

## Board meeting | 25 May 2022

<b>Time</b>	9.00am
<b>Location</b>	Online via Microsoft Teams
<b>Board</b>	Sir Brian Roche (Chair), Cassandra Crowley (Deputy Chair), Patrick Reynolds, David Smol, John Bridgman, Victoria Carter, Catherine Taylor, Hon Tracey Martin

## Whakataki | Introduction

### 1. Apologies, Minutes & Actions

Apologies: Ngarimu Blair

**Resolutions** The Board **approved** the minutes of the 21 April 2022 Waka Kotahi Board meeting.

The current actions list was noted, including a brief discussion on the Otira tunnel.

### 2. Interests register

**Resolutions** The Board **noted** the interests register.

## Rautaki | Strategic

### 3. Board and Chief Executive only session

A Board and Chief Executive only session was not held.

### 4. CE report

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**Resolutions** The Board **noted** the Chief Executive report.

## 5. Climate change mitigation update

The Chief of Staff introduced the paper noting, amongst other things:

- The Emissions Reduction Plan (ERP) was launched on 16 May ahead of Budget 2022. To support its implementation the Climate Emergency Response Fund (CERF) has allocated funding to various sectors including \$1.3bn to transport over 10 years.
- Waka Kotahi is to implement two new significant initiatives: the clean car upgrade scheme and the social leasing scheme. Both are challenging programmes to deliver, requiring skill sets outside traditional core business. Further policy work is being undertaken on both, with an intention to trial the clean car upgrade scheme in April next year.
- Initial proposals around governance for these and other transport related CERF funded initiatives appear significant.

The Board and Management discussed a number of matters, including:

- Part of the work being done in this emissions reduction budget period is identifying what further investment is needed to achieve outcomes in future budget periods.
- Management has already been working to identify how to implement the various initiatives. Work on implementing the clean car upgrade scheme is less advanced, requiring further policy work to be completed.
- Management has signalled the challenges with reporting against Carbon Neutral Government Programme requirements regarding the Waka Kotahi supply chain. The Minister has been advised the scheduled timeframes cannot be met. An MoU is being implemented with MfE around a staged implementation.

### **Resolutions**

The Board:

- **Noted** the update on actions and decisions for transport in the Emissions Reduction Plan (ERP), the Climate Emergency Response Fund 2022 (CERF 22) and the Carbon Neutral Government Programme (CNGP).
- **Noted** the residual risks related to the above.

- **Discussed** preparing a letter from the Waka Kotahi Board Chair to the Minister of Transport setting out the matters Waka Kotahi wishes to resolve regarding the ERP and CERF 22.

## 6. Regulatory fees and funding discussion

Management and the Board discussed a number of matters including:

- Consultation has gone well with good engagement from the sector.
- Meeting timeframes is critical if the revised fees and charges are to be implemented next year.

### Resolutions

The Board:

- **Noted** the progress made during public consultation on proposed changes to regulatory fees and charges, which closed on 13 May 2022 (see **Attachment 1**).
- **Noted** the next phase of the Review involves analysing submissions and finalising the proposals, which will require approval from the Board, then the Minister (in August) before being submitted for Cabinet approval.
- **Endorsed** an integrated approach with the Board and Minister to progress the final proposal.
- **Delegated** to the Regulatory Committee Chair and David Smol authority to work with officials to finalise proposals and report back to the Board.

## 7. Ministry of Transport (GPS and ERP)

Ministry of Transport representatives joined the meeting and were welcomed by the Chair. The Ministry and Board discussed, amongst other matters:

- The long term planning work the Ministry has been doing.
- The importance of prioritisation and clear allocation of resources, particularly in light of Waka Kotahi having an expanding role.
- The complexity of layers in the decision-making ecosystem and how they might fit together.
- The current and upcoming demands on the system.

### Resolutions

The Board **noted** the discussion.

The Ministry of Transport representatives left the meeting.

## 8. Minister of Transport

The Hon Michael Wood, Minister of Transport joined the meeting and was welcomed by the Chair. The Minister and the Board discussed, amongst other matters:

- The ongoing strong performance of Waka Kotahi in challenging circumstances.
- The complexity and challenges of the current environment, including in light of continuing Covid impacts, and supply chain and labour market constraints.
- The importance of clarity in the sector to help Waka Kotahi navigate its differing priorities.
- The ERP.

**Resolutions** The Board **noted** the discussion.

The Minister left the meeting.

## 9. Director Regional Relationships update

Management and the Board discussed a number of matters including:

- Focusses across the main centres in Te Wai Pounamu include public transport and increasing mode share. Focusses outside the main centres include safety and resilience.
- The developing EV network and on-demand public transport trial in Timaru.

