

Waka Kotahi NZ Transport Agency Board Minutes	
Date & time	27 May 2021, 10.00am – 1.40pm
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)* Richard May (Acting Director, Office of the Chief Executive)* Chris Lokum (General Manager People)* Matthew Walker (General Manager Corporate Support) Howard Cattermole (Chief Financial Officer) Brett Gliddon (General Manager Transport Services) Barbara Tebbs (National Manager Policy and System Planning) Deborah Hume (Establishment Manager Multimodal and Innovation) David Darwin (Lead Advisor Investment Planning) Mark Weeds (Activity Class Manager Local Road Maintenance) Brenda O'Donoghue (Activity Class Manager) Nigel Hutt (Activity Class Manager) Todd Webb (Assessment and Prioritisation Lead) Nicholas Manukau (Tumuaki, Senior Manager Māori) Yogesh Anand (Chief Technology Officer) Greg Lazzaro (General Manager Safety, Health & Environment) Kane Patena (General Manager Regulatory Services and Director of Land Transport) Anna Moodie (Group General Counsel & Senior Manager Risk & Assurance)*
External attendees	Sarah Naude and Emma Morris, Propero* Helen Rogers and Dave Gordon, KiwiRail (item 6) Marcus Porter (item 8)
Apologies	None

**Present from start of meeting*

Introduction and governance matters

1. Apologies, Minutes & Actions

There were no apologies.

Draft Minutes

Resolutions	The Board confirmed the minutes of the meeting of the 20 April 2021 Board meeting. ¹
--------------------	--

Actions Arising

The current actions list was noted and updated. The Board requested that a date for the Ministry of Transport to discuss future of transport funding be confirmed soon.

2. Interests Register

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

Strategic

3. Board and Chief Executive Only Session

A Board only session was not held.

4. CE Report

s 9(2)(g)(i)



RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

¹ The minutes were subsequently amended as set out in item 9.1 below.

Resolutions	The Board noted the Chief Executive's report.
--------------------	--

4.1 Pay Restraint Update

The Chief Executive introduced the paper, noting the context that Waka Kotahi was operating in, including:

- Waka Kotahi is one of a small number of government agencies that does not have pay progression.
- A number of other Crown Entities have moved to public/private banding ranges, which has meant a 20-30% increase in pay in recent years, and many have more generous benefits packages than Waka Kotahi.
- Waka Kotahi has taken on a significant increase in work and demands on staff have increased.
- We are operating in a tight market, with many private sector companies reporting record profits. We are expecting that people will leave organisations to achieve higher pay. We are already seeing people leaving to work as contractors.

The Board discussed that the previously approved reward strategy remained valid, and there was no reason to move away from that. The Board encouraged Management to take the elements from each option that will support retention of key staff and ensure that Waka Kotahi can recruit into key roles. However, pay increases should only be available to people who are performing satisfactorily.

Resolutions	The Board delegated to the Chair of the People & Culture Committee approval of the final reward approach.
--------------------	--

The General Manager People left the meeting.

5. NLTP Update – Indicative Allocations for Continuous Programmes

The General Manager Corporate Support, Chief Financial Officer, General Manager Transport Services, National Manager Policy and System Planning, Establishment Manager Multimodal and Innovation, Lead Advisor Investment Planning, Activity Class Manager Local Road Maintenance, the two Activity Class Managers and Assessment and Prioritisation Lead joined the meeting.

The General Manager Corporate Support and Chief Financial Officer provided an overview of the paper. They noted that an assurance process undertaken by EY had identified some minor errors, meaning that the Road Safety Promotion funding would be \$157m (rather than \$159m) and PT Infrastructure maintenance, operations & renewals funding would be \$104m (rather than \$105m).

Amongst other things, the Board noted and discussed:

- This should not come as a surprise to councils, given the ongoing communication about funding constraints.
- The approach taken is the same as in previous years.

- There is still provision for emergency works.
- The level of Public Transport funding should enable current levels of service to be maintained.
- The impact of underfunding of State Highway maintenance may lead to an increase in deaths and serious injuries, and this should be raised with the Minister.

