

AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

**MINUTES OF BOARD OF DIRECTORS
OF AIRWAYS CORPORATION OF NEW ZEALAND LIMITED
MEETING HELD AT WELLINGTON TOWER, 1 GEORGE BOLT ST, WELLINGTON
TUESDAY 30 MARCH 2021 AT 9:00 AM TO 4:11 PM**

Present: Denise Church (Chair), Mark Pitt (Deputy Chair), Darin Cusack, John Holt, Lisa Jacobs, Paula Jackson, Mark Hutchinson and Nicola Greer

Apologies: Nil

In attendance: Graeme Sumner, Chief Executive Officer
James Young, Chief Financial Officer
Katie Bhreatnach, GM Customer and Regulatory Partnerships
Kim Nichols, Head of Safety & Assurance

BOARD ONLY TIME

The Board met for Board only time on from approximately 09:00AM – 09:30AM

The Board and CEO met without management present from approximately 09:30AM – 10:00AM

FORMAL BOARD AGENDA (commenced at approximately 10:38 AM)

Katie Wilkinson and Simon Craddock joined the Board meeting

ITEM 2.0 BOARD MATTERS

Item 2.1 ***Continuous Disclosure***

No matters were raised.

Item 2.2 **Register of Directors Interests**

The Board **noted** the Register of Directors' Interests, and that it has been audited by the finance and legal teams and is up to date.

Darin Cusack will not be present for the discussion on Service and Pricing Framework on account of his Directorship of Dunedin Airport Limited.

ITEM 1.0 STRATEGIC PAPERS AND PRESENTATION

Item 1.1 **Airspace Optimisation Programme update**

The board **noted** MITRE's recommendations from Phase I of the Airspace Optimisation Programme, the approach to evaluating the recommendations and the proposed next steps in the Airspace Optimisation Programme update.

ACTION: The Board requested management follow up with further thinking including taking in to account queries raised by the Board about: the culture change piece associated with proposed optimisation benefits, the importance of dialogue with airspace users and a plan for how we will engage with the customer and regulator through the process, the extent to which it would be easier to make some of these changes while flight volumes are lower, interdependencies with other processes such as pricing framework, greater understanding of the interests of stakeholders and customers (such as fuel out and carbon out), consideration of shifts in scenarios (such as climate changes shifts in air traffic – electric planes flying short hops, proliferation of UAVs in airspace and reduction in international) and how might these scenarios influence our view of benefits realisation.

Katie Wilkinson and Simon Craddock left the Board meeting.

Beck Longbottom and Jamie Gray joined the Board meeting.

Item 1.2 **Pricing and Services framework update**

s9(2)(b)(ii) & s9(2)(g)(i)

Darin Cusack left the meeting.

The Chair noted that there was a specific proposal put to the Board in January and that the Board asked for further thinking on it, some of which was discussed at the February Board meeting. The CEO has now actively applied the principles and retrofitted the process to respond to

suggestions outlined at the February Board meeting and is now requesting the Board's endorsement to the proposed approach to engaging with stakeholders on the Service and Pricing framework.

Directors noted they were uncomfortable with the previous proposed process that linked service and pricing framework consultations to power and lighting and the termination of airport contracts, and with the consultation document phrasing and tone which was unbalanced and read strongly as an advocacy document.

Directors noted the primacy of Airways reputational integrity remaining intact, and reflected on the merits of testing the hypothesis of a partial reset via the service framework as *prima facie* delivering on the following aims:

- Modern fit for purpose aviation system that delivers safety and efficiency
- Aligned decision making
- Productive relationship with stakeholders
- Aligned with our commercial imperatives.

Directors invited views of various ELT:

James Young noted there are no easy options as we need to increase prices as cost out initiatives haven't delivered to expectation and given that we are going to have to work towards a price consultation, we are best placed to do so via a service consultation because it provides a better foundation for the pricing framework.

Jamie Gray agreed, noting that when it comes to consulting on the services framework, it's the way in which we consult that's important – namely, keeping an open stance, with no predetermination and having optionality, so that there are off ramps if we need those, allowing us to maintain our reputation and integrity. The shareholder will be testing the extent to which we have right sized the company and driven efficiencies in ourselves and the system, and that when they ask the question, we can credibly answer it if we have consulted on our frameworks.

Kim Nichols noted that the process is important, making sure we are clear on why (the aims) and making sure our people understand that. Some of those whys actually feed in to the customer strategy which enables the pricing.

Beck Longbottom noted she takes a simplistic view: we have approved a customer strategy, and an opportunity now presents itself to look at these frameworks and in doing so to look at how they impact our customers.

Having considered management views, Directors requested Management redraft the consultation paper to reflect that Airways is a responsible player, and to ensure that the tone and

positioning of the paper strikes the balance between a proposal that stakeholders can engage with and making it clear that Airways wishes to canvas views on our service framework with an open mind before going down the track of our pricing framework.

ACTION: Before proceeding, Directors requested to review and approve a revised consultation timeframe, consultation paper and proposed service framework.

That board **endorsed** the proposed approach to engaging with stakeholders on our service and pricing framework, noting the points raised above in discussion. (moved by Mark Hutchinson, seconded by John Holt).

ACTION: In April Graeme will present some choices around airfield power and lighting for the Board.

ACTION: Katie to update the Board monthly in information papers on progress on AIAL power and lighting.

Darin Cusack returned to the meeting.

