

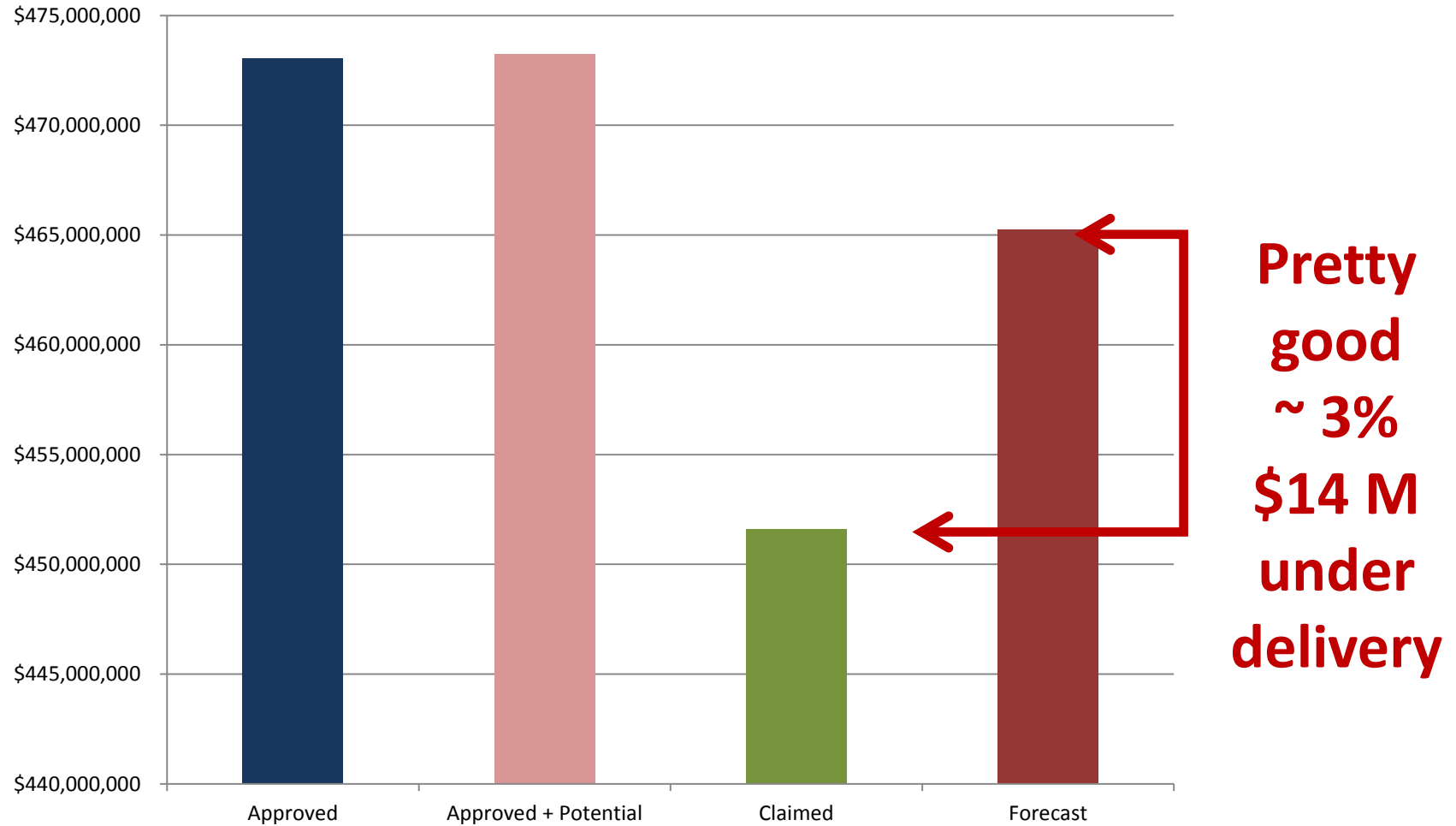
- 2015 – 16 NLTP
- New investment criteria to embed ONRC in the 2018 - 21 NLTP &
- PEER GROUPS & BENCHMARKING



