WAKA KOTAHI NZ TRANSPORT AGENCY

BOARD PAPER

Safety Camera System Indicative Business Case

Commercially sensitive

Meeting Date	April 2022
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Version	Final
Date	13 April 2022
Pages	6

Purpose

This paper asks the Board to endorse the Safety Camera System (SCS) Indicative Business Case (IBC).

Recommendations

It is recommended that the Board:

- **Notes** that the estimated costs and benefits of the SCS IBC are within the ranges set out in the Tackling Unsafe Speeds (TUS) Programme Business Case (PBC) endorsed by the Board in August 2021, and that some affordability risks have been identified but are being mitigated.
- **Includes** the Detailed Business Case (DBC) phase in the NLTP
- **Approves** the DBC phase of the SCS programme to finalise camera mix, site selection and design of the SCS of $10.9M (NLTF share at $10.9M) from the RtZ activity class, thereby increasing the total phase cost from $10.7M to $21.6M but not affecting the overall cost of the programme, subject to as a condition subsequent:
  - Speed monitoring collection and evidence being embedded into the detailed business case, and as part of ongoing programme establishment and monitoring
  - Consideration of the recommended actions as part of the detailed business case development.
- **Notes** that the preferred vendor for safety cameras and a camera management system, section 9(2)(b)(ii) is subject to a Waka Kotahi Master Services Agreement (MSA).
- **Notes** that the preferred vendor for the safety camera back office incident processing system, section 9(2)(b)(ii) is also the preferred vendor for the Tolling Back Office Systems Replacement project and is also subject to a Waka Kotahi MSA.

- **Notes** that the whole of life costs over a 10-year period of safety camera hardware, camera management system and back-office incident processing system are circa section 9(2)(b)(ii), and that when the DBC is presented to the Board approval will be sought for funding these costs.
- **Endorses** the SCS IBC, noting the concerns raised and recommended actions moving forward to resolve.
- **Notes** some pre-implementation tasks will be completed as part of the DBC but must not pre-commit, and a further application is expected for pre-implementation.
- **Approves** the commercial arrangements with the preferred vendors in principle with delegated authority being given to the Chief Technology Officer to execute specific Statements of Work under the relevant MSA.

Strategic relevance

The SCS programme is a significant element in the Government's Road to Zero (RtZ) strategy, and is expected to contribute a 5% reduction in deaths and serious injuries (DSIs) towards the 40% reduction expected by 2030.

Background

In November 2019, the Government announced its new national road safety strategy, RtZ. The strategy's vision is a 'New Zealand where no one is killed or seriously injured and where no loss of life is acceptable on the roads'.

RtZ sets a target of a 40% reduction in DSIs by 2030 through 15 interventions, including implementation of a new Government policy on safety cameras:

- there should be a significant increased investment in additional safety cameras
- safety cameras should be located on the highest risk parts of the network
- safety cameras should be clearly signed as part of the investment in additional cameras so as to reduce excessive speeds on high-risk roads
- ownership and operation of the camera network should be transferred from NZ Police to the Waka Kotahi.

The rationale for transferring safety cameras was to incorporate safety cameras, along with speed reviews and infrastructure, into Waka Kotahi's broader speed management planning process and to shift the public away from perceptions that safety cameras are an enforcement, revenue-gathering tool.

In August 2021 the Board endorsed the TUS PBC and approved pre-implementation funding of $10.7 million to complete a DBC by April 2022. In September 2022 the Delegations Committee approved a change to the investment pathway so that an IBC would be completed by April 2022 and a DBC by September 2022. The cost of running the pre-implementation phase of the programme for a further 6 months is $10.9 million but does not affect the overall cost of the programme.

In December 2020 the Minister agreed a refinement to point 5.c. above: "a proposed mixed approach to safety cameras including a 'highly visible' approach for certain camera types, as appropriate, and maintaining a general deterrence 'anytime anywhere' component through the use of covert mobile cameras".

section 9(2)(g)(i)

Key issues

Public education and social license

The SCS programme, in conjunction with the wider speed management planning process and RtZ as a whole, has a strong focus on using public education and engagement, as well as enforcement, to achieve a change in driver behaviour.

Bringing the public on this journey and maintaining the social license are critical to the success of RtZ, and changing public attitudes towards safety cameras is a key and tangible part of that.

