



Board Meeting Minutes

Date & time	4 July 2014, 2.15 – 5.00pm
Location	NZ Transport Agency Boardroom, Level 2, 50 Victoria Street, Wellington
Board Membership	Chris Moller (Chair), Dame Patsy Reddy (Deputy Chair), Adrienne Young-Cooper, Gill Cox, Jerry Rickman, Nick Rogers and Tony Lanigan
Apologies	None
NZTA staff in attendance	Geoff Dangerfield (Chief Executive) Allan Frost (GM Organisational Support), Robyn Elston (Acting GM Access & Use), Dave Brash (GM Planning & Investment), Ernst Zöllner (Regional Director Auckland & Northland), Sara Broadhurst (GM People and Capability), Jenny Chetwynd (GM Strategy, Communications & Performance and Board Secretary), Jim Harland (Regional Director, Southern), Harry Wilson (Regional Director, Waikato & Bay of Plenty) and Niclas Johansson (Acting GM State Highways and Network Operations) Martin McMullan (Health & Safety Manager), Kevin Doherty (PPP Director) and Peter Casey (Regional Manager, Auckland/Northland)
External Visitors	Hugh Kettle (Bell Gully) and Bruce Wattie (PWC), for Item 6.1 (Board Paper 14/05/0833)

1. Introduction and governance matters

1.1 Appointments

Board members congratulated Dame Patsy Reddy, who has recently been named a Dame Companion of the New Zealand Order of Merit in the Queen’s Birthday Honours.

1.2 Apologies

All Board members attended the meeting.

1.3 Confirmation and overview of the agenda

The agenda was accepted as circulated. The revised agenda and order of the day was circulated and accepted.

1.4 Declarations of conflicts of interest

The schedule of Board members’ interests was noted as tabled.

1.5 Draft minutes from the 2 May 2014 Board meeting

The minutes were confirmed as tabled.

Resolution 1	<i>The draft minutes of the 2 May 2014 Board meeting are a true and accurate record of the meeting</i>
---------------------	--

1.6 Progress on actions requested at previous meetings

Progress on all the actions was noted.

1.7 Report-back from the Investment and Operations Committee meeting - 4 July 2014

Adrienne Young-Cooper, as Acting Chair of the Investment & Operations Committee, introduced the key items from the Committee meeting earlier in the day. She highlighted the substantial discussion on the development of the draft State Highway Asset Management Plan in which the Committee acknowledged the challenges ahead, but had received from Management a comprehensive briefing of the risks and actions being taken in the context of implementing the One Network Road Classification.

She outlined the discussion on the investment assessment framework, noting the significance of the work that needs to be done between now and Christmas in examining the foundations of the framework. The good progress in implementing the Warrant of Fitness changes was noted, and she drew the Board's attention to the substantive discussion on NZTTL that is to come back to the Board.

Adrienne also outlined the discussion on scope and role of the I&O Committee, noting that suggested changes to the I&O Charter would be brought back to a subsequent Board meeting for discussion.

Adrienne Young-Cooper moved that the Board approve funding for the detailed design and construction of the Huntly section of the Waikato Expressway, noting that the actual award of the construction contract will come back to Board for approval.

Resolution 2	<i>The NZ Transport Agency Board approves \$458.12 million for the detailed design and construction associated with the Huntly section of the Waikato Expressway.</i>
---------------------	--

1.8 Report-back from the Audit, Risk and Assurance Committee meeting - 4 July 2014

Jerry Rickman summarised the key items from the Committee meeting earlier in the day. He noted that the external auditors reported that they have found the Transport Agency to be prepared, open and cooperative during the audit. The audit has proceeded well and holds no significant issues. The Committee approved the Internal Audit plan, and noted the appointment of a new insurance broker and the progress around the business continuity planning and disaster recovery planning.

1.9 Report-back from the Remuneration and HR Committee meeting – 14 March 2014

Dame Patsy Reddy highlighted some of the items addressed at the Committee meeting, noting particularly the changes to the remuneration framework that are focussed on providing more flexibility for leaders to drive high performance, and the Agency's approach to work force diversity, focussing on supporting older team members, encouraging a diverse applicant pool, and ensuring current employees have equal opportunities to be considered for roles within the organisation.

1.10 Suggested use of the Register of Board member interests

Board paper 14/07/0832

Ernst Zöllner outlined some suggested changes to the use of the Register of Board member interests, as part of the Agency's continuing strong commitment to managing potential and perceived conflicts of interest.

