



Board Meeting Minutes	
Date & time	30 October 2015, 1.00pm – 3.45pm
Location	NZTA Boardroom, Level 2, 50 Victoria Street, Wellington
Board Membership	Chris Moller (Chair), Dame Patsy Reddy (Deputy Chair), Adrienne Young-Cooper, Jerry Rickman, Nick Rogers, Tony Lanigan and Mark Oldfield
Apologies	Gill Cox
NZTA staff in attendance	Geoff Dangerfield (Chief Executive) Dave Brash (GM Planning & Investment), Tommy Parker (GM State Highways and Network Operations), Celia Patrick (GM Access and Use), Jenny Chetwynd (GM Strategy, Communications & Performance and Board Secretary), Allan Frost (GM Organisational Support) and Sara Broadhurst (GM People and Capability). Brandon Mainwaring (National Manager Accountability & Performance), Robert Brodnax (Regional Manager Planning & Investment), Cathy de Jongh (Planning Manager), Barbara Tebbs (National Manager Information, Monitoring and Public Transport, for specific items).
Invited guests	Martin Matthews (Secretary for Transport and Chief Executive of Ministry of Transport)

1.1 Board Only Session – Chief Executive Appointment Process Update

An update was provided to Board members.

2. Introduction and governance matters

2.1 Apologies and welcome

The Chair welcomed Board members to the meeting, and received an apology from Gill Cox.

2.2 Confirmation and overview of the agenda

The agenda items were accepted as circulated.

2.3 Declarations of conflict of interest

Nick Rogers noted his standing declaration of interest in Tonkin and Taylor.

2.4 Draft minutes from the 14 August 2014 Board meeting, the Special Board meetings of 3 and 18 September 2015, and the Christchurch City Horizontal Infrastructure Programme – funding decision.

Resolution 1	<i>The draft minutes of the 14 August 2015 Board meeting, the Special Board meetings of 3 and 18 September, and the Christchurch City Horizontal Infrastructure Programme – funding decision are true and accurate records of the meetings.</i>
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2.5 Progress on actions requested at previous meetings

Progress on all the actions was noted.

Members briefly discussed subsequent events relating to the East West connection item on 14 August 2015 agenda (Board Paper 15/08/0943) noting that, while there is an agreed strategy for delivering this connection, investment options for accelerating this project need to be considered.

2.6 Remuneration and HR Board Committee 23 October 2015 report

Dame Patsy Reddy updated the Board on the key issues canvassed at the Committee meeting on the 23 October 2015.

She noted the robustness of the process of this year's Performance and Remuneration review and the benefits that have been delivered with the new online system that supports the process. The distribution of ratings is similar to previous years, and that the reward and remuneration budget was slightly underspent.

Attention was drawn to the Transport Agency's talent and succession planning processes and systems, noting that many senior staff are participating and that this is now being connected with the State Services Commission's Leadership and Talent Development Programme.

The Way We Move initiative was highlighted as effective, and attention drawn to the good attendance at the most recent people leader's forum. Diversity in the workplace was discussed, noting the Agency's programme to enable recognition of unconscious bias and work towards its elimination in recruitment practices.

2.7 Audit, Risk and Assurance Board Committee 30 October 2015 report

Jerry Rickman updated Board members on the key issues canvassed at the Audit, Risk and Assurance Committee meeting. He noted that the annual insurance programme had been reviewed with cost savings and policy enhancements achieved. He noted the initiatives in place to address the state

highway valuation matters raised by KPMG, and the discussions underway with suppliers to address issues associated with the Crash Analysis System replacement project.

He also drew members' attention to the good progress made in the proposal to broaden the current assurance activity programme to align with the Corporate Centre (Treasury/SSC and DPMC) assurance tools and respond to the Ministry of Transport's development of their Crown Entity monitoring requirements.

2.8 Investment and Operations Board Committee 30 October 2015 report

Adrienne Young-Cooper updated Board members on the topics canvassed at the Investment and Operations Committee meeting. She highlighted their discussion of the Auckland Transport Alignment Project, noting the 30 year view being taken, that the Transport Agency is well integrated into the thinking and planning, and that a substantive report on the issues will be presented to the NZTA Board.

