

MEMO

То	Lynley Hutton
Cc	
From	Rob. Merrifield
Date	7 February, 2012
Subject	Investment Monitoring Intelligence Review

Objective

To identify findings from technical reviews, theme audits, procedural reviews, and any other available sources that are pertinent to the work of the Road Maintenance Task Force.

Methodology

- 1. Conduct a document search of reports written in the last cycle of procedural audits and technical reviews (i.e. since 2005).
- 2. Interview Investment Monitoring group staff to include aspects of road maintenance and its management pertinent to the work of the Road Maintenance Task Force and that have not been reported on in available Investment Monitoring Group reports.
- 3. Assess any other available information and report as appropriate.
- 4. Provide a written report setting out all findings for the use of the Road Maintenance Task Force.

Searches have been made of documents as follows:

- Individual procedural audit and technical review reports written in the last cycle of procedural audits and technical reviews (i.e. since 2005);
- Periodic summaries of reviews and audits completed in this period; and
- Theme audits completed over the period since 2005.

Individual members of the Investment Monitoring Group were interviewed separately and their consensus conclusions summarised.

Summaries of Findings and Observations Based on Audits and Reviews

Table 1 is a master summary grouping issues identified from a range of Investment Monitoring Group reports as detailed in Tables 3-6.

Table 1: Summary of Issues identified:

		Tables 3 and 4:	Table 5: Investment	Table 6:
		Audit and Technical	Monitoring Group	
		Review Reports	Staff Consensus	Theme Audit Reports
1	NZTA policy and practice	Funding constraints.	Gaps in NZTA policy	
			and practice.	
2	Industry-wide issues		Deficiencies in the	
			industry at various	
			levels.	
3	AO policies and their	Funding constraints.	AOs' policies.	
	influences on practice or			
	achievements	Constrained AO		
		staffing levels.		
		AO policies that do		
		not align with those of		
		NZTA.		
		Poor management,		
		either at asset		
		manager level or		
		higher.		
		Low priority given to		
		safety issues		
4	AO administrative practice	Lack of awareness,		Poor management
		which may result from		practice within the
		overloading or from		industry at asset
		lack of knowledge.		manager level or
				below .
				Deficient knowledge
				in particular fields
				(e.g. guardrails, street
				lighting).
				Handovers from poor
				nangovers from poor
				past practice of of
				obsolete
	DAMM issues		Dractitionara'	
2			insufficient	
			approxiation of DAMMA	
			appreciation of KAMM	
6	Deed afaby issues		anu its value as a tool.	
б	Road salety issues		Low priority given to	
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The last three summary reports submitted to senior management have been reviewed for this study, covering reports on individual approved organisations as follows:

Date of Summary Report	Working Period (from/to)	No. of Procedural Audits	No. of Technical Reviews	Total
25 February,	1 July, 2009			
2010	31 Dec., 2009	11	6	17
7 April, 2011	1 January, 2010			
	30 June, 2010	7	5	12
	1 July,2010			
	30 June, 2011	23	20	43
Totals:		41	31	72

Table 2: Summary Reports Forwarded to Senior Management:

Table 3 summarises those issues identified in the three summary reports that were considered to be significant enough to present a risk to NZTA gaining the best value from its investments in approved organisations' roading programmes.

Of the 72 reports covered by the summary reports, a total of 25 procedural audits and 31 technical reviews (a total of 78% of the reports considered) did not identify any such risk. A number of the procedural audits identified administrative errors that I conclude do not impinge on the issues considered in Table 3, below. In some cases (e.g. additional roads ex-forestry), the same issue has been identified independently by procedural auditors and by technical reviewers.

