

## Capital programme 2023/24 Update

For decision:  For noting:

### Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- a) Note:
  - i. Auckland Council (AC) consulted on an Annual Plan which provides \$1,058 million of capital funding for Auckland Transport (AT) for 2023/24 and on 9 June 2023, the AC Governing Body approved the AC Group 2023/24 budget; and
  - ii. That AT's capital programme will be approximately 50/50 funded by local and central Government.
- b) Approve the proposed capital programme for 2023/24 as set out in Attachment 1.
- c) Note that certain contracts that extend beyond June 2024 may not be able to be awarded, until further certainty around funding is obtained. In the event assurances are not received, the shape of the proposed capital programme may need to be altered.

### Te whakarāpopototanga matua / Executive summary

1. AC's 2023/24 Annual Plan provides for AT to have a capital programme of \$1,058 million, a 10% reduction from the original Regional Land Transport Plan (RLTP) capital budget for 2023/24 of \$1,186 million.
2. The capital programme in the Annual Plan was prepared prior to the January/February storm events and significant reprioritisation has been required to accommodate the additional storm repair spend.
3. The 2023/24 capital programme also needs to consider the cost pressures and funding constraints which are causing a pinch point in 2024/25 and 2025/26 – and the extent to which AT can start new projects that extend beyond the end of June 2024.
4. A revised baseline capital programme scenario for 2023/24 has been developed which prioritises AT's storm related response and is consistent with the Mayor's Letter of Expectation (LoE). This scenario is shown in Attachment 1, which compares the proposed budget to the RLTP, the draft consultation budget and the draft budget endorsed by the board on 28 March 2023. The revised scenario:
  - a) Allows \$293 million for renewals, which is around 89% of the RLTP.
  - b) Allows for additional storm recovery capital expenditure of \$125 to \$150 million. Central Government funding levels for the storm recovery works is to be confirmed based on available National Land Transport Fund (NLTF) but is expected to be up to 71%.

- c) Prioritises committed projects (Eastern Busway (EB), Northwest Bus improvements (NWB)), Low Emission Ferries and projects on a critical path such as City Rail Link (CRL) Day One related projects (Electric Multiple Units (EMUs) and stabling etc).
  - d) Provides \$16 million for the start of Eastern Busway Alliance (EBA) Total Outturn Cost (TOC) 2.
  - e) Ensures essential AT investment programmes are continuing (including safety, customer and business technology) albeit at reduced levels.
  - f) Ensures continued spend, to the extent possible, on projects enabled by targeted funding streams such as the Regional Fuel Tax (RFT), the Climate Action targeted Rate (CATR) or the Climate Emergency Response Fund (CERF).
  - g) Enables progress of prioritised Urban Cycleway Programme (UCP) projects over an extended multi-year period and ongoing cycling programme and projects to be considered on case-by-case basis.
  - h) Results in significantly less budget being available for other non-committed projects.
5. An exercise has been undertaken to ensure alignment with the LoE and Tāmaki Makaurau Transport Plan (TMTP). The TMTP prioritisation criteria is shown in Attachment 2.

## Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
March 2023 (board)	2023/24 Draft Budget	The board endorsed draft budget
June 2023 (Design and Delivery Committee (committee))	2023-24 Capital Programme update	The committee recommended the draft budget for endorsement by the board

## Te horopaki me te tīaroaro rautaki / Context and strategic alignment

- 6. AC's Governing Body has now approved the 2023/24 AC Group Annual Plan following consultation.
- 7. The Mayor's LoE asks AT to do a better job of managing infrastructure assets, completing existing transport projects on time and on budget, getting the most out of the existing transport system by halting low-priority initiatives that are not yet underway, and making significant gains in network performance through use of technology.

8. A combination of impacts from the recent storm events, reprofiling of EB, deferrals from previous years Covid-19 pandemic emergency budgets, cost escalation, supply chain impacts, and huge constraints on funding have resulted in consequential changes to the 2023/24 programme and to the following three years.
9. Contractual commitments for EB, EMUs, Low Emission Ferries and CRL Day One projects have had to be considered, prioritising renewals, and timing changes to the spend profile across the programme.
10. Work has almost been completed on the TMTP with Auckland Transport Alignment Project partners, which will develop a single long-term plan for Auckland. It is important that the 2023/24 capital programme is aligned with this plan. AT is also working with Government, advocating for funding commitments, including through the Government Policy Statement (GPS).
11. There is considerable uncertainty about funding beyond 30 June 2024. Attachment 3 sets out advice from AC around AT's ability to continue to award multi-year contracts. AT will need to carefully consider future commitments and forecast funding before entering into multi-year contracts. Attachment 4 sets out an initial view of this.

