

Asset Management Plan Update 2014

Recommendations

That the Board:

- i. Adopts the Auckland Transport Asset Management Plan update for 2014/2015.
- ii. Authorises the issue of the Asset Management Plan update for 2014/2015 to Auckland Council.

Executive summary

Auckland Council (AC) and Audit New Zealand require Auckland Transport (AT) to provide an annual update of its asset management plan (AMP). This update should identify significant changes over the preceding 12 months that may affect the asset network and its services.

The 2014 AMP update (see Attachment 3) shows that the overall asset condition has remained stable despite increasing downward pressure on operational and maintenance funding (OPEX).

However, it also shows that while AT is developing a significant capital new work programme, consequently OPEX funding will need to be aligned to match infrastructure growth.

Through the AMP, the performance of the existing and new assets will continue to be monitored. Renewal budgets and work programmes will be optimised to mitigate the impact of budget pressures.

The Board will note the reduction in the OPEX roading budget. This has come about through efficiency gains in the service delivery environment and closer contract management. AT is now at a position where further reduction will have detrimental and visible impacts on the assets. AT can no longer absorb additional operational service provision, consequential opex increases or higher levels of service at current funding levels, and we have little or no redundancy in the operational spend.

The Board will also note a reduction in the public transport renewal budget. This is because a significant programme of renewal and replacement for railway stations has been completed. Therefore, less budget in this area will not impact on service levels.

Strategic context

Asset management planning is a fundamental part of AT's investment planning process. It provides the lifecycle strategies to give effect to the Integrated Transport Programme (ITP) and to inform the long-term plan (LTP). The asset management plan identifies the investment required to maintain existing levels of service (LoS), and where funding is constrained, describes the implications on the performance of the transport network. It supports the advocacy role of the ITP

The AMP is a requirement of the Local Government Act 2002 (LGA). It is used by key stakeholders, notably AC and the New Zealand Transport Agency (NZTA) to establish the robustness of AT's proposals and programmes for the management of its transport networks.

Audit New Zealand uses it as the main source of information to establish compliance with regulatory requirements and monitor performance of AT and its services

Background

In June 2012 the Board approved the publication of AT's first asset management plan for both the roading and public transport networks.

Both AC and Audit New Zealand require annual updates to the asset management plan for monitoring purposes. This is the second update to be provided, and captures significant changes to the asset inventory and budgets.

In August 2013, the first annual update of this plan was adopted by the Board and issued to AC.

The 2014 update to the AMP is included as Attachment 1.

The second asset management plan, covering the period July 2015 to June 2018 will be published in the third quarter of 2015.

Issues and options

The key issues that have been identified through this update are categorised under following areas:

- Asset Inventory changes during 2013/2014 financial year
- Asset network condition trends
- Budget changes made for 2014/2015
- Impacts and Risks

Asset inventory changes

The transport asset inventory has increased over the last 12 months for three reasons:

1. Subdivision development
2. AT's own capital improvement projects
3. Rectification of asset inventory discrepancies

The significant changes to the asset inventory during 2013/2014 are summarised in Table 1.

Asset Type	Apr 2014	Jun 2013	Change	% change
PT Bus shelters	1,797	1,569	228	14.5%
PT AIFS ticketing devices	309	274	35	12.8%
Street Lighting – Luminaires	104,718	100,032	4,686	4.7%
Signalised intersections	596	575	21	3.7%
Bridges and culverts	1,021	1,004	17	1.7%

Table 1 - Significant changes to the asset inventory

Condition trends of the Asset Network

Overall the condition of AT's network is remaining steady despite increasing budgetary pressures. The current condition is summarised in Attachment 1.

Future condition trends will continue to be monitored. The annual condition update will be reported to the Board early in 2015.

Budget Changes for 2014/15

A comparison of budgets for 2014/2015 has been undertaken from the following three sources:

4. AMP
5. Long-term Plan (LTP)
6. Annual plan

The overall changes are summarised below in Table 2 and Attachment 2.

The main changes are:

1. A 24% reduction in the roading operations and maintenance budget. While this has come about through efficiency gains in the service delivery environment and closer contract management any further reduction will have detrimental and visible impacts on the assets. AT can no longer absorb additional operational service provision, consequential opex or higher levels of service and has little or no redundancy in the operational spend.
2. A 23% reduction in the public transport renewal budget arises from rail stations which have recently received significant investment.

Changes from the AMP to the Annual Plan for 2014/2015					
	AMP (\$ million)	LTP (\$ million)	Annual Plan* (\$ million)	Change AMP to Annual Plan (\$ million)	Change AMP to Annual Plan (%)
Road subtotal	621	534	573	-48	-8%
Road New Works	226	172	202	-24	-11%
Road O&M	211	181	160	-50	-24%
Road Renewals	184	181	211	26	14%
PT subtotal	661	783	733	72	11%
PT – New Works	368	496	397	29	8%
PT - O&M	281	275	327	46	16%
PT - Renewals	12	12	9	-3	-23%
Total Road & PT	1,282	1,317	1,306	24	2%

Table 2: Summary AMP versus 2014/2015 Annual Plan

- Annual Plan figures are subject to ratification by Auckland Council in June 2014.

Impacts and Risks

A number of issues have been identified that may have a significant impact on the operation and management of the transport network.

These issues together with potential mitigation measures are summarised in Table 3:

No.	Issue	Impact and risks	Mitigation Measures
1	Funding for renewals, operations and maintenance does not align to growth in the network delivered by the capital new works programme.	Inability to maintain levels of service. Reduced customer satisfaction. Negative impact on existing assets and services due to the need to re-prioritise budgets.	Assess the appropriate level of growth for the renewal, operations and maintenance budgets. Include this funding requirement in 2015 Asset Management Plan. Review whole of life costs in future design reviews.
2	Reduced funding for traffic systems and operations	Increased reactive maintenance leading to higher overall costs. Reduced level of signalised intersection renewals- increase risk of signal failures	Monitor performance and review funding allocation across asset portfolio. Optimise funding allocation and reassign if required
		Increased downtime of traffic signals. Current target 1%. Reduced network efficiency. Risk of detrimental effect on regional growth and GDP	
3	Reduced funding for cycleways	Increase in accidents involving cyclists	
4	Reduced funding for drainage	Increased risk of flooding and pavement damage. Risk of Increase in flooding associated accidents	
5	Reduced funding for pavement maintenance	Lower levels of and fewer pavement maintenance interventions. Risk of lower lifespan of pavements resulting in higher renewal costs	

Table 3: Impacts, Risks and Mitigation Measures


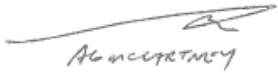


Next steps

- Subject to Board approval, the asset management plan update for 2014/2015 will be issued to AC
- A new asset management plan covering the period 2015 to 2018 will be published in June 2015

Attachments

Number	Description
1	Current network condition
2	2014/2015 Budget Comparison
3	2014/2015 Update to the Transport Asset Management Plan

