

Waka Kotahi NZ Transport Agency Board Minutes	
Date & time	18 June 2020, 12.30pm – 3.00pm
Location	Waka Kotahi NZ Transport Agency Boardroom, Level 2, 50 Victoria Street, Wellington
Board members in attendance	Sir Brian Roche (Chair), David Smol, Catherine Taylor, Ken Rintoul, Cassandra Crowley, Patrick Reynolds, Victoria Carter
NZTA staff in attendance	Nicole Rosie (Chief Executive) Matthew Walker (General Manager Corporate Support) Howard Cattermole (Chief Financial Officer) Karen Jones (General Manager Engagement & Partnerships) Richard May (Deputy General Manager Engagement & Partnerships) Brett Gliddon (General Manager Transport Services) Lucy Riddiford (General Counsel, Light Rail) Simon Penlington (General Counsel, Litigation) Andy Thackwray (Senior Manager, Project Delivery) Tara MacMillan (Senior Manager Procurement) Giles Southwell (General Manager Workplace & Technology) Anna Moodie (Group General Counsel & Board Secretary)
External attendees	None
Apologies	None

Introduction and governance matters

1. Apologies, Minutes & Actions

There were no apologies. The General Manager Transport Services, General Manager Corporate Support, Group General Counsel & Board Secretary and General Manager People were present from the start of the meeting.

Draft Minutes

Resolutions	The Board confirmed the minutes of the special meeting of 15 May 2020 and the meeting of 20 May 2020.
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Actions Arising

The current actions list was noted.

2. Interests Register

Being the first full Board meeting since the Board's confirmation at the 11 June 2020 Special Board Meeting that the Chair could now participate in discussions related to Transmission Gully, the decision was recapped.

Since the Chair joined Waka Kotahi in June 2019, he has been excluded from any Board discussions and decisions on Transmission Gully, and has not had access to Board papers or minutes relating to Transmission Gully. This was to manage any actual or perceived conflict that may have arisen from the Chair's former role as Chair of WGP, a role he resigned from in June 2019. The Board agreed that twelve months on, it was an appropriate point to review these arrangements. In being informed of the Board's intention, the Chair noted that he did not consider he had any information confidential to WGP or that any conflict existed, but that it was up to the Board to determine whether continued exclusion from Transmission Gully matters was appropriate or not.

The Board noted that legal advice had been received from Chapman Tripp. The Board noted no conflict exists and the value in the Chair being involved in discussions on Transmission Gully in light of: the new COVID-related claim for Transmission Gully; the commonality of issues between the COVID claims for the two PPPs; the significance of the PPP claims; and the interplay with the wider financial impacts on Waka Kotahi. Engagement on the Transmission Gully claim is also primarily with the builder, rather than WGP. The Board noted that there is no single point of decision making on the Transmission Gully claim and the involvement of Treasury and other independent advisers through the process provides additional checks and balances.

The Board agreed it would be beneficial to have the Chair's expertise on these matters.

The Board also noted by seeking independent legal advice, writing to WGP and also advising the Office of the Auditor General, KPMG, Treasury and the Ministry of Transport, all affected and regulatory parties had been notified of the change in approach.

To avoid any perception of conflict, another Board member will continue to assume the role of Chair on any Transmission Gully-related matters.

Resolutions	The Board noted the Interests Register.
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3. **Board and Chief Executive Only Session**

A Board and Chief Executive Only Session was not held.

4. **CE Report & Covid-19 Update**

s 9(2)(g)(i)



s 9(2)(g)(i)

Resolutions	The Board noted the Chief Executive's report & Covid-19 Update.
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Strategic Decisions/Matters

5. Covid-19 Financial Impacts

The Chief Executive provided an update on the COVID-19 funding impacts noting it was expected that a funding proposal would go to Cabinet on 6 July 2020.

s 9(2)(g)(i)

Resolutions	The Board noted the update on the financial impact of COVID-19 on the NLTF.
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Actions	s 9(2)(g)(i)
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10. Setting Funding Assistance Rates for Approved Organisations

The Chief Financial Officer joined the meeting.

The Board discussed the options for setting funding assistance rates, and that the likely most sensible way forward would be to retain the current methodology for business as usual projects. There may continue to be special funding assistance rates for special cases, such as special roads or COVID-related impacts, which is outside the scope of this piece of work.

Until a final decision has been made, councils are being advised to budget based on the current methodology for business as usual work.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none">• Noted that normal funding assistance rates have been recalculated to reflect changes in network length, capital valuation, number of rating units and socio-economic deprivation index in accordance with Waka Kotahi funding assistance policy and normal FAR methodology.• Noted the options considered for revising the policy and the methodology for setting normal FARs.• Noted that, to date, the Minister of Transport has not set out any specific criteria for the setting of FARs for the 2021-24 NLTP.• Noted that a final decision will be requested, at or before the Board's August meeting, to set normal funding assistance rates to apply to Approved Organisations for the 2021-24 National Land Transport Programme.
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The General Manager Corporate Support, General Manager People and Chief Financial Officer left the meeting.

s 9(2)(g)(i)



s 9(2)(g)(i)



13. General Election Guidance

The General Manager Engagement and Partnerships introduced the paper noting guidance was also being provided to staff. Road openings and sod turnings would continue during the period.

