



Board Meeting Minutes	
Date & time	9 June 2017, 1.00 – 4.50pm
Location	NZ Transport Agency Boardroom, Level 2, 50 Victoria Street, Wellington
Board Membership	Chris Moller (Chair – by telephone), Dame Fran Wilde (Deputy Chair and Meeting Chair), Adrienne Young-Cooper, Vanessa van Uden, Nick Rogers, Chris Ellis, Leo Lonergan and Mark Darrow
Apologies	None
NZTA staff in attendance	Fergus Gammie (Chief Executive) Raewyn Bleakley (GM Governance, Stakeholders and Communications) Robert Brodnax (Acting GM Planning & Investment), Tommy Parker (GM Highways & Network Operations), Jenny Chetwynd (GM Strategy & Performance and Board Secretary), Allan Frost (GM Organisational Support), Harry Wilson (Director, Safety and Environment), and Howard Cattermole (GM Investment and Finance) Paul Laplanche (Chief Financial Officer), Dave Whiteridge (Chief Legal Counsel), Neil Cree (Outcome Planning Manager, Network Outcomes); Bill Hazleton (Manager Zero Harm)
External Attendees	Mark Evans, Deputy CEO Strategy, NZ Police Peter Chew, Director Advisory, KPMG

1. Introduction and governance matters

1.1 Welcome and Apologies

The Chair welcomed members to the meeting.

1.2 Confirmation and overview of the agenda

The agenda was accepted as circulated.

1.3 Register of interests

The schedule of Board Members' interests was noted as tabled.

Nick Rogers noted his standing interest in Tonkin and Taylor.

Board Members agreed that it was no longer necessary for Nick Rogers to be recused from discussions on the Puhoi to Warkworth project on the basis of his interest in Tonkin and Taylor, as this project had moved past the critical decision making stage.

1.4 Draft Minutes of the 31 March 2017 and 20 April 2017 Special Board meetings and 3 May 2017 Board meeting

Resolution 1	<p><i>The draft minutes of the following meetings are true and accurate records:</i></p> <ul style="list-style-type: none">• <i>31 March 2017 Special Board meeting;</i>• <i>20 April 2017 Special Board meeting;</i>• <i>3 May 2017 Board meeting.</i>
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1.5 June 2017 Audit, Risk and Assurance Committee Report

Mark Darrow provided an overview of the issues considered by the Audit, Risk and Assurance Committee at the meeting held on 9 June 2017.

Board Members noted the Committee’s conversation relating to the revised debt management framework, and the Committee’s recommendation to the Board that it adopts this framework, subject to additional information being supplied, including a definition of terms, descriptions of how the measures will be used, and recommendations for trigger points for engagement with the Board.

Board Members discussed the Committee’s recommendation to write-off the accumulated deficit in the memorandum accounts associated with the rail safety function as at 30 June 2017. Board Members noted the Committee’s request for the name and credentials of the independent consultants undertaking the Rail Safety Funding Review that is being governed jointly by the NZ Transport Agency and the Ministry of Transport, and for the proposed fee review schedule for the remainder of the memorandum accounts.

<p>Resolution 2</p>	<p><i>The NZ Transport Agency Board adopted the revised debt management framework, subject to additional information being provided including a definition of terms, descriptions of how the measures will be used, and recommendations for trigger points for engagement with the Board.</i></p>
<p>Resolution 3</p>	<p><i>The NZ Transport Agency Board approved the write-off of the accumulated deficit in the memorandum account associated with the rail safety function as at 30 June 2017 totalling up to \$5.2 million against retained earnings.</i></p>

1.6 9 June 2017 Investment and Operations Committee Report

Nick Rogers provided an overview of the matters considered by the Investment and Operations Committee at the meeting held on 9 June 2017.

Board Members noted the discussion on the Investment and Operations Committee Charter, and the intention that that Committee acts as a sounding board in respect of significant investment and operational matters, policy and project development, including but not limited to, consideration of the Transport Agency's investment criteria, reputation and environments, social and cultural impacts of its activities and decisions.

Board Members also noted the Committee's discussion on the Land Transport Rules Programme emphasising the importance of transparency on this programme and on emerging priorities.

