



June 2018

Hon Shane Jones
Minister for Infrastructure,
Parliament Buildings,
Wellington

Report on the National Code of Practice Performance: 2016/17

Dear Minister,

Under the provisions of the *National Code of Practice for Utility Operators' Access to Transport Corridors*, (the Code) the New Zealand Access Advisory Group (NZUAG) is required to report to you and industry on the performance of the Code on an annual basis. The purpose of the report is to identify whether Code compliance, operational understanding or the quality control process needs attention, and whether any improvements to the Code are necessary in the interests of the industry, the public and the New Zealand economy. I have enclosed a copy of the 2016/17 report for your information.

The Code was developed to resolve issues that had emerged between transport corridor managers and utility operators over many years. These issues included the impact of the corporatisation and privatisation of key infrastructure such as electricity and telecommunications, the lack of rules governing access for utility operators to road and rail corridors, and the poor relationships between the parties in an industry where cooperation and coordination is critical. These issues were causing industry inefficiencies, growing public complaints about disruptions to roads, motorways and railways, and were seen to be acting as a handbrake on the roll-out of infrastructure so critical to the economic development of New Zealand.

The development of the Code was led by the industry, and after some years of negotiation, the National Code was approved by the Minister following the passage of the Utilities Access Act (2010), which requires utility operators and transport managers to comply with the Code. The NZUAG was established by industry to administer the Code.

The 2016/17 report is based on an industry wide survey. Although the survey response rate was reasonable, it was disappointing that it was less than 100%, given compliance with the Code is mandatory.

Despite the considerable effort that NZUAG has put into improving the understanding and compliance with the Code over the last few years, the report highlights some key issues including:

- Compliance generally with the Code needs further attention
- Coordination of work in transport corridors, and in particular notification of when work is completed, needs major improvement and
- Data collection on 3rd party strikes on utility operators' assets needs to be addressed.

NZUAG is currently undertaking the second formal review of the Code, which will include a series of seminars and webinars on the Code itself and issues for review. The points raised in the enclosed

Performance Report will be addressed during that review. Any proposed changes to the Code that arise from the review will require your approval. We intend to have proposed changes for your consideration in early 2019. I will be keeping your officials updated on the review's progress.

In the meantime, any assistance you could give to remind industry that compliance with the Code is mandatory would be gratefully appreciated.

I would be pleased to discuss the report or any other issues related to the Code if that would be helpful.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Paul Swain", with a period at the end. The signature is written in a cursive style.

Paul Swain
Chair, NZUAG



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Report on the performance of the

National Code of Practice

for

Utility Operators' Access to Transport Corridors

2016/17

NZUAG
June, 2018

Report on the National Code of Practice Performance: 2016/17

Under the provisions of the *National Code of Practice for Utility Operator's Access to Transport Corridors*, (the Code) the New Zealand Access Advisory Group (NZUAG) is required to report to the Minister and industry on the performance of the Code on an annual basis. NZUAG is required to analyse the Code's performance, and to identify whether Code compliance, operational understanding or quality control processes need attention and whether any amendments to the Code are necessary. This report provides an analysis and interpretation of the 2016/2017 Key Performance Data that was collected from industry in the latter half of 2017.

BACKGROUND

The *National Code of Practice for Utility Operator's Access to Transport Corridors* is a nationally mandated Code of Practice established under the provisions of the Utilities Access Act 2010. As such, all Corridor Managers, and Utility Operators seeking to access transport corridors, are governed by its provisions. NZUAG is the industry-approved guardian of the Code, and is responsible for its oversight, implementation and review. To assist in monitoring the Code's effectiveness, a set of key performance measures are specified in the Code, against which all Corridor Managers and Utility Operators are required to report annually.

The list of required measures is contained in section 8.2.2 of The Code

Corridor Managers are required to report on:

- a) The number of Corridor Access Requests (CARs) submitted each year;
- b) The number of completed Works Completion Notices (WCN's) received each year;
- c) The number of non-conformance notices (NCN's) issued each year;

Utility Operators are required to report the number of known Third Party Damages incidents during that year.

