

**MINUTES OF THE NZ TRANSPORT AGENCY BOARD MEETING**  
**HELD ON THURSDAY 29 APRIL 2010 AT 8.00AM**  
**IN THE NATIONAL OFFICE, BOARD ROOM, CHEWS LANE,**  
**LEVEL 2 VICTORIA ARCADE, 44 VICTORIA STREET, WELLINGTON**

<b>Approved by the Chair</b>	_____
<b>Date</b>	___/___/___

**PRESENT:**

Chris Moller (Chair)	Garry Moore
Christine Caughey	Paul Fitzharris
Grahame Hall	Bryan Jackson
Alick Shaw	

**IN ATTENDANCE:**

Geoff Dangerfield	Dave Brash (out of the meeting 9.30 – 1130am)
Liz Huckerby	Allan Frost
Colin Crampton	Ian Gordon
Bruce Richards	Jenny Chetwynd
Mark Yaxley	Deborah Hume
Jonnette Adams	Alan Malthus
Karl Ferguson	Richard Hurn (4c, 5c, 6c, 7c, 8c, 17c)
Paul Helm (5c, 7c, 8c, 9c)	Caroline Stone (7c)
Peter Wright (10c, 13c)	Chad Barker (11c)
David Silvester (11c)	Bryan Patchett (11c)
Megan Beecroft, MoT (11c)	Matt Barnes (12c)
Henry Pretorius (15c)	Rob Whight (16c)
Michael Blyleven (3c – Christchurch International Airport Ltd)	

## NZ Transport Agency Board Meeting – 29 April 2010

- i. **Apologies**
- ii. **Confirmation of Agenda**
- iii. **General Business**

The Board thanked Brian Roche for his services as the Chair on the NZTA Establishment Board and the inaugural Chair of the NZTA Board. The Chair will write to thank Brian Roche on behalf of the Board.

- iv. **Declarations of Interest**

**Alick Shaw** declared an additional interest as Chair of the Vector Wellington Orchestra.

**Chris Moller** declared an interest in Rugby 2011, in relation to Board paper 10/04/0365 (Item 12c) and also declared an interest in Dunedin City Council, in relation to Board paper 10/04/0367 (Item 14c) of this meeting.

## Minutes

- 1c **Confirmation of the 24 March 2010 Board meeting minutes**

With the minor amendments made below (2c) the NZ Transport Agency Board confirms the In Committee and Open meetings' minutes from the 24 March 2010 NZ Transport Agency Board meeting as a true and accurate record.

Alick Shaw / Grahame Hall

- 2c **Matters arising from the 24 March 2010 Board meeting minutes**

Bryan Jackson joined the 24 March meeting at Item 6C.

Regarding Board paper 10/03/0350 (Item 10c) *Groynes Drive to Waterloo Road (SH1) Construction Funding* it is noted that Paul Fitzharris moved this item and not Garry Moore, and should be read as below:

Paul Fitzharris/Christine Caughey

- 3c **Update from the 14 April 2010 State Highways Board Committee Meeting**

- 3.1c **Auckland Harbour Bridge : Asset Management Plan**

Replacement of Paragraph 10(v)

10 (v) whether or not there continued to be a risk of unplanned heavy maintenance resulting in adjustments to budget allocations. We are confident following completion of the recent works that our understanding of the bridge is sufficient to provide improved confidence of our forward works programme. However, with

## NZ Transport Agency Board Meeting – 29 April 2010

a structure of this age and complexity, there remains a risk that our forward works programme both in quantum and extent could change from that planned.

State Highway Board Committee Minutes:

Bryan Jackson / Grahame Hall

### 3.2c Matters Arising

#### Christchurch International Airport Ltd – Access and Relationship Issues

An update and further information was provided to the Board members which outlined:

- (i) the likely level of service parameters for RONS and for the Western Corridor would be a travel time speed of 80 – 100kph and a safety rating of three star to four star. Attainment of these levels of service long term would result in progressive grade separation of major access points and rationalisation of minor access points;
- (ii) that a grade separated interchange at “Capital A” was both consistent with the overall RONS objectives and the objectives of the Christchurch International Airport Ltd (CIAL) albeit at a BCR of 0.7. It could be provided ahead of time;
- (iii) further discussion with the CIAL should be broadened out to include all access points along the Western Corridor so as to agree on ensuring a holistic settlement with CIAL over all access issues; and
- (iv) the basis for negotiations should be a contribution from CIAL to advance the construction of the “Capital A” interchange from the project outset.

