



Board Meeting Minutes

Date & time	2 May 2014, 8.30am – 1.00pm
Location	24 Bridge Street, Hamilton
Board Membership	Chris Moller (Chair), Patsy Reddy (Deputy Chair), Adrienne Young-Cooper, Alick Shaw, Gill Cox, Jerry Rickman, Nick Rogers and Tony Lanigan
Apologies	None
NZTA staff in attendance	<p>Geoff Dangerfield (Chief Executive)</p> <p>Allan Frost (GM Organisational Support), Celia Patrick (GM Access & Use), Dave Brash (GM Planning & Investment), Ernst Zöllner (Regional Director Auckland & Northland, and Board Secretary), Jenny Chetwynd (Regional Director, Central), Jim Harland (Regional Director, Southern), Lisa Rossiter (Acting GM Strategy, Communications & Performance), Robert Brodnax (Acting Regional Director, Waikato & Bay of Plenty) and Tommy Parker (GM State Highways and Network Operations)</p> <p>Brandon Mainwaring (National Manager, Trends & Performance), Clare Sinnott, Project Lead FAR Review), Kevin Reid (National Manager Network Outcomes) and Neil Brown (Enterprise Architect, Information Services)</p>

1. Introduction and governance matters

1.1 Apologies

All Board members attended the meeting.

1.2 Confirmation and overview of the agenda

The agenda was accepted as circulated.

1.3 Declarations of conflicts of interest

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

Chris Moller asked that the Board note his declared role as Chair of Sky City Entertainment Group in relation to any general Auckland Central transport issues or projects that may be discussed during the meeting - noting that there were no specific items of relevance to his Sky City interests on the agenda.

1.4 Farewell to Alick Shaw

Chris Moller noted that this was Alick Shaw's last Board meeting, and thanked him for his significant contribution to the Board and the NZ Transport Agency.

Alick joined the Establishment Board in March 2008 and became a member of the new Agency's Board when it was formally established in August 2008. Alick served on a number of Board committees and chaired the Investment & Operations Board Committee from its inception in 2011.

1.5 Board visit to Hamilton on 1 May

Chris Moller expressed his appreciation to Kaye Clarke and the rest of the Agency’s Waikato team who helped arrange the programme for the Board on Thursday 1 May. In addition to meeting local Transport Agency staff to discuss progress on key projects and programmes, the Board on its bus tour inspected progress on various local and regional transport projects, including the Waikato Expressway, and ended the day with an informal meeting with regional stakeholders.

1.6 New senior management appointments

Chris Moller congratulated Tommy Parker on his appointment as Group Manager Highway and Network Operations, and Jenny Chetwynd on her appointment as the new Group Manager Strategy, Communications & Performance.

1.7 Draft minutes from the 27 February 2014 Board meeting

The minutes were confirmed as tabled.

Resolution 1	<i>The draft minutes of the 27 February 2014 Board meeting are a true and accurate record of the meeting</i>
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1.8 Draft minutes from the 3 April 2014 Special Board meeting

The minutes were confirmed as tabled.

Resolution 2	<i>The draft minutes of the 3 April 2014 Special Board meeting are a true and accurate record of the meeting</i>
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1.9 Draft minutes from the 17 April 2014 Special Board meeting

The minutes were confirmed as tabled.

Resolution 3	<i>The draft minutes of the 17 April 2014 Special Board meeting are a true and accurate record of the meeting</i>
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1.10 Progress on actions requested at previous meetings

Progress on all the actions was noted, and specifically that Patsy Reddy and Gill Cox will continue to work with Ernst Zöllner to develop more specific guidance for Board members on declarations of interest.

2. Chief Executive's matters

2.1 Chief Executive's report

Board paper 14/05/0811

As part of the regular CE briefing Geoff Dangerfield and Board members discussed the following topics:

- Progress on the Auckland accelerated programme, and in particular the East-West Connections project.
- How to manage the cost and timing risks relation to the delivery of infrastructure for Special Housing Areas in Auckland, and the general risk that low density development on the urban periphery could present to network productivity and effectiveness.

