



## Board Meeting Minutes

<b>Date &amp; time</b>	3 May 2013, 9.30am – 2.00pm
<b>Location</b>	Chateau on the Park, 189 Deans Avenue, Christchurch
<b>Attendance</b>	Chris Moller (Chair), Alick Shaw, Patsy Reddy, Tony Lanigan, Jerry Rickman, Gill Cox and Adrienne Young-Cooper
<b>Apologies</b>	None
<b>NZTA staff in attendance</b>	<p>Geoff Dangerfield (Chief Executive)</p> <p>Allan Frost (GM Organisational Support), Rick Barber (Acting GM Access &amp; Use), Colin Crampton (GM State Highways), Dave Brash (GM Planning &amp; Investment), Ernst Zöllner (GM Strategy &amp; Performance &amp; Board Secretary), Stephen Town (Regional Director, Northland and Auckland) and Jim Harland (Regional Director, Southern)</p> <p>Darren Baars (Acting Chief Advisor Organisational Direction), Brandon Mainwaring (Chief Advisor Trends and Performance), Kevin Doherty (PPP Director) and Paul Helm (Chief Financial Officer)</p>

## 1. Executive summary

On Friday 3 May 2013 the NZTA Board...

- Signed off all the core elements of the 2013-16 Statement of Intent, incorporating the statements of strategic intent, service and financial performance.
- Agreed when the NZTA would consider PPPs as procurement options, and what criteria a PPP would need to meet in order to be a preferred procurement method.
- Agreed to support the Auckland Integrated Transport Programme as a *strategy*, which means that no specific projects are yet supported for funding.
- Held its fourth workshop on the Transmission Gully project.

The Board also received...

- The regular Chief Executive report.
- The NZTA's 31 March 2013 quarterly progress update.
- The new organisational capability development plan for 2013-16, which focuses on growing staff organisational agility.
- Presentations on value for money targets and initiatives in relation to the 2013-14 budget and business plan.
- Assurance on the quality of the planned Transmission Gully PPP payment and performance mechanism, following an in-depth workshop.
- The key findings from a review of the rail safety regulator activity, and the resulting programme of work.
- Findings of the information technology security and privacy review, and the resulting programme of planned improvements.

## **Introduction and governance matters**

### **1.1 Apologies**

There were no apologies as all Board members were present. The Chair in particular acknowledged Geoff Dangerfield for attending the meeting in light of the very recent bereavement in his family.

### **1.2 Review of the Board visit and activities on 2 May**

On 2 May the Board met with around 50 Canterbury transport stakeholders at a special function, and also had a shared lunch with all NZTA staff based in Christchurch. The Board visited key transport project sites as well as the Port of Lyttleton, and held a special meeting with NZ Police, NZ Fire Service and Order of St John to discuss their specific transport challenges and opportunities for closer collaboration.

The Chair thanked Jim Harland (Regional Director Southern) and his team (in particular Colin Knaggs, Mark Yaxley, Duncan Gibb and Michael Blyleven) for arranging the lunch, bus tour and stakeholder meetings and functions, all of which were very successful and much appreciated.

### **1.3 Review of workshop on the Transmission Gully transport project**

Board members found the hour-long workshop (which preceded the Board meeting) very informative and helpful. Its focus was on funding and financing options (and the advantages and disadvantages of each) as well as the value for money test for a PPP project.

### **1.4 Confirmation and overview of the agenda**

The agenda was accepted as circulated, and the reasons for items delayed and added (from the 28 February draft) were noted.

## 1.5 Declarations of conflicts of interest

The schedule of Board members' interests was noted as tabled.

Chris Moller declared that due to his involvement with NZ Cricket Ltd he would not participate in any discussion on the Wellington City Basin Reserve project (this has been the consistent practice at all meetings to date).

In relation to agenda item 5.3 (Rail safety) Adrienne Young Cooper noted that as a director of Auckland Waterfront Development Agency Ltd she has an indirect role in rail operations, and in relation to the same item Tony Lanigan noted that Watercare Ltd (of which he is a director) also operates a small recreational railway.

## 1.6 Draft minutes from the 28 February and 13 March 2013 Board meetings.

These minutes were confirmed as tabled.

