



Board Meeting Minutes	
<b>Date &amp; time</b>	4 May 2012, 8.30am – 1.30pm
<b>Location</b>	NZTA Auckland Office, HSBC House, 1 Queen Street, Auckland
<b>Attendance</b>	Chris Moller (Chair), Alick Shaw, Bryan Jackson, Jerry Rickman, Patsy Reddy, Tony Lanigan and Gill Cox
<b>Apologies</b>	Adrienne Young-Cooper and Geoff Dangerfield
<b>NZTA staff in attendance</b>	<p>Stephen Town (as Acting Chief Executive)</p> <p>Allan Frost (GM Organisational Support), Celia Patrick (GM Access &amp; Use) <i>in part and via phone</i>, Dave Brash (GM Planning &amp; Investment), Colin Crampton (GM State Highways), Ernst Zöllner (GM Strategy &amp; Performance &amp; Board Secretary), Jim Harland (Regional Director Southern) and Liz Huckerby (GM People &amp; Capability).</p> <p>Douglas Robertson (Manager Investment Framework), Brandon Mainwaring (Chief Advisor Trends &amp; Performance), Paul Helm (Chief Financial Officer) and Tommy Parker (State Highway Manager, Auckland &amp; Northland).</p>
<b>External invitees</b>	None

## Highlights from the meeting

*The third meeting of the NZ Transport Agency Board in 2012 dealt with a large number of items, under two key themes.*

### 2012/15 National Land Transport Programme (NLTP ) and Road Policing Programme (RPP)

The Board:

- Endorsed the recommended indicative 2012/15 NLTP **funding allocations** for SH and local road maintenance, operations and renewals, and public transport services
- Agreed with the principle of excluding low priority activities from the 2012/15 NLTP
- Noted the progress on the RPP and the key issues to be resolved by June
- Agreed with the proposed approach to **NLTP documentation and communications**
- Noted the risks arising from the reduction in investment in **SH maintenance and operations** in the NLTP, and how risks of unplanned service level reductions is being mitigated
- Supported further consideration of a lower NLTP investment **discount rate** and extended **project evaluation timeframes**, aimed principally at the 2015/18 NLTP.

### 2012/15 Statement of Intent (Sol)

The Board:

- Noted that the proposed Sol will meet all requirements and give effect to the Minister's Letter of Expectations
- Delegated to the Chair, Deputy Chair and Chief Executive the finalisation of the Sol (including the Prospective Financial Statements), on the understanding that any significance changes would be brought back to the Board
- Endorsed our **NZTA objectives and the associated key deliverables** for 2012/15
- Agreed to all the proposed **non-financial performance targets**
- Approved the **NZTA's operating and capital expenditure budgets** as proposed.

## Other matters

### The Board:

- Received the Acting Chief Executive's report, focusing the discussion on the Minister's Letter of Expectations, Canterbury rebuild and the Road Maintenance Taskforce's draft report
- Received the **3<sup>rd</sup> quarter progress report against the 2011/14 Statement of Intent**
- Congratulated all NZTA who contributed to the successful **Give Way rule change** implementation
- Received the update on the planning for a **second Waitemata harbour crossing**, including next steps
- Agreed to an **83% FAR rate for Christchurch City Council for emergency works**
- Noted the extent and level of **Board member liability and insurance**
- Received, with appreciation, the assurance that practices within the state highway function ensure the **safety performance of the network** is managed appropriately
- Agreed to request the required change to the **2009/12 GPS funding ranges**
- Agreed to the required **delegations** be given to the manager of the joint traffic operations centre in Auckland
- Noted the land transport rule development, communication, media and integrated ticketing updates.

## Introduction and governance matters

### 1.1 Apologies

The apology from Adrienne Young-Cooper (overseas due to family commitments) was accepted. The apologies from Geoff Dangerfield (due to overseas travel) and Celia Patrick (for attending via phone) were also noted.

