

Waka Kotahi NZ Transport Agency Board Minutes	
Date & time	20 August 2020, 9.00am – 1.15pm
Location	Via Zoom
Board members in attendance	Sir Brian Roche (Chair), Cassandra Crowley (Deputy Chair), Catherine Taylor, David Smol, John Bridgman, Patrick Reynolds, Victoria Carter
NZTA staff in attendance	Nicole Rosie (Chief Executive) Kane Patena (General Manager Regulatory Service) Ray McMillan (Senior Manager Safer Rail) Chris Ballantyne (Lead Advisor Safer Rail Systems) Greg Lazarro (General Manager Safety, Health & Environment) Fabian Marsh (Senior Manager Road Safety) Matthew Walker (General Manager Corporate Support) Howard Cattermole (Chief Financial Officer) Brett Gliddon (General Manager Transport Services) Mark Kinvig (Programme Director NZUP) Mayurie Gunatilaka (Senior Manager System Planning) Katie Mayes (Manager Strategic Cases) Chris Lokum (General Manager People) Brett Wood (Manager People Experience) Giles Southwell (General Manager Workplace & Technology) Anna Moodie (Group General Counsel & Board Secretary)
External attendees	None
Apologies	Ken Rintoul, Lois Hutchinson and Peter Miskell TAIC (item 6), Peter Mersi, Ministry of Transport (item 5)

Introduction and governance matters

1. Apologies, Minutes & Actions

Ken Rintoul gave his apologies. Due to sickness, Lois Hutchinson and Peter Miskell from TAIC and Peter Mersi from the Ministry of Transport also sent their apologies. Mr Mersi's absence meant that item 5 on the agenda was not held.

The Chief Executive and Group General Counsel & Board Secretary were present from the start of the meeting.

Draft Minutes

There were no minutes for approval.

Actions Arising

The current actions list was noted.

2. Interests Register

Sir Brian Roche advised he had become a Director of WhangaHaumaru GP Limited and requested this be added to the register.

Resolutions	The Board noted the Interests Register.
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3. Board and Chief Executive Only Session

A Board and Chief Executive Only Session was not held.

4. CE Report

s 9(2)(g)(i), s 9(2)(h)



s 9(2)(g)(i), s 9(2)(h)




Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Noted the Chief Executive’s report. • Agreed that local authorities should be advised that the date for submission of regional land transport plans would be delayed by 1-2 months.
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The General Manager Transport Services left the meeting.

16. Advanced Traffic Management System Maintenance Contract

s 9(2)(g)(i), s 9(2)(j), s 9(2)(i)



Resolutions	<p>The Board:</p> <p>s 9(2)(g)(i), s 9(2)(j), s 9(2)(i)</p>
	

	s 9(2)(g)(i), s 9(2)(j), s 9(2)(i)
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Actions	Technology approval papers should provide context as to how they fit within the wider digital strategy
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The General Manager Workplace & Technology left the meeting.

5. Ministry of Transport

This item was not held.

Strategic

6. Safer Rail Deep Dive

The General Manager Regulatory, General Manager Safety, Health & Environment, Senior Manager Safer Rail and the Lead Advisor Safer Rail Systems joined the meeting.

The General Manager Regulatory introduced the paper noting the rail regulatory function is moving towards being a more proactive and firm and fair regulator. For example, the three prosecutions over the last 12 months are the only prosecutions that have been taken since the rail legislation was enacted. Other tools are being used to impose conditions when they are required. s 9(2)(g)(i)

[Redacted]

The Senior Manager Safer Rail and Lead Advisor Safer Rail Systems spoke to the slides provided to the Board in Diligent.

The Board discussed:

- The dual role Waka Kotahi plays as regulator and funder of rail, noting funding for rail comes from both the NLTF and central funding. Waka Kotahi will also play a role in recommending approval of the Rail Network Investment Plan to the Minister. Further work is required to understand how these different functions interplay, and how the independence of the regulator is maintained.
- The intersection between road and rail regulation. The interplay was challenging because of the different regulatory regimes, and because a number of level crossings are on regional roads.

- The role of the Ministry of Transport in providing clarity, particularly given the interplay between regulator and funder, and road and rail.