<b>Resolution 1</b>	<i>The draft minutes of the 28 February 2013 meeting are a true and accurate record of the meeting.</i>
<b>Resolution 2</b>	<i>The draft minutes of the 13 March 2013 special Board meeting are a true and accurate record of the meeting.</i>

## 1.7 Progress on actions requested at previous meetings

Progress on all the actions was noted.

## 2. Chief Executive’s matters

### 2.1 Chief Executive’s report

Board paper 13/05/0728

In his regular update the Chief Executive, Geoff Dangerfield, highlighted a number of projects and issues for the Board’s information and consideration. Items that were discussed in greater detail included:

- Progress on the 2012-15 National Land Transport Programme.
- Progress on Canterbury recovery and the external endorsement of the SCIRT approach as delivering value for money.
- The faster-than-planned progress on the Vehicle Licensing Reform programme, with changes to the Warrant of Fitness regime from 1 October.
- Progress on the Upper North Island Strategic Alliance work in relation to freight, and the need to ensure that tangible actions flow from the discussion and analysis.
- Patsy Reddy chaired a short session during which the Board was updated on progress with Wellington RoNS projects, including the Basin Reserve (Chris Moller did not participate in the discussion).

<b>Resolution 3</b>	<i>The Chief Executive’s Report for May 2013 is <b>received</b>.</i>
<b>Requested action</b>	<i>That the Chief Executive ensures that the Upper North Island Freight work is transformed into a strategic plan which results in tangible outcomes that improve the efficiency of the freight supply chain.</i>

## 2.2 Progress on the 2012-15 Statement of Intent: Quarterly report for the period ended 31 March 2013

### Board paper 13/05/0720

Geoff Dangerfield and Ernst Zöllner (GM Strategy & Performance) presented the NZTA's progress report against the 2012-15 Statement of Intent for the quarter ended 31 March 2013. Overall the Board expressed its satisfaction and comfort with the level of progress against plan and the performance against targets. During their section-by-section review Board members questioned whether having 100% targets against some measures such as funding application timeliness is appropriate, given that it is very unlikely that this would ever be achieved. However, on reflection it was agreed that setting a target for less than 100% would send the wrong signal.

Board members also discussed the lower-than-planned growth in public transport patronage in Auckland, and on steps that the NZTA could take to improve the use and effectiveness of public transport in Auckland. In relation to other Auckland projects, Board members expressed their appreciation for the good progress with the Waterview project and congratulated the team with the new Maori name for the Puhoi to Wellfsord project. The health of the NZTA's relationships with key stakeholders was also discussed in some detail, with Board members noting the good progress that has been made in several relationships.

In summary, the Chair congratulated the executive team on a well-presented and informative report that presents a full and robust assessment of progress and performance.

<b>Resolution 4</b>	<i>The NZ Transport Agency Board progress report against the 2012-15 Statement of Intent for the quarter ended 31 March 2013 is <b>received</b>.</i>
<b>Requested action</b>	<i>That at a suitable time the Chief Executive provides a detailed explanation to the Board for the lower-than-projected NLTF revenue in 2012-13.</i>
<b>Requested</b>	<i>That the Chief Executive updates the Board on the NLTF revenue-against-forecast</i>

<b>action</b>	<i>position at the 5 July meeting, and how cash flow will be managed.</i>
---------------	---

### 3. Confirming service and financial performance targets: 2013-16

The Board considered four separate papers in relation to the draft Statement of Intent, and received formal presentations from the Chief Executive and General Managers that set out the initiatives to ensure that the 2013-14 budget and business plans will deliver value for money.

#### 3.1 Statement of Compliance and Assurance

**Board paper 13/05/0724**

The purpose of this agenda item was to assure the Board that the proposed 2013-16 Statement of Intent fully complies with legislation; gives effect to Government direction; and fully meets the expectations of the Minister of Transport.

<b>Resolution 5</b>	<i>The assurance that the proposed 2013-16 Statement of Intent will meet all regulatory and compliance standards, and fully gives effect to the key priorities for the Government as identified in the 2013-14 Letter of Expectations for the NZTA, is received.</i>
<b>Resolution 6</b>	<i>Following receipt of the formal feedback from the Minister of Transport, Chris Moller and Patsy Reddy will sign off the 2013-16 Statement of Intent on behalf of the Board; any significant issues will be referred back to the Board for discussion and resolution.</i>

#### 3.2 Statement of Strategic Intent for 2013-16

**Board paper 13/05/0726**

The Board had reviewed and discussed the proposed strategic goals, objectives and priorities for 2013-16 on four previous occasions (August, October, December 2012, as well as February 2013) and the purpose of this item was to confirm that the outcome of this development process fully aligns to the Minister’s Letter of Expectation.

