



## Board Meeting Minutes

<b>Date &amp; time</b>	8 May 2019, 8:30am – 3:00pm
<b>Location</b>	NZ Transport Agency Boardroom, Level 2, 50 Victoria Street, Wellington
<b>Board Membership</b>	Nick Rogers (Interim Chair), Leo Lonergan, Mark Darrow, Vanessa van Uden, David Smol and Sheridan Broadbent
<b>Apologies</b>	None
<b>NZTA staff in attendance</b>	Mark Ratcliffe (Interim Chief Executive) Howard Cattermole (General Manager, Investment and Finance), Jenny Chetwynd (General Manager, Strategy, Policy & Planning), Brett Gliddon (General Manager, System Design & Delivery), Greg Lazzaro (General Manager, Safety, Health & Environment), Kane Patena (General Manager, Regulatory), Giles Southwell (General Manager Corporate Services) and Richard May (Interim Board Secretary and Senior Manager, Government & Governance).
<b>External attendee(s)</b>	None

## **1. Board and Chief Executive Only Session**

A Board and Chief Executive only session was held.

## **2. Introduction and governance matters**

### **2.1 Apologies and welcome**

The Chair welcomed Board Members and attendees to the meeting.

### **2.2 Confirmation and overview of the agenda**

The agenda was accepted as circulated.

In addition to the matters outlined in the Agenda, the Board added the following extra items – proposed active mode harbour crossing project, Auckland Transport Board, Auckland Light Rail, and whether the Chief Executive of the Ministry of Transport be invited to attend Audit, Risk and Assurance Board Committee meetings going forward.

### **2.3 Declarations of conflicts of interests of Board Members**

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

Standing interests of specific Board Members were reiterated and noted:

- Nick Rogers - Tonkin and Taylor (Minor shareholder)
- Sheridan Broadbent – Stellar Consulting Group Limited (Grant Broadbent, who is Sheridan's brother, is a Director and Shareholder of this software company, which is working with the NZ Transport Agency and is on a panel, from which it can be selected to undertake further work.)
- Mark Darrow - Inclusion of a note, located at the bottom of his page in the Register of Interests, effecting on-going disclosure concerning previously held Board positions at Vehicle Testing New Zealand and the Motor Trade Association, and addressing any potential perception of conflict connected to Vehicle Inspection New Zealand, in light of the conflict of interest workstreams.

## 2.4 Declarations of conflicts of interests of Executive Leadership Team Members

The schedule of Executive Leadership Team (ELT) Members' interests was noted as tabled.

Mark Ratcliffe noted that he will look to refresh the Register of Interests for ELT Members, with more fulsome responses where interests have been and/or are disclosed.

## 2.5 Draft minutes of the 18 April 2019 Board meeting and Ratification of Board Decisions by circulation

Board Members noted some minor changes to be made to the draft Minutes supplied.

<p><b>Resolution 1</b></p>	<p><i>Subject to the additions, deletions and/or amendments set out below being made, the NZ Transport Agency Board <b>confirmed</b> the draft minutes of the 18 April 2019 Board Meeting as a true and accurate record of the meeting:</i></p> <ul style="list-style-type: none"> <li>• <i>clarification of detail around potentially working with NZ Police to flag for safety issues;</i></li> <li>• <i>adjustment to phrasing – as issues to be progressed are not just 'topical', for example, safety is most important; and</i></li> <li>• <i>inclusion of fact that Statement of Performance Expectations was thoroughly canvassed at the Audit, Risk and Assurance Board Committee meeting on 16 April 2019.</i></li> </ul>
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At the 18 April 2019 Board meeting, discussion concerning Board paper 2019/04/1368 *2019/20 NZ Transport Agency Operational Budget and Business Plan Initiatives* led the Board to request an updated operational budget to better reflect additional details, including expected recruitment levels/timing. A Board paper was circulated by email to Board Members on 24 April 2019.

The Board paper circulated set out the revised budget – in a similar form to the Board paper presented at the 18 April 2019 Board meeting but with the addition of the full time equivalent (FTE) reconciliation that was handed out at that meeting. The changes compared to the original Board paper and the previous FTE reconciliation were highlighted. The memorandum account impacts are minor and largely lost in the rounding. There is also a small favourable move cumulated across all the accounts.

Board Members provided feedback, did not approve the operational budget as proposed, and requested further work be undertaken. This is to be presented to the June 2019 Board meeting.

## **2.6 Remuneration and Human Resources (Rem & HR) Board Committee Report: Draft Minutes of the 26 March 2019 Rem & HR Board Committee meeting**

Vanessa van Uden outlined the matters considered at the Rem & HR Board Committee meeting on 26 March 2019. In particular, she responded to a number of questions from Board Members regarding remuneration and human resources matters, including the delegations and Ask our Team results.