- § 9(2)(g)(i)
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Auckland Metro Rail Network Update

The General Manager Regulatory provided an overview of track fatigue issues on the Auckland Metro Rail Network recently advised by KiwiRail. KiwiRail has proactively reduced speed limits on the network to reduce risk, but this does mean rail is operating at reduced capacity in the interim § 9(2)(g)(i). At this stage, it's not clear what the cause of the fatigue is.

The Board discussed the benefits of reducing speeds on the network. The Board also discussed the potential implications for public transport usage while speeds were reduced.

Resolutions	The Board: <ul style="list-style-type: none"> • Noted the scope of the rail regulatory function as defined in the Railways Act 2005; • Noted the issues, risks and challenges for discussion. <p><i>Auckland Metro Rail Network Update</i></p> <ul style="list-style-type: none"> • Noted the contents of the paper and the actions taken by the rail regulator at Waka Kotahi to monitor the issues and risks with the Auckland Metro network.
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Actions	Invite TAIC to a future Board meeting. Invite the KiwiRail Board to a future Board meeting.
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The Senior Manager Safer Rail and the Lead Advisor Safer Rail Systems left the meeting.

7. Road to Zero Workshop

The Senior Manager Road Safety joined the meeting and introduced the paper, speaking to the slides provided to the Board in Diligent.

The Board commended the programme, and discussed:

- The importance of bringing communities and other stakeholders onboard as the plan progresses. A separate communications workstream is being established to support this, and an educational campaign will commence shortly.
- The breadth of the plan. The Board encouraged Management to consider a number of lenses to help prioritise the plan, including: impact (vs cost), speed to deliver, socio-economic impact and regional differences.

- The importance of tracking progress against targets in a way that identifies early any potential problems with achieving targets.
- The need to be clear which things are directly within the control of Waka Kotahi, and which things rely on other stakeholders where Waka Kotahi has an influence role.
- The new approach taken with Police, which includes measuring and tracking performance and empowering District Commanders.
- The importance of consistency and join-up between the safety team and the design engineers, to ensure a safe system approach to everything Waka Kotahi does. Design standards for roads are currently set by Transport Services.
- The Board’s ongoing concerns with 1 and 2 star safety rated cars. The Ministry of Transport is aware of the issue but there is no proposal for legislative change at this stage. This will be covered in the briefing to the incoming Minister.

Resolutions	The Board noted the paper and the discussion.
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Actions	A list of roads by safety risk.
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12. Safety, Health & Environment Update

The General Manager Safety, Health & Environment introduced the paper, noting the new reporting format. Further work was underway to do risk-based assessments to give the Board confidence risks were being appropriately managed.

The General Manager Safety, Health & Environment and General Manager Regulatory provided an update s 9(2)(g)(i)



Resolutions	The Board reviewed and approved the new reporting format.
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The General Manager Safety, Health & Environment, General Manager Regulatory and Senior Manager Road Safety left the meeting.

8. Year End Performance Report

The General Manager Corporate Support and the Chief Financial Officer joined the

meeting and introduced the paper.

The Board noted that, for the third quarter, an abridged report was provided to the Minister in light COVID-19, s 9(2)(g)(i)

The Board provided editorial feedback on the draft report, including in relation to the description of the PPPs. The Board encouraged Management to consider a smaller number of measures in future years, with operational measures that were meaningful to the organisation and cascade from the strategy. Reporting should also distinguish between measures that are within the control of Waka Kotahi and those that are led by others.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Noted the draft Waka Kotahi NZ Transport Agency year-end unaudited performance report. • Delegated to the Chief Executive authority to approve providing the final year-end unaudited performance report to the Minister of Transport.
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9. National Land Transport Fund (NLTF) Expenditure Update

The Chief Financial Officer introduced the paper, noting the requirement to provide projections for activity class spend to the Minister. The projections have been made more complicated by COVID-19 and additional funding and financing sources.

s 9(2)(g)(i)

Some of the activity class ranges have been impacted by COVID-19, including as a result of approved organisations' activity slowing down. For activity classes that are underspent, work is underway to identify options for increasing expenditure.

The Board discussed the reason for rescinding the approval for public transport funding during COVID-19, now that additional funding has been provided by Government.