<b>Resolution 7</b>	<p><i>In 2013-16 the NZTA will deliver all its activities against the following goals and related objectives:</i></p> <p><b><i>Goal 1: Integrate one network for customers</i></b></p> <ol style="list-style-type: none"><li><i>1. Integrate land uses and transport networks to shape demand at national, regional and local levels</i></li><li><i>2. Integrate national and local transport networks to support strategic connections and travel choice.</i></li><li><i>3. Improve freight supply chain efficiency.</i></li></ol> <p><b><i>Goal 2: Shape smart transport choices</i></b></p> <ol style="list-style-type: none"><li><i>4. Implement the Safe System approach across the land transport system to accommodate human error and vulnerability.</i></li><li><i>5. Incentivise and shape smart travel choices using a customer-focused approach.</i></li><li><i>6. Reduce costs for transport users through better regulation and willing compliance.</i></li></ol> <p><b><i>Goal 3: Deliver highway solutions for customers</i></b></p> <ol style="list-style-type: none"><li><i>7. Greater resilience of the state highway network (existing, but now focussed on SH).</i></li><li><i>8. Deliver consistent levels of customer service that meet current expectations</i></li></ol>
---------------------	---



	<p><i>and anticipate future demand.</i></p> <p>9. <i>Plan for and deliver the roads of national significance (new).</i></p> <p><b>Goal 4: Maximise return for New Zealand</b></p> <p>10. <i>Align investment to agreed national, regional and local outcomes and improve value for money in all we invest in and deliver.</i></p> <p>11. <i>Ensure effective and efficient co-investment with our partners.</i></p> <p>12. <i>Influence for innovative revenue, pricing and financing approaches that enhance the value delivered by land transport investments.</i></p>
<p><b>Resolution 8</b></p>	<p><i>In 2013-16 the NZTA will prioritise progress in the following areas:</i></p> <p><b>1. Putting customers at the heart of our business</b> <i>We want to make it easy for people to do the right thing, such as keeping their vehicles roadworthy or paying a toll. We will use our skills and expertise to understand customers' needs and find solutions that deliver services people really value at a cost that makes sense.</i></p> <p><b>2. Making the most of urban network capacity</b> <i>We can achieve economic growth, productivity and social benefits by further integrating planning, investment and operational activities for state highways, local roads and public transport. We will work together with other network operators in our biggest cities in the spirit of one network.</i></p> <p><b>3. Moving more freight on fewer trucks</b> <i>Moving more freight on fewer truck trips has economic, safety and environmental benefits. High productivity motor vehicles (HPMVs) can achieve these gains because they are up to 20% more efficient. Increasing the use of HPMVs will continue alongside our broader work to improve freight supply chain efficiency.</i></p>

**4. *Safe speeds to reduce deaths and serious injuries***

*Our focus on safe speeds is at the heart of the enduring Safer Journeys vision of creating a safe road system increasingly free of deaths and serious injuries. Managing crash forces to survivable levels is the goal. Aligning travel speeds with road function and design will help us move towards this goal, as will our continued work on safer roads and roadsides, safer vehicles and safer people.*

**5. *Efficient road maintenance investment and delivery***

*Working with our local government partners we can achieve greater value for money from road maintenance and operations. We will achieve this by agreeing a national road classification, better targeting our investments to levels of service, and improving our practices.*

**3.3 Statement of Forecast Service Performance for 2013-16**

**Board paper 13/05/0727**

The Board had also discussed performance measures and approach to target setting for 2013-16 on two previous occasions, and the purpose of this item was to agree the finalised measures and targets to be presented to the Minister of Transport.