Table 3: Summary of Issues identified to NZTA Senior Management:

	Identi	fied by:	
Issue Identified in Summaries	Procedural Audit	Technical Review	Total Times Identified
Insufficient funding of ageing assets/renewals.		4	4
Insufficient funding of traffic services.		1	1
Council's ability to fund LTP uncertain.		1	1
Unmanaged decline in road condition.		1	1
Additional roads ex-forestry create need for funding			
increment, not fit for purpose as a public road.	1	1	2
Inadequate management resources.		2	2
Low smart buyer capability.		1	1
Inefficient use of available staff.		1	1
High cost structure/pressure to lower levels of			
service.		1	1
Council policy of "like for like" renewals without			
regard to need or cost.		1	1
Resource consent procedures inhibit timely			
maintenance work.		1	1

Limited in-house understanding of RAMM.		1	1
RAMM under-used.		1	1
Safety processes and management of these	6	3	9
inadequate.			
Low priority given to safety features.		1	1
Road drainage needs more attention.		2	2
Poor quality pavement repairs.		1	1
Poor corridor management and quality of work.		1	1
Roads and design cross-sections too narrow for		1	1
traffic.			
Seal extensions not built to recognised standards.		1	1
No systematic structures inspections system.		1	1
Totals:	7	29	36

Findings of Audits and Reviews

Table 4 summarises issues identified in individual audits or reviews that have relevance to road maintenance issues and that were identified in reports findings or were subject of recommendations to auditee AOs. This review has surveyed 71 procedural audit reports, of which 40 (56%) identified no issue relevant to this survey. The equivalent numbers for technical reviews are: 63 reports surveyed; 10 (19%) with no relevant findings.

Issues 1-4 inclusive relate to staffing levels and the loads on asset managers. A theme audit of maintenance management processes in 2001 found a threshold of 2.7 asset management staff/1,000 kilometres of network were needed for AOs to be able to adequately manage their networks. No current information is available on asset management staffing levels, but it is likely that AOs identified in Table 4 are pushing their limits. Lack of support from other sections of AO's organisations can exacerbate the situation (Christchurch). AOs may rely on professional services business units or consultants to supplement the asset manager. Consultants do not always have an understanding of the ratepayer-council relationship, may bring risk-averse attitudes to their task, may adopt inappropriate standards excessive for the location, or may be used too sparingly for cost reasons.

Issues 5 and 6 bring in a political element, when councillors support complainants objecting to council policies or to good practice (Waitaki, and possibly Western Bay of Plenty).

Acceptance of no longer appropriate past programme levels or a lack of response to changing needs of the network are identified at issues 7-11.

Issues 12-17 reflect lack of recognition of a need for better management of the relevant assets.

At issue 18, Rodney District and its predecessor County have resisted advice contained in successive technical review reports to change its design standards. One influence in this resistance may be a desire to reduce cost in order to achieve viable benefit-cost ratios for capital works projects. Perverse effects of this policy include that pavement life is reduced because of the lack of side support to the material under vehicle wheelpaths.

Issue 19, significant faults in AO's RAMM databases, reflect a lack of appreciation of the value of RAMM as a management tool. This is likely to lead to sub-optimal decision-making when deciding on annual and longer term management plans.

Minor faults in RAMM databases (issue 20), appear to be a result of a lack of understanding or of overloading of relevant staff. This can be linked in to issues 1-4, commented on above.

	Issues Identified in Reports	Approved Organisation	Explanation
1	Insufficient or overloaded asset management staff	Ashburton, Central Otago, Far North,	Both procedural audits and technical reviews identified AOs where staffing levels were
		Gore, Hauraki,	considered insufficient to be able to
		Kaipara, Masterton	effectively plan work programmes and to
			manage operations on the networks. This is
			mainly a consequence of tight budgets or,
			less frequently, of difficulty in recruiting
			suitable people for the location.
			Lack of succession planning was also
			commented on by reviewers.
2	Asset management plan (AMP)	Christchurch	AMP is out of date, does not include former
	needs to be reviewed.		Banks Peninsula area. Rewrite recognised as
			an urgent need but being avoided.
			Streets are being maintained by renewal, an
			unsustainable process.
			Insufficient focus on safety issues.
		Horowhenua	AMP inconsistent with funding levels and
			does not set out responsibilities chain.
		Kaipara	Asset manager has insufficient technical
			support from consultant and network
			condition is declining out of control. RAMM
			database is in poor condition and is not used
			in programme preparation.
		South Taranaki	The work programme should be reviewed,
			particularly corridor maintenance.
			A deficiency database should be set up for
			the planning of Minor Works projects.
3	Review management policies	Christchurch	See 2 above. Network was deteriorating.
	and/or strategies	Far North	Present state of drainage and bridges is a
			significant risk in a District liable to severe
			weather.
			Basic maintenance need to improve, plus a
			programme of preventive maintenance.
			very slow response when bridge repair needs
		Otomologica	
		Otoronanga	AMP uses not relate to LICCP.