Resolutions	The Board:			
	<ul style="list-style-type: none"> • Approved communicating indicative funding allocations for Approved Organisations and Waka Kotahi, as summarised below and set out in Attachments to the paper: 			
	Activity class (\$million NLTF share)¹	Indicative Allocation to AOs	Provisions, contingency	Total indicative funding
	Public Transport Services	\$1165	\$148	\$1313
	PT Infrastructure maintenance, operations & renewals (MOR)	\$104	\$0	\$104
	Local Road Maintenance	\$1940	\$241	\$2181
	State Highway Maintenance	\$2284	\$180	\$2464
	Road Safety Promotion (part of Road to Zero)	\$157	\$3	\$160
	<ul style="list-style-type: none"> • Noted that, due to National Land Transport Fund funding constraints, allocations for Local Road Maintenance and State Highway Maintenance are below the level needed to maintain current levels of service. • Noted the communications approach, including informing Approved Organisations of their indicative funding allocations following the Board meeting and after prior communication to the Minister’s office. • Noted the proposed allocations to continuous programmes means funding for improvement activity classes, including Road to Zero, will be at the bottom of their respective GPS ranges and this may result in funding to Government Commitments (e.g. ATAP, LGWM) in NLTP 21-24 being below the levels required to meet longer-term expectations. 			

The General Manager Corporate Support, Chief Financial Officer, Activity Class Manager Local Road Maintenance, the two Activity Class Managers and Assessment and Prioritisation Lead left the meeting.

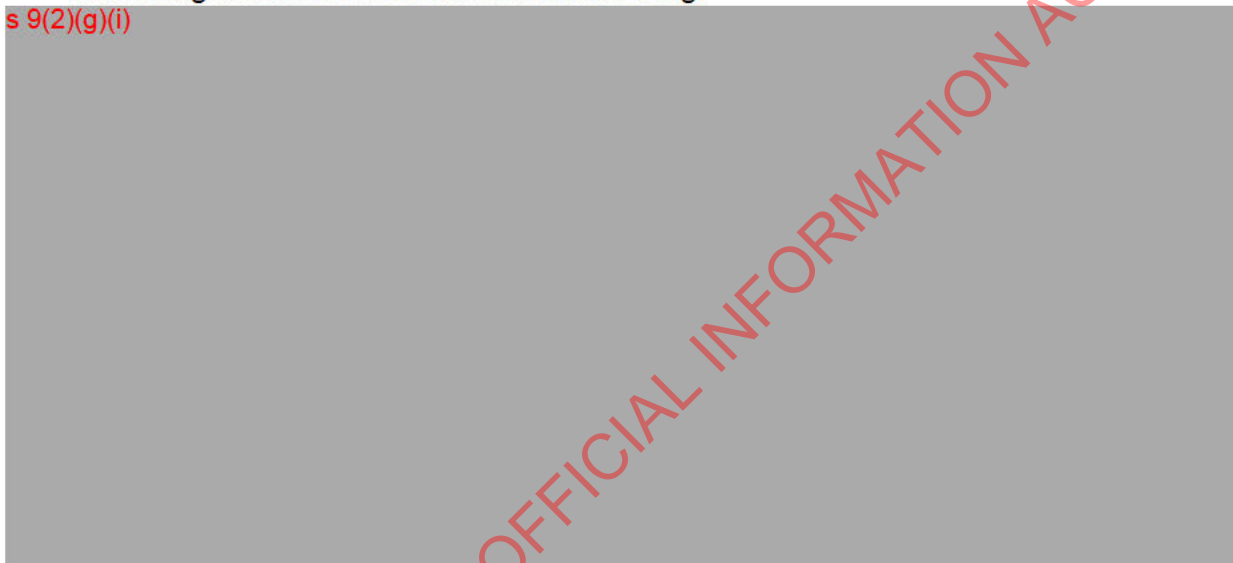
6. Rail Network Investment Programme

Helen Rogers and Dave Gordon of KiwiRail joined the meeting and provided an overview of the Rail Network Investment Programme. Much of the proposed investment is for maintenance and resilience of the network. KiwiRail has been anticipating this work for some time, so has the capability and capacity to do the work, with much of the work done by tier 2 suppliers who are less impacted by market demand.

In response to a query from the Board, KiwiRail confirmed that some carbon reduction would be achieved with the new more efficient ferries and locomotives. However, the proposal doesn't allow for the proposed 4% increase in freight over rail.

Helen Rogers and Dave Gordon left the meeting.

s 9(2)(g)(i)



Resolutions	The Board delegated approval of the final advice to be submitted to the Minister, as required under the Land Transport Management Act 2003 (LTMA), to the Chief Executive.
--------------------	---

The General Manager Transport Services, National Manager Policy and System Planning, Establishment Manager Multimodal and Innovation, Lead Advisor Investment Planning left the meeting.

Culture

7. Te Āo Māori Cultural Competence

The Tumuaki, Senior Manager Māori joined the meeting and introduced the paper.