**Resolutions** The Board **noted** the presentation.

## 10. Overview of the new Speed Rule

Management and the Board discussed a number of matters including:

- The dual roles of Waka Kotahi as regulator and a road controlling authority (RCA).
- The proposed approach to issuing the speed management guidelines.

**Resolutions** The Board:

- **Noted** the presentation.
- **Requested** that the Regulatory Committee consider the speed management guidelines on behalf of the Board.

**Actions** Management to provide a policy approach and deep dive around the respective roles of the Board and Director of Land Transport.

## 11. Propero board evaluation – 12-month check-in

This item was deferred to the July board meeting.

Item 13 was dealt with next.

## 13. Senior leadership development

Management and Board discussed a number of matters including a summary of insights from work to date and current and future opportunities.

**Resolutions** The Board **noted** the item.

## 12. Health, safety and wellbeing update

Management and the Board discussed a number of matters including:

- The increase in open events and reasons for that, and need to continue to ensure events are captured, reported and closed in a timely way.
- The work to continue to refine the reporting.
- The harmful interactions reporting.

**Resolutions**      The Board **noted** the update.

## Te mahi | Operational

### 14. Advertising and media services RFP

Management and the Board discussed a number of matters including ensuring advertising would reach the broad Waka Kotahi stakeholder base including via non-mainstream and alternative media channels.

**Resolutions**      The Board:

- **Approved**
  - the appointment of FCB New Zealand to deliver advertising services for the Waka Kotahi road safety promotional programme
  - the appointment of MBM to deliver media planning and buying services for Waka Kotahi advertising requirements.
- **Noted** the whole of life cost, including any renewals, extensions or variations is approximately \$100m, split between advertising services of \$25m and media services of \$75m.
- **Noted** the \$75m media services spend is spread across multiple advertising channel suppliers but is planned and bought through the media services provider. It does not represent the value of the contract for services to the media buying supplier. The value of this contract is estimated at \$15m over the term of the agreement including any renewals.

### 15. Financial update

Management and the Board discussed a number of matters including:

- There have been no significant changes in trend.
- Funding has been received to partially off-set the fall in public transport revenue.
- There has been some additional funding provided under Budget 2022.
- The \$2bn facility has been drawdown, but given revenue shortfalls not necessarily used for the purposes originally intended.
- Given ongoing revenue challenges, Management will present options for reforecasting NLTP expenditure targets at the July meeting.

**Resolutions**      The Board **noted** the update.

## 16. Risk and Assurance Committee report back

Resolutions	<p>The Board:</p> <p><b>National Ticketing Solution update</b></p> <ul style="list-style-type: none"><li>• <b>Noted</b> the Committee:<ul style="list-style-type: none"><li>○ <b>Noted</b> the key risk themes currently being managed by the National Ticketing Solution and the actions being taken.</li><li>○ <b>Noted</b> the direction being taken to refresh the governance arrangements for the National Ticketing Solution once all parties have agreed to proceed.</li><li>○ <b>Noted</b> that under the delegation from the Board, in April we are considering placing an order for Environment Canterbury on-bus equipment to a maximum of \$5m from the already approved early works funding of \$27.5m.</li></ul></li></ul> <p><b>Risk and assurance strategy and plan</b></p> <ul style="list-style-type: none"><li>• <b>Endorsed</b> the progress and direction being taken to develop an enterprise risk and assurance strategy and three-year plan.</li><li>• <b>Noted</b> that a final strategy and plan will be brought back to the Board for approval in July.</li></ul> <p><b>Internal audit programme</b></p> <ul style="list-style-type: none"><li>• <b>Noted</b> the Committee:<ul style="list-style-type: none"><li>○ Discussed and provided feedback on the draft Internal Audit Plan 2022/23.</li><li>○ Approved the Investment Assurance Programme 2022/23.</li></ul></li></ul> <p><b>Q3 2022/22 performance report</b></p> <ul style="list-style-type: none"><li>• <b>Approved</b> the quarter three 2021/22 performance report and cover letter and subsequent publication on the Waka Kotahi website.</li></ul> <p><b>Other</b></p> <ul style="list-style-type: none"><li>• <b>Noted</b> the following papers supplied to the Committee on 24 May 2022:<ul style="list-style-type: none"><li>○ GM overview</li><li>○ Preparation for year end</li><li>○ Quarterly digital update</li><li>○ Digital risk update</li><li>○ Insurance renewal strategy</li><li>○ Litigation and open investigations</li></ul></li></ul>
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## 17. Investment and Delivery Committee report back

