

Board meeting | 7 July 2022

Time	9.00am
Location	Waka Kotahi boardroom, Level 2, 50 Victoria Street, Wellington (and Microsoft Teams)
Board	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

The current actions were noted and updated, including an update from the Regulatory Committee Chair on actions the Director Land Transport had indicated taking in the near term.

Resolutions The Board **approved** the minutes of the 29 March 2022 Waka Kotahi Board Subcommittee meeting, the 27 May 2022 Subcommittee meeting and the 25 May 2022 Waka Kotahi Board meeting.

2. Interests register

David Smol advised that he ceased to be Chair of Capital and Coast and Hutt Valley DHBs on 30 June 2022.

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

Rautaki | Strategic

3. Board and Chief Executive only session

A Board and Chief Executive only session was held.

Item 5. was considered next.

5. Propero 12-month check-in

The Board and Management discussed a number of matters including:

- Good progress continues to be made.
- Time together, in and outside meeting time, remains important, as does Board development.
- Challenges remain with the volume of new transactional matters Waka Kotahi is asked to do and the consequential impacts of that, including the ability of the Board and Management to shape agendas around longer term themes.

Resolutions The Board **noted** the report.

David Smol left the meeting.

4. CE report

s 9(2)(g)(i)

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

6. Road to Zero quarterly report

The Portfolio Manager Road to Zero introduced the paper. The Board and Management noted and discussed a range of matters including:

- The portfolio overall continues to have a red status primarily because activity to reduce DSIs remains at red.
- The speed review programme continues at an adjusted pace.
- RtZ infrastructure investment continues to be behind target. Improvement initiatives have been identified to increase the pace of delivery.
- s 9(2)(g)(i)
- The safety camera transition is progressing well, with a business case on track for September.
- There has been some slippage in Ministry of Transport policy work. It is critical that that work continues to enable delivery of the RtZ programme.
- Behavioural change is needed for the programme outcomes to be achieved. That will take many years. Management is looking at previous significant behavioural change campaigns in New Zealand and overseas to learn from.

Resolutions The Board:

- **Noted** the Road to Zero Portfolio 2030 target is at risk, with all key DSI-contributing work programmes behind
- **Noted** the Action Plan 2023–25 has been drafted by Te Manatū Waka, with input from Road to Zero delivery partners, including Waka Kotahi

7. Speed management

7.1 Roles of the Board and Director Land Transport

The Director Land Transport introduced the paper. Management and the Board discussed a number of matters including:

- Good internal processes have been established and speed committees are in place.
- The importance of ensuring the various roles within Waka Kotahi are clearly ring fenced to a reasonable arm's length basis and processes for managing conflicts and information are in place, while ensuring we hold ourselves to account appropriately and transparently.
- Management is developing protocols around how decisions are made and processes for external conversations.

Resolutions	The Board noted the paper.
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Actions	Management to provide architecture for managing conflicts of interest in relation to speed management (noting how this is managed with support services).
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	Third party peer review of MegaMaps to be undertaken.
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7.2 Policy for reviewing and reducing speeds as RCA

The General Manager Transport Services introduced the paper. Management and the Board discussed a number of matters including:

- Waka Kotahi, as a road controlling authority (RCA) is required to have a speed management plan (SMP) in place covering the state highway network for a 10-year period.
- MegaMaps has been used to inform the plan. MegaMaps gives a sense of the network based on speed factors and the algorithm it uses. However, a technical physical assessment is needed to determine the actual position before speeds are actually set.
- The paper sets out principles intended to be used in making changes across the network to guide SMP changes.
- Although the new rules enable action to be taken more quickly, resource constraints limit the pace at which change can be implemented. As other factors, such as behavioural change are required, a graduated approach to initial changes is proposed. It is still intended to achieve RtZ outcomes over 10 years however. Other RCAs are also facing these issues.
- The Ministry of Transport's expectation is that around about 10% of speeds are corrected each year.

