

Board meeting | 2 March 2023

Time	11.15am
Location	Waka Kotahi, 50 Victoria St, Wellington (and Microsoft Teams)
Board	Dr Paul Reynolds (Chair), Cassandra Crowley (Deputy Chair), Patrick Reynolds, David Smol, John Bridgman, Victoria Carter, Catherine Taylor, Hon Tracey Martin, Ngarimu Blair

Whakataki | Introduction

1. Apologies, Minutes, Actions & Interests

The current actions list was noted. s 9(2)(g)(i)

Board only session

The Board held a Board only session.

Resolutions	The Board approved the minutes of the Waka Kotahi Board meeting of 14 December 2022, and noted a number of changes to Board member interest declarations.
--------------------	---

Rautaki | Strategic

2. CE report

s 9(2)(g)(i)

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

Actions	s 9(2)(g)(i)
----------------	--------------

3. GPS 2024 update

The Board noted that the consultation on the GPS has been deferred until May. s 9(2)(g)(i)

Resolutions The Board **noted** the update.

4. Climate change update

The Board discussed the focus on an integrated approach, given the number of moving parts. The CERF bid data included in the paper is now out of date, given the Government's reprioritisation process. Management will provide a dashboard of what we are funded for, what we are doing and what we are not doing. We had suggested that the CERF funding be added into the NLTF, but the Government prefers to oversee prioritisation itself.

Resolutions The Board **noted** the update.

5. Digital showcase – Consumer Hub (verbal)

This item was deferred to the next Board meeting.

6. Overview of ministerial portfolio changes

The Board noted and discussed the paper.

Resolutions The Board **noted** the paper.

Actions Invite the new Chief Executive of the Ministry of Transport to the April Board meeting

7. Iwi relationships presentation: Te Tai Tokerau

The Pou Arahi spoke to the presentation, and the Board discussed the relationships in Te Tai Tokerau.

Resolutions The Board **noted** the presentation.

Te mahi | Operational

8. People budget and approach 2023/24

The Board and Management discussed the pressures on pay – where we are often competing with the private sector for key talent. s 9(2)(b)(ii)

The Board reiterated their request to understand what work we are doing to manage staff wellbeing, over and above the work underway to identify benefits to support retention.

Resolutions The People and Safety Committee recommended the Board:
s 9(2)(b)(ii), s 9(2)(g)(i)

s 9(2)(b)(ii), s 9(2)(g)(i)

9. Health, safety & wellbeing update

The Board acknowledged the recent tragic death of a contractor on a roading site.

s 9(2)(g)(i)

Amongst other things, the Board and Management discussed:

- The support in place for staff affected by recent weather event
- There have been a number of recent gun-related incidents with staff and contractors. The Board requested a deep dive on how the harmful interactions risk is being managed.

Resolutions The Board **noted** the update.

Actions A deep dive session on management of the risk of harmful interactions at the People & Safety Committee in April.

10. Review of current tolling arrangements

The Board and Management discussed the paper.

Resolutions The Board:

- **Approved** increases in toll tariffs on the Northern Gateway, Tauranga Eastern Link and Takitimu Drive Toll Roads from 1 July 2023, as follows:

	Cars / Motorcycles		Trucks	
	From	To	From	To
Northern Gateway Toll Road	\$2.40	\$2.60	\$4.80	\$5.20
Tauranga Eastern Link Toll Road	\$2.10	\$2.30	\$5.20	\$5.60
Takitimu Drive Toll Road	\$1.90	\$2.10	\$5.00	\$5.40

- **Noted** an option to announce a deferred start to the increases (e.g. to take effect from 1 July 2024) might be considered in light of recent weather events impacting the upper and eastern North Island.
- **Noted** the proposed changes are equivalent to 2% per annum since the previous increases in 2019, rounded to the nearest 10c increment – below actual CPI increases of nearer 4%.
- **Noted** the increase in administration costs from 70c to 80c.

11. Monthly financial update

The Chief Financial Officer provided an update on the financial position, noting that it is finely balanced. Revenue remains particularly uncertain with the headwinds of a potential recession.

There is good engagement with Treasury on the PPP claims, and we expect to be able to draw down on the contingency to cover costs to date. s 9(2)(b)(ii)

Resolutions The Board **noted** the update.

12. Board indemnity & Board committees

Resolutions The Board:

- **Authorised** Waka Kotahi the New Zealand Transport Agency (Waka Kotahi) indemnifying Dr Paul Reynolds by entering into a deed of indemnity with him in materially the same form as those authorised at the December 2020 Board meeting (Deed of Indemnity).
- **Authorised** any other two Board members to execute the Deed of Indemnity on behalf of Waka Kotahi.

13. Investment & Delivery Committee report back

The Committee Chair provided an overview of the meeting, noting in particular the discussion in relation to SH35 and the updated resolutions.

