

MIN-4452 Transport stakeholders meeting

17 April 2024

Notes in aid of the Minister's meetings with transport sector stakeholders.

Waka Kotahi NZ Transport Agency's (NZTA) response:

General NZTA stakeholder notes

- NZTA is continually evaluating and developing the way we deliver infrastructure projects to get the best results for New Zealand and to understand the crucial factors for successful delivery of infrastructure projects. This includes examination of alternative delivery and funding models built on experiences here and overseas. NZTA is currently working through the pipeline opportunities and constraints implied by the recently released draft Government Policy Statement on land transport (GPS), which refers to a 10-year National Land Transport Programme cycle.
- The NZTA Board approved an Infrastructure Procurement Strategy in August 2023. Implementation of the strategy is underway and will lead to improved outcomes for New Zealand's horizontal infrastructure by supporting healthy markets and by improving NZTA's client-side intelligence.

Physical Works

- All stakeholders in this meeting s 9(2)(ba)(i) have received an 'A' rating for prequalified contractors, this allows them to submit tenders to the highest level of work (rated on type, size, risk etc).
- NZTA is looking at the RoNS planning work from a 10-year view, and part of the work is how we phase and set up the procurement regime so we create confidence and sustainability in the market.

Maintenance and Operations

- The stakeholders in this meeting provide maintenance and operations services on the network, many through Network Outcome Contracts (NOC).
- The draft GPS states that the Government rescope the Road Efficiency Group (currently Te Ringa Maimoa – Transport Excellence Partnership) to focus on finding efficiency in road maintenance spend, standardising maintenance protocols and processes to find efficiencies, reducing expenditure on temporary traffic management, reviewing NOC with a focus on achieving long-term maintenance outcomes of 2 percent rehabilitation and 9 percent resurfacing per year.
- NOC delivery is now used for the majority of the state highway network. The core maintenance activities covered by the NOC include network management (asset and safety management), physical works (maintenance and renewals of sealed pavement, drainage and structures, environmental maintenance, traffic services and operational traffic services), and other network specific maintenance activities.

Professional services

- The bulk of NZTA direct and indirect infrastructure professional services spend is served by seven multi-disciplinary engineering firms. In addition to firms with core engineering and environmental planning expertise, the professional services market includes specialist expertise in strategic transport planning,

property acquisition, resource management law, commercial law, and financial and commercial strategic advisory services.

- Competition among professional services providers in the core transport engineering and planning sub-sector is strong. Many of these are large firms with reach across New Zealand and beyond, enabling them to tap into international expertise. Other sub-sectors are more constrained, due to a smaller pool of suppliers working in specialist fields in what is a relatively small domestic market.

Noted by Minister ☐

Key messages – Capital projects

- The Government is focused on delivering infrastructure to unlock economic growth and productivity in New Zealand.
- I have given clear direction to NZTA on what we want to achieve, and they will be working at pace to deliver on that.
- Good contractors and suppliers are a critical part of delivery, and it is my expectation you will also be working and preparing at pace to meet the challenge we have set.
- The draft GPS prioritises economic growth and productivity, maintenance and resilience, safety, and value for money.
- I want you to have a significant focus on value for money, be that through value engineering or refining/challenging the scope/standards of projects to focus on the core fundamentals.
- To be clear, we are interested in the kerb to kerb building of roads and necessary state highway infrastructure. We are not interested in unnecessary add-ons or enhancements that delay projects and do not add efficiencies.
- We are also not interested in business case processes being drawn out, instead they should be streamlined and focus on the reason why we are building the project in the first place with decisive answers and solutions.
- Fast-track consenting approvals will reduce uncertainty and ensure confidence can be retained for constructors about projects moving forward at speed.
- Alternative funding and financing including tolling, Public-Private Partnership (PPPs), value capture, BOOT equity schemes, will also help to move these projects forward quicker.
- Investment through the GPS will enable a pipeline of work including new projects and maintaining and repairing our existing infrastructure. Over the next 3 years NZTA plans to begin construction on a number of the RoNS.
- NZTA has started preparation and planning to set up the 10-year pipeline of work to be delivered – and they are committed to keeping you updated regularly on progress.
- The intention is to share a clear 10-year pipeline with supply partners – this should allow the sector to build capacity and capability over the first 3 years and ramp up delivery in the following 7 years.
- I understand industry meetings are planned for April and June 2024.
- At these meetings, NZTA will share their initial work including scope of projects, indicative timeframes, early thoughts on business case approach and procurement as well as key challenges / inter-dependencies with other state highway activities.
- My challenge to you in preparing for the upcoming pipeline of work:

- Focus on value for money and efficiency.
- Speed up planning, business case, and delivery processes.
- Think about sharper more standardised design.
- Stay on scope, challenge if add-ons or extras are really needed. Focus on the must haves, not the nice to have.

Key messages – Maintenance

- The draft GPS includes an increased investment in maintenance and resilience.
- Driving efficiencies across all road maintenance activities, and continuously searching for efficiencies to deliver better value for money, is a clear expectation by this government.
- Investment targets 2 priorities – maintaining and repairing our existing infrastructure and creating a more productive and resilient roading network.
- This GPS increases maintenance funding by \$640 million (compared to the previous GPS).
- This GPS also takes a new approach - funding is directed at proactive road maintenance and high-quality renewals that deliver long-term efficiencies and improved outcomes. I expect the volume of reactive maintenance required by contractors to reduce over time.
- Specific funding has been ringfenced for the State Highway Pothole Prevention and Local Road Pothole Prevention new activity classes for road resealing, road rehabilitation and drainage on state highways and the local road network. It will not fund other maintenance activities.
- I expect this funding to fix the growing pothole problem by preventing further deterioration in roading quality.
- Potholes will be fixed within 24 hours of notification, increasing the safety of our state highway network. I understand that NZTA has engaged with your organisations recently about this, s 9(2)(f)(iv)
- The additional funding in this GPS to be used as efficiently and effectively as possible, to renew the state highway network as quickly as possible.
- We must first halt the declining condition of the network, and as an industry you need to build capability and capacity to deliver on the funding.
- The move to the Integrated Delivery Model will support this by allowing you to focus on the core role of delivery. We need to double our volume of renewals from where they currently sit.
- The role of the Road Efficiency Group (REG) has been refocused to ensure that all investment in maintaining and improving resilience on the state highway, local and rural road network is spent in the most efficient manner.
- The REG will play an important role in driving value for money and seek opportunities to reduce costs for roading authorities in the areas of road maintenance, operations, and renewals.
- Temporary Traffic Management (TTM) is a significant cost to road maintenance and needs to change. I expect to see a reduction in TTM costs and more efficient and effective TTM that delivers improves safety and value for money.