



Board Meeting Minutes	
Date & time	31 October 2014, 1.30pm – 4.30pm
Location	NZTA Boardroom, 50 Victoria Street, Wellington
Board Membership	Chris Moller (Chair), Dame Patsy Reddy (Deputy Chair), Adrienne Young-Cooper, Gill Cox (by telephone), Jerry Rickman, Nick Rogers, Tony Lanigan, Mark Oldfield
Apologies	None
NZTA staff in attendance	<p>Geoff Dangerfield (Chief Executive)</p> <p>Celia Patrick (GM Access & Use), Dave Brash (GM Planning & Investment), Jim Harland (Regional Director, Southern), Tommy Parker (GM State Highways and Network Operations) and Jenny Chetwynd (GM Strategy, Communications & Performance and Board Secretary)</p> <p>Brandon Mainwaring (National Manager, Trends & Performance), Kevin Reid (National Manager Network Outcomes), Martin McMullan (Manager, Zero Harm), Phillip Eyles (Planning and Investment Manager), Peter Casey (Regional Manager Auckland Northland and National Manager, Investment Development), Bob Alkema (National Manager Investment) and Robyn Elston (National Manager Delivery).</p>
External invitees	Greg Cain (Kensington Swan)

1. Introduction and governance matters

1.1 Apologies and welcome

All Board members attended the meeting. Gill Cox joined the meeting by phone at 1.45 pm, and left the meeting at 2.45pm.

1.2 Confirmation and overview of the agenda

The agenda items were accepted as circulated with some changes to the order of items.

Martin Matthews and Gareth Chaplin from the Ministry of Transport met with the Board at 1.00pm and gave a 30 minute update on the development of the Government Policy Statement on Land Transport and current work streams within the Ministry.

1.3 Declarations of interest

In respect of declarations of interest, the Chair requested that, in addition to the quarterly review of interests, that an appendix be attached to each investment decision listing the private sector contractors involved in each project so that Board members are able to identify any potential conflicts of interest that may exist.

No additional conflicts of interest were identified by Board members.

1.4 Draft minutes from the 15 August 2014 Board meeting and the 19 September 2014 Special Board meeting

The minutes of both meetings were confirmed as tabled.

Resolution 1	<i>The draft minutes of the 15 August 2014 Board meeting are a true and accurate record of the meeting.</i>
Resolution 2	<i>The draft minutes of the 19 September 2014 Special Board meeting are a true and accurate record of the meeting.</i>

1.5 Progress on actions requested at previous meetings

Progress on all the actions was noted.

1.6 Remuneration and HR Board Committee Report for 13 October 2014 meeting

Dame Patsy Reddy outlined the items discussed at the Committee meeting. She highlighted the current progress on talent management and succession planning, noting the change in approach to focus on a smaller group of staff to build career development and succession planning for critical roles within the Transport Agency and the greater focus on performance planning and management.

1.7 Audit Risk & Assurance Board Committee Report for 31 October 2014 meeting

Jerry Rickman advised the Board of the ratings that the external auditors had given the Transport Agency following the completion of this year's audit. The Committee also discussed the NLTP investment assurance processes, in particular the post implementation reviews and how the learnings from those processes are to be reported back to the Board.

1.8 Investment and Operations Board Committee Report for 31 October 2014 meeting

Adrienne Young-Cooper informed the Board that the Committee had considered the Transport Agency's approach to customer service and the challenges associated with delivery of the Safer Journeys signature programme, commenting that, while it is too early to assess the value of particular projects, there was considerable innovation occurring across the programme. She also

advised the Board that the Committee had discussed the process for the Transport Agency to engage with local government as it develops its long term plans to ensure the opportunities to align long term infrastructure planning and investment is maximised. It was also noted that there are challenges facing the roll out and delivery of PTOM and integrated ticketing and the need to ensure that lessons learnt in Auckland are shared.

