



2017/18 Annual Report

THE YEAR IN REVIEW

I am pleased to present the 2017/18 Annual Report.

The Board has been active on behalf of members during the last financial year, focussing mainly on preparations for the second formal Code review, which was launched at the RIMS Conference in March. We also completed the major task of collecting information from utility operators and corridor managers on compliance with the Code, which was released in a report to the Minister in June. We farewelled some long standing Board members, and welcomed new ones. We maintained regular contact with the sector through our quarterly newsletters, and once again our finances were managed well. We are now in the process of analysing the submissions from the Code review before preparing a final draft of the revised Code for consultation with industry and the public. We are confident that we will be able to present an improved Code to the Minister next year that will help support infrastructure investment in New Zealand.

I would like to thank Board members for the considerable time and effort they have put into Code issues during the year, and the organisations that have supported them.

Finally I would like to thank NZUAG members for their ongoing support, which allows the Board to progress Code issues on behalf of industry that are critical to communities, industry and New Zealand as a whole.

Code Review

The major focus for NZUAG throughout the year under review was on planning for the second formal review of the *National Code of Practice for Utility Operators' Access to Transport Corridors* - (the Code). This work has been ably led by the Code review committee, chaired by Ross Malcolm and supported by our administrator Colin Lewis.

Originally, the review was to consist of two stages of consultation and submission, similar to the process used in the first Code review in 2014. However, another round of consultation, due shortly, has been built into the process following the response to the release of the track changed version of the Code earlier in the year.

The Code review and the first submission round was launched at the 2018 RIMS conference in Palmerston North in March. A nationwide series of Code education and awareness seminars then followed, to raise awareness of the Code and to promote engagement with the Code review process. The seminars were held in Auckland, Rotorua, Wellington, Christchurch and Dunedin, supplemented by three webinar-style sessions utilising the 'Zoom' platform, to allow those unable to physically attend a seminar to still engage in Code related discussions.

The seminars were led by NZUAG Board members, with the New Zealand Institute of Highway Technology (NZIHT) contracted to provide logistics and support. This was a very successful partnership, and I want to thank board members and NZIHT for the considerable investment of time and resources that ensured the series was such a success.

The Code review committee is currently reviewing the submissions and will be recommending proposed changes to the November Board meeting, with feedback on proposed changes to be sought in December.

I want to thank the members of the committee, particularly Chairman Ross Malcolm, who have spent many hours planning and reviewing submissions on behalf of the Board.

Code compliance

As administrator of the Code, NZUAG is required to collect data annually from industry sectors and report aggregated results on a national basis to NZUAG Members, the industry sectors from whom it is collected, and the Government. The purpose of the report is to identify any issues with Code implementation and to focus on areas that need attention in the best interests of the industry and the community. This work has been ably led by the Code Compliance Committee, chaired by Brett North and supported by our administrator, Colin Lewis.

Section 8.2.2 of the Code sets out the data required to be collected each year. Corridor Managers are required to report on the number of Corridor Access Requests (CAR) submitted, the number of Works Completion Notices (WCN) received and the number of Non-Conformance Notices (NCN) issued. Utility Operators are required to report on the number of third party strikes on their assets.

An initial attempt to collect such data for the 2015/16 year was made in 2016. It became apparent that the way in which data was being measured and reported was not consistent across all respondents. This meant that analysis was extremely limited. The Board considered the issues arising from the previous data collection exercise, and devised a more rigorous and detailed set of questions for the 2016/17 data collection process.

The Compliance Committee's report noted that, while 89 out of 130 organisations responded to the request for data, only 67 provided meaningful returns. This resulted in an effective 52% response rate. While this may be an acceptable response rate for other surveys, it is frustrating that returns were not 100%, given reporting on Code issues is a statutory requirement. One of the questions being considered by the Board and the Code Review Committee, is what additional provisions may be needed to achieve much improved reporting in future years.

Some of the key findings highlighted in the report were:

- The low average WCN: CAR ratio (0.43) suggests there are some issues with Corridor Managers obtaining sign-off for completion of CAR activities.
- The low number of NCN's compared to the number of remedial actions required, suggests a possible disconnect between the NCN and remedial action process, which may require further investigation;
- The fact that 19 Utility Operators reported either no strikes or left this field blank raises a question as to whether there are in fact large numbers of utilities that are "strike free", or whether strike details are not being reported fully to them by contractors or other operators.

