

MINUTES OF THE NZ TRANSPORT AGENCY BOARD MEETING

HELD ON FRIDAY 27 AUGUST 2010 AT 9.30AM

**IN THE NATIONAL OFFICE, BOARD ROOM, CHEWS LANE,
LEVEL 2 VICTORIA ARCADE, 44 VICTORIA STREET, WELLINGTON**

Approved by the Chair	_____
Date	___/___/___

PRESENT:

Chris Moller (Items 3,8,11,12)	Garry Moore
Christine Caughey	Jerry Rickman
Tony Lanigan	Bryan Jackson
Alick Shaw	

IN ATTENDANCE:

Geoff Dangerfield	Dave Brash
Ernst Zöllner	Karl Ferguson
Dave Whiteridge	Allan Frost (Items 2,4-7)
Ian Gordon (Items 2, 4 & 5)	Colin Crampton (Items 2,4-7)
Ian Hunter (Item 11)	Brent Maguire (Item 11)
Richard Quinn (Item 11)	Steve Budd (Item 12)
Mark Walker (Item 12)	

INVITEES:

None

The meeting started on time at 9.30am and concluded at 3.45pm. During the lunch break (1-2 pm) Board member photos were taken.

i. **Apologies and chairing arrangements**

All Board members were present. Apologies for lateness were received from Chris Moller, who joined the meeting at 12.45pm. Garry Moore chaired the meeting from 9.30am (items 1,2, 4-7, 9, 10, most of 12, 13 and 14) and Chris chaired the meeting from 2pm (items 3,8,11 and part of 12).

ii. **Confirmation of agenda**

The agenda was confirmed with one amendment: a late item on the 2010/11 Road Policing Programme (new Item 14) was accepted to allow the Minister of Transport to approve the programme without delay. The agenda order was amended to allow the Board Chairman to attend the discussion around Items 3, 8 and 11 (and parts of item 12).

iii. **Conflicts of Interest**

No conflicts were declared in relation to the agenda. The revised Schedule of Board Member's Interest was tabled, and it was noted that Jerry Rickman will submit his schedule of Interests to the Board Secretary before the September 2010 Board meeting.

1 **Confirmation of the 29 July 2010 Board meeting minutes**

Resolved:

That the NZ Transport Agency Board **confirms** the minutes from the 29 July 2010 NZ Transport Agency Board meeting.

Bryan Jackson / Christine Caughey

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2 Chief Executive's Report for August 2010

Board paper 10/08/0403

Resolved:

That the NZ Transport Agency Board:

- a. **receives** the Chief Executive's Report for July 2010; and
- b. **retains** Board paper 10/07/0403 in Committee indefinitely in accordance with the Official Information Act, Section 9 (2 (g) (i)) to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between Board members and staff of the NZ Transport Agency.

Tony Lanigan / Christine Caughey

Stewardship

3 Report back from the HR and Remuneration Board Committee

Held on Wednesday 28 July 2010

Alick Shaw presented the draft minutes from the 18 August 2010 NZ Transport Agency HR and Remuneration Board Committee meeting. The discussion on this item was held in private, with the Chief Executive in attendance for a part of the item.

4 Quarterly performance report for the period ended 30 June 2010

Board paper 10/08/0408

Resolved:

That the NZ Transport Agency Board **agrees** that the June 2010 Quarterly Performance Report be presented to the Minister of Transport and Secretary of Transport with the 2009/10 NZTA Annual Report.

Christine Caughey / Alick Shaw

5 **Approval of the 2009/10 NZTA Annual Report**

Board paper 10/08/0407

Resolved:

That the NZ Transport Agency Board:

- a. **adopts** the NZTA Annual Report for the period ended 30 June 2010;
- b. **delegates** final sign off of the NZTA Annual Report to the Board Chair and Deputy Chair once the audit opinion has been issued; and
- c. **agrees** to take Board paper 10/08/0407 out of Committee after the 2009/10 NZTA Annual Report has been presented to the House of Representatives in terms of section 150 of the Crown Entities Act 2004.

Garry Moore / Bryan Jackson

The 2009/10 National Land Transport Fund (NLTF) Annual Report was withdrawn from the agenda and will instead be submitted for approval at the September 2010 Board meeting. This will allow further consideration and discussion with the Minister of Transport and Audit NZ around the scope and contents of the report, and in particular how to avoid duplication of service performance information with the NZTA annual report. The Board noted and considered advice from Audit NZ (memo dated 27 August from John O'Connell, and addressed to Garry Moore) regarding the decision to defer the adoption of the NLTF Annual Report.