The Board discussed the following set of proposed new performance measures and indicators:

Performance Measure or Investment Indicator	Baseline 12/13	Proposed 13/14 target
<b>Management of Funding Allocation System (MOFAS):</b> % customer satisfaction – Approved Organisation Stakeholders (Satisfaction with relationship between AO and NZTA)	50% <sup>1</sup>	>55%
<b>Licensing and regulatory compliance:</b> % customer satisfaction (Ease of online transaction)	70% <sup>1</sup>	>73%
<b>Motor Vehicle Registry:</b> % customer satisfaction (Ease of online transaction)	94% <sup>1</sup>	>95%
<b>New and improved infrastructure for state highways:</b> % customer satisfaction – Supplier Stakeholders (Satisfaction with relationship between suppliers and NZTA)	42% <sup>1</sup>	>50%
<b>Maintenance &amp; Operation of state highways:</b> % customer satisfaction (Availability of network information, overall rating of state highway and HPMV permitting experience)	New	TBC <sup>2</sup>
<b>New and improved infrastructure for local roads: Reinstatement of Local Roads (Canterbury)</b> % of activities that are delivered to agreed standards and timeframes (100% of (CERF) funding spent in accordance with scope of funding)	New	100%
<b>New and improved infrastructure for state highways:</b> <b>Construction of passing opportunities on SH 2 between Napier and Gisborne:</b> % of activities that are delivered to agreed standards and timeframes (100% of funding spent in accordance with scope of funding)	New	100%
<b>New and improved infrastructure for state highways:</b> <b>National War Memorial Park – Buckle Street undergrounding</b> % of activities that are delivered to agreed standards and timeframes (100% of funding spent in accordance with scope of funding)	New	100%

<sup>1</sup> New performance indicators baselines established from existing customer satisfaction surveys.

<sup>2</sup> Customer satisfaction survey to establish baseline scheduled for early May.

Performance Measure or Investment Indicator	Baseline 12/13	Proposed 13/14 target
<b>New Zealand Transport Ticketing Limited (NZTTL) Central System Operations</b> % of activities that are delivered to agreed standards and timeframes <ul style="list-style-type: none"> <li>• Cost – project developed within budget</li> <li>• Timeframes – project developed within timeframes</li> </ul>	New	100%

The Board also discussed discontinuing the following eight performance measures and investment indicators:

Performance Measure or Investment Indicator	Noted rationale
<b>Renewal of State Highways:</b> Cost of renewal of the network – excluding emergency reinstatement (cents per vehicle kilometres travelled)	<i>These measures and indicators have been removed because the existing ‘cost per network lane kilometre’ measure (refer to Attachment 1) provides a more robust measure that better aligns with a focus on our priority of efficient road maintenance investment and delivery.</i>
<b>Renewal of Local Roads:</b> Cost of renewal of the network – excluding emergency reinstatement (cents per vehicle kilometres travelled)	
<b>Maintenance and Operations of State Highways:</b> Cost of maintenance and operations of the network – excluding emergency reinstatement (cents per vehicle kilometres travelled)	
<b>Maintenance and Operations of Local Roads:</b> Cost of maintenance and operations of the network – excluding emergency reinstatement (cents per vehicle kilometres travelled)	
<b>Road safety:</b> % of target audience that rate road user safety messages as relevant to them	<i>This measure was removed because it is unable to capture the social media being deployed to reach our target audiences and therefore the measure no longer drives the right performance. We retain an ‘effectiveness’ measure (refer Attachment 1).</i>
<b>Motor Vehicle Registry:</b> Value of bad debt written off	<i>These measures have been removed</i>

Performance Measure or Investment Indicator	Noted rationale
Road Tolling: Value of bad debt written off	<i>because bad debt is now at minimal levels, and we comply with international accounting standards.</i>
Road User Charges: Value of bad debt written off	

Following discussion the Board agreed to increase the targets for the following outputs:

Output & measure	Actual	Proposed targets			Rationale
	Q3 12/13	13/14	14/15	15/16	
<b>NZTA DELIVERY PERFORMANCE MEASURE</b>					
<b>Licensing and regulatory compliance:</b> unit transaction costs [includes component aspects of Driver Licensing eg WoF, CoF]	\$36.46	\$36-\$39	\$36-\$39	\$36-\$39	<i>Target ranges reflect the degree of uncertainty in forecasting a volume driven transaction business eg WoF/CoF. The proposed lower bound target ranges seek to stretch performance to absorb CPI increases. Upper bound ranges reflect the uncertainty in licensing volumes and potential costs business improvement projects, which could see unit costs tracking higher than CPI.</i>
<b>Licensing and regulatory compliance:</b> % of transactions completed online [Driver test bookings]	14%	>16%	>18%	>25%	<i>Targets increased by 2% in 2013/14 reflecting a continued focus on business initiatives to increase online driver test bookings within existing constraints. The growth to &gt;25% in 2015/16 assumes that the 2014 driver licence review will remove the current business constraining online growth potential. Preparation of online transaction channels is scheduled for 2013/15</i>
<b>Road tolling:</b> unit transaction costs	\$0.65	\$0.65-\$0.70	\$0.65-\$0.70	\$0.65-\$0.70	<i>Target ranges are reflect the degree of uncertainty in forecasting a volume driven transaction business eg Tauranga Eastern</i>