Resolutions	The Board:
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| | <ul style="list-style-type: none">• Approved the decision flow in the paper to help inform state highway speed limit decision making alongside the safe and appropriate speeds (SaAS) over the current and next NLTP periods.• Noted the implications of applying these criteria on the pace of achieving safe and appropriate speeds on the state highway network.• Noted the context for Waka Kotahi as an RCA when setting speeds. |
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8. NTS business case

Management and the Board discussed a number of matters including:

Sir Brian Roche left the meeting.

- The benefits of a nationwide solution.
- Management is currently negotiating the participation agreement. The business case is being brought to the Board to help demonstrate Waka Kotahi commitment to the project and to support participating councils in their work.
- The governance review has been completed and will be implemented once the participation agreement is signed.
- All but one participating council are agreed. Management continues to work with that council to address its concerns.

Sir Brian Roche re-joined the meeting.

- Although one participating council is still to agree, no issues are expected. They have had representatives in negotiations and those representatives have agreed the commercial terms.

• s 9(2)(i)

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Resolutions

The Board:

- **Endorsed** the National Ticketing Solution detailed business case (DBC).
- **Subject to** Waka Kotahi, Auckland Transport, Greater Wellington Regional Council, Environment Canterbury and the Regional Consortium agreeing to the agreed Participation (P2) Agreement:
 - **Approved** additional funding to Waka Kotahi for capex implementation of the NTS with total shared project costs of s 9(2)(i) at a FAR of 100% from the Public Transport infrastructure activity class.
 - **Approved** funding to Waka Kotahi for opex implementation of NTS of up to s 9(2)(i) at a FAR of 100% from the PT Services activity class
 - **Noting** that there is an annual ongoing cost associated with the NTS s 9(2)(i) per annum at 100% FAR, which will be assessed as committed expenditure in the development of subsequent NLTPs.
 - **Noting** that PTAs' ticketing operational costs are expected to decrease after they transition onto the NTS and are no longer using their current PT ticketing system.
- **Noted** that with the previously approved funding s 9(2)(i) total funding to Waka Kotahi for capex implementation of the NTS with total shared project costs s 9(2)(i) at a FAR of 100% from the Public Transport infrastructure activity class.
- **Delegated** authority to approve and sign the P2 Agreement, the Ticketing Solution Master Service Agreement (TSMSA) and contracts for financial service arrangements to support the operation of the

NTS¹, to the Chief Executive provided Auckland Transport, Greater Wellington Regional Council, Environment Canterbury and the Regional Consortium have first signed the Participation (P2) Agreement.

9. Risk strategy

The Head of Risk and Assurance introduced the paper. Management and the Board discussed a number of matters including:

- There have been no significant changes since the strategy was presented to the Risk and Assurance Committee.
- There have been productive conversations with the Ministry of Transport and it is comfortable that Waka Kotahi is lifting its risk maturity and heading in the right direction.
- The systems leadership role of the enterprise Risk and Assurance team.
- The ways in which reputational trust and confidence may be reflected in the strategy.

Resolutions The Board **approved** the enterprise risk and assurance strategy and three-year plan.

10. Internal audit plan approval 2022-23

The Head of Risk and Assurance introduced the paper. Management and the Board discussed a number of matters including:

- The plan was also presented to the Risk and Assurance Committee and has subsequently been to the executive leadership team. No additional topics have been added to the plan but the focus has been narrowed.
- Management is continuing to **assess** resourcing levels, including by looking at peer organisations.

Resolutions The Board **approved** the Internal Audit Plan 2022/23.

Te mahi | Operational

11. Financial update

Management and the Board discussed a number of matters including:

- The complexity of the revenue picture, including the increase in RuC purchasing as a result of the current discount lifting revenue but having negative revenue impacts in outer months once RuC rates revert.
- The revenue trend continues to be negative as does the outlook.
- Additional downside risks remain such as slowing economic activity.
- There remains a lot of uncertainty with a number of factors in play. Management is monitoring the situation closely and keeping the Minister informed.
- The assumptions supporting repayment of the \$2bn loan when entered into have been impacted.

¹ Financial service arrangements are expected to comprise contracts for merchant acquiring services, transit card program manager services and transit card retailer network manager services.

- Although there has been no change in outlook, the situation remains alarming.

Resolutions The Board **noted** the update.

