

**MINUTES OF THE NZ TRANSPORT AGENCY BOARD MEETING**

**HELD ON THURSDAY 1 SEPTEMBER 2011 AT 12.30pm**

**NZTA Board Room, Level 2, 50 Victoria Street, Wellington**

<b>Approved by the Chair</b>	_____
<b>Date</b>	___/___/___

**PRESENT:**

Chris Moller	<i>Chair</i>
Adrienne Young-Cooper	By telephone
Alick Shaw	
Bryan Jackson	
Gill Cox	
Jerry Rickman	
Patsy Reddy	
Tony Lanigan	

**APOLOGIES:** None

**IN ATTENDANCE:**

Geoff Dangerfield	<i>Chief Executive</i>
Ernst Zöllner	<i>Board Secretary &amp; GM Strategy &amp; Performance</i>
Allan Frost	<i>GM Organisational Support</i>
Dave Brash	<i>GM Planning &amp; Investment</i>
Neil Walker	<i>Acting GM Highways &amp; Network Operations</i>
Paul Helm	<i>Chief Financial Officer</i>
Stephen Town	<i>Regional Director Auckland and Northland</i>

**INVITEES:** None

## 1 Chairman's introduction

### a. Apologies and confirmation of the agenda

There were no apologies, and the agenda was confirmed as circulated. The Chairman welcomed Gill Cox to his first Board meeting, and expressed the Board and management's appreciation that Gill made himself available to attend at short notice.

### b. Declarations of conflicts of interest

The updated Schedule of Board Member Interests was tabled and it was noted that Gill Cox will provide his schedule of interests to the Board Secretary for noting at the next Board meeting. In relation to agenda item 10, Chris Moller reminded the meeting of his governance roles with Rugby NZ 2011 Ltd.

### c. Confirmation of the 5 August 2011 Board meeting minutes

The draft minutes were accepted as a true and accurate record of the meeting. One correction to the minutes was agreed:

- Resolution a.4 under Item 6 *Refreshing the Investment & Revenue Strategy* (Board paper 11/08/0555) was reworded to make the economic benefits of public transport more explicit.

**Resolved:**

*That the NZ Transport Agency Board confirms the minutes of its 5 August 2011 meeting, as amended.*

### d. Confirmation of the 17 August 2011 Board meeting minutes

There were no questions or issues raised regarding the minutes. Two corrections to the minutes were agreed:

- i) In relation to Item 2 (Board paper 11/08/0558) correcting the references to the two Proponent groups between the resolution;
- ii) Typographical errors the summary of discussion under Item 3 were corrected.

**Resolved:**

*That the NZ Transport Agency Board confirms the minutes of its 17 August 2011 meeting, as amended.*

### e. Progress on matters arising from previous meetings

The progress on all requested actions was noted, and the approach to the planned meeting with the Board and Chief Executive of Christchurch International Airport Limited was discussed further.

f. **Report from the 5 August 2011 Remuneration and HR Committee meeting**

The tabled report was withdrawn as the meeting had already been reported.

g. **Communication of Board decisions and discussion**

The item was held over for discussion at the 4 November Board meeting. A paper will be provided to support the discussion.

## 2-3 Chief Executive's reports

**Board papers 11/09/0567 and 11/09/0565**

The key theme of the Chief Executive's report was progress on investment decision-making across a range of activities, including in High Productivity Motor Vehicle (HPMV) routes, rail rolling stock, road policing, Christchurch recovery and Auckland's growth. Board members were particularly interested in the process and risks around purchase of new rail rolling stock in Auckland, and requested a further progress update at the next Board meeting in November.

While Board members were pleased to note the good progress on NLTF cash flow management (as briefly noted in the short paper) it was evident that this will be a matter that will require careful (and ongoing) attention at governance and management levels over the next 12 months or so.

**Resolved:**

*That the NZ Transport Agency Board receives the Chief Executive's Report for August 2011.*

**Requested Action:**

1. *That the Chief Executive reports to the Board on progress with the purchase of Auckland's new Electric Multiple Units (EMUs)*

## 4 Funding for transport-relevant earthquake cost in Canterbury

**Board paper 11/09/0569 [Late paper]**

In this agenda item the Board explored how to address three quite different investment and revenue management objectives:

1. Maximising assistance for the Canterbury recovery;
2. Minimising the impact of the Canterbury earthquakes on other national and regional transport priority investments; and
3. Balancing 'lumpy' investment requirements within flat' annual revenue flows.

In reaching its position (as set out in the resolution below) the Board attempted to strike the most appropriate balance between these objectives.

Following the meeting, the Board's position was used to finalise a Cabinet paper on how much transport related emergency works expenditure will be funded by the Crown, including contributions from the National Land Transport Fund (NLTF) and the Canterbury Earthquake Recovery Fund (CERF).