Modelling is underway to understand the potential impact of the extension of or moves to higher alert levels. It's anticipated that the \$300m financing facility will be needed at some point, but the timing is currently unclear.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Rescinded the Initial Approval, as a consequence of the additional Crown funding being provided for public transport. • Noted the contents of the draft Ministerial briefing note 'National Land Transport Fund (NLTF) expenditure update – August 2020'; • Noted:
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	<ul style="list-style-type: none"> ○ additional COVID funding for public transport from 1 July 2020 had been approved for funding from the National Land Transport Fund given the need to act urgently and the uncertainty of funding sources at the time (Initial Approval); ○ additional Crown funding has now been provided for that public transport (Additional Funding);
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The General Manager Corporate Support and the Chief Financial Officer left the meeting.

10. NZ Upgrade Programme Update

The General Manager Transport Services and the Programme Director NZUP joined the meeting. The General Manager Transport Services introduced the paper, noting that the Ministers of Transport and Finance had accepted the second version of the establishment report which reflected COVID-19 impacts.

The Board noted the letter from the Minister of Transport, delegating project level decision-making to the Board, with certain significant changes needing to be escalated to the Minister, with the scope of the significance threshold to be clarified. The Board requested that reports provided by the Oversight Group to the Minister be provided to the Board at the same time.

s 9(2)(g)(i)

Resolutions	The Board noted the contents of the paper.
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Actions	Request that reports provided by the Oversight Group to the Minister be provided to the Board at the same time.
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s 9(2)(g)(i)

The Programme Director NZUP left the meeting.

11. Arataki Version 2

The Senior Manager System Planning and Manager Strategic Cases joined the meeting. The General Manager Transport Services introduced the paper.

The Board discussed the timing of release of the updated version of Arataki and the GPS, and the frequency at which Arataki would be reviewed with the plan considered a living document. The Board encouraged management to continue to look at Arataki with a number of lenses going forward, including a Maori and climate change lens.

The Chair left the meeting, and the Deputy Chair assumed the role of Chair.

Resolutions	The Board approved the release of Arataki Version 2.
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The General Manager Transport Services, Senior Manager System Planning and

Manager Strategic Cases left the meeting.

Culture

13. Q4 People Dashboard

The General Manager People and Manager People Experience joined the meeting. The General Manager People introduced the paper, noting COVID-19 has had an impact with lower staff turnover, higher leave balances and higher uptake of learning opportunities. The workforce mix is changing as the number of contractors reduce. Further work is underway on the gender pay gap, to recognise the gap changes as people join and leave the organisation.

The Chair re-joined the meeting and resumed the role of Chair.

The Board noted the low numbers of bullying and harassment, and encouraged Management to continue to encourage people through the various staff communications channels to speak-up. EAP usage has historically been reported in the Health & Safety report, but may now need to be included in the People Dashboard.

An update on the HRIS procurement process will be provided at the next People & Culture Committee meeting.

Resolutions	The Board noted the Quarterly People Dashboard.
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The General Manager People and Manager People Experience left the meeting.

14. Risk & Assurance Committee Report Back

The Risk & Assurance Committee Chair introduced the paper, noting that both KPMG and the OAG joined the Committee meeting. The Committee Chair highlighted the following:

- The internal audit plan is a rolling 3 month plan. The Committee encouraged Management to ensure the audit plan considers focus areas or themes, to help ensure issues of strategic impact are identified.
- KPMG was able to confirm the findings of the audit of COVID-19 processes and decisions at Waka Kotahi were consistent with findings across the public and private sector. However the Committee will continue to ask questions around the potential for fraud.
- The auditors will have a matter of emphasis in relation to the scrutiny principle.
- The audit of the annual accounts is proceeding well, and there will be a COVID-19 disclosure in the results.
- Waka Kotahi is required to submit financial information to the Crown in advance of the full audited accounts being available, and Management and the Board are required to provide letters of representation in relation to this financial information.

Resolutions	The Board:
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Strategic Risk Update

- **Noted:**
 - the June 2020 update of key risks,
 - the outcomes from the Board risk workshop held on 30 July 2020,
 - the summary of incident management & business continuity activity, and
 - the delivery of a new system for capturing declarations of interest.

Internal Audit Plan Approval

- **Noted** the Committee **approved** the Internal Audit Plan for August-October 2020.

Establishing Te Hau Ora – Digital Portfolio Framework

- **Noted** the establishment of Te Hau Ora as a key mechanism of managing Digitally enabled change across Waka Kotahi including Technology Risk Remediation and change projects.
- **Noted** the progress that has been made in regard to the Technology Risk Remediation Projects over the past 12 months.
- **Noted** that regular updates on Te Hau Ora will be provided to both the Risk and Assurance and the Investment and Delivery Committees.

