

Waka Kotahi NZ Transport Agency Board Minutes	
Date & time	23 April 2020, 9.00am – 1.10pm
Location	Via Zoom
Board members in attendance	Sir Brian Roche (Chair), David Smol, Catherine Taylor, Ken Rintoul, Cassandra Crowley, Patrick Reynolds, Victoria Carter
NZTA staff in attendance	Nicole Rosie (Chief Executive) Robyn Fisher (Director Office of the Chief Executive) Brigit Stephenson (Lead Advisor) Matthew Walker (General Manager Corporate Support) Howard Cattermole (Chief Financial Officer) Giles Southwell (General Manager Workplace & Technology) John Coulter (Senior Manager Operational Policy, Planning & Performance) Kane Patena (General Manager Regulatory Services) Kevin Wright (Senior Manager Investment Assurance) Brett Gliddon (General Manager Transport Services) Tara MacMillian (Senior Manager Procurement) Greg Lazzaro (General Manager Safety, Health & Environment) Anna Moodie (Group General Counsel & Board Secretary)
External attendees	Peter Mersi, MoT, Bryn Gandy MoT (item 10); Mark Ratcliffe, Contractor (items 17 & 22)
Apologies	None

Introduction and governance matters

1. Apologies

There were no apologies, however Sir Brian Roche advised that he may be unable to attend the full Board meeting as he was feeling unwell. Cassandra Crowley assumed the role of Chair.

The General Managers Corporate Support and Transport Services were present from the start of the meeting.

2. Draft Minutes

The Board requested that the final resolution on item 23 be amended from “his/her” to “her”.

Resolutions	The Board confirmed the draft minutes of the 19 March 2020 meeting as a true and accurate record of that meeting.
--------------------	--

3. Interests Register

The Chair requested that the following of his interests be removed from the register:

- Kaianga Ora – ceased effective December 2019.
- Valley Road Forestry Limited – ceased effective November 2019.
- Review of the NZ Health and Disability System – complete.

Resolutions	The Board noted the Interests Register.
--------------------	--

4. Board and Chief Executive Only Session

A Board and Chief Executive only session was not held.

5. COVID-19 Update

The Chief Executive updated the Board noting that:

- With the move to Alert Level 3, most staff will continue to work from home. Because some contact centre staff are unable to work from home, work is underway to determine whether they might return to the office.

withheld under OIA s9(2)(g)(i)

- Work is underway to reopen construction sites at Level 3. The limitations on inter-regional and international travel may impact some projects, including Transmission Gully. withheld under OIA s9(2)(g)(i)
- A number of issues with public transport at Level 3 are being worked through, including social distancing, reduced capacity and older drivers.

withheld under OIA s9(2)(h)+(j)

withheld under OIA s9(2)(g)(i)

- There will be delays on most construction project as a result of the lockdown and reduced productivity in Level 3. This will need to be communicated.

Resolutions	The Board noted the COVID-19 Update.
--------------------	--------------------------------------

6. Fiscal Impacts of Covid-19

The Chief Financial Officer joined the meeting and introduced the paper, noting three key aspects to the modelling: withheld under OIA s9(2)(g)(i) remediation; and future approvals. The modelling is highly dependent on assumptions around behaviour at different alert levels.

In response to questions from the Board, Management confirmed that the Ministry of Transport was aware of the financial challenges facing the organisation due to COVID19 impacts on the NTLF , and had been involved in the modelling. The Ministry has also been kept across significant decisions, such as the Advanced Entitlement Payment. Work is underway to secure short-term funding, including accessing short term debt facilities. The longer-term financial impact is yet to be addressed.

In terms of future funding requests, the Board noted that it would send mixed messages to halt construction activity given the focus on economic stimulus. The Board’s view was that funding requests should continue to be put forward and approved in the usual way, with a COVID-19 lens put across each project. While the Minister is aware that work has continued, the Minister should be made formally aware of this intended approach.

