



Board Meeting Minutes	
Date & time	7 July 2017, 9.00am – 2.00pm
Location	NZ Transport Agency Boardroom, 50 Victoria Street, Wellington
Board Membership	Chris Moller (Chair), Dame Fran Wilde (Deputy Chair), Mark Darrow, Chris Ellis, Leo Lonergan, Nick Rogers and Vanessa van Uden
Apologies	Adrienne Young-Cooper
NZTA staff in attendance	Fergus Gammie (Chief Executive) Robert Brodnax (Director Transport Access Delivery), Tommy Parker (GM System Design and Delivery), Jenny Chetwynd (GM Strategy, Policy and Planning and Acting Board Secretary), Barbara Harrison (GM People), Howard Cattermole (GM Investment and Finance), Paul Laplanche (Chief Financial Officer), Sandy Fong (Principal Policy Advisor)
Guests	Peter Mersi (Chief Executive, Ministry of Transport), Gareth Chaplin (General Manager Sector Performance, Ministry of Transport), Helen White (GPS Programme Manager, Ministry of Transport)

1. Introduction and governance matters

1.1 Apologies

The Chair welcomed Board Members to the meeting.

1.2 Confirmation and overview of the agenda

The agenda was accepted as circulated.

1.3 Declarations of interest

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

Nick Rogers noted his standing interest in Tonkin and Taylor.

Chris Moller noted his interest as a Director of Westpac.

1.4 Draft Minutes of the 9 June 2017 Board meeting

Resolution 1	<i>The draft Minutes of the 9 June 2017 Board meeting is a true and accurate record of the meeting.</i>
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1.5 Draft Minutes of the 9 June 2017 Audit Risk and Assurance Committee meeting

Board Members noted the draft minutes of the 9 June ARA Committee meeting and that they would be approved at a future ARA meeting.

1.6 Draft Minutes of the 9 June 2017 Investment and Operations (I&O) Committee meeting

Board Members noted the draft minutes of the 9 June I&O Committee meeting and that they would be approved at a future I&O meeting.

1.7 Draft minutes of the 21 June 2017 Health & Safety Committee meeting and report

Chris Ellis provided an overview of the issues discussed at the Health & Safety Board Committee meeting on 21 June 2017.

Board Members discussed the nature and tenure of this Committee, and agreed that the Health & Safety Committee should continue to exist for the remainder of 2017 to steer the improvements being made to the Transport Agency's Health and Safety systems. Members agreed to review the tenure of this Committee at the end of 2017. Members also agreed to appoint Leo Lonergan to this Committee due to his background in health and safety issues in the energy and oil sectors.

Resolution 2	<i>That the Health & Safety Committee continues to oversee the Transport Agency's Health and Safety system improvements, subject to review at the end of 2017, and that Leo Lonergan is appointed as a member of the Committee.</i>
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1.8 Health and Safety update

Board paper 2017/07/1155

Barbara Harrison provided Board Members with an overview of the Transport Agency's health and safety performance up to 23 June 2017.

Board Members expressed their sadness with the 2 contractor fatalities in the current period, noting that the investigative reports that would follow would provide invaluable information both for the contractor companies involved, and for the Agency's own health and safety processes and systems.

Board Members noted the substantial reduction in the number of non-reporting contractors and the training undertaken by the Transport Agency around the country to explain the Health and Safety system requirements.

Resolution 3	<i>The NZ Transport Agency Board notes the health and safety performance described in the Zero Harm dashboard.</i>
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1.9 Progress on actions requested at previous meetings

Progress on all the actions arising was noted. Board Members discussed the need for consolidation and appropriate scheduling of the requested workshops.

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 noted the release of the Long Term Strategic View on the Transport Agency's website, the interest in the Long Term Strategic View at the recent stakeholder meetings hosted around the country by Board Members and the Chief Executive, and the links between the View and the Transport Outlook: Current State Report, released recently by the Ministry of Transport.

Board Members discussed the general nature of the successful Housing Infrastructure Fund bids, including their location, type of infrastructure and potential impact on transport investment.

