



AGENDA ITEM 14   BOARD DECISION PAPER	
<b>To:</b>	The Board
<b>From:</b>	Mark Laing, Chief Financial Officer
<b>Reviewed:</b>	Dean Kimpton, Chief Executive
<b>Date:</b>	25 October 2024
<b>Title:</b>	<b>Approval of adjusted operating and capital budgets due to NLTP implications</b>

Reason for inclusion in closed board meeting session	
1. Please state why this report is being considered in the closed board meeting as opposed to the open board meeting. Please refer to the 'reasons for confidentiality' and provide a direct reference to one of these reasons.	To protect commercial interests and to protect information that will soon be publicly available
2. Please provide an estimated date for release of this report.	30 November 2024

### Aronga / Purpose

1. To seek approval of a revised Auckland Transport (AT) 2024/25 budget that reflects projects and funding confirmed in the National Land Transport Plan (NLTP).

### Tuku mana / Delegation

2. Under Part C: Board Delegation to the Chief Executive of the Delegations Register, Board approval is required for AT's Annual Plan (Budget) or any proposal that materially changes the scope of items previously approved by the Board.

### Ngā tūhonga / Recommendations

That the Auckland Transport Board (board):

- a) Approve Auckland Transport's revised budget for 2024/25 with an operating expenditure (excluding depreciation) of \$1,423 million and a capital budget of \$1,352 million.
- b) Note that there is no change to the surplus/(deficit) from operations in the revised budget.
- c) Note that the revised capital budget for the three-year period 2024-27 will be reduced from \$4,468 million to \$3,890 million. This change is due to the approved National Land Transport Plan allocating less to Auckland Transport's capital programme than planned in the Long Term Plan 2024-34.
- d) Note that the Auckland Council Governing Body agreed to fund the revised budget at its 24 October 2024 meeting.
- e) Note that Auckland Transport staff are reviewing the impact of the revised 2024/25 budget on Auckland Transport's Statement of Intent and will report the findings and recommendations to the board in November 2024.
- f) Note that we are still finalising specific budget allocations and while the overall budget requirements will not change, there may be some minor movements between cost categories in the final revised budget.

### Te whakarāpopototanga matua / Executive summary

3. New Zealand Transport Agency Waka Kotahi (NZTA) released the final NLTP for the three-year period 2024-27 in September 2024, with capital funding around \$564 million less than planned over the same period in the Long Term Plan 2024-34 (LTP). The operating funding allocated to AT in the NLTP is not materially less than AT's expectations other than for road safety promotion activities.
4. Since the release of the NLTP, AT and Auckland Council (Council) staff have developed options to optimise the use of available Council funding. The preferred option retains the full Council share of funding approved in the LTP.





5. On 24 October 2024, Council’s Governing Body approved the preferred option and confirmed their commitment to the full level of Auckland Council funding to the AT programme (three-year amounts only).
6. For the 2024/25 capital programme, a revised budget of \$1,352 million is proposed, a reduction of \$107 million compared with the approved budget.
7. For the operating programme, a revised 2024/25 budget of \$1,423 million (excluding depreciation) is proposed. The \$6 million increase in expenditure allows for an increase in track access charges payable to KiwiRail.
8. This paper is seeking approval for budget changes to 2024/25. It should be noted that budgets for 2025/26 and 2026/27 will still be subject to approvals from Auckland Council through the annual budget process.

### Ngā tuinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
24 October 2024, Auckland Council Governing Body meeting	National Land Transport Programme – Funding Implications	The Governing Body approved an updated capital programme using full council funding allocated in the LTP 2024 – 2034.
3 October 2024, Auckland Council Governing Body workshop	Briefing on options to address NLTP funding implications	The Governing Body noted the optioneering processes and available options. Informal support for Option 4c.
27 September 2024, Board workshop	Briefing on options to address NLTP funding implications	The board supported management’s recommended approach and endorsed AT’s preferred option.
18 September 2024, Auckland Council Transport, Resilience and Infrastructure	National Land Transport Plan 2024-27 Update	The TRIC noted the impact of NLTP 2024-27.

Date	Report Title	Key Outcomes
Committee (TRIC) workshop		
10 September 2024, board meeting	National Land Transport Plan 2024-27 Update	The board noted the impact of NLTP 2024-27.