KPMG ‘Scrutiny Principle’ Audit Engagement Letter

- **Approved** KPMG’s engagement letter for the 2019/20 and 2020/21 scrutiny principle assurance of Waka Kotahi
- **Delegated** to the Board Chair authority to sign the letter on the Board’s behalf.

Committee Only Audit Status Update

- **Noted** the Committee held a verbal session with KPMG without management present.

NZTA & NLTF Draft 19/20 Financial Results

- **Approved the accounting treatments for the:**
 - Assessment of the validity of the going concern assumption;
 - \$1,538 million state highway network valuation adjustment;
 - s 9(2)(g)(i), s 9(2)(j), s 9(2)(i)
 - For the Pūhoi to Warkworth PPP COVID-19 related settlement of \$85 million: \$40 million paid at 30 June 2020 recorded as operating expenses, \$40 million recorded as a future commitment and \$5 million recorded as a contingent liability;

	<ul style="list-style-type: none"> ○ s 9(2)(g)(i), s 9(2)(j), s 9(2)(i) ○ Format of the COVID-19 related disclosure note in 2019/20 annual report. • Noted the outcome of the current negotiation on Transmission Gully PPP is a post balance date adjusting event. If the outcome is materially different from that provided for above, we will need to consider, with Treasury and KPMG, the appropriate accounting treatment of the PPP and the related interest rate swaps and associated disclosures. • Agreed to release a copy of the NZTA & NLTF Draft 19/20 Financial Results paper to the Ministry of Transport for the purpose of Crown Monitoring. • s 9(2)(g)(i) <p>CFIS Submission (and Assurance)</p> <ul style="list-style-type: none"> • Noted the Committee received assurance that the Crown Financial and Information System submission and related Letter of Representation are materially accurate. • Delegated to the Board Chair and Risk and Assurance Board Committee Chair authority to approve and sign-off the Crown Financial and Information System submission and related Letter of Representation. • Delegated authority to approve and sign the Letter of Representation, on behalf of the Board, to the Board Chair and Risk and Assurance Board Committee Chair. <p>Other</p> <ul style="list-style-type: none"> • Noted the following papers supplied to the Committee on 13 August 2020: <ul style="list-style-type: none"> ○ “Board Risk Workshop – summary of the session of 30 July 2020” (including Risk Appetite Statement) ○ “Assurance Programme Update” ○ “Summary of Recent Protected Disclosure Activity and Monitoring of Interests” ○ “Litigation and Open Investigations Report”, and ○ “Insurance Update”.
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¹ Joint Report Treasury and Infrastructure Commission: Update on Transmission Gully negotiations to mitigate the impact of COVID-19, 2 August 2020.

15. Investment & Delivery Committee Report Back

The Investment & Delivery Committee Chair introduced the paper, highlighting:

- That the Committee had encouraged Management to undertake work on the potential tolling of the NZ Upgrade Programme projects to help mitigate the future additional maintenance costs that will need to be borne from the NLTF.
s 9(2)(g)(i)
- In relation to the funding assistance rate, the status quo with some adjustments was agreed.
s 9(2)(g)(i)
- The intention is to extend the work on spatial planning into other small urban areas, but this does require buy-in from regional authorities.
- s 9(2)(g)(i), s 9(2)(j), s 9(2)(i) a commitment to mode shift requires a well-resourced public transport system. There are currently challenges in attracting and retaining drivers. The initiative is to try to improve wages and terms and conditions and procurement processes.