Resolutions	The Board noted the State Services Commission's General Election Guidance that identifies principles and obligations to assist State servants before, during and after the 2020 general election.
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The General Manager Engagement and Partnerships and the Deputy General Manager Engagement and Partnerships left the meeting.

Decisions & Updates

6. People & Culture Committee Report Back

The People & Culture Committee Chair provided an overview of the People & Culture Committee meeting, noting in particular:

- That the Board acknowledged the job the Chief Executive had done during COVID-19, including the communication to staff, which set the tone for good leadership.
- s 9(2)(g)(i)
- The leadership capability programme that was being rolled out to 300 people leaders.

Resolutions	<p>The Board</p> <p><i>Ask our Team results March 2020</i></p> <ul style="list-style-type: none"> • Noted the March 2020 Ask our Team full survey results, and the corresponding Executive Leadership Team actions; and • Noted the Committee's input into how Waka Kotahi might further progress work to maintain and improve Ask our Team results. <p><i>People Strategy Update May 2020</i></p> <ul style="list-style-type: none"> • Noted the progress made against the People Strategy 2019-2022 and the discussion points to steer future activity; and • Noted the Committee's input into the discussion session on the People Strategy. <p><i>Leadership Capability Reset</i></p> <ul style="list-style-type: none"> • Noted the revised approach to the Leadership Reset programme in light of COVID-19 and the recent move to Alert Level 1; and • Noted the Committee's input into the revised approach to the Leadership Reset programme. <p><i>People Update May 2020</i></p> <ul style="list-style-type: none"> • Noted the update on key People Group projects; and • Noted the people metrics provided, which will be shared with the full Board on a quarterly basis from August 2020. <p><i>Other</i></p> <ul style="list-style-type: none"> • Noted the Chief Executive's Introduction.
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7. Investment & Delivery Committee Report Back

As the majority of the Board had attended the Investment & Delivery Committee meeting, the Chair provided a brief overview of the meeting, noting in particular that the Board had requested Management undertake work to look at whether the project delivery model continued to be fit for purpose.

Resolutions	<p>The Board:</p> <p><i>Downtown Ferry Basin Redevelopment - Request for Additional Funding</i></p> <ul style="list-style-type: none"> • Approved funding to Auckland Transport of \$2.9m at a funding assistance rate of 51% (\$1.48m from the National Land Transport Fund) for Stage 1 of the Downtown Ferry Basin Redevelopment activity from the Public Transport Activity Class, increasing the
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	<p>approved total cost from \$75.6m (P50) to up to the agreed cap of \$78.5m (P95).</p> <ul style="list-style-type: none"> • Declined Auckland Transport's request for additional funding of \$34.1m (NLTF \$17.4m) to complete Stage 1 of the Downtown Ferry Basin Redevelopment activity. <p>Twin Coast Discovery Route Programme Business Case</p> <ul style="list-style-type: none"> • Endorsed the 2017 Twin Coast Discovery Route Programme Business Case with an estimated implementation cost between \$355m and \$680m. Up to \$360m National Land Transport Fund share could be sought over 10 years. • Noted that funding is not currently being sought for Twin Coast Discovery Route Programme Business Case implementation. Recommended activities are owned by several organisations and a variety of funding sources will be required. Funding requests to progress individual activities will be made by each owner to appropriate funding sources, including the National Land Transport Fund, when they are able to progress them. • Noted that in 2018, the Provincial Growth Fund provided funding for seven single stage business cases derived from the workstreams of the Twin Coast Programme Business Case. These business cases were completed in 2020, and combined have an implementation cost of \$511m. Up to \$180m National Land Transport Fund share could be sought over 10 years. <p>Hamilton to Auckland Start-up Passenger Rail Service Cost Scope Adjustment</p> <ul style="list-style-type: none"> • Approved a cost scope adjustment for the Hamilton to Auckland passenger rail start up service from \$92.372m to \$96.876m (an increase of \$4.504m, to be funded from the Transitional Rail activity class at 100% Funding Assistance Rate) to cover identified cost increases for KiwiRail capital works. • Approved a further contingency sum (up to \$9.635m to be funded from the Transitional Rail activity class at 100% Funding Assistance Rate) to meet any future KiwiRail cost increases, including contributing to those that may result from COVID-19. • Delegated approval of contingency sum release to the Waka Kotahi Chief Executive. • s 9(2)(g)(i), s 9(2)(i)
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	<ul style="list-style-type: none"> • Noted that delays to the start date of the passenger rail service: <ul style="list-style-type: none"> ○ Result in an operational funding saving of around \$2.8m within the 2020-2024 period (depending on the exact start date of the service). ○ Require that any five-year trial period will now extend beyond the end of the 2021-2024 NLTP, requiring additional operational funding to be allocated in the 2024-2027 NLTP. <p><i>Other</i></p> <ul style="list-style-type: none"> • Noted the: <ul style="list-style-type: none"> ○ Transport Services Report ○ Capital Projects Performance paper.
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8. Regulatory Committee Report Back

