

# Part E Funding approval, procurement and management

## Overview

### Purpose

The purpose of this part is to describe the NZTA's:

- funding approval of activities
- procedures for implementing and managing the National Land Transport Programme (NLTP) and making claims for funding assistance
- procedures for monitoring, auditing and reporting on the land transport system and land transport activities.

### Audience

The intended audience for this part includes:

- approved organisations and the NZTA who implement approved activities
- staff of the NZTA, regional transport committees (RTCs) and the Auckland Regional Transport Authority (ARTA) who manage regional land transport programmes (RLTPs) and the NLTP.

### In this part

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# Chapter E1 Funding approval of activities

## E1.1 Overview

**Purpose** The purpose of this chapter is to refer to the Land Transport Management Act 2003 (LTMA) provisions and describe the NZTA's requirements and process for funding approval of activities.

**Audience** The intended audience for this chapter includes:

- approved organisations
- the NZTA.

**In this chapter** This chapter contains the following sections:

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## E1.2 LTMA provisions for funding approval

### Introduction

This section describes the LTMA provisions and the NZTA's requirements for funding approval for activities or combinations of activities.

The requirements apply to activities or combinations of activities that:

- are given funding approval at the time that the National Land Transport Programme (NLTP) is published
- are included in the NLTP as category 2 or reserve activities and for which funding approval is subsequently requested.

### LTMA provisions for approving activities

When approving a proposed activity or combination of activities for payments from the National Land Transport Fund (NLTF), the NZTA must be satisfied that:

- the activity or combination of activities is included in the NLTP
- the NLTP continues to meet the requirements of section 19B of the LTMA
- the New Zealand Transport Strategy (NZTS) objectives have been taken into account in respect of the activity or combination of activities
- the activity or combination of activities contributes to the NZTA's objective, including its social and environmental responsibility, in an efficient and effective manner
- the activity or combination of activities has, to the extent practicable, been assessed against other land transport options and alternatives
- the relevant consultation requirements of the LTMA have been complied with.

The NZTA must also take into account:

- the relevant Government Policy Statement (GPS)
- any national land transport strategy
- any relevant regional land transport strategy (RLTS)
- any national energy efficiency and conservation strategy
- any relevant national policy statement and any relevant regional policy statements that are for the time being in force under the Resource Management Act 1991.

**Legislation:** LTMA s20(2) and (3).

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## E1.2 LTMA provisions for funding approval, continued

### Approval for urgent activities

The NZTA may, without complying with the LTMA provisions, approve for payment any activity or combination of activities that, in the opinion of the NZTA:

- are in the urgent interests of public safety, or
- are necessary to effect immediate or temporary repair of damage caused by a sudden and unexpected event.

**Legislation:** LTMA s20(4).

### Other considerations for funding approval

When approving an activity or combination of activities as qualifying for payments from the NLTF, the NZTA must be satisfied that the expenditure on the NLTP and any expenses associated with any borrowing in the relevant financial year will not exceed the allowable expenditure.

**Legislation:** LTMA s20(5).

### Methods of assessment

The NZTA may apply different methods of assessment for the purpose of approving different activities or combinations of activities.

**Legislation:** LTMA s20A.

### Terms and conditions of approval

The NZTA may approve activities or combinations of activities for funding subject to any relevant and reasonable terms and conditions that the NZTA thinks fit. Terms and conditions will be attached to the funding approval as necessary.

In the case of capital projects, the NZTA may give separate funding approval at each of the investigation, design and construction phases, or at hold points within these phases.

**Legislation:** LTMA s20B.

### Rate of funding assistance

The NZTA must set the rate of funding assistance from the NLTF for activities and combinations of activities in accordance with any criteria set by the Minister of Transport.

**Legislation:** LTMA s20C.

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## E1.2 LTMA provisions for funding approval, continued

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### **Funding decisions to be made public**

If the NZTA decides to approve or decline funding for an activity or combination of activities, the NZTA will:

- ensure that every decision that it makes, and its reasons for making that decision, are available to any affected approved organisation
- give any organisation or any person responsible for that activity or combination of activities written advice of its decision and reasons for its decision
- place a copy of the decision, and the reasons for the decision, on its website.

**Legislation:** LTMA s20D.

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### **Scrutiny for NZTA activities**

The NZTA must give the same level of scrutiny to its own activities and combinations of activities for funding approval as it would give to those proposed by approved organisations.

**Legislation:** LTMA s96(1)(d)(ii).

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## E1.3 Assessment for funding approval

### Introduction

This section refers to the legislative provisions, and sets out the NZTA's methodology, for assessing activities and combinations of activities for funding approval.

### LTMA provision for assessment for funding approval

The assessment provisions for funding approval (LTMA s20) are similar to the assessment provisions for preparing the NLTP (LTMA s19B) with the addition that:

- the activity or combination of activities being considered for funding approval
  - is included in the NLTP, or
  - is in the urgent interests of public safety, or
  - is necessary to effect immediate or temporary repair of damage caused by a sudden and unexpected event
- the expenditure on the NLTP and any expenses associated with any borrowing in the relevant financial year will not exceed the allowable expenditure.

**Reference:** The NZTA's methods of assessment for activities and combinations of activities are set out in *Part G*.

### Checks before funding approval

Before approving funding for an activity or combination of activities, the NZTA will check that:

- the LTMA provisions for funding approval have been met
- all necessary statutory requirements (consents, etc) have been met
- funds from local government and the private sector are available, where appropriate
- the proposed design standards are suitable
- the proposed procurement procedures either:
  - are one of the NZTA's approved procurement procedures, or
  - have been specifically approved by the NZTA

**Reference:** For detail, see *Chapter E3*.

- the proposed project governance arrangements are suitable, where appropriate
- conditions of funding for approvals for prior phases have been fulfilled where appropriate.

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## E1.3 Assessment for funding approval, continued

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### **Approval of funding plan**

Funding approval of activities and combinations of activities will include the source or sources of funding.

The NZTA may delay funding approval for a project to suit the availability of funding.

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## E1.4 Request for funding approval

### **Request for funding approval**

A request for funding approval for an activity may be submitted at any programme review, provided that the activity has met all the requirements for category 1 status in terms of its development. The activity details (such as total cost, cashflow and assessment profile including benefit cost ratio – BCR) must be re-evaluated and confirmed at the time the activity is promoted for funding approval.

All applications for funding approval must be submitted in *LTP online*.

Any organisation that commits or commences a new activity prior to receiving funding approval does so at its own risk.

**References:** For detail, see:

- *Chapter C4 Preparing studies, strategies and plans*
  - *Chapter C5 Preparing demand management and community programmes*
  - *Chapter C9 Preparing improvement projects.*
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## E1.5 Request for emergency reinstatement

### Notification of emergency reinstatement requirement

The following procedure must be used for requests for work category 141: emergency reinstatement.

Within one week of the damage-causing event that requires emergency reinstatement, the asset manager should notify the NZTA's regional representative of such damage and request that an inspection be made.

### Inspection for emergency reinstatement

The NZTA regional representative will accompany the asset manager to inspect the damage, and agree on the scope of work and estimated cost necessary to repair the damage. Unless there are exceptional circumstances, this inspection and agreement must be completed within four weeks from the date the damage occurred.

The NZTA regional representative may use discretion in deciding whether or not an inspection is warranted.

### Application for emergency reinstatement

Applications for emergency reinstatement funding are to be entered into *LTP online* using the emergency reinstatement project type.

Information requirements are stated both below and in *LTP online*.

All applications for emergency reinstatement funding must include:

- photographs showing the location and details of the damage, and sketches or descriptions showing the restoration proposed at each site
- the estimated cost of emergency reinstatement broken down by site
- the actual expenditure to be allocated in each year
- the income statement from the territorial authority's annual plan identifying the basis for the general rates used in the funding assistance rate (FAR) calculation.

Any application must be made within **six weeks** of the date the damage occurred, and **no funds are authorised until the application is approved**.

### Approval of allocation for emergency reinstatement

The NZTA's regional representative will notify the asset manager of an approved allocation for emergency reinstatement.

### Funds programmed into the following year

If it is necessary to programme funds into the following financial year, the road controlling authority (RCA) is to advise the NZTA's regional representative of the total cashflow when making the original application. A review of the following year's allocation must be made prior to the closing of the current year's accounts.

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## E1.5 Request for emergency reinstatement, continued

**Limitation to allocation of funds**

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Financial assistance provided by an emergency reinstatement allocation must be used within two years from the date of the event unless approved otherwise.

Allocations for bridge replacements must be used within three years.

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**Unexpended funds**

It is essential to the efficient management of the NLTF that funds that are unexpended, or anticipated to be unexpended, by the RCA are identified at the earliest review of the NLTP.

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**Advance of funds to territorial authorities**

The NZTA has adopted the following policy for payment of advances for emergency reinstatement to territorial authorities:

- no advance is payable if the estimated total emergency reinstatement expenditure for a three-month period is less than 10 percent of the territorial authority's total general rate
  - if expenditure on emergency reinstatement is in excess of the above limit, then advances will be made such that payments are in advance of claims from the funds applicable to three months' emergency reinstatement expenditure (rounded to the nearest \$10,000).
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## E1.6 Request for preventive maintenance

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### Introduction

This section sets out the NZTA's requirements for requesting funding approval for preventive maintenance activities. Preventive maintenance is preferable to waiting until emergency reinstatement is necessary.

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### Preventive maintenance requests

Requests for funding approval for work category 241: preventive maintenance may be made at any NLTP review.

The following process for funding approval for preventative maintenance is based on a relevant group project with a block allocation having been included in the regional land transport programme (RLTP) and in the NLTP. If this is not the case, then the RLTP variation process will need to be used.

**Reference:** For the RLTP variation process, see section *E4.4*.

Requests for preventive maintenance funding are to be entered into *LTP online* using the preventive maintenance project type.

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### Supporting information

All requests for preventive maintenance funding must include:

- a schedule showing the location and details of the preventive maintenance works proposed at each site
  - the estimated cost of works
  - the actual expenditure to be allocated in each financial year.
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## Chapter E2 NLTP agreements

### Introduction

Every three years, the NZTA will enter into an agreement with each approved organisation and with the NZTA's Highways and Network Operations Group. These are National Land Transport Programme (NLTP) agreements that formalise the responsibilities of the parties relative to the development, implementation and management of their component of the NLTP.

### Form of agreement

Schedules to the agreements will include the following:

- performance measures and targets
- conditions of funding
- the NZTA's expectations covering such things as:
  - activity management
  - case management
  - development of the NLTP
  - regionalised Government Policy Statement (GPS) targets
  - value for money
  - land use.

### Execution of agreements

NLTP agreements must be signed and returned to the NZTA's regional representative by the date advised within the agreements.



# Chapter E3 Procurement

## E3.1 Overview

**Purpose** This section sets out the Land Transport Management Act 2003 (LTMA) and the NZTA requirements for procurement relating to activities funded from the National Land Transport Fund (NLTF). These requirements apply to the NZTA as well as to approved organisations.

**Audience** The intended audience for this chapter includes:

- approved organisations
- the NZTA.

**In this chapter** This chapter contains the following sections:

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## E3.2 Requirement for procurement procedures

### Introduction

This section explains the LTMA provisions for procurement procedures.

### LTMA provisions

The requirements for procurement procedures are given in section 25 of the LTMA. The NZTA must approve one or more procurement procedures that are designed to obtain the best value for money spent by the NZTA and approved organisations, with regard to the purpose of the LTMA.

The LTMA requires that all payments from a land transport disbursement account must be made in accordance with a procurement procedure, unless exempt by or under section 26. The LTMA also requires that payments by the NZTA, for state highway activities and nationally managed or delivered activities, must be made in accordance with an approved procurement procedure unless exempt by or under section 26.

**Legislation:** LTMA s24(4)(b) and s25.

### *Procurement manual*

The NZTA's *Procurement manual* contains procurement procedures that are approved by the NZTA for use by approved organisations and the NZTA, subject to the rules and conditions of use set out in the manual.

The *Procurement manual* also provides some advanced components of the approved procurement procedures that can only be used with the express written approval of the NZTA. These advanced components are generally suited to more complex procurements. Depending on the capacity, capability and strategic ability of an approved organisation, the NZTA will approve the use of these advanced procedures on a case-by-case basis.

Where an approved organisation does not have approval to use the procurement procedures contained in the *Procurement manual*, the procurement procedures contained in the *Transfund Competitive pricing procedures (CPPs) manual – Volume 1 Physical works and professional services* and *Volume 2 Public passenger transport* may be used until such time as the CPPs are withdrawn from use and all approved organisations are using the *Procurement manual*.

### Approval of other procurement procedures

If approved procurement procedures do not cover a particular procurement requirement, then an approved organisation may propose customised procurement procedures for approval by the NZTA.

### Scrutiny of national activities

When deciding whether to approve a procurement procedure for its own activity or combination of activities, the NZTA will give the same level of scrutiny to its own activities that it gives to those proposed by approved organisations.

### Procurement strategies

The *Procurement manual* requires that approved organisations and the NZTA have a procurement strategy. The manual provides guidance and tools to enable approved organisations to develop such strategies. The requirement to have a procurement strategy will apply when an organisation migrates to the use of the *Procurement manual*.

## E3.3 Payments exempt from procurement procedures

### Introduction

This section explains payments that are exempt from the LTMA provisions for procurement procedures.

### LTMA exemption provisions

The procurement procedures requirements of section 25 of the LTMA do not apply in relation to the following:

- payments approved by the NZTA on the ground that the costs of the procurement process would be disproportionate to the value of the proposed activity or activity class
- payments for any approved administration activity that is approved by the NZTA for the purpose of section 26 of the LTMA
- payments for in-house professional services that are:
  - approved by the NZTA
  - undertaken by the NZTA or an approved organisation using the NZTA's or the organisation's own staff and assets
- payments made under the land transport disbursement account of an approved organisation, if the payment is made to the land transport disbursement account of another approved organisation for the purpose of delegating functions and powers
- payments from the Auckland Regional Transport Authority's (ARTA) land transport disbursement account if the payment is made to the land transport disbursement account of another approved organisation
- payments for any registered service of any public transport operator in relation to any six-month period that follows:
  - the withdrawal or proposed withdrawal of that operator from the provision of the service
  - the withdrawal of any other operator from the provision of the same or a similar service
- payments for any expenditure that is necessary in the urgent interests of public safety
- payments for any expenditure that is necessary for the immediate or temporary repair of damage caused by a sudden and unexpected event.