With respect to the draft Minutes supplied, Resolution 3 is to be re-worded to recommend to the Board approval of the budget indicated to cover remuneration increases and the proposed approach to the remuneration round, short term incentives for non-executive members of staff and the Chief Executive's discretionary fund.

## **2.7 Progress on actions requested at previous meetings**

Progress on all actions arising was noted.

The Board Secretary noted that the form of the Progress on Actions arising document will be adjusted in the same way as the Audit, Risk and Assurance Board Committee's equivalent document has been.

Board Members requested urgency in respect of certain actions specific to certain projects and the National Land Transport Programme. A more detailed Progress Update was requested regarding the work required as a consequence of the findings of the Board-requested Independent Health, Safety and Wellness Governance Review.

# **3. Road Safety, Health, Safety and Wellness & Environment matters**

## **3.1 Road Safety, Health, Safety and Wellness & Environment Update**

**Board paper 2019/05/1371**

Greg Lazzaro spoke to the paper, giving an update on the issues the staff in his area are facing. Board Members support the view, set out in the paper, on where the NZ Transport Agency needs to head – and, as noted, the opportunity to be a leader in health and safety and road safety. Comfortable with the data outlined going to the ELT, the Board and the Minister. Management requested to consider whether this information should also be circulated to staff.

Updates on the recent incidents involving contractors were also provided by Greg Lazzaro. Management noted that some changes going forward to contracts (and management of them) will deal with issues and causal factors identified from the reports resulting from the investigation of the incidents. In terms of a recent medical event, management noted that all subcontractors have good systems for screening/identifying medical issues and fatigue.

The Board discussed the role of health and safety and road safety, including worker health and safety and road safety and reinforced its importance. As a connected issue, concern was expressed at the general apathy of parties who have vehicles, which are the subject of recalls actually responding and dealing with the recalls. One such example noted was recalls involving Takata air bags.

**Resolution 2**

*The NZ Transport Agency Board **agreed** on the broad approach, designed to take Safety, Health & Environment to the next level of maturity for the NZ Transport Agency.*

### 3.2 Health and Safety Duties owed by the NZ Transport Agency for Various Counterparty Arrangements

#### Board paper 2019/03/1338

Greg Lazzaro and Kane Patena spoke to the paper, noting the status of the roll out and the fact they are working together to ensure that the project timeline does not slip. The highest risk counterparty arrangements are being worked through first, with roll out likely to require three to six months 'heavy work'.

Redacted - Legal privilege

In terms of documentation, management noted that the in-house legal team now has oversight of all commercial arrangements – a change from a rather decentralised system historically. This will enable, and assist with, better implementation of the roll out, currency and improvement of contractual documents, and an appropriate level of monitoring and reporting. The manuals identified as requiring an update will amount to a large piece of work; however, the risk mitigation in place is good.

In terms of the approach, management confirmed that worker and road safety is being pushed to the fore and although there are certainly gaps, these are a point of focus. The compliance process on vehicle safety was noted as good. The processes are generally functioning, but there is room to improve. There is also an issue around state highways versus local roads, with more work to be done with the Approved Organisations (AOs).

Management will come back to the Board regarding the nature and extent of monitoring and reporting proposed. There are differences between the tiers. Each of the fourteen categories of service provider is different in terms of what is required of the Transport Agency.

Resolution 3

Redacted - Legal privilege

### 3.3 Road Safety Partnership Programme – Update on Programme Development

#### Board paper 2019/05/1383

Greg Lazzaro introduced the paper, noting the programme is an opportunity to be outcome driven. Board Members agree that, in light of the amount of money involved, better reporting should result. There is also robust conversation between Ministers around the lack of metrics or detailed reporting.

The Transport Agency is working with NZ Police on the development of the programme. Some good ground advice has been given, but it is hard to gauge if this is the right approach. At its meeting in June 2019, the Board will be presented with options for a validated approach.

Management noted that a copy of the Eric Howard report has been provided to NZ Police, which addresses the 'low hanging fruit' in terms of road safety outcomes. The Board noted that the Transport Agency is required to demonstrate value for money and achievement of desired Government Policy Statement on Land Transport (GPS) outcomes - such as safety - with respect to activities on which National Land Transport Fund (NLTF) funding is spent. A large proportion of the funding under this programme goes to the NZ Police and as outlined in the paper, this is one of the risks faced as overheads are indicated as being taken out first.