Resolution 4	<p><i>The NZ Transport Agency Board approved the revised Investment and Operations Committee Charter subject to amendments being made to reflect:</i></p> <ul style="list-style-type: none"><i>• The role of the Committee as a sounding board in respect of significant investment and operational matters, policy and project development, including but not limited to, consideration of the Transport Agency's investment criteria, reputation and environments, social and cultural impacts of its activities and decisions; and</i><i>• The Committee's views on quorum and member appointment.</i>
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1.7 Remuneration and Human Resources Board Committee report: Draft minutes of the 3 April 2017 Committee meeting

Adrienne Young-Cooper provided Board Members with an overview of the matters considered by the Remuneration and HR Board Committee at its meeting on 3 April 2017.

1.8 Health and Safety Committee Report: Draft minutes of the 24 March 2017 and 25 May 2017 Committee meetings

Chris Ellis provided Board Members with an overview of the matters considered by the Health and Safety Board Sub Committee meeting on 24 March 2017.

Board Members noted the main focus of this Committee to date has been in assisting the organisation to make fundamental improvements to its Health and Safety Systems. Board Members canvassed the future role of this Committee now that key improvements have been made, and agreed that the Committee can continue to add significant value in providing support and feedback to management as the Transport Agency’s Health and Safety Systems continue to mature.

1.9 Health and Safety update

[Board paper 2017/06/1148](#)

Chris Ellis noted his interests in WorkSafe NZ as a Director.

Bill Hazleton provided an overview of the health and safety dashboard, and particularly two recent fatal incidents (Northland and Marlborough Roads). Board Members noted the Transport Agency’s involvement in the police investigations related to these incidents, and the Transport Agency’s own investigations underway into its specific responsibilities and duties, and in supporting Agency staff and contractors.

Members inquired as to the requirements for contractors to report Health and Safety incidents on time, noting 30% of contractors are currently not reporting on time, discussed the reasons behind this variance, and noted the actions in place to lift this contractor reporting compliance rate.

Resolution 5	<i>The NZ Transport Agency Board noted the latest health and safety performance described in the Zero Harm dashboard.</i>
Requested	<i>The Health and Safety Dashboard is to be amended to ensure critical risks</i>

Action	<i>applying to our contractors also apply to our people when on site and in the field.</i>
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1.10 Progress on actions requested at previous meetings

Progress on all the actions arising was noted.

2. Chief Executive's Report

2.1 Chief Executive's Report

Fergus Gammie provided Board Members with an overview of the current issues facing the Transport Agency.

Board Members specifically discussed the emerging government thinking about Special Purpose Vehicles – a tool to accelerate investment in infrastructure for housing development. Board Members noted that a policy decision from the government was likely within the next couple of weeks. Board Members noted that this is separate from the Housing Infrastructure Fund but relates to projects that Auckland Council have applied to the Housing Infrastructure Fund for funding. Board Members discussed the possibility that the Special Purpose Vehicles may require the Transport Agency to reprioritise other investments from the National Land Transport Fund, and that this may have flow on effects for investment in other parts of New Zealand. Board Members discussed the importance of understanding programming risks arising from these decisions and noted the need for a further briefing once more information becomes available.

Board Members discussed the temporary closure of the Manawatu Gorge and the estimated timeframe for the reinstatement of the State Highway. Board Members noted the intent to review the longer term resilience of this route.

Resolution 6

*The NZ Transport Agency Board **received** the Chief Executive's Report.*

3. Joint Presentation with NZ Police

3.1 Terms of Reference - 2017 Road Policing Strategy and Operating Model Review

The Chair welcomed Mark Evans, Deputy CEO Strategy, New Zealand Police, to the meeting.

Harry Wilson provided Board Members with an overview of the terms of reference for the 2017 Road Policing Strategy, and Operating Model Review. Mark Evans acknowledged the need, and opportunity through this review, to take a different approach to road safety, and to align understanding of roles and responsibilities between the NZ Police and NZ Transport Agency. He expressed the NZ Police's commitment to this review and to its outcomes.

Board Members noted the importance of NZ Police's commitment to this review, and the importance of appointing an independent Chair to enable and encourage robust challenge to the current operating model.

Board Members emphasised the need to include in the terms of reference a clear statement of the current issues and challenges with the current approach to the Road Policing Programme, from process, outcomes and relationship perspectives, in order to record a common and shared understanding.

