

Waka Kotahi NZ Transport Agency Board Minutes	
Date & time	21 December 2020, 9.00am – 2.00pm
Location	Waka Kotahi NZ Transport Agency Boardroom, Level 2, 50 Victoria Street, Wellington
Board members in attendance	Sir Brian Roche (Chair), Cassandra Crowley (Deputy Chair), Catherine Taylor, David Smol, John Bridgman, Ken Rintoul, Patrick Reynolds, Victoria Carter
NZTA staff in attendance	Nicole Rosie (Chief Executive) Kane Patena (General Manager Regulatory Services) Matthew Walker (General Manager Corporate Support) Howard Cattermole (Chief Financial Officer) Brett Gliddon (General Manager Transport Services) Tara Macmillan (Senior Manager Procurement) Simon Penlington (General Counsel Litigation) Paul Glucina (Portfolio Manager, Design Portfolio 3, Target growth – Auckland) Robyn Elston (Senior Manager System Design) Greg Lazzaro (General Manager Safety, Health & Environment) Chris Lokum (General Manager People) Giles Southwell (General Manager Workplace & Technology) Conal Thompson (Senior Legal Counsel) Mike Birchler (General Counsel Governance) Jeremy Smith (Legal Counsel) Anna Moodie (Group General Counsel & Senior Manager Risk & Assurance)
External attendees	Tony Innes
Apologies	None

Introduction and governance matters

1. Apologies, Minutes & Actions

There were no apologies.

Draft Minutes

The Board noted the inadvertent omission of Ken Rintoul's name from the attendee list for the November Board meeting.

Resolutions	The Board confirmed the minutes of the meeting of 18 November 2020, subject to adding Mr Rintoul's name to the list of attendees.
--------------------	--

Actions Arising

The current actions list was noted.

2. Interests Register

David Smol advised he had been appointed as Chair of New Zealand Growth Capital Partners for 18 months from 3 December 2020.

Cassandra Crowley advised that she has been appointed a Director of Te Matai Water Scheme Limited and reappointed as Director of Maketū Foods Limited.

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

Strategic

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)

5. Regulatory Fees and Funding Review

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

s 9(2)(g)(i)

It will be important to be clear on the interplay between the extension of debt funding and the review of fees and levies. Debt funding is not a substitute for a review of fees and levies.

The Board discussed the need to consider how fees and levies could be set in a way that supported safety outcomes (e.g. charging less to ensure compliance) and charging private organisations who derived benefit an appropriate amount to (for example) maintain the systems that supported the service. The Board also encouraged Management to check that all charges were necessary.

s 9(2)(g)(i)

it will be important that Waka Kotahi can demonstrate it is operating effectively and efficiently and that there will be positive safety impacts.

<p>Resolutions</p>

s 9(2)(f)(iv)

The General Manager Regulatory Services left the meeting.

6. Financial Update

The General Manager Transport Services and the Chief Financial Officer joined the meeting and provided an overview of the paper.

The Board discussed, amongst other things, that revenue has not been as significantly impacted by COVID as anticipated. While State Highway expenditure is currently below budget, it's anticipated this will come in closer to budget.

<p>Resolutions</p>	<p>The Board noted the financial performance summary for Waka Kotahi NZ Transport Agency and the National Land Transport Fund for the four months ended 31 October 2020.</p>
---------------------------	---

7. Update on Financing Options

The General Manager Corporate Support provided an overview of the paper, noting in particular that Treasury has been constructive in their support of the work to date on financing options. s 9(2)(g)(i)

The Board supported further work being done to look into alternative funding options, noting that any long-term debt funding should be for high quality capital projects. Any options considered should keep open the use of existing funding options, s 9(2)(g)(i)

The Board discussed the need for a fundamental review of the funding model, which the Ministry of Transport has been tasked with leading.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the paper; and • Endorsed further work being undertaken as set out in the paper.
--------------------	---

Actions	<p>Invite the MOT to the February Board meeting to provide an update on their work on future transport funding.</p>
----------------	---

The Chief Financial Officer left the meeting.

8. New Procurement Approaches

The Senior Manager Procurement joined the meeting and provided an overview of the paper, noting that Waka Kotahi would play a greater integrator role in the supply chain under the proposed model.