The Board discussed its commitment to having an appropriate level of cultural competency. The Board will be invited to join the existing Waka Kotahi Te Āo Māori courses. Individual support and coaching will be provided if that is needed following the courses.

The Board agreed that it should spend time together to understand Te Āo Māori in the context of understanding whether the decisions it is making are appropriate in that context.

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

The Tumuaki, Senior Manager Māori left the meeting.

Operational

8. Digital Ambition and Digital Strategy Update

The Chief Technology Officer and Marcus Porter joined the meeting. Marcus Porter provided an overview of progress that had been made in the digital space since he was appointed as advisor to the Board. He spoke to slides which have been loaded to Diligent, noting in particular that there had been good progress on the 5 gaps identified in December 2021, including in relation to: intelligence, strategy and planning, execution, capability and governance.

Amongst other things, the Board discussed:

- The suggestion to have more formal quality assurance on projects.
- The need for multi-year planning and prioritisation.
- That innovation can be delivered by people external to Waka Kotahi, such as university innovation labs, and that Waka Kotahi does not have the right capability or capacity to do this inhouse.
- The ongoing improvement in reporting to the Board around planning, prioritisation and risk.
- The complexity of what Waka Kotahi is trying to do from a technology perspective. This includes a cultural shift from project led to outcomes led. It is made more challenging by the lack of funding.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Noted the current state of work on digital ambition that the ELT are subscribing to for Waka Kotahi. • Noted that the work on the development of the Digital Strategy has commenced. • Noted that further information will be provided on both at the June 2021 meeting.
--------------------	---

The Chief Technology Officer and Marcus Porter left the meeting.

9. Safety, Health & Environment Update

The General Manager Safety, Health & Environment and General Manager Regulatory Services joined the meeting and introduced the paper.

Amongst other things, the Board discussed:

- The recent fatality of a Fulton Hogan worker. Work is underway to understand the cause of the accident and whether appropriate traffic management was in place.
- The trial of a new health and safety “significant incident rate” to track potential injuries and near misses as well as actual injuries.
- How the data on deaths and serious injuries on the roads can be presented do give an indication of causative factors.

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

9.1 Road Safety Partnership Programme

The General Manager Safety, Health & Environment advised the Board that an error had been identified in the funding request for the Road Safety Partnership Programme approved at the 20 April 2021 Board meeting. The Board had agreed to recommend to the Minister of Transport a core investment of up to \$1,200.8m, but the figure should have been \$1,206.8m. The Board discussed and agreed to the change.

Resolutions	<p>The Board agreed to amend the 5th resolution under item 10 of the 20 April 2021 minutes to read:</p> <p>Recommend to the Minister of Transport to approve, in consultation with the Minister of Police:</p> <ul style="list-style-type: none"> • A core investment of up to \$1,206.8 million from the National Land Transport Fund (NLTF) for the RSPP in 2021-2024, and • Investment of \$35 million in change initiatives from the NLTF for 2021-2024, subject to the Waka Kotahi Chief Executive’s endorsement of a Business Case by Police for some or all of the Change Initiatives.
--------------------	--

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

10. Director of Land Transport Update

The General Manager Regulatory introduced the paper, including an update on the workshop with key industry leaders on the role of the Director of Land Transport.

Amongst other things, the Board discussed:

- The importance of the Director being part of Waka Kotahi, and not an isolated role. The Board noted that, as the Director reports to the Chief Executive, that should be reflected in the diagram in Attachment 2. The range of work that Waka Kotahi does is complex and interrelated, and that complexity needs to be recognised and reflected.
- The need to manage expectations on what the role can achieve given the wider transport environment.

- The need for a further conversation about what falls within the regulatory function from an operational perspective. There will be some functions that are clearly regulatory, some that are clearly not regulatory, and some that are unclear.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Noted the programme to deliver the Board’s expectations on the Director is underway. • Noted the Director will ensure the programme will receive focus and priority within the prioritisation process to deliver the expectations by the Board. • Endorsed the approach to developing the regulatory strategy and regulatory operating model; and provide direction on how the Board would like to be involved and updated on the development as the programme progresses.
--------------------	---

Actions	A workshop with the Board in June 2021 on what functions are regulatory functions
----------------	---

The General Manager Regulatory and Director Land Transport left the meeting.