Planned
investment
\$4,831m
in 2015-18

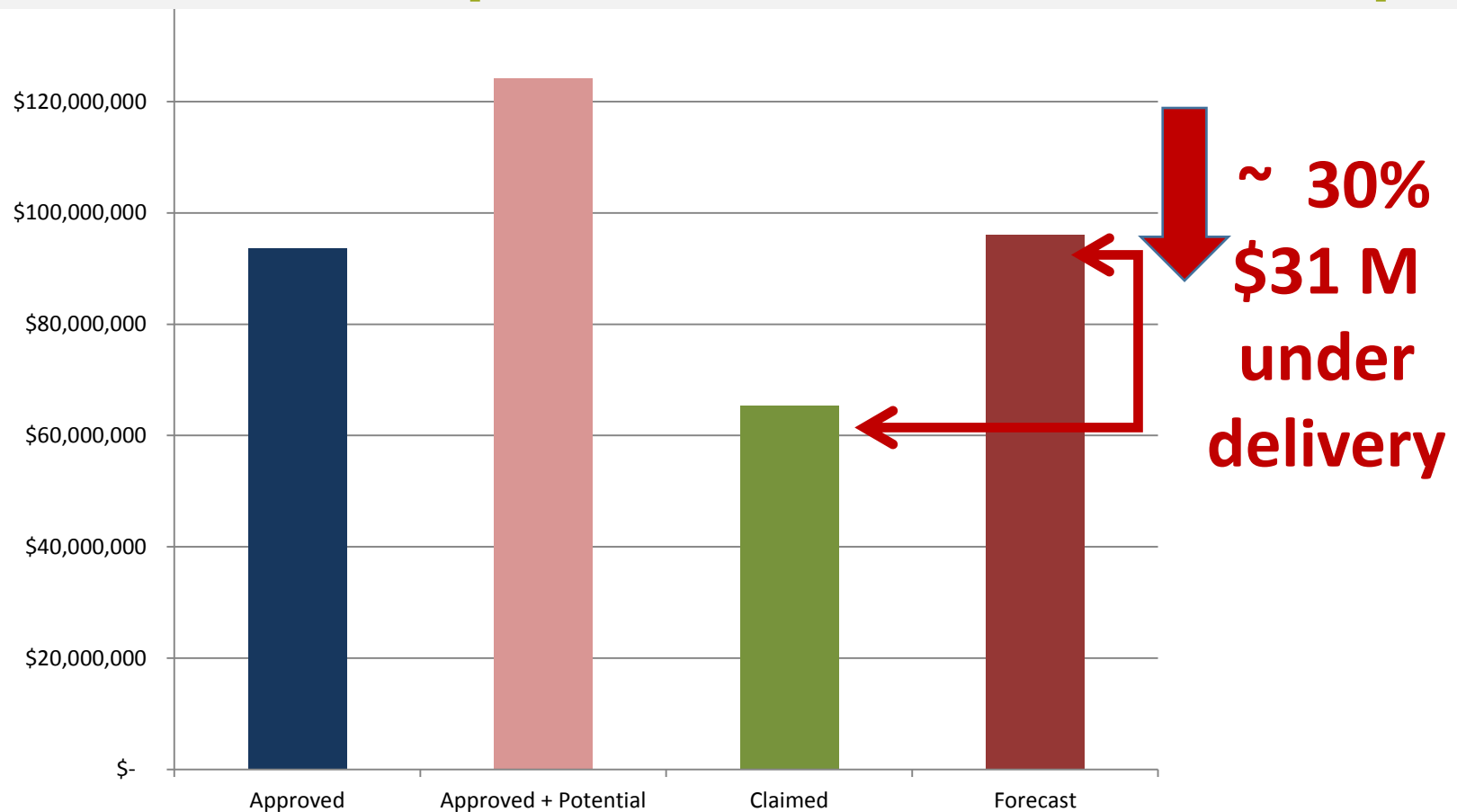
Mark Yaxley

Local Rd maintenance



2015 - 16 year out turn

Local road improvements excl minor imp.