Board Members acknowledged the Transport Agency's work and the significant milestone in the completing and opening the Waterview Tunnel in Auckland.

Board Members discussed the current closure of the Manawatu Gorge, the instability of the gorge and the reasons for its closure, the work underway to improve the Saddle Road, the impacts on the communities, particularly Ashurst and Woodville, and the processes and time frame for considering alternative route options.

Board Members noted the importance of the annual national stakeholder meetings that had recently been completed, hosted by Board Members and Chief Executive, and the need to schedule next year's meetings as early as possible.

Resolution 4	<i>The NZ Transport Agency Board receives the Chief Executive's Report.</i>
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3. Setting sector and organisational direction

3.1 Government Policy Statement on Land Transport 2018/19 to 2027/28 and Regional Improvements

Board paper 2017/07/1166

Jenny Chetwynd provided an overview of the current direction and content of the draft 2018-21 Government Policy Statement on Land Transport Funding (GPS). She also outlined the proposal to address the Minister of Transport's request that the Transport Agency Board considers how to incentivise local government expenditure in the Regional Improvements Activity Class.

Board Members discussed and agreed with the approach to incentivising local government expenditure, noting the link to projects identified in regional economic development action plans, but that this should not preclude other high benefit local authority projects being considered.

The Chair welcomed Peter Mersi (Chief Executive), Gareth Chaplin (General Manager Sector Performance) and Helen White (GPS Programme Manager) from the Ministry of Transport to the meeting. Gareth Chaplin highlighted the key issues associated with the development of the 2018/21 GPS, and emphasised the importance of the opportunity to consult with the Transport Agency Board on the draft GPS before it is finalised.

Board Members canvassed the risks associated with future revenue for the National Land Transport Fund, the importance of demand management and the future of road pricing, as well as the need for the GPS reporting structure to be workable and not duplicative.

Resolution 5	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none">a) Receives the Minister of Transport’s consultation copy of the Government Policy Statement on Land Transport for 2018/19 - 2027/28.b) Notes the relationship between the Government Policy Statement on Land Transport for 2018/19 - 2027/28 and the Transport Agency’s strategy.c) Approves the submission to the Government Policy Statement on Land Transport for 2018/19 - 2027/28 incorporating any changes agreed to by the Board.d) Approves the use of a targeted enhanced funding assistance rate that halves the local share required for local government activities in the Regional Improvements activity class for the 2018-2021 National Land Transport Programme, up to a maximum Funding Assistance Rate of 90%, to advance
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	<p><i>transport improvements for freight, tourism and resilience.</i></p> <p>e) Agrees that the targeted enhanced funding assistance rate also applies to business case development for Regional Improvements.</p> <p>f) Approves the draft letter to the Minister of Transport with a proposed approach to incentivise local government expenditure in the Regional Improvements activity class</p>
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3.2 The draft Investment Assessment Framework for the 2018- 21 National Land Transport Programme

Board paper 2017/07/1156

Robert Brodnax provided an overview of the changes to the Transport Agency’s Investment Assessment Framework that are being recommended to align it with best practice, and the current draft Government Policy Statement on Land Transport Funding for 2018-21.

Board Members noted the consultation and engagement with the transport sector on these changes.

Board Members also discussed the reasons for the changes to the minor improvements threshold, and the need to incentivise many local authorities to improve their asset management practices.

Resolution 6	<p><i>The NZ Transport Agency Board:</i></p> <p>a) Adopts the draft Investment Assessment Framework for the 2018-21 National Land Transport Programme that reflects the engagement draft of the Government Policy Statement on Land Transport for 2018/19 to 2027/28.</p> <p>b) Approves the increased threshold to \$1 million for minor improvements for</p>
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	<p><i>the 2018/21 NLTP.</i></p> <p>c) Approves the application of the increased threshold to \$1 million for minor improvements in the 17/18 financial year.</p>
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4. Quality assurance of key organisational systems, policies and processes

4.1 Financial progress report for the eleven months to the end of May 2017

Board paper 2017/07/1157

Paul Laplanche provided an overview of the financial performance of the Transport Agency (including the National Land Transport Fund) for the eleven months ended 31 May 2017.

