

AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

MINUTES OF BOARD OF DIRECTORS

OF AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

BY ZOOM VIDEO CONFERENCE

TUESDAY 28 SEPTEMBER 2021 AT 9:30AM TO 2:30PM

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
Katie Wilkinson, GM ATS

BOARD ONLY TIME

The Board met for Board only time from approximately 9:00AM to 9:30 AM.

The Board and CEO met without management present from approximately 9:55 AM to 10:30 AM and discussed health and wellbeing, and the practical steps being taken to support Airways people through this challenging time.

FORMAL BOARD AGENDA (commenced at approximately 10:45 AM)

ITEM 1.0 STRATEGIC PAPERS AND PRESENTATION

No matters were raised

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 amended Register of Directors' Interests.

Item 2.3 **Minutes of Board Meetings held 24 August 2021**

The Board **approved** the minutes of the previous board meeting held 24 August 2021 as a true and correct record of that meeting, (moved by Darin Cusack, seconded by John Holt).

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


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

ITEM 3.0 HEALTH AND SAFETY

Item 3.1 **Board Company Safety Report**

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

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



The Board queried about the rise in bullying related issues in EAP. ACTION: Katie Bhreatnach and Mark Daldorf to connect with John Holt to agree on a presentation to the next People and

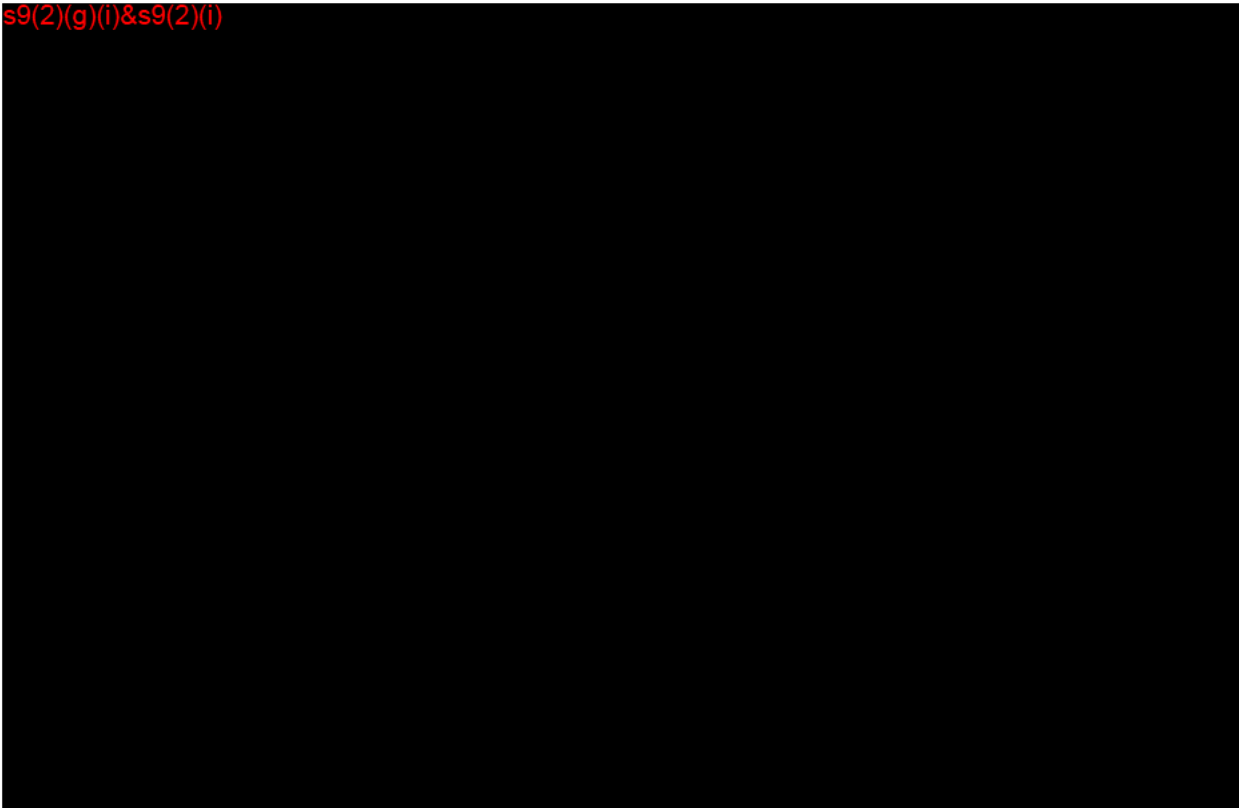
Capability Sub Committee on all investigations, ERA matters and any pre cursors/complaints around bullying to understand any trends or areas for continuous improvement.

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.

s9(2)(g)(i)&s9(2)(i)



Ed Overy joined the Board.

