

MINUTES OF THE NEW ZEALAND TRANSPORT AGENCY BOARD MEETING
HELD ON 31 OCTOBER 2008

IN THE NEW ZEALAND TRANSPORT AGENCY BOARD ROOM, NATIONAL OFFICE
CHEWS LANE, LEVEL 2, VICTORIA ARCADE, 44 VICTORIA STREET, WELLINGTON

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| Approved by the Chair | _____ |
| Date | ____/____/____ |

PRESENT:

| | |
|-------------------|-----------------|
| Brian Roche | Garry Moore |
| Christine Caughey | Paul Fitzharris |
| Grahame Hall | Bryan Jackson |
| Alick Shaw | Mike Williams |

IN ATTENDANCE:

| | |
|-------------------|------------------|
| Geoff Dangerfield | Julia Shackleton |
| Richard Braae | Allan Frost |
| Ian Gordon | Liz Huckerby |
| Simon Whiteley | Ernst Zollner |

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|-----------------|-----------------|
| Wayne McDonald | Bruce Richards |
| Mark Yaxley | Dave Whiteridge |
| Tommy Parker | Lynne Heaseman |
| Kevin Dougherty | |

| | |
|------------------------|----------------------------------|
| John Tan (Item 4c) | Michelle McCormack (Item 7c, 8c) |
| Peter Wright (Item 7c) | Nick Hunter (Item 7c, 8c) |
| | Dave Watson (Item 11c, 12c) |

INVITEES:

| | |
|-------------------|---------------------------------------|
| Fergus Gammie | Auckland Regional Transport Authority |
| Conrad Blankenzee | Auckland Regional Transport Authority |
| Christine Rose | Auckland Regional Council |
| John Smith | Auckland Regional Council |
| Bevan Woodward | Cycle Action |

1. **Apologies**

Apologies for an early departure were received from Mike Williams. Who was absent for discussion on Items 6c, 7c, 8c, 11c and 12c. No other apologies were received.

2. **Confirmation of Agenda**

The agenda was confirmed.

3. **Declarations of Interest**

Christine Caughey declared an association regarding the item on the Eastern Transport Corridor in Board paper 08/10/0060, Item 3c – *Chief Executive's Report*. She has publicly expressed an opinion in relation to the Eastern Transport Corridor designation through the Action Hobson group (currently inactive), which contested the Auckland City Council elections in 2004 and 2007. The matter in Board paper 08/10/0060 related to a small portion of the designation at Glen Innes, where the council sought to put a park and ride on NZ Transport Agency land.

Mike Williams noted his declaration regarding his Auckland Regional Transport Authority (ARTA) Board membership, in relation to Board paper 08/10/0061, Item 7c – *ARTA: Bus Services Procurement Strategy and Procurement Procedure for the Auckland Region*, and Board paper 08/10/0066 – *ARTA: Auckland Fares' Collection System – Construction Funding*. He will remove himself from discussion of these two items.

Brian Jackson noted his declaration regarding his NZ Railways Corporation directorship re Board paper 08/10/0064, Item 11c – *Greater Wellington Regional Council's Urban Rail: Stabling and Depot Upgrades for new Electric Multiple Units and MacKay's to Waikanae Electrification and Double-tracking Cost Increase*.

Brian Roche noted his work with the State Services Commission, regarding the item on the monitoring of NZ Police road pricing activities, and his role as chief negotiator with the Waikato Tainui settlement re the item on the NZ Transport Agency's relationship with Waikato Tainui, pertaining to Board paper 08/10/0060, Item 3c – *Chief Executive's Report*.

No new declarations or conflicts of interest were declared.

In Committee Minutes

1c Confirmation of the 19 September 2008 In Committee Board meeting minutes

Resolved:

That the New Zealand Transport Agency confirms the In Committee minutes of the 19 September 2008 New Zealand Transport Agency Board meeting.

Grahame Hall / Bryan Jackson

2c Matters arising from the 19 September 2008 In Committee Board meeting minutes

There were no matters arising from the 19 September 2008 New Zealand Transport Agency Board meeting.

