

Board meeting | 25 May 2023

Time	9.00am
Location	Waka Kotahi, 50 Victoria St, Wellington (and Microsoft Teams)
Board	Dr Paul Reynolds (Chair), Patrick Reynolds, John Bridgman, Victoria Carter, Catherine Taylor, Ngarimu Blair.

Whakataki | Introduction

1. Karakia, Apologies, Minutes, Actions & Interests

Cassandra Crowley (Deputy Chair), David Smol and Hon Tracey Martin provided their apologies.

The current actions list was noted.

Resolutions	The Board approved the minutes of the Waka Kotahi Board meeting of 20 April 2023.
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2. Board only session

A Board only session was held.

3. Board & CE only session

A Board and CE only session was held.

Rautaki | Strategic

4. CE report

s 9(2)(g)(i)

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

5. Continuing our regulatory journey

The Board took part in a workshop to discuss its vision for the future of regulation at Waka Kotahi. The Board looked across a number of dimensions including: system settings; compliance/enforcement; risk/intelligence; Te Tiriti; and governance. s 9(2)(g)(i)

The Board also recognised that any evolution of the regulatory function would take time.

Resolutions The Board **noted** the paper.

6. GPS 2024 update

The next two items were discussed together.

The Board and Management discussed the funding scenarios and implications, s 9(2)(f)(iv)

s 9(2)(g)(i)

Resolutions The Board **noted** the update.

Actions The Chair and Chair of the Investment & Delivery Committee to meet with the Minister to discuss the draft GPS. A letter to the Minister to be written following that meeting.

6.2 KPMG review of GPS financials

Resolutions The Board **noted** the paper.

7. State highway investment & maintenance

The next two items were discussed together.

Management provided a presentation on the management and maintenance of state highway assets. The Board and Management discussed a number of matters, including:

- While funding has increased, that funding has not kept pace with the increased cost of weather events, the impact of heavier trucks using the network, the impact of inflation on costs and the increased length of the network. There is a significant risk that the network continues to degrade, creating safety concerns.
- There is work underway to continue to ensure we are getting value for money as an organisation, including in terms of asset management, procurement and productivity.
- There is a bow wave of bridges coming to end of life that may need to be replaced.
- The cost of failing to maintain the network is significantly higher in the future than investing in maintenance now.

The Board supported the direction of the SHIP: to stop deterioration over the first 3 years and turnaround the network over the remaining 7 years; and focus on in flight activity for improvement works while continuing design work for future priorities. Resilience will need to be funded separately.

The Board encouraged Management to provide the presentation on management and maintenance of state highway assets to the Minister to ensure he has the current context before finalising the GPS.

Resolutions The Board **noted** the paper.

7.1 State highway investment strategic direction

Resolutions The Board:

- **Noted** that as a road controlling authority, Waka Kotahi prepares a ten- year investment proposal for the state highway asset every three years. The proposal is then considered alongside other proposals as part of the National Land Transport Programme in mid-2024.
- **Endorsed** the intended direction of the State Highway Investment Proposal as outlined in this paper.

8. RUC overview

The Board noted the current context for RUC collection. With petrol use decreasing, RUC is likely to become a key mechanism for funding transport infrastructure in future, and it is critical that users pay their fair share. Technology is likely to be key to improving collection and compliance in future.

Resolutions The Board **noted** the paper.

9. Draft national VKT reduction plan update

The Board discussed the direction for VKT reduction, including the initial focus on tier 1 cities. Funding is likely to be a key challenge in achieving the desired outcomes.

Resolutions The Board:

- **Noted** that work to develop the national VKT reduction plan is being progressed by Waka Kotahi and Te Manatū Waka with input from stakeholder representatives, and that the plan is on track for the final draft to be completed by the end of June 2023.
- **Endorsed** the proposed approach for seeking your approval and Ministers' endorsement of the plan ahead of its publication in July 2023.
- **Noted** that the Board will be asked to approve the final plan at its meeting in July 2023.
- **Noted** that while Waka Kotahi has been allocated \$22.5 million under the Climate Emergency Response Fund (CERF) 2022 to progress VKT planning, implementation of actions under the final national plan and urban programmes will require funding to progress.

Partnering for Success

10. Iwi relationships presentation: Wellington and top of South

The Board discussed iwi relationships in Te Manawa o Te Motu.

Resolutions	The Board noted the paper.
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11. Road Safety Partnership Programme update

The Board and Management discussed the Road Safety Partnership Programme update, noting that the Police are underachieving against targets. s 9(2)(g)(i)

Management continues to focus on the relationship with Police and are seeking information to give confidence that funding is being used as expected. If needed, Waka Kotahi will conduct an audit.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none">• Noted that at a future date Management will seek Board approval to vary the RSPP 2021-24 to include strengthened measures, to which the partners are currently agreeing.• Noted that work is underway to improve the level of transparency and visibility around how National Land Transport Fund (NLTF) funding for the RSPP is invested.• Noted that we are seeking to strengthen approvals for the Change Initiatives Investment Plan through the RSPP Governance Groups.• Agreed to sign the attached letter to the Minister of Transport.
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12. Showcase: System Leadership Presentation – now included in CE Report

This item was discussed as part of item 4.