The Code Enforcement and Compliance Committee's report will be considered by the Code Review Committee.

I want to thank Brett, Colin and the Committee for their outstanding work on this complex task. The 2017/18 report on Code compliance is due out in the first quarter of next year.

Managing the finances

The 2017/18 audited accounts are attached to this report. The Board's finances have been managed extremely well during the year by the Finance Committee ably chaired by Geoff Thorn. We can report an improved surplus for 2017/18 over the previous year, due largely to the fact that nationwide seminars weren't held in the year under review. This surplus will be carried over to the current financial year, to offset the costs of the Code review, national Code seminar series and related expenses. I want to thank Geoff for his calm and careful stewardship of NZUAG finances during the year.

RIMS Conference:

The Ridding Infrastructure Management Support (RIMS) forum was held in Palmerston North on 21/22 March. NZUAG was responsible for the Corridor Management stream on day two. Ros

Malcolm and I presented on the Code, the role of NZUAG and we then launched the Code review. It was a very successful event, with great presentations and plenty of discussion and interaction from Corridor Managers and Utility Operators on practical issues relating to the Code. The conference is now an important event in the NZUAG calendar, with the 2019 Conference to be held on March 20/21 in Dunedin. My thanks to Board member Brett North who has been NZUAG's active representative on the RIMS organising committee.

Changes at the Board

NZUAG is governed by a 10 member board, made up of equal numbers of Transport Corridor Managers and Utility Sector Operators, with me as Independent Chair. At last year's AGM, Rene D'Ath replaced Peter Gilbert (gas sector) and Laurence Jones (major TLA) replaced Al Christ during the year. My sincere thanks to Peter and Al for their contribution and commitment to NZUAG and the Code.

At this year's AGM, we are due to farewell long standing Board member Ross Malcolm (electricity sector), and Phil Consedine, (smaller TLA). Both of these members have contributed many hours to Code work during the year, particularly Ross who chairs the Code review committee, and I want to thank them on behalf of the Board for their time, dedication and commitment to progressing the Code on behalf of industry.

Farewell and thanks to Ross Malcolm

It is with a sense of sadness that we farewell one of the leaders of the Code, Ross Malcolm. Ross has been the long-term Chair of the Auckland Utility Operators Group (AUOG), which was a forerunner of NZUAG and produced the first widely-accepted Code document in NZ. AUOG allowed NZUAG to use a significant amount of material to be the basis of our Code, which made our job a lot easier. Ross was involved in the Code working groups developing the Code.

Prior to publishing the Code in 2012, the Electricity Networks Association asked Ross to be their representative on NZUAG, due to his long-term involvement with AUOG. Ross and Barry Williams (see below), as stalwarts of AUOG, were always strong advocates of the Code and leaders on the Board.

Ross has always been prepared to roll his sleeves up and do the work, and has served as Chair of the Code Review and the Education and Awareness Committees. Ross has presented at many forums over the years and has been acknowledged as one of the resident experts on Code matters.

On behalf of the Board, I would like to thank Ross for his years of dedicated service to NZUAG and the Code, and we wish him well for the future. He is leaving very big shoes to fill.

Constitutional issue

Our last major review of our Constitution was conducted in 2015, with recommendations adopted at the 2015 AGM. The Constitution Committee, chaired by Ian Cox, has advised that there is an outstanding issue with a possible ambiguity relating to the status of organisations that can nominate NZUAG Board members. The committee will be presenting recommendations to clarify the issue at this year's AGM.

Tribute to Barry Williams

The Board was saddened to learn of the passing of Barry Williams on 1 November. Barry served on the Board of NZUAG as the LGNZ major urban corridor manager representative until the end of 2016 - just prior to his retirement from Auckland Transport. Prior to joining NZUAG, Barry was instrumental, together with Auckland Utility Operators Group, in developing the Auckland's Code of Practice for Working in the Road in 2006 - the document which formed the basis of our current Code.