11. Monthly Financial Update

Resolutions	The Board noted the Financial Update.
--------------------	--

12. Risk & Assurance Committee Report Back

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

Resolutions	<p>The Board:</p> <p>Q3 Performance Report</p> <ul style="list-style-type: none"> • Approved the quarter three 2020/21 performance report and cover letter to go to the Minister of Transport, and following the Minister’s receipt, for the report to published on the Waka Kotahi website. • Delegated to the Board Chair authority to approve the report cover letter to the Minister of Transport. <p>KPMG Engagements – Scrutiny Principle</p> <ul style="list-style-type: none"> • Approved the engagement letter for KPMG’s limited assurance engagement over the Waka Kotahi Putting the Scrutiny Principle into Practice report as at 30 June 2021. • Delegated to the Board Chair to sign the letter on the Board’s behalf.
--------------------	---

	<ul style="list-style-type: none"> • Noted the KPMG Scrutiny Principle – An Independent View report. <p>Preparation for Year End</p> <ul style="list-style-type: none"> • Noted the key financial matters and their likely treatments for the 2020/21 financial statements and annual report • Noted the proposed approach to improving climate-related reporting. <p>Internal Audit and Investment Assurance Plans</p> <ul style="list-style-type: none"> • Noted the Committee: <ul style="list-style-type: none"> ○ Approved the internal audit plan, incorporating Committee feedback provided at the meeting. ○ Approved the investment assurance plan, incorporating Committee feedback provided at the meeting. <p>HRIS Update</p> <ul style="list-style-type: none"> • Noted the findings of recent assurance activities including the Targeted Investment Review (Gateway), the Independent Quality Assurance (IQA) Review and PwC review of Holidays Act calculations. <p>Te Hau Ora Update</p> <ul style="list-style-type: none"> • Noted the key issues and planned actions around portfolio maturity, capability requirements, prioritisation and assurance. • Noted the current status and delivery timeline of Waka Kotahi Target Business Architecture and Digital Roadmap. • Noted the current performance of the Te Hau Ora portfolio. <p>Insurance Update</p> <p>s 9(2)(b)(ii), s 9(2)(g)(i)</p> <div style="background-color: #cccccc; height: 80px; width: 100%;"></div> <ul style="list-style-type: none"> • Noted the proposed insurance limit increases for Crime; • Noted the difficulties with Professional Indemnity insurance and the generally harder insurance market; <p>s 9(2)(b)(ii), s 9(2)(g)(i)</p> <div style="background-color: #cccccc; height: 80px; width: 100%;"></div> <p>Other</p> <ul style="list-style-type: none"> • Noted the papers below supplied to the Risk & Assurance Committee on 26 May 2021: <ul style="list-style-type: none"> ○ GM Overview
--	---

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

	○ Litigation and Open Investigations Report
--	---

13. 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	<p>The Board:</p> <p><i>Transmission Gully Road Opening Options</i></p> <p>s 9(2)(g)(i)</p> <p><i>Innovating Streets Programme</i></p> <ul style="list-style-type: none"> • Approved extending the Innovating Streets programme in the 2021-24 NLTP by funding \$60 million from the Walking and Cycling activity class subject to funding availability. • Approved the enhanced funding assistance rate of 90% for the development phase of projects in the Innovating Streets programme, subject to NLTP funding availability. • Noted the proposed approach of over-programming the Walking and Cycling activity class, including progressing the Innovating Streets programme, to ensure a strong pipeline of 'shovel ready' walking and cycling projects and avoid historical levels of under delivery. • Noted the intention remains to target the bottom of the walking and cycling activity class range of \$290m at this stage. <p><i>Greater Christchurch Public Transport Futures Indicative Business Case</i></p> <ul style="list-style-type: none"> • Endorsed the strategic approach of the Greater Christchurch Public Transport Combined Indicative Business Case to enable our council partners to plan and invest in the short and medium-term development of public transport in Greater Christchurch. • Requested that Management work with those council partners to develop pricing and other incentives (such as parking pricing) aligned to the mode shift plan that could be implemented to encourage greater use of public transport.
--------------------	--

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

- **Noted** that the next steps will be for our partners to complete a series of Single Stage Business Cases for the short-term programme (NLTP 21-24) that will be submitted to Waka Kotahi for pre-implementation funding consideration, subject to inclusion in the NLTP and funding availability.

- **Noted** that the Mass Rapid Transit (MRT) Indicative Business Case is still being developed.

Low Emission Bus Trials

- **Approved** funding to Auckland Transport for the Low Emission Bus Trials Single Stage Business Case at a total cost of \$8.725m at a FAR of 51% (\$4.450m out of the NLTF) from the Public Transport Improvements activity class. This funding enables Auckland Transport to test low emission options on the bus network, to better understand requirements for fleet transition.
- **Noted** that the trial will deliver benefits in terms of the Waka Kotahi Innovation, Trials and Pilots Policy, even though the estimated BCR is 0.05.