The Board discussed the proposal's alignment with the government procurement principles, international best practice and learnings from Kaikoura. The Board also encouraged Management to consider how the new model could support Maori and iwi.

s 9(2)(g)(i)

The intention is to trial the new approach on a number of new projects.

The Board encouraged further work on defining what success looks like, and being clear on what parts of the supply chain we want to play a greater or lesser role in. The Board also noted the need to understand the current industry model, particularly in relation to cashflow.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Endorsed the strategic goals and strategic shifts for infrastructure procurement as set out in the paper. • Approved these strategic shifts being implemented as the Waka Kotahi 'New Procurement Approach'. • Delegated to the Chief Executive approval of updates to the Waka Kotahi Infrastructure Procurement Strategy (approved by the Board in October 2019; Board Paper 2019/10/1446) to reflect these strategic shifts. • Noted the implementation project will report at regular intervals to the Investment and Delivery Committee.
--------------------	--

The Senior Manager Procurement and General Manager Corporate Support left the meeting.

(Agenda item 20 was dealt with next.)

20. Southern Corridor (added agenda item)

s 9(2)(h)



<p>Resolutions</p>	<p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the paper. <p>s 9(2)(h), s 9(2)(b)(ii)</p>
---------------------------	---

The General Counsel Litigation left the meeting.

9. Additional Waitematā Harbour Connections Deep Dive

The Portfolio Manager, Design Portfolio 3, Target growth – Auckland, the Senior Manager System Design and Tony Innes joined the meeting.

The General Manager Transport Services spoke to the slides in the Board pack, noting the technical engineering advice was that there was risk in attaching any new structures to the bridge. Work was still underway to look at alternative options.

s 9(2)(g)(i)



Resolutions	The Board noted the paper.
--------------------	----------------------------

The General Manager Transport Services, the Portfolio Manager, Design Portfolio 3, Target growth – Auckland, the Senior Manager System Design and Tony Innes left the meeting.

(Agenda item 10 was dealt with after item 13.)

Culture

11. People & Culture Committee Report Back

The People & Culture Committee Chair provided an overview of the People & Culture Committee meeting, and the Board discussed the recommendations.

Resolutions	<p>The Board:</p> <p>Organisational Growth</p> <ul style="list-style-type: none"> • Noted the Committee noted: <ul style="list-style-type: none"> ○ Waka Kotahi has a growing workforce required to deliver our complex work programme. ○ We will make operational changes to deliver within our budget envelope in the 2020-21 financial year. ○ The Executive Team will establish a sub-committee focused on organisational design, and in concert with the 'Our Map' work, this will provide a planned and sustainable approach to organisational growth. <p>Director of Land Transport – Implementation Process</p> <ul style="list-style-type: none"> • Noted the Committee noted: <ul style="list-style-type: none"> ○ The requirement for the Board to appoint a Director of Land Transport pursuant to the Land Transport (NZTA) Legislation Amendment Act (2020) by 1 April 2021 (or earlier date if set by the Governor-General by Order in Council). ○ Work is underway to develop the Waka Kotahi Regulatory Operating Model in parallel with the Waka Kotahi map which it will form part of. This work will form the foundation for the longer-term design of the Director role, and the structure that supports it. ○ A recommendation to appoint the current General Manager Regulatory Services to the 'interim' Director position for a period of 12 months will be brought to the Waka Kotahi Board in February 2021, and
--------------------	---

- **Noted** the Committee agreed a short-term 'interim' appointment to the role for a period of 12 months is preferable to allow the review of the underlying operating model while ensuring that all legal duties and accountabilities are covered.

People Strategy Update

- **Noted** the Committee noted the progress made against the People Strategy 2019-2022 and the discussion points to steer future activity; and
- **Noted** the Committee provided input into the discussion session on the People Strategy

Transport Services Reward Proposal

- **Noted** the Committee:

s 9(2)(g)(i)

Organisational Change Quarterly Update

- **Noted** the Committee noted the Waka Kotahi current and planned change programme for 2nd Quarter 2020/21.

Pulse Survey Results for November

- **Noted** the Committee noted the November 2020 Ask our Team pulse survey results, and the organisational actions committed to by the Executive Leadership Team; and
- **Noted** the Committee provided input in how Waka Kotahi can continue to maintain and improve Ask our Team results.

