



ROAD MAINTENANCE TASK FORCE

Update to RCA Forum - September 2012

Purpose of Road Maintenance Task Force

To identify opportunities for

- efficiencies in delivery of operations, road maintenance and renewals
- innovative services, products and methods of procurement

and

- encourage uptake of findings

Governance Group

Convenor - Jim Harland (NZTA)

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Project Manager – Lynley Hutton (NZTA)

Project Support – Bernie Cuttance (NZTA)

Consultation Process

1) Workshops on interim finding

- 9 Centres in May-June
 - (Whangarei, Auckland, Hamilton, Tauranga, Palmerston North, Wellington, Nelson, Christchurch, Dunedin)
- Over 550 attended
 - Mayors, CEO's, Senior Manager responsible for infrastructure and loading
- Presentation followed by workshop consideration of questions around Task Force interim findings

2) Written submissions

Key Message:

SH & Local Roads Maintenance & Operations & Renewals Activity Classes

- Record level investment in 2012/15 NLTP
- Level of investment determined by safety, freight and road condition criteria
- Allocations for road maintenance and renewals will not keep up with inflation and growth, setting a challenge for greater efficiencies and priority setting
- Need to set clear priorities across networks

Key Findings

Opportunities for improvements identified

Key ideas:

- Adapting business models
- Advanced asset management
- Improved procurement practices
- Improved prioritisation of investment

Adapting Business Models

Options for Collaboration and Clustering

- Local collaboration
- Regional or national collaboration
- Collaborative procurement
- Shared services arrangements
- Clustering

Adapting Business Models (cont.)

Possible Benefits of Collaboration & Clustering

Benefits variously arising from the different options include:

- The ability to retain experienced staff with a greater level of knowledge of the whole network
- Enhanced decision-making ability to staff to make the right decisions at the right time for the network, which can result in cost savings
- The ability to attract suitably qualified staff, as the environment created by a shared services agreement allows greater career progression for staff

Adapting Business Models (cont.)

Possible Criteria for Examining Clustering Options

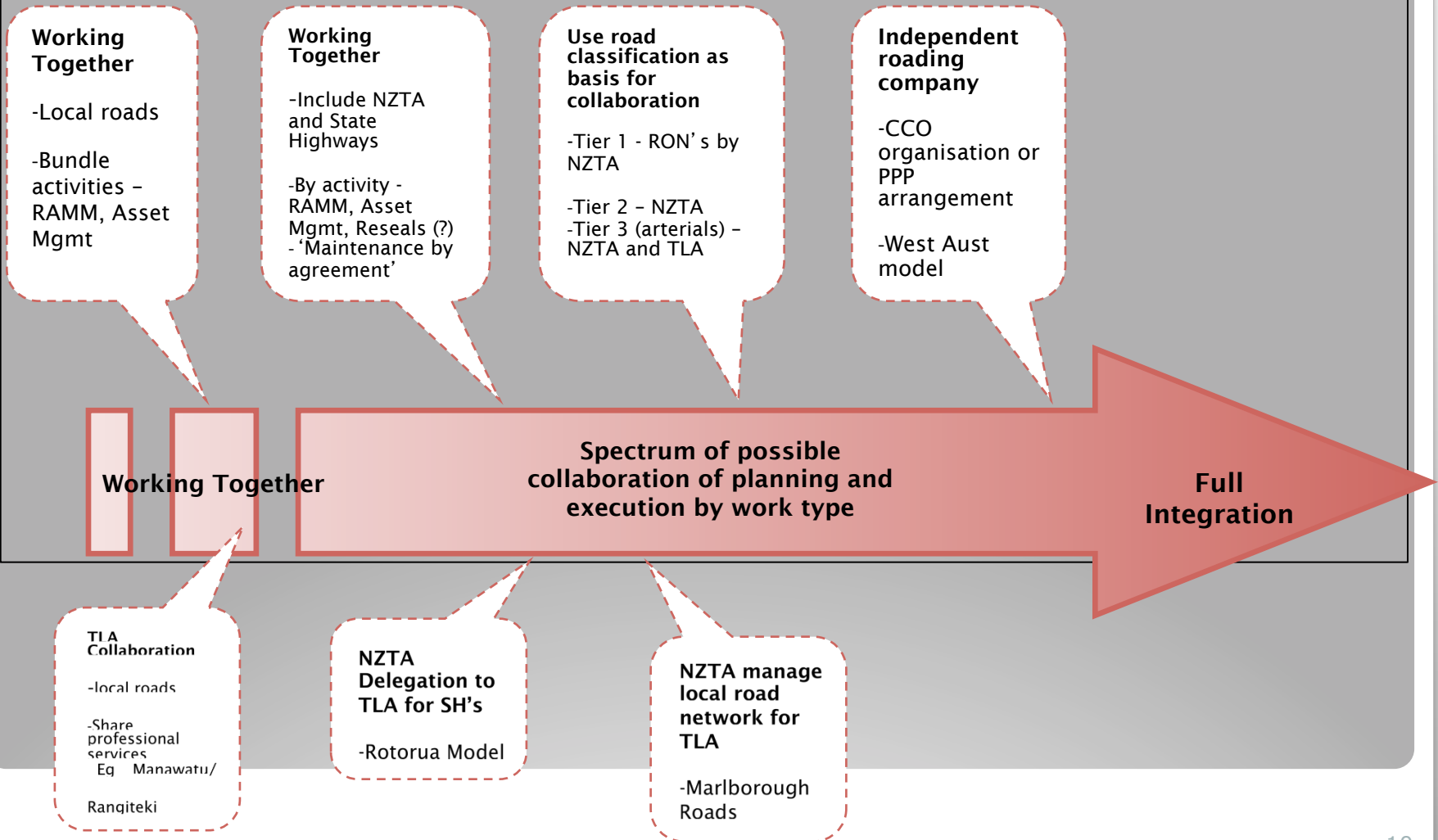
The Task Force concludes that the following criteria could be applied to identify possible groupings which could then be considered in terms of their practicality, political acceptability and ultimate savings.