Resolution 7

*The NZ Transport Agency Board **endorsed** the Terms of Reference for the 2017 Road Policing Strategy and Operating Model Review.*

4. Confirming service and financial performance targets

4.1 Value for money framework update

Board paper 2017/06/1143

The Chair welcomed Peter Chew, KPMG, to the meeting.

Allan Frost provided context for the value for money maturity assessment and the application of the framework, and an update on recent progress.

Board Members noted KPMG's role in the development of the Transport Agency's value for money framework, and KPMG's background and experience in developing such frameworks with other organisations.

Board Members discussed the progress made in the value for money maturity assessments by output class and noted the future intention to apply the value for money performance framework to the Agency's new strategy framework including the focus areas.

Board Members noted some of the improvement opportunities that are beginning to emerge as a result of these assessments of the output classes, particularly in the area of data capture and analysis.

Board Members also noted the opportunity to share the value for money assessment framework and methodology with local government through the Roothing Efficiency Group.

Resolution 8	<i>The NZ Transport Agency Board received the June 2017 update report on the progress made on the development of the Transport Agency's value for money framework.</i>
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4.2 Financial Progress report for the 10 months to the end of April 2017

Board paper 2017/06/1149

Allan Frost summarised the financial performance of the Transport Agency for the ten months ended 30 April 2017.

Board Members noted that the revenue year to date is 6% above budget largely due to increased travel demand as a result of higher economic activity. Board Members noted that the local road improvements activity class continues to be forecast underspent and that Board Members would receive further advice on this at its meeting on 7 July 2017.

Board Members noted that State Highway improvement projects continue to be slower than planned, contributing to the underspend in the State Highway Improvements Activity Class. Board Members noted that the causes of this should be explained as part of the year end reporting process.

Resolution 9	<i>The NZ Transport Agency Board received the June 2017 update report on the progress made on the development of the Transport Agency's value for money framework.</i>
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5. Significant planning, investment and operational matters

5.1 Delegations to employees of Transport Operations Centres in Auckland and Christchurch, and Transport Agency Significance Policy

Board paper 2017/06/1144

Allan Frost provided Board Members with an outline of the proposed delegations to employees of Transport Operations Centres in Auckland and Christchurch, and of the outcome of the review of the Transport Agency's significance policy.

Board Members noted the advice that the Significance Policy remains fit for purpose, but emphasised the need for this policy to be reviewed following the implementation of the Transport Agency's new operating model, at the latest by May 2018.

Resolution 10	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none">• <i>Resolved to delegate</i> functions and powers in relation to certain employment, financial and state highway related matters to Transport Agency employees and employees of Auckland Transport.• <i>Resolved to delegate</i> functions and powers in relation to certain employment, financial and state highway related matters to Transport Agency employees and employees of the Christchurch City Council.• <i>Authorised</i> the Board Chair to sign the necessary instruments of delegation.• <i>Noted</i> that, following a preliminary review by the Legal Services Team, the Transport Agency Significance Policy remains fit for purpose and does not require amendment at this time.
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5.2 Portfolio of inter- regional programme business cases (South Island) – SH1 Picton to Dunedin

[Board paper 2017/06/1145](#)

Tommy Parker provided Board Members with an overview of the portfolio of inter-regional business cases for State Highway 1 Picton to Dunedin, noting the five specific activities that will be brought forward into the first decade of the Long Term Strategic View, to be prioritised and programmed.

Board Members noted the importance of key inter-regional routes as being critical for the movement of goods and people between main urban areas, key centres of production, freight hubs and key tourist attractions. Board Members canvassed the opportunity to bring forward additional business

cases for other inter-regional routes that are scheduled for decades two and three of the Long Term Strategic View through the Regional Improvements Activity class.