Board Members noted the improvement on the quarter three forecast for expenditure on State Highway improvements, partly due to the progress on the Kaikoura Lewis Pass Alternative Route.

Board Members also discussed the reasons for the year-end forecast positive overall cash position, which is due to an increase in revenue caused by transport demand in a buoyant economy, and tender box savings on construction costs.

Resolution 7	<p><i>The NZ Transport Agency Board receives the report on the financial performance of the NZ Transport Agency (including the National Land Transport Fund) for the eleven months ended 31 May 2017.</i></p>
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5. Significant planning, investment and operational matters

5.1 Puhoi to Warkworth Project – Implementation Phase Funding

Board paper 2017/07/1158

In addition to the interests disclosed by Messrs Moller and Rogers at the commencement of the Board meeting, Leo Lonergan and Chris Ellis reminded Board Members of their minor shareholdings in Fletcher Building Ltd. Chris Ellis also reminded Board Members of his role as mentor of the GM Infrastructure of Fletcher Building, and of his equity holding in Chorus Limited (a stakeholder and utility provider with assets affected by this project).

Tommy Parker summarised the recent progress made with the Puhoi to Warkworth Project, and outlined the reasons for the request for Board approval for the variations to the Project Agreement.

Board Members discussed the requested variations, noting the availability of the funding, and noting that the revised cost for delivering the project through a Public Private Partnership remains below the Public Sector Comparator.

Resolution 8	<p><i>The NZ Transport Agency Board:</i></p> <p>a) Approves \$62.5 million (\$22 million for variations and \$40.5 million for the NZ Transport Agency's delivery costs) of the SH1 Puhoi to Warkworth project.</p> <p>b) Approves \$2.25 billion for the Unitary Charges over the public private partnership contract period (2016-2046) for the NZ Transport Agency's SH1 Puhoi to Warkworth project.</p>
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5.2 Nelson Southern Link

Board paper 2017/07/1159

Tommy Parker outlined the Nelson Southern Link Programme Business Case, which will involve detailed investigations to support business cases for a new arterial road and other activities to ease congestion in Nelson City.

Board Members noted that the timing of the new route is dependent on growth, and on network optimisation in the short term. Board Members emphasised the importance of network optimisation, and that this will require the commitment and support of Nelson City Council. Board Members also stressed the importance of joined up communication between the Transport Agency and Nelson City Council with the public of Nelson regarding the drivers and timing for this project, and on the short term optimisation needs.

Resolution 9	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"> <i>a) Supports the direction of the Nelson Southern Link Programme Business Case to undertake further investigations of a detailed business case to develop a new arterial road and other activities to ease congestion.</i> <i>b) Notes that Nelson City Council’s support will be sought following completion of further investigation of the detailed business case.</i> <i>c) Notes that formal support will be requested from the NZ Transport Agency Board during the detailed business case stage.</i> <i>d) Notes the allocation of \$3 million to develop a detailed business case to be funded from the Government’s Regionally Accelerated Project Tranche 3 funding (\$12 million total).</i>
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5.3 SH1 Clarence to Oaro improvements – Implementation Funding

[Board paper 2017/07/1165](#)

Tommy Parker summarised the Board’s previous decisions with respect to improvements to the Clarence to Oaro section of State Highway 1, and noted the opportunity to enhance safety, resilience and amenity levels for customers travelling on this stretch of the highway.

Board Member Nick Rogers provided an overview of his recent visit to the site, noting particularly the scale of the challenge in reinstating the road and rail links, the progress made, the impacts the reinstatement and seismicity of the area will have on future maintenance, and the health and safety systems in place to keep workers and visitors safe.

Board Members noted the critical path milestones for the re-opening of State Highway 1, noting that this will initially be on a restricted opening basis. Board Members also noted KiwiRail’s expected timing for the re-opening of the rail line.

