



Special Board Meeting Minutes

Date & time	24 August 2012, 10.30 – 11.30am
Location	NZTA Meeting Room 2.32, Level 2, 50 Victoria Street, Wellington
Attendance	Chris Moller (Chair), Alick Shaw, Bryan Jackson, Patsy Reddy Tony Lanigan (by telephone) Gill Cox, Jerry Rickman and Adrienne Young-Cooper (by video conference)
Apologies	None
NZTA staff in attendance	Geoff Dangerfield (Chief Executive) Dave Brash (GM Planning & Investment), Ernst Zöllner (GM Strategy & Performance and Board Secretary), Bob Alkema (National Manager Investment) and Douglas Robertson (Manager Investment Framework)

Introduction and governance matters

1.1 Apologies

There were no apologies.

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, and no further conflicts of interest were raised

1.4 Draft minutes from the 26 July 2012 Board meeting

The minutes were confirmed as tabled.

Resolution 1	<i>The draft minutes of the 26 July 2012 NZTA Board meeting are a true and accurate record of the meeting.</i>
---------------------	--

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

1.1 2012-15 National Land Transport Programme: Assurance

Board paper 12/08/0668

The role of the agenda item was to provide the Board with assurance that the 2012-15 National Land Transport Programme (NLTP) complies with the relevant requirements of the Land Transport Management Act and gives effect to the Government Policy Statement on Land Transport Funding 2012/13-2021/22. The Board was fully satisfied with the assurance provided.

Resolution 2	<p><i>The proposed 2012-15 National Land Transport Programme:</i></p> <ul style="list-style-type: none">a) <i>Will contribute to the aims and objectives of the Land Transport Management Act; and</i>b) <i>Has taken account of relevant documents and views, including Regional Land Transport Strategies, draft Regional Land Transport Plans, the goals of the National Infrastructure Plan and the New Energy Strategy and Energy and Efficiency Strategy; and</i>c) <i>Has applied the required level of ‘scrutiny’; and</i>d) <i>Will give effect to the Government Policy Statement on Land Transport Funding 2012/13-2021/22 through consistent achievement across and within activity classes of strategic alignment, effectiveness and efficiency in a manner to exhibits and applies value for money, transparency and social and environmental responsibility.</i>
---------------------	--

1.2 2012-15 National Land Transport & Road Policing Programme: Adoption

Board paper 12/08/0667

Having received the assurance around process and contents, the Board considered the finalised 2012-15 National Land Transport Programme (NLTP) and referred again to the 2012-15 Road Policing Programmes.

In developing the NLTP the Board on five different meetings in 2011 and 2012 endorsed indicative expenditure profiles, indicative activity class investment levels and the NLTP cash-flow management approach. The Board decisions provided direction for continued development of the NLTP and enabled NZTA staff to give approved organisations investment signals to inform their processes, and included:

- Adopting indicative funding ranges for activity classes as a basis for developing the 2012-15 NLTP and to inform the preparation of approved and other organisations' plans and programmes for the NLTP (at the 5 August 2011 Board meeting);
- Endorsing an indicative expenditure profile of \$9,500 million to assist development of the 2012-15 NLTP (at the 26 July 2012 Board meeting);
- Endorsing indicative investment levels for activity classes as set out in Table 1 (at the 4 May, 12 June and 26 July 2012 Board meetings);
- Agreeing to the principle of excluding low priority improvement activities from the 2012-15 NLTP (4 May 2012 Board meeting);
- To give effect to the GPS, agreeing to cap the National Land Transport Fund (NLTF) contribution for reinstatement of earthquake damaged transport infrastructure in Christchurch to \$50 million per annum (at the 1 September 2011 Board meeting);

- Agreeing to target a \$75 million buffer in the short-term borrowing facility at the end of the 2012-15 NLTP (at the 8 February 2012 Board workshop);
- Agreeing to extend the period for R funds expenditure to 30 June 2018 to enable proposed R funded state highway projects to be programmed in more balanced manner (12 June Board meeting); and
- Recommending an investment level of \$900 million for targeted road policing programme activities over 2012-15 (at the 26 July 2012 Board meeting).

The recommendations to the Board in this agenda item were based on those decisions and reference was made to the analyses provided for these decisions.

Following discussion, and in accordance with the requirements of Section 19A(1) of the Land Transport Management Act 2003, the Board adopted the NLTP, including confirmation of the NZTA expenditure profile for the NLTP; approval of investment levels for the activity classes in the NLTP; funding approval for programmed activities and some specific activities in the NLTP; and confirmation of NLTP and cash-flow management approaches.

