

Report to:	Council	
Date:	27 January 2021	
Subject:	Responsibility for Inland Road	
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Input sought from:		
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1. SUMMARY

The appropriate date for a KDC to resume operation and maintenance responsibilities its section of Inland Road is discussed.

2. RECOMMENDATION

It is recommended that:

Council agrees to the 'Access Date' for NZTA's handing back of operation and maintenance responsibilities for Inland Road to KDC being 1 February 2021.

3. BACKGROUND

In March 2017 Waka Kotahi NZTA reached an agreement with the Kaikoura and Hurunui District Councils that it would assume temporary responsibility for operation, repair and maintenance of Inland Road (known as Route 70) because of the extent of earthquake damage to the road and the fact that it was in effect serving some functions of a State Highway whilst SH1 was unserviceable.

A key term of the agreement was that Waka Kotahi would assume this role until appropriate permanent repairs to Route 70 had been completed that provided a '*Permanent Resilient Solution*' for Route 70.

Waka Kotahi was to be the lead agency in designing and undertaking the required works. The agreement between Waka Kotahi and the Councils does not explicitly state exactly what these works or the standard of them would be, though it does make reference to working with the Councils in the design and undertaking of these works.

The initial agreement also did not contain a specific termination date, it proposed termination on an '*Access Date*' on which '*resilient access to Kaikoura is resolved to the reasonable satisfaction of the Agency and in consultation with the Councils*'. This wording suggests that Waka Kotahi will be the primary decision maker regarding this date.

Subsequent discussion resulted in an initial suggestion that the access date be 1 July 2019, but this was subsequently revised to 1 July 2020, by which time all works were to have been completed.

Delays did however occur which prevented this being achieved, and in November 2020 formal agreement for a handover on 1 December 2020 was sought by Waka Kotahi from both KDC and HDC. Some significant work did however at that time still remain on two particular projects – in particular the Mount Furneaux bridge – which appeared unlikely to be completed by that date, and for this reason KDC did not agree to the 1 December handover proposal.

Rapid progress was however made on the remaining works during December, and an inspection during the Christmas holiday period indicated that all of the works were substantially complete, and as such there appeared no reason that the handover back to KDC should not now occur.

It is considered important to recognise that the initial agreement was focussed on earthquake recovery and repairing associated damage to the road. There was no stated intention to return the road to the local authorities in a better condition that existed prior to the earthquake. Whilst there is not highly accurate information regarding the condition of the road prior to the earthquake with which its current

condition could be compared, there have been no suggestions that this current state is significantly worse than what was present pre-earthquake, and it would not appear reasonable to attempt to further delay the handover on this basis.

It is also considered important to recognise that some of the works that have been undertaken, such as installation of additional safety barriers, are clearly improvements relative to what existed previously.

It is understood that to date almost \$60 million of work has been done on Route 70 by Waka Kotahi since the earthquake. Whilst a greater share of this has been spent on works within the HDC portion of the road, there is no question that the Kaikoura District has obtained huge benefit from the work undertaken and paid for by Waka Kotahi NZTA on what was previously a local road for which KDC was entirely responsible.

It is also noted that whilst a greater proportion of this NZTA funding has been spent on the HDC section, the resultant road is far less favourable for that Council in respect of future financial liability. In addition to the HDC section being inherently more demanding to manage in respect of terrain and alignment the condition of much of the pavement in that section is notably poorer than that in the Kaikoura District. Despite this HDC agreed to assume responsibility for operation and maintenance of their section on the initially proposed date of 1 December 2020.