Resolutions	<p>The Board noted:</p> <ul style="list-style-type: none"> • The work to date to assess the potential fiscal impacts of Covid-19. • That assumptions of “alert level scenarios” and changes to subsequent travel behaviours are critical to the forecast outcomes with land transport revenue inflows being the most sensitive variable for the National Land Transport Fund. • We are working closely with the Ministry of Transport and Treasury on a briefing to joint Ministers on overall impacts (i.e. impacts on both the National Land Transport Fund and the regulatory funding positions).
--------------------	---

Actions	Write to the Ministers of Transport, Finance and Economic development to confirm Waka Kotahi’s intention to continue to funding projects, in anticipation of long and short-term funding issues being resolved by Government.
----------------	---

The Chief Financial Officer left the meeting.

7. CE Report

withheld under OIA s9(2)(g)(i)



Resolutions	The Board noted the CE Report.
--------------------	--------------------------------

Strategic Decisions/Matters

8. Digital Portfolio Framework

The General Manager Workplace & Technology joined the meeting and introduced the paper, and spoke to the slides in the Board pack.

He emphasised that the technology plan currently focused on the next 1-2 years, with stabilisation through remediation and foundational investments. Once a broader organisational strategy was in place, a longer term road map would be developed for discussion with the Board. Projects will be business-led, with delivery by the Technology team. Where business process changes are required, this would be done before technology solutions were put in place.

The intention was to take an enterprise approach. If, for example, a payment system was needed for multiple applications, a common payment system would be used. While supportive of an enterprise approach, the Board encouraged management to ensure that there was a business lens applied to technology decisions and to consider what would happen if there were future structural changes to the organisation.

The Board was supportive of outsourcing solutions, and not building bespoke solutions, encouraging Management to look at technology used by other similar organisations in New Zealand and overseas.

In response to questions from the Board, the General Manager confirmed that funding was constrained, and the number of initiatives would need to be refined to confirm what could be delivered. The Board requested that a clear plan be put in place, with score card reporting on delivery against the plan. The Board noted its intention to

appoint an independent advisor to monitor progress, and also requested that there was independent quality assurance in place.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Endorsed the need to co-ordinate digital change over the next 1-2 years within a flexible business-led framework so that Waka Kotahi can manage the stabilisation & simplification and future enhancement activities that are needed. • Noted that the Framework does not predetermine the scope nor scale of the work undertaken, this would be determined by business owners and ELT.
--------------------	--

The General Manager Workplace & Technology left the meeting

9. 2020/21 Operational Budget Approval

The Chief Financial Officer and Senior Manager Operational Policy, Planning & Performance joined the meeting. The Chief Financial Officer talked through the three budget options that had been considered.

The Board noted that Waka Kotahi's budget would likely be closely scrutinised, and it was important that costs were carefully managed. The challenges of being asked to deliver more, with limited levers to stop work, was noted by the Board.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Approved an operational budget for Waka Kotahi for 2020/21 as the basis for the 2020/21 Statement of Performance Expectations (SPE) as follows: <ul style="list-style-type: none"> ○ Operating expenditure = \$404.3m ○ Capital expenditure = \$25.6m. • Noted the uncertainty with the proposed budget arising from the disruption as a result of Covid-19 and the possible need to revise the budget (and SPE) prior to 30 June 2020. • Delegated to the Waka Kotahi Chief Executive authority to approve non-material (~\$1-2m) budget transfers between operating and capital expenditure. This delegation is not intended to alter or narrow the Chief Executives normal delegations.
--------------------	--

The Chief Financial Officer and Senior Manager Operational Policy, Planning & Performance left the meeting.

10. Government Policy Statement Update

The Chief Executive and Deputy Chief Executive of the Ministry of Transport joined the meeting and were welcomed by the Chair. The Director, Office of the Chief Executive and Lead Advisor also joined the meeting.

