



Board Meeting Minutes	
Date & time	5 October 2018, 10:00am – 3:00pm
Location	NZ Transport Agency Boardroom, Level 2, 50 Victoria Street, Wellington
Board Membership	Michael Stiassny (Chair), Dame Fran Wilde (Deputy Chair), Nick Rogers, Adrienne Young-Cooper, Leo Lonergan, Mark Darrow and Vanessa van Uden
Apologies	Chris Ellis
NZTA staff in attendance	Fergus Gammie (Chief Executive) Raewyn Bleakley (General Manager Governance, Stakeholders & Communications and Board Secretary), Howard Cattermole (General Manager Investment and Finance), Jenny Chetwynd (General Manager Strategy, Policy & Planning), Barbara Harrison (General Manager People), Brett Gliddon (General Manager System Design & Delivery), Charles Ronaldson (General Manager Customer Design & Delivery), Giles Southwell (General Manager Corporate Services), Tim Barry (Senior Manager, Safety and Wellness), Anna Moodie (Senior Manager, Legal), Richard Hancy (Mass Transit Lead), Peter Spies (Chief Advisor, Engineering), Niclas Johansson (Senior Manager, Internal Practice), Derek Lyons (Chief Information Officer), John Coulter (Senior Manager, Operational Policy, Planning and Performance, Investment & Finance), Pete Clark (Senior Advisor, Travel Demand Management), and Bob Alkema (Senior Manager, Investment Assurance).

External attendee(s)	Michael Hodge, Meredith Connell
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1. Introduction and governance matters

1.1 Apologies and welcome

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 conflicts of interests of Board Members

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

Nick Rogers noted his standing interest in Tonkin and Taylor.

1.4 Declarations of conflicts of interests of Senior Leadership Team Members

The schedule of Senior Leadership Team Members' interests was noted as tabled.

1.5 Draft minutes of the 20 August 2018 Board meeting and 21 September 2018 Special Board meeting

Resolution 1	<p><i>The NZ Transport Agency Board confirmed the draft Minutes of the following meetings as true and accurate records of those meetings:</i></p> <ul style="list-style-type: none"><i>• 20 August 2018 Board meeting; and</i><i>• 21 September 2018 Special Board meeting.</i>
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1.6 Progress on actions requested at previous meetings

Progress on actions arising was noted.

2. Health, Safety and Wellness matters

2.1 Health, Safety and Wellness Update

Board paper 2018/10/1281

Fergus Gammie outlined the process and actions undertaken in respect of health, safety and wellness (HSW) matters since the last Board meeting – including clear messaging via a recent NZ Transport Agency Health and Safety Industry Leaders Forum and the involvement of consultancy firm, Hobson Leavy. Charles Ronaldson is acting as interim Programme Director, Workplace Health & Safety.

HSW actions planned for October 2018 through December 2018 were outlined by Charles Ronaldson and then discussed by the Board. Management confirmed that progress made to date lines up with the recommendations arising out of the CosmanParkes report. Steps, whether in the form of actions or plans, are being taken on all matters raised in this particular report.

The Board reiterated the importance of its direct active involvement in HSW matters. Management noted the overall HSW plan and work programme will be presented for endorsement by the Board.

The HSW Update and Dashboard now includes details specific to corrective actions and their implementation.

Resolution 2	<i>The NZ Transport Agency Board noted the latest health, safety and wellness update.</i>
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3. Chief Executive's Report

3.1 Chief Executive's Report

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

The regulatory non-compliance plan (as provided to Board Members) prioritises the current regulatory non-compliance matters requiring attention. The General Manager Corporate Services has taken responsibility for overseeing the work involved; Meredith Connell has been engaged to assist; and relevant Transport Agency staff are focused on undertaking and progressing the necessary work. A weekly report is to be provided to the Board and a weekly teleconference call has been set up for the first month of activity to enable Board Members to hear directly from the General Manager Corporate Services and Meredith Connell as to progress.

Of particular note to Board Members, and connected to regulatory matters, is the Transport Agency's approach to, and management of, conflicts of interest. There is a concern regarding the robustness of the system if an individual or organisation is able to certify work on vehicles, or inspect vehicles, they are responsible for delivering, or they own.