- Progress on bus and rail public transport procurement initiatives in Auckland, Christchurch and Wellington.
- The results from the Police’s ‘Safer Summer’ campaign.
- Progress on the Agency’s initiatives around establishing a cycling safety panel and a ‘visiting driver’ safety programme, which Board members noted is of great importance given that the number of ‘self-driving’ tourists is projected to increase significantly.
- Implications of the Ministry of Transport’s Freight Demand Study results for the land transport system for specific regions and programmes.
- KiwiRail’s review of their 30 year strategic plan and how the Agency is assisting with this task.
- Progress on various state highway and regulatory reform projects, as well as the Christchurch earthquake recovery.
- The development of the Agency’s Zero Harm strategy for 2014-17 that will be presented to the Board for consideration at its July meeting, and the need for Board member training on director’s duties and responsibilities under the new health & safety legislation.
- Progress on the development of the draft Government Policy Statement for Land Transport (GPS) for 2015-25, and the appropriate response to specific issues raised in discussion between the Ministry of Transport and the Agency.

Resolution 4	<i>The NZ Transport Agency Board receives the Chief Executive’s Report for May 2014, and authorises the Chair to raise specific issues in relation to local road and State highway maintenance, operations and renewals in the draft 2015 GPS with the Minister of Transport, on behalf of the Board.</i>
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2.2 Progress against the 2013-16 Statement of Intent – quarterly report for the period ending 31 March 2014

Board paper 14/05/0812

Geoff Dangerfield presented the New Zealand Transport Agency's performance report against the 2013-16 Statement of Intent for the quarter ended 31 March 2014. Board members discussed the progress to date against the deliverables and targets for 2013-14, and raised specific matters in relation to the following:

- Recent published findings from the 2013 Census in relation to travel patterns and travel demand, and how specific programme and project assumptions compare to such updated travel information.
- How to assess and then express 'residual risk' in ongoing strategic risk and assurance reporting.
- Options for achieving higher public transport patronage growth in Auckland.
- Whether the 2016 target for 'the proportion of heavy vehicles taking up HPMV' remains sufficiently ambitious given the very good progress being made in recent quarters.
- How to address feedback from freight operators in regard to persistent delays in the issuing of some complex HPMV permits.
- Progress on the Kapiti Expressway programme and the satisfactory resolution of specific land acquisition requirements.
- Early insights and lessons learnt from the Basin Bridge resource consent hearing.
- Progress on the road policing programme delivery and the need for the quarterly reporting to be more outcome orientated.

- Rail safety performance for the quarter and the opportunity to adopt standard industry reporting practices and ‘post event’ reports.

Resolution 5	<i>That the NZ Transport Agency Board receives the progress report against the 2013-16 Statement of Intent for the quarter ended 31 March 2014.</i>
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3. Setting sector and organisational direction

3.1 Rail Safety Action Plan – progress update

Board paper 14/05/0815

Celia Patrick introduced this progress update on the implementation of the Transport Agency’s action plan to ensure our activities as the rail safety regulator are best practice and resilient to changes in the rail sector.

Board members noted the good progress in several key areas, but expressed their concern at the persistently high level of ‘signal passed at danger’ (SPADs) and strongly supported the planned actions by operators to reduce this level of risk.

Board members also discussed the implications of increased commuter rail frequencies in Auckland and how new automated stop systems on trains should reduce the risk from failure to stop or slow down as required.

Resolution 6	<i>The NZ Transport Agency Board notes the Transport Agency’s progress in implementing its “Continuous Improvement in Rail Safety Regulation” action plan.</i>
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3.2 Funding Assistance Rates (FAR) review

Board paper 14/05/0818

The 18-month long FAR review reached an important milestone with the presentation of the initial set of final review recommendations to the Board for adoption. Jenny Chetwynd and Clare Sinnott summarised the feedback received on the draft proposals during the extensive consultation undertaken earlier in the year, and the rationale for each of the final recommendations. Following discussion the Board adopted all the proposed recommendations, as set out below.

The Board will consider the second set of review recommendations later in the year, which will include the specific FAR rate to be applied to each approved organisation in 2015-18 as well as the rate and transition path to be used for special purpose roads. Further discussions will also be held with the Department of Conservation regarding the specific rates to be applied to roads on the conservation estate.