A key challenge is (and will be) ensuring results, whilst maintaining and improving the relationship with NZ Police, in (both developing) and delivering the Road Safety Partnership Programme. Of note, NZ Police, the Transport Agency, and the Ministry of Transport (MoT) all have individual accountabilities and responsibilities, they are also all stewards of road safety and are collectively responsible for achieving improved outcomes.

<b>Resolution 4</b>	<p><i>The NZ Transport Agency Board <b>noted:</b></i></p> <ul style="list-style-type: none"><li><i>a) the work to date on the development of the Road Safety Partnership Programme 2019-2021 (the RSPP).</i></li><li><i>b) the RSPP has been developed taking into account the emerging new road safety strategy, and an operational outcome framework showing the contribution of each partner, including NZ Police, to achieve the outcomes sought from the investment.</i></li><li><i>c) that the NZ Transport Agency is satisfied the programme aligns strategically with the Government Policy Statement on Land Transport, the Transport Agency's transport safety position statement and the developing new road safety strategy.</i></li><li><i>d) that full investment assurance has been given for the investment levels for the proposed programme delivered by dedicated and non-dedicated road policing staff and that the proposed programme represents value for money.</i></li><li><i>e) that the NZ Transport Agency is seeking external advice on how the proposed operational priorities and road policing activities within the programme align with best practise and this will inform final advice to the Board on the programme.</i></li><li><i>f) the cost of the RSPP is in excess of the \$1,063 million allowed for in the wider National Land Transport Programme for road policing, and that a reallocation decision will be required to transfer of funds from another activity class, if the RSPP is fully funded.</i></li><li><i>g) that the RSPP is scheduled to be presented to the NZ Transport Agency Board at its 17 June 2019 meeting for approval and recommendation to the Minister of Transport.</i></li></ul>
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### 3.4 Speed Management Reviews

#### Board paper 2019/05/1372

Brett Gliddon spoke to the paper. The Board agreed with Mark Ratcliffe’s suggestion that the resolutions resulting from the paper should be *note* rather than approve or endorse, as they relate only to the engagement and consultation on the speed management reviews, not the actual setting of speed limits.

Board Members discussed with management what was involved in the process to set speed limits. This canvassed consultation, growing support from communities, use of the MegaMaps tool, physical measuring of roads, determination of average operating speeds, engineers’ judgement, estimated deaths and serious injuries (DSI) savings, and consideration of a range of interventions from speed reduction to road and infrastructure investment.

With respect to dealing with councils, management noted that in cases where a council does not support a change in speed, while it is not ideal, the Transport Agency, in its capacity as either regulator or road controlling authority, makes the decision in the end.

s 9(2)(a)

Management noted that in terms of the standard for controlled intersections on a state highway, best practice is to not have traffic lights in a 100 kilometre per hour (kmph) section. This is one reason the Melling Interchange should be reviewed, together with other re-evaluations.

Approvals for sections of state highways for which the speed limit will be set at 110 kmph will be presented for decision to the Board.

<b>Resolution 5</b>	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"><li>a) <b>Sees</b> this work on speed management as one of the pillars of road safety;</li><li>b) <b>Notes</b> the NZ Transport Agency, as road controlling authority, is commencing public and stakeholder engagement and consultation on speed management, in partnership with the local Road Controlling Authorities in each region, on sections of the following state highways – noting all these sections of state highway are in the top 10%, except for those referred to as ‘Community Requested’:</li></ul>
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Northland:

SH1 Haruru to Puketona

Auckland:

SH1N Wellsford to Puhoi

SH16 Brigham Creek to Waimauku

SH20B Puhinui to Auckland International Airport

SH22 Drury to Pukukohe

Waikato/Bay of Plenty:

SH1N, SH3, & SH26 Hamilton City area

SH1N Taupo South to Motuopa

SH23, SH31, SH39 Raglan/Whatawhata/Tihiroa/Kawhia

SH5 SH38 Junction to Wairakei

Taranaki:

SH3/SH3A Hawera to New Plymouth

Wellington:

SH1N Levin to Otaki

SH1N Otaki to Mckays

SH1N East of Mount Victoria Tunnel

SH2/SH53 Wairarapa

Marlborough/Nelson:

SH1S Opawa Bridge (Community Requested)

SH6 Blenheim to Nelson

	<p>Tasman: SH6 Hope to Wakefield</p> <p>Canterbury: SH1S Winchester (Community Requested) SH1S Pareroa SH1S Glenavy SH8 Burkes Pass (Community Requested) SH73 Yaldhurst SH73 West Melton</p> <p>Otago: SH1S Balclutha</p> <p>c) <i>Notes that communications and engagement on speed management for the identified sections (above) of state highway can start immediately following the Board meeting, prior to the Board Minutes for the 8 May 2019 Board meeting being confirmed and ratified.</i></p>
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## 4. Chief Executive's Report