The Regulatory Committee Chair provided an overview of the Committee meeting, noting in particular:

- The deep dive into rail had highlighted the complexity of the system, and the risks that complexity created. **s 9(2)(g)(i)**
- The Director of Land Transport Bill provides the appropriate role scope and powers, but raises questions about broader management of safety across the transport system. The requirement for a regulatory strategy is a positive addition.
- The Regulatory Services team managed well during COVID, and were looking to capture some of the innovations that had come out of the period.

Resolutions	<p>The Board:</p> <p><i>Regulatory Services' response to Covid-19 and preparing for 'new normal'</i></p> <ul style="list-style-type: none"> • Noted the content of the paper and feedback provided by the Committee regarding the key initiatives being undertaken by Te Rōpu Waeture (Regulatory Services Group) in response to COVID-19 and in preparation for a 'new normal' environment. <p><i>Director of Land Transport</i></p> <ul style="list-style-type: none"> • Noted the proposed scope of the new Director of Land Transport role as set out in the Land Transport (NZTA) Amendment Bill, and the implications of the proposed new role on Waka Kotahi; and
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	<ul style="list-style-type: none"> • Noted the proposed next steps on the establishment of the Director of Land Transport role. <p><i>Other</i></p> <ul style="list-style-type: none"> • Noted the: <ul style="list-style-type: none"> ○ Regulatory Services Update; ○ Safe Rail Regulatory System Deep Dive.
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Actions	Re-run the Rail Deep Dive session for the full Board at the next meeting.
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9. Puhoi to Warkworth Covid-19 Settlement

The General Manager Transport Services introduced the paper, noting that an in-principle settlement agreement had been reached for the COVID-19 claims on Puhoi to Warkworth. He provided an overview of the components of the settlement agreement and the rationale for the proposed total settlement

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

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the paper; • Approved the terms of the settlement for the Pūhoi to Warkworth PPP to mitigate the effects of COVID-19 (COVID-19 Settlement); • s 9(2)(g)(i), s 9(2)(i)
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s 9(2)(g)(i), s 9(2)(i)

11. New Infrastructure Procurement Models

After the Senior Manager Procurement provided an overview of the paper, the Board discussed how the proposal sat within the broader construction eco-system. In terms of probity, Management confirmed there was a probity adviser embedded in the project to ensure the approach was appropriate. The Board requested that Management sought to quantify the reduction and time and cost arising from the proposed changes.

Resolutions	The Board:
	<ul style="list-style-type: none">• Endorsed a change in infrastructure procurement approach;• Endorsed commencement of detailed design and implementation planning for proposed new procurement models;• Noted<ul style="list-style-type: none">○ The estimated cost of detailed design and implementation planning is \$495,000;○ A business case will be prepared, and Board endorsement will be sought prior to the implementation of new procurement models.

Operational Updates

14. Safety, Health & Environment Update

Resolutions	The Board noted the update, s 9(2)(g)(i)
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15. NZ Upgrade Programme

Resolutions	The Board noted update.
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16. Financial Update

Resolutions	The Board noted the financial performance summary for Waka Kotahi and the National Land Transport Fund for the ten months ended 30 April 2020.
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17. Establishing Te Hau Ora (Digital)

The General Manager Workplace and Technology Services introduced the paper, noting the proposal was to bring all current technology projects together, which would then allow a pipeline of work to be developed. KPMG has provided assurance of the overall governance arrangement, confirming it is good practice.

The Board requested that Management consider further the name of the project.

Resolutions	<p>The Board:</p> <ul style="list-style-type: none"> • Noted that the Digital Portfolio Framework has been renamed Te Hau Ora, Digital Services Portfolio. • Noted the Governance structures that will be established and adapted to provide greater visibility and control with the aim of maximising value and minimising regretful spend from Digitally enabled investment. • Noted that Te Hau Ora will ‘go live’ on 1 July 2020, recognising that transition will take place over the 2020/21 financial year. • Noted that regular reporting will be provided to the Investment & Delivery Committee.
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Actions	Regular reporting be brought to the Investment & Delivery and Risk & Assurance Committees, to update on progress.
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General Business

18. Board Correspondence

The Board **noted** the correspondence.

19. General Business

Management provided an overview on the proposed Resource Management Act changes.

The meeting concluded at 3.00pm

Minutes approved by the Board Chair



Brian Roche 29/07/2020