

Board meeting | 18 April 2024

Time	9.00am
Location	Waka Kotahi, 44 Bowen St, Wellington (and Microsoft Teams)
Board	Hon Simon Bridges (Chair), Cassandra Crowley (Deputy Chair), Catherine Taylor, David Smol, John Bridgman, Ngarimu Blair Hon Tracey Martin, Victoria Carter.

Whakataki | Introduction

1. Board only session

A Board only session was held.

2. Board & CE only session

A Board only session was held.

3. Apologies, Minutes, Actions & Interests

There were no apologies.

The current actions list was noted.

Resolutions The Board **approved** the minutes of the Waka Kotahi Board meetings of 20 March 2024 and 28 March 2024.

Rautaki | Strategic

4. CE report

s 9(2)(g)(i)

s 9(2)(g)(i)

Actions

s 9(2)(g)(i)

5. Draft SOI and SPE

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

- a discussion on the tone of the letter to the Minister with requests that:
 - it be more proactive to show what we are “actively seeking”; and
 - we change the order of the second paragraph to acknowledge the government first and the role of the GPS.
- If the \$3.1bn capital grant can only be used for capital works, and if there are other opex/capex restrictions on other funding and financing sources. It was noted that we are still working that through with Treasury.
- s 9(2)(g)(i)
- Directors inquired on the deficit in the NZTA draft SPE and were informed that it related to the revocation of a state highway (a “non cash” transaction).
- The Board requested that there is greater simplification of the measures.
- We have discussed pulling out the measures that we don’t have full control over – we can make that clearer.
- The Board also requested management change the language and messaging around what role the GPS serves and to reflect that Te Kapehu is our organisational response to the strategic direction in the GPS.

Resolutions

The Board:

- **Noted** that the draft prospective financial statements are provided in Attachment 2 to the paper and will be incorporated into the SPE prior to the draft SOI and SPE being provided to the Minister.

- **Noted** the summary of rationale for measure targets provided in Attachment 4 to the paper, which also identifies which targets are ambitious 'stretch' targets.
- **Noted** the non-financial measures and targets provided to the Ministry of Transport for the Estimates of Appropriation for Vote Transport 2024/25.
- **Noted** the assurance process undertaken by Management and the letter of representation from Management in Attachment 3 to the paper confirming that:
 - the draft SOI 2024–2028 and SPE 2024/25 meet legislative requirements and good practice; and
 - the prospective financial statements comply with generally accepted accounting practices (GAAP) in New Zealand.
- **Endorsed** the draft SOI 2024–2028 and SPE 2024/25 provided in the Resource Centre, for submission to the Minister by 1 May.
- **Endorsed** the cover letter from the NZTA Chair to the Minister of Transport, provided in Attachment 1 to the paper.
- **Delegated** authority to the chairs of the Board and Risk and Assurance Committee to approve:
 - any further material amendments to the draft SOI and SPE (including prospective financial statements) before being presented to the Minister, and
 - the final version of the SOI and SPE (including prospective financial statements) following Ministerial review.
- **Delegated** authority to the Board chair to approve the final letter from NZTA to the Minister.

6. Agency operational budget 2024/25

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

- The Board noted that there has been a decline in operational budget as against total spend.
- A request that management provide a cleaner narrative that tells a simple story of this.
- What the Crown operational budget changes are. Management confirmed that the main changes relate to well signalled (new) Government policy.

Resolutions

The Board:

s 9(2)(g)(i)

s 9(2)(g)(i)

7. Whakaari/White Island update

s 9(2)(a) provided an overview of the Whakaari incident and subsequent court case as well as the potential implications of the court decisions for businesses.

s 9(2)(a) will provide a summary of his presentation to the Board.

8. Budget 2024

Struan Little (Treasury deputy CE) & David Wood, Acting Secretary for Transport from MOT joined the meeting via teams

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

s 9(2)(g)(i)

9. Monthly financial report

The Board and the Ministry of Transport discussed a number of matters, including that there will be a note in the financial statements referencing the deficit.

10. Committee report backs

10.1 Investment & Delivery Committee

Resolutions

The Board:

SH2 and SH5 Corridors Rebuild and Resilience Single Stage Business Cases

- **Endorsed** the SH2 Ōpōtiki to Napier Corridor Single Stage Business Case.
- **Endorsed** the SH5 Taupō to Napier Corridor Single Stage Business Case.

s9(2)(f)(iv)

NZUP update

- **Noted** the Board will soon receive new delegations from the Minister of Transport to manage delivery of NZUP within the current funding envelope of \$6.54bn.
- **Noted** the updated cost to complete Takitimu North Link Stage 1 is \$884m (P50) (current project funding \$767m) and the expected completion date is April 2028 (previously August 2027), and Joint Ministers will be informed of this change.
- **Noted** that the additional \$117m required to complete Takitimu North Link Stage 1 was allowed for in NZTA's delivery proposal for NZUP and is manageable within the \$6.54bn programme funding envelope.
- **Noted** the public will be advised of the cost and schedule change for Takitimu North Link Stage 1 in mid-2024, following Joint Ministers being informed.
- **Approved** managed lanes being removed from the project scope of Takitimu North Link Stage 1.
- **Endorsed** that the costs and schedule for Takitimu North Link Stage 1 be rebaselined along with several other NZUP projects in mid-2024, once the Delegations Letter is confirmed.

