

MINUTES OF THE NZ TRANSPORT AGENCY BOARD MEETING

HELD ON THURSDAY 31 MARCH 2011 AT 8.30AM

NZTA National Office Board Room, Level 2, Chews Lane Building 44-50 Victoria Street, Wellington

Approved by the Chair	_____
Date	___/___/___

- PRESENT:**
- | | |
|-------------------|---------------------|
| Chris Moller | <i>Chair</i> |
| Garry Moore | <i>Deputy Chair</i> |
| Alick Shaw | |
| Bryan Jackson | |
| Christine Caughey | |
| Jerry Rickman | |
| Patsy Reddy | |
| Tony Lanigan | |
- APOLOGY:** None
- IN ATTENDANCE:**
- | | |
|--------------------------|--|
| Geoff Dangerfield | <i>Chief Executive</i> |
| Allan Frost (Items 1-4) | <i>GM Organisational Support</i> |
| Brandon Mainwaring (8) | <i>Chief Advisor, Trends & Performance</i> |
| Bryan Patchett (6-10) | <i>Chief Advisor, Organisational Direction</i> |
| Colin Crampton (1-3, 13) | <i>GM Highways & Network Operations</i> |
| Craig Soutar (4) | <i>Chief Information Officer</i> |
| Dave Brash | <i>GM Planning & Investment</i> |
| Ernst Zöllner | <i>Board Secretary & GM Strategy & Performance</i> |
| Ian Gordon (1-14) | <i>GM Access & Use</i> |
| Janice Brass (15) | <i>Principal Evaluation Analyst</i> |
| John Oldroyd (4) | <i>Director Access & Use Transformation</i> |
| Liz Huckerby (1-3) | <i>GM People & Capability</i> |
| Paul Helm (3, 9) | <i>Chief Financial Officer</i> |
- INVITEES:** Minister of Transport the Hon Steven Joyce

The meeting started on time at 8.30am.

1 Chairman's introduction

Chris Moller provided an overview of the meeting agenda and timetable.

a. Apologies

All Board members were present for the full duration of the meeting.

b. Declarations of interest

The updated Schedule of Board Member Interests was tabled and noted.

- In relation to Item 1 (f) and Item 2, Chris Moller reminded the meeting of his governance roles with NZ Cricket Inc. and the Wellington Regional Stadium Trust
- Also in relation to Item 2, Bryan Jackson reminded the meeting that he is a Board member of Kiwi Rail Holdings Ltd.
- In relation to Item 4, Jerry Rickman reminded the meeting that he is a consultant to PriceWaterHouseCoopers
- As a general comment, Christine Caughey reminded the meeting that she was an Auckland City Councillor between 2004-2007, and that she is a former colleague of Richard Simpson
- In relation to Item 14, Bryan Jackson noted that he Chairs Vehicle Testing NZ Ltd.

c. Confirmation of the 4 March 2011 Board meeting minutes

There were no questions or issues raised regarding the minutes. Christine Caughey pointed out an error in the period that she was an Auckland City Councillor (refer above).

Resolved:

That the NZ Transport Agency Board confirms the minutes from its 4 March 2011 meeting.

d. Progress on matters arising from previous meetings

Progress on the requested actions was noted; eight action points had been completed, and a further two will be completed by the 5 May Board meeting.

e. Confirmation of the agenda

The agenda was amended to allow for a general discussion with the Minister of Transport as part of Item 1 *Chairman's Introduction*.

Board members were also handed copies of:

1. Report from the 30 March 2011 Investment & Operations Board Committee
2. Report from the 30 March 2011 HR & Remuneration Board Committee
3. Draft minutes from the special Board meeting on 23 March 2011.

f. **Report from the 30 March 2011 Investment & Operations Board Committee meeting**

As the Acting Chair (in the absence of Bryan Jackson) Chris Moller tabled a report from the meeting and explained the background to the Committee's recommendations. Alick Shaw lead the report back on the Committee's discussion regarding the proposed improvements to the Basin Reserve to Wellington Road section of the Wellington RoNS and (due to his declared roles with NZ Cricket Ltd and Wellington Regional Stadium Trust Chris) took no part in the discussion.