3c Chief Executive's Report for October 2008

Board paper 08/10/0060

Resolved:

That the New Zealand Transport Agency Board:

- a **receives** the Chief Executive's Report;
- b **requests** the Chief Executive to report back on the implications of no additional toll projects on the allocation of costs of the toll system for the Northern Gateway project;
- c **requests** the Chief Executive to report back on the budget implications arising from the NZ Transport Agency's increased involvement in monitoring the Road Policing Programme;
- d **agrees** to hold the November 2008 Board meeting in Auckland so that the Waterview Connection paper can be considered in the open agenda and the public can attend;
- e **approves** amendments to NZTA Bylaw 2007/1 "Bylaw Prescribing Use of The Northern Busway in Auckland" that allows the use of the Northern Busway by airport shuttles;
- f **delegates** authority to the Chief Executive to sign the above amendments in (e) above to Bylaw 2007/1 and 2002/17 and to arrange promulgation by way of Public Notice in the New Zealand Gazette.
- g **agrees** to lease land to the Auckland City Council such that a cycleway is not prohibited re the Eastern Transport Corridor whilst future transport options are investigated;

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- h **agrees**, as provided for in Section 102 of the LTMA, to accept the designation from the Ministry of Transport to monitor the delivery road policing activities, which the responsible Minister has approved under section 18L of the LTMA, subject to the documentation of expectations with the Ministry of Transport and NZ Police;
- i **approves** the award of the Traffic Management Software System Professional Services Contract and Transdyn Inc for the sum of \$6,857,691;
- j **agrees** to hold its March 2009 Board meeting in Hamilton so that it can meet with the Waikato Tainui Board to agree on future relationship protocols;
- k **approves**, regarding renewal of bridge restrictions bylaw, the re-imposition of the existing restrictions on state highway bridges as detailed in Attachment 5;
- l **recommends** the Secretary for Transport:
 - (i) declares a section of existing road (ALPURT Sector B1) and a section of new road (ALPURT Sector B2) from Silverdale through Orewa to just south of Puhoi to be State Highway 1 (SH1);
 - (ii) revokes the existing State Highway 1A, including ALPURT Sector B1 and a section of Grand Drive, Orewa;
 - (iii) temporarily renumbers the existing section of SH1, which extends from Silverdale through Orewa, Hatfields Beach and Waiwera to just south of Puhoi, as State Highway 17;
- m **approves** amendments to NZTA Bylaw 2002/17 "Bylaw Regulating Heavy Motor Vehicle Traffic on State Highways" that removes the reference to the restriction of heavy vehicles on SH1A;
- n **delegates** authority to the Chief Executive to sign these amendments to Bylaw 2007/1 and 2002/17 and to arrange promulgation by way of Public Notice in the New Zealand Gazette;
- o **notes** that the Government Policy Statement on Land Transport Funding makes provision for R funds to be spent or allocated after 31 March 2015;
- p **agrees** to plan for the full allocation of R revenue to be completed by 31 March 2016 – one year after the collection of R revenue ends;
- q **notes** that this will alter the distribution of projects funded from N and R during 2008/2009;
- r **requests** the Chief Executive write to affected stakeholders and the Minister of Transport explaining the change and its impact; and
- s **agrees** to keep Board paper 08/10/0060 in Committee, giving the Board the opportunity to have a free and frank discussion.

Brian Roche / Bryan Jackson

4c **Finance Report for the 3 Months ending 30 September 2008**

Board paper 08/10/0062

Resolved:

That the New Zealand Transport Agency Board:

- a. **receives** the financial report for September 2008;
- b. **notes** its appreciation that, during a time of organisational change, systems and processes were well managed by both the ex-Land Transport NZ and Transit NZ sides of the business;
- c. **notes** that management will review and report back on the implementation of the NZ Transport Agency work programme and budgets of the:
 - i. financial pressures being faced by TLAs;
 - ii. pricing movements of key components of our capital and maintenance programme; and
 - iii. implication on the Agency if major infrastructure projects were to be brought forward as a result of an incoming Government's programme;
- d. **notes** that management will review and report back on the effect of the current market conditions on the property portfolio, including valuations; and
- e. **agrees** to take Board paper 08/10/0062 out of Committee once the Board has received the Finance Report for the 3 months ended 30 September 2008.