Resolution 10	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"> <i>a) Notes the NZ Transport Agency’s SH1 Clarence to Oaro improvements project has been included in the 2015-18 Canterbury Regional Land Transport Programme (26 May 2017).</i> <i>b) Agrees to include the NZ Transport Agency’s SH1 Clarence to Oaro improvements project in the 2015-18 National Land Transport Programme.</i> <i>c) Approves \$231 million for implementation of the NZ Transport Agency’s SH1 Clarence to Oaro improvement project.</i> <i>d) Delegates to the Chief Executive authority to determine the final scope of works.</i>
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	<p>e) <i>Notes that the activity contributes to the outcomes of the recommended programme SH1 Picton to Christchurch programme business case that has been assessed as High strategic fit, High effectiveness and a Benefit Cost Appraisal of 1-2.</i></p>
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5.4 Auckland’s East West Link project – Implementation Funding Approval

Board paper 2017/07/1160

Mark Darrow reminded Board Members of his role as the Botany Electorate Chair of the National Party.

Tommy Parker provided an overview of the drivers and benefits of the project, progress since July 2014, and summarised the Board’s prior decisions.

Board Members noted that applications for consent under the Resource Management Act for this project were currently being considered by the Environmental Protection Authority, and that hearings were likely to continue until the end of August 2017.

Board Members discussed project and property related issues arising through Mana Whenua iwi in Tamaki Makaurau, noting that the Manakau Harbour is subject to Treaty of Waitangi and customary rights claims.

Resolution 11	<p><i>The NZ Transport Agency Board</i></p> <p>a) Approves funding of \$270 million for property acquisition for the NZ Transport Agency’s East West Link project.</p> <p>b) Approves funding of \$1.25 billion for implementation of the East West Link: subject to approval of the relevant resource consent applications and Notices</p>
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	<p><i>of Requirement by the Board of Inquiry; and following the Board of Inquiry's decision, confirmation of the Benefit Cost Ratio prior to awarding a construction contract.</i></p> <p>c) <i>Notes that Auckland Transport will make a separate funding application for public transport improvements south of Mangere (STET) Inlet and upgraded local road connections to the new link road north of the inlet (as part of the East West Connections programme) which are estimated to cost around \$100 million.</i></p> <p>d) <i>Noted the total cost of the East West Connections Programme is estimated to be \$1.78 billion (including escalation and net property).</i></p>
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5.5 National Significant Urban Corridors in Auckland

Board paper 2017/07/1161

Mark Darrow again reminded Board Members of his role as the Botany Electorate Chair of the National Party.

Fergus Gammie outlined the proposed approach to the identification and potential NZ Transport Agency role in the delivery of urban transport corridors that provide nationally significant functions, in the context of the Auckland Transport Alignment Project (ATAP) – Decade 1 initiatives.

Board Members discussed the principles and criteria underpinning the proposal, and the merits and benefits of the application of these principles and criteria to specific Auckland transport corridors in the context of ATAP. Board Members noted the engagement still required with Government, Auckland Transport and Auckland Council on issues relating to funding contribution, and that this

information will be provided to the Board before any specific decisions about the Transport Agency's role in delivering these nationally significant corridors in Auckland are taken.

Resolution 12	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none">a) Supports the proposed approach to identify urban corridors that provide nationally significant functions.b) Endorses a greater role for the NZ Transport Agency in delivering nationally significant urban corridors.c) Agrees that the NZ Transport Agency should consult with Government, Auckland Transport and Auckland Council on the Agency taking responsibility for delivery of the North-Western Mass Transit Corridor and Mill Road projects subject to:<ul style="list-style-type: none">i. Additional funding being available from government for the Agency's share of the cost; andii. Agreement with Auckland Transport on a funding contribution based on 'local benefit'.d) Agrees that the NZ Transport Agency should consult with Government, Auckland Transport and Auckland Council on a cost sharing arrangement for the AMETI Panmure to Botany improvements, reflecting the cost sharing arrangement for the Northern busway, subject to:<ul style="list-style-type: none">i. funding being available for the Transport Agency's share of the cost; andii. Agreement with Auckland Transport on a funding contribution based on 'local benefit'
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| | <p>e) <i>Notes that the Penlink project does not meet the criteria for a nationally significant urban corridor; but that it could be a candidate for alternative delivery and funding models, of which the NZ Transport Agency could be a part, and that these will be explored with Auckland Council and Auckland Transport.</i></p> |
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This section of the Minutes of the 7 July 2017 Board meeting has been withheld under section 9(2)(i) of the Official Information Act 1982, as there is a need to enable the NZ Transport Agency to carry on, without prejudice or disadvantage, commercial activities. The NZ Transport Agency has determined that the interests being maintained outweigh any public interest in making the information available.

