

Road Network For Communities

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At a Glance

Primary Services

- Roads
- Ferry
- Cycleway

Why We Do It

- Council's vision is to provide an effective and sustainable road network that supports community strength and wellbeing; and
- The road network is a vital part of the district that enables safe and comfortable access for employment, personal / social activities and recreation, and the movement of goods and services. The transport network is essential to the functioning of the district's economy, benefiting residents and the district as a whole. Maintaining and improving roads are regarded as 2 of the core functions of Council.

What Has Changed For Roads Since The LTCCP 2009/19?

There have been significant changes to the roading programme since the publication of the 2009/19 LTCCP. These are primarily due to the changes made after the 2008 General Election to the Government Policy Statement for transport (which now emphasises investment in the Government's nominated roads of national significance) and the economic recession

has had a significant impact on housing and property development in the district.

These factors have impacted on Council's ability to carry out capital improvements, such as seal extensions, on the district's road network by severely reducing the amount of funding assistance (or subsidy) available for such work from the New Zealand Transport Agency. Also a shortfall has been created in anticipated development contributions. Additionally, Council has decided to reduce its level of borrowing to fund capital projects.

The most significant results of these changes that are reflected in the Annual Plan are:

The seal extensions that were not funded in 2009/10 that were part funded in 2010/11 subject to 66% of the expenditure being funded from external sources has been deferred. Council has helped several communities to review the potential for sealing local roads based on the understanding that the affected ratepayers will pay the NZTA share with Council meeting the balance of the cost.

Hence the funds allocated for rural seal extensions this year will be used to support Section 4 of Council's Policy No. 4101 Roothing. Funding sources whereby Council will enter into appropriate funding arrangements with local property owners where:

- Work is desired ahead of or in addition to the adopted programme;
- 75% of the affected property owners, as determined by a poll, agree with such funding arrangements;





- Already allocated NZTA funding assistance is not used; and
- The Council share is no greater than the local share if NZTA funding assistance for construction work was available. (i.e. Council's share will be limited to no more than 34% of the total cost).

Bridge replacements (Pipiwai W04, Pipiwai W06, Pokapu W19 and Ngapipito Culvert P53) are expected to be finished by July 2013.

Additional land purchases for the Kerikeri CBD alternate route have been deferred. As most submissions to the Draft Annual Plan opposed funding this project by means of a local targeted rate, it is unlikely to proceed any further in the foreseeable future.

Investigations of options for a new road linking Kapiro Road with Waipapa Road, improvements on Hone Heke Road and for a new road linking the Kerikeri south eastern light industrial area with Kerikeri Road have been deferred.

| Roads Priorities For 2011/12 | What We Have / Haven't Achieved |
|--|--|
| Addressing current and future traffic demands | Council has continued to press the NZTA to fund the design and construction phases of the proposed State Highway 10 / Waipapa Road / Waipapa Loop Road intersection upgrade, but the project does still not have approval to proceed. Council funded proposed road link from Klinac Lane to Waipapa Loop Road will not proceed until the State Highway project has the go ahead. |
| Maintenance and renewal | Council has introduced performance managed contracts for the maintenance of the roading assets. The contracts reflect a new roading hierarchy classification system and agreed levels of service or standards that the roads are maintained to. |
| A comprehensive inspection and audit of all bridges on the network has been completed as is being used to establish a forward works programme of maintenance, repairs and replacement of the bridges and structures asset | Reduces ability to carry out improvements and new projects, including seal extensions. |
| Safety improvements | Council has completed a number of minor safety improvement projects throughout the district, maximising the amount of funding available for the Far North from NZTA. |
| Promoting safer driving | Council has been involved with a number of successful community programmes, to raise awareness and educate communities about high risk issues including drink driving, crashes on bends, speed, child restraint compliancy and fatigue. |