Resolved:

That the NZ Transport Agency Board agrees to the following 'significance policy' i.e. how the Board will be involved in State Highway procurement:

- *For large or high risk projects, with complex or non-routine procurement decisions, the Board's endorsement will be sought for project specific procurement strategies;*
- *From time to time there will be the need to engage with the Board to seek direction, where material issues arise during the procurement process;*
- *New initiatives or emerging trends or issues of significance that could influence our overall strategic approach, will be discussed through the Investment and Operations Committee, and repeated through the Board as necessary;*
- *Prior to the announcement of the preferred tenderer the Board will be advised of the result to ensure visibility of the outcome prior to it being made public;*
- *Where tender prices significantly exceed financial allocation, or where a contract award raises a material market stability concern, or similar issues of significance occur, direction will be sought from the Board prior to contract award.*

g. **Report from the 30 March 2011 Remuneration and HR Board Committee meeting**

Chair Alick Shaw updated the meeting on the Committee's deliberations on what was a very productive meeting. Among several agenda items, the Committee endorsed the GM People & Capability's proposed approach to the 2011 remuneration review.

h. Outline of the 31 March 2011 Audit and Risk Board Committee meeting

Garry Moore noted that the Committee meeting will be short and that the agenda has a stronger focus on risk management, as requested by the Board at its 4 March 2011 meeting.

i. Confirmation of the 23 March 2011 Board tele conference meeting minutes

A special 20 minute Board meeting was held so that the Chief Executive could brief the Board on the NZTA's emerging role in the Canterbury earthquake recovery and to seek the Board's support for that role to extend beyond the NZTA's core functions, as provided for by the Land Transport Management Act.

Resolved:

That the NZ Transport Agency Board confirms the minutes from its 23 March 2011 teleconference meeting.

j. Meeting with the Minister of Transport, the Hon Steven Joyce

The Minister attended the meeting from 9.15am to 10am to provide feedback on the NZTA's Progress Report to 31 December 2010, and to discuss with the Board some of the strategic issues facing the transport sector and the NZTA.

The Minister noted his appreciation of the re-formatted quarterly report, which he found informative and to the point. The Minister in particular noted his appreciation for the reduction in MVR and RUC transaction costs; the good progress on integrated ticketing for public transport in Auckland; and with the new funding arrangement for commuter rail.

The general conversation touched on the following topics:

- The upcoming 2012 Government Policy Statement on Land Transport Funding
- The importance of 'value of money' and how it is best defined at the NZTA
- The emerging role of the NZTA in the recovery from the 22 February Canterbury earthquake
- Progress on the Kapiti Expressway project and the Auckland (Spatial) Plan.

In conclusion, the Minister complemented the Board and staff on what has been achieved by the NZTA in the last couple of years.

2 Chief Executive's report for March 2011

Board paper 11/03/0477

The report was taken 'as read' and Board members sought further information around progress to integrated ticketing in Auckland and the establishment of the Canterbury Earthquake Recovery Authority. The Board raised no additional matters with the Chief Executive.

Resolved:

That the NZ Transport Agency Board receives the Chief Executive's report for March 2011.

3 Financial performance for the eight months ended February 2011

Board paper 11/03/0493

The monthly report was taken 'as read' and the Board raised no concerns with the report or with the reported financial performance. Board members did note that in some investment output classes there is a marked difference between budgets and actual expenditure.

Resolved:

That the NZ Transport Agency Board receives the financial result for the eight months to 28 February 2011.

Requested actions:

1. *That the Chief Executive introduces more advanced budget seasonalisation for 2011-12 and beyond.*

4 Business case for Upgrade of Registers IT System

Board paper 11/03/0484

Detailed briefings on the business case were provided by John Oldroyd (Director Access & Use Transformation) and Craig Soutar (Chief Financial Officer) at the Investment & Operations Committee meeting on 30 March 2011 (and to individual Board members who did not attend that meeting). Ian Gordon (GM Access & Use), Craig and John answered a number of further questions around the status of Unisys in New Zealand and the next steps towards the modernisation and transformation of the registers.

