



Draft Board Meeting Minutes

Date & time	25 July 2019, 8:30am – 5:00pm
Location	NZ Transport Agency Boardroom, Level 2, 50 Victoria Street, Wellington
Board Membership	Sir Brian Roche (Board Chair), Nick Rogers, Leo Lonergan, Mark Darrow, Vanessa van Uden and Sheridan Broadbent (for post-1pm portion of meeting)
Apologies	David Smol
NZTA staff in attendance	Mark Ratcliffe (Interim Chief Executive) Howard Cattermole (General Manager, Investment and Finance), Brett Gliddon (General Manager, System Design & Delivery), Chris Lokum (General Manager, People), Kane Patena (General Manager, Regulatory), Charles Ronaldson (General Manager, Operations), Giles Southwell (General Manager Corporate Services), Carl Devlin (Head of Light Rail), Andrew Body (LGWM Director) and Richard May (Interim Board Secretary and Senior Manager, Government & Governance).
External attendee(s)	Peter Mersi (Chief Executive), Erin Wynne (Director, Rail Transformation) and Joanna Heard (Senior Advisor, Rail and Freight), Ministry of Transport (for Agenda item 8.2) Greg Campbell (Chief Executive, Greater Wellington Regional Council) and Kevin Lavery (Chief Executive, Wellington City Council) (for Agenda item 9.1)

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.

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 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.

Sir Brian Roche requested that the following interests be noted:

- His role as Chair of City Rail Link Limited; and
- His role in setting up the Ministry of Housing and Urban Development.

In terms of matters arising under the Agenda, the following was noted:

- Sir Brian Roche noted his role connected to the Transmission Gully project. He has not had access to, and will be excused from that part of the Board meeting which will consider, the papers specific to this project. Nick Rogers is the Board Member nominated to “act as Chair” for the period during which relevant papers or issues will be considered and discussed.

2.4 Declarations of conflicts of interests of Executive Leadership Team Members

The schedule of Executive Leadership Team Members’ interests was noted as tabled.

2.5 Draft minutes of the 17 June 2019 Board meeting and Ratification of Board Decision(s) by circulation

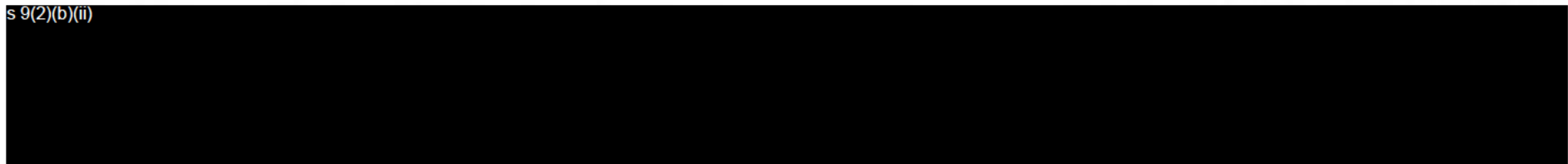
Resolution 1	<i>The NZ Transport Agency Board confirmed the draft minutes of the 17 June 2019 Board meeting as a true and accurate record of the meeting.</i>
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Out-of-cycle Board Decision(s)

Transmission Gully Wellington Gateway Partnership Request

Board paper 2019/06/1409

s 9(2)(b)(ii)



s 9(2)(b)(ii)

s 9(2)(b)(ii)

2.6 Governance Matter(s)

Board paper 2019/07/1422

The paper was noted, and the delegation agreed, on the basis that the Board will be provided an update by the Audit, Risk and Assurance Board Committee Chair if there is anything material raised by KPMG before signoff.

Resolution 3

*The NZ Transport Agency Board **delegated** the power to approve and sign-off the 2018/19 Crown Financial and Information System (CFIS) submission and related Letter(s) of Representation, on behalf of the Board, to any two of the Board Chair, the Audit, Risk and Assurance (ARA) Board Committee Chair and Leo Lonergan (or Leo Lonergan's replacement on the ARA Board Committee), subject to consideration of the level of assurance provided to the ARA Board Committee and advice from KPMG, the external auditor for the Transport Agency, in this regard.*

2.7 Investment and Operations (I&O) Board Committee Report: 24 July 2019 I&O Board Committee meeting

This report back will now occur at the 23 August 2019 Board meeting, when the draft Minutes from this I&O Board Committee meeting will also be available.