Resolutions	The Board:
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### LGWM transformational programme (with Ms Crowley abstaining)

- **Noted** that the Minister of Transport is asking Cabinet to consider decisions around the LGWM programme including capital funding for its next stages.
- **Noted** we are not currently seeking decisions on the preferred programme option of the LGWM Transformational Programme but instead providing an update on overall progress of LGWM.
- **Noted** that given the current uncertainty around the scale of land use intensification and the overall funding envelope, the LGWM programme board did not believe they were in a position to yet endorse a preferred programme option within the Transformational Programme.
- **Approved** an Indicative Business Case (IBC) Price Level Adjustment (programme office costs) (\$14,600,000 total (\$8.76m NLTF share) with a 60% funding assistance rate from Waka Kotahi (excluding Waka Kotahi admin fees).
- **Delegated** the approval of funding for Early Detailed Business Case (DBC) activity (\$8,640,000 total) to the Chief Executive.
- **Approved** the release of the funding for the hardship and strategic property purchases (\$45,554,400 total) with a 100% funding assistance rate from Waka Kotahi.

**Approved** a cost scope adjustment from the original estimated \$60m for the LGWM planning phases from Waka Kotahi (total programme cost \$99.00m) by \$13.944m noting this only covers the current programme office costs and early DBC works and further funding will be required to complete the DBC.

### LGWM early delivery Thorndon Quay and Hutt Road

- **Endorsed** a scope change to the Thorndon Quay Hutt Road (TQHR) Single Stage Business Case to include 'The Connection' shared path with Te Ara Tupua.
- **Endorsed** the TQHR Single Stage Business Case (SSBC).
- **Approved** \$58.9m (P50, \$31.4m NLTF) funding to Waka Kotahi NZ Transport Agency for the TQHR project being:
  - 'Retrospective funding of \$210,000 (\$126,000 NLTF share; 60% FAR) for The Connection addendum to TQHR SSBC, taking the SSBC cost from \$3,691,495 to \$3,901,495
  - \$6,454,900 (\$3,291,999 NLTF; 51% FAR) from the PT infrastructure activity class for the pre-implementation phase
  - \$41,903,100 (\$21,370,581 NLTF; 51% FAR) from the PT infrastructure activity class for the implementation phase
  - \$1,241,500 (\$633,165 NLTF share; 51% FAR), from the Local Road Improvements activity class for the Aotea Quay Improvements pre-implementation phase
  - \$6,344,000 (\$3,235,440 NLTF share; 51% FAR), from the Local Road Improvements activity class for the Aotea Quay Improvements implementation phase
  - \$2,760,442 (\$2,760,442 NLTF share; 100% FAR) from Walking & Cycling activity class for 'The Connection' the pre-implementation phase

- Subject to a condition subsequent that a trial of The Connection is implemented to determine the effects on the State Highway network before implementation funding is sought for a preferred option.
- **Delegated** to the Chief Executive future funding decisions for the TQHR project up to the P95 cost estimate of \$88,230,000 (\$57,641,340 NLTF share).
- **Noted** that this project is part of the LGWM three-year programme and can still proceed while the wider transformational programme options and future direction decisions are considered.

#### Auckland strategic spatial view

- **Noted** the Auckland Strategic Spatial View has been prepared to give effect to the Waka Kotahi Urban Development Position by providing a Waka Kotahi view about growth and urban development in Auckland that will inform our work, including engagement with partners.
- **Approved** the Auckland Strategic Spatial view for publication as a 'technical document' that forms part of the Waka Kotahi 30-year plan.
- **Endorsed** progressing the actions identified by the Auckland Strategic Spatial View.

#### NZUP Brougham Street business case

- **Noted** the joint Ministers have delegated the authority to approve lower risk NZUP project business cases, including Brougham St, to the Waka Kotahi Board.
- **Approved** the Brougham St Improvements Single Stage Business Case, that includes a programme of multimodal transport improvements with a total estimated cost of \$63.5m (P50) and a BCR of 4.6.
- **Approved** the drawdown of \$3m for the pre-implementation phase of the Brougham St project.

#### NZUP PAA award approval for Penlink

- **Approved** award of the Project Alliance Agreement (PAA) to Team Penlink, a consortium of Fulton Hogan, HEB Construction, Aurecon and Tonkin & Taylor, for \$510m, as per the affordability threshold established for the project.
- **Noted** the \$510m for the PAA is in line with the Government's P50 funding allocation for Penlink of \$740m, which includes \$66m in P50 contingency and \$34m to cover 2% escalation.
- **Noted** the NZUP joint Ministers hold an additional \$90m in tagged contingency for Penlink.
- **Noted** that the NZUP Joint Ministers:
  - approved the Penlink Implementation Business Case (ImBC) (10 May 2022; BRI-2453 refers);
  - delegated the decision to award the contract to the Waka Kotahi Board (10 May 2022; BRI-2453 refers); and
  - will receive a briefing from Waka Kotahi prior to award.