| Future Issues / Challenges | Implications |
|--|--|
| Climate change | Increases exposure to road closures and widespread damage to the road network caused by severe storms. |
| Limited sources of good quality road aggregate | Increases maintenance and construction. |
| Reducing ability to attract NZTA funding assistance, especially for improvements and new works | Reduces ability to carry out improvements and new projects, including seal extensions. |
| NZTA have signalled funding cuts to the local government sector. However, the quantum of the funding cuts is still uncertain | The impact on levels of service is difficult to predict until the funding provisions are released by NZTA but could range from minor to significant dependant on what budget categories are reduced. In order to retain the current level of service, with decreased NZTA funding, will mean that the shortfall will need to be made up from unsubsidised sources. This would mean ratepayers or private road users will pay more. |
| Increasing demands on the road network from heavy vehicles | Increases maintenance and renewal costs. |
| Large geographic spread of the network, low population density and uneven distribution / expansion of population growth | Decreases affordability of the road network. |
| Lack of data relating to bridge load carrying capacities | Increases exposure to bridge failures. |
| Maintained length of network is based on out of date data | Results in dissatisfaction where roads exist outside of maintained length. |
| Increasing costs (labour; fuel and materials) | Reduces maintenance levels of service and number of improvements and new projects that can be carried out for the same amount of money. |
| Difficulties attracting and retaining appropriately skilled personnel | Reduces the ability to maximise funding assistance and consistently deliver good quality work on time and at the right price. |
| Inspections of all bridges have identified some structures which require more detailed investigation | Level of uncertainty on how much this could potentially cost. |

What Has Changed For Ferry Services Since The LTCCP 2009/19?

Council undertook an extensive review of the costs and funding of the Hokianga Ferry "Kohu Ra Tuarua," in 2009. As a result of this review, a modest increase was made to some fares to reduce the operating losses. A further increase to some fares was made late last year to cover the increase to GST.

Negotiations have also been held with the NZTA to confirm the amount of subsidy paid to Council to help offset the shortfall of income from fares over costs. The result of these negotiations is that the subsidy now covers 56% of the actual net operating cost

(the operating cost less the income received from fares) with the balance of 44% being funded from the general rate.

NZTA has also agreed to subsidise the renewal cost of the ferry when the present vessel reaches the end of its economic life (estimated to be in 2029). An underwater dive inspection carried out last year indicated that the underwater hull of the ferry is in very good condition and hence the 5 yearly haul out for underwater hull maintenance that fell due in 2010 was deferred for a year.

| Ferry Priorities For 2011/12 | What We Have / Haven't Achieved |
|---|--|
| Continuing to operate the Ferry "Kohu Ra Tuarua" 7 days a week, 52 weeks of the year and reviewing fares to reduce operating losses and to meet unavoidable cost increases | The priority was achieved and the ferry continued to operate 7 days a week, for 52 weeks of the year. |
| Hauling "Kohu Ra Tuarua" on to the slip way at The Narrows for under water hull maintenance, subject to the outcome of a further underwater dive inspection | The inspection of the hull has been completed and the condition appraisal results indicate that the ship needs to be slipped in the 2012/13 financial year, for necessary overhaul and repair works. |

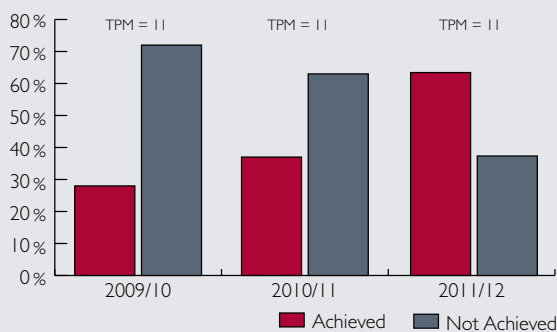


| Ferry Priorities For 2011/12 | What We Have / Haven't Achieved |
|---|---|
| Reviewing fares to reduce operating losses and to meet unavoidable cost increases | Council made fare adjustments to minimise the impact on local users and provided additional categories for low frequency travellers who live in the district. |
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| Safety improvements | Council has completed a number of minor safety improvement projects throughout the district, maximising the amount of funding available for the Far North from NZTA. |
| Promoting safer driving | Council has been involved with a number of successful community programmes, to raise awareness and educate communities about high risk issues including drink driving, crashes on bends, speed, child restraint compliance and fatigue. |

| The Twin Coast Cycle Trail Priorities For 2011/12 | What We Have / Haven't Achieved |
|--|--|
| Communicating with interested parties and groups who may wish to explore the opportunities available | Production and presentation to more than 40 community groups over the past 12 months regarding economic development, commercial realities and opportunities associated with the cycle trail have been undertaken. |
| Opening the 13.7 kilometre section between Kaikohe and Okaihau for walkers and bike riders during the year | Since it was opened in May 2011 this section of trail has been widely popular with both walkers and cyclists. To date, 4 community events have been held on the trail with other groups also indicating an interest in running events. |

Government has confirmed funding for the project permitting work to proceed as soon as practical. Consultation with affected landowners, iwi, communities and parties interested in the business and social opportunities the cycle trail project is being developed to provide, has commenced and will continue throughout the year. Council is strongly interested in communicating with interested parties and groups who may wish to explore the opportunities available.