The possible criteria include:

- The total length and shape of the network, taking into account density and response times from contractor depots
- The geographic compatibility and practicality of placing appropriate depots in relation to materials, equipment and labour plus accessibility/remoteness
- The attractiveness of the area to retain skilled asset management staff and appropriately link back to funders
- The willingness of partners to enter into collaboration arrangements, including political support
- The impact of "buy local" policies
- The ability to maintain competitive markets

Adapting Business Models (cont.)

Business Models



Advanced Asset Management

Asset Management Framework

- A transport-specific national asset management framework that provides specific asset management guidance appropriate to the sector
- A national framework for “levels of service” that provides a single classification system for road categories and a common set of services
- A competency framework for RCA transport asset management personnel to help ensure adequate capability

Improved Procurement practices

- Look to use standard form contracts
- Most local authorities use traditional contracts –PBC and alliance are better at sharing risk and more flexible with hybrid providing good transition
- Look at aggregation and bundling of contracts with/without state highways
- Critical smart buyer knows what service levels the contract needs to deliver
- Consider whole of life when replacing parts of network and innovative products
- In terms of size, coverage and duration of contracts consider impact on supplier market

Improved Investment Prioritisation

National Road Classification System

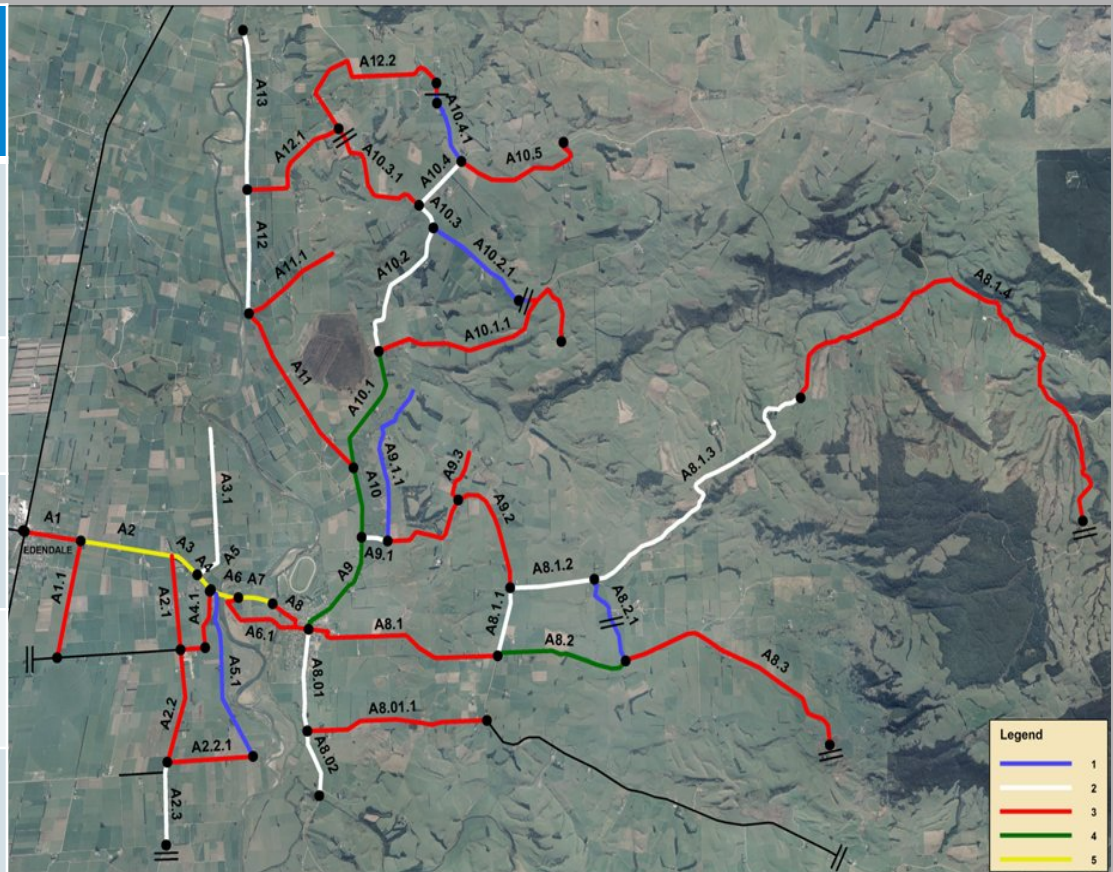
What is the NRCS?

- A classification system for the whole NZ road network that is understood by all users and assists:
 - transport and land use integration,
 - network access management and optimisation
