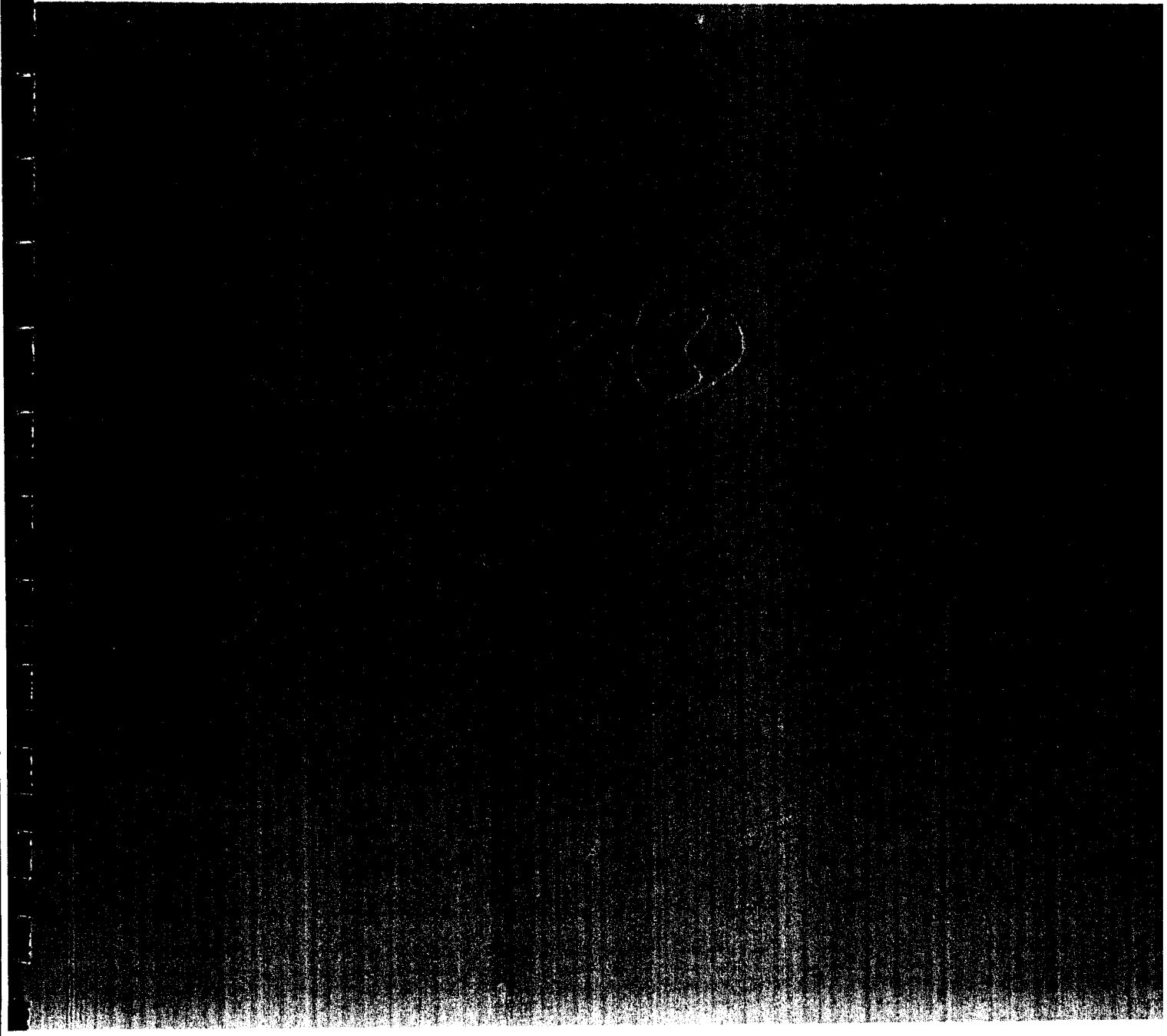




Land Transport NZ
Ikiiki Whenua Aotearoa

**AUDIT OF
PUBLIC PASSENGER TRANSPORT
OPERATIONS**

**GREATER WELLINGTON
REGIONAL COUNCIL**



1. Introduction

Glenn McGregor and Tony Pinn carried out an audit of the Greater Wellington Regional Council from 11th - 15th April 2005. The previous audit took place during May 2002. This final report has been prepared in the context of the Land Transport Management Act 2003 (LTMA).

2. Summary of Findings

The findings of the audit are set out below.

- 12 passenger service contracts were audited, all of which had been let in accordance with Land Transport NZ's approved procurement procedures (CPPs). (refer section 7).
- Passenger transport contracts are identified by route rather than a unique contract number, which can lead to confusion when reviewing or retendering contracts. (refer section 7).

In response to the draft report GWRC respond "Prior to your audit we had introduced a unique numbering system for each tender released in the Transport Procurement area. The new contract database for Transport has just been delivered and is in its final testing stage. The new system will automatically generate a unique number for each contract entered into the database."

- Council's financial delegations relating to passenger transport need updating. (refer section 14).

In response to the draft report GWRC respond "This has been completed and copies of the new delegations forms were provided to the Land Transport NZ auditors"

- The degree of competition for GWRC passenger services contracts continues to be very low (refer section 15).

In response to the draft report GWRC respond "the suggestion that we accept group tender bids has been done by GWRC in the past, but has had no affect on the number of bids received for a tender. We are now waiting for the results of the Land Transport NZ procurement review before releasing any further passenger service contracts."

- Given that there is little or no competition for passenger transport contracts, a robust method of estimating prices is needed to give Council assurance of value for money. (refer section 13).

In response to the draft report GWRC respond "Until the results of the procurement review are known, no further passenger service contracts are being tendered. The tendering and contracting process at this point will be reviewed by GWRC and costing methodologies will be developed.

- More detailed patronage analysis is being developed to assist with planning and design of services (refer section 16).

In response to the draft report GWRC respond "From May 2005 Tranz Metro Wellington has been providing GWRC with more detailed patronage data. GWRC now receives rail patronage figures by line rather than as a total network.

- Lead times for contracts have now been extended following recommendations from the previous audit (refer section 9).
- Improvements to the Total Mobility scheme are being implemented following recommendations from the previous audit (refer section 17).
- Council's system for managing complaints against bus, ferry or train services continues to be well managed (refer section 18).

In response to the draft report GWRC respond "During the financial year 2005/06 we are reviewing all data we are receiving from operators and our own monitoring and auditing procedures to ensure we are using all information efficiently and effectively. This review will include the scoping of a computerised complaints handling system.

- General Ledger records for 2001/02, 2002/2003 and 2003/04 that support the final claims to Land Transport NZ were inspected and found to be correct (refer section 19).

3. Recommendations

That the Chief Executive requests Greater Wellington Regional Council to:

- (a) **ensure** that all passenger transport contracts are uniquely identified to avoid confusion with the reviewing and re-tendering of contracts (refer section 7).

- (b) **develop** a robust method of estimating contract prices prior to releasing request for tender documents (refer section 13).

- (c) **update** its financial delegations as regards to passenger transport expenditure (refer section 14).