



Board Meeting Minutes	
Date & time	7 September 2012, 8.30am – 12.30pm
Location	NZTA Board Room, Level 2, 50 Victoria Street, Wellington
Attendance	Chris Moller (Chair), Alick Shaw, Bryan Jackson, Jerry Rickman, Gill Cox and Adrienne Young-Cooper
Apologies	Patsy Reddy and Tony Lanigan
NZTA staff in attendance	Geoff Dangerfield (Chief Executive) Allan Frost (GM Organisational Support), Celia Patrick (GM Access & Use), Colin Crampton (GM State Highways), Liz Huckerby (GM People & Capability), Ernst Zöllner (GM Strategy & Performance & Board Secretary), Bob Alkema (National Manager Investment, for Dave Brash) and Rachel Prince (Principal Advisor Network User Behaviour)
External invitees	None

Highlights from the meeting

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

- Held a closed session to complete the Chief Executive's annual performance review;
- Endorsed the proposed approach to growing the tolling system and further improving value for money through some specific delivery changes;
- Received updates on vehicle licensing reform, road safety results and next steps, our national road safety advertising programme, our road safety crash analysis system, and the 2012-15 sector research programme;
- Held a workshop around organisational target setting; and
- The Committee also covered its standard business: the internal audit results, NZTA's risk profile, our corporate capital asset programme and progress on the *SAP Enable* project.

1. Introduction and governance matters

1.1 Apologies

The apologies from Patsy Reddy and Tony Lanigan were noted and accepted.

1.2 Confirmation and overview of the agenda

The agenda was accepted as circulated, and the order was amended so that the workshop on target setting would be held at the end of the meeting.

1.3 Declarations of conflicts of interest

The schedule of Board members' interests was noted as tabled. Bryan Jackson and Adrienne Young-Cooper requested minor amendments to their individual schedules, none of which was relevant to the agenda items below.

1.4 Chief Executive's 2012 performance review

The Board held a closed session to complete the Chief Executive's annual performance review.

1.5 Draft minutes from the 24 August 2012 Special Board meeting

The minutes were confirmed as tabled.

Resolution 1	<i>The draft minutes of the 24 August 2012 meeting are a true and accurate record of the meeting.</i>
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1.6 Progress on actions requested at previous meetings

Progress on all actions was noted. Members requested an additional report back on the financial arrangement around the purchase of the Auckland EMUs (refer item 1.7 below).

1.7 Report-back from the Board Committee meetings held on 6 September 2012

Jerry Rickman verbally reported on the key highlights from the **Audit, Risk & Assurance (ARA) Board Committee** meeting on 6 September. The meeting focussed on the 2012/13 Annual Reports, with Audit NZ talking to the Committee separately to provide them with a very positive opinion on our progress on these reports (and against previous matters raised). The Committee had questions and suggestions around our financial and service delivery performance statements, and these are being addressed when the Committee next meets on 19 September.

Alick Shaw summarised the key items that were discussed at the **Investment & Operations Board Committee** meeting on 6 September. The key item for the Committee was a one-hour workshop on the NZTA's emerging integrated network strategy, where our work to date was noted with great interest and our increasingly 'one network' approach received another strong mandate. Extensive discussions took place (in response to our updates) on the Auckland Council Procurement Strategy, Waterview Connection, and the Public Private Partnerships (PPPs) business cases. The meeting concluded with quick updates on the Road User Charges Act 2012 implementation, Landata systems upgrade; market conditions; and Auckland's Draft Integrated Transport Plan. In terms of decision-making, the Committee endorsed the proposed funding and financing arrangement for Auckland's new trains.

<p>Resolution 2</p>	<p><i>Funding to repay principle and interest on loans raised for Auckland Transport's 57 three-car Electric Multiple Units (EMUs) and their Wiri depot at a total cost for 2012-15 of \$65.5 million (NLTP share \$37.9 million), at a funding assistance rate of 59% in 2012/13, 58% in 2013/14, and 57% in 2014/15, is approved subject to Auckland Transport using any funds realised from the sale of existing rail rolling stock to which the NLTP contributed funds, that is replaced by the EMUs, to offset the cost of the EMUs and depot to the NLTP at the prevailing funding assistance rate. The associated expenditure will become an ongoing commitment for future NLTPs and the term of the loan for the EMUs is nominally 35 years, with a total project cost (principle and interest) of \$1,103.8 million (NLTP share \$562.3 million) and for the depot is nominally 50 years with a total project cost (principle and interest) of \$317.8 million (NLTP share \$161.5 million).</i></p>
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2. Chief Executive's matters

2.1 Chief Executive's report

Board paper 12/09/0677

In his regular *Chief Executive report* Geoff Dangerfield covered a range of key issues, including feedback on the 2012/15 National Land Transport Programme (NLTP). Geoff also outlined his proposed response to the recent Performance Improvement Framework (PIF) follow up report, which the Board fully supported. Board members were pleased with the outcomes from the communications and stakeholder engagement around the NLTP launch.