 - public safety
 - **road maintenance** and
 - **benchmarking of level of service outcomes**











Improved Investment Prioritisation

- National [local] Road Classification system
- Network Investment models
 - e.g. Southland District Council, maintenance levels linked to levels of service

Investment category	Investment description
1 (blue)	Review road management structure
2 (white)	Consider lower LoS
3 (red)	No change proposed
4 (green)	Consider increased LoS
5 (yellow)	Test upper economic range



Level of Service Outputs

Possible change to LoS	Current		Proposed equivalent	
Reduce	A9,1		A10,3,1	
Reduce	A8,01		A2,1	
Reduce	A10,4		A8,2	
Increase	A2		A4	
Increase	A8,1		A3,A9	

Findings from Consultation

- Overall high level support for Task Force Recommendations
- Way implemented will strongly influence how much value for money achieved

Findings from Consultation (cont.)

Collaboration and Clustering Supported

- Strong belief should be on a case by case basis
- Need to ensure competitive markets retained
- Understand purchaser (smart buyer) and supplier markets as part of assessment
- Some requested further analysis of procurement of services on a national basis, e.g. audit, surveying, modelling (high speed data)
- Some concerns that with two large professional services (MWH, OPUS) and contracting firms (Fulton Hogan, Downer EDI) initial savings from longer bundled contracts may be lost due to lack of competition

Findings from Consultation (cont.)

Asset Management

- Strong support for improved asset management being the area where the greatest improvement in value for money can be made
- Agreement on leadership varied, opinions on how to:
 - improve RCA capability
 - distribute best practice guidelines
- Majority support for national benchmarking, performance monitoring, consistency
- Some concerned (usually smaller authorities) on need for flexibility

Findings from Consultation (cont.)