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6. Other updates and general business

6.1 Other updates

Board paper 2017/07/1163

Jenny Chetwynd provided an overview of the key items contained in the Other Updates paper.

Board Members discussed the impact of the Transport Agency's Front Loading Policy, noting that the policy is neutral in nominal cash terms, but no adjustment is made to account for the time value of money.

Board Members noted the timeline and key decision points for the development and delivery of the 2018/21 National Land Transport Programme.

Board Members noted the improvements made to simplify the Agency’s Business Case approach, and the importance of these changes for local government stakeholders.

Board Members discussed the proposed process for disclosing Senior Leadership Team interests and managing potential conflicts of interest. Board Members noted the importance of the Agency’s Code of Conduct, Conflict of Interest Policy, Protected Disclosure Policy and the organisation’s culture in ensuring that all staff interests and conflicts were appropriately identified and managed.

Resolution 14	<p><i>The NZ Transport Agency Board receives the 7 July 2017 updates on:</i></p> <ul style="list-style-type: none"><i>a) 2017 Crown Entity Assessment Framework Process – update;</i><i>b) NZ Transport Agency’s Front Loading policy;</i><i>c) Board Engagement during the 2018-21 National Land Transport Programme (NLTP) development process;</i><i>d) The Business Case Approach: Update on implementation;</i><i>e) Senior Leadership Team interests in relation to matters in Board/Committee papers – update; and</i><i>f) Local Road Improvements Activity Class Expenditure Update.</i>
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6.2 Draft agendas for 15 August 2017 Special ARA Committee meeting and 25 August 2017 Board meeting

Board Members noted the draft agendas for the 15 August 2017 Special ARA Committee and 25 August 2017 Board meetings. Board Members noted particularly that the ARA Committee will be considering the Transport Agency's contribution to the NZ Government's annual financial statements, and, given the timing of this contribution, agreed that the ARA Committee should be authorised to approve the 2016/17 Crown Financial Information System submission and Letter of Representation, should this be required.

Resolution 15	<i>The NZ Transport Agency Board authorises the Audit, Risk and Assurance Committee to approve the 2016/17 Crown Financial Information System submission and Letter of Representation.</i>
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6.3 Schedule of Board Correspondence and Official Information Act requests for Board papers

Board paper 2017/07/1164

Board Members noted the correspondence and Official Information Act requests.

Resolution 16	<i>The NZ Transport Agency Board receives the 7 July 2017 report on:</i> <ul style="list-style-type: none"> <i>a) Recent correspondence received by the NZ Transport Agency Board Chair;</i> <i>b) Transport Agency Board papers released under the Official Information Act 1982.</i>
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7.1 General Business

Board Members noted Ernst Zollner’s (Regional Relationships Director for Auckland and Northland) resignation from the Transport Agency, and acknowledged and thanked him for the significant contribution he made to the Transport Agency.

Board Members canvassed the request from the New Zealand Institute of Directors for the Transport Agency Board to host the Institute’s Emerging Directors Programme.

Requested Action	Letters of thanks to Celia Patrick, Allan Frost and Ernst Zollner are to be drafted for the Chair’s signature.
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7. Board Only Session

A Board only session was held.

The Board Meeting closed at 2.00pm.

Minutes approved by the Chair	
Date	-----/-----/-----