

Board meeting | 16 May 2024

Time	9.00am
Location	NZTA, 29 Customs St West (and Microsoft Teams)
Board	Simon Bridges (Chair), Cassandra Crowley (Deputy Chair), Catherine Taylor, John Bridgman, Victoria Carter.

Whakataki | Introduction

1. Board only session

A Board only session was held.

2. Board & CE only session

A Board and CE only session was not held.

3. Apologies, Minutes, Actions & Interests

David Smol gave and Ngarimu Blair gave their apologies.

Nicole Rosie advised of her interest as an Emerging Director on the Mercury Energy Board.

The current actions list was noted.

Resolutions The Board **approved** the minutes of the 18 April 2024 meeting.

Rautaki | Strategic

4. CE report

s 9(2)(g)(i)

5. GPS readiness - funding and financing

The Board and Management discussed a number of matters, including:

- The revenue review macro picture, structural management of NLTF, and specific project financing opportunities.
- An overview of the funding picture looking forward based on the total investment ambition.
- To meet investment ambitions more funding is required. While debt gives flexibility, it does not in and of itself solve the underlying revenue issue. The revenue system review will need to consider what the appropriate level of revenue is, and the tools to be used to collect it.
- There is likely to be additional Crown funding. s 9(2)(g)(i)
- The draft GPS and letter of expectations are clear in requiring consideration of other revenue sources to supplement current revenue streams and to continue thinking outside the box to fund investment.

Resolutions

The Board:

- **Endorsed** NZTA officials continuing to support system reform to improve alignment between investment expectations and the level of funding available for transport investment.
- **Endorsed** NZTA officials continuing work to explore additional revenue and funding opportunities, including additional debt as proposed in the draft GPS24.
- **Noted** that final recommendations on both financing and systemic process changes will be brought to the Board for approval.

6. NLTP 24-27 allocations - continuous programmes

The Board and Management discussed a number of matters, including:

- Providing an indication of funding allocations supports approved organisations in developing their own land transport plans.
- Although final approvals are not being sought, the paper highlights some of the trade-offs required.
- The outcome of Budget 24 may support further delivery.
- A discussion on emergency works FARs.
- The Board request that Management continues to interrogate opportunities to release further funding, including in respect of committed activities.
- Total indicative allocations represent a 34% increase on final allocations for the 2021-24 NLTP period (rather than 17% as noted in the paper).

Resolutions

The Board:

- **Endorsed** the recommended investment target scenario.
- **Noted** that a final Board decision on investment targets will be made following finalisation of the GPS and based on the year-end NLTF position, as part of NLTP adoption.
- **Approved** indicative allocations for continuous programmes for Approved Organisations (AOs) and NZTA as summarised below and set out in attachments to this paper:

Continuous programmes by activity class	Draft GPS range (\$m)	Recommended allocation (\$m) ¹
State highway pothole prevention	1,370 – 2,280	2,072
State highway operations	1,890 – 2,570	2,303
Local road pothole prevention	1,820 – 2,530	1,840
Local road operations	780 – 1,520	1,330
Public transport services (excludes improvements)	1,260 – 2,310	1,797
Safety (Policing, National RSP, NZTA Regional RSP, Alcohol interlock and Vehicle impoundment)	1,530 – 1,830	1,398 ²
Public transport infrastructure (maintenance, operations and renewals only)	870 – 2190	203
SHI (Bridge replacements only)	3,750 – 6,250	109
LRI (Bridge replacements only)	460 – 1,210	86

• s 9(2)(f)(iv)

- **Noted** the communications approach to notify AOs of their indicative funding allocations following the Board meeting and after communication to the Minister's office.
- **Approved** interim funding for the period 1 July 2024 to 1 September 2024 for continuous programmes as follows:

Activity class (\$million)	Investment Target	Estimated spend 2024/25	Interim funding at 20%
State Highway Pothole Prevention	2,072	660	132
State Highway Operations	2,303	733	147
Local Road Pothole Prevention	1,840	586	117
Local Road Operations	1,330	423	85
Public Transport Services	1,930	614	123
Investment Management	265	85	17

¹ All recommended figures are NLTF share unless otherwise stated.

² This includes a provisional figure of \$1,315m for the road policing programme. Specific advice on recommended programme funding will be provided separately to the Board at a later date and \$75m for national road safety promotion, refer below

Safety	1,600	521	104
Rail Network	740	236	47
Public Transport Infrastructure	1,550	493	99
State Highway Improvements	4,100	1,305	261
Local Road Improvements	460	146	29
Walking and Cycling	310	130	26

- **Noted** interim funding for state highway improvements will in part be utilised to progress specific activities, highly aligned to GPS strategic priorities, ahead of NLTP adoption.
- **Noted** that all the activities approved to receive interim funding will be expected to be included in the 2024-27 NLTP when this is adopted.

Actions

Management to provide the Board with more detail in respect of:

- the delineation between potholes and repairs
- the funding needed for Auckland rail, and
- an update on funding that has been released in committed activities.

7. E&E update

The Board and Management discussed a number of matters, including:

- An overview of the intended approach including from a cultural perspective.
- The importance of maintaining and growing our culture.