Output & measure	Actual	Proposed targets			Rationale
	Q3 12/13	13/14	14/15	15/16	
					<i>Link. The proposed lower bound target ranges seek to stretch performance to absorb CPI increases. Upper bound reflects level of expenditure uncertainty and potential costs business improvement projects.</i>
<b>Motor Vehicle Registry:</b> Unit transaction costs [includes registration, change of ownership and annual vehicle licensing]	\$5.53	\$5.50- \$6.00	\$5.50- \$5.80	\$5.50- \$5.70	<i>Target ranges are reflect the degree of uncertainty in forecasting a volume driven transaction business. The proposed lower bound target ranges seek to stretch performance to absorb CPI increases. Upper bound reflects level of expenditure uncertainty.</i>
<b>Motor Vehicle Registry:</b> % of transactions completed online	22%	>25%	>35%	>45%	<i>Target increase reflects the potential for the Vehicle Licensing Reform and Annual Vehicle Licensing reforms remove existing business constraints enabling enhanced online service offering.</i>
<b>Road user chargers collection, investigation and enforcement:</b> Unit transaction costs	\$6.13	\$5.80- \$6.50	\$5.80- \$6.40	\$5.80- \$6.30	<i>Due to changes in the RUC Act with simplified the RUC system, compliance has become easier and reduced the need to purchase supplementary and weight distance licensing. As a result changes in the activities recorded, cost structures and expenditure levels are being assessed in light of the uncertainty of future customer purchase patterns. A target range has been developed to take account of this level of uncertainty.</i>
<b>Key operating assumption (used to set the above targets)</b>					

Output & measure	Actual	Proposed targets			Rationale
	Q3 12/13	13/14	14/15	15/16	
<b>Motor Vehicle Registry:</b> Number of products/services delivered or processed	6.8m	8.8m-9.8m	9.0m-9.9m	9.1m-10.0m	<i>Volume assumption increased to reflect the increased volume experienced. This increase is primarily due to a increasing growth in vehicle sales and customers trending towards shorter licensing periods(increasing the number of transactions per customer)</i>
<b>Road Tolling:</b> Number of products/services delivered or processed	4.6m	6.0-6.5m	6.0-6.5m	6.5-7.0m	<i>Volume assumption increased because volumes are expected to grow with the introduction of the Tauranga Eastern Link in 15/16. The targets have been adjusted to reflect forecasted toll road usage.</i>
<b>Road user chargers collection, investigation and enforcement:</b> Number of products/services delivered or processed	1.8m	\$2.5-2.7m	\$2.5-2.7m	\$2.5-2.7m	<i>Volume assumption revised to reflect changes to particular business activity and reporting methodology as a result of the 2013 RUC Act changes. Some low volume activities have been discontinued and some new actives have been initiated.</i>
<b>Refund of fuel excise duty:</b> Number of products/services delivered or processed	22,600	29k-31k	29k-31k	29k-31k	<i>Volume assumptions reflect increase in volume due to third party agents submitting applications of behalf of FED customers. A target range has also been developed to take volume uncertainty into account.</i>
<b>NLTF INVESTMENT RESULT INDICATORS</b>					
<b>NLTF Renewal of local roads:</b> Cost of renewals (excluding emergency reinstatement) per network lane km (Total Cost)	\$3,016	\$2,800-\$3,300	\$2,800-\$3,400	15/16 forecasts dependent on develop	<i>Figures are expressed in 2011/12 prices. Proposed targets are informed by inflation forecasts provided by Reserve Bank March Monetary Policy Statement and the</i>