Resolutions The Board:

Enhanced FAR rates

- **Noted** Cabinet has allocated \$250m for emergency works response for local roads, KiwiRail, and state highways for the January flooding and Cyclone Gabrielle through to 30 June 2023.
- **Noted** the funding will help cover the initial emergency works response from these events at high funding assistance rates (FARs) against the background of an already constrained National Land Transport Fund, over-subscribed maintenance activity classes and Councils with restricted ability to pay.
- **Approved** a one-off special FAR for all approved organisations of normal FAR plus at least 40% (up to 100%) and allowing for further bespoke FAR adjustments based on financial hardship to a maximum 100%, applying only for emergency works for local roads funding requests in response to the January flooding and Cyclone Gabrielle for expenditure covered by the Crown appropriation of \$250m.

SH35 bridge outage

- **Notes** that as part of its due diligence the Committee enquired as to the controls around access to the temporary road and management of safety controls at the site, and was advised that:
 - access conditions would be set by Waka Kotahi at its discretion

- the conditions set would be designed to ensure the private road was safe for the types of vehicles using it
- An independent review would be conducted to confirm that the road is to the standard and construction standard stated by the contractor (Secondary Road to NZFOA road engineering guidelines)
- **Notes** Management is working with WorkSafe proactively to notify the public of the intention by the owners with limited funding support from Waka Kotahi to make the private road available for public use temporarily (subject to safety controls being in place).
- **Notes** the benefits of this approach include:
 - securing access for the community (until the bailey bridge is installed to open SH35)
 - enabling a diversion route to be used for heavy vehicles while a longer term solution is built, as heavy vehicles will not be able to use the bailey bridge on an unrestricted basis
 - having a diversion route established, for future resilience (e.g. if another weather event damages the bailey bridge).
- **Notes** that providing limited access using a temporary private road has been undertaken in the past (including with Nelson/Marlborough SH 6 rebuild post the 2022 weather event).
- **Approves** Waka Kotahi negotiating and agreeing with private land owners, and making payment from the NLTF, to secure access to a Hikuwai Diversion Route **subject to:**
 - An independent review being conducted to confirm that the road is to the standard stated by the contractor (Secondary Road to NZFOA road engineering guidelines)
 - A funding or other suitable agreement being in place
 - Waka Kotahi having access to the site at its discretion
 - Waka Kotahi ability to notify of withdrawal of public use, and
 - Waka Kotahi being satisfied that the route is safe to be used in line with operational controls that it would impose, such as convoyed traffic control.

Guidance on investment decision making and ERP

- **Noted** the guidance on investment decision-making in relation to the Emissions Reduction Plan.
- **Noted** we will publish the guidance ahead of possible receipt of a letter setting out the Minister's expectations.

Arataki release

- **Approved** release of the current iteration of Arataki on 17 March 2023 publicly for targeted external engagement to develop the next iteration.

Auckland cycling investment SSBCs

- **Endorsed** the Māngere East Cycling Network SSBC valued at \$57.5m, (P95 = \$67.8m)
- **Endorsed** the Manukau Cycling Network SSBC valued at \$41.1m, (P95 = \$50.3m)
- **Approved** funding of \$16.6m (51% FAR; NLTF share \$8.5m) to Auckland Transport from the walking and cycling activity class for:
 - Cycling Investment – Māngere East with total shared project costs of \$9.2m (NLTF share \$4.7m) for pre-implementation
 - Cycling Investment – Manukau with total shared project costs of \$6.1m (NLTF share \$3.1m) for pre-implementation
 - Cycling Investment – Manukau with total shared project costs of \$1.3m (NLTF share \$0.7m) for Tranche 0 implementation.
- **Noted** that \$10.9m (\$4.3m NLTF share) of the funding requested falls in the 2024-27 NLTP period.

Tauriko West enabling works

- **Approved** the cost scope adjustment and increase in funding of \$14.65m for the Western Corridor Growth Management activity at a funding assistance rate of 51% (\$7.47m from the NLTF Local Road Improvements Activity Class).
- **Noted** this increases the approved shared total project cost from \$203.2m (P95) to \$217.85m (P95).
- **Approved** the settlement of the Judicial Review with Tauranga Crossing Limited and Tauranga City Council on the basis of the key terms set out in this paper.
- **Delegated** authority to the Chief Executive to approve and execute the settlement agreements necessary and desirable to give effect to the above approval with Tauranga Crossing Limited and Tauranga City Council.
- **Noted** that the settlement of the Judicial Review includes Tauranga Crossing Limited supporting the RMA approvals for the Enabling Works.

TS funding decisions report

Hamilton section of the Waikato Expressway

- **Approved** funding to Waka Kotahi NZ Transport Agency for the Hamilton Section Waikato Expressway for an increase of \$41m from the NLTF State Highway Improvements Activity Class for the Implementation phase, thereby increasing the approved total cost from \$815m to \$856m.
- **Noted** that the total cost of the project is in excess of the total funding approved by the Board in November 2021 of \$836.8m.
- **Noted** the revised expected total cost of \$856m is \$126m below the original estimate of \$982m approved in 2015.