With regard to the update on Auckland Transport's procurement strategy, Board members discussed how ongoing monitoring can help to ensure that the strong levels of competition are maintained as the strategy is implemented.

A similar discussion took place around the implementation of the Public Transport Operating Model, where Board members sought assurance that good competitive bids would be made from local and international providers as the 'model' is implemented. Geoff responded that the NZTA is advocating for public transport procurement strategies to create optimal levels of competition. Board members again sought assurance from Geoff that the NZTA would closely monitor progress so that value for money is realised through public transport procurement.

Progress on Auckland's Integrated Fares Scheme was also discussed in some detail, with the Chief Executive providing a detailed update around expected delivery milestones and how risks around these are being managed by Auckland Transport. The technical options available to NZ Bus were discussed in some detail.

In terms of other specific matters, the Board discussed progress on the review of the business case for NLTF subsidies to be provided to the *Capital Connection* service between Palmerston North and Wellington, and the debt financing arrangements around *Greater Wellington’s* procurement of 45 Matangi units.

Resolution 3	<i>The Chief Executive’s Report is received.</i>
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2.2 Performance Improvement Framework – follow up

Board paper 12/09/0669

The Chief Executive updated the Board on the Performance Improvement Framework assessment recently completed, and on behalf of the Board the Chairman congratulated Geoff and staff with the positive PIF review findings. The Board considered Geoff’s proposed response to the findings of the report, and fully endorsed all proposed business improvement actions. Board members then discussed how reporting to the Board on progress with such business improvement initiatives could be strengthened going forward, and asked for the quarterly reports to the Board to become more results-focused over time.

Resolution 4	<i>The response from the Chief Executive to the findings of the Performance Improvement Framework follow-up report of July 2012 is supported.</i>
Requested action	<i>That the follow-up PIF report be placed on the NZTA website with the response from the Chief Executive, and that the Chief Executive report progress (against his response to the findings) to the Board through a suitably revised quarterly reporting format.</i>

3. Setting sector and organisational direction

3.1 Vehicle licensing review: update on public consultation

Board paper 12/09/0675

The Board received an update on the status of the Vehicle Licensing Reform project, and the next milestones in terms of public feedback analysis and final option development.

Resolution 5	<i>The update on the vehicle licensing reform project is noted, including the key issues being raised in public discussion around the possible regulatory change options.</i>
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3.2 Safer Journeys strategy: action plan update and next steps

Board paper 12/09/0676

Board members found the (quantitative) progress update against the goals of the *Safer Journeys* strategy very helpful, and noted the ongoing challenges around safer speeds, older drivers and motorcycling safety in particular. The Board supported the more focused approach being taken to the development of the next *Safer Journeys* Action Plan.

Resolution 6	<i>The update on progress against the goals of the Safer Journeys strategy is noted, including the good progress being made overall but also that ongoing challenges remain in achieving safer open road speeds, ensuring safety for older drivers and motorcyclists.</i>
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4. Quality assurance of key organisational systems, policies and processes

4.1 The NZTA National Advertising Programme: it's role in supporting organisational direction

Board paper 12/09/0673

This assurance item outlines the role of the national advertising programme and some of the opportunities and challenges it faces. Board members noted some of the proven successes of current and past campaigns. In terms of taking the programme forward, the Board noted the need for closer integration with the road policing enforcement priorities and explored in discussion with Celia Patrick and Rachel Prince how effective our current performance measures for the programme are, and how these will be improved over time. Board members also discussed the effectiveness of social marketing in general, in particular how effective these campaigns can be in influencing the behaviour of younger adults. Staff were encouraged to draw on the lessons learnt from the recent success of the 'ghost chips' campaign.

Resolution 7	<i>The assurance on the role and performance of the NZTA funded and provided national road safety advertising campaign is noted, including how it aligns to the Government's road safety priorities and the opportunities and challenges it faces.</i>
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4.2 The Crash Analysis System supporting road safety

Board paper 12/09/0674

This assurance item explained how crash data is used to improve road safety and outlined business improvement initiatives to improve value for money in crash data analysis and use in promoting the *Safer Journey* road safety goals. In the discussion of the agenda paper Board members sought additional assurance that data made available through the system is appropriately used in preventing death and injury across the transport network. In response to questions, Bob Alkema (for Dave Brash) also explained how NZTA ‘moderates’ crash analysis i.e. reviews the quality of the data as entered. Some Board members felt that the next opportunity to explore would be to fully integrate crash analysis with vehicle and driver ‘safety ratings’.

