



NEW ZEALAND CYCLEWAY 2009 - 2012

Guide to the Funding Process
(October 2009)

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(Refer to the cycleway funding guidelines contained in Appendix three of this document).

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1.0 Purpose

This document provides:

- An overview of the funding process for the Cycleway Project; and
- Information about the assessment criteria and decision making processes that will apply to all proposals.

A glossary of terms used in this document is contained in Appendix one.

2.0 Introduction

2.1 Vision and Objectives

The vision for the Cycleway Project is to generate lasting economic, social and environmental benefits for our communities through a network of world-class cycling experiences.

The objectives of the cycleway project are to:

- deliver short and long-term economic benefits to regions;
- provide high-quality assets that offer a world-class cycling experience and enhance New Zealand's competitiveness as a visitor destination;
- maximise complementary benefits, e.g. for health, the environment, commuters, and the events sector; and
- engage communities.

2.2 Current Focus - Great Rides

The Cycleway Project will initially focus on developing a series of "Great Rides", which:

- meet the objectives and the assessment criteria;
- complement our 100% Pure New Zealand brand and help attract international tourists; and
- give New Zealanders another compelling reason to explore their own country.

2.3 Looking Ahead

It is envisaged that in the longer term, the "Great Rides" will form a network that:

- can be progressively linked with other cycling routes and facilities to form a high-quality national asset; and
- is sufficiently flexible to cater for a wide range of cycling abilities, types and purposes.

3.0 Funding the National Cycleway: A Three-Stage Process

3.1 The Three Stages of the Funding Process

The process to apply for funding will occur in three stages.

- Stage one requires the completion of a **Concept Proposal**;
- Stage two requires completion of a **Feasibility Study**; and
- Stage three requires the submission of a **Business Case**.

The diagram on page nine shows how the three stages are expected to unfold.

3.2 Progression through the Stages

A proposal will progress from:

- Stage one to stage two only if a concept proposal is approved by the Funding Committee for a feasibility study; and
- Stage two to stage three if the feasibility study for a proposal demonstrates to the Funding Committee that the relevant cycleway is feasible, and meets the assessment criteria.

At the end of stage three, decisions will be made by the Funding Committee on the proposals to accept as a Great Ride. These decisions will be confirmed (or otherwise) by the Minister of Tourism. This decision will be subject to a final funding agreement being entered into with the relevant applicant.

Acceptance at the end of one stage will not in any way mean that a proposal will be accepted at a later stage.

3.3 The Need for Flexible Assessment

The Cycleway Fund has been set up to assist the funding of selected proposals that are considered to meet the assessment criteria.

It is important that any entity interested in submitting a proposal understands that:

- the Cycleway Fund is a limited, contestable fund;
- as well as meeting the assessment criteria, creativity and points of difference are encouraged; and
- the Ministry is seeking proposals for cycleways that are truly special, will have international appeal, and strong regional support.

Proposals are likely to include aspects that are unique and not directly comparable. They will therefore require an inherently subjective assessment. The Funding Committee and Technical Assessment Group (TAG) will recognise the need to be flexible in their evaluation of each proposal.

3.4 Cycleway Funding Guidelines are Paramount

The cycleway funding guidelines contained in Appendix three set out in more detail the information that:

- all applicants and proposal stakeholders need to understand and accept; and
- apply to the process by which proposals are to be considered for funding from the Cycleway Fund.

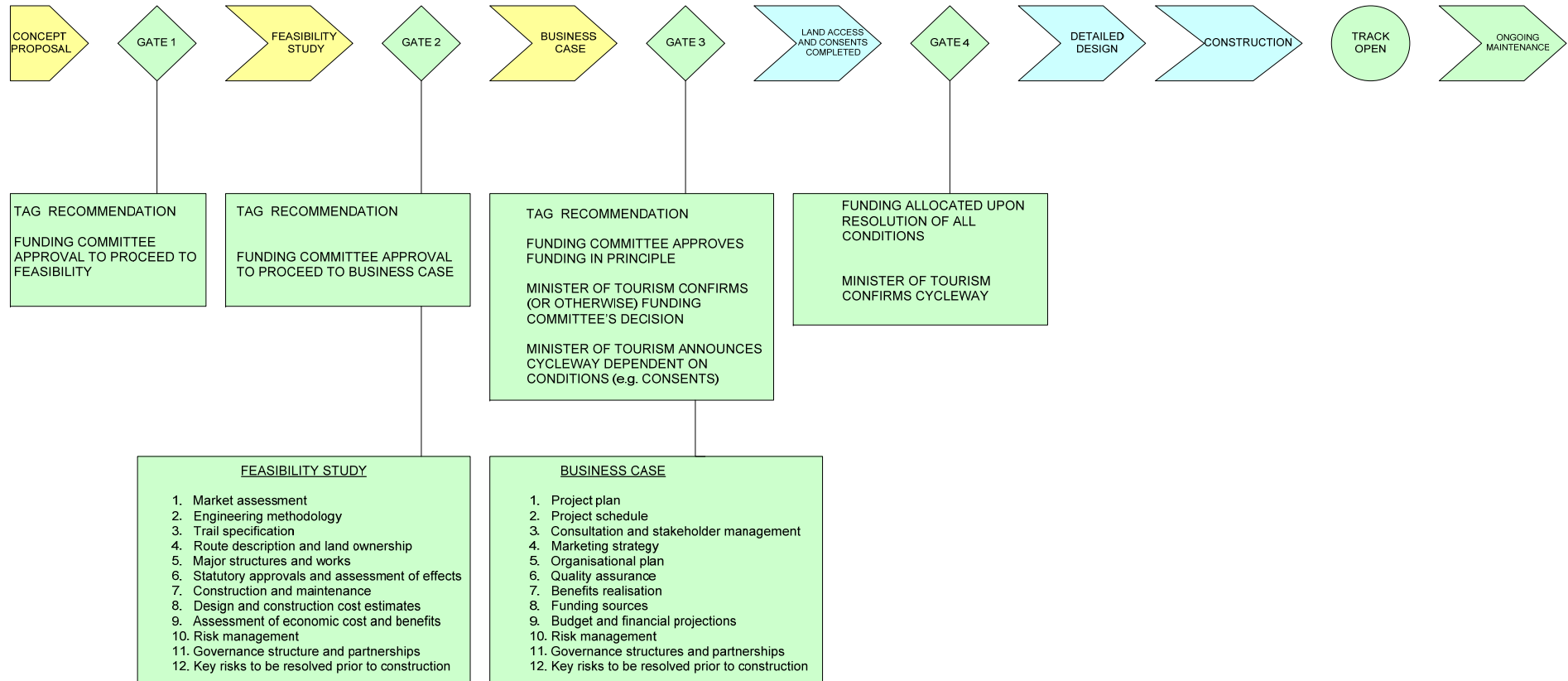
3.5 Timeframes

The timeframes for the funding process are expected to be as follows:

- **18 December 2009:** Closing date for applicants to submit concept proposals to the Ministry;
- **1 February 2010:** Applicants notified whether the proposal will proceed to stage two (feasibility study);
- **31 May 2010:** Feasibility studies completed;
- **30 June 2010:** Proposals to proceed to stage three (business case) notified;
- **30 September 2010:** Business cases completed; and
- **October 2010:** Approved cycleways confirmed for detailed design and construction funding (subject to any conditions of funding).

If the Cycleway Fund is not fully allocated by October 2010, the Ministry may invite further proposals for funding from the Cycleway Fund.

NEW ZEALAND CYCLEWAY – Funding Approval Process



3.6 The Funding Committee and Technical Assessment Group

The Funding Committee comprises senior officials from the Ministry of Tourism, the Ministry of Economic Development and other government agencies. The role of the Funding Committee is to decide the application of funds from the Fund.

The Technical Assessment Group (TAG) comprises Government officials and specialists with legal, engineering, business, and cycling industry expertise. It will provide advice to the Funding Committee at each stage of the process.

The TAG will be available to provide generic technical assistance to applicants during the funding process. While the TAG will provide this generic assistance:

- TAG members will not be available to act directly as advisors to applicants and will have no liability to applicants. Applicants should obtain their own independent advice; and
- any guidance given to applicants by members of the TAG (or their organisations) will not, in any way, mean that the relevant proposal will be accepted at any stage.