The Board expressed its gratitude to staff for the quality of the 2009/10 Annual Report and noted that it has been completed two months earlier than the 2008/09 Annual Report.

6 **Performance Improvement Framework Review**

Board paper 10/08/0409

Resolved:

That the NZ Transport Agency Board:

- a. **agrees** to the Terms of Reference for the Performance Improvement Framework Review as set out in Board paper 10/07/0409; and
- b. **notes** that Board members may be interviewed by the Performance Improvement Framework assessment team over both the initial phase (13/9/2010 – 1/10/2010) and lead assessor phase (6/10/2010 – 20/10/2010).

Christine Caughey / Bryan Jackson

- 7 **Office of the Auditor General's Review of State Highway Asset Management (Stage 1)**
Board paper 10/08/0411

Resolved:

That the NZ Transport Agency Board:

- a. **notes** the Office of the Auditor General's review of the operations and maintenance of the State highway network;
- b. **requests** the Group Manager Highways and Network Operations to report quarterly to the Board on progress against the Office of the Auditor General's stage 1 report recommendations; and
- c. **agrees** to keep Board paper 10/08/0411 in Committee until the Office of the Auditor General's report has been tabled in Parliament.

Garry Moore / Christine Caughey

- 8 **NZ Transport Agency Board Code of Conduct**
Board paper 10/08/0412

Resolved:

That the NZ Transport Agency Board **adopts** the draft Code of Conduct for Board members as an interim instrument while a further version of the Code is being drafted by the NZTA Chief Legal Counsel.

The Board requested a number of changes and clarifications to the draft Code, including greater differentiation from the 'standard' crown entity format, and greater use of examples throughout.

Chris Moller / Garry Moore

Strategy and Policy

- 9 **Sector Training Activity Class review**
Board paper 10/08/0406

Resolved:

That the NZ Transport Agency Board **agrees** the new investment framework, strategic fit criteria and priorities for the Sector Training and Research activity class as set out in Appendix 3 of Board paper 10/08/0406.

Jerry Rickman / Garry Moore

Investment and Operations

10 Report back from the Investment and Operations Board Committee

Held on Thursday 18 August 2010

The draft minutes from the 18 August 2010 NZ Transport Agency Investment and Operations Board Committee meeting were noted. There was no further discussion around the minutes.

11 Endorsement of the State Highway Portfolio Procurement Strategy

Board paper 10/08/0410

Ian Hunter (Principal Advisor Procurement) gave a presentation setting out the background to (and the purpose and use of) procurement strategies.

Resolved:

That the NZ Transport Agency Board:

- a. **endorses** the State Highway Portfolio Procurement Strategy (SHPPS);
- b. **delegates** to the Chief Executive the authority to endorse the Stage 1 procurement strategies described in the SHPPS that together with the SHPPS make up the State Highway procurement strategy;
- c. **agrees** that all Stage 1 procurement strategies endorsed under delegation from the Board be published on the NZTA website;
- d. **requests** that a review of the SHPPS be presented to the Board by 30 June 2013, including a plan to ensure long term value for money and competitive supplier markets for all approved organisations, in the asset management area particularly;
- e. **requests** that the Chief Executive monitors the performance of the Highways and Network Operations Group's implementation of State highway procurement strategies;
- f. **approves, under s25(1) of the Land Transport Management Act**, the use of the "shared risk" delivery model in the circumstances described in Section 3 of the SHPPS;
- g. **approves, under s25(1) of the Land Transport Management Act**, the use of supplier panels but **requires** Group Manager, Highways and Network Operations to publish on the NZTA website the strategic value for money justification if the establishment or management of a panel will require a variation to the rules in the Procurement manual;

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- h. **approves, under s25(1) of the Land Transport Management Act**, the use of the “quality based” supplier selection method for Alliance and Early Contactor Involvement and where the requirements of Section 4 of the SHPPS are met;
- i. **approves, under s25(1) of the Land Transport Management Act**, the use of “closed contest” for projects up to \$400,000 in value subject to the Stage 2 Procurement Strategy including the value for money justification for closed contest whenever the project value exceeds \$200,000;
- j. **approves, under s25(1) of the Land Transport Management Act**, the use of contract terms for asset management contracts as follows:

Delivery model	Contract term
Hybrid	5-7 years
PSMC	7-10 years
Alliance	7-10 years

- k. **notes** that these approvals supersede all previous general procurement procedure approvals granted to either Transit NZ or to the NZ Transport Agency’s Highways and Network Operations Group.

Bryan Jackson / Alick Shaw

General Business

12 Board and Board Committee General Business

Board paper 10/08/0405

The following resolutions were discussed separately and then moved as a cluster:

Board action list (Attachment 1)

That the NZ Transport Agency Board **receives** the updated Board meeting action list.