Table 4: Issues identified in Individual Reports:

		South Wairarapa	should be reviewed to be more objective. RAMM database is deficient. Roading and Planning sections of Council operate in isolation from each other. Maintenance programme is driven by [annual] budget rather than needs. Long term deterioration is occurring in pavements and bridges, which is a significant risk to Council. Bridges inspections procedures deficient. RAMM not well used.
4	Improve use of available processes and tools	Gisborne	Key items in AMP are not prioritised or resourced. Intervention on highest priority items not timely, e.g. implement Improvement Plan written into AMP. A formal cyclic inspections plan for bridges and structures is needed.
		Whangarei	Council is too heavily reliant on professional services consultant. In a performance based contract accountabilities are poorly specified and monitoring of work completed insufficient.
5	Move from operational focus to strategic management	Waitaki	Council needs to change from reactive management to being proactive. The public needs to be educated about appropriate standards and techniques. (Note: this is closely related to the point made immediately below in this table.)
6	Improve implementation, monitoring, enforcement of Council policies intended to protect the road assets	Waitaki Buller, Western Bay of Plenty Western Bay of Plenty Wellington	Council has good policies but Council is sympathetic to land occupiers with the result that the policies are not enforced. Rural subdivisions lead to demands for road improvements - widening, sealing, etc - that are not matched to development Impact fees, or controlled at the planning stage. Road openings policy needs to be upgraded to meet NZUAG code of practice. Road openings policy needs to be enforced.
7	Ensure maintenance programme is sufficient for needs	Auckland Buller Hastings	Parts of the network (especially Gulf islands) being allowed to deteriorate through insufficient work. Drainage and pavements under-funded in areas concerned. Work of Planning and Design teams needs to be coordinated. Sealed surfacings are being managed for longer lives, increasing risks of any repairs/rehab. deferrals. Insufficient allowances for inflation are liable to result in maintenance being deferred,

			leading to continuing decline of road
			condition.
		Kawerau	Pavement condition OK at present but signs
			of coming rehab. need. Review funding levels
			at next LTCCP review to ensure changing
			maintenance needs are met.
		Taupo	Change of land use from forestry to dairy is
			changing demands on network. Council
			needs to be aware and ready to meet higher
			maintenance needs.
		Wairoa	Needs of structures are not being met.
			Council has "ability to pay" issues.
		Whangarei	Funding of flood damage repairs has limited
			funding for maintenance, especially urban.
			Backlogs of deferred work need to be
			identified and funded.
8	Ensure maintenance	Auckland, Buller,	See comments on the need for public
	programme is sufficient for	Central Hawkes Bay,	education at 5 above. Resealing, and to a
	needs	Hastings, Kawerau,	lesser extent, rehabilitation, needs are either
			mis-funded (Auckland, Central Hawkes Bay)
			or an increased need level is foreseeable.
		Central Otago	Greater input is needed into pre-reseal
			repairs, resealing, and renewing unsealed
			roads.
		Chatham Islands	Resealing and bridges maintenance needs
			not being met.
		State Highways	Janice Brass has identified in at least West
			Coast and Canterbury Regions that there is a
			backlog of resealing needs and that this is
			going to increase.
		Ruapehu	Resealing and rehabilitation of pavements,
			renewal of worn out traffic signs all need
			increased investment.
		South Taranaki	Reseals, pavement rehabilitation, and bridge
			renewals needs are not being fully met.
		Timaru, Waimakariri	Resealing needs increasing.
9	Reassess the levels of service	Rangitikei	Urban roughness, often associated with
	being achieved		service boxes or road openings, has been
			increasing.
			Corridor issues include poor standards of
			provision and/or maintenance of delineation,
			traffic signs, hazard or bridge end markers.
10	Review unsealed roads	Marlborough	Council needed to either enforce the
	maintenance strategy		maintenance contract specification or to
			renew worn out pavements.
		Waitaki	See comment at items 5 & 6 above.
11	Improve management of	Far North	See item 3 above. There is a backlog of
	bridges and structures		maintenance needs.
		South Wairarapa	See item 3 above. Long term deterioration is

