

A grayscale photograph of a construction site at night. In the foreground, a worker in a hard hat and safety vest stands on a metal structure, possibly a bridge or overpass, holding a rope. In the background, there are large concrete structures, scaffolding, and bright work lights illuminating the scene. The overall atmosphere is industrial and active.

Roading New Zealand

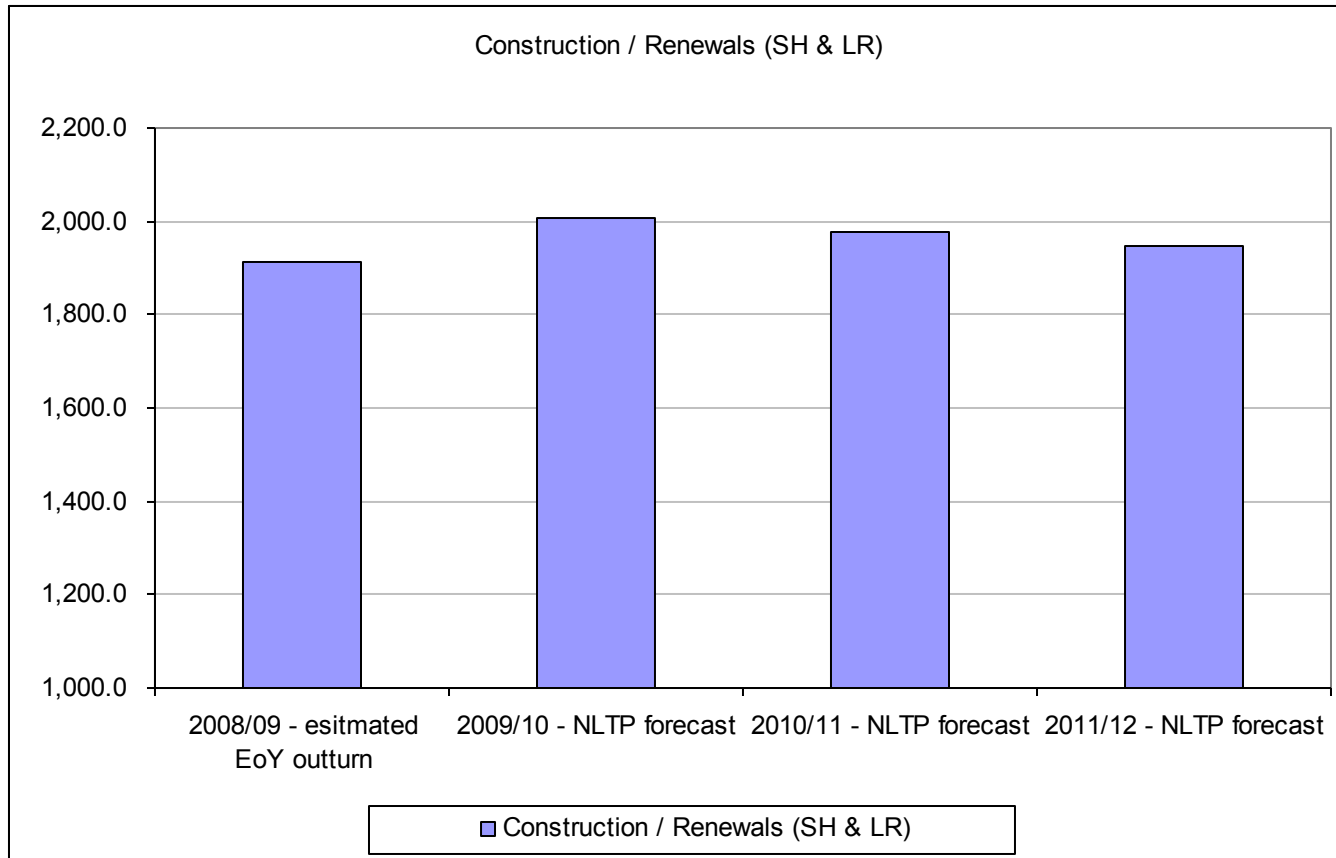
RCA Forum

NLTP: Contracting Industry Response

Chris Olsen
Chief Executive

4th September 2009

2009/12 NLTP: Construction & Renewal Funding Local Roads & State Highways (including local share)