- **Noted** that the Minister for Transport has confirmed he supports Penlink being a tolled corridor, as per Waka Kotahi's recommendation (10 May 2022; BRI-2454 refers).

#### Pūhoi to Warkworth PPP

- **Approved** funding to Waka Kotahi for the Pūhoi to Warkworth PPP (P2Wk) for an increase of \$42.8m at a funding assistance rate of 100% thereby increasing the approved total cost from \$193.9m to \$236.7m.
- **Delegated** to the Chief Executive to approve a possible subsequent PLA relating to the properties acquired under the Public Works Act (PWA) which have an outstanding Land Valuation Tribunal (LVT) still to conclude and SH1 culvert costs, which are excluded from this current PLA.
- **Noted** that the benefit cost ratio reduces from 1.06 to 0.98 with this increase in costs.

#### Public transport FAR

- **Confirmed** that NLTF funding for public transport continuous programme costs continue to be at normal FARs from 1 July 2022.

#### Richmond PBC

- **Endorsed** the Richmond programme business case with an estimated total cost of \$504m and BCR of between 0.8 and 1.5.
- **Noted** the business case recommends seeking to extend the duration of the Hope bypass designation for at least ten years.

#### Papamoa East Interchange

- **Approved** funding to Tauranga City Council for the pre-implementation and implementation phases of the Eastern Growth Corridor Growth Projects for an increase of \$39.97m (51% FAR; NLTF share \$21.80m) from the Local Road Improvements Activity Class, thereby increasing the approved total cost from \$62.40m to \$102.37m (51% FAR; NLTF share \$52.21m) **subject to** the following conditions precedent:
  - A signed multi-party funding agreement between Tauranga City Council and Waka Kotahi; and
  - Written confirmation being received by Waka Kotahi that the supporting Housing Infrastructure Fund Crown loan is available and approved.
- **Noted** that the NLTF's share of this funding will be provided via interest free loans from the Crown through the Housing Infrastructure Fund (HIF) as agreed by the Board in August 2018, with each loan to be repaid by the NTLF within 10 years of its drawdown.
- **Approved** Tauranga City Council's proposal to part fund the PEI using a Special Purpose Vehicle model under the Infrastructure Funding and Financing Act 2020.
- **Approved** a NLTF funding cap of \$52.21m.

- **Delegated** to the Waka Kotahi Chief Executive the authority to sign the negotiated cost sharing agreement with TCC.

### Christchurch City Council procurement strategy

- **Endorsed** Christchurch City Council's Transport Procurement Strategy (2022 – 2025).
- **Delegated** approval of term extensions to Christchurch City Council term service maintenance contracts to the GM Corporate Support in the event Christchurch City Council seeks to extend its network maintenance term service contracts beyond five years.
- **Noted** that Christchurch City Council:
  - is operating on an extension to their current Transport Procurement Strategy following an extension approved in March 2022
  - will continue to use an existing approval under the LTMA for Christchurch City Council to employ in-house professional services, such as planning, consultation, consenting, design and project management activities
  - will continue to use a variation to the Procurement Manual to efficiently allocate work for consultancy services and efficiently allocate work for cycleway delivery
  - has committed to conducting a Local Government Act review to inform the appropriateness of seeking a variation to the Procurement Manual should it look to extend its network maintenance term services contracts beyond five years.

### Transport Services funding decisions

#### SH1 Dome Valley PLA

- **Approved** funding to Waka Kotahi NZ Transport Agency for the pre-implementation phase of SH1 Dome Valley Safety Improvements for an increase of \$297,000 at a funding assistance rate of 100% from Road to Zero activity class thereby increasing the approved total cost from \$7,481,761 to \$7,778,761.
- **Approved** funding to Waka Kotahi NZ Transport Agency for the implementation phase of SH1 Dome Valley Safety Improvements for an increase of \$11,188,430 at a funding assistance rate of 100% from Road to Zero activity class thereby increasing the approved total cost from \$71,780,089 to \$82,968,519.
- **Approved** funding to Waka Kotahi NZ Transport Agency for the property phase of SH1 Dome Valley Safety Improvements for an increase of \$111,830 at a funding assistance rate of 100% from Road to Zero activity class thereby increasing the approved total cost from \$1,146,239 to \$1,258,069.
- **Noted** that if approved, the additional funding takes the total project cost from \$81,962,283 (P50) to \$93,559,643 (P50) for the 2021-24 NLTP