### 4.1 Chief Executive's Report

Board paper 2019/05/1386


Mark Ratcliffe noted the report provides Board Members with an [REDACTED]

[REDACTED]

Redacted - Free and frank opinion



Redacted - Legal privilege, Redacted - Free and frank opinion



**Resolution 6**

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

Requested Action(s)	Redacted - Legal privilege, Redacted - Free and frank opinion
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## 5. Regulatory matters

### 5.1 Regulatory Compliance Update

#### Board paper 2019/05/1384

Kane Patena updated the Board on the on-going programme to tackle non-compliance and future state rebuild, including working with industry and needing to think about innovative solutions and technology to achieve compliance. The importance of sector relationships was noted – including involving transport connectors (such as ports and airports) to facilitate compliance with road and safety obligations, such as vehicle loading.

Culture, staff morale, and transition from Meredith Connell back to Transport Agency staff were canvassed in the course of discussion.

There is a need to tidy up the core regulatory programme, and then with increased funding, move in the right direction. This will be as a good regulator identifying issues, rather than addressing systemic failure on the part of both the Transport Agency and the (transport) industry sectors involved. Although morale was affected, there is a recognition of an opportunity to do what a regulator should do.

Working closely with Steve Haszard to effect exit of Meredith Connell (now that the stabilisation phase is complete), and transition of matters to Transport Agency staff. Management to check delegations and sign offs to limit any potential issues, post Meredith Connell involvement.

Kane Patena also provided an update on the progress that has been made on various matters and cases arising out of non-compliant activities and upcoming hearing dates.

<b>Resolution 7</b>	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"> <li>a) <b>Noted</b> the ongoing programme to tackle non-compliance.</li> <li>b) <b>Noted</b> that the stabilisation phase is complete.</li> <li>c) <b>Noted</b> the overview of future state rebuild of the regulatory compliance function provided, which is subject to factoring in any relevant recommendations arising out of the regulatory review carried out by Martin Jenkins, on behalf of the Minister of Transport.</li> </ul>
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## 6. Setting sector and organisational direction

### 6.1 NZ Transport Agency Strategic Risks

#### Board paper 2019/05/1373

Giles Southwell spoke to the paper, noting the new inclusion of technology as a strategic risk in its own right.

The strategic risks outlined link back to the Board Workshop on Risk in December 2018 and deliberation of the resulting set of draft strategic risks presented to the ARA Board Committee in March 2019. Some of the risks were part of the previous set of Transport Agency strategic risks. Other risks are new and are being ‘reported’ for the first time.

Board Members discussed the way the strategic risks have been presented in the grid and table formats. Considerations for management included:

- adjusting the rating of *Funding Sources* to Likely and Severe (or alternatively, splitting *Funding Sources* into two separate strategic risks – one connected to sources of funding and the other to funding resource available and then rating them);
- adding Road Safety as a separate strategic risk;
- revising the Risk Descriptions for *Agency* and *Urban*, as they are not considered to adequately define what they are; and
- determining whether *Social Licence* includes stakeholder and reputational risk.

In light of the rating applied to *Benefit Realisation*, benefit realisation reviews were also discussed. The final reports resulting from this type of review are being provided to the ARA Board Committee. They are presently telling a good story in terms of the targets intended to be achieved by the projects/activities. Given the GPS changes since the projects being reviewed were approved and implemented, if the newer targets were considered, some would be unlikely to be met.

Management noted that each of the strategic risks has an ELT member lead and the risks are considered in detail at monthly ELT meetings. Per the paper, reporting connected to the strategic risks is incorporated into the quarterly reporting and detailed risk reporting is received by the ARA Board Committee.

**Resolution 8**

*The NZ Transport Agency Board **approved** the set of strategic risks for future reporting.*

## 6.2 Draft NZ Transport Agency Mode Shift Strategy

### Board paper 2019/05/1374

Jenny Chetwynd introduced the paper, noting the action plan, the intentions in respect of urban areas and the links to the Transport Agency's strategy and position statements.

The Board discussed the draft strategy, noting that whatever is produced (and provided to the Minister of Transport) needs to be right-sized, able to be put and/or influenced into effect by the Transport Agency, and meet the request of the Minister. It also needs to take into consideration lower socio-economic members of New Zealand society and the tensions between key factors used in encouraging mode shift (such as mobility, access, choice, cost (including incentives or disincentives), movement of goods and services and safety).

