

State Highways M&O Two Years On



CREATING TRANSPORT
SOLUTIONS FOR A
THRIVING NEW ZEALAND



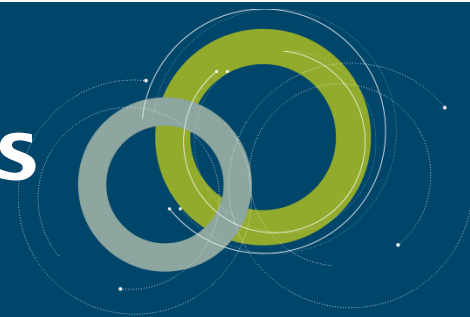
Jack Hansby NZ Transport Agency



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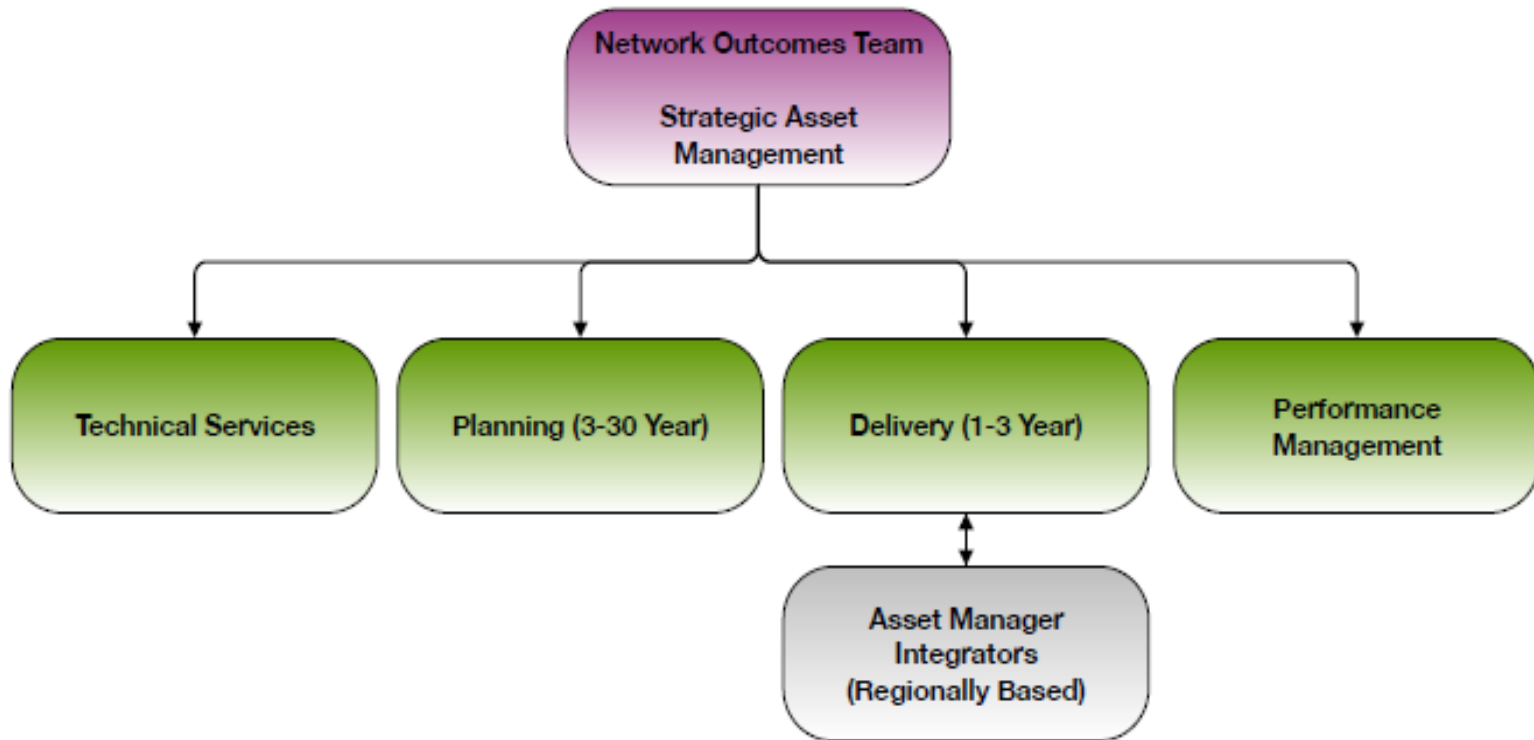
Root Cause Analysis Outputs