RMTF findings challenged us all:

- 17 recommendations based around four themes to improve the performance of the sector
 - ‘key challenge is therefore to effectively incentivise RCAs to **‘opt in’** to addressing the recommendations...
 - ‘by adjusting the NZTA's Investment and Revenue Strategy (eg the effectiveness rating)’
-

Value for Money (VfM)

Doing the right things
in the right place
at the right time
in the right way
for the right price
to achieve the desired outcomes

Investing in the right
balance



IAF amendments

– Influencers of changes



Criteria would benefit from being stable /enduring over time but need to have greater agility to respond to direction via GPS etc without a full / partial rewrite; greater transparency & consistency

Reinforce the ONRC customer levels of service approach

Maintenance programmes developed on a sound business case approach and NLTP decisions considered on a first principles basis

❑ **NOT** historic costs plus x% or y% for escalation / equity etc

Greater recognition of the importance of smart buyer, effective management systems and practises

The new maintenance criteria what's not changing



Benefit / cost appraisal (economic efficiency) :
same BUT we are developing a more informed view of
the relative efficiency test using peer groups to
benchmark cost performance

Effectiveness: ~ half the core criteria remains built on

customer focus	integration
correct scope	affordability
timeliness	confidence

IAF amendments

New Strategic Fit criteria



Reduced core criteria linked more explicitly to ONRC customer levels of service

Medium: should be every AO's aim

High Strategic fit criteria: explicitly linked to 'priorities signalled through the Agency's Investment signals':

- *Enables greater flexibility to respond to government signals / GPS changes etc without a rewrite*

IAF amendments new effectiveness criteria



Through a holistic investors view of:

- sound planning (strategic, activity and asset)**
- smart buyer behaviour**
- good management practises and systems**

IAF amendments

new effectiveness criteria cont'd



Recognises (and encourages) strong asset management linked to activity management through ranking AO capability through benchmarking (*final scoring to be developed with sector*)

- Proposes 2 sets of thresholds (for Medium and High) based on complexity of programme / network challenges
- Sets expectations around the importance of smart buyer capacity and practise in achieving truly effective maintenance over time
- the role of effective management, administration etc and the procedural elements we mandate including reporting

Putting it all together

ONRC classification

- Customer focussed outcomes
- Customer focussed target level of service measures

Best Practise Activity Management

- Built on solid evidence and options analysis
- Benchmarking LOS and cost performance
- Smart procurement

2018-21 NLTP investment

- Differentiated to support focus on achieving consistent target LOS & VFM
- Encourage best practise planning and delivery

With REG:

Moving the focus from the roading assets to the outcomes they create

How effective is this investment - what does it mean for our customers?" and

"What is the risk to customer outcomes if we do this work differently, or not at all?"