2.8 Progress on actions requested at previous meetings

Progress on all actions arising was noted.


Board Members noted the item on police flagging is noted as completed. Management advised a briefing has been put together that will be put in a Briefing folder within the Resource Centre in Diligent Boards.

Leo Lonergan provided the name of a contact in the road barrier space, Marsh Hudson. The Board will be updated at its August 2019 meeting on the cost of installing medium barriers.

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

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

Board paper 2019/07/1410

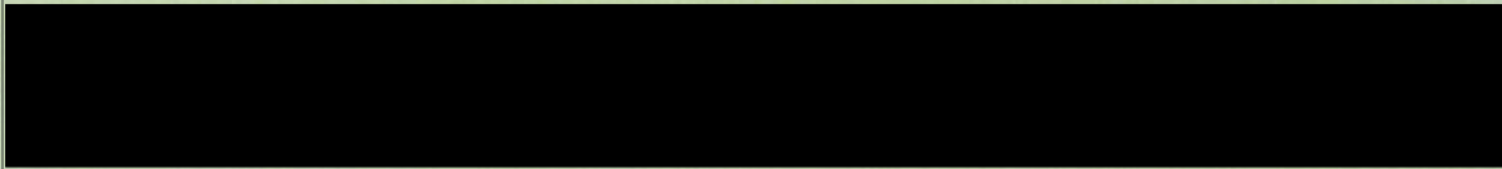
Giles Southwell spoke to the paper, highlighting the investigations involving Fulton Hogan and Higgins. 

s 6(c) 

Board Members noted that appropriate and sufficient reporting has continued to be an issue raised as requiring improvement. If this is not being done properly, the entities involved should not be considered or used again for future Transport Agency projects. A review of the contractual obligations on parties is to be undertaken with a view to identifying the penalties for non-compliance, leading to a strongly worded letter being sent out by the Transport Agency Chief Executive regarding non-reporting and poor practices by contractors.

Discussion by the Board then turned to the Dashboards. Suggestions were made regarding the categorisation of incidents and good practice trackers. The content provided for contractors is showing general improvement, noting that contractors should be held to account for their improvement. Assurance from management was sought regarding what happens when a positive drugs test occurs.

Board Members provided and noted positive feedback for the current drug driving advertising campaign.

Resolution 4	<i>The NZ Transport Agency Board noted the content of the update paper; the “Our People” and “Our Contractors” dashboards; and the Monthly Road Fatality Summary.</i>
Requested Action(s)	