#### Resolved:

That the NZ Transport Agency Board:

- a. **notes** the basis for the best long term solution for the Western Corridor and its interface with the freight hub as part of “Capital A”; and
- b. **delegates** to the Chair, Bryan Jackson and Garry Moore the authority to conclude discussions on the basis for access, if any.

Grahame Hall / Alick Shaw

### 4c Chief Executive’s Report for April 2010

Board paper 10/04/0357

#### Resolved:

That the NZ Transport Agency Board:

- a. **receives** the Board paper 10/04/0357, the Chief Executive’s Report;
- b. **receives** Attachment 1, the actions arising from previous Board meetings, to Board paper 10/04/357;

**NZ Transport Agency Board Meeting – 29 April 2010**

- c. **notes** the Government views the Auckland Harbour Bridge as a public building in respect of the flying of Ceremonial flags;
- d. **agrees** that the decision on which flags to fly on the Auckland Harbour Bridge, and on what occasions, will be made by the Minister of Transport in consultation with the NZTA and interested parties;
- e. **notes** that the above recommendation replaces the Board's flag policy for the Auckland Harbour Bridge as agreed at its 26 November 2008 meeting (Board paper 08/11/0079);
- f. **agrees** to keep Board paper 10/04/0357 in Committee, giving the Board the opportunity to have a free and frank discussion.

Alick Shaw / Chris Moller

**5c Quarterly Performance Report for period ended 31 March 2010**

Board paper 10/04/0358

**Resolved:**

That the NZ Transport Agency Board:

- a. **notes** the enclosed quarterly performance report for the period ending 31 March 2010,
- b. **agrees** that the quarterly performance report be forwarded to the Minister once any changes requested by the Board have been incorporated;
- c. **agrees** to take Board paper 10/04/0358 and the quarterly report for the period ending 31 March 2010 out of Committee when the Board has agreed to provide the report to the Minister of Transport.

Bryan Jackson / Christine Caughey

**6c NZTA Board Committees**

Board paper 10/04/0359

**Resolved:**

That the NZ Transport Agency Board:

- a. **agrees** to replace the current Strategic & Investments, State Highways, and Regulatory Board Committees with two new committees, namely a Planning Board Committee and an Investments & Operations Board Committee;
- b. **agrees** to the attached Terms of Reference for the Planning and the Investment & Operations Board committees;
- c. **agrees** to appoint Alick Shaw as Chair of the Planning Board Committee, and Bryan Jackson as Chair of the Investment & Operations Board Committee;

## NZ Transport Agency Board Meeting – 29 April 2010

- d. **agrees** to appoint Christine Caughey, Garry Moore, and Grahame Hall to the Planning Board Committee, and Alick Shaw, Christine Caughey, and Paul Fitzharris to the Investment & Operations Board Committee;
- e. **agrees** to delegate the following function and power to the Planning Committee: The power to support strategies with financial impact of between \$50 million and \$100 million;
- f. **agrees** to delegate the following functions and powers to the Investment and Operations Committee:
  - (a) The power to endorse packages of activities between \$50 million and \$100 million;
  - (b) The power to make all activity (i.e. project) funding approvals that are currently reserved to the Board, except for any significant activity (over \$50 million) or a significant combination of activities (over \$100 million in total);
- g. **agrees** to take Board paper 10/04/0359 out of committee when the Board has confirmed the minutes of its 29 April 2010 meeting.

