



Board Meeting Minutes

Date & time	28 February 2013, 2.00 – 6.00pm
Location	NZTA Board Room, Level 2, 50 Victoria Street, Wellington
Attendance	Chris Moller (Chair), Alick Shaw, Patsy Reddy, Tony Lanigan, Jerry Rickman, Gill Cox and Adrienne Young-Cooper
Apologies	None
NZTA staff in attendance	<p>Geoff Dangerfield (Chief Executive)</p> <p>Allan Frost (GM Organisational Support), Celia Patrick (GM Access & Use), Colin Crampton (GM State Highways), Dave Brash (GM Planning & Investment), Liz Huckerby (GM People & Capability), Ernst Zöllner (GM Strategy & Performance & Board Secretary), Jenny Chetwynd (Regional Director, Central), Stephen Town (Regional Director, Northland and Auckland) and Jim Harland (Regional Director, Southern)</p> <p>Clare Sinnott (Project Leader FAR Review), Darren Baars (Acting Chief Advisor Organisational Direction), Robyn Fisher (Group Business Manager), Lisa Rossiter (Chief Advisor Safety Directions), Colin Brodie (Chief Advisor Highway Safety), Brandon Mainwaring (Chief Advisor Trends and Performance), David Silvester (National Manager Planning) Rod James (State Highway Manager Central) and Selwyn Blackmore (Principal Project Manager Wellington RoNS Development)</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, and the reasons for items delayed and added (from the 13 December draft) were noted.

1.3 Declarations of conflicts of interest

The schedule of Board members' interests was noted as tabled, and the Chair declared that he would not participate in the discussion on 6.1 Basin Reserve.

1.4 Chief Executive's half year performance review

The Board and Chief Executive reviewed progress against targets set for 2012/13.

1.5 Draft minutes from the 13 December 2012, 15 December 2012 and 8 February 2013 Board meetings.

These minutes were confirmed as tabled.

Resolution 1	<i>The draft minutes of the 13 December 2012 meeting are a true and accurate record of the meeting.</i>
Resolution 2	<i>The draft minutes of the 15 December 2012 special Board meeting are a true and accurate record of the meeting.</i>
Resolution 3	<i>The draft minutes of the 8 February 2013 special Board meeting are a true and</i>

	<i>accurate record of the meeting.</i>
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1.6 Progress on actions requested at previous meetings

Progress on all the actions was noted. Following an update from Jerry Rickman on progress with the risk mitigation, the Board agreed to disestablish the ad hoc Board Sub-Committee on Milford Road.

Resolution 4	<i>The ad hoc Board Sub-Committee on Milford Road that was established on 15 December 2012 is disestablished having achieved all its objectives. Ongoing reporting and risk monitoring will form part of established process around Board meetings, quarterly reporting and Chief Executive briefings to the Board.</i>
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1.7 Report-back from the Investment & Operations Board Committee meeting held on 28 February 2013

Alick Shaw summarised the key items that were discussed at the Investment & Operations Board Committee meeting earlier in the day. The Committee received progress updates on the Waterview and Auckland Corridor projects. The Committee also supported a scope adjustment on the Christchurch Western Corridor (refer below). The other key items on the agenda also had recommendations to the Board, and are listed below.

Transport planning and project development improvement programme benefits and implications
 Committee Paper 13/02/097

Resolution 5	<i>The actions from the Transport Planning and Project Development programme (TPPD), including the proposed process for NZTA support or endorsement of transport strategies and project packages, are endorsed.</i>
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Christchurch RoNS – Western corridor funding increase

Committee Paper 13/02/098

<p>Resolution 6</p>	<p><i>The Board approves \$76m increased funding for a scope adjustment for the Harewood to Yaldhurst Section and the Western Belfast Bypass sections of the Western Corridor, bringing the total estimated cost to \$295m. For the Western Corridor component of the Christchurch Motorways package, the 95th percentile would be an estimated \$343m, and for the <u>full</u> Christchurch Motorways RoNS package the 95th percentile construction estimate increases to \$890m.</i></p>
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Treatment of historic funding approval conditions