Strengthened partnerships with Te Manatū Waka and NZ Police

Since the Board endorsed the TUS PBC in August 2021 there has been a significant strengthening of the partnership with Te Manatū Waka - Ministry of Transport. Both organisations have recognised that we need to work together to achieve our shared outcomes.

In the context of safety cameras there has been deliberate and genuine collaboration in a number of key areas:

- Legislative changes via the Regulatory Stewardship Transport Amendment 2 (RSTA2) Bill have progressed to consultation stage and from early 2023 these changes are expected to enable the use of point-to-point (average-speed) cameras, automation of offence processing and electronic service of notices.

- Agreement from the Minister to consult on a Road Safety Penalties Review including legislative changes to enable increasing the value of safety camera infringement fees; demerit points applying to safety camera offences; hypothecation of funding from safety camera infringement fees to fund road safety initiatives; and safety cameras being used to enforce a wider variety of moving vehicle offences including mobile phone use, use of seatbelts, driving in an emergency stopping lane and tail-gating.

The Gateway review of the programme and IBC identified the need to strengthen the partnership with NZ Police and the programme team has developed a plan to address this.

Alignment with Waka Kotahi operating model

Over the past six months the SCS programme has been analysing how safety camera functions can be integrated into existing Waka Kotahi structures, processes and technology infrastructure. This has included looking at how safety cameras will integrate into the speed management planning process alongside the Speed and Infrastructure Programme (SIP) and Safer Speeds Around Schools; how Transport Operations Centres (TOCs) operate Waka Kotahi's existing 2,000 cameras; and opportunities to align with other key change initiatives such as the Tolling Back Office Systems Replacement project and the National Ticketing System (also referred to as NEXT).

In 2020 a joint Request for Information (RFI) process was conducted for both Tolling and Safety Camera Back Office systems. This was followed by a Request for Proposal (RFP) for the Tolling solution and Sociedad Ibérica de Construcciones Eléctricas, S.A. (SICE) was identified as the preferred supplier. section 9(2)(b)(ii) In March 2022 the Board endorsed SICE as the preferred vendor for the tolling back office systems replacement project.

In March 2022 the SCS programme conducted a two-week engagement process on a High Level Organisation Design (HLOD) that proposed show how safety cameras will integrate into the Waka Kotahi organisation structure. Feedback was sought from all Waka Kotahi employees and NZ Police employees who may be impacted or affected by the transfer. NZ Police, the NZ Police Association, the Public Service Association and E tū have all supported our approach to engagement.

Acceleration and mitigating COVID-19 supply chain impacts

In response to the Minister's request to accelerate this work, the SCS programme has been looking at opportunities to bring forward key decisions. At the same time section 9(2)(b)(ii) the preferred supplier of safety camera hardware, have indicated that their international supply chains have been disrupted by COVID-19. As a result, their equipment delivery lead times have extended from 3 months to 8 months, and this situation could deteriorate further.

Therefore, following comprehensive due diligence, we are requesting that the Board endorse a number of recommendations that would normally be put forward with the DBC:

- section 9(2)(b)(ii), NZ Police's preferred supplier of safety camera hardware and safety camera management system, through a Waka Kotahi MSA.
- Place a pre-order for 26 safety cameras to mitigate COVID-19 supply chain impacts.
- Nominate section 9(2)(b) as the preferred vendor for the safety camera back-office incident processing system through a Waka Kotahi MSA.
- Delegate authority to the Chief Technology Officer to approve commercial arrangements with the preferred vendors to execute specific Statements of Work under the relevant MSAs.

The whole of life costs over a 10-year period of safety camera hardware, safety camera management system and back office incident processing system are circa section 9(2)(b)(ii) When the SCS DBC is presented to the Board approval will be sought for funding these costs for the remainder of the National Land Transport Programme (NLTP) 2021-24.

In parallel to the above, the Road Safety team is also working with NZ Police and Auckland Transport to explore any potential for earlier implementation of additional safety cameras under the current NZ Police operating system.

Investment

The proposed investment takes a measured approach to implementing new technologies (such as average speed cameras) and the capabilities required to support them.

The proposed investment includes implementing an section 9(2)(g)(ii) new safety cameras section 9(2)(g)(ii) and is expected to deliver a 5% saving in DSIs by 2030 and a reduction in DSIs on the road by 130 annually. The business case also includes a saving of

section 9(2)(b)(ii) per annum, which represents the current funding of safety camera operations through the Road Safety Partnership Programme with NZ Police. Together, these outcomes create a total net present value benefit to society of over $1.5 billion.