Delivery Excellence

13. Monthly financial update

The Board noted the update, and thanked Management for the work done on the recent budget bids.

Resolutions	The Board noted the paper.
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14. Health, safety & wellbeing update

The Board discussed a number of matters, including:

- The new Guide to Temporary Traffic Management has been released. The new guide allows operators to determine fit for purpose traffic management for the safety risk they are managing.
- The increase in EAP usage, which followed sessions on financial wellbeing.

Resolutions The Board **noted** the paper.

15.1 I&D Committee report back

Resolutions The Board:

Reinstating SH25A – Implementation Funding

- **Noted** implementation funding for a bridge to reinstate SH25A Taparahi, between Kōpū to Hikuai has been approved by Management under delegated authority.
- **Noted** that the nature of Crown funding support for recovery and rebuild activity is under discussion with the Treasury and Ministry of Transport.

Wellington strategic spatial view

- **Noted** we are developing Strategic Spatial Views to:
 - align and inform our input to Future Development Strategies, spatial plans and major city shaping investment proposals,
 - align and inform our wider investment strategy, and
 - give effect to the Waka Kotahi Urban Development Position by providing a view on growth and urban development.
- **Noted** the draft Wellington Strategic Spatial View has been completed for development with our partners and gives effect to the Waka Kotahi Urban Development Position by providing a view on growth and urban development in Wellington.
- **Endorsed** progressing development of the Wellington Strategic Spatial View with our central and local government partners and using it to inform key strategic and investment work in the Wellington Region.
- **Noted** that the Wellington Strategic Spatial View will be revised and brought back to the Board for endorsement on completion.
- **Received** the Strategic Spatial View Programme update attached to the paper.

NLTP funding outlook and affordability

- **Noted** requests for NLTF funding for implementation of Tupua Horo Nuku bays 1-4, and the Stage Two (Recovery) phase of Marlborough District Council's Emergency Works (together the Projects) were considered in more detail later in the meeting;
- **Noted** that funding of the Projects as recommended by Management is considered affordable.
- **Noted** the additional Crown funding provided to date, and further funding approved, to support the response to the North Island weather events (NIWE) totals \$525m.
- **Approve** the special funding assistance rate (FAR), of normal FAR plus 40% for all NIWE initial response activities¹ up to a total cost (NLTF share) of \$525 million.

¹Initial response covers activities including debris clearance, temporary route reinstatement, emergency bridging (e.g. Bailey bridges), restoration of drainage, temporary protection measures, temporary traffic management. It also covers minor reinstatements or non-complex recovery, geotechnical and structural investigations and programme scoping, costing and planning for recovery.

Hutt City Council Tupua Horo Nuku

- **Noted** the NLTF remains under consider funding pressure with continued significant demand for funding.
- **Noted** those pressures will require more trade-off choices to be made moving forward, with fewer projects being able to be funded as a consequence.
- **Approved** funding of \$63.0m (51% FAR; NLTF share \$21.1m) to Hutt City Council from the walking and cycling activity class for implementation of Tupua Horo Nuku bays 1-4
 - Subject to a condition precedent that a multi-party funding agreement be signed by Hutt City Council, Crown Infrastructure Partners and Waka Kotahi before the NLTF funding is released
 - **Noted** that approval of the \$21.1m NLTF share will impact cashflow as it is for the 2024-27 NLTP.
- **Noted** that Crown Infrastructure Partners' contribution to bays 1-6 would be \$30m (\$8.5m approved for bays 5 and 6 and \$21.5m for bays 1-4).
- **Noted** that the total shared cost for bays 1-6 is \$79.95m (P95).
- **Noted** that the funding for the entire activity (bays 1-6) is split between CIP at \$30m, Waka Kotahi at \$25.275m, and Hutt City Council at \$24.675m (P95).
- **Approved** as a condition precedent, an NLTF funding cap for the entire activity (bays 1-6) of \$25.3m (P95).
- **Delegated** to the Chief Executive the authority to approve funding up to the cap for Tupua Horo Nuku bays 1-6.

Marlborough District Council Emergency Works Phase Two (Recovery)

- **Approved**, noting the particular circumstances, funding of \$52.39m from the NLTF Emergency Works Activity Class at 95% Funding Assistance Rate (FAR) (NLTF share \$49.77 m) for Stage Two (Recovery) phase of Marlborough District Council's Emergency Works.
- **Noted** the NLTF remains under consider funding pressure with continued significant demand for funding.
- **Noted** that the above approval represents the exercise of discretion in the particular circumstances of this funding decision and does not represent or indicate that future any response or recovery work in the

Marlborough area will be able to be funded from the NLTF, whether at special or normal FARs.

- **Noted** that Phase One (Initial Response) response of \$85.30m was funded at a bespoke FAR of 95% in May 2022.

Transport Services funding decisions:

Tauranga Eastern Link – Road Improvements

- **Noted** that the Chief Financial Officer has approved funding to Waka Kotahi NZ Transport Agency for an increase of \$1.47m from the State Highway Improvements activity class for the TEL activities listed above increasing the approved total project cost from \$489.6m to \$491.0m.

