

Entered by Board Secretary

# Advice on the Regional Fuel Tax

For decision:

For noting:

## Te tūtohunga / Recommendation

That the committee:

- a) Advises the Governing Body that the Regional Transport Committee (RTC) supports the continuation of the Regional Fuel Tax (RFT) Scheme in Auckland, as it is essential to deliver the full transport programme being developed for the 2021-31 Regional Land Transport Plan (RLTP).

## Te whakarāpopototanga matua / Executive summary

1. The RFT is a significant source of Council funding for Auckland Transport's (AT) capital projects. In the 2018 RLTP, the RFT enabled 43% of the AT capital programme, including the next tranche of EMUs, stages two to four of the Eastern Busway, and a more comprehensive safety programme to address the increase in Deaths and Serious Injuries on Auckland roads.
2. However, a variation is now required to the RFT Scheme. Penlink and parts of Mill Road, which are currently tagged for RFT funding, will now be funded by the Crown and delivered by Waka Kotahi New Zealand Transport Agency (Waka Kotahi) and some of the Ferry Basin Redevelopment and Puhinui Bus Rail Interchange will be funded through the government's "shovel ready" infrastructure programme. Changes are also required to reflect changes to project timings, scope and costs.
3. Once the forward programme is finalised, Council has an opportunity to propose a variation of the RFT Scheme to optimise use of the funds going forward. The Governing Body is expected to consider a variation to the RFT Scheme at a meeting on 4 March 2021. In considering whether to do this, Council must "have regard" to the views of RTC.
4. To allow the Governing Body to consider the advice of the RTC when making its decision, it is recommended that the RTC resolves that it supports the continuation of the RFT Scheme in Auckland, as it is essential to fund the full transport programme that is being proposed for the 2021-31 RLTP.

Entered by Board Secretary

## Ngā tuhinga ō mua / Previous deliberations

5. The RTC considered the 2018 RFT Proposal on 27 April 2018.

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

6. Over the next few months:
- Council will be consulting on and finalising its Long-term Plan.
  - The Auckland Transport Alignment Project (ATAP) 2020 Update will be finalised.
  - The RTC will be consulting on and finalising the 2021-31 RLTP.
  - Council will be considering whether or not to propose a variation of the RFT Scheme to the government and if so, will be consulting on this.
7. Auckland Council is responsible for developing and proposing the RFT Scheme in Auckland under the Land Transport Management Act 2003 (LTMA). The LTMA provides for Auckland Council to establish or replace an RFT Scheme:
- “...if the council, **having regard to the views of the regional transport committee**, considers that there are 1 or more capital projects that—
- would benefit the region or the part of it to which the proposal relates; and
  - are included in the relevant regional land transport plan (including a draft plan); and
  - cannot reasonably be fully funded from sources other than a regional fuel tax within the time frame desired by the council.
8. The current RFT Scheme was introduced in 2018 and includes the following project groupings:

Project	Description
<b>Bus priority improvements</b>	RFT will allow AT to begin to roll out a ‘whole of route’ bus priority programme as part of Connected Communities, designed to deliver a step change in bus priority along selected Frequent Service Network routes.
<b>City centre bus infrastructure</b>	This project will create new dedicated bus terminals for central city bus passengers. The Wellesley Street bus improvements project helps enable the New Network bus routes to give access to growing numbers of customers into and within the midtown area of the city centre.

Entered by Board Secretary

<b>Improving airport access Improvements</b>	Initiatives to improve airport access public transport improvements and includes provision of a new interchange at Puhinui Station. Puhinui Station is now being funded as a “shovel ready” project.
<b>Eastern Busway (formerly AMETI)</b>	The RFT would enable stages 2 to 4 of the Eastern Busway project. These stages consist of several major pieces of infrastructure including completing the urban busway between Panmure and Botany, stations at Pakuranga and Botany, the Reeves Road flyover at Pakuranga town centre, and new/improved pedestrian and cycle facilities.
<b>Park and Rides</b>	Demand for park and rides currently exceeds supply. To remedy this, there are some facilities that could be replaced or complemented by improvements to feeder bus services or improved walking and cycling infrastructure.
<b>Electric trains and stabling</b>	This project will continue investment in Auckland’s rail network to meet the strong growth in rail boarding’s and freight movements. It will fund new EMUs to provide additional capacity, increased frequency of train services, and cater for the expected demand following the opening of the City Rail Link.
<b>Downtown ferry redevelopment</b>	This project will increase the capacity of the terminal as well as improving the customer experience. This project is now being funded as a “shovel ready” project.
<b>Road safety</b>	This project intends to deliver major, minor and mass-action safety engineering projects at high-risk locations and areas across the network to reduce road deaths and serious injuries on Auckland’s roads.
<b>Active transport</b>	Improving the walking and cycling infrastructure is a priority to transform transport in Auckland. Providing quality, connected cycling routes and improved walking facilities give Aucklanders more transport options.
<b>Penlink</b>	This project is now being completed by Waka Kotahi under the New Zealand Upgrade Programme.
<b>Mill Road corridor</b>	This project is now being completed by Waka Kotahi under the New Zealand Upgrade Programme.
<b>Road corridor Improvements</b>	This project focuses on improving transport within the Devonport peninsula, focusing primarily on Lake Road, as well as redesigning the poorly performing sectors of Lincoln road, and enabling the road to perform to its potential. Also included is the Matakana Link Road, Smales/ Allens Road widening & intersection Upgrade, Glenvar Road/East Coast road intersection and corridor improvements and unsealed road improvements.
<b>Network capacity and</b>	This project is focused on maximising the efficiency of the existing transport network through initiatives such as traffic signal optimisation, improving key congestion points and using technology to monitor and actively manage the network in real time.