She drew members' attention to Cabinet's requirement to complete an Investor Confidence Rating Assessment. She noted that the Transport Agency is well engaged with Treasury on this work, that initial assessments and self-reviews indicate that the Agency is well positioned against the indicators but with a number of gaps to address.

Adrienne outlined the Agency's responsibilities in implementing the Government's decision to bulk fund the SuperGold card scheme and the reasons for the recommendation to the Board that it agrees to an Output Agreement with the Minister of Transport for the purposes of implementing the changes.

Progress on delivering the cycling programmes in Auckland, Wellington and Christchurch was outlined, as were the reasons for recommending to the Board that it supports the programme and indicative business cases for Christchurch and Wellington.

Finally, Adrienne outlined the nature of the bespoke emergency works arrangements proposed in response to the Wanganui – Taranaki flood events of June 2015, and outlined the reasons for recommending to the Board that these be approved.

<p>Resolution 2</p>	<p><i>The New Zealand Transport Agency Board:</i></p> <ul style="list-style-type: none"> a. Noted the requirements of the new Cabinet Office Circular CO15(5); and b. Noted that the Transport Agency will work with the Treasury in completing an Investor Confidence Rating, and report back to the Board in March 2016 with the results, and any subsequent improvement plan.
<p>Resolution 3</p>	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"> a. Agreed to the Output Agreement with the Minister of Transport for the purpose of implementing the Government’s changes to the funding of the SuperGold card scheme for free off peak travel concessions; b. Requested the Chief Executive to work with the Ministry of Transport and the Treasury to resolve the funding of the Transport Agency’s additional costs of \$200,000 for developing the methodology for allocating the Crown appropriation for the SuperGold scheme during 2015/16; and c. Noted the funding will be resolved through a request to the Ministry of Transport in the October Baseline Update for an increase in the appropriation for administration of the SuperGold card scheme by \$200,000 (bringing this appropriation to \$295,000) and that NZTA will repay to the Crown \$200,000 of reserves (funds from the Regional Development Project that has now expired).

<p>Resolution 4</p>	<p><i>The New Zealand Transport Agency Board:</i></p> <ul style="list-style-type: none"> a. Supports the programme business case for Christchurch City Council Cycleway Network with an expected 10-year cycling investment of \$180 million; b. Supports the indicative business case for the Christchurch City Council Major Cycle Route programme with an expected 10-year investment of \$156 million, \$80 million of which is expected in 2015-18; and c. Supports the programme business case for Wellington City Council Cycleway Network with an expected 10-year investment of \$58 million, \$35 million of which is expected in 2015-18.
<p>Resolution 5</p>	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"> a. Agreed to vary the 2015-18 National Land Transport Programme to include the CBD Infrastructure - Fanshawe Street activity, which is already included in Auckland's Regional Land Transport Plan; b. Approved funding for the Indicative Business Case for Auckland Transport's CBD Infrastructure - Wynyard Interchange and Fanshawe Street project at an estimated cost of \$630,300 and a funding assistance rate of 51% (Transport Agency share \$321,500); c. Noted that the total construction cost for the improvements is estimated at \$53.5 million, the 95th percentile cost at \$56.7 million and the 5th percentile at \$47.8 million; d. Noted that the reasons for this decision are set out in Attachment 1 to the paper and that the profile for the activity has been assessed as high strategic