Northern Corridor Improvements

- **Noted** that the CFO has approved an increase of \$8M of funding to the implementation phase of the Northern Corridor Improvements project from the NLTF State Highway Improvements activity class. The funding is being transferred from the global PLA approved for Covid and escalation claims, therefore no additional funding allocation is required for the requested TOC increase.
- **Approved** the new Northern Corridor Improvement alliance TOC of \$717M, which results from the \$8M increase for disruption due to the Covid alert level 4 lockdown in August – September 2021.

15.2 Regulatory Committee report back

Resolutions

The Board:

Rail current and future needs

- **Noted** that the funding for the Rail Safety Regulator is now due for review by the Ministry of Transport in time for renewal in FY2024.
- **Noted** that the Rail Safety Regulator has a preferred structure that it believes sufficiently builds the capability to appropriately regulate the safety of the Rail System as it is impacted by increased investment, activity, and interoperability issues.
- **Noted** that an increase in funding levels will be required to support the capability uplift.
- **Noted** there is a forecast deficit in 2023/24 and all out years for Waka Kotahi's Rail Safety Regulator function, and a number of potential funding options.
- **Noted and provided feedback** on the funding options outlined in the draft Ministerial Briefing Note (Attachment 1 to the paper).
- **Endorsed** the proposed approach to transform and uplift the capability of Waka Kotahi's Rail Safety Regulator, noting sustainable funding needs to be secured.
- **Provided feedback** on Waka Kotahi providing interim funding through our budgeting process (or exploring other funding options) so that the Rail Safety Regulator can begin this capability uplift via a phased approach as budget allows.

Safety cameras update

- s 9(2)(c)
- **Noted** the intent to issue infringements and take prosecutions for serious offending over an agreed threshold during the safety notice period.
- **Noted** that a Safety Camera Public Information Strategy has been developed.
- s 9(2)(b)(ii)

15.3 R&A Committee report back

Resolutions

The Board:

Annual internal Audit & Assurance Programme

- **Approved** the Investment Assurance Audit programme for 2023/2024.
- **Discussed** the approach for developing the Internal Audit programme for 2023/2024 Quarter 2 2022/23 performance report.

2023/24 Agency operational budget

- **Approved** a Waka Kotahi operational budget for 2023/24 of \$559 million (vs. \$516 million in 2022/23) comprising:
 - operational expenditure: \$542 million (\$476 million);
 - capital expenditure: \$17 million (\$40 million).
- **Delegated** to the Waka Kotahi Chief Executive authority to approve non-material budget transfers between operating and capital expenditure.
- **Noted** that the year-on-year budget increase is 8%.
- **Noted** that the operational budget excludes the costs of new services that will be added during 2023/24, including: national ticketing and safety cameras. With these new services, the year-on-year budget increase is ca. 15%.

Quarterly performance report

- **Discussed** and provide feedback on the quarter three 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 version of the quarter three 2022/23 performance report and cover letter to the Minister of Transport.

Whistleblower policy

- **Noted** that the Committee, subject to its feedback at the meeting, endorsed, the Whistleblower policy, guidelines and engagement plan (the policy, attachment 1, the guidelines, attachment 2 and the engagement plan, attachment 3).
- **Approved**, subject to the Committee's feedback, the Whistleblower policy.

Ngā kōrero o te wā | General business

16. Board correspondence

17. Other business

There was no other business.

The meeting closed at 3.20pm

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

Waka Kotahi		Items
Nicole Rosie	Chief Executive	All
Anna Moodie	Group General Counsel - Governance, Risk & Legal	All
Chris Bunny	GGM Systems Leadership	4 - 11
Brett Gliddon	GGM Transport Services	4 - 8
Sara Lindsay	GGM Commercial & Corporate	4 - 8,
Sarina Pratley	Chief Customer & Services Officer	4 - 8
Chris Lokum	GGM People & Safety	4,14
Richard May	Chief of Staff	4
Karen Jones	GGM Engagement & Partnerships	4, 10
Liz Maguire	Chief Digital Officer	4, 8
Kane Patena	GGM of Regulatory Services and Director Land Transport	4,5, 8
John Coulter	Senior Manager, Operational Policy, Planning and Performance	6 - 8
Neil Cook	Director Land Transport and General Manager Regulatory Operations (Acting)	5
Katie Mayes	National Manager Policy and System Planning	6,7, 9
Nicholas Manukau	Senior Manager Māori	10
Teri Hughes	Pou Arahi - Regional Advisor Maori	10
Vanessa Brown	National Manager Programme and Standards	6 - 7
Kirsten Taylor	Executive Advisor	6 - 7
David Darwin	Lead Advisor, State Highway Strategy	6 - 7
Ben White	Manager Portfolio and Performance	6 - 7
Emma Speight	Director Regional Relationships, Greater Wellington and Top of the South	11
Anthony Fewster	Head of Health, Safety and Wellbeing	14

Minutes approved

Dr Paul H.S. Reynolds QSO, Board Chair

6 July 2023