Actions Provide an update to the Board on the revenue/financial outlook.

12. Regulatory Committee report back

The Regulatory Committee Chair provided an overview of discussion at the meeting.

Resolutions The Board:

Tū ake, tū māia endorsement

- **Noted** the Committee **provided feedback on** the current draft of Tū ake, tū māia 2022.
- **Noted** Management will bring a subsequent draft of the strategy back to the Committee before it is presented to the Board for approval.
- **Noted** a final version of the strategy, along with an implementation plan will be presented to the Board for approval/endorsement later this year.

Vehicle licensing reform

- **Noted** the Phase 1 review of the VLR identified a small but statistically significant increase in DSIs since the reform was introduced in 2014 relating to tyre factors.
- **Endorsed** using non-regulatory tools to address the issue including an education campaign with the public, vehicle users and vehicle certifiers and continued monitoring by Waka Kotahi and the Ministry of Transport.
- **Noted** the continued engagement with the Police to explore measures to lift roadside enforcement of in-service vehicle defects.

Other

- **Noted** the following papers supplied to the Committee on 6 July 2022:
 - Director of Land Transport update
 - Rail regulatory risk
 - Driver licencing deep dive

13. People, Culture and Safety Committee report back

The People, Culture and Safety Committee Chair provided an overview of discussion at the meeting.

Resolutions The Board:

Health, Safety and Wellbeing update

- **Endorsed** and will participate in the SafePlus Culture assessment.

Other

- **Noted** the following papers supplied to the Committee on 6 July 2022:
 - GM Report (verbal item)
 - People Dashboard
 - Engagement and Partnership quarterly report

14. Investment and Delivery Committee report back

The Investment and Delivery Committee Chair provided an overview of discussion at the meeting.

Resolutions

The Board:

NZUP update

- **Noted** the affordability challenge across the NZ Upgrade Programme for both Waka Kotahi and KiwiRail projects.
- **Noted** that the affordability challenge is a risk to programme outcomes and the opportunity to achieve positive change in the sector.
- **Noted** the affordability challenge for Ōtaki to north of Levin.

s 9(2)(f)(iv)

NZUP cost pressures

- **Noted** the Committee provided feedback on the proposed approaches and that the KiwiRail Board will also consider the proposed choices.

NZUP Melling

- **Endorsed** the current NZUP Melling Transport Improvements project, as originally scoped, subject to additional funding being found.
- **Noted** that Waka Kotahi is currently engaging with councils and mana whenua on possible outcome options and trade-offs, and options will be presented to joint Ministers for their consideration.

Activity class investment target refresh

- **Endorsed** the approach outlined in this paper: Option 3 - Focus on balancing both financial and outcomes risks.
- **Noted** the risks outlined in the paper.

Te Ara Tupua funding options

- **Approved** funding to Waka Kotahi for the Ngā Ūranga ki Pito-One section of Te Ara Tupua at a total revised cost of \$311.9m (P95) at a 100% FAR (\$304.9m from the NLTF and a \$7m contribution from Wellington City Council and Greater Wellington Regional Council) for the implementation phase from the Walking and Cycling activity class.
- **Delegated** approval to the Chief Executive to release implementation funding above \$286m (P50 costs, NLTF Share).
- **Noted** that Waka Kotahi will enter into a Project Alliance Agreement with the Te Ara Tupua Alliance if funding is approved.

LGWM transformation update

- **Noted** that Cabinet has:
 - endorsed taking Option 1 (South coast light rail plus a new public transport tunnel) through to the detailed business case (DBC) stage, retaining Option 2 (bus rapid transit) for further investigation
 - directed Treasury, Ministry of Transport, Ministry of Housing and Urban Development, and Waka Kotahi officials to progress work on a national approach to funding mass rapid transit projects, and to report back to the Minister of Finance, the Minister of Housing, the Minister of Local Government, and the Minister of Transport.