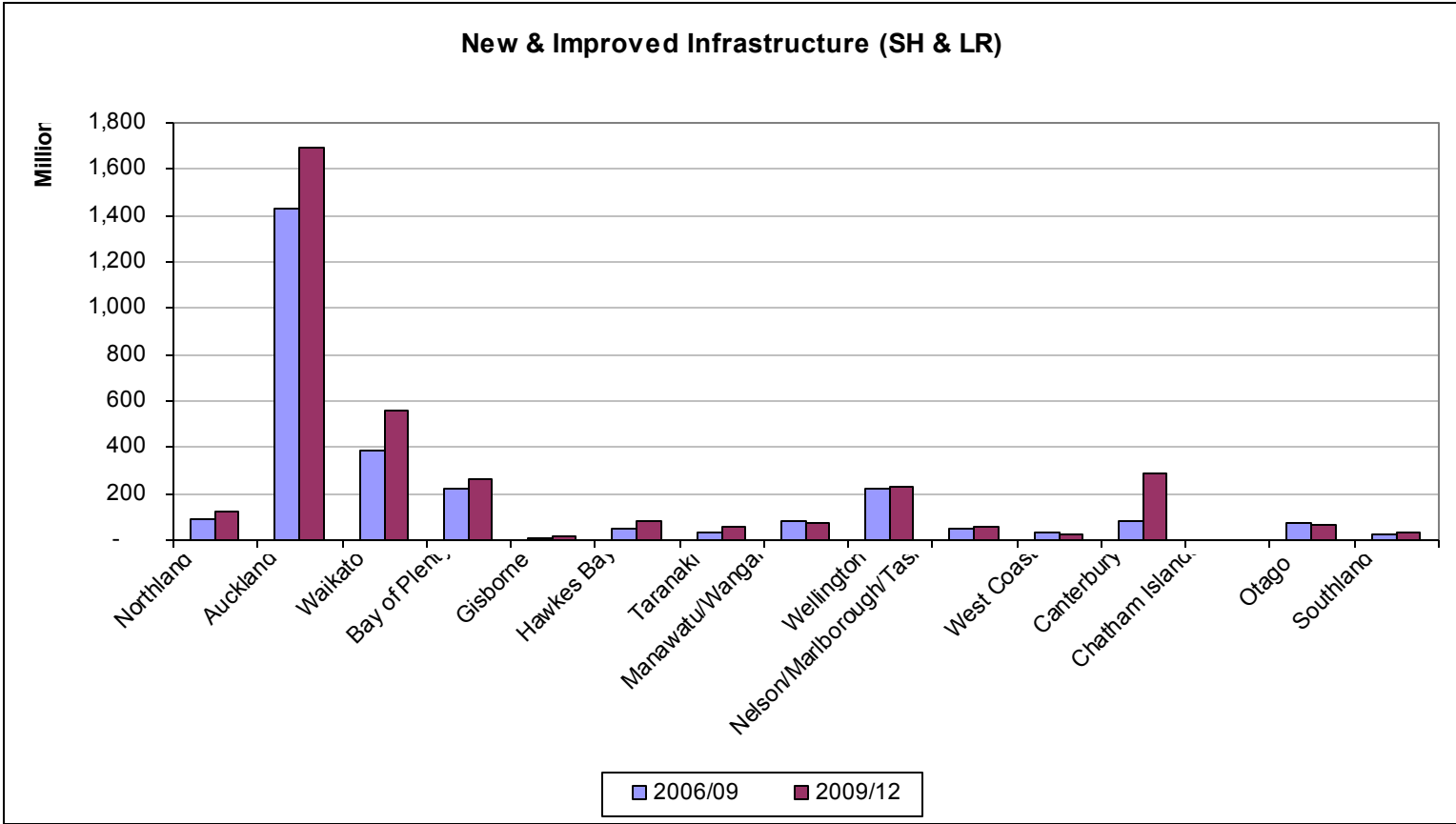




Construction Comment

- Industry has surplus capacity and will easily deliver
- Programme not smooth – reduces after an increase
- Industry Group working with NZTA to speed up delivery
- Few projects designed in the drawer
- Lends itself to Early Contractor Involvement (model)
- Productive task force found that productivity increase achieved through training linked through procurement