### 1.2 Confirmation and overview of the agenda

The agenda was accepted as circulated, with the addition of a special verbal briefing on the NLTP at the start of Item 6.

### 1.3 Declarations of conflicts of interest

The schedule of Board members interests was noted without any changes or additional declarations in relation to specific agenda items.

### 1.4 Draft minutes from the 16 March 2012 Board meeting

The minutes were confirmed as tabled.

<b>Resolution 1</b>	<i>The draft minutes of the 16 March 2012 meeting are a true and accurate record of the meeting.</i>
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### 1.5 Progress on actions requested at previous meetings

An update on the resolution of data privacy and suitability of card-reading equipment issues was provided. Progress on other actions was noted.

## 1.6 Board member liability and insurance

Board paper 12/05/0637

This short item informed the Board on the outcome of a discussion at the Audit, Risk & Assurance Committee on 15 March 2012 in relation to Board members' liability and insurance.

## 2. Chief Executive's matters

### 2.1 Chief Executive's report

Board paper 12/05/0631

In this standing agenda item the Chief Executive updated the Board on matters relating to the management and operations of the NZ Transport Agency. The main topics of discussion at the meeting were the Minister's Letter of Expectations, the Road Maintenance Taskforce's draft report, and Canterbury rebuild.

With regard to the latter topic, Board members discussed with Management the new organisational arrangements and specifically the challenges facing Canterbury around planning, funding and delivery. The need for role clarity and streamlining was emphasised. The Board was pleased to note the positive progress on resolving the western corridor access arrangements, but highlighted the need to work with our partners on enhancing access to the port.

In conclusion the Chair thanked Stephen Town for successfully taking on the CE role during Geoff Dangerfield's vacation, and congratulated the Auckland regional leadership team with their positive stakeholder relationships and tangible progress against the shared transport objectives for this region.

**Resolution 2**

*The Acting Chief Executive's Report for May 2012 is received.*

**2.2 Progress against the 2011-14 Statement of Intent: quarterly report for the period ending 31 March 2012**

**Board paper 12/05/0635**

The Board noted the NZTA's good progress against the 2011-14 Statement of Intent (as at 31 March 2012) and the specific challenges in the operating environment highlighted by Management for the remainder of 2012. In discussion Board members focussed on progress against the state highway programme.

**Resolution 3**

*The progress report against the 2011-14 Statement of Intent for the quarter to 31 March 2012 is received.*

### **3. Setting organisational direction**

**3.1 Confirming the strategic direction for the state highway and access & use functions**

**Verbal progress update**

Ernst Zöllner briefly updated the Board on progress on organisational direction development, which is a key item for the 12 June Board meeting.

## 4. Confirming service and financial performance targets: 2012/15 National Land Transport & Road Policing Programmes

*Additional item: NLTF revenue forecasts and funding commitments*

### Verbal progress update

Stephen Town provided an update on National Land Transport Fund (NLTF) revenue inflows, both current and projected, and the implications for the 2012/15 NLTP. The Board outlined various options on how to manage the impact of a 'lower than forecast' revenue stream, which include re-programming of improvement projects and borrowing against the NLTF to fund the recovery of the Canterbury roading network.

### 4.1 Confirmation of investment direction for the 2012/15 NLTP

#### Board paper 12/05/038

In this substantive item the Board confirmed the investment direction for the 2012-15 National Land Transport Programme (NLTP) and endorsed the recommended indicative 2012/15 NLTP funding allocations for state highway and local road maintenance, operations and renewals, and public transport services. The Board also strongly supported the proposal to exclude low priority activities from the 2012/15 NLTP.

Board members focussed on the risks arising from the reduction in investment in state highway maintenance and operations in the NLTP, and sought explanations on how the risk of unplanned service level reductions is being mitigated.