Barry was very highly respected for his technical competence, his broad wisdom, and his pragmatic approach to reaching consensus. Barry made a significant contribution to NZUAG activities, particularly through the first Code Review in 2014 and in the subsequent Code Awareness Seminar series in 2016.

The Board of NZUAG extends its deepest sympathy to Elaine and family.

Membership

NZUAG is an industry-based organisation which relies on funding from its members. We don't receive any Government funding for the work associated with the Code. This decision was taken by industry to ensure independence from Government as well as ensuring that the issues related to the Code were resolved by industry itself.

I want to thank those members who continue to support NZUAG and its work. I would also like to thank the new members who have joined recently as a result of a recent membership drive. The ongoing support from members is greatly appreciated.

Given the benefits to both Corridor Managers and Utility Operators of a nationally recognised Code of Practice, we urge all industry groups who are not current members of NZUAG to consider joining to contribute to the work that is vital to our sector and to New Zealand.

NZUAG newsletters

The Board has continued to provide quarterly newsletters following each meeting to keep members updated on Board activities and key issues. The newsletters appear on the website a few days after meetings. The Board welcomes feedback on the newsletters so that improvements can be made to the content and format.

Looking ahead

2018/19 will be a busy year for the Board and NZUAG as we conclude the review and seek approval of the revised Code from the Minister. We will also be investigating ways to make the Code, and the work of NZUAG, more accessible to members and the public. In addition, we will be engaging with Treasury on the proposed establishment of a new Infrastructure body, which was outlined recently in a government consultation document. NZUAG's submission on that document is available on our website.

In conclusion, it has once again been a pleasure to serve as the independent chair of NZUAG during the year, and I look forward to working with you in the coming year to promote the importance of the Code which is so vital for the economic development of New Zealand.

Paul Swain,
Independent Chair
NZUAG
28/11/18

New Zealand Utilities Advisory Group (NZUAG) Inc



Special Purpose Financial Report for the year ended 31 March 2018 New

Zealand Utilities Advisory Group (NZUAG) Inc

New Zealand Utilities Advisory Group (NZUAG) Inc

Directory

as at 31 March 2018

| | | |
|---------------------------------|---|---|
| Principal activity | Public affairs consultant service | |
| Date of incorporation | 14 December 2011 | |
| Board members | Paul Swain | Independent Chair |
| | Laurence Jones | AT / LGNZ |
| | Brett North | Wellington CC / RTA Forum |
| | Tony Hale | Waipa DC / Water NZ |
| | Geoff Thorn | NZTF / Telecommunications sector |
| | Scott Andrews | Kiwirail / Rail sector |
| | Ian Cox | NZ Transport Authority / National Roads |
| | Nick Miskelly | Chorus / Utility Operator |
| | Rene d'Ath | Gas Assn NZ / Gas sector |
| | Phil Consedine | Tauranga CC / LGNZ |
| | Ross Malcolm | Vector / Electricity sector |
| Incorporated Society no. | 2555924 | |
| IRD number | 109-503-118 | |
| Bankers | ANZ Bank New Zealand Ltd Wellington Commercial Branch 1 Victoria Street Wellington | |
| Insurers | Crombie Lockwood (NZ) Ltd Level 3, NEC House 40 Taranaki Street Wellington | |
| Postal Address | P O Box 25 414 Wellington 6146 | |
| Auditor | Moore Stephens Wellington Audit P O Box 24 324 Wellington 6142 | |
| Registered Office | C/- LPG Association L12 Davis Langdon House 49 Boulcott Street Wellington 6011 | |