	<p><i>fit, medium effectiveness and a benefit cost ratio ranging from 1.2 - 1.8; and</i></p> <p>e. <i>Delegated</i> the subsequent stages in the business case process (detailed business case and implementation) for the CBD Infrastructure - Wynyard Interchange and Fanshawe Street project to the Chief Executive.</p>
<p>Resolution 6</p>	<p><i>The NZ Transport Agency Board:</i></p> <p>a. <i>Approved</i> the following bespoke emergency works arrangements to be applied in respect of the June 2015 Whanganui-Taranaki Floods event:</p> <ul style="list-style-type: none"> i. <i>Whanganui District Council – 100% FAR for reinstatement of Whanganui River Road with the standard emergency works policy to be applied to the balance of works for the event;</i> ii. <i>Rangitikei District Council – 100% FAR for reinstatement of Turakina Valley Road plus an enhanced FAR of 87% to be applied to all of the balance of works for the event;</i> iii. <i>South Taranaki District Council – 100% FAR for reinstatement of Waitotara Valley Road with the standard emergency works policy to be applied to the balance of works for the event;</i> <p>b. <i>Noted</i> that, prior to work commencing under the bespoke 100% funding assistance rate, the Transport Agency’s Regional Director, Central and each of the approved organisations will reach agreement on the scope and programming of works, reporting requirements and investment audit on completion of the works; and</p> <p>c. <i>Noted</i> the need for the Transport Agency to engage with the approved organisations as soon as possible based on the Board’s decision at its 30</p>

	<i>October 2015 meeting.</i>
Requested Action	<i>That the application of the principles in the FAR Emergency Works policy to these circumstances surrounding the Whanganui – Taranaki floods in June 2015 are documented, made available, and communicated to relevant stakeholders.</i>

3. Martin Matthews, Secretary for Transport and Chief Executive Ministry of Transport.

Mr Matthews canvassed with Board members a range of current issues in the transport sector. He highlighted the connections between the transport and energy portfolios roles held by the Minister, with an emphasis on electric vehicles uptake and transport as a focus in climate change target commitment. He also outlined the long term futures thinking work the Ministry is currently undertaking to build narratives about transportation in 30 years’ time, which will enable the sector to consider the approach that should be taken to the transport challenges of today.

4. Chief Executive’s report & progress against plan

4.1 Chief Executive’s report

Board paper 15/10/0964

As part of the regular Chief Executive’s briefing, Board members specifically discussed:

- The significant increases in the use of the Agency’s on-line transactions over the last year;

- The progress made towards an effective working relationship with KiwiRail through the work underway to deliver on the Agency’s road rail integration priority. Members noted the complexity of the relationship with KiwiRail due to our multiple touch points;
- Auckland greenfield growth areas were discussed in relation to the Proposed Auckland Unitary Plan, noting the upcoming site visits to some of these areas that the Board will make in December;
- The nature of the Agency’s work in delivering on the Government’s regional economic growth aspirations, noting good alignment between the Agency’s programme and Government policy objectives;
- The opportunity to progress a National Policy Statement on land transport under the Resource Management Act, noting the benefits that national direction on the environmental impacts of transport infrastructure would provide to all stakeholders;
- The independent review commissioned by Auckland Council of the operating costs of metro rail network in Auckland compared to Wellington;
- The benefits of moving towards a more effective work environment for the Agency’s staff, noting the forthcoming re-locations in Wellington and Christchurch.

Resolution 7

*The New Zealand Transport Agency Board **received** the Chief Executive’s Report.*

4.2 Quarterly Results and Assurance Report for the period ending 30 September 2015 (Q1)

Board paper 15/10/0962

Geoff Dangerfield provided an overview of the NZ Transport Agency’s quarterly results and assurance activities for the period ending 30 September 2015 (Quarter 1 2015/16). He specifically noted the new approach to total assurance (canvased at the ARA Committee meeting and in a later Board agenda item, paper 15/10/0967), and the modifications made to the Agency’s risk profile. He also noted the recent endorsement of the Agency’s procurement procedures by the New Zealand Council for Infrastructure Development.

Board members discussed the Agency’s risk exposure to the costs of bitumen and increasing labour costs, given the extensive maintenance programme.

Resolution 8	<i>The NZ Transport Agency Board received the Quarterly Results and Assurance Report for the period ending 30 September 2015 and noted the progress made in achieving the aims of the Agency’s goals and priorities, service delivery performance, financial performance and in growing our organisational capability and health.</i>
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5. Setting sector and organisational direction

5.1 Enhanced approach and update on Total Assurance Activities

Board paper 15/10/0967

Geoff Dangerfield outlined the broadened approach to the NZ Transport Agency’s Total Assurance Framework presented in the paper, noting the earlier report back from the Chair of the Audit, Risk and Assurance Committee on the discussion about this topic.