Committee Paper 13/02/099

<p>Resolution 7</p>	<p><i>The Board agrees that the closure of historic conditions contained in Board resolutions made prior to 1 November 2010 that relate to planning and investment decisions, and that specifically state a requirement for Board approval, can be approved by the Chief Executive (or his authorised sub-delegate) instead of the Board where they are consistent with the Board’s current General Instrument of Board Delegation.</i></p>
<p>Resolution 8</p>	<p><i>The Chief Executive is authorised to approve the closure of historic conditions contained in Board resolutions made prior to 1 November that relate to planning and investment decisions, and that specifically state a requirement for Board approval, which is not now consistent with the Board’s General Instrument of Board Delegation, subject to an assessment of the significance of the decision in accordance with the NZTA Significance Policy.</i></p>

Revenue forecasting for the National Land Transport Fund

Committee Paper 13/02/100

Resolution 9	<p><i>The Investment and Operations Board Committee recommends to the Board that it:</i></p> <ul style="list-style-type: none"><i>a. agreed that a single model is the best solution for forecasting the longer term NLTF revenues and that this should be conducted by the Ministry of Transport being the owner and operator of the forecasting model; and acknowledging the improvements made over the last 12 months in the forecasting process; and</i><i>b. noted that the Ministry of Transport’s revenue forecasting performance will be monitored closely and action will be taken to rectify any issues and improve the quality of forecasts through a lessons learned approach.</i>
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1.8 Report-back from the Audit, Risk & Assurance Board Committee meeting held on 28 February 2013

Jerry Rickman verbally reported on the key highlights from the Committee meeting earlier in the day. The Committee spent time discussing opportunities and risks across the organisation. Colin Crampton and Dave Brash gave an overview of the risk profile within their groups, and the skills and capabilities to make risk management a value proposition rather than a compliance one.

The IS programme and SAPenable were also discussed in some detail. The ARA Committee has an oversight role of the IS programme and is actively engaged on large projects. The Committee finished off with brief discussions around directors' and officers' insurance and revenue recognition.

2. Chief Executive's matters

2.1 Chief Executive's report

Board paper 13/02/0711

In his regular update the Chief Executive, Geoff Dangerfield, highlighted a number of projects and issues for the Board's information and consideration.

In relation to the Transmission Gully Road of National Significance project, the Board noted that there has been significant interest from potential bidders in a PPP. Board members stressed the need for proactive communication to ensure that stakeholders and the general public appreciate the lower risk profile of 'availability payment' PPP's.

Other topics covered in the update were progress around Auckland and Christchurch planning and construction projects, and progress on shared services investigations within the transport sector. The Board raised the operating policy around the recovery of costs around road accidents, and noted that work is ongoing which will ensure the application of the policy remains consistent across the network.

Geoff also shared the key findings of the Auditor General's review of police enforcement of drink driving laws, and the Board discussed the implications for the NZTA. Finally, the Board noted progress on determining whether there is a significant issue around expired driver licenses, and how education and awareness campaigns may be used to highlight the need for keeping driver licenses current.

Resolution 10	<i>The Chief Executive's Report is received.</i>
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Requested action	<i>That the Chief Executive considers how the public can be best informed on how the Transmission Gully ‘availability payment’ PPP differs from ‘demand risk’ PPP’s for roading connections that have been constructed in Australia and elsewhere.</i>
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2.2 Financial Report for the Agency & NLTF to the end of January 2013

Board paper 13/02/0712

Allan Frost updated the Board on the finances for the seven months ended 31 January 2013. Allan noted that operating expenditure is just under budget, whereas state highway improvement expenditure is tracking below budget (but that the year-end outturn forecast is for it to be close to budget).

Board members explored with Dave Brash the consequences of NLTF revenue being below forecast and how this may impact project starts and service provision. The Board furthermore sought (and received) assurance from Allan Frost that the new financial management system (to be introduced on 1 April 2013) has been robustly tested.

Resolution 11	<i>The financial report for the Agency and NLTF to the end of January 2013 (covering seven months of 2012/13) is received.</i>
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2.3 Progress against the 2011-14 Statement of Intent: quarterly report for the period ending 31 December 2012 – *follow up*

Geoff Dangerfield reported on the discussion he and the Board Chair had with the Minister around the 2nd quarter progress report, which raised no areas of concern.