			occurring in bridges, which are a significant risk to Council. Bridges inspections procedures are deficient
12	Establish systematic cyclic	Far North	Lack of these systems appears more likely in
	inspections and repairs	Gisborne	AOs that have under-resourced asset
	procedures for structures	Gore	management or that have less satisfactory
	P	Hauraki	management
		Papakura	
		Selwyn	
		South Wairarapa	
13	Include retaining walls and	Auckland	Recommendations seeking this were a
	guardrails into structural	Far North	consequence of a lack of awareness on the
	inspections procedures	Hauraki	part of asset managers.
		Hurunui	
		Kaikoura	
		Kapiti Coast	
		Manukau	
		Queenstown-Lakes	
		Rangitikei	
		South Taranaki	
		Southland	
		Stratford	
		Whanganui	
14	Improve roadside drainage	Auckland	Gulf Islands displayed water-related faults
			and poor control of side culverts and
			driveways.
		Central Hawkes Bay	Increase frequency of cyclic maintenance.
		Far North	Insufficient work has been leading to storm
			damage problems.
		Horowhenua	Standard achieved should be consistent and
			satisfactory.
		Marlborough	Review policies to safeguard outfalls.
		Southland	Stormwater drainage at rural townships.
		Tasman	Shoulders and drainage maintenance has
			been insufficient.
15	Review safety management,	Gore	Raise a low standard of provision of traffic
	including adequacy of budget		services.
		Kaipara	General lack of awareness including of
		Rangitikei	temporary traffic management, safety
			auditing of projects, RISA audit, safety
			management system.
		Selwyn	Respond to poor conspicuity of rural
			intersections.
		Whakatane	Delineation and safety of traffic at structures
			needs more attention.
16	Upgrade rural delineation to	Ashburton	Brought about by lack of awareness and
	RIS 5 and/or traffic signs	Central Hawkes Bay	"tossilised" funding allocations.
		Horowhenua	
		Hurunui	

		Kaniti Coast	
		Masterton	
		Pangitikoj	
		South Taranaki	
		Waitakara	
		Waitawa	
		Waltomo	
		weilington	
		wnakatane	
17	Improve control of use of road	Central Hawkes Bay	Manage corridor with awareness of problems
	verges and/or of work on		arising from dairy farming.
	roads, all by others	Rangitikei	Educate public on need to control use of
			verges by Council.
		Ruapehu	Require rebuilt fences to be as close to true
			boundary as practicable.
		Southland	Close fencing of carriageways and grazing of
		Tararua	verges need better control.
		Waitaki	This links to Council's permissive attitudes
			referred to at items 5, 6, 10 above.
		Waitomo	Fences too close to the carriageway and
			gated roads reflect old, permissive attitudes.
18	Improve carriageway geometric	Gisborne	Seal extensions are not always built to
	design standards		council's standards for width.
		Rodney	Rural design cross-section provides minimal
			shoulders, which adversely affects pavement
			life from lack of side support under wheel
			paths.
19	Improve the quality of data in	Gisborne,	The usual situation is that council is paying
	the RAMM database (significant	Horowhenua, Kapiti	to maintain its RAMM system and database,
	issues)	Coast, Manukau,	but either the data is inadequately
		Marlborough,	maintained, or is under-used by asset
		Napier, Nelson,	managers and others. Deficiencies in the
		North Shore,	database include that:
		Otorohanga,	Quality checks are not carried out,
		Papakura, QLDC,	Default values of projected surfacing life
		South Wairarapa,	have not been changed in light of
		Tararua, Wairoa,	experience,
		Waitaki, Wellington,	Resurfacing data is added spasmodically or
		Western BoP,	incompletely,
		Whangarei	Maintenance cost data is not entered.
20	Improve the quality of data in	Central Hawkes Bay,	Usual defects in the databases of these
	the RAMM database (minor	Franklin, Grey, Hutt,	include:
	issues)	Kawerau,	Data not field validated,
		Mackenzie, Opotiki,	Default values of projected surfacing life
		Rangitikei, South	have not been changed in light of
		Taranaki, Tasman,	experience,
		Taupo, Tauranga,	Minor errors not corrected.
		Timaru, Upper Hutt,	
		Waitakere, Waipa	

Issues Identified by Investment Monitoring Group: a Consensus View

Table 5 is a grouped summary of points identified by NZTA procedural auditors and technical reviewers working within Investment Monitoring Group. No judgement has been made on the points listed except to group them according to the major group of issues and to distinguish between individual primary and secondary points.