Other

- **Noted** the General Manager People gave a verbal overview;
- **Noted** the paper titled "Workforce Optimisation Quarterly Update" supplied to the Committee on 16 December 2020;
- **Noted** the Committee was supplied with a copy of the Organisational Chart as at 18 November 2020.

Operational

12. Investment & Delivery Committee Report Back

The Investment & Delivery Committee Chair provided an overview of the Investment & Delivery Committee meeting, and the Board discussed the recommendations.

Resolutions	The Board:
	<p>The Board:</p> <p><i>Investment Prioritisation Method Finalisation</i></p> <ul style="list-style-type: none"> • Approved the final Investment Prioritisation Method for the 2021-24 National Land Transport Programme. <p><i>Rapid Transit Funding Arrangements</i></p> <ul style="list-style-type: none"> • Approved retaining the existing Funding Assistance Rate arrangements for Rapid Transit Infrastructure (i.e. up to 100% of the NLTF approved costs) for NLTP 2021-24; • Noted a Rapid Transit Infrastructure work category for NLTP 2021-24 will be retained within the Public Transport Infrastructure activity class, including wording that clearly differentiates such activities for NLTP 2021-24; • Noted the need to prioritise a review both of Funding Assistance Rates and lead agency roles in relation to rapid transit and for this work to be completed and in place prior to NLTP 2024-27; and • Noted a briefing paper about the roles, responsibilities, planning processes and funding arrangements for rapid transit is being developed and will be provided to the Board early in 2021. <p><i>KiwiRail Wellington Metro Track Infrastructure Price Level Adjustment</i></p> <ul style="list-style-type: none"> • Approved a funding increase of up to \$101.8 million for the Wellington Metro Track Infrastructure: Catch-up Renewal programme from the National Land Transport Fund Transitional Rail Activity Class, raising the total approved funding to \$197.61million (P95). • Noted that the \$101.8 million contains additional funding of \$24.42 million to complete the final tranche of the Wellington Traction Face Renewal programme commenced in 2017 and previously funded by the Crown. • Delegated to the Waka Kotahi Chief Executive authority, on the request of the Approved Organisation, to release funding above the revised P50 amount of \$179.9 million, up to the maximum approved P95 value of \$197.61 million. • Approved a funding increase of up to \$69.64 million for the Unlocking Capacity and Improving Resilience Infrastructure project from the National Land Transport Fund Transitional Rail Activity Class, raising the total approved funding to \$167.34 million (P95).

<ul style="list-style-type: none"> • Delegated to the Waka Kotahi Chief Executive authority, on the request of the Approved Organisation, to release funding above the revised P50 amount of \$147.4million, up to the maximum approved P95 value of \$167.34 million. <p><i>Bitumen Supply</i></p> <ul style="list-style-type: none"> • Noted the intention to investigate a revised bitumen quality management process in order to leverage international markets. • Noted the nature of the procurement process commencing December 2020 to determine the best method of mitigating security of supply risks and improving our cost position in the supply chain. <p><i>Supporting Growth Programme – Drury Arterial Network Route Protection</i></p> <ul style="list-style-type: none"> • Endorsed the Detailed Business Case for the Drury Arterial Network package. • Approved lodgement of Notice of Requirements for route protection of the recommended Drury Arterial Network package, including SH22 between Drury interchange and Oira Road intersection. • Approved the inclusion of the pre-implementation phases of the Drury Arterial Network package into the 2018-21 NLTP. • Approved funding to Waka Kotahi for the Drury Arterial Network package at a cost of \$2.25 million* for pre-implementation post-lodgement activities, at a funding assistance rate of 100% (\$2.25 million out of the NLTF) in the State Highway Improvements activity class. • Approved funding to Auckland Transport for the Drury Arterial Network package at a cost of \$2.22 million for pre-implementation post-lodgement activities, at a funding assistance rate of 51% (\$1,402,500 out of the NLTF) in the Local Road Improvements activity class. • Noted that future construction phases for Drury investment options are being considered through the Auckland Transport Alignment Project (ATAP) 2020 prioritisation process and will also undergo the prioritisation process for the 2021-24 NLTP. • Delegated to the Chief Executive the authority to approve funding to Waka Kotahi and to Auckland Transport for the Drury Arterial Network package up to a maximum cost of \$55 million for pre-implementation early property acquisition following route protection. • Noted that these early property costs are still to be prioritised in subsequent NLTPs through the RLTP & ATAP. <p><i>Airport to Botany Single Stage Business Case – Price Level Adjustment</i></p>
--