### Te horopaki / Background

9. On 25 June 2024, the board approved AT’s 2024/25 budget with capital of \$1,459 million and operating expenditure (excluding depreciation) of \$1,417 million. This budget included NZTA funding assumptions in the NLTP.
10. At the time of this approval, a residual risk remained that the approved level of NLTP funding could be materially lower than levels assumed in the budgets. This risk has crystallised with the release of the NLTP on 3 September 2024, which made less funding available for AT over the three-year period compared with the LTP.
11. The reduced funding requires AT to approve a revised 2024/25 capital and operating budget.

### Te hononga ki te “Statement of Intent 2024 - 2027”/ Alignment to Statement of Intent 2024 - 2027

12. The revised budget has been developed in collaboration with Council and the Mayor’s office. The Statement of Intent (SOI) will require modification to reflect the updated budgets and changes to performance targets for 2024/25.

### Me mōhio koe / What you need to know

#### Three-year NLTP impacts

13. The NLTP 2024-27 has allocated \$564 million less capital funding to AT compared with the assumed level of funding in the LTP. The reduction in funding and updated phasing reduces the capital budget from \$4,468 million to \$3,890 million across the three-year period.



14. For operating activities, the NLTP confirmed the funding levels for the following operating activities (continuous programmes):

- public transport services
- local road maintenance and operations, and
- road safety promotions.

15. The funding approved for public transport services and road maintenance is lower than what was assumed in the LTP, however the differences are not considered material. Importantly services supporting City Rail Link (CRL) go-live are funded and even though road maintenance is lower, the funded levels are higher than in prior years.

16. Funding for Road Safety Promotions (regional advertising and educational programmes) has been substantially reduced from approximately \$27 million to \$12 million over the three-year period. This reduction means that the number of programmes will need to be more than halved. Some will need to stop altogether. Staff will consider how best to deliver these programmes, including different delivery models to ensure value for money and biggest reach to the community.

17. AT and Council staff have worked collaboratively to provide advice to the board and Council on the implications and options to resolve the funding shortfalls.

18. On 27 September the board supported option 4C as AT's preferred option for the capital budget.

19. For operating expenditure, the agreed approach is to reallocate operational spending within the overall approved budget to manage cost pressures.

20. On 24 October 2024, the Governing Body passed the following resolutions:

- a. *Agrees that Auckland Transport's capital programme for financial years 2024/2025 to 2027/2028 be updated to reflect option 4c as set out in Attachment A, noting that this option uses the full council funding allocation as provided for in the Long-Term Plan 2024-2034 to fund essential and high priority projects, and reflects a balanced approach to increases to renewals and smaller projects.*
- b. *Endorses Auckland Transport's proposed approach for reallocating operational spending within available budgets.*

c. *Requires Auckland Transport to modify the 2024-2027 Statement of Intent to reflect:*

- i) *the updated capital and operating programmes referred to in clauses (a) and (b) above*
- ii) *impacts of changes (if any) to SOI performance targets in 2024/2025*

d. *Requires Auckland Transport to report on progress for fully funded local share projects in the Auckland Transport quarterly report to Council.*

#### **Impact on Capital Budget for 2024/25**

21. Changes to AT's three-year capital budget will reduce the capital budget in 2024/25. AT staff are proposing a revised capital budget of \$1,352 million for 2024/25, \$107 million less than the current capital budget of \$1,459 million.

22. Funding for capital projects has been revised to reflect lower NZTA co-funding and rephasing of Crown Infrastructure Partners (CIP) and Auckland Council funding. These adjustments are shown in Attachment 2.

23. The revised capital budget will have implications on the overall programme which include:

- Reduction in project budgets for:
  - Road Safety Programme: from \$37 million to \$21 million.
  - Community Cycling and Micromobility: from \$9.4 million to \$4.6 million
  - Time-of-use Programme (congestion): from \$4.4 million to \$0.
- Deferrals of budgets from 2024/25 to 2025/26 and/or 2026/27, but without changes to the approved three-year project budget for:
  - Electric Multiple Unit (EMU) Rolling Stock Tranche for CRL: \$20 million deferral to 2025/26
  - Great North Road Improvements: \$3.2 million deferral to 2025/26.

24. Attachment 1 provides a full list of the revised capital budget for 2024/25.



**Impact on Operating Budget for 2024/25**

- 25. In June 2024, the board approved operating expenditure (excluding depreciation) of \$1,417 million, however there was still some uncertainty at the time around the level of track access charges payable to KiwiRail.
- 26. The revised operating expenditure proposed for this financial year is \$1,423 million (excluding depreciation) with limited changes. Certain reallocations are required to manage pressures due to reduced NLTP funding and confirmation of the level of track access charges payable to KiwiRail, but this is not intended to include any other potential business pressures or changes.
- 27. An additional cost of \$11.2 million for track access charges has been agreed with KiwiRail with an assumption that NZTA will co-fund this increase.
- 28. To offset the increase in track access charges, expenditure on maintenance and road safety promotions will be reduced in line with NLTP funded levels. The reduction in maintenance is not expected to have any material impact on AT's overall operations and levels of service. Road safety promotion activities will be reduced.
- 29. The adjustments above are shown in Attachment 2. As we finalise specific detailed budget adjustments some movements between cost categories may be required in the final revised budget, but the overall budget requirements will not change.