		Issue Identified by NZTA	
	Grouping of Issues	Auditors	Contributing Reasons and Explanation
1	NZTA policy and	NZTA does not define target	There are no accepted norms and there
	practice.	levels of service objectives.	is a lack of consistency in practice.
			What are the values and costs of various
			mechanisms of management?
		On-costs: NZTA %ages are	What are the values and costs of various
		arbitrary, what are the real costs?	mechanisms of management?
		Regions are weak on pavements	
		and structures management	
		knowledge.	
		There is insufficient feedback	These points lead to a reduced two-way
		between the rest of NZTA (NO and	flow of information, increasing the risks
		Regions) and Investment	to NZTA of sub-optimal investment.
		Monitoring Group.	
		Technical auditors are not getting	
2	1.1	out in the field enough.	
2	industry-wide issues.	Succession planning for the	Need for people with best ability and
		industry as a whole.	knowledge;
		Stable ergenications with staff	Need for people with relevant
		who have long experience in the	theoretical:
		position or area usually produce	Imponding loss of canable and
		better results	experienced people
		better results.	
		Consultants still produce designs	e g low traffic volumes low speed
		that do not reflect local	environments, affordability.
		circumstances	entrionnents, anoradonity.
		Pressures on budgets, with	What are realistic target costs?
		maintenance being squeezed.	When analysing we traditionally have
		Prioritisation in spending on road	considered \$/Km, what does c/VKT tell
		maintenance and projects;	us when benchmarking?
			What relationships can be seen,

Table 5: Issues Identified During Interviews with NZTA Auditors:

			including with HNO? How does this reflect risks to safety and \$? What changes are there in safety achievements? Innovations come from financial constraints. Not a reason to drive funding down!
		Contractor practice/quality. Do these issues arise from contractors playing the risk game or are specifications unnecessarily demanding?	New seals not rolled sufficiently combined with insufficient traffic control results in chips outside wheelpaths not being rolled in. Sealing outside temperature ranges specified. Omission of tack coat under asphaltic concrete. Poor quality seal repairs in advance of overlays with fallback to heavier rehabilitation
		Design work to fit actual needs.	e.g. Gore DC; rehabilitate loaded lane only and reseal whole width; Forest industry haul roads: reseal worn wheelpaths only.
3	AO policies and their influences on practice or achievements.	Asset manager function separated from operations, having no authority, and a lack of accountability back from operations. Insufficient resources to be a smart buyer.	Too many single practitioner asset managers working in isolation unsupported by organisation or structures.
		Pricing driving down quality of work.	Contractors cut corners, reflecting their tight pricing. Price-quality contracts can be an answer that is little used in local government.
		Distractions: urban/rural issues, political intrusions.	
		Asset management plans need teeth: opportunities not being realised because of arbitrary cuts at times of Council annual budget setting.	Councils not committed to life cycle management of assets: still think in terms of annual budget changes instead of LTCCP. Slash and burn attitudes at rates setting time.
		Councils obtaining assets for aesthetic or other reasons that	e.g.: CBD streetscapes; subdivisions designed to sell; streetlighting.

		have higher whole of life costs.	
		Scope for savings and better quality from shared contracts not being picked up	e.g. shared resealing contracts; combined LA network/SH network management
		The use of multiple small contracts for maintenance is likely to drive high professional services costs.	Council policies may be driven by a desire to ensure viability of smaller contracting firms and hence to be at a variance from the objectives of NZTA.
		Linking contract areas to Ward boundaries, with increased overheads costs for multiple smaller contracts.	See item above.
		Alliance contracting is squeezing out consultants.	Influences include pressure on costs and dissatisfaction at some consultants' performance.
4	AO administrative practice.	Ability to be a smart buyer of services, gearing expenditure to needs and circumstances. getting optimal programme or projects. Tolerance of poor data [in RAMM] leading to poor decision-making. Lack of monitoring which is likely to lead to unmanaged decline in levels of service, or to excessive standards. Procurement choices and models can influence outcomes for good	The critical relationship for the best outcome is the relationship between AO and maintenance contractor.
		or for ill. Where alliance contracts are in place, capital works are being negotiated into the alliance contract: should this be encouraged or not? Hutt CC has been using external auditors to audit contracts, superposed over normal supervisory procedures as a control on quality.	Short term savings may be achieved; how well is quality managed?