Emergency Works Investment Policy Review: Update & options for engagement

- **Endorsed** proceeding with consultation with the sector on the proposed changes to emergency works investment policies, including to funding assistance rates:
 - change the qualifying trigger for an emergency event attracting an enhanced FAR to a 1 in 20-year event from a 1 in 10-year event;
 - reduce the enhanced FAR from normal FAR +20% to normal FAR +10%;
 - restrict policy provision for bespoke FAR (i.e. greater than enhanced FAR) to extreme events for which Crown funding is made available;
 - retain the current trigger for enhanced FAR as costs exceeding 10% of approved organisations annual maintenance spend.
- **Noted** the proposed implementation date of 1 July 2025 for changes to funding assistance rates.

AT bus service procurement & contracting strategy

- **Endorsed** Auckland Transport's Public Transport Bus Services Procurement and Contracting Strategy.
- **Approved** a variation to the NZTA Procurement Manual Rule 10.24 *Contract terms of public transport units* to permit Auckland Transport to:

- extend 20 existing bus service contracts past the Rule 10.24 nine-year limit.
- award 10 new bus service contracts in excess of the Rule 10.24 nine-year limit.
- **Delegated** to the Group General Manager Commercial and Corporate, the ability to approve routine amendments to the Strategy that may arise, except where the financial impact of such amendments exceeds \$100m.
- **Noted** that:
 - Auckland Transport is operating with an over-arching procurement strategy approved by the NZTA Board in April 2022. The over-arching strategy expires 2025.
 - Beneath the over-arching procurement strategy, Auckland Transport maintains a hierarchy of procurement strategies including mode specific strategies.
 - This Strategy covers the PTOM replacement contracts, the procurement of which occur 2024 to 2031.
 - Auckland Transport Board approved the Strategy 26 March 2024.

Transport Services funding and operational decisions

SH Maintenance & Renewals and Emergency Works

- **Approved** a PLA of up to \$53m for Maintenance & Renewal work expenditure in the 2021-2024 NLTP period.
- **Noted** that the forecast for EW is now \$411m as the result of an unprecedented increase in the number and severity of weather events compared with an original NLTP allocation of \$212m (and a forecast in July 2023 of \$392m).
- **Noted** that, subject to affordability and final Board decisions, the planned allocation for EW on state highways in the 2024-27 NLTP is ca. \$450m.

Gisborne DC and Hastings DC | North Island Weather Events

- **Noted** that a cost scope adjustment for Gisborne DC NIWE emergency works was approved by the CFO in July 2023 under an expedited process.
- **Ratified** the CFO's funding decision for \$39.0m of NIWE emergency funds to Gisborne DC.

NZTA | Tolling Back Office System Replacement

- **Approved** an increase in total cost of the Tolling Back Office System project by \$10.5m.
- **Noted** the alternative options explored as part of the project reset.

Greater Wellington RC | Public Transport Continuous Programme

- **Noted** an increase of \$72m (NLTF \$37m) to the PT (Services) continuous programme 2021-24 for GWRC.

Masterton to Carterton | Corridor Improvements

- **Noted** the Chief Financial Officer has approved the funding increase from \$36.33m to \$44.47m for the Implementation phase through to completion of the SH2 Masterton to Carterton (Corridor Improvements) project.

10.2 Regulatory Committee

Resolutions

The Board:

Director Land Transport & Regulatory report

- **Encouraged** the Director of Land Transport to monitor the safety concerns identified in the draft report on KiwiRail's Auckland metro network's signalling system with care and take action as required.

Director Land Transport operating model development

- **Endorsed** the operating model developed for the legislated functions of the Director of Land Transport.
- **Noted** that The Director's monitoring plan for 24/25 will be developed over Q4 23/24 and brought to the Regulatory Committee for endorsement at its August 2024 meeting.

10.3 People and Safety Committee

Resolutions

The Board note the papers presented to the Committee.

Ngā kōrero o te wā | General business

11. Board correspondence

12. Other business

There was no other business.

The meeting closed at 12.20pm

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

		Items
External attendees		
s 9(2)(a)	Partner, Chapman Tripp	7
Struan Little	Deputy Chief Executive and Deputy Secretary, Budget and Public Investment, The Treasury	8
NZTA		
Nicole Rosie	Chief Executive	All
Brent Alderton	GGM Regulatory Services and Director Land Transport	4 and 5
Brett Gliddon	GGM Transport Services	4 and 5
Caz Jackson	GGM People & Safety	4 and 5

Chris Bunny	GGM System Leadership	4 and 5
John Coulter	Senior Manager – Operational Policy, Planning and Performance	5 and 6
Liz Maguire	Chief Digital Officer	4 and 5
Meredith Ussher	Group General Counsel, Governance, Risk and Legal	All
Richard May	Chief of Staff	All
Sarina Pratley	Chief Customer & Services Officer	4 and 5
Kim Marshall	Head of Organisational Performance	5
Howard Cattermole	Chief Financial Officer	All

Minutes approved



Simon Bridges, Board Chair

16 May 2024

PROACTIVELY RELEASED