The TAG has prepared guidance notes to assist at each stage. These are available on the cycleway website (www.tourism.govt.nz/cycleway) and may be updated from time to time (applicants will be notified of any updates).

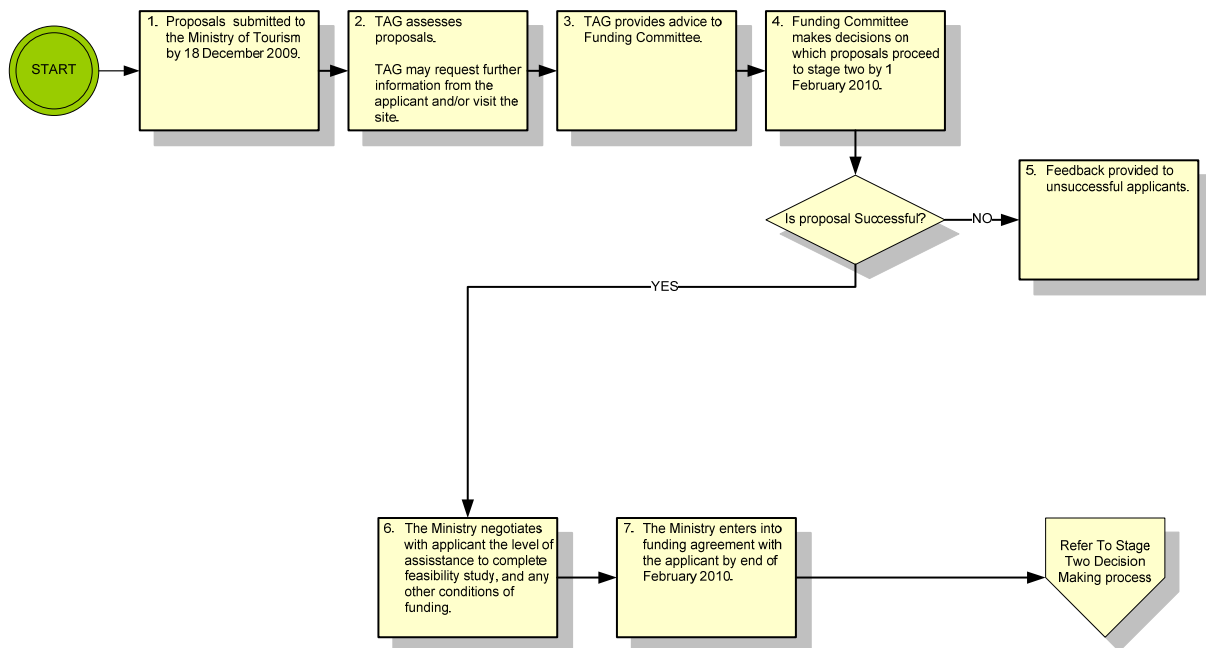
3.7 Stage One: Concept Proposal

The purpose of stage one is to satisfy the Funding Committee that the proposal is sufficiently aligned with the objectives and assessment criteria of the Fund to progress to stage two (feasibility study). As well as being assessed against the objectives and assessment criteria, proposals will be compared with other proposals received.

If a concept proposal is submitted for part of a larger, long-term cycleway project, it will need to show how the cycleway fits into a bigger picture and whether or not it is dependent upon the larger project. If it is, then the viability of the overall cycleway project will need to be evaluated.

Applicants will need to identify in their concept proposal whether there is a need for financial assistance to complete a feasibility study. If a proposal is accepted by the Funding Committee to progress to stage two, the amount of funding for a feasibility study will be negotiated with the applicant (in accordance with the cycleway funding guidelines, refer to 4.22).

Summary of Stage One Decision Making Process



3.8 Stage Two: Feasibility Study

The minimum requirements of a feasibility study are set out in the feasibility study guidance notes on the cycleway website, and are summarised below.

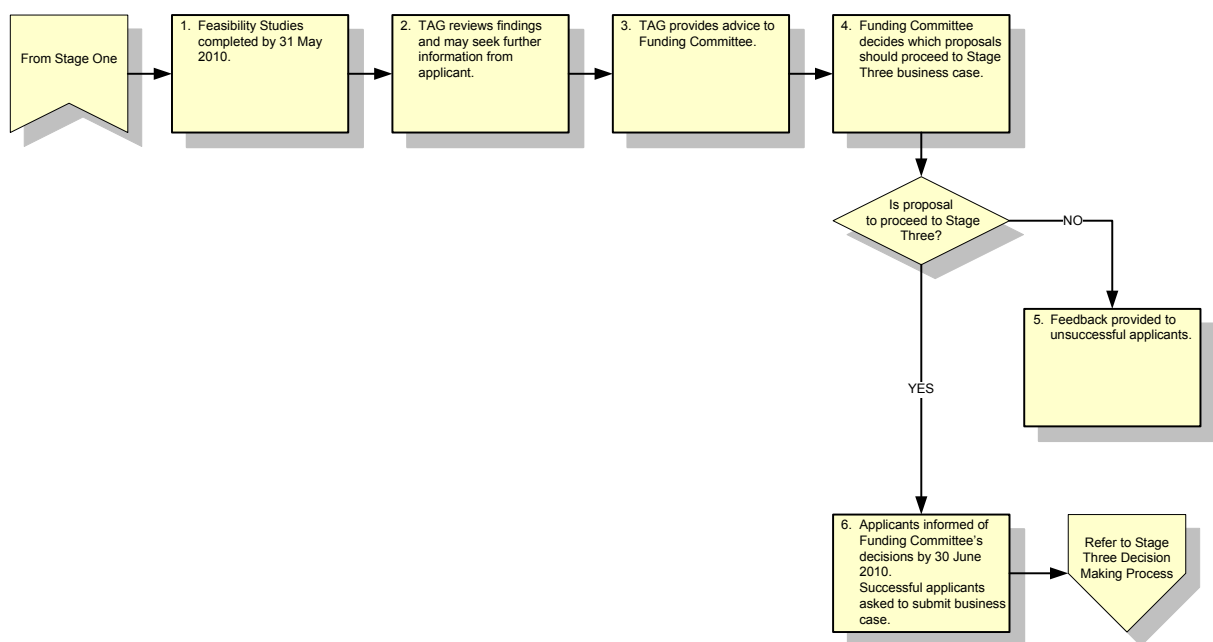
- Market assessment
- Engineering methodology
- Trail specification
- Route description and land ownership
- Major structures and works
- Statutory approvals and assessment of effects
- Construction and maintenance
- Design and construction cost estimates
- Assessment of economic costs and benefits
- Governance structure and partnerships
- Key risks to be resolved prior to construction

The feasibility study should include a comprehensive assessment of all material risks that may impact on whether or not a proposal is feasible. The feasibility study is also expected to identify matters that need to be resolved or addressed as part of the business case stage.

Any funding agreement entered into with the applicant will describe how funding is to be applied to specific aspects of the feasibility study.

Upon the completion of the feasibility study, the TAG will review the findings and provide advice to the Funding Committee. The Funding Committee will then decide whether to approve the proposal to move to stage three (business case).

Summary of Stage Two Decision Making Process



3.9 Stage Three: Business Case

Stage three is the submission of a business case and a funding request for the detailed design and construction of the cycleway.

The Funding Committee will evaluate the business case, with the assistance of the TAG, and will make a decision on whether a final funding agreement is to be entered into. At stage three, the Minister will confirm (or otherwise) the decisions of the Funding Committee.