The first formal report on the Code's performance was carried out in 2016. An industry survey was conducted using the indicator list contained in the Code. While response rates were reasonable, it became apparent that the way in which data was being collected, measured and reported was not consistent across all respondents. This meant no comparative analysis was possible, with reporting limited to simple counts of the number of respondents within each question category. As a result of this outcome, NZUAG's Code Compliance and Enforcement Committee were tasked with devising a more robust reporting regime for trial in the 2016-17 reporting period.

2017 DATA COLLECTION METHODOLOGY

In line with the requirements of The Code, the basic performance measures to be reported on were unchanged. However, a more focused and targeted survey was undertaken, which is outlined below. The revised survey questions were designed to improve the data collection process, as well as allowing for a more comprehensive comparative analysis to be undertaken. These changes included:

- a move away from template-based reporting, and the introduction of a Survey Monkey-based on-line data collection tool;
- the introduction of new questions designed to provide clarity on the specific data being requested, and to allow for a more nuanced analysis to be undertaken;
- the addition of data fields to allow for standardisation of responses based on total network length for Utilities, and centre-line kilometres of road/rail coverage for Corridor Managers.

The questions used in the data collection tool appears in Appendix 1.

A two-stage process was used to determine who should respond from each organisation. An initial letter was sent to all CEO's of Corridor Managers and Utility Operators with a request to advise NZUAG of the appropriate person responsible for data collection. Initial CEO lists were provided by each NZUAG

sector representative in the case of Utility Operators, and by Local Government NZ in the case of Corridor Managers. Where no reply was received, the request form was directed back to the CEO. The decision to canvas CEO's initially was based on a view that, once CEO's were reminded of their statutory responsibilities under the Code, their organisation would be more likely to respond. The improved response rate from last year reflected the importance of this process.

KEY FINDINGS:

A total of 75 responses were received from 119 respondent organisations, a 63% response rate. The response rate from Corridor Managers was 59% (45 out of 78) and for Utility Operators 77% (40 out of 52). The difference in numbers responding reflected the fact that some respondents were both Corridor Managers and Utility Operators.

Corridor Managers reported an average of 1,485 Utility Operator-generated Corridor Access Request (CAR) submissions per 1000 km of road network. These CARs in turn resulted in an average 634 Works Completion Notices (WCN's) per 1000 road network km. As far as the WCN's were concerned, there was an average of 20 per 1000 road network km, while Utility Operator-generated CARs resulted in an average of 97 remedial action requests on a per 1000km adjusted average.

GENERAL COMMENTS:

While the survey sample was much improved from 2015/16, it is disappointing that there was not a 100% response rate, given that industry reporting is required under the Code and is designed to make improvements to the Code and its operation. However, the response rate was sufficient to allow NZUAG to make some general observations on the operation of the Code, including:

- The improved survey response rate reflected the successful use of the on-line Survey Monkey based tool, which will be maintained for future reports albeit with minor changes to the survey questions;
- Overall respondents found the questions easy to understand and respond to, although in some cases organisations had difficulty aligning the survey questions with their data collection systems;
- 27 Corridor Managers reported the use of Global CARs, which had been introduced as a result of the 2014 Code review;
- The low average WCN: CAR ratio (0.43) suggests that there are some issues with the sign off of completed works, which may need attention as part of the 2018 Code Review process;
- The low average number of Non Conformance Notices (19.8 NCN's/1000km road network) compared to remedial actions required (96.8 Remedial Actions/1000km road network) suggests a disconnect between the NCN and remedial action process, which may require further investigation as part of the 2018 Code review process;
- 19 Utility Operators reported either no third party damages incidents or left this field blank, which indicates that either third party strikes have reduced significantly or such strikes are not being reported to NZUAG as required under the Code. Regulated utilities are required to report such information to the Commerce Commission regularly, so further work needs to be undertaken to line up the reporting requirements of the Code and the Commission.
- The way utility strike data was collected does not allow for easy analysis of the type of utility being affected, particularly where a Utility Operator operates more than one utility. – Future survey questions will need to be refined to allow for better analysis of the responses from Utility Operators.
- A number of Utility Operators commented that there was minimal correlation between a third party strike occurring and whether site mark-outs had been undertaken, whether a Utility Operator representative was present to oversee the excavations taking place, or whether plans had been requested from the affected parties prior to work commencing. While we currently do not have a view of whether this position is correct, it is an indicator of the care that needs to be taken ahead

of the work commencing, which would reduce the amount of risk some contractors are prepared to take.