Board Members requested the following actions be undertaken on an urgent basis. Management is to:

- provide a communications plan on the regulatory non-compliance project, for discussion with the Board as soon as possible;

This section of the Minutes of the 5 October 2018 Board meeting is withheld under section 9(2)(h) of the Official Information Act 1982 as there is a need to maintain legal professional privilege. The NZ Transport Agency has determined that the interests being maintained outweigh any public interest in making the information available.

- undertake a review of the Transport Agency's approach to, and management of, conflicts of interest;
- prepare a paper outlining the impact of adopting an approach which precludes any conflicts of

interest; and

- identify options and make recommendations on how to stop or slow down the approval (and re-certification) of (new) organisations or individuals who can issue licences, certificates, warrants and other authorisations.

Fergus Gammie noted the upcoming Board Workshop on Light Rail. This will enable in-depth discussion of various matters connected to the Auckland Light Rail projects, such as procurement options; the strategic, financial/commercial, economic and management cases and route(s), prior to bringing a paper to the November Board meeting for decisions on the business case for City Centre to Mangere and procurement options and preference(s).

Discussion by Board Members canvassed the importance of safety (both rail system and workplace); the proposed Expert Advisory Group; project objectives; the way to package the projects to encourage the optimal kind of interest; and the complexity of different models and options for delivery, timing and funding.

The Board also discussed the importance of Auckland, as the centre of economic activity for the country, and the critical role transport plays in optimising this. The need to be clear on the objectives of the project was noted, but also the requirement to ensure the Transport Agency incorporates the important direction contained in the Government Policy Statement on Land Transport (GPS) concerning development of the project, particularly in relation to ensuring it achieves access objectives – as well as safety, environment and value for money objectives. With this in mind, management is to review the objectives and the proposed weighting of the success percentage split.

Board Members expressed an interest in receiving a copy of the Memorandum of Understanding and detailed decisions matrix. They also noted progress update on the consideration of possible legislative changes required by this type of project and the preparation of a communications and engagement approach.

Board Members discussed the major road safety priorities and activities outlined. They accepted the Plan provided, noting the advice around why not everything is quantified. In light of correspondence with the Minister to date, a plan to address the safety risk of 1 and 2 star rating vehicles is to be developed. Management to also look into steps that could be taken to prevent the importation into New Zealand of vehicles that have been written off.

There was discussion of the speed management guide and the importance of lowering speeds – both on state highways and local roads. Fergus Gammie noted that there is specific guidance and direction in the GPS regarding speed management, which the Transport Agency needed to implement via the use of the speed management guide.

The phased approach to improving technology was discussed. Board Members noted the next steps in the approach to the core IT/technology function and enabling transport technology innovations to be utilised.

Resolution 3	<i>The NZ Transport Agency Board received the Chief Executive's Report.</i>
Requested Action(s)	<p>A. Provide a communications plan on the regulatory non-compliance project, for discussion with the Board as soon as possible.</p> <div data-bbox="600 1046 2056 1230" style="background-color: black; color: white; padding: 5px;"> <p>This section of the Minutes of the 5 October 2018 Board meeting is withheld under section 9(2)(h) of the Official Information Act 1982 as there is a need to maintain legal professional privilege. The NZ Transport Agency has determined that the interests being maintained outweigh any public interest in making the information available.</p> </div> <p>C. Undertake a review of the Transport Agency's approach to conflicts of interest and specifically:</p>

	<ul style="list-style-type: none">i. identify all areas where the Transport Agency can issue a licence, certificate, warrant or authorisation, and the licensee or authorised person could have a financial or personal conflict of interest;ii. assess the impact across all of these areas if the Transport Agency were to apply the principle that a person cannot certify work they are responsible for delivering;iii. outline the best way to implement this principle, if the Transport Agency were to apply it;iv. set out the likely impact of adopting an approach which precludes any conflicts of interest; andv. provide recommendations on the way forward. <p>D. Identify options and make recommendations on how to stop or slow down the approval of new organisations or individuals (and re-certification of existing service providers) who can issue licences, certificates, warrants and other authorisations for a period considered appropriate – being a period that is preferably connected and limited to the completion of work specific to the regulatory non-compliance plan.</p> <p>E. Review the objectives and the weighting of the success percentage split proposed for the City Centre to Mangere Light Rail project.</p> <p>F. Provide a plan to the Board that sets out the results of a review of existing policy regarding star ratings, research of the legality of imposing an immediate ban on 1 and 2 star rating vehicles from being imported into New Zealand and discussions with ACC concerning such actions.</p>
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	G. Draft an update to the Board on options for stopping/preventing written off vehicles from being imported into New Zealand.
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4. Setting sector and organisational direction

4.1 Diversity and Inclusion Update

Board paper 2018/10/1282

There was a comprehensive discussion of the various components forming the matters outlined in the paper and the approach proposed for which feedback was sought.

