

# NETWORK OUTCOMES CONTRACT

---

Creating Transport  
Solutions for a Thriving  
New Zealand

## Draft Value Management Proposition for NOC 2018

Guide to the KRA Performance Framework

Version 0.1



NZ TRANSPORT AGENCY  
WAKA KOTAHI



New Zealand Government

# Document Control

| VERSION NO. | AMENDMENT NO. | DESCRIPTION                              | DATE | UPDATED BY                    | EFFECTIVE DATE |
|-------------|---------------|--|------|-------------------------------|----------------|
| 1           | 0.1           | NOC Draft 1 Value Management Proposition | 2018 | Penny Marriott & Liane Powell |                |

# Contents

|          |  |           |
|----------|--|-----------|
| <b>1</b> | <b>About this Guideline</b> .....                          | <b>4</b>  |
| <b>2</b> | <b>Overview of the Framework</b> .....                     | <b>7</b>  |
| <b>3</b> | <b>Implementation and Reporting of the Framework</b> ..... | <b>13</b> |
| 3.1      | Report Types.....  | 13        |
| 3.2      | Evaluation of Reported Performance.....                    | 15        |
| 3.3      | Timing of KRA Periods.....                                 | 16        |
| <b>4</b> | <b>KRA Structure</b> .....                                 | <b>17</b> |
| <b>5</b> | <b>Scoring Approach</b> .....                              | <b>20</b> |
| 5.1      | Sources of Measurement Data.....                           | 20        |
| 5.2      | Calculating Individual Annual KRA Levels.....              | 20        |
| 5.3      | Calculating Overall Annual Performance Result.....         | 21        |
| 5.4      | Business Rules for Performance Achieved.....               | 22        |
| 5.5      | Performance framework pre-requisite.....                   | 22        |
| <b>6</b> | <b>Individual KPI Details</b> .....                        | <b>25</b> |
|          | KRA 1: Safety.....   | 25        |
|          | KRA 2: Customer.....                                       | 30        |
|          | KRA 3: Sustainability.....                                 | 38        |
|          | KRA 4: Assurance and Value.....                            | 45        |
|          | KRA 5: Network Performance.....                            | 48        |
|          | KRA 6: Health of the Relationship.....                     | 55        |
|          | <b>Appendices</b> .....                                    | <b>57</b> |
|          | Appendix 1: Reporting Template.....                        | 57        |
|          | Appendix 2: Scoring Template.....                          | 59        |

# 1 About this Guideline

This section of the guideline describes this document and how to use it.

## Purpose

New Zealand Transport Agency (NZTA) has developed this guideline document. It supports the framework for assessing Contractors' performance against the key performance indicators (KPIs) in Network Outcome Contracts (NOC) for maintaining the New Zealand network. Using the framework described in this document, all the parties to these Contracts can measure Contractors' performance consistently and accurately.

## Audience

This guideline is mainly intended for:

- Contractors who hold a NOC, when reporting against the KRA Framework
- Network managers and NZTA Maintenance Contract Managers, when evaluating performance against key result areas (KRAs)
- Members of all other groups involved in assessing and endorsing KRAs.

## How to use this guideline

The early sections of this document give an overview of the framework for assessing performance. Users should refresh their understanding of the information in these sections, as needed, at each KRA period and annual assessment. In particular, Contractors should study this information carefully in advance of the start of a new Contract, and whenever it is updated.

The later sections provide the practical tools and specific details needed when completing each assessment.

Note: This guideline is designed to stand alone, i.e. it should be the only document that users need, to complete submissions. However, the NOC document always has legal precedence, and may prove useful to refer to.

## Terms used

In general, this guideline uses the same terms as the NOC, with the same meaning, such as 'Contractor', 'Principal' and 'Network'.

In addition, the following table explains some further terms and the most common abbreviations in this guideline.

**Important:** These descriptions are provided only for helpful context when using the information in this document. See the NOC for definitions that hold contractual force.

| THE TERM...              | MEANS...  |
|--------------------------|---|
| Assessment year          | The period from 1 July to 30 June of the following year, over which a Contractor's performance under the NOC is measured and ranked.  |
| CB                       | Contract Board, made up of representatives from both the Principal and the Contractor.  |
| CMT                      | Contract Management Team, made up of representatives from both the Principal and the Contractor.  |
| Key and Safety OPMs      | These can be defined as those that have a weighting greater than 1.   |
| KPI                      | Key performance indicator, each of which is an element of a specific KRA.   |
| KPI score                | The performance ranking measured for a KPI over a KRA period.   |
| KRA                      | Key result area.  |
| KRA level                | The performance ranking measured for a KRA, calculated annually   |
| KRA period               | The quarterly period at the end of which the Contractor's performance is measured against KRAs.   |
| MCM                      | Maintenance Contract Manager, a representative of the Principal.  |
| MCOS                     | Minimum condition of satisfaction – performance ranking of Level 2.   |
| Mitigating circumstances | In the consideration of KRAs, mitigating circumstances must relate to the cause of non-delivery (as opposed to a description of the materiality of the effect, or the way in which it has been ameliorated). Focus on the root cause of non-delivery will best support continuous improvement outcomes.<br>eg Under Network Delivery, an acceptable mitigating circumstance might be a change on the programme arising due to events that qualify as emergency works under category 141 |
| NZTA                     | The New Zealand Transport Agency.   |
| OPM                      | Operational performance measure, a separate (but relevant) measurement framework.   |
| Overall annual result    | The performance ranking measured for an assessment year, calculated from the scores for the KRA levels achieved.  |
| Planned events           | An activity that is programmed to occur, for example: <ul style="list-style-type: none"> <li>• Contractor's renewal work or planned maintenance</li> <li>• A third party's activities.</li> </ul>   |
| PPT                      | Planning & Performance Team, made up of NZTA representatives.   |
| Road user                | A key 'customer', a user of the network (e.g. someone who travels on a state highway).  |

| THE TERM...      | MEANS...   |
|------------------|--|
| Unplanned events | Any incident on the network for which no programme has been agreed. (See section 5.3.5 and 6.6.1 of the NOC Maintenance Specification for examples.) |

DRAFT

## 2 Overview of the Framework

The NOC performance framework creates an analytical basis for decision making and helps focus attention on what matters most.

It is intended to be an ongoing systematic approach to improving results through continuous learning and providing a focus on accountability for performance and evidence based decision making,

Better information provides the ability to understand stakeholder and customer concerns, recognise success, identify problem areas, and respond with appropriate actions. All the while learning from the experience to continuously improve to deliver better services to our customers.

The NOC performance framework:

- Provides visibility and transparency of performance to the NZ Transport Agency, the contractor and the industry, based on a reliable and consistent source of information held centrally within NZTA
- Defines the outcomes and contract standards that will be used to measure the Contractor's success in delivering the desired levels of service. Evidence-based results will be used for the calculation of the level of achievement of KRA and KPI results and contract outcomes. As noted in the contract, this will present the Contractor with opportunities for contract tenure extension and financial reward and gain through additional work. In addition, areas of high performance will be acknowledged and rewarded through additional innovation opportunities or safety work that links to the safety strategy. Performance measurement provides the context for any areas of poor performance to be addressed.
- Implements a repeatable approach, across a national one-network road transport system, to assist in providing transparent and consistent benchmarking. The intent is to bring all the performance, quality and customer-satisfaction information together, enabling the Principal to identify and understand the effectiveness of its processes, standards and Network performance.
- Drives a consistent approach, through national standards of operational performance measures and key performance indicators.

The key performance indicators

- require objective evidence of progress towards achieving the result
- have a balance between lead and lag indicators, where the lead indicators drive the benefits reflected in the lag measures
- inform better decision making
- track efficiency, effectiveness and quality,

- align to the Agency strategy and the government policy statement
- assess the performance of the NOC

The outcomes expected from the performance framework:

- Enhance the Principal's ability to focus on areas requiring improved customer service, safety, quality, Network availability, reliability, innovation and working relationships.
- Establish transparency and alignment between the Principal and Contractor, with the emphasis on continuous improvement,
- Form a tool for greater understanding, benchmarking and performance comparison between contract areas and contractors with particular attention given to the activities that lead to improvements.
- The performance metrics will be collated through the Agency centralised tool. This will assure the timeliness and accuracy of the data provided by the Supplier, thus achieving a high degree of data quality

## Managing Performance Quality

In cases where data is provided by the Contractor (due to the information not being held centrally), the Principal evaluates the details to ensure outcomes are applied fairly and consistently to all NOCs.

The Principal publishes an annual national report that compares how well each Contractor has achieved the various performance measures for each Contract.

## Composition

The performance framework will support alignment to the GPS. Whilst the goals of the framework may seem aspirational for some KPI's, the intent is to develop objective measures that will drive continuous improvement. Progress towards achieving the goals of the contract will be transparent and visible in the following Key Result Areas:

- 1 Safety
- 2 Customer
- 3 Sustainability
- 4 Value and Assurance
- 5 Network Performance
- 6 Health of the Relationship.

Note: For KRA 6, Health of the Relationship, the Principal assesses the effectiveness of the culture between the contract partners, in working together to deliver the contract outcomes. However, this is not currently scored, nor measured.

Note: To provide an appropriate level of focus on improvement through the framework, there will be KPIs that are scored and measured and those that will just be measured. The KPIs which are scored may be changed by the Agency Performance team to align to the strategic direction or specific improvement areas the Agency would like a focus on.

The KPIs which are only measured, provide information to the NOC board and the CMT for decision-making and visibility of wider performance.

In addition there will be pre-requisite performance criteria in terms of eligibility for any applicable KRA reward for each quarter. This means that the basic expectations of the Principal must be met, in order for the Contractor's performance to be rewarded.

DRAFT

## Applying the Annual Performance Assessment Result

The annual performance result determines what maximum contract entitlement the Contractor is due<sup>1</sup>, as the following table shows.

Table 1: Performance Result and Rewards

| RESULT |                                   | DESCRIPTION OF PERFORMANCE  | OUTCOME(S)   |
|--------|-----------------------------------|---|--|
| 1      | Poor                              | Performance shows significant failures, and there are serious gaps in service delivery.   | Loss of Tenure   |
| 2      | Minimum Condition of Satisfaction | The Contractor is performing to an adequate standard, improvement is required.  | *Additional tenure   |
| 3      | Best Practice                     | The results reflect consistent performance achievement, underpinned by constructive behaviours that enhance the relationship and deliver innovative solutions for both parties.   | <ul style="list-style-type: none"> <li>• 50% of KRA Financial Reward*</li> <li>• Additional tenure</li> </ul>  |
| 4      | Outstanding                       | The Contractor is exceeding the Principal's expectations for performance, and has consistently delivered outstanding results. The Contractor's performance has been seen as exceptional in the views of the CMT, Board and PPT. | <ul style="list-style-type: none"> <li>• 100% of KRA Financial Reward*</li> <li>• Additional tenure</li> </ul> |

\*Where one or more pre-requisite criteria is not met in one quarter, then the applicable reward will be capped at 75%. If pre-requisites are not met in multiple quarters, the effect will accumulate.