Garry Moore / Paul Fitzharris

### 7c Draft Statement of Intent 2010/2013

Board paper 10/04/0360

#### **Resolved:**

That the NZ Transport Agency Board:

- a. **agrees** with the direction and focus of the 2010/13 Statement of Intent;
- b. **agrees** to the continued use of the outcomes and intermediate outcomes to articulate our desired longer term strategic intent;
- c. **agrees** to retain the shorter term focus on the five strategic priorities;
- d. **agrees** to the continuation of our current approach to managing risks and the inclusion of the top-ten risks;
- e. **agrees** to the inclusion of potential high value business transformation initiatives;
- f. **agrees** to the approach to developing performance measures as set out in the attached draft output class tables;
- g. **agrees** to the budget strategy as set out below:
  - The operating expenditure budget limit has been set by forecast available revenues with the exception of a planned operating deficit for MVR/RUC
  - The capital expenditure budget has required operating areas to cover the operating costs for new assets;

**NZ Transport Agency Board Meeting – 29 April 2010**

- h. **agrees** that the full Board considers the draft 2010/13 Statement of Intent on 27 May 2010; and
- i. **agrees** to take Board paper 10/04/0360 and its attachment out of committee after the 2010/13 Statement of Intent has been tabled in Parliament.

Grahame Hall / Christine Caughey

**8c Achieving Value for Money**

Board paper 10/04/0361

**Resolved:**

That the NZ Transport Agency Board:

- a. **notes** that the Chair and Chief Executive have discussed the attached Ministerial Briefing Note with the Minister of Transport;
- b. **agrees** that NZ Transport Agency should participate in the public sector Performance Improvement Framework process initiated by the central agencies (The Treasury, State Services Commission, Department of the Prime Minister and Cabinet);
- c. **delegates** to the Chair the engagement of a lead assessor from the SSC established pool of assessors, and to commission further assessors as required;
- d. **requests** the Chief Executive to provide the necessary information to the assessors to enable a fair and accurate assessment of NZTA's performance.

Bryan Jackson / Grahame Hall

**9c Funding Roads of National Significance**

Board paper 10/04/0364

**Resolved:**

That the NZ Transport Agency Board:

- a. **notes** this paper; and
- b. **agrees** to keep Board paper 10/04/0364 in Committee to enable the Board to have a free and frank discussion about the matters raised.

Bryan Jackson / Garry Moore

## NZ Transport Agency Board Meeting – 29 April 2010

### 10c Farebox Recovery Policy

Board paper 10/04/0362

#### Resolved:

That the NZ Transport Agency Board:

- a. **adopts** the national farebox recovery policy attached as Attachment 1 to Board paper 10/04/0362, following the amendment to the principles and guidelines (page 121):
  - Fares should reflect the level of private benefits that users receive from public transport, while subsidy levels should reflect the “spill over” benefit to the road users, ratepayers and the *wider community, environment, and economy*.

Grahame Hall / Garry Moore

- b. **confirms** its requirement that all regions are to establish a regional farebox recovery policy for bus, ferry and rail urban public transport services as appropriate as part of their Regional Public Transport Plan;
- c. **notes** that the details of the NZTA’s policy will be communicated by General Circular;
- d. **requests** the Chief Executive to develop and promulgate an addendum to the NZTA’s guidelines for the development of Regional Public Transport Plans which sets out the NZTA’s expectations for regional farebox recovery policies;
- e. **agrees** that the Chief Executive should signal to the Minister, regional councils and other stakeholders, the NZTA’s intention to move to a funding policy for the next NLTP (if feasible) based on an outcome-based model, but noting that this is subject to further investigative work to determine its workability;
- f. **requests** the Chief Executive to undertake the investigative work required to determine how, or whether it is possible, to shift to a funding policy that funds for the outcomes the NZTA wishes to achieve, rather than to the current approach that subsidises a specified service provision, and report back to the Board on progress at its December 2010 meeting; and
- g. **agrees** to take Board paper 10/04/0362 out of Committee when the Board has adopted the national farebox recovery policy.