Economic benefits identified in the feasibility study will be an important focus for the business case. The business case will also need to specify:

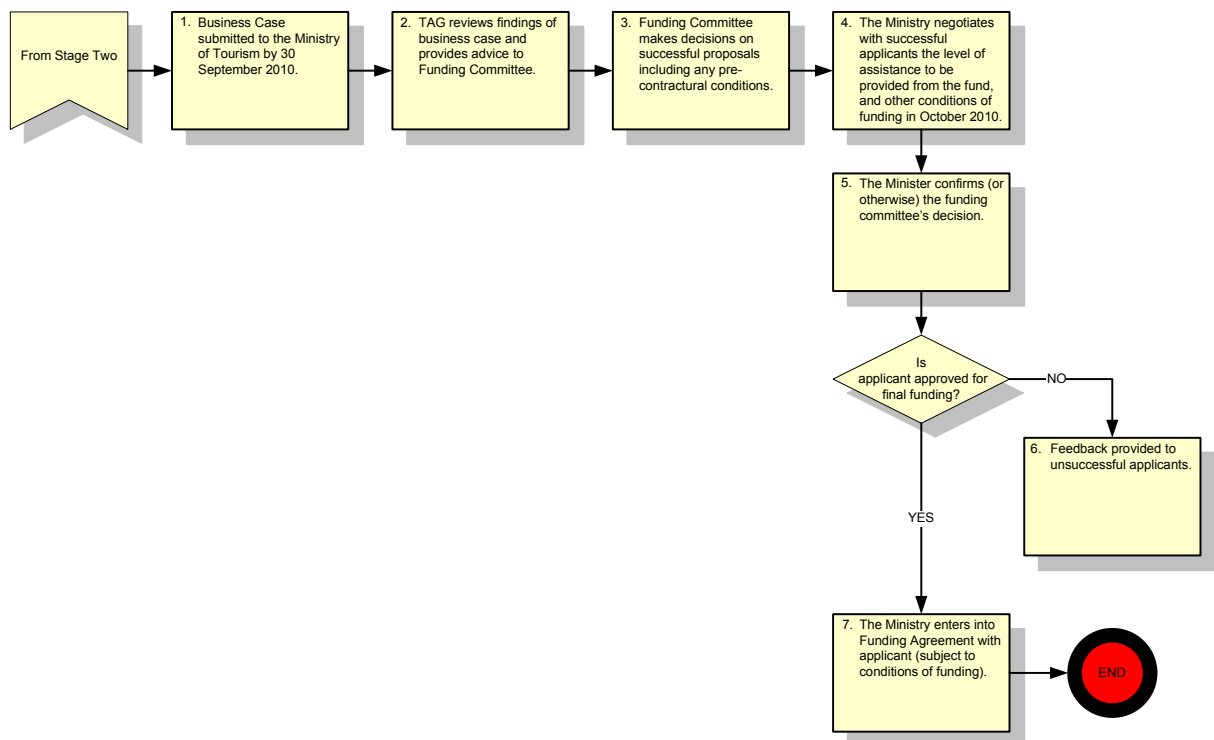
- total projected cost of the detailed design and construction of the cycleway (it is envisaged that this exercise will be to “firm up” the projected costs provided in previous stages);
- the amount of funding sought from the Fund for detailed design and construction of the cycleway; and

- the level of co-funding the applicant will secure and the source of this funding (including demonstrating the availability of this funding and any conditions attached to it).

The business case must include a risk management plan, a detailed governance structure chart, the status of consents, concessions, approvals and other authorisations required for the cycleway, a marketing plan, and a project timeline including milestones and related costs. Other, specific requirements of the business case will be discussed in detail with the relevant applicant, if selected to progress to stage three. For example:

- Where evidence has not been provided that all required land access arrangements have been unconditionally secured as part of the feasibility study or concept proposal stages, the business case must demonstrate that all the land required for the cycleway will be available with certainty and in a way that achieves the long term objectives of the Cycleway Project. It is expected that these earlier stages may only produce “agreements in principle” with the relevant landowners;
- Engineering issues that are identified as part of the feasibility study (such as physical barriers, trail gradient, trail continuity and safety issues) may be the subject of further specific, approved investigations;
- An assessment of the significant issues in relation to all outstanding consents, concessions, approvals and authorisations required; and
- Future financial sustainability for the maintenance, repair, management and other ongoing operational aspects of the cycleway, including its promotion, to ensure that a world-class cycling experience will continue to be provided.

Summary of Stage Three Decision Making Process



4.0 Financial Support for Cycleways

4.1 Availability of Fund

The Cycleway Fund is a limited, contestable fund. The level of investment from the Fund, and how it is spread geographically and across proposals will be decided at the time the Funding Committee considers all proposals.

4.2 Funding at Each Stage

4.2.1 *Concept Proposal*

There is no funding available for the completion of concept proposals. Any costs incurred in preparing a concept proposal must be met by applicants.

4.2.2 *Feasibility Studies*

Funding for feasibility studies is available for applicants whose proposals are approved by the Funding Committee to proceed to stage two and who have identified, in their concept proposal, a need for funding for the feasibility stage. It is envisaged that the Fund will typically contribute up to 50% of the direct third party costs of a feasibility study. A funding agreement must be entered into for any such funding for the feasibility study.

4.2.3 *Business Cases*

It is not expected that business cases will be funded from the Fund. However, in some instances the Funding Committee may decide to fund some or all aspects of a business case, on a negotiated basis with applicants.

4.2.4 *Detailed Design and Construction*

Funding will also be available for part of the costs of the detailed design and construction of cycleways that are approved at the end of stage three. A contribution from the applicant (whether from its own resources or other sources) will still be expected for these costs. The long-term costs (such as management, maintenance, repair and regional promotion after construction completion) must be fully met from the applicant (whether from its own resources or other sources).

The actual amount of the detailed design and construction funding available from the Fund will be decided on a negotiated basis with the successful applicant. This funding must only be used for agreed third party costs to be incurred in the final design and construction of approved cycleways, such as:

- detailed design;
- final engineering design plans and specifications;
- the costs payable to the main construction contractor;
- approved third party project management costs; and
- approved third party quantity surveyor costs.

All funding agreements will require robust financial and governance structures that ensure that money is directly applied in the reimbursement of reasonable and validly incurred third party costs.

The applicant will be expected to fund (which may include seeking and co-ordinating funding from other sources), without reimbursement from the Cycleway Fund items including:

- the costs of its own efforts, including staff and costs of its related entities;
- the purchase of, or securing rights over, land required for the cycleway;
- marketing or website development to promote local or regional cycleways;
- development of region-specific or local branding of cycleways;
- any costs incurred prior to an applicant completing a concept proposal or any costs incurred developing or submitting a concept proposal;
- ongoing operating costs (e.g. rent for land leases) and all cycleway management, repair, maintenance and regional promotion costs (except where cycleways are located on land already owned by the Crown and the Ministry has agreed to pay these costs as part of a final funding agreement);
- costs already contemplated by any existing or notified plans, including any Long Term Community Consultation Plans; and
- costs that are more appropriately met by another Government agency.

4.3 New Zealand Transport Agency Role

To ensure consistency with the New Zealand Transport Agency's (NZTA) funding for walking and cycling infrastructure, all proposals received by the Ministry will be shared with the NZTA at each stage. Where there is an alignment with a proposed National Land Transport Programme (NLTP) funded cycleway, discussions will be held at a Government level to ensure appropriate allocation of funding.

NZTA officials are members of both the TAG and the Funding Committee.

4.4 Cycleway Ownership

The Government does not anticipate owning any land forming part of cycleways funded from the Fund, except in some agreed cases where the land is already owned or administered by the Crown.

The applicant will be responsible for paying, or ensuring the payment of, all ongoing management, maintenance, repair and other operational costs.

The governance structure of the applicant will need to be developed to achieve the ongoing regional ownership and other responsibilities for cycleways. The governance structure does not need to be formally established before a concept proposal is submitted.

4.5 Branding

Any cycleway approved for funding under the Fund will be branded as being part of the New Zealand cycleway. The overall brand is being developed. It is anticipated that cycleways will only be branded once built and ready for use, and then only with the prior written approval of the Ministry.

The final funding agreement will include the basis upon which the overall brand is to be applied and available to the cycleway over the long-term.

4.6 Branding of Existing Cycleways

Once an overarching brand has been established, the Ministry will invite applications from existing cycleways to receive the New Zealand cycleway national branding. It is anticipated that the Funding Committee (with advice from the TAG) will determine which, if any, existing cycleways will be supported with the branding.

Existing cycleways will not be required to go through the three stage process, but applicants will need to demonstrate that the cycleway meets the objectives and criteria of the Fund.