The focus needs to be on what has been requested, such as tools that local authorities can use to assist mode shift. An option is an action-orientated plan that explains and delineates what the Transport Agency can do, what AOs can do, and so on. This work provides opportunities to influence the approach, provide ideas, find a way or ways to achieve desired outcomes (particularly GPS related) and work with the MoT effectively.

**Resolution 9**

*The NZ Transport Agency Board:*

- a) **Noted** the draft NZ Transport Agency Mode Shift Strategy received.
- b) **Agreed** that the draft NZ Transport Agency Mode Shift Strategy can be provided to the Minister of Transport for feedback, subject to changes to the draft strategy to reflect the concerns raised by the Board.

### 6.3 Revision of Targeted Enhanced Funding Assistance Rate Policy

#### Board paper 2019/05/1375

Howard Cattermole spoke to the paper. The targeted enhanced funding assistance rate (TEFAR) was a tool developed to deal with a particular problem – to encourage AOs to deliver activities which contribute to key GPS priorities via five National Priority Programmes. Competing demands for funding are affecting the ability to fully implement the TEFAR policy adopted by the Board in June 2018. Amending the TEFAR policy and allowing further amendments to the policy and how it is being applied, will address issues relating to the ability to deliver the National Land Transport Programme (NLTP) and to balance funding assistance across regions and outcomes. This step ensures the policy continues to enable contributions to be made toward meeting strategic priorities, while appropriately managing available funding.

Board Members discussed the policy; the condition to reinvest; the time frames advised to AOs in terms of TEFAR availability; the extent of TEFAR approvals notified; the nature and extent of applications pending a decision and the spread of the impact around New Zealand. Management noted that only a handful of applications have been approved, but they are big ones; and a number of projects in the low cost, low risk (LCLR) activity category will get TEFAR, but the amount is capped. The spread is across New Zealand, but heavily weighted to Auckland.

Management noted that a paper will be prepared for the 17 May 2019 Investment and Operations (I&O) Board Committee on the future of TEFAR. The Board is of the view that any approach and decision will need to be clear. Consequently, the Board agrees to delegate authority to make a decision about the future state of TEFAR to the I&O Board Committee and leaves the proposed resolutions on the table for decision by the I&O Board Committee.

<p><b>Resolution 10</b></p>	<p><i>The NZ Transport Agency Board <b>delegates authority</b> to the Investment and Operations Board Committee to make decisions concerning the Targeted Enhanced Funding Assistance Rate (TEFAR) policy, including but not limited to:</i></p> <ul style="list-style-type: none"> <li>a) <b>Approval</b> of an amendment to the Targeted Enhanced Funding Assistance Rate (TEFAR) policy to remove the condition that Approved Organisations in receipt of TEFAR must maintain their planned level of investment in transport; and</li> <li>b) <b>Delegation</b> of authority to the NZ Transport Agency Chief Executive to approve variations to the application of the Targeted Enhanced Funding Assistance Rate policy, consistent with its principles, to ensure the National Priority Programmes are managed within available funding and enable effective delivery of outcomes in National Land Transport Programme 2018-2021,</li> </ul>
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*provided that the I&O Board Committee considers the matters and concerns discussed at the Board's meeting on 8 May 2019, including the need to be fair, in course of its decision making.*

## 6.4 Leveraging and Supplementing Available State Highway Funding

### Board paper 2019/05/1376

Howard Cattermole introduced the paper.

Board Members are pleased the issues are being explored, but recognised the limits to funding options available and the lack of control the Transport Agency actually has over its funding sources and resources. Management noted that public private partnerships (PPPs) are the first long-term pay back option, which will entail repayments over the next 25 years. Ultimately, even if more revenue or funding becomes available, the key issues will fall back to competing demands (of governments, stakeholders and the public (and their expectations)) and managing funding to achieve as many government outcomes as possible (and aligning, where possible, with outcomes sought by stakeholders and the public).

A Board Member referred to Transpower's Te Mauri Hiko. This was an examination of the potential future scenarios that may impact New Zealand's energy future that developed from strategic work and enabled public discussion as part of the process. Undertaking an equivalent project, jointly with the MOT, may be a viable and useful option to consider – so as to identify and explore options, while also acknowledging emerging technologies; the range of supply, demand and future technology scenarios; and the need for resilience and sustainability in the transport sector. Management will need to check whether the MoT has undertaken or is undertaking such a project - or would consider such a project. It may also be an opportunity to build on the relationship the Transport Agency has with the MoT.