<p><b>Resolution 4</b></p>	<p><i>The indicative allocations to the NZTA and approved organisations for state highway and local road maintenance, operations &amp; renewals and public transport services activity classes are:</i></p> <table border="1" data-bbox="658 320 2085 932"> <thead> <tr> <th data-bbox="658 320 1563 392"><i>Activity class</i></th> <th data-bbox="1563 320 2085 392"><i>Indicative funding allocation \$m</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="658 392 1563 499"><i>Maintenance &amp; operation of local roads – routine maintenance (excluding emergency works)</i></td> <td data-bbox="1563 392 2085 499">600</td> </tr> <tr> <td data-bbox="658 499 1563 606"><i>Renewal of local roads – periodic maintenance (excluding preventive maintenance)</i></td> <td data-bbox="1563 499 2085 606">680</td> </tr> <tr> <td data-bbox="658 606 1563 713"><i>Maintenance &amp; operation of state highways – routine maintenance (excluding emergency works)</i></td> <td data-bbox="1563 606 2085 713">829</td> </tr> <tr> <td data-bbox="658 713 1563 820"><i>Renewal of state highways – periodic maintenance (excluding preventive maintenance)</i></td> <td data-bbox="1563 713 2085 820">625</td> </tr> <tr> <td data-bbox="658 820 1563 932"><i>Public transport services (including provision for new &amp; improved services, which will be subject to network plans and business cases)</i></td> <td data-bbox="1563 820 2085 932">830</td> </tr> </tbody> </table>	<i>Activity class</i>	<i>Indicative funding allocation \$m</i>	<i>Maintenance &amp; operation of local roads – routine maintenance (excluding emergency works)</i>	600	<i>Renewal of local roads – periodic maintenance (excluding preventive maintenance)</i>	680	<i>Maintenance &amp; operation of state highways – routine maintenance (excluding emergency works)</i>	829	<i>Renewal of state highways – periodic maintenance (excluding preventive maintenance)</i>	625	<i>Public transport services (including provision for new &amp; improved services, which will be subject to network plans and business cases)</i>	830
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<p><b>Resolution 5</b></p>	<p><i>Low priority improvement activities will be excluded from the 2012-15 NLTP.</i></p>												

**4.2 Progress on the 2012/15 road policing programme (RPP)**

**Verbal progress update**

Dave Brash explained that progress on the RPP has been slower than expected, but that a programme will be submitted as planned to the Board at its 12 June meeting.

#### **4.3 Outline of the NLTP documentation and communications**

##### **Board paper 12/05/0640**

The Board reviewed and endorsed the strategic messaging and communications approach for NLTP communications in the coming months, with two requested changes:

- Add 'Environmental impact mitigation' as a key theme for the NLTP, and
- Focus messaging on 'growing' all parts of New Zealand.

#### **4.4 Direction for state highway maintenance, renewals and operations**

##### **Board paper 12/05/0643**

This agenda paper sets out how the NZTA and other road controlling authorities plan to mitigate the risks arising from the reduction in investment in road maintenance and operations in the 2012/15 NLTP. As this subject was already extensively discussed in the Chief Executive's report, the paper was noted without further questions or comment.

#### **4.5 Investment discount rate and evaluation periods**

##### **Board paper 12/05/646**

The Board expressed its in-principle support to a staged introduction of lower (than 8%) investment evaluation discount rates, and to extending project evaluation timeframes. The Board preferred that such changes to Investment strategy and procedures will not apply to this NLTP i.e. will apply to the 2015/18 NLTP and beyond. The Chair requested that any proposed new discount rate be externally peer reviewed, and that the logic behind any such proposed rate be clearly established and then set out.

## 5. Confirming service and financial performance targets: 2012/15 NZTA Statement of Intent

### 5.1 Compliance and assurance

Board paper 12/05/0636

In this agenda item the Board accepted the assurance from Management that the 2012-2015 Statement of Intent (SOI) complies with legislation, gives effect to Government policy and addresses the key priorities for government as outlined in the Minister of Transport's Letter of Expectation.