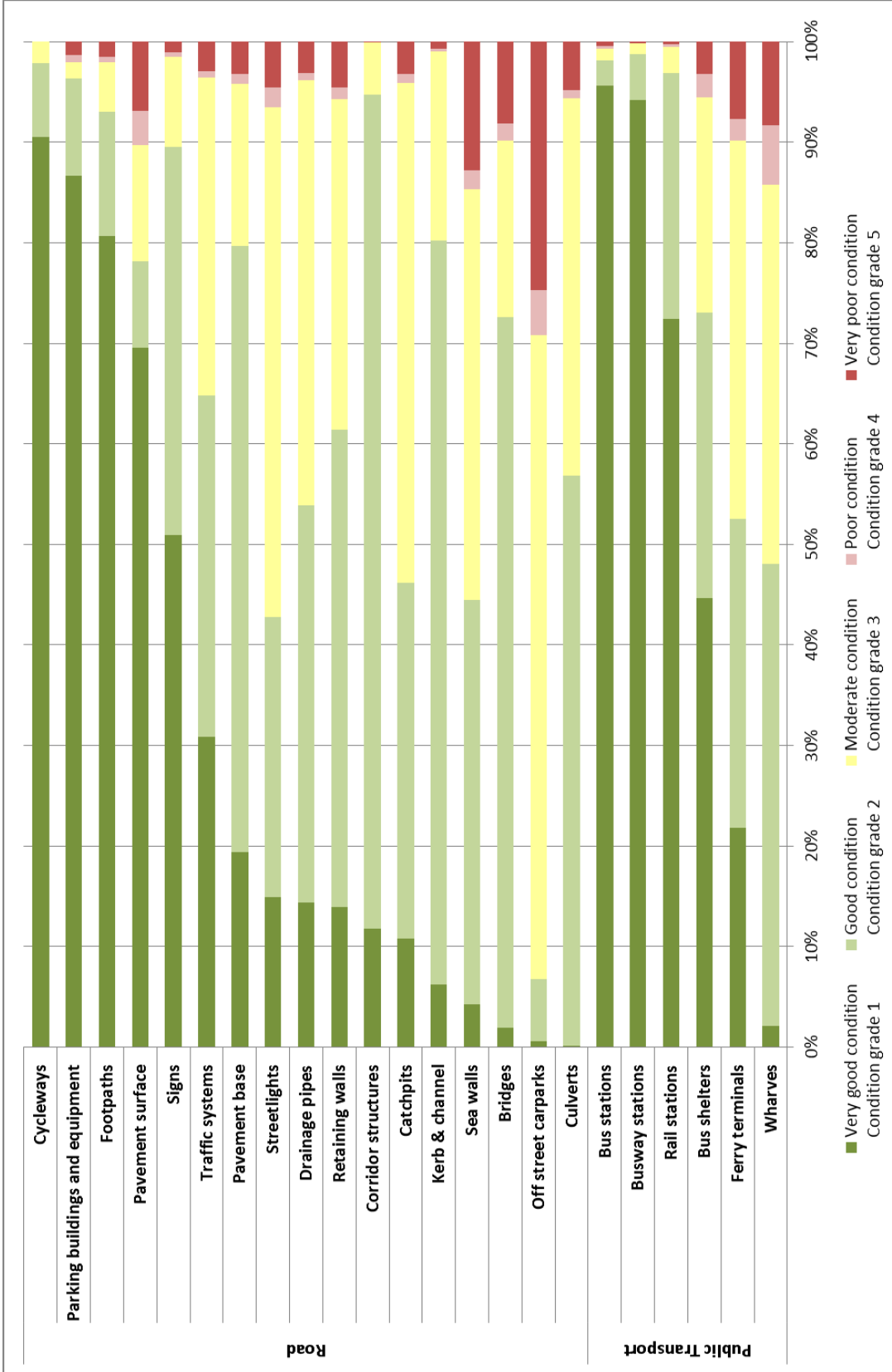
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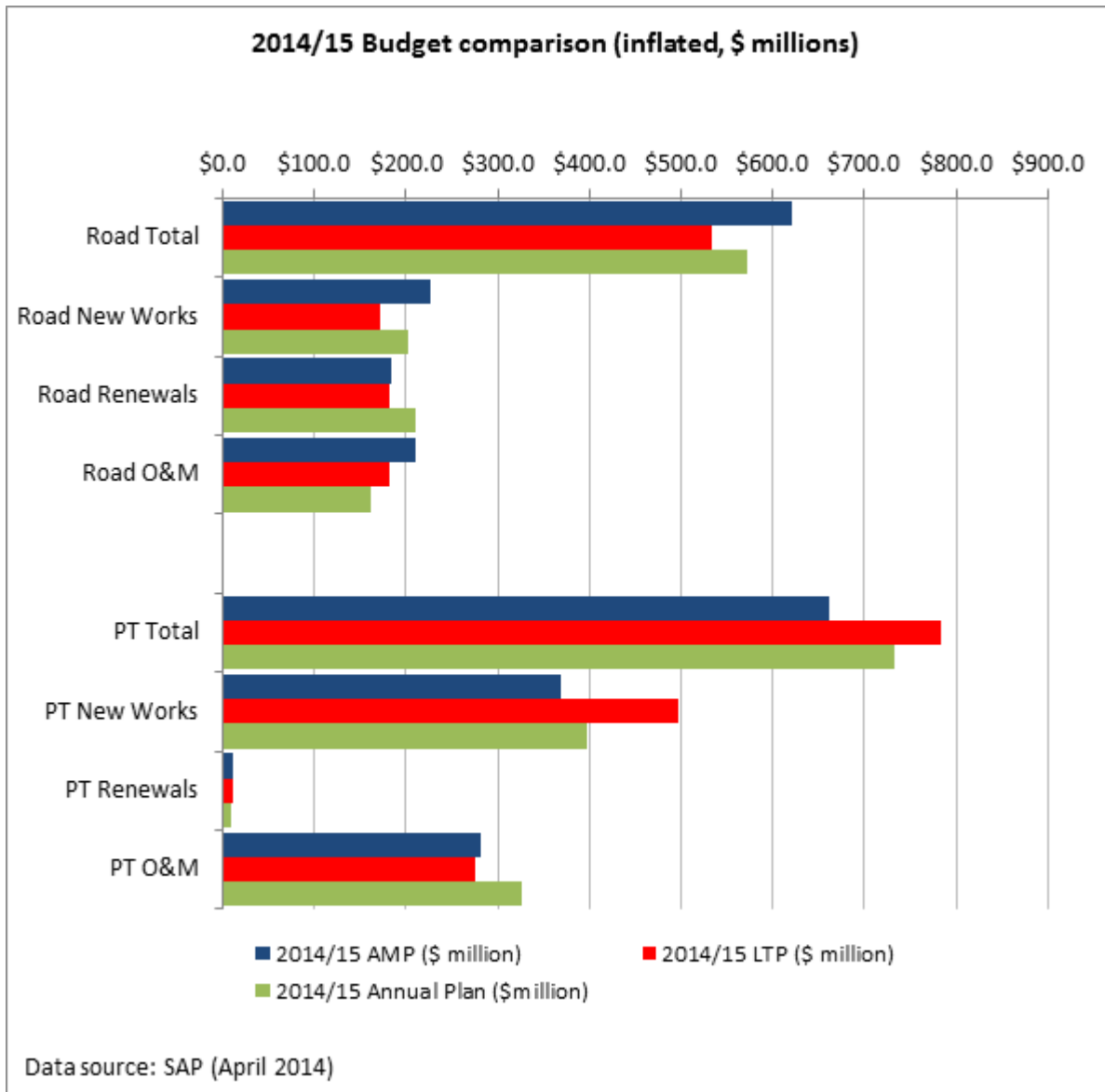
Glossary

Acronym	Description	Business Unit
AC	Auckland Council	Corporate
AT	Auckland Transport	Corporate
ITP	Integrated Transport Programme	Strategy and Planning
LoS	Levels of Service	Strategy and Planning
LTP	Long Term Plan	Corporate
NZTA	New Zealand Transport Agency	Corporate
OPEX	Maintenance and Operational Expenditure	Corporate
PT	Public Transport	Corporate

Current network condition



2014/2015 Budget Comparison



Note: The Annual Plan and LTP figures are based on the current LTP which uses a 4.9% rate increase which has not eventuated.