5.0 Submitting a Concept Proposal

5.1 Who can submit a Concept Proposal?

The applicant:

- must complete and sign the concept proposal and, if applicable, the feasibility study and the business case; and
- will be the entity to enter into the funding agreement (if a proposal is successful at the end of stage one) and the final funding agreement (if a proposal is successful at the end of stage three).

It is preferable that an applicant be a single legal entity, but the Funding Committee and the TAG will consider an applicant that has more than one party, such as an unincorporated joint venture or a partnership. The nature of these entities will also be carefully assessed.

The governance and control of an applicant may change over time, including over the three stages. Any such changes will be carefully assessed by the Funding Committee and any funding agreement will include specific provisions to deal with this.

It is important that a cycleway is something that the regional community is proud of, can champion, and considers to be an asset that must succeed over the long term. It is therefore important the applicant has support for the proposal from key community stakeholders, who may include local iwi, local government, local or regional tourism organisations, land owners and relevant members of the wider community (such as local cycling groups and tourism operators).

An applicant is expected to be a local authority or other entity that can demonstrate that it:

- is a legal entity;
- has the skills and resources necessary to co-ordinate the completion of a feasibility study and business case in the required manner;
- is able to bring community stakeholders together in a way that ensures both the successful implementation of the cycleway and its ongoing future success;
- has the capability to attract or provide funding which, together with funding from the Fund, will be sufficient to complete the construction of the cycleway in the manner agreed in a final funding agreement and to ensure, importantly,

the long-term maintenance, protection, management and promotion of the cycleway;

- has experienced leadership;
- has a robust governance structure;
- has the necessary operational capability to lead a project of the likely scale of a successful cycleway, including the ability to procure appropriate contractual relationships with contractors, service suppliers and other entities necessary to construct, maintain and manage the cycleway over the long term;
- is able to co-ordinate the interests and activities of land owners, given that cycleways are likely to cross multiple land holdings; and
- will be accountable for overseeing the funding of ongoing maintenance and operational costs associated with the cycleway.

5.2 How to submit a Concept Proposal

Concept proposals submitted to the Ministry need to be on a signed concept proposal form (available on the cycleway website).

It is acknowledged that in some cases, substantial work has already been undertaken in preparing concept documents. However, to ensure that consistency is applied, the completion of a concept proposal form is required.

A concept proposal can be submitted for:

- a complete cycleway – either a linear route (also known as point-to-point route) or circular route (also known as a loop ride);
- a section of a proposed cycleway, but only if that section will offer a cycling experience that will meet sufficient demand from a market segment (that is, it needs to be a complete, viable route in itself and is not dependent on the rest of the cycleway being constructed); or
- an extension or alteration to an existing cycleway.

A concept proposal must be submitted in both hard and electronic form. One copy of the concept proposal is to be posted or delivered to:

Postal Address

New Zealand Cycleway Project
Ministry of Tourism
P.O. Box 5640
Wellington

Physical Address

New Zealand Cycleway Project
Ministry of Tourism
33 Bowen Street
Wellington

Electronic copies should be emailed to cycleway@tourism.govt.nz. It is important to enter “concept proposal” in the subject line, and the name of the entity submitting it. All applicants will receive acknowledgement of the receipt of their concept proposal.

Individuals keen to promote particular cycleway concepts are encouraged to contact their local authority.

6.0 Assessing Proposals

6.1 Eligibility Criteria

To be eligible for assessment at stage one, proposals must:

- be submitted by an applicant; and
- include a completed and signed concept proposal form (available on the cycleway website).

6.2 Assessment Criteria

Proposals will be assessed against the assessment criteria at each stage, and will be compared with other proposals.

At stage one, concept proposals are expected to demonstrate how the proposed cycleway meets the assessment criteria at a high level.

At stage two, the feasibility study will:

- provide evidence to show how the cycleway will meet the objectives and the assessment criteria;
- demonstrate that the cycleway is feasible; and
- identify all material risks (for example, the securing of land rights and resource consents, trail formation engineering issues) to be resolved before the cycleway can proceed.

At stage three, the business case should demonstrate:

- how the cycleway meets all the assessment criteria;
- that the proposal is a viable business proposition over the long term; and
- that all material risks have been resolved or will be resolved.

The assessment criteria are as follows:

A) Meeting market demand

The cycleway will:

- fulfil the needs of one or more of the cycle tourism market segments;
- show a clear match between the proposed cycleway design and associated experience, and the cyclists expected to use it; and
- attract sufficient demand to warrant investment in it.

Refer to Part 7.0 for further information on this criterion.

B) Showcasing the best that New Zealand has to offer

The cycleway will showcase New Zealand's:

- environment;
- iconic natural landscapes; and
- heritage and culture.

C) Meeting the overall Objectives of the New Zealand Cycleway Project

The cycleway will:

- generate short and long term economic benefits;
- provide a high-quality asset that offers a world-class cycling experience, and enhances New Zealand's competitiveness as a visitor destination;
- maximise complementary benefits, e.g. for health, the environment, commuters, the events sector; and
- engage local communities.

D) Developing Partnerships and Stakeholder Support

The cycleway will:

- have strong community stakeholder support, including support that will promote New Zealand's culture and heritage (such as iwi and Māori cultural initiatives);
- be the responsibility of an applicant that has, or will have, strong and committed relationships with those stakeholders, and any other entities necessary for the success of the cycleway;
- have associated infrastructure and business support that will provide the overall experience needed for a world-class cycling experience, on a committed and enduring basis; and
- once constructed, be managed, maintained and operated by the applicant at its own cost to the required standard.

6.3 What is a World-Class Cycling Experience?

One of the objectives of the New Zealand Cycleway Project is to provide world-class cycling experiences. The definition of a world-class cycling experience is likely to be different for many people, depending on their experience and characteristics. However, there are some elements that are fundamental to a world-class cycling experience. These include:

- stunning natural scenery;
- interesting history and culture;
- welcoming communities;
- quality accommodation (which is appropriate to the target market);
- good signage, information, and interpretation; and
- an experience that meets or exceeds visitors' expectations.

6.4 Multi-Day Cycling Experiences

Cycleways that offer a multi-day cycling experience are more likely to generate greater economic and social benefits, and are therefore likely to be preferred by the Funding Committee.

A cycleway that offers a multi-day cycling experience is one that offers cyclists the opportunity to spend more than one day riding the cycleway, and include at least one overnight stay in the cycling trip.

Two examples of multi-day cycling experiences are:

- a ride of more than one day on a linear or circular route, and including at least one overnight stay during the journey; or
- a location-based (“hub and spoke”) cycling experience that enables people to stay in one town for the majority of their holiday, and undertake a different ride each day for more than one day, including at least one overnight stay during their trip.

In some cases, the proposal may be to develop a multi-day cycling experience through an extension or alteration to an existing cycleway.

7.0 Meeting Market Demand

To generate lasting employment and investment opportunities in regions, a Great Rides needs to offer an experience that potential users are seeking.

A clear match between trail type (and associated experience) and market needs must be demonstrated to attract cyclists from a cycle tourism market segment, over both the short and long-term, so as to contribute to a sustainable business model.

Proposals will be assessed on the size of the market in which the cycleway is projected to attract, and the quality of the evidence provided to support that projection. At concept proposal stage, preliminary estimates of demand should be provided. It is understood that these will be “high level” only and it is unlikely that applicants will be able to provide a robust assessment of the size of the market at that stage. At the feasibility stage, applicants must provide a robust market assessment, to support the projected market size.

7.1 Segmenting the Cycle Market

The Ministry commissioned market research to gain a better understanding of the scope, size and characteristics of cycling market segments, both domestically and in New Zealand’s key international tourism markets. A full copy of the market research report is available on the cycleway website.

The market research report concludes that the market for cycleway experiences is a combination of cycle tourists, recreational cyclists, and a broader potential market consisting of those who do not currently cycle.

Recreational cycling takes place from home and does not involve an overnight stay away from home.

Cycle tourism includes visits to places outside a person's home region for the purpose of holiday, pleasure or sport, whether participation in cycling is either a primary or secondary activity. It includes both international and domestic tourists, mostly staying overnight, but can include day-trippers.