Entered by Board Secretary

**performance  
improvements**

**Growth related  
transport  
infrastructure** Provision has been made in the second half of the decade for transport infrastructure to support the expected growth in the south, north and north west.

## Ngā matapakinga me ngā tātaritanga / Discussion and analysis

9. The draft 2021 RLTP will include a capital programme for AT aligned with the refreshed ATAP package of projects. The RLTP programme is estimated to cost \$11 billion over ten years, mainly funded from:
  - a. Council debt
  - b. RFT proceeds
  - c. National Land Transport Fund (NLTF) funding
  - d. Development Contributions.
10. Over the two and a half years since the RFT was introduced in Auckland, around \$180 million of RFT revenue has been spent on major projects benefiting the Auckland region, including the Ferry Basin Redevelopment, safety projects, and the Puhinui Bus-Rail interchange. The RFT capital programme was always expected to ramp up over the ten years, reflecting the need to complete projects that were already in train in 2018, and to gear up to a much higher level of delivery. Many of these projects and programmes will continue into the next RLTP period.
11. The RFT provides a significant proportion of funding for these projects. In the 2018 RLTP, the RFT enabled 43% of the capital programme, including the next tranche of Electric Multiple Units (EMUs), stages two to four of the Eastern Busway, and a more comprehensive safety programme to address the increase in Deaths and Serious Injuries on Auckland roads. These, and the other projects in the RFT programme, would not have been possible within the RLTP timeframe without the RFT.
12. During the development of the Auckland Transport Alignment Project (ATAP) and the draft RLTP programme, timing, scope and cost changes have been identified for a number of RFT-enabled projects. Some projects are now expected to cost more than the estimates included in the last RLTP, and hence some of these projects will now potentially consume more RFT, or have a smaller scope within the same funding. Also, some of the projects currently tagged for RFT funding are now receiving Crown funding, either through the New Zealand Upgrade Programme (Penlink, parts of the Mill Road project) or through the “shovel ready” programme (Ferry Basin Redevelopment and

**Entered by Board Secretary**

Puhinui Station). The Council will consider whether to propose a variation to the RFT Scheme to reflect these changes, so that RFT funding is able to be used for other projects “which cannot reasonably be funded from sources other than a regional fuel tax”.

13. Council will base its amended RFT Proposal on the forward capital programme being developed through the ATAP and RLTP processes. We are working with the Council to finalise the draft RFT Proposal and will advise the RTC verbally of progress at its meeting. We expect that the revised RFT Proposal will be aligned with the existing 14 project groupings, although the addition of new projects is possible to replace Penlink and Mill Road. The RFT projects will be aligned with the RLTP investment programme, and will have reasonable certainty of being delivered before 2028 when the current Scheme finishes.
14. The Governing Body is expected to consider a variation to the RFT Scheme at a meeting on 4 March 2021. To allow it to consider the advice of the RTC when making its decision, it is recommended that the RTC resolves that it supports the continuation of the RFT Scheme in Auckland, as it is essential to fund the full transport programme that is being proposed for the 2021-31 RLTP.

## Ngā tūraru matua / Key risks and mitigations

Key risk	Mitigation
RFT funding is not available for AT projects	Supporting the continuation of the RFT Scheme in Auckland

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

15. Despite the impacts of the COVID-19 pandemic, and a shift of priority on climate change initiatives, the current RFT Scheme is still expected to generate around \$1.5 billion over the 2018-2028 period, and leverages a further c. \$3 billion of revenue from the NLTF and development contributions. The RFT therefore provides a significant source of funding for AT’s capital programme, which would be correspondingly smaller without the RFT. A reduction in RFT revenue will mean that projects need to be cut or deferred.

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

16. A major shift to public transport and active transport is the focus of the investment in several projects in the RFT Scheme. The consequent reduction in private vehicle use will be a significant contributor to the positive impacts on climate, environment, and public health.

Entered by Board Secretary

Improvements to the efficiency of the road network through several other projects in the programme will also help in the reduction of congestion and its negative environmental and health impacts.

## **Ngā reo o mana whenua rātou ko ngā mema pooti, ko ngā roopu kei raro i te maru o te Kaunihera, ko ngā hāpori katoa / Voice of mana whenua, elected members, Council Controlled Organisations, customer and community**

17. Auckland Council is responsible for consulting on a variation to the RFT Scheme. This consultation is expected to align with the consultation on the RLTP.

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

18. The RFT Scheme is enabling the acceleration of the safety programme, which is estimated to reduce Death and Serious Injuries by 60% over ten years from the 2017 baseline, as well as contribute towards additional congestion reduction benefits and increased health and environment benefits.

## **Ā muri ake nei / Next steps**

19. The views of the RTC will be conveyed to the Governing Body, which can then take those views into account when considering a variation to the RFT Scheme at a meeting on 4 March 2021. The Council will then consult on its RFT Proposal.

Entered by Board Secretary

## Te pou whenua tuhinga / Document ownership

Submitted by	Nicki Lucas <b>Head of Funding &amp; Analysis</b>	
	Mark Fleming <b>Principal Advisor</b>	
Recommended by	Jenny Chetwynd <b>Executive General Manager Planning &amp; Investment</b>	
	Mark Laing <b>Executive General Manager Finance</b>	
Approved for submission	Shane Ellison <b>Chief Executive</b>	