Greater Wellington Regional Council Capital Connection

- **Approved** funding to Greater Wellington Regional Council for the continuation of the Capital Connection at 75.5% FAR until 30 June 2022 from the Public Transport Activity Class up to a maximum contribution of \$900,000 from the NLTF.
- **Agreed to revisit** funding on completion of the current Business Case in respect of continuation of the Capital Connection Service.

Airport to Botany and 20Connect Single Stage Business Case

- **Endorsed** the Airport to Botany and 20Connect Single Stage Business Case.
- **Subject to:**
 - Inclusion and prioritisation of the Airport to Botany and 20Connect – Pre-implementation – Route Protection phase and the Airport to Botany – Pre-implementation phase in the NLTP 2021 – 24.
 - A suitable agreement being signed between Auckland Transport, Waka Kotahi and Auckland International Airport Limited clarifying the parties' roles and commitments in relation to the integrated consenting phase.
- **Approved** funding for the Airport to Botany and 20Connect route protection pre-implementation phase at a total cost of \$23.7m (P50), including administration costs, as follows:
 - To Auckland Transport \$17.9m (NLTF share \$9.1m) at a FAR of 51% from the Public Transport Infrastructure Activity Class.

	<ul style="list-style-type: none"> ○ To Waka Kotahi \$5.8m (NLTF share \$5.8m) at a FAR of 100% from the Public Transport Infrastructure Activity Class. • Approved funding to Auckland Transport for the Airport to Botany pre-implementation stage 2 phase at a total cost of \$3.4m including administration (NLTF share \$1.7m), at a FAR of 51% from the Public Transport Infrastructure Activity Class. • Approved the allocation of funding to Waka Kotahi of \$8.7m including administration (NLTF share \$8.7m) (P50), at a FAR of 100% for advanced property liability from the Public Transport Infrastructure Activity Class. • Noted that while the 2021 ten-year ATAP programme view update assumes an enhanced FAR for rapid transit projects, a higher FAR is not affordable given the funding the constraints in the 2021-2024 NLTP. <p>Melling Transport Improvements Procurement Approach</p> <ul style="list-style-type: none"> • Approved the Melling Procurement Plan and the use of a Single Principal Hybrid Alliance to deliver the Melling Interchange project as well as wider elements as part of the RiverLink project. • Noted that the forecast cost has increased by \$120 million (based on P50 estimate) above the currently NZ Upgrade Programme budget allocation and that Ministerial approval of additional funding for the project is being sought via the NZ Upgrade Programme rebaselining process. <p>SH1 Cambridge to Piarere Long Term Detailed Business Case</p> <ul style="list-style-type: none"> • Approved the SH1 Cambridge to Piarere Long Term DBC including the preferred route for a 16km extension between the end of the Cambridge section of the Waikato Expressway and the intersection of SH1 and SH29 at Piarere. • Noted <ul style="list-style-type: none"> ○ The Cambridge to Piarere Long Term DBC indicates that the preferred programme should be implemented as soon as possible. The preferred programme (pre-implementation, property, and construction) has been estimated to cost approximately \$635m between 2021 and 2036, an increase of \$131m from the previously approved estimate. ○ The preferred programme has an Investment Assurance Framework Profile of Very High GPS alignment with a low Benefit Cost Ratio range of 0.48 to 1.07. ○ There is not enough allocation in the National Land Transport Programme (NLTP) to prioritise this for funding before the 2027-2030 period, consequently Waka Kotahi will:
--	---

	<ul style="list-style-type: none"> ▪ seek funding through the Speed and Infrastructure Programme (SIP) for design and implementation of online safety improvements west of Ferguson Gully Road to the Cambridge Section of the Waikato Expressway ▪ continue to implement the committed safety work (SIP stage 1 and 2) ▪ continue with the pre-implementation phase of the long-term Cambridge to Piarere project including route protection and designation ▪ seek funding for the implementation phase of Cambridge to Piarere <ul style="list-style-type: none"> ○ No additional funding is sought at this time. <p>Other</p> <ul style="list-style-type: none"> • Noted the papers below supplied to the Investment & Delivery Committee on 26 May 2021: <ul style="list-style-type: none"> ○ GM Overview and Transport Services Update ○ Reform of the Resource Management Act ○ NZ Upgrade Programme Update
--	--

General Business

14. Board Correspondence

The Board **noted** the correspondence.

15. General Business

The Board discussed next steps in the Board evaluation by Propero.

The meeting concluded at 1.40pm.



Minutes approved by the Board Chair

Brian Roche, 24/06/2021