New Zealand Utilities Advisory Group (NZUAG) Inc

Statement of Financial Position

as at 31 March, 2018

| | March 2018 | March 2017 |
|-----------------------------------|-------------------------|-------------------------|
| Equity | <u>\$ 94,137</u> | <u>\$ 81,628</u> |
| This is represented by: | | |
| Current Assets | | |
| Bank – Current Account | 373 | 219 |
| Bank – Call Account | 85,186 | 79,788 |
| Accounts Receivable | 12,853 | 5,647 |
| Less Provision for Doubtful Debts | (919) | (1,000) |
| GST Receivable (Payable) | 3,621 | 1,132 |
| Withholding Tax refundable | 97 | 206 |
| Accrued Interest | 2 | - |
| Stock of Handbooks | <u>6,783</u> | <u>-</u> |
| Total Current Assets | 107,996 | 85,992 |
| Non-current Assets | | |
| Intangible asset – logo | <u>2,275</u> | <u>2,275</u> |
| | <u>2,275</u> | <u>2,275</u> |
| Total Assets | 110,271 | 88,267 |
| Current Liabilities | | |
| Accounts Payable | <u>16,134</u> | <u>6,639</u> |
| Total Current Liabilities | <u>16,134</u> | <u>6,639</u> |
| Total Liabilities | 16,134 | 6,639 |
| Net Assets | <u>\$ 94,137</u> | <u>\$ 81,628</u> |

New Zealand Utilities Advisory Group (NZUAG) Inc

**Statement of Changes in Equity
for the year ended 31 March 2018**

| | March 2018 | March 2017 |
|-------------------------|-------------------------|-------------------------|
| Opening Equity | 81,628 | 78,845 |
| Net Surplus / (Deficit) | 12,509 | 2,783 |
| Closing Equity | <u>\$ 94,137</u> | <u>\$ 81,628</u> |

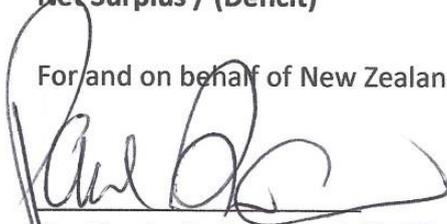
The accompanying notes form part of these financial statements.

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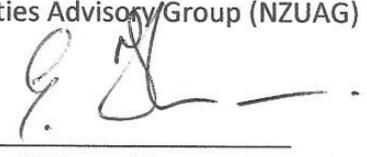
New Zealand Utilities Advisory Group (NZUAG) Inc
Statement of Financial Performance
for the year ended 31 March, 2018

| | March 2018 | March 2017 |
|--------------------------------|-------------------|-------------------|
| Income | | |
| Sales | 666 | 2,815 |
| Subscriptions (Note 3) | 71,000 | 72,500 |
| Interest | 297 | 625 |
| Seminar Fees | - | 17,050 |
| Total Income | 71,963 | 92,990 |
| Expenses | | |
| Administration (Note 4) | 17,347 | 18,338 |
| Audit Fees | 2,570 | 2,500 |
| Code Education Seminars | - | 32,157 |
| Design Services | 1,680 | 720 |
| Doubtful Debts | 919 | 1,000 |
| Insurance | 1,100 | 1,100 |
| Interest | - | - |
| Printing and distribution | 16 | 1,565 |
| Independent Chair | 30,000 | 30,000 |
| Website | 1,660 | 766 |
| Bank fees | 161 | 65 |
| Postage, Stationery & Tolls | 198 | 290 |
| Promotion & Advertising | 2,670 | 687 |
| Travel costs | 1,133 | 1,019 |
| Total Expenses | 59,454 | 90,207 |
| Net Surplus / (Deficit) | 12,509 | 2,783 |

For and on behalf of New Zealand Utilities Advisory Group (NZUAG) Inc.


Paul Swain (Independent Chair)

12/11/2018


Geoff Thorn (Finance Committee Chair)

12/11/2018

The accompanying notes form part of these financial statements.

**MOORE
STEPHENS**

New Zealand Utilities Advisory Group (NZUAG) Inc
Notes to the Financial Statements for the
year ended 31 March 2018

Note 1 - Reporting entity

New Zealand Utilities Advisory Group (NZUAG) is an incorporated society, under the Incorporated Societies Act 1908.

NZUAG was established to assist operators and transport corridor managers in the implementation of the National Code of Practice for Utilities' Access to Transport Corridors.

The financial statements are special purpose and prepared in accordance with the accounting policies stated below.

Note 2 - Statement of Accounting Policies

Reporting basis

Unless stated otherwise the financial statements have been prepared on the basis of historic cost and accrual concepts of accounting.

