

Board Meeting Minutes	
Date & time	26 July 2012, 2.00 – 4.30pm. The meeting was preceded by a Board workshop on the 2012-15 NLTP, which started at 12.30pm.
Location	Wellington Regional Office, PSIS House, 20 Ballance Street, Wellington
Attendance	Chris Moller (Chair), Alick Shaw, Bryan Jackson, Patsy Reddy, Tony Lanigan, Gill Cox and Adrienne Young-Cooper
Apologies	Jerry Rickman
NZTA staff in attendance	Geoff Dangerfield (Chief Executive) Allan Frost (GM Organisational Support), Celia Patrick (GM Access & Use), Colin Crampton (GM State Highways), Dave Brash (GM Planning & Investment), Ernst Zöllner (GM Strategy & Performance and Board Secretary), Jenny Chetwynd (Regional Director Middle Earth) and Stephen Town (Regional Director Auckland & Northland) Douglas Robertson (Manager Investment Framework), Diane de Deker (National Manager Engagement & Communication), Peter Hookham (Planning & Investment Manager, Central) and Selwyn Blackmore (Principal Projects Manager)
External attendees	Marian Willberg (Policy Manager, Ministry of Transport)

Highlights from the meeting

At its fifth meeting for 2012 the NZ Transport Agency Board...

> 2012/15 National Land Transport Programme

- Endorsed the \$9.5bn expenditure profile for the 2012/15 NLTP and the range of short and medium funding arrangements being proposed to Cabinet to address the NLTF revenue requirements and the Christchurch emergency works programme
- Endorsed the indicative 2012/15 NLTP investment levels in the state highway, local roads and public transport new and improved infrastructure programmes
- Supported the use, if and when permitted, of long term structured debt to enable timely delivery of nationally strategic transport projects - subject to investment and annual financing cost criteria
- Supported the proposed approach to communicating the finalised 2012-15 NLTP.

> Other decisions

- Adopted the NZTA Communications Strategy: its goal, key messages, performance measures and targets
- Approved funding for the detailed design and construction for the Wellington inner city improvements within the Wellington RoNS, subject to the Government's contribution and to the development of legislation to support the undergrounding of Buckle Street.

> Briefings

- Received the Chief Executive report, focussing discussion around the Christchurch recovery; stakeholder relationship management; and staff engagement
- Received the progress report against the 2011/14 Statement of Intent and 4th quarter report, focussing discussion on stakeholder relationships
- Received the update on the sector legislative and policy programme, with questions around the implications of the Crown Entities Act Amendments
- Received the media and communications update and the health & safety incidents register
- Noted the progress on the vehicle licensing reform
- Noted progress on the implementation of recommendations from the review of cash flow management
- Reviewed the draft agendas for the upcoming September Board and Board Committee meetings, and requested several additional items.

1. Introduction and governance matters

1.1 Apologies

The apology from Jerry Rickman for absence due to overseas travel was noted and accepted. Tony Lanigan apologised for having to leave the meeting at 4pm to return to Auckland.

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. The Board in particular noted that:

- Chris Moller is the Chair of NZ Cricket Incorporated and a Trustee of the Wellington Regional Stadium, and as such will not chair or take part in the discussion around agenda item 6.1 '*NZTA (SH1) Wellington Inner City Improvements*' which are adjacent to the Basin Reserve grounds.
- Gill Cox is a Director of Independent Fisheries Ltd which is involved in legal action around Christchurch urban development to which NZTA is a party.

1.4 Draft minutes from the 12 June 2012 Board meeting

The minutes were confirmed as tabled, with minor corrections to the attendee list and discussion summaries.

Resolution 1	<i>The draft minutes of the 12 June 2012 meeting are a true and accurate record of the meeting.</i>
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1.5 Progress on actions requested at previous meetings

The Board noted the progress on actions arising from its previous meetings, in asking that the planned updates on tolling operations and the FAR review be scheduled for the upcoming September meeting.

2. Confirming service and financial performance targets: 2012/15 National Land Transport & Road Policing Programmes

2.1 Direction for revenue, short term borrowing and the infrastructure improvement activity classes

Board paper 12/07/0658

Following discussion, the Board endorsed the indicative investment levels for the remaining activity classes, namely the state highway, local road, public transport and walking & cycling improvement programmes.

This was the third (or fourth) approval step in the development of the 2012/15 NLTP; at its 4 May and 12 June meetings the Board respectively confirmed the indicative investment levels for maintenance programmes, public transport programmes, road safety promotion, transport planning, sector research and management of the funding allocation system activity classes.