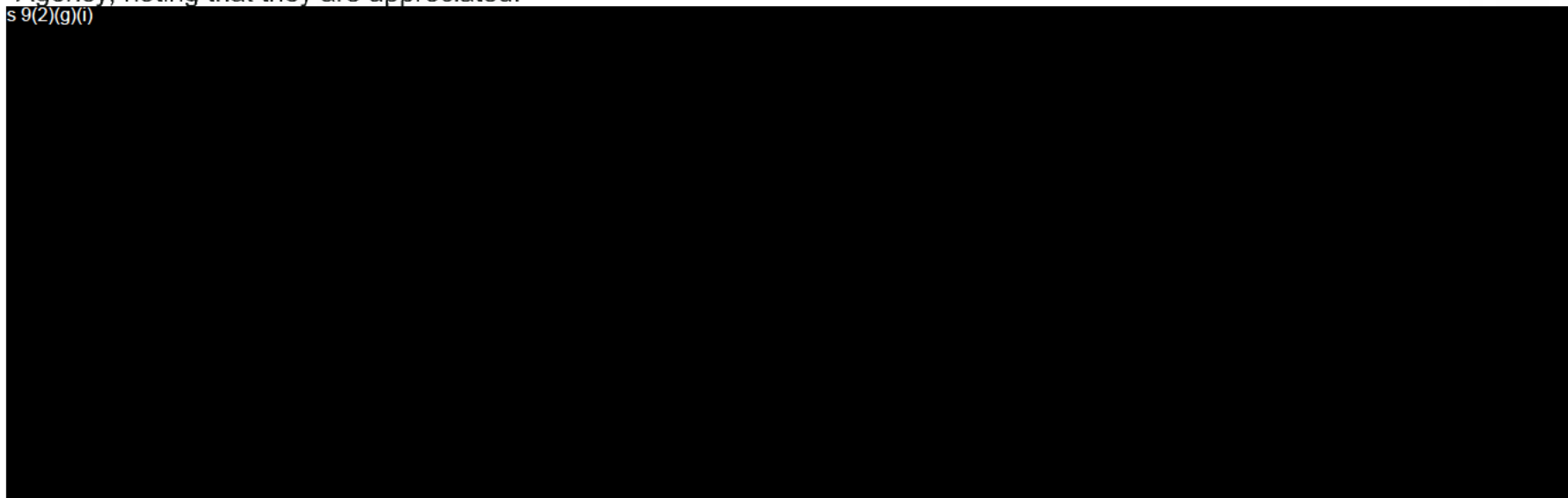
4. Chief Executive’s Report

4.1 Chief Executive’s Report

Board paper 2019/07/1411

Board Members acknowledged the updates provided by Mark Ratcliffe regarding various matters involving the NZ Transport Agency, noting that they are appreciated.

s9(2)(g)(i)



s 9(2)(g)(i)

Resolution 5

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

5. Regulatory matters

5.1 Paying the Costs of Rectification Activities following Revocation of Vehicle Certifiers or Driver Licence Course Providers

Board paper 2019/07/1412

Kane Patena spoke to the paper, outlining the proposal and basis for seeking approval of the recommended option.

Board Members support the proposal and agree that responsibility should lie with the certifier and course providers. They also noted the importance of mandating the requirement for vehicle certifiers (in particular) to maintain insurance and ensuring this aspect is confirmed annually.

Management will work with consumer-focused organisations to ensure the public know their rights and options for redress in circumstances where a revocation occurs.

Resolution 6

*The NZ Transport Agency Board **approved** a rectification payment policy that leaves the party responsible for the incorrect decision to pay the rectification costs.*

5.2 Review of Conflicts of Interest Policy for Vehicle Inspecting Organisations: Consultation and further Policy Development

Board paper 2019/07/1413

Kane Patena noted that even though the consultation process was a very worthwhile process, the way forward with lesser risk is to reinforce the existing policy and implementation of it, rather than change it. If this is an acceptable approach to the Board, then to manage the risk the Transport Agency needs to ensure it has the resources available and be very clear around the process connected to new notices of appointment and the conditions applicable, particularly around disclosure, inspections and audits.

Discussion by the Board noted the need to find a solution to an imperfect situation. The key, even if there is a conflict, is to ensure vehicles being certified by providers meet the safety requirements and will be safe to drive on New Zealand roads, with the obligation and liability sitting firmly with the providers (and their directors (or equivalent)). There is no discretion for situations when a vehicle is not safe. The need to do more than random checks was noted, with the expectation that inspections and audits will occur going forward in the undertaking of the Transport Agency's regulatory functions in this area.

Management is to keep the Board updated on the certification and appointment processes. The Board requested that the Chief Executive write to the seven current providers and remind them of their obligations as vehicle inspecting organisations.

Given the time lag, as a consequence of the consultation exercise and steps to now be taken, management noted that the new appointments are unlikely to be in place for December 2019, when existing appointments expire. There is a level of comfort in giving an extension of the existing appointments to June 2020, on the basis that existing providers are written to as requested.

Resolution 7	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none">a) Agreed not to proceed with the proposed changes to the operational policy that were consulted on.b) Agreed to make changes to the application of the existing operational policy to provide better oversight and clearer NZ Transport Agency guidance on management of conflicts of interest.c) Agreed that the NZ Transport Agency deliver a more effective appointment and assurance programme to maintain the integrity of entry certification decision-making.
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	d) Noted that the NZ Transport Agency will call for appointment for entry certification and border inspection organisations in October 2019, in preparation for expiry of current appointments in December 2019.
Requested Action(s)	The Chief Executive is to write to the seven current providers and remind them of their obligations as vehicle inspecting organisations.