Resolved:

That the NZ Transport Agency Board:

- a. *agrees that Unisys is contracted by a further three years from 2013 to 2016 to provide registry services and associated IT systems support;*
- b. *endorses the upgrading of the current registry and associated IT systems to the next generation Unisys AB Suite as part of a renegotiated contract with Unisys;*
and

- c. *agrees to keep Board paper 11/03/0484 confidential under the Official Information Act 9(2)(j) in order to enable the Agency to carry on with commercial negotiations without prejudice or disadvantage.*

Requested action:

2. *That future reports and communication around the upgrade of the registers emphasise the future benefits that the investment will have for NZTA customers.*

5 Policy review and development – consultation process

Board paper 11/03/0492

Dave Brash (GM Planning & Investment) set out the background to the proposed amendments to the NZTA's Planning, Programming and Funding Manual. The proposal relates to the 4 March 2011 decision by the Board to consult on a proposed change to the Financial Assistance Rate for elements of rail passenger transport.

Resolved:

That the NZ Transport Agency Board:

- a. *agrees (subject to a final review by the Chief Executive) to amend the Planning, Programming and Funding manual's policy on consultation as follows:*
 - i *provide clarity that the NZTA consults with approved organisations (other than Auckland Council, given Auckland Transport's statutory role) rather than 'organisations affected', and may involve other stakeholders in the consultation process if required; and*
 - ii *improve the efficiency of the consultation process by advising relevant stakeholders on the timing and process for the proposed consultation, endeavouring to give two weeks notice, rather than seeking feedback on the consultation from any affected stakeholders at least a month in advance; and*
- b. *agrees to extend the time to report back to the Board on proposed changes to some funding assistance rates, from May 2011 as set out in Board resolution 11/03/0476 to no later than August 2011 Board meeting to enable consultation to be undertaken.*

6 **Interim update on the NZTA's Investment and Revenue Strategy**

Board paper 11/03/0481

Ernst Zöllner (GM Strategy & Performance) explained that this is a 'tidy up' of the Investment & Revenue Strategy to incorporate a number of Board decisions in 2010 to clarify the NZTA's investment intent in road user safety, research & training, transport planning and road policing. Bryan Patchett (Chief Advisor Organisational Direction) outlined the process for a substantial review of this key NZTA strategy over coming months.

Resolved:

That the NZ Transport Agency Board agrees to amend its Investment and Revenue Strategy to prioritise investment towards:

- *the Safer Journeys road safety strategy (including the adoption of a 'safe system' approach) and reducing deaths and serious injuries;*
- *relieving severe congestion in major urban areas and improving journey time reliability;*
- *optimisation of the network and services;*
- *key tourism and freight routes, including those for High Productivity Motor Vehicles; and*
- *transport planning, research and training investment that makes the greatest contribution to the priorities above.*

7 **2011-14 Statement of intent – proposed organisational direction**

Board paper 11/03/0478

The purpose of the paper is to summarise and formally record the conclusions from the Board's discussions on organisational strategy at the 3 February strategy workshop and 4 March 2011 meeting.

Resolved:

That the NZ Transport Agency Board:

- a. *agrees that over the long-term the NZTA is seeking to have eight desired impacts on the transport sector;*
 1. *better use of existing transport capacity*
 2. *more efficient freight supply chains*
 3. *a resilient and secure network*
 4. *easing of severe urban congestion*
 5. *more efficient vehicles*

6. *reductions in deaths and serious injuries*
 7. *more transport mode choice*
 8. *reduction in adverse environmental effects from land transport.*
- b. *agrees that the NZTA's five priorities for 2011-14 are:*
1. *planning and delivering the roads of national significance*
 2. *improving the road safety system*
 3. *improving the efficiency of freight movements*
 4. *improving customer service while reducing compliance costs*
 5. *improving the effectiveness of public transport.*
- c. *agrees that 'value for money' is an overarching principle for the NZTA, shaping all of the organisation's decisions and activities; and*
- d. *agrees that in building organisational capability during 2011-14, the NZTA will focus on:*
1. *developing our people*
 2. *working with others*
 3. *achieving together.*

Requested action:

3. *The 'challenges and risk' section of the 2011-14 Statement of Intent mentions the impact of increased fuel price volatility.*

8 Draft 2011-14 Statement of Service Performance

Board paper 11/03/0482

Brandon Mainwaring (Chief Advisor Trends & Performance) summarised the key changes to the 2011-14 performance measures and the progress towards a stronger performance reporting framework. Board members expressed a preference for having fewer than the proposed 24 output classes in the 2011-14 Statement of Intent and that the number of proposed performance measures be further reduced and simplified.