While it is important that local people use the cycleways in their home region, to be considered a Great Ride, a cycleway must:

- also appeal to those who fall under one or more of the cycle tourism market segments; and
- provide a compelling reason for people to travel (either domestically or internationally) for the experience.

The market research report shows that there are three market segments within the cycle tourism market, as follows:

- Cycle touring – travelling on low traffic roads throughout the country, generally staying in multiple overnight locations.
- Cycling holidays – travelling on traffic-free linear or circular routes. This group can include different trails of different grades to meet the needs of all ages and abilities; and
- Location-based cyclists – based in one place for the majority of the holiday. This group seeks easy access to different day-riding experiences in the region from an overnight accommodation base.

7.1.1 International Cycle Tourists

The market research report found that international cycle tourists want easy, multi-day cycling experiences with good supporting services or events. International cycle tourists require trips that take in New Zealand's landscape, natural environment and culture.

7.1.2 Domestic Cycle Tourists

Domestic cycle tourists and recreational cyclists are not primarily focused on cycling, but on the broader experience. This group is likely to be older people or consist of families rather than single visitors or couples.

7.2 Cycleway Guidelines and Characteristics

Following the release of the Market Research Report, the Cycleway Research Focus Group developed guidelines and characteristics for both on and off-road trails. The guidelines include, for example, the preferred gradient, width and surface of trails.

On-Road Cycleways

For the cycle touring market segment there are two primary criteria: quiet roads and interesting countryside. There are also secondary criteria such as good signage and route information. These are explored in detail in Appendix two.

Off-Road Cycleways

Appendix two includes the guidelines for off-road trails, which are preferred by the cycling holiday and location-based market segments. The criteria are set out in the form of a grading system. This describes trail types from grade one (easiest) to six (extreme).

It is important the applicants use this information to demonstrate the match between the trail grade and characteristics, and the expectations of the people in the market segment expected to use it.

At concept proposal stage, it is understood that details of the trail characteristics and type will not be fully known. Therefore, at concept proposal stage, applicants should indicate, to the best of their knowledge:

- the cycle tourism market segment the track is designed to appeal to, and
- the characteristics of the people who will ride it (e.g. whether they are people who have not ridden a bike for many years, or more experienced cyclists looking for a challenge); and
- for off-road trails (either sections or whole cycleways), applicants should estimate the grade of the proposed trail.

8.0 What makes Cycleway Projects Successful?

The Market Research Report studied a selection of case studies from within New Zealand and from overseas to explore the keys to the success of cycleway projects. The case studies can be read in full in the Market Research Report (refer to pages 79-91 of the Market Research Report on the cycleway website). A summary is provided below.

The whole experience is important

Although there are some market segments for whom the trail has greater emphasis, for the broader market where cycling is not the primary motivator, it is the other activities, services and components that make the experience more appealing.

Commitment of project leadership

To succeed, cycleway projects need a dedicated and committed “local champion”.

Integration with existing infrastructure

More immediate economic returns and a higher quality product can often be achieved through using existing tourism businesses and supporting infrastructure.

Land ownership issues – a shared vision needed

Getting land owners involved early in the process is important for establishing a sound working relationship and ensuring there is legal clarity over public use of the cycleway.

Financial sustainability

Successful projects need financial strategies in place to support the costs of maintenance, upgrades, and infrastructure such as signage.

Creating new business opportunities

The opportunity to stimulate new business through cycle tourism can be a key motivation for private and public sector collaboration on cycling initiatives.

Appealing to a broader market

Creating a product that appeals to a broad range of users is important.

High demand for easy, off-road trails

The success of off-road trails depends mainly on their ability to offer users a safe, traffic-free environment in which to enjoy cycling. The easier the trail, the broader the appeal to cyclists.

Demand for more challenging experiences

Although a small market, it is important to acknowledge the demand for inspirational and challenging adventure experiences.

Events can be an important driver

Events can be a key driver for both cycle tourism and recreational cycling.

APPENDIX 1

Glossary of Terms

“**applicant**” means the legal entity that submits a proposal in accordance with this guide and that will be primarily responsible for the relevant cycleway;

“**assessment criteria**” mean the criteria against which each proposal will be assessed as described in Part 6.2 for a cycleway to be considered a “Great Ride”;

“**business case**” means the business case for the cycleway, to be submitted by an applicant in stage three of the funding application process, as described in Part 3.9;

“**circular route**” or “**loop ride**” means a cycle route that has the same start and finish location;

“**concept proposal**” means an application for funding from the Fund supported by a concept proposal for a cycleway, to be submitted on a concept proposal form in stage one of the funding application process;

“**concept proposal form**” means the form available on the cycleway website;

“**cycle tourism**” means visits to places outside a person’s home region for the purpose of holiday, pleasure or sport, whether participation in cycling is either a primary or secondary activity. It includes both international and domestic tourists, mostly staying overnight, but can include day-trippers;

“**cycleway**” means a cycleway proposed by an applicant for which funding is sought from the Fund;

“**cycleway funding guidelines**” means the guidelines and information which all applicants and stakeholders should be aware of and which will govern the relationship between the Ministry and the applicants, as set out in Appendix three;

“**Cycleway Project**” means the New Zealand Cycleway Project established by the New Zealand Government to identify and fund cycleways which meet the criteria to be “Great Rides”, as more particularly described on the cycleway website;

“**Cycleway Research Focus Group**” means the group of industry and government representatives who assisted with the development of the market research report and the trail characteristics and criteria;

“**cycleway website**” means www.tourism.govt.nz/cycleway;

“**domestic tourists**” means New Zealand residents, who travel to a place within New Zealand for less than a year, excluding those travelling to a place to work for an employer located in the place visited (e.g. commuters). This includes both day trips and overnight trips;

“**feasibility study**” means the feasibility study for a cycleway, based on the concept proposal, to be submitted by an applicant in stage two of the funding application process in the form and containing the information set out in Part 3.5;

“final funding agreement” means an agreement (in a form to be agreed by the applicant and the Ministry) to be entered into by the applicant with the Ministry if the applicant’s proposal for a cycleway is accepted at the conclusion of stage three;

“Fund” and “Cycleway Fund” means the National Cycleway Fund established by the New Zealand Government to implement approved cycleway projects;

“funding agreement” means an agreement (in a form to be agreed by an applicant and the Ministry) to be entered into by an applicant with the Ministry where either:

- the applicant’s request for funding to assist with the stage two feasibility study is accepted;
- the Funding Committee has agreed to provide funding to assist with a business case;

“Funding Committee” means the New Zealand Cycleway Funding Committee established by the Ministry to decide the application of funds from the Fund;

“Great Ride” means a cycleway which is approved for funding from the Fund as part of the New Zealand Cycleway Project and under a final funding agreement;

“Guide” means this guide to the funding process for the New Zealand Cycleway Project as amended or updated as and when required;

“international tourists” means international residents travelling to New Zealand for less than a year, excluding those travelling to New Zealand to work for a New Zealand employer;

“linear route” or **“point-to-point route”** means a cycle route that takes people on a journey starting from one location and ending in another, different location;

“location-based” means the location based cycling segment of the cycle tourism market segment;

“market research report” means the market research report prepared for the Ministry by Tourism Resource Consultants entitled “The New Zealand Cycleway – Market Research” dated September 2009, which report is available on the cycleway website at www.tourism.govt.nz/cycleway;

“market segment” means a market segment of cycle tourism as identified in Part 2.2.2 of the market research report;

“Minister” means the Minister of Tourism;

“Ministry” means the Ministry of Tourism;

“multi-day cycling experience” has the meaning set out in Part 6.4;

“objectives” means the objectives of the Cycleway Project as set out in Part 2.1;

“proposal” means a proposal for a cycleway, submitted by an applicant to the Ministry in accordance with this guide, for funding from the Fund;

“region” or **“regional”** means a region in respect of which a regional council (as defined in the Local Government Act 1974) is constituted;

“recreational cycling” means a cycling activity that takes place from home and does not involve an overnight stay away from home;

“stage” means one of the three stages in the funding process being the concept proposal stage, the feasibility study stage and the business case stage;

“Technical Assessment Group” or “TAG” means the New Zealand Cycleway Technical Assessment Group engaged by the Ministry to provide technical advice and assistance to the Ministry and the Funding Committee for the implementation of the Cycleway Project;

“vision” means the vision for the Cycleway Project as set out in Part 2.1; and



“world-class cycling experience” means the description set out in Part 6.3.