The new Annual Plan figures are yet to be finalised.



2014/2015

Asset Management Plan Update

Road and Public Transport Networks



An Auckland Council Organisation

Quality Record Sheet

DATE: May 2014

Version 2.0

<p>2014/2015 ASSET MANAGEMENT PLAN UPDATE</p> <p>ROAD AND PUBLIC TRANSPORT NETWORKS</p> <p>DRAFT</p>

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Asset Management Plan	Publishing Date
Draft	April 2014
Final	May 2014

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Executive Summary

Auckland Transport's (AT's) first Asset Management Plan (AMP) was published in July 2012 for both the road and public transport networks. This document set out for each asset class the inventory, condition and the required investment to maintain the existing levels of service.

This 2014 update to the AMP captures significant changes that have taken place over the last 12 months to the asset network. It includes asset inventory and budget changes and also discusses the impacts of the AT's Integrated Transport Programme (ITP) on asset management.

The transport network has grown over the last 12 months as a result of addition of assets through sub-division development and AT's capital improvements programme

The 2014/2015 budgets and inventory have been changed as follows:

- 2014/2015 Road operation, maintenance and renewal budgets have been reduced by 6.0% compared to the investment identified in the 2012 AMP
- 2014/2015 PT operation, maintenance and renewal budgets have been increased by 14.7% compared to the investment identified in the 2012 AMP
- Network grew over the last year by 0.26% for roads, 4.7% for street lights and 3.6% for signalised intersections.

The identified funding gap will impact on the road asset service levels. Monitoring will be undertaken to identify any significant adverse impacts.

Since July 2012 AT has put in place a programme of asset management improvements including:

- Optimisation
- Levels of Service modelling
- Assets criticality
- Asset data improvements including inventory updates and condition information
- Renewal programming.

Major AMP revisions are required every three years to coincide with the Long Term Plan (LTP) cycle, and the next date for this major revision will be 30 June 2015.

The inventory data in this update is as at April 2014.

The annual plan financial information in this update is Version 1.0 as at April 2014.

1 Introduction

AT's first AMP was published in July 2012 for both the road and public transport networks across the region. The AMP provides information on investment needs to maintain the current levels of service, asset inventory and asset risks in order to manage the network in an efficient and effective manner.

The AMP is aligned to AT's ITP. The ITP provides an integrated, 30-year view of the transport investment programme that will be needed to give effect to the Auckland Plan.

Annual updates to the AMP are required by both Auckland Council (AC) and by Audit New Zealand. Major AMP revisions are required every three years to coincide with the Long Term Plan (LTP) cycle and the next date for this major revision will be 30 June 2015.

This 2014 update discusses the impacts of the ITP on the AMP, raises growth and demand issues, and captures significant changes to the asset inventory and budgets since the publication of the AMP in 2012.

2 The Integrated Transport Programme (ITP)

2.1 Purpose of the ITP

A robust regional transport system is a necessity to facilitate and support national economic growth and productivity. Integrated investment on infrastructure development and public transport services is required for all transport modes. It is important that the appropriate level of transport services is provided, effectively and efficiently meeting the growth and development needs of Auckland, by taking a whole-of-life approach.

The ITP provides an integrated view of the transport investment programme across the region over the next 30 years. This 'One System' approach integrates all transport modes and set out a transport investment programme to support Auckland's growth.

The ITP gives effect to the Auckland Plan and communicates how the vision and targets of the Auckland Plan will be addressed during each of the 10-year periods to 2041, detailing what this will mean in terms of transport network development and service levels.

The overarching outcome in ITP is that Auckland's transport system is effective, efficient and provides for the region's social, economic, environmental and cultural wellbeing. The supporting impacts are:

- Better use of transport resources to maximise return on existing assets
- Auckland's transport network moves people and good efficiently
- Increased access to a wider range of transport choices
- Improved safety of Auckland's transport system
- Reduced adverse environmental effects from Auckland's transport system
- Auckland's transport network effectively connects communities and provides for Auckland's compact urban form.

The ITP is implemented in a series of three-year programmes and will be updated to reflect changes in funding priorities, growth and demand, cost implication, asset condition, etc.

The AMP takes its direction and priorities from the ITP.

2.2 AMP alignment to the ITP

The AMP aligns to the ITP to deliver the intended outcomes of the Auckland Plan and ITP.

A four-stage intervention process has been developed to enable the ITP to prioritise the phasing of Auckland's 30 year transport programme. This programme for Auckland categorised by four functional areas which make up the intervention:

- **Operate, maintain and renew infrastructure optimally:** Existing assets need to be maintained, repaired and renewed to minimise whole of life costs to avoid increased costs over the longer term and unacceptable risks associated with inadequacy of transport assets and services. Projects in this category relate to the day to day operation of the network and public transport services, renewal of assets to restore levels of service management plans and maintenance activities
- **Make better use of networks:** Experience with managing the transport system suggests the best returns from investment can often be achieved through optimal

management and use of existing assets. Examples of network optimisation activities include: safety schemes; changes to clearways and other parking management measures; “tuning” traffic signalling systems; speed limit reviews and minor upgrades to existing arterial roads and local roads

- **Manage demand efficiently and safely:** Transport demand management refers to measures which change travel behaviour such as pricing, taxes, use of speed and red light cameras, parking charges, statutory planning controls that are not based on infrastructure solutions but on policies, regulatory levers and incentives
- **Invest in new infrastructure, services and technology:** Major transport improvements will be crucial to meet increasing demand associated with growth, and to maintain good levels of service for freight and commercial vehicles. The ITP maintains the Auckland Plan’s priorities for major network improvements which are the: completion of the Western Ring Route. Upgrade of public transport infrastructure and introduction of electrified rail services; the CRL, AMETI, MMEWS, and the Additional Waitemata Harbour Crossing.

The AMP has the greatest alignment with the first two intervention criteria.

This alignment of the ITP and AMP is a key requirement for AT in order to integrate planning functions. To further reinforce this alignment a framework to demonstrate the key links between the ITP and AMP has also been developed and is shown in Figures 1 and 2.

