p>Or</p> <p>Provide advice on key areas for further investigation/detail for the proposal to conduct feasibility for the North Auckland (rail) Line Upgrade.</p>
<p>The purpose of this discussion is to: Discuss the PGF application for the business case development for</p>	

North Auckland (rail) Line Upgrade.

- Northland is identified as a high priority region for the Provincial Growth Fund.
- Funding the improvement of transport infrastructure is one of the three identified investment tiers.
- The Tai Tokerau Northland Economic Action plan released in 2016 outlines a 10 year plan that identifies several growth opportunities for Northland. These are:
 - forestry and related processing;
 - tourism;
 - specialised (marine) manufacturing;
 - aquaculture;
 - horticulture; and
 - agriculture, with an emphasis on improving the utilisation of Maori-owned land.
- Releasing these opportunities is reliant on good connecting infrastructure. The Action Plan identifies better connectivity with Auckland, within the region and with export markets as being needed if Northland is to realise economic opportunities.
- Improving land transport connections between Northland and Auckland will offer better access to markets for Northland businesses.
- Ministry of Transport Officials have sought to understand the likely market for rail. This has included meeting with Commercial Information. We have been able to establish some limited interest but not enough to demonstrate productivity potential in excess of the level of investment required. Given the uncertainty the recommendation is that a business case be undertaken.
- A business case will provide greater certainty about costs and benefits. The business case will enable the costs and benefits of investment of the North Auckland Rail Line to be better tested.
- It will also gauge support within Northland for upgrading the North Auckland Rail Line and assist with planning for the upgrade.
- The project will also inform broader decisions about transport infrastructure investment in Northland.
- The business case will be conducted by an independent party and the award of the work will be conducted by a competitive tender.
- **Commercial Information**
Commercial Information.
- Given that this is going to improve the ultimate decision-making the recommendation is that a \$500,000 grant be made to conduct the business case.

PGF operational framework

Officials have reviewed the request and ultimate objective against the PGF operational framework and confirm that it aligns with relevant criteria.

There is overall support from the region for this application and strategic alignment with the PGF.

Consultation undertaken or implications:

Legal	No	HR	No	Finance	No	MBIE policy	No	Other	NZTA and Ministry of Transport.
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Ministry of Transport's preference is for Kiwirail to be the contracting party

Financial & Staff Implications:

Recommend \$500,000 from the Provincial Growth Fund be allocated to MOT/Kiwirail to fund the cost of the business case for the North Auckland (rail) Line Upgrade

Supporting proposal:	Yes
Appendices:	No
Sponsor(s):	Privacy of natural persons
Manager/Author of paper:	Privacy of natural persons – Manager, Rail and Freight and Privacy of natural persons Senior Adviser.

PROACTIVELY RELEASED