The table below maps out the outcomes:

| PERFORMANCE OUTCOME               | NUMBER OF QUARTERS IN WHICH PRE-REQUISITES ARE MET | OUTCOME (REWARDS)          |
|-----------------------------------|--|----------------------------|
| Poor                              | 0-4  | Loss of Tenure             |
| Minimum Condition of Satisfaction | 0  | No additional tenure       |
|                                   | 1  | 3 months additional tenure |
|                                   | 2  | 6 months additional tenure |
|                                   | 3  | 9 months additional tenure |

<sup>1</sup> within the limitations specified in the Conditions of Contract (Part B clause 10.8 Contract Period and Adjustments)

| PERFORMANCE OUTCOME | NUMBER OF QUARTERS IN WHICH PRE-REQUISITES ARE MET | OUTCOME (REWARDS)   |
|---------------------|--|---|
|                     | 4  | 12 months additional tenure   |
| Best Practice       | 0  | Ineligible for KRA Financial reward and any applicable tenure reward  |
|                     | 1  | <ul style="list-style-type: none"> <li>• KRA Financial reward of 12.5%</li> <li>• 3 months additional tenure</li> </ul> |
|                     | 2  | <ul style="list-style-type: none"> <li>• KRA Financial reward of 25%</li> <li>• 6 months additional tenure</li> </ul>   |
|                     | 3  | <ul style="list-style-type: none"> <li>• KRA Financial reward of 37.5%</li> <li>• 9 months additional tenure</li> </ul> |
|                     | 4  | <ul style="list-style-type: none"> <li>• KRA Financial reward of 50%</li> <li>• 12 months additional tenure</li> </ul>  |
| Outstanding         | 0  | Ineligible for KRA Financial reward and any applicable tenure reward  |
|                     | 1  | <ul style="list-style-type: none"> <li>• KRA Financial reward of 25%</li> <li>• 3 months additional tenure</li> </ul>   |
|                     | 2  | <ul style="list-style-type: none"> <li>• KRA Financial reward of 50%</li> <li>• 6 months additional tenure</li> </ul>   |
|                     | 3  | <ul style="list-style-type: none"> <li>• KRA Financial reward of 75%</li> <li>• 9 months additional tenure</li> </ul>   |
|                     | 4  | <ul style="list-style-type: none"> <li>• KRA Financial reward of 100%</li> <li>• 12 months additional tenure</li> </ul> |

### Adjustments for Part Years

Each Contract has a different start and end date. These may not match the quarterly reporting cycles or the annual assessment cycle. When assessing the outcomes granted for the annual result in the first or last year of a Contract, financial rewards are based on the number of calendar months the NOC was active during the KRA assessment year. Tenure outcomes do not apply in the first year (or part-year) of reporting.

Note: The ability to earn financial rewards from commencement of reporting is dependent on satisfying the performance criteria defined in this framework, such as commencing the contract with all the required Contract Management plans approved.

**Example:** A Contract starts on 1 October 2020. The Contractor submits their first quarterly KRA performance report by the applicable deadline for Period 2, ending December 2020, and continues to participate in the KRA assessment year ending June 2021. The financial impact is proportional to the time the Contract has been running. In

this case, the Contract has run for nine months of the KRA assessment year, so the rewards are adjusted by 9/12. If this Contractor's annual result made them eligible for a financial reward of \$100,000, this would be adjusted to \$75,000. Additional tenure would not be awarded.

DRAFT

## 3 Implementation and Reporting of the Framework

### Reporting commencement

To achieve the objectives of this framework (see Section 2 'Overview of the Framework'), before the start of each NOC the Contractor must establish systems and processes, to manage their performance in each area covered by the NOC.

As soon as a new Contract starts, they need to commence KRA performance reporting. Their first assessment will be at the end of the same KRA period in which the Contract commenced.

Implementation of the framework must be completed for all the requirements set out in this framework, noting that measures will continue to be developed collaboratively to better drive desired outcomes, which will be implemented and integrated into this framework for continuous improvement.

### Outputs

The Contractor has set up systems and processes that:

- Provide the evidence needed to support their KRA performance reports
- Comply with their quality plan
- Are robust enough that the Principal or an independent assessor can evaluate them.

### 3.1 REPORT TYPES

The Contractor needs to compile a number of performance reports during the KRA assessment year. Within each report type, the Contractor provides the relevant information to enable the assessment of their KRA performance at the required intervals.

#### 3.1.1 Monthly Contract Report

The Contractor compiles a monthly report<sup>2</sup> that includes a range of lead indicators of performance. The CMT tracks this information on an ongoing basis so that, if needed, they can work with the Contractor to improve performance before the end of the KRA period.

---

<sup>2</sup> The requirements for this report are detailed in section 3.8.4 of the NOC.

### 3.1.2 Quarterly Contract Board Report

The Principal provides Contractors with templates to use for each quarterly report, to:

1. Provide evidence of that all pre-requisite performance criteria have been met in the KRA assessment period
2. Measure lead indicators, providing visibility of any course correction required
3. Signal any mitigating circumstances that may apply in the context of annual results.

The Contractor, with input from the CMT, compiles the required information for their Contract Board (CB) at the end of each quarterly KRA period.

The Contractor can include additional information in their CB report, on any mitigating circumstances<sup>3</sup> that have constrained the Contractor's performance level or rationale for the results. However, the reported measures must still be based on the requirements of the KRA Framework, even if the Contractor provides such additional information.

The CB will consider the report and provide feedback about the rationale and areas for improvement, and agree mitigating circumstances where appropriate, before endorsing the report.

Once any changes required by the CB have been made, and the CMT and CB have endorsed this report, the Performance Team collates the information along with the centrally sourced KPI data.

Quarterly reports are not scored.

### 3.1.3 Annual Performance Report

At the end of each annual performance cycle (i.e. in July each year), the Contractor compiles their Annual Contract Performance Report. This report includes the annual summary of the evidence of pre-requisite performance criteria and KPI measures by period, and any associated rationale, including:

- Supporting evidence that the Contractor has collected for each measure
- Details of any mitigating circumstances endorsed unanimously by the CB
- Data supplied by the Principal year to date

The Annual Performance Report requires consultation with the CMT and endorsement from the CB in exactly the same way as the quarterly Contract Board Report.

---

<sup>3</sup> A description of mitigating circumstances can be seen in the table of terms used (page 6).

## 3.2 EVALUATION OF REPORTED PERFORMANCE

In preparation for evaluation workshops, the Planning & Performance Team (PPT) consider collective reports from all Contractors. If needed, and feasible within the timeframe, the PPT provide feedback to the Contractor and MCM about issues with supporting information, e.g. request more details.

After each KRA period ends, an NZTA evaluation team, consisting of representatives from the Planning & Performance team, Senior Network Managers and Maintenance Contract Managers, considers the collective reports. The group validates each Contractor's KRA eligibility in terms of pre-requisite performance criteria, within the context of the framework's intent, and compared with all Contractors.

At the end of the KRA assessment year, in addition to assessing eligibility, the group evaluates the KRAs, and recommends the final scores for approval in line with Agency delegations.

### How Evaluation is Conducted

The evaluation activity focuses on checking for consistency between:

- How the framework is assessing the Contractor's KRA performance levels
- The supporting evidence each Contractor is providing in their reports
- Understanding any learnings and how these can be shared.

The Principal also retains the right to moderate any score, level or result, if it is aware of issues that are not reflected in the Contractor's supporting information – for example, if a Contractor was involved in a major network event reported over national media, but that event was not included in any KPI score.

### 3.3 TIMING OF KRA PERIODS

Contractor’s performance is reported after the end of each quarterly KRA period, in alignment with the Principal’s financial year (beginning on July 1<sup>st</sup> and ending on June 30<sup>th</sup> each year).

| KRA PERIOD | START DATE  | END DATE       | KRA SUBMISSIONS DUE      |
|------------|-------------|----------------|--------------------------|
| Period 1   | July 1st    | September 30th | October 31 <sup>st</sup> |
| Period 2   | October 1st | December 31st  | January 31 <sup>st</sup> |
| Period 3   | January 1st | March 30th     | April 30 <sup>th</sup>   |
| Period 4   | April 1st   | June 30th      | July 31 <sup>st</sup>    |

Note: These KRA periods are consistent and unchanging, across all Contractors and assessment years, even if they do not match with (for example) the Contractor’s financial year dates or the date the Contract began.

DRAFT

## 4 KRA Structure

### Weighting of Key Result Areas

Each of the scored KPIs has equal weight for determining the overall annual performance level and, from that, determining tenure and financial reward. This may change for the scored KPIs if the Principal determines that particular business priorities need a higher level of focus, e.g. because strategic goals have moved. Crucial performance requirements are pre-requisite to being eligible for KRA reward, as detailed within this Framework guideline.

Table 2: KRA Weighting

| KRA/KPI               | WEIGHTING | DESIRED BEHAVIOUR   |
|-----------------------|-----------|---|
| 1 Safety              | 1         | <p>Safety is of paramount importance on the journey to zero harm.</p> <p>Activities under NOCs:</p> <ul style="list-style-type: none"> <li>Show commitment to health and safety outcomes and there are no workplace fatalities or unsafe work sites.</li> <li>Contractors contribute to safer journeys through safe roads, speeds and vehicles, and safe road use.</li> </ul>   |
| 2 Customer            | 1         | <ul style="list-style-type: none"> <li>Customers have timely and accurate information that lets them make informed choices.</li> <li>Contractors schedule their work to cause minimal disruption for road users and consider road users' needs for access.</li> <li>Contractors always respond to customers' requests and their expectations.</li> </ul>  |
| 3 Sustainability      | 1         | <ul style="list-style-type: none"> <li>Contractors adopt good practice and act in a responsible manner, which contributes to a transport system that adds positively to New Zealand's economic, social and environmental welfare.</li> <li>Contractors deliver on promises made during tendering, and these add value to the network.</li> </ul>  |
| 4 Assurance and Value | 1         | <ul style="list-style-type: none"> <li>Accurate network information and knowledge underpin quality outcomes, with minimal rework</li> <li>Contractors make sound investment recommendations and decisions, based on reliable, robust and proven evidence.</li> <li>Contractors contribute to maintaining a sustainable and engaged contracting market.</li> <li>Data is in NZTA central tools on time</li> <li>Effective Contract Management Plans are in place.</li> </ul> |
| 5 Network Performance | 1         | <ul style="list-style-type: none"> <li>Deliver robust 1, 2 and 3 year programmes of work</li> <li>Contractors know network condition and deeply understand customer experience</li> <li>OPM levels are consistently achieved</li> </ul>   |

| KRA/KPI                      | WEIGHTING | DESIRED BEHAVIOUR   |
|------------------------------|-----------|---|
| 6 Health of the Relationship | 0         | The working relationship between the Principal and Contractors: <ul style="list-style-type: none"> <li>Fosters open and honest dialogue and feedback</li> <li>Involves Sub-Contractors and recognises their value.</li> </ul> |
| <b>TOTAL</b>                 | <b>5</b>  |   |

### Special Approach for KRA 6: Health of the Relationship

The Principal surveys the health of the relationship with the Contractor every six months, and annually with key Sub-Contractors. The surveys involve staff from the:

- Principal
- Contractor
- Any Sub-Contractors.

