

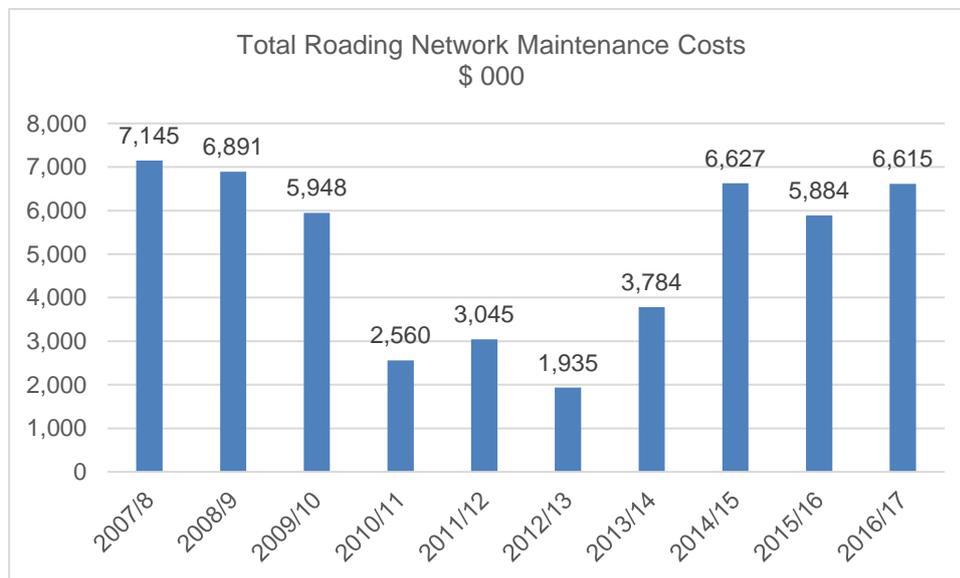
Mayor's Newsletter – April 2017

Dear Kaipara Ratepayer

I felt it was important to provide a personal update with some information about our current roading challenges. As many of you know, roading is our single largest cost by quite a margin. Unfortunately, it is also the area that causes the most dissatisfaction with our various communities.

Kaipara is responsible for all roading within its boundaries other than the State Highways, which are under the control of the NZ Transport Agency (NZTA). Mangakahia Road has recently also become an NZTA responsibility.

I think the starting point is to understand the current state we have and why that is.



As you can see from the above graph, our spending on maintenance had a major dip from years 2010/11 until 2013/14. This period covers the last year of the elected Council and the first two years under Commissioners.

The reason for this lack of spend was twofold. Firstly, the debt blowout that occurred and secondly, the rates strike. Over that period Council simply had no money.

You will see that in recent years, spending has returned to "normalised" levels but there is still very little money to *catch up* on what was not done, hence the very big issue your Council faces, the challenge to continue to reduce debt while trying to maintain and gradually improve roading.

With a few exceptions, we get assistance from Government for roading via NZTA. For every \$39 KDC spends on the unsealed network, they will contribute an additional \$61. So over those low spending years, we missed out on a large amount of NZTA funding. It does not, unfortunately, carry forward.

For simplicity, the above refers to road maintenance only. If we were to look at our capital improvement spend, the story would be exactly the same.

Costs

We have 1,575 kilometres of roading, 72% is unsealed and 28% is sealed. Of the unsealed network, 68% has less than 100 car movements per day. Unfortunately, that part of the network is the most expensive to maintain, partly driven by location and partly driven by topography. Northland and Kaipara are also in a period of heavy log harvesting.

Grading makes up a large part of our maintenance costs. This is best carried out when the road is damp so that the gravel has a chance to bed in. An additional grade (outside of contract) costs us \$180 per kilometre.

If, however, we do a dry summer grade and use water tankers, that cost goes up to \$1,600 per kilometre. If we were then to put on additional aggregate as part of that process, the cost escalates to \$3,400 per kilometre.

So, if at all possible, we leave corrugations until the rains come and do the repairs then; the other option we simply cannot afford.

Efficiency

How well do we do the job? A very hard question for a new Mayor and Councillors to answer. All roading is tendered and is always contested. Kaipara has recently entered an alliance with the Far North and Whangarei District Councils in part to drive sharper tendering. NZTA also conducts regular audits, remember they are contributing the lion's share of what we are spending on roads.

Owning our own equipment, as we did many years ago, is not an option for us under the Government funding model. We could do that but would run a very high risk of not receiving the Government subsidy.

We recognise we need to improve the roading network, particularly the unsealed portion. To those of you who have endured a very difficult summer, and I think of Golden Stairs, Babylon, Notorious and Pouto Roads, we do recognise they are a priority. We are looking at methods to communicate better with you around our roading maintenance schedule. To get our roads back into the state they were in pre-2010 will unfortunately take time.

Best regards

A handwritten signature in blue ink, appearing to be "MA".

Greg Gent

Mayor