Requested actions:

4. *That the Chief Executive investigates whether the number of output classes in the 2011-14 Statement of Service Performance can be reduced from the current 24.*
5. *That the number of performance measures in the 2011-14 Statement of Service Performance is reduced to a more strategic level.*

9 Draft 2011-14 Statement of Forecast Financial Performance

Board paper 11/03/0489

Paul Helm (Chief Financial Officer) highlighted the key features of the budget outline for 2011-14, including the proposed reduction in the NZTA's operating expenditure. Board members noted the key budget features, and deferred detailed questioning until the final budget proposal is available in May. Members encouraged Paul to see whether the Statement of Financial Performance can be reduced in size.

Requested actions:

6. *That the Statement of Financial Performance is made as succinct as possible.*
7. *That the 5 May 2011 Board meeting includes a detailed briefing from the CFO and General Managers on the proposed 2011-12 budget.*

10 2011-14 Statement of Intent – Operating policy summaries

Board paper 11/03/0491

Board members supported the inclusion of the six policy summaries but asked that the summaries be shortened and simplified from what has been proposed.

Resolved:

That the NZ Transport Agency Board agrees that the following operating policies will be included in the Statement of Intent 2011 – 14:

1. *Value for Money policy*
2. *Scrutiny and transparency policy*
3. *Risk management policy*
4. *Procurement policy*
5. *Environmental and social responsibility policy*
6. *Engagement policy.*

Requested action:

8. *That the operating policy summaries in the 2011-14 Statement in Intent be made more succinct, with the exception of Procurement which requires some additional text to signal its significance.*

11 **Northern Gateway Toll Road – Operating Report for the six months ending 31 December 2010**

Board paper 11/03/0485

The six monthly report was taken 'as read' and there were no specific questions raised of Brett Dooley (National Manager Transport Registry Centre).

Resolved:

That the NZ Transport Agency Board approves the Northern Gateway Toll Road Operating Report for the six months ending 31 December 2010 for release.

12 **Freight Strategic Priority: Progress Report**

Board paper 11/03/0486

Geoff Dangerfield reported on the successful meeting with the Freight Operators Forum which indicated strong support for the Board's direction (at its 3 February strategy workshop) for the NZTA to take a leadership role in facilitating the agreement of actions to improve freight efficiency in the upper North Island.

Requested action:

9. *That Chief Executive extends to the relevant staff the Board's appreciation of the recent progress on an Upper North Island freight action plan.*

13 **State Highway Planning and cash flow management**

Board paper 11/03/0483

The Board expressed its comfort with the approach to State highway planning and cash flow management as set out in the report, and raised no matters of concern.

14 **The impacts of the Safer Journeys Young Driver Package on driver licensing and driver testing**

Board paper 11/03/0479

Board members found the paper informative and helpful. Further clarification was sought on the education of young drivers and driver training in general, which for some Board members is an output of increasing significance and importance.

- 15 **Value for money – local roading operations, maintenance and renewals programme**
Board paper 11/03/0490

This paper was presented in response to a request from the Board, and again members found it informative and helpful. A comment was made that the key to unlocking further efficiency gains will be ‘benchmarking’.

- 16 **Updates on the 2012 Government Policy Statement and 2012 National Infrastructure Plan**

Board paper 11/03/0487

The progress on both Government policies was noted.

- 17 **Update on transport regulatory reforms**

Board paper 11/03/0488

The Board was pleased to note the positive progress that is being made towards a simplified and streamlined regulatory system at policy, programming, fee review and process design levels.

- 18 **General business**

Board paper 11/03/0480

The general items paper was taken ‘as read’ and there was no further discussion or items raised under general business.

The meeting concluded at 1.15pm.