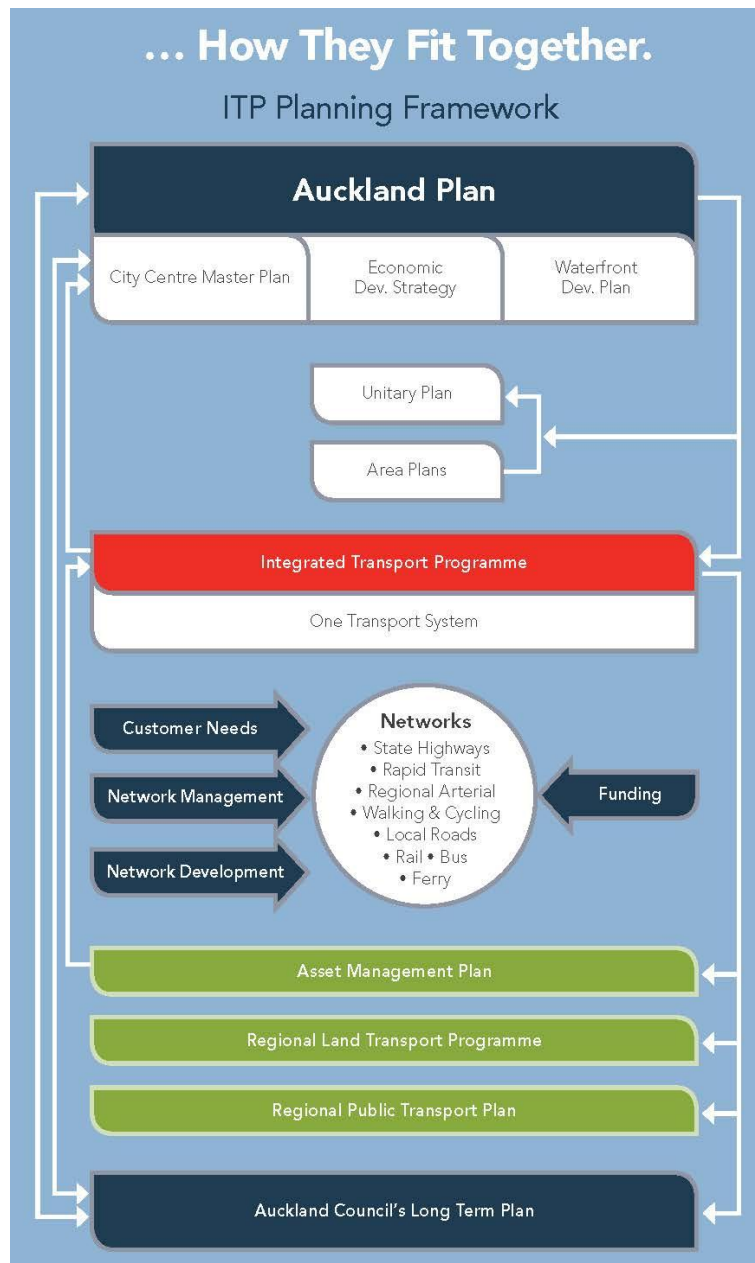


Figure 1: ITP Planning Framework
Source: Understanding the Big Picture, AT Strategy & Planning Division

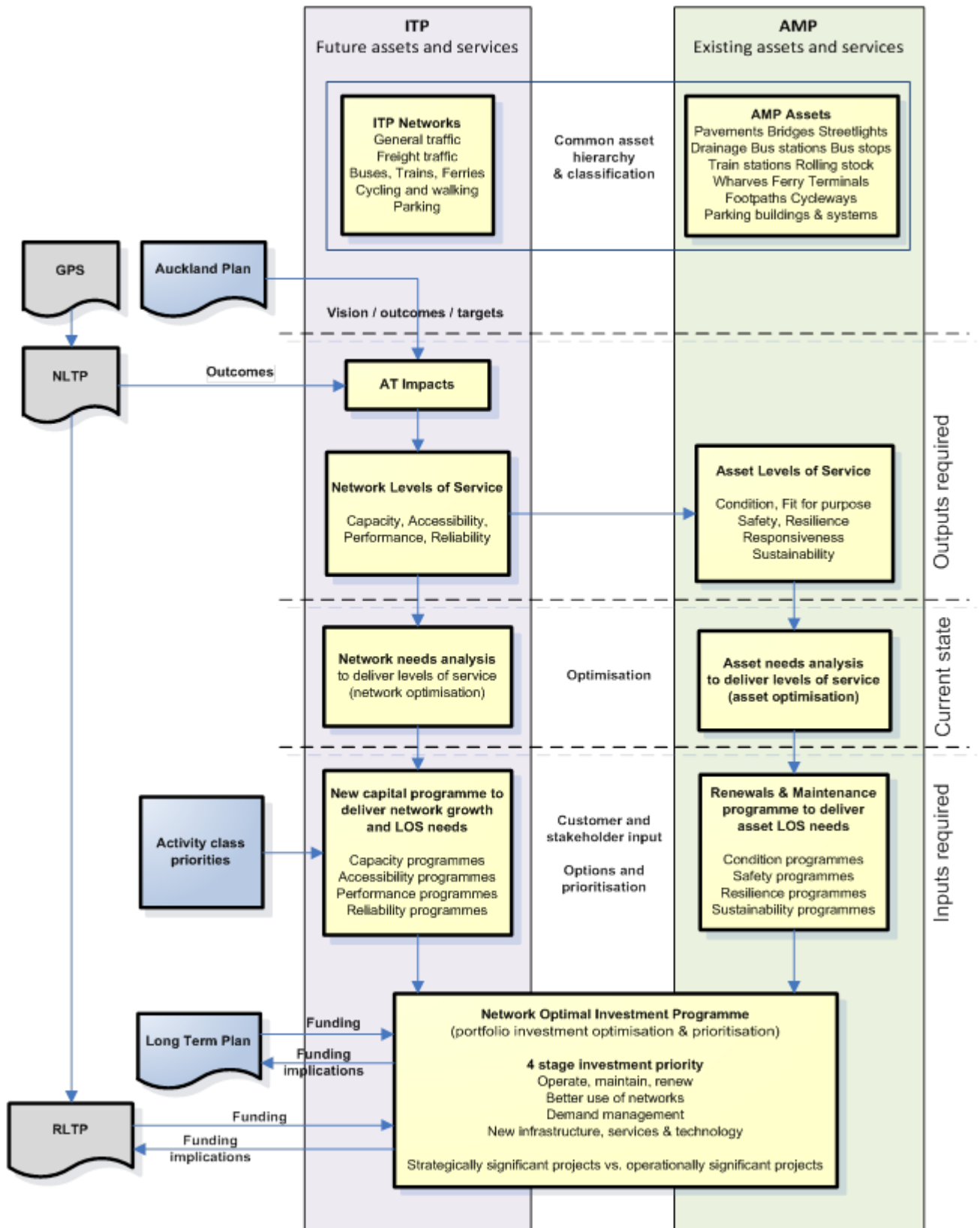


Figure 2: Alignment of the AMP and ITP

3 Growth and Demand

There were no significant changes in the level of growth and demand in the region over the 2014/2015 year. However, the following key points from the Auckland Plan are re-iterated below and are the focus of asset management planning going forward.

The Auckland region has experienced a rapid growth in population over the decades and it is important that the transport network is formed to accommodate the current and future demand of transport system.

The transport response to regional growth and demand is planned in alignment with the wider Auckland vision and outcomes as detailed in The Auckland Plan, adopted by AC in March 2012. The Auckland Plan sets out the spatial vision and outcomes that drive the strategic direction of the activities AT undertakes. The main drivers for undertaking transport plans related to growth and demand are:

- Population trends
- Economic trends
- Housing trends
- Transport trends
- Environmental changes
- Technology changes.

In becoming a single-system transport network, three key components are required to address current congestion problems and accommodate future business and population growth:

- Improve and complete the existing road and rail network
- Encourage a shift toward public transport
- Support environmental and health objectives through walking and cycling.

Auckland Plan prioritises areas for growth over three, 10 and 30-year horizons. The first nine areas prioritised for growth are:

1. The City Centre
2. Hobsonville/Westgate/Massey North
3. Tamaki
4. New Lynn
5. Onehunga
6. Takapuna
7. Warkworth
8. Pukekohe.

Some of these areas, such as New Lynn and Hobsonville, have been the focus of several years of detailed planning, and in some cases implementation, by former councils. Other areas have been newly prioritised and, therefore, require a greater level of initial planning by council, local boards, Council controlled organisations (CCOs), the community and other stakeholders.