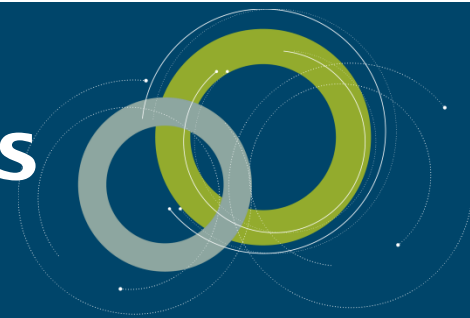
- Asset Management
 - Improved 'Whole of life' Assessment
 - Improved Prioritisation & Programming
 - Improved Asset Information



Asset Management



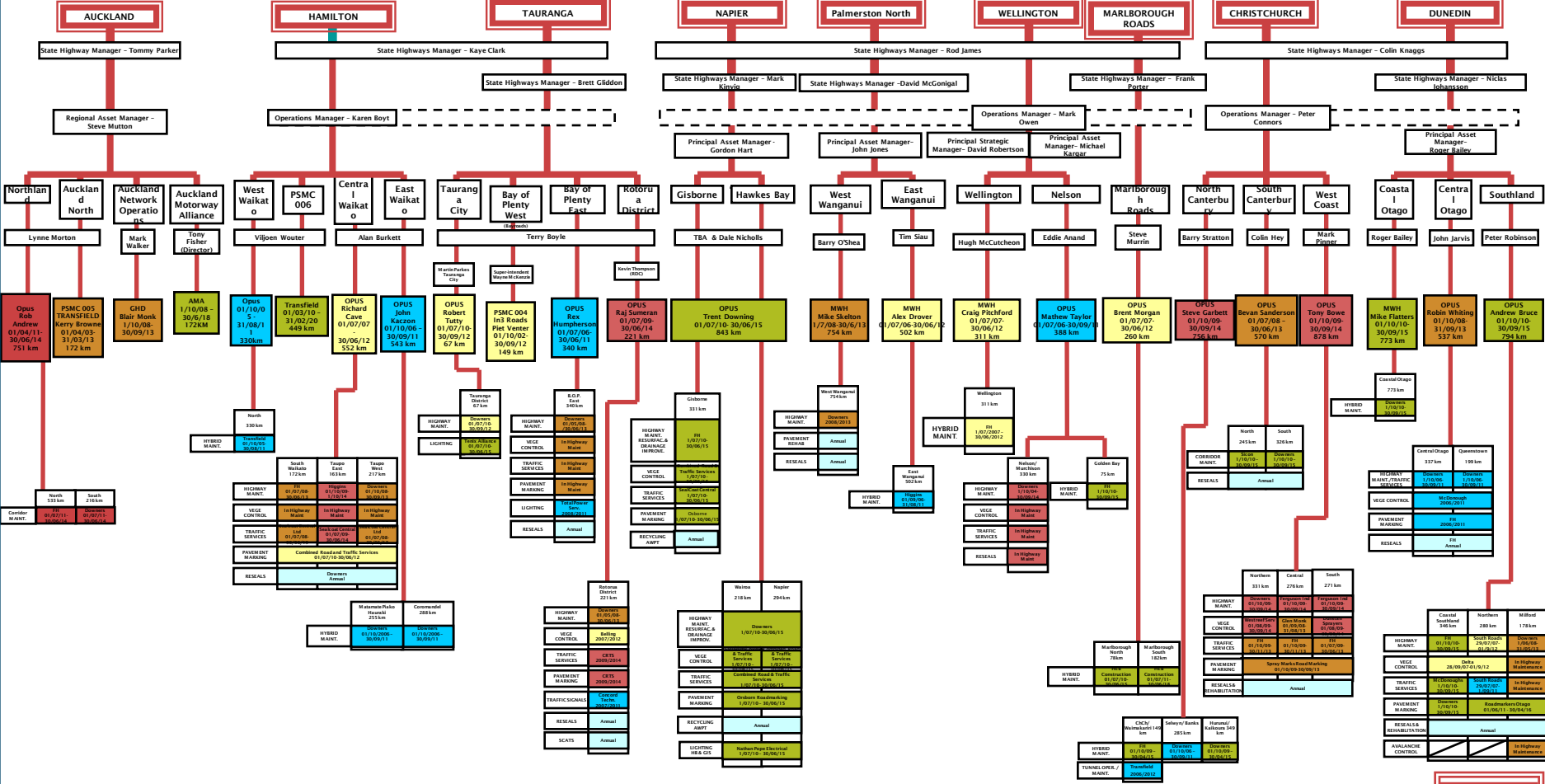
Root Cause Analysis Outputs



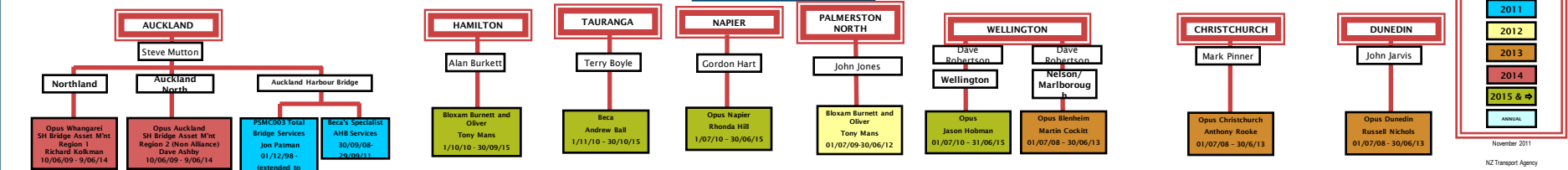
- Reduce Number of Contracts
- Single Performance Contract Model (+Alliance)
 - Consistent Contract Documents
 - Improved Contract Management