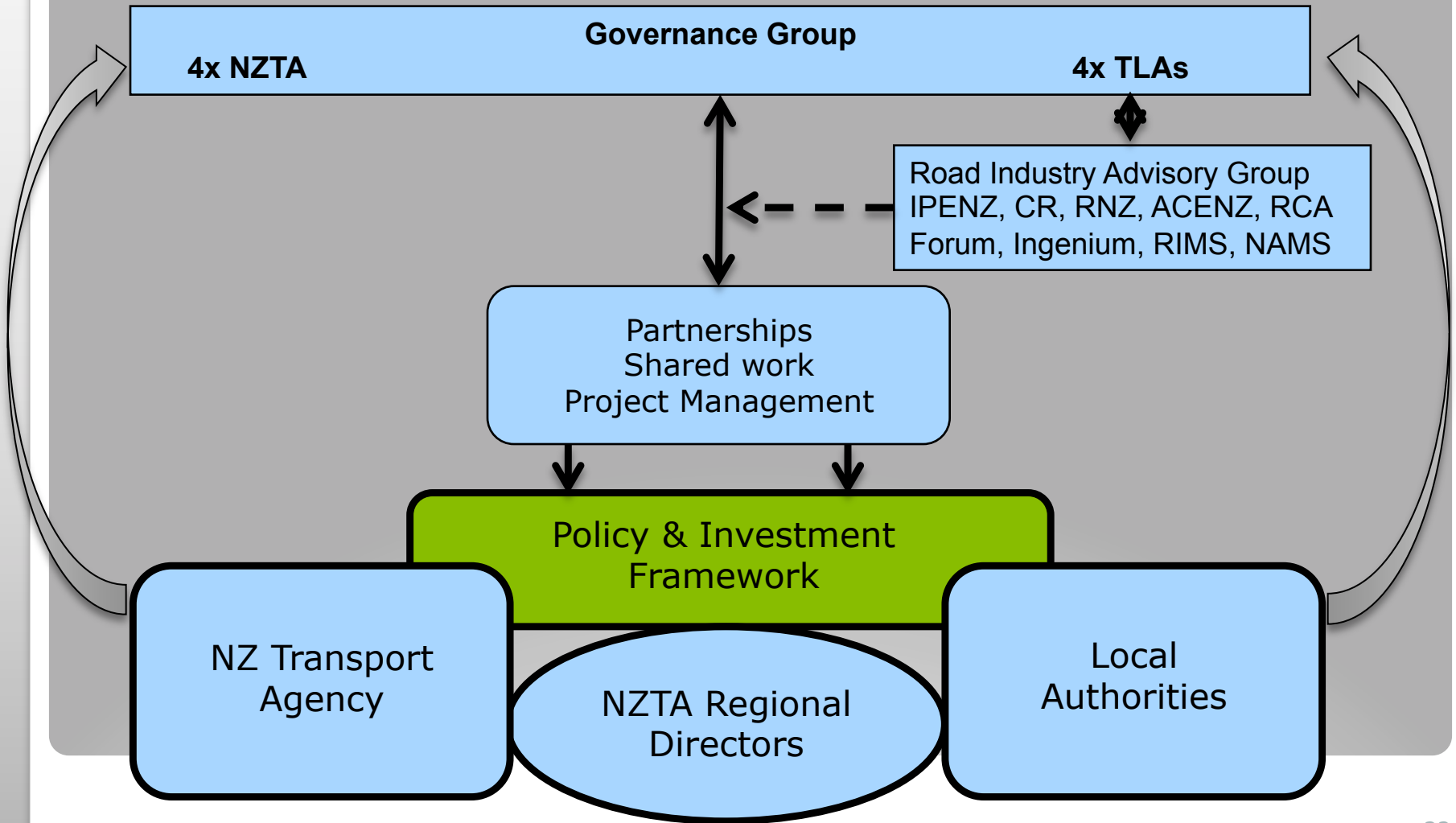
Prioritising Maintenance Investment

- General support for national classification system with Levels of Service, however, important that social, cultural, as well as economic value of the network taken into account
- Some submitters held strong concerns or were opposed to a national [local] road classification because:
 - they believe it could reduce the standard of rural roads
 - reduce local input into levels of service
 - that it would not support viable rural communities, and access to employment and education

Road Maintenance Task Force Implementation

- Current Governance Group is of the view that it is desirable to establish an ongoing group to ensure something happens, value for money is achieved and best practice implemented
- Need for an implementation group with “Mana”
- Three key workstreams:
 - asset management,
 - collaboration/clustering, and
 - procurement/documentation
- Need to align with NZTA’s internal Maintenance and Operations Review (Governance, Project Management, Resources)

Roading Efficiency Group



Who Can I Talk To?

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