



HEADWAY
Future-fit business operations

M&O Review
Mark Kinvig - Project Manager

The Vision: World Leading Asset Management







HEADWAY Focus...

The "letter of expectation" requires...


- Well targeted NZTA resources
- An effective One Agency Business Plan

Economic realities and "unavoidable goals"...

- A model sustainable for NZTA, the industry and NZ inc
- Target improvements across key business activities
- Clear line of sight between the achievement of our long term goals and the work of every staff member








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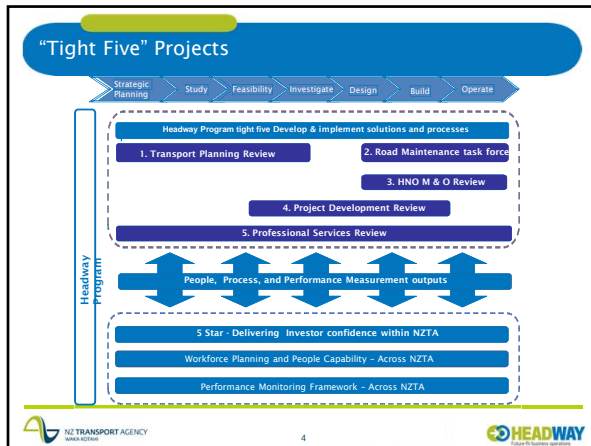
HEADWAY Projects and NZTA Project Managers

- **Transport planning review** - Dougal List
- **Project development review** - Neil Cree
- **Professional services review** - Richard Wade
- **HNO Maintenance and operations review** - Mark Kinvig
- **Road maintenance taskforce** - Lynley Hutton
- **Road user charges** - Leanne Kernot
- **5 Star** - Grant Foster
- **Workforce planning** - Cate Quinn
- **Integrated network strategy** - Jannette Farley
- **Registry system modernisation** - Craig Soutar
- **Driver licensing and testing** - tba
- **Permitting for Heavy Vehicles** - Stephen Patience
- **Tolling** - Andrew Thackwray

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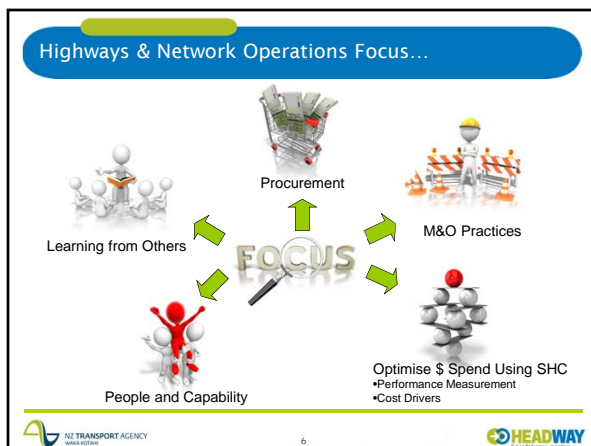




The M&O Challenge...

- Flat lined Budget...
- Facing 6% increase per year (1.8% over GPS period)...
- Improve Efficiency and Effectiveness...
- Do we need to change 'The Game'?...

• NZTA M&O Business Review...



The M&O Team – Collaborative Approach...

NZTA Task Managers:

- David Darwin: Optimise \$ Spend Using SHC
- Peter Connors: M&O Practices
- Andrew Smith: People & Capability
- Karen Boyt: Procurement
- Barry Wright: Learning from Others

Industry Representatives:

- Ray Edwards: Higgins Contractors
- Chris Beddall: Transfield Services
- Damon Norden: AMA
- Bruce Buxton: MWH
- Tony Porter: Opus (Industry Lead)



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Value Chain Analysis...

Data Capture to Customer – Where is the Waste?



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Some Examples of Desired Outcomes...