6. Assessing progress against strategy and plans

6.1 Financial Performance and National Land Transport Fund Summary for the eleven months ended 31 May 2019

Board paper 2019/07/1414

Howard Cattermole spoke to the paper, highlighting the graphic illustrating the forecast expenditure by activity class versus the National Land Transport Programme (NLTP) allocation adopted by the Board. § 9(2)(g)(i)

§ 9(2)(g)(i)

Board discussion and interaction with management covered the forecast; the need to transfer funding between activity classes; the possibility of a further borrowing facility for the Auckland Transport Alignment Project; and what sanctions apply if the forecasting ends up being wrong. § 9(2)(g)(i)

§ 9(2)(g)(i)

Howard Cattermole also tabled a one-page document on operational expenditure, noting the impacts of Palmerston north office evacuation; regulatory costs and funding of recertification costs in certain circumstances. § 9(2)(g)(i)

§ 9(2)(g)(i)

Resolution 8	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none">a) Noted the financial performance summary for the NZ Transport Agency and National Land Transport Fund (NLTF) for the eleven months ended 31 May 2019;b) Noted the funding pressures on the State Highways Improvements, State Highway Maintenance, Local Roads Improvements, Public Transport and Walking and Cycling activity classes; andc) Approved the transfer of funding from the Rapid Transit activity class, which is expected to be significantly underspent in this National Land Transport Programme period, to manage the above noted (and other) funding pressures, subject to the Minister confirming agreement or 'approval' to such a transfer.
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7. Quality assurance of key organisational systems, policies and processes

7.1 Internal Policy Project Update – July 2019

Board paper 2019/07/1415

Giles Southwell went through the approval process proposed. It was agreed that the procurement policy should be approved by the Investment and Operations Board Committee and compliance should be coupled with negative assurance. Management confirmed the work to date and going forward on policies, process and guidelines will consider what has been produced by the State Services Commission and other relevant government organisations.

With respect to the *Raising Issues and Making Protected Disclosures policy*, it was noted that communications go back to the person who makes the protected disclosure and anonymity is guaranteed. For the avoidance of doubt, there will always be a response.

Discussion occurred in respect of the *Using fleet cars and driving for work policy* and the risks associated with working while travelling. Board Members agreed that they should be captured under a number of the policies, including the driving for work policy.

Resolution 9	<p><i>The NZ Transport Agency Board approved:</i></p> <ul style="list-style-type: none"> <i>a) the updated proposed approval process for internal policies, subject to the changes discussed at the meeting, noting that the update had shifted some policies to requiring Board approval;</i> <i>b) the Workplace Security policy that is being re-submitted to the Board and clarifies the purpose of an audible duress alarm; and</i> <i>c) the amendments to the Raising Issues and Making Protected Disclosures policy.</i>
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8. Setting sector and organisational direction

8.1 NZ Transport Agency Property Infrastructure Portfolio – Risk Review and Next Steps

Board paper 2019/07/1416

Giles Southwell spoke to the paper, including an update on the corporate lease audit.

The Board is interested in exploring the New Building Standard ratings, with a view to formalising a Board position.

Management is to prepare a paper for the October 2019 Board meeting with a rationale around 67%. It was noted that work underway means that the Transport Agency is more actively managing the property in its portfolio and will come to the Board with a paper on the property portfolio (including a social perspective) and issues connected with being a professional landlord and owner.

Resolution 10	<p><i>The NZ Transport Agency Board noted:</i></p> <ul style="list-style-type: none"> <i>a) the content of the audit report executive summary; and</i> <i>b) the proposed next steps:</i> <ul style="list-style-type: none"> <i>i. implementation of a mitigation programme to address the high risks outlined in the audit;</i> <i>ii. implementation of the business wide risk management tool to enable day to day monitoring of risk mitigation and management;</i>
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	<p>iii. completion of the risk assessment of the Corporate properties to validate and update information held on code compliance; and</p> <p>iv. improvement to supplier contracts to reduce ongoing physical and data related risk.</p>
Requested Action(s)	A paper is to be prepared for the October 2019 Board meeting concerning the New Building Standard rating, with a view to formalising a Board position and rationale around 67%.