In addition Special Housing Areas (SHAs) will require critical infrastructure including transport is planned and delivered in the same place at the same time

The approach provides more certainty on where major transport investment and planning initiatives need to be focused, although the timing of the planned growth is, in many cases, still unclear.

AT has taken the future direction, priorities and intended outcomes of the Auckland Plan into its ITP and into developing and delivering its programme of capital improvement projects as detailed in the AMP.

4 Asset Inventory Update

The transport network in Auckland is not stagnant demonstrating the growth that is occurring. The network asset inventory has changed over the last 12 months due to three primary drivers:

1. Asset additions due to subdivision developments
2. Auckland Transport's own asset development projects
3. Network changes due to rectification of asset inventory discrepancies.

Significant additions or changes to the network are shown below.

4.1 Subdivision developments and asset development projects

- 19 km of new roads
- 19 km of new footpaths
- 450 street lights
- One new retaining wall
- 21 new controlled intersections
- 35 new integrated ticketing machines (AIFS) to rail stations and ferry terminals
- Wiri electric train maintenance and stabling facility
- 12 electric trains received, seven in service with five entering testing phase.

4.2 Rectification of asset inventory discrepancies

- Street signs inventory includes the results of a new survey – asset increases by 7,653
- Bridges and major culverts includes results of new survey – asset increases by 17
- Street Lights includes the results of the inventory validation – asset increases by 4686
- Retaining walls includes results of a new survey – asset increases by 62.

4.3 Future network changes

Significant asset changes anticipated to occur in the next three years include the following:

- Balance of 45 new electric trains by 2016
Note: Current planning provides for up to 10 of the existing 19 diesel multiple unit trains to be retained to operate shuttle services to service the parts of the network that will not be electrified. The final number will be confirmed once the extent and scope of shuttle services is finalised. No decisions have yet been made as to the future arrangements for the remaining diesel rolling stock
- One new Busway station and Park-and-Ride at Silverdale.

4.4 Consequential operation and renewal costs

Consequential operational and renewals needs arising from the growth of the network through the capital new works identified in the ITP are currently being evaluated. These will be reported in the next AMP to be published in June 2015.

4.5 Summary of current network

A summary of the current network inventory and the changes that have occurred during the 2014/2015 year is shown in Table 1 below.

Network Summary and Changes					
Asset group	Sub-asset group	Unit	Asset Inventory April 2014	Asset Inventory June 2013	Change
Road Network					
Pavements	Total	km	7,277	7,258	+19
	Sealed road	km	6,377	6,356	+21
Footpaths		km	6,879	6,860	+19
Bridges and structures	Bridges & major culverts	no.	1,021	1,004	+17
	Retaining walls	no.	3,533	3,471	+62
Parking	Parking buildings	no.	14	14	-
Street lighting	Luminaires	no.	104,718	100,032	+4686
	Columns	no.	62,461	62,212	+249
	Brackets and outreach arms	no.	99,172	99,019	+153
Traffic systems	Signalised intersections	no.	596	575	+21
Street signs	All types	no.	135,366	127,713	+7653
Drainage	Kerb and channel	km	7,473	7,435	+38
	Catchpits	no.	74,912	84,161	-9249
	Soak holes	no.	2,409	2,409	-
	Manhole	no.	6,234	6,234	-
PT Network					
Bus	Bus shelters	no.	1,797	1,569	+228
Wharf	Public transport wharves	no.	21	21	-
	Ferry terminals	no.	14	14	-
Multi modal	AIFS ticketing devices	no.	309	274	+35

Table 1: Asset Inventory changes
Source: AT RAMM database (April 2014)

Reasons for significant changes to the network inventory are shown in Table 2 and Figure 3 below.

Asset group	Sub-asset group	Unit	Due to subdivisions and asset development	Due to rectification of inventory discrepancies	Total Change
Pavements	Total	km	19		+19
	Sealed road	km	21		+21
Footpaths		km	19		+19
Bridges and structures	Bridges & major culverts	no.		17	+17
	Retaining walls	no.	1	61	+62
Street lighting	Luminaires	no.	450	4236	+4686
	Columns	no.	225	24	+249
	Brackets and outreach arms	no.	88	65	+153
Traffic systems	Signal-controlled intersections	no.	21		+21
Street signs	All types	no.		7,653	+7,653
Drainage	Kerb & channel	km	38		+38
	Catchpits	no.	83	-9332	-9249
Bus	Bus shelters	no.		228	+228
Multi-modal	AIFS ticketing devices	no.	35		+35

Table 2: Asset Inventory significant changes
Source: AT RAMM database & SPM (April 2014)

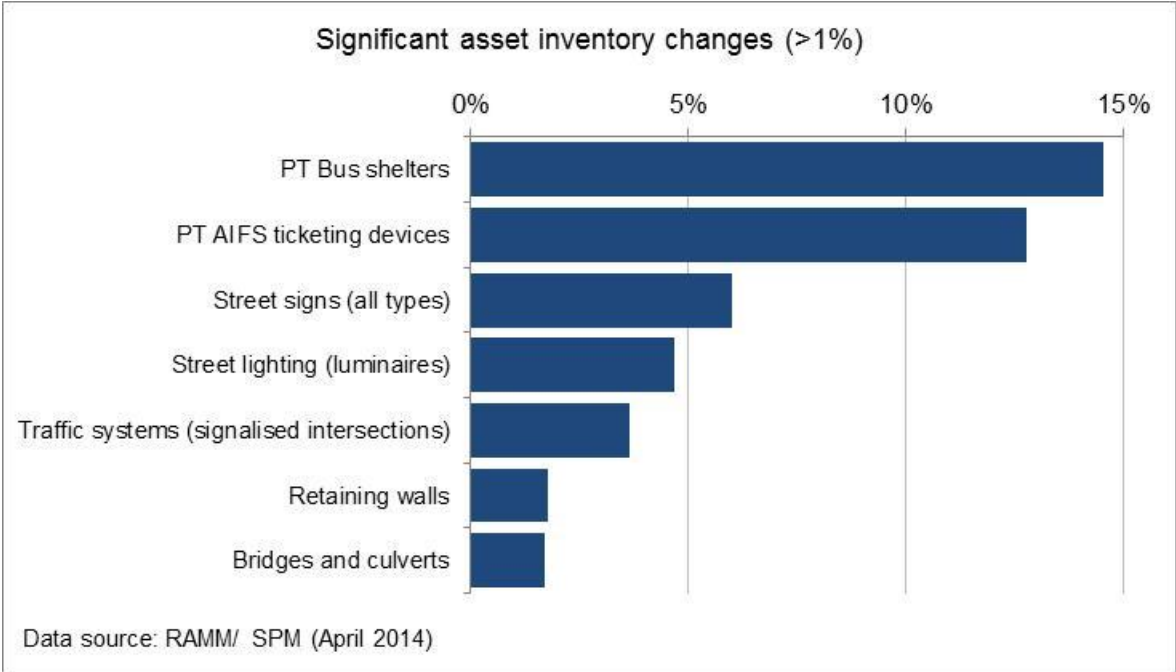


Figure 3: Significant asset inventory changes

5 Current Asset Network Condition

5.1 Current network condition

Auckland Transport (AT) manages a significant network of multi-modal transport assets to facilitate efficient and effective delivery of transport functions. The current condition of the regional network is summarised in Figure 4 on page 14.