Brian Roche ./ Garry Moore

5c **Minutes from the State Highways Board Committee Meeting held on 24 October 2008**

Board paper 08/10/0073

Resolved:

That the New Zealand Transport Agency Board:

State Highways Plan

- a **agrees** that the optimal investment for maintaining the asset to broadly maintain current levels of services is at the upper limit of the current GPS funding range;
- b **notes** renewal risk to a value of \$160m has been carried forward from previous years and this is predicted to grow to \$250m at the end of the GPS period;

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- c **agrees** to target maintaining the renewal risk at its current level of \$160m by investing an additional \$90m over the GPS period, by presenting a comprehensive case to support this proposition, by a thorough review of the cash flow of the entire National Land Transport Programme (NLTP);
- d **requests** officers to enhance our continuous improvement approach to the management of our maintenance programmes, including the way in which the NZ Transport Agency reviews its state highway requests;
- e **agrees** to continue to maintain progress against key deliverables in Budget 2006, and published as part of the 2006/07 NLTP, and amended with subsequent agreement with the Minister;
- f **agrees** to manage the affordability of maintaining progress against key deliverables by reducing expenditure within the SH Improvements activity class on a quarterly basis;
- g **agrees** to investigating sources for \$60m of funding for essential reconditioning and replacement works in the large activity programme (non key deliverables);
- h **requests** the Board Chair to continue the dialogue with the Minister over the financial implications of the current GPS funding levels on key deliverables and new initiatives, congruent with the transport targets of the GPS.
- i **agrees** to increase the level of investment in rumble strips by \$9m over the GPS period and to decrease the expenditure on other safety projects by the same amount;

Waterview Connection project:

- j **conveys** to the Minister its preferred scope for the Waterview Connection being the a 2x2 tunnel, untolled;
- k **agrees** to the acceptable improvements on SH16 forming part of the scope of the Waterview Connection project;
- l **notes** that the desirable improvements on SH16 regarding the Waterview Connection project will be delivered at a later stage;
- m **agrees** to progressing the application for designation on the basis of a 2x3 tunnel; for the Waterview Connection project; and
- n **agrees** to keep the Waterview Connection project matter in Committee until such time as it has been conveyed to the Minister;

Strategic Property Compensation: [REDACTED] / Auckland Harbour Bridge strengthening:

- o **approves**, a compensation agreement with [REDACTED] up to a maximum of \$100,000.00;

- p delegates to the Chief Executive the authority to negotiate a confidential agreement with [REDACTED], which will be a full and final agreement for all the works associated with the Auckland Harbour Bridge;
- q agrees that the agreement with [REDACTED] remains In Committee indefinitely; and
- r **agrees** to keep these matters In Committee, giving the Board the opportunity to have a free and frank discussion.

Garry Moore / Grahame Hall

6c **Proposed Revised Terms of Reference for the Investment and Programmes Board Committee**

Board paper 08/10/076

Resolved:

That the New Zealand Transport Agency Board:

- a. **agrees** to rename the 'Investment and Programmes Board Committee' as the 'Strategic and Investment Board Committee'; and
- b. **approves**, with the amendments provided by the Board at today's meeting, the revised Terms of Reference for the Strategic and Investment Board Committee.

Garry Moore / Bryan Jackson

7c **Auckland Regional Transport Authority (ARTA): Bus Services Procurement Strategy and Procurement Procedure for the Auckland Region**

Board paper 08/10/0061

Resolved:

That the New Zealand Transport Agency Board:

- a **endorses**, ARTA's Auckland Passenger Transport Bus Services Procurement Strategy, subject to:
 - i. ARTA reviewing and amending Section 3.3 to specifically address the public health issues and environmental impacts of bus services on sensitive parts of the network to the satisfaction of the Chief Executive;
- b **approves**, in terms of section 25 of the Land Transport Management Act 2003, ARTA's "Alternative Competitive Pricing Procedure for Auckland Passenger Transport Bus Services" included as Attachment 4 to Board paper 08/10/0061;

- c **agrees** that Greater Wellington Regional Council be allowed to join those organisations participating in the pilot of the Interim Procurement Manual; and
- d **agrees** to keep Board paper 08/10/0061 in Committee until such time as ARTA has concluded negotiations associated with the first stage of implementing its Auckland Passenger Transport Bus Services Procurement Strategy referred to in recommendation a above.

Brian Roche / Garry Moore

8c **Auckland Regional Transport Authority (ARTA): Auckland Fares' Collection System – Construction Funding**

Board paper 08/10/0066

Resolved:

That the New Zealand Transport Agency Board:

- a **approves** funding for the construction phase of ARTA's integrated fare system project, at an estimated capital cost of \$70.0 million and annual operating costs estimated at \$6.5 million over ten years at a financial assistance rate of 60% (New Zealand Transport Agency's share \$42.0 million capex and \$3.9 million per year opex), from N funds, subject to:
 - i. ARTA obtaining funding support for local share for this project from the Auckland Regional Council;
- b **notes** that the 95th percentile capital cost is estimated at \$85 million and the 5th percentile cost at \$59 million;
- c **notes** the reasons for this decision are as set out in the Reasons for recommendation and conclusions section;
- d **notes** the project's costs are subject to any movement of exchange rate between now and the contract being awarded;
- e **agrees** to keep Board paper 08/10/0066 In Committee until the contract for the implementation of an integrated ticketing system has been awarded by ARTA and local funding approval is secured.