The framework of the marketing brand of the cycle trail is well advanced and will be refined and communicated to the district during the year. A strong story is emerging that will permit visitors and local users of the cycle trail to gain an appreciation for the region not previously assembled in such a structured way.



TPM = Total number of Performance Measures
 ↑ Performance 2010/11 vs. 2011/12 - has improved

Highlights of Performance

Statement of Service Performance

For ROAD NETWORK the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to community outcomes. For more information on community outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

PS Public Safety TS Transport SC Services that support Communities

| Council initiatives | | Measure | | TS PS |
|--|---|--|---|-------|
| Safety | | Reduce the percentage of fatal and serious crashes each year | | |
| Result 2010/11: 2 fatal crashes and 12 serious crashes | Target 2011/12: Reduce by 22.63% to 2 fatal crashes and 9 serious crashes | Result 2011/12: 2 fatal and 9 serious | Achieved - Comments: Target achieved on reduction in fatalities and serious accidents. There were various factors contributing to all of these crashes, most of which are outside of Council's control. The 2011/12 report from NZTA show the results as a number and not percentage as previously advised in the LTCCP for targets. This has been amended for the LTP 2012/22 and future reports will be based on numbers. | |

| Council initiatives | | Measure | | TS PS SC |
|---|---|--|---|----------|
| Extending the sealed network | | Extend the existing sealed network by at least 7 kilometre per year (Amended indicator due to non availability of government subsidy. Target set in the LTCCP was 885) | | |
| Result 2010/11: Total sealed road length = 875 kilometres | Target 2011/12: Total sealed road length = 878 kilometres | Result 2011/12: Total sealed road length = 878 kilometres | Achieved - Comments: NZTA subsidy for seal extensions has been withdrawn. There are insufficient unsubsidised funds available to undertake any further seal extension work. Funding had already been obtained for the 3 kilometres that has been completed. | |

| Council initiatives | | Measure | | TS PS SC |
|---------------------------------|------------------------------|--|---|----------|
| Maintaining the sealed network | | At least 8% of the network resealed per year | | |
| Result 2010/11: 7.79% | Target 2011/12: 9% | Result 2011/12: 9.42% | Achieved - Comments: This has been achieved by implementing appropriate infrastructure asset management planning. | |

| Council initiatives | | Measure | | TS PS SC |
|---------------------------------|--------------------------------|---|--|----------|
| Maintaining the sealed network | | At least 2% of the network pavement renewals (amended indicator due to reassessment of actual need. Target set in the LTCCP was 2%) | | |
| Result 2010/11: 1.19% | Target 2011/12: 1.5% | Result 2011/12: 1.09% | Not Achieved - Comments: In an effort to cut costs the amount of pavement renewal has been reduced. Only those projects that fully warrant pavement renewal have been implemented. | |

| Council initiatives | | Measure | | TS PS SC |
|-----------------------------|-----------------------------|-------------------------------------|--|----------|
| Safety bridge renewals | | At least 3 bridge renewals per year | | |
| Result 2010/11: 0 | Target 2011/12: 3 | Result 2011/12: 5 | Achieved - Comments: Bridge renewals took place at: Wainui Road (Bridge I25), Ngapipito Culvert P53 replacement, Pipiwai Bridge W04 upgrade, Pipiwai Bridge W06 upgrade and Pokapu Bridge W19 upgrade. The scope of work, and associated cost, of the Wainui Road Bridge was reduced. This provided funding to allow other prioritised bridge renewals works to proceed. | |