STATE HIGHWAY MAINTENANCE WALL
PLANNER



Regional Bridge Management

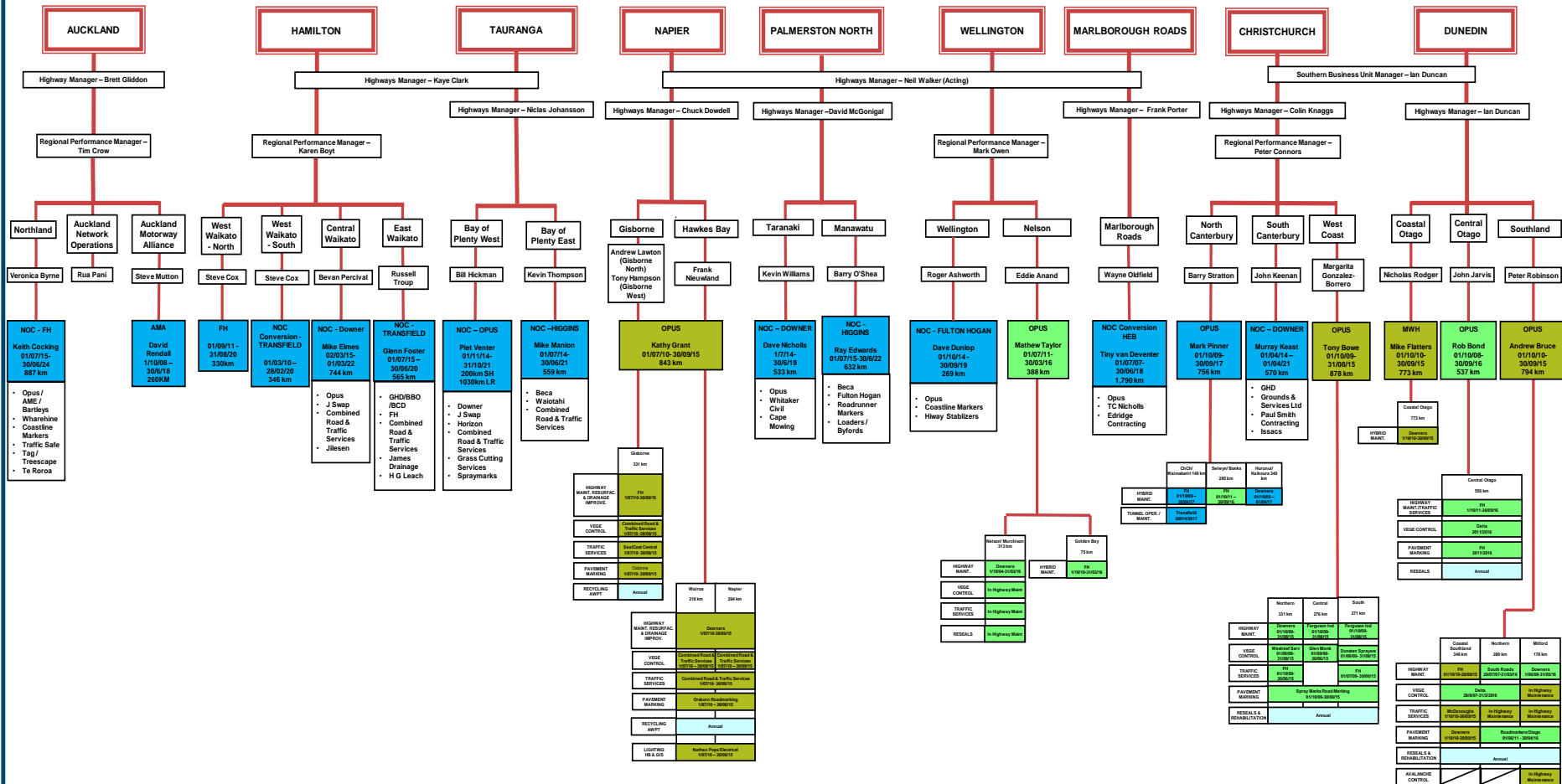


LEGEND FOR CONTRACT PERIODS ENDING

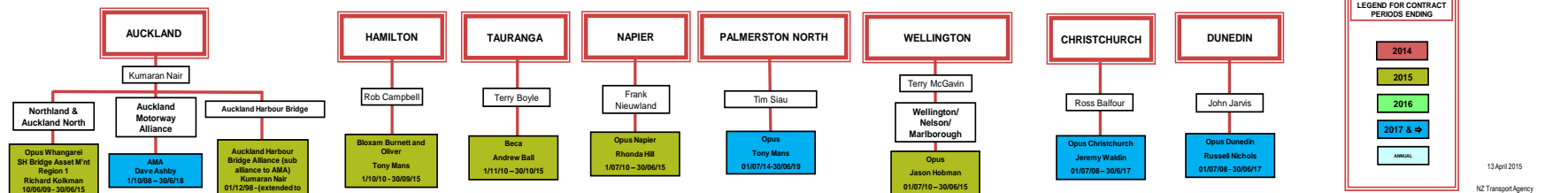
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015 & ⬆
- ANNUAL

November 2011

STATE HIGHWAY MAINTENANCE WALL PLANNER



Regional Bridge Management



LEGEND FOR CONTRACT PERIODS ENDING

- 2014
- 2015
- 2016
- 2017 & +
- ANNUAL

What did OAG say about our M&O procurement approach?



- Encourage more professional services suppliers into the M&O market