<b>Resolution 6</b>	<i>The proposed 2012-2015 Statement of Intent (Sol) meets all regulatory and compliance standards and gives effect to the key priorities for government, as set out in the 2012/13 Letter of Expectations for the NZTA.</i>
<b>Resolution 7</b>	<i>The NZTA Board Chair, Deputy Chair and the Chief Executive will sign off the finalised 2012-15 Statement of Intent (following feedback from Audit NZ and the Minister of Transport) on the understanding that any material changes will be referred back to the Board.</i>

## 5.2 Setting objectives and key deliverables for 2012/15

### Board paper 12/05/0642

In this item the Board formally endorsed the proposed objectives and key deliverables for the NZTA priorities following the review of earlier draft material at the February and March Board meetings.

<b>Resolution 8</b>	<p><i>For the 2012–15 Statement of Intent the...</i></p> <ul style="list-style-type: none"><li>• <i>objectives for ‘improving customer service while reducing compliance costs’ priority will be:</i><ol style="list-style-type: none"><li>1. <i>To develop a culture committed to customer service excellence</i></li><li>2. <i>To leverage improved customer service to reduce compliance costs</i></li><li>3. <i>To gain insights into how our customers want to be treated and make the customer more visible throughout the NZTA</i></li></ol></li><li>• <i>objectives for ‘embedding the safe system approach’ priority will be:</i><ol style="list-style-type: none"><li>1. <i>To plan and invest in a road system that takes human fallibility and vulnerability into account</i></li><li>2. <i>To design, operate and maintain the road system to make crashes survivable</i></li><li>3. <i>To reinforce safe choices through managing access to and use of the road system</i></li><li>4. <i>To collaborate with partners to raise capability and embed the safe system approach into organisational and sector culture</i></li></ol></li></ul>
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### 5.3 Setting service delivery targets for 2012/15

Board paper 12/05/0639

Similarly, in this item the Board formally endorsed the NZTA’s performance targets for inclusion in the 2012/15 Statement of Intent, following its agreement to the performance measures at the March Board meeting.

<b>Resolution 9</b>	<i>The 2012-15 Statement of Intent will include the following <u>new</u> performance indicators:</i>	
	<b>Indicator</b>	<b>Desired trend</b>
	<i>Embedding the safe system approach: % of relevant NZTA staff demonstrating awareness of what change is needed to implement the safe system approach</i>	<i>Increasing</i>
	<i>Improving customer service and reduce compliance cost: Customer service performance score</i>	<i>Increasing</i>
	<i>Organisational health &amp; capability: Quality of current stakeholder relationship (NZTA Stakeholder Perceptions Survey)</i>	<i>Increasing</i>

**Resolution  
10**

*The 2012-15 Statement of Intent will include the following increases to targets for service delivery performance measures and result indicators:*

<i>Performance Measure or Indicator</i>	<i>Current 11/12 target</i>	<i>YTD or latest results</i>	<i>Proposed 12/13 target</i>
<i>MOFAS: % of admin activities that are delivered to agreed standards and timeframes</i>	90%	87%	100%
<i>Road safety: % of activities that are delivered to agreed standards and timeframes</i>	90%	96.7%	100%
<i>MOFAS: Average number of days taken to process a NLTP funding application (general)</i>	27	29.9	25
<i>SuperGold card: Average number of days taken to process payments</i>	21	17	20
<i>Fuel Excise Duty: Average number of days taken to deliver refunds</i>	20	9.84	10
<i>Road Tolling: % of transactions completed online</i>	40%	53.7%	>60%
<i>Motor Vehicle Registration: % of transactions completed online</i>	15%	15.92%	>20%
<i>Road user charges: % of transactions completed online</i>	28%	44%	>55%
<i>Licensing and regulatory compliance: % of transactions completed online</i>	12%	12.14%	>15%
<i>Road User Charges collection: unit transaction costs</i>	\$6.81	\$5.73	<\$6.50
<i>Licensing and regulatory compliance: unit transaction costs</i>	\$42.45	\$38.26	<\$37.54
<i>NZTA priority KRI: Public transport boarding per NLTF \$ invested on public transport</i>	0.67	0.67	>0.67
<i>NZTA priority KRI: Fare revenue as a percentage of total expenditure</i>	45.2	45.1	47-50
<i>NZTA organisational health &amp; capability KRI: Running cost of administration &amp; support functions as % of total expenditure(BASS)</i>	4.4%	4.1%	<4%
<i>NLTF result indicators: Cost of local road and state highway renewals, maintenance and operations (8 indicators)</i>			Reduction on average 09/12 results
<i>NLTF result indicator: Fatalities or serious injuries in crashes with alcohol/drugs, per 100,000 population</i>	15.7	14.1	<14.1
<i>NLTF result indicator: Fatal &amp; serious injury crashes in head-on or run-off crashes</i>	1,049	955	897-952
<i>NLTF result indicator: Percentage of new light vehicles with 5 star safety rating</i>	55	58	>58