APPENDIX TWO



Cycleway Guidelines and Characteristics

Trail Guidelines and Characteristics for Off-road Cycleways

The following grades have been derived from the International Mountain Bike Association's trail rating system. Guidelines from the Department of Conservation, and the New Zealand Mountain Bike Association were used in their development.

Grade	Grade Description
<p>1.</p> 	<p>Description: Flat, wide, smooth, trail or fine gravel road. Trail feels safe to ride. Ideal as a first ride for non-cyclists, and those wanting an easy gradient or experience. Trail is double trail, which allows for cyclists to ride two abreast most of the time, and provides a social component to the ride. Cyclists will be able to ride the total distance of the trail without dismounting for obstacles.</p> <p>Gradient: 0-2 degrees for 98% of trail on any one day, maximum 4 degrees, and more than 2 degrees gradient for no longer than 200 m at a time. If the track is ridden predominantly in one direction then the downhills can be steeper.</p> <p>Width: 'Double trail' preferred = minimum of 2.5 m for 90% of trail, where cyclists may ride side by side. 'Single trail' average width 1.8 m, with 1.2 m minimum.</p> <p>Radius of turn: 6 m minimum.</p> <p>Surface: Compacted/stabilised base course or similar, with maximum top course aggregate of 20 mm.</p> <p>Traffic Volume: Where public roads are used, a maximum of 100 vehicles per day.</p> <p>Watercourses: All water courses bridged</p> <p>Bridge Width: Minimum bridge width of 1.5 m (and structurally able to carry an ATV quad bike for servicing).</p> <p>Obstacles: None. No stiles. Cattle stops should be ideal width of 1.5 m, and minimum 1.2 m wide.</p> <p>Length: 3.5-4.5 hours/day (30-50 km).</p> <p>Barriers/Guard rails: Areas such as bluffs or bridges where a fall would result in death or significant harm require hand rails.</p>
<p>2.</p> 	<p>Description: Some gentle climbs, smooth trail. Suitable for beginner riders, the trail is predictable with no surprises. Social component with riders able to ride side by side at times, but large sections of single trail.</p> <p>Gradient: 0-4 degrees for 96% of trail on any one day, maximum 6 degrees, and more than 4 degree gradient for no longer than 200 m at a time. If the track is ridden predominantly in one direction then the downhills can be steeper.</p> <p>Width: Between 0.9 m and 1.5 m for single trail and minimum 2.2 m for double trail sections.</p> <p>Radius of turn: 3 m minimum with 4 m desirable.</p> <p>Surface: Compacted/stabilised base course, with maximum top course aggregate of 30 mm.</p> <p>Traffic Volume: Where public roads are used, a maximum of 200 vehicles</p>

Grade	Grade Description
	<p>per day.</p> <p>Watercourses: Watercourses bridged, except for fords with less than 100 mm of water in normal flow which can be easily ridden.</p> <p>Bridge Width: Minimum bridge width 1.2 m (structurally able to carry ATV quad bike for servicing).</p> <p>Obstacles: Some rocks/roots/ruts that can either be avoided, or are less than 50 mm high. No stiles. Cattle stops should be minimum 1.2 m wide.</p> <p>Length: 4-5 hours/day (30-50 km).</p> <p>Barriers/Guard rails: Areas such as bluffs or bridges where a fall would result in death or significant harm require hand rails.</p>
<p>3.</p>  <p>INTERMEDIATE</p>	<p>Description: Narrow trail, there will be some hills to climb, obstacles may be encountered on the trail, and there may be exposure on the edge of the trail. Suitable for riders with intermediate level skills.</p> <p>Gradient: 0-5 degrees for 90% of the trail, maximum 9 degrees</p> <p>Width: 0.9 m for 90% of the trail, 0.6 m minimum.</p> <p>Radius of turn: 2 m minimum, with 3 m desirable.</p> <p>Surface: Generally firm, but may have some muddy or loose sections.</p> <p>Traffic Volume: Where public roads are used, the cycle touring criteria for Quiet Roads should be met.</p> <p>Watercourses: Watercourses bridged, except for fords with less than 200 mm of water in normal flow, which can be easily ridden.</p> <p>Bridge Width: 1.2 m with minimum width 0.9 m. The ideal width for these bridges is 1.2 m to allow access by ATV quad bikes.</p> <p>Obstacles: Occasional rocks/roots and ruts may be up to 100 mm high/deep and may be unavoidable.</p> <p>Length: 4-6 hours/day (30-50 km for an intermediate cyclist).</p> <p>Barriers/Guard rails: Areas such as bluffs or bridges where a fall would result in death or significant harm require hand rails.</p>
<p>4.</p>  <p>ADVANCED</p>	<p>Description: Steep climbs, with unavoidable obstacles on a narrow trail, and there will be poor traction in places. Possibly some walking sections. Suitable for intermediate and advanced riders.</p> <p>Gradient: 4-7 degrees average, maximum 12 degrees</p> <p>Width: 0.6 m average, 0.4 m minimum.</p> <p>Radius of turn: 1-2 m minimum.</p> <p>Surface: Firm and loose.</p> <p>Traffic Volume: Where public roads are used, the cycle touring criteria for Quiet Roads should be met.</p> <p>Watercourses: Watercourses bridged, except for fords with less than 300mm of water in normal flow, which can be easily ridden.</p> <p>Bridge Width: 1.2 m with minimum width 0.9 m. The ideal width for these bridges is 1.2 m to allow access by ATV quad bikes.</p> <p>Obstacles: Many rocks/roots and ruts up to 200mm high/deep. Also some purpose built obstacles to liven things up, such as sea-saws and jumps.</p> <p>Length: 4-8 hours/day for advanced cyclists.</p> <p>Barriers/Guard rails: Areas such as bluffs or bridges where a fall would result in death or significant harm require hand rails.</p>

Grade	Grade Description
<p data-bbox="284 271 316 304">5.</p> 	<p data-bbox="443 248 1466 315">Description: Technically challenging, and suitable for advanced/expert riders. Physically tough. Big hills, lots of rocks, some walking likely.</p> <p data-bbox="443 327 1153 360">Gradient: 5-9 degrees average, maximum 20 degrees</p> <p data-bbox="443 371 975 405">Width: 0.4 m average, 0.25 m minimum.</p> <p data-bbox="443 416 847 450">Radius of turn: 1 m minimum.</p> <p data-bbox="443 461 895 495">Surface: Huge variety of surfaces.</p> <p data-bbox="443 506 1466 573">Traffic Volume: Where public roads are used, the cycle touring criteria for Quiet Roads should be met.</p> <p data-bbox="443 584 1466 651">Bridge Width: 1.2 m with minimum width 0.9 m. The ideal width for these bridges is 1.2 m to allow access by ATV quad bikes.</p> <p data-bbox="443 663 1466 752">Obstacles: Many rocks, roots and ruts, up to 0.6 m high/deep. If there are not obstacles then they are likely to be added afterwards (i.e. jumps, and wooden structures).</p> <p data-bbox="443 763 922 797">Length: 4-12 hours for expert riders.</p>
<p data-bbox="284 824 316 857">6.</p> 	<p data-bbox="443 801 1466 913">Description: Purpose built extreme Downhill/Free ride trails. Extremely steep and dangerous jumps and obstacles. Fear factor is essential. High risk of injury. Suitable for extreme riders.</p> <p data-bbox="443 925 778 958">Gradient: Anything goes!</p> <p data-bbox="443 969 831 1003">Width: Minimum of tyre width</p> <p data-bbox="443 1014 839 1048">Radius of turn: Minimum 1 m</p> <p data-bbox="443 1059 1054 1093">Surface: Anything – likely to be unsustainable.</p> <p data-bbox="443 1104 1214 1137">Obstacles: ‘North Shore’ wooden obstacles, big jumps, etc</p> <p data-bbox="443 1149 1466 1193">Length: Trail may take less than a minute to ride, but will be ridden over and over again.</p>

Note:

- Any short sections of trail that do not meet the guidelines should only be one grade harder, but only in short sections of no more than 200m.
- If a more difficult section is included in the trail, over and above the minimum requirements, it may be looked upon more favourably if compensatory factors are included to mitigate the difficulties.
- Long straight sections should be made interesting by, for example, vegetative chicanes, or providing some other point of interest such as a sculpture, or historic feature.