Resolutions	<p>The Board:</p> <p><i>Use of Tolling for Maintenance and Operations</i></p> <ul style="list-style-type: none"> • Approved Waka Kotahi proceeding with Gate Two tolling assessment investigations for maintenance and operations on NZ Upgrade Programme roads. <p><i>Setting 2021-24 Funding Assistance Rates for Approved Organisations</i></p> <ul style="list-style-type: none"> • Approved the normal Funding Assistance Rates to apply to Approved Organisations for the 2021-24 National Land Transport Programme based on Option 1 as set out in Attachment 2 to the paper. • Approved the transition to new Funding Assistance Rates based on Option 4 as set out in Attachment 3 to the paper. • Approved the Funding Assistance Rates for Special Purpose Roads for the 2021-24 National Land Transport Programme as set out in Attachment 4 to the paper. • Noted that normal Funding Assistance Rates have been recalculated to reflect changes in network length, capital valuation, number of rating units and socio-economic deprivation index in accordance with Waka Kotahi NZ Transport Agency funding assistance policy and normal Funding Assistance Rate methodology. • Noted the options considered for revising the policy and the methodology for setting normal Funding
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	<p>Assistance Rates and the transition to the new Funding Assistance Rates.</p> <ul style="list-style-type: none"> • Noted that the Minister of Transport has not set out any specific criteria for the setting of Funding Assistance Rates for the 2021-24 NLTP. • Noted, for completeness, more work is being undertaken regarding the equity between the highway and rapid transit programmes and funding implications. <p><i>Enhanced Funding Assistance Rate Extension</i></p> <ul style="list-style-type: none"> • Approved the previously-approved Emergency Works Enhanced Funding Assistance Rate (FAR), outside of the Emergency Works FAR policy, for 16 Approved Organisations, with an expiry date of 30 June 2021 at a total NLTF cost of \$9,017,788. <p><i>Te Hau Ora (Digital Update)</i></p> <ul style="list-style-type: none"> • Noted: <ul style="list-style-type: none"> ○ The establishment of Te Hau Ora as a key mechanism of managing Digital Change across Waka Kotahi which includes Technology Risk Remediation and Digitally enabled Change Projects, and ○ The critical projects that have been identified within Te Hau Ora. <p><i>Northern Pathway Procurement Strategy</i></p> <ul style="list-style-type: none"> • Approved amending the Northern Pathway Westhaven to Akoranga (NPW2A) project procurement approach, converting the delivery model from a Hybrid Alliance to a Pure Alliance. • Approved amending the original scope of the Northern Pathway Westhaven to Akoranga Alliance to include the landward component (SeaPath). • Approved entering into an Interim Project Alliance Agreement with the Proponent team. <p>s 9(2)(g)(i)</p> <p><i>UFTI and Te Papa Spatial Planning</i></p> <ul style="list-style-type: none"> • Endorsed the preferred programme for the Urban Form and Transport Initiative Programme Business Case. • Endorsed the Te Papa Indicative Business Case. • Agreed that activities put forward by the UFTI Governance Group in accordance with both business cases are considered by Waka Kotahi for inclusion in Arataki, the Waka Kotahi Transport Agency Investment
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	<p>Proposal and the 2021-24 National Land Transport Programme.</p> <ul style="list-style-type: none"> • Noted: <ul style="list-style-type: none"> ○ That the UFTI ‘Connected Centres’ programme has been estimated to cost approximately \$7 billion over the next 50 to 100 years. This includes capital expenditure (new infrastructure) of approximately \$3.2 billion and operational expenditure (e.g. public transport services, road maintenance) of \$3.8 billion. ○ That the Te Papa IBC ‘Centres Plus’ programme has an estimated total cost of \$410M over the 2020 – 2050 period (NLTF share of \$209.1M at a FAR of 51%). ○ That there are funding implications for the 2021-24 NLTP. ○ The endorsement of the UFTI PBC and Te Papa IBC is not a funding agreement for the activities within the business cases. Waka Kotahi (including through the National Land Transport Fund), Tauranga City Council and Bay of Plenty Regional Council need to go through their own statutory processes to approve funding. <p>s 9(2)(j), s 9(2)(i) <i>Bus Drivers</i></p> <ul style="list-style-type: none"> • Noted that well-trained and remunerated bus drivers with attractive terms and conditions are important to make public transport an attractive modal choice. • Endorsed proposed procurement and investment actions to support the successful implementation of terms and conditions s 9(2)(j), s 9(2)(i) conducive to a successful strategy for recruiting and retaining bus drivers. • Delegated decisions under proposed procurement and investment actions to the Chief Executive. <p><i>Other</i></p> <ul style="list-style-type: none"> • Noted the papers below supplied to the Investment & Delivery Committee on 18 August 2020: <ul style="list-style-type: none"> ○ Business Case and Project Development ○ Transport Services Report
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Actions	Provide the tutorial on the business case process to the full Board.
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17. Board Correspondence

The Board **noted** the correspondence.

18. General Business

The Board encouraged Management to nominate staff who have stepped up during COVID-19 for the Public Service awards.

The meeting concluded at 1.15pm



Minutes approved by the Board Chair

Brian Roche 18/11/2020