The Chief Executive and Deputy Chief Executive of the Ministry of Transport spoke to their slides, noting that the Ministry was looking at transport's role in the all of government work underway to kick-start the economy. They acknowledged the revenue challenges, noting work was underway to resolve the short-term funding gap and that the Crown may need to underwrite the fund.

In relation to the Government Policy Statement (GPS), the Board noted a number of challenges, including: that the political and policy aspirations did not align with the revenue that was available; the long-term viability of the current revenue model of the NLTF (particularly in light of electrification, mode-shift and now COVID-19); Waka Kotahi's ability to maintain the network and respond to emergencies with available funding; availability of funding outside Auckland and Wellington; and the additional complexity being overlaid on Waka Kotahi (e.g. with the proposed new rail function and different funding models). The inability to use tolling to support demand and mode shift was also noted.

The Chief Executive of the Ministry acknowledged the revenue challenges, and that the Ministry had work underway to address these issues. He noted the Minister's aspirations for what he would like to be delivered within the funding envelope. He noted that the complexity to NZTA's mandate/operations was driven by the different funding options being utilised, and there was an opportunity to drive more coherency across rail and land transport as part of the stimulus package.

The Board will formally respond to the GPS in writing.

The Board also noted its concerns regarding the lack of action to restrict the importation of 1 and 2 star safety rated cars. It also noted challenges in setting a budget in light of the uncertainty due to COVID-19. Both were recognised by the Ministry.

Resolutions	<p>The Board noted:</p> <ul style="list-style-type: none"> • The ongoing discussions with Ministry of Transport staff on the process for revising the draft GPS 2021 to reflect COVID-19 impacts and recovery needs. • The issues discussed with Ministry of Transport staff at the meeting on 23 April.
--------------------	--

The Chief Executive and Deputy Chief Executive of the Ministry of Transport, the Director, Office of the Chief Executive and Lead Advisor left the meeting.

11. Approval of Draft 2020/21 SPE

The Chief Financial Officer joined the meeting and introduced the paper, noting that the SPE was largely a status quo approach this year. The SPE had been through an assurance process at the Risk & Assurance Committee, who had requested that the potential impact of COVID-19 be more clearly noted. He also noted that the Ministry of Transport had provided further feedback (relating to the link with urban development

and land transport, resilience planning and innovation) which would be reflected in the updated draft.

Any final material changes would be discussed with the Chair of the Board and Chair of the Risk and Assurance Committee before the SPE was approved and sent to the Minister.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Noted the Risk and Assurance Board Committee has considered assurance on the draft 2020/21 Statement of Performance Expectations and has reported back to the Board. • Approved the draft of the Waka Kotahi NZ Transport Agency’s 2020/21 Statement of Performance Expectations, including the Waka Kotahi operational budget. • Approved provision of the draft 2020/21 Statement of Performance Expectations to the Minister of Transport. • Noted management’s comments that COVID-19 impacts and government response may require us to reconsider the SPE and budget again before year end. • Delegated responsibility, with respect to Waka Kotahi’s 2020/21 Statement of Performance Expectations, to the Chairs of the Board and Risk and Assurance Board Committee to approve: <ul style="list-style-type: none"> ○ any further material amendments to the draft SPE before it is provided to the Minister; and in due course, ○ publication electronically, following receipt and due consideration of the Minister’s feedback on the draft.
--------------------	---

The Chief Financial Officer left the meeting.

12. Regulatory Strategy Approval

The General Manager Regulatory Services joined the meeting and introduced the paper.

The Board noted the significant work that had been done on the strategy, in collaboration with others.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Approved Waka Kotahi’s regulatory strategy “<i>Tū ake, Tū Māia</i>” attached to the paper; • Noted: <ul style="list-style-type: none"> ○ Any further editorial changes will be made by the Chair of the Regulatory Sub-committee and General Manager Regulatory Services.
--------------------	--

	<ul style="list-style-type: none"> ○ <i>Tū ake, Tū Māia</i> will be publicly available and with focused engagement with our key stakeholders. Noted <i>Tū ake, Tū Māia</i> will inform changes to operating models across each regulatory function.
--	---

The General Manager Regulatory Services left the meeting.