Brian Roche / Paul Fitzharris

9c **Auckland Harbour Bridge: Walking and Cycling**

Board paper 08/10/0071

Resolved:

That the New Zealand Transport Agency Board:

- a **receives** this report;
- b **notes** the main consequence of adding walking and cycling facilities to the Auckland Harbour Bridge is to significantly shorten the service life of the "clip on" box girders.
- c **notes** that any bringing forward of the replacement of the box girders also brings forward the time at which an additional Waitemata Harbour crossing becomes critical.
- d **agrees** that, on the basis of the information available at this time, the provision of walking and cycling facilities on the Auckland Harbour Bridge will not be pursued by the NZ Transport Agency at this time, but should be considered in conjunction with a plan for an additional harbour crossing;
- e **notes** that the NZ Transport Agency position does not preclude the region bringing the issue forward as a priority in the context of the development of the Regional Land Transport Programme;
- f **agrees** that the technical advice and other associated material is made available to other interested parties;
- g **agrees** to continue to work with regional stakeholders to maximise the opportunities for moving cyclists/pedestrians between the North Shore and Auckland City, whilst the long term option for walking and cycling is determined;
- h **notes** that the above recommendation is subject to the final reports referred to above verifying the draft information received for the preparation of this report;
- i **agrees** to consider the communications of these recommendations in the context of the Board's review of the State Highways Plan at its meeting on 12 November 2008; and
- j **agrees** to keep Board paper 08/10/0071 in committee until final reports have been received and verified.

Moved by the majority of the Board

10c **Hamilton City Council: Wairere Drive - Pukete Road to Resolution Drive, 4 Laning - Investigation and Design Funding**

Board paper 08/10/0067

Resolved:

That the New Zealand Transport Agency Board:

- a **approves** funding for the investigation and design of Hamilton City Council's Wairere Drive: Pukete Road to Resolution Drive 4-laning project, at an estimated cost of \$1.95 million and a funding assistance rate of 55% (NZ Transport Agency's share \$1.07 million) from N funds, following a peer review confirming the economic evaluation; and
- b **notes** that prior to an application for construction funding being made, Hamilton City Council must review the project for consistency against the strategic objectives of the revised Access Hamilton strategy;
- c **notes** that the construction cost of the project (Option 1) is estimated at \$26.6 million the 95th percentile construction cost is estimated at \$28.6 million and the 5th percentile at \$24.3 million;
- d **notes** the reasons for this decision are as set out in the Reasons for recommendation section; and
- e **agrees** to take Board paper 08/10/0067 out of Committee when the Board has published the notice of decision.

Brian Roche / Garry Moore

11c **Greater Wellington Regional Council: Urban Rail – Stabling and Depot Upgrades for New Electric Multiple Units and Mackay's to Waikanae Electrification, and Double Tracking Cost Increase**

Board paper 08/10/0064

Resolved:

That the New Zealand Transport Agency Board:

- a **approves** funding for the additional costs of the Greater Wellington's electrification and double tracking from Mackay's Crossing to Waikanae project, at an estimated cost of \$17.4 million and a funding assistance rate of 60% from R funds and 30% from C2 funds to support local share (a total of 90% or \$15.6 million from the NZ Transport Agency), and therefore bringing the estimated total costs to \$86.9 million;

- b **notes** that the 5th and 95th percentile cost of the electrification and double tracking of the rail lines from Mackay's Crossing to Waikanae project is now estimated at \$78.19 million and \$97.55 million respectively;
- c **notes** the reasons for this decision are as set out in the Reasons for recommendation section;
- d **requests** management to engage with KiwiRail to determine whether there are other options with respect to the Stabling and Depot upgrades project; and
- e **agrees** to take Board paper 08/10/0064 out of Committee when the Board has published the notice of decision.