Resolution 3	<i>The 2012-15 National Land Transport Programme is adopted with an expenditure profile of \$9,300 million as required by the Government Policy Statement on Land Transport Funding 2012/13-2021/22 (GPS), the achievement of which is subject to future decisions by Ministers and Cabinet in respect to NLTF revenue increases.</i>
---------------------	---

Resolution 4

The 2012-15 National Land Transport Programme will have the following NLTP investment levels (funding allocations), including the recommended investment level for the Road policing activity class:

<i>Activity class</i>	<i>2012-15 NLTP \$ million</i>
<i>Transport planning</i>	<i>50</i>
<i>Road safety promotion</i>	<i>97</i>
<i>Walking and cycling</i>	<i>53</i>
<i>Public transport services</i>	<i>830</i>
<i>Public transport infrastructure</i>	<i>115</i>
<i>Maintenance & operation of local roads (incl. emergency works of \$278M)</i>	<i>878</i>
<i>Maintenance & operation of state highways (incl. emergency works of \$160M)</i>	<i>989</i>
<i>Renewal of local roads</i>	<i>738</i>
<i>Renewal of state highways</i>	<i>635</i>
<i>New & improved infrastructure for local roads</i>	<i>515</i>
<i>New & improved infrastructure for state highways</i>	<i>3,400</i>
<i>Road policing programme (recommended to Minister)</i>	<i>900</i>
<i>Sector research</i>	<i>15</i>
<i>Management of the funding allocation system</i>	<i>89</i>
TOTAL	9,304

Resolution 5

Immediate funding of \$3,769.70 million will be made available for the following combinations of activities:

<i>Activity class</i>	\$ million
Road safety promotion - block allocations for road safety promotion activities	96.2
Public transport services - block allocations for public transport services programmes	720.0
Public transport infrastructure - block allocations for minor improvements programmes	13.5
Maintenance & operation of local roads - block allocations for routine maintenance programmes	588.2
Maintenance & operation of state highways - block allocations for routine maintenance programmes	823.7
Renewal of local roads - block allocations for periodic maintenance programmes	709.1
Renewal of state highways - block allocations for periodic maintenance programmes	622.6
New & improved infrastructure for local roads - block allocations for minor improvements programmes	104.5
New & improved infrastructure for state highways - block allocations for minor improvements programmes	91.9
TOTAL	\$3,769.7

Resolution 6

The following approach will be taken to management of the 2012-15 National Land Transport Programme and its cash-flow management:

Management of provisions (unallocated funding)

- investment approvals, including cost-scope adjustments, will be managed so that commitments in the current and future years remain within levels approved by the Group Manager Planning & Investment, taking into account approved NLTP investment levels and risks of under- and over-delivery performance
- any “over allocation” of funding against the NLTP activity class investment levels approved by the Board to account for under-delivery risk will require approval by the Group Manager Planning & Investment

Investment in new improvement activities

- as a rule, investment in improvement activities will be made only in activities with a Funding priority order of 4 or better (from NZTA assessment under its Investment and Revenue Strategy – for NZTA Funding priority order table see Attachment 3)
- as a rule, investment in Reserve funding priority activities will be made only after Probable funding priority activities that are ready, or will be ready within the NLTP period, have been approved and there is funding available to invest in the activity class
- any exceptions will trigger the NZTA significance policy

Investment decisions made under delegation

- any investment decisions made under delegation will apply the NZTA Planning and Investment Principles and meet the expectations of those exercising delegations set out in the NZTA Planning & Investment Knowledge Base

Block funding and project management

- all organisations and NZTA groups receiving funding from the NZTA are expected to respect the opportunity investment costs associated with the funding, which entails:

	<ul style="list-style-type: none"> ○ providing the NZTA with timely and accurate forecasts of claims ○ making claims on the NZTA for works progressed in a timely manner ○ declaring surplus any funds that are most probably not required as early as possible ○ providing adequate justification for carry-over of unused block-funding between years <p>Cash-flow management</p> <ul style="list-style-type: none"> - an NLTP debt level of \$75 million is targeted for July/August 2016 providing a cash-flow buffer of \$75 million for seasonal variability - the existing drawdown of the \$100 million component of the short-term borrowing facility will be fully paid back by December 2015 with the intention that at least \$50 million will be paid back by December 2014 - any drawdown of an additional short-term facility, should it be in place at the start of the 2012-15 NLTP, will be fully paid back by December 2014
<p>Resolution 7</p>	<p><i>If and when required the Minister of Transport will be approached to gain his endorsement that funding allocated in the 2012-15 NLTP for the two maintenance, operations and renewals activity classes may be managed optimally by approved organisations and the NZTA (state highways), by allowing transfers of funding between the activity classes that could result in expenditure exceeding the GPS funding range for one activity class.</i></p>

1.3 Communications planning: update

Following on from earlier briefings at every Board meeting since December 2011, Dave Brash provided the Board with an update on the planned communication and engagement process around the announcement of the NLTP. Board members requested that the links to be GPS be strongly emphasised in all communication, and that comparisons to earlier NLTP funding be made where helpful and appropriate.

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