2. Chief Executive's report & progress against plan

2.1 Chief Executive's report including progress against the 2014-18 Statement of Intent – quarterly report for the period ending 30 September 2014

Board paper 14/10/0865

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

- The Government's \$100 million investment in urban cycling. It was noted that a key challenge is to link the programme with the existing NLTF investment framework and to leverage investment with local government's investments in urban cycling. The Board was advised that a national cycling team has been established within the Transport Agency to focus effort on these issues. The Board requested that cycling be considered as an item for the Board's strategy session in March next year.
- Progress on the Auckland accelerated programme and the forthcoming discussion on future funding options for Auckland. The Board noted that growth in public transport patronage in Auckland is putting pressure on existing services at peak times.
- The significant industry support for HPMV is being reflected in the uptake of permits. It was noted that some parts of the industry are advocating for 48 and 49 tonne eight axle truck HPMV

combinations but that the greater impact on infrastructure of the eight axle combinations may outweigh overall economic benefits.

- The challenges for road policing and the Transport Agency’s efforts to work with NZ Police to help them manage cost pressures and work within the Road Policing Programme.
- The current focus of the people plan on culture and the senior leadership team’s initiative to engage with staff in respect of the Transport Agency’s culture.
- The Transport Agency’s Quarterly Report for period ending 30 September 2014. The Chief Executive outlined the size of the work programme across the Agency this year, noting that the HNO programme is at its highest level of projected expenditure.
- The development of the 2015-19 statement of intent next year. It was noted that the Transport Agency’s achievement in some areas such as the uptake of HPMVs mean that the Board may wish to reconsider the Transport Agency’s current stretch targets for future years.

Resolution 3	<p><i>The New Zealand Transport Agency Board:</i></p> <ul style="list-style-type: none"> • Received the Chief Executive’s Report. • Noted the July to September 2014 quarterly performance report.
Requested action	<p><i>Strategy for urban cycling investment to be considered as an item for the Board’s strategy session in March 2015.</i></p>

2.2 Budget strategy and value add propositions for 2014-15

Board papers 14/10/0861 and 14/10/0862

Geoff Dangerfield provided an overview of the internal budget process noting that the business review process had improved capability of each business group to manage within the overall NZTA budget.

Tommy Parker provided Board members with an overview of the budget and value-add proposition of the Highways and Network Operations Group's budget. Board members noted that HNO was regarded by MBIE and others as an exemplar in the public sector for procurement and delivery of capital works.

Celia Patrick provided Board members with an overview of the Access and Use approach to delivering long-term value for money, noting the focus on reducing compliance costs. A key example is the implementation of WoF and COF systems which will deliver \$2.2 billion in economic benefits over a 30 year period.

Board members discussed future opportunities for focusing on how customers can interface with the Transport Agency online, noting the progress that is being made on a "smart" online system that can recognise when people need personal assistance as well as the all-of-government efforts to leverage innovation for call centre services.

Resolution 4	<i>The New Zealand Transport Agency Board noted the budget strategy and value add proposition presentations provided by the Highways and Network Operations and Access and Use Groups.</i>
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3. Setting sector and organisational direction

3.1 Zero harm update (Q1) and Board due diligence framework

Board paper 14/10/864

Greg Cain (Kensington Swan) provided an overview of the legal framework of the Health and Safety Reform Bill 2014 and changes to the duties of directors and senior managers. There was discussion about the implications for a range of Transport Agency activities, noting in particular that the engagement of contractors and consultants creates a duty of care relative to the area of control. Board members noted that the reforms would require effective workforce engagement on H&S and emphasis on ensuring that H&S representatives are well trained.

Martin McMullan presented the overview of the Board due diligence framework, Zero Harm strategy and the Transport Agency’s first quarter (Q1 - July-September 2014) Zero Harm performance report. He also introduced the portal (and the Ipad Due Diligence application) that had been developed to allow the Board and senior managers to monitor H&S initiatives and test the effectiveness of those initiatives.

Board members also discussed the nature of the obligations for directors when they see an actual or potential H&S “incident”.

Resolution 5	<i>The NZ Transport Agency Board noted the Zero harm update and training.</i>
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3.2 Funding Assistance Rate Review – decision on the methodology for setting normal funding assistance rates

Board paper 14/10/0867

The Chief Executive outlined the work undertaken on the Funding Assistance Rates (FARs) review since the initial decisions in May this year and the analysis that is the basis for the remaining recommendations on the FARs for each individual approved organisation.