PPP projects management strategy

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

Request to endorse Auckland Transport Procurement Strategy 2022–2025

- **Endorsed** Auckland Transport's Procurement Strategy (2022 – 2025).
- **Noted that:**
 - AT's mode specific and category procurement strategies are not being reviewed at this time and as permitted by these mode specific and category procurement strategies, AT will continue to:
 - use an existing Waka Kotahi approval under the LTMA for AT to employ in-house professional services, such as planning, consultation, consenting, design and project management activities
 - use existing Waka Kotahi approved LTMA section 25 exemptions for the use of advanced procurement procedures through to the termination date of each of these existing exemptions, and
 - seek further or new LTMA section 25 exemptions from Waka Kotahi for the use of advanced procurement procedures as required.
 - The revised AT Procurement Strategy does not include the second-generation Bus Public Transport Operating Model (PTOM) Procurement Strategy, which will underpin AT's shift to low emission buses. AT is currently developing this Strategy and will seek Waka Kotahi Board endorsement in Q1 2023. To support development of this strategy, AT is proceeding with a first tranche of low emission bus procurement. A procurement plan for this has been endorsed by appropriate delegation holders within Waka Kotahi.

AMETI Eastern Busway Alliance PAA Implementation funding

- **Endorsed** the Eastern Busway – Pakuranga to Botany DBC for design and construction for the full scheme delivery (Ultimate Outcome Scheme comprising EB2, EB3 and EB4) with an estimated P50 cost of \$1.61b (P50; P95 \$1.78b).

- **Approved**, subject to Waka Kotahi receiving further ongoing assurance in respect of, and having further ongoing involvement in, the project as advised to Auckland Transport, funding to Auckland Transport to deliver Staging Option 1A of the AMETI – Eastern Busway Alliance PAA activity at an estimated P50 cost of \$1.3b (51% FAR; NLTF share \$0.66b) being:
 - \$165.14m (51% FAR; NLTF share \$84.22m) from the local road improvements activity class for Eastern Bus 2 Alliance Reeves Road Flyover – implementation
 - \$20.12m (51% FAR; NLTF share \$10.26m) from the local road improvements activity class EB2 Alliance Reeves Road Flyover – property
 - \$821.05m (51% FAR; NLTF share \$418.73m) from the PT infrastructure activity class for Eastern Busway 3 Alliance Busway – implementation
 - \$294.16m (51% FAR; NLTF share \$150.02m) from the PT infrastructure activity class for Eastern Busway 3 Alliance Busway – property.

AMETIEB1 (Panmure to Pakuranga) CSA

- **Approved** funding to Auckland Transport (AT) for an increase of \$22.78m (51% FAR; NLTF share \$11.62m) for the implementation phase of the AMETI Eastern Busway 1 from the Public Transport Infrastructure Activity Class, increasing the approved total cost from \$169.43m to \$192.22m.
- **Noted** that AMETI Eastern Busway 1 was previously part of AMETI Stage 2A.
- **Noted** the \$22.78m includes \$10.6m retrospective funding.
- **Noted** that on 1 April 2022 the Chief Financial Officer approved AT's request for a (non-binding) prior agreement acknowledging that Waka Kotahi would consider retrospective funding for the implementation phase when the cost/scope adjustment was requested.

Access for Everyone business case

- **Endorsed** the A4E PBC developed by Auckland Transport, with an estimated programme cost of \$408m (P50) and \$488m (P95).
- **Approved** funding to Auckland Transport for an indicative business case for Access for Everyone (IBC) with a total estimated project cost of \$0.94m, (NLTF share of \$0.48m) at a FAR of 51% from the Local Road Improvements activity class.
- **Endorsed** Management encouraging Auckland Transport to explore more shared mobility options with this work.

Auckland cycling and micromobility

- **Endorsed** the Auckland Cycling and Micromobility (CAM) Programme Business Case.
- **Endorsed** the recommended programme with a total cost of \$1.3b (P50).

- **Noted** that the funding will be sought from non-NLTF sources which align closely with the outcomes sought (eg the Climate Emergency Response Fund) as the recommended programme is currently unaffordable in the NLTF.
- **Noted** that \$6m has been approved from the NLTF Walking and Cycling activity class for a series of single stage business cases (SSBCs) and SSBC lites to investigate next stage priority areas.