Bryan Jackson / Grahame Hall

### 11c Draft State Highway Classification System

Board paper 10/04/0363

#### Resolved:

That the NZ Transport Agency Board:

- a. **endorses** the draft State Highway Classification System as the basis for external engagement, including the proposed criteria and thresholds used to define and map

## NZ Transport Agency Board Meeting – 29 April 2010

each category of the classification system, and the maps of the draft classification system;

- b. **notes** the proposed approach to external engagement with key stakeholders; and
- c. **agrees** to keep Board paper 10/04/0363 in Committee until the final State Highway Classification System is adopted, to allow the Board to consider and debate the Classification System while it is being developed.

Bryan Jackson / Alick Shaw

### 12c **Rugby World Cup (RWC) Update**

Board paper 10/04/0365

With the agreement of the Board, Chris Moller remained in the Board meeting for this noting paper.

#### **Resolved:**

That the NZ Transport Agency Board:

- a. **notes** the update.

Bryan Jackson / Paul Fitzharris

### 13c **Public Transport Contract Extensions – Auckland and Wellington**

Board paper 10/04/0366

#### **Resolved:**

That the NZ Transport Agency Board:

- a. **notes** that the review of the Public Transport Management Act, implementation of the AIFS, ARTA's rationalising its fares structure, and other factors, have created uncertainties leading to a delay in retendering bus service contracts in Auckland and Wellington with a consequent requirement to extend existing contracts;
- b. **notes** that the approval for contract extensions will mean that financially, the NZTA will be in a no worse off situation than existing;
- c. **notes** that the approval for contract extensions is delegated to the Group Manager, Regional Partnerships and Planning;
- d. **notes** that assurances have been provided by ARTA and GW that they will commence retendering for these services as soon as there is some confidence in the policy environment; and
- e. **agrees** to keep Board paper 10/04/0366 in committee to allow free and frank discussion of the matters and remove it from "in – committee" following the meeting.

Grahame Hall / Alick Shaw



14c **Dunedin City Council State Highway 88 Realignment Property Purchase and Construction Funding**

Board paper 10/04/0367

With the agreement of the Board, Chris Moller remained in the Board meeting.

**Resolved:**

That the NZ Transport Agency Board:

- a. **notes** that the project provides national transport benefits and represents value for money, and that its timing is being advanced by the imminent construction of Dunedin's new stadium and Otago University expansion, as explained to the Board previously in Board paper 09/08/0245;
- b. **notes** that funding of \$800,000 for enabling construction works for the project has been approved prior to this funding application;
- c. **notes** that capping the NZTA's share of property costs ensures that no premium will be paid for land required for the project;
- d. **notes** that the expected construction cost has increased from a \$16 million estimate at the time of design funding (Board paper 09/08/0245) to the \$25 million current estimate and that part of the increase is due to the property value from stadium land owned by Dunedin City Council being left out of the applicant's previous estimate in error;
- e. **approves** funding for the property purchase associated with Dunedin City Council's State Highway 88 Realignment project at an estimated cost of \$11.70 million and a funding assistance rate of 65% (NZTA's share capped at \$7.61 million) from R funds, subject to, as conditions precedent:
  - i Dunedin City Council providing a peer review of the economics of the project and that the peer review confirms the project's assessment profile of HHL; and
  - ii the Regional Director being satisfied that all property purchase agreements for the project have been completed;
- f. **approves** funding for the construction of Dunedin City Council's State Highway 88 Realignment project at an estimated cost of \$11.55 million and a funding assistance rate of 65% (NZTA's share capped at \$7.51million) from R funds, **subject to**, as conditions precedent:
  - i Dunedin City Council providing a peer review of the economics of the project and that the peer review confirms the project's assessment profile of HHL;
  - ii the Regional Director being satisfied that all consents required for a construction start have been provided; and
  - iii Dunedin City Council agreeing that it will, prior to submitting any new funding applications associated with Dunedin's strategic corridors, provide a plan that

## NZ Transport Agency Board Meeting – 29 April 2010

demonstrates, to the Regional Director's satisfaction, the integration of the shared paths constructed as part of this project with the proposed strategic upgrades and existing cycling/pedestrian facilities to the south of the project;

- g **notes** that the expected construction cost of the project, including enabling works and property, is estimated at \$25 million, the 95<sup>th</sup> percentile construction cost is estimated at \$27 million and the 5<sup>th</sup> percentile at \$24 million;
- h **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
- i **agrees** to take Board paper 10/04/0367 out of Committee when the Regional Director has been advised that commercial agreements for property and construction have been executed or when the Board publishes the notice of decision, whichever is the later.