8.2 Planning and Funding Framework for Heavy Rail in New Zealand

Board paper 2019/07/1424 [Ministry of Transport]

Peter Mersi (Chief Executive), Erin Wynne (Director, Rail Transformation) and Joanna Heard (Senior Advisor, Rail and Freight), Ministry of Transport joined the meeting.

Peter Mersi lead the discussion with the Board regarding the planning and funding framework for heavy rail in New Zealand going forward.

A number of connected and related issues were covered, including competing priorities and inter-generational features and impacts of transport investment.

Board Members noted that any additional activities that would be required to be funded out of the National Land Transport Fund would exacerbate the present funding constraints being experienced in seeking to achieve the current Government Policy Statement on Land Transport priorities and objectives.

Peter Mersi (Chief Executive), Erin Wynne (Director, Rail Transformation) and Joanna Heard (Senior Advisor, Rail and Freight), Ministry of Transport left the meeting.

9. Significant planning, investment and operational matters

9.1 Let's Get Wellington Moving (LGWM)

Board paper 2019/07/1417

Andrew Body (LGWM Director, Transport Agency), Greg Campbell (Chief Executive, Greater Wellington Regional Council (GWRC)) and Kevin Lavery (Chief Executive, Wellington City Council (WCC)) joined the meeting.

Kevin Lavery and Greg Campbell provided update on their respective organisation's positions.

Discussion then canvassed possible sequencing of projects; the partnership; ways to formalise the arrangements and work together; funding; political realities of local government (with elections upcoming) and the impact of population growth and potential climate change scenarios.

Greg Campbell (Chief Executive, GWRC) and Kevin Lavery (Chief Executive, WCC) left the meeting.

Board discussion and interaction with management in respect of LGWM covered what has been endorsed as the package by partners (at this stage); the extent to which this reflects a complete list of the projects involved; establishment of a separate risk register (from a Transport Agency perspective); the need to formalise the working arrangements and responsibilities (such as a Memorandum of Understanding); putting in place a funding agreement (in light of the 60/40 split, compared to funding assistance rates); and upcoming announcements.

The Board noted it expects progress updates on formalising the vehicle to be used; funding arrangements and announcements.

Andrew Body left the meeting.

Resolution 11	<i>The NZ Transport Agency Board:</i> a) Noted that the Board endorsed the Let's Get Wellington Moving (LGWM) Recommended Programme of Investment (RPI) as a programme business case at its meeting on 5 October 2018 (on the basis that "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).
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- b) **Noted** the indicative package of investment for LGWM, the longer-term funding requirements, and the Government's funding preferences for the region through the National Land Transport Fund (NLTF).
- c) **Noted** the planning phase is a 60/40 split between the NZ Transport Agency and local government, reflecting potential benefit share between the investment partners.
- d) **Approved**, with such funding approval subject to confirmation of funding availability, and **delegated** to the Transport Agency Chief Executive (CE), release of funding for the LGWM programme, as follows:
- i. development of the early delivery packages of \$3.9 million (total cost of \$6.5 million) in the National Land Transport Programme (NLTP) 2018-2021;
 - ii. development of the remaining business cases of \$60 million NLTF share (total cost of \$99 million), of which \$15 million is in the NLTP 2018-2021;
 - iii. establishment and operation of the integrated delivery vehicle of \$2.3 million (total cost of \$3.8 million) for the NLTP 2018-2021; and
 - iv. early property purchase costs of \$6.0 million total cost in the NLTP 2018-2021,
- subject to the following conditions precedent, the Transport Agency CE approving (in each case):
- i. the business case scopes of work;
 - ii. the cost share arrangements being agreed between the three funding partners for each activity; and
 - iii. the activity classes from which these will be funded.
- e) **Noted** that future investment decisions on the implementation of LGWM will be considered alongside the Wellington Regional Growth Framework that, subject to Ministerial approval and endorsement by Iwi and local government, is expected to commence this year.

9.2 Wellington Regional Transport Resilience Programme Business Case

Board paper 2019/07/1418

Brett Gliddon spoke to the paper, noting the funding constraints.