This survey measures the Contract’s culture, i.e. how well the parties are working together. This guideline describes the KPIs used to measure performance in the relevant areas; however:

- The assessments are not expressed as scores
- This KRA is excluded from the calculations to determine the overall performance level.

The Contract Management Team discuss the results with the Contract Board. The survey results are used to support continuous improvement and behavioural change that delivers successful Contract outcomes.

## KRA Framework Hierarchy

The table below shows the titles and structure of the KPIs and KRAs within the framework with the current focus from the Agency.

This does not preclude changing what will be measured and scored as priorities emerge and improvement areas are required. The vision for the future is to score every KPI. The journey to achieve meaningful scoring starts with measurement, and once we understand what is an appropriate performance baseline, implementing appropriate scoring will follow.

| KRA PERFORMANCE MANAGEMENT |                            |       |                                   |   |          |        |
|----------------------------|----------------------------|-------|-----------------------------------|---|----------|--------|
| KRA 1                      | SAFETY                     |       |                                   |   | MEASURED | SCORED |
|                            |                            | 1.1.1 | TOTAL REPORTABLE INJURY FREQUENCY | Y | N        |        |
|                            |                            | 1.2.1 | DSI TREND & SAFETY STRATEGY       | Y | Y        |        |
| KRA 2                      | CUSTOMER                   |       |                                   |   |          |        |
|                            |                            | 2.1.1 | JOURNEY TIMES AND PLANNED EVENTS  | Y | N        |        |
|                            |                            | 2.1.2 | CUSTOMER RESPONSE                 | Y | Y        |        |
| KRA 3                      | SUSTAINABILITY             |       |                                   |   |          |        |
|                            |                            | 3.1.1 | ENVIRONMENTAL TRIANGLE            | Y | Y        |        |
|                            |                            | 3.2.1 | DELIVERY OF PLEDGES               | Y | N        |        |
| KRA 4                      | ASSURANCE AND VALUE        |       |                                   |   |          |        |
|                            |                            | 4.1.1 | FINANCIAL PERFORMANCE             | Y | N        |        |
|                            |                            | 4.2.1 | QUALITY/REWORK                    | Y | N        |        |
| KRA 5                      | NETWORK PERFORMANCE        |       |                                   |   |          |        |
|                            |                            | 5.1.1 | OVERALL OPM SCORE                 | Y | N        |        |
|                            |                            | 5.2.1 | NETWORK DELIVERY                  | Y | Y        |        |
|                            |                            | 5.3.1 | NETWORK CONDITION                 | Y | N        |        |
| KRA 6                      | HEALTH OF THE RELATIONSHIP |       |                                   |   |          |        |

## 5 Scoring Approach

### 5.1 SOURCES OF MEASUREMENT DATA

Each KRA is made up of a group of KPI measures. The assessed KRA level demonstrates the standard of performance that the Contractor has achieved in that specific area. The measures are evaluated against criteria such as:

- The Contractor’s own records
- Network data
- Road Asset Maintenance data
- Crash Analysis data
- Zero harm data
- Financial data
- Asset condition measures
- Customer responses
- Stakeholder survey results.

### 5.2 CALCULATING INDIVIDUAL ANNUAL KRA LEVELS

At each annual evaluation, each individual annual KRA level is assessed by averaging the individual KPI scores within that KRA. The resulting score corresponds to a performance level.

The measurement tables for all KPIs use the same approach to four performance levels as KRAs.

| SCORE | PERFORMANCE RANKING                      | DESCRIPTION   |
|-------|--|---|
| 1     | Poor                                     | Contractor has performed below the Principal’s standard.  |
| 2     | Minimum Condition of Satisfaction (MCOS) | Contractor’s performance has met the Principal’s standard.  |
| 3     | Best Practice                            | Contractor’s performance has exceeded the Principal’s standard.   |
| 4     | Outstanding                              | Contractor’s performance is among the leaders of those that exceed the Principal’s standard and the Contractor’s performance has been seen as exceptional in the views of the CMT, Board and PPT. |

## 5.3 CALCULATING OVERALL ANNUAL PERFORMANCE RESULT

Once the individual annual KRA performance levels are calculated, the overall annual performance level is assessed by averaging the **unrounded** individual annual KRA scores for KRAs 1 to 5 (only). The resulting score corresponds to a performance level.

The table below shows the four performance rankings, used for the annual performance result.

Table 3: Measure Scoring Table

| PERFORMANCE LEVEL |  | SCORE RANGE   |
|-------------------|--|---|
| 1                 | Poor                                     | 1 to less than 2 (<2)                               |
| 2                 | Minimum Condition of Satisfaction (MCOS) | 2 to less than 2.66 ( $\geq 2$ and $< 2.66$ )       |
| 3                 | Best Practice                            | 2.66 to less than 3.33 ( $\geq 2.66$ and $< 3.33$ ) |
| 4                 | Outstanding                              | 3.33 or more ( $\geq 3.33$ )                        |

The business rules in Section 5.4 'Business Rules for Performance achieved' are then applied.

The result is the overall annual performance result.

Note: The Scoring template calculates this result automatically. See Appendix 3 'Scoring Template' (page 59).

## 5.4 BUSINESS RULES FOR PERFORMANCE ACHIEVED

The following business rules apply when calculating the overall annual KRA result:

- 1 If the annual score for KPI 5.2.1 Network Delivery is Level 1 (Poor) then the overall performance ranking can be no higher than Level 2 (Minimum Condition of Satisfaction).
- 2 If this business rule does not apply, then the performance level calculated using Sections 5.2 and 5.3 applies.

The annual performance level determines the maximum Contract rewards that could be granted to the Contractor, as shown on Table 1: Performance Result and Rewards (see page 10). For the specific effects on Contract tenure, see the Conditions of Contract (Part B clause 10.8 Contract Period and Adjustments).

Eligibility criteria are then applied based on pre-requisite performance expectations, to assess the final Contract rewards if applicable.

## 5.5 PERFORMANCE FRAMEWORK PRE-REQUISITE

Over and above overall performance rankings, there will be a minimum standard before being eligible for any applicable KRA reward for each assessment period.

Eligibility is confirmed by the Contract Board in the first instance (see section 3.1.2 Quarterly Contract Board report), subject to evaluation by the Principal (see section 3.2 Evaluation of reported performance).

The eligibility requirements are described below:

### 5.5.1 Fatality in a work place or work site

Employee and citizen safety remains a focus, so any work place (or work site) fatality will result in ineligibility for any applicable KRA reward for the quarter in which the fatality occurred.

### 5.5.2 Dangerous work sites

There must be no occurrences of non-compliances against OPM 5 (An audit score classified as "Dangerous" on own work sites in previous month.) Any such non-

compliance will result in ineligibility for any applicable KRA reward for the quarter in which the non-compliance occurred.

### **5.5.3 Tender pledges**

Suppliers are expected to consistently meet pledges in their tendered submission. Failure to do so will result in ineligibility for any applicable KRA reward for the quarter in which the undelivered tendered submission was due.

### **5.5.4 Data in NZTA central tools on time**

Data will be held centrally in NZTA systems and delivered by the 7<sup>th</sup> working day of the month.

Late, undelivered or poor quality data will result in ineligibility for any applicable KRA reward for the quarter in which the failure took place, and subsequent quarters until the failure has been rectified to the Principal's satisfaction.

### **5.5.5 Contract Management Plans**

- MMP and QMP

The QMP and MMP are considered critical plans that underpin the NOC framework, and these along with the tender pledges are required to assist the Supplier as much as the principle.

These are expected to be updated, accurate and compliant. They will be audited, to show 'fit for purpose' and will need to achieve a minimum condition of compliance, as agreed by the Principal and verified in random audits.

- EPPP, H&SMP, TCP, E&SMP, C&SCMP (including iwi and cultural management)

The Contract Management Plans are expected to be updated, accurate and compliant as agreed with the Principal.

Failure to achieve the required condition of compliance will result in for any applicable KRA reward for the quarter in which the failure took place, and

subsequent quarters until the failure has been rectified to the Principal’s satisfaction.

### 5.5.6 Meeting OPM compliance

Suppliers are expected to achieve a level of OPM compliance that is acceptable to the Principal, based on the specified NOC contractual obligations, agreed by the Contractor.

Any breach of the upper financial penalty threshold during the quarter will result in ineligibility for any applicable KRA reward for the quarter in which the threshold was breached, and subsequent quarters until the level has been achieved to the Principipl’s satisfaction.

The following expectations (documented and defined elsewhere in the NOC) are summarized for context:

| EXPECTED COMPLIANCE LEVEL                    |  |
|--|--|
| Safety and Customer OPM non-compliances      | Required to be addressed as high priority  |
| Breach of the upper band penalty threshold   | <ul style="list-style-type: none"> <li>Ineligibility for KRA reward</li> <li>Applicable OPM financial penalty</li> </ul> |
| Breach of the lower band penalty threshold   | Applicable OPM financial penalty   |
| Continual quarterly breach of OPM thresholds | Overall tenure of the contract will be reviewed  |

## 6 Individual KPI Details

This section of the guideline provides the measures and scoring calculations for the specific KPIs within each KRA.

### KRA 1: SAFETY

#### Objectives

- Safety is of paramount importance on the journey to zero harm.
- Activities under NOCs show commitment to health and safety outcomes and there are no workplace fatalities or unsafe work sites.
- Contractors contribute to safer journeys through safe roads, speeds and vehicles, and safe road use.

#### KPIs in this KRA

| MEASURE                                      | MEASUREMENT APPROACH        |
|--|-----------------------------|
| 1.1.1 Total Recordable Injury Frequency Rate | Measure (and pre-requisite) |
| 1.1.2 DSI Trend and Safety Strategy          | Measure and score           |

## KPI Measure 1.1.1 Total Recordable Injury Frequency Rate

### Intent

Injury rates are below expected levels or reducing, showing that Contractors are committed to operating an injury-free 'zero harm' work environment for their workforce.

While this KPI is measured as part of the KRA framework, it is not scored (other than the Fatal injuries as part of the pre-requisite performance criteria).

### Definition

This KPI measures the lag indicators for Total Recordable Injury Frequency Rate (TRIFR), i.e. the rate of recordable injuries for each 1,000,000 work hours.