2.4 2011/12 BASS Benchmarking Results

Board paper 13/02/0710

Allan Frost summarised the results of the Benchmarking of Administrative Support Services (“BASS”) survey across New Zealand central government agencies for the 2011/12 year. Board members noted the NZTA’s positive comparative ranking in most areas, and sought further explanation of the ‘less than 100%’ quality assessments in relation to a number of services. It was agreed that the next step is for the Chief Executive to outline any improvement projects or actions that will be taken in response to the report.

Resolution 12	<i>The 2012 BASS Benchmarking results are received.</i>
Requested action	<i>That the Chief Executive considers what business improvement projects or actions should be undertaken in response to the 2012 BASS benchmarking results, and shares these with the Board for information.</i>

3. Setting sector and organisational direction

3.1 Funding Assistance Rate Review: consider ‘discussion document’ for public consultation

Board paper 13/02/0709

The purpose of this item was to obtain the Board’s approval of proposed changes to the process and timetable for the Funding Assistance Rates (FAR) Review, as well as the release of a Funding Assistance Rates Review Discussion Document for consultation.

During the discussion, Board members pointed out that local authorities can proceed with transport activities at a 0% FAR, and were assured that this is mentioned as a feature of the current system in the discussion document. Members questioned why the issues of ‘equity’ and ‘affordability’ were not

included as principles, and Clare Sinnott explained that these terms were avoided in the document as each of the outlined approaches could be argued to be ‘equitable’ depending on how the term is defined.

In response to questions, Clare explained that the possible ‘incentives approach’ could be used to ensure that local authorities target maintenance and renewal expenditure to where and when it is required. FAR is also a tool that can be used to ensure value for money is achieved in NLTF investment. Board members furthermore suggested that an ‘international context’ discussion would be helpful to the upcoming engagement and discourse, as the New Zealand FAR seems to compare favourably with more ad hoc approaches in several overseas jurisdictions.

<p>Resolution 13</p>	<p><i>The amended two-stage process and timetable for the Funding Assistance Rates Review is approved:</i></p> <ul style="list-style-type: none"> • <i>Stage 1 will explain the overall approaches that could be taken to setting funding assistance rates and in July 2013 the Board will make decisions on the overall approach(es) to use in setting funding assistance rates going forward, and will ask the Minister of Transport whether he wishes to issue funding assistance rate setting criteria; and</i> • <i>Stage 2 will propose a short list of options for specific methods for setting funding assistance rates, and final decisions on the specific methods the NZTA will use to set funding assistance rates will be made in February/March 2014.</i>
<p>Resolution 14</p>	<p><i>The Funding Assistance Rates Review Discussion Document, with the addition of information on international context of the New Zealand FAR system, is approved for release for consultation during stage 1.</i></p>

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

4.1 Frameworks and processes for regulatory fees setting

Board paper 13/02/0708

The Board noted that NZTA has revised its process for setting fees for regulatory services, and supported the outlined fee review programme for the next two years.

Resolution 15	<i>The revised process for third party fees managed by the NZ Transport Agency, and a schedule of fee reviews has been developed for the period 2013-15, is noted.</i>
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5. Setting plans and targets for services and financial performance

5.1 NZTA's 2013-16 Statement of Intent – confirmation of the strategic direction

The Board considered five recommended changes to the 2013-16 Statement of Intent, compared to 2012/15 Statement of Intent. Following a detailed examination of each item, the Board expressed its support for:

1. NZTA linking its organisational direction to the four new outcomes proposed by the Ministry of Transport for central government transport entities. The Board noted that the 'resilience' outcomes is described as being 'future fit', which is a much broader concept than 'vulnerability' or 'recovering from shocks'.