Output & measure	Actual	Proposed targets			Rationale
	Q3 12/13	13/14	14/15	15/16	
<b>NLTF Maintenance and operation of Local Roads:</b> Cost of maintaining and operating the network (excluding emergency work) per lane km) (Total Cost)	\$2,470	\$2,400-\$2,700	\$2,400-\$2,800	ment of NLTP	<i>Transport Ways sub component of the SNZ Capital Goods Index. The proposed lower bound target ranges seek to stretch performance to absorb price effects. The upper bound reflects level of expenditure uncertainty.</i>
<b>NLTF Renewal of State highway:</b> Cost of renewals (excluding emergency reinstatement) per network lane km	\$8,835	\$8,000-\$9,000	\$8,000-\$9,300		
<b>NLTF Maintenance and operations of state highway:</b> Cost of maintaining and operating the network (excluding emergency reinstatement) per network lane km	\$11,481	\$11,000 - \$12,000	\$11,000-\$12,300	15/16 forecasts dependent on development of NLTP	<i>Figures are expressed in 2011/12 prices. Proposed targets are informed by inflation forecasts provided by Reserve Bank March Monetary Policy Statement and the Transport Ways sub component of the SNZ Capital Goods Index. The proposed lower bound target ranges seek to stretch performance to absorb price effects. The upper bound reflects level of expenditure uncertainty.</i>
<b>NLTF Public Transport:</b> Public Transport boardings per NLTF \$ invested on public transport services (including track access charges)	0.50-0.52	0.51-0.53	0.53-0.56		<i>From 2013 onwards the investment includes track access charges. The target and passenger assumption have been adjusted to accommodate this change in investment. Achievement of the national performance target is highly dependent on Auckland city public transport patronage growth.</i>
<b>Key operating assumption (used to set the above target)</b>					



Output & measure	Actual	Proposed targets			Rationale
	Q3 12/13	13/14	14/15	15/16	
<b>NLTF Public Transport:</b> Number of passengers using urban transport services (bus, train and ferry)	132m - 138m	141m-147m	148m - 154m	15/16 forecasts dependent on development of NLTP	

Conversely, the Board endorsed decreasing the targets for the following outputs:

Output & measure	Actual	Proposed targets			Rationale
	Q3 12/13	13/14	14/15	15/16	
<b>Licensing and regulatory compliance:</b> % of activities that are delivered to agreed standards and timeframes	(New measurement method estimated actual approx 85-90%)	>90%	>90%	>90%	<i>Target decreased to reflect changes in the component aspects of the measure. The new components address issues raised by Audit NZ but introduce performance risk due to the level of third party performance. The target reduction ensures that the measure is both achievable and realistic.</i>
<b>Road tolling:</b> % of transactions completed online	60%	>65%	>70%	>75%	<i>Target for 2013/14 were decreased from 70% and the 2014/15 targets were decreased from 80% to align with the timings of significant channel improvements that will be now coming online with the Tauranga Eastern Link project.</i>

Output & measure	Actual	Proposed targets			Rationale
	Q3 12/13	13/14	14/15	15/16	
<b>Road user chargers collection, investigation and enforcement:</b> % of transactions completed online	47%	>50%	>50%	>55%	<i>Target for 2013/14 were decreased from 65% and the 2014/15 targets were decreased from 75% to reflect the declining growth rate in customers choosing to transact electronically. Our revised target expectations are achievable and realistic given shifting trends in online channels. Ongoing initiatives are resulting in an improving trend and Further initiatives are underway to enhance RUC online invoicing. It is anticipated this will result in further online usage increases.</i>
<b>Transport planning:</b> % of activities that are delivered to agreed standards and timeframes	87%	>90%	>90%	>90%	<i>Areas where our performance is impaired because projects are based on co-funding and co-delivery, or performance and project expectations need to be aligned across parties</i>

For all other outputs, the Board decided to retain the performance measures and to repeat the targets as per the 2012-13 Statement of Intent.

<b>Resolution 9</b>	<i>In 2013-16 the NZTA will measure the performance of its service delivery and investment against the package of customer satisfaction, service quality and value for money measures and targets set out above.</i>
<b>Requested action</b>	<i>That at a suitable time the Chief Executive provides a detailed briefing on the progress with NZ Integrated Ticketing Ltd.</i>

### 3.4 Budget strategy and value add propositions for 2013-14

#### Presentations

Allan Frost (GM Organisational Support), Rick Barber (Acting GM Access & Use), Colin Crampton (GM State Highways) and Dave Brash (GM Planning & Investment) each presented their respective value for money targets and initiatives for 2013-14. Board members focussed on the following aspects of the presentations:

- How changes to NLTP spend levels affect the NZTA operating budget.
- The principles for making decisions on when to bring work in-house, and how to balance in and out sourcing.
- The need to set clear targets for all value for money initiatives e.g. PTOM. Board members asked to see benefit realisation statements as they evolve.
- Elaboration of planned expenditure on all relationship management and communication activities.