Symbols used to identify each measure contributing to community outcomes

PS Public Safety TS Transport SC Services that support Communities

| | | | | |
|--|-------------------------------|--|---|----------|
| Council initiatives Responsiveness / effectiveness | | Measure Percentage of requests for service (RFS) responded to in set time and to appropriate standard. | | TS PS SC |
| Result 2010/11: 93% | Target 2011/12: 95% | Result 2011/12: 78.50% | Not Achieved - Comments: Council have been unable to agree acceptable terms and conditions with the streetlighting contractor. This has resulted in streetlighting repairs taking much longer than planned. | |

| | | | | |
|--|-------------------------------|---|---|----------|
| Council initiatives Meeting community expectations | | Measure The percentage of respondents indicating they are fairly satisfied as measured by the Communitrak Survey. | | TS PS SC |
| Result 2010/11: 57% | Target 2011/12: 55% | Result 2011/12: 57% | Achieved - Comments: Proactive solutions, including rationalisation of external consultant services, led by the infrastructure team have been noted by the community. | |

| | | | | |
|---|------------------------------|---|--|----------|
| Council initiatives Alcohol education awareness checkpoints | | Measure Increase the number of alcohol education awareness. Checkpoints around the district by at least 12 per year over the next 3 years and no less than 36 checkpoints thereafter. | | TS PS SC |
| Result 2010/11: 27 | Target 2011/12: 36 | Result 2010/11: 34 | Not Achieved - Comments: Under achieved on checkpoints due to budgetary constraints, but exceeded target for expo's, training and host responsibility. | |

| | | | | |
|--|------------------------------|--|---|----|
| Council initiatives Child restraints education checkpoints | | Measure Reduce the percentage of non compliant child restraints through child restraint education checkpoints. | | SC |
| Result 2010/11: 12% | Target 2011/12: 5% | Result 2011/12: 3% | Achieved - Comments: Target exceeded with average compliance = 97%, by implementing the awareness and education programme as planned. | |

| | | | | |
|---|------------------------------|--|--|----------|
| Council initiatives Fatigue stops | | Measure No less than 10 fatigue stops district wide per year targeting motorists, trucks and heavy vehicles. | | TS PS SC |
| Result 2010/11: 7 | Target 2011/12: 10 | Result 2011/12: 7 | Not Achieved - Comments: Not all planned fatigue stops were implemented due to budgetary constraints, but overall 1,174 trucks participated. | |

| | | | | |
|--|------------------------------|--|--|----------|
| Council initiatives Driver education and licensing | | Measure Increase the number of learners and restricted driver education programmes, this will increase the number of licensed drivers on the road. | | TS PS SC |
| Result 2010/11: 96 | Target 2011/12: 80 | Result 2011/12: 101 | Achieved - Comments: Target achieved, by implementing the education programme as planned, with 3,707 participants. | |



Stormwater *Providing Public Safety*



At a Glance

Primary Services

- Stormwater

Why We Do It

Council undertakes this activity to provide Stormwater management systems to control stormwater discharges from urban areas throughout the district. This involves the sustainable management of stormwater runoff within a defined urban catchment utilising piped networks, open drains and overland flowpaths giving consideration to current and future development, climate change, system capacity and condition, water quality, financial affordability, and the environment.

What Has Changed Since The LTCCP 2009/19?

The following projects have either been deferred or had funding reduced because of financial constraints:

- Hillcrest Road Kaikohe stormwater management at the intersection of Orrs and Hillcrest Roads.

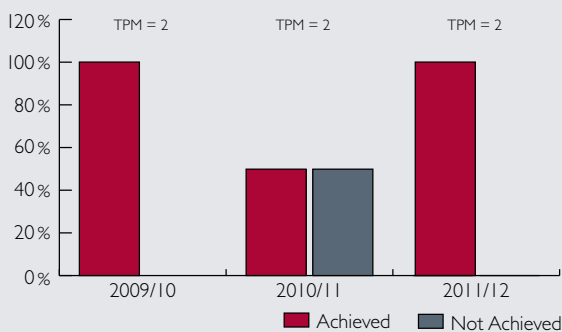
| Priorities For 2011/12 | What We Have / Haven't Achieved |
|--|---|
| Continuing to investigate options to address network deficiencies identified by Stormwater Catchment Management Plan (SWCMP) capacity studies | The stormwater catchment management plan studies are now completed, except for the Kerikeri / Waipapa area. Options report to address any network deficiencies identified is yet to be completed. |
| Continuing stormwater maintenance and improvements | Stormwater maintenance work continued as programmed and improvement projects in Russell and Coopers Beach have both been completed. |
| Identifying high profile beach outlets in areas of high tourist numbers and undertaking improvements to make the outlets more aesthetically pleasing | This work has not been progressed due to budgetary constraints and will be deferred for future years. |
| District wide emergency response to address unknown works that arise during the year | There were no significant events during the year that required an emergency response of note. |
| Identifying and installed new pipelines that take into consideration future upstream development on the hillside above Foreshore Road Ahipara | The stormwater drainage improvements have been incorporated into a physical works contract that will be practically completed in the 2012/13 financial year. |