Recordable injuries include the following categories:

- Fatal injuries (**FI**)
- Notifiable injuries (**SH**)
- Lost time injury (**LTI**)
- Medical treatment injury (**MTI**)
- Employees on restricted work duties (**RWI**).

### Business rules

- Any Fatal injury occurring on a Supplier-managed site during the period will result in ineligibility for any applicable KRA reward for the quarter in which the fatality was confirmed (see section 5.5 Performance framework pre-requisite).
- The Contractor must:
  - Include information on injuries and work hours for any Sub-Contractors
  - Exclude injuries in the 'First Aid' category.
- The TRIFR must be based on the last 12 months of data, or part thereof if the Contract commenced within that 12 months.
- The Contractor must record all health and safety data in the NZTA Zero Harm online reporting tool.

### Process

The Contractor captures the data monthly on their internal health and safety reporting system and the Principal's online reporting tool. This information forms part of the Contractor's monthly report to the Principal.

### Data required

- Total work hours completed during the last 12 months
- Total recordable injuries for each category during the last 12 months

- TRIFR for the last 12 months.

### Calculation

The following formula is used to calculate the TRIFR for the KRA period. (The abbreviations refer to the injury categories listed above.)

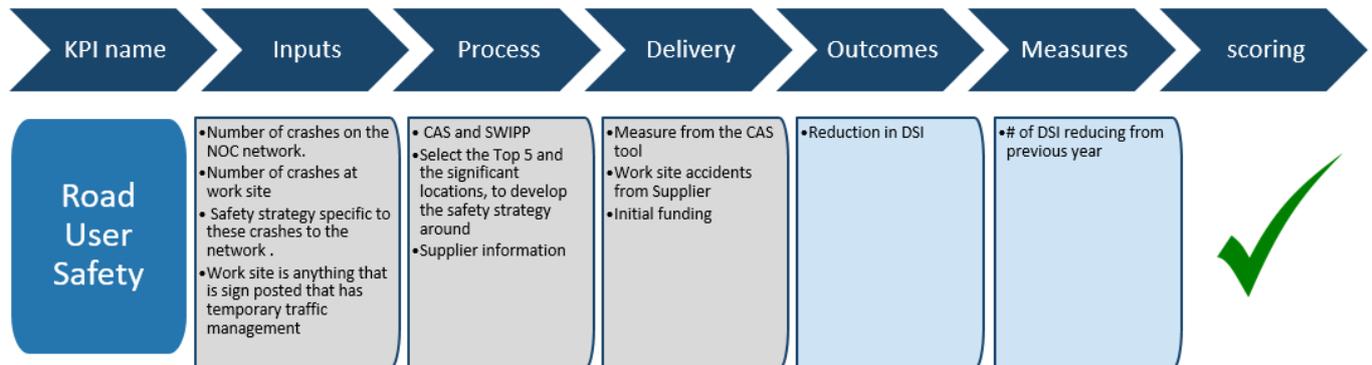
$$TRIFR = \frac{(FI+SH+LTI+MTI+RWI) \times 1,000,000}{\text{Total Hours Worked in last 12 months}}$$

### Guidance on indicative performance levels

| SCORE | MEASUREMENTS  |
|-------|---|
| 1     | TRIFR is more than 30 (>30).  |
| 2     | TRIFR is more than 25, but not more than 30 (>25 and ≤30).  |
| 3     | TRIFR is 25 or lower (≤25).   |
| 4     | Both of the following: <ul style="list-style-type: none"> <li>• TRIFR is 25 or lower (≤25)</li> <li>• TRIFR is either zero, or within the top 10% for all NOCs for the KRA period.</li> </ul> |

DRAFT

## KPI Measure 1.2.1 DSI Trend & Safety Strategy



### Intent

Number of deaths and serious injuries in crashes on the network are decreasing year on year, showing that Contractors understand the network's safety issues and that the activities they undertake, including improvements they identify and implement, result in a safer environment for road users.

This KPI is measured quarterly, and scored in annual KRA assessments.

### Definition

This KPI measures the lag indicators of deaths and serious injuries as an indicator of network safety, as well as the lead indicator of the Safety Strategy, which will provide the improvement focus to reduce DSI's.

### Business rules

- The total includes **all** crashes involving deaths and serious injuries for the NOC regions as reported in CAS. This data is not filtered.
- To satisfy this KPI, the Safety Strategy will:
  - Select the Top 5 safety issues and the significant locations
  - have been endorsed, by the Principal's Senior Safety Engineer.
- The DSI trend is based on the:
  - Total of the current CAS data of deaths and serious injuries for the 12 calendar months leading up to three months before the end of the financial year, compared to the total of the CAS data of deaths and serious injuries for the preceding 12 months regardless of when the Contract commenced.  
Note: By excluding the most recent three months' data, CAS is more likely to include all the relevant statistics.

## Data required

- Top 5 crash types for the NOC
- Evidence that the Safety Strategy relates to the top 5 crash types for the NOC
- 24 months of monthly DSIs (ending three months before the end of the financial year)
- Confirmation of status of Safety Strategy including delivery
- Number of accidents in a work site involving one or more members of the public and a summary of the findings of any relevant investigation completed by the Principal.

## Measure score

| SCORE | DESCRIPTION  | MEASUREMENTS   |
|-------|--|--|
| 1     | No safety strategy is developed  | Safety Strategy is not fully developed or does not meet the business rules requirements.   |
| 2     | Safety Strategy developed and delivery in progress                               | <ul style="list-style-type: none"> <li>• Safety Strategy is developed and meets the business rules requirements, but delivery is not on track to the satisfaction of the Senior Safety Engineer and MCM.</li> <li>• To score 2 or above, there must have been no instances where a member of the public has crashed within a work site, where the findings have confirmed the Contractor was responsible.</li> </ul> |
| 3     | Safety Strategy developed and delivery is on track                               | <ul style="list-style-type: none"> <li>• Safety Strategy is developed and meets the business rules requirements</li> <li>• Delivery of the safety strategy is on track or ahead of schedule to the satisfaction of the Senior Safety Engineer and MCM</li> </ul>   |
| 4     | Safety Strategy is developed and delivery is on track and DSI trend is improving | <p>Both of the following:</p> <ul style="list-style-type: none"> <li>• Safety Strategy is fully developed and meets the business rules requirements</li> <li>• Delivery of the safety strategy is on track or ahead of schedule to the satisfaction of the Senior Safety Engineer and MCM</li> <li>• The 12 month total number of DSIs has decreased compared to the previous 12 month total.</li> </ul>             |

## KRA 2: CUSTOMER

### Objective

- Customers have timely and accurate information that lets them make informed choices.
- Contractors schedule their work to cause minimal disruption for road users and consider road users' needs for access.
- Contractors always respond to customers' requests and their expectations.

### KPIs in this KRA

| MEASURE                                | MEASUREMENT APPROACH |
|--|----------------------|
| 2.1.1 Journey times and planned events | Measure only         |
| 2.1.2 Customer response                | Score                |

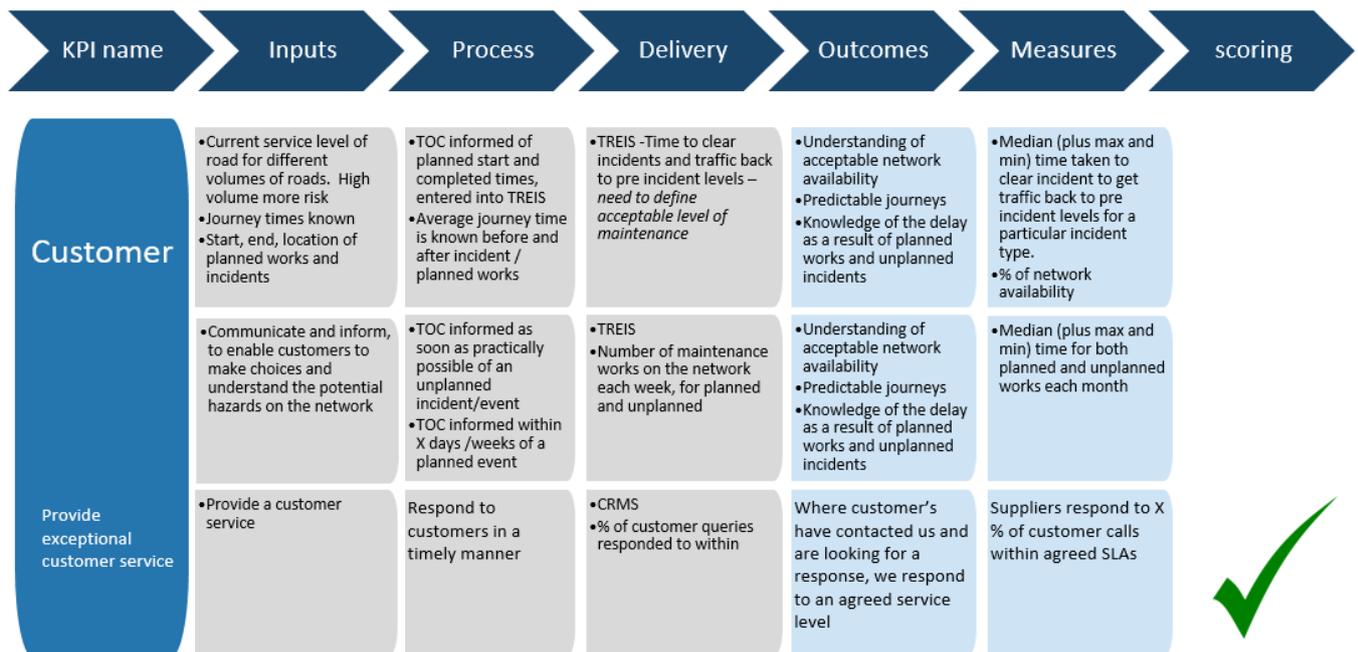
DRAFT

## KPI Measure 2.1.1 Journey times and planned events

# KPI: Customer

The key customer outcomes as defined with CDD, SDD and CEB are:

- to minimise disruption
- to communicate and inform our customers, allowing them to make choices,
- to have predictable a journey as possible
- Keep customers moving and Suppliers to work together across corridors.



### Intent

Predictable journeys are important to our customers. Contractors understand how planned events will effect network availability, and take appropriate action to limit the resulting impacts on customer journeys. In addition to considering traffic flow, this also includes actively managing customer expectations and ensuring speed management in worksites is intuitive and makes customers feel safe.

While this KPI is measured by the Contractor as part of the KRA framework, it is not scored (other than dangerous work sites as part of the pre-requisite performance criteria).

### Definition

This KPI measures the effectiveness of the Contractor's action in limiting disruption to traffic flow, in terms of the proportion of planned events where the actual disruption is greater than predicted, as well as any relevant customer feedback.