#### Resolution 11

*The NZ Transport Agency Board noted:*

- a) the engagement by the NZ Transport Agency with the Ministry of Transport regarding the issue of sustainable State Highway funding, including further modelling and investigation of the options for utilising road pricing and financing.*
- b) the Ministry of Transport is undertaking a Future of the Land Transport System project, which includes considering potential challenges and opportunities to ensure that future revenue is generated in an effective, efficient and equitable manner.*

## 7. Assessing progress against strategy and plans

### 7.1 Financial Performance and National Land Transport Fund Summary for the nine months ended 31 March 2019

Board paper 2019/05/1377

Howard Cattermole spoke to the paper.

The Board discussed the fuel excise duty variance (including the reliance on accrual from Customs); the impending road safety promotion spend; and the likely need to transfer funding between activity classes to address considerable funding pressures as against classes where it is expected there will be a significant underspend for the current NLTP period.

In terms of the proposal to transfer funding between activity classes, management was asked to prepare the best prioritisation of the funding over the activity classes and discuss with the Minister of Transport to gauge willingness to adjust the ultimate spend in this way and to determine the level at which this decision should or needs to be considered and made.

<p><b>Resolution 12</b></p>	<p><i>The NZ Transport Agency Board <b>noted</b>:</i></p> <ul style="list-style-type: none"> <li><i>a) the Financial performance summary for the NZ Transport Agency and National Land Transport Fund for the nine months ended 31 March 2019;</i></li> <li><i>b) the funding pressures on the state highways, local roads and public transport activity classes; and</i></li> <li><i>c) the likely need to transfer funding from the Rapid Transit activity class, which is expected to be significantly underspent in this National Land Transport Programme period.</i></li> </ul>
<p><b>Requested Action(s)</b></p>	<p>In terms of the proposal to transfer funding between activity classes, management was asked to prepare the best prioritisation of the funding over the activity classes and discuss with the Minister of Transport to gauge willingness to adjust the ultimate spend in this way and to determine the level at which this decision should or needs to be considered and then made.</p>

## 8. Quality assurance of key organisational systems, policies and processes

### 8.1 Internal Policy Project Update

Board paper 2019/05/1378

The Board would like to reconsider the delegations on policy approvals and discuss the policy split between management and the Board - as well as discuss Board specific versus general Transport Agency policies. A list of policies and the proposed split is expected to be presented at the next Board meeting.

Accordingly, only one of the recommendations proposed was agreed and is reflected in the resolution below.

<b>Resolution 13</b>	<i>The NZ Transport Agency Board <b>agreed</b> to reconsider the delegations on policy approvals at the next Board meeting.</i>
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## 9. Significant planning, investment and operational matters

### 9.1 Downtown Ferry Terminal: Single Stage Business Case

Board paper 2019/05/1379

Brett Gliddon introduced the paper, noting the issue of TEFAR versus FAR is raised in respect of this business case for stage one of the project. On the current approach to investment decision making and the revised investment assessment framework reflecting the GPS, the project is closely aligned to the outcomes sought by the GPS, even though it is low on the benefit cost ratio scale. This feature was noted as not being unusual for projects that the Transport Agency is investing in. Management also noted that the potential for TEFAR to be declined has already been broached with Auckland Transport.

The Board approved funding at the normal FAR rate applicable, and not at the TEFAR rate for which the project was eligible.

<b>Resolution 14</b>	<i>The NZ Transport Agency Board:</i> a) <b>Endorses</b> the Single Stage Business Case for Stage One of the Downtown Ferry Terminal.
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	<p>b) <b>Approved</b> funding from the Public Transport Activity Class for the pre-implementation and implementation of Stage One of Auckland Transport's Downtown Ferry Terminal project, at an expected P(50) cost of \$75.6 million (National Land Transport Fund (NLTF) share of \$38.5 million) and with funding capped at the P(95) cost of \$78.5 million (NLTF share of \$40.03 million), with such funding approval subject to confirmation of funding availability.</p> <p>c) <b>Noted</b> that the Downtown Ferry Terminal: Single Stage Business Case for Stage One of the redevelopment is assessed as High for Results Alignment and Low for Cost-Benefit Appraisal with a Benefit Cost Ratio of 1.3 (Stage 1 only) under the Investment Assessment Framework 2018-21, resulting in a priority ranking of 5.</p> <p>d) <b>Noted</b> that the Downtown Ferry Terminal project is eligible for Targeted Enhanced Funding Assistance Rate (TEFAR) at 75.5% NLTF share and that Auckland Transport has requested that TEFAR be applied to this project.</p> <p>e) <b>Declined</b> the request for TEFAR given the very constrained remaining funding available, within the Public Transport activity class in particular and the National Land Transport Programme in general.</p> <p>f) <b>Noted</b> Auckland Transport will be notified immediately of the outcome, prior to the Minutes for the 8 May 2019 Board meeting being confirmed and ratified, so they can proceed to the next stage.</p>
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## 9.2 Supporting Growth Programme – Preferred Networks and Next Steps

### Board paper 2019/05/1380

Brett Gliddon updated the Board on the work being done on the Supporting Growth Programme.

