



Board Meeting Minutes

Date & time	25 October 2012, 4.00 – 5.45pm 26 October 2012, 8.00am – 12.45pm
Location	Trinity Wharf Hotel, 51 Dive Crescent, Tauranga
Attendance	Chris Moller (Chair), Alick Shaw, Bryan Jackson, Patsy Reddy, Jerry Rickman, Tony Lanigan, Gill Cox and Adrienne Young-Cooper
Apologies	Adrienne Young-Cooper for 25 October
NZTA staff in attendance	Geoff Dangerfield (Chief Executive) Allan Frost (GM Organisational Support), Dave Brash (GM Planning & Investment), Ernst Zöllner (GM Strategy & Performance and Board Secretary), Stephen Town (Regional Director, Auckland & Northland), Robert Brodnax (Regional Manager Planning & Investment, Waikato-Bay of Plenty), Brett Gliddon (State Highway Manager, Bay of Plenty), Alistair Talbot (Acting Planning & Investment Manager, Bay of Plenty)
External attendees	Peter Clark (Transport Planning Manager, Auckland Transport)

1. Introduction and governance matters

1.1 Apologies

An apology from Adrienne Young-Cooper for the Thursday 25 October part of the meeting was accepted. Adrienne attended all of Friday 26 October.

1.2 Confirmation and overview of the agenda

The agenda was accepted as circulated. The Chair noted that this was Bryan Jackson's last Board meeting, and that formal farewells will be made to Bryan over dinner on Thursday 25 October.

1.3 Declarations of conflicts of interest

The schedule of Board members interests was noted as tabled.

1.4 Draft minutes from the 7 September 2012 Board meeting

The minutes were confirmed as tabled, but Board members clarified (in relation to the Board workshop on target setting) that longer term targets play an important role in combination with shorter term target setting.

Resolution 1	<i>The draft minutes of the 7 September 2012 meeting are a true and accurate record of the meeting.</i>
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1.5 Draft minutes from the 28 September 2012 Special Board meeting

The minutes were confirmed as tabled.

Resolution 2	<i>The draft minutes of the 28 September 2012 special meeting are a true and accurate record of the meeting.</i>
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1.6 Progress on actions requested at previous meetings

The Board noted the progress on actions arising from its previous meetings. Board members requested an update from the Chief Executive on tunnel safety management at its next meeting.

1.7 Amendment to Motor Vehicle Registration Instrument of Delegation

Board paper 12/10/0688

The purpose of the item was to update the Motor Vehicle Registration and Licensing Instrument of Delegation from the Board to NZ Transport Agency staff following a recent amendment to the Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011. Board members endorsed the requested change.

Resolution 3	<i>The New Zealand Transport Agency Board resolves to execute, and authorise the Chair to sign the updated Instrument of Board Delegation (Functions and Powers of the Registrar of Motor Vehicles).</i>
Requested action	<i>An update on how the NZTA manages security and delegations around private motor vehicle registry information (and other data the NZTA holds) should be provided to the next Board meeting.</i>

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

2.1 Approved Organisation procurement processes

Board paper 12/10/0684

Dave Brash provided a brief overview of the current NZTA procurement framework for activities funded through the National Land Transport Programme and explained that the aim of the Board paper is to provide assurance that procurement issues are being appropriately managed. Board members received specific assurance from Dave that Approved Organisations are in fact applying the procurement strategies that NZTA had approved, especially in relation to in-house services.

Dave explained that procurement practices are monitored and audited, and that NZTA also hold regular discussions with contractors (Roading New Zealand and Contractors Federation) where concerns can be raised and responded to. Geoff Dangerfield highlighted the upcoming introduction of benchmarking and the effect that will have on reinforcing consistent and best practice procurement practices across the sector. In response to questions, Dave identified public transport as the priority area for procurement practice improvements.

3. Significant planning, investment and operational matters

3.1 Rotorua Integrated Network Strategy 2012-42

Board paper 12/10/0686

The Board considered the recommended long-term network development strategy for Rotorua, and agreed to endorse overall strategic direction. This endorsement does not commit the NLTF to future funding of the strategy, and noted that future funding for transport projects with lower strategic, effectiveness and efficiency priority rankings will be very limited.