Resolution 7	<p><i>The NZ Transport Agency Board:</i></p> <p><i>a. Confirms that:</i></p> <ul style="list-style-type: none"><i>i. The statement of the role of funding assistance rates and seven principles that will sit behind how funding assistance rates are set and applied.</i><i>ii. That National Land Transport Fund funds will only be used for the eligible costs of undertaking a land transport activity to achieve or maintain fit for purpose customer levels of service.</i><i>iii. That enhanced targeted funding assistance rates may be used in exceptional circumstances and for time limited periods to either:</i><ul style="list-style-type: none"><i>1. Facilitate an activity that is particularly important from a national land transport perspective where it is highly likely that the activity would not</i>
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proceed within an appropriate timeframe if additional assistance was not provided; or

2. Give a kick start to encourage and enable an approved organisation to make a step change.

- b. **Agrees** that (other than for emergency works and where targeted enhanced funding assistance rates are used):*
 - i. The overall NLTF co-investment rate across all eligible activities undertaken by approved organisations will be 53%.*
 - ii. For the 2015-18 investment period and onwards each approved organisation will receive the same funding assistance rate for all land transport activities it undertakes that are eligible for funding from the National Land Transport Fund (subject to transitional arrangements in relation to special purpose roads, total mobility services and metro rail)¹.*
- c. **Agrees** that, following the completion of transitional arrangements, the normal funding assistance rates received by most councils will be 52% (one percentage point below the overall NLTF co-investment rate).*
- d. **Agrees** that:*
 - i. All changes to approved organisations' funding assistance rates resulting from this review will be transitioned in over no more than nine (9) years starting in the 2015-16 financial year and finishing not later than the end of the 2023-24 financial year.*
 - ii. For the 2015-16 financial year no council's normal funding assistance rate will decrease by more than one (1) percentage point from that council's 'starting point' as shown in Attachment 2 (e.g. if a council's starting point in Attachment 2 is 60% then its normal funding assistance rate for the 2015-16 financial year will be no less than 59%).*

¹ No change is being made to the policy that only 30% of urban street cleaning costs are eligible for funding.

- iii. *For each of the 2016-17 and 2017-18 financial years, no council's normal funding assistance rate will decrease by more than one percentage point from its normal funding assistance rate in the previous financial year.*
- iv. *The funding assistance rates for total mobility services will remain at their 2014/15 levels for the 2015-18 NLTF investment period to provide a window of opportunity for a review of the NZ Transport Agency's operational policy for total mobility services to be undertaken.*
- v. *By the end of the 2023/24 financial year the funding assistance rates for local road special purpose roads will be transitioned to the relevant council's normal funding assistance rate.*
- vi. *The funding assistance rates for local road special purpose roads will be transitioned down separately from the transition process that is used for councils' normal funding assistance rates with the specific transition approach to be used to be determined following discussions with the relevant councils.*

e. Agrees that:

- i. *From the 2015-18 NLTF investment period onwards elevated emergency works funding assistance rates will only apply to eligible immediate response, reopening and reinstatement activities where an approved organisation incurs significant expenditure in responding to an out of the ordinary short-duration natural event that is unusual, or of unusually large magnitude or severity, for the particular area where it occurs (a 'qualifying event').*
- ii. *An approved organisation's eligible costs in responding to a natural event that is not an out of the ordinary short duration natural event for the particular area where it occurs will be funded at the approved organisation's normal funding assistance rate.*
- iii. *An approved organisation's eligible costs in responding to a qualifying event up to an amount equal to 10% of the cost of the approved organisation's approved road maintenance, operations and renewals programme for the year in which the*

- qualifying event occurred will be funded at its normal funding assistance rate.*
- iv. Any eligible costs an approved organisation incurs in responding to a qualifying event over and above an amount equal to 10% of the cost of its approved road maintenance, operations and renewals programme for the year in which the qualifying event occurred will be funded at the approved organisation's elevated emergency works funding assistance rate.*
 - v. An approved organisation's elevated emergency works funding assistance rate will be its normal funding assistance rate plus 20 (up to a maximum elevated emergency works funding assistance rate of 95%).*
 - vi. Following the completion of transitioning arrangements (over nine (9) years starting in the 2015-16 financial year) eligible land transport activities in relation to the following Department of Conservation carriageways will be funded at 52% - the existing Tasman Valley Road, Fox Glacier Access Road, Glacier View Road, and Franz Josef Glacier Access Road special purpose roads, and the parts of the existing Papakorito Falls Access Road and Hopuruahine Landing Access Road special purpose roads that are legally local road.*
 - vii. For the 2015-18 NLTF investment period and onward a 0% funding assistance rate will apply to all other existing Department of Conservation special purpose roads (Sandy Bay and Stockade Access Road, Home Bay Access Road, Mokau Landing Access Road, Rosie Bay Access Road, and The Bruce special purpose road).*
 - viii. At the request of the Department of Conservation, the NZ Transport Agency will consider whether or not eligible land transport activities in relation to any other specific carriageway(s) managed by the Department of Conservation should be funded at 52%.*
 - ix. A 100% funding assistance rate will apply to eligible land transport activities in relation to the existing Tau Henare Drive and Hobson Memorial Loop Road in the Waitangi National Trust estate.*
 - x. All other carriageways within the Waitangi National Trust estate that are not local*