**Legislation:** LTMA s26.

### Administration activities

For detail about administration activities that are approved by the NZTA for purposes of section 26(b) of the LTMA, see *Chapter F14 Administration and professional services*.

## E3.4 Business units for minor and ancillary works

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### **Introduction**

This section sets out the NZTA's requirements for the formation and operation by an approved organisation of a business unit for the provision of minor and ancillary works.

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### **LTMA provision**

A condition of every approved procurement procedure is that the NZTA and approved organisations must procure outputs from a provider other than the NZTA or approved organisation, or their employees. This requirement does not prevent an approved organisation from procuring from the organisation's own business units minor and ancillary works on terms approved by the NZTA.

**Legislation:** LTMA s25(4).

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### **Definition of minor and ancillary works**

The NZTA has determined the following work categories to be minor and ancillary works for purposes of section 25(5) of the LTMA:

- work category 111: sealed pavement maintenance
- work category 112: unsealed pavement maintenance
- work category 113: routine drainage maintenance
- work category 114: structures maintenance
- work category 121: environmental maintenance
- work category 122: traffic services maintenance
- work category 123: operational traffic management
- work category 124: cycle path maintenance
- work category 341: minor improvements (to a maximum \$250,000).

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### **Definition and formation of business unit**

The NZTA has adopted the term 'business unit', in regard to procurement of minor and ancillary works, to refer to a management unit within an approved organisation that marshals physical and human resources to provide services and undertake works.

The business unit must be formed by resolution of the council/board of the approved organisation.

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## E3.4 Business units for minor and ancillary works, *continued*

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**Annual business plan for the business unit**

The business unit must adopt and operate in accordance with a written annual business plan that must contain, at a minimum:

- its purpose or mission
  - the goods and services it is to provide
  - its performance targets
  - its management structure
  - the content and frequency of its reporting requirements to the parent approved organisation
  - its operating budget
  - its accounting procedures.
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## E3.4 Business units for minor and ancillary works, *continued*

### Operation of the business unit

The business unit must be a separately identified unit within the overall activities of the approved organisation. To this end, the following applies:

- The cost of all goods and services allocated to, purchased by or employed in the business unit from its parent approved organisation or external suppliers must be fully charged to the business unit. This must be shown in a written agreement quantifying the goods and services and the prices.
- No member of the staff of the parent approved organisation involved in infrastructural asset/activity management may work for, or be involved in, the business unit or its activities, provided that this shall not affect the overall supervisory responsibilities of the chief executive officer of the parent approved organisation.
- The accounting records for the business unit must enable the surplus or deficit generated by the activities of the business unit to be measured and reported to the parent approved organisation in accordance with generally accepted accounting practice.
- The fair value of the parent approved organisation's investment in the business unit (notional debt-to-equity) must have been determined and supported by independent valuation and must be updated annually.
- The council/board of the parent approved organisation must determine annually, by resolution, the rate of return it expects from its investment (notional debt-to-equity) in the business unit.
- Where the business unit supplies the parent approved organisation with goods or services for which payment is to be made under section 24 of the LTMA, all the terms of conditions of such supply must be recorded in writing. If practicable, those terms and conditions must:
  - be the same as the parent approved organisation's standard documentation for contracts with external suppliers of similar goods or services
  - conform to the request for tender.

### Reporting requirements

There are no legislative reporting requirements with respect to minor and ancillary works business units. However, approved organisations claiming funding assistance for minor and ancillary works carried out by their business units must make the following information available to the NZTA auditors on request:

- total revenues
- operating costs (including all overhead costs and depreciation) of the business unit to which those payments are to be made
- net surplus or deficit
- the basis for reallocations of a net surplus or the funding of a net deficit.

## E3.5 In-house professional services

### Introduction

This section defines the NZTA's requirements for in-house professional services for the purposes of section 26(c) of the LTMA.

These requirements apply to approved organisations and to the NZTA when they provide professional services using their own staff and assets.

### LTMA provisions

Section 26(c) of the LTMA provides that payments made in respect of in-house professional services are exempt from procurement procedures if the services are:

- approved by the NZTA
- undertaken by the NZTA or an approved organisation using their own staff and assets.

**Legislation:** LTMA s26.

### Definition of in-house professional services

In-house professional services are professional services that are not outsourced. They are delivered by the approved organisation's (or the NZTA's) own staff and assets.

In-house professional services may supplement or be supplemented by external professional services provided the external resources are obtained through an approved procurement procedure.

**Reference:** For detail about professional services, see section *F14.2*.

### NZTA approval of in-house professional services

Local authorities that provided in-house professional services, in accordance with the Transit New Zealand Act 1989 (renamed the Government Roadway Powers Act 1989 from 1 July 2008) prior to the enactment of the LTMA (12 November 2003), have approval to provide in-house professional services under the LTMA provisions. The in-house professional services they perform are eligible for NZTA funding assistance, unless the approval has been specifically revoked by the NZTA.

Any approved organisation that did not provide in-house professional services on 12 November 2003, but now wishes to provide such services, must seek approval from the NZTA.

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## E3.5 In-house professional services, continued

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### **Output pricing to be used**

Performance agreements, based on maximising the use of pricing on an 'output basis', shall be in place for all in-house professional services.

While the charging of an hourly or daily fee is an acceptable form of pricing for types of work that are not readily quantifiable (eg investigation and schematic proposals), every effort should be made to negotiate fixed-fee or lump-sum arrangements. This should be achievable for the design, tender documentation and supervision phases of most projects.

### **Reporting requirements**

There are no legislative reporting requirements with respect to in-house professional services. However, approved organisations (and the NZTA for state highway and national activities) claiming funding assistance for professional services provided in-house must make the following information available to the NZTA's auditors on request:

- total revenues
- operating costs (including all overhead costs and depreciation) associated with the resources used
- net surplus or deficit
- the basis for reallocations of a net surplus or the funding of a net deficit.

The NZTA's expectations are that, for in-house professional services, approved organisations (and the NZTA for in-house professional services for state highway and national activities) will attempt to reach break-even point, or an excess of income over operating costs of not more than 10 percent of the total operating costs, for each financial year.

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## E3.6 Quality assurance requirements

### **Introduction**

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Approved organisations (and the NZTA for state highway and national activities) must implement and maintain a quality assurance programme for all activities that receive funding assistance from the NZTA. This is to ensure that all materials and construction/implementation techniques are in accordance with those specified in the contract.

### **Contractor's quality assurance**

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The NZTA requires approved organisations (and the NZTA) to engage contractors who comply with the NZTA's quality assurance requirements when undertaking activities that qualify for funding assistance.

The NZTA will only provide funding assistance where contractors undertaking physical works are quality-assured suppliers for all contracts let after 1 July 2000.

### **Quality assurance requirements**

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The NZTA's quality assurance requirements provide for different levels of quality assurance, depending on the complexity of the works. The different levels are:

- ISO 9000 for complicated tasks
  - Transit NZ Quality Standard 1 (TQS1) for reasonably complicated tasks
  - Transit NZ Quality Standard 2 (TQS2) for straightforward tasks.
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## E3.7 Procurement of studies, strategies and plans

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### **Introduction**

This section sets out the requirements for the procurement of professional services to undertake studies and develop strategies and plans.

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### **Procurement procedures for studies and strategies**

All studies and strategy and plan development projects that receive funding assistance are subject to the NZTA's procurement procedure requirements.

If an approved organisation or the NZTA wishes to undertake a study or develop a strategy or plan using in-house staff and assets, then:

- specific NZTA approval, based on the merits of each case, is required
  - a cap on funding may be applied.
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## E3.8 Procurement of community programme activities

### Introduction

This section sets out the requirements for procurement of community programme activities.

### Type of procurement procedure

The type of community programme activities (work category 432: community programmes) being procured will dictate the type of procurement procedure to be used.

- The procurement procedure for community programmes must be used when community programme activities are to be delivered by non-government organisations (NGOs), such as community groups or community trusts. These groups will not be competing through a tender process to win the right to supply certain goods and services to the approved organisation. Rather, they will be submitting proposals to the approved organisation and competing with other NGOs for a share of the pool of funds approved by councils for delivery of community programme activities by NGOs.
- If the delivery of community programme activities is outsourced to a commercial enterprise, then an appropriate procurement procedure must be used. The procurement procedure for community programme activities does not apply.
- If the delivery of community programme activities is supplied using the approved organisation's own staff and resources, their procurement must comply with the following policy for in-house professional services.

### In-house professional services for community programme activities

If an approved organisation employs a person, or persons, exclusively to provide professional services to support coordination and/or delivery of community programme activities, the total expenditure to be reflected in the funding assistance claim will be equal to the salary plus a reasonable allowance for overheads.

If the above person(s) also undertakes other in-house activities, then a time-writing system must be established to record the amount of time spent on community programme activities. The total expenditure to be reflected in the funding assistance claim will be determined from the person hours invested in supporting the coordination and/or delivery of community programme activities, based on salary plus a reasonable allowance for overheads.

For the NZTA's audit purposes, the approved organisation must keep adequate records to support the amount on which the funding assistance has been claimed.

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## E3.8 Procurement of community programme activities,

continued

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**Externally provided professional services for community programme activities**

In-house delivery may supplement or be supplemented by services supplied by NGOs or commercial enterprises, provided the external services are obtained through an approved procurement procedure.

Purchase of external professional services must be in accordance with an appropriate procurement procedure contained in the *Procurement manual*. The procurement procedure for community programme activities does not apply.

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## E3.9 Procurement by the NZTA of nationally managed or delivered activities

### Introduction

This section sets out the requirements for procurement by the NZTA of nationally managed or delivered activities.

### Nationally managed or delivered activities

Nationally managed or delivered activities include:

- domestic sea freight development
- sector research
- national education and promotion
- sector training and support
- management of the funding allocation system
- performance monitoring, including the Crash Analysis System (CAS).

These activities may be partially delivered by the NZTA as in-house professional services.

### Domestic sea freight development activities

The NZTA is developing procurement procedures for use of these activities by local authorities or industry operators.

### Research, national education and promotion, and sector training and support activities

The NZTA contracts out most research, national education and promotion, and sector training and support activities to external researchers and service deliverers.

The NZTA has approved a procurement procedure for research activities.

For other research, national education and promotion, and sector training and support activities, the NZTA uses appropriate procurement procedures contained in the NZTA's *Procurement manual*.

### Management of the funding allocation system and performance monitoring

Management of the funding allocation system and performance monitoring activities are delivered in-house by the NZTA.



# Chapter E4 Programme management and claims

## E4.1 Overview

### Purpose

The purpose of this chapter is to describe:

- the legislative provisions for varying programmes and approved activities
- the NZTA's procedures for managing the National Land Transport Programme (NLTP) and for making claims for funding assistance.

### Audience

The intended audience for this chapter includes:

- approved organisations
- the NZTA.

### In this chapter

This chapter contains the following sections:

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## E4.2 Case management

### Introduction

This section sets out the NZTA's process for the case management of land transport activities.

### Definition: case management

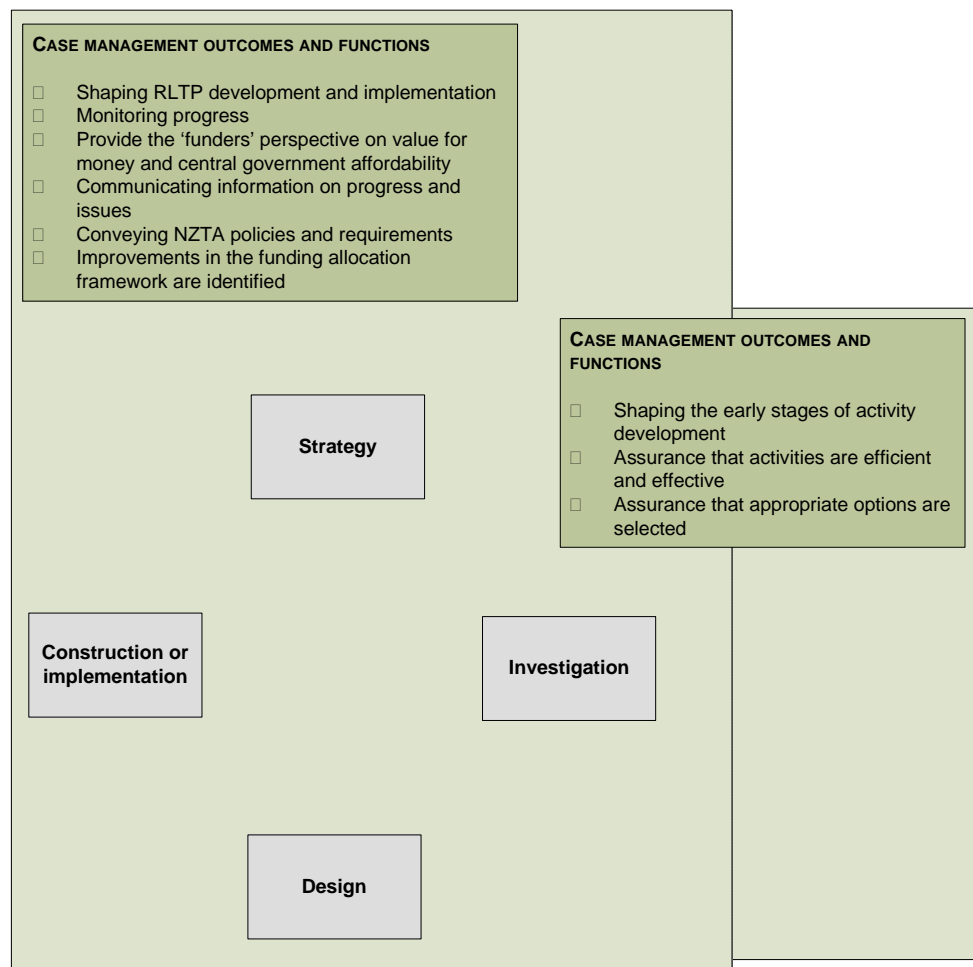
The NZTA defines case management as the functions performed by the NZTA, as it works with approved organisations and its Highways and Network Operations Group, to process activities from inception through to completion of implementation.