2. A new goal for the ‘organisational health and capability’ section of the Statement of Intent, including three new objectives. The Board asked that it be made clear that ‘leadership development’ forms a core part of capability development.
3. The proposed new set of short-term priorities for 2013-16 (but refer below for additional points):
 - a. Safer speeds to reduce deaths and serious injuries
 - b. Make HPMV happen for New Zealand
 - c. Make the most of the network capacity in Auckland, Wellington and Christchurch
 - d. Efficient road maintenance investment
 - e. ‘Improve customer service and compliance cost’ – *but requested a more proactive, result orientated formulation for this priority.*
4. Adding six new ‘customer service’ performance measures to the Statement of Service Performance.
5. A new format for the Statement of Financial Performance.

In regard to the five short-term priorities (point 3. above) the Board requested additional consideration of the following:

- Developing monetary success indicators (with targets) for the five priorities
- A more ambitious 2016 target for the ‘HPMV’ priority
- Considering how Roads of National Significance will be set out in the Statement of Intent, and report on it quarterly and annually
- Adding a public transport productivity indicator to the ‘network capacity/throughput’ priority, and make a stronger reference to freight and baseline measures across the three metropolitan areas.
- Linking the ‘maintenance’ priority to the FAR review (refer item 4.1).

- With regard to the ‘customer service/compliance cost’ priority, integrating the external customer service satisfaction measures (and improvement initiatives) and any internal ‘culture change’ initiatives in how this work is presented, progressed and reported on.

Requested action	<i>That the Chief Executive incorporates this feedback in the development of the 2013-16 Statement of Intent, for Board approval on 3 May 2013.</i>
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6. Significant planning, investment and operational matters

6.1 Wellington Northern Corridor RoNS: Basin Reserve options

The Chairman welcomed the Mayor of Wellington City, the Council’s Transport portfolio leader, the Chief Executive and staff and the Chair of the Greater Wellington Regional Council to the meeting. The Chair then declared his interest in the matter, handed the chair over to the Deputy Chair and left the room.

The Board received a presentation on the Wellington City Council’s Basin Bridge alternatives assessment report from the Mayor of Wellington City, the Council’s Transport portfolio leader, and the Chief Executive (and staff). In addition, to the presentation, the Mayor provided a copy of the final report to the Board.

The key findings of the Council’s report, as presented by the Mayor, were:

- Option A (southern bridge option) was considered to be the best overall response to the Basin Reserve’s congestion problems and the city’s future urban development objectives;
- Option A is the most cost effective transport and urban design solution but has adverse effects that need to be mitigated;

The Council’s presentation also identified that it would like further engagement on the mitigation package proposed for the Basin Bridge. It also advised that the Report’s recommendations would be

further considered by the Council on 21 March 2013, but its focus moving forward would be on preparing a submission around mitigation for Option A.

The Board thanked the Council for its presentation, and confirmed that work will proceed on the Bridge option.

Resolution 16	<i>The Board notes the conclusion by Wellington City Council that the southern bridge option is the best overall response to the Basin Reserve’s congestion problems, the City’s future urban development objectives as well as the most cost effective transport and urban design solution. Using this peer review feedback, the NZTA project team will continue with further design and lodging a resource consent for the southern bridge option. NZTA remains committed to work very closely with the City Council and other stakeholders and affected parties to mitigate any adverse effects related to the option.</i>
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7. Other updates and general business

1.1 Media and communication updates

The Board received the update on the media and communication events, issues and achievements for the year to date, and in particular noted the launch of the new ‘drive social’ social marketing campaign on 28 February.

1.2 Forward agenda for the 4 May Board meeting

The Board noted the agenda for its next full meeting, and Jim Harland outlined the associated planned meetings with CERA, the Christchurch City Council and other stakeholders. The Board will also visit the CBD and the newly opened Southern Motorway. The key agenda items for the special Board meetings on 13 March and 11 April were also confirmed.

1.3 General business

Board members asked for an explanation of long payment queues observed over the holiday period at the manual payment kiosks on the Northern Gateway toll road. The Board also wished Liz Huckerby, GM People and Capability, all the very best for her new role at the United Nations, and thanked her for her significant contribution to the organisation over the last 4.5 years.

Requested action	<i>That the Chief Executive includes an assessment of the performance of the manual payment kiosks on the Northern Gateway toll road over peak travel periods in his next regular report to the Board.</i>
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Minutes approved by the Chair	_____
Date	____/____/____