Barbara Harrison provided an explanation of the unconscious bias training being undertaken by her team and how this will be applied in reviewing systems, processes and practices. The Board would like updates on how this work progresses. An objective of the move to incorporate diversity and inclusion in the Transport Agency's work place is to achieve a breakdown of employees that ultimately reflects the make-up of New Zealand's population.

In terms of dealing with the gender pay gap, Barbara Harrison clarified that closing the two per cent pay gap was a Government aim. The Transport Agency is in a position to close the gap by the middle of next year, ahead of the Government deadline.

Resolution 4	<i>The NZ Transport Agency Board:</i> <ul style="list-style-type: none">a) Noted the Diversity and Inclusion approach for the NZ Transport Agency.b) Noted the approach outlined to closing the gender pay gap at the NZ Transport Agency.
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Requested action(s)	Management is to review the Diversity and Inclusion approach to ensure that: <ul style="list-style-type: none">• the focus in Year One is on systems, processes and practices that identify and mitigate unconscious bias; and• one of the outcomes delivered is an employee composition that is broadly representative of the New Zealand population over time.
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4.2 State Sector Review Overview and Consultation

Board paper 2018/10/1283

The paper was noted. Board Members do not consider there is a need to make a submission on the State Sector Act Review.

Resolution 5	<i>The NZ Transport Agency Board:</i> <ul style="list-style-type: none">a) Noted the proposed changes to the State Sector Act 1988.b) Agreed the Transport Agency will not submit on the State Sector Act Review.
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5. Quality assurance of key organisational systems, policies and processes

5.1 Financial Progress Report for the two months to the end of August 2018

Board paper 2018/10/1284

Board Members noted the latest report incorporates reference to both iterations of the Transport Agency's Statement of Performance Expectations.

There was also discussion around the difference between, and impact of, phasing and deferring of activities and associated expenditure. This is reflected in the current financial position specific to certain operational expenditure and initiatives expenditures. An example is the education and advertising programme.

Resolution 6	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"><i>a) Received the report on the financial performance of the NZ Transport Agency (including the National Land Transport Fund) for the two months ended 31 August 2018.</i><i>b) Noted the report is against the budget included in the draft Amended Statement of Performance Expectations (SPE) to be approved by the Board on 20 September 2018; while the interim SPE, approved by the Board on 20 April 2018, is also shown this month for comparative purposes</i><i>c) Notes the first published report at Quarter One for the NZ Transport Agency will be as against the draft Amended Statement of Performance Expectations.</i>
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5.2 Review of Current Tolling Arrangements

[Board paper 2018/10/1285](#)

Board Members agreed to increase the toll tariffs in the manner outlined.

When asked why reviews do not occur more frequently, management noted that the minimum increase is required to be ten cents. The relevant Orders in Council that enable review constrain any increases with a requirement to align with the Consumer Price Index (CPI) and this measure does not always realise the noted minimum level of increase on an annual basis.

Resolution 7	<i>The NZ Transport Agency Board:</i>				
	<i>a) Approved consumer price indexed increases in toll tariffs on the Northern Gateway Toll Road, Tauranga Eastern Link Toll Road and Takitimu Drive Toll Road before 1 July 2019, based on the table below:</i>				
		Cars/Motorcycles		Trucks	
		From	To	From	To
	Northern Gateway Toll Road (NGTR)	\$2.30	\$2.40	\$4.70	\$4.80
	Tauranga Eastern Link Toll Road (TELTR)	\$2.00	\$2.10	\$5.00	\$5.20
	Takitimu Drive Toll Road (TDTR)	\$1.80	\$1.90	\$4.80	\$5.00
	<i>b) Noted the proposed changes are in line with movements in the Consumer Price Index, since the previous increases in 2015, and are necessary in order to meet related debt repayments.</i>				

6. Significant planning, investment and operational matters

6.1 Let's Get Wellington Moving: Recommended Programme of Investment, Funding and Financing Implications

Board paper 2018/10/1286

Howard Cattermole and Fergus Gammie spoke to the content of this paper. In particular, they noted the need for the Board to be aware of the assumptions made and the potential impacts of the various large commitments being made or being proposed. These commitments include other projects within and outside the Wellington region – such as light rail in Auckland.

