



Special Board Meeting Minutes	
Date & time	18 September 2015, 1.00 –1.58pm
Location	Chews Lane, Wellington and by teleconference
Board membership	Chris Moller (Chair), Dame Patsy Reddy, Jerry Rickman, Gill Cox, Nick Rogers, Adrienne Young–Cooper and Mark Oldfield
Apologies	Tony Lanigan
NZTA staff in attendance	Geoff Dangerfield (Chief Executive) Jenny Chetwynd (GM Strategy, Communications and Performance and Board Secretary), Dave Brash (GM Planning and Investment), Allan Frost (GM Organisational Support), Neil Walker (Highway Manager Wellington) Brandon Mainwaring (National Manager, Accountability & Performance) Paul Laplanche (Chief Financial Officer)

1. General Business (Board only time)

1.1 Update on the Chief Executive Appointment Process

Board members received an update on the Chief Executive Appointment process.

2. Introduction and Governance Matters

2.1 Apologies

Apology received from Tony Lanigan who was overseas.

2.2 Confirmation and overview of the agenda

The agenda was accepted as circulated.

2.3 Declarations of conflicts of interest

Nick Rogers declared his interest in Tonkin & Taylor.

3. Confirming the NZ Transport Agency Annual Reports

3.1 NZ Transport Agency and NLTF Annual Reports 2014/15: Results and Insights – Governance report

Board paper 15/09/0951

Geoff Dangerfield highlighted the significant results and insights on the non-financial performance of the NZ Transport Agency and National Land Transport Fund for the year ended 30 June 2015.

Board members discussed and noted these results. They discussed the challenge around investment indicators that can lag behind the delivery of projects that span several years, and how to incorporate a measure of work in progress at the end of a financial year. Members also noted the need to

recognise the context of setting stretch targets and that this should be highlighted in the report and kept in mind as the results are considered.

Resolution 1	<i>The New Zealand Transport Agency Board received the summary of and insights into the significant results (against long-term goals, short-term priorities, service delivery targets and investment performance forecasts) for the NZ Transport Agency and the National Land Transport Fund for the year ended 30 June 2015.</i>
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3.2 Adoption of the NZ Transport Agency and NLTF Annual Reports 2014/15

Board paper 15/09/0952

Geoff Dangerfield presented draft NZ Transport Agency and National Land Transport Fund Annual Reports for the year ended 30 June 2015 to the Board for adoption.

Geoff noted that the Annual Reports are comprehensive and informative documents on what has been delivered and achieved. Future reports could further describe and emphasise the outcomes being achieved for New Zealand's transport system.

Members deferred their consideration of the recommendation in this paper until after Item 3.3 below.

3.3 Report from the 18 September Special Audit, Risk and Assurance Board Committee meeting

Jerry Rickman highlighted the key points from the Audit, Risk and Assurance Committee's consideration of the financial aspects of the Annual Reports for the NZ Transport Agency and the NLTF for the year ended 30 June 2015. He provided members with an overview of the key audit findings relating to the State Highway Valuation; the Motor Vehicle Registration deferred revenue; and the capitalisation of overhead costs related to capital projects.

He noted that there were some small differences between the Agency’s financial reports reported at the end of the 4th Quarter of 2014/15, and the Annual Report, and noted the reasons for this difference to Board members.

He also advised members that he had sought and received assurance that the financial and non-financial information was a true and fair view of the Agency and NLTF’s performance, and met all statutory requirements.

He commented that the reporting timeframe between the end of June 30 2015 and the completion of the Annual Report could be shortened to enable a more timely presentation to the Board and the Minister. He noted that the Audit, Risk and Assurance Committee will receive advice on this at its next meeting on 30 October 2015.

Members discussed the valuation approach applied to the State Highway assets and agreed that an overview of the approach be brought back to a subsequent Board meeting.