## Ngā matapakinga me ngā tātaritanga / Discussion and analysis

12. A revised baseline scenario for the 2023/24 capital programme has been developed that prioritises AT's storm related response, is consistent with the Mayor's LoE and considers impacts on the TMTP. We have modelled numbers in the plan within the overall capex envelope available whilst accommodating other committed spend.
13. The revised scenario set out in Attachment 1:
  - a) Increases investment in Core Asset Management resilience investment from \$277 to \$293 million, (around 89% of the 2020/21 RLTP and 76% of the Asset Management Plan recommendations). This is to allow for storm and flood recovery capital expenditure of \$125 to \$150 million. The core programme will be funded at a Funding Assistance Rate (FAR) of up to 51%. Waka Kotahi New Zealand Transport Agency (Waka Kotahi) has advised that (subject to NLTF capacity) permanent reinstatement work for the storm and flood recovery is likely to be funded at the special emergency works rate of up to 71%.
  - b) Prioritises committed projects such as EB, Low Emission Ferries and projects on a critical path such as CRL Day One related projects (e.g. EMUs, stabling etc).
  - c) Prioritises the continuation of the NWB project, noting sufficient budget may not be available in 2024/25 to complete the Westgate Station.
  - d) Provides \$16 million for the start of EB TOC 2.
  - e) Ensures essential programmes to maintain an effective, efficient and safe transport system are continuing, including investment in safety, customer and business technology (e.g. Open Loop), Intelligent Transport Systems (ITS) and network performance including investment in dynamic lanes and bus priority improvements as set out in the LoE.

- f) Includes the progressive replacement of the aging ferry fleet with low emission vessels, to contribute to AC's emission reduction objectives, within available funding parameters.
  - g) Enables progress of UCP projects and ongoing cycling programme and projects within an indicative multi-year phased budget envelope (refer Attachment 4) with outer year funding and phasing to be confirmed. Project prioritisation will consider benefits, construction costs, procurement and construction readiness, community and stakeholder support and network contribution. The current prioritised order of UCP projects is Point Chevalier to Westmere, Links to Glenn Innes (GI), Great North Road Stage 1, GI to Tamaki Stage 4B and Great North Road full scope Stage 2. Noting Waitemata Safe Routes has been deferred due to UCP funding envelope constraints. Waka Kotahi co-funding is to be confirmed on a project by project basis. Given the significant level of community interest and engagement on these projects, we have provided the prioritisation of the UCP projects in Attachment 5.
  - h) Stops or reduces investment for corridor improvement projects such as the Connected Communities Programme, Glenvar Road, Lake Road and Lincoln Road. The final approval of projects of this nature will need to consider the cost, value for money and affordability of the final design and critically also the flow on impacts into future financial years where available budget will likely be impacted by CRL cost increases.
  - i) AT also needs to deliver approximately \$48 million for projects, that are expected to be funded 100% from the CERF. These must be delivered by June 2024. Applications for additional or bring-forward of budget from outer years will be supported by Waka Kotahi approval for projects to progress to implementation.
14. Work on the TMTP has highlighted a pinch point in funding in 2024/25 and 2025/26 which creates uncertainty around AT's ability to award contracts that extend beyond June 2024. Attachment 3 sets out AC staff advice that AT can allocate up to the funding levels outlined in the 2021 Long Term Plan (LTP), with the addition of CATR, but if the actual level of funding provided by Government is less than budgeted, then less transport investment would be delivered<sup>1</sup>. Given the risks around central Government funding, staff have undertaken a bottom-up estimate of likely funding based on the availability of AC's local share and potential matching Waka Kotahi funding, in light of project approvals and likely FAR rates. This suggests a risk adjusted funding level from 2024/25 onwards of around \$1 billion per year, prior to any potential funding top up.
15. Within this context, officers consider that there is sufficient headroom to award multi-year contracts for the following projects (in priority order):
- EB TOC 2
  - EMU stabling
  - Ferry infrastructure

---

<sup>1</sup> This caveat is noted in the LTP itself.

16. These projects collectively cost \$1,015 million over the three years, with a maximum requirement of \$558 million in 2024/25 (over half the budget). This approach enables AT to make progress on critical large-scale projects which are already well advanced. We assess that there will be sufficient remaining funding to support CRL Day One level crossing at current costs, deliver the bulk of the renewals programme and make progress on key annual programmes, although there are likely to be constraints in year 2024/25.
17. Given the constraints, however, decisions on other multi-year projects which are planned to begin in 2023/24 - such as the remaining elements of the UCP; Rosedale Bus Station; Northwest bus improvements - will need to be prioritised or considered on a case by case basis until there is greater visibility over likely funding levels, through the GPS, TMTP and LTP. Management will continue to carefully monitor commitments against forecast funding. Attachment 4 sets out an initial view of this.
18. Management have also considered, at the request of the board, the implications of stopping existing committed projects. Attachment 6 highlights the more significant impacts if existing projects were to be stopped. These include indicative contractual financial impacts, the loss of significant co-funding, and other qualitative aspects such as loss of momentum, reduced industry support, reputational damage for AT and local Government, and impact on transport outcomes. It is recommended that AT does not halt any of its large committed capital projects.
19. Flood recovery costs forecast spend of \$125 to \$150 million in 2023/24, is a work in progress and will keep evolving, meaning there could be differences between the forecast and actual cost incurred. The overall list of projects and programmes will need to continue to be assessed and likely reprioritised (including over-programming) once we have more realistic cost estimates and any changes following stakeholder consultation. The key will be to carefully manage the recovery programme within available budgets. Attachment 7 contains more detailed forecast of reinstatement work. It should be noted that this work may need to be spread out over four years.
20. The budget can only make limited allowance for growth related projects, other than through utilisation of 100% Crown funding mechanisms. Additional budget and funding would need to be made available for additional growth related projects to proceed.

