

MINUTES OF THE NZ TRANSPORT AGENCY BOARD MEETING

HELD ON THURSDAY 4 MARCH 2010 AT 8AM

**HELD IN THE NZ TRANSPORT AGENCY BOARD ROOM, NATIONAL OFFICE
CHEWS LANE, LEVEL 2, VICTORIA ARCADE, 44 VICTORIA STREET, WELLINGTON**

Approved by the Chair	_____
Date	___/___/___

PRESENT:

Brian Roche (Chair)	Garry Moore
Christine Caughey	Paul Fitzharris
Grahame Hall	Bryan Jackson
Alick Shaw	

IN ATTENDANCE:

Geoff Dangerfield	Ernst Zöllner
Dave Brash	Ian Gordon
Colin Crampton	Allan Frost
Liz Huckerby	Jenny Chetwynd
Mark Yaxley	Harry Wilson
Deborah Hume	Wayne McDonald
Dave Whiteridge	Karl Fergusson
Jonnette Adams	Tommy Parker (items 15c & 19c)
David Croft (17c)	Myles Andrews (21c)
Paul Helm (8c)	Caroline Stone (8c)
Richard Hurn (8c)	Ian Melsom (10c)
Lynne Batty (10c)	Helen Climo (10c)
Lyndon Hammond (10c)	Andrew Sweet (11c)
Steve Budd (11c)	Chad Barker (12c)

INVITEES:

None

i. **Apologies**

No apologies were received.

ii **Confirmation of agenda**

The agenda was confirmed.

iii. **Declarations of Interest**

Brian Roche advised that he has become Chief Executive of NZ Post, which is a supplier and service provider to the NZ Transport Agency. He has also become a Director of the following: Kiwibank Limited, Datam Limited, Datacom Group Limited, Kiwi Group Holdings Limited, Express Couriers Limited, The ECN Group Limited, Parcel Direct Group Pty Limited, New Zealand Post Australia Holdings Pty Limited, New Zealand Post Group Finance Limited and Rugby New Zealand 2011 Limited.

Garry Moore declared an interest regarding item 17c, Board paper 10/02/0338 *“ARTA (for Manukau City Council) Quality Transit Network Route Improvements – Flat Bush to Manukau Investigation Funding”*, noting that he is a trustee for a property development in the area. Garry also advised that he has become a Director of the following: Waitiki Holiday Park Limited, PGC Holdings Limited, Palm Garden Centre Limited, MHL Rental Property Syndicate No 1 Limited and MML Consulting Limited.

Alick Shaw advised that he is no longer the Chair of the NZ School of Music and no longer a Board member of the Alcohol Advisory Council.

Minutes

1c **Confirmation of the 17 December 2009 Board meeting minutes**

Resolved:

That the NZ Transport Agency **confirms** the minutes from the 17 December 2009 NZ Transport Agency Board meeting.

Bryan Jackson / Garry Moore

2c **Matters arising from the 17 December 2009 Board meeting minutes**

There were no matters arising from the 17 December 2009 NZ Transport Agency Board meeting.

3c **Update from the 17 February 2010 State Highways Board Committee meeting**

Resolved:

That the NZ Transport Agency Board:

NZTA (SH1) Victoria Park Tunnel TOC Approval and Construction Contract Award:

- a. **approves** the award of the Victoria Park Tunnel Project to the Victorial Park Alliance consisting of The Fletcher Construction Company Ltd, Higgins Contractors Ltd, Beca Infrastructure Ltd and PB New Zealand Ltd for a Project Alliance Agreement (PAA) amount of \$315,478,730.00.

State Highway Asset Management Plan

- b. **endorses** the approach being taken for the State Highway Asset Management Plan.

Auckland Harbour Bridge Asset Management Plan

- c. **endorses** the approach being taken for the AHB Asset Management Plan.

Basin Reserve Transport Improvements

- d. **approves** consultation on Options A and B for the Basin Reserve transport improvements project.

Puhoi to Wellsford Contract Award

- e. **approves** the award of Contract PA 3365 Puhoi to Warkworth Scheme Assessment to Sinclair Knight Merz Limited for a total contract sum of \$12,100,000.00

Property Action Papers – Approval Process

- f. **delegates** the following property acquisition decisions to the State Highway Board Committee:
- Property transactions between \$2.5M and \$10.0M
 - PWA s.23 Notices of Intention to Take land.

