



## BRIEFING

### Further Information for Revisiting the Upgrade of Oparara Arches and Access Road Funding Decision

<b>Date:</b>	20 May 2019	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3464 18-19

Action sought		
	Action sought	Deadline
Hon Grant Robertson <b>Minister of Finance</b>	Agree to the recommendation in this briefing	27 May 2019
Hon Phil Twyford <b>Minister of Transport</b>	Agree to the recommendation in this briefing	27 May 2019
Hon David Parker <b>Minister for Economic Development</b>	Agree to the recommendation in this briefing	27 May 2019
Hon Shane Jones <b>Minister for Regional Economic Development</b>	Agree to the recommendation in this briefing	27 May 2019
Fletcher Tabuteau <b>Parliamentary Under-Secretary to the Minister for Regional Economic Development</b>	For information only	N/A

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
David van der Zouwe	Investment Director	Privacy of natural persons	Privacy of natural persons	
Penny Bicknell	Principal Regional Advisor, West Coast	-	Privacy of natural persons	✓

The following departments/agencies have been consulted



Department of Conservation, New Zealand Transport Agency

**Minister's office to complete:**

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

**Comments**

PROACTIVELY RELEASED

## BRIEFING

### Further Information for Revisiting the Upgrade of Oparara Arches and Access Road Funding Decision

<b>Date:</b>	20 May 2019	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3464 18-19

#### Purpose

At their meeting on 2 May Regional Economic Development (RED) Ministers considered a briefing on revisiting the upgrade of Oparara Arches and Access Road funding decision and asked for more information on the drivers of the proposed reallocation of funding between the two components of the project before making a decision. This briefing responds to the Ministers' request.

#### Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

**Note** that on 12 November 2018 Cabinet approved \$5.7 million Provincial Growth Fund grant funding for the upgrade of the Oparara Arches and Access Road at Karamea on the West Coast consisting of:

- i. \$Commercial Information for the upgrade of the Oparara Arches tracks and other amenities.
- ii. \$Commercial Information for the upgrade of the Oparara Arches access road.

*Noted*

**Note** that this briefing provides the further information requested by Regional Economic Development Ministers on the circumstances that drove the revised costings, leading to the proposed reallocation between the two components of the project of the funding approved by Cabinet.

*Noted*



**Agree** to, based on the further information provided in this briefing, reallocate the \$5.7 million Provincial Growth Fund funding for the Upgrade of the Oparara Arches at Karamea on the following basis:

- i. \$<sup>Commercial Information</sup> for the upgrade of the Oparara Arches tracks and other amenities
- ii. \$<sup>Commercial Information</sup> for the upgrade of the Oparara Arches access road.

*Agree/Disagree*

David van der Zouwe  
**Investment Director**  
Provincial Development Unit, MBIE

Hon Grant Robertson  
**Minister of Finance**

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Hon Phil Twyford  
**Minister of Transport**

Hon David Parker  
**Minister for Economic Development**

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Hon Shane Jones  
**Minister for Regional Economic Development**

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## The Original Decision

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1. On 12 November 2018 Cabinet approved \$5.7 million Provincial Growth Fund (PGF) funding for the upgrade of the Oparara Arches and Access Road at Karamea on the West Coast (refer DEV-18-MIN-0258 and CAB-18-MIN-0562). Cabinet approved the \$5.7 million funding for the upgrade of the Oparara Arches and access road at Karamea on the following basis:
  - A \$Commercial Information grant for the upgrade of the Oparara Arches tracks and facilities; and
  - A \$Commercial Information grant in principle, depending on what funding might be available from the New Zealand Transport Agency (NZTA), to upgrade the McCallums Mill Road access to the Oparara Arches at Karamea, with the final decision to upgrade the road to be made by RED Delegated Ministers in line with their delegations
2. The Department of Conservation (DOC), as the agency responsible for the land management in Oparara, will assume responsibility for the management and implementation of the project. The funding will be transferred to DOC through a memorandum of understanding.

## Further Information on Reallocating the Oparara Arches Upgrade Funding

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3. At their meeting on 2 May Regional Economic Development (RED) Ministers considered a briefing on revisiting the upgrade of Oparara Arches and Access Road funding decision and asked for more information on the drivers of the proposed reallocation of funding between the two components of the project before making a decision.
4. In particular Ministers asked for more information on:
  - The reason that the cost of upgrading the Oparara Arches tracks and other amenities had fallen from \$Commercial Information to \$Commercial Information;
  - The reason that the cost of upgrading the Oparara Arches access road had increased from \$Commercial Information to \$Commercial Information; and
  - The reason that the requested PGF funding of \$5.7 million had not changed given the re-costing of the different components of the project.
5. Free and frank opinions  
[Redacted]  
[Redacted]  
[Redacted]
6. The revision of the costings reflected:
  - Agreement between all interested parties during development of the 12 November 2018 Cabinet paper to not progress a suggested track through the main Arch (estimated to cost \$Commercial Information), thus reducing the cost of upgrading the tracks and associated amenities from \$Commercial Information to \$Commercial Information and
  - Interested parties' concerns that the \$Commercial Information estimated cost of the upgrade of the access road would not adequately address the road's safety and drivability issues.
7. The increased cost of upgrading the access road reflects that visitor numbers are increasing in the Oparara. With the majority of visitors unfamiliar with the access road