Bryan Jackson / Garry Moore

### 15c **Operation of the Northern Gateway Toll Road**

Board paper 10/04/0370

#### **Resolved:**

That the NZ Transport Agency Board:

- a. **approves** the awarding of a contract for the support and maintenance of the tolling system to Kapsch TrafficCom for a period of no more than five years (3+1+1);
- b. **delegates** authority to the Chief Executive to enter into a contract for up to five years, at an expected value of \$4,200,000 with Kapsch TrafficCom;
- c. **notes** that the Northern Gateway Toll Road operating report for the period 1 July 2009 to 31 December 2009 was provided to the Minister of Transport and will be published on the Agency's web-site; and
- d. **agrees** to take Board paper 10/04/0370 out of committee.

Christine Caughey / Paul Fitzharris

### 16c **Peka Peka to Otaki Expressway Consultation**

Board paper 10/04/0368

#### **Resolved:**

That the NZ Transport Agency Board:

- a. **notes** that an oversight occurred when NZTA staff were reviewing submissions on the Peka Peka to Otaki Expressway;

## NZ Transport Agency Board Meeting – 29 April 2010

- b. **notes** that that oversight resulted in the NZTA Board not being advised that the Group and the Committee had both requested the opportunity to present their submissions to the Board and, therefore, resulted in the Board not specifically considering whether or not to give either or both of those two groups the opportunity to present oral submissions to the Board on 27<sup>th</sup> of November 2009;
- c. **noted** that notwithstanding (b) above, the Group's submissions were included in the summary paper when the Board made its decision on 11 December 2009;
- d. **agrees** to give both the Group and the Committee the opportunity to present oral submissions on the Peka Peka to Otaki Expressway at the Board meeting to be held on 27 May 2010;
- e. **resolves** that if either or both of those submitters takes up the opportunity to be heard by the Board at the 27 May 2010 meeting the Board will consider those oral submissions with an open mind with a view to deciding whether to:
  - annul;
  - amend, or;
  - confirmits 15 December 2009 decision on the Peka Peka to Otaki Expressway;
- f. **agrees** to keep Board paper 10/04/0368 in committee indefinitely.

Bryan Jackson / Alick Shaw

### Board Only Business

The Board met with only the Chief Executive in attendance.

The Chief Executive handed out a summary of the results of the Board Self Review, which the Board then discussed. It was agreed that the review was generally positive but there were nevertheless improvements that can be made.

The Chairman thanked the Board for making themselves available to meet with him one-on-one and the Board:

- **agreed** that a full day strategy meeting should be held at a time to be determined in the future;
- **noted** that the Chief Executive had agreed to forward a regular, but short, report to Board Members between Board meetings.

Other matters that were discussed were as follows:

- *Remuneration* – this matter will be considered by the Remuneration Committee at its meeting to be held on 12 May;
- *Board Only Time* – a question was raised as to whether *Board Only* time should be a standing agenda item. After discussion, it was agreed that Board Members should raise any *Board Only* matters with the Chairman well before each Board meeting so

## **NZ Transport Agency Board Meeting – 29 April 2010**

that the Chairman could discuss those matters with the Chief Executive to determine whether a *Board Only* session should be convened. On that basis it was agreed that *Board Only* time would not be a standing agenda item;

### **Next Meeting**

The next meeting of the NZ Transport Agency Board is confirmed for Thursday, 27 May 2010 in the NZ Transport Agency Board Room, Level 2, National Office, Chews Lane, Victoria Street, Wellington.

The Chairman advised that he was unable to attend the next meeting of the NZ Transport Agency Board in May due to overseas travel commitments and that the Deputy Chairman would chair the meeting in his absence.