Board members noted the importance of having a full understanding of all the parties that may be involved particularly when considering investment decisions, so that conflicts of interest can be identified with certainty and transparency. Board members also noted that it was important for Board meeting minutes to capture all disclosures of conflicts of interest in relation to any specific item on the agenda, and the need for information and a process to support this outcome.

<p>Resolution 3</p>	<p><i>The New Zealand Transport Agency Board members confirm that continuing to declare and record Board member interests is an important part of the Agency’s strong commitment to managing potential conflicts of interests, and agrees that this comprises the following:</i></p> <ul style="list-style-type: none"> • <i>Board member on-line profiles, stating relevant experience and expertise.</i> • <i>A register for recording standing or ongoing interests that could be relevant to regular discussions by the Board.</i> • <i>A record, in the minutes, of any conflicts in relation to any specific item on the agenda that is declared at each meeting or other Board discussion.</i>
<p>Requested Action</p>	<ul style="list-style-type: none"> • <i>That the current standing or ongoing interests registered by the Board are reviewed and confirmed</i> • <i>When investment decisions are being considered, and contractors or external parties involved in the project are known at the time of the Board meeting, these parties are to be noted in an appendix to the Board Paper.</i> • <i>Review recent work completed by KMPG, as the Agency’s auditor, relating to conflict of interest declarations to ensure consistency.</i>

2. Chief Executive's matters

2.1 Chief Executive's report

Board paper 14/07/0831

As part of the regular CE briefing from Geoff Dangerfield, Board members discussed the following topics:

- The development of the NZ Transport Agency Board's response to the Ministry of Transport on the Government Policy Statement on Land Transport Funding 2015-18, noting the need to focus on implementation aspects of GPS policy.
- Implications for the delivery of the additional projects signalled though the Government's recent announcement of additional funds outside the National Land Transport Fund for regional projects, particularly around management of risks and future maintenance liabilities.

Resolution 4	<i>The NZ Transport Agency Board receives the Chief Executive's Report for July 2014.</i>
---------------------	---

2.2 Financial Reports for the Transport Agency and NLTF to the end of May 2014, covering eleven months of 2013-14

Board paper 14/07/0830

Allan Frost updated the Board on the finances of the Transport Agency and the National Land Transport Fund (NLTF) for the eleven months ended 31 May 2014.

Resolution 5

The NZ Transport Agency Board notes the financial reports for the Transport Agency and National Land Transport Fund to the end of May 2014.

3. Confirming service and financial performance targets: 2013-16 Statement of Intent

3.1 Budget strategy and value add propositions for 2014-15

Board papers 14/07/0834, 14/07/0826 and 14/07/0827

This item was deferred until the next Board meeting on August 15th 2014.

4. Setting sector and organisational direction

4.1 Progress on health and safety programme

Board paper 14/07/0824

Sara Broadhurst outlined the approach to the Agency's Zero Harm Strategy, developed in response to the Health and Safety Reform Bill. She presented a summary of the Transport Agency's Health and Safety Performance at the 2014 mid-year point.

Board members discussed the changed focus in the Health and Safety Reform Bill and how it represents a new approach to health and safety in the workplace. They noted that the duties of care and obligations and the creation of the Person Conducting Business Undertaking (PCBU) concept, shifts the focus away from the employer and employee, to workers and workplaces, and that all those involved in work or a workplace will have a duty of care.

Board members noted that these changes widen the focus of our health and safety attention, and place increased importance on having a suitable due diligence framework and training in place to enable the Board members and staff to meet their obligations.

Board members discussed the implications of the new regime to the Agency’s specific business and circumstances, with particular reference to the nature and role of the Agency in the construction industry and broad supply chain, and the opportunity for the Agency to be a key influencer for improved Health and Safety performance on a wider front. Members also stressed the importance of getting the right health and safety culture in place within the organisation.

Resolution 6	<p><i>The New Zealand Transport Agency Board:</i></p> <ul style="list-style-type: none"><i>a) Notes the update on the Health and Safety Reform Bill;</i><i>b) Adopts the Transport Agency Zero Harm Strategy 2014-2020 ;</i><i>c) Notes the Zero Harm due diligence programme, including workshops for the Directors and Officers; and</i><i>d) Notes the update on the Transport Agency’s Health and Safety performance, at the mid-year point.</i>
---------------------	---

4.2 2015-18 NLTP development process changes

Board paper 14/07/0822

Dave Brash outlined the progress being made in developing the 2015-18 NLTP, and outlined the risks to the timing of the planned implementation.