| Future Issues / Challenges | Implications |
|---|---|
| Climate change effects – The Ministry for the Environment (MfE) climate change guidelines are subject to revision and this is likely to impact on stormwater catchment management plans | Stormwater catchment management plans may require further revision. |
| Effects of development on the reticulated stormwater network | The rate of development will determine the timing of required upgrades. It is proposed to consider upgrade options, and commence upgrades when the catchment is at a level of 80% of the permitted activity rules defined in the District Plan. |
| Network improvements / upgrades | Cost implications and environmental consequences are likely to determine what upgrade options are considered in the future, e.g. attenuation. |
| In some areas the existing network passes beneath private properties | It may be necessary to reevaluate the network layout to ensure that the network is accessible for all property owners and also accessible for Council's maintenance operations. |
| Potential for future changes in environmental standards | Likely to increase resource consent costs. |
| Blanket stormwater discharge resource consents | Consideration needs to be given to the continued development of stormwater catchment management plans to obtain stormwater discharge resource consents for the defined urban areas in the future. |
| The change from external consultants to Council's in house staff for provision of asset management professional services | Additional, appropriately skilled staff are likely to be required or Council may need to make a greater call on specialist external resources. |

Highlights of Performance



TPM = Total number of Performance Measures
 ↑ Performance 2010/11 vs. 2011/12 - has improved

Statement of Service Performance

For STORMWATER the following pages detail:

1. Service performance information provides levels of service comparative results for 2010/11 and 2011/12 including achievements and issues.
2. Financial performance including comparisons against budget 2011/12.

FYI: Key symbols are used to identify each measure contributing to Community Outcomes. For more information on Community Outcomes please refer to page 79.



Symbols used to identify each measure contributing to community outcomes

PS Public Safety EM Environment SC Services that support Communities

| | | | | |
|---|-------------------------------|---|---|--------------|
| Council initiative Day to day service provision | | Measure Percentage of request for service responded to in set time and to the appropriate standard. | | EM SC |
| Result 2010/11: 99.33% | Target 2011/12: 90% | Result 2011/12: 93.50% | Achieved - Comments: Result achieved through the monitoring of the RFS response times, keeping the customer informed, undertaking works in an appropriate manner and to an acceptable standard within budget allocations. | |

| | | | | |
|--|-------------------------------|---|---|--------------|
| Council initiative Stormwater improvements | | Measure Percentage of respondents indicating they are fairly satisfied as measured by the Communitrak Survey. | | PS EM |
| Result 2010/11: 46% | Target 2011/12: 53% | Result 2011/12: 56% | Achieved - Comments: The increase is due to the implementation and completion of stormwater improvement projects in Ahipara and Russell and an understanding by the community over jurisdictional responsibilities between Northland Regional Council, NZTA and Far North District Council. | |



Financial Information Roads and Stormwater

FINANCIAL SUMMARY FOR THE YEAR ENDED 30 JUNE 2012

| | NOTE | ACTUAL 2012 \$000s | COUNCIL BUDGET 2012 \$000s | VARIANCE \$000s |
|--|------|--------------------------|-------------------------------------|--------------------|
| Income | | | | |
| Rates income | 1 | 17,399 | 16,316 | 1,084 |
| Other income | 2 | 20,477 | 19,322 | 1,155 |
| Total operating income | | 37,876 | 35,638 | 2,238 |
| Expenditure | | | | |
| Direct costs | 3 | 22,481 | 14,635 | (7,846) |
| Indirect costs | 4 | 501 | 967 | 466 |
| Activity expenditure | | 22,982 | 15,602 | (7,380) |
| Depreciation | 5 | 15,155 | 14,980 | (175) |
| Interest payable | | 1,259 | 1,870 | 611 |
| Total operating expenditure | | 39,397 | 32,452 | (6,945) |
| Net operating surplus/(deficit) | | (1,520) | 3,186 | (4,706) |
| Capital statement | | | | |
| Net operating surplus | | (1,520) | 3,186 | (4,706) |
| Loans | | 950 | 1,731 | (780) |
| Other funding | | 15,594 | 16,610 | (1,016) |
| Total funding | | 15,025 | 21,527 | (6,502) |
| New work | 6 | 4,979 | 5,784 | 805 |
| Renewal works | 6 | 13,005 | 14,429 | 1,424 |
| Loan repayments | | 5,251 | 1,314 | (3,937) |
| Total capital expenditure | | 23,235 | 21,527 | (1,708) |
| NET SURPLUS/(DEFICIT) | | (8,210) | 0 | (8,210) |