## Ngā tūraru matua / Key risks and mitigations

Key risk	Mitigation
Public concern about stopping projects.	The proposed programme prioritises AT's storm-related response and is consistent with the Mayor's LoE. The Mayor has asked AT to focus on basics, and complete projects already underway.
AC 'local share' funding is less than projected in the 2021 LTP, meaning that even conservative assumptions for overall funding are not realised.	Assuming the board proceeds with the key large-scale multiyear projects, then a reduction in funding would need to be met through reducing allocations to core renewals and annual programmes, resulting in reduced reliance and other transport outcomes.

Key risk	Mitigation
Alignment of the 2023/24 programme with the longer-term programme coming out of the TMTP work.	The 2023/24 programme has been developed to consider knock-on implications for TMTP. Includes considering impacts of delivery of the current year's programme.
Cost escalation and supply chain impacts not budgeted for or impacting overall capital plan affordability	Works contracts are already in place for capital delivery, many with indexation priced into agreed tender prices and factored into AT budgets. For new works, AT will assess pricing in competition and will review, check and challenge costs using quantity surveyor input, and prices agreed will ultimately be subject to negotiation. Tenders will not start, and contracts will not be entered into without corresponding budget to meet costs.
Market (Contractor and Professional Services) capacity and resources to deliver programme of works, particularly flood recovery works	AT has established supply panels and processes that optimise time and reduce costs to our private sector partners, therefore enhancing attractiveness of AT works programmes to the contracting market. For flood recovery works, AT is utilising its existing supply chain of Road Corridor Maintenance contractors and related contractual processes (including pricing and value for money approach) in order to ensure deliverability.

## Ngā ritenga-ā-pūtea me ngā rauemi / Financial and resource impacts

21. The AC 2023/24 approved budget has a capital programme of \$1,058 million, in line with the adjusted LTP, developed as part of last year's budget process but less than the original RLTP capital budget for 2023/24 of \$1,186 million.
22. The programme looks to leverage all available funding sources, and initial modelling shows that the programme would be funded approximately 50/50 by local and central Government:
  - a) AC funding, including RFT and the CATR. Modelling indicates that the revisions to the programme have a minor impact on RFT drawdown for 2023/24 as around \$80 million of RFT will be used for EB and EMUs. In future years, when funding is highly constrained, lower spend on RFT-enabled projects will impact on RFT drawdown, and it will be more difficult going forward to deliver all the other RFT-enabled projects listed in the Order in Council. Approximately \$28 million less CATR will be drawn down during 2023/24.
  - b) Government funding, including NLTF funding, CIP 'Shovel Ready' funding for NWB and EV Maritime ferries, Infrastructure Acceleration Fund funding for Carrington Road and CERF funding for Transport Choices projects, and possibly also public transport (PT) Bus decarbonisation and Vehicle Kilometres Travelled (VKT) reduction.

## Ngā whaiwhakaaro ō te taiao me te panonitanga o te āhuarangi / Environment and climate change considerations

23. Many of AT's major projects will help to reduce carbon emissions. The EB will provide dedicated high frequency bus services which will encourage people to use PT instead of private vehicles. The programme continues major investment in bus and ferry decarbonisation. Overall, the proposed programme is optimised for emission reduction and resiliency (flood response) within budget constraints.
24. The CERF and CATR fund projects specifically targeted at VKT reduction, mode shift and corresponding emission reductions.

## Ngā whakaaweawe me ngā whakaaro / Impacts and perspectives

### Mana whenua

25. AC issued the draft 2023/24 budget for consultation with stakeholders and the community February to March 2023 and the Auckland Integrated Transport Plan was issued for feedback during April and May 2023.

### Ngā mema pōti / Elected members

26. Budget decision workshops were held in May 2023, with the Mayoral budget proposal workshop held on 31 May 2023. AC's Governing Body approved the 2023/24 AC Group Annual Plan budget on 9 June 2023 for adoption on 29 June 2023.

### Ngā rōpū kei raro i te Kaunihera / Council Controlled Organisations (CCOs)

27. AT participates in forums with CCOs at the Chief Executive level and working groups (multi-agency)

### Ngā kiritaki / Customers

28. Stakeholders and community have had the opportunity to provide feedback on AC's draft 2023/24 budget.

## Ngā whaiwhakaaro haumaruru me ngā whaiwhakaaro hauora / Health, safety and wellbeing considerations

29. The programme contributes to reduced harm from the transport system through the adoption of Vision Zero principles along with:
- Investment in AT's Safety programme (a wide-ranging programme that includes safer speeds, investment in high risk corridors and intersections and improving outcomes for vulnerable users), Mara and Papakainga Turnouts programme, School Speed Management, and other safety programmes, as well as Waka Kotahi's Safer Networks and other programmes.
  - Investment in mode shift, to encourage a greater uptake of this safer mode of travel.

- c) Delivery of new or improved cycling infrastructure.
- d) The promotion of a number of policy levers to make the transport system safer.




## Ā muri ake nei / Next steps

- 30. Continue to monitor ongoing commitments versus funding before any significant multi-year contracts are awarded.
- 31. Continued development of the TMTP.
- 32. Advocating for funding commitments, including through the GPS.