For measuring this KPI, a “planned event” includes:

- Any event that requires a traffic management plan (TMP), such as renewals
- Contractor’s works
- Third party works
- Other public events that might impact network availability, eg a sports event within the network area that does not require a TMP.

For measuring this KPI, “disruption” refers to any delay to traffic flow at all that has arisen directly from the planned event.

## Business Rules

- There must be no occurrences of non-compliances against OPM 5 (An audit score classified as “Dangerous” on own work sites in previous month). Any such non-compliance will result in ineligibility for any applicable KRA reward for the quarter in which the non-compliance occurred (see section 5.5 Performance framework prerequisite).
- The Contractor must have a system in place to capture:
  - The total number of all planned events
  - The predicted and actual disruption of each event, including when the prediction is for no disruption. For events requiring a TMP, the predicted disruption should have been agreed by the Principal in advance of the planned event.
  - Negative media coverage and customer feedback relating to communication, worksite management or any disruption associated with a planned event
  - Lessons learned.
- Events that occur at the same site over a number of days should be treated as a single event.
- The Contractor is expected to audit a sample of events, selected randomly from the list of planned events expected to cause disruption.
- The sample size must be at least 10% of the total pool. If this yields a sample size of fewer than 10 events, the sample size must be increased to a minimum of 10 events (or the total pool of events).
- It should be noted that the NOC supplier must assess planned vs actual disruption at all events including those that are beyond the control of the NOC supplier. Predicting and limiting disruption is a strategic priority.
- If any event was predicted not to disrupt traffic flow, but did cause a disruption, this event must also be audited, in addition to the random sampling.

- Where the Contractor has implemented advanced tools for assessing journey times, they can apply to the performance team to customise an approach by mutual agreement.
- As tools become available to enable greater visibility of disruption to network availability, worksite speed management and customer journeys, the supplier and Principal will work together to implement an enhanced KPI, including scoring if appropriate.

## Process

The Contractor records all planned events and their predicted disruption to traffic flow **when these are identified.**

In each KRA period assessment, the Contractor:

- Extracts data on the actual disruption for each planned event
- Self-audits to compare this data to their predicted disruption
- Considers the effectiveness of mitigations implemented (including stakeholder engagement)
- Considers any evidence in terms of speed management
- Identifies any lessons learned.

## Data Required

- Number of all planned events during the period, regardless of whether any disruption was predicted for them
- Number of events audited
- Percentage of total audited events where actual disruption was greater than predicted
- Community and stakeholder parties engaged with, including examples
- Brief description of any negative media coverage or customer feedback about communication, worksite management or any disruption associated with a planned event during the KRA period
- Summary of lessons learned in terms of effectiveness of action taken to limit negative impacts on customer journeys
- Number of occurrences of non-compliances against OPM 5 (An audit score classified as "Dangerous" on own work sites in previous month.).

## Guidance on indicative performance levels

| SCORE | MEASUREMENTS  |
|-------|---|
| 1     | <p>Either of the following:</p> <ul style="list-style-type: none"> <li>Planned events were not audited.</li> <li>Contractor has not engaged with stakeholders or the community during the KRA period</li> <li>Audits show that more than 20% of planned events caused greater actual disruption than predicted.</li> </ul>  |
| 2     | <p>All of the following:</p> <ul style="list-style-type: none"> <li>Audits show that more than 10% but not more than 20%, of planned events caused greater actual disruption than predicted (&gt;10% and ≤20%)</li> <li>Contractor has engaged with relevant stakeholders and communities about planned events</li> <li>No negative media coverage reported about communication, worksite management or any disruption associated with a planned event during the KRA period, as a result of the Contractor's related action or inaction.</li> </ul>  |
| 3     | <p>All of the following:</p> <ul style="list-style-type: none"> <li>Audits show that more than 5% but not more than 10% of planned events caused greater actual disruption than predicted (&gt;5% and ≤10%)</li> <li>Contractor has engaged with relevant stakeholders and communities about planned events</li> <li>No negative media coverage reported about communication, worksite management or any disruption associated with a planned event during the KRA period, as a result of the Contractor's related action or inaction.</li> </ul>   |
| 4     | <p>All of the following:</p> <ul style="list-style-type: none"> <li>Audits show that 5% or less of planned events caused greater actual disruption than predicted.</li> <li>Contractor has engaged with relevant stakeholders and communities about planned events</li> <li>Contractor has demonstrated a continuous improvement approach in managing planned events.</li> <li>No negative media coverage reported</li> <li>No justifiable negative customer feedback received about communication, worksite management or any disruption associated with a planned event during the KRA period, as a result of the Contractor's related action or inaction.</li> </ul> |

## KPI Measure 2.1.2 Customer Response

### Intent

- Contractors give customers a timely, professional and useful response to all queries, complaints and correspondence.
- Survey results show that road users are satisfied with the services, provided by the Contractor, that they have used when travelling.

This KPI is measured quarterly, and scored in annual KRA assessments.

### Definition

This KPI measures the responsiveness of the Contractor to the customer queries, complaints and correspondence received during the KRA period.

This KPI also measures the levels of road users' satisfaction with the aspects of the network covered by the Contractor's NOC. The Principal conducts a quarterly survey of customers' experiences with the New Zealand state highway network, including:

- Their opinion of the travel experience
- The details of their journey
- Any disruptions they encountered
- Their travel time.

### Business Rules

- Contractors must record each customer query, complaint or correspondence in CRMS as soon as possible after they receive it, and in sufficient detail to demonstrate compliance with this requirement.
- Contractors must record in CRMS when they respond to each customer query, complaint or correspondence.
- Sundays and public holidays are excluded from the calculation of response times, in alignment with the NOC.
- Contractors can only record a query, complaint or correspondence as closed when they have responded directly about its substantive content. It is not enough to simply acknowledge its receipt.
- If the response does not resolve the customer's issue, the Contractor must inform the customer of the reason for this.
- The data is extracted at the end of the KRA period and assessed by the Performance Team. Note: Scoring is applied at year end.
- Contractors must complete callback surveys for a sample of customer contacts received during the KRA period.

- A callback is not completed until the customer has responded to the questions and the results have been recorded correctly in CRMS.
- The sample size must be at least 10% of the total customer contacts received during the period. If this yields a sample size of fewer than 10 events, the sample size must be increased to a minimum of 10 events (or the total pool of events). Exception: If the Contractor has pledged in their tendered submission to a specific number or proportion of customer contacts, the pledged number of surveys apply.
- The NOC customer satisfaction score is based on the NOC related questions of the NZTA customer survey.
- The Principal identifies and advises the top performers once the data is available.

### Process

- The Contractor updates CRMS with details of customer interactions as they are received.
- At the end of the KRA period, the Performance Team extracts customer interaction data from CRMS, to measure the service levels (and in the final KRA period, the KPI score).
- The NZTA survey is conducted quarterly, and the results are mapped to the relevant Contractor, according to the respondents' post codes. Each KRA period, the Principal's Planning & Performance Team extracts the data from the Customer Survey Portal.

### Data Required

1. CRMS data on customer complaints and interactions assigned to the Contractor, including:
  - Number of complaints that were responded to:
    - Within two days
    - Outside two days
  - Number of other interactions that were responded to:
    - Within ten days
    - Outside ten days
  - Total number of customer interactions
  - Number of customer interactions resolved
  - Number of callback surveys completed
2. NZTA customer survey result for the relevant quarter

## Calculation

Sum the following points to find the Contractor's total **response score** for all customer contacts received during the KRA period:

| DETERMINE IF...  | BY CALCULATING...   | AND IF SO, ADD... |
|--|---|-------------------|
| <b>complaint response service level of 95% has been met</b>  | complaint response service level = $\frac{\text{no. complaint responses within 2 days}}{\text{total no. complaints}} \times 100$    | 1 point.          |
| <b>interaction response service level of 95% has been met</b>  | interaction response service level = $\frac{\text{no. interaction responses within 10 days}}{\text{total interactions}} \times 100$ | 1 point.          |
| <b>resolution service level of 95% has been met</b>  | resolution service level = $\frac{\text{no. interactions resolved}}{\text{total interactions}} \times 100$                          | 1 point.          |
| Contractor completed callback surveys for the required sample of closed customer interactions in this KRA period |   | 1 point.          |

## Measure score

| SCORE | DEFINITION   | MEASUREMENTS  |
|-------|--|---|
| 1     | Contractor's has failed more than one of the service level requirements                                    | Total response score is 0, 1 or 2 points.   |
| 2     | Contractor's has failed one of the service level requirements  | Total response score is 3 points.   |
| 3     | Contractor's responses in this period have been consistently timely and professional.                      | Total response score is 4 points.   |
| 4     | Contractor's responses in this period have been consistently timely and customer satisfaction is improving | Both of the following: <ul style="list-style-type: none"> <li>Total response score is 4 points</li> <li>NZTA Customer survey results show customer satisfaction has improved compared to the previous financial year</li> </ul> |

## KRA 3: SUSTAINABILITY

### Objectives

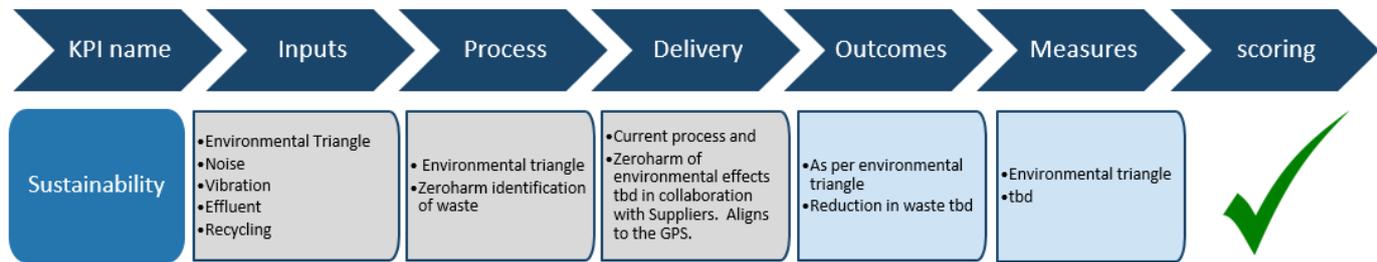
- Contractors adopt good practice and act in a responsible manner, which contributes to a transport system that adds positively to New Zealand’s economic, social and environmental welfare.
- Contractors deliver on promises made during tendering, and these add value to the network.

### KPIs in this KRA

| MEASURE                            | MEASUREMENT APPROACH        |
|------------------------------------|-----------------------------|
| 3.1.1-3.1.6 Environmental Triangle | Score                       |
| 3.2.1 Delivery of Tender Pledges   | Measure (and pre-requisite) |

DRAFT

## KPI Measures 3.1.1 to 3.1.6 Environmental Triangle



### Intent

The Contractor demonstrates commitment to environmental and social responsibility throughout their activities under the NOC.