A comparison of the network condition in 2012 and 2014 has illustrated that the condition of the network is stable. However, some assets show a slight deterioration:

- Bridges and structures: 9% of the asset in poor and very poor condition, an increase of 6%
- Retaining Walls: 6% of the asset in poor or very poor condition, an increase of 2%
- Traffic Systems: critical asset 3% of the asset in poor and very poor condition, an increase of 1%
- Wharves and Ferry Terminals: 10-15% of the asset in poor and very poor condition, an increase between 6-10%.

The annual asset renewal programmes being implemented at present is expected to maintain the current condition of the network. Future condition trends will be closely monitored.

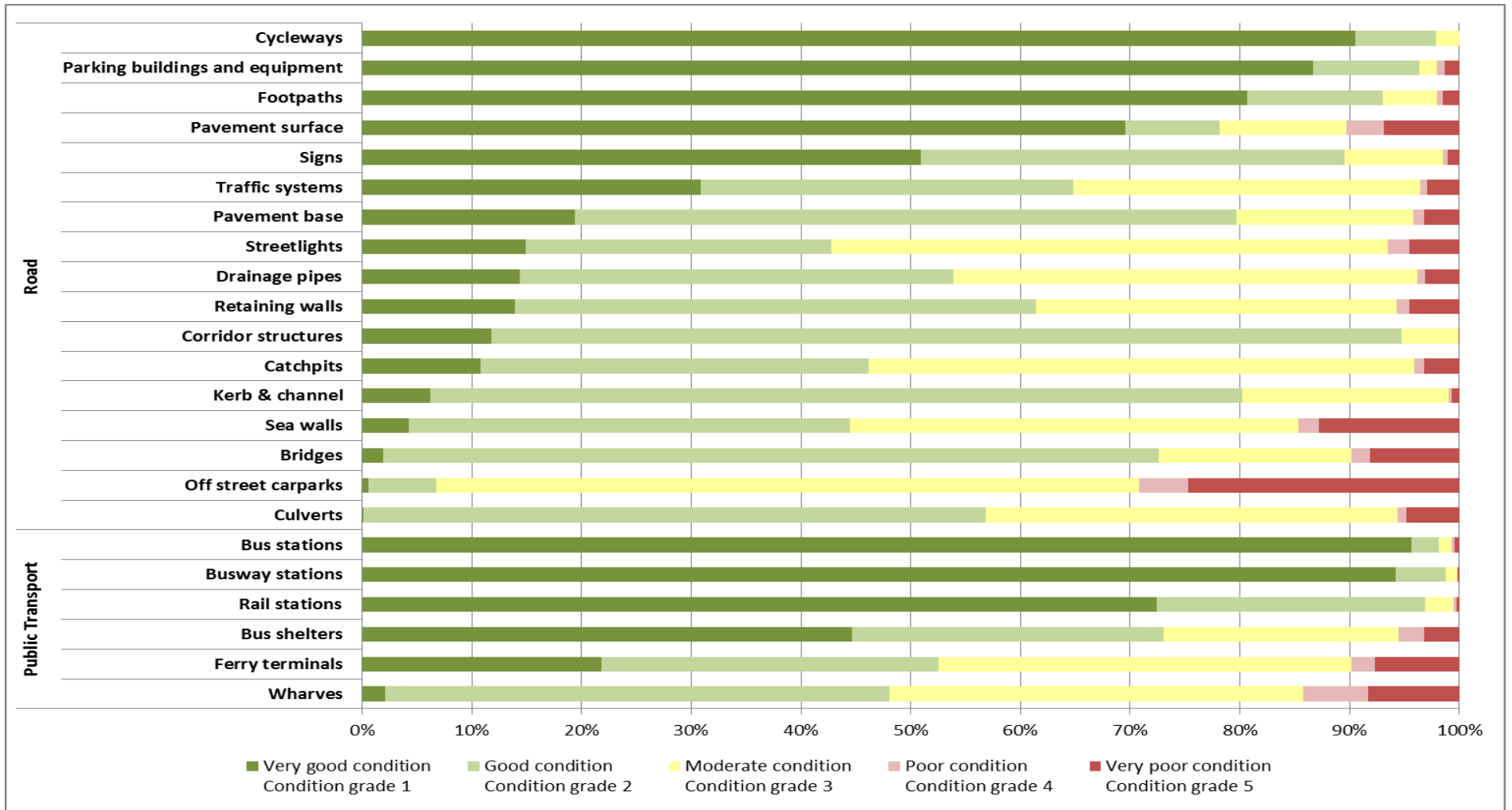


Figure 4: Current Regional network condition
 Source: AT RAMM database & SPM (April 2014)

6 Financial Information

6.1 Financial summary

The AMP identified the capital renewal and operational investment required to maintain the inherited levels of service. The AMP investment requirements were used to inform the development of the adopted LTP covering the period 2012 to 2022.

The funding identified in the LTP is amended each year through the Annual Plan process to reflect revised priorities and funding constraints.

This AMP update presents the differences between the investment requirements detailed in the AMP, the LTP and the 2014/2015 Annual Plan. All figures are inflated using the Auckland Council indices shown in Table 3.

Expenditure type	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
For OPEX	3.30%	2.50%	2.60%	2.70%	2.80%	3.20%	3.30%	3.10%	3.20%	3.40%
For CAPEX	3.90%	4.30%	3.60%	3.60%	3.70%	3.80%	3.80%	3.90%	4.00%	4.00%

Table 3: Auckland Council Inflation Indices (Inflators)

6.2 AMP, LTP and Annual Plan funding

The approved 2012 LTP has undergone a number of revisions since its publication in July 2012. The 2014/2015 Annual Plan, which is currently in the process of being approved, captures these changes and the details are presented below.

Changes from the AMP to the Annual Plan for 2014/2015					
Network expenditure	AMP (\$ million)	LTP (\$ million)	Annual Plan (\$ million)	Change AMP to Annual Plan (\$ million)	Change AMP to Annual Plan (%)
Road subtotal	621	534	576	-45	-7%
Road O&M	211	181	160	-51	-24%
Road Renewals	184	181	213	29	16%
Road New Works	226	172	202	-24	-11%
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PT - O&M	281	275	327	46	16%
PT - Renewals	12	12	9	-3	-23%
PT New Works	368	496	397	29	8%
Total Road & PT	1282	1316	1309	27	2%

Table 4: Summary AMP versus 2014/2015 Annual Plan (inflated, version 1.0)
Source: SAP (April 2014)

This summary and comparison of overall changes are shown in Figure 5.