Case management will help define:

- how the NZTA will work with partner organisations
- what the NZTA seeks to achieve
- how the NZTA will add value throughout programme and activity development and implementation.

### Diagram: case management and activity development

The diagram below shows the interrelationships between case management functions and stages of activity development.



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## E4.2 Case management, continued

### **Purpose of case management**

The purpose of case management is to:

- respond in a timely manner to issues as they arise
- help optimise the outcome of activities in terms of achieving the targets specified in the New Zealand Transport Strategy (NZTS) and the Government Policy Statement (GPS)
- help facilitate cost-effective implementation.

### **Objectives: managing activity and programme risk**

The objectives of case management for managing activity and programme risk are to help:

- influence and shape the early phases (strategy to design) of activity development to ensure that activities meet the expectations of government
- provide assurance that activities contribute to the NZTA's objective in an efficient and effective manner
- provide assurance that all viable alternatives and options are considered, and the best is selected
- influence the development of a regional land transport programme (RLTP) to ensure that it is balanced relative to the needs of the region and the expectations of government.

### **Objectives: managing the NLTP**

The objectives of case management within NLTP management are to:

- monitor and influence the NLTP
- guide priority activities (defined by their alignment with government expectations for the land transport sector) through the planning, programming and funding process to maximise their prospects of receiving funding approval
- make available expert knowledge and experience to approved organisations, to develop and implement 'best practice' project management techniques both for case-managed activities and more widely
- inform approved organisations of the NZTA's policies and procedures so that they understand them and take them into account
- provide the NZTA with information on the practical application of its policies and procedures, to assist with their continuous improvement
- communicate information on activity and programme progress and issues to key stakeholders to assist them to effectively perform their roles.

*Contd*

## E4.2 Case management, continued

### Application of case management

Case management will be applied to:

- nominated studies and strategy development
- development, assessment, implementation and post-implementation of:
  - road operations, maintenance and renewal programmes
  - passenger transport programmes
  - other nominated packages and groups of activities
- preparation of RLTPs
- delivery of the component of the NLTP for each approved organisation and each NZTA region.

### NZTA involvement

The NZTA regional staff will be involved with the following case management tasks:

- transport planning, including development of plans and strategies, generally at the sub-regional level to guide how the transport system and land-use planning for that particular sub-region develops
- development and assessment of packages, projects and RLTPs (as part of the development of the NLTP)
- funding approval for activities (as part of the management of the NLTP)
- management of approved funding to reflect expected expenditure, including:
  - regularly liaising with approved organisations (and the state highway operation unit of the NZTA) to monitor progress and high-profile issues and risks
  - ensuring that changes to allocations are entered into *LTP online* as soon as the need is known
  - ensuring that year-end processes are completed promptly
  - identifying allocations that may not be spent.

The NZTA case management functions for each project phase are listed in the table on the following page.

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## E4.2 Case management, continued

### Case management functions

The table below describes the NZTA case management functions for each project phase.

Phase	Case management functions
Study/strategy	<ul style="list-style-type: none"> <li>• Encourage development and articulation of strategies and studies</li> <li>• Comment on strategic plans</li> <li>• Participate in strategy development, including implementation phasing before project definition</li> <li>• Assist and advise on processes to ensure that problems are correctly defined and viable alternatives are considered and selected</li> <li>• Ensure that decisions are justified by the available evidence</li> <li>• Endorse/recommend terms of reference</li> <li>• Assist and advise on problem identification</li> </ul>
Investigation	<ul style="list-style-type: none"> <li>• Assist and advise to ensure consistency with the strategy</li> <li>• Assist and advise on issue evaluation</li> <li>• Assist and advise on processes to ensure that viable options are considered and selected where feasible</li> <li>• Assist and advise on the solution's appropriateness with a specific focus on risk mitigation and scope</li> <li>• Help in recommending the funding plan</li> <li>• Help ensure the activity meets pre-design funding conditions</li> </ul>
Design	<ul style="list-style-type: none"> <li>• Assist and advise on the design solution's appropriateness, ie whether the design resolves the problem without adverse impacts</li> <li>• Help assess the cost effectiveness of the design proposal</li> <li>• Communicate issues and advise interventions and conditions of funding</li> <li>• Help to confirm the funding plan</li> <li>• Assist and advise in procurement strategy, risk management, property purchase, etc</li> <li>• Help ensure that the activity meets pre-construction/ implementation funding conditions</li> </ul>

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## E4.2 Case management, continued

### Case management functions, continued

Phase	Case management functions
Implementation	<ul style="list-style-type: none"> <li>• Help to ensure the activity meets any remaining funding conditions</li> </ul>
Post-implementation	<ul style="list-style-type: none"> <li>• Help assess the activity's post-implementation audit/reports/performance</li> <li>• Assist performance and monitoring as required</li> </ul>
Phase-independent functions	<ul style="list-style-type: none"> <li>• Help to meet regionalised GPS targets</li> <li>• Facilitate the use of additional staff with relevant knowledge and experience to assist with the case management function as necessary</li> <li>• Communicate the NZTA's policies and information requirements</li> <li>• Assist and advise with the funding approval</li> <li>• Assist and advise on 'best practice' project management</li> <li>• Monitor progress and issues</li> <li>• Communicate progress and issues to internal staff</li> <li>• Advise of <i>LTP online</i> requirements</li> <li>• Help to manage approved allocations to match required expenditure</li> <li>• Advise on interventions, cost scope adjustments, etc</li> </ul>

## E4.3 Changes to activities that do not require an RLTP variation

### Cost changes do not require a RLTP variation

Costs of activities and combinations of activities in an RLTP are estimates. Subsequent changes to the cost of an activity or combination of activities does not invalidate the estimate used at the time the RLTP was prepared. Therefore, cost changes by themselves do not require a variation of the RLTP (however, a physical change to the activity or combination of activities does require a variation).

### Emergency reinstatement funding does not require a variation

The NZTA considers that emergency reinstatement complies with the provisions of section 20(4) of the Land Transport Management Act 2003 (LTMA) and therefore requests for funding for emergency maintenance do not need to go through the RLTP process. Such requests may be made direct to the NZTA.

**Reference:** For detail about requests for emergency reinstatement, see section E1.5.

### Changes to activities requested by approved organisations

The LTMA provides that an approved organisation (excluding the Auckland region) may directly request the NZTA to vary the NLTP, to take account of changes to activities or combinations of activities relating to:

- local road maintenance
- local road renewals
- local road minor capital works
- existing public transport services.

This provision only relates to an activity or combination of activities that has been identified by an approved organisation under section 16(1)(a) of the LTMA and included in an RLTP. The activity or combination of activities may or may not have been included in the NLTP.

If the NZTA approves a variation to the NLTP under this provision, the relevant RLTP is read as if the approved variation had been included in the approved RLTP.

**Legislation:** LTMA s18E.

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## E4.3 Changes to activities that do not require an RLTP variation, continued

### Summary of changes that do not require a variation

The table below sets out the changes that do not involve a variation to the RLTP, and the section of this manual that contains more detail on the appropriate process. Approved organisations and the NZTA should deal directly with the NZTA for these changes.

Changes that do not require an RLTP variation	Reference
Requests to vary NLTP allocation amounts	Section <i>E4.6</i>
Requests for emergency reinstatement	Section <i>E1.5</i>
Changes to activities requested by approved organisations	Section <i>E4.6</i>
Variations to timing, cashflow or total cost, for the following: <ul style="list-style-type: none"> <li>• improvement projects</li> <li>• demand management</li> <li>• community-focused activities</li> </ul>	Section <i>E4.6</i>
Delegated transfers of funds between activities within groups	Section <i>E4.7</i>
Supplementary allocations	Section <i>E4.8</i>
End-of-year carry over of allocations	Section <i>E4.9</i>

## E4.4 Variation of RLTPs

### LTMA provisions for amendment and variation of programmes and activities

The LTMA contains specific provisions for amendments and variations of programmes and activities. The table below sets out the relevant LTMA sections, and what each section relates to.

Section	What it relates to
16(3)(e) and 17(3)(e)	Notice in an RLTP of variation, suspension or abandonment of approved activities
18B	Amendment prior to approval of an RLTP. The amendment may be made without consultation in accordance with sections 18 and 18A of the LTMA if the amendment or amendments to the RLTP are <b>not significant</b>
18D	Variation of an RLTP during the three years to which it applies. Consultation is not required for any variation that is <b>not significant</b> , or arises from the declaration or revocation of a state highway
18E	Changes to activities or combinations of activities relating to local road maintenance, local road renewals, local road minor capital works, and existing public transport services
18M	Variation of approval for police activities
19E	Variation of the NLTP during the three years to which it applies  The NZTA need not make the varied NLTP publicly available if it is satisfied that the variation is <b>not significant</b>
106(2)	Requires the Auckland Regional Transport Authority (ARTA) and each regional transport committee (RTC) to adopt and publish a policy that determines the significance of requested or recommended variations to RLTPs and regional land transport strategies (RLTSs)

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## E4.4 Variation of RLTPs, continued

### Variation of an approved activity

An explanation must be included in an RLTP if it is proposed that an approved activity or combination of activities be varied, suspended or abandoned.

This provision only relates to an activity or combination of activities that has been approved for funding by the NZTA in accordance with section 20 of the LTMA, and where the approved activity or combination of activities was programmed or expected to carry over into that RLTP.

The proposed action will be taken into account by the NZTA when preparing or varying the RLTP.

The following applies:

- the RTC or ARTA (as the case requires) must give the NZTA notice of the proposed change at the earliest possible monthly review
- the statement on variation, suspension or abandonment of an approved activity or combination of activities must:
  - identify the approved activity or combination of activities
  - describe the proposed action
  - provide the reason for the proposed action for each approved activity or combination of activities that are proposed to be varied, suspended or abandoned.

**Legislation:** LTMA s16(3)(e) and s17(3)(e).

### Guidance significance policy for variation to RLTPs

To assist with consistency of applications, the NZTA has prepared the following guideline significance policy for amendments and variations to an RLTP.

The following amendments or variations to an RLTP are considered to be **not significant** for purposes of consultation:

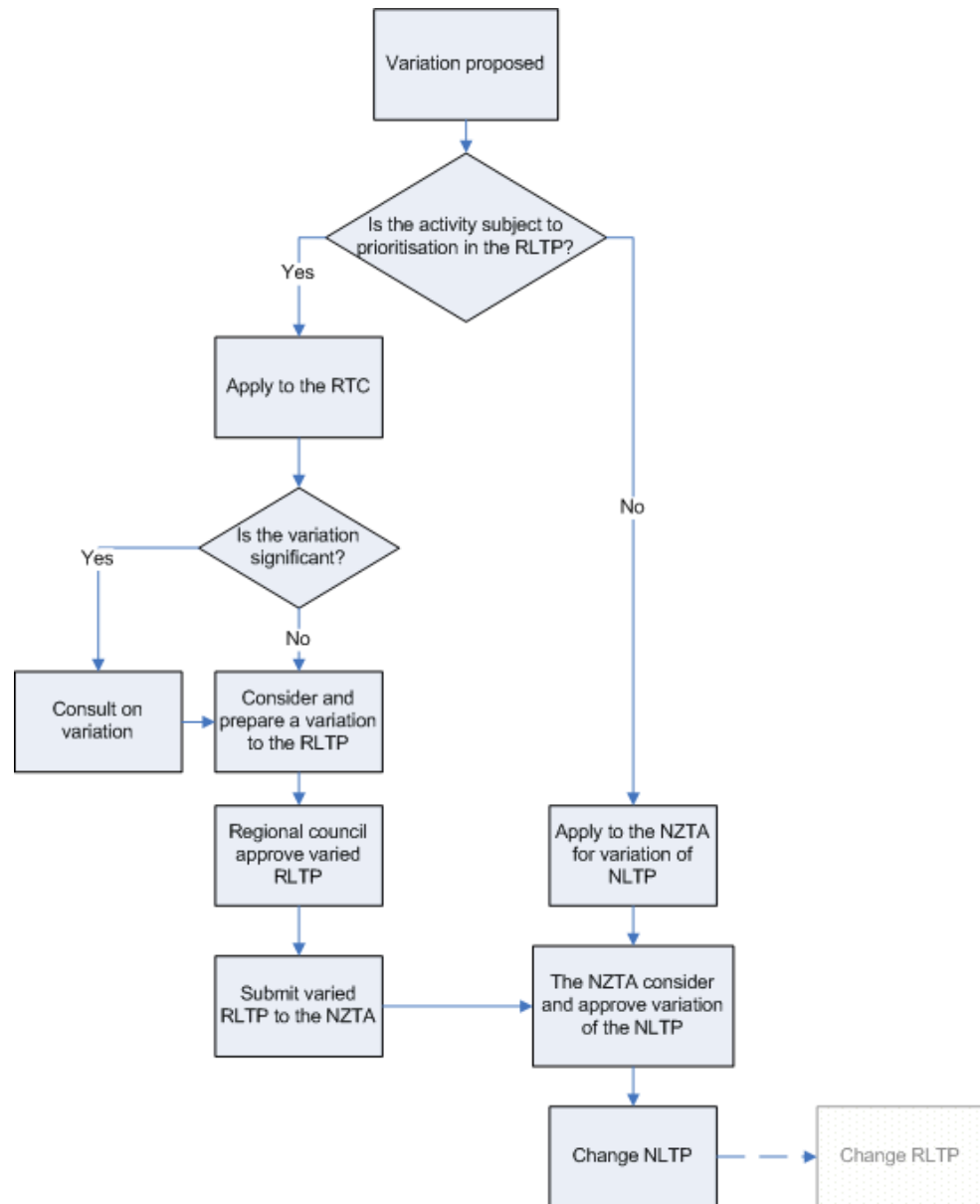
- addition of an activity or combination of activities that has previously been consulted on in accordance with sections 17 and 18 of the LTMA
- a scope change costing less than 10 percent of the approved allocation but not more than \$4.5 million, irrespective of the source of funding
- replacement of a project within a group of generic projects by another project of the same type.

