CREATING TRANSPORT SOLUTIONS FOR A THRIVING NEW ZEALAND
State Highways...

$25 Billion Asset Value
11,367Km of Road
4238 Bridges
1438Km of Barriers
50% of All Traffic
70% of Freight Traffic
Business Improvement Projects...

Internal business improvement reviews underway:

Transport Planning  
Professional Services  
Project Development  
SH M&O Review and RMTF now One Agency Project
The State Highway M&O Challenge...

- We are in a financially constrained environment
- Investing in major infrastructure to drive economic productivity
- State Highways facing 6% increase per year
- $160m shortfall over next 3 years

**We Need to Change the Game!**
Review Focus...

State Highway Focus:

- Procurement
- M&O Practices
- Asset Management
- Learning from Others
- People and Capability
Root Cause Analysis...

Strengthen Asset Management
Stronger NZTA leadership & ownership
Benchmarking
Operational and Strategic/Tactical role split
New Consistent M&O Contract Model (+Alliance)
Independent Supervision
Improved ‘Whole of life’ Assessment
Flexibility
Improved Programming
Reduce Number of Contracts
Procurement Analysis (1)...

Total Cost Lane km by Delivery Model

- PSMC
- Alliance
- Hybrid
- Traditional

Lane Density (vkt (M))/Lane km

$'000/lane km
Procurement Analysis (2)...

Resurfacing and Rehabilitation

- AMA
- Hybrid
- Traditional
- PSMC

- Spend per carr_km
- Spend per lane_km
- Spend per M vkt
- Spend per Lane Density (0,000)
Procurement Analysis (3)...

M & O Actual (5 year) Expenditure versus NMA Length

Double Network Length – Costs Don’t Double!
Procurement Analysis (4)...

Proportion of Network Maintenance Contracts by Length

- 0 to 200km: 27%
- 201 to 500km: 57%
- 501 to 750km: 11%
- > 750km: 5%

80% less than 500Km
Procurement Consultation...
The Programme...

• Launch – 13th Aug
• 2 weeks to absorb information – 14th to 24th Aug
• Workshops with Industry and Regions – 27th August to 21st Sept
• 2 weeks for feedback – 17th to 28th Sept
• Decision on approach – End of October 2012 Target
Where can I find more information?

The following documents are available on our web site:

- **Consultation Document, August 2012**

http://www.nzta.govt.nz/consultation/mo-review/
What do we want your views on...?

• The introduction of a new M&O contract model
• Longer term contracts
• Contract aggregation
• Fence to fence approach to term contracts
• Contract incentives to drive performance
Anticipated Benefits...

5 Year Savings - $200m circa (Discounted)
SH M&O and Renewals

- Improve SH asset management capability: 4%
- Service delivery - SH model: 3%
- Service delivery - SH Aggregation: 3%
Benefit Realisation Timescale...
What Does Collaboration Look Like?...

NZTA is managing a national network...

SH ownership in joint ventures
Cultural alignment with partners
Joint focus on driving better asset management
Service delivery compatibility (preferable)
Consider all types of collaboration

We would like to have a conversation with you about the potential opportunities...

Contact: Niclas Johansson on niclas.johansson@nzta.govt.nz
Questions?...

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