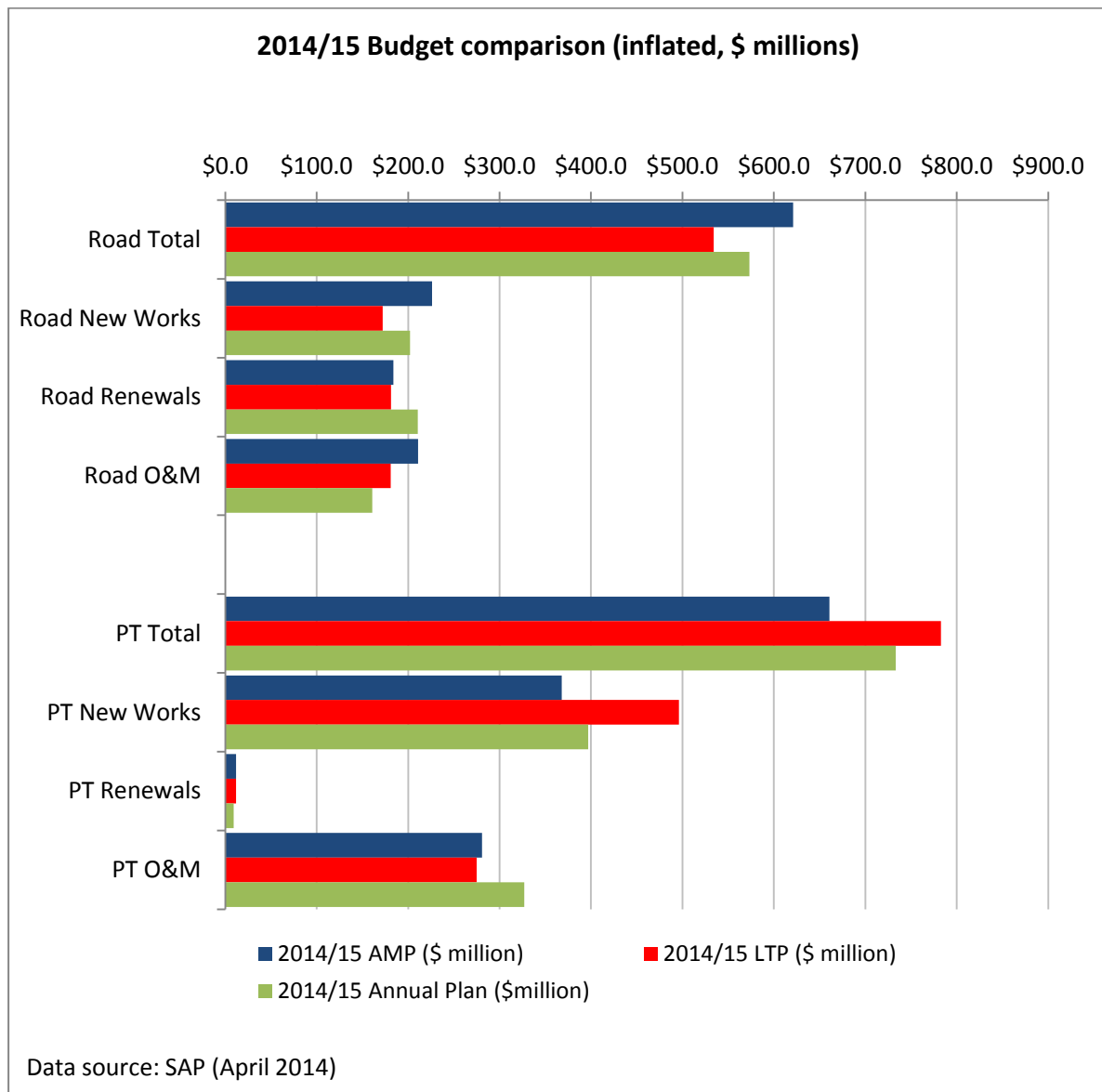


Figure 5: Summary of financial changes for 2014/2015

6.3 Operations and maintenance

Operations and maintenance budget changes from the AMP to the Annual Plan for 2014/2015 are shown by asset groups in Table 5.

2014/2015 Operations and Maintenance				
Activity	AMP (\$ million)	Annual Plan (\$ million)	Change (\$ million)	Change (%)
Road O&M subtotal	211.0	160.4	-50.6	-24%
Pavement	39.9	28.4	-11.5	-29%
Network management & planning	25.2	25.7	0.5	2%
Parking	25.7	18.4	-7.3	-28%
Community Transport	14.0	14.1	0.1	0%
Street lights	18.4	17.3	-1.1	-6%
Traffic systems & operations	24.6	18.4	-6.2	-25%
Drainage	20.0	9.0	-11.0	-55%
Vegetation	19.8	13.2	-6.6	-33%
Signs	7.1	3.2	-3.9	-55%
Markings	4.7	7.2	2.5	53%
Footpath	6.0	3.0	-3.0	-50%
Bridges & retaining structures	2.7	2.1	-0.6	-21%
Cycleway	0.3	0.2	-0.1	-32%
Corridor fixtures	1.4	0.2	-1.2	-86%
Corridor structures	0.2	0.0	-0.2	-1
Other/ general	0.9	0.0	-0.9	-100%
PT O&M subtotal	280.8	327.0	46.2	16%
PT Services	221.0	174.1	-46.9	-21%
Rail	54.4	125.6	71.2	131%
Bus	3.5	21.5	18.0	520%
Wharf	1.9	5.8	3.8	195%
Total O&M	491.7	487.7	-4.1	-1%

Table 5: Detailed revised O&M budgets shown by Asset Groups (inflated, version 1.0)
Source: SAP (April 2014)

Significant budget changes between the AMP and Annual Plan for Operations and Maintenance are shown in Table 6.

2014/2015 Operations and Maintenance Changes and Consequences				
Activity	Reduction (\$ million)	Reduction (%)	Consequence	Impact
Vegetation	-6.6	-33%	Limit the ability to use non-chemical methods for weed control Reduced berm mowing provided in the Central Area	Negative public feedback and low customer satisfaction
Signs	-3.9	-55%	Reduced warnings and driver guidance to road users	Reduced safety and driver guidance
Drainage	-11.0	-55%	Increased risk of flooding and pavement damage	Lower pavement lifespan. Increase in flooding associated accidents
Footpath	-3.0	-50%	Reduce level of footpath repairs	Negative public feedback and increase in trips/ falls on footpaths
Pavement	-11.5	-29%	Lower levels and fewer pavement maintenance interventions	Lower lifespan of pavements – higher renewal costs
Parking	-7.3	-28%	Reduce level of repairs to car parks, parking buildings and equipment	Negative public feedback and low customer satisfaction (current target 75%)
Traffic systems & operations	-6.3	-25%	Increase downtime of traffic signals. Current target 1%	Reduced network efficiency – detrimental effect on regional growth and GDP
Street lights	-1.1	-6%	Reduce level of operation and maintenance of street lights	Reduced level of safety around intersections
Bridges & retaining structures	-0.6	-21%	Reduce level of maintenance of bridges and/or retaining walls	Higher renewal costs from gross component failure
PT Services	-46.9	-21%	Reduce level of operation of public transport services	Negative effective on PT service uptake and passenger numbers

Table 6: O&M budgets significant changes and consequences for 2014/2015 (inflated)
Source: SAP (April 2014)

6.4 Renewals

Renewals budget changes from the AMP to the Annual Plan for 2014/2015 are shown by asset groups in Table 7.

2014/2015 Renewals					
Renewals Activity	AMP (\$ million inflated)	Annual Plan (\$ million)	Change (\$ million)	Change (%)	Annual Depreciation (\$ million)
Road Renewals subtotal	184.0	210.3	26.3	14%	187.5
Pavements	112.6	138.3	25.6	23%	105.6
Footpath	32.7	32.6	0.0	0%	16.1
Drainage	13.8	12.9	-0.9	-7%	33.2
Bridges & retaining structures	12.0	7.6	-4.4	-37%	12.0
Street lights	7.7	8.5	0.8	10%	7.4
Parking	2.4	2.8	0.4	19%	2.1
Traffic systems & operations	6.6	4.1	-2.5	-38%	5.4
Corridor structures	0.2	1.5	1.3	650%	1.9
Markings	0.7	1.1	0.4	63%	0.4
Signs	1.0	0.6	-0.4	-41%	2.4
Corridor fixtures	0.6	0.4	-0.3	-45%	0.2
Commercial areas	0.2	0.0	-0.2	-100%	0.0
Road cycleways	0.1	0.0	-0.1	-100%	0.8
PT Renewals subtotal	11.9	9.2	-2.7	-23%	44.5
Rail (incl. rolling stock)	8.2	5.2	-3.1	-37%	40.0
Wharf	2.8	3.0	0.2	8%	3.0
Bus	0.9	1.0	0.1	14%	1.5
Total Renewals	216.3	219.5	3.2	1%	232.0

Table 7: Detailed revised Renewals budgets shown by Asset Groups (inflated, version 1.0)
Source: SAP (April 2014)

Refer to section 6.6 for notes on depreciation trends for asset groups.