Highways Value Assurance Committee Resolutions

- g. **approves** the resolutions of the Highways Value Assurance Committee as they relate to the functions and powers reserved by the NZTA Board.

Brian Roche / Christine Caughey

4c **Update from the 18 February 2010 Remuneration and HR Board Committee meeting**

Resolved:

That the NZ Transport Agency Board **receives** the update from the Remuneration and HR Board Committee meeting held on 18 February 2010.

Grahame Hall / Bryan Jackson

5c **Update from the 23 February 2010 Audit, Risk and Assurance Board Committee meeting**

Resolved:

That the NZ Transport Agency Board **receives** the update from the Audit, Risk and Assurance Board Committee meeting held on 23 February 2010.

Brian Roche / Bryan Jackson

6c **Chief Executive's Report for December 2009 – January 2010**

Board paper 10/02/0331

Resolved:

That the NZ Transport Agency Board:

- a. **receives** Board paper 10/01/0331, the Chief Executive's Report;
- b. **agrees** to keep Board paper 10/01/0331 in Committee indefinitely to allow the Board the opportunity to have a free and frank discussion on all the issues.

Bryan Jackson / Christine Caughey

7c **Chief Executive's Report for February 2010**

Board paper 10/02/0332

Resolved:

That the NZ Transport Agency Board:

- a. **receives** the Board paper 10/02/0332, the Chief Executive's Report;
- b. **receives** Attachment 1, Major Business Updates and Attachment 2, the Actions arising from previous Board meetings, to Board paper 10/02/0332;
- c. **agrees** to keep Board paper 10/02/0332 in Committee indefinitely to allow the Board the opportunity to have a free and frank discussion on all the issues;
- d. **approves** Saito HandiTags Limited as the supplier of motor vehicle and RUC licence labels for a period of no more than five (5) years (3+1+1);
- e. **delegates** authority to the Chief Executive to enter into a contract for up to five (5) years, at an expected value of \$3,788.000, with Saito HandiTags Limited;.
- f. **requests** the Secretary of Transport apply to the Governor General to authorise an Order-in-Council declaring an existing section of road (ALPURT Sector B1) and a section of new road (ALPURT Sector B2), from Silverdale Interchange through Orewa to Puhoi, to be motorway.

Bryan Jackson / Christine Caughey

8c **Quarterly Performance Report for period ending 31 December 2009**

Board paper 10/02/0336

Resolved:

That the NZ Transport Agency Board:

- a. **notes** the enclosed quarterly performance report for the period ending 31 December 2009;
- b. **agrees** that the Quarterly Report be forwarded to the Minister once any changes requested by the Board have been incorporated.

Brian Roche / Christine Caughey

9c **Driver Licensing and Testing Historical Deficit**

Board paper 10/02/0350

Resolved:

That the NZ Transport Agency Board:

- a. **approves** the write-off of the accumulated Driver Licensing and Driver Testing deficit as at 1 July 2009 of \$13.98 million and the remaining balance as at 30 June 2010 up to \$21.78 million against general funds;
- b. **notes** the \$21.78million is the forecast deficit and the actual write-off may be less than this amount;
- c. **notes** that the write-off will reduce the NZTA capital charge by \$1.633m in total and may reduce the capital charge for the current year by \$524,000;
- d. **notes** the status of the other Memorandum Accounts and the progress being made on resolving the inherent deficits with other fees and charges.

Bryan Jackson / Garry Moore

10c **Review of the Demand Management and Community Programmes Activity Class**

Board paper 10/02/0337

Resolved:

That the NZ Transport Agency Board:

- a. **agrees** the new strategic investment framework be used to prioritise investment in the demand management and community programmes activity class as set out in attachment 1 of Board paper 10/02/0337;
- b. **agrees** to the proposed funding envelope for the demand management and community programmes activity class;

NZ Transport Agency Board Meeting - 4 March 2010

- c. **agrees** to continue the current level of 2009/10 funding for three months from 1 July 2010 to 30 September 2010 in order to provide approved organisations and the NZTA adequate time to adopt the new framework and formulate programmes accordingly;
- d. **notes** that there will be ongoing monitoring and post-implementation evaluation to ensure that the investment achieves the aims of the new strategic investment framework;
- e. **agrees** to take Board paper 10/02/0337 out of committee following the 4 March 2010 Board meeting.