Board Members noted the prioritised network segments and the unique dynamic Wellington encompasses; while acknowledging the need for the Transport Agency to position itself as a proactive owner and asset manager, looking at credible and viable risk management. Management noted that equivalent work for other main areas is being, and to be, undertaken - so that a national picture can be developed and used for identifying and ranking priorities (and informing development of the NLTP).

Resolution 12	<p><i>The NZ Transport Agency Board:</i></p> <ul style="list-style-type: none">a) Endorsed the Wellington Regional Transport Resilience Programme Business Case.b) Endorsed the network segments that have been prioritised for improvement by the Wellington Regional Transport Resilience Programme Business Case to support Wellington regional resilience planning.c) Noted the prioritised network segments will be used to inform development of the National Land Transport Programme 2021-2024.
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Sir Brian Roche noted his interest as Chair of the Wellington Gateway Partnership and left the room for the duration of Agenda items 9.3 and 9.4 concerning Transmission Gully. He passed the chairing of the meeting to Nick Rogers.

9.3 Transmission Gully - Update

Board paper 2019/07/1419

Lucy Riddiford joined the meeting.

Board Members acknowledged the updates on various matters provided in the brief paper.

Brett Gliddon outlined matters canvassed at a recent meeting, and through correspondence, with Wellington Gateway Partnership (WGP). A copy of the correspondence will be provided to Board Members. At this stage, the view of the Board is the process available to the parties under the agreements to deal with any (potential) dispute or claim is the process.

Resolution 13

*The NZ Transport Agency Board **noted** the update regarding the Transmission Gully project.*

9.4 Tolling Transmission Gully – Background history and Board options

Board paper 2019/07/1420

Charles Ronaldson summarised the history to the consideration and assessment of the Transmission Gully project for tolling.

Essentially, as acknowledged by both the Board and management, demand management does not fall within criteria under the legislation and there no longer time to seek an amendment to the criteria and then use this project as a test case. The decision required of the Board is to recommend or not recommend tolling of projects, with the ultimate decision left to Ministers.

The resolution proposed is to be adjusted to reflect what the Board had wanted, note the history and agree the opportunity to toll this project has gone.

Management noted that work to review tolling is underway, including adjusting criteria, which will lead to a paper being presented to the Board at a future meeting. Demand management and its application will be addressed in that paper.

Lucy Riddiford left the meeting.

Resolution 14

The NZ Transport Agency Board:

- a) **Noted** the Board had wanted the Transmission Gully project to be a test case around demand management, rather than as simply a revenue exercise.
- b) **Noted** the history of the work connected to and undertaken in respect of tolling Transmission Gully, including the Board's previous decisions on this matter.
- c) **Agreed** the opportunity to toll Transmission Gully has passed.

Sir Brian Roche returned to the meeting and resumed as the Board Chair.

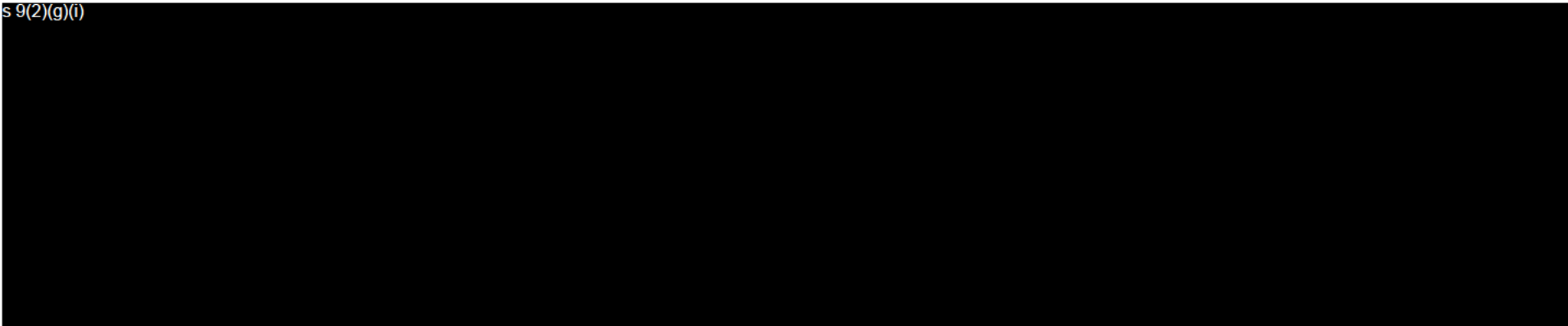
9.5 City Centre to Mangere Light Rail – Outcome and Process

Board paper 2019/07/1423

Carl Devlin outlined the approach and next steps to be taken by the NZ Transport Agency in respect of Auckland Light Rail, in response to the dual process that has been set by the Minister of Transport in the May 2019 Cabinet paper, and the subsequent briefing from the Minister.