Specific policies

a) These financial statements have been prepared on a GST exclusive basis.

b) NZUAG is a tax paying entity on transactions outside the circle of membership and on its trading activities. Tax would be payable on any surplus remaining after losses carried forward are used.

c) Intangible assets

This includes costs involved in developing the NZUAG logo.

The carrying amounts of NZUAG's intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Changes in policies

There has been no change in accounting policies.

Depreciation

NZUAG has no fixed assets and depreciation has not been applied in these accounts.

Commitments

There are no known operating or capital commitments at balance date (2017: Nil).

Material events subsequent to balance date

There were no material events subsequent to the balance date (2017: Nil).

New Zealand Utilities Advisory Group (NZUAG) Inc
Notes to the Financial Statements for the
year ended 31 March 2018

Audit

These financial statements have been audited for the year ended 31 March 2018.

Contingent liabilities

At balance date there were no known contingent liabilities (2017: Nil).

Related parties

The Independent Chair, Paul Swain, a position carrying no voting rights, may be regarded as a related party because of his expertise and influence. Fees paid during the year were \$30,000. (2017: \$30,000)

Note 3 - Subscriptions

| | March 2018 | March 2017 |
|-------------------|-------------------|-------------------|
| Full Members | 62,000 | 64,000 |
| Associate Members | 9,000 | 8,500 |
| | <hr/> | <hr/> |
| TOTAL | 71,000 | 72,500 |

Note 4 - Administration

| | March 2018 | March 2017 |
|--------------------------|-------------------|-------------------|
| Committee Secretary | 7,116 | 7,140 |
| Accounts Preparation | 2,257 | 2,846 |
| Executive Officer duties | 3,881 | 6,363 |
| Code Revision - Admin | | 199 |
| Membership management | 43 | 10 |
| Website Review | 505 | 724 |
| Compliance Project | 3,441 | 1,056 |
| Education Project | 104 | - |
| | <hr/> | <hr/> |
| TOTAL | 17,347 | 18,338 |

Independent auditor's report

To the Members of New Zealand Utilities Advisory Group (NZUAG) Incorporated

Opinion

We have audited the special purpose financial statements of New Zealand Utilities Advisory Group (NZUAG) Incorporated, which comprise the statement of financial position as at 31 March 2018 and the statement of financial performance, and statement of changes in equity for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of New Zealand Utilities Advisory Group (NZUAG) Incorporated for the year ended 31 March 2018 are prepared, in all material respects, in accordance with the accounting policies set out in the statement of accounting policies of the special purpose financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the special purpose financial statements' section of our report.

We are independent of New Zealand Utilities Advisory Group (NZUAG) Incorporated in accordance with Professional and Ethical Standard 1 (Revised) 'Code of ethics for assurance practitioners' issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than our capacity as auditor we have no relationship with, or interests in, New Zealand Utilities Advisory Group (NZUAG) Incorporated.

Emphasis of Matter: Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the special purpose financial statements, which describes the basis of accounting. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for New Zealand Utilities Advisory Group (NZUAG) Incorporated and its board and should not be distributed to parties other than New Zealand Utilities Advisory Group (NZUAG) Incorporated

Board's responsibilities for the special purpose financial statements

The board are responsible on behalf of New Zealand Utilities Advisory Group (NZUAG) Incorporated for the preparation of these special purpose financial statements in accordance with the accounting policies set out in the statement of accounting policies of the special purpose financial statements and for such internal control the board determine is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible on behalf of New Zealand Utilities Advisory Group (NZUAG) Incorporated for assessing New Zealand Utilities Advisory Group (NZUAG)

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MOORE STEPHENS

AUDIT AND ASSURANCE

Incorporated's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate New Zealand Utilities Advisory Group (NZUAG) Incorporated or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the special purpose financial statements Our objectives are to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these special purpose financial statements.

A further description of the auditor's responsibilities for the audit of the special purpose financial statements is located at the XRB's website at <http://www.xrb.govt.nz/standards-for-assurancepractitioners/auditors-responsibilities/audit-report-8/>

Moore Stephens

Moore Stephens Wellington Audit | Qualified Auditors, Wellington, New Zealand 12 November 2018