Brian Roche / Bryan Jackson

11c Establishing the National Integrated Ticketing Operations Entity

Board paper 10/02/0343

Resolved:

That the NZ Transport Agency Board:

- a. **notes** that at its October 2009 meeting the NZTA Board approved funding for the AIFS subject to:
 - i. ARTA agreeing to establish and place all of the Central System functions (including all relevant assets, intellectual property, operations, and contracts) into a specific legal entity that will be transferred to the NZTA (unencumbered and at the sole discretion of the NZTA) for a consideration of a \$1;
 - ii. As a condition precedent to funding, ARTA and the NZTA completing a legal agreement stipulating that ownership of this legal entity will transfer in total to the NZTA when decided by the NZTA, but no later than payment of the final capital payment to the system contractors, being based upon satisfactory delivery and operational performance of all Central System functions, including all supporting services and procedures".
- b. **notes** that NZTA and ARTA CEs have now signed a memorandum of understanding (MoU) to meet the requirement in recommendation b ii) above and that the MOU is consistent with the recommendations set out in this paper;
- c. **notes** that as agreed in the October 2009 Board paper, ownership of all central system functionality will be placed in the newly established AIFS ticketing entity (including all relevant assets, intellectual property, operations, and contracts);
- d. **notes** that while we are recommending that the new entity take ownership of all aspects of the central system, we consider that that ARTA, and all subsequent regions, should continue to be responsible for undertaking all region-specific activities such as card management, customer service, and device management;

NZ Transport Agency Board Meeting - 4 March 2010

- e. **agrees** that a detailed 'service level agreement' be drawn up between the two agencies which sets out their respective roles and responsibilities in relation to the delivery of different functions;
- f. **agrees** that the entity established by ARTA be a company (i.e. incorporated under the Companies Act);
- g. **notes** that under the contract with Thales, a series of capital payments are to be made over several years from the date of commencement, with the final payment expected in March 2013;
- h. **agrees** that NZTA not take ownership of the entity any earlier than completion of the full system roll out (expected in May 2012);
- i. **notes** that the Board can choose an exact transfer date, after May 2012 and before the final capital payment on March 2013, at a later date;
- j. **agrees** if another region wishes to develop a ticketing system of the back of the AIFS central system prior to ownership of the entity transferring to NZTA, ARTA be required to work collaboratively with NZTA to allow that region to be integrated as early as practical;
- k. **agrees** that NZTA will provide appropriate hosting arrangements for the central system, and that ARTA be required to adopt those hosting arrangements from the outset;
- l. **agrees** that ARTA and NZTA staff will jointly develop a resourcing and HR strategy for the new entity, subject to the approval of the NZTA CE;
- m. **agrees** that the national ticketing entity should draw on the NZTA for administrative support, such as in relation to HR and legal services, but that any services provided by NZTA be fully cost recovered;
- n. **agrees** that in order to allow the funding from the NLTF to go directly to the ticketing system entity, rather than via NZTA or ARTA, the entity should be given 'approved public organisation' status under the Land Transport Management Act;
- o. **notes** that NZTA staff are in the process of assessing additional funding requirements for the national ticketing programme and will submit NLTP bids for the 2010/11 financial year;
- p. **agrees** that a deed of covenant be entered into between ARTA and NZTA setting out additional requirements on ARTA's ownership and management of the new entity, subject to the approval of the NZTA CE;
- q. **agrees** that ARTA be required to place at least two persons appointed by the NZTA Board on the AIFS ticketing entity's Board, one of which is to be the Chair;