Decisions

13. Risk & Assurance Committee Report Back

The Risk and Assurance Committee Chair provided an overview of the Committee meeting.

Resolutions	<p>The Board:</p> <p>Draft SPE 2020/21 (Assurance)</p> <ul style="list-style-type: none"> • Noted the Committee: <ul style="list-style-type: none"> ○ Noted the draft 2020/21 SPE, including draft prospective financial statements provided with the paper. ○ Accepted management’s assurance that: <ul style="list-style-type: none"> ▪ The draft non-financial measurement and performance expectations for the draft 2020/21 SPE meet legislative requirements; and ▪ The draft prospective financial statements meet legislative requirements and comply with generally accepted accounting practice in New Zealand. ○ Received appropriate assurance on the draft 2020/21 SPE, including draft financial statements, confirming they meet legislative requirements and comply with generally accepted accounting practice in New Zealand (as applicable). • Resolved to provide the draft 2020/21 SPE, including draft prospective financial statements, to the Minister of Transport. <p>Fees & Funding Review – Quality Assurance Review</p> <ul style="list-style-type: none"> • Noted the Committee: <ul style="list-style-type: none"> ○ Noted: <ul style="list-style-type: none"> ▪ The findings and recommendations of the Funding and Fees review; ▪ The advice of the independent quality assurance advisors; and, ▪ The financial implications, including the impact the likely slump in demand for regulatory products and services will have.
--------------------	--

	<ul style="list-style-type: none"> ○ Noted the final models, together with value for money advice and the ultimate independent quality assurance report, will be provided to the Risk & Assurance Committee in May. <p>KPMG Engagement Letter</p> <ul style="list-style-type: none"> ● Approved KPMG’s engagement letter for the 2019/20 and 2020/21 audits of Waka Kotahi. ● Delegated authority to the Board Chair to sign the letter on the Board’s behalf. <p>Insurance Renewal Planning & Current Claims Update</p> <p style="background-color: black; color: white; padding: 2px;">withheld under OIA s9(2)(j)</p> <p>Technology & Security Update</p> <ul style="list-style-type: none"> ● Noted the Committee noted: <ul style="list-style-type: none"> ○ The Technology (Corporate & Transport) Risk mitigation programme update; ○ The Security update, including the annual Protective Security Requirements maturity assessment, Security Assurance Programme and the initial view of critical technology assets; and ○ That both the technology and the security programmes are being reviewed in light of COVID-19 <p>Other</p> <ul style="list-style-type: none"> ● Noted the Committee discussed the Board paper titled “Potential Fiscal Impacts from Covid-19” ahead of it being supplied to the Board at the 23 April meeting.
--	--

14. IDMF Update – Draft Investment Prioritisation Method

The Senior Manager Investment Assurance and Chief Financial Officer joined the meeting. The Chief Financial Officer noted that the IDMF would need to be updated to reflect any changes to the GPS. Given the likelihood of changes to the GPS in light of the response to COVID-19 Management was recommending that any consultation be deferred until the GPS had been updated. The Chair has written to the Minister noting that the IDMF and regional planning was being delayed.

Resolutions	<p>The Board noted:</p> <ul style="list-style-type: none"> • A decision on the timing of consultation is subject to consideration of the wider timeline for finalising the 2021 Government Policy Statement and development of the 2021-24 National Land Transport Programme. • The update on the Investment Decision Making Framework review and the proposal to change the discount rate from 6% to 4% for evaluating transport investment proposals.
--------------------	---

The Senior Manager Investment Assurance and Chief Financial Officer left the meeting.