## Ngā whakapiringa / Attachments

Attachment number	Description
1	Proposed Capital Programme 2023/24 versus RLTP
2	Prioritisation criteria
3	Advice from AC Group Chief Financial Officer (Email)
4	Capital Programme – Delivery/Commitment View
5	Prioritisation of Urban Cycleway Projects
6	Proposed Capital Programme 2023/24 – Impacts of stopping projects
7	Flood Recovery Impacts

## Te pou whenua tuinga / Document ownership

Submitted by	Mohamed Nalar <b>Head of Capital Performance and Projects</b>	
	Hamish Bunn <b>General Manager, Investment, Planning and Policy</b>	
	Nicki Lucas <b>Head of Funding and Analysis</b>	



Recommended by

Mark Laing  
**Executive General Manager, Finance**



Mark Lambert  
**Executive General Manager, Integrated Networks**



Jenny Chetwynd  
**Executive General Manager, Planning and Investment**



Approved for submission

Dean Kimpton  
**Chief Executive**



## Proposed Capital Programme 2023/24 vs. Current RLTP

Auckland Transport FY2023-24 Capital Programme (\$ millions)	FY24 RLTP	FY24 included in consultation document	FY24 Proposed Mar 2023 Board	Draft FY24 Capital Plan
<b>Asset management - Resilience and recovery</b>	<b>332</b>	<b>277</b>	<b>418</b>	<b>418</b>
Renewals	322	274	258	288
Flood/Storm Recovery	0	0	150	125
Other	10	3	10	6
<b>Committed and on critical path</b>	<b>456</b>	<b>446</b>	<b>414</b>	<b>398</b>
Eastern Busway Stage 1	0	0	10	10
Eastern Busway Stages 2 to 4	141	216	143	162
EMU Rolling Stock and Stabling Tranche for CRL	115	89	106	86
CRL Day One - Level Crossing Removal	50	13	6	12
CRL Day One - Road Side Projects (Project K)	6	0	14	8
Midtown Bus Improvements	46	17	8	8
Decarbonisation of the Ferry Fleet Stage 1	10	40	57	60
Northwest Bus Improvements	39	36	16	17
Rosedale and Constellation Bus Stations	17	24	24	8
Glenvar Road/East Coast Road intersection and corridor improvements	21	2	14	2
Wainui Improvements	10	8	6	6
Tāmaki Drive/ Ngapipi Road safety improvements	0	0	6	6
Huapai Improvements	0	0	5	14

Auckland Transport FY2023-24 Capital Programme (\$ millions)	FY24 RLTP	FY24 included in consultation document	FY24 Proposed Mar 2023 Board	Draft FY24 Capital Plan
<b>Essential programmes and ring fenced</b>	<b>218</b>	<b>176</b>	<b>162</b>	<b>176</b>
Safety Programme	74	71	47	47
Customer and Business Technology	35	26	32	22
Open Loop Technology for buses	0	0	0	10
Network Performance	9	7	9	12
Intelligent Transport Systems	10	3	8	10
Public Transport Safety, Security and Amenity	13	10	9	14
Local Board Initiatives	20	11	7	7
Projects Funded by Rodney Transport Targeted Rate	5	4	11	11
Unsealed Road Improvements	6	3	4	6
Hill Street Intersection Improvement	10	15	0	1
New Footpaths Regional Programme	4	1	1	2
Supporting Growth Alliance	3	2	3	3
Airport to Botany Rapid Transit Route Protection	12	9	5	5
Supporting Growth - Post Lodgement and Property	17	14	15	15
Carrington Road Improvements	0	0	11	11
<b>Cycling and Corridor Improvement projects</b>	<b>131</b>	<b>102</b>	<b>52</b>	<b>48</b>
Urban Cycleways Programme	34	34	32	32
On-going Cycling Programmes & Projects	28	28	17	14
Wynyard Quarter Integrated Road Programme	16	9	2	2
Lincoln Road Corridor Improvements	7	6	2	0
Connected Communities	39	20	0	0
Lake Road/Esmonde Road Improvements	7	6	0	0
Smaller projects and programmes	49	58	12	18
<b>Total</b>	<b>1,186</b>	<b>1,058</b>	<b>1,058</b>	<b>1,058</b>

## Prioritisation Criteria

# Approach to developing the programme

### What should be done and what could be done

A funnel process has been adopted to pass items through a series of layers for assessment (as shown on the right).

The alignment to outcomes is based on:

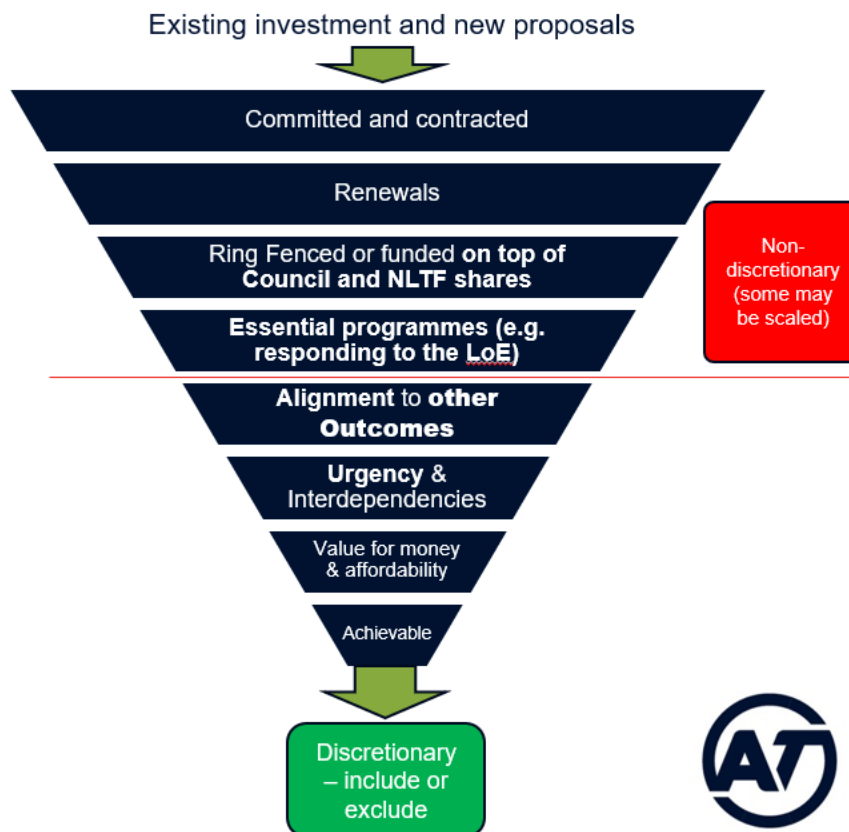
1. The indicative GPS signals (using WK's Investment Prioritisation Method as a guide)
2. The Mayor's letter of expectations (LoE).
3. The Outcomes agreed by the ATAP partners incl:
  - Resiliency and safety concerns
  - Climate emission reduction

The urgency and interdependencies based on:

- Investment that must-be-done to enable other investment (e.g. CRL Day 1 activities)
- The timing of need & criticality to the safe and effective performance of the transport system

Value-for-money & affordability considers:

- Benefit cost ratio (where available)
- Value-to-Council (level of funding excluding rates and DC's)



## Advice from Council Group CFO

**From:** Peter Gudsell <[peter.gudsell@aucklandcouncil.govt.nz](mailto:peter.gudsell@aucklandcouncil.govt.nz)>

Sent: Wednesday, June 14, 2023 12:49 PM

**To:** Mark Laing (AT) <[Mark.Laing@at.govt.nz](mailto:Mark.Laing@at.govt.nz)>

**Cc:** Pramod Nair <[Pramod.Nair@aucklandcouncil.govt.nz](mailto:Pramod.Nair@aucklandcouncil.govt.nz)>; Ross Tucker <[Ross.Tucker@aucklandcouncil.govt.nz](mailto:Ross.Tucker@aucklandcouncil.govt.nz)>; Kerri Foote <[kerri.foote@aucklandcouncil.govt.nz](mailto:kerri.foote@aucklandcouncil.govt.nz)>

**Subject:** AT Multi-year contracts

*Kia ora Mark*

*In response to your query regarding Auckland Transport's (AT) ability to award multiyear construction contracts in 2023/2024 that will create budget commitments in the subsequent financial years 2025 – 2026, the council is unable to provide assurance or an under-write for any budget / funding shortfalls that may occur in those years, outside of the Long-term plan process.*

*The current Long-term Plan 2021 – 2031 (LTP) provides for a total \$31.8 billion capital expenditure programme, \$11.4 billion for AT's programme. Even though the council cannot under-write the financial risks, AT can continue to rely on the annual budgets and funding assumptions that are approved in the current LTP (plus additional investment enabled by the CATR which was approved through the 2023 Annual Budget) in making decisions regarding delivery of its capital programme. If current circumstances change materially and / or further shocks arise this may need to be reviewed.*

*It is also worth noting the LTP assumptions outlined over the period of the plan that if the actual level of funding provided by the Government is less than budgeted, then less transport investment and services would be delivered. This would likely result in reduced transport service levels, worse climate impacts and increased risks to public safety. If more funding is made available than budgeted, then further investment in assets and services could be made and improve the associated outcomes.*

*A report to the Governing Body would be required if AT was seeking urgent approval for additional budget to cover cost escalation or a reduction in the level of government funding to proceed with a specific planned project or programme within the currently planned timeframe. Any such report would need to clearly explain the reason why an urgent decision is required, what the options available to council are and the pros and cons of proceeding with the alternative options.*

Ngā mihi Peter (he/ him/ ia)

**Peter Gudsell | Group Chief Financial Officer | Tumuaki, Take Tahua Pūtea**

## Capital Programme – Delivery and Commitment View

### Key

Commitments need to be scaled/ scope adjusted

Multiyear contractual commitments - can proceed

To be considered on a case by case basis

Auckland Transport FY2023-24 Capital Programme (\$ millions)	Draft 2023/24 Capital Plan	2024/25 Capital Scenario	2025/26 Capital Scenario	2026/27 Capital Scenario
<b>Asset management - Resilience and recovery</b>	<b>418</b>	<b>327</b>	<b>461</b>	<b>598</b>
Renewals	288	295	375	507
Flood/Storm Recovery	125	30	70	75
Other	6	2	16	16
<b>Committed and on critical path</b>	<b>397</b>	<b>626</b>	<b>421</b>	<b>156</b>
Eastern Busway Stage 1	10			
Eastern Busway Stages 2 to 4	162	306	249	125
EMU Rolling Stock and Stabling Tranche for CRL	86	170	24	
CRL Day One - Level Crossing Removal	12	44	25	6
CRL Day One - Road Side Projects (Project K)	8	5		
Midtown Bus Improvements	8			
Decarbonisation of the Ferry Fleet Stage 1 (CATR Funded)	60	70	60	11
Northwest Bus Improvements	17	17	17	
Rosedale and Constellation Bus Stations	8	14	35	14
Glenvar Road/East Coast Road intersection and corridor improvements	2			
Wainui Improvements	6		11	
Tāmaki Drive/ Ngapipi Road safety improvements	6			
Huapai Improvements	14			