Board discussion and interaction with management covered the ins and outs of the process that has been advised (and which is still evolving) and the steps that the Transport Agency should take to ensure this project moves forward and best achieves the outcomes sought for Auckland and its transport networks.

s 9(2)(g)(i)



Resolution 15

*The NZ Transport Agency Board **noted**:*

- a) The NZ Transport Agency's planned approach for developing the Auckland Light Rail plan over the four months to November 2019, including the direct appointment of advisors for this initial phase.*
- b) The final output of the interim phase is to be an options report/preliminary business case to be presented to the NZ Transport Agency Board in early November 2019, with the intention this*

	<p><i>advice is released to the Ministerial Oversight Group and the Ministry of Transport by the end of November 2019.</i></p> <p>c) <i>The need for a Communications Plan for NZ Transport Agency on Auckland Light Rail, with sign-off delegated to the Board Chair.</i></p> <p>d) <i>The Governance plan and structure for the next five months to December 2019, including a Board Committee for any urgent items.</i></p>
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10. General business

10.1 Draft agendas for 12 August 2019 Audit, Risk and Assurance Board Committee meeting and 23 August 2019 Board meeting

Resolution 16	<p><i>The NZ Transport Agency Board noted the draft agendas for the 12 August 2019 Audit, Risk and Assurance Board Committee meeting and 23 August 2019 Board meeting.</i></p>
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10.2 Schedule of Board Correspondence and requests for Board documents

Board paper 2019/07/1421

Resolution 17	<p><i>The NZ Transport Agency Board received the July 2019 report on:</i></p> <ul style="list-style-type: none"><i>• recent correspondence received, and sent, by the NZ Transport Agency Board Chair; and</i><i>• requests for NZ Transport Agency Board documentation, including requests made under the Official Information Act 1982.</i>
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10.3 General business

The following items of general business were raised or discussed:

- **Improving the safety of the vehicle fleet**

In line with its March 2019 decision to take steps to support and influence work to improve the safety of the vehicle fleet, the Board request a further letter be sent to the Minister concerning 1- and 2-star safety rated vehicles.

Requested Action(s)	A letter is to be written to Minister of Transport reiterating the NZ Transport Agency's concerns regarding the risks of 1- and 2-star safety rated vehicles being brought into the country to become part of the vehicle fleet on New Zealand roads.
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- **Introduction and preliminary impression – Chris Lokum, General Manager, People**

Chris Lokum gave the Board an overview of her first impressions. Discussion then canvassed her views on performance development plans, payroll and the Transport Agency's culture and environment.

11. Board only session

A Board only session was held.

12. Additional Information

12.1 Legal Advice – NZ Transport Agency's policy on appointing entry certification organisations

(linked to Agenda item 5.2)


12.2 Documents provided to the Minister of Transport to date for activity class 'deep dives'

(linked to Agenda item 6.1)

- 12.3 **Strategic risks/issues area overview**
(linked to Agenda item 9.2)
- 12.4 **Problem and benefit statements and investment objectives**
(linked to Agenda item 9.2)
- 12.5 **Priority land transport network segments – Short, medium and long term**
(linked to Agenda item 9.2)
- 12.6 **Wellington Regional Land Transport Resilience Programme Business Case (PBC)**
(linked to Agenda item 9.2)
- 12.7 **Copies of correspondence**
(linked to Agenda item 10.2)

Board Members noted the additional information supplied to support specific Agenda items and connected papers.

The Board Meeting closed at 4:45pm.

Minutes approved by the Chair	
Date	<u>16 / 10 / 19</u>