**Legislation:** LTMA s18B(5) and s18D(5)(a).

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## E4.4 Variation of RLTPs, continued

### Overview of the variation process



**Reference:** See section C1.2 for activities not subject to prioritisation in the RLTP.

## E4.5 Variation of the NLTP

### NZTA involvement for NLTP variation

The table below describes the involvement of the NZTA when a variation to the NLTP is proposed.

Step	NZTA involvement
1	<p>The NZTA receives a varied RLTP from:</p> <ul style="list-style-type: none"> <li>the regional council or ARTA, after a variation to an RLTP has been approved and forwarded under section 18D of the LTMA</li> <li>an approved organisation to take into account changes to activities or combinations of activities under section 18E of the LTMA.</li> </ul>
2	<p>The NZTA will consider whether to make a variation to the NLTP.</p> <p><b>Reference:</b> For detail, see section <i>E4.6 Programme reviews</i>.</p>
3	<p>If the NZTA decides not to include an activity or combination of activities in the NLTP, or to include it at a different level of priority to that given in the RLTP, then the NZTA will give the relevant RTC or ARTA written advice of the NZTA's decision and the reasons.</p>
4	<p>Notice of a variation to the NLTP will be given and a copy of the varied NLTP will be made publicly available in accordance with section 108 of the LTMA, unless the variation is not significant.</p> <p>An up-to-date version of the current NLTP will be available at all times on the NZTA's website.</p>

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## E4.5 Variation of the NLTP, continued

### NZTA reasons for varying NLTP

The NZTA may decide to vary the NLTP for the following purposes:

- to give effect to a GPS that has been amended
- to add, suspend or abandon any activity or combination of activities
- to vary the proposed level of funding for an activity class within the range outlined in the GPS
- to vary activities or combinations of activities for which the NZTA is responsible for the delivery or management of delivery (other than those relating to state highways)
- to update approved activities or combinations of activities
- to reflect variation of police activities or combinations of activities to be delivered by NZ Police approved under section 18L of the LTMA
- to vary activities or combinations of activities that the NZTA anticipates being funded from the National Land Transport Fund (NLTF)
- to update the indication of significant upcoming national land transport issues known to the NZTA
- to update the indication of any nationally or regionally significant activities that are likely to be considered for funding in the three financial years that follow the financial years covered by the NLTP
- to update the statement of the NZTA's anticipated revenue or expenditure.

### Variations to the NLTP that are not significant

The NZTA's policy is that the following amendments or variations to the NLTP are considered to be **not significant** for purposes of making a varied NLTP available in hardcopy form:

- funding approval for activities in the NLTP in accordance with *Chapter E1* of this manual
- cashflow changes for activities in the NLTP
- changes in total cost for activities in the NLTP
- delegated transfers of funds between activities within block allocations in accordance with section *E4.7* of this manual
- supplementary allocations in accordance with section *E4.8* of this manual
- end-of-year carry over of allocations in accordance with section *E4.9* of this manual.

**Legislation:** LTMA s19E(4).

## E4.6 Programme reviews

### Introduction

Reviews of the NLTP are held:

- monthly by the NLTP Review Group
- throughout the financial year by the NZTA board.

This section prescribes the form and detail of information required from approved organisations and the NZTA seeking a variation to the NLTP.

### Monitoring of costs against allocation

The NZTA expects that every approved organisation and the NZTA will manage the execution of approved activities in a manner that ensures the optimal and most cost-effective outcome. This includes progressively monitoring activity costs against the approved allocation.

### Advice of variations

Approved organisations and the NZTA must routinely advise the NZTA's regional representative of any variations that they propose.

A formal request for variation must be submitted by approved organisations and the NZTA as soon as the organisation is aware that a variation is required.

Any excess funds must be declared as soon as they are identified.

Early declaration of excess funds will not preclude the later consideration of a request for reinstatement of funds. Such requests will be given first priority for available funds.

### Submission of requests for NLTP variation

All requests for a variation to the NLTP must be entered in *LTP online*. Requests for NLTP variation should be made by the **15th day of each month**.

Action	What it means to the NZTA
Submission of requests by the regional council or ARTA (as appropriate) and entry of data into the <i>Review</i> module of <i>LTP online</i>	Submission of a varied RLTP under section 18D of the LTMA
Submission of requests by an approved organisation in a region other than Auckland and entry of data into the <i>Review</i> module of <i>LTP online</i> for: <ul style="list-style-type: none"> <li>• passenger transport programmes (for existing services)</li> <li>• local road operations, maintenance and renewal programmes</li> <li>• other local road maintenance activities (for detail, see <i>Chapter C8</i>)</li> <li>• local road minor capital works.</li> </ul>	A request by the relevant approved organisation to vary the NLTP under section 18E of the LTMA

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## E4.6 Programme reviews, continued

### Objectives of NLTP reviews

The objectives of NLTP reviews are to:

- give programming organisations the opportunity to request variations to the NLTP, to meet changing circumstances that arise during the duration of the NLTP
- reallocate surplus funds to other activities
- consider applications for funding approval of new preventive maintenance and emergency reinstatement activities
- consider applications for funding approval for activities
- ensure efficient use of the NLTF
- ensure the desired expenditure out-turn at the end of the financial year.

### Notes about specific reviews

Some NLTP reviews have a particular purpose and are conducted as follows every year:

- The February review has special significance as the allocations resulting from this review are used as the basis of measurement for the performance of each programming organisation on delivery of their component of the NLTP.
- Reviews during March to June are intended to give funding approval for activities that are programmed to proceed in the next financial year.
- The August review considers requests for supplementary allocations for the previous financial year and end-of-year reconciliation carry over of allocations.

### Types of variation

Requests for NLTP variations will be considered in the following areas:

- suspended, abandoned and withdrawn activities
- cashflow changes
- change in total cost
- change of objectives or scope
- addition of new activities.

The form and detail for each of these variations are set out below.

**Reference:** For funding approval for activities, see section *E1.4*.

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## E4.6 Programme reviews, continued

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### Requests to suspend, abandon or withdraw activities

Requests to suspend, abandon or withdraw activities must be processed through the RLTP variation process and accompanied by an explanation.

**Reference:** For the RLTP variation process, see section *E4.4*.

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### Requests to vary cashflow for improvement projects

The NZTA's criteria for variation of cashflow for improvement projects are:

- requests for reprogramming approved allocations from the current year into subsequent years (or vice versa) will be considered
- requests for cashflow deferments will generally be accepted subject to the programming organisations making every possible effort to progress the activity as per the original programme
- requests for advanced cashflow are encouraged and will usually be supported.

Variations to cashflow are an extremely important review item and must be made as soon as the need is identified, as they have the potential to affect the outcomes achieved by the NLTP.

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### Requests to vary community programme allocations

Requests to vary community programme allocations must be supported by detailed explanation.

The NZTA's criteria for increased allocations are as set out under 'Requests to vary road operations, maintenance and renewal programme allocations' below.

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## E4.6 Programme reviews, continued

### Requests to vary passenger transport programme allocations

Requests to vary passenger transport programme allocations must meet the following criteria.

Change in allocation	NZTA criteria
Decreased allocations	Requests will generally be accepted if the NZTA's regional representative is satisfied that no long-term adverse effects to the land transport network will result in terms of the NZTA's objective to allocate resources in a way that contributes to an affordable, integrated, safe, responsive and sustainable land transport system.
Increased allocations	<p>The programming organisation must be able to demonstrate that:</p> <ul style="list-style-type: none"> <li>• the need for the increase could not have been foreseen during development of the initial programme and has arisen due to circumstances beyond the organisation's control</li> <li>• the requested increase is unable to be accommodated within the current allocation by deferral of less urgent activities</li> <li>• the NZTA's objective of allocating resources in a way that contributes to an affordable, integrated, safe, responsive and sustainable land transport system will be compromised if additional funds are not approved.</li> </ul> <p>Requests for increased allocations must be supported by a detailed explanation – see <i>Information requirements for cost and scope variations</i>, on page E4-21 of this section.</p>

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## E4.6 Programme reviews, continued

### Requests to vary road operations, maintenance and renewal programme allocations

Requests to vary road operations, maintenance and renewal programme allocations must meet the criteria as set out above for decreased and increased allocations for the passenger transport programme.

Requests for increased allocations must be supported by a detailed explanation – see *Information requirements for cost and scope variations*, on page E4-21 of this section.

Changes approved at reviews will not alter the allocation used to calculate the funding assistance rate (FAR).

### Requests to vary total cost for improvement projects

The NZTA's criteria for variation of the total cost of improvement projects are:

- cost increases or decreases that change the total allocation must be supported by detailed explanation – see *Information requirements for cost and scope variations*, on page E4-21 of this section
- the request must be accompanied by a revised assessment profile, including benefit cost ratios (BCRs).

### Approval for cost increases

There are three situations in which a cost increase to an approved activity must be brought to the attention of the NZTA. These are:

- when the revision of an estimate prior to the request for tenders exceeds the approved allocation
- when the revised estimate based on the recommended tender price exceeds the approved allocation
- when, during execution of the works, it becomes evident that variations will increase the activity cost above the approved allocation.

Approved organisations and the NZTA need to apply for an increased allocation as soon as it becomes apparent that the approved allocation will be exceeded. The NZTA expects funding requests for cost increases to be made before the additional cost is incurred. Any approved organisation that commits expenditure over and above the approved allocation does so at its own risk.

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## E4.6 Programme reviews, continued

### Cost changes prior to award of contract

The NZTA may revise the activity's assessment profile based on the revised BCR or other revised factors.

The table below describes what happens when there are cost changes prior to the award of a contract.

If the revised assessment profile (including BCR) ...	Then ...
is <b>equal to or above</b> the assessment profile (including BCR) previously accepted by the NZTA	any additional allocation will be considered subject to: <ul style="list-style-type: none"> <li>• the availability of funds</li> <li>• the NZTA's acceptance of the reasons relating to the cost increase.</li> </ul>
is <b>below</b> the assessment profile (including BCR) previously accepted by the NZTA, but the approved organisation considers that a special case exists for retaining the activity in the NLTP	supporting information must be supplied for the NZTA's consideration.
is <b>below</b> the assessment profile (including BCR) previously accepted by the NZTA	the NZTA may: <ul style="list-style-type: none"> <li>• reprioritise the activity, or</li> <li>• reprogramme the activity, or</li> <li>• change the funding source for the activity, or</li> <li>• withdraw the activity from the NLTP.</li> </ul>

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## E4.6 Programme reviews, continued

### Cost increases during execution of the work

An additional allocation will normally be approved provided that:

- a cost increase during execution of the work is beyond the control of the requesting organisation
- there has been no change to the scope of the activity.

However, approval may be either:

- conditional on an equivalent allocation being released from elsewhere in the requesting organisation's programme, or
- subject to the availability of funds and the NZTA's acceptance of the reasons relating to the cost increase.

Where a cost increase is considered to be within the control of the requesting organisation, or there has been a change in activity scope, each application will be considered on its merits. A consequence may be withdrawal of funding for the activity or a change in funding source.

### Reasons for cost increases during execution

The NZTA's experience is that most cost increases occurring during the course of construction/implementation are due to a combination of insufficient investigation, poor quality of contract documents and poor project management. The NZTA will not favourably consider any cost increase due to poor performance by a consultant or contractor. The NZTA expects approved organisations (and the NZTA for state highway activities) to have smart buyer skills to be able to competently manage their contractors and consultants.

### Requests to change objectives or scope for improvement projects

If an approved organisation or the NZTA's Highways and Network Operations Group wish to change the objectives or scope of an approved activity, a request must be made using the RLTP variation process.

**Reference:** For the RLTP variation process, see section *E4.4*.

### Approval of cost or scope increases

An approved organisation should not assume that a cost or scope increase will be approved, even if an activity's revised assessment profile remains at or above the prevailing funding threshold assessment profile for that activity class or work category. The NZTA reserves the right to not approve the cost or scope increase of an activity even if the activity's assessment profile remains at or above the previously approved profile.

If the revised assessment profile for an activity drops below the prevailing funding threshold assessment profile, then the NZTA may change the funding source for the activity.

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## E4.6 Programme reviews, continued

### Information requirements for cost and scope variations

When completing the information requirements in *LTP online*, the 'Reason for change' field must include a factual, concise statement of:

- what happened
- why it happened
- the effect on the assessment profile including BCR if other than a decrease (eg why it stayed the same or increased while the cost has risen, and the reason for any increased benefits)
- any other unusual circumstances.

For physical works increases **greater than 10 percent or \$500,000** and **significant increases in large fees activities**, the programming organisation must provide a **separate, more detailed report**, which must be in a letter or memo format.

The report should not be more than three pages and should include the following.

What the report should include	Information required
Project name	Name of activity
Details of the increase	<ul style="list-style-type: none"> <li>• Current approved total cost</li> <li>• Revised total cost</li> <li>• Increase in total cost</li> <li>• Current and revised assessment profile, including BCR</li> </ul>
Reasons for the increase	<ul style="list-style-type: none"> <li>• What happened to cause the increase</li> <li>• Why it happened (consultant or contractor liability?)</li> <li>• Why it was not preventable</li> <li>• (Where the increase occurred during the course of the contract) whether the increase was beyond the control of the programming organisation and reasons for this</li> <li>• What action is being taken to mitigate the effect of the increase</li> <li>• The effect on the assessment profile including BCR if other than a decrease (eg why it stayed the same or increased while the cost has risen, and the reason for any increased benefits)</li> <li>• Any other unusual circumstance</li> </ul>
Summary	Summary estimate of the main project items for each of the approved and revised total cost such that the areas of increase are readily identified

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## E4.6 Programme reviews, continued

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### **New activities**

The LTMA does not restrict a variation of RLTPs and the NLTP from including the addition of activities that were not included in the original RLTP.

Requests for new activities must conform with *Part C* of this manual.