	<p><i>roads managed by Far North District Council will receive a 0% funding assistance rate.</i></p> <p><i>xi. For all approved organisations, an approved organisation’s fair and proportional administration input costs for each eligible land transport activity they undertake will be funded as part of the direct costs of that eligible land transport activity at the relevant approved organisation’s normal funding assistance rate.</i></p> <p><i>xii. In principle a local authority’s share of the costs of level crossing warning devices at local road/rail level crossings should be funded at the council’s normal funding assistance rate.</i></p> <p><i>f. Requests the Chief Executive to work with KiwiRail to investigate an appropriate funding assistance rates system for level crossing warning devices and report back to the Board.</i></p>
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3.3 Procurement Review – project update

Board paper 14/05/0816

Tommy Parker introduced this progress update on the State Highway Procurement continuous improvement plan (as previously presented to the Board on 27 February 2014). Board members noted the progress being made to date, and requested a future discussion for further information on the ‘level of competition’ in specific regions and how new entrants into these markets can be encouraged and supported over time.

Resolution 8	<i>The NZ Transport Agency Board notes the progress with the continuous improvement of State Highway procurement practices.</i>
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3.4 2014-15 Legislative Change Programme

Board paper 14/05/0814

The Board noted the legislative change programme being supported by the Transport Agency in 2014-15, and requested that progress against the programme be reported twice a year.

Resolution 9	<i>The NZ Transport Agency Board notes the legislative change and major policy investigation initiatives programmed for 2014-15.</i>
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3.5 Focus of Resilience Activities in the 2015-18 NLTP

Board paper 14/05/0817

Kevin Reid introduced this progress update on how resilience challenges in relation to the state highway network are being assessed and managed. The Board noted the progress being made, and invited Kevin to broaden the scope of the resilience analysis and response to incorporate wider concepts such as network adaptation. Board members also stressed the importance of using scenario analysis to test various response frameworks and options.

Resolution 10	<i>The NZ Transport Agency Board notes the progress regarding improving the resilience of the state highway network.</i>
Requested action	<i>That the Chief Executive considers how the concept of resilience can be broadened beyond risk management for a follow up discussion with the Board.</i>

3.6 Intelligent Transport Systems

Board paper 14/05/0819

Allan Frost and Neil Brown introduced and summarised the Agency’s work programme in relation to Intelligent Transport Systems (ITS). Board members explored what role the Agency can and should play in relation to various technologies, and the significant opportunities for improved transport demand management, productivity and safety through the adoption of smarter technology by firms and households.

Resolution 11	<i>The NZ Transport Agency Board notes the planned work programme in relation to harnessing new technologies that would assist with realising the Agency’s strategic objectives and priorities.</i>
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4. Significant planning, investment and operational matters

4.1 Transmission Gully Public Private Partnership – negotiation phase update

Board paper 14/05/0813

Tommy Parker led the discussion with the Board on progress in completing the Transmission Gully Public Private Partnership Project Agreement with the Wellington Gateway Partnership.

Resolution 12	<i>The NZ Transport Agency Board receives the progress report on the negotiations to conclude the Transmission Gully Public Private Partnership Agreement, and authorises Board members Jerry Rickman and Gill Cox to oversee and, if satisfied, agree the final indemnity arrangements on behalf of the Board.</i>
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5. Other updates and general business

5.1 Media and communications update

Board paper 14/05/0810

The Board noted the regular update on media events.

5.2 Draft agenda for 4 July 2014 Board, ARA and I&O meetings

The Board noted the planned agendas for the July meetings, and requested that items in relation to health & safety and Christchurch earthquake recovery be added.

5.3 General business

No items of general business were raised.

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