- Ensure that service **delivery models** deliver **value for money** (e.g. quality improvement, decisions based on factual data)
- Improve the **consistency of the monitoring** performance

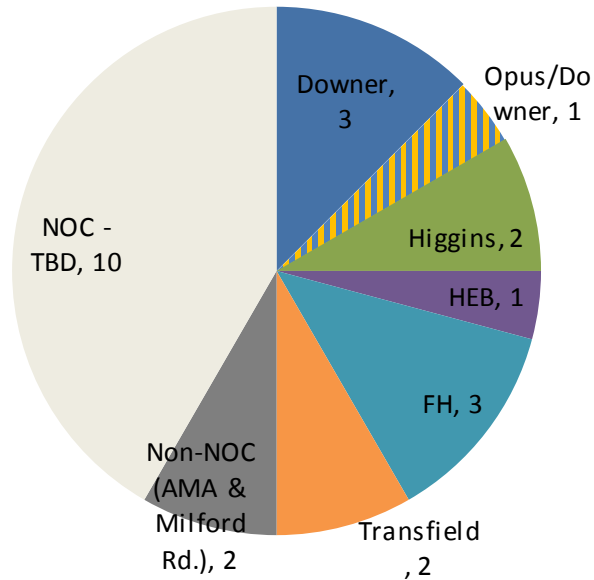


Supply Market Shape

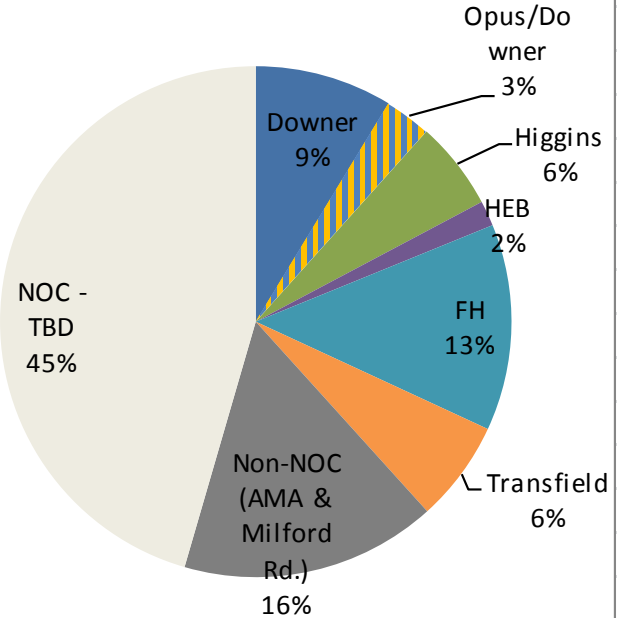


By Principal Contractor - Includes NOCs, Conversions & 2 Non-NOC (Auckland AMA & Milford)

Market Share - Number of Contracts



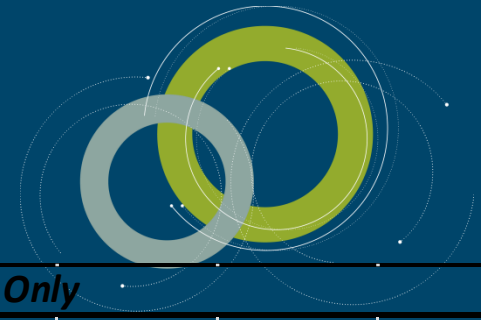
Market Share - Annualised Value



- Overall Market Share based on 22 NOCs + 2 Non-NOC Contracts (AMA & Milford), with a total \$380M, based on FY14/15 funding allocation.