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## E4.7 Delegated block allocation transfers

<b>Introduction</b>	This section sets out the NZTA's requirements for delegated transfers within block allocations.
<b>Delegated transfers</b>	<p>An approved organisation and the NZTA may vary its approved:</p> <ul style="list-style-type: none"> <li>• road operations, maintenance and renewal programme for a financial year at any time during the year, by transferring funds between work categories within the block road maintenance allocation</li> <li>• passenger transport programme for a financial year at any time during the year, by transferring funds between work categories within the passenger transport block allocation</li> <li>• allocation for a group of improvement projects for a financial year, by transferring funds between projects in an approved block allocation.</li> </ul>
<b>Limitations on block allocation transfers</b>	<p>Delegated transfers are limited by the following requirements:</p> <ul style="list-style-type: none"> <li>• the NZTA's share of the total block allocation for the relevant financial year is not increased or decreased by the transfers</li> <li>• the intended quantity and quality objectives of the approved programme, package or group of activities are retained</li> <li>• the revised assessment profile including BCR of any project in the block does not fall below the prevailing funding threshold assessment profile for that activity class or work category.</li> </ul> <p>Transfers between activity classes or across regional boundaries require approval by the NZTA.</p>
<b>Reporting of delegated transfers</b>	<p>Delegated transfers of more than \$1.0 million must be advised promptly to the NZTA.</p> <p>Length variations arising from these transfers must also be reported.</p>
<b>Documentation of delegated transfers</b>	<p>Reasons for delegated transfers must be progressively documented by programming organisations throughout the financial year. This is so that such information is readily available for the NZTA audit.</p>

## E4.8 Claims

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### Introduction

This section describes the process for claiming funding assistance for approved activities managed by approved organisations.

State highway activities are subject to the same criteria, except that the process involves the NZTA determining accrued expenditure based on certified invoices, certificates of work done or progress reports, and directly paying contractors, consultants and other service providers.

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### Progress claims

Progress claims may be made monthly for all qualifying expenditure that is supported by appropriate evidence (invoices, certificates of work done or progress reports, certified by the Chief Executive or an approved delegate). Claims must be based on accrued expenditure (the estimated value of activities completed).

Claims are to be made using the NZTA's online claims system. Calculations are to the nearest dollar.

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### Final claims

Final claims are those that claim for the cost of activities completed to 30 June **within the approved allocation**.

The final claim must be based on accrued expenditure (the estimated value of activities completed to 30 June). All amounts claimed must be supported by appropriate evidence (invoices, certificates of work done or progress reports, certified by the Chief Executive or an approved delegate). Contract cost escalation should be estimated to the end of the financial year.

Claim items are to be listed in accordance with the work categories in the NLTP.

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### Internet claims

Approved organisations must claim for payment via the internet. The NZTA will issue a secure password to an authorised representative of each approved organisation. That representative must be given the appropriate delegation to certify the claim.

The certification is shown on page E4-26 of this section.

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### Submitting and paying claims

The NZTA requests that approved organisations submit monthly claims to the NZTA regional offices by the **7th working day** of the following month.

As a minimum, claims are required to the end of September, December and each month following, through to the final claim. For approved organisations with small programmes, this may be varied by agreement with the NZTA's regional representative.

The NZTA will pay claims within 21 days of their receipt. Approved organisations being paid by electronic means will be advised of the payment date and if the value of the payment varies from the claim.

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## E4.8 Claims, continued

### Deadline for final claims and requests for supplementary allocations

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Final claims, and associated requests for supplementary allocations, are to be submitted **separately** and received by the NZTA's regional office **no later than 31 July**.

Requests for supplementary allocations must be submitted as a review request.  
**Reference:** For detail, see section *E4.6 Programme reviews*.

A claim for the supplementary amount may be submitted once the supplementary allocation is approved.

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### Certifying claims

Unless the NZTA specifically requires otherwise, payment of funding assistance is dependent on the person that certifies the claim accepting responsibility for appropriate design, construction/implementation procedure, and quality of materials.

For:

- approved organisations, the value of work claimed must be certified by the organisation's Chief Executive or approved delegate
- state highway activities, the value of work claimed must be certified by a person holding the required delegation.

The endorsement of the claim will be taken to certify that these matters were undertaken to a standard fit for their intended purpose.

**Note:** Funding assistance is also dependent on adoption by the programming organisation of required standards as set out in the NZTA's *Standards and guidelines manual*.

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## E4.8 Claims, continued

### Certification

The required certification is as follows:

#### Certification

**Note:** The attention of the certifier is drawn to the offence provisions of section 109 of the Public Finance Act 1989.

I CERTIFY –

- (i) that the expenditure included in the claim has been incurred in accordance with the requirements of the Land Transport Management Act 2003
- (ii) that all expenditure included in this claim has been recorded in the land transport disbursement account in the form and detail prescribed by the NZTA, and the information supporting the expenditure is available for examination, if necessary
- (iii) that the expenditure included in this claim is for an approved activity in terms of the Land Transport Management Act 2003, is eligible for funding by the NZTA, has been incurred on the work claimed, and is reasonable for the type of work done
- (iv) that payment has been made<sup>1</sup> or the work has been completed to the value for which payment has been claimed
- (v) that the work is in accordance with the NZTA's standards and guidelines
- (vi) that, to the best of my knowledge and belief, the foregoing claim is true and correct in all respects.

<sup>1</sup> For community-focused activities only, it may be necessary for approved organisations to pay for some activities in advance of the activity being delivered.

### Supplementary allocation

A supplementary allocation is an allocation for an activity or combination of activities provided at the end of the financial year once the out-turn expenditure for that activity or combination of activities is known.

### Over-expenditure on block passenger transport allocation

Over-expenditure of the block passenger transport allocation up to 15 percent of its value may be treated as an advance of the next year's allocation.

### Over-expenditure on block road maintenance allocation

Over-expenditure of the block road maintenance allocation up to 15 percent of its value may be treated as an advance of the next year's allocation.

*Contd*

## E4.8 Claims, continued

<b>Over-expenditure on minor improvements</b>	Over-expenditure in the minor improvements work category will be treated as an advance of the next year's allocation.
<b>Over-expenditure on approved projects</b>	An approved organisation (or the NZTA for a state highway project) may request a supplementary allocation for over-expenditure in a financial year on approved improvement projects (except minor improvements), emergency reinstatement and community programmes.
<b>Cost increases on completed projects</b>	An approved organisation (or the NZTA for a state highway project) may request a supplementary allocation for projects that are complete and overspent relative to the financial year's allocation but have no allocation in subsequent years.  The organisation must provide a list of such projects with the details of the over-expenditure and revised assessment profile, including BCRs.
<b>Advanced works</b>	If an approved project has an allocation in the following year's NLTP, but work has been advanced in the preceding year, the following occurs: <ul style="list-style-type: none"> <li>• claims for the advanced works are to be submitted by 31 July with a request for a supplementary allocation</li> <li>• such claims will be paid against the preceding year if funds are available for reallocation within the NLTP. The following year's allocation will be reduced accordingly.</li> </ul>
<b>Projects undertaken in previous years</b>	Apart from the above, and with exception of investigation/design fees and land purchase associated with approved projects, expenditure on works in a previous financial year does not qualify for funding assistance in the subsequent programme year.
<b>Claims where funding assistance applies to only part of the cost</b>	The funding assistance claim must only show the expenditure that is eligible for funding assistance, eg: <ul style="list-style-type: none"> <li>• street cleaning in urban areas (30 percent of the cost) – refer to section <i>F7.3 W/C 113: Routine drainage maintenance</i></li> <li>• relocation of services – refer to section <i>F10.11 Location and relocation of services</i></li> <li>• construction of stock crossings – refer to section <i>F10.6 Stock crossings</i></li> <li>• construction and renewal of stock truck effluent disposal facilities (50 percent of the cost) – refer to section <i>F10.7 Stock-truck effluent facilities</i>.</li> </ul>

*Contd*

## E4.8 Claims, continued

### Claims subject to audit

Claims for funding assistance are not checked in detail prior to payment. The NZTA has arranged for periodic audits of selected claims. These are called procedural audits – refer to section *E5.19* for more detail. The NZTA regional staff will regularly monitor the status of claims submitted and may ask to check the balance in the land transport disbursement account to ensure that large credit balances are not being held.

Detailed examination automatically follows in any case reported to the NZTA by the Office of the Controller and Auditor-General.

### Approved activities

Funding assistance is payable only on expenditure on approved activities.

For activities (other than block allocations) that include fees and/or property with the physical works component, funding assistance for fees or property must not be claimed until the physical works tender has been contractually committed.

### Administration on-cost

The NZTA will add the appropriate administration on-cost to the claim amount when making payment.

### Record keeping

Whatever form of accounts is adopted by an approved organisation, adequate prime records and working papers must be held to support claims to the satisfaction of the Office of the Controller and Auditor-General and the NZTA's performance monitoring team.

All expenditure from the land transport disbursement account must be recorded in a form that is compatible with the NLTP.

The following specific records are to be retained by every programming organisation for a period of at least 10 years after the end of the financial year to which they relate:

- accounting records that record receipts and payments or income and expenditure
- vouchers, bank statements, invoices, receipts and such other documents as may be necessary to verify the entries in the accounting records
- procurement documentation that clearly shows the procedure used to contract every supplier of works or services that are eligible for funding assistance from the NZTA.

**Note:** The NZTA may, at its discretion and on request by any approved organisation, dispense with the need to retain any of the records specified above.

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## E4.8 Claims, continued

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<b>Over-claims</b>	Over-claims become a debt due to the Crown immediately upon establishment of the debt.
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<b>Refund</b>	Where the NZTA agrees to a refund being made by instalments, interest is payable.
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<b>False certificates</b>	The Public Finance Act 1989 provides for the imposition of penalties on persons who give false certificates for the purpose of procuring for any programming organisation the improper payment of any public money.
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**Legislation:** Public Finance Act 1989, s76.

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## E4.9 End-of-year carryovers

<b>Introduction</b>	This section sets out the NZTA's requirements for carry over of unspent allocations from the previous financial year.
<b>Increases in total cost for committed projects</b>	Increases to the <b>total</b> cost of a project having an allocation programmed over two or more years are <b>not</b> considered as part of the end-of-year carryover process. Programming organisations must submit these requests at the first review of the following year of the NLTP.
<b>Incomplete projects</b>	<p>Requests for carryover of unspent allocation on incomplete projects must be identified, and submitted to the NZTA by entering in <i>LTP online</i> by <b>no later than 10 August</b>.</p> <p>An explanation stating why the full allocation was not spent is required for each request.</p> <p>Unspent allocations on incomplete projects include unspent allocations on emergency works activities. If a funding assistance rate is involved, then it will be recalculated according to the NZTA policy.</p>
<b>Projects not contractually committed</b>	If an approved project is not contractually committed and a carryover is requested, then it will be treated as a new project for the purpose of calculating a funding assistance rate.
<b>Under-expenditure on block passenger transport allocation</b>	Where under-expenditure of the block passenger transport allocation occurs, a carryover of the unspent allocation may be considered where it relates to uncompleted implementation of a new passenger transport service or operational initiative.
<b>Under-expenditure on block road maintenance allocation</b>	<p>Where under-expenditure of the block road maintenance allocation occurs, a carryover of the unspent allocation will only be considered where it relates to uncompleted road renewal projects.</p> <p>Minimum requirements will be that:</p> <ul style="list-style-type: none"> <li>• a contract has been let for the renewal projects and delays have occurred that were beyond the control of the programming organisation</li> <li>• the programming organisation can demonstrate that it can manage the carried forward allocation on top of the allocation that it already has in the forward financial year.</li> </ul>

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## E4.9 End-of-year carryovers, continued

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**Under-  
expenditure on  
minor  
improvements**

Carryover of unspent allocation in the minor improvements work category will only be considered in exceptional circumstances.

A minimum requirement will be that a contract has been let for the projects and delays have occurred that were beyond the control of the programming organisation.

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**Under-  
expenditure on  
improvement  
projects other  
than minor  
improvements**

Carryover of unspent allocations on improvement projects will generally be approved, subject to an acceptable explanation as to why the full allocation was not spent.

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# Chapter E5 Monitoring, auditing and reporting

## E5.1 Overview

### Purpose

This chapter sets out the NZTA's procedures for monitoring, auditing and reporting on the land transport system and land transport activities.

### Audience

The intended audience for this chapter includes:

- approved organisations
- the NZTA.

### Supply of information between approved organisations and the NZTA

An approved organisation may be required to provide any information to the NZTA that the NZTA considers it needs in order to perform its functions under the Land Transport Management Act 2003 (LTMA).

An approved organisation may require any other approved organisation to provide any information that it considers it needs in order to perform its functions under the LTMA.

A requirement under these provisions must be made in writing. The information required must be provided as soon as practicable after the requirement is received and be in a readily understandable form.

The NZTA uses the above provisions to collect information for purposes of monitoring, auditing and reporting on the land transport system and land transport activities. In particular, the information is needed for the NZTA to fulfil its reporting requirements under sections 11 and 100 of the LTMA.

**Legislation:** LTMA s38.

### Supply of information to the Ministry of Transport

The Secretary for Transport may request the NZTA to provide any information that is reasonably required and relevant to enable the Secretary to carry out monitoring and reviewing of:

- specified aspects of the NZTA's procedure
- samples of activities or combinations of activities approved by the NZTA.

**Legislation:** LTMA s101.

*Contd*

## E5.1 Overview, continued

### In this chapter

This chapter contains the following sections:

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## E5.2 Performance of the land transport system

### Introduction

This section sets out the NZTA's procedures for monitoring performance of the land transport system.

### LTMA provision

The NZTA's statutory functions include promoting an affordable, integrated, safe, responsive and sustainable land transport system.

The NZTA interprets its 'promotion' function as an interactive process with transport providers and users of the land transport system that results in changes to trends associated with 'an affordable, integrated, safe, responsive and sustainable land transport system'.

**Legislation:** LTMA s95(1)(a).

### Land transport system targets

The Government Policy Statement (GPS) sets out the short- to medium-term impacts and objectives that the government wishes to achieve through the allocation of funding from the NLTF. The GPS contains transport-related targets consistent with the New Zealand Transport Strategy (NZTS) relevant to the allocation of funding over a 10-year period. Targets are related to current performance, trends and what can feasibly be achieved over the short to medium term.