### *Greater Wellington Regional Council – Public transport operations and management*

- **Noted** that the Chief Financial Officer approved funding of \$2.79m (\$1.42m NLTF; 51% FAR) to Greater Wellington Regional Council (GWRC) from the PT Services Activity Class to support operation of a new Real Time Information System (RTI).
- **Noted** that the additional funding takes the total cost of PT services for the 2021–24 NLTP from \$496.28m to \$499.07m.
- **Noted** that the CAPEX for the new RTI was approved in February 2022 at a cost of \$11.5m (NLTF share \$5.9m, 51% FAR) from the from the PT Infrastructure Activity Class.

### *Hamilton Ring Road Wairere/Cobham Interchange*

- **Noted** that the Chief Financial Officer approved additional funding of \$1.72m (\$1.72m NLTF 100% FAR) from the State highway Improvement Activity Class.
- **Noted** that the Chief Financial Officer approved additional funding of \$2.22m (\$1.1m NLTF 51% FAR) to Hamilton City Council from the Local Road Improvement Activity Class.
- **Noted** that the additional funding takes the total cost from \$62.1m to \$66m.
- **Noted** that a previous funding increase from \$40.8m was noted to the I&DC in August 2020

### *Capital Connection*

- **Noted** the Chief Financial Officer has approved funding of \$1.09m to GWRC to cover the Capital Connection fare revenue shortfall in the 2020/21 financial year.
- **Noted** this payment is passed through directly to KiwiRail as the operator of the service.
- **Noted** a further payment for the 2021/22 financial year will be presented when final costs are confirmed.

### *Auckland level crossings*

- **Declined** an application for an enhanced funding assistance rate for Auckland Transport's level crossing activities comprising Church Street East, O'Neills Road, Corban Estate, Lloyd Avenue, Kingdon Street, Tironui Station Road East, and two crossings at Homai Station.
- **Noted** that, subject to the Board's agreement to decline a higher FAR, the investment decisions and funding approval in respect of these activities will be made separately under delegated authority at the normal FAR.
- **Noted** that the estimated total cost of these activities is \$100m and that the broader level crossing programme in Auckland over ten years has an estimated cost of \$320m.

### Other

- **Noted** the following papers supplied to the Risk and Assurance Committee on 24 May 2022:
  - Transport Services report
  - Te Ara Tupua investment decision
  - Route protection
  - NZUP update
  - Transmission Gully update
  - Wellington Transport Alliance agreement

## 18. Regulatory Committee report back

<b>Resolutions</b>	The Board <b>noted</b> the Committee discussed the Te Rōpū Wāeture Quarter 3 performance report at the special Regulatory meeting of 19 May 2022.
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## Ngā kōrero o te wā | General business

### 19. Board correspondence

### 20. Other business

There was no other business.

The meeting closed at 2.10pm.

## Ētahi atu tāngata kua tae ā-tinana mai | Other attendees

		Items
<b>External attendees</b>		
Bryn Gandy, Acting CE Brent Johnstone, DCE Strategy Sian Roguski for the DCE Policy	Ministry of Transport	7
Hon Michael Wood	Minister of Transport	8
Matt Greer, Jemma Dacy	Advisors to Minister Wood	8
s 9(2)(a)	Chapman Tripp	10
	Divergent & Co	13
<b>Waka Kotahi</b>		
Nicole Rosie	Chief Executive	All
Richard May	Chief of Staff	All
Mike Birchler	General Counsel Governance and Funding	All
Anna Moodie	GM Corporate Support (Acting)	1 - 17
Lisa Rossiter	Senior Manager Environment and Sustainability	5
Anna Shaw	Portfolio Manager Climate Change	5
Neil Cook	Deputy Director of Land Transport	6, 10
Iain Feist	General Counsel Regulatory	6, 10
Chris Lokum	GM People	7, 8
Karen Jones	GM Engagement & Partnerships	7 – 10, 14
Liz Maguire	Chief Digital Officer	8
James Caygill	Director Regional Relationships	9
Meredith Usher	Group General Counsel (Acting)	10
Anthony Fewster	Senior Manager People and Process Safety	12

Lauren Cooke	Senior Manager Education and Marketing	14
Howard Cattermole	Chief Financial Officer	15

*Brian Roche*

**Minutes approved by the Board Chair**

**Brian Roche 7/7/2022**

Proactively Released