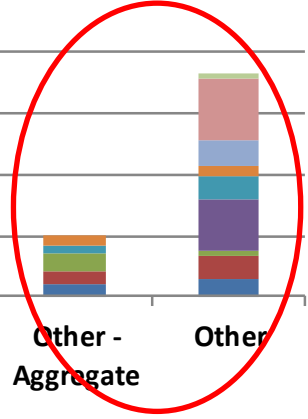
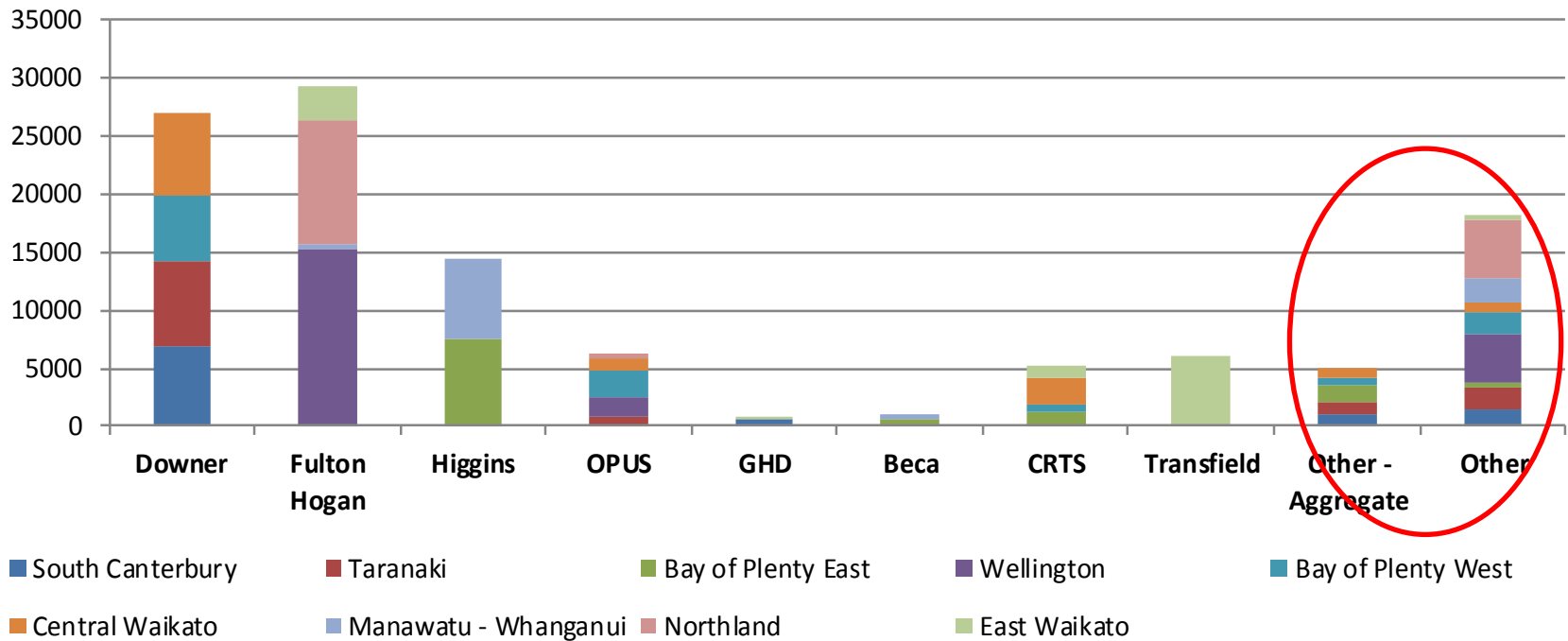


Supply Market Share



By Contractor (incl. Sub) - for Tendered NOCs Only

Tendered NOC Contractor & Sub-Contractor Market Share - Annualised Value (\$ 000s)



- Tendered NOCs to date include South Canterbury, Taranaki, BOPE, Wellington, BOPW, Central Waikato, Manawatu-Whanganui, Northland & East Waikato NOCs.