**NZTA Funding (operating)**

- 30. While changes to the operating budget are not substantial, NZTA funding uncertainty remains for new bus services that require business cases to be considered before funding is confirmed.
- 31. There is also a risk that NZTA is unable to co-fund the additional track access charges that are payable due to their own funding constraints.

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

- 32. The revised annual capital budget for 2024/25 is lower than the current budget and requires a reduced scope for many planned programmes and projects.

- 33. AT will continue to work with NZTA to confirm funding approvals for track access charges and new bus services. If required, staff will need to consider how best to address any shortfall in funding, which could mean a delay in new services being introduced.

**Ka whaiwhakaaro ki te Tiakanga Taiao / Climate change and sustainability considerations**

- 34. Of the options AT and Council staff presented, option 4c has the greatest potential to contribute to emission reduction because it maintains public transport investment and keeps active mode infrastructure programmes viable.

**Ngā whakaaweawe atu anō / Other impacts**

- 35. In 2024, Council and AT carried out extensive iwi and local board engagement and public consultation on the LTP and Regional Land Transport Plan respectively. The proposed changes to the budget are not significant (as defined in the Significance Policy) so public consultation is not required.

Relationship	Consulted Y/N	Views and Perspectives Received
Māori	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	The recommendation includes the budget for the \$4.4 million Papakāinga and Marae Access Programme without any change.
Elected members	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	The Local Board Capital Fund will be reduced by \$1 million in 2024/25 but still support the overall local board projects without any significant impact.
Council Controlled Organisations (CCOs)	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	AT considered Eke Panuku's feedback on Downtown Crossover Bus projects and its impact on Downtown. A minor reduction of \$0.8 million is proposed for the 2024/25 budget, reflecting project progress.





### Ā muri ake nei / Next steps

- 36. Upon approval of the request in this paper, AT staff will make changes to the current year's budget and revise monthly phasing.
- 37. AT staff will continue to assess the implications for the SOI and report back to the board for approval a revised SOI for 2024/25.
- 38. The Annual Plan process for 2025/26 will begin shortly. AT will input into this process and updates to budgets for NLTP funding changes will be incorporated as part of this process.

### Ngā whakapiringa / Attachments

Attachment #	Description
1.	Revised 2024/25 Capital Budget Projects
2.	Revised 2024/25 Operating Budget Details

### Te pou whenua tuhinga / Document ownership

Submitted by	Recommended by	Approved for submission
David Bardsley Group Manager Finance	Mark Laing Chief Financial Officer	Dean Kimpton Chief Executive





<b>Attachment 1</b>	Revised 2024/25 Capital Budget
<b>Agenda Item 14 – Approval of adjusted operating and capital budgets due to NLTP implications</b>	

Sub Portfolio	Sub Group	RLTP Project Name	Original Budget	Revised Budget	Change
<b>1.Renewals &amp; Resilience</b>	<b>Asset Renewals</b>	Renewals Parking and Other	5.1 m	9.2 m	4.1 m
		Renewals Public Transport	35.0 m	32.7 m	(2.3) m
		Renewals Streets	93.0 m	93.0 m	-
		Renewals Structures	22.0 m	19.9 m	(2.1) m
	<b>Pavement Renewals</b>	Renewals Road Pavement	188.9 m	188.9 m	-
	<b>Resilience/Adaptation</b>	Flood Response	57.2 m	100.2 m	43.0 m
		Network Discharge Improvements	1.0 m	0.4 m	(0.6) m
		Network Resilience/Adaptation	-	1.6 m	1.6 m
		Street Lighting Safety Improvements	-	0.6 m	0.6 m
Unsealed Road Improvements	6.2 m	10.1 m	3.9 m		
<b>1.Renewals &amp; Resilience Total</b>			<b>408.4 m</b>	<b>456.6 m</b>	<b>48.2 m</b>
<b>2.Public Transport</b>	<b>Bus City Centre</b>	Albert and Vincent Street Improvements	1.0 m	0.2 m	(0.8) m
		Downtown Crossover Bus East Stage1	4.2 m	3.4 m	(0.8) m
		Midtown Bus Improvements for CRL	19.6 m	17.6 m	(2.0) m
		Midtown Bus Improvements West Stage2	1.0 m	1.0 m	-
	<b>Bus Projects</b>	Airport to Botany Interim Bus Improvements	1.0 m	0.5 m	(0.5) m
		Bus Access and Optimisation Programme	6.8 m	8.0 m	1.2 m
		Bus Routes for Climate Action	3.1 m	3.1 m	(0)m
		Great North Road Improvements	14.8 m	11.6 m	(3.2) m
		Newmarket Bus Layover	-	0.3 m	0.3 m
		Northwest Bus Improvements	10.4 m	0.1 m	(10.3) m
		Wayfinding for Stations and Bus Information	5.2 m	2.1 m	(3.1) m
	<b>Ferry Projects</b>	Decarbonisation of Ferries Stage1	85.2 m	34.0 m	(51.2) m
		Ferry Terminal and Berths Pine Harbour	0.5 m	0.3 m	(0.2) m