Board members discussed the benefits of the approach, particularly in aligning new assurance requests to existing architecture. They also noted the importance of alignment between the Transport Agency and the Ministry of Transport to ensure its effectiveness.

Resolution 9	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"><i>i. Noted the work undertaken and progress made on realising the enhanced total assurance framework and establishment of organisational capability in a centre of excellence;</i><i>ii. Noted the broadened total assurance framework and approach;</i><i>iii. Noted the Agency will engage with the Ministry of Transport to determine the assurance needs associated with its development of Crown entity monitoring requirements and Ministers’ request for advice on NZTA’s back office infrastructure.</i>
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5.2 Investment decision making system review

Board paper 15/03/0894

Dave Brash outlined the key findings and recommendations from a joint Ministry of Transport/Treasury/NZ Transport Agency review of the Transport Agency investment decision making system, noting that this work is about ensuring confidence in the decision making framework.

Members canvassed the importance of the business case process, particularly the identification and description of the project problems and objectives. They sought and received assurance that this had been appropriately addressed. Members also noted the importance of ensuring the right levels of capability, both for the Agency and for its investment partners for this approach to work effectively.

Resolution 10	<p><i>The NZ Transport Agency Board:</i></p> <p><i>a. Agreed that the Transport Agency’s investment criteria should be altered to ensure:</i></p> <ul style="list-style-type: none"> <i>i. better recognition of long term inter-regional, regional and sub-regional outcomes;</i> <i>ii. there is no overlap between investment decision criteria and that criteria are easily understood – including greater clarity regarding how the selection criteria ‘strategic fit’ and ‘effectiveness’ are used;</i> <i>iii. there is stronger alignment between the different stages of the business case approach with the investment assessment framework;</i> <i>iv. that the role of the benefit and cost appraisal is strengthened, including improving the quantification and valuation of benefits (including resilience, throughput and reliability).</i>
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6. Quality assurance of key organisational systems, policies and processes

6.1 Network outcomes contracts performance report – Year One

Board paper 15/10/0960

Tommy Parker updated the Board on the roll-out of the network outcome contracts for state highway maintenance and operations, including the tender process, resulting market share and year one performance.

Board members discussed and acknowledged the good results achieved and noted that the outcomes needed to be communicated more widely.

Resolution 12	<i>The New Zealand Transport Agency Board noted the progress made in the roll-out of the new network outcomes contracts, together with the initial results from the performance reporting.</i>
Requested Action	<i>That the Transport Agency communicates to stakeholders the results achieved by the changes to the network outcome contracts.</i>

7. Significant planning, investment and operational matters

7.1 Approach to the national delivery of regional integrated ticketing systems

Board paper 15/10/0965

Dave Brash summarised the approach proposed for maximising value and minimising risk from the investment in regional integrated ticketing systems.

Members canvassed the benefits and risks of the options considered for national delivery of integrated ticketing, noting that the option of re-using the Octopus/Thales back office automated fare collection system in other regions, starting with a consortium of 10 regional councils, provides a good opportunity to maximise value and minimise risk.

Members discussed the possibility that regional councils may seek standalone integrated ticketing systems, and noted in these cases the importance of requiring a business case that demonstrates NITIS compliance, full inter regional access to Super Gold concession scheme, full access to public transport data, and a thorough demonstration of better value at less cost and risk.