The Board discussed the factors to be used in determining individual rates, the balance between those factors and the minimum and maximum rates to be applied. The Board was satisfied that the range of factors and their weighting was appropriate.

The Board noted that it was being asked to revisit its earlier decision on the minimum rate being set at 52%, but agreed that a new minimum rate of 51% resulted in a better outcome for many councils, especially rural and provincial areas, that was fully consistent with the principles for the review.

The Board requested that the FAR decisions be communicated to local government promptly to enable work to proceed on the development of regional transport plans.

The Chair asked that the minutes record the Board's thanks to Jenny Chetwynd, Phillip Eyles, Clare Sinnott and the team for their work on this important review.

Resolution 6	<p><i>The New Zealand Transport Agency Board:</i></p> <p><i>Funding assistance rates</i></p> <p>a. Agreed that the method for setting the normal funding assistance rates for approved organisations will use the following methodology: centreline kilometres divided by capital value (centreline kilometres/capital value), and</p>
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the inverse of rating units (1/rating units) and the index of deprivation, to identify the approved organisations that will receive a funding assistance rate higher than the minimum rate.

- b. **Agreed** to revise the minimum normal funding assistance rate received by any approved organisations so that it is 51% (two percentage points below the overall NLTF co-investment rate of 53%),
- c. **Agreed** that the maximum normal funding assistance rate for all local authorities will be 75% other than the Chatham Islands Council which will have a maximum normal funding assistance rate of 85%.
- d. **Noted** that the Board has previously agreed that, following the completion of transitional arrangements, the normal funding assistance rates received by most councils will be 52% (one percentage point below the overall NLTF co-investment rate)
- e. **Noted** that Board has previously agreed that all changes to approved organisations funding assistance rates resulting from this review will be transition in over no more than nine years and will change by no more than 1 % over the 2015-18 NLTF investment period.
- f. **Agreed** the normal funding assistance rates for all approved organisations at the end of transition in 2024 will be those set out in attachment 1
- g. **Agreed** that normal funding assistance rates for individual approved organisations and the funding assistance rates for specific activities in the 2015-18 NLTF investment period will be those set out in attachment 1
- h. **Noted** that in the year prior to the National Land Transport Programme, the inputs used in the method for setting the normal funding assistance rate will

be updated and normal funding assistance rates for each approved organisations recalculated.

Specific Activities

Special Purpose Roads

- i. **Agreed** that the funding assistance rate for Special Purpose Roads will remain at current levels for the 2015-18 NLTP, to allow approved organisations to develop individual plans to transition special purpose roads to the normal funding assistance rate by 2023/24.

Department of Conservation

- j. **Agreed** that that the Bruce Special Purpose Road is now eligible to receive NLTF investment.
- k. **Noted** that the Chief Executive will work with the Department of Conservation to identify a programme of transport activities on carriageways managed by the Department that are eligible for NLTF investment.

Level Crossings

- l. **Agreed** that from the start of the 2015-18 NLTP, the costs of maintaining level crossings will be funded at approved organisations' normal funding assistance rates.
- m. **Agreed** that the funding assistance rate for level crossing improvements will remain at current levels for the 2015-18 NLTP and transition to the relevant approved organisations normal funding assistance rates thereafter.

Stock effluent facilities

- n. **Agreed** that the funding assistance rate for stock effluent facilities will remain

at current levels for the 2015-18 NLTP as set out in attachment 1, and will transition to normal funding assistance rates thereafter.

4. Significant planning, investment and operational matters

4.1 Review of long-term financial liabilities policy

Board paper 14/10/0860

Peter Casey and Dave Brash provided an overview of a proposal to recommend an increase to the proportion of the annual forecast National Land Transport Fund (NLTF) revenue targeted for debt servicing incorporating both principal and interest. Other long term funding commitments akin to debt are to be brought within the ambit of this policy approach. Jerry Rickman advised the Board that the Audit, Risk & Assurance Committee had discussed the proposal earlier in the day and supported the proposal to increase the maximum threshold for interest and principal payments from 7.5 % to 10 % of the expected annual NLTF revenue.