Note: Depreciation for Rail & Wharf assets is estimated only.

Significant budget changes between the AMP and Annual Plan for Renewals are shown in Table 8.

2014/2015 Renewals Significant Changes and Consequences				
Renewals Activity	Reduction (\$ million)	Reduction (%)	Consequence	Impact
Traffic systems & operations	-2.5	-38%	Increased reactive maintenance – higher costs	Reduced level of signalised intersection renewals – increase in signal failures
Bridges & retaining structures	-4.4	-37%	Reduced level of bridge and retaining wall renewals	Increased risk of retaining wall and bridge component failure
Drainage	-0.9	-7%	Increased reactive maintenance	Decreased pavement life due to flooding
Road Cycleways	-0.1	-100%	NO cycleway renewals – increase in cyclists on roadways	Increase in cyclist vs. vehicle serious injury accidents
Rail Renewals	-3.1	-37%	Re-prioritise based on latest condition of rail assets	No impact anticipated

Table 8: Renewals significant budget changes and consequences for 2014/15

Note: Actual impacts will be established through performance monitoring during the year.

6.5 Capital new works

Capital new works budget changes from the AMP to the Annual Plan for 2014/2015 are shown in Table 9. LTP budgets are also shown.

Network expenditure	AMP (\$ million)	LTP (\$ million)	Annual Plan (\$ million)	Change AMP to Annual Plan (\$ million)	Change AMP to Annual Plan (%)
Road New Works	226	172	202	-24	-11%
PT New Works	368	496	397	29	8%
Total	594	668	599	15	2%

Table 9: Summary AMP versus 2014/2015 Annual Plan (inflated, version 1.0)

Source: SAP (April 2014)

These changes are due to a number of reasons:

- Re-prioritisation to cater for changing circumstances
- Re-programming of start and finish dates of projects
- More accurate project cost estimates and forecasts
- Scope changes to projects.

6.6 Depreciation

Depreciation values of major asset groups are shown in Table 7 (page 19).

A comparison of AMP renewals requirements, the Annual Plan budget and annual depreciation for the road network assets indicates an apparent under-investment in drainage, traffic system, bridges and retaining structures renewals. This is shown by the following trends in 2014/15:

- **Drainage assets:** Depreciation will exceed renewals by \$20 million (61%)
- **Bridges and retaining structures:** Depreciation will exceed renewals by \$4.4 million (36%)
- **Traffic systems:** Depreciation will exceed renewals by \$1.3 million (24%).

Note:

- Footpath depreciation will be significantly less than renewals by approximately \$16.5 million per year. This indicates an apparent over-investment or catch-up of backlog in renewals
- Parking assets depreciation does not include carpark buildings and therefore is under-stated. A valuation is planned for June 2015.
- The figures in Table 7 for annual depreciation for Rail & Wharf assets are estimated. More accurate information will be available after the next valuation planned for June 2015.

7 Current Asset Management Improvements

Progress on asset management improvement tasks identified in the AMP is detailed in Table 10.




No.	Task	Progress	Status	Completion Date
1.	Levels of Service (LOS) Options and Funding Models	Condition-based renewal forecasting tool for ITP investment options has been developed LOS/Investment options are being finalised. Policy settings and input assumptions being reviewed		Jun-14
2.	Optimised Decision Making (ODM)	ODM framework being finalized To be consulted with key stakeholders (AT Operational groups)		Jun-14
3.	Infrastructure Guidelines	Total of 11 Infrastructure Guidelines have been endorsed by AT Other guidelines are underway		Jun-14
4.	Performance Management System	Liaising with IT to clarify and confirm requirements To be linked with the LOS framework		Jun-14
5.	ITP/AMP Planning Alignment	Report completed and distributed to the AM steering group Financials have been distributed to AT Finance team		Jun-14
6.	Asset Class Management Plans (ACMPs)	The 2 nd drafts of the prioritised ACMPs (10 of them) have been completed 3 rd draft submission date is 30/05/14		Dec-14
7.	Financial Modelling for AMP	92% completed Liaison with AT Finance team for the SAP synchronisation with AMP in progress		Jun-14
8.	AM SharePoint Portal	85% completed Business requirements have been signed off by AM managers		Jun-14
9.	Organisational Engagement	80% completed Engagement with AT operational groups on-going		Jun-14
10.	Asset Criticality	50% completed Criticality criteria for selected asset groups being finalised		Jun-14

Table 10: Progress on AM improvement tasks (April 2014)

8 Issues and Risks

A number of issues and risks have been identified during the year in addition to those identified in the AMP. These are summarised in Table 11.

No.	Risk	Impact	Mitigation
1.	Inadequate funding for consequential opex and renewals relating to newly built assets	Inability to maintain the intended levels of service. Negative impact on existing assets and services due to the need to re-prioritise already allocated budgets of budgets	Need to make appropriate allowances to cater for consequential needs in the 2015 LTP
2.	Reduced funding for Traffic systems & operations	Increased reactive maintenance leading to higher overall costs. Reduced level of signalised intersection renewals – increase risk of signal failures Increased downtime of traffic signals. Current target 1%. Reduced network efficiency. Risk of detrimental effect on regional growth and GDP	Monitor performance and review funding allocation across asset portfolio. Optimise funding allocation and reassign if required.
3.	Reduced funding for Road Cycleways	Risk of increase in cyclists on roadways and increase in accidents	
4.	Reduced funding for Drainage	Increased risk of flooding and pavement damage. Risk of increase in flooding associated accidents	
5.	Reduced funding for Pavement	Lower levels and fewer pavement maintenance interventions. Risk of lower lifespan of pavements resulting in higher renewal costs	

Table 11: Issues and risks

9 Summary

Auckland Council (AC) and Audit New Zealand require Auckland Transport (AT) to provide an annual update of its asset management plan (AMP). This 2014 update should identify significant changes over the preceding 12 months that may affect the asset network and its services.

The 2014 AMP update shows the overall asset condition has remained stable despite increasing downward pressure on operational and maintenance funding (OPEX).

However, it also shows that while AT is developing a significant capital new work programme, OPEX funding is not aligned to the associated infrastructure growth. Unless addressed, AT will not be able to maintain and operate the new assets.

Through the AMP, the performance of the existing and new assets will continue to be monitored. Where necessary we will optimise renewal budgets and work programmes to mitigate the impact of the identified budget pressures.

The reduction in the OPEX roading budget, will have a visible impact on levels of service and the level of maintenance activities. Whilst efficiency gains in the service delivery environment and closer contract management have been delivered, AT will no longer be able to absorb additional operational service provision, consequential opex or higher levels of service and has little or no redundancy in the operational spend.

The reduction in the public transport renewal budget is less concerning, as this reflects the significant CAPEX investment in new rail stations.