Board Members agree with the Recommended Programme of Investment (RPI) as a programme business case, but note that the Transport Agency is not in a position to commit to the RPI progressing to the next stage, or the implementation of early improvements, without further work being undertaken around funding and financing arrangements. Further, greater certainty is required in terms of the cost and funding arrangements for the Auckland Light Rail projects; firm commitments from Councils for Let's Get Wellington Moving; and confirmed financial backing/underwriting via Crown funding for the more substantial transport projects (in terms of both cost and time), being advocated by Government.

Resolution 8	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"><i>a) Endorsed the Let's Get Wellington Moving (LGWM) Recommended Programme of Investment (RPI) as a programme business case.</i><i>b) Noted 'endorsement' indicates a commitment to develop the LGWM RPI to a stage where it can be implemented, but does not commit the NZ Transport Agency to fund that implementation, in whole or in part.</i>
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	<p>c) Noted the LGWM RPI has an estimated capital cost (P50) of \$4 billion and an indicative Benefit Cost Ratio (BCR) in the range 0.6 – 1.7.</p> <p>d) Notes the need for significant further work on the feasibility of funding and financing arrangements for LGWM, in conjunction with similar and coincident requirements for the Auckland Light Rail Project.</p> <p>e) Agrees there is a need to understand the entire commitment required for LGWM before embarking on the next stage, which includes detailed business case preparation, and implementation of early improvements.</p>
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6.2 Transitional Rail and Public Transport Activity Classes – Approval and Funding of Three Projects

[Board paper 2018/10/1287](#)

Brett Gliddon introduced the paper and provided an overview of the projects and proposed approach. Board Members discussed the projects and proposed approach, with a particular focus on the nature and extent of the proposed funding assistance rates and the allocation under the Transitional Rail Activity class. The temporary nature of the Transitional Rail Activity class was noted, in light of the Future of rail review, currently being undertaken. Board Members noted also that irrespective of the future of the Transitional Rail Activity class, approval of funding will entail financial commitments beyond the current National Land Transport Programme 2018–2021 period. Despite the critical need to invest in the projects and the priorities applied to them, care will be required to manage the levels of funding and the ability to increase the allocation, subject to progress across other Activity classes and availability of revenue.

Resolution 9

The NZ Transport Agency Board:

- a) **Endorses** the Transitional Rail funding policy that infrastructure activities for metro rail and inter-regional passenger (including rolling stock for inter-regional passenger rail) be funded at 100% funding assistance rate from the National Land Transport Fund.
- b) **Endorses** the Transitional Rail funding policy that a normal funding assistance rate should apply to the day-to-day operation of inter-regional passenger services, whether funded through the Transitional Rail Activity class or Public Transport Activity class.
- c) **Approves** funding, capped at \$95.8 million, to Greater Wellington Regional Council (fully funded from Transitional Rail Activity class), for Wellington Metro Rail Track: Catch Up Renewals.
- d) **Approves** funding, capped at \$97.7 million, to Greater Wellington Regional Council (fully funded from Transitional Rail Activity class), for Unlocking Capacity and Improving Resilience – Infrastructure.
- e) **Approves** funding, capped at \$1.811 million, to Auckland Transport (fully funded from Transitional Rail Activity class), to produce a Detailed Business Case for the Wiri to Quay Park Improvement Project, subject to sign off on the scope from the NZ Transport Agency Chief Executive.

6.3 Matakana Link Road

[Board paper 2018/10/1288](#)

Board Members discussed the project and the preferred option detailed. This discussion canvassed the safety, multi modal use and resilience outcomes, and the intent to future-proof the transport infrastructure for future growth and development in the area, by enabling for a four lane highway at a future stage.