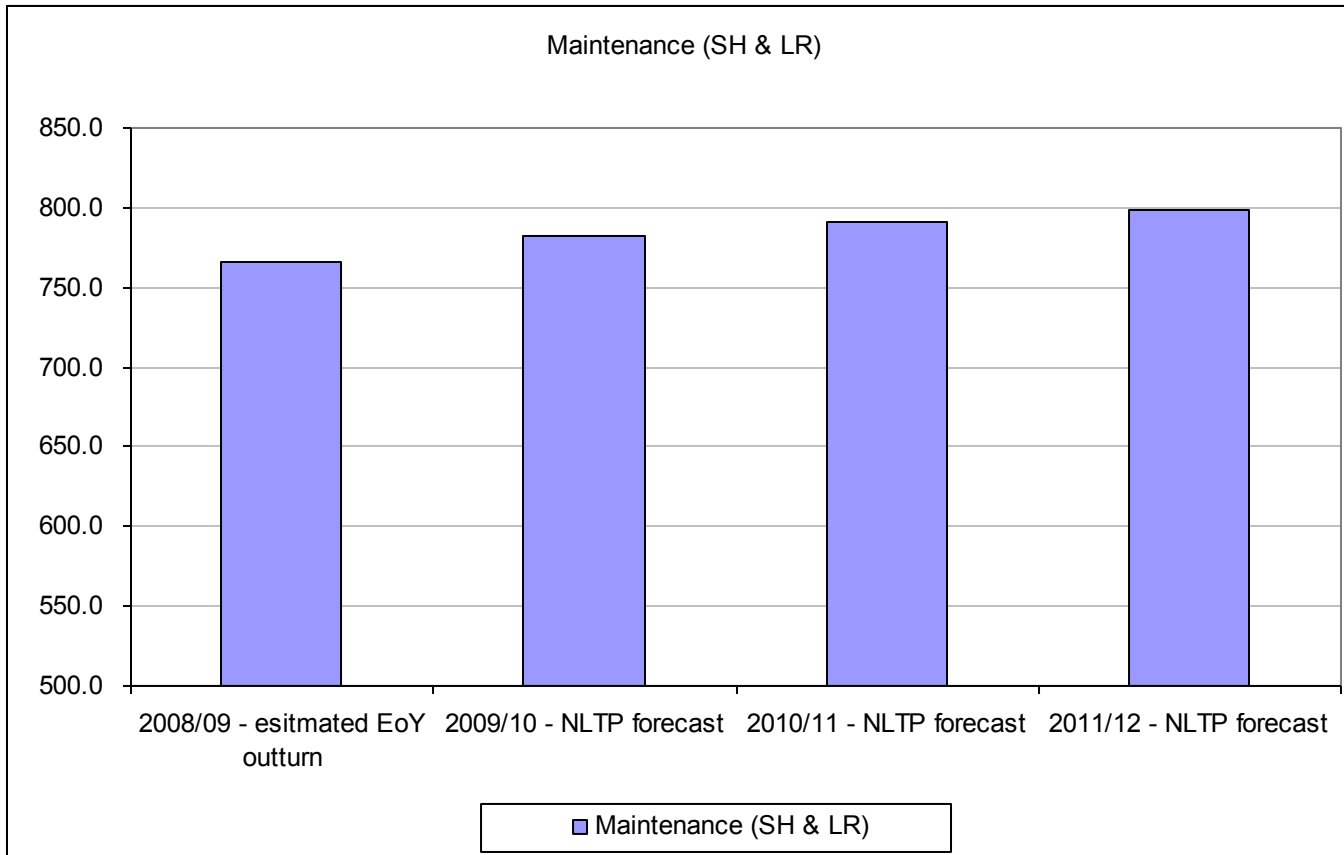
2009/12 NLTP Construction Funding by Region Local Roads & State Highways



Construction by Region: Comment

- Up for Auckland, Waikato, Canterbury, Bay of Plenty and Northland
- Down for Manawatu/Wanganui, West Coast and Otago

2009/12 NLTP Maintenance Funding Local Roads & State Highways including local share



Comment: Maintenance

- Gradual increase of about \$40M over 3 years
- Inflation not provided for
 - Contractual obligations for escalation
 - Risk premiums included in bids if no escalation
- Focus on procurement very important
- RCA Forum could take a lead and work with NZTA and Roading NZ to find opportunities for savings



Recent Media Comment: Clarification

“A disturbing trend towards bundling of contracts forcing small contractors out of business”

- This is not a recent trend: Began in mid 1990s
- Driven by efficiencies
 - Do you buy your groceries at the local dairy or supermarket
- Increased competition for bundled contracts over last 5 years
 - Leighton's, HEB, Transfield, Higgins
- Not out of business but subcontractors



Awards 7th September



“Building Value”

8th September