Resolution 14	<p><i>The NZ Transport Agency Board:</i></p> <p>a) Agreed that the back office automated fare collection system (Octopus/Thales) used to support the Auckland integrated ticketing scheme should be re-used, with some modification to meet regional needs, to support the delivery of other regional council integrated ticketing systems where it represents best value for money and minimises risk for all parties.</p> <p>b) Agreed that a collaborative approach between the New Zealand Transport</p>
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Ticketing Ltd (the owner of the back office automated collection system used in Auckland) and councils to the coordination of the procurement, implementation and management of an automated fare collection system to support all council's regional integrated ticketing schemes is key to achieving best value-for-money and minimising risks for all parties

- c) ***Agreed** that an enhanced funding rate of 65% for a regional consortium of ten councils (as previously agreed by the Board) is subject to those regional councils committing to working collaboratively with NZ Transport Ticketing Ltd, Auckland Transport, Greater Wellington Regional Council and Environment Canterbury on the procurement, delivery and management of an automated fare collection system to support all Councils' regional integrated ticketing schemes.*
- d) ***Agreed** that if a Council (Auckland Transport and other approved organisations with responsibility for provision of public transport services in a region) seeks NLTF investment to procure a standalone integrated ticketing system it must produce a business case showing that its proposal is NITIS compliant and delivers full inter-regional access to the Super Gold concession scheme and required public transport data, and represents better overall value at lower cost and less risk than taking a coordinated approach across all councils to the procurement, implementation and management of an automated fare collection system.*
- e) ***Agreed**, in principle, to start reducing NZTA ownership of NZTTL, subject to safeguards to ensure the NZ Transport Agency delivers on national policy objectives associated with ticketing and public transport, and Board approval of the terms and conditions of any partial or full divestment*

	<p>f) <i>Authorises the Chief Executive of the NZ Transport Agency to engage with Auckland Transport and Greater Wellington Regional Council on an ownership stake in NZTTL, and to undertake subsequent discussions with the regional consortium and Environment Canterbury.</i></p>
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7.2 Petone to Grenada – preferred option

Board paper 15/10/0957

The purpose of the paper was to seek the NZ Transport Agency Board’s approval of the preferred option for the Petone to Grenada (P2G) Link Road.

Raewyn Bleakley outlined the reasons for the preferred options for Sections 1 and 2 of the Petone to Grenada Link Road. She noted the history of engagement with the public on this proposal, the nature of the feedback received, and the considerable investigative work that has been carried out to enable this recommendation.

Members noted that preferred options are predicated on a decision to manage future capacity demand on SH1 within the existing carriage way by maximising the existing designation, and through the implementation of a managed motorway, when that is required.

Members emphasised the importance of timely communication of these decisions to the community.

Resolution 16	<p><i>The NZ Transport Agency Board:</i></p> <p>a. <i>Approved the preferred option for Section 1 of the P2G Link Road, known as P4;</i></p>
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	<p><i>b. Approved the preferred option for Section 2 of the P2G Link Road, which is known as C (V1), Variant 1, as well as a future-proofing option of a managed motorway between Tawa and Linden to be built within the existing motorway designation when required in the future;</i></p> <p><i>c. Noted that the NZ Transport Agency will manage future capacity demand on SH1 within the existing carriageway with only minor designation changes, and that the implementation of a managed motorway will only take place when required; and</i></p> <p><i>d. Approved the delegation of the approval of the scheme assessment to the Chief Executive, subject to it being consistent with the preferred option.</i></p>
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8. Other updates and general business

8.1 Media update

Board paper 15/10/0966

Jenny Chetwynd provided Board members with the regular update on media events.

8.2 Draft agendas for 10 and 11 December 2015 Board site visits and meeting

Geoff Dangerfield provided members with an outline of the proposed site visits in Auckland scheduled for the 10th December 2015, which will focus on planning for growth issues and pressures and the impacts on transport in the North West of Auckland.

8.3 General Business

The Chair acknowledged and thanked Jerry Rickman and Tony Lanigan for their significant contribution to the NZ Transport Agency Board during their tenure.

The Chair discussed the membership of the Audit Risk and Assurance Committee, given Jerry Rickman’s departure. The Board agreed that Gill Cox will now Chair this Committee and Chris Moller will re-join as member.

The Chair canvassed issues surrounding the required quorum for the Board’s decision making, noting that from 1 November 2015, a quorum for a meeting of the Board is half the number of members. It was further noted that from that date the Board would be at its statutory minimum of six members and the quorum for a meeting would be three members.

The meeting ended at 3.45pm

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