Brian Roche / Garry Moore

12c **Greater Wellington Regional Council: Trolley Bus Overhead Maintenance Cost Adjustment**

Board paper 08/10/0065

Resolved:

That the New Zealand Transport Agency Board:

- a. **approves** additional funding up to \$13.2 million (with the NZTA share, at a 50% financial assistance rate, being \$6.6 million) from N funds for the additional maintenance costs of the Wellington trolley bus overhead wire system and therefore bringing the total maintenance costs to \$38.7 million for a 10 year period.
- b. **notes** the reasons for this decision are as set out in the Reasons for recommendation section; and
- c. **agrees** to take Board paper 08/10/0065 out of Committee when the Board has advised Greater Wellington of its decision.

Bryan Jackson / Alick Shaw

13c **Programme Rimu: Budget Bid for Development of Phase Two Business Case**

Board paper 08/10/0074

Resolved:

That the New Zealand Transport Agency Board:

- a **notes** there will be a 2009/10 Budget bid for \$4.6 Million to develop the business case for Phase Two of Programme Rimu; and

- b **agrees** to take Board paper 08/10/0074 out of Committee once the outcome of the 2009/2010 Budget is known.

Garry Moore / Mike Williams

14c **Auckland Real Estate Relocation**

Board paper 08/10/0078

Resolved:

That the New Zealand Transport Agency Board:

- a **approves** the intention to secure additional space in the HSBC Building (1 Queen Street, Auckland);
- b **authorises** a property purchase sub panel of the Board (comprising Bryan Jackson, Grahame Hall and Geoff Dangerfield) to approve the Heads of Agreement with the HSBC Building landlord once negotiations are complete;
- c **authorises** the Chief Executive to seek a sub-tenant for the Qantas House premises once that office is relocated;
- d **notes** the potential residual liability costs; and
- e **agrees** to take Board paper 08/10/0078 out of Committee when negotiations with the HSBC landlord and Qantas House sub tenant are complete.

Paul Fitzharris / Grahame Hall

Open Minutes

1 Confirmation of the 19 September 2008 Open meeting Minutes

Resolved:

That the New Zealand Transport Agency Board confirms the Open minutes of the 19 September 2008 New Zealand Transport Agency Board meeting.

Grahame Hall / Mike William

2 Matters arising from the 19 September 2008 Open meeting Minutes

There were no matters arising from the Open minutes of the 19 September 2008 New Zealand Transport Agency Board meeting.

3 2008/2009 NLTP: Adjustments under Delegated Authority (August and September 2008 Reviews)

Board paper 08/10/0078

Resolved:

That the New Zealand Transport Agency:

- a **notes** the adjustments to the 2008/09 NLTP arising from the August and September reviews, as summarised in paragraphs 4 to 8 and shown in Attachment 1 to Board paper 08/10/0077, which have been approved under delegated authority;
- b **notes** the 2008/09 NLTP Situation Summary as shown in Attachment 2 to Board paper 08/10/0077;
- c **approves** an increase of \$27.00 million in the provision for Emergency Work, thereby increasing the total provision to \$118.00 million (\$50.00 million for local roads and \$68.00 million for State highways); and
- d **approves** the following two projects from the Ministry of Transport's regional development fund.
 - Waimata Valley Road in Gisborne District at a total cost of \$2.20 million; and
 - Mangamuka Road in Far North District at a total cost of \$1.04 million, subject to NLTP Review Group endorsement of the design statement and scope of work proposed.

Garry Moore / Bryan Jackson

4 **Cost Adjustments of Public Transport Contracts**

Board paper 08/10/0077

Resolved:

That the New Zealand Transport Agency:

- a **agrees** that the method of contract price adjustments and indices proposed in Board paper 08/10/0077, immediately replaces the relevant provisions of the Competitive Pricing Procedures Manual Volume 2 and the Interim Procurement Manual;
- b **requires** that the method and indices proposed in Board paper 08/10/0077 be applied to all contracts for diesel bus and ferry services being tendered or entered into from 1 November 2008; and
- c **requests** the Chief Executive to develop guidance for regional authorities in the application of the revised procedures and model clauses for inclusion in contract documents.

Brian Roche / Garry Moore

External presentations

Fergus Gammie, Chief Executive and Conrad Blankenzee, Electrification Project Manager, Auckland Regional Transport Authority, gave a presentation on the Auckland rail purchasing of electric trains.

Christine Rose, Auckland Regional Council and Bevan Woodward, Cycle Action, gave a presentation on how a walking and cycling facility on the Auckland Harbour Bridge maximises the walking and cycling plan for Auckland.

Next meeting

The next meeting of the New Zealand Transport Agency Board is confirmed for **Wednesday, 26 November 2008** in Auckland, commencing at 8:00am, venue to be advised.