This KPI is measured quarterly, and scored in annual KRA assessments.

### Definition

This group of KPIs measures environmental sustainability through the parties’:

- Impact of works
- Ability to meet commitments
- Actions taken to improve how they work.

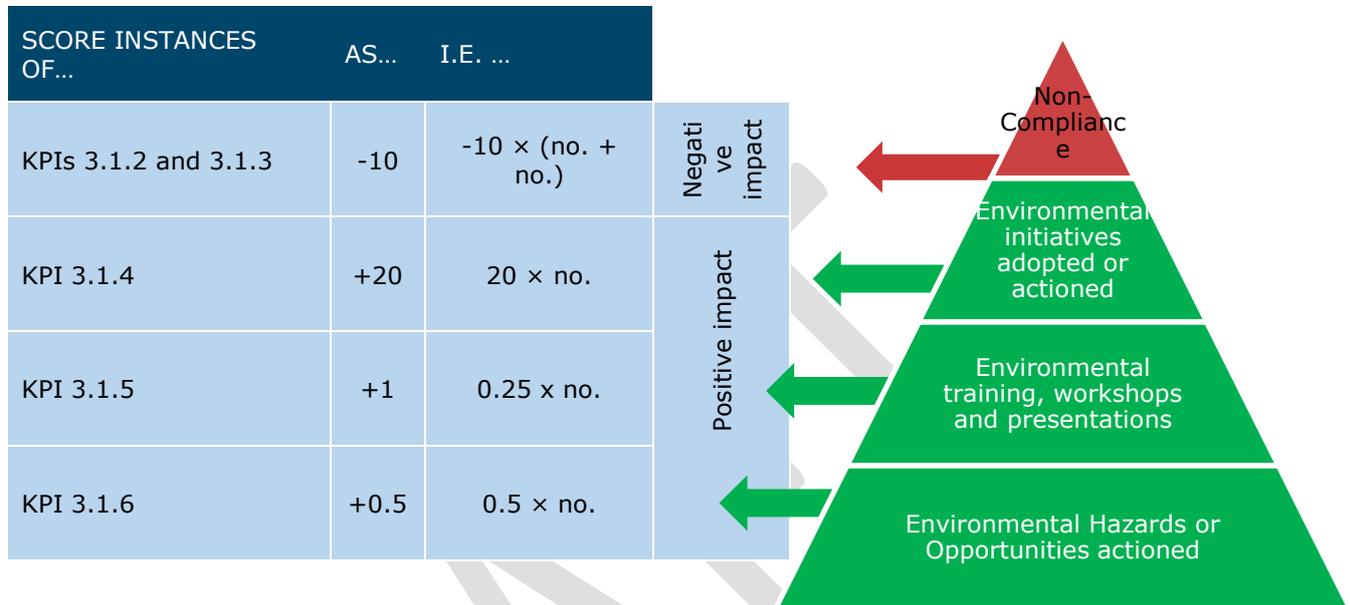
The environmental triangle formula combines measures of several indicators to give an aggregated KPI score.

### Business rules

- Contractors must maintain a system for capturing information to support the measurement of each indicator within this KPI
- Where the Contractor has one or more abatement notices or enforcement orders relevant to the NOC during the financial year, the score will be restricted to a ‘1’
- For KPI 3.1.5, the Contractor may only count an individual attending the identical course more than once as one attendance. An ‘individual’ is a person who is an employee or Sub-Contracted person, who undertakes work related to the NOC.

## Indicator weightings

The following diagram and table show the relative weightings of each type of event whose environmental impact these KPIs measure.



See the KPI descriptions below for details on measuring and scoring each element, and the calculation after those, for details on finding the aggregated total score.

### Measure 3.1.1 Enforcement Action

This KPI element counts the number of enforcement orders (under section 314) and abatement notices (under section 322) of the Resource Management Act 1991 that are relevant to the NOC area.

#### Process

For each KRA period assessment, the Contractor captures and totals the number of enforcement orders and abatement notices issued under the above legislation.

#### Impact

Where the Contractor has one or more abatement notices or enforcement orders relevant to the NOC during the financial year, the KPI score will be restricted to a '1'.

#### Data Required

Number of orders and notices issued during the KRA period

### Measure 3.1.2 Regulatory Non-Compliance

This KPI element counts the number of regulatory monitoring non-compliances issued against the Contractor. (It excludes regulators' minor non-compliances.)

#### Process

For each KRA period assessment, the Contractor captures and totals the number of non-compliances issued against them.

#### Impact

-10 points per non-compliance issued

#### Data Required

Number of non-compliances issued during the KRA period

### Measure 3.1.3 CS-VUE Non-Compliance

This KPI element counts the number of non-compliances in NZTA's CS-VUE system.

#### Process

Within five (5) days of the end of each KRA period, the Contractor extracts a snapshot of the 'compliance status bar graph' from the dashboard tab of CS-VUE for the contract area.

#### Impact

-10 points per CS-VUE non-compliance recorded

#### Data Required

Number of non-compliances recorded during the KRA period

### Measure 3.1.4 Environmental Initiatives

This KPI measures how many environmental initiatives the Contractor has adopted or actioned within the KRA period that:

- Meet the Principal's environmental plan objectives
- Are over and above meeting legal compliance.

#### Process

Whenever an initiative is put forward, the Contractor prepares a summary detailing it using the prescribed template. The Environment and Urban Design Team assesses the initiative and advises the Contractor whether the initiative has been agreed and can be included in the KPI scoring.

### Impact

+20 points per initiative assessed and agreed by the Principal

### Data Required

Number of initiatives agreed

## Measure 3.1.5 Environmental Training, Workshops and Presentations

This KPI element counts the number of attendances at formal environmental related training workshops and presentations the Contractor has held. (This does not include toolbox or tailgate activities.)

### Process

For each KRA assessment period, the Contractor captures from their own relevant systems the number of individual trainees attending relevant courses workshops and presentations.

### Impact

+0.25 point per individual attendance

### Data Required

Number of courses in the KRA period and number of attending individuals

## Measure 3.1.6 Environmental Hazards or Opportunities

This KPI element counts the number of environmental near misses and opportunities the Contractor has reported.

### Process

The Contractor maintains an ongoing register of all environmental near misses and opportunities identified, recording for each one the:

- Number of staff who reported it
- Names of each staff member who reported it
- Type of near miss or opportunity reported.

### Impact

+ 0.5 points per near miss or opportunity reported during the period, multiplied by the number of discrete individuals that reported it

### Data Required

Number of reports of near misses or opportunities identified

## Calculation of Aggregated Score

The table below shows how the value for each individual KPI is calculated to find the aggregated environmental triangle score for the annual KRA assessment. (Note: to estimate quarterly performance, the thresholds in the Measure Score table should be divided by 4.)

| MEASURE                                    | CALCULATION               |
|--|---------------------------|
| 3.1.2 Regulatory Non-Compliance            | No. of instances × -10    |
| 3.1.3 CS VUE Non-Compliance                | No. of instances × -10    |
| 3.1.4 Environmental Initiatives            | No. of instances × 20     |
| 3.1.5 Training Workshops and Presentations | No. of attendances × 0.25 |
| 3.1.6 Near misses or Opportunities         | No. of reports × 0.5      |
| Aggregated environmental triangle score    | Sum of the above scores   |

## Measure Score

| SCORE | MEASUREMENTS  |
|-------|---|
| 1     | Aggregated environmental triangle score is less than zero (<0)<br>OR<br>The Contractor has had one or more abatement notices or enforcement orders relevant to the NOC during the year. |
| 2     | Aggregated environmental triangle score is between zero and ten (≥0 and ≤30)  |
| 3     | Aggregated environmental triangle score is more than 30, but not more than 60 (>30 and <60)   |
| 4     | Aggregated environmental triangle score is 60 or more (≥60)   |

## KPI Measure 3.2.1 Delivery of Tender Pledges

### Intent

Contractors are consistent and timely in meeting the pledges in their tendered submission.

While this KPI is measured as part of the KRA framework, it is not scored. The assessment is only to confirm Supplier obligations have been delivered as part of the pre-requisite performance criteria.

### Definition

This KPI assesses how well the Contractor is meeting their responsibilities to deliver on the schedule agreed with the Principal of the network performance pledges in their tendered submission. They are expected to deliver at least:

- All the pledges agreed to in their NOC
- Any other pledges agreed to that they identify during the term of the NOC.

### Business Rules

- The Contractor must deliver on all pledges they have made in their tendered submission. If they cannot deliver or must delay delivery, they must provide evidence of mitigating circumstances<sup>4</sup> agreed unanimously by the Board.
- Where any tender pledge has not been delivered, the Contractor will be ineligible to participate in the KRA assessment period in which the undelivered tender pledge was due (see section 5.5 Performance framework pre-requisite).

### Process

At the start of the Contract, the Principal and Contractor agree a schedule of the pledges made by the Contractor in their tendered submission, including the specific planned actions and when they will be delivered. Alterations to the schedule must be agreed by the CMT and the Contract Board. In reporting for each KRA period, the Contractor demonstrates that they have delivered as scheduled.

### Data Required

- Number of tender pledges due during the KRA period
- Number of tender pledges due that were delivered
- Number of tender pledges due, and not delivered but mitigating circumstances were unanimously agreed by the Board
- Details of any mitigating circumstances recognised by the Board

---

<sup>4</sup> A description of mitigating circumstances can be seen in the table of terms used (page 6).

## KRA 4: ASSURANCE AND VALUE

### Objectives

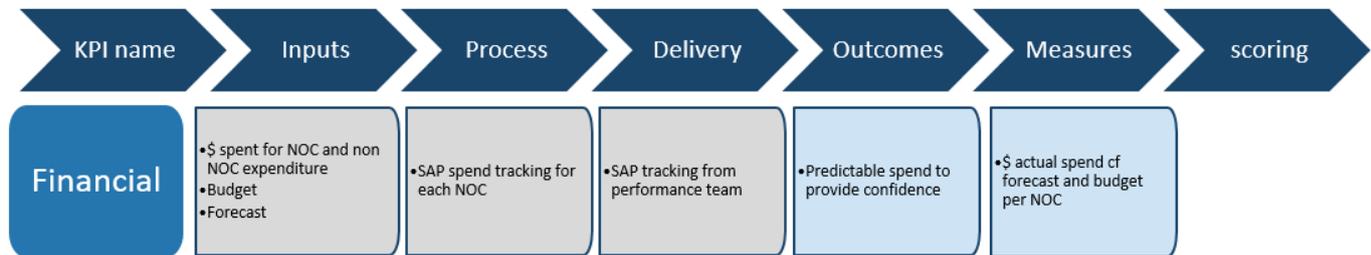
- Accurate network information and knowledge underpin quality outcomes.
- Contractors make sound investment recommendations and decisions, based on reliable, robust and proven evidence.
- Contractors contribute to maintaining a sustainable and engaged contracting market.
- Data is in NZTA central tools on time.
- Effective Contract Management Plans are in place.