Remember the Problem



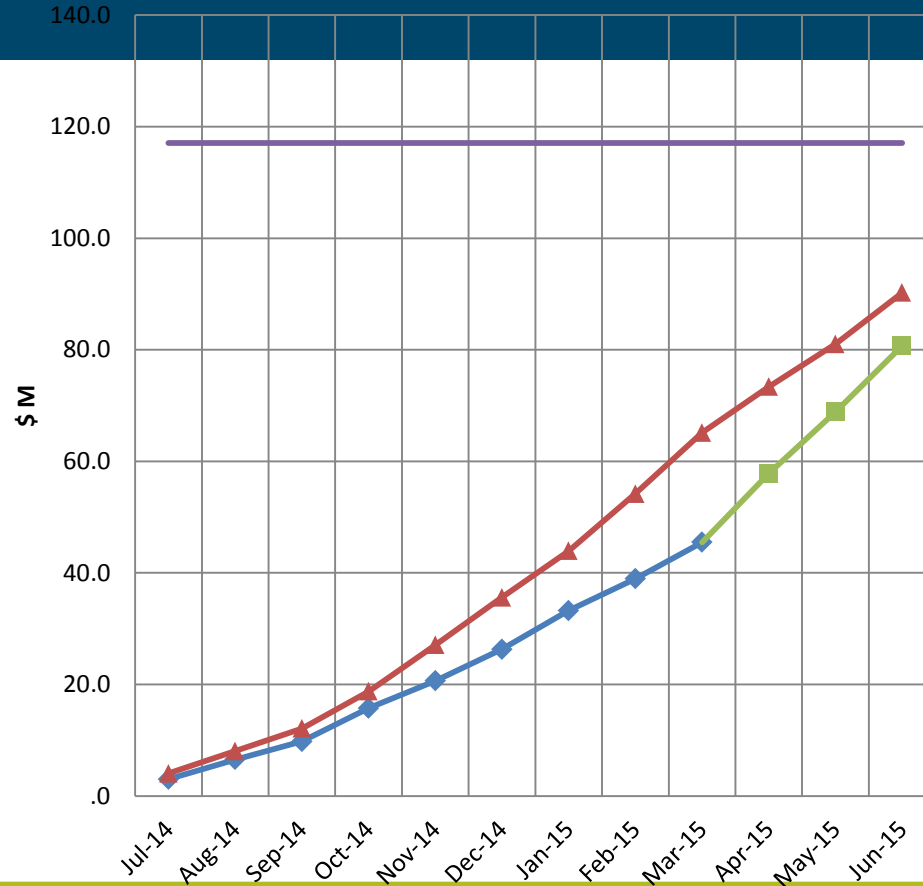
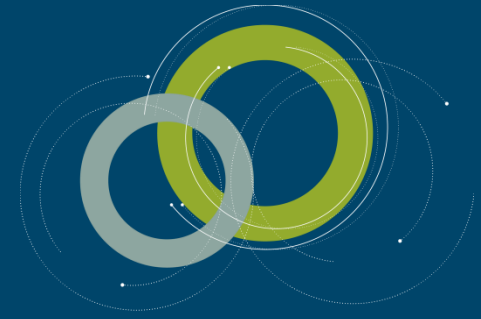
- Financially constrained environment
- Investing in major infrastructure to drive economic productivity
- State Highways facing 6% increase per year
- \$160m shortfall over next 3 years

We Needed to Change the Game!



NOC Expenditure

2014/15 NOC Expenditure



Maintenance expenditure is currently for NOCs:

- South Canterbury
- Taranaki
- Bay of Plenty East
- Bay of Plenty West
- Marlborough (conversion)
- Manawatu (conversion)
- Wellington
- Central Waikato