and its condition, this is leading to an increase in the number of minor crashes and the potential for crashes of a more serious nature. DOC will implement targeted improvements to address identified safety issues on the road. These include:

- Commercial Information

- Commercial Information

- Commercial Information

- Commercial Information

- Commercial Information

The estimated cost of the above work is \$Commercial Information.

8. A requirement of the revised costings was to stay within the proposed PGF funding envelope of up to \$5.7 million while ensuring that the revised funding was applied to improving the safety of the access road.
9. NZTA was not involved in reviewing safety designs or the cost estimate methodology for the access road upgrade. DOC, as the Regional Controlling Authority for the access road, is responsible for its management, operation and maintenance.
10. NZTA's involvement in this project was to assess whether the \$Commercial Information access road improvements could be part-funded from the National Land Transport Fund (NLTF). The assessment concluded that the project does not reach a high enough priority, relative to other projects on a national basis which receive NLTF funds. Funding constraints on the NLTF also mean that the project cannot be funded under the current National Land Transport Programme.
11. The following table summarises the recommended changes in the allocation of costs for the upgrade of Oparara Arches and the Arches access road.

Component of Project	Approved PGF allocation 08/11/2018 (\$m)	Recommended New PGF Allocation (\$m)	Comment
Upgrade of Oparara Arches	\$Commercial I	\$Commercial I	This substantial reduction reflects the decision by all parties not to pursue a suggested track through the Oparara Arch (a \$Commercial Information) while still ensuring safe yet unobtrusive visitor access. This decision was taken before the November 2018 Cabinet paper was submitted, but not reflected in the costings in the paper.
Upgrade of Oparara Arches Access Road	\$Commercial I	\$Commercial I	The access road has a low safety rating with 47 vehicle incidents in 2017 (although reported injuries are rare). The extra expenditure freed up from the track upgrades will greatly improve the safety of the road and visitors' experience. The new costings were done before the November 2018 Cabinet paper was submitted, but not reflected in the costings in the paper.



<b>Total PGF Funding</b>	\$5.700	\$5.700	
<b>Other funding available</b> (Oparara Valley Trust)	\$Commercial Information	\$Commercial Information	
<b>Total funding available</b>	\$Commercial Information	\$Commercial Information	

## Recommendation

12. The Provincial Development Unit recommends that you agree to reallocate the \$5.7 million Provincial Growth Fund funding for the Upgrade of the Oparara Arches at Karamea on the following basis:

- \$Commercial Information for the upgrade of the Oparara Arches tracks and other amenities (down from \$Commercial Information)
- \$Commercial Information for the upgrade of the Oparara Arches access road (up from \$Commercial Information).



## Annexes

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Annex 1: 2 May 2019 Briefing: Revisiting the Upgrade of the Oparara Arches and Access Road Funding Decision

Commercial Information

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## Annex 1

### BRIEFING

#### Revisiting the Upgrade of Oparara Arches and Access Road Funding Decision

<b>Date:</b>	29 April 2019	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3259 18-19

Action sought		
	Action sought	Deadline
Hon Grant Robertson <b>Minister of Finance</b>	Agree to the recommendation in this briefing	2 May 2019
Hon Phil Twyford <b>Minister of Transport</b>	Agree to the recommendation in this briefing	2 May 2019
Hon David Parker <b>Minister for Economic Development</b>	Agree to the recommendation in this briefing	2 May 2019
Hon Shane Jones <b>Minister for Regional Economic Development</b>	Agree to the recommendation in this briefing	2 May 2019
Fletcher Tabuteau <b>Parliamentary Under-Secretary to the Minister for Regional Economic Development</b>	For information only	N/A

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Kate Styles	Manager, Regional Development (Central/South)	Privacy of natural persons	Privacy of natural persons	
Penny Bicknell	Principal Regional Advisor	-	Privacy of natural persons	✓


**The following departments/agencies have been consulted**

Department of Conservation

**Minister's office to complete:**
 Approved

 Declined

 Noted

 Needs change

 Seen

 Overtaken by Events

 See Minister's Notes

 Withdrawn

**Comments**
**BRIEFING**
**Revisiting the Upgrade of Oparara Arches and Access Road Funding Decision**

<b>Date:</b>	18 April 2019	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3259 18-19