<p><b>Resolution 11</b></p>	<p><i>The 2012-15 Statement of Intent will include the following <u>decreases</u> to targets for service delivery performance measures and result indicators:</i></p> <table border="1" data-bbox="642 347 2128 734"> <thead> <tr> <th data-bbox="642 347 1637 464"><i>Measure</i></th> <th data-bbox="1637 347 1789 464"><i>Current 11/12 target</i></th> <th data-bbox="1789 347 1960 464"><i>YTD actual results</i></th> <th data-bbox="1960 347 2128 464"><i>Proposed 12/13 target</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="642 464 1637 547"><i>NLTF Renewal State highways Network resilience: % of rutting &gt;20 mm over state highway network</i></td> <td data-bbox="1637 464 1789 547">~1%</td> <td data-bbox="1789 464 1960 547">&lt;1%</td> <td data-bbox="1960 464 2128 547">&lt;1.5%</td> </tr> <tr> <td data-bbox="642 547 1637 630"><i>NLTF Maintenance and operation of state highways: % availability of state highway network</i></td> <td data-bbox="1637 547 1789 630">99.98%</td> <td data-bbox="1789 547 1960 630">100%</td> <td data-bbox="1960 547 2128 630">90%</td> </tr> <tr> <td data-bbox="642 630 1637 676"><i>Motor Vehicle Registration: Unit transaction cost</i></td> <td data-bbox="1637 630 1789 676">\$5.93</td> <td data-bbox="1789 630 1960 676">\$5.78</td> <td data-bbox="1960 630 2128 676">&lt;\$5.99</td> </tr> <tr> <td data-bbox="642 676 1637 734"><i>Road tolling: Unit transaction cost</i></td> <td data-bbox="1637 676 1789 734">\$0.65</td> <td data-bbox="1789 676 1960 734">\$0.58</td> <td data-bbox="1960 676 2128 734">&lt;\$0.70</td> </tr> </tbody> </table>	<i>Measure</i>	<i>Current 11/12 target</i>	<i>YTD actual results</i>	<i>Proposed 12/13 target</i>	<i>NLTF Renewal State highways Network resilience: % of rutting &gt;20 mm over state highway network</i>	~1%	<1%	<1.5%	<i>NLTF Maintenance and operation of state highways: % availability of state highway network</i>	99.98%	100%	90%	<i>Motor Vehicle Registration: Unit transaction cost</i>	\$5.93	\$5.78	<\$5.99	<i>Road tolling: Unit transaction cost</i>	\$0.65	\$0.58	<\$0.70
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<p><b>Resolution 12</b></p>	<p><i>All other targets for service delivery performance measures and for priority key performance indicator targets will be held at the same level as the Statement of Intent 2011/14.</i></p>																				

**5.4 – 5.7 Value for money in the NZTA functions**

**Verbal assurance briefings**

Group Managers provided the Board with individual briefings on respective key value for money targets, progress to date and challenges in the year ahead.

## 5.7 – 5.9 Statement of forecast financial performance for 2012/15

12/05/0644, 12/05/0645

In this item the Board formally endorsed the NZTA’s forecast financial performance statement for inclusion in the 2012/15 Statement of Intent, following a review of a draft statement and the associated NZTA budgets at its March Board meeting.