In response to various questions, management confirmed it is comfortable with the price level adjustment, which has been endorsed by the Auckland Transport Board. Clarification will be sought regarding getting the 35% change without pricing.

The Board discussed the FAR split.

<p><b>Resolution 15</b></p>	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"> <li>a) <b>Endorsed</b> the preferred transport networks identified in the Indicative Business Cases for each of Auckland future urban growth areas (South, North, North West, Warkworth).</li> <li>b) <b>Noted</b> that these preferred transport networks have been developed to align and integrate with Auckland Council's land use plans. Ongoing collaboration with Auckland Council and Auckland Transport will be required to meet the objectives of this integrated programme.</li> <li>c) <b>Endorsed</b> progression to the next phase of work to complete Detailed Business Cases and the preparation of documentation to support Notices of Requirement for route protection. This work will be procured through the already established Supporting Growth Alliance.</li> <li>d) <b>Approved</b> in principle, a price level adjustment of \$15.0 million from the rapid transit activity class at 100% funding assistance rate (FAR) to the NZ Transport Agency, and \$8.0 million from the local road improvements activity class (National Land Transport Fund (NLTF) share of 4.08 million at 51% FAR), to progress these elements of the programme through the next phase of work. With this adjustment, the total approved funding from the NLTF for the programme is \$77.5 million (\$37.4 million to Auckland Transport and \$40.1 million to the Transport Agency).</li> <li>e) <b>Delegated</b> final approval of this price level adjustment to the NZ Transport Agency Chief Executive.</li> <li>f) <b>Noted</b> that communication of the Board decisions will be communicated immediately to NZ Transport Agency programme partners. This will be followed by targeted land owner engagement and public release of the preferred transport networks prior to the Board Minutes for the 8 May 2019 Board meeting being confirmed and ratified.</li> </ul>
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### 9.3 Route Protection for the State Highway (SH) 1 Warkworth to Wellsford, SH1 Otaki to north of Levin and SH1 Cambridge to Piarere Corridors

[Board paper 2019/05/1381](#)

Brett Gliddon noted the subject of this paper has resulted in discussions with Ministers. In light of the constraints on funding, Ministers have questioned why the Transport Agency is spending on property, when a lot of the projects are out in the future.

There are reasons for the approach, particularly that no matter what, the Transport Agency will always have calls on the corridors. This difference in approach puts the Transport Agency in conflict with Ministers.

Management noted that route protection for the projects is parked. As funding becomes available, it is progressed.

The Board considers the approach a reasoned one in light of the benefits gained, even if the land is held for a number of years pending the commencement and/or completion of pre-implementation and implementation works. To add a resolution that route protection is a normal and reasonable step to do.

<b>Resolution 16</b>	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none"> <li>a) <b>Noted and agreed</b> that route protection is a normal and reasonable step to do, for a full range of activities and projects undertaken by the NZ Transport Agency including but not limited to state highway, local road improvements, public transport, and walking and cycling activities.</li> <li>b) <b>Endorsed</b> continuing with route protection for the Warkworth to Wellsford project, noting the lodgement of the Notice of Requirement and resource consents will occur in June 2019.</li> <li>c) <b>Delegated</b> to the NZ Transport Agency Chief Executive the approval of the Warkworth to Wellsford Detailed Business Case, noting that funding for pre-implementation has previously been endorsed by the Board.</li> <li>d) <b>Noted</b> the next steps for State Highway (SH)1 Otaki to north of Levin, Melling Interchange and SH1 Cambridge to Piarere corridors will be to complete the Detailed Business cases, subject to funding availability.</li> </ul>
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#### 9.4 Penlink Unsolicited Proposal Recommendation

##### Board paper 2019/05/1382

The Board asked about the differences between the unsolicited proposals received for Auckland Light Rail and Penlink and how they compared. Brett Gliddon provided an overview and history of Penlink and the unsolicited bid – as well as advice on the next steps.

The Board requested amendments to the proposed recommendations that are reflected in the resolution below.