Item 4.2 ATS Systems Programme – Schedule Update

Ed Overy updated the Board on the factors adversely influencing this programme.

The Board

- **noted** the ATS System Programme forecast 'go-live' has moved from March 2022 to June 2022 due to the recent lockdowns;
- **noted** the current risk to the revised forecast as a result of resourcing challenges regarding recruitment of additional Technical Specialist(s);
- **noted** the risk of uncertainty that any future lockdowns may have on future forecasting;

- **noted** the action to provide communication of the revised forecast schedule of the programme to various stakeholders.

ACTION: Graeme will bring a paper to the Board on living with Covid in October.

The Board broke for lunch from approximately 12:12PM – 12:50PM

Item 4.3 **Financial Forecast**

The Board **noted** Financial Forecast.

The CFO updated the Board on the financial outlook and what it might mean for the price reset. The CFO noted that he will present to the Board on the reset next month, both in terms of how the plan is being built up over the next three months and the price. He also noted that he has had conversations with Treasury and there is a base assumption that we recover in step with industry. He also noted that volume assumptions are a significant challenge.

The CEO noted that the zeitgeist has changed within Treasury since this time last year from needing to fully recover our cost of capital to the current thinking of needing to recover in lockstep with the industry.

Directors noted that the forecasting assumes light handed public health constraints. The Chair suggested we consider a less favourable scenario where vaccination rates are not sufficiently high or the unvaccinated are clustered and delta or another variant hits us early next year and our health system is overrun, in which case we go back to some significant health measures.

The CFO noted that it is likely that we will require further funding/support from the government going forward and need to have conversations with the government on this.

Directors queried about our appetite for cutting costs. The CFO noted that our deferral of capital for a number of years is catching up with us, as well as the need to deliver some significant capital programmes such as replacement of Auckland Tower and PSRs. The CEO noted that we tried with the RACP programme and have not been successful and come under enormous fire from different parts of the industry for trying to take out costs and gain efficiencies, and that we have demonstrated to our stakeholders that we have attempted to do this, with limited success.

ACTION: put up a range of options and scenarios next month for the pricing reset.

ITEM 5.0 PAPERS FOR APPROVAL / ENDORSEMENT

Item 5.1 **Annual Insurance Strategy – Renewal of Non-Aviation Insurance**

The board

- **noted** the key features of the current insurance programme;

- **approved** the insurance programme and approach outlined in this report for the 2021/22 year including the recommendations to renew with incumbent or new provider as recommended;
- **noted** additional information and recommendation provided on Cyber Security policy.
- Noted uninsured risks table in appendix A, and further work will be done in relation to cyber security and AirShare.

(moved by John Holt, seconded by Lisa Jacobs).

Lisa Jacobs noted that the insurance options in the market for cyber continue not to meet our needs – in fact, they have become more restrictive and more expensive, and that on D&O insurance – Aon has done a good job as it is a difficult market, having secured the same terms and same premiums for us.

Directors attention focused on the uninsured risks table, noting the areas in which Airways self-insures.

The Chair noted that in the circumstances, this is a reasonable and thorough outcome following due diligence and a whole of organisational and whole of system approach.

ACTION: Directors noted the value in continuing to reflect and review each year on cyber security.

ACTION: Management to reflect on insurance of Airshare in light of changes to it business model with move to AIL.

Item 5.2 ***Anti Bullying & Harassment Policy update***

The Board **approved** the changes made to the Anti Bullying & Harassment Policy, adjusted to provide same rights and obligations to trainees. (moved by Mark Pitt, seconded by Nicola Greer).

Item 5.3 ***Student Fee Protection Trust Independent Assurance Report for the Year ended 30 June 2021***

The Board **noted** Management have provided a back to back representation letter, **endorsed** the PwC independent assurance review of the Student Fee Protection Trust and **approved** the Board Chair and Chair of the AFC Committee to sign the Audit Representation Letter in support. (moved by Lisa Jacob, seconded by Paula Jackson).

ITEM 6.0 PAPERS FOR INFORMATION

Item 6.1 ***Audit and Finance Committee Meeting minutes 19 August 2021***

The Board **noted** the Audit and Finance Committee Meeting minutes 19 August 2021.

Item 6.2 ***Safety Committee Meeting minutes 17 August 2021***

The Board **noted** Safety Committee Meeting minutes 17 August 2021

ACTION: debrief on take outs from the sessions on **s9(2)(a)** from relevant Directors.

ITEM 7.0 PAPERS FOR DISCUSSION

Item 7.1 ***Top Risk Review***

The Board **noted** the Top Risk Review report. The Board **noted** that some of the elements in the risk review that referred to changes to time frames are further changed by some of the constraints identified today. Directors also requested that the report be updated to reflect a systems risk on UAVs.

The Board noted that cross industry conversations are progressing on UAV and UTM regulatory reform.