CODE IMPLICATIONS

The key findings suggest that there are areas that could be considered as part of the 2018 Code Review process, including:

- amending Key Performance Data descriptions within the Code to allow for improved and consistent reporting
- improving recording systems, particularly for Corridor Managers, to allow for improved national reporting, which may require further discussions with software providers;
- improving the WCN submission rate by Utility Operators and/or their agents so that works can be signed off by the Corridor Manager as satisfactorily completed. This then closes out an active site and frees up the section of corridor for other parties to apply for corridor access requests in the vicinity;
- addressing the reporting and recording of utility asset strike to improve the accuracy of the data being collected;
- considering improved sanctions for non-compliance with Code provisions, including whether amendments to the Utility Access Act are required.

NEXT STEPS

NZUAG is currently undertaking the second formal review of the Code, which will include a series of seminars and webinars on the Code and issues for review. The Code review timeline appears in Appendix 2. The points raised in the Performance Report will be addressed during that review. Any proposed changes to the Code that arise will require Ministerial approval. NZUAG intends to have any proposed changes to the Minister for his consideration in early 2019, with a revised Code coming into effect later that year.

CONCLUSION:

The annual reporting of Code performance is a requirement of the Code, and is designed to highlight issues that could lead to Code improvements in the best interests of the public, the industry and the New Zealand economy.

The 2016/17 report is only the second to be produced. While this report is an improvement on that of the previous year, there are still issues with compliance, survey questions and data collection that need to be addressed before any meaningful trends can be identified.

NZUAG will be working to improve the reporting regime for the 2017/18 year, and will be encouraging greater participation from industry in the reporting process.

Appendix 1 – Data Collection Tool List of Questions

Corridor Manager Questions

2. How many CAR's were submitted for the period 1 July 2016 - 30 June 2017?
3. How many of these were submitted in each of the following areas?
 - Utility Operator submitted CARs
 - RCA submitted CARs (eg roading maintenance)
 - All other CARs (vertical builds, scaffolding, events)
4. How many of these were submitted as a Global CAR under the provisions of the National Code of Practice (s4.3.1.3)?
5. Please estimate how many individual site CARs would have had to have been submitted instead of these Global CARs
6. Have you received any CARs for multiple streets?
 - Yes
 - No
7. Please estimate how many individual CARs would have been required if they were submitted for each individual street
8. How many Works Completion Notices (WCN's) did you receive for the period 1 July 2016 - 30 June 2017?
9. How many of these WCN's were related to each of the following CAR types?
 - Utility Operator submitted CARs
 - RCA submitted CARs (eg roading maintenance)
 - All other CARs (vertical builds, scaffolding, events)
10. How many non-Conformance notices were issued for the period 1 July 2016 - 30 June 2017?
11. How many inspections required remedial actions within each of the following areas?
 - Utility Operator submitted CARs
 - RCA submitted CARs (eg road maintenance)
 - All other CARs (vertical builds, scaffolding, events)
12. How many liaison meetings did you facilitate for the period 1 July 2016 - 30 June 2017, in accord with the provisions of the National Code of Practice (s2.7.2)?
13. What is the length of your roading network (total centre-line km)?

Utility Operator Questions

14. How many Utility Strikes were recorded against your own assets within transport corridors for the period 1 July 2016 - 30 June 2017?
15. In how many of these incidents had Markouts been requested?
16. In how many of these incidents was a Standover present?
17. In how many of these incidents had plans been requested?
18. How long is your distribution network (total km)?

Appendix 2 – 2018 Code Review Timeline

Activity	Timeframe
1st submission round	22 March – 20 April 2018
Code Review promotion	June – July 2018
2nd submission round	July – September 2018
Code document updated	October 2018
Legal Review	October 2018
Treasury Review	December 2018
Ministerial Approval	March 2019
Updated Code gazetted	March 2019