



**ROADING
NEW ZEALAND**

BUILDING AND MAINTAINING NEW ZEALAND'S
LAND TRANSPORT INFRASTRUCTURE

ROADING NEW ZEALAND

SUBMISSION

TO THE

MINISTRY OF TRANSPORT

ON

**AMENDING THE GOVERNMENT POLICY STATEMENT
ON LAND TRANSPORT FUNDING 2009/10 – 2018/19**

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Introduction

Roading New Zealand thanks the Ministry of Transport (MoT) for the opportunity to comment on the proposed amendments to the Government Policy Statement (GPS) on Land Transport Funding 2009/10 – 2018/19. Roading New Zealand congratulates the Government on amending this Policy Statement on funding to improve outcomes for all New Zealanders.

Roading New Zealand represents contractors who build and maintain New Zealand's land transport infrastructure. While our members carry out the majority of the country's roading work, including 90% of the New Zealand Transport Agency's work, they are also substantially involved in rail and passenger transport infrastructure. The combined turnover of our members is approximately \$3 billion pa.

We comment on this document as private sector contractors working with the public sector in the maintenance and construction of land transport infrastructure.

Overview of Submission

- (a)** Roading New Zealand **supports** the following proposed changes to the GPS.
- The shift in focus to that of national economic growth and productivity, value for money and economic efficiency. We believe that this change is necessary to sustain a desirable standard of living for all New Zealanders.
 - The move away from the outcome targets contained in the previous GPS to the list of impacts that the Government wants to achieve in seeking economic growth and productivity.
 - The focus on investing in high quality infrastructure (state highway) projects that support the economic movement of freight and people. This will provide funding certainty to the contracting industry so that it can meet anticipated construction demand. It will also keep people in employment and should move New Zealand away from a low capital cost/high maintenance network by taking a "whole of life" approach.
 - The advancing of roads of national significance thereby maximizing the desired impacts listed in the amended GPS.
 - The development of a National Infrastructure Plan to provide not only funding certainty but smooth work programmes as well. This Plan will give the contracting industry confidence to invest in people and plant and assist in removing the boom/bust cyclic business environment that currently exists.

- The funding of rail from general taxation so that road user charges and fuel excise tax collected from trucks and cars can be used to fund solely roading infrastructure.
- (b)** Roothing New Zealand **suggests** the following further changes be made to the GPS to meet the Government's priorities of national economic growth and productivity.
- Increase the "Sector Training/Research" GPS provision by \$100,000 per annum to enable the sector to develop an "on-site" and short course training model for site operatives.
 - Provide a provisional item in the GPS to cater for market fluctuations in the construction sector to ensure programmes are adequately funded.
- (c)** Roothing New Zealand **suggests** the following initiatives be also instigated to give effect to the GPS and to ensure its desirable impacts are retained
- smarter and more flexible procurement methodologies are introduced to achieve better value for money
 - work is brought to the market quickly, especially that of Local Government, to maintain industry confidence capability and investment and to reduce the potential for wholesale redundancies
 - best use is made of Industry resources through the use of Early Contractor involvement and Alliance models
 - the skills of Regional Land Transport Committees are aligned with the Government's goal of economic efficiency
 - funding is spread throughout the country to mitigate the recession.

These are discussed in more detail below.

Discussion

(a) Increase Sector Training and Research

Over the past five years the contracting Industry has grown by 50%. This has required significant investment by contractors to train their staff not only in the basic skills required but also in new technology and productivity improvements.

Experience has shown that the most efficient way for training the bulk of site operatives in the contracting sector is a combination of "on-site" practical training and short courses. Unfortunately this does not fit the TEC model and the Industry has suffered because of this. We request that \$100,000 per annum be added to the GPS line item "Sector Training and Research" to develop, promote and maintain such a model. This will help improve the productivity and quality of sector outputs and further encourage ongoing investment by all contracting organizations regardless of size.

(b) Market Fluctuations

Records show that road maintenance and construction inflation can be substantially different from general inflation. NZ Transport Agency (NZTA)

indices over recent years can be used to verify this. RNZ believes that the GPS should make provision for this in order to ensure that maintenance and construction programmes can be held at their desired levels.

(c) *Giving Effect to the GPS*

RNZ believes that there is no point in having a GPS unless it can be implemented in an economically efficient and productive way. If this does not occur the GPS will be compromised and not be as effective or efficient in achieving its aims. We believe our suggestions listed above will ensure that the GPS is implemented in a way that produces productivity and value for money. We believe that the introduction of collaborative procurement to create increased value needs to be significantly sped up to achieve this.

Roading New Zealand is ready and willing to assist the Government in any of these areas.

We trust you find this submission helpful and we would like to be able to speak to the Ministry about it. Please do not hesitate to contact me should you require any further information.



Chris Olsen
Chief Executive