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VARIANCE TO THE ANNUAL PLAN 2011/12

1. Rates income is showing a favourable variance of \$1,084k predominantly due to:
 - a. An increase in penalty rate income of \$917k; and
 - b. General rates are showing a favourable variance of \$153k and targeted rates are showing a favourable variance of \$14k.
2. Other income is showing a favourable variance of \$1,155k predominantly due to:
 - a. Central government subsidies are above budget by \$826k largely due to emergency works resulting from weather events;
 - b. Development contribution income is below budget by \$175k due to a reduction in applications;
 - c. A specific contribution of \$120k was not received as the Waipapa roundabout project did not commence; and
 - d. Vested assets of \$616k were received and these were unbudgeted.
3. Direct costs are showing an unfavourable variance of \$7,846k predominantly due to:
 - a. Expenditure on contractor & professional fees are above budget by \$1,697k due to a series of storm events which required emergency repairs to the roading network;
 - b. Loss on disposal on property, plant & equipment of \$5,553k;
 - c. Direct allocations are under budget by \$114k;
 - d. Valuation costs, contract work annual and power expenses combined to produce a favourable variance of \$115k; and
 - e. Bad debt provisions exceeded budget by \$573k due to increased penalty charges.
4. Indirect costs are under budget \$466k due to:
 - a. Decrease in corporate allocations \$466k.
5. Depreciation is showing an unfavourable variance of \$175k.
6. Capital expenditure is showing a favourable variance of \$2,229k predominantly due to a reduced roading programme.



KEY CAPITAL PROJECTS
FOR THE YEAR ENDED 30 JUNE 2012

| | ACTUAL 2012 \$000s | COUNCIL BUDGET 2012 \$000s | VARIANCE \$000s |
|------------------------|--------------------------|-------------------------------------|--------------------|
| New Works | | | |
| Urban stormwater | 1,148 | 550 | (598) |
| Roading operations | 1,978 | 3,765 | 1,787 |
| Emergency works | 691 | 0 | (691) |
| Safety services | 1,162 | 1,469 | 307 |
| Total new works | 4,979 | 5,784 | 805 |
| Renewals | | | |
| Urban stormwater | 20 | 300 | 280 |
| Roading operations | 12,958 | 13,762 | 804 |
| Ferries | 27 | 0 | (27) |
| Safety services | 0 | 367 | 367 |
| Total renewals | 13,005 | 14,429 | 1,424 |

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SIGNIFICANT ACQUISITIONS OR REPLACEMENTS OF ASSETS FOR 2011/12

The Local Government Act 2002 requires Councils to provide information regarding any significant assets acquired or replaced during the year. Council's Significance Policy does not specify a value but does identify the following assets as significant:

| ROADING NETWORK | BUDGET 2012 \$000s | ACTUAL 2012 \$000s |
|---|--------------------------|--------------------------|
| Sealed road resurfacing | | |
| Ongoing replacement of the top surface of an existing road base | 2,782 | 3,893 |
| Unsealed road metalling | | |
| Renewal of metal on unsealed roads | 2,930 | 3,334 |
| Pavement rehabilitation | | |
| Repairing and replacing road base course and replacement of top surface | 5,113 | 2,969 |
| January 2011 storm event | | |
| Roading network recovery following storm | 0 | 691 |
| Cycleway project | | |
| Part of the cycleway project being funded by central government | 2,000 | 825 |

VARIANCE TO THE ANNUAL PLAN 2011/12

- Pavement rehabilitation
This work was in line with the programme and the subsidy levels agreed with NZTA.
- January 2011 storm event
Work on storm damage is not budgeted but is eligible for emergency works subsidy at variable rates.
- Cycleway project
This project is part of the government funded cycleway and is fully subsidised.