NZ Transport Agency Board Meeting - 4 March 2010

- r. **agrees** that NZTA and ARTA be directed to jointly develop an Sol for the new entity which includes clear objectives and financial management policies, subject to the approval of the NZTA CE;
- s. **agrees** that ARTA and NZTA staff be directed to jointly develop and agree a constitution for the entity, subject to the approval of the NZTA CE;
- t. **agrees** that the ticketing entity should establish a stakeholder advisory group to provide information and feedback to the board (comprising of operator and user representatives initially, and then regional council representatives once ownership of the entity transfers to NZTA);
- u. **notes** that once ownership of the entity transfers to NZTA it will be governed by the NZTA Sol;
- v. **agrees** that the national ticketing entity board:
 - i. comprise of no more than five people;
 - ii. has at least three members appointed by the NZTA Board, one of which is to be the Chair;
 - iii. include members with appropriate commercial, PT and IT skills.
- w. **agrees** that where no additional external funding is required, the board of the entity have the right to take decisions to develop the central system for the provision of services that are clearly *ticketing or transport-related*;
- x. **agrees** that where additional funding is required, or where the desired developments are not clearly PT or transport-related, the entity be required to seek approval from the NZTA board on a case-by-case basis;
- y. **agrees** that while the entity is owned by ARTA, any funding or development approvals should occur through a two stage process, with consideration by both the NZTA and ARTA boards;
- z. **agrees** that the entity recoup 100% of:
 - i. its total core operating costs in line with cost recovery guidelines approved by the NZTA CE; and
 - ii. any transport-related system developments.
- aa. **note** that councils will have the right to seek financial assistance of 60% of the costs in recommendation z) above from NZTA;
- bb. **agrees** that for commercial developments and activities the entity aim to fully recoup all capital and operating costs on a competitively neutral basis;
- cc. **agrees** that regions be sheltered from all costs and risks arising from any commercial activities or developments undertaken by the entity, and accordingly also not receive a share of any profit earned.

Bryan Jackson / Garry Moore

12c **Farebox Recovery Policy: Issues arising from Consultation and a Way Forward**

Board paper 10/02/0346

The paper was withdrawn following discussion.

13c **Advancing Local Authority Works**

Board paper 10/02/0348

Resolved:

That the NZ Transport Agency Board:

- a **requests** the Chief Executive to review the NZTA's funding policy regarding the treatment of supplementary funding from local authorities in comparison to third party supplementary funding when establishing the priority of a project;
- b **notes** the actions being taken to advance local authority works;
- c **approves** the advance of up to \$100 million from the 2011/12 year of the NLTP into the 2009-11 years for the local roads maintenance, operation and renewals and local roads new and improved infrastructure activity classes;
- d **approves** an increase of \$14.50 million to each of the NLTP annual allocations for local roads maintenance, operation and renewals and local roads new and improved infrastructure activity classes to respond to the vehicle dimension and mass rule, noting that this will increase the forecast NLTP closing deficit by \$45 million to between \$250 and \$300 million, which is within the range permitted in the GPS;
- e **delegates** authority to the Chief Executive to approve, in response to the Vehicle Dimension and Mass Rule, a one off grant to each local authority, as set out in the section on Funding assessment of bridge strength and forward work programmes, to support its assessment of bridge strengths and forward works programmes; and
- f **agrees** to take Board paper 10/02/0348 out of committee when the Board has confirmed the minutes of its February 2010 meeting.

Bryan Jackson / Grahame Hall

14c **Workshop – Board Committees Review**

The Board reviewed the current Board committee structure and requested the Chief Executive to draft an alternative structure and related terms of reference for consideration by the Board at its next meeting.

15c **Whangarei District Council Lower Hatea River Crossing Detailed Design and Construction Funding**

Board paper 10/02/0333

Resolved:

That the NZ Transport Agency Board:

- a. **approves** funding for the detailed design and construction of Whangarei District Council's Lower Hatea River Crossing project at an estimated cost of \$31.68 million with the NZTA's share be capped at the lower of \$14.58 million or 50% of the final outturn cost from R funds, **subject to**, as a condition precedent, the Regional Director Auckland and Northland receiving confirmation from Whangarei District Council that it has received all necessary resource consents and designations required to commence work under a design and construct contract;
- b. **notes** that the detailed design and construction 95th percentile cost for the Lower Hatea River Crossing is estimated at \$34 million and the 5th percentile at \$24 million;
- c. **notes** that the reasons for the decision are as set out in the Reasons for recommendation section and that the assessment profile of the project is MMH based on the NZTA's level of investment to purchase the project's transport benefits; and
- d. **agrees** to take Board paper 10/02/0333 out of committee when the Board has published the notice of decision.