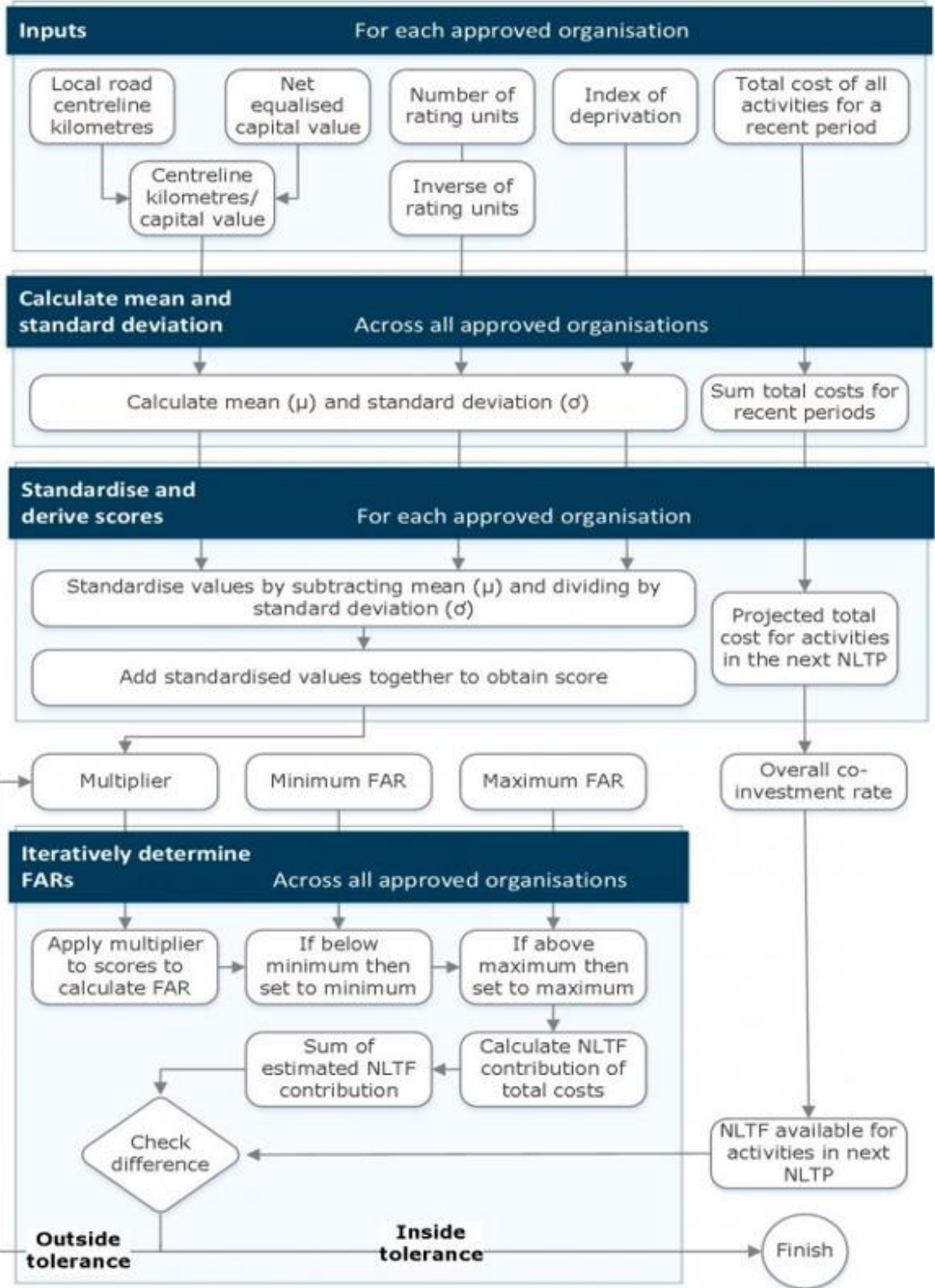
4. GROUNDS FOR FURTHER DELAYING HANDOVER

It is understood that a suggestion has been made that handover of the Inland Road back to KDC could be used to leverage review of the roading Funding Assistance Rate (FAR) applicable to KDC.

This suggestion is not however considered to be appropriate or realistic, as the determination of FARs for particular local authorities is not subjective, and is instead a mathematical process that is currently based upon the following highlighted quantifiable factors:

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- **Centreline kilometres** divided by **net equalised capital value** provides a measure for the core transport task faced by a council relative to a measure of the asset base from which local authorities raise local share.
 - Inverse of **rating units** identifies local authorities that have the smallest number of ratepayers from which to source local share.
 - **Index of deprivation** is a demographic index published by the University of Otago and used by the Ministry of Health, which provides a measure of the relative wealth of communities.
 - **Total cost of all activities** for a recent period is the actual total costs incurred by approved organisations for the last three to five years.

The current calculation process is outlined in the flow chart below. Full details of this process can be found through the following link: <https://www.nzta.govt.nz/planning-and-investment/planning-and-investment-knowledge-base/201821-nltp/planning-and-investment-principles-and-policies/funding-assistance-rates-principles-and-policy/#targeted-enhanced-fars>



Current FAR Calculation Process

Establishing the formulae used for the calculation of FARs will always be an exercise of compromise, since individual local authorities are different and will inevitably prefer the calculation to be based upon factors that will favour them. Previous attempts by NZTA to take account of the views of Councils in defining how FARs are calculated has shown that it is impossible to achieve a consensus view, and that as such the only practical approach is one where the means of calculation is dictated by NZTA, with varying degrees of satisfaction from particular Councils.

Because of this and associated political sensitivity it is difficult for NZTA to make individual deviations from the currently calculated FARs other than in exceptional circumstances. To do so would potentially 'open the floodgates' for many other Councils to seek similar deviations.

Consideration has however been given to the possibility that an adjustment of KDC's FAR could be requested based upon an increase to KDC's managed road length (Centreline kilometres) parameter associated with the 27.4km length of Inland Road returning to KDC. Without this road KDC is responsible for 184.5km of road, but with it this figure rises to 211.9km.

Inspection of NZTA's most recent calculation of KDC's FAR has however revealed that they have used the larger length figure in that process, presumably recognising the forthcoming transfer back. As such there does not appear to be any valid basis on which to request a review of our FAR.

Brief consideration has also been given to the possibility that Inland Road could be permanently classified as a Special Purpose Road, which whilst not defined as a State Highway, is operated and managed by Waka Kotahi. This is however a matter that has been subject of fruitless discussion in the past and there is nothing to suggest that there is anything at this time that would better support such a decision. Indeed it is understood that Waka Kotahi is increasingly opposed to the declaration of Special Purpose Roads.

5. CONCLUSION

It is believed that KDC should be highly appreciative of Waka Kotahi NZTA in respect of the works and financial support provided for Route 70 (Inland Road) since the 2016 earthquake, and should not further delay the handing back of operation and maintenance responsibilities for this road to Council.

6. COMMUNITY OUTCOMES

The issue discussed in this report relates to the following community outcomes:



Our community is resilient, safe and well and has their essential needs met



Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.