Resolution 2	<p><i>The New Zealand Transport Agency Board:</i></p> <ul style="list-style-type: none">a) Received assurance from the Audit, Risk and Assurance Committee on the accuracy of the NZ Transport Agency and National Land Transport Fund annual reports for the year ended 30 June 2015b) Adopted the annual reports for the NZ Transport Agency and National Land Transport Fund for the year ended 30 June 2015c) Delegated signing of the Transport Agency’s letters of representation to the Board Chair and Chair of the Audit, Risk and Assurance Committee (to be signed on 16 October 2015)d) Delegated to the Chair approval of further minor and editorial changes to the reports prior to publication.
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Requested Action	<i>That further advice is provided to the Board on the valuation approach applied to the State Highway assets.</i>
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4. Significant planning, investment and operational matters

4.1 Waikato Expressway (SH1) Road of National Significance – approval of delegation

Board paper 15/09/0954

Neil Walker (Highway Manager Wellington) updated the Board on the tender process for the Waikato Expressway – Hamilton Section. A very good result has been achieved with the tender prices well under the engineer’s estimate.

Members noted and discussed the nature of and reasons for the differences between the tender prices and the estimated price for this contract. Board members sought and received assurance that any risks will be managed, and delegated to the Chief Executive the authority to award the contract.

Resolution 4	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"> a. <i>Noted</i> the progress to date in the tender process for the Hamilton Section of the Waikato Expressway, and b. <i>Approved</i> the delegation to the Chief Executive for the award of contract.
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4.2 Christchurch Northern Arterial – funding approval

Board paper 15/09/0955

Dave Brash outlined to the Board the progress that is being made on the Christchurch Northern Arterial project.

Members discussed the critical nature of the partnership with the Christchurch City Council in delivering the Northern Corridor Project, in particular the dependency on the Christchurch City Council to deliver the urban local road and Cranford Street upgrade components of the project.

Members discussed the nature of the delivery risks associated with this partnership. They noted the importance of the project for the City of Christchurch and confirmed their commitment and support for it. Members also noted that they would have a further opportunity to approve the construction funding for the CCC aspects of the project.

Resolution 5	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none">a. Approved construction funding for the Transport Agency’s Northern Arterial project at a cost of \$260 million;b. Delegated to the Chief Executive authority to determine the final scope of works for the state highway related works to be committed to construction;c. Noted that while the standalone Northern Arterial project has an investment profile of high-strategic-fit and medium-effectiveness and a BCR of 1.7, the full Christchurch Roads of National Significance programme has an investment profile of high-strategic-fit and high-effectiveness with a programme BCR of 4.6;d. Noted that further advice will be presented to the Board on the Christchurch
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	<p><i>City Council position prior to awarding the Northern Arterial construction contract; and</i></p> <p>e. <i>Noted that a further paper will be presented to the Board to seek construction funding for the Christchurch City Council linked projects once negotiations with the Council have concluded.</i></p>
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4.3 Puhoi to Warkworth – Procurement Strategy

Board paper 15/09/0953

Nick Rogers left the Board meeting at 1.46pm and did not participate in the discussion on this item.

Dave Brash provided an overview of the procurement strategy for the Puhoi to Warkworth PPP. He also provided an outline of the changes to the Agency’s revised Public Private Partnership Procurement Procedure.

Members discussed the membership of the Puhoi to Warkworth Governance Group, and noted the importance of the presence of external parties on this group, particularly the Treasury, in ensuring effective debate and challenge.

Board members canvassed the differences between the Agency’s revised procurement procedure and the Public Private Partnership Procurement Procedure issued by the Treasury, noting that where there are substantial differences, the Treasury procedure will prevail. Members received assurance that the risk of significant difference is very low. Members also received assurance that the Agency had effectively engaged with the Treasury in the development of the revised procedure.

Resolution 3	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"><i>a. Endorsed the Puhoi to Warkworth Public Private Partnership (PPP) procurement strategy; and</i><i>b. Approved, under section 25(1) of the Land Transport Management Act, a new NZ Transport Agency State Highway PPP procurement procedure August 2015, for use in the Puhoi to Warkworth project to govern the establishment of a PPP contractual arrangement.</i>
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5. Other updates and general business

There was no other general business raised.

The meeting finished at 1.58pm.

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