<b>Resolution 13</b>	<i>The Prospective Financial Statements for 2012/15 is approved for inclusion in the 2012/15 Statement of Intent.</i>
<b>Resolution 14</b>	<i>The 2012 -2015 NZTA Operating and Capital expenditure budgets, as incorporated in the Prospective Financial Statements for 2012/15, are approved.</i>

## 6. Significant planning, investment and operational matters

### 6.1 Additional Waitemata Harbour Crossing

Board paper 12/05/0641

The Board noted the ongoing progress with the planning for an additional Waitemata Harbour Crossing, and preference of Auckland Council for a tunnel solution. This option is also supported by technical engineering and planning investigations to date. These results will be presented to the Minister of Transport, as the immediate next step.

## 6.2 Financial Assistance Rate for Christchurch City Council Earthquake Recovery 2011-2013

Board paper 12/05/0634

Given its earlier discussion on the Christchurch recovery, the Board agreed to adjust the emergency works financial assistance rate to be applied to the Christchurch City Council transport recovery programme for the 2012 and 2012-13 financial years. The Chair noted that the Board had earlier resolved to fund the recovery at \$50m for six years, starting in 2011/12.

<b>Resolution 15</b>	<i>The Emergency Works Financial Assistance rate for Christchurch City Council will be 83% for 2011-12 and 2012-13.</i>
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## 7. Quality assurance of key organisational systems, policies and processes

### 7.1 Quality assurance of safety management of the state highway network

Board paper 12/05/0633

In this item the Board received assurance on the quality practices that are applied to ensure that safety on the state highway network is managed within the appropriate strategic and operational context. Board members questioned whether greater use could be made of electronic signage, and had specific questions on the use of safety signage and need for consistency of road safety advertising along the network.

## 8. Other updates and general business

### 8.1 Operational and communication updates

#### Board paper 12/05/0632

The Board received media management, integrated ticketing and Land Transport Rules Programme updates, and asked that future media updates include a schedule of upcoming key events and issues. As requested the Board also endorsed a proposed amendment to the GPS 2009 for for local road renewals and delegations for Auckland Joint Traffic Operations Centre.

<b>Resolution 16</b>	<p><i>The Minister of Transport is requested to amend the 2009 Government Policy Statement (GPS) by reducing the lower funding range for the Renewal of local roads activity class to align with the projected expenditure in the 2009-12 National Land Transport Programme.</i></p> <table border="1"> <tr> <td><i>Current GPS funding range</i></td> <td><i>\$630 – 750 million</i></td> </tr> <tr> <td><i>NLTP allocation</i></td> <td><i>\$696 million</i></td> </tr> <tr> <td><i>Forecast expenditure at end NLTP</i></td> <td><i>\$580 – 605 million</i></td> </tr> <tr> <td><i>Under spend against lower GPS range</i></td> <td><i>\$25 – 50 million (4 – 8% under)</i></td> </tr> <tr> <td><i>Recommended amended GPS range</i></td> <td><i>\$570 – 750 million</i></td> </tr> </table>	<i>Current GPS funding range</i>	<i>\$630 – 750 million</i>	<i>NLTP allocation</i>	<i>\$696 million</i>	<i>Forecast expenditure at end NLTP</i>	<i>\$580 – 605 million</i>	<i>Under spend against lower GPS range</i>	<i>\$25 – 50 million (4 – 8% under)</i>	<i>Recommended amended GPS range</i>	<i>\$570 – 750 million</i>
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<b>Resolution 17</b>	<i>The New Zealand Transport Agency Board delegates functions and powers in relation to Employment, Financial and Operational activities to the Office Holders of the Manager (JTOC) and the positions of other Managers employed by Auckland Transport at JTOC (including any person acting in such a position).</i>
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Minutes approved by the Chair	_____
Date	___/___/___