Resolution 11

The NZ Transport Agency Board:

- Noted** that the Picton to Dunedin corridor is a Long Term Strategic View, Inter-Regional Routes 2nd and 3rd decade priority.*
- Supported** the following programme business cases, both of which are of high strategic fit, high effectiveness, with cost-benefit appraisals as shown in the table below:*

Programme	Benefit & cost appraisal (cost-benefit ratio range)	Rough estimate implementation cost (\$ millions)
SH1 Picton - Christchurch	1 - 2	747 - 1,400
SH1 Christchurch - Dunedin	1 – 1.2	600 - 800

- Noted** that ‘support’ indicates a commitment to develop the programmes to a stage where they can be implemented, but does not commit the NZ Transport Agency to fund implementation.*
- Supported** bringing the following 5 activities forward into the first decade of the Long Term Strategic View, to be prioritised and programmed in line with current NLTP processes:*

Activity	Description	Rationale for bringing forward	Estimated cost range (\$ millions)
Weld Pass	Off-line improvements	There are significant safety issues and a Detailed Business Case is in development	25-30
SH1 Clarence to Oaro	Range of activities to improve safety and improved facilities for tourists and freight operators	To align and provide synergies with the Kaikoura earthquake reinstatement works (see accompanying paper)	200-240
Access Picton, Ashburton & Timaru	Network optimisation through towns	Localised impacts due to conflicts between strategic and local traffic	35-40
Waimakariri Bridge	3rd southbound lane with high occupancy vehicle lane & cycle clip-on	Significant peak period congestion. Value for money can be obtained by linking to the Christchurch Northern Arterial currently under construction	25-30
Katiki Resilience Improvement	Develop a strategy for managing the resilience of the Katiki coastline with implementation of stages 1&2 works	Sea inundation is undermining SH1 with urgent need for resilience protection work to be carried out	6

5.3 SH1 Clarence to Oaro improvements update

Board paper 2017/06/1150

Tommy Parker provided an overview of the concept designs for the improvements to be made to the reinstatement of the Clarence to Oaro section of State Highway 1, following the 2016 Kaikoura earthquake.

Board Members discussed the level of engagement with the Kaikoura community over the proposed access and amenity improvements, and the contribution the improvements will make to support tourism and economic recovery, in the context of the community's desire to promote the Kaikoura Coast as a World Heritage Site, and Kaikoura as a three night visitor experience.

Board Members noted the uniqueness of this opportunity to establish a separated cycleway in this location due to the nature of the area and landscape, and the damage caused by the 2016 Kaikoura earthquake, and that this should not be considered a precedent for elsewhere in the country.

Board Members discussed the safety levels at the termination of the cycleway, noting the Transport Agency's intention to communicate the cycleway as a destination experience rather than a through route along the coast.

Resolution 12	<p><i>The New Zealand Transport Agency Board:</i></p> <ul style="list-style-type: none">• Endorsed the concept designs in principle to allow the Clarence to Oaro improvements to proceed subject to the approval of the Detailed Business Case, which is being prepared and will be presented to the Board in July 2017.• Agreed to include the Clarence to Oaro improvements project in the 2015-18 National Land Transport Programme, subject to the approval of the Detailed Business Case and the project's inclusion in the Canterbury regional land transport plan.
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5.4 National cycling 10- year approach and priorities

Board paper 2017/06/1151

Chris Moller, Dame Fran Wilde, Adrienne Young-Cooper, Leo Lonergan and Vanessa van Uden noted their interests as members of the New Zealand Automobile Association.

Robert Brodnax provided Board Members with an overview of the investment approach and priorities for future development of the national cycling network to target rapid growth, connect and develop regions, and keep people safe, noting the significant progress made with the delivery of the current Urban Cycling Programme.

Board Members noted that the draft Government Policy Statement on Land Transport Funding (GPS) for 2018/21 reinforces the role of cycling and increases the upper limit of the walking and cycling activity class range, and discussed the Transport Agency's revised approach to urban cycling in light of the GPS emphasis.

Board Members discussed the national cycle network from the perspective of the urban commuter, and noted the importance of ensuring the Transport Agency's future investment approach recognises the value of the cycling network to the urban commuter in urban centres.

Board Members discussed cyclist's safety when using the cycle networks, canvassing the impacts of electric bike users on safety levels, and noting that both perception and reality of cycling safety levels will increase as cyclist density and levels of activity increase. Board Members noted the importance of putting initiatives in place to encourage the uptake of cycling infrastructure that has been established through the Urban Cycleways Fund, and of ensuring vehicle driver education about cyclist behaviour and safety is not overlooked.