Peer groups & benchmarking

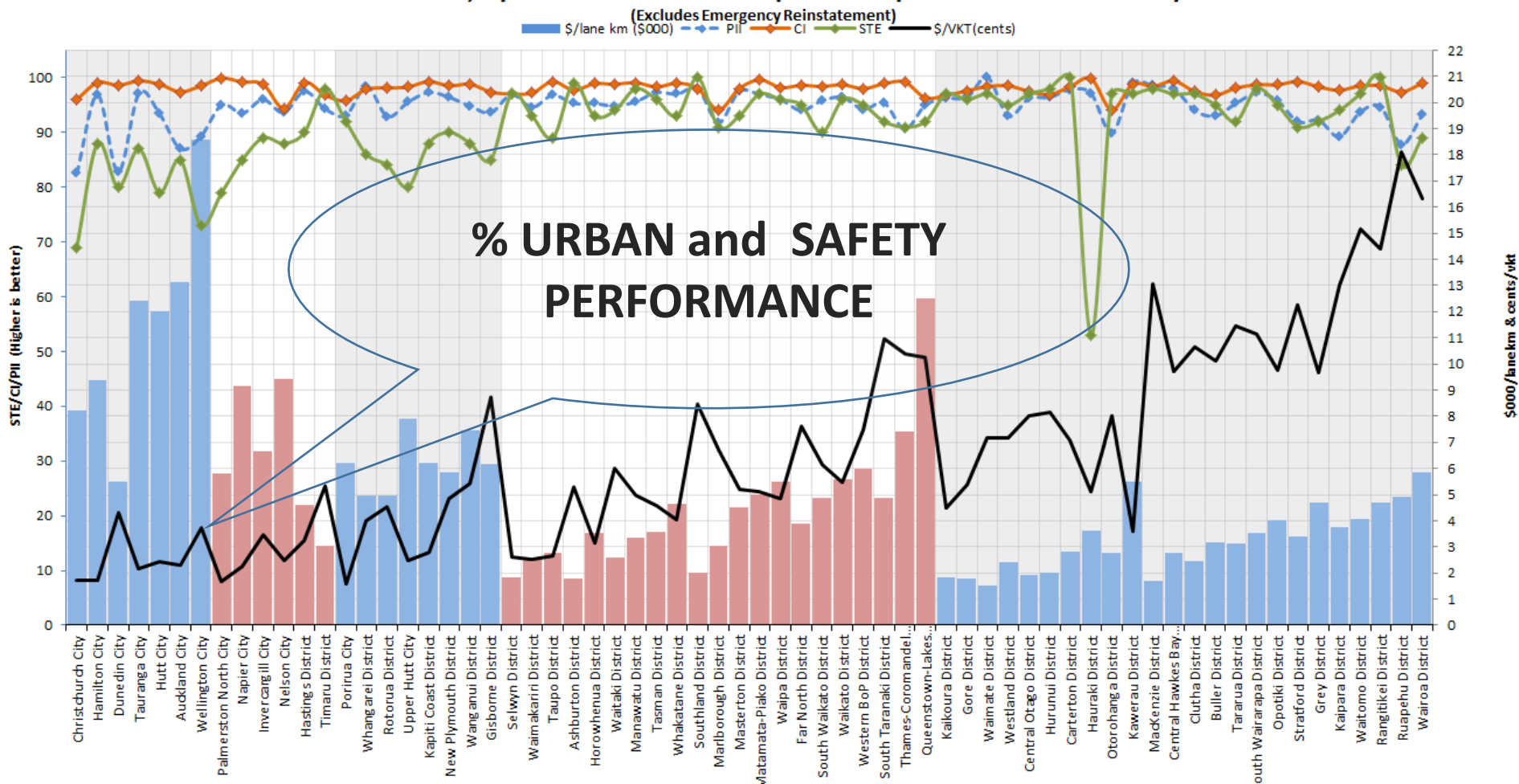
Based on % urban and traffic density (proxy for classification)