Garry Moore / Paul Fitzharris

16c **NZTA (SH1) Te Rapa Bypass – Final Design and Construction Funding**

Board paper 10/02/0334

Resolved:

That the NZ Transport Agency Board:

- a. **approves** funding for the final design and construction of NZTA's Te Rapa Bypass project at an estimated cost of \$168.66 (NZTA share \$156.71) million from C funds;
- b. **notes** that funding for works to develop roading network capacity for local growth areas will be provided by Hamilton City Council (\$11.66 million) and Waikato District Council (\$0.29 million);
- c. **notes** that an independent peer review of the revised economics associated with the project is underway and that any material issues arising from the review will be discussed with the Board at the meeting;
- d. **notes** that the construction cost, including property, for the Te Rapa Bypass project is estimated at \$210 million, the 95th percentile cost is estimated at \$238 million and the 5th percentile at \$175 million;

- e. **notes** that the reasons for this decision are as set out in the Reasons for Recommendation section and that the profile for the activity has been assessed as HHL; and
- f. **agrees** to take Board paper 10/02/0334 out of committee when the contract for the project has been awarded.

Grahame Hall / Paul Fitzharris

17c **ARTA (for Manukau City Council) Quality Transit Network Route Improvements – Flat Bush to Manukau Investigation Funding**

Board paper 10/02/0338

Resolved:

That the NZ Transport Agency Board:

- a. **agrees** to vary the 2009-12 NLTP to include ARTA's (for Manukau City Council) Quality Transit Network Route Improvements - Flat Bush to Manukau project, noting that the project has been listed in the published Auckland RLTP;
- b. **approves** funding for the investigation of ARTA's (for Manukau City Council) Quality Transit Network Route Improvements – Flat Bush to Manukau project, at an estimated cost of \$610,000 and a funding assistance rate of 53% (NZTA's share \$323,000) from N funds, **subject to**, as a condition precedent, Manukau City Council agreement that it will develop a detailed funding plan during investigation which will include a significant component drawn from developer contributions;
- c. **notes** that the construction cost for the first stage of the project is estimated at \$23 million, the 95th percentile cost is estimated at \$28 million and the 5th percentile at \$20 million;
- d. **notes** that this is part of a package of projects planned to support the Flat Bush development in Manukau City, the estimated cost of the package is \$105 million and that it is planned to seek the Board's endorsement at its April 2010 meeting;
- e. **notes** that the reasons for this decision are as set out in the Reasons for recommendation section and that the profile for the activity has been assessed as HML; and
- f. **agrees** to take Board paper 10/02/0338 out of committee when the Board has published the notice of decision.

Christine Caughey / Brian Roche

18c **Endorsement of the Greater Christchurch Urban Development Strategy Partner's Christchurch Northern Access Package**

Board paper 10/02/0339

Resolved:

That the NZ Transport Agency Board:

- a. **endorses** the multi-agency Greater Christchurch Urban Development Strategy Partners' Christchurch Northern Access Package, excluding the Old Main North Road Waimakariri Bridge cycleway clip-on and the associated cycleway linkage to the Northern Arterial (which had been included in the package submitted by the partners);
- b. **notes** the total infrastructure cost (including property purchase) for the package is estimated at \$286 million, including;
 - i. the RONS projects of Northern Arterial, Queen Elizabeth 2 Drive 4 laning and Western Belfast Bypass estimated to cost \$185 million; and
 - ii. local roading infrastructure and public transport infrastructure with a cost estimate of \$101 million;
- c. **notes** that the annual costs for new and improved public transport services and travel demand management are estimated at \$4 million;
- d. **notes** that the Cranford Street upgrade and extension, and Hills Road upgrade and extension are local road activities that are necessary to maximise the benefits of the RONS components of the Northern Arterial and Queen Elizabeth 2 Drive 4 laning;
- e. **notes** the reasons for the Board's decision are as set out in the Reasons for recommendation section and that the profile for the package has been assessed at HHM;
- f. **agrees** that the NZTA reviews the funding application for the bus interchange in light of the recent 2010/11 annual plan decisions of the Christchurch City Council to determine whether the project still meets the NZTA's funding criteria; and
- g. **agrees** to take Board paper 10/02/0339 out of committee when the Board has published the notice of decision.