In terms of broader context, the Board also discussed the certainty of revenue to fund the 2012-15 National Land Transport Programme (NLTP), and agreed on a ‘medium’ or ‘balanced’

approach to risk in regard to certainty around revenue forecasts. The Board also endorsed proposed arrangements for funding Christchurch’s emergency works programme and adjustments to the NLTP short term borrowing facility, both of which are necessary if the 2012-15 NLTP is to include the proposed level of infrastructure improvements programmes.

Resolution 2	<i>The 2012-15 National Land Transport Programme (NLTP) expenditure profile will be \$9,500 million over 2012-15.</i>
Resolution 3	<i>The recommendation to the Minister for funding Christchurch’s emergency works programme relating to earthquake damaged transport infrastructure that would limit the exposure to the NLTF to \$50 million per year over the 2012-15 NLTP is endorsed.</i>
Resolution 4	<i>The recommendation to the Minister for a \$100 million increase in the NLTF short term borrowing facility that would reinstate the NZTA’s planned buffer for the 2012-15 NLTP is endorsed.</i>
Resolution 5	<p><i>The indicative investment levels to the NZTA and approved organisations for new and improved infrastructure for state highway and local road activity classes and for walking and cycling and public transport infrastructure activity classes is:</i></p> <ul style="list-style-type: none"> <i>New & improved infrastructure for state highways - \$3,600m</i> <i>New & improved infrastructure for local roads - \$510m</i> <i>Walking & cycling - \$53m</i> <i>Public transport infrastructure - \$120m</i>

2.2 Options for longer term borrowing against the NLTF

Board paper 12/07/0659

In this explorative agenda item the Board considered advice on the appropriate use of long-term debt financing to bring forward major transport capital projects that would deliver significant benefits up front. While this financing option is currently not available, the Board came to the view that a significant opportunity exists to prudently use long-term debt to gear-up the ongoing NLTF revenue stream so as to increase the productivity dividend from New Zealand's transport investments.

Board members tested advice that a long term annual commitment of 7.5% of NLTF revenue to debt servicing (capital and interest) may be considered a prudent level of debt servicing, and one that could enable timely delivery of around \$2.2 to \$3.9 billion of strategic transport projects. Further advice on this indicative level of debt financing was requested.

Value for money would be the key determined on whether this is an appropriate future financing option. In this context value for money refers to both the increase in net benefits that can be realised by using long-term debt to deliver transport investments sooner and in a more time-certain manner, and to the potential efficiencies that can be achieved by introducing innovative new models to NZTA's procurement processes.

The Board supported the view that, should NZTA bring together long-term debt funding into its procurement models, it would utilise the Treasury PPP guidelines and international best practice. Any financing options would also have to apply the Board's Investment & Revenue Strategy priorities i.e. the current project priority funding order would be maintained.

The Board also stressed that opportunities to seek other revenue sources (such as appropriate tolling and/or Approved Organisation (AO) or developer contributions) would be important

considerations, and that long-term debt funding of specific projects would consider all procurement options in the interests of seeking the best value for money.

Resolution 6	<i>The use of long-term structured debt, repaid from National Land Transport Fund (NLTF) revenue, would be an appropriate tool to enable the timely delivery of transport projects which have significant national and regional benefits, subject to value for money, prudent financial management and sound procurement practices.</i>
Requested action	<i>The joint work programme with NZ Treasury and the Ministry of Transport on long-term borrowing options for the NLTF should continue, and should also include developing a business case for a significant transport project where long-term borrowing brings forward productivity gains.</i>
Requested action	<i>At an appropriate time, the Board should receive further advice on what would be an appropriate level of debt financing for the NLTF.</i>
Requested action	<i>The above Resolution should be incorporated into the NZTA’s Investment & Revenue Strategy</i>

2.3 NLTP Final Decisions: communications and engagement approach

Board paper 12/07/0665

The 2012-15 NLTP will be finalised at the special Board meeting on 24 August 2012. Instead of one large public launch event in Wellington (which was the approach in 2009) the Board favours a regionalised ‘fronting up’ approach. In the week following the 24 August meeting, both Board members and senior managers will therefore meet with key stakeholders (and NZTA) in Wellington and eight other centres. The objectives are to both inform (around strategic

direction and final decisions); listen (hear feedback on the process and decisions); and explore (share direction, challenges and opportunities). The Board strongly re-enforced the need for the NZTA to communicate the ‘total’ NLTP investment packages for walking, cycling, public transport i.e. beyond the activity class amounts set out above.