- **Noted** that costs for the Implementation of the Cambridge Road upgrade works are part of the project scope but are deferred to the 2024-2027 NLTP period and are not forecasted.

Baypark to Bayfair Link

- **Approved** funding to Waka Kotahi NZ Transport Agency for Bayfair to Baypark Link for an increase of \$21.6m from the NLTF State Highway Improvements activity class, for Implementation phase, thereby increasing the approved total project cost from \$270.1m to \$291.7m.
- **Noted** that the total cost of the project is in excess of the total funding previously approved. The Board approved a price level adjustment that allowed for a confidential settlement agreement resolving claims with the Contractor to be executed in December 2020, increasing the total project cost from \$175.1m to \$270.1m

Buller District Council Enhanced FAR

- **Approved** an enhanced FAR of 95% (NLTF share an additional \$871,640) for the reinstatement of roads damaged, from the local road maintenance activity class

Christchurch Mass Rapid Transit IBC Variation

- **Noted** that the Chief Financial Officer has approved funding to Waka Kotahi NZ Transport Agency for PT Futures MRT for an increase of \$1.10m from the NLTF Public Transport Infrastructure activity class for the Indicative Business Case phase, thereby increasing the approved total phase cost from \$2.70m to \$3.80m

Northern Corridor Improvements

- **Noted** that the CFO has approved funding to Waka Kotahi NZ Transport Agency for Northern Corridor Improvements project for an increase of \$8m from the NLTF State Highway Improvements activity class, for the Implementation phase, transferred from the global PLA approved for Covid claims and escalation. Therefore, no additional funding allocation is required for the requested TOC increase.
- **Approved** the new Northern Corridor Improvement alliance TOC of \$709m, which results from the \$8M increase for escalation for the Jan 21 to Jun 22 period

Peka Peka to Ōtaki

- **Noted** that the GGM Transport Services has approved a drawdown on contingency to Waka Kotahi NZ Transport Agency for Peka Peka to Ōtaki to increase the professional services contract value by \$1.05m to \$20.55m. This is within the project budget of \$445m and will be covered by contingency, reducing the contingency to \$4.56m (included in the budget). These two variations are:
 - WSP's extension of time for the Principal Advisory (PA) services and MSQA works.
 - Extension of time for independent site representatives to deliver the 'Quality Right' initiative.

14. Risk & Assurance Committee report back

The Committee Chair provided an overview of the meeting.

The Board discussed and approved the proposed audit fee for FY23, noting that the OAG had achieved a reduction from the originally proposed fee. The Board requested that Management discuss with Treasury whether Waka Kotahi should continue to carry the cost of the audit of the SH valuation for FY24, and whether that part of the audit needs to be undertaken annually.

Resolutions

The Board:

National Ticketing Solution

- **Endorsed** the decision to FAR fund Early EMV for Auckland Transport (AT), s 9(2)(b)(ii), s 9(2)(g)(i)

Quarter 2 2022/23 performance report

- **Approved** the quarter two 2022/23 performance report for submission to the Minister of Transport and subsequent publication on the Waka Kotahi website.
- **Delegated** authority to the Board chair to approve the final cover letter to the Minister.

KPMG external audit plan

- **Approved** the 2023 Audit Fee of s 9(2)(b)(ii) including the Office of the Auditor General (OAG) support charge and estimated disbursements, excluding GST.
- **Noted** the audit plan for the 2022/2023 audit.

15. Regulatory Committee report back

The Committee Chair provided an overview of the Committee discussion.

Resolutions

The Board **noted** the paper.

Ngā kōrero o te wā | General business

16. Board correspondence

The Board noted the correspondence.

17. Other business

The Chair is away for a period over March. The Deputy Chair will act in the Chair's role if anything urgent arises over the period and the Chair is unavailable.

The meeting closed at 2.50pm

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

Waka Kotahi		Items
Nicole Rosie	Chief Executive	All
Anna Moodie	Group General Counsel	All
Brett Gliddon	GGM Transport Services	2
Chris Lokum	GGM People and Safety	2, 8, 9
Kane Patena	GGM Regulatory Services and Director Land Transport	2
Karen Jones	GGM Engagement & Partnerships	2, 6, 7
Liz Maguire	Chief Digital Officer	2
Richard May	Chief of Staff	2, 3, 4
Katie Mayes	National Manager Policy and System Planning	3
Lisa Rossiter	Senior Manager Environment and Sustainability	4
Nicholas Manukau	Senior Manager Māori	7
Lou Mutu	Pou Arahi - Regional Advisor Maori	7
Anthony Fewster	Head of Health, Safety and Wellbeing	9
Howard Cattermole	Chief Financial Officer	10,11



Minutes approved

Dr Paul H.S. Reynolds QSO, Board Chair

12 May 2023