State highway 2 Tauranga Eastern Link – amendment to resolution for construction funding (Board paper 09/12/308) (Paragraphs 6-13)

That the NZ Transport Agency Board **agrees** to substitute the condition precedent set out below for the original condition precedent contained in resolution (b) ii of Board paper 09/12/0308, and that the condition has now been satisfied:

"as a condition precedent, a Cabinet decision agreeing to the establishment of a road tolling scheme to provide funds for the purposes of the planning, design, supervision, construction, maintenance or operation of the Tauranga Eastern Link project".

Underwriting design progression on large State highway projects (Paragraphs 14-20)

That the NZ Transport Agency Board **approves** delegation to the Chief Executive to approve the underwriting of the preferred tenderer's design development costs prior to contract award on all projects where it is deemed appropriate.

Approval for the delegation of driver testing and licensing services functions and powers to Tasman District Council (Paragraphs 21-27 and Attachments 2 and 3).

That the NZ Transport Agency Board:

- a. **approves** the delegation of functions and powers relating to driver testing and licensing services to Tasman District Council, as set out in the NZ Transport Agency Instrument of Board Delegation in Attachment 2;
- b. **approves** the authorisation of Tasman District Council to issue road user licences, as set out in the NZ Transport Agency Authorisation of Supplier document in Attachment 3; and
- c. **authorises** the Chair of the Board to sign the Instrument of Board Delegation at Attachment 2 and the Authorisation at Attachment 3.

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Award of the supply contract for bulk mail printing and processing (Paragraphs 28-32).

That the NZ Transport Agency Board **agrees** to delegate the Chief Executive to enter into a contract for up to five (5) years with Datam Limited, noting that over the life of the contract, the value is expected to be \$5,077,190.

Sub Panel on Accommodation Governance (Paragraphs 33-37)

A recommendation to include a Board member on the NZTA Sub Panel on Accommodation Governance was not put to the meeting. Instead the Board agreed that it does not want further representation on such a panel or committee.

Monthly update on Auckland governance changes (Paragraphs 38-50)

The update on staff appointments and delegations was noted by the Board. Dave Brash (Group Manager Regional Partnerships and Planning) also briefed the Board on progress with the RMA stage 2 review, and in particular on issues surrounding the introduction of a spatial plan for Auckland.

Board attendance at public events (Paragraph 51)

A draft policy was tabled at the meeting for Board members consideration and feedback in advance of the September 2010 Board meeting.

Newmarket Viaduct closure (Paragraph 52)

Mark Walker (Manager of the Auckland Traffic Management Unit) gave a verbal update to the Board on traffic management and communication planning for the closure of the Newmarket Viaduct on the first weekend in September.

National standard for integrated ticketing (Paragraph 53)

Dave Brash (Group Manager Regional Partnerships and Planning) and Steve Budd (Programme Manager Integrated Ticketing) gave a verbal update on progress with the development and planned implementation of national standards. The Board agreed to form a sub-committee (Chris Moller and Alick Shaw) to provide governance feedback and guidance to management on more urgent matters if required.

Alick Shaw / Tony Lanigan

13 **Board and Committee Forward Work Programme**

Board paper 10/08/0404

Resolved:

That the NZ Transport Agency Board **receives** the updated Board and Committee Forward Work Programme.

Alick Shaw / Tony Lanigan

Board paper 10/07/0413 was tabled at the meeting with agreement of the Board to allow the Minister of Transport to approve the 2010/11 Road Policing Programme without the delay.

13 **2010/11 Road Policing Programme**

Board paper 10/08/0413

Resolved:

That the NZ Transport Agency Board:

- a. **agrees** that \$296.015m for the 2010/11 years is recommended to the Minister of Transport to approve from the NLTF in order to provide for the work programme detailed in the 2010/11 Road Policing Programme (RPP):

Funding	2010/11 (\$m)
Current approved 2010/11 funding in the 2009/12 RPP	284.581
2009 wage and salary settlement (previously approved)	5.644
Capital charge on property revaluation	3.790
2010 wage and salary round	Nil
Implementation of SMART technology	2.000
2010/11 RPP recommendation	296.015

- b. **notes** that Resolution a. replaces Resolution e. from Board paper 10/05/0376
- c. **delegates** to the Chief Executive the finalisation of the 2010/11 Road Policing Programme and its submission to the Minister of Transport for approval; and
- d. **agrees** to keep Board paper 10/08/0411 in Committee until the Minister of Transport has approved the 2010/11 Road Policing Programme.

Bryan Jackson / Alick Shaw