

# MIN-4266 Regional road network

4 August 2023

Providing an explanation of maintenance on the regional road network, including funding and contract information.

## Waka Kotahi NZ Transport Agency's response:

Appendix 1 provides a regional breakdown of funding from each Activity Class in the 2021-24 National Land Transport Programme.

### Maintenance activities

- Waka Kotahi maintenance and renewals activities are delivered in line with design standards and guidelines that are updated regularly to reflect changes in demand, technologies, and external drivers such as changing climate patterns. For this reason, they are not just about renewing assets 'like for like' – replacement bridges and culverts are built to withstand modern climate forecasts. In this way, we aim to 'build back better' as a standard component of our asset renewals.
- We run continuous programmes of work to operate, maintain and renew roading assets, including multimodal paths and busways. These programmes are primarily contracted through Network Outcomes Contracts (NOCs).
- NOC Review: It has been a decade since Waka Kotahi introduced the NOC contracts. These were introduced at a time when there was pressure on our maintenance spend, with the objective of our contractors taking a stronger asset management lead in optimising the level of renewal works on an as needed basis within available funding. The objective of the review is to better balance renewals and repair. To achieve this better balance, the contract review is considering the commercial form of the contract, how maintenance works are specified, how quality is managed, and the related roles of the parties in planning works and managing risks.
- The maintenance activity classes are under significant pressure due to the size of the programme – including increases to the network, the impact of weather events (emergency works) and cost pressure.

### Cyclone Gabrielle contractors

- State highway road maintenance contractors in the cyclone affected regions are Fulton Hogan (Northland), Higgins (East Waikato and Hawke's Bay) and Downer (Tairāwhiti). These organisations utilise a network of sub-contractors to assist with their work requirements, and examples of these sub-contractors are Wharehine (Northland) and Blackbee Contractors (Tairāwhiti).
- As part of the cyclone recovery Waka Kotahi is engaging with a variety of contractors for different work requirements. In Northland, Fulton Hogan (Brynderwyn Hills) and Wharehine (Dome Valley) are being engaged to provide specific solutions for these sections of the network, while Oxcon CLL is contracted to complete the Mangamuka rebuild (damaged during a previous weather event in August 2022).
- In Coromandel, a consortium of Fulton Hogan and McConnell Dowell, supported by consultants Beca and Tonkin + Taylor are completing the Taparahi Bridge project on SH25A. Higgins, as the NOC maintenance contractor is undertaking a number of remedial works along SH25, with specialist expertise such as Geostabilization NZ (GSI) brought in for complex works such as those involving rock-blasting (Ruamahunga).

- A wide range of sub-contractors are supporting Higgins and Downer across the East Coast. The Transport Rebuild East Coast (TREC) Alliance held engagement sessions in both Napier and Gisborne recently, with further engagement planned for the near future. Across the East Coast, 27 early/critical projects have been identified to commence during the 2023/24 construction season (October 2023 – March 2024), and local/iwi contractors that are prequalified to work for Waka Kotahi will be engaged for these works.

#### **NOC contractors for each region:**

- Northland – Fulton Hogan
- Nelson/Tasman – Fulton Hogan
- West Coast – Fulton Hogan
- Central Otago – Fulton Hogan
- Manawatu – Higgins
- East Waikato – Higgins
- BOP East – Higgins
- BOP West – WSP
- Taranaki – Downer
- Central Waikato – Downer
- North Canterbury – Downer
- South Canterbury – Downer
- Coastal Otago – Downer
- Marlborough Roads – HEB/Fulton Hogan
- Southland – Southroads
- Wellington Transport Alliance – Fulton Hogan, WSP
- Auckland System Management – Fulton Hogan, HEB
- Milford Alliance – Downer
- TREC Alliance (East Coast) - Fulton Hogan, Higgins, Downer. No sub-contractors have been appointed yet.
- SH25A Bridge - McConnell Dowell, Fulton Hogan Sub contractors are Tonkin & Taylor, Beca, East Bridge, Wagstaff, Civil & Landfill Construction Ltd (CLC), DCN, Geotechnics, Andy O'Sullivan & Associates, Kopu Engineering, JCD, Pro-Drill, K and L distributors, Geover, Eastbridge, Vernon Developments, Leach's Quarry, Storm Contracting, Kennards Hire, Porter hire, Move Transport, Smart Environmental, Condor

#### **Capital projects**

The procurement method and delivery model for our capital infrastructure projects is determined by a number of factors including scale, risk, location, complexity, and overall cost of the project. These are considered through the strategic planning and business case stages of a project and take into account a range of elements such as supply chain capacity and specific requirements of the project, including Broader Outcomes.

Our largest Physical Works contractors by number of awarded contracts are:

- Fulton Hogan
- Downer
- HEB

And by awarded contract value they are:

- Fulton Hogan
- Downer

- Higgins

Tier 1 contractors are awarded many of our capital projects due to requirements we have regarding delivery capability, resourcing, and insurance liability caps. However, the Tier 1 contractors also use local supply chain sub-contractors when delivering the works.