- Cost of Maintenance and Operations
- M&O Business Overhead Cost



- People Skill and Capability
- Understanding of Cost Drivers
- Uniformity Across SH Classification
- Alignment of Investment Decisions with LOS
- Performance Measurement
- Customer Satisfaction

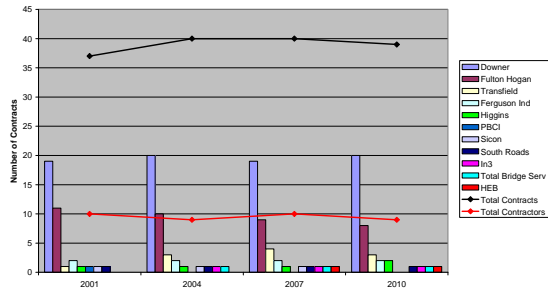


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M&O Physical Works Market Share (NZTA)...

PW Suppliers in NZ - By number of contracts

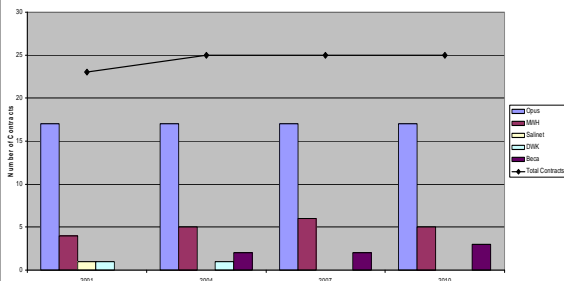


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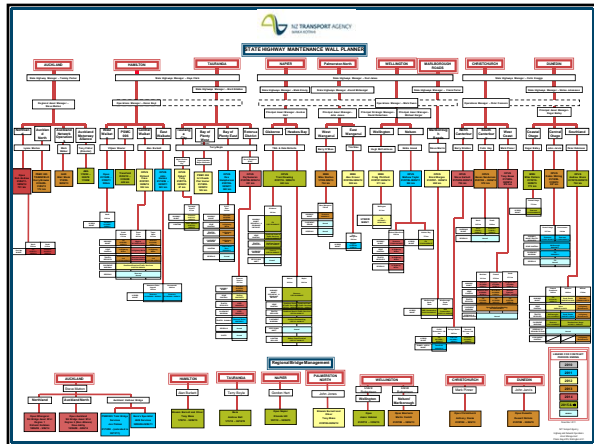
M&O Professional Services Market Share (NZTA)...

PS Suppliers in NZ - by number of contracts (Excl. Bridges)



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Change...



When asked "would you rather work for change, or just complain?" 81% of the respondents replied, "Do i have to pick? This is hard."

Key Messages...

- Change is already underway – VAC Decision
- Asset Management is no longer the underdog!

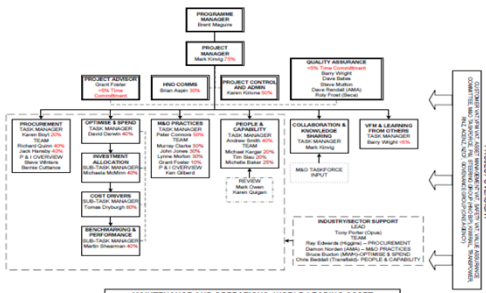


What We know...

- 80% of Asset Managers retiring in < 10 Years
- Difficult to demonstrate best contract model through analysis
- Inconsistencies in the way we manage the network
- Uneven condition between SH's By classification
- We believe we can stretch asset life in places
- Real costs similar - 2002 to 2015 (excluding EW and Escalation)



Project Structure...



HEADWAY

MAINTENANCE AND OPERATIONS: WORLD LEADING ASSET
MANAGEMENT
PROJECT ORGANISATIONAL STRUCTURE

The Plan...

Define: Q1 (July-September 2011)

Measure: Q2 (October-December 2011)

Analyse: Q3 (January-March 2012)

Improve (Stage 1): Q4 (April - June 2012)

Improve (Stage 2): July 2012 - June 2013

Control: July 2012 - June 2013



September 2011 - June 2013: Idea Generation and Quick Wins