### KPIs in this KRA

| MEASURE                     | MEASUREMENT APPROACH |
|-----------------------------|----------------------|
| 4.1.1 Financial performance | Measure only         |
| 4.2.1 Quality/rework        | TBC                  |

DRAFT

### KPI 4.3.1 Financial performance (WIP)



#### Intent

The Government expects the Transport Agency to manage within its approved GPS funding envelope. We are expected to plan our cashflow appropriately across each financial year, to ensure we attain the best value for money and right outcomes across our network.

To facilitate this we expect:

- Contractors to accurately plan and forecast their expenditure
- Contractors to monitor and report on subcontractor spend, to ensure that this aligns to levels pledged at tender

This KPI is measured as part of the KRA framework, but not scored at this time.

#### Business Rules

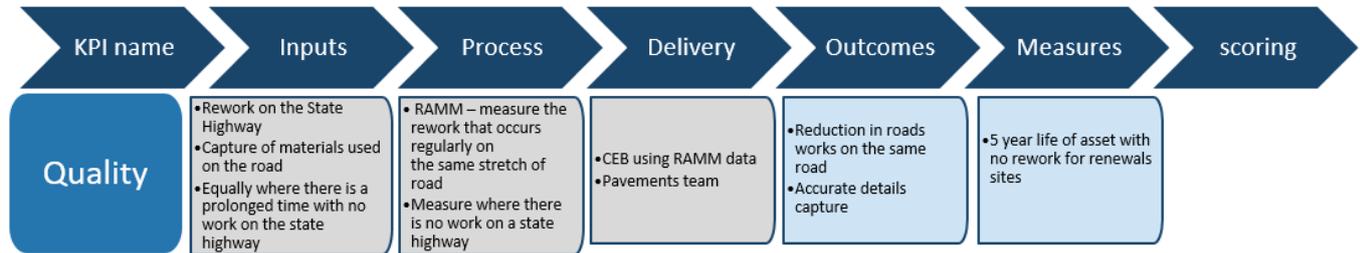
- The Contractor should calculate the individual and overall Sub-Contractor spend and percentages for this KPI in all periods.

#### Data required

- **Planned** spend\*, **forecast** spend and **actual** expenditure, sourced from NOC project in SAP/Agency's financial reporting system.
- Year-to-date pledged and actual **overall** Sub-Contractor spend (expressed as values and percentages)
- Year-to-date pledged and actual **individual** Sub-Contractor spend (expressed as values and percentages)

\*(detailing cyclical maintenance, non-routine maintenance, agreed renewals and SCRIM)

### KPI 4.4.1 Quality/rework



- To be developed collaboratively
- The Agency intends to measure quality using rework from the RAMM database.
- Measurement will continue, with scoring implemented once baseline performance is understood

DRAFT

## KRA 5: NETWORK PERFORMANCE

### Objectives

- Deliver robust 1, 2 and 3 year programmes of work
- Contractors know network condition and deeply understand customer experience
- OPM levels are consistently achieved

### KPIs in this KRA

| MEASURE                 | MEASUREMENT APPROACH        |
|-------------------------|-----------------------------|
| 5.1.1 Overall OPM Score | Measure (and pre-requisite) |
| 5.2.1 Network Delivery  | Score                       |
| 5.3.1 Network Condition | Measure only                |

DRAFT

## KPI Measure 5.1.1 Overall OPM Score

### Intent

Contractors understand all the relevant aspects of their network, so they consistently manage the operational levels of service within acceptable parameters, avoiding any penalties.

While this KPI is measured as part of the KRA framework, it is not scored (other than upper financial penalty thresholds as part of the pre-requisite performance criteria).

### Definition

This KPI measures the Contractor's achievement in delivering the Operational Performance Measures (OPM)<sup>5</sup> for the NOC during the KRA reporting period.

### Business Rules

- The Contractor is responsible for maintaining a system to capture and report their OPM results.
- Any full penalty threshold breach will result in ineligibility to participate in the KRA assessment period in which the breach took place (see section 5.5 Performance framework pre-requisite).
- The measurement for this KPI must include the most recent 12 months of OPM data reported.

### Process

The Contractor collates and analyses the monthly OPM performance evaluations for the KRA period.

---

<sup>5</sup> The requirements for evaluating and analysing OPM results are covered in Section 2.3.4, and Table 2.3.2 OPM Monthly Evaluation Weightings, of the NOC Maintenance Specification.

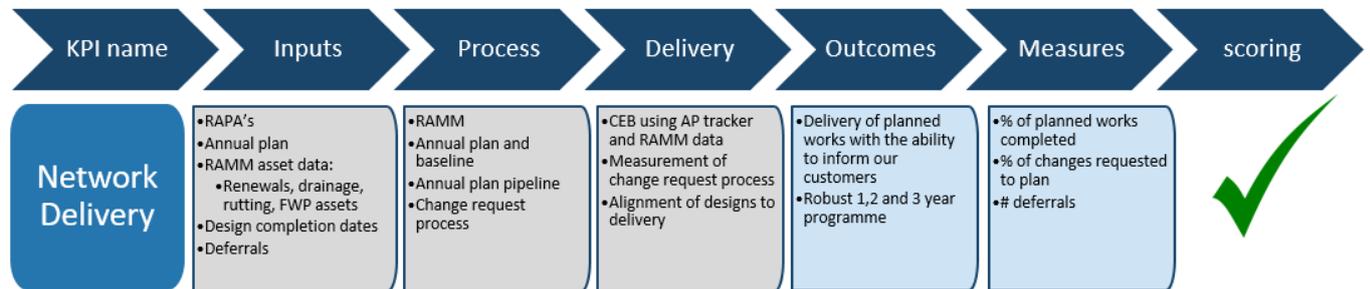
## Data Required

- Number of occasions where the monthly OPM score exceeded the **lower** non-compliance limit in:
  - This KRA period
  - The last 12 months
- Number of occasions where the monthly OPM score exceeded the **upper** non-compliance limit in this KRA period
- Number of non-compliances with Key and Safety OPMs in this KRA period
- Total value of financial penalties incurred during the KRA period
- Outputs from OPM reporting for last 12 months, where applicable.

## Guidance on indicative performance levels

| SCORE | MEASUREMENTS   |
|-------|--|
| 1     | In this KRA period, either: <ul style="list-style-type: none"> <li>• Two or more monthly OPM scores have exceeded the lower non-compliance limit</li> <li>• One or more monthly OPM scores have exceeded the upper non-compliance limit.</li> </ul>  |
| 2     | One monthly OPM score exceeded the lower but not the upper non-compliance limit within this KRA period   |
| 3     | No monthly OPM score has exceeded the lower non-compliance limit in this KRA period.   |
| 4     | All of the following: <ul style="list-style-type: none"> <li>• Contractor has had no non-compliances within Key and Safety OPMs within this KRA period.</li> <li>• No monthly OPM score has exceeded the lower non-compliance limit in the last 12 months.</li> <li>• Contractor's OPM score shows a steady or improving trend over the past 12 months.</li> </ul> |

## KPI Measure 5.2.1 Network Delivery (WIP)



### Intent

- The Contractor delivers a robust 3 year rolling forward works programme for asset renewals
- The renewals work physically delivered and recorded in RAMM matches the Annual Plan.
- This KPI is tracked throughout the year, and scored in annual KRA assessments.

This KPI will measure the contractor's performance during the development and delivery of asset renewals programmes considering in order of priority:

- Completion of Scrim programmes
- Substantial completion of asset renewal programmes
- Robust 3-year forward work programmes (FWP) for pavements, surfacing and drainage assets with minimal changes to treatment sites.
- Good 3-year FWP for all other asset renewals resulting in some changes to treatment sites.

### Business Rules

- The Contractor must supply evidence of a ten year Forward Works Programme.
- Assessment of this KPI is based on the NZTA RAMM database and programmes held on the achievement tracker. (I.e. the central view of delivery of programme, even if this differs from the Contractor's records)
- Any unapproved work reported on the Achievement tracker as at the end of the financial year will restrict the rating that can be achieved for this KPI to MCOS.
- All the designs for the upcoming construction year must be delivered within the timeframe required by the Principal.
- Deferral and advance of asset renewals as a direct result of an event that qualify as emergency works under category 141 are excluded from the assessment.

- Programme changes in years 2 & 3 resulting from capital projects are excluded from the assessment.
- Definition of delivery of a pavement site means start and end locations are within 30 metres of the programmed start and end location
- Definition of delivery of other asset renewals means start and end locations are within 5 metres of the programmed start and end location

## Process

tbc

## Data Required

- Asset renewal programmes
- Updated RAMM asset and maintenance tables
- Achievements reported centrally
- Register of changes of the FWP from year to year.

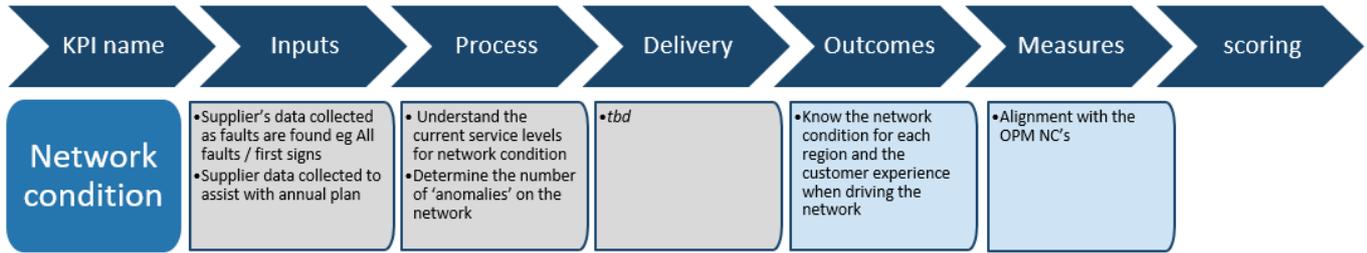
DRAFT

## Measure Score Table

| SCORE | MEASUREMENTS   |
|-------|--|
| 1     | <ul style="list-style-type: none"> <li>• The Contractor has delivered less than 90% of the baseline programme</li> <li>OR</li> <li>• The Contractor has not delivered 100% of the programmed SCRIM sites</li> <li>OR</li> <li>• The Contractor hasn't delivered a 3 year FWP for asset renewals</li> </ul>   |
| 2     | <ul style="list-style-type: none"> <li>• The Contractor has delivered at least 90% of the baseline programme and</li> <li>• The Contractor has delivered 100% of the programmed SCRIM sites and</li> <li>• The Contractor has delivered a 3 year FWP for asset renewals</li> </ul>   |
| 3     | <ul style="list-style-type: none"> <li>• Requirements for Level 2 are met and:                             <ul style="list-style-type: none"> <li>○ The Contractor has delivered 100% of the baseline programme</li> <li>○ Our programme for pavement, surfacing and drainage renewals this year (Y1) has changed no more than a% compared to how we planned it last year (Y0)</li> <li>○ Our programme for pavement, surfacing and drainage renewals in next year (Y2) has changed no more than b% compared to how we planned it last year (Y0)</li> <li>○ Our programme for pavement, surfacing and drainage renewals in 2 years time (Y3) has changed no more than c% compared to how we planned it last year (Y0)</li> </ul> </li> </ul> |
| 4     | <ul style="list-style-type: none"> <li>• Requirements for Level 3 are met and:                             <ul style="list-style-type: none"> <li>○ Our programme for all other asset renewals this year (Y1) has changed no more than x% compared to how we planned it last year (Y0)</li> <li>○ Our programme for all other asset renewals in next year (Y2) has changed no more than y% compared to how we planned it last year (Y0)</li> <li>○ Our programme for all other asset renewals in 2 years time (Y3) has changed no more than z% compared to how we planned it last year (Y0)</li> </ul> </li> </ul>   |

NB: Percentages to be determined following modelling to understand baseline performance of FWP stability and accuracy.