<p><b>Resolution 17</b></p>	<p>The NZ Transport Agency Board <b>noted</b> and <b>approved</b> the recommendations outlined in the Penlink Unsolicited Proposal (USP) Stage 0 Recommendation Report for:</p> <ul style="list-style-type: none"> <li>a) the submitter, [REDACTED] to not proceed to Stage 1; and</li> <li>b) the Proposal Lead to inform CTCE of the outcome, subject to approval from Auckland Transport Chief Executive, Shane Ellison.</li> </ul>
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## 9.5 Airport Access – Short Term Improvements Activity Funding Cap

### Board paper 2019/05/1385

Brett Gliddon spoke to the paper and the circumstances leading to the adjustment to the funding cap. Management noted that TEFAR is already committed in this instance.

The Board noted that no portion of the funding would be taken by Auckland Airport for this project. A linked request that checks be made where projects or activities touch on or involve land owned by transport connectors such as airports and ports, that the entities involved are not charging for access paid for by NLTF funds.

<p><b>Resolution 18</b></p>	<p>The NZ Transport Agency Board:</p> <ul style="list-style-type: none"> <li>a) <b>Noted</b> that the total estimated cost of \$74.74 million for the Auckland Transport - Airport Access – Short Term Improvements activity reported to the Board in December 2018 was incomplete and is therefore not appropriate as a funding cap for the activity.</li> <li>b) <b>Noted</b> that the total estimated cost (P50) for all elements of the Auckland Transport - Airport Access – Short Term Improvements activity is \$83.32 million, with a P95 of \$92.46 million, resulting in a National Land Transport Fund (NLTF) share of \$61.36 million (P50), with a targeted enhanced funding assistance rate (TEFAR) of 75.5% applied (excluding Single Stage Business Case (SSBC) phase) out of the (531) Public Transport Improvements activity class.</li> <li>c) <b>Delegated</b> approval for SSBC endorsement and future funding requests to the NZ Transport Agency Chief Executive for the Auckland Transport - Airport Access – Short Term Improvements activity, provided that the total amount for the activity does not exceed the P95 amount of</li> </ul>
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	\$92.46 million (with an NLTF share of \$72.03 million with a TEFAR of 75.5% applied, excluding SSBC phase).
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## 10. General business

### 10.1 Draft agendas for 17 May 2019 Audit, Risk and Assurance Board Committee meeting, 17 May 2019 Investment and Operations Board Committee meeting and 17 June 2019 Board meeting

Resolution 19	The NZ Transport Agency Board <b>noted</b> the draft agendas for the 17 May 2019 Audit, Risk and Assurance Board Committee meeting, 17 May 2019 Investment and Operations Board Committee meeting and 17 June 2019 Board meeting.
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### 10.2 Schedule of Board Correspondence and requests for Board documents

#### Board paper 2019/05/1387

Resolution 20	<p>The NZ Transport Agency Board <b>noted</b> the May 2019 report on:</p> <ul style="list-style-type: none"> <li>• recent correspondence received, and sent, by the NZ Transport Agency Board Chair; and</li> <li>• Transport Agency Board documents requested and released under the Official Information Act 1982.</li> </ul>
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### 10.3 General business

The following items of general business were raised or discussed:

- **Wording of recommendations**

Board Members noted some of the papers being presented to the Board were unnecessary. There needs to be better use of the Board Committees – particularly where there is a need to raise awareness of a matter or seek direction on the preferred way forward on a matter or project.

The Board Secretariat is to draft a standardised form of recommendations and provide them as part of the drafting notes connected to preparing Board and Board Committee papers. The Board wants to limit the nature and extent of recommendations. For example, they will include to note and to approve, but not endorse or agree.

- **Immediate past Board Chair**

Management is to organise a card and gift for the immediate past Board Chair, Michael Stiassny.

The Board noted their thanks for the previous Board Chair, recognising the time and effort he has applied to undertaking the role, and the impact he has made to safety and road safety.

- **Board Committees – Membership**

In terms of new members to specific Board Committees, the following Board Members have been appointed as members to the noted Board Committees:

- Sheridan Broadbent – Investment and Operations Board Committee; and
- David Smol - Remuneration and Human Resources Board Committee.

## 11. Board only session

A Board only session was held.

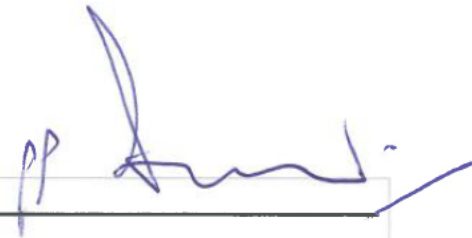
## 12. Additional Information (located in Resource Centre)

12.1 [REDACTED] (linked to Agenda item 3.2)

12.2 [REDACTED] (linked to Agenda item 3.2)

Board Members noted the additional information supplied to support specific Agenda item papers.

The Board Meeting closed at 3:29pm.

Minutes approved by the Chair	
Date	<u>23 / 08 / 19</u>