Resolution 8	<i>The assurance on the quality of the crash analysis system, and the steps being taken to improve its effectiveness and value for money, is noted.</i>
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4.3 2012-15 Sector research

Board paper 12/09/0671

The third assurance item informed the Board about NZTA’s direction, priorities and management of NLTF-funded transport sector research, and the future opportunities to enhance the programme through closer integration with AustRoads and the Ministry of Business, Innovation and Employment funded research, in particular. Geoff noted that one of the most significant challenges for the programme is to identify and receive commitment from operational ‘research owners’.

Board members commented that the current approach appears to be ‘best practice’ and that the proposed closer linkages and integration seem highly desirable. During the discussion the Board explored how integration and cooperation with other international research programmes could be enhanced even further, and encouraged management to do so.

Resolution 9	<i>The assurance on the approach taken to NZTA’s investment in (and management of) the NLTF-funded transport sector research programme is noted, including the business improvement objective for closer integration and linkages of the programme to other national and international research programme.</i>
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5. Significant planning, investment and operational matters

5.1 Tolling system review

Board paper 12/09/0670

The Board considered the recommended operating model for future tolling operations for the Tauranga Eastern Link toll road (within the context of the development of the entire road tolling operation) and accepted the proposed ‘in-house’ solution.

Resolution 10	<i>The New Zealand Transport Agency will deliver the Tauranga Eastern Link toll services through the current ‘in-house’ business model which supports the existing Northern Gateway Toll Road.</i>
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6. Other updates and general business

6.1 Media and communication updates

The Board noted that the volume of NZTA-driven media coverage for the month of July was virtually unchanged from June. Announcements of indicative NLTP-funding levels for some activity classes in June and July attracted significant attention, with funding decisions the most reported issue in July, with particular attention to funding levels for road maintenance in Taranaki, Otago and Southland. The NZTA was again able to effectively communicate organisational key messages, with ‘improving road safety’ and ‘progressing the roads of national significance’ achieving the strongest cut through.

Several stories related to the initial 2012/15 NLTP announcements highlighted regional concerns around the level of investment available for local roads maintenance and for high-profile local highway projects. Board members noted that continued dialogue at a local and regional level will be even more important in the weeks and months following the full NLTP announcement on August 29.

6.2 Privacy and use of information

The Board noted that the NZ Transport Agency is responsible for managing personal information in accordance with a number of legislative requirements, including the Privacy Act 1993 and the Official Information Act 1982. A statement on privacy and use of information was included in the operating policies section of the NZ Transport Agency’s Statement of Intent 2012-15.

As part of its commitment to continuous improvement, the Agency has determined that an internal review of its privacy policies, processes, culture and practices is appropriate. An internal audit is underway to determine if the Agency’s policies and practices relating to the management of personal information are appropriate and effective in meeting the needs of the Agency and stakeholders. The audit will address aspects of the strategic priority ‘improving customer service’ and propose specific business improvements if areas of concern are identified. The audit report is expected to be completed in 2012.

A separate privacy assurance paper covering governance issues arising from the audit report findings and the Agency's plan of action (if needed), as well as any relevant implications from the government's Privacy Act 1993 reform work (covered in the 26 July 2012 Transport sector legislative and policy programme update Board paper) will be presented at the December 2012 Board meeting.

7. Board workshop on target setting

The aim of the workshop was to explore how the NZTA should go about setting targets for the 2013/16 Statement of Intent and periods beyond that. In their discussion Board members very quickly established a unified view around their preferred approach to target-setting, which can be summarised in the following five points:

1. NZTA's indicators and targets should transparently give effect to the relevant legislation and the Government's direction and priorities for transport.
2. Furthermore, a strong customer focus should be taken to identifying the right performance indicators, and customers and stakeholders should have 'input' to the process of setting targets for such indicators.
3. Some (priority) targets should be bold and transformational, and it should be widely understood that they may not be achieved – and that such non-achievement will be 'ok' if it can be satisfactorily explained. Setting 'target ranges' is also often more helpful than aiming for a specific 'spot' target.
4. 'Fewer is better', i.e. it is preferable to have a handful of key targets for the organisation that all staff (and the key contractors, suppliers, stakeholders but also customers) can understand, relate to and memorise/recall.
5. Setting targets for the long-term (e.g. 9 years) may be appropriate at times, but on the whole Board members favoured (for accountability reasons) shorter term targets.

Minutes approved by the Chair	<hr/>
Date	____/____/____