## Funding

- Funding Assistance Rates (FARs) are the contribution, in percentage terms, that Waka Kotahi makes from the National Land Transport Fund (NLTF) to approved organisations for the delivery of an activity or combination of activities. FARs are not subsidies, but part of a co-investment system which recognises there are both national and local benefits from investing in the land transport network.
- The overall rate at which we will co-invest is set at 53%. This means that across the whole programme, the NLTF will fund an average of 53% of local transport programmes.
- The maximum normal FAR is set at 75% for approved organisations on mainland New Zealand, and at 88% for the Chatham Islands Council to reflect the council's higher costs associated with delivering land transport activities. The rate also reflects the co-investment nature of land transport funding and the sharing of costs and risks in the investment. The minimum normal FAR is set at 51%.
- The difference between the minimum normal FAR (51%) and the overall co-investment rate (53%) allows for funds to be distributed to those approved organisations that would have difficulty raising their local share.

Appendix 1: Regional breakdown of NLTF funding for each activity class in the 2021-24 National Land Transport Programme

Activity Class name	Auckland	Bay of Plenty	Canterbury	Chatham Islands	Gisborne	Hawkes Bay	Manawatu/Whanganui	Marlborough	National
Coastal shipping									32,540,000
Debt Funding	38,514,711	45,484,107							
External funding	1,046,784,851	445,775,020	129,302,050		36,636,316	45,634,490	304,842,081	176,552	177,708,406
Investment management (incl. Transport Planning)	9,478,608	5,580,450	4,701,907		1,840,253	2,279,347	2,509,953		221,163,252
Local road improvements	382,207,156	126,993,321	58,491,382	2,021,000	7,109,311	32,267,356	41,810,546	1,239,525	87,670
Local road maintenance	1,002,258,465	223,311,760	479,492,589	11,365,000	193,397,513	338,169,632	307,464,920	179,992,142	52,412,328
Public transport infrastructure	1,537,582,619	25,037,824	34,770,597		585,003	262,950	3,604,281	95,044	278,050,353
Public transport services	1,576,256,065	90,390,316	242,794,141		2,971,426	17,635,663	30,282,415	1,792,012	3,318,399
Rail network									366,000,000
Road to Zero	260,407,341	202,033,946	110,761,185	21,000	4,873,292	46,921,335	95,096,586	5,632,881	1,604,158,575
State highway improvements	776,674,759	128,511,590	115,757,465		4,097,197	12,923,096	466,379,656	1,397,375	18,963,784
State highway maintenance	550,465,168	192,556,963	221,390,542		132,371,827	87,853,132	124,586,339	59,360,396	25,654,552
Walking and cycling improvements	299,766,959	54,868,732	19,304,515		3,903,820	22,414,496	30,734,248	1,729,220	11,212,275
<b>Grand Total</b>	<b>7,480,396,702</b>	<b>1,540,544,029</b>	<b>1,416,766,373</b>	<b>13,407,000</b>	<b>387,785,958</b>	<b>606,361,497</b>	<b>1,407,311,025</b>	<b>251,415,147</b>	<b>2,791,269,594</b>

Activity Class name	Nelson	Northland	Otago	Southland	Taranaki	Tasman	Waikato	Wellington	West Coast
Coastal shipping									
Debt Funding			20,529,508				151,679,223		
External funding	1,304,122	57,009,294	96,148,891	23,038,082	31,547,178	7,638,140	51,793,420	454,711,494	6,279,789
Investment management (incl. Transport Planning)		3,924,957	3,816,558	1,158,134	843,725	206,786	9,392,633	14,273,061	1,203,769
Local road improvements	3,266,650	44,527,196	82,240,776	4,739,226	13,803,430	50,000	80,631,474	55,404,020	7,569,731
Local road maintenance	30,023,648	288,725,615	269,058,846	147,014,203	116,026,173	64,219,330	485,581,530	373,597,369	72,463,608
Public transport infrastructure	926,885	3,111,936	8,490,784	988,131	1,087,734	498,725	25,471,207	567,443,340	
Public transport services	9,487,935	12,120,435	76,289,066	7,481,519	14,330,821	2,013,280	101,479,579	586,903,341	701,459
Rail network									
Road to Zero	7,572,690	53,720,066	56,449,635	15,323,642	87,068,270	7,850,386	223,151,677	94,930,428	6,077,007
State highway improvements	9,541,958	64,696,370	51,830,116	2,692,537	151,407,630	1,878,418	372,502,006	735,568,531	5,164,376
State highway maintenance	26,567,282	270,227,219	168,038,684	118,286,299	133,796,980	68,119,949	406,204,329	237,959,705	109,165,786
Walking and cycling improvements	6,269,090	38,083,612	70,192,431	5,012,444	23,066,439	8,164,513	42,982,466	268,345,522	2,817,501
<b>Grand Total</b>	<b>94,960,260</b>	<b>836,146,700</b>	<b>903,085,295</b>	<b>325,734,217</b>	<b>572,978,380</b>	<b>160,639,527</b>	<b>1,950,869,544</b>	<b>3,389,136,811</b>	<b>211,443,026</b>