Resolution 13	<p><i>The New Zealand Transport Agency Board:</i></p> <ul style="list-style-type: none">• Endorsed the investment approach and priorities for future development of the national cycling network to target rapid growth, connect and develop regions, and keep people safe.• Noted planned initiatives to create a national cycling education system that enables increased co-investment from other organisations.• Noted that effective delivery of the approach within ten years would depend on continued additional Crown funding.
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5.5 Auckland Transport's Lincoln Road Corridor Improvements – Implementation funding

[Board paper 2017/06/1152](#)

Robert Brodnax provided Board Members with an overview of Auckland Transport's Lincoln Road Corridor Improvements project and its role in Auckland's transport network in light of the completion of the Waterview Tunnel.

Board Members discussed the significant benefits of this investment to the performance of Auckland's transport system.

Board Members discussed the proposed funding agreement, particularly the proposal that the Transport Agency would front load Auckland Transport's Lincoln Road improvements costs at 100%. Board Members noted that this would be recovered by an adjustment over a 10 year period, to the assistance rate for related activities in Auckland Transport's programme to ensure an overall rate across the Lincoln Road project would be at the normal funding assistance rate of 51%.

Board Members requested advice on the general approach taken by the Transport Agency when considering front loading investment for future local authority projects.

<p>Resolution 14</p>	<p><i>The New Zealand Transport Agency Board:</i></p> <ul style="list-style-type: none"> • Approved funding for implementation of Auckland Transport’s Lincoln Road Corridor Improvement project at an estimated cost of \$80.9 million (including property of \$32.4 million) at a funding assistance rate of 51 percent (NZTA share \$41.25 million); • Noted that the NZ Transport Agency proposes to negotiate a front loading agreement with Auckland Transport to ensure timely delivery of the project while enabling Auckland Transport to spread its costs over a 10 year period. • Noted that the activity has been assessed as High strategic fit, Medium effectiveness and a benefit cost ratio of 7.5.
<p>Requested Action</p>	<p><i>Board Members are to receive advice on the policies applied by the Transport Agency when considering front loading investment in local authority projects.</i></p>

5.6 Waitangi wharf, Chatham Islands – working with Department of Internal Affairs as an agent

[Board paper 2017/06/1146](#)

Dame Fran Wilde noted her interests as the Chief Crown Negotiator for Chatham Islands’ settlement negotiations between the Crown and Ngati Mutunga o Wharekauri and between the Crown and Moriori.

Tommy Parker provided Board Members with an overview of the advice on the risks, particularly around health and safety issues, and the legal implications arising from owning and operating the Waitangi Wharf.

Board Members discussed the contribution the Transport Agency can make to broader government outcomes by taking on the ownership and management of the Waitangi Wharf, noting the skills and capability in asset management and procurement that the Transport Agency can bring to this task. Board Members also noted that in taking on this function as an agent of the Department of Internal Affairs, that it would receive appropriate annual funding necessary to undertake this role.

Resolution 15	<p><i>The New Zealand Transport Agency Board:</i></p> <ul style="list-style-type: none">• Approved the NZ Transport Agency acting as the Department of Internal Affairs agent to assist with operations and management services for Waitangi wharf in the Chatham Islands.• Noted as the Department of Internal Affairs' agent for Waitangi wharf, the NZ Transport Agency's costs would be met, as commercial wharves are not eligible for National Land Transport Programme funding.
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6. Other updates and general business

6.2 Draft agendas for 7 July 2017 Board meeting and 15 August 2017 Special ARA meeting

Board Members noted the draft agendas for the 7 July 2017 Board meeting and 15 August 2017 Special ARA meeting.

6.3 Schedule of Board Correspondence and Official Information Act requests for Board papers

[Board paper 2017/06/1154](#)

Board Members noted that a reply to the request from the Minister of Transport to consider how to improve the uptake by local government of the Regional Improvements Activity Class funding would be provided at its next meeting on 7 July.

Resolution 17	<p><i>The NZ Transport Agency Board received the 9 June 2017 report on:</i></p> <ul style="list-style-type: none"><i>Recent correspondence received, and sent, by the NZ Transport Agency Board Chair.</i><i>Transport Agency Board papers released under the Official Information Act 1982.</i>
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6.4 General Business

The Chair acknowledged and thanked Allan Frost for his commitment and service to the NZ Transport Agency during his 9 years of employment.

7. Board Only Session

A Board only session was held.

The Board Meeting closed at 4.50pm.

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