*see minutes of 25 March 2021 Board meeting - corrected to \$2.75 million

	<ul style="list-style-type: none"> • Approved an increase in funding to Auckland Transport of \$4.86m at a FAR of 51% (National Land Transport Fund, Local Roads activity class, share of \$2.49m) for the Airport to Botany Single Stage Business Case, thereby increasing the approved cost from \$3m to \$7.86m. • Noted that \$3.25m of the \$4.86m increase requested is retrospective. <p><i>Wellington Highway Maintenance Procurement</i></p> <ul style="list-style-type: none"> • Endorsed an Alliance contract model for the management of Wellington maintenance and operations, to be procured for commencement of contract in mid-2022. • Noted that: <ul style="list-style-type: none"> ○ The current Network Outcomes Contract for Wellington highway maintenance expires 30 September 2021, so a contract extension of nine months will be required to allow enough time to prepare, scope, tender and award the new Alliance contract by 1 July 2022. ○ Management will seek Board approval for the procurement strategy. <p><i>Other</i></p> <ul style="list-style-type: none"> • Noted the papers below supplied to the Investment & Delivery Committee on 16 December 2020: <ul style="list-style-type: none"> ○ Transport Services Update ○ Planning and Investment Framework for Rail Activities ○ NZ Upgrade Programme Update.
--	--

13. Regulatory Committee Report Back

The Regulatory Committee Chair provided an overview of the Regulatory Committee meeting, and the Board discussed the recommendations.

Resolutions	<p>The Board:</p> <p><i>Regulatory Governance Training</i></p> <ul style="list-style-type: none"> • Noted the Regulatory Chairs group have endorsed a proposal for the professional development of Board members of regulatory agencies. • Noted Waka Kotahi participation in the programme supports the Governance and Accountability Capability Shift in Tū ake, tū māia. • Endorsed Waka Kotahi participation in the programme as a pilot. • Agreed the Chair of the Regulatory Committee, CE and/or GM Regulatory Services participate in the programme. • Noted that the Chair of the Regulatory Committee will report back on whether participation should be adopted more widely.
--------------------	--

	<p><i>Other</i></p> <ul style="list-style-type: none"> • Noted the papers supplied to the Committee on 16 December 2020 titled: <ul style="list-style-type: none"> ○ “Regulatory Services Performance Report” ○ “Regulatory Deep Dive: Safer Vehicles” ○ “Debt Management and Road User Charges (RUC) Compliance Update” ○ “Regulatory Committee Governance Reflections”.
--	--

10. Safety, Health & Environment Update

The General Manager Safety, Health & Environment joined the meeting and introduced the paper, noting in particular:

- That staff are fatigued after a challenging year, and people have been encouraged to take a good break.
- Non-essential road works outside of the main centres are been stopped between 23 December 2020 and 4 January 2021 to support worker safety, driver safety and relieve congestion.
- A Road to Zero governance group has been set-up with representatives from the Executive Leadership Team and led by Nick Woodward. The Ministry of Transport is proposing to do a review across the system to understand what system level interventions are required.

The Board discussed progress with the CoPTTM review, and the standing of the CoPTTM document. The Board reiterated its guidance that it wanted updates to temporary traffic management guidelines made promptly.

The Board encouraged Management to ensure there were consequences for staff who were not logging into eRoads and/or were recorded as speeding in a work vehicle.

The Board noted the proposed update on director duties, and also requested legal advice on the impact of recent case law.

Resolutions	The Board noted the update.
--------------------	------------------------------------

Actions	Provide the Board with an update on their duties as directors and the impact of recent case law and other precedent from a health and safety perspective.
----------------	---

The General Manager Safety, Health & Environment left the meeting.

14. HRIS Payroll System

The General Manager People and the General Manager Workplace & Technology joined the meeting and introduced the paper, noting the project had followed the Treasury better business case process, and had IQA and KPMG reviews.

The Board discussed the advice received from the Digital Advisor to the Board and

Executive Leadership Team. The Board requested that there be regular updates to the Risk & Assurance Committee as the project progresses. They asked that Management consider appropriate reflection points where a decision might be made to stop or proceed, and to ensure that the contract allows for this. The Board also requested that more of the contingency be lifted up to the Governance Board for approval.