Resolution 4	<i>The Rotorua Integrated Network Strategy 2012-42 is a good example of integrated long term planning work, and its overall strategic direction is endorsed. This endorsement does not imply any commitment that individual activities will be funded in future, and the strategy assessment will not materially alter the current strategic fit assessments of the three major improvement projects. Any future decision to fund a particular package or project will be prioritised through normal processes and will depend upon the value for money of the business case, relative priority of the activity compared to others and cashflow. The completion of the strategy ‘closes out’ the condition for the Rotorua Eastern Arterial investigation funding (Board resolution 09/12/0307).</i>
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3.2 Hairini Link Stages 3 & 4

Board paper 12/10/0685

Before endorsing the recommended option for Stage 4 of Tauranga’s Hairini Link project, the Board considered how the project (and this proposed scoping solution) meets the objectives and needs of the sub-region’s development objectives.

Key considerations for the Board were fit with Government priorities and commitments; land use and transport planning integration; local versus regional transport networks and related accountabilities; and transport network resilience, both in terms of natural disasters but also in accommodating possible changes in future demand travel patterns.

Resolution 5	<i>The preferred option for Stage 4 of Tauranga’s Hairini Link project is Option 4C (grade separation of the Maungatapu Roundabout with a direct link provided between Welcome Bay Road and SH2a) as identified in Section 5 of the Final Scheme Assessment Report (April 2012). Stage 3 of the project will be deferred, and the Chief Executive is authorised to approve funding for the Specimen Design phase of the Stage 4 project only.</i>
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3.3 Funding Assistance Rate (FAR) Review

Board paper 12/10/0690

At its March 2012 the Board agreed to a comprehensive review of the Funding Assistance Rates used to determine specific co-investment ratios for transport activities and Approved Organisations, to be undertaken over the end of 2012 and completed in 2013. Following initial engagement with the local government sector, and more detailed project planning, the Board considered the review's proposed objectives and scope, and noted that:

- The review should proceed without delay, and progress should be reported to the Board in April 2013 to determine the desired milestones for the rest of the year
- The Review will impact on broader transport outcomes, and this should both be acknowledged and consciously considered and addressed during all stages of the review
- It is important that the impact on roading networks owned by entities other than local authorities and the NZTA be considered
- Advice on whether and how the Minister will set any criteria for Funding Assistance Rates will be sought
- Managing the links to other projects and reviews, including the Maintenance & Operations Review, will be important throughout.

Resolution 6	<p><i>The objectives for the 2012-13 funding assistance rates (FAR) review are:</i></p> <ol style="list-style-type: none"><i>1. To determine the role(s) of FARs in achieving the purpose of the Land Transport Management Act 2003 (LTMA) and giving effect to the Government Policy Statement on Land Transport Funding (GPS).</i><i>2. To review both the approach the NZTA uses in setting FARs and the funding</i>
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	<p><i>assistance rates themselves.</i></p> <p><i>3. To determine whether or not changes should be made to enable FARs to be more effective in achieving the purpose of the LTMA and giving effect to the GPS, while also being reasonable and efficient.</i></p> <p><i>4. To complete the review in time for any changes to FARs to be factored into the 2015/18 regional land transport programmes and council long term plans commencing 2015.</i></p> <p><i>5. To develop a greater mutual understanding with Approved Organisations, the Ministry of Transport and other stakeholders as to what the role of FARs is and what they can, and should, seek to achieve.</i></p>
<p>Resolution 7</p>	<p><i>The scope of the 2012-13 funding assistance rates (FAR) review includes:</i></p> <ul style="list-style-type: none"> <i>○ All FARs relating to Approved Organisations’ land transport activities;</i> <i>○ What base “cost” FARs should be applied to;</i> <i>○ Determining the role(s) of FARs in achieving the purpose of the LTMA and giving effect to the GPS;</i> <i>○ Whether the NZTA can and should use FARs to incentivise particular activities or approaches;</i> <i>○ Deciding whether or not to make recommendations to the Minister of Transport that formal criteria be set for FARs and, if so, what criteria to recommend; and</i> <i>○ If it is decided to make changes to FARs, what arrangements should be put in place to transition to those changes.</i> <p><i>The scope of the 2012-13 funding assistance rates (FAR) review excludes:</i></p>

	<ul style="list-style-type: none"> ○ <i>Any Act, regulations or statutory rules;</i> ○ <i>The 2012 or 2015 GPS;</i> ○ <i>The current NLTP or any approved RLTS or RLTP;</i> ○ <i>The status, ownership, control or responsibilities in relation to any road or public transport activity; and</i> ○ <i>The sources of land transport funding.</i>
Requested action	<i>The Chief Executive should report progress on the Review to the Board at its May 2013 meeting.</i>

3.4 Corporate capital asset programme for 2012/13

Board paper 12/10/0683

Following a review, the Board approved changes to the 2012/13 corporate capital asset programme following the year end close and additional information on the project budgets.