Conversion Table

The following table shows the relationship between degree and percent measurements of slope.

Degrees	Percent
1	1.7
2	3.5
3	5.2
4	7.0
5	8.7
6	10.5
7	12.3
8	14.1
9	15.8
10	17.6
15	26.8
20	36.4

Trail User Expectations and Trail Characteristics

The following table demonstrates the importance of different trail characteristics for users as the Grade increases from Grade 1 through to 6. For Grade 1 and 2 trails, higher importance is placed on social interaction during the ride, the natural environment that the trail passes through, and the supporting tourism infrastructure than on the trail engineering. For Grade 4,5 and 6 trails, more importance is placed on the engineering and ‘flow’ of the trail. The social interaction and natural environment experienced during the ride are of lesser importance for these Grades.

Trail Grade	Social Interaction	Natural Environment	Supporting Tourism Infrastructure	Trail Engineering
1-2	More important during the ride within a group. Important between riders and locals.	High importance	Facilities such as quality or comfortable accommodation, cafes and toilets at regular intervals, sag wagon support etc expected Signage is important for orientation and interpretive enrichment (cultural/natural history).	Smooth surface and no surprises allow maximum interaction with friends and scenery. Riders require less effort to navigate/manoeuvre along the trail
3	Less important during ride, but interaction takes place during stops. Less important between riders and locals.	Medium importance	Facilities such as comfortable accommodation, showers/shops/sag wagon support etc “nice to have” but not expected. Signage is less important for orientation and less interest in interpretive enrichment (cultural/natural history)	Trail engineering becoming more important for novice riders. Experienced riders looking for a challenge will view trail engineering as an important aspect of the trail. Style of trail and trail engineering very important to produce a “flowing” experience.
4+	Low importance during ride. Least important between riders locals.	Lower importance	Facilities such as showers/shops/sag wagon support etc not expected or needed until after ride, if at all. Signage less important for orientation and low interest in interpretive enrichment (cultural/natural history)	Style of trail and trail engineering very important to produce flow experience.

Route Guidelines and Characteristics for On-road Cycleways

For the cycle touring market segment there are two primary criteria: quiet roads and interesting countryside. There are also secondary criteria such as good signage and route information. These are explored in detail in the following table.

Criteria	Route Description
<p>Primary Criteria 1: Quiet Roads</p>	<p>Traffic Volume – fewer than 1,000 vehicles per day for 90% of the route, unless an adequate sealed road shoulder or separate path beside the road is provided.</p> <p>Traffic Speed – less than 80 km/h, either because the road is gravel, winding, hilly or is signposted as 80 km/h or less, unless an adequate sealed road shoulder or separate path beside the road is provided.</p> <p>Type of Vehicle – Not more than 30 heavy vehicles per day (i.e. few large trucks or buses).</p> <p>Traffic Profile – information should be provided on time of day when peak vehicle flows occur (if any).</p> <p>Road Surface – preferably sealed, but smooth gravel and dirt roads are acceptable.</p> <p>Off-road sections – Grade 1 and 2 off-road sections are acceptable (refer to off-road trail characteristics). Up to 1 km of Grade 3 is acceptable, particularly if it links quiet dead-end roads.</p>
<p>Primary Criteria 2: Interesting Countryside</p>	<p>Scenic landscapes – routes that pass through native forests with native birdlife are ideal. Pine forest is desirable, but not during or immediately after times of logging. Sheep farming country is desirable, especially by international tourists, but high intensity dairy farming is not preferred due to the smell of effluent and presence of milk tankers.</p> <p>Remote experiences – away from the main highways, allowing cyclists to connect/interact with local communities. Cyclists want to experience the 'Real New Zealand', and to connect/interact with the natural environment.</p>
<p>Secondary Criteria</p>	<ul style="list-style-type: none"> • Good signage along the route to denote the trail. • Maps and route information (including seasonal weather to be expected) readily available. • Accommodation facilities – range of accommodation including campsites, backpackers, hotels and Bed & Breakfasts. • Public transport connections along the route, e.g. buses (with the ability to take multiple bikes), trains, ferries. Transport from a major city to the start of a ride may be needed. • Interesting features, e.g., viaducts, kauri forests, penguins, lighthouses.
<p>Cycle Touring: Cyclist characteristics</p>	<ul style="list-style-type: none"> • Predominantly international tourists (80%) with smaller domestic tourist participation (20%) • Range from self-sufficient cyclists (with all equipment carried) to “credit card travellers” who only carry minimal clothing and food, stay in fully serviced accommodation and eat out. • Touring cyclists tend to be well educated, well informed, and well read. They tend to undertake long trips, with a minimum distance of 50 km/day, on average 70 km/day, and sometimes 80-120 km in one day.

Criteria	Route Description
	<ul style="list-style-type: none">• They seek multi-day cycling experiences with a minimum trip length of two days. On average, they travel for one week, although sometimes for a month or more.

APPENDIX THREE

Cycleway Funding Guidelines

1. Acceptance of Cycleway Funding Guidelines

All applicants should read these cycleway funding guidelines carefully as they govern the funding process.

No contract shall arise between the Ministry and any applicant in relation to the conduct or implementation of the Cycleway Fund funding process. Without limit, neither this guide nor the submission of a concept proposal will constitute a process contract between the Ministry and an applicant.

2. Specific negotiations

Funding will be subject to negotiation between approved applicants and the Ministry. The Ministry's entry into these negotiations (whether through the Funding Committee, TAG or otherwise) will be entirely without prejudice to and will not fetter the Ministry's discretion to decide whether or not to give any commitment to fund an applicant whether for the feasibility study, business case or for the cycleway itself.

Funding will be subject to both the Ministry and the applicant entering into a funding agreement or final funding agreement.

3. Responsibility of Applicants to manage their own expenditure wisely

Concept proposals should be high-level only. Applicants are encouraged to incur, and limit, their costs in a logical and practical manner, particularly given the possibility that their proposal may not be approved to progress to stage two.

The provision of supporting documentation at the concept proposal stage is entirely the decision of the applicant and will not, in any way, give added weight to progressing the concept proposal to stage two.

Each applicant is responsible for all its own costs incurred as a result of its participation in the funding process, as well as any costs associated with negotiating a funding agreement or final funding agreement with the Funding Committee.

The Ministry is not responsible for any costs incurred by the applicant as a result of undertaking any action in reliance on this guide or any other funding-related document produced by or on behalf of the Ministry.

4. Important reservation of flexibility

The Ministry reserves the unrestricted right to, at any time:

- Amend or replace this guide, or any other document or process relating to the Cycleway Project, including, without limit, changing the assessment criteria and decision-making process; or
- Change the timeframes set out in this guide, whether for all proposals or any one or more of the proposals. While adherence to timeframes is important, it is also important that the Ministry is able to give applicants further flexibility where the Ministry considers it is reasonable to do so in the circumstances.

For example, it may be decided to relax a particular deadline for an applicant where reasonable progress has been made to the satisfaction of the Ministry or the Funding Committee;

- Negotiate with one or more applicants on such basis as the Ministry sees fit and without reference to any other applicants;
- Require applicants to provide additional information;
- Interview any of the applicant's personnel, identified stakeholders or other relevant third parties as part of the assessment process;
- Suspend the funding process;
- End the funding process; or
- Do any other act or thing that the Ministry sees fit in relation to the funding process.