**Reference:** For detail, see section *B1.5*.

### Monitoring regional and national performance with TMIF

In consultation with sector agencies dealing with land, sea and air transport, the Ministry of Transport has developed a framework of key transport indicators suitable for monitoring **regional and national performance**. The result is the Transport Monitoring Indicators Framework (TMIF), which was launched on 1 August 2008.

The TMIF provides a national and, where possible, regional framework for the robust and consistent performance monitoring of the New Zealand 'transport system'. It will be used to measure progress against the sector objectives and targets in the NZTS (as amended in 2008) and the GPS. It will also provide data to inform and evaluate transport-related policies and strategies.

Access the TMIF from the Ministry of Transport's website ([www.transport.govt.nz](http://www.transport.govt.nz)).

### Monitoring local and regional performance

Local and regional performance of the land transport system continues to be monitored by territorial authorities and regional councils as well as the NZTA, if related to fulfilment of their respective functions.

The NZTA uses the information to inform the TMIF and to work with approved organisations, as they develop strategies and activities that will address the transport objectives and targets for including in regional land transport programmes (RLTPs) and the National Land Transport Programme (NLTP).

*Contd*

## E5.2 Performance of the land transport system, *continued*

### **Source of data**

Local, regional and national data is collected from many sources, including:

- *LTP online*
- annual achievement reports (AAR)
- annual statistics reports (ASR)
- Motor Vehicle Register (MVR)
- Driver Licence Register (DLR)
- Crash Analysis System (CAS)
- approved organisations' road assessment and maintenance management system databases
- other government agencies (eg Statistics NZ, Ministry of Economic Development, Ministry of Transport).

Once collated and published, the data that the NZTA collects is available in a range of document formats through the SmartMovez website.

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## E5.3 Progress reports on regional land transport strategy

### Introduction

Every three financial years, each regional transport committee (RTC) must prepare a progress report on the implementation of the RLTS in place during the previous three financial years.

**Legislation:** LTMA s83.

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### Supply of information to RTC

The following must provide the RTC with any information that may be reasonably requested in order to prepare the progress report:

- the Secretary for Transport
  - the NZTA
  - the Commissioner of Police
  - approved organisations.
- 

### Availability of the RLTS progress report

Within three months after the close of the third financial year relating to the progress report, the RTC, on behalf of the regional council, must:

- forward copies of the report to:
    - the Secretary for Transport
    - the NZTA
    - the Commissioner of Police
    - the territorial authorities in the region
  - make a copy of the progress report publicly available.
-

## E5.4 Monitoring implementation of an RLTP

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### Introduction

This section sets out guidelines for monitoring to assess implementation of an RLTP.

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### LTMA provision

An RLTP must contain a description of how monitoring will be undertaken to assess implementation of the RLTP.

**Legislation:** LTMA s16(3)(h) and s17(3)(h).

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### Guidelines for monitoring to assess implementation of an RLTP

The NZTA suggests that RTCs (and the Auckland Regional Transport Authority – ARTA – for the Auckland region) should be nominated as being responsible for undertaking monitoring to assess implementation of the RLTP. The monitoring should also incorporate the NZTA's data collection, evaluation and reporting requirements as set out in sections *E5.5* to *E5.15* of this chapter.

Data collection, evaluation and reporting can be grouped into:

- transport planning
- demand management and community programmes
- walking and cycling
- passenger transport
- rail and sea freight
- roading.

Monitoring to assess implementation of the RLTP should relate the impacts of the RLTP to the regional dimension of the GPS targets.

**Reference:** For detail on the regional dimension of the GPS targets, see section *B1.5*.

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## E5.5 Monitoring and reporting

### Introduction

For activities funded from the National Land Transport Fund (NLTF), this section sets out the NZTA's:

- expectations for monitoring
- requirements for reporting.

### NZTA's expectations for monitoring

The NZTA expects that approved organisations and the NZTA will maintain appropriate systems to:

- monitor the performance of land transport systems in their area, including use of data available from the NZTA's monitoring as set out in section *E5.2*
- identify needs and opportunities for activities to contribute to regionalised GPS targets, NZTS objectives and the purpose of the LTMA
- manage the implementation of approved activities
- assess the impact of approved activities when implemented.

The NZTA expects that the systems will include:

- a monitoring system for passenger transport – refer to section *E5.11*
- road assessment and maintenance system, for managing road assets – refer to section *E5.13*
- databases and record systems for other activities.

### Reports from implementing organisations

As part of the NZTA's monitoring of the implementation of approved activities to meet its statutory responsibilities, the NZTA requires various reports from approved organisations, and from the NZTA's Highways and Network Operations Group.

### Quarterly achievement reports

The NZTA may require quarterly achievement reports for case-managed activities. These reports will require up-to-date information on:

- cost – cost to date, expected cost to the end of the current financial year, and expected total cost
- physical progress – progress to date, expected progress to the end of the financial year, and expected completion date
- updated register of risks with mitigation measures.

**Reference:** For detail on case management, see section *E4.2*.

### Annual achievement reports

Each approved organisation and the NZTA's Highways and Network Operations Group must provide an annual achievement report to the NZTA.

The report must be submitted to the NZTA via *LTP online* **no later than 31 July**.

Specific requirements for each activity class are given in the following sections.

## E5.6 Studies, strategies and plans

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### **Introduction**

This section sets out the NZTA's guidelines for monitoring and reporting on implementation of transport planning activities.

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### **Quarterly reports of progress and issues**

Studies, strategy development and activity plan development funded through the NLTP are governed by an agreed terms of reference that includes a timeframe for the activity.

The NZTA suggests that the responsible organisation provides a quarterly report to the RTC or ARTA, and to the NZTA regional representative, covering:

- physical and financial progress compared with that set out in the terms of reference
  - significant issues and action taken or proposed to be taken to address the issues.
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## E5.7 Projects in groups and packages

### **Projects in groups and packages**

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Where projects are in a group or package, details of the group or package must be reported in the annual achievement report.

The following must be reported:

- the name of the group or package
  - the group or package owner
  - projects completed:
    - project names
    - project final price (excluding land costs)
    - project tender price (including contingency)
  - projects commissioned but not completed:
    - project names
    - project cashflow
    - carryover cost to next year.
-

## E5.8 Demand management and community programmes

<b>Introduction</b>	This section sets out the NZTA's requirements for monitoring and reporting on implementation of demand management and community programme activities.
<b>Need to evaluate</b>	Demand management and community programmes do not produce a physical output that can be audited for effectiveness or value for money. These activities are also somewhat innovative in nature, compared with maintenance and improvement of roads or provision of passenger transport services. Therefore, in accordance with best practice for educational-type activities, the NZTA uses monitoring and post-delivery evaluation of these activities to record what is delivered, to assess effectiveness and to identify areas that could be improved. This will in due course provide good quality evidence of effectiveness.
<b>Evaluation methodology being developed</b>	Applicants should note that the NZTA is continuing to develop the methodology and information requirements for monitoring and evaluating demand management and community programme activities. It is intended that, in the longer term, these activities will be monitored using 'key performance indicators'.
<b>Travel plans</b>	<p>The following must be reported to the NZTA as part of the annual achievement report:</p> <ul style="list-style-type: none"> <li>• number of school travel plans implemented</li> <li>• number of workplace travel plans implemented.</li> </ul>
<b>Post-implementation evaluation</b>	<p>Quantitative statistics relating to activities completed under work category 432: community programmes must be reported as part of each approved organisation's achievement report in <i>LTP online</i>.</p> <p>In addition to the statistical information provided, narrative reports must be completed and documented for each activity under this work category. Community advertising activities must be evaluated and reported as agreed in the advertising application. Reporting templates are available in <i>LTP online</i> and must be completed and attached to <i>LTP online</i>.</p> <p>Demand management activities (work category 421) must be reported as agreed in the funding application.</p> <p>It is expected that approved organisations will use the findings from these evaluations in planning successive programmes. The NZTA will use the findings to help evaluate the success of its investment overall and in considering future proposed programmes.</p>

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## E5.8 Demand management and community programmes, continued

**National  
database**

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Funding for demand management and community programme activities is subject to project details and post-project evaluations being entered into the NZTA demand management and community programmes database.

A template for this reporting will be available in electronic form on the NZTA's website ([www.nzta.govt.nz](http://www.nzta.govt.nz)) and/or *LTP online*.

**Annual  
achievement  
report**

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Approved organisations must forward to the NZTA, by entering into *LTP online*, an annual achievement report for demand management and community programme activities.

A template for this reporting, together with detailed instructions, is available in electronic form in *LTP online*.

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## E5.9 Walking and cycling

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### **Introduction**

This section sets out the NZTA's requirements for monitoring and reporting on implementation of walking and cycling activities.

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### **Walking and cycling infrastructure improvements**

All projects that have been completed in the 12 months to 30 June in the following work categories must be included in the annual achievement report:

- 451: pedestrian facilities
- 452: cycle facilities.

The report must state the number of projects and, where appropriate, area in square metres or length of work completed against the planned number and length for each work category.

Fees projects are not considered to result in physical achievement, and therefore are not reported.

For purposes of achievement reporting, improvements are deemed to be complete when the facility is available for use.

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## E5.10 Passenger transport activities

<b>Introduction</b>	This section sets out the NZTA's requirements for monitoring and reporting on implementation of passenger transport activities.
<b>Monitoring implementation of passenger transport activities</b>	<p>The NZTA will monitor implementation of passenger transport programmes and new passenger transport activities using a case management approach.</p> <p><b>Reference:</b> For detail, see <i>section E4.2 Case management</i>.</p>
<b>Annual achievement report</b>	Each approved organisation with a passenger transport programme must forward to the NZTA an annual achievement report for passenger transport activities as set out in <i>section E5.5</i> .
<b>Content of annual achievement report</b>	<p>The annual achievement report must cover:</p> <ul style="list-style-type: none"> <li>• new passenger transport services</li> <li>• passenger transport infrastructure improvements.</li> </ul> <p>The report must be prepared on a form provided by the NZTA through <i>LTP online</i>.</p>
<b>New passenger transport services</b>	<p>All new passenger transport services in the following work categories that have been implemented in the 12 months to 30 June must be identified in the annual achievement report:</p> <ul style="list-style-type: none"> <li>• 511: bus services (new services)</li> <li>• 512: passenger ferry services (new services)</li> <li>• 514: passenger transport facilities operations and maintenance (associated with new services)</li> <li>• 515: passenger rail services (new services).</li> </ul> <p>The following data is required for each new passenger transport service:</p> <ul style="list-style-type: none"> <li>• the name of the service</li> <li>• contract type and duration</li> <li>• when it was introduced</li> <li>• patronage</li> <li>• the actual operational cost per annum.</li> </ul>

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## E5.10 Passenger transport activities, *continued*

### **Passenger transport infrastructure improvements**

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All passenger transport infrastructure improvements in the following work categories that have been completed in the 12 months to 30 June must be included in the annual achievement report:

- 514: passenger transport facilities operations and maintenance
- 531: public transport infrastructure
- 533: passenger transport road improvements.

The report must state:

- the number of projects
- area in square metres or lane kilometre length of work completed against that planned for each work category
- the number of new or improved shelters or other facilities completed against the planned number
- the amount spent on facilities maintenance.

Fees projects, including studies, are not considered to result in physical achievement, and therefore are not reported.

For purposes of achievement reporting, road improvements are deemed to be complete when the entire programmed length is first-coat sealed or, for other facilities, when the facility is available for use.

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## E5.11 Passenger transport statistics

### Introduction

The NZTA requires an annual statistics report to be submitted at the end of each financial year by all approved organisations with a passenger transport programme.

The annual statistics report is used to capture statistical information on passenger transport for the reporting year. The NZTA will annually publish the information collected from this report.

### Submission of annual statistics report

The annual statistics report must be prepared on the appropriate forms in *LTP online*.

Instructions for preparing the annual statistics report are provided below.

### Key date

All approved organisations with a passenger transport programme must ensure that the NZTA receives the annual statistics report **no later than 31 July**.

### Monitoring system

Approved organisations with a passenger transport programme must maintain a monitoring system to ensure that required data is collected for the passenger transport programme, and that the data is accurate. The monitoring system should build on the operator's own monitoring systems, to ensure all revenue is collected and accounted for. The monitoring system used by the approved organisation must ensure that:

- the agreed data collection system is being used to collect patronage information
- if the operator is supplying passenger kilometre information, then this is accurate
- the information supplied to the approved organisation is the same as that collected by the operator.

### Monitoring passenger transport statistics

Approved organisations must carry out regular checks of the information recorded by operators to ensure that the required processes are being followed, and that information is accurately recorded. This should involve checking the data held by the operator (or the operator's systems). For example, a check should be made of the raw data, to ensure that any summary reports prepared by the operator for the approved organisation are accurate.

The approved organisation must undertake regular comparisons of patronage and passenger kilometre data to determine if changes have occurred. Reasons for the changes must be investigated and recorded.

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## E5.11 Passenger transport statistics, continued

### Services to be included in statistics

Statistics must be collected for the following services:

- all contracted/funded services
- all commercial services available to the public and recorded in the region's passenger transport register or regional passenger transport plan, unless they are considered to be not material or relevant (based on the impact on the transport network).

The following services **should not** to be included:

- commercial services not on the passenger transport register or in the regional passenger transport plan, including fare-paying school services
- inter-regional commercial services
- Ministry of Education funded services.

### Notes:

- If patronage information for a particular service is not available, the service itself should still be recorded with a note that patronage information is not available.
- If a commercial service may become a contracted service at a later date, it is important that the approved organisation obtains patronage data for the service.
- Where there is no data for previous years, patronage must be estimated until sufficient information is available.

Patronage may be recorded for each service, or may be recorded only as an overall total. If an overall total is recorded, then the approved organisation must be able to show to the NZTA how the total is made up. It must also be clear as to the services for which patronage data is available, and those services for which it is not.

### Report for each mode

An annual achievement report must be completed for each passenger transport mode and also for Total Mobility.