Board members noted and discussed the risks, particularly around the draft nature of the Government Policy Statement on Land Transport Funding, and the changes that may need to be made to the Investment Assessment Framework as a consequence of the delayed GPS release.

Resolution 7	<i>The NZ Transport Agency Board agrees to the development of an Investment Assessment Framework and communications plan based on the draft Government Policy Statement for approval by the Board in August.</i>
---------------------	---

4.3 Procurement Review – project update

Board paper 14/07/0823

Niclas Johansson updated the Board on progress on the procurement improvement plan, and provided preliminary insights from the roll-out of the new network outcome contracts for state highway maintenance and operations. Board members noted the good progress being made, and found the implementation of the Horn recommendations particularly encouraging.

Resolution 8	<i>The New Zealand Transport Agency Board notes the progress made in the procurement improvement plan and roll-out of the new network outcomes contracts.</i>
---------------------	--

5. Quality assurance of key organisational systems, policies and processes

5.1 Improving asset management practices – lessons learnt in other sectors

Board paper 14/07/0821

Niclas Johansson outlined the progress made in achieving the Transport Agency’s priority of efficient road maintenance investment and delivery and the results of sector engagement. Board members noted the good progress, and were encouraged by the improved relationships that are being established both within and outside the transport sector through this work.

Resolution 9	<i>The New Zealand Transport Agency Board notes the improvement activities underway, and that the Transport Agency is on track to deliver state highway maintenance and renewal programmes within the 2012/15 budget.</i>
---------------------	---

5.2 Review of the NZ Transport Agency Significance Policy

Board paper 14/07/0820

Allan Frost outlined the changes that were proposed to the Transport Agency’s significance policy, particularly the changes to enhance clarity around uniqueness of an issue, and how to determine the significance of reputational risk. Board members discussed the importance of these changes, of the need to ensure a high awareness of the Significance Policy, and clarified that the revised policy is effective from the date of this Board meeting.

Resolution 10	<i>The NZ Transport Agency Board approves the amendments to the Significance Policy, effective from 4th July 2014.</i>
----------------------	--

6. Significant planning, investment and operational matters

6.1 Transmission Gully Public Private Partnership – financial close

Board paper 14/05/0833

Kevin Doherty led a discussion with the Board on the progress and completion of the negotiations with the Wellington Gateway Partnership to enter into a Public Private Partnership Project Agreement for Transmission Gully. The Chair sought, and received, assurances on legal issues from Hugh Kettle (Bell Gully), and on financial and commercial issues from Bruce Wattie (PWC).

After discussion and following a series of questions, Board members thanked everyone for their contribution in bringing the negotiations to a close, and noted the value in the creation of a model for the application of a Public Private Partnership to horizontal infrastructure.

Resolution 11	<p><i>The New Zealand Transport Agency Board:</i></p> <ul style="list-style-type: none"> • <i>notes that as a result of the negotiation of all material price issues and risk allocation between the NZ Transport Agency and Wellington Gateway Partnership, the current expected net present cost of the Transmission Gully project is \$862 million at financial close.</i> • <i>notes that the Public Sector Comparator value is \$875 million, and therefore the expected net present cost of Transmission Gully PPP is \$13 million below</i>
----------------------	--

	<p><i>the PSC and demonstrates value for money at financial close.</i></p> <ul style="list-style-type: none">• <i>notes that at financial close the contract will be adjusted to exclude Bridge 27 (the Kenepuru Link road and Interchange) as it has not yet obtained council consent, and that it will be reincorporated within the contract via a pre-agreed change mechanism provided for in the Project Agreement</i>• <i>agrees that the NZ Transport Agency should enter into the Project Agreement for the Transmission Gully Public Private Partnership.</i>• <i>agrees that the Chair write to the Ministers of Finance and Transport advising them of the Board’s decision to enter into the Project Agreement.</i>• <i>agrees that the Chief Executive is delegated the authority (via power of attorney) to sign the Project Documents, the Deed of Indemnity and the Reimbursement and Management Agreement on behalf of the NZ Transport Agency.</i>
--	--

Postscript: following the 4th July NZTA Board meeting, the financial close was achieved at \$847m rather than the expected \$862m. This is \$25m below the Public Sector Comparator (PSC).