15. Auckland Transport – Eastern Busway Procurement Strategy

The Senior Manager Procurement joined the meeting and introduced the paper. Management had worked closely with Auckland Transport on the development of the strategy, and would continue to work closely with them as the project was rolled out.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Approved Auckland Transport’s (AT’s) Eastern Busway Procurement Strategy. • Noted: <ul style="list-style-type: none"> ○ The strategy proposes Eastern Busway Stages 2 and 3 to be delivered under a Pure Alliance delivery model. ○ This approval is based on AT meeting all agreed IQA actions to ensure readiness to deliver under this contract delivery model type.
--------------------	---

16. Updates to Power of Attorney Appointments (Property)

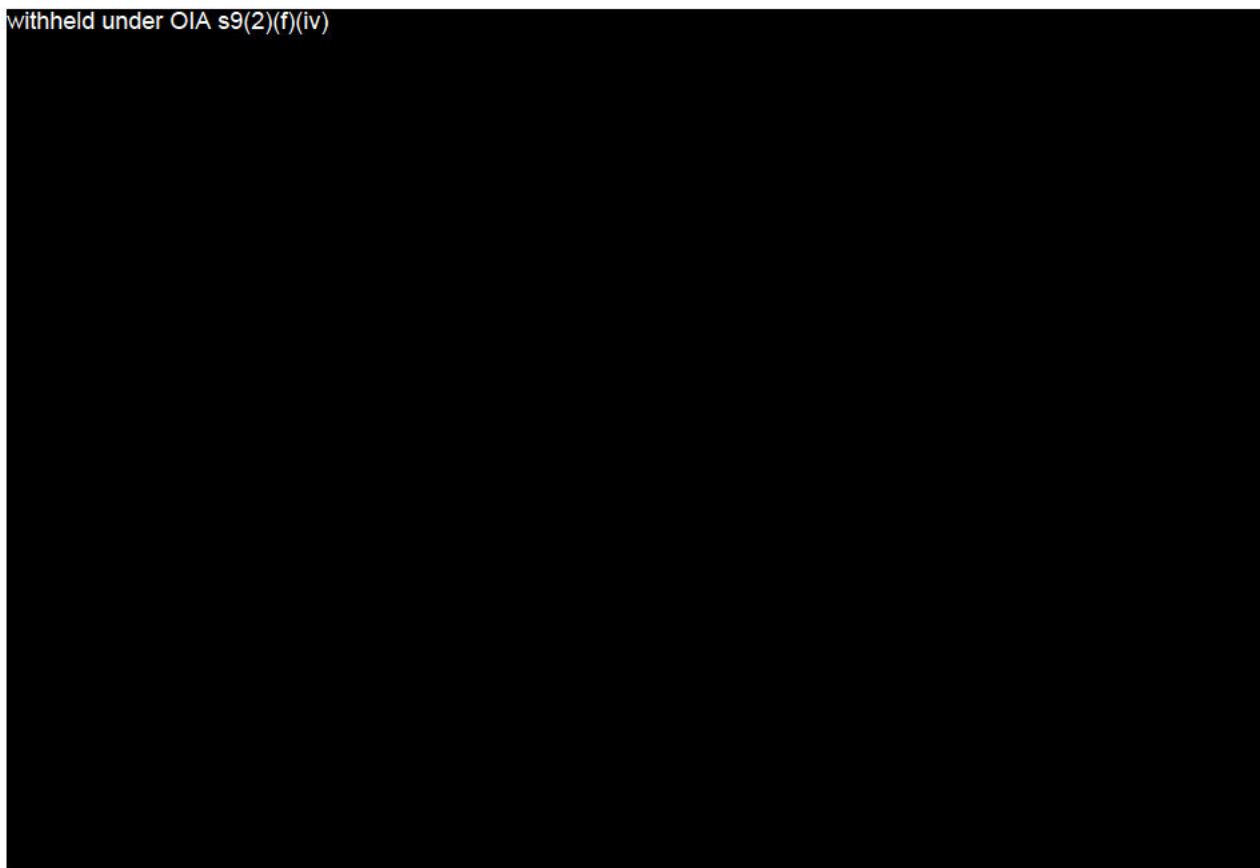
The Group General Counsel introduced the paper, noting that the powers of attorney allowed people to sign deeds under delegation from the Board, and that the proposed changes reflected organisation changes.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Revoked <ul style="list-style-type: none"> ○ The power of attorney issued generally to Mark Ratcliffe, Interim Chief Executive, on 25 July 2019 ○ The power of attorney issued generally to Howard Cattermole, Chief Financial Officer, on 25 July 2019 ○ The power of attorney issued to Mark Spring, Manager Acquisition, to sign property related deeds on 25 July 2019 ○ The power of attorney issued to Julian Rattray, Manager Disposals, to sign property related deeds on 25 July 2019
--------------------	--