Resolution 7	<i>Communications on the finalised 2012-15 NLTP should be planned around the needs of specific audiences, with a strong emphasis on engagement through receiving feedback, sharing direction and exploring next steps.</i>
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3. Chief Executive’s matters

3.1 Chief Executive’s report

Board paper 12/07/0663

In this standing agenda item the Chief Executive updates the Board on matters relating to the management and operations of the NZ Transport Agency. Discussion focussed on building relationships with local government, and on the relationships in Canterbury in particular. Dave Brash provided the Board with a detailed update on Christchurch recovery funding and delivery as it relates to transport. Including the 30 July announcement of a central city re-development plan, the regional public transport plan, and governance changes for the Stronger Christchurch Infrastructure Rebuild Team (SCIRT). Other key topics of discussion between Geoff Dangerfield and the Board were the Auckland Long Term Plan; NZTA work on supporting freight productivity gains; the Safer Journeys action plan review; an update on the Road Maintenance Taskforce; and the findings of the external progress assessment against the 2010 Performance Improvement Framework (PIF) review. Board members were pleased to note the favourable review results, and similarly pleased about the good improvement in employee engagement results (improved from 3.51 in 2010 to 3.82 in 2012).

Resolution 8	<i>The Chief Executive’s Report for July 2012 is received.</i>
Requested action	<i>The Board will undertake a governance appraisal and review before the end of 2012.</i>

3.2 Fourth quarter progress report (non-financial elements)

Board paper 12/07/0664

This agenda item presented a review on the NZTA’s performance against the 2011-14 Statement of Intent for all targets and deliverables apart from the Statements of Service and Financial Performance, which will be reported against at the September Board meeting. Ernst Zollner highlighted three areas of positive performance in 2011/12:

1. Achieving all value for money targets and progressing key deliverables
2. The RoNS programme delivery
3. Reducing young person road trauma, and broader *Safer Journeys* action plan implementation

Other highlights include the fast growth in online transactions; effective management of operating risks and key stakeholder relationships; progress with the Ministry of Transport on Vehicle Licensing Reform; and implementing the shift to the new registry IT platform. The Board noted three areas where additional effort was required to maintain expected levels of performance:

- 1. Rebuilding Christchurch, in particular settling funding arrangements**
- 2. Moving to more pro-active media management**
- 3. Maintaining effective working relationships with a range of stakeholders who experienced high degrees of organisational change, or who are potentially affected by changes to sector direction or systems or large transformative projects.**

Looking back and ahead, the Board noted some areas that require attention in order to maintain or lift performance in 2012/13:

- 1. Reducing the uncertainty around NLTF revenue forecasts**
- 2. Successfully implementing the findings of various Value for Money reviews, including the two Roving Operations & Maintenance reviews**
- 3. Improving the effectiveness of investment in public transport by lifting the number of public boardings per NLTF \$ invested**
- 4. Implementing the network of strategic high productivity freight routes**
- 5. Working with NZ Police to build stronger value for money evidence in road policing investment**
- 6. Lifting staff perception of the NZTA's performance management system**
- 7. Focus on strengthening some key stakeholder relationships, notably with some local authorities and suppliers.**

Resolution 9

The NZTA's performance report against the 2011-14 Statement of Intent for the period is received.

4. Setting sector and organisational direction

4.1 Transport sector legislative and policy programme update

Board paper 12/07/0666

The Board received an update on significant policy and legislative changes expected in 2012-15, which include the Road User Charges (RUC) changes; the LTMA and PTMA amendments; the RMA phase 2 review; local government reforms and amendments to the Crown Entity Act (CEA). Board members noted NZTA's active participation in all the reviews, and sought greater clarity at the meeting on the implications of the CEA changes on the NZTA. The Chief Executive identified the key implications for the Board.

4.2 Vehicle licensing review: options for consultation

Board paper 12/07/662

Marian Willberg from the Ministry of Transport outlined the scope of options for warrants and certificates of fitness, annual and transport services licensing that are being considered for a public discussion document on Vehicle Licensing Reform project. Board members explored the likely consequences from the possible warrant of fitness changes, and in particular the link to vehicle insurance.

4.3 NZTA communications strategy

Board paper 12/07/0660

The Board considered drafts of the NZTA Communication Strategy at its meetings in December 2011 and May 2012. This agenda item proposed a Communications Strategy which incorporated the key result areas and targets previously requested by the Board.