6.2 East West Link and Auckland Manukau Eastern Transport Initiative

Board paper 14/07/0829

Dave Brash provided background on the Auckland Manukau Eastern Transport Initiative (AMETI) and East West Link, and outlined the reasons for the investment decision sought. He highlighted the extensive engagement with the community and stakeholders. Board members noted the close

relationship between the projects, and their importance to economic growth and productivity in Auckland.

Resolution 12	<p><i>The New Zealand Transport Agency Board:</i></p> <p>AMETI</p> <p>a) endorses¹ <i>the amended Auckland Transport AMETI Package 1 (Panmure station, multi modal connection Panmure to Sylvia Park, and busways from Panmure to Botany), noting that:</i></p> <ul style="list-style-type: none"><i>business case development of the East West Link activities has led to changes in the overall AMETI programme. All of AMETI's Package 2 activities (links between Carbine Road and State Highway 1, and to Highbrook Link) are now included in the East West Link programme except for Mt Wellington Highway improvements which are being incorporated into Package 1</i><i>after accounting for the changes in scope and timing, and incorporating all property costs, the 2014 cost estimates of AMETI Package 1 are similar to 2011 estimates with the assessment profile remaining at High Strategic Fit, High Effectiveness and the BCR unchanged at 1.2</i><i>the total construction cost of AMETI is estimated at \$1,330 million (Transport Agency share \$700 million).</i>
----------------------	---

¹ Endorsement of packages indicates that the package was well aligned with the Transport Agency's priorities and appeared effective. Endorsement does not commit the Transport Agency to funding the package (packages and activities already developed under our previous approach will continue to be considered in this manner).

b) **delegates** further funding decisions on investigation and design phases of AMETI Package 1 to the Chief Executive, and **notes** that future construction phases are to be considered for approval by the Board.

East West Link

c) **supports**² the programme business case for the East West Link that covers the elements of local and state highway works north of the Mangere Inlet, improvements to public transport between Mangere town centre and Sylvia Park, and development of a cycle network, and **notes** that further work is required, particularly on sensitivity testing of demand and timing.

d) **delegates** further funding decisions to complete indicative and detailed business cases on the East West Link to the Chief Executive

e) **notes** that the construction cost for the East West Link - part of the Auckland Accelerated Programme activities - is estimated at between \$570 million and \$680 million and the Board will consider the business case in October 2014.

6.3 Christchurch rebuild update

Board paper 14/07/0828

Dave Brash outlined progress made in the various planning and earthquake recovery implementation work-streams, highlighting the challenges that need to be resolved in relation to rebuild and recovery activities and how they are governed, managed and funded.

² Support of the programme business case indicates a strong signal that the preferred programme effectively addresses the issues identified in the strategic case. Support does not commit the Transport Agency to funding the programme but does signal that we are likely to invest in it, subject to funding availability and the programme demonstrating its economic efficiency.

Board members discussed the implications of these matters on the Transport Agency. Members noted that a full discussion would be appropriate at the next Board meeting in August 2014 when the Board meets in Christchurch. Board members provided comment on their specific areas of inquiry to be addressed in the supporting paper for the August 2014 Board meeting.

Resolution 13

The New Zealand Transport Agency Board receives this report.

7. Other updates and general business

7.1 Media and communications update

Board paper 14/07/0825

The Board noted the regular update on media events.

7.2 Draft agenda for 15 August 2014 Board meeting

The Board noted the planned agenda for the August meeting.

7.3 General business

Three items of general business were raised.

Property Identification Numbers

The issues around our reliance in New Zealand on property addresses when connecting with our customers, and the problems created when address details don't match property location (due to the absence of a national property identification system) was discussed, with particular reference to the effectiveness of reminders for the renewals of driver licenses. Board members requested more information on this and that this issue is brought back to the Board for further discussion.

Requested Action	<i>That further information on the extent of issues around property identification and address matching in New Zealand and the implications for the Transport Agency is brought back to the Board for further discussion.</i>
-------------------------	---

Freight Movement in the South Island

Board members discussed the implications of the Port of Tauranga/Kotahi/Maersk developments on freight movement in the South Island, and requested that this issue be addressed in the discussion on Freight Planning at the next Board meeting.

Requested Action	<i>That a discussion on the implications of the recent changes to freight movement in the South Island be brought back to the August Board meeting.</i>
-------------------------	---

Regional Annual General Meetings

The Chair noted his absence at these events, with apologies, due to previous overseas commitments.

Minutes approved by the Chair	<hr/>
Date	----/----/----