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## E5.11 Passenger transport statistics, continued

### Bus operations

Each approved organisation that administers a bus operation must provide information on the following in the annual achievement report:

- passenger boardings (contracted, commercial and contracted school)
- passenger kilometres (contracted, commercial and contracted school)
- financial information (fares received on contracted and contracted school services)
- community/population (population of the region or target community and the proportion of the target community within 500 m of the bus route)
- service/operation provided (policies on service type, headway, capacity, policy on reliability of the service, access to the service, access to the vehicle, age of bus fleet, environment and fares)
- customer satisfaction survey results (overall service rating, service value for money, availability, time, frequency, reliability of the service, personal security, vehicle quality/comfort and reasons for using service).

### Ferry operations

Each approved organisation that administers a ferry operation must provide information on the following in the annual achievement report:

- passenger boardings (contracted and commercial)
- passenger kilometres (contracted and commercial)
- financial information (fares received on contracted services)
- service/operation provided (policies on service type, access to the service, environment and fares)
- passenger survey results (overall service rating, service value for money, availability, time, frequency, reliability, personal security, vessel quality/comfort, reasons for using service).

### Rail operations

Each approved organisation that administers a rail operation must provide information on the following in the annual achievement report:

- passenger boardings (contracted)
- passenger kilometres (contracted)
- financial information (fares received on contracted services)
- service/operation provided policies on headway, access to the service, environment and fares
- passenger survey results (overall service rating, service value for money, availability, time, frequency, reliability, personal security, carriage quality/comfort, reasons for using service).

*Contd*

## E5.11 Passenger transport statistics, continued

### **Total Mobility operations**

Each approved organisation that administers a Total Mobility operation must provide information on the following activities in the annual achievement report:

- passenger trips
- financial information (average fare level for Total Mobility trips)
- community/population (number of persons registered in the scheme and date that the registered users list updated)
- service/operation provided (number of wheelchair accessible vehicles, Total Mobility fares)
- customer satisfaction survey results (overall service rating, service value for money, availability, reliability, personal security, vehicle accessibility and vehicle quality/comfort).

### **Availability of patronage information**

Patronage information must be collected by the approved organisation and be available on request by the NZTA for patronage monitoring purposes. The information should be collected at least quarterly. However, if information (such as that from commercial services or small services) is not available quarterly, then six-monthly collection will suffice.

### **Method for collection of patronage data**

The approved organisation must establish with each operator how that operator is to collect patronage information for each service. This includes:

- format
- how long the information is to be retained
- how patronage is calculated from the use of multi-trip tickets.

The method chosen must be recorded and then used consistently. If the chosen method differs from that used in the past, patronage information from the previous years must be adjusted if necessary to ensure consistency.

Approved organisations are encouraged to require the use of electronic ticketing machines (ETMs) or equivalent to record patronage information. Those approved organisations not requiring ETMs should move towards this system, and at least require the use of ETMs when the services are next tendered. However, the use of ETMs is not required where patronage is insufficient to justify their use.

*Contd*

## E5.11 Passenger transport statistics, *continued*

### **Method for determining passenger kilometres**

There are three methods that may be used to determine passenger kilometres:

- bus stop boarding/alighting method – recording where each passenger gets on and off the vehicle
- passenger survey method – average trip length is determined by a survey and the average trip length is multiplied by total boardings
- average section/route length method – uses ticket sales for each section multiplied by the average section length.

Approved organisations must use one of these methods unless NZTA approval has been obtained for an alternative method.

Different operators may be allowed to use different methods, but approved organisations should look to move to a uniform method (to avoid consistency issues in the event of a contract changing operators, and for comparative purposes).

### **Data from commercial services**

The approved organisation must agree with operators the process for collection of commercial service data.

Approved organisations must make every effort to obtain patronage information from commercial services. If information is not made available to the approved organisation, or is not used by the approved organisation for any reason (such as unreliability), the approved organisation must record the reason for this.

### **Retention of base information**

Operators must retain raw data for as long as possible. This is not only to enable annual checks to be made, but to enable any re-calculations to occur (such as in the event of a change in the method of calculating passenger kilometres).

Approved organisations must retain supporting information for the data supplied to the NZTA.

### **Audit of passenger transport data**

An audit must be used to check the data collection and verification requirements and the data generated. These audits must be initiated by the approved organisation and will be separate to the audits undertaken by the NZTA. However, the NZTA may request such an audit.

An audit must address at least:

- the appropriateness of the data collection and verification requirements
- whether the operators and approved organisations are complying with the data collection and verification requirements
- the validity of the patronage boardings and kilometre data.

The audit may be conducted by an independent auditor.

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## E5.11 Passenger transport statistics, continued

### Definitions for passenger transport measures

The following definitions apply for reporting on passenger transport performance measures.

Term	Definition
Context	Context captures regional population to give a more complete understanding of the performance of the public transport system in the region.
Target community	Name of the community for which the information is provided.
Target population	The population at which the service has been targeted.  For example, a train service is provided between the Wairarapa and Wellington. The target population includes both the urban and the rural population of the Wairarapa. It does not include the population of Wellington or the population of the Hutt Valley (through which the service runs, but which was not the 'target' of the service).
Area serviced or population serviced	Area serviced is the percentage of the area that is within 500 m of the bus route(s) within the target area.  Population serviced is the percentage of the population that is within 500 m of the bus route(s) within the target area.  The area method simply requires a visual assessment of the percent area, using a marked plan or map. Only the urban area should be included since the method assumes that population density is uniform throughout the target community area.
Service/operation provided	Councils use/allow/encourage commercial services to a greater or lesser extent. Provide a statement of council's policy with regards commercial and non-commercial services.
Frequency of service	Headway is the time between consecutive departures of the service. Other terms used include time interval and frequency.  Only specified or target headway is required, which will come from the public passenger transport plan and/or the service contract for the target community. This provides an indication of the nature of the demand – whether it is from primarily commuters or from other demands on the service.

*Contd*

## E5.11 Passenger transport statistics, continued

### Definitions, continued

Term	Definition
Capacity of the service	Capacity gives an indication of the likelihood that passengers will need to stand during peak periods and the amount of excess capacity there will be at other times.  Maximum capacity = $\frac{\text{adult standees} + \text{seats}}{\text{seats}}$
Access to the service	Accessibility of the service to the community, including accessibility to people who are mobility impaired.
Access to the vehicle	The super-low floor bus policy gives an indication of accessibility to people who are mobility impaired but who are not necessarily using a wheelchair.
Age of vehicle	Age is used as an indicator of the fuel use and the exhaust emissions of the buses, ie of their probable environmental impacts.
Passenger boardings	Boardings are one measure of use of passenger transport.
Passenger kilometres	Passenger kilometres-travelled is an additional measure of passenger transport use.
Reliability of the service	Reliability of the service typically relates to cancellation of services and to arrival/departure times when compared with schedules.
Fares and ticketing	The fare is one of the criteria that patrons use in making the decision to use public passenger transport. Provide a statement of the currently implemented fares and ticketing policy as included in the RPTP.
User satisfaction	User satisfaction with the service can only be gauged by survey. A survey of user satisfaction is required at least annually, although it can be carried out more frequently at the discretion of the approved organisation.

*Contd*

## E5.11 Passenger transport statistics, continued

### Definitions, continued

Term	Definition
Questions in the user satisfaction survey	<p>All the questions listed in the work sheets need to be answered by all regional authorities for the public passenger transport services that they provide. These questions are considered to be the minimum required to:</p> <ul style="list-style-type: none"> <li>• provide assurance about contribution to the objectives of the LTMA</li> <li>• be of value to councils</li> <li>• provide a sufficient overview of success to the Minister of Transport and to the NZTA.</li> </ul> <p>They do not unduly probe into the details of the running of the public passenger transport system itself. Many, if not all, of these questions are being asked by regional authorities already to help them understand the requirements of their patrons.</p>
Number of people surveyed	Sufficient passengers need to be surveyed to ensure statistical significance, which is best determined by the regional authority in the context of the complexity of its service, etc.

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## E5.12 Rail and sea freight

### **Introduction**

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This section sets out the NZTA's guidelines for monitoring and reporting on implementation of rail and sea freight activities.

### **Activities managed by approved organisations**

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The NZTA will prescribe the frequency, form and detail of reporting for any rail and sea freight activities managed by approved organisations as a condition of the funding for these activities.

### **Activities managed by the NZTA**

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Rail and sea freight activities managed by the NZTA will be reported on in the annual report on the NLTF.

**Reference:** For detail, see section *E5.20*.

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## E5.13 Roothing activities

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### **Introduction**

This section sets out the NZTA's requirements for monitoring implementation of roading activities and their impacts.

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### **Monitoring implementation of roading activities**

The NZTA will monitor implementation of activities in:

- road operations
- road maintenance and renewal programmes
- other nominated packages and groups of projects using a case management approach.

**Reference:** For detail, see section *E4.2 Case management*.

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### **Annual achievement report**

Each road controlling authority (RCA) must forward to the NZTA an annual achievement report for roading activities as set out in this section of the manual.

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### **Content of annual achievement report**

The annual achievement report must cover:

- renewal of roads
- replacement of bridges and other structures
- dedicated bus lanes and other passenger transport road improvements
- other road infrastructure improvements
- road construction costs
- road quality measures
- environmental measures (state highways only).

The report is to be prepared on a form provided by the NZTA through *LTP online*.

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## E5.13 Roading activities, continued

### **Road network activity management**

The NZTA expects RCAs to use a structured and planned approach for management of road operations, maintenance and renewal activities.

RCAs should use a road assessment and maintenance system involving:

- road network inventory
- a regular field inspection programme
- scheduled update of condition information
- regular update of work completed
- a robust process for treatment selection
- funding affordability considerations
- documented road network management processes.

The NZTA expects that RCAs will maintain their road information so that it is sufficiently complete, accurate and current for the uses made of it.

RCAs must be able to demonstrate in their activity management plans how the proposed road operations, maintenance and renewals programmes optimise the life-cycle costs of their road network.

The above information is used to establish trends in road network service levels and needs for road operations, maintenance and renewal activities.

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## E5.13 Roothing activities, continued

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### **Road network performance measures**

Each RCA must maintain a record of the performance of its road network, subdivided into three categories:

- road user satisfaction
- safety
- asset preservation.

The measures and targets are described in detail in the NZTA's *Maintenance guidelines for local roads*, which has been prepared in consultation with RCAs.

Each RCA must maintain a time series of road network performance so that, for each measure listed, the RCA can identify whether its road network is:

- above target and improving
- above target and constant
- above target and worsening
- on target and improving
- on target and constant
- on target and worsening
- below target and improving
- below target and constant
- below target and worsening.

If an RCA uses different performance measures, then the performance measures and target values used must be documented.

The NZTA expects that road operations, maintenance and renewal activities will be appropriately allocated to each road class within the network, to optimise the efficiency and safety of the network.

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## E5.13 Roading activities, *continued*

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### **Renewal of roads**

The number of projects and lane kilometre length of work completed in the 12 months to 30 June must be provided in the annual achievement report.

The report must state the number of projects and lane kilometre length of work completed against the planned number and length for each of the following work categories:

- 211: unsealed road metalling
- 212: sealed road resurfacing
- 214: pavement rehabilitation.

The report must include work on special purpose roads, if applicable.

For purposes of achievement reporting, work is deemed to be complete when the lanes are opened to traffic.

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### **Replacement of bridges and other structures**

All projects that have been completed in the 12 months to 30 June must be listed individually in the annual achievement report.

The report must summarise the number of projects and the lane metre length of work completed against the planned number and lane metre length for work category 322: replacement of bridges and other structures.

Each structure's length must be confirmed to the nearest metre.

For purposes of achievement reporting, bridges are deemed to be complete when opened to traffic.

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### **Dedicated bus lanes**

All dedicated bus lanes that have been completed in the 12 months to 30 June are to be listed in the annual achievement report. The length of new dedicated bus lanes (km) is required. This measure must include both constructed and painted (existing) roads, measured at time of funding.

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## E5.13 Roothing activities, continued

### **Other road infrastructure improvements**

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All projects that have been completed in the 12 months to 30 June in the following work categories must be included as road infrastructure improvements in the annual achievement report:

- 323: new roads
- 324: road reconstruction
- 325: seal extension.

The report must state the number of projects, area in square metres and lane kilometre length of work completed against the planned number and length for each work category.

Fees projects, including studies, are not considered to result in 'physical achievement', and therefore are not reported.

For purposes of achievement reporting, road infrastructure improvements are deemed to be complete when the entire programmed length is first-coat sealed or, if this is not appropriate, when the facility is available for use.

### **Road construction costs**

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The following must be included in the annual achievement report:

- cost of new **urban** roads (\$/m<sup>2</sup> of new road, large projects only)
  - cost of new **rural** roads (\$/m<sup>2</sup> of new road, large projects only).
-

## E5.14 Road statistics

### Introduction

The NZTA requires an annual statistics report to be submitted by all RCAs (including the NZTA's Highways and Network Operations Group for state highways) at the end of each financial year.

The annual statistics report is used to capture statistical information on the road network, as at midnight on 30 June for the reporting year. The NZTA will annually publish the information collected from this report.

### Submission of annual statistics report

The annual statistics report must be prepared on the appropriate forms in *LTP online*.

Instructions for preparing the annual statistics report are provided below for state highways, local roads and special purpose roads.

### Key date

RCAs (and the NZTA's Highways and Network Operations Group for state highways) must ensure that the NZTA receives the annual statistics report **no later than 31 July**.

### Regional state highway summary

The regional state highway summary must be completed in the following manner:

- Each NZTA regional office must complete a summary per local government region.
- Where a length of highway is common to multiple state highway numbers, the length must be recorded only once.
- Lengths of state highway revoked on or prior to 30 June of the reporting year are not to be included.
- Highway lengths must be reported in kilometres to one decimal place. Bridge lengths must be reported in whole metres.
- Highway lengths must include bridge lengths. Bridge lengths must be reported in terms of centreline length of the highway (eg culvert diameter).
- Motorway length must be reported as that length declared and operating as a motorway.
- A timber bridge is defined as a bridge with one or more main structural elements of timber (decks are not considered to be main structural elements).

A state highway level of service report must be provided by the NZTA's Highways and Network Operations Group in the form of a regional road assessment and maintenance system report of condition data.