Resolution 7

*That the NZ Transport Agency Board **approved** an increase in the debt servicing cap from 7.5% to 10% of expected annual National Land Transport Fund revenue (as forecast by the Ministry of Transport).*

4.2 Interim Toll Pricing Principles and Tauranga Eastern Link Toll Price update

Board paper 14/10/0868

Dave Brash introduced the paper which proposed interim Toll Pricing Principles to provide strategic and tactical guidance to the Transport Agency’s decision-making for setting future toll prices and to underpin consistent and clear public messaging around tolling. He also updated the Board on the estimated toll price schedule for the Tauranga Eastern Link and how this relates to the proposed interim toll pricing principles.

The Board noted that there is tension between the objectives of the individual principles and that the balance between these need to be addressed in any specific tolling proposal. The Board also discussed the practical implications of tolling, eg diversion onto other roads, its role in travel demand management, and the legislative framework they must be developed within. The Board noted that these are interim principles and that more work is needed to finalise the principles and ensure they aligned with the wider investment landscape.

Resolution 8	<i>The New Zealand Transport Agency Board:</i> <i>a) Endorsed the interim Toll Pricing Principles</i> <i>b) Noted the estimated toll price schedule for the Tauranga Eastern Link.</i>
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4.3 Contract to Provide Practical Driver Testing Services

Board paper 14/10/0866

Celia Patrick introduced the paper and Robyn Elston joined the meeting to provide background information on contract negotiations and risks. The Board discussed the critical importance of driver testing in the “lifetime” regulatory relationship that the Transport Agency had with drivers, and the importance that a customer perspective is adopted for practical driver testing services.

Resolution 9	<p><i>The New Zealand Transport Agency Board:</i></p> <p>a) Delegated to the Chief Executive the power to approve and sign the contract for provision of driver testing services provided the contract falls within the agreed parameters.</p> <p>b) Noted that, should negotiations with the preferred provider be unsuccessful or fall outside the agreed parameters, the matter will return to the Board for further discussion and decision.</p>
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5. Other updates and general business

5.1 Media and communications update

Board paper 14/10/0859

Andy Knackstedt provided Board members with their regular update on media events.

5.2 Changes to Board General Instrument of Delegation and Instrument of Board Delegation

Board paper 14/10/0863

Dave Brash provided an overview of the paper noting that the transition to the business case approach for investment decisions requires adjustments to delegations. Existing delegations also need to be updated to reflect the Land Transport Amendment Act 2013 changes to the State Highway declaration and revocation process.

Resolution 10	<p><i>The New Zealand Transport Agency Board:</i></p> <ul style="list-style-type: none">a) Approved the amendments to the planning, funding and procurement and highways and network operations delegations as set out in the Instrument of Board Delegation at Attachment 2b) Authorised the Chair to sign the General Instrument of Board Delegation at Attachment 3 to reflect the amendmentsc) Noted that the Transport Agency’s Significance Policy ensures that the Board will be informed of key risks and provides assurance that decisions will be made at the appropriate level.
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5.3 Draft agenda for 12 December 2014 Board meeting

The Board noted the planned agenda for the December Board meeting. The Chief Executive advised that a site visit to the Waterview project will be included in the final agenda. The Board also requested that a site visit to the East-West link project be considered.

5.4 General business

The Board congratulated Mercedes Santos, senior project manager in the Waikato Expressway team on receiving the project manager of the year award from the New Zealand Management Magazine.

The Board discussed the current quorum for the Audit, Risk and Assurance and the Remuneration and Human Resources Committees. The Board agreed to reduce the quorum for both those Committees to two members, and that the charters should be amended accordingly.

Resolution 11	<i>The New Zealand Transport Agency Board agreed to amend the charters for the Audit, Risk and Assurance Committee, and the Remuneration and Human Resources Committee to reflect a quorum of two members rather than three.</i>
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The meeting ended at 4.30 pm

Minutes approved by the Chair	
Date	____/____/____