	<ul style="list-style-type: none"> • Appointed <ul style="list-style-type: none"> ○ Nicole Rosie, Chief Executive, as an attorney of Waka Kotahi ○ Brett Gliddon, General Manager Transport Services, as an attorney of Waka Kotahi ○ Andrew Thackwray, Senior Manager Project Delivery, as an attorney of Waka Kotahi for the purposes of signing property related deeds ○ Andrew Robinson, Senior Manager Transport Property, as an attorney of Waka Kotahi for the purposes of signing property related deeds ○ Mike Forrest, Manager Infrastructure Property, as an attorney of Waka Kotahi for the purposes of signing property related deeds • Authorised two Board members to sign the deeds of appointment that put into effect the revocation and appointments as resolved by the Board.
--	--

17. NZ Upgrade Procurement Strategy

withheld under OIA s9(2)(f)(iv)



The Senior Manager Procurement left the meeting.

22. NZ Upgrade Programme - Transport

withheld under OIA s9(2)(f)(iv)



withheld under OIA s9(2)(f)(iv)

Mark Ratcliffe left the meeting.

Operational Updates (Safety, Health & Environment, Financial Performance & NLTF Summary, and Transport Services)

18. (Item deferred to next meeting)

19. Safety, Health & Environment Update

Key issues in the report were discussed during updates from the Chief Executive, but the Board noted that deaths and serious injuries had reduced during Alert Level 4.

Resolutions	The Board noted The Safety, Health & Environment Update.
--------------------	--

20. Financial Performance & NLTF Summary

Key issues in the report were discussed during updates from the Chief Executive.

Resolutions	<p>The Board noted:</p> <ul style="list-style-type: none"> • The financial performance summary for the Waka Kotahi NZ Transport Agency and National Land Transport Fund (NLTF) for the eight months ended 29 February 2020; • The impacts of Covid-19 on NLTF and regulatory forecasts will be addressed in a separate briefing.
--------------------	--

21. Transport Services Update

The Board discussed the importance of ensuring that any stimulus projects were fit for a post-COVID-19 world. The Chief Executive confirmed that there were three pieces of work underway to address the potential impact of COVID-19: aligning the stimulus package proposal to the current GPS; looking at what work might be stopped, changed or slowed down in light of the expected revenue drop; and considering what a post-COVID world might look like, using Arataki as a baseline for scenario planning.

Resolutions	The Board noted the contents of the paper
--------------------	---

General Business

23. Board Correspondence

The Board noted the correspondence.

24. General Business

The Board agreed that the weekly one hour Board meetings instigated on 27 March due to COVID19 could move to fortnightly and would be cancelled if they were not required.

The Board also noted that nothing further would be done in relation to Chief Executive and Board remuneration until there was further guidance from the State Services Commission.

The Board asked Management to pass on their thanks for the work that staff had done to pivot in response to COVID-19.

The meeting concluded at 1.10pm.



Minutes approved by the Board Chair

Brian Roche 18/06/2020