## Key

Commitments need to be scaled/ scope adjusted

Multiyear contractual commitments - can proceed

To be considered on a case by case basis

Auckland Transport FY2023-24 Capital Programme (\$ millions)	Draft 2023/24 Capital Plan	2024/25 Capital Scenario	2025/26 Capital Scenario	2026/27 Capital Scenario
<b>Essential programmes and ring fenced</b>	<b>176</b>	<b>135</b>	<b>232</b>	<b>456</b>
Safety Programme	47	25	50	150
Customer and Business Technology	22	20	30	100
Open Loop Technology for buses/NTS	10	12		
National Ticketing System			25	87
Network Performance	12	10	13	14
Intelligent Transport Systems	10	10	10	10
Public Transport Safety, Security and Amenity	14	10	10	10
Local Board Initiatives	7	7	15	20
Projects Funded by Rodney Transport Targeted Rate	11	2	13	2
Unsealed Road Improvements	6	2	4	4
Hill Street Intersection Improvement	1	4	3	
New Footpaths Regional Programme	2	2	2	2
Supporting Growth Alliance	3			
Airport to Botany Rapid Transit Route Protection	5	8	10	10
Supporting Growth - Post Lodgement and Property	15	8	10	10
Carrington Road Improvements	11	15	37	37

## Key

Commitments need to be scaled/ scope adjusted

Multiyear contractual commitments - can proceed

To be considered on a case by case basis

<b>Auckland Transport FY2023-24 Capital Programme (\$ millions)</b>	<b>Draft 2023/24 Capital Plan</b>	<b>2024/25 Capital Scenario</b>	<b>2025/26 Capital Scenario</b>	<b>2026/27 Capital Scenario</b>
<b>Cycling and Corridor Improvement projects</b>	<b>48</b>	<b>29</b>	<b>50</b>	<b>60</b>
Urban Cycleways Programme	32	19	25	25
On-going Cycling Programmes & Projects	14	10	25	35
Wynyard Quarter Integrated Road Programme	2			
Lincoln Road Corridor Improvements				
Connected Communities				
Lake Road/Esmonde Road Improvements				
Smaller projects and programmes (includes CATR Funded projects excld. Ferries)	18	29	51	57
<b>Total</b>	<b>1,058</b>	<b>1,146</b>	<b>1,215</b>	<b>1,327</b>
<b>RLTP + CATR Funding</b>		<b>1,146</b>	<b>1,215</b>	<b>1,330</b>
Available headroom		-	-	(3)



