

MINO-0392

11 May 2022

On 11 May 2022, the Prime Minister received an Oral Parliamentary Question from Christopher Luxon regarding the increased number of Waka Kotahi NZ Transport Agency's back-office staff. Mr Luxon is referencing Waka Kotahi annual review response below:

How many of the total staff employed are considered to be frontline staff and how many are considered back office staff (both in nominal terms and as a percentage of total staff) and how does that number compare to the number of frontline and back office staff in each of the past four financial years?

The following table shows the total full time equivalent (FTE) of permanent and fixed term employees at Waka Kotahi holding frontline and back office roles as at 30 June for 2020/21, and for the previous four financial years.

A role is determined to be frontline or back office by the main purpose of the function in which an employee is located (at a group level).

Financial year	Frontline		Back Office	
	FTE	Percentage of total	FTE	Percentage of total
2020/21	1,377.7	63.2%	801.8	36.8%
2019/20	1,244.1	66.2%	634.5	33.8%
2018/19	1,099.8	75.9%	349.6	24.1%
2017/18	1,036.4	76%	335.5	24%
2016/17	1,006.6	74%	345.8	26%

Waka Kotahi is providing some supporting information to the Minister's Office.

1. Definition of back office

At a position level, Waka Kotahi does not classify its roles as "back office" or "front office" as its systems do not support this level of classification.

Therefore, in order to respond to the Select Committee question on this ratio, the percentages are determined at a Group level with Regulatory and Transport Services classified as "front office," and the remaining Waka Kotahi groups making up the "back office" positions (Corporate Support, People, Engagement and Partnerships, Workplace and Technology etc.)

Unlike the majority of public sector organisations, the Waka Kotahi model is to engage with other organisations to perform many of our front line services (i.e. Driver's testing, Warrant of Fitness, etc.) therefore it is reasonable that our ratios would differ to a full service organisation.

In addition, over the past couple years the Waka Kotahi mandate has grown significantly to deliver to Government and public expectations. We have seen a shift in focus to reduce carbon emissions and the establishment of new teams and programmes has required more resources which has also increased headcount in Groups that are categorised as “back office” (i.e. Road to Zero, climate change, speed cameras, etc.) Lastly, due to the work needed to maintain some of our aging back office systems, our head count has increased to meet these needs as we develop plans to update or upgrade to more modern back office systems.

2. Total of back office staff from our recent Estimates response (hasn't been published)

As at 28 February 2022, Waka Kotahi had 2306.1 permanent and fixed-term full-time equivalent (FTE) employees, with a permanent and fixed-term headcount of 2,387. This is an increase from 2,179.5 FTE and 2,257 head-count as at 30 June 2021.

Our headcount increase is attributable to:

- Expanding mandate - The mandate of Waka Kotahi is expanding to meet government expectations and outcomes.
- Improving our capability in enterprise support services - Significant investment and resourcing is required to upgrade ageing corporate and transport IT systems.
- Investment and resourcing in the regulatory function at Waka Kotahi to further embed the fundamentals of core regulatory delivery and improving how to proactively monitor, detect and enforce safety compliance.

As at 28 February 2022, Waka Kotahi had 1,455.09 FTE Staff (63%) providing “front-line” services and 851.0 FTE employees (37%) providing “back-office” support. Frontline and back-office delineation is determined by the main purpose of the function in which an employee is located. This is the same percentage of 63% “front-line” and 37% “back office” as at 30 June 2021.

In 2022/23 Waka Kotahi expects that its workforce will continue to increase to reflect the demands of the NZ Upgrade Programme, the wider project schedule, delivering the Regulatory Strategy and transitioning all safety camera types (including red light, mobile and static speed) and the associated operations from the NZ Police.

3. Total of social media, public relations and/or communications staff and contractors/consultants do the agencies funded by the Vote employ; what is the total salary budget for these staff and how does that compare with each of the past five financial years (hasn't been published)

As at 28 February 2022, Waka Kotahi employed 80.7 permanent and fixed term full time equivalent (FTE) staff in roles focusing on social media, public relations and/or communications at a total annualised pro-rated base salary cost of \$9.79 million. Waka Kotahi has also engaged eleven contractors/consultants in roles focusing on social media, public relations and/or communications.

This level of resource in communications and engagement reflects the statutory requirement of Waka Kotahi to undertake comprehensive community and stakeholder engagement when delivering transport projects. This function also establishes community goodwill to enable projects to proceed.

Most of the increase in communications and engagement FTE is commensurate with an increase in the range and type of infrastructure and behaviour change projects undertaken by Waka Kotahi. This includes additional programmes such as the New Zealand Upgrade Programme, the transfer of consultants in house to deliver the speed and infrastructure programme and the deliverables under Road to Zero, as well as responding to Government expectations and requirements around climate change and mode shift, which involves new projects like the Clean Car Discount.

Waka Kotahi also supports community engagement on behalf of Te Manatū Waka Ministry of Transport, the Ministry of Social Development and the Minister of Transport on national regulatory policy changes. This includes running consultation and engagement campaigns on behalf of the policy agencies to inform the draft and final form of rules and acts going before Parliament.

Waka Kotahi is delivering on the Government's commitment to the international 'Open Government' programme and its objective of increasing community engagement "between government and citizens" to ensure public participation in decision making. This includes consulting to meet statutory requirements for social responsibility under the Land Transport Management Act, Land Transport Act, Resource Management Act and Public Works Act; as well as ensuring customer insights are more widely incorporated into programme and business case development.