GUEST SPEAKER: INTRODUCTION

Keith Manch Chief Executive of the Civil Aviation Authority presented to the Board.

STRATEGIC PRIORITIES 2021.

The Board **endorsed** the 2021 strategic priorities, noting significant challenges in terms of organisational capacity, requesting regular updates from the CEO on impacts on people and an openness to adapt and adjust in response (moved by John Holt, seconded by Mark Pitt).

ITEM 2.0 BOARD MATTERS

Item 2.3 *Minutes of Board Meetings held 25 February 2021*

The Board **approved** the revised minutes of the previous board meeting held 25 February 2021 as a true and correct record of that meeting (moved by Mark Hutchinson, seconded by Nicola Greer).

Item 2.4 *Matters Arising and Action Items from the February Meeting*

The Board **noted** the Matters Arising and Action Items from the February meeting.

ITEM 3.0 HEALTH AND SAFETY

Item 3.1 Board Company Safety Report

The Board **noted** the Company Safety Report.

Kim Nichols updated the Board on the Safety Culture Review, noting high number of air traffic controllers attending, and feedback to Presage on ensuring safety of all participating.

The Board requested an updated on the recent Runway incursion at Christchurch, noting good learnings and alignment on way forward.

ITEM 4.0 PERFORMANCE AGAINST BUSINESS PLAN

Item 4.1 CEO Executive Summary and Company Performance Report

The Board **noted** the CEO Executive Summary and Company Performance Report.

The CEO provided an update on the regional airport change programme and noted Keith Manch's feedback that there is a differentiation between the quality of aeronautical studies. The CEO noted he was pleased that those aeronautical studies where airports and Airways have collaborated have been of a high quality.

s9(2)(g)(i)

The CEO provides an update on Milford contract and noted that a CAA Decision on Milford is imminent.

Denise Church left the meeting and Mark Pitt assumed Chair for the meeting.

ITEM 5.0 PAPERS FOR APPROVAL / ENDORSEMENT

Item 5.1 FY22 Price Increase

The board **approved** a 3% price increase for Airways' Core ANS services effective 1 July 2021 (moved by Paula Jackson, seconded by John Holt).

Management noted that customer communications will be imminent on this decision. Directors requested that communications note our gratitude for government support and position the price increase sensitively with customers. Directors also noted Air NZ has increased prices, and that a number of Airports have made single percentage increases recently.

Item 5.2 ***Integrated Reporting framework***

The board **endorsed** the proposed approach towards Integrated Reporting and **noted** the proposed KPIs remain subject to further management review and validation (moved by John Holt, seconded by Lisa Jacobs).

The Board noted that the integrated reporting framework will frame our SCI, a draft of which will come to the Board in April, and that ELT are still working on KPIs.

Item 5.3 ***Audit Plan***

The board **noted** the AFC (Audit and Finance Committee) endorsement of the Audit Plan and **approved** the PwC 2020/21 audit plan and fee proposal (Appendix A), and engagement letter for the audit assurance procedures for the Student Fee Protection Trust (Appendix B). The board **authorised** the Chair of the AFC to sign the engagement letter (moved by Mark Hutchinson, seconded by Paula Jackson).

Action: Graeme and James to provide feedback through the OAG around the level of fees.

Item 5.4 ***Forms to open Transaction Bank Account BNZ***

The board **approved** the opening of a transactional bank account with BNZ (moved by Lisa Jacobs, seconded by Mark Hutchinson).

Item 5.5 ***Treasury Policy***

The board **approved** the updated Treasury Policy (moved by Darin Cusack, seconded by Lisa Jacobs).

ITEM 6.1 PAPERS FOR INFORMATION

Item 6.1 ***Audit and Finance minutes February 2021***

The board **noted** Audit and Finance minutes February 2021

Item 6.2 ***Safety Committee minutes February 2021***

The board **noted** Safety Committee minutes February 2021

Item 6.3 ***Airways NZALPA ATC Collective Agreement – Bargaining update***

The board **noted** Airways NZALPA ATC Collective Agreement – Bargaining update, and that further updates would continue to be provided by Mark Daldorf and Sally Williams.

Item 6.4 ***Wellness check-in Pulse survey results March 2021***

The board **noted** Wellness check-in Pulse survey results March 2021, and a detailed discussion occurred at the People and capability subcommittee. Overall the results were positive, with strong support for continued flexible working arrangements.

Mark Daldorf noted there was lot of positive feedback about positive leaders, with a theme emerging on desire for greater collaboration and working cross functionally as opposed to siloed functional thinking and working. Managers are adopting a number of initiatives in response to lowered wellbeing scores, and HR are supporting teams, as well as continuing availability of EAP and other support services.

The Board noted that while only 33% of ATCs responding are we satisfied, data is also being collected through the presage safety culture review.

The Board noted that management will continue to do the wellness check and pulse surveys every six months.

Item 6.5 ***Board action - Flexible Working Policy***

The board **noted** Board action - Flexible Working Policy update was provided.

ITEM 9.0 OTHER MATTERS

Item 9.1 ***Next Board Meeting Arrangements***

The next Board meeting will be held on Thursday 22 April on virtual conference call.

Item 9.2 ***Board Work Plan 2021***

The Board **noted** the work plan for 2021.

CLOSE OF MEETING

There being no further business, the meeting concluded at approximately 4:11 PM.

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Date