3 NATIONAL LAND TRANSPORT PROGRAMME (NLTP)

We've done some work on what's needed to increase our maintenance on key parts of our roading assets. We're keen to maintain the momentum that our emergency works program has created and build resilience to ensure we can handle what the future holds, but there's a cost. Let's map out our options.

Context

In August, we sent our Activity Management Plan to Waka Kotahi New Zealand Transport Agency (NZTA). It's the bid document that shapes their upcoming National Land Transport Programme (NLTP) 3-year block funding and outlines our funding and strategy to achieve our goals. Our bid will be under consideration from March to June, and once we know the outcome, it will guide our plans for the next three years.

This strategy is to take good care of our assets, especially drainage, because it helps preserve our roads and gives good value for money. Better drainage means our roads are more equipped to handle adverse weather events, which are predicted to become a more common occurrence with the changing climate. We need to keep investing in roads, bridges, and large culverts for drainage, while taking into account materials and labour are getting more expensive and contractors are in high demand.

It's also important to remember that starting in July our increased Funding Assistance Rate (FAR) rate kicks in, that means Waka Kotahi/NZTA will cover 73% of maintenance and renewals costs, a 4% increase on previous years.

DID YOU KNOW?

Tararua District Council maintains almost **2,000km** of road.

That's more than the whole length of New Zealand (about 1,600km).

What's happening now?

Right now, we have huge momentum in our roading programs driven by a $44 million emergency works program related to Cyclone Gabrielle, as well as the $14 million Huarahi Tūhono – Weber to Wimbledon project, both fully financed by Waka Kotahi/NZTA. These projects have given our teams at the Tararua Alliance the chance to build capacity and capability. We're already out there, with more teams than ever working on our roads.

We can make the most of this momentum by keeping your ratepayer investment at $18 million like before, but with the increased FAR of 73%, up from 69%, it would enable us to access an additional $8 million from Waka Kotahi/NZTA. This injection of funds would make a substantial difference to the resilience of our roads and this option is already built into the proposed rates increase.

It's a big challenge to execute all of this proposed work in the 3 year time frame, but with our unique collaboration between Council and Downer in the Tararua Alliance, alongside a strong and growing contractor base, we think we're geared up for this challenge now more than ever.

So the question is, if Waka Kotahi/NZTA accept our bid at its maximum level, should we use the opportunity to invest more in our roads by keeping the ratepayer contribution the same or should we reduce the proposed rates increase by 2% and stick with the current maintenance levels and take on the associated risks. This could mean reduced maintenance for some roads and less resilience to our network.

Let's take a look at the options

We prefer this option

OPTION 1 - Maximise the increased NZTA subsidy and increase our roading program to create a more resilient roading network (rates are as proposed on p.17)

Maintenance levels increase on our roading network

Increased maintenance investment ensures our roading assets are ready for future adverse weather events

Rates increase up to a maximum of 3%

In this option, if our bid is successful, we use all of the government funding available to us. We think this is good value for money and allows us to build more resilience into our local roads and that's why we are recommending this option. We have already built this option into the proposed rates increase, however there is risk this may not be accepted.

What is the cost over 3 years?

We spend	$ 18,567,573
NZTA spends	$ 50,201,216
Total spend	**$ 68,768,789**

How does that impact rates?

See page 17.

Impact on level of service?

Increased level of service with improved roading network resilience

OPTION 2 - Keep our roading program spend at the same level as previously planned while receiving the increased NZTA subsidy – rates reduce by approx. 2%

Roading spend stays the same, but the condition of our roads is likely to deteriorate

Risk that the level of roading network resilience reduces

No extra cost, no impact on rates

Potential drops in levels of service - this means reduced maintenance for some roads

Based on community feedback, there's a clear expectation for a well maintained road network. This option would struggle to meet these expectations

What is the cost over 3 years?

We spend	$ 16,171,575
NZTA spends	$ 43,723,640
Total spend	**$ 59,895,215**

How does that impact rates?

This would reduce the proposed rates by an average of approx. 2%

What is the impact on debt?

No impact

Impact on the level of service?

Potential drops in levels of service - this means reduced maintenance for some roads