Waka Kotahi has reduced its reliance on contractors and consultants to support its communications and engagement function. This means there has been growth in the permanent FTE headcount in communications and engagement through recruitment and by converting a number of contractor roles to permanent FTE roles.

The table below shows the total permanent and fixed term FTE and the total annual salary budget for each of the past five financial years.

Communications			
Financial Year	Permanent and Fixed Term FTE Staff	Contractors	Total Salary Budget (\$m)
2022/23 (Budget *)	90.7	TBC	10.97
2021/22 (as at 28 Feb 2022)	80.7	11	9.79
2020/21	79.7	8.4	9.56
2019/20	64.075	8	7.76
2018/19	31.5	36	2.25
2017/18	32.2	27**	3.74

** Budget figures include vacancies and assumes positions are filled in 2022/23.

*(Headcount, not FTE)

ADDITIONAL NOTE (not yet public):

The Public Service Commission have been consulting on Stats NZ ANZSCO 2006 classifications and their application to 'communications' roles to clarify what should be classified under this categorisation. For example, Waka Kotahi's many community liaison roles, who undertake project engagement, are currently captured above even though the nature of their work is very different to media/communications/public relations advisor roles. This classification is likely to change from June 2022 and will impact our future reporting. We are supportive of this change but will make the transition visible.

4. How many contractors and consultants will be engaged or employed by the Waka Kotahi in 2022/23 and what is the estimated total cost? How does this compare to each of the previous five financial years, both in terms of the number engaged and the total cost? (hasn't been published)

Waka Kotahi is unable to estimate how many contractors and consultants will be engaged in 2022/23 and what the estimated total cost would be. Our planning processes for 2022/23 are not yet complete. Moreover, a significant proportion of Waka Kotahi contractors and consultants are engaged on projects, for which forecasts do not go down to the level of individual contractor and consultant spend.

Waka Kotahi had anticipated an increase in spend for our contractor and consultant population in the 2021/22 financial year, however to date, that has not eventuated.

From 1 July 2021 to 28 February 2022, Waka Kotahi has reduced spend on contractors and consultants by \$2.7 million as compared to the same time last year. The total cost of these resources for the current financial year to 28 February 2022 is approximately \$45.3 million (\$48.0 million as at 28 February 2021.)

Waka Kotahi is unable to provide a copy of "all reports prepared or delivered as a result of the consultancy or contract" as this information is not centrally collated, and the volume of contractors and consultants engaged by Waka Kotahi makes this infeasible.

The previous five financial years are summarised as follows:

Financial year	Number of consultant assignments*	Cost (\$m)	Number of contractors engaged or employed**	Cost (\$m)	Short-term temporary resource	Cost (\$m)	Combined total of cost (\$m)
2021/22 to 28 Feb	147	21.3	310	22.7	82	1.3	45.3
2020/21	263	41.2	371	33.4	81	1.0	75.6
2019/20	239	48.8	495	56.7	131	2.3	107.8
2018/19	325	32.1	519	52.0	231	3.3	87.4

Financial year	Number of consultants/contractors engaged or employed	Cost (\$m)	Combined total of resource	Combined total of cost (\$m)	Comments
2017/18	560	44.8	560	44.8	2018/19 onwards has been prepared using an improved methodology. It is not possible to restate these prior year figures on a comparable basis.
2016/17	459	31.7	459	31.7	

* Recorded expenditure excludes consultants engaged directly on physical infrastructure projects (such as state highways); the costs of outsourced service contracts provided by third parties (e.g. advertising and cloud-based services); and statutory audit and legal services. The spend is a mixture of capital and operating expenditure.

** Numbers refer to headcount rather than full-time equivalents.

The reduction we saw in 2020/21 and into the current financial year, is primarily due to higher costs in the years prior, particularly in relation to the Auckland Light Rail programme and some system enhancements to deal with increased complexity in our funding arrangements. In addition, early in the COVID-19 pandemic, there was the conversion of a number of contractors into permanent roles which reduced both our contractor and consultant population.

Though 2021/22 spend to date is reduced, we anticipate a rise in contractor and consultant spend in the medium term, however, due to the employment market tightening and ongoing expansion of our work programme (Clean car, RUC reductions, tolling back-office replacement etc).

5. What is the policy of Waka Kotahi NZ Transport Agency on the use of consultants and contractors as opposed to regular employees? Has this policy changed recently, and if so, when was this policy implemented? (hasn't been published)

The Waka Kotahi contractor and consultant resourcing framework that was implemented in September 2020 remains in place. It includes guidelines, processes, and reporting on the contractor population.

As part of this framework, the following measures were implemented to better manage contractor engagement, which include:

- all business cases for new contractors are required and managed through the workflow and approval system, with approvals requiring the hiring manager's one up manager in most cases
- review and approval by the applicable General Manager when contracts exceed certain parameters
- a maximum duration of 12 months can be requested for a new contract, and if an extension is required for the same engagement, a maximum of one contract renewal of up to six months is permitted. This ensures that contractors will not be engaged with us for over 18 months unless approved by the relevant General Manager
- the conversion of contractors into permanent or fixed-term positions, at employee rates of pay, where feasible
- the creation of a rate card providing appropriate rates for the most frequently required job types.

In addition, Waka Kotahi is continuing to develop and implement improvements to strengthen procurement practice and controls, including for the use of consultants. This includes a review of business rules, delegations and the introduction of monthly monitoring of new expenditure.