<p>Resolution 10</p>	<p><i>The goal of the NZTA Communication Strategy is to maintain and build a strong and enduring reputation around our organisation’s purpose, which is to ‘Create transport solutions for a thriving New Zealand’.</i></p>
<p>Resolution 11</p>	<p><i>The following ‘key messages’ will be used in NZTA communications to build comprehension of how NZTA is uniquely structured to fulfil its purpose on behalf of New Zealand, and the ‘key messages’ around travel choices (7), good choices (8) and an integrated approach (9) will receive additional attention and focus in order to achieve more than 60% stakeholder agreement with these statements by 2015:</i></p> <ol style="list-style-type: none"> <i>1 NZTA <u>manages appropriate access</u> to New Zealand's transport networks through driver licensing, motor vehicle registration, and other regulatory compliance requirements</i> <i>2 NZTA works to provide transport users with <u>positive travel experiences</u> that are increasingly safer and more efficient</i> <i>3 NZTA invests in, <u>builds and maintains state highways</u> that are increasingly safer and meet the needs of New Zealand’s aspirations for economic growth and social vitality</i> <i>4 The NZTA's Safe System Approach to transport solutions helps <u>ensure increasingly safer journeys</u> for all transport users</i> <i>5 NZTA <u>plans and invests in transport networks</u>, from state highways and local roads, to public transport, rail and road freight networks</i> <i>6 NZTA is <u>New Zealand's authority</u> in investing and delivering transport network solutions that meet the needs of New Zealand’s aspirations for economic growth and social vitality</i> <i>7 NZTA supports the provision of a <u>range of travel choices</u> based on people’s preferences and location</i> <i>8 NZTA <u>influences people to make good choices</u> in the transport networks they use and how they use them</i> <i>9 NZTA's expertise, leadership and passion is in providing a <u>integrated approach</u> to New Zealand's transport networks.</i>

5. Quality assurance of key organisational systems, policies and processes

5.1 NLTF cashflow management review: implementation of recommendations

Board paper 12/07/0657

Allan Frost advised the Board of actions taken to implement the Deloitte recommendations to better manage National Land Transport Fund (NLTF) cashflow and forecasting. The Board noted that while overall progress has been positive, there are still three areas where the review identified a need for further improvements – all three of which are being implemented.

6. Significant planning, investment and operational matters

[Patsy Reddy chaired the meeting for the following item, and Chris Moller withdrew from the discussion as noted under conflicts of interest in section 1.3 above].

6.1 NZTA (SH1) Wellington Inner-City Improvements project of Wellington Northern Corridor RoNS: funding approval

Board paper 12/07/0661

Before approving funding for the detailed design and construction for the NZTA's Wellington Inner City Improvements (formerly known as the Basin Reserve Transport Improvements), the Board discussed several key issues regarding the project including certainty of funding; management of cost escalation risk; stakeholder relationship management; the consenting strategy; impacts on the local roading network and key communications messages. Following discussion the Board was satisfied with these various aspects of the project, and overall saw this as a significant milestone for the Wellington Region and the Ngauranga to Airport corridor, which includes improvements to public transport and local roading networks.

Resolution 12	<p><i>The New Zealand Transport Agency will fund \$94.21 million of the detailed design and construction associated with the Wellington Inner City Improvements element of the NZTA’s (SH1) Wellington Northern Corridor RoNS, subject to the Government:</i></p> <ul style="list-style-type: none"><i>• contributing \$50 million of Crown capital for the undergrounding of State Highway 1 at Buckle Street; and</i><i>• developing legislation to grant the statutory authorisations and property rights required to underground Buckle Street; remove rights of appeal in relation to the grant of those authorisations and rights; establish a process whereby additional statutory authorisations could be granted by Order in Council if necessary to achieve the undergrounding; and establish a process whereby the relevant Ministers could obtain additional property rights if necessary to achieve the undergrounding.</i>
Resolution 13	<p><i>The Chief Executive is delegated to approve the preferred scheme for the Buckle Street Underpass and Inner City Bypass Intersection Optimisation components of the project, on the understanding that in the event of any significant new issues or risks emerging the matter will be referred back to the Board.</i></p>

7. Other updates and general business

7.1 Operational and communication updates

Board paper 12/07/0656

The Board noted the update on media and communications, and the Quarterly health and safety incident register.

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