Options summary

A variety of options for the future SCS at Waka Kotahi were carefully considered by stakeholders and subject-matter experts. The outcome of these considerations led to the development of a preferred option that meets Waka Kotahi investment objectives, has a good strategic fit, aligns to Waka Kotahi business needs, has the greatest potential to be achieved, can be delivered by suppliers with capacity and capability, can be delivered on time, has the social licence to be pursued in society and creates the greatest financial value for money as evidenced through financial modelling.

The investment in the preferred option will deliver four substantial benefits.

- Reduce DSIs – through increased compliance with speed limits. Modelling suggests the preferred option will reduce DSIs by 5% and save 130 lives annually by 2030.
- Reduce risk of harm for all road users – safety cameras are expected to reduce speed across the overall network. When speed increases, the risk of a crash and crash severity also increases. Lower mean speeds across the network will make roads much safer for all road users and encourage people to walk and cycle.
- Create social licence for increased use of safety cameras – investment in public education to change attitudes towards safety cameras will enable the expansion and additional camera capabilities (for example, mobile phone use).
- Increase the return on investment from safety cameras – improving efficiency and optimising capability through integrating into the Waka Kotahi operating model (people, processes and technology), will generate a net present value benefit to society of over $1.5 billion and save 1,500 to 2,400 lives over 20 years.

In contrast with other options examined, the preferred option best ensures continued delivery of the SCS programme, minimises the risk of service disruption during the function's transfer from NZ Police to Waka Kotahi, creates the best opportunities for learning by installing cameras in tranches, and overall provides best basis for completion of the expansion of the safety camera network across the country by 2030.

In addition to the standard Waka Kotahi investment assurance processes the SCS IBC has also been through an external peer review by IQANZ and a Gateway review by a team appointed by the Treasury (refer attachments 2 and 3).

Affordability risk

The costs and benefits set out in the IBC are within the ranges set out in the TUS PBC that was endorsed by the Board in August 2021. However, financial modelling for the IBC has identified some affordability risk as the total costs for NLTP 2021-24 are estimated as section 9(2)(b)(ii), whereas the total adopted for inclusion in the NLTP was section 9(2)(b)(ii).

Financial modelling for the TUS PBC used the NZ Police operating model as a starting point, as there wasn't sufficient information available about how the SCS would integrate into the Waka Kotahi operating model. For the SCS IBC that model was further refined, but is still fundamentally based upon NZ Police operations.

In the Waka Kotahi business case approach the focus of the IBC is on the strategic and economic cases, whereas the DBC focusses on the financial, commercial and management cases. For the DBC the financial modelling will be more sophisticated, based upon using safety cameras within the Waka Kotahi operating model and enabled by legislation changes that will allow for a greater degree of automation. It is anticipated that this financial modelling and concluding commercial negotiations with preferred technology vendors will resolve the affordability risk.

On this basis it is requested that the Board endorse the IBC, subject to affordability risks being resolved in the DBC. In the meantime, it is requested that the Board approve $10.9 million additional funding to develop the DBC and the pre-implementation phase of the SCS programme to finalise camera mix, site selection and design of safety camera operations. This affects the timing of funding approvals, but does not increase the overall cost of the programme.

Next steps

The DBC will provide decision makers with greater assurance of:

- Delivery timeframes – key dates for transfer of functions, rollout of safety cameras in Phase 1 (NLTP 21-24), Phase 2 (NLTP 24-27) and Phase 3 (NLTP 27-30).
- Mix of camera types and site selection – safety cameras will be integrated into interim Speed Management Plans for state highways and local roads.
- Contractual arrangements with preferred technology suppliers – Statements of Work will have been negotiated with preferred suppliers.
- Detailed costing – a revised financial model based on the Waka Kotahi operating model and confirmed prices from preferred suppliers, resolving the affordability risk.
- Measuring and tracking of benefits – quantify and outline key measures used to track and manage them, aligned to wider RtZ outcomes.
- The SCS DBC is expected to be submitted to the Board meeting in September 2022.

Health & safety, customer/stakeholder & environmental impact

The impact of this decision is considered by Waka Kotahi to be positive in terms of health and safety, the public and other stakeholders, and the environment.

Related documents

1. *Safety Camera System Indicative Business Case*, endorsed by the Road to Zero Executive Sub-Committee March 2022
2. *Safety Camera System Gateway Review*
3. *Safety Camera System Gateway Review Action Plan*