Resolution 6	<i>The 2012/13 updated capital programme of \$16.6m, as submitted, is approved.</i>
Requested action	<i>Jerry Rickman will continue to work with management on the delivery of the capital programme development, with a focus on the property programme.</i>

3.5 Procurement approval for state highway PPPs

Board paper 12/10/0689

The Board approved, with minor wording changes, the proposed new NZTA procurement procedure to procure works and services to deliver future state highway projects through a Private Public Partnership (PPP). The Board requested further information on risk and quality will be managed throughout the PPP procurement process, and requested minor editing be undertaken to clarify the use of non-price attributes.

Resolution 7	<i>Under section 25(1) of the Land Transport Management Act 2003, the NZTA State Highway Public Private Partnership procurement procedure (Attachment 1 to Board paper 12/10/0689) is approved for use by the NZTA for selected major infrastructure projects.</i>
Requested action	<i>The Chief Executive should at the next Board meeting outline how risks with PPP procurement will be managed, and how quality assurance processes will be managed.</i>

4. Chief Executive’s matters

4.1 Chief Executive’s report

Board paper 12/10/0691

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 between the Board and Chief Executive concentrated on:

- Progress with the Transmission Gully PPP proposal
- Progress on the introduction of High Productivity Motor Vehicle Permits, and how to manage regular requests for exemptions
- Improvements to the Napier to Gisborne state highway connection following the announcement that the Napier to Gisborne railway line will remain closed
- Progress with the roll-out of the Auckland Integrated fares scheme
- Progress with the Vehicle Licensing Reform programme
- IT system security and protection of privacy.

Resolution 8	<i>The Chief Executive’s Report for October 2012 is received.</i>
Requested action	<i>The Chief Executive will report the findings of the internal audit of privacy management to the Board in December, as well as the result of the external review of NZTA IT security.</i>

4.2 Quarterly progress against the 2011/14 Statement of Intent

The revised 2012/13 quarterly report format was well received by the Board, and progress against each NZTA performance dimension (strategic, service delivery, financial and capability) was considered in turn. They specifically considered Management’s proposed actions to address the identified ‘Key Challenges’ facing the NZTA to successfully deliver the 2012/15 Statement of Intent. Specific issues the Board focussed its review on included mitigation of strategic risks; customer satisfaction and insight; road safety results, and in particular older drivers, speed and drug/alcohol impairment; how to most effectively support the emerging strategic direction for the Canterbury recovery; addressing challenges and opportunities in stakeholder relationship management; as well as measures to speed up progress against property disposal targets and the management of risk around NLTF cash flows.

Resolution 9	<i>The NZTA’s progress and performance report to the Board for the first quarter of 2012/13 is received.</i>
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5. Setting sector direction

5.1 Workshop: Auckland integrated transport plan

Peter Clark from Auckland Transport presented the key elements of the draft Auckland Integrated Network Plan, including the projected transport outcomes against the Auckland Council’s key performance indicators for transport. The Board focussed its discussion on the assumptions underlying the projected public transport patronage growth, and the reasons (and possible solutions) for a projected increase in congestion levels in the longer term.

6. Setting plans and targets for services and financial performance

6.1 Workshop: Direction and targets for 2013/16 strategic, service delivery and financial performance

At its 6 September meeting the Board considered its approach to the 2013 Statement of Intent, focusing specifically on the most appropriate approach to setting targets for the NZTA against performance indicators and measures. At this follow-on workshop the Board considered a draft strategic framework for 2013/16 organised around four functional goals.

Overall Board members supported the simplified structure, and in particular the more clearer ‘line of sight’ from the four goals to each NZTA output (and associated delivery performance measure and target). Members also supported the stronger focus on ‘value for money’ and ‘customer service’ in organising performance measures and targets.

As a next step, the Board requested that the wording of goals be simplified further to ensure that all staff and external parties fully understand what is intended. The Board also again expressed an interest in the NZTA having only 2 or 3 ‘strategic priorities’ (which would be a reduction from the current 5 priorities and 3 focus areas). ‘Priorities’ should be areas of ‘real’ stretch for the organisation i.e. targets should be ambitious and require the organisation to apply greater focus (and most likely also resources) in order to be successful.

Requested action	<i>Options for revised ‘strategic goal’ wording should be presented to the Board at its next meeting together with outlines of possible ‘freight’ and ‘road safety’ strategic priorities.</i>
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7. Other updates and general business

7.1 Media and communication update

Board paper 12/10/0687

The Board noted the update on media and communications.

7.2 Other matters

The Chair acknowledged and thanked the NZTA’s Tauranga office team for arranging and supporting the very successful two days of Board meetings, Board stakeholder and staff meetings, as well as the city and port visits and tours.

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