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## E5.14 Road statistics, continued

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### **Local roading summary**

The local roading summary must be completed in the following manner:

- One report is required from each approved organisation that administers local roads. This form excludes state highways and special purpose roads, but includes lengths of state highway revoked on or prior to 30 June of the reporting year.
- Road lengths must be reported in kilometres to one decimal place. Bridge lengths must be reported in whole metres.
- Road lengths must include bridge lengths. Bridge lengths must be reported in terms of centreline length of the roadway (eg culvert diameter).
- A timber bridge is defined as a bridge with one or more main structural elements of timber (decks are not considered to be main structural elements).

A level of service report is to be provided in the form of a road assessment and maintenance system report of condition data.

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### **Special purpose roads summary**

A special purpose roads summary must be completed in the following manner:

- One report is required from each approved organisation that administers special purpose road(s).
- Road lengths must be reported in kilometres to one decimal place. Bridge lengths must be reported in whole metres.
- Road lengths must include bridge lengths. Bridge lengths must be reported in terms of centreline length of the roadway (eg culvert diameter).

A timber bridge is defined as a bridge with one or more main structural elements of timber (decks are not considered to be main structural elements).

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## E5.14 Road statistics, continued

### Road quality measures

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The following measures must be reported from the road asset database (eg RAMMS produces this data by running RAMMS Manager):

- roughness performance
- smooth travel exposure
- statistics phase 1 and 2
- surface condition index
- pavement integrity index
- roughness performance by road group
- pavement integrity index by road group
- length of sealed network overdue for resurfacing
- length of surfacing by financial year
- length of pavement layer by financial year
- number of traffic counts by financial year.

**Note:** Road groups are defined in the NZTA's *Maintenance guidelines for local roads*.

### Environmental measures (state highways)

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The following environmental measures must be reported for state highways:

- Dealing with **noise** – Percentage of urban state highways with a speed environment greater than 70 km/h in noise-sensitive areas where traffic noise is treated by designed solutions.
  - Dealing with **road runoff** – Percentage of the state highway network within sensitive receiving environments where storm water run-off is treated by designed solutions.
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## E5.15 Property

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### Introduction

This section sets out the NZTA's requirements for an annual property report.

Each year, approved organisations that have received funding assistance under work category 333: advance property purchase must provide the NZTA with a property report.

The NZTA's Highways and Network Operations Group must submit a national property report for state highways.

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### Submission of annual statistics report

The annual property report must be prepared on the appropriate forms in *LTP online*.

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### Key date

Approved organisations (and the NZTA for state highway activities) must ensure that the NZTA receives this report **no later than 31 August**.

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### Report elements

The report must specifically identify:

- income from sales (of land, building and chattels)
- the value of unsold properties transferred to the approved organisation during the year
- income from rents and leases
- income from interest
- outgoings on maintenance and rates
- purchases made during the year for projects approved by the NZTA
- the net value of financially assisted land assets (not transferred to road reserve) as at 30 June.

While this information is required to be aggregated for all properties, detailed records as outlined on the next page are also required to be kept for each individual property for audit purposes.

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## E5.15 Property, continued

### Detailed records to be kept

Records must be maintained by approved organisations (and the NZTA for state highways) of all land acquired for land transport purposes for which funding assistance has been received. These records will be subject to periodic audit by the NZTA. Valuation reports should be retained to support any valuation figures.

The following information must be maintained for each individual property:

Property details	Financial details
<ul style="list-style-type: none"> <li>• address</li> <li>• legal description</li> <li>• date of purchase</li> <li>• purpose for the land purchase</li> <li>• date utilised for land transport purposes</li> <li>• date of sale of any surplus land</li> <li>• valuation at purchase date (land plus improvements to be shown separately)</li> <li>• valuation at time of utilisation for land transport purposes (land plus improvements to be shown separately)</li> <li>• valuation of any unsold surplus land 12 months after construction/ implementation is completed</li> <li>• a copy of the land title, reflecting the NZTA's financial interest</li> </ul>	<ul style="list-style-type: none"> <li>• funding assistance rate(s) at the time of land purchase</li> <li>• funding assistance claimed to date</li> <li>• income from rents and leases</li> <li>• expenditure relating to maintenance and rates</li> <li>• payments made to the NZTA to date</li> </ul>

## E5.16 Delivery of police activities

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<b>Introduction</b>	This section refers to the LTMA provisions for monitoring and reporting on the performance of police in delivering approved police activities.
<b>Responsibility</b>	Monitoring and reporting on the performance of police in delivering approved police activities will be carried out by the Ministry of Transport.  <b>Legislation:</b> LTMA s102.
<b>Report</b>	The Secretary for Transport will provide the Minister of Transport and the NZTA with a report on the performance of the police in relation to the matters that the Minister of Transport has approved.
<b>Availability of report</b>	The annual report on the performance of police in delivering approved police activities will be incorporated in the NZTA's report on the NLTF.  <b>Reference:</b> For detail on the NLTF annual report, see section <i>E5.17</i> .

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## E5.17 NLTF annual report

### Introduction

This section describes the procedures used by the NZTA to monitor and report on the NLTF.

### Content of annual report on NLTF

Each financial year, the NZTA must prepare an annual report on the NLTF, including:

- financial statements
- a statement of commitments
- a statement of performance for each activity class funded by the NLTF, unless the Minister of Transport has approved the inclusion of the information in the NZTA's annual report under the Crown Entities Act 2004
- an explanation of how the funding of activities or combinations of activities under the NLTP has contributed to the achievement of outcomes, objectives or impacts set out in any national land transport strategy or the relevant GPS
- an explanation of how the NLTF has been managed with respect to the closing balance.

### Monitoring implementation of NLTP activities

To facilitate monitoring and reporting on NLTP activities, approved organisations and the NZTA's Highways and Network Operations Group may be requested to provide updated information on approved programmes, packages, groups and projects relating to:

- the physical percentage complete
- the contribution to achievement of outcomes, objectives and impacts set out in the NZTS
- the contribution towards the regionalised GPS targets.

### Information used for annual report on NLTF

The NZTA will prepare the annual report on the NLTF, particularly the contribution to the achievement of outcomes, objectives and impacts, using information provided to the NZTA:

- to support inclusion of programmes, packages and projects in the NLTP
- for monitoring, auditing and reporting purposes in accordance with this chapter
- from the Crash Analysis System (CAS)
- from surveys of trip types, travel times, mode share, etc.

### Availability of annual report on NLTF

The NZTA will make a copy of the annual report on the NLTF publicly available in accordance with section 108 of the LTMA. This includes making the report available on the NZTA's website ([www.nzta.govt.nz](http://www.nzta.govt.nz)).

**Legislation:** LTMA s11(4) and s108.

## E5.18 Monitoring by the Ministry of Transport

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### **Introduction**

This section refers to the legislative provisions for monitoring and review by the Ministry of Transport, for the purpose of evaluating the performance of the land transport funding and planning system.

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### **Activities and procedures to be monitored**

The Ministry of Transport must monitor and review:

- samples of activities or combinations of activities approved for funding under section 20 of the LTMA
- the NZTA's evaluation procedures for:
  - recommending police activities
  - preparing and adopting the NLTP
  - approving activities for funding
- the NZTA's process for determining and applying design standards to roads
- the NZTA's application of procurement procedures.

The Secretary for Transport may request the NZTA to provide any information that is reasonably required and relevant to enable the Secretary to carry out this monitoring and review.

**Legislation:** LTMA s101.

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## E5.19 Audit of activities delivered by approved organisations

### Introduction

This section sets out the NZTA's procedures for monitoring and audit of activities delivered by approved organisations.

### Legislative mandate

The NZTA's functions include:

- managing funding of the land transport system, including (but not limited to) auditing the:
  - performance of approved organisations in relation to activities approved by the NZTA
  - operation of the land transport disbursement accounts of approved organisations
- assisting, advising and cooperating with approved organisations.

### NZTA audit programme

These statutory requirements are addressed through the NZTA's annual audit programme comprising:

- procedural audits and theme audits
- passenger transport audits
- technical reviews
- theme audits
- road infrastructure safety assessments (RISAs)
- post-approval reviews of activity assessment
- post-implementation reviews (PIRs).

The NZTA audits most approved organisations every three years. Those receiving a higher level of funding are on a two-yearly cycle. State highway activity is audited every year because it receives a significant proportion of NLTF funding.

In May each year, all approved organisations are sent a copy of a general circular showing the audit programme for the coming year. The general circular is also published on the NZTA's website ([www.nzta.govt.nz](http://www.nzta.govt.nz)).

Each approved organisation included in the programme is contacted well in advance of the audit, suitable dates negotiated, and any required information requested.

Approved organisations must make all necessary records available to auditors on request, including internal audit management reports.

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## E5.19 Audit of activities delivered by approved organisations, continued

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**Risk factors to be considered**

In selecting the approved organisations to be audited, three risk factors are considered:

- known issues/risks
- levels of funding
- length of time since the previous audit.

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**The audit process**

An entry meeting is held to explain the audit programme and to establish relevant contacts with key staff. At the conclusion of the audit, an exit discussion is held with key staff. Any issues are raised at this time to ensure there are 'no surprises' in the final report.

Before the audit report is finalised, the NZTA sends it to the approved organisation for comment. The NZTA considers the comments and may change the report as a result. The comments are appended to the report in full. The NZTA then issues the final report after adoption by the Chief Executive under delegation from the Board.

The NZTA regional liaison staff will follow up recommendations, and any recoveries for over-claimed expenditure (arising from a Procedural Audit) are invoiced to the approved organisation.

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**Procedural audits**

Procedural audits focus on ensuring approved organisations comply with the requirements in this manual, procurement manuals and various general circulars that have been issued to approved organisations.

The procedural audits include:

- reviewing documentation/ledgers supporting final claims submitted to the NZTA
- reviewing and validating a sample of transactions included in the general ledger
- checking a sample of contracts to ensure they have been let in accordance with procurement strategies and approved procurement procedures
- looking at management of contracts subsequent to them being let, including both financial and non-financial aspects
- validating annual achievement reports submitted to the NZTA.

On average, 30 procedural audits are carried out each year, including about four passenger transport audits.

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## E5.19 Audit of activities delivered by approved organisations, *continued*

### **Passenger transport audits**

Passenger transport audits (of contracts let for public passenger transport activities) are similar to standard procedural audits, with additional areas of interest including:

- public transport specific procurement procedures
- administration and management of Total Mobility schemes
- administration and management of public transport activities
- status and content of the RLTS and the regional public transport plan.

### **Technical audit programme**

The purpose of the technical audit programme is to review and audit activities, that are either wholly or partly funded from the NLTF, against the relevant NLTP agreements in terms of:

- value for money, which includes:
  - effectiveness (the extent to which required objectives or targets are met)
  - efficiency (how well inputs are used to produce outputs)
  - economy (minimising the cost of inputs or resources used for an activity)
- quality (compliance with set standards or guidelines)
- the technical and management systems employed to deliver the activities.

#### **Audit types**

The technical audit programme comprises the following audit types:

- technical reviews
- theme audits
- road infrastructure safety assessments (RISAs)
- post-approval reviews of activity assessment
- post-implementation reviews (PIRs).

Each of these technical audit types is described in greater detail in the following sections.

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## E5.19 Audit of activities delivered by approved organisations, continued

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### Technical reviews

Technical reviews are carried out on a one-to-one basis with an approved organisation by the technical auditor who will generally be accompanied by:

- the local NZTA regional contact for that organisation
- an independent local authority engineer.

One purpose of the technical review process is to foster good working relationships and to exchange knowledge. Having an engineer from a similar-sized organisation provides a good opportunity for this collegial exchange.

Information utilised during the technical review includes, but is not limited to:

- approved organisation publications (such as the long-term council community plan – LTCCP, annual plan, Activity/Asset Management Plan etc, generally sourced directly from the local authority website to ensure it is the most current version)
- pavement condition trends
- maintenance programme achievement and expenditure data
- road crash data
- observations made during a drive over of a sample of the road network
- road infrastructure safety assessments (RISAs)
- consultation with the NZTA regional staff for their insight.

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### Theme audits

Up to four theme audits are carried out each year. Theme audits address a specific topic across a range of approved organisations (ie a one-to-many relationship), generally concentrating on management issues affecting land transport network performance.

The results feed into operational policy development for both the NZTA and other parties, such as the Ministry of Transport, Local Government NZ, RCA Forum, etc.

Reports on theme audits can be found on the SmartMovez website.

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## E5.19 Audit of activities delivered by approved organisations, continued

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### Road infrastructure safety assessments

A road infrastructure safety assessment (RISA) is a technical review that assesses a sample of an approved organisation's road network to identify possible areas for safety improvement. This assessment method is still being trialled.

A RISA:

- is based on international research that relates infrastructure features to crash rates
- assesses the extent of these features on the road network
- makes recommendations for high-level strategic actions to improve road safety on a network-wide basis
- is used as an input to technical reviews.

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### Post-approval review of activity assessments

The NZTA will audit a sample of submitted project assessments throughout the year to assess approved organisations' competence and performance.

Should the review reveal any issues of significance, funding may be reduced, refused or withheld as detailed in *section A2.4*.

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### Post-implementation reviews

Post-implementation reviews audit a sample of completed large construction projects (split 50:50 between state highway and local authority projects) against the initial project objectives, costs and economic justification. It is a constructive process looking to identify areas for improvement in both the NZTA procedures and those of approved organisations.

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## E5.20 Audit of activities managed or delivered by the NZTA

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### **Introduction**

This section describes the procedures used by the NZTA to monitor and audit activities managed or delivered by the NZTA.

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### **Activities delivered or managed by the NZTA**

In addition to state highway activities, the NZTA delivers or manages activities funded from the NLTF in the following activity classes:

- 6: rail and sea freight
  - 7: domestic sea freight development
  - 15: sector research
  - 16: national education and promotion
  - 17: sector training and support
  - 18: management of the funding allocation system
  - 19: performance monitoring.
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### **Audit methodology**

The NZTA will apply the audit methodology described in section *E5.19* (above) to activities delivered or managed by the NZTA, including state highway activities.

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