### KPI 5.4.1 Network Condition



- To be developed collaboratively
- The Agency intends to measure network condition, including how it changes throughout the year
- Key OPMs that are impacting customer experience, eg Potholes, will be incorporated to drive a focus on delivering improvements in these areas

DRAFT

## **KRA 6: HEALTH OF THE RELATIONSHIP**

### **Objective**

The working relationship between the Principal and Contractors:

- Fosters open and honest dialogue and feedback
- Involves Sub-Contractors and recognises their value.

### **KPIs in this KRA**

6.1.1 Relationship Survey

DRAFT

## KPI Measure 6.1.1 Relationship Survey

### Intent

Survey results show that the relationship between the parties is healthy, and the parties are collaborating effectively.

### Definition

This KPI monitors the general health of the relationship between participating parties (including Sub-Contractors) in the context of this Contract, and the opportunities they are taking to improve the level of collaboration.

### Business Rule

- The results of evaluating this KPI are not shown as a score. It is excluded when calculating the Contractor's performance level for KRA period and annual assessments.
- The Principal uses the results of this survey in ranking Contractors with equal results, to produce a leaderboard.

### Process

Every six months, NZTA's Contract Management Team carries out a Network Outcomes Contract Relationship Survey of all parties to each Contract, then presents the results to the Contract Board.

The Contract Board then:

- Assesses the results to identify opportunities to improve relationships between the Parties
- Engages with the Contractor (and Sub-Contractors, as relevant) to work jointly toward achieving improvements.

### Data Required

Outputs from survey

# Appendices

## Appendix 1: Reporting Template

NZTA provides a spreadsheet template for Contractors to complete in Microsoft Excel, in the format below.

NB: Template versions are validated, and out of date templates cannot be uploaded. To prevent rework, please contact [NOC.Performance@nzta.govt.nz](mailto:NOC.Performance@nzta.govt.nz) to obtain the current admissible template version.

The reporting template will separate out eligibility requirements from the other measurements.

### Eligibility assessment template

| <b>KRA Eligibility Assessment</b> |  |          |           |
|-----------------------------------|--|----------|-----------|
| <b>1st Quarter</b>                |  |          |           |
| Reference                         | KRA pre-requisite                        | Breached | Satisfied |
| 5.5.1                             | No fatality in a work place or work site |          |           |
| 5.5.2                             | No dangerous work sites                  |          |           |
| 5.5.3                             | Tender pledges delivered                 |          |           |
| 5.5.4                             | Data in NZTA central tools on time       |          |           |
| 5.5.5                             | Contract Management Plan adherence       |          |           |
| 5.5.6                             | Meeting OPM Compliance                   |          |           |
| <b>Eligibility outcome</b>        |  |          |           |
| <b>2nd Quarter</b>                |  |          |           |
| Reference                         | KRA pre-requisite                        | Breached | Satisfied |
| 5.5.1                             | No fatality in a work place or work site |          |           |
| 5.5.2                             | No dangerous work sites                  |          |           |
| 5.5.3                             | Tender pledges delivered                 |          |           |
| 5.5.4                             | Data in NZTA central tools on time       |          |           |
| 5.5.5                             | Contract Management Plan adherence       |          |           |
| 5.5.6                             | Meeting OPM Compliance                   |          |           |
| <b>Eligibility outcome</b>        |  |          |           |
| <b>3rd Quarter</b>                |  |          |           |
| Reference                         | KRA pre-requisite                        | Breached | Satisfied |
| 5.5.1                             | No fatality in a work place or work site |          |           |
| 5.5.2                             | No dangerous work sites                  |          |           |
| 5.5.3                             | Tender pledges delivered                 |          |           |
| 5.5.4                             | Data in NZTA central tools on time       |          |           |
| 5.5.5                             | Contract Management Plan adherence       |          |           |
| 5.5.6                             | Meeting OPM Compliance                   |          |           |
| <b>Eligibility outcome</b>        |  |          |           |
| <b>4th Quarter</b>                |  |          |           |
| Reference                         | KRA pre-requisite                        | Breached | Satisfied |
| 5.5.1                             | No fatality in a work place or work site |          |           |
| 5.5.2                             | No dangerous work sites                  |          |           |
| 5.5.3                             | Tender pledges delivered                 |          |           |
| 5.5.4                             | Data in NZTA central tools on time       |          |           |
| 5.5.5                             | Contract Management Plan adherence       |          |           |
| 5.5.6                             | Meeting OPM Compliance                   |          |           |
| <b>Eligibility outcome</b>        |  |          |           |

Example of some of the sort of information that might be required for measurement and or assessment:

| KRA | KPI   | Measurement # | Description  | Measurement Value |
|-----|-------|---------------|--|-------------------|
| 1   |       |               | <b>Safety</b>  |                   |
| 1   | 1.1.1 |               | <b>Total Recordable Injury Frequency Rate</b>  |                   |
| 1   | 1.1.1 | 1             | Total work hours completed during the last 12 months   |                   |
| 1   | 1.1.1 | 2             | Fatal injuries in last 12 months (FI)  |                   |
| 1   | 1.1.1 | 3             | Notifiable injuries in last 12 months (SH)   |                   |
| 1   | 1.1.1 | 4             | Lost time injuries in last 12 months (LTI)   |                   |
| 1   | 1.1.1 | 5             | Medical treatment injuries in last 12 months (MTI)   |                   |
| 1   | 1.1.1 | 6             | Employees on restricted work duties in last 12 months (RWI)  |                   |
| 1   | 1.1.1 | 7             | Total recordable injury Frequency Rate (TRIFR)   | #DIV/0!           |
| 1   | 1.1.1 | 8             | Have any measures been adjusted with agreement of the board. (If yes please provide details in the comment field)  |                   |
| 1   | 1.2.1 |               | <b>DSI Trend &amp; Safety Strategy</b>   |                   |
| 1   | 1.2.1 | 1             | Safety strategy is signed off and meets business rules requirements  |                   |
| 1   | 1.2.1 | 2             | Safety Strategy is fully implemented   |                   |
| 1   | 1.2.1 | 3             | Number of instances where a member of the public has crashed within a work site  |                   |
| 1   | 1.2.1 | 4             | Number of instances where a member of the public has crashed within a work site where findings confirmed Contractor was responsible  |                   |
| 1   | 1.2.1 | 5             | Funded initiatives are on track or ahead of schedule and meet business rule requirements   |                   |
| 1   | 1.2.1 | 6             | This year's 12 month DSI total   | PPT to provide    |
| 1   | 1.2.1 | 7             | Last year's 12 month DSI total   | PPT to provide    |
| 1   | 1.2.1 | 8             | Have any measures been adjusted with agreement of the board. (If yes please provide details in the comment field)  |                   |
| 2   |       |               | <b>Customer</b>  |                   |
| 2   | 2.1.1 | 1             | <b>Journey times and planned events</b>  |                   |
| 2   | 2.1.1 | 1             | Number of all planned events during the period, regardless of whether any disruption was predicted for them  |                   |
| 2   | 2.1.1 | 2             | Number of events audited   |                   |
| 2   | 2.1.1 | 3             | Percentage of total audited events where actual disruption was greater than predicted  |                   |
| 2   | 2.1.1 | 4             | Community and stakeholder parties engaged with, including examples   |                   |
| 2   | 2.1.1 | 5             | Brief description of any negative media coverage or customer feedback about communication, worksite management or any disruption associated with a planned event during the KRA period |                   |
| 2   | 2.1.1 | 6             | Summary of lessons learned in terms of effectiveness of action taken to limit negative impacts on customer journeys.   |                   |
| 2   | 2.1.1 | 7             | Number of occurrences of non-compliances against OPM 5 (An audit score classified as "Dangerous" on own work sites in previous month).   |                   |
| 2   | 2.1.1 | 8             | Have any measures been adjusted with agreement of the board. (If yes please provide details in the comment field)  |                   |
| 1   | 2.1.2 |               | <b>Customer Response</b>   |                   |
| 1   | 2.1.2 | 1             | Number of complaints responded to within 2 days  | PPT to provide    |
| 1   | 2.1.2 | 2             | Number of complaints responded to outside of two days  | PPT to provide    |
| 1   | 2.1.2 | 3             | Number of other interactions responded to within ten days  | PPT to provide    |
| 1   | 2.1.2 | 4             | Number of other interactions responded to outside of ten days  | PPT to provide    |
| 1   | 2.1.2 | 5             | Total number of customer interactions  | PPT to provide    |
| 1   | 2.1.2 | 6             | Number of customer interactions resolved   | PPT to provide    |
| 1   | 2.1.2 | 7             | Number of callback surveys completed   | PPT to provide    |
| 1   | 2.1.2 | 8             | This year's NZTA customer survey result  | PPT to provide    |
| 1   | 2.1.2 | 9             | Last year's NZTA customer survey result  | PPT to provide    |

## Appendix 2: Scoring Template

NZTA provides a spreadsheet template in Microsoft Excel, in the below format, showing KRA levels annually.

| Annual performance assessment |       |                                |                |       |        |
|-------------------------------|-------|--------------------------------|----------------|-------|--------|
| KRA Description               | KPI   | Measure Description            | KRA            | Score | Rating |
| Safety                        | 1.2.1 | DSI Trend                      | 1              |       |        |
| Customer                      | 2.1.3 | Ability to respond to Customer | 2              |       |        |
| Sustainability                | 3.1.1 | Environmental Triangle         | 3              |       |        |
| Network Performance           | 5.2.1 | Network delivery               | 5              |       |        |
|                               |       |                                | <b>Overall</b> |       |        |