<b>Requested action</b>	<i>That the Chief Executive presents an outline of the principles that are being applied to any ‘in and out sourcing’ decisions to the Board.</i>
<b>Requested action</b>	<i>That relevant Group Managers present summaries of the business cases (or benefit realisation descriptions) for the key ‘value for money’ projects to the Board over the next year.</i>

### 3.5 NZTA operating and capital budgets for 2013-14

Board paper 13/05/0730

The Board reviewed and approved the 2013-16 operating and capital expenditure budgets, which forms the basis for the Statement of Intent, and which will be reported against through the 2013-14 year.

<b>Resolution 10</b>	<i>The proposed 2013-16 NZTA Operating and Capital Expenditure Budget is approved.</i>
----------------------	--

### 3.6 Statement of forecast financial performance for 2013-16

Board paper 13/05/0731

Paul Helm (Chief Financial Officer) presented the draft Statement of Forecast Financial Performance for the Statement of Intent 2013-16, and following review, the Board approved it without any adjustments.

<b>Resolution 11</b>	<i>The Board Chair and Deputy Chair are authorised to approve the Prospective Financial Statements for the 2013-16 Statement of Intent following feedback from the Minister.</i>
----------------------	--

## 4. Setting sector and organisational direction

### 4.1 Organisational capability development plan for 2013-16

Board paper 13/05/0729

Geoff Dangerfield and Allan Frost (GM Organisational Support) presented the revised goals, objectives and performance framework for the 2013-16 organisational capability development plan. Board members supported the plan, and sought assurance that the plan focusses sufficiently on succession planning and leadership development (which were a key are of focus in the 2009-12 version of the plan). Members furthermore suggested that the plan incorporates the concept of being a ‘trusted leader or advisor’ in the sector and that a more relevant performance measure for ‘innovation’ be found.

<b>Resolution 12</b>	<i>The focus of capability development in 2013-16 on growing organisational agility through (1) increased emphasis on harnessing available knowledge and experience, (2) developing an environment that fosters innovation and continuous learning, and (3) deepening our skills to engage and create value with partners and customers, is <b>noted</b>.</i>
<b>Requested action</b>	<i>That the Chief Executive explores whether there is a more dynamic performance measure (than % of expenditure) to track progress on ‘continuous improvement’.</i>
<b>Requested action</b>	<i>That the Chief Executive places emphasis in organisational capability development on growing the role of the NZTA as the ‘most trusted advisor’ in the transport sector.</i>

## 4.2 NZTA Private Public Partnership (PPP) Policy

### Board paper 13/05/0729

The proposed policy on the use of PPPs as a procurement method was discussed at the special April Board meeting, where the Board requested that two additions be made (refer to resolution (c) and (d) below). The revised policy met the requirements of the Board with one change, which is highlighted in the resolution below: the Board wished to emphasise that PPPs should be considered when it meets the value for money test and can either advance projects (with strong benefits) **or** facilitate innovation.

<b>Resolution 13</b>	<p><b><i>NZTA’s policy on the use of PPPs as a procurement method:</i></b></p> <p><i>(a) Value for money is the ultimate goal of the PPP approach and the key measure of its success.</i></p> <p><i>(b) PPP procurement will be considered as a procurement approach for state highway improvements projects:</i></p> <ul style="list-style-type: none"> <li><i>i. when it can offer greater value for money than would be expected under a conventional procurement approach; and <b>either</b>:</i></li> <li><i>ii. where the delivery of benefits for a high priority project could be constrained by revenue inflow to the National Land Transport Fund, and PPP procurement can be used as a tool to advance funding so that a project and its resultant benefits can be delivered as efficiently as possible at the optimal point in time; <del>and</del> <b>or</b></i></li> <li><i>iii. where there is potential to facilitate the acceleration of lasting innovation into the sector resulting in sustainable efficiencies.</i></li> </ul> <p><i>(c) the PPP procurement approach sits within a range of procurement methodologies available for a range of activities, which trade off scale against complexity, risk, potential for innovation, flexibility, client involvement, market</i></p>
----------------------	---