5. Assessment of Proposals

The Ministry reserves the unrestricted right to, at any time:

- Decide not to proceed with any proposal at any stage, irrespective of the approval given to the proposal at a prior stage, or any prior funding agreement, and without the need to give any reasons;
- Evaluate proposals on such basis as the Ministry sees fit and in addition to the Ministry's assessment of whether or not a proposal meets the assessment criteria;
- Weigh a proposal's compliance with each of the assessment criteria on a basis that is different to the way another proposal has been weighed against the same assessment criteria. This is considered desirable to enable an overall outcome that may produce a diversity of experiences;
- Make decisions about particular proposals based on such overall factors as the Ministry in its discretion may consider appropriate, irrespective of whether or not a proposal has met the assessment criteria. For example, such a proposal may not be approved for reasons relating to the unallocated amount remaining in the Fund, or where the Ministry wishes to encourage cycleways in other regions (although it is not under any obligation to consider cycleways on a region by region basis);
- Choose not to apply any or all of the amount in the Cycleway Fund;
- Choose not to approve funding for any proposal even if it achieves a positive outcome in any assessment during the stages; and
- Impose any conditions, and may approve funding for a lesser amount than that sought by an applicant.

6. Liability Limitation

The Ministry, the Funding Committee and the TAG (including their members) and their employees, agents and advisors are and will not be liable in contract or tort or in any other way for any direct, indirect or consequential damage, loss or cost incurred by any applicant in relation to its proposal or participation in the funding process, including in relation to an applicant's:

- reliance in any way on this guide;
- decision to submit a proposal and all activities carried out in relation to a proposal, during any stage;
- involvement in the funding process;
- reliance on any guidance that may be provided by the TAG in respect of their proposal; and
- own investigations and third party arrangements (including any contract) in respect of any aspect of its proposal.

Applicants will therefore be involved in the cycleway project at their own risk and are encouraged to seek independent advice to ensure that they fully understand all the implications of their involvement in the funding process and the submission of a proposal.

7. Legal Requirements for Applicant

If an applicant's proposal is successful at stage three, the applicant must enter into a final funding agreement with the Ministry. Should the applicant identify another organisation that would be better suited to take overall responsibility for the proposal at any stage, this must be agreed in advance with the Ministry.

The applicant (or replacement applicant approved by the Ministry) must be a legal entity (for example, a local authority or a registered charitable trust) capable of contracting with the Ministry and must provide evidence of this. Funding will not be paid to individuals or unincorporated trusts. If the applicant is made up of more than one legal entity (e.g. a joint venture), this must be agreed in advance with the Ministry.

8. Publication and Official Information Act Obligations

In submitting a proposal at any stage, the applicant consents to the public release, including publishing on the internet, of the name of the applicant, and a general statement of the nature of the activity/project, and undertake to cooperate with the Ministry on communications relating to this proposal.

In any case, the content of any proposal and information held by the Ministry in connection with a proposal may be subject to release under the Official Information Act 1982. Proposals should (at each stage) clearly indicate those parts of the proposal which the applicant considers should be withheld from public release, or from release in response to requests under the Official Information Act 1982, together with the reason(s) for withholding the information. These reasons must be reasons for withholding specified in the Act, for example privacy or commercial sensitivity. It is not acceptable that the entire proposal or that the names and details of applicants be indicated as such. The Ministry will take into account such indications when responding to requests under the Official Information Act 1982.

The Ministry may transfer requests to local authority applicants (or other applicants subject to the Official Information Act or Local Government Official Information and Meetings Act 1987) where it considers it appropriate.

9. Application Assessment

Each applicant authorises the Funding Committee to collect any information from the applicant and from relevant third parties and to use that information to assess the applicant and the proposal.

Assessment is based on the material provided by the applicant and on any other material or information obtained by the Ministry. Consultation by the Ministry with relevant government agencies and with appropriate external experts may occur at any stage to assist with the assessment of a proposal

The assessment of each proposal may also include a risk management assessment; including a report on the capability of the applicant to manage the cycleway and the funding.

10. Decisions

Applicants will be informed of the success or otherwise of their proposal at the conclusion of stage three, and a public announcement of the successful applicants may be made at the Ministry's discretion.

Until a final decision is made by the Funding Committee (and confirmed or otherwise by the Minister of Tourism at stage three) nothing the Ministry, the Funding Committee or TAG does or recommends indicates approval or preliminary approval of any application for funding by an applicant. Approval is subject to contract.

11. The Final Funding Agreement

Except as specified in a funding agreement entered into at the end of stage one or stage two for funding for a feasibility study or business case, no legal or other obligations between the Ministry and the applicant will arise unless or until the Ministry and an applicant have entered into a final funding agreement, satisfactory to the Ministry in all respects.

All stage one funding agreements comprise the Ministry's standard terms and conditions for funding agreements¹ and details for the cycleway, including milestones based on the applicant's proposal and any additional conditions required by the Ministry.

¹ Available at http://www.med.govt.nz/templates/MultipageDocumentTOC_24803.aspx

12. Monitoring – Reporting and Audit Requirements

The Ministry will monitor the applicant's implementation of the proposal and the application of the funds provided from the Fund, with the assistance of any other person that the Ministry chooses to use for this purpose at its discretion. Among other things, successful applicants will be required to provide regular progress reports to the Ministry.

Funding is paid out on the completion of the agreed milestones to the Ministry's satisfaction. Applicants (who have entered into a funding agreement or final funding agreement) must submit claims to the Ministry against funding awarded, in the form of a GST invoice, which has been confirmed by a chartered accountant or with such other verification specified in the funding agreement or the final funding agreement (e.g. Board sign-off). In all but exceptional circumstances, payment of funding will be in arrears on receipt of proof of expenditure in accordance with a funding agreement or final funding agreement.

13. Conflicts of interest and procurement processes

A conflict of interest arises when a person carries out a particular function with two or more *interests* in *conflict*. Applicants must identify (in the concept proposal, the feasibility study and the business case) any actual or potential situation:

- where the applicant, or any person involved with the proposal, may have more than one interest in relation to the proposal. For example, the applicant should identify any situation where a person holding a position of responsibility with the applicant (such as the director or manager) is also involved with a person who may receive money from the proposal (for example they are related to each other); or
- that could compromise the decision on the proposal or bring that decision-making process into disrepute. For example, the applicant should identify any situation where a person holding a position of responsibility with the applicant is also involved with a person who will assess or decide on the proposal.

Examples of conflicts of interest include financial interest in the supply of goods or services, any friends or relatives with a financial interest in the supply of goods or services, any personal bias, inclination, personal obligation, allegiance or loyalty that could affect the impartiality (or perceived impartiality) of decisions or actions.

Applicants must also disclose any conflict of interest (real or perceived) to the Ministry, as and when it arises, for the duration of the relevant funding agreement or final funding agreement.

If in doubt, disclose the situation to the Ministry.

Applicants must ensure that fair and appropriate procurement processes are used in order to ensure value for money and to manage conflicts of interest. For example, when appointing a third party to undertake project tasks, the appointment process should be open and transparent. Applicants should keep adequate records on how third parties are selected to deliver the goods or services, why they are qualified to deliver it, and how the price was agreed on etc. The funding agreement or final funding agreement may require particular procurement processes to be followed.

Applicants should be aware that the Ministry may audit the records of the Applicant relevant to the funding agreement or the final funding agreement at any time, as per the standard terms and conditions of all funding agreements. Applicants must maintain true and accurate records in connection with the use of the funding and retain those records for at least seven years after the expiry of the relevant funding agreement or final funding agreement.

If the funding has been misused or misappropriated by the applicant, the Ministry may terminate the funding agreement or the final funding agreement and, without limiting the Ministry's other rights and remedies (which are expressly reserved) may also require the applicant to refund all funding paid up to the date of termination, together with interest at the rate of 10% per annum from the date the applicant was paid the money to the date the applicant returns the money.

14. Funding from other sources

All applicants must disclose to the Ministry details of any other financial contributions towards the proposal and the cycleway, and any pending applications for funding, from any other organisation, including other central government agencies. The applicant must also disclose details of any declined applications from other sources, including details of declined applications from other central government agencies. Failure to disclose this information is a breach of the standard terms and conditions of Ministry funding agreements and may result in the termination of any funding agreement or final funding agreement awarded to the applicant.

15. Media releases and press statements

Applicants are advised to obtain the Ministry's prior written approval to the form and content of any public statement to be made by the applicant relating to the proposal. Failure to obtain the Ministry's prior written approval may impact on funding decisions made by the Ministry.