Glen Innes – Tamaki Drive pathway implementation

- **Approved**, given the savings made by Waka Kotahi in delivering Section 2 of the corridor under budget, lifting the previous funding cap to provide funding to Auckland Transport for Urban Cycleways Programme – Glen Innes to Tāmaki Drive (Section 4) with total shared project cost of \$45.0m (\$22.9m NLTF share, FAR 51%) for implementation, from the Walking and Cycling activity class.
- **Noted** that further cost increases are expected on Section 4 as cost risk remains, and (noting the current funding pressures on the NLTF), any cost increases above the cap will need to be funded by Auckland Transport, and that Management will reiterate this to Auckland Transport.

TS funding decisions

Christchurch Southern Motorway to Rolleston (stages 2 and 3)

- **Noted** that the Chief Financial Officer approved funding to Waka Kotahi NZ Transport Agency for Christchurch Southern Motorway Halswell Junction Road to Rolleston (Stage 2 & 3) for an increase of \$29.3m at a funding assistance rate of 100% (\$29.3m out of the NLTF) for Implementation and Property from State Highway Improvements activity class thereby increasing the approved total cost from \$414.8m to \$444.1m.
- **Noted** the approval was made with the condition that this was reported to the Board including to note that the additional costs for approval were retrospective (with the exception of safety audit work and contingency)

Auckland Cycleways Network – Links to public transport – New Lynn to Avondale (NL2A)

- **Noted** that the Chief Financial Officer has approved funding of \$5.8m (\$2.9m NLTF, 51% FAR) from the Walking and Cycling Activity Class to Auckland Transport for completion of NL2A.
- **Noted** that the final cost of NL2A has increased from \$46.6m to \$52.4m following CFO approval.
- **Noted** that the CSA is retrospective but was endorsed by the Delegations Committee for approval. AT understands and generally adheres to procedures for early notification of potential retrospective costs.

Other

- **Noted** the following papers supplied to the Committee on 6 July 2022:
 - GM overview and Transport Services report
 - Pūhoi to Warkworth update
 - Transmission Gully update

15. Policies

15.2 Environmental and social responsibility (ESR) policy

Resolutions

The Board:

- **Provided** feedback on the updated Environment and Social Responsibility Policy.
- **Noted** the intention to establish an engagement and implementation plan once the policy has been endorsed.

15.2 Review of Board Charter, Committee Terms of Reference and CoC

Resolutions

The Board:

- **Approved**, subject to the feedback provided, changes made to the:
 - Board Charter as set out in Attachment 1 of the paper.
 - Board Committee Terms of Reference as set out in Attachment 2 of the paper.
 - Board Code of Conduct as set out in Attachment 3 of the paper
 - Board Conflicts of Interest Guidelines as set out in Attachment 4 of the paper.

Ngā kōrero o te wā | General business

16. Board correspondence

17. Other business

There was no other business.

The meeting closed at 2.05pm.

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

			Items
External attendees			
s 9(2)(a)		Digital Advisor to the Board	8
		Propero	5
Waka Kotahi			
Nicole Rosie		Chief Executive	Full meeting
Anna Moodie		GM Corporate Support (Acting)	4, 6 - 15
Brett Gliddon		GM Transport Services	7 & 8

Emma Kean	Lead Advisor	Full meeting
Emma Mosley	Head of Risk and Assurance	10
Howard Cattermole	Chief Financial Officer	Full meeting
Iain Feist	General Counsel, Regulatory	7 & 8
Jodie Atkin	Legal Counsel Governance and Funding	15
John Baillie	Programme Director	7 & 8
Kane Patena	GM Regulatory Services and Director Land Transport	7 & 8
Karen Jones	GM Engagement & Partnerships	4, 6 - 15
Lisa Rossiter	Senior Manager Environment and Sustainability	15
Mike Birchler	General Counsel Governance and Funding	Full meeting
Tara Macmillan	Portfolio Manager Road to Zero	6
Yogesh Anand	Senior Responsible Office NTS	8
Vanessa Browne	National Manager Programme and Standards	7 & 8

Brian Roche

Minutes approved by the Board Chair

Brian Roche, 18 August 2022

Proactively Released