	<p><i>supply and programme constraint; and</i></p> <p><i>(d) the PPP approach, which involves a substantial financial contribution from a private sector consortium, provides a further opportunity to leverage NLTF income to be considered within the range of funding mechanisms available to the NZTA.</i></p>
--	--

## 5. Significant planning, investment and operational matters

### 5.1 Strategy support for the Auckland Integrated Transport Programme

#### Board paper 13/05/0723

Following on from earlier briefings in October 2012 and again in February 2013, the Board agreed to formally support the Auckland Integrated Transport Programme (AITP) as a strategy.

<b>Resolution 14</b>	<p><i>The NZTA Board <b>supports</b> the Auckland Integrated Transport Programme (AITP) version 3 as a strategy, and <b>notes</b> that the critical packages align with NZTA strategic fit and investment outcomes with a profile of HH. This support does not signify any commitment to funding packages or individual activities within the Programme; packages and activities will be considered for funding through standard RLTP and NLTP processes.</i></p>
----------------------	---

## 5.2 Transmission Gully PPP payment and performance mechanism assurance

**Board paper 13/05/0721**

The purpose of this paper was to provide assurance that the Payment and Performance Mechanism adopted for the Transmission Gully PPP will provide appropriate incentives for the delivery of the outcomes sought by the NZTA for the duration of the PPP concession period.

<b>Resolution 15</b>	<i>The assurance that the Payment and Performance Mechanism to be used for the Transmission Gully PPP will provide appropriate incentives for the delivery of the outcomes sought for the duration of the concession period is <b>received</b>.</i>
<b>Requested action</b>	<i>That the Chief Executive provides additional information to the Board on where Transmission Gully is scheduled as a ‘pay as you go’ project in the ten-year land transport investment outline.</i>

## 5.3 Rail safety services fee review

**Board paper 13/05/0722**

Rick Barber (Acting GM Access & Use) presented the key findings of the internal rail safety fee review and the resultant work programme. Adrienne Young Cooper and Tony Lanigan noted minor interests in rail entities and participated further in the discussion. Board members expressed reservations about the extent of cross-subsidisation between rail operators in relation to rail safety fees, and sought greater clarification of the role of NZTA as a regulator versus that of MBIE and TAIC. Board members suggested that NZTA takes note of the recent review undertaken by Maritime NZ, and furthermore sought assurance from the Chief Executive that the planned expenditure reductions will not have an impact on the effectiveness of rail safety regulation.



<b>Resolution 16</b>	<i>The advice that the current rail safety service delivery model is not financially sustainable is <b>received</b>, and options for changes to rail legislation, including the rail fees framework, are <b>noted</b>.</i>
<b>Requested action</b>	<i>That the Chief Executive ensures that planned expenditure reductions do not result in any corresponding increase in rail safety risk.</i>
<b>Requested action</b>	<i>That the Chief Executive provides further information on the role of NZTA as a rail safety regulator, and how that role differs from that of other agencies and Ministries.</i>

#### 5.4 Information technology security and privacy update

##### Board paper 13/05/0719

The purpose of this paper was to inform the Board of the NZTA response to the recently completed Government Chief Information Officer (GCIO) review of publicly accessible information systems.

<b>Resolution 17</b>	<i>The progress update on the Government Chief Information Officer Report on publicly accessible information systems is <b>received</b>, and the Cabinet requirements to strengthen information security and privacy general controls <b>noted</b>.</i>
----------------------	---

## 6. Other updates and general business

### 6.1 Media and communications update

Board paper 13/05/0718

The NZTA’s media engagement plan outlined the steps being taking to build relationships with media, increase journalists’ understanding of the Agency and our work. The regular report provides an overview of where the Agency focussed its attention externally during the month of February 2013, and provides a snapshot of recent successes and upcoming challenges for the NZTA’s media engagement.

### 6.2 Forward agendas for the 4 July ARA and I&O Committee, and 5 July Board meetings

The Board noted the agendas.

### 6.3 General business

In general business, Board members sought further information on the progress with the introduction of integrated public transport ticketing in Auckland, and discussed the need for greater public awareness of the role and functions of the NZTA.

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