		Central Otago DC has an office based data analysis system that has proven effective in controlling the maintenance of unsealed pavements.	
		Planning documents are not aligned with each other or with what is being done.	
		Bridges ages vs remaining service lives; lack of follow up on repairs recommendations from inspections.	
		Need for better communications with utilities.	Reinstatement standards, Record-keeping of who did what when, Programmes not being shared, partly for reasons of commercial competition.
		Try to extend service lives further.	Too many RAMM databases still have default values that have never been updated in light of actual experience.
		Rehabilitation projects that do not achieve intended lives.	Poor geometric design with narrow formations, absence of shoulders, steep batters. Completed and sealed too late in year. Poor ride quality on completed work.
		Bringing professional services supply back in-house	because of sense of ownership issues, consultants' attitudes, policies.
		Entrenched thinking, "We've always done it this way"	
		Expenditure driven by old "spend it or lose it" attitudes.	Relates to overs and unders at the ends of 3-year NLTP planning periods.
5	RAMM issues.	Smart buying of RAMM services: what is spent, gained, used?	Is RAMM appreciated or valued? How do expectations match what is sought from and delivered by suppliers? Service agreements need to spell this out.
			Consultants lack an understanding of clients' needs.

			RAMM data quality as a symptom of
			underlying issues:
			Insufficient time to think,
			Insufficient time to understand
			network,
			Resourcing issues.
		Do councils analyse and use the	
		data preserved in RAMM?	Risk and cost inter-related, different
			levels of expectations.
			Or do they see it as a reporting tool for
			NZTA only?
6	Road safety issues.	Lack of priority, attention given to	Lack of recognition of provisions and
		traffic services.	their effects on road users.
		Safety issues appear to be set	Reflects pressure on budgets.
		aside/ignored/under-valued	
		increasingly.	
		Changes driven by HNO can be	
		for safety reasons with lower	
		regard to cost, affordability.	

Findings of Theme Audits

Ten theme audit reports completed since 2004 were reviewed for findings or recommendations pertinent to this survey. Of these, five had some content relevant to this present survey:

	Thoma Audit	Issue Identified by NZTA	Contributing Possons and Explanation
1	Flood Damage in 2004 (2005)	Need to minimise effects of major flood damage repairs on routine maintenance for the rest of the network.	Better achieved by some AOs than by others. Manawatu region AOs faced with major damage co-ordinated their responses and specified that restoration work use specifically imported resources to avoid disrupting normal maintenance of unaffected areas.
2	Emergency Reinstatement (2011)	Preventive Maintenance is not being used to forestall Flood Damage.	Inconsistent practice between authorities allied to evidence of poor drainage maintenance and a low uptake of Preventive Maintenance funding.

Table 6: Issu	ues Identifi	ed from The	me Audits:

3	Guardrails & Terminals (2006)	A general lack of specialist expertise.	An ongoing training need identified at engineer and workforce levels. Industry training is available but wasn't being availed of. Supervisors' lack of knowledge was leading to construction errors and, in one authority, building installations that were dangerous.
		Cyclic inspections not identifying defects and deficiencies for remedial work.	43% of defects identified were easily fixable under routine maintenance. Half of these were critical to the effectiveness of the installation.
		Available funding in Minor Works allocations too constrained.	Pressure on available funds is making this worse.
4	Street Lighting (2007)	Energy tariff structures may be a disincentive to improve energy efficiency.	In 2007 a third of AOs were paying for energy on an annual lump sum basis.
		Network companies reluctant to enter into agreements for the	This can lead to excessive delays in fixing cable faults and hence outages.
		repair of cable faults.	
		Some AOs have significant stocks of obsolete luminaires.	20% of luminaires were mercury vapour or fluorescent
		Inventories are not as complete or as well verified as for pavements.	
5	Pavement Management	Procedural errors and gaming to	These has been detected during normal
	(2009)	rehabilitation work over base rate.	necessarily widespread.

Rob. Merrifield,

Contractor.