8. Land transport revenue system review

The Board and Management discussed a number of matters, including:

- The need to be clear on the ambition and having sustainable revenue and a sustainable land transport system.
- An overview of the principles being considered including:
 - The extent to which the system should be user pays
 - Efficiency and value for money, including NZTA's role in revenue collection. Ensuring the system is coherent and easy to navigate and comply with for a user perspective.
- The review is moving at pace.
- Considering innovations in other jurisdictions and how to mitigate non-compliance, potential revenue implications in moving away from FED to a universal RUC model, transition and hybrid models.

Resolutions

The Board **endorsed** the arrangements and approach in place to deliver the Revenue System Review.

9. Roads of national significance update

The Board and Management discussed a number of matters, including:

- The team are developing new approaches as part of initial exploratory work that may be utilised for smaller projects as well. As part of this work they are looking to further streamline project development and decision making. Key decisions around trade-offs and delivery model will be brought back for Board consideration.

Eke panuku / Delivery excellence

10. NTS funding decision

The Board and Management discussed a number of matters, including:

- The requested funding is within scope and budget.
- The independent governance members are continuing to support governance processes.
- An update on progress, including off-ramp options for councils.
- Councils had agreed and signed off the design specifications.
- The provider is very focussed and continuing to deliver to the revised timeframes. Management is continuing to closely monitor progress and delivery, including with weekly governance meetings with the supplier.

Resolutions

The Board:

- **Endorsed** the next tranche of capex funding for implementation of the NTS with total shared project costs of \$292.48m, comprising \$222.96m National Land Transport Fund (NLTF) and \$69.52m local share contribution, noting that this is within the endorsed DBC envelope.
- **Approved** the next tranche of capex funding to NZTA for implementation of the NTS of \$222.96m at Funding Assisted Rates (FAR) of 100% from the Public Transport infrastructure activity class noting that this is within the endorsed DBC funding envelope.
- **Approved** the next tranche of opex funding to NZTA for implementation of NTS of \$32.5m at a FAR of 100% from the Public Transport Services activity class noting that this is within the endorsed DBC envelope.
 - **Noted** that opex implementation of the NTS has been delayed and the revised funding amount represents the funding request for the 2024-27 NLTP period. The forecast annual ongoing cost associated with the NTS of \$57m per annum (excluding CPI adjustment) at 100% FAR, which will be assessed as committed expenditure in the development of subsequent NLTPs on a three yearly basis in line with NLTP development processes for operational expenditure funding bids.
- **Endorsed** an increase to the overall total shared project costs of the NTS capex implementation of \$24.32m (an increase from \$507.81m to \$532.13m). The increase has previously been approved by the Board in March 2023 to fund Early EMV for Auckland Transport at a FAR of 51%. Early EMV is upgrading AT current ticketing platform to accept the use of credit / debit cards and allows for a more seamless transition to NTS. This endorsement is to correct the overall programme level capex investment of the NTS.

11.1 Mt Messenger

The Board and Management discussed a number of matters, including:

- The outcome of the recent Environment Court decision and next steps.
- The importance of further interrogating costs.
- The Board requested that Management undertake further work to identify costs reduction in respect of the remaining work and seek independent advice in setting an updated total outturn cost for the project.

Resolutions

The Board:

- **Noted** the updated advice on continue, pause and stop options, and the updated advice on the property acquisition strategy.
- **Approved:** Continuing the Te Ara o Te Ata: State Highway 3 Mt Messenger Bypass project.
- s 9(2)(b)(ii)
- **Requested** that Management:
 - Undertake work to identify further costs reduction in respect of the remaining work, and
 - Seek independent advice in setting an updated total outturn cost for the project.

Victoria Cater left the meeting.

11.2 Regional rail

The Board and Management discussed a number of matters, including:

- A discussion of the respective services, funding rates and time horizons for the proposed funding.
- An overview of performance to date.
- A discussion of funding options and the intent to move the services to standard FAR rates.

Resolutions

The Board:

Capital Connection Service

- **Noted** the importance of retaining the Capital Connection service as a bridge to the new Lower North Island Rail Integrated Mobility (LNIRIM) project.
- **Approved**, subject to Greater Wellington Regional Council (GRWC) confirming local share, funding to GRWC for the ongoing operation of the Capital Connection passenger rail service for the 24-27 NLTP period of \$9.65m at variable FAR in accordance with the accelerated transition roadmap (\$7.212m from the NLTP Public Transport Services activity class).

Hamilton to Auckland (Te Huia) Service

- **Noted** the Board set a condition when funding the Te Huia service that Waikato Regional Council (WRC) completes a full review of the service two years after launching, and this needed to be reported back to the Board.