Resolutions	<p>The Board:</p> <p>s 9(2)(b)(ii)</p> <ul style="list-style-type: none"> • Noted the proposed commercial arrangements for the implementation and ongoing support of the HRIS and Payroll solution; and • Agreed to delegate authority to the Waka Kotahi Chief Executive to sign the associated contracts and to execute the Statements of Work for implementation and on-going support, subject to an acceptable risk assessment, legal, updated value for money assessment and financial reviews.
--------------------	--

Actions	<p>The HRIS project to provide regular updates on progress to the Risk & Assurance Committee, including reflection points where a decision can be made to continue or stop the project.</p> <p>s 9(2)(g)(i)</p> <p>A greater proportion of the HRIS contingency budget should be managed by the Governance Board.</p>
----------------	---

The General Manager People and the General Manager Workplace & Technology left the meeting.

15. Board Delegations

The General Manager Corporate Support, General Counsel Governance, Senior Legal Counsel and Legal Counsel joined the meeting.

The Group General Counsel & Senior Manager Risk & Assurance introduced the paper, and the Board discussed:

- The need to consider how changes to reflect the new Director of Land Transport will be implemented.
- A desire for the Board to have more visibility of large contracts before they are signed.
- That they were comfortable only making decisions at key points in the process for delivering a transport project, and not at every step. This will need to be balanced with good quality reporting on progress of projects.

- That the delegations and the culture of the organisation should support escalation of decisions when there are significant risks or sensitivities involved, including reputational risk.
- A desire to be involved in decisions relating to significant disputes as well as formal litigation.
- A desire to ensure efficient decision making, which may mean that Board Committees are given greater decision-making powers and/or ad hoc meetings.
- The level at which the Board is engaged may differ depending on the type of project. Financial thresholds will not be the only consideration.
- The project should also consider whether significant decisions relating to iwi should come to the Board.
- That the delegations should be clear, and that there should be consequences if people fail to adhere to the framework.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Noted and provided feedback on: <ul style="list-style-type: none"> ○ the proposal to change the delegations framework; ○ the draft Delegations Policy; and ○ future Board delegations.
--------------------	---

16. Internal Policy Framework

The Senior Legal Counsel provided an overview of the paper.

The Board supported the proposed approach, including regular reviews and that compliance should be monitored. They requested that the whistleblowing and protected disclosure policies be separated from the fraud prevention policy. The Board supported ongoing dialogue with other Crown Entities, and suggested a number who had recently updated their policies.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Approved the internal policy framework in Attachment 1 of the paper. • Noted and provided feedback on the draft internal policy list in Attachment 2 of the paper.
--------------------	---

17. Board and CE Indemnities

The General Counsel Governance introduced the paper, noting that this initiative was not triggered by any particular event and had arisen from the Legal Team's review of good practice in Board governance. The advice from Chapman Tripp was that Board indemnities were common practice for Crown Entities. The Public Services Commission's website also refers to this type of indemnity.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Authorised Waka Kotahi the New Zealand Transport Agency (Waka Kotahi) to agree to indemnify each Board member and the Chief Executive by entering into deeds of indemnity with them in materially the same form as those set out in the Resource Centre. • Authorised, in respect of the deed of indemnity in favour of any Board member or the Chief Executive, any other two Board members executing the relevant deed on behalf of Waka Kotahi. • Noted that Waka Kotahi has received external legal advice as to the form of the deed of indemnity and confirmation that it is legally appropriate for the Board to authorise the provision of the deeds as proposed in the paper. • Noted that section 62 of the Crown Entities Act 2004 provides (as an exception to the conflict of interest disclosure rules) that a Board member is: <ul style="list-style-type: none"> ○ Not “interested” in a matter because he or she receives an indemnity authorised under the Crown Entities Act and therefore, ○ Not required to disclose details of entering into his or her deed of indemnity.
--------------------	--

The General Manager Corporate Support, General Counsel Governance, Senior Counsel and Legal Counsel left the meeting.

18. Board Correspondence

The Board **noted** the correspondence.

The Board requested that in future years, the Office of the Auditor General’s audit letter comes to the Board in draft before being finalised.

19. General Business

There was no further business.

The meeting concluded at 2pm.



Minutes approved by the Board Chair

Brian Roche, 24/02/2021