Resolution 10	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none">a) Endorsed the Detailed Business Case for the Matakana Link Road.b) Noted the proposal to construct the 1.35 kilometre Matakana Link Road, between State Highway 1 and Matakana Road, in two stages.c) Approves funding for the pre-implementation and implementation of Stage 1 of Auckland Transport’s Matakana Link Road project, together with property, design and earthworks components of Stage 2, at an estimated total cost of \$62.2 million (percentile 50), at a funding assistance rate of 51 per cent, and an upper funding cap of \$71.5 million (percentile 95).d) Noted the preferred option allows for a future Stage 2, if required, at an approximate additional cost of \$16.3 million (percentile 50), at a funding assistance rate of 51 per cent.e) Noted the Matakana Link Road aligns with the Government Policy Statement on Land Transport (GPS) 2018 by improving access to this growth area for economic and social opportunities, resilience by creating an alternate route, and travel choices by incorporating walking, cycling and provision for public transport.
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6.4 Re-evaluation Findings for State Highway (SH) 1 Whangarei to Warkworth, SH2 Waihi to Tauranga, SH49 Tauriko West and SH1 Otaki to north of Levin Corridors

Board paper 2018/10/1289

Brett Gliddon provided an overview of the paper.

Board Members discussed the refocused direction of the projects and the revised priorities, key messages and programmes of activities for the corridors, for which re-evaluation findings are being presented.

It was noted the remainder of the findings are to be presented before the end of the year, along with a recommended programme for inclusion in the National Land Transport Programme 2018–2021.

Board Members noted care will be required to ensure expectations of key stakeholders and communities along, or connected to, affected corridors are managed with clear messaging regarding next steps in terms of activities and timing.

Resolution 11	<p><i>The NZ Transport Agency Board endorses the proposed revised approaches for:</i></p> <ul style="list-style-type: none"><i>• State Highway (SH)1 Whangarei to Warkworth,</i><i>• SH2 Waihi to Tauranga,</i><i>• SH29 Tauriko West, and</i><i>• SH1 Otaki to north of Levin,</i> <p><i>noting that re-evaluation for these corridors is now complete.</i></p>
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6.5 Managing Vehicle Inspection Conflicts of Interest

Board paper 2018/10/1292

Charles Ronaldson spoke to the approach and outcomes intended.

In light of the discussion earlier in the meeting and the matters outlined in the paper, Board Members agreed to the proposal – noting the indicative activities and timing for effectively implementing any change to the operational approach.

Resolution 12	<i>The NZ Transport Agency Board notes management’s proposal to update the Transport Agency’s operational policies to more effectively manage any conflicts of interest arising as between vehicle inspection organisations and vehicle importers.</i>
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7. Other updates and general business

7.1 Other updates

Board paper 2018/10/1291

The Kaikoura Earthquake Recovery and Reinstatement update was noted.

Brett Gliddon spoke to the Waikato Expressway – Hamilton Section Financial Update. He confirmed that the details forming the update were not a decision point. A Board paper will be presented, in due course, regarding the revised cost estimates.

Board Members discussed the preliminary result of the second Investor Confidence Rating (ICR) assessment of the Transport Agency. This discussion covered the dip in overall rating (when compared to the first ICR assessment) – as well as the indicators for which the Transport Agency’s

performance ratings were below average. Jenny Chetwynd committed to providing a report back to the Board later this year concerning progress made against the actions outlined in the Transport Agency’s response to the result and feedback received from the ICR assessment – particularly, portfolio management, benefits delivery performance and consistency in approach to these matters.

Resolution 13	<i>The NZ Transport Agency Board received the October 2018 other updates.</i>
Requested action(s)	Management is to provide a report back to the Board later this year regarding the progress made with respect to the actions outlined in the NZ Transport Agency’s response to its second Investor Confidence Rating assessment.

7.2 Draft agendas for 8 November 2018 Audit, Risk and Assurance Board Committee meeting, 8 November 2018 Investment and Operations Board Committee meeting and 9 November 2018 Board meeting

Resolution 14	<i>The NZ Transport Agency Board noted the draft agendas for the 8 November 2018 Audit, Risk and Assurance Board Committee meeting, 8 November 2018 Investment and Operations Board Committee meeting and 9 November 2018 Board meeting.</i>
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7.3 Schedule of Board Correspondence and requests for Board paper

Board paper 2018/10/1290

Resolution 15	<p><i>The NZ Transport Agency Board received the October 2018 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 documents requested and released under the Official Information Act 1982; and</i><i>• Transport Agency Board documents released in response to an Ombudsman request.</i>
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7.4 General business

Electric scooters (e-scooters) and their classification and use was an item of general business discussed by Board Members.

8. Board only session

A Board only session was held.

The Board Meeting closed at 3:55 pm.

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