

**Chairperson and Committee Members**  
OPERATIONS & FINANCE COMMITTEE

15 AUGUST 2019

Meeting Status: **Public**

Purpose of Report: For Information

## **NEW ZEALAND TRANSPORT AGENCY INVESTMENT AUDIT REPORT**

### **PURPOSE OF REPORT**

- 1 To present the findings of the NZ Transport Agency's (NZTA) investment audit undertaken in April 2019.

### **DELEGATION**

- 2 Section B of the Governance Structure and Delegations 2016-2019 Triennium provides that the Operations and Finance Committee will:

*deal with monitoring and decision-making on all broader financial management matters. Key responsibilities will include:*

- *Financial management, including risk mitigation.*

### **BACKGROUND**

- 3 NZTA undertake investment audits on Local Authorities to provide assurance that NZTA's investment in land transport programmes (roading) is being well managed and is delivering value for money. Further, NZTA seek assurance that Council's are appropriately managing risk associated with NZTA's investment. Other items covered during the audit included:

- Recommendations from the previous audit, what issues, if any, remain unresolved from the previous audit?
- Is Council following good practice in network management?
- Does the Activity Management Plan (AMP) and Council's Land Transport Programme reflect the networks needs?
- Does Council understand its databases and are the databases accurate and robust?
- Is safety performance understood and being well managed?
- Environmental management.

- 4 NZTA's investment into our district is typically 51% of our districts land transport costs. Some specific activities, such as the recent street lighting upgrade to LED's, have a higher or lower investment percentage. NZTA's investment in our network is around \$5.5m per year, depending on the amount of emergency works undertaken.

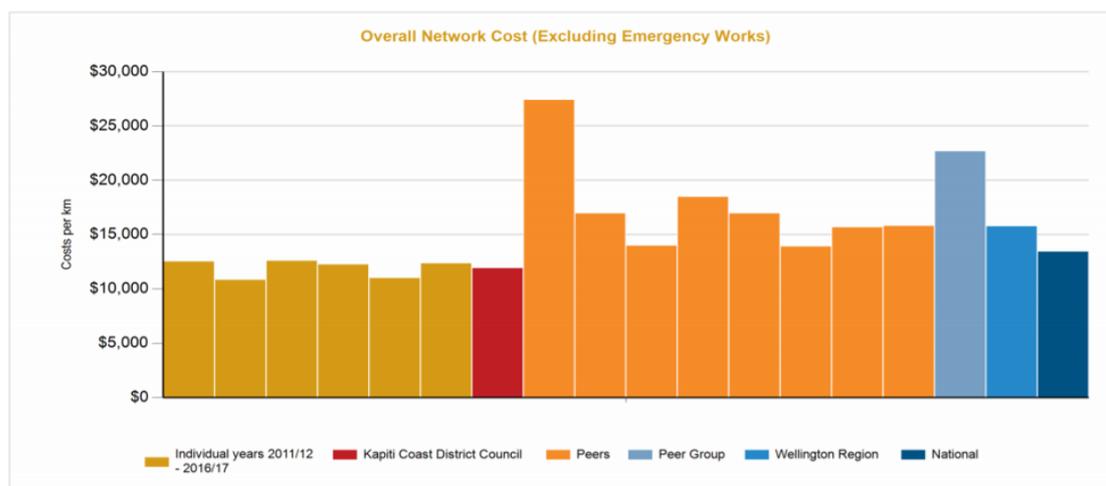
- 5 The frequency of these audits are dependent on a number of factors including the risk profile of the Local Authority and the findings of the previous audit. Typically, these audits are undertaken approximately every six years. The last audit for our district was in 2009.
- 6 The audit was undertaken over four days and involved two NZTA auditors and one external representative from Auckland Transport. The audit involved both office based and on-site auditing.

## ISSUES AND OPTIONS

### Issues

- 7 The key findings of the audit are that:
  - There were no issues outstanding from the previous audit.
  - Council's road network asset is well managed and is in a stable condition. Overall, the road maintenance and operations are currently delivering transport outcomes at an appropriate level of service. Council's strong emphasis on improving data quality is particularly commendable.
  - The Council's safety improvement projects appear well designed and implemented to achieve the project's desired outcomes. Work undertaken through the Road Safety Promotion programme is effectively promoting the safe use of modal transport alternatives (such as the Stride and Ride network), as well as supporting behavioural changes which should improve road safety.
  - Key challenges facing Council include the revocation of the old state highway and the accelerated rate of growth due to the construction of the Wellington Northern Corridor. The new links to this major corridor are generating significant traffic reassignment across the local road network and are creating a significant upsurge in development and subdivision. NZTA consider that Council is managing these risks.
  - Council has a collaborative approach to network management across local authority boundaries and works well with neighbouring Councils.
  - Overall network management practice is good. The Access and Transport team is cohesive and well skilled. Effective processes were evident for managing and monitoring the delivery of physical works contracts.
  - The physical network is in very good condition as shown by the condition indices of Smooth Travel Exposure, Pavement Integrity and Surface Condition.
  - The Road Efficiency Group's (REG) reporting tool shows that Smooth Travel Exposure is better than the comparative averages for the peer group for networks <90% urban, the Wellington region and the national road network (based on April 2019 data). Network roughness is also similarly better by comparison. The audit field inspection supported these results.
  - The pavement rehabilitation renewal rate is extremely low (comparatively the lowest in its peer group) but is supported by the current good pavement condition, relatively low volume of heavy traffic and Council's pavement analyses.

- Council's has a comparatively low investment in the maintenance, operation and renewal of the network (based on cost per km) compared to its peer group and national averages. This is highlighted in the graph below:



- 8 The overall audit rating for our Council was effective, which is the highest obtainable rating.
- 9 There are five subject areas that are assessed, and four of these subject areas were rated as effective.
- 10 The fifth subject area, Activity Management Planning, has the second highest rating of some improvement needed. This grading is based on an assessment of the February 2017 AMP.
- 11 As noted in the audit reports executive summary, there has been a strong emphasis on improving data quality. This emphasis on data quality is reinforced by the latest national data quality scores that show our Council scoring 81%, against a Wellington Regional average of 61% and a national average of 58%.
- 12 This major improvement in data quality will facilitate improvements in the next round of AMP's due for completion in mid-2020.
- 13 The audit report comments that the February 2017 AMP refers to under investment by Council. This investment level was addressed by Council in the Long Term Plan 2018-38 which saw substantial increases in funding for items such as footpaths, road resurfacing and drainage renewals.

## CONSIDERATIONS

### Policy considerations

- 14 There are no policy considerations from this report.

### Legal considerations

- 15 There are no legal considerations from this report.

## Financial considerations

16 Any financial considerations are accommodated under current budgets.

## Tāngata whenua considerations

17 There are no Iwi considerations from this report.

## Strategic considerations

18 This audit relates to infrastructure investment that supports resilience and agreed growth projections, and improved accessibility of Council services.

## **SIGNIFICANCE AND ENGAGEMENT**

### Significance policy

19 This matter has a low level of significance under Council's Significance and Engagement Policy.

### Consultation already undertaken

20 Consultation was not required for this report.

### Engagement planning

21 Engagement was not required for this report.

### Publicity

22 A media release will be developed around the findings of this audit.

## **RECOMMENDATIONS**

23 That the Operations and Finance Committee note the findings from the May 2019 NZ Transport Agency's Investment Audit Report.

### **Report prepared by**

### **Approved for submission**

### **Approved for submission**

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**ATTACHMENT:** NZ Transport Agency Investment Audit Report (May 2019)