Provides best correlation across NZ for cost performance and network mix

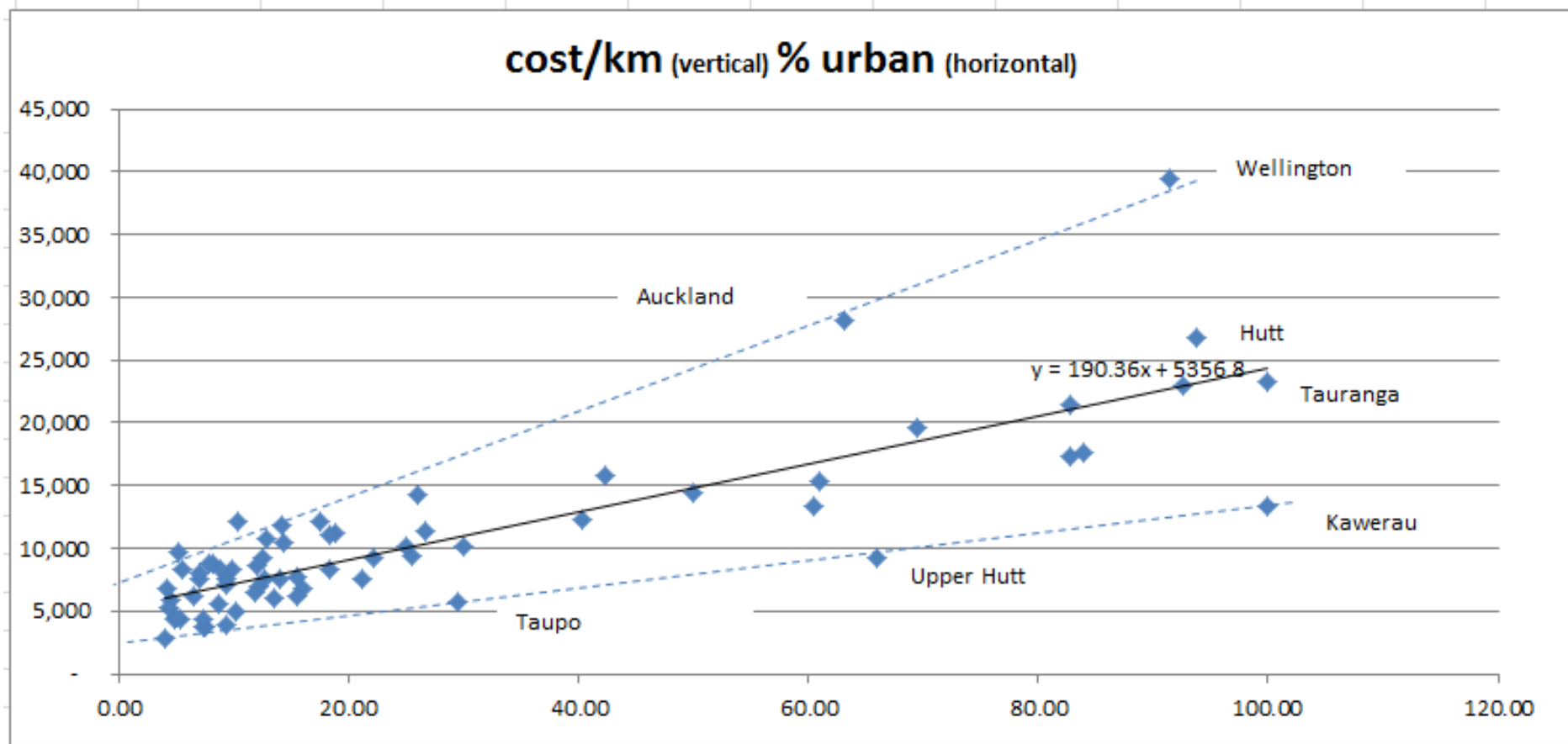
Peer groups are a means to start a comparison for future programmes: for both cost and LOS

HISTORIC view:

Maintenance, Operations & Renewal Expenditure per lane km & VKT 2012/13



Based on ONRC & intensity of urban network



Highly urban – greater than 90% urban

Approved Organisation	% Urban
Tauranga City	100
Kawerau District	100
Hutt City	94
Hamilton City	93
Wellington City	91

Substantially urban (*Cities*) 50 – 90% urban

Approved Organisation	% Urban
Napier City	84
Porirua City	83
Nelson City	83
Christchurch City	69
Upper Hutt City	66
Auckland City	63
Palmerston North City	61
Kapiti Coast District	60
Invercargill City	50

Provincial Centres (10% – 50% urban)

Approved Organisation	% Urban
Thames Coromandel DC	42
Dunedin City	40
Horowhenua DC	30
Taupo DC	30
Wanganui DC	27
Queenstown Lakes DC	26
New Plymouth DC	25
Rotorua DC	25
South Waikato DC	22
Grey DC	21

Provincial Centres continued

<i>Approved Organisation</i>	<i>% Urban</i>
Hastings DC	19
Hauraki DC	18
Waipa DC	18
Whangarei DC	17
Kaikoura DC	16
Buller DC	16
Waimakariri DC	16
Whakatane DC	14
Western Bay of Plenty DC	14
Masterton DC	14
Timaru DC	14
Matamata - Piako DC	13
Opotiki DC	13
Gisborne DC	13
Marlborough DC	12
Westland DC	12
Tasman DC	12