Sub Portfolio	Sub Group	RLTP Project Name	Original Budget	Revised Budget	Change
	<b>Rail Projects</b>	EMU Rolling Stock Tranche for CRL	173.3 m	153.3 m	(20.0) m
		EMU Stabling and Depots for CRL	14.0 m	12.6 m	(1.4) m
		Karangahape Roadside for CRL	12.1 m	9.0 m	(3.1) m
		Level Crossings Removal for CRL	21.8 m	21.8 m	-
		Level Crossings Removal Takanini Stage1	-	1.0 m	1.0 m
		Stations and Wayfinding for CRL	2.6 m	10.6 m	8.0 m
	<b>Rapid Transit Access</b>	First-and-final Leg for Top 12 RTN Stations	-	0.8 m	0.8 m
		Public Transport Safety and Amenity	8.8 m	7.8 m	(1.0) m
		Rosedale Bus Station and Corridor	10.3 m	3.5 m	(6.8) m
		Whangaparaoa Bus Station	2.1 m	0.2 m	(1.9) m
<b>2.Public Transport Total</b>			<b>397.8 m</b>	<b>302.8 m</b>	<b>(95.0) m</b>
<b>3.Urban Development</b>	<b>Cycleway projects</b>	Cycleways Programme (lower cost)	4.6 m	2.8 m	(1.8) m
		Cycling for Climate Action	16.6 m	6.8 m	(9.8) m
		Mangere West Cycleway	10.4 m	8.6 m	(1.8) m
		Meadowbank Kohimarama Connectivity Project	-	-	-
		Point Chevalier to Westmere Improvements	20.8 m	20.8 m	-
		Urban Cycleways GI to Tamaki Drive Stage4	27.5 m	17.5 m	(10.0) m
		Urban Cycleways Glen Innes Links	6.4 m	6.4 m	-
	<b>Eastern Busway</b>	Eastern Busway Pakuranga to Botany	264.4 m	249.4 m	(15.0) m
		Eastern Busway Stage1	-	6.3 m	6.3 m
	<b>Priority growth areas</b>	Auckland Housing Programme Improvements	6.6 m	2.1 m	(4.5) m
		Carrington Road Improvements	4.4 m	4.4 m	-
		Drury Local Road Improvements	20.8 m	21.4 m	0.6 m
		Huapai and Other Link Road Improvements	-	13.3 m	13.3 m
		Wainui and Redhills Growth Improvements	14.0 m	14.0 m	-