Christine Caughey / Bryan Jackson

19c **NZTA Kirkbride Road Grade Separation and SH20A upgrade – final investigation funding**

Board paper 10/02/0340

Resolved:

That the NZ Transport Agency Board:

NZ Transport Agency Board Meeting - 4 March 2010

- a. **approves** funding for the final investigation of NZTA's Kirkbride Road Grade Separation and SH20A Upgrade projects at an estimated cost of \$1.20 million from R funds;
- b. **notes** that the construction cost for the projects is estimated at \$61 million, with the 95th percentile cost estimated at \$67 million;
- c. **notes** that the reasons for this decision are as set out in the Reasons for recommendation section and that the profile for the activity has been assessed as HHM; and
- d. **agrees** to take Board paper 10/02/0340 out of committee when the Board has published the notice of decision.

Christine Caughey / Paul Fitzharris

20c **Ashburton District Council New Ashburton River Bridge Preliminary Investigation Funding**

Board paper 10/02/0342

Resolved:

That the NZ Transport Agency Board:

- a. **agrees** to vary the 2009-12 NLTP to include the preliminary investigation of the New Ashburton River Bridge noting that it has been through consultation requirements in the development of the Canterbury Regional Land Transport Plan and Regional Transport Council procedures but was inappropriately included in the NLTP as a study activity;
- b. **approves** funding for the preliminary investigation of the Ashburton District Council's New Ashburton River Bridge project at an estimated cost of \$55,100 and a funding assistance rate of 57% (NZTA's share \$31,400), **subject to** a hold point at macroscope to enable the Regional director to consider and endorse the preferred option;
- c. **notes** that the construction cost for the New Ashburton River Bridge is estimated at \$28 million based on rough order costs for this type of work;
- d. **notes** that the reasons for this decision are as set out in the Reasons for recommendation section and that the profile for the activity has been assessed as MMH; and
- e. **agrees** to take Board paper 10/02/0342 out of committee when the Board has published the notice of decision.

Bryan Jackson / Garry Moore

21c **Support for Hamilton City Council's Access Hamilton Integrated Transport Strategy**

Board paper 10/02/0335

Resolved:

That the NZ Transport Agency Board:

- a. **supports** Hamilton City Council's Access Hamilton integrated transport strategy, **subject to**:
 - i. Hamilton City Council's agreement that it will include the revised strategy in its District Plan Review and Development Manual Review; and
 - ii. a joint review of the funding plan for years 4 – 10, prior to formulation of the 2012/15 Regional Land Transport Programme;
- b. **notes** that the Southern Links package has been previously endorsed (Board paper 09/12/0307); and
- c. **notes** that the Board recognises the importance of the Future Proof Strategy, and commends the Future Proof partners to progress the strategy through the Regional Policy Statement review at the earliest opportunity;
- d. **agrees** to take Board paper 10/02/0335 out of committee when it has published its notice of decision.

Grahame Hall / Bryan Jackson

22 **Northern Gateway Toll Road – Motorcycle Consultation**

Board paper 10/02/0344

Resolved:

That the NZ Transport Agency Board:

- a. **receives** the Northern Gateway Toll Road Motorcyclist Consultation Report;
- b. **agrees** that motorcyclists benefit from using the toll road and should therefore be tolled; and
- c. **agrees** that motorcyclists receive the same benefits from using the toll road as other motorists and that motorcycles should therefore be charged the same toll as cars.

Bryan Jackson / Grahame Hall

23 **Delegation for Gazettal of State Highway Changes following project completion**

Board paper 10/02/0345

Resolved:

That the NZ Transport Agency Board:

NZ Transport Agency Board Meeting - 4 March 2010

- a. **approves** the proposed declarations and revocations of State Highways 1 and 2 in the Waikato and Bay of Plenty;
- b. **approves** the delegation to the Chief Executive (with authority to subdelegate with conditions as appropriate), the power to recommend to the Secretary for Transport that a road in respect of approved improvement projects, be declared as state highway, or that the declaration be varied or revoked;
- c. **authorises** the Chair of the Board to sign the Instrument of Board Delegation at Attachment 4;
- d. **notes** that the Instrument of Sub-Delegation from the Chief Executive to the Group Manager Highways and Network Operations at Attachment 5, will be presented to the Chief Executive for signing.

Bryan Jackson / Grahame Hall

External presentations

None

Next meeting

The next meeting of the NZ Transport Agency Board is confirmed for 24 March 2010 in the NZ Transport Agency's Palmerston North offices, commencing at 10:00am.