- **Noted** WRC has completed the review of the Te Huia inter-regional rail service as required.
- **Noted** that performance has been acceptable and to enable the service to complete the five-year trial (to April 2026) a cost adjustment to the activity is required.
- **Approved**, subject to Waikato Regional Council (WRC) confirming local share, a cost adjustment to WRC to conclude the trial of:
 - \$9.420m for the period from 1 July 2024 to 30 June 2025 at 70% Funding Assistance Rate (FAR) (\$6.594m from the NLTP Public Transport Services activity class), and
 - \$9.420m for the period from 1 July 2025 to the end of the trial period (but no later than 30 June 2026) at 60% Funding Assistance Rate (FAR) (\$5.652m from the NLTP Public Transport Services activity class).
- **Noted** the above approval reflected a trajectory to a 51% FAR at the end of the trial period and that a reassessment of the service and continued funding will required following the trial period should a request be made for the service to continue.

11.3 Te Ahu a Turanga PLA

Resolutions

The Board:

- **Approves** funding of \$165.6M for the Te Ahu a Turanga: Manawatū Tararua Highway project, required to complete works by mid-2025.
- **Delegates** authority to the Group General Manager, Transport Services to do all things necessary and desirable to implement the above approvals, including signing any contract or variation, and giving any notices, approvals or authorisations within the approved project budget.

11.4 Funding decisions

Resolutions

The Board:

Property purchases:

- **Requested** that the current delegations remain in place.

Queenstown Public Transport

- **Endorsed** the Queenstown Public Transport Detailed Business Case with an estimated total 10-year package P50 cost of \$142.3m (\$42.3m - \$72.6m NLTF share).
- **Noted** that no funding is requested now but the recommended improvements will be considered for inclusion in the 24-27 and subsequent NLTPs, with \$7.0m (\$3.6m NLTF share) in service improvements and \$7.5m (\$3.8m NLTF share) in infrastructure improvements planned for 2024-27.
- **Noted** that Otago Regional Council is required to undertake an additional business case phase to investigate a new bus depot by

2028, with total planning and design costs estimated at \$7.0m and implementation at \$52.5m (NLTF share to be confirmed through the business case).

Tauriko SH29 Stage 2

- **Noted** the Chief Financial Officer has approved funding to NZ Transport Agency Waka Kotahi (NZTA) for the SH29 Stage 2 Tauriko Network Connections Omanawa Bridge Replacement, \$9.4M (including 9% admin) for the pre-implementation phase at a funding assistance rate of 100% from the NLTF from the State Highway Improvement activity class.
- **Approved** funding to NZTA for the SH29 Stage 2 Tauriko Network Connections Omanawa Bridge Replacement of \$33.2M (including 6% admin) for the property phase at a funding assistance rate of 100% from the NLTF from the State Highway Improvement activity class.
- **Noted** property funding approval is the precursor to around \$111m implementation costs which are expected to be prioritised in the 24-27 NLTP.
- **Noted** that Management confirms that replacement of the Omanawa Bridge is a priority for investment in the next NLTP under all funding scenarios.
- **Noted** that variation to the 2021-24 RLTP is required to include the approved phases but is considered low risk given RTC support for the project

Hamilton Southern Links

- Management recommends the Board **notes**:
- The CFO has approved additional funding from SH Improvements activity class to NZTA for HSL for:
- Detailed Business Case (designation) phase at a cost of \$299,477 thereby increasing the total phase cost from \$9,399,842 to \$9,699,319;
- Property phase at a cost of \$10,798,496 thereby increasing the total phase cost from \$87,826,344 to \$98,325,363.

12. Monthly financial update

The Board and Management discussed a number of matters, including that revenue was down in March, but recovered in April more than offsetting the March reduction.

Resolutions

The Board **approved** the 2023/24 Audit Fee of \$699,426 (2022/23 \$651,155) including the Office of the Auditor General (OAG) support charge and estimated disbursements, excluding GST.

Actions

Management to include revenue collectability in financial reporting.

Ngā kōrero o te wā | General business

13. Board correspondence

14. Other business

There was no other business.

The meeting closed at 2.10pm

Ētahi atu tāngata kua tae ā-tinana mai | Other attendees

NZTA		Items
Nicole Rosie	Chief Executive	3 - 14
Amy Moorhead	National Manager - Policy	8
Brent Alderton	GGM Regulatory Services and Director Land Transport	4
Brett Gliddon	GGM Transport Services	3 – 14
Bridget Burt	Principal Counsel	11
Caz Jackson	GGM People, Culture & Safety	4, 7
Chris Bunny	GGM Systems Leadership	4, 5, 8
Deb Hume	National Manager Multimodal Integration	11
Howard Cattermole	Chief Financial Officer	5 - 14
James McHardy	Senior Manager Funding and Finance	5
Jen Bernal	Head of Digital Performance	4
Karen Jones	GGM People & Safety	4 - 14
Mark Kinvig	National Manager Infrastructure Delivery	9
Mike Birchler	Acting Group General Counsel, Governance, Risk and Legal	3 – 14
Mike Hargreaves	Deputy Director of Land Transport	4
Richard May	Chief of Staff	3 - 14
Robyn Elston	National Manager System Design	5, 9, 11
Sara Lindsay	GGM Commercial & Corporate	3 – 14
Sarina Pratley	Chief Customer & Services Officer	4, 9, 10
Todd Webb	Team Lead Activity Class Management	6
Yogesh Anand	NTS Executive Sponsor and Delivery Executive	10

Minutes approved



Simon Bridges, Board Chair

19 June 2024