Sub Portfolio	Sub Group	RLTP Project Name	Original Budget	Revised Budget	Change
		Wynyard Quarter Integrated Road Programme	0.5 m	-	(0.5) m
	<b>Property for growth</b>	Property for Route Protection and Encroachments	26.0 m	42.0 m	16.0 m
		Supporting Growth Post Lodgement	16.0 m	10.5 m	(5.5) m
<b>3.Urban Development Total</b>			<b>439.0 m</b>	<b>426.3 m</b>	<b>(12.7) m</b>
<b>4.Network &amp; Safety</b>	<b>Community response</b>	Community Cycling and Micromobility	9.4 m	4.6 m	(4.8) m
		Community Footpaths Programme	4.2 m	3.8 m	(0.4) m
		Community Network Improvements	21.8 m	17.7 m	(4.1) m
		Walking for Climate Action	3.1 m	3.1 m	(0.0) m
	<b>Local Board priority</b>	Local Board Transport Capital Fund	19.8 m	17.0 m	(2.8) m
		Projects for Rodney Transport Targeted Rate	3.1 m	2.5 m	(0.6) m
	<b>Network Optimisation</b>	Bus and Transit Lanes programme (dynamic lanes)	-	2.7 m	2.7 m
		Freight Network Improvements	1.0 m	0.5 m	(0.5) m
		Glenvar Road/East Coast Road Intersection	-	-	-
		Hill Street Intersection Improvement	14.6 m	0.3 m	(14.3) m
		Intelligent Transport Systems	5.2 m	5.2 m	-
		Network Operations (ATOC) Programme	1.7 m	1.7 m	-
		Network Optimisation	12.5 m	17.3 m	4.8 m
	<b>Parking and demand</b>	Parking Programme	3.6 m	3.6 m	-
		Room to Move Programme	2.6 m	0.6 m	(2.0) m
		Time-of-use Programme (congestion)	4.4 m	-	(4.4) m
	<b>Road Safety</b>	Marae and Papakainga (Turnouts) safety programme	1.0 m	1.0 m	-
		Road Safety Programme	37.0 m	21.0 m	(16.0) m
		Safe Speeds programme	3.8 m	4.1 m	0.3 m
<b>4.Network &amp; Safety Total</b>			<b>148.8 m</b>	<b>106.7 m</b>	<b>(42.1) m</b>







Sub Portfolio	Sub Group	RLTP Project Name	Original Budget	Revised Budget	Change
<b>5.Technology &amp; Change</b>	<b>Customer Systems</b>	Core Technology and Renewals	14.0 m	14.0 m	-
		Customer and Business Systems	34.5 m	34.5 m	-
		National Ticketing System (AT assets)	6.2 m	1.0 m	(5.2) m
		Open Loop and HOP Hardware Refresh	10.0 m	10.0 m	-
<b>5.Technology &amp; Change Total</b>			<b>64.7 m</b>	<b>59.5 m</b>	<b>(5.2) m</b>
<b>Grand Total</b>			<b>1,458.8 m</b>	<b>1,352.0 m</b>	<b>(106.8) m</b>





<b>Attachment 2</b>	Revised 2024/25 Operating Budget Details
<b>Agenda Item 14 – Approval of adjusted operating and capital budgets due to NLTP implications</b>	

	Original Budget \$000's	Adjustments \$000's	Revised Budget \$000's	Comments
<b>Operating income</b>				
Auckland Council operating funding	512,444		512,444	
NZ Transport Agency operating funding	476,277	5,700	481,977	NZTA co-funding for higher track access charges
NZ Transport Agency Waka Kotahi (NZTA) operating funding - Top-up from Crov	12,485		12,485	
Parking and enforcement income	130,554		130,554	
Public transport income	258,300		258,300	
Other revenue incl. other grants and subsidies	37,023		37,023	
<b>Total operating income</b>	<b>1,427,083</b>	<b>5,700</b>	<b>1,432,783</b>	
<b>Operating expenditure</b>				
Personnel costs	245,293		245,293	
Capitalised personnel costs	(47,505)		(47,505)	
Public transport contracts	711,704		711,704	
Contractors-maintenance	136,114	(4,000)	132,114	Lower NLTP funding for maintenance
Professional service	49,789		49,789	
Track and ferry access charges	59,603	11,200	70,803	Additional KiwiRail track access charges
Other expenditure	239,168	(1,500)	237,668	Lower NLTP funding for road safety promotion
Finance costs	22,858		22,858	
<b>Total operating expenditure excluding depreciation</b>	<b>1,417,024</b>	<b>5,700</b>	<b>1,422,724</b>	
<b>Surplus/(deficit) from operations excluding depreciation</b>	<b>10,059</b>	<b>-</b>	<b>10,059</b>	
Depreciation and amortisation	558,818		558,818	
<b>Surplus/(deficit) From Operations</b>	<b>(548,759)</b>	<b>-</b>	<b>(548,759)</b>	
<b>Income for capital projects</b>				
NZTA capital co-investment	732,612	(81,407)	651,205	Lower NLTP funding for capital programme
Auckland Council capital grant	679,963	(64,110)	615,853	AC funding for reduced and rephased capital programme
Other capital grants	46,201	38,014	84,215	CIP funding for accelerated flood response activity
Vested asset income	275,000		275,000	
<b>Total income for capital projects</b>	<b>1,733,776</b>	<b>(107,503)</b>	<b>1,626,273</b>	
<b>Net surplus/(deficit) before tax and derivatives</b>	<b>1,185,017</b>	<b>(107,503)</b>	<b>1,077,514</b>	