Actual, forecast and baseline information for NOCs from SAP

◆ Actuals
 ■ Forecast
 ▲ Baseline
 — 2013/14 Actual*



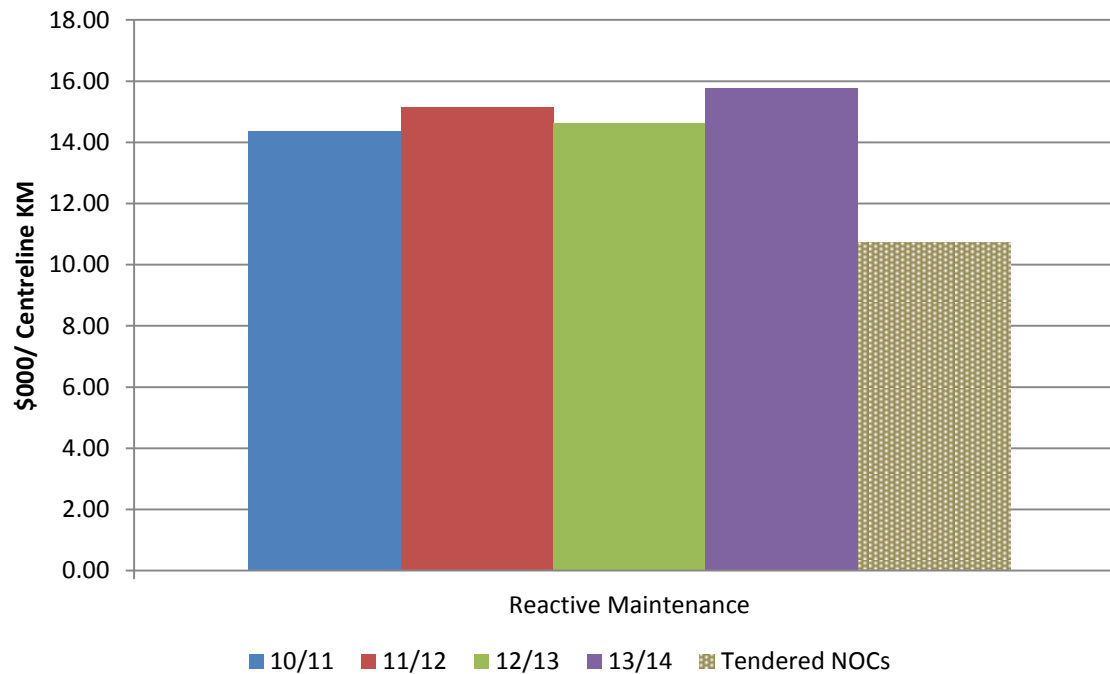
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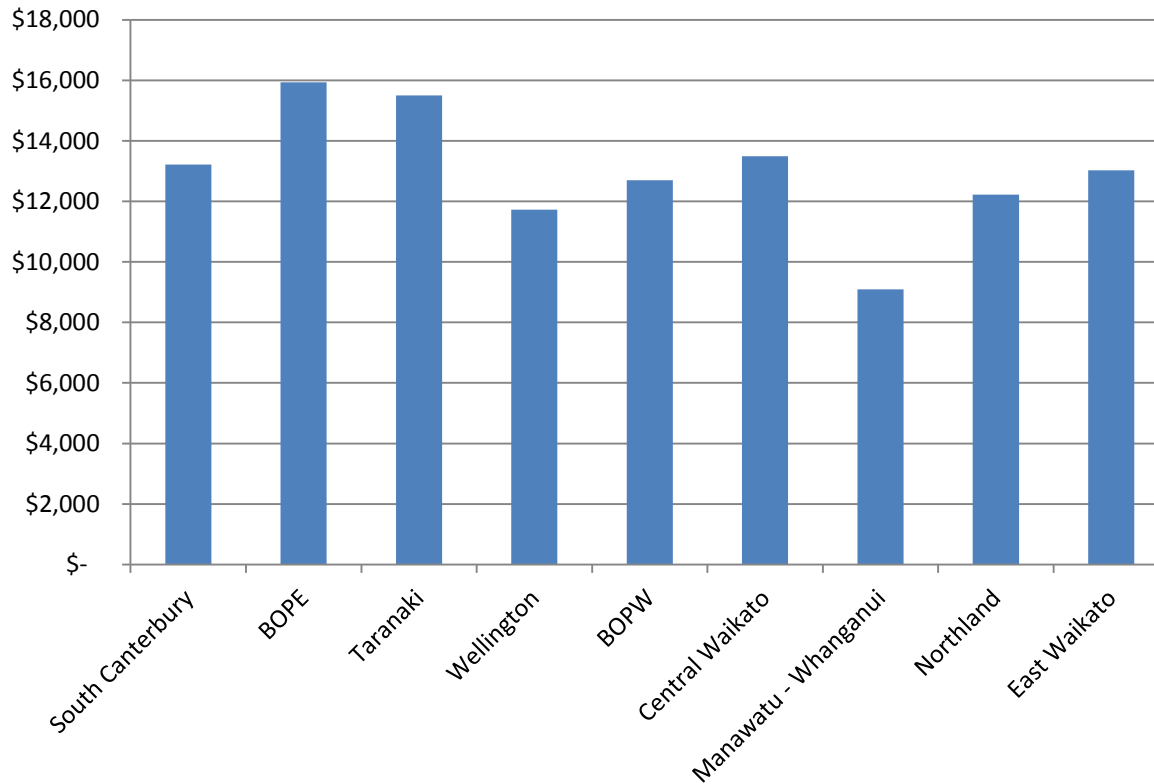
Reactive Expenditure



Reactive Maintenance Rates For Tendered NOC



\$/Mvkt/Year



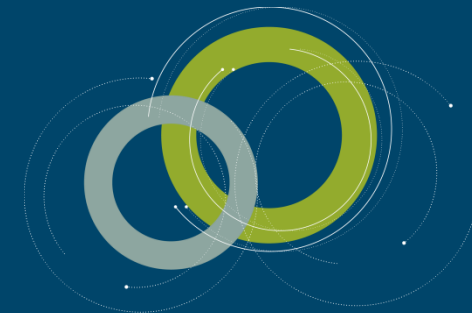
What did OAG say about our M&O procurement approach October 2014?