Prioritisation of Urban Cycleway Projects

	Project	FY24 (if award early FY24) (\$M)	FY25 (if award early FY24) (\$M)	Total (\$M)	BCR (\$M)	FY24 Budget Possible Allocation (\$M)	FY24 Variance (\$M)	FY25 Budget Possible Allocation (\$M)	FY25 Variance (\$M)	FY26 Budget Possible Allocation (\$M)	Status/ ability to commence in FY24 Q1	Alignment opportunities	Support and expectations	Waka Kotahi Co-funding	Notable Risks/ Opportunities/ Comments
1	Links to GI - Taniwha Street	\$1.4		\$1.4		\$1.4	\$0.0				Construction commenced	N/A - under construction		Approved	Under construction
2	Point Chevalier to Westmere	\$15.2 est Tenders due 30 June	\$19.0 est Tenders due 30 June	\$34.2	1.9	\$15.2	\$0.0	TBC \$19.0	TBC \$0.0	TBC	On site enabling works complete			Approved	<ul style="list-style-type: none"> <li>Multi-modal benefits include 300m bus lane and associated PT benefits.</li> <li>Pause and review complete.</li> <li>Supported by new Local Board and approved by AT Board following pause and review.</li> <li>Supported by majority local community.</li> <li>Under procurement with tender prices due July.</li> </ul>
3	Links to GI	\$9.5 est Could be staged	\$6.2 est Could be staged	\$15.7	2.5	\$9.5	\$0.0	TBC \$0.0	TBC \$(6.2)	TBC	Can deliver through Road Corridor Maintenance contracts at reduced cost			Approved	<ul style="list-style-type: none"> <li>Coordination with Kainga Ora and Watercare</li> <li>Costs minimised for this delivery window due to ability to align with maintenance and renewals</li> <li>Delivery of subset of links possible if insufficient funds for full project.</li> </ul>
4	Great North Road Stage 1	\$13.9 est Will need to go to tender	\$5.5 est Will need to go to tender	\$19.4	3.0	TBC but possible \$5.9m based on above	\$(8.0)	TBC \$0.0	TBC \$(5.5)	TBC	Enabling works contract let			General support for Full Scheme; component elements to be confirmed with WK for final approval.	<ul style="list-style-type: none"> <li>Multi-modal benefits through bus lane and camera detection along project extent. Dynamic use of road space proposed with peak flow bus-lanes and parking use in off-peak.</li> <li>Storm water separation delivery in enabling phase.</li> <li>Addresses medium high-risk corridor for active modes.</li> <li>Strong local community support including to AT Board and TIC, with a small number opposed.</li> <li>TIC members in majority supported full scheme or reduced scheme rather than do-nothing.</li> <li>Stage 1 identified after pause and review.</li> <li>Stage 2 to deliver full scheme as consulted subject to funding.</li> <li>Support from new Local Board for full scheme, Stage 1 delivery in isolation not consulted but delivers part of full scheme.</li> <li>Staged option to be considered at July Board meeting.</li> </ul>
<b>Recommended priority programme</b>		<b>\$40.0</b>	<b>\$30.7</b>	<b>\$70.7</b>		<b>\$32.0</b>	<b>\$(8.0)</b>	<b>\$19.0</b>	<b>\$(11.7)</b>	<b>\$25.0</b>					
5	GI to Tamaki Stage 4B	\$28.8	\$12.8	\$41.6	1.2 <sup>1</sup>						Consent for works in marine environment under application	Critical link of UCP and GI to Tamaki route missing if deferred		Approved	<ul style="list-style-type: none"> <li>Should be prioritised above, however, project cost cannot be included in above phased budget envelope.</li> <li>Remaining section of GI to Tamaki. Completion of route required to meet commitment to Waka Kotahi.</li> <li>Safety risk if delayed due to temporary on-road facility, with a growing number of people on bikes due to the completion of Section 1-3.</li> <li>Addresses high risk corridor for active modes.</li> <li>Not construction ready as under consent process.</li> </ul>
6	GNR Stage 2 to deliver Full Scheme (following Stage 1 above)	TBC as not assessed \$0.0	TBC as not assessed \$8.7	\$8.7	2.4						Enabling works contract let.			Approved as Full Scheme (stages 1 and 2)	<ul style="list-style-type: none"> <li>If scheme is delivered in 27/28 onwards this could align with renewals but will be 100% Council funded.</li> <li>Includes PT benefits through bus lane and camera detection along project extent</li> </ul>
7	Waitemata Safe Routes	TBC assume 50% of \$28.3 <sup>2</sup> \$14.1	TBC assume 50% of \$28.3 <sup>2</sup> \$14.2	\$28.3	1.7							Not yet investigated		This is currently not expected to receive UCP co-funding	<ul style="list-style-type: none"> <li>Deferred due to UCP funding envelope constraint. Remaining single project lowest BCR.</li> <li>Differing local community support.</li> </ul>
<b>Total</b>		<b>\$82.9</b>	<b>\$66.4</b>	<b>\$149.3</b>											

1 BCR is for full GI to Tāmaki stage 4 (4a, 4b, 4c combined), stage 4b only is 0.8

2 Forecast across years has not yet been undertaken.

## Proposed Capital Programme 2023/24 – Impacts of stopping projects

Project	Contractual Assessment	Cost Impact	Outcomes/Benefits Impact
<b>1. Eastern Busway Alliance – currently contracted \$650 million (re TOC1)</b>	<ul style="list-style-type: none"> <li>i. AT can terminate 'for convenience', in accord with notice periods in the agreement. A detailed compensation regime sets out the costs that would arise to AT (in the form of payment to Non Owner Participants (NOPs).</li> <li>ii. AT can suspend the project, with NOPs compensated for holding costs, and adjust Target Outturn Cost (TOC) when restarted. Limited timeframe applies before termination.</li> </ul>	<ul style="list-style-type: none"> <li>i. Calculation to be agreed between parties and assessed by independent party if required, subject to timing, approximately up to \$30 million (c. 5% contract value) which includes limb 3 payment. Excludes AT costs, in particular land related costs (direct, sunk).</li> <li>ii. Six month delay impact (to resolve budget issues and negotiate revised position) estimate of \$50 million. If terminated after this, around \$80 million plus land costs / AT costs.</li> </ul>	<p>Major transport implications stopping the progression of East Auckland dedicated PT corridor. Will increase emissions and congestion (due to ongoing passenger vehicle use).</p> <p>Creates stranded assets (EB1 – prior AT investment of \$200 million).</p> <p>Consequential impact on housing investment plans (stops high speed rapid transport system in East).</p>
<b>2. Eastern Busway Alliance – in progress (TOC2)</b>	<ul style="list-style-type: none"> <li>i. Can halt or pause this element of the project at any time at no additional cost beyond planning and procurement costs to date. However, current costs of development are being met by AT including land. These costs become sunk unless this part of the project is restarted. If project element restarts, additional Professional Services costs and escalation apply.</li> </ul> <p>Halting will increase TOC1 costs, as initial establishment costs were to be recovered across the entire project (possibly including overhead / margins / risk / profit).</p>	<ul style="list-style-type: none"> <li>i. 12 month delay estimate of \$20-\$40 million due to inflation, cost creep demobilisation and restart.</li> <li>ii. Costs of stopping this element and not re-starting estimated at \$20 million (plus land costs) added to TOC1 \$30 million or in addition to TOC1 compensation calculated in section 1 above.</li> </ul>	<p>Creates stranded assets (EB2) if that is continued, and disjointed network.</p> <p>Similar transport disbenefits as set out above.</p> <p>Overall Project Benefits assessment significantly impacted (may be negative BCR) – could impact on co-funding for TOC1.</p>
<b>Rolling Stock (EMUs)</b>	<ul style="list-style-type: none"> <li>i. No termination by Convenience.</li> <li>ii. AT could default under the contract with compensation payable in form of all costs reasonably incurred to date (not paid) payable to the manufacturer (as calculated/assessed/verified).</li> </ul>	<ul style="list-style-type: none"> <li>i. Termination at 30 June 2023 estimate of \$50-\$100 million direct and indirect costs.</li> <li>ii. Wider economic cost of having fully developed infrastructure (via City Rail Link Ltd (CRL)) with no trains to provide services and Day 1 CRL stranded assets (those projects linked to full CRL).</li> </ul>	<p>Significant negative transport outcomes for central city as CRL investment significantly impacted.</p>