ACTION: Katie Bhreatnach to update the Board on a UTM/UAV solution in the context of five years proposed timeframe by officials.

ITEM 7.0 OTHER MATTERS

Item 7.1 ***Next Board Meeting Arrangements***

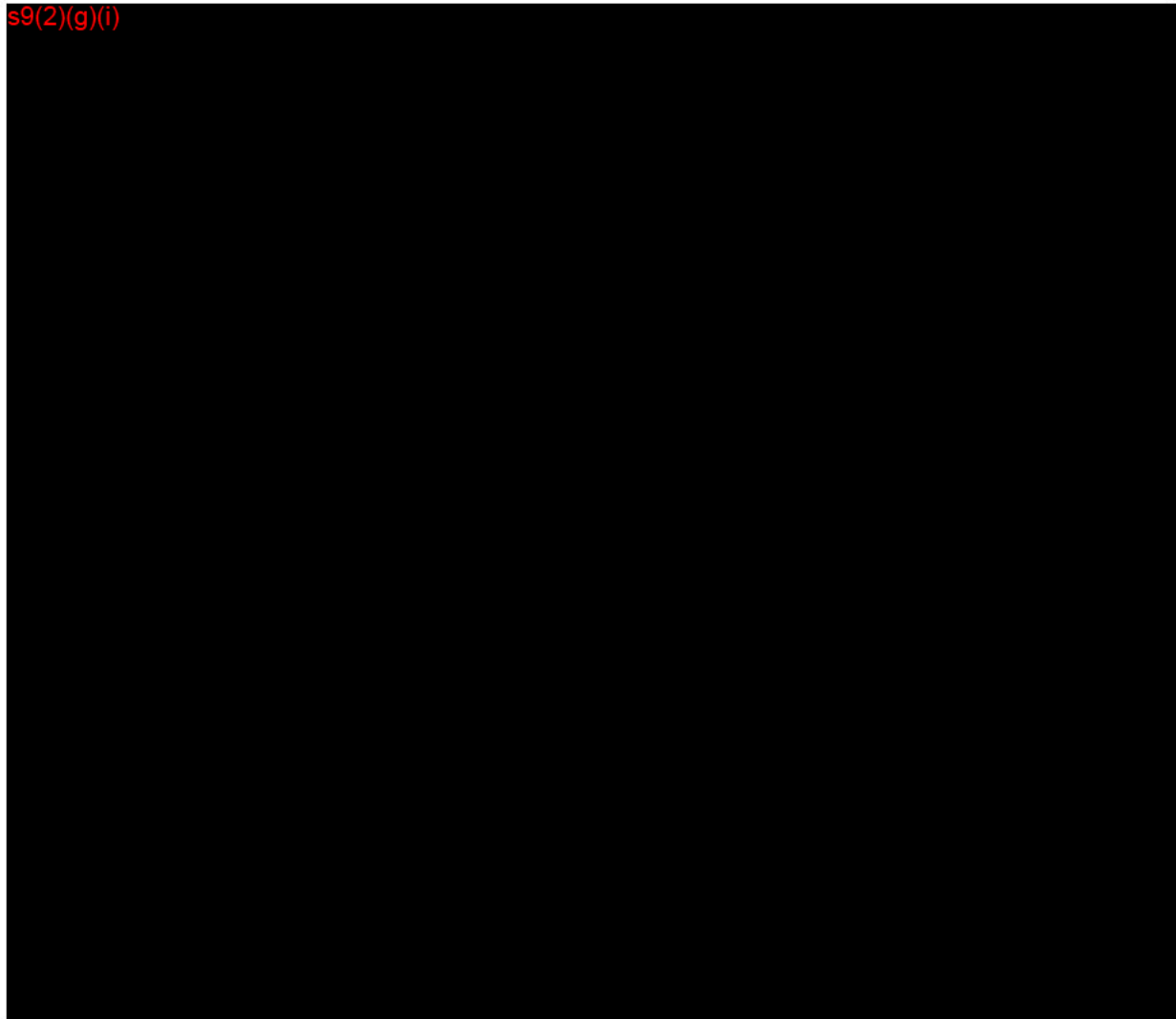
The next Board meeting will be held on Thursday and Friday, 21-22 October 2021, to be held virtually.

ACTION: get an outline out to Directors to invite feedback.

The Chair invited Directors to reflect on what the key areas management need to focus on for the session in October on financial outlooks and implications for the price reset and where that links to the capital programme:

s9(2)(g)(i)

s9(2)(g)(i)



Item 7.2 ***Board Work Plan 2021***

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

ACTION: Moana to determine capacity for face-to-face meeting in December if needed and possible.

CLOSE OF MEETING

There being no further business, the meeting concluded at approximately 2:17PM.

s9(2)(a)



Chair

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Date