**Resolved:**

*That the NZ Transport Agency Board:*

- a. agrees to adjust the Christchurch earthquake financial assistance rate for Christchurch City Council from 75% to 82% for six years;*
- b. agrees to a 60-40 Crown contribution split between the National Land Transport Fund (NLTF) and the Canterbury Earthquake Recovery Fund (CERF); and*
- c. agrees that the contribution from the NLTF will be capped at \$50m per year.*

## **Reviewing performance against plans and targets**

### **5 Quarterly performance report for the period ended 30 June 2011**

**Board paper 11/09/0568**

This fourth quarter report from the Chief Executive to the Board covered progress against strategic priorities and action plans, and provided updates on the NZTA's operating environment, organisational health and capability, operational risks, and key stakeholder relationships. Management also reports to the Board on investment and property decisions made under delegation from the Board. Taken together, the quarterly report describes a successful quarter, with all the reporting dimensions rated as 'green'.

Through individual feedback, Board members raised the following items with management:

- In relation to the 'NZTA Operating Environment', the appropriateness of the Christchurch City Council's proposed central city recovery plan;
- The need for faster progress on moving licensing and registration transactions online;
- The need for highly effective cash flow management in the final year of the 2009-12 NLTP;
- Questions to the Chief Executive around the Performance Improvement Framework (PIF) action plan, and whether it is refreshed or simply completed and 'closed';
- The need for regular health and safety reporting;
- In relation to rail safety, the lack of perceived clarity between the roles of the Transport Accident Investigation Authority and the NZTA; and
- The need to report changes in the status of key relationships, between quarters.

[Note that the fourth quarter report to the Board excluded financial and service delivery performance reporting, as these form part of the NZTA and NLTF annual reports which were the subject of the special Board meeting on 20 September 2011].

**Resolved:**

*That the NZ Transport Agency Board receives the progress report against the 2010-13 Statement of Intent for the quarter to 30 June 2011.*

**Requested Action:**

2. *That future quarterly reports to the Board include reporting on health and safety trends and incidents.*
3. *That future quarterly reports to the Board include information on how the status key stakeholder relationships have changed from the previous quarter, and why.*

**6 Strategic priority progress report: Improving the effectiveness of public transport**

**Board paper 11/09/0560**

This agenda item is part of a programme of Board papers that report the progress against the organisations' five strategic priorities in greater depth (than the Chief Executive's regular report to the Board or the quarterly report to the Board). This agenda paper outlines the strategic direction for public transport in New Zealand (as defined by a cross-sector leadership forum) and broadly outlines the progress that is being made against that direction.

Within this broad update, the key aspect of interest for the Board was the more specific progress on improving cost effectiveness. This includes the most appropriate manner in which to share the cost between users, local government and the NLTF, and Board members sought an update on progress with 'farebox' recovery rates (which have improved in most regions). Changes to the public transport operator model will underpin effectiveness gains, and for that reason Board members requested a separate update on this initiative at the Board's next meeting in November.

**Requested Action:**

4. *That the Chief Executive updates the Board on progress with the Public Transport Operating Model*

## **Quality Assurance of key organisational systems, policies and processes**

**7 State highway maintenance and renewals**

**Board paper 11/09/0563**

This was the sixth instalment of a series of quality assurance papers to the Board covering all the key systems and processes in State highway network operations. This paper outlines the NZTA's approach to maintenance and renewals, and in particular focuses on how

quality assurance is achieved and value for money realised. Because the Board considered the draft State highway asset management plan at its previous meetings, the paper did not contain much new material but was still considered a helpful ‘wrap up’ of that discussion.

**8 Organisational development strategy**

**Board paper 11/09/0566**

The purpose of this agenda item was to foreshadow a significant refresh of the organisation’s current development plan. The objective is to transform it from an incremental business improvement plan into a strategic outline of the NZTA in, say, ten years time – and how to get there, in broad terms. The Board will be asked to review and support the strategy refresh at several milestone points in 2012.

## **Influencing sector direction**

**9 Role of walking and cycling in the NZ transport system**

**Board paper 11/09/0561**

The cost effectiveness of NLTF investment in walking and cycling activity emerged as the key concern for the Board - in response to a paper that very briefly outlines the current investment direction for these modes. This was highlighted as an issue that the Board wishes to explore in greater detail as the 2012-15 National Land Transport Programme is developed. Board members in particular want to understand how past and current investments have increased ‘mode share’ for these active modes in their locations, and at what cost this was achieved i.e. the return per NLTF \$ invested.

## **Other updates and general business**

**10 Communications and issue management updates**

**Board paper 11/09/562**

This agenda items covered five different topics, and of these the Board focussed its discussion on the Rugby World Cup (‘are we ready?’) and public engagement around large state highway projects in Auckland and Christchurch (‘are we being effective?’). Some Board members furthermore expressed ongoing reservations around the proposed approach to land protection between State highways 16 and 18 in Auckland, but it was noted that further updates will be provided in future.

[Note that Patsy Reddy chaired the discussion on the Rugby World Cup readiness and Chris Moller took no part in the discussion given his role at Rugby NZ 2011 Ltd].

**11 Board General Business**

No general business items were raised by Board members.

*The meeting concluded at 3.30pm.*