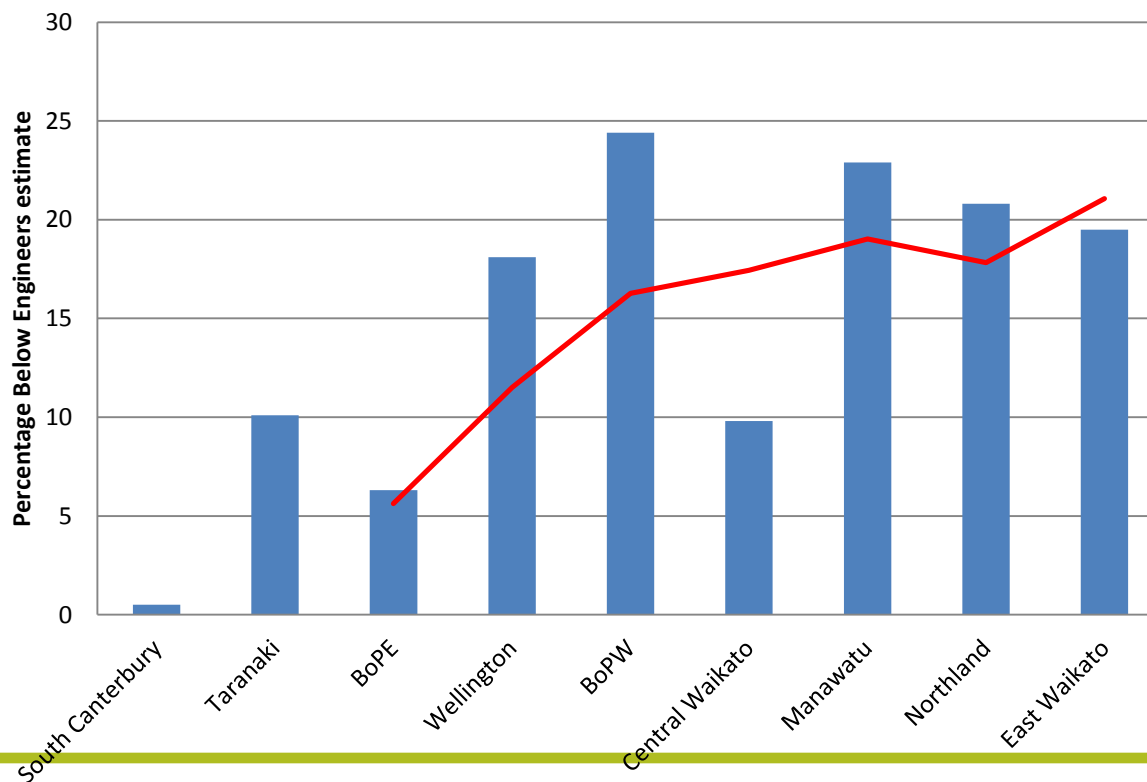
- Monitor Network Outcomes Contracts for their **effect** on market **behaviour** and **pricing** and the benefits they deliver, and **adjust** the procurement process if necessary;



Comparison to Engineers Estimate



Awarded NOC Contracts



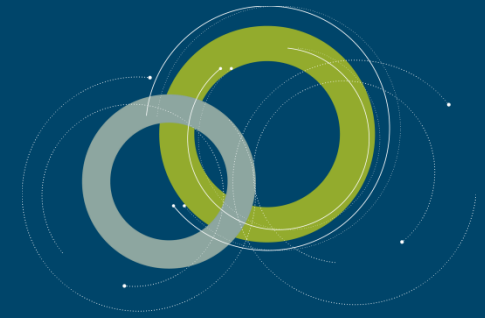
What did OAG say about our M&O procurement approach October 2014?



- **Ensure** that **performance monitoring** of Network Outcomes Contracts **happens** in practice, by consistently and accurately reporting the results



Consolidating Networks



Key Result Areas				
<i>Consolidated National Results</i>				
	Oct-14	Feb-15	Jun-15	Annual
Overall	3			
Health and Safety	3			
Road User Safety	2			
Customer	3			
Sustainability	4			
Assurance and Value	2			
Network Performance	3			
Legend	Poor	MCOS	Best Practice	Outstanding
Rating	1	2	3	4

- The first KRA reviews were completed in November for the first 4 month period by Marlborough and South Canterbury.
- Bay of Plenty East and Taranaki will submit results along with the first 2 NOCs in February.
- KRAs for the second period have not yet been finalised.
- MCOS = Minimum condition of satisfaction



Questions?



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