Project	Contractual Assessment	Cost Impact	Outcomes/Benefits Impact
<b>Wider AT Capital Programmes</b>			
<b>NZS 3910 work programme – including cycling programme</b>	<ul style="list-style-type: none"> <li>i. Difficult to halt lower value in progress projects to save funds. Rather, anticipate that future projects would be cancelled.</li> <li>ii. There are three to four projects of over \$20 million in progress. Cancelling these mid-flight/halting would not appear to be economic.</li> </ul> <p>Note: AT's NZS 3910 contracts generally do not allow for termination by convenience with a compensation regime. However, AT's Physical Works Panel arrangement, typically utilised for lower value work projects, enables AT to withdraw work from the market at no cost.</p>	<ul style="list-style-type: none"> <li>i. Limited opportunity to cancel or suspend projects as minimal savings impact and impractical to cancel jobs in progress.</li> <li>ii. Estimated cost to AT of \$20 million to redirect c. \$40 million of funding. Waka Kotahi co-funding loss could further increase.</li> </ul>	<p>Limited opportunities to make financial savings other than cancelling future projects (likely smaller value ones) which have not started.</p> <p>Would impact delivery of local board projects.</p>
<b>Road Corridor Maintenance Contracts (of \$230 million per annum)</b>	<ul style="list-style-type: none"> <li>i. Can reduce workflow to Contractors as all eight contracts are subject to budget. If so, impacts are that more overhead/margin needs to be recovered in the work undertaken, making works more expensive to AT (but could be offset by additional Recovery works).</li> </ul>	<ul style="list-style-type: none"> <li>i. For every \$50 million of work held back, increased costs to AT of around \$5 million on other contracts</li> </ul>	<p>Partnering and collaborative framework anticipated additional work, not work reduction.</p>
<b>Ferry Programme Vessels 2 - 5</b>	<ul style="list-style-type: none"> <li>i. Potential to halt this investment (c. \$80 million) noting vessel 2 has been awarded, which would free up some capital (minimal though as largely CATR and EECA funded) but would free up project resources.</li> </ul>	<ul style="list-style-type: none"> <li>i. Significant downstream services cost as existing fleet failures will worsen. Very negative climate impacts.</li> <li>ii. Opex savings from shifting to an ownership model would not be realised.</li> </ul>	<p>Reputational risk with customers. Political impact of not utilising CATR awarded funds.</p>

## Flood Recovery Costs

As at the beginning of June 2023, AT's forecast cost of recovery works (including initial opex, capital reinstatement, project management and professional services) is in the order of \$380 million as set out in the table below. This is consistent with the separate Flood Recovery board paper on this agenda.

ELEMENTAL FORECAST	2022 / 2023 \$m	2023 / 2024 \$m	2024 - 2027 \$m	TOTAL \$m
Emergency response / Ongoing "Opex"	36.0*	13.6	2.4	52.0
<b>Floods</b>				
Rebuild Costs - Event 1 (Floods)	9.8	59.3	61.4	130.5
Additional Contingency	1.2	9.0	6.1	16.3
<i>Sub Total</i>	<b>11.0</b>	<b>68.3</b>	<b>67.5</b>	<b>146.8</b>
<b>Cyclone</b>				
Rebuild Costs - Event 2 (Cyclone)	10.7	55.2	76.7	142.6
Additional Contingency	1.9	11.9	11.2	25.0
<i>Sub Total</i>	<b>12.6</b>	<b>67.1</b>	<b>87.9</b>	<b>167.6</b>
<b>Total Rebuild (capex)</b>	<b>23.6</b>	<b>135.4</b>	<b>155.4</b>	<b>314.4</b>
<b>Combined Opex and Rebuild Cost</b>				
	<b>59.6</b>	<b>149.0</b>	<b>157.8</b>	<b>366.4</b>
Cost Escalation Allowance	0.0	7.0	10.6	17.6
<b>GRAND TOTAL</b>	<b>59.6</b>	<b>156.0</b>	<b>168.4</b>	<b>384.0</b>
<b>Capital Spend allowed for in future proposed Capital Plans</b>				
		<b>125.0</b>	<b>175.0</b>	<b>300.0</b>

\*\$31 million currently approved by Waka Kotahi at 91% FAR with balance to be applied for in period to 30 June 2023