**Purpose**

- On 12 November 2018 Cabinet approved \$5.7 million Provincial Growth Fund (PGF) funding for the upgrade of the Oparara Arches and Access Road at Karamea on the West Coast (DEV-18-MIN-0258 & CAB-18-MIN-0562 refer). There are new costings for the project and this briefing recommends that Regional Economic Development (RED) Ministers reallocate the \$5.7 million grant between the two components of the project on the following basis:

<b>Component of Project</b>	<b>Approved PGF allocation 12/11/2018 (\$m)</b>	<b>Recommended New PGF Allocation (\$m)</b>
Upgrade of Oparara Arches	\$ <sup>Commercial Info</sup>	\$ <sup>Commercial Info</sup>
Upgrade of Arches Access Road	\$ <sup>Commercial Info</sup>	\$ <sup>Commercial Info</sup>
<b>Total PGF Funding</b>	\$5.700	\$5.700

## Recommended action

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The Ministry of Business, Innovation and Employment recommends that you:

**Note** that on 12 November 2018 Cabinet approved \$5.7 million Provincial Growth Fund funding for the upgrade of the Oparara Arches and Access Road at Karamea on the West Coast consisting of:

- iii. \$<sup>Commercial Information</sup> for the upgrade of the Oparara Arches tracks and other amenities
- iv. \$<sup>Commercial Information</sup> for the upgrade of the Oparara Arches access road

*Noted*

**Agree** to reallocate the \$5.700 million Provincial Growth Fund funding for the Upgrade of the Oparara Arches at Karamea on the following basis:

- i. \$<sup>Commercial Information</sup> for the upgrade of the Oparara Arches tracks and other amenities
- ii. \$<sup>Commercial Information</sup> for the upgrade of the Oparara Arches access road.

*Agree/Disagree*

Kate Styles  
**Manager, Regional Development  
(Central/South)**  
Provincial Development Unit, MBIE

Hon Grant Robertson  
**Minister of Finance**

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Hon Phil Twyford  
**Minister of Transport**

Hon David Parker  
**Minister for Economic Development**

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Hon Shane Jones  
**Minister for Regional Economic Development**

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## Reallocating the Oparara Arches Upgrade Funding

2. On 12 November 2018 Cabinet approved \$5.7 million Provincial Growth Fund (PGF) funding for the upgrade of the Oparara Arches and Access Road at Karamea on the West Coast (DEV-18-MIN-0258 & CAB-18-MIN-0562 refer). Cabinet approved the \$5.7 million funding for the upgrade of the Oparara Arches and access road at Karamea on the following basis:
  - \$Commercial Information grant for the upgrade of the Oparara Arches tracks and facilities.
  - \$Commercial Information grant in principle, depending on what funding might be available from the New Zealand Transport Agency (NZTA), to upgrade the McCallums Mill Road access to the Oparara Arches at Karamea, with the final decision to upgrade the road made by RED Delegated Ministers in line with their delegations.
3. Tourism West Coast (working with the Oparara Valley Trust - OVT) is the applicant for this project. The funding will, however, be transferred to the Department of Conservation (DOC) through a memorandum of understanding. DoC will assume responsibility for the management and implementation of the project.
4. Since the Cabinet decision, the Provincial Development Unit (PDU) has received updated costings for both the upgrade of the Arches tracks and facilities and the access road. The new costings have been fine-tuned to ensure they remain within the original PGF funding envelope. The following tables set out the old and new funding parameters for the Arches upgrade:

### Funding Available

Component of Project	Approved PGF allocation 06/11/2018 (\$m)	Recommended New PGF Allocation (\$m)	Comment
Upgrade of Oparara Arches	\$Commercial In	\$Commercial In	This substantial reduction reflects scaling down of this component of the project to better preserve the unique character of the Arches area while still ensuring safe yet unobtrusive visitor access.
Upgrade of Oparara Arches Access Road	\$Commercial In	\$Commercial In	The access road has a low safety rating with 47 vehicle incidents in 2017 (although reported injuries are rare). The extra expenditure will greatly improve the safety of the road and visitors' experience.
<b>Total PGF Funding</b>	\$5.700	\$5.700	
<b>Other funding available</b> (Oparara Valley Trust)	\$Commercial In	\$Commercial In	
<b>Total funding available</b>	\$Commercial In	\$Commercial In	

## Project Costings

5. The Provincial Development Unit recommends that you agree to reallocate the \$5.700 million Provincial Growth Fund funding for the Upgrade of the Oparara Arches at Karamea on the following basis:
  - a. \$Commercial Information for the upgrade of the Oparara Arches tracks and other amenities (down from \$Commercial Information)
  - b. \$Commercial Information for the upgrade of the Oparara Arches access road (up from \$Commercial Information).

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