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Board Meeting| 24 June 2025

Agenda item no. 9.0

Closed Session

## AGENDA ITEM 9.0 | BOARD DECISION PAPER

<b>To:</b>	The Auckland Transport Board
<b>From:</b>	Mark Laing, Chief Financial Officer
<b>Reviewed:</b>	Dean Kimpton, Chief Executive
<b>Date:</b>	17 June 2025
<b>Title:</b>	<b>2025/26 Final Budget</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 confidentiality and to protect information that will soon be publicly available.
2. Please provide an estimated date for release of this report.	31 July 2025.

### Aronga / Purpose

1. This report seeks approval of Auckland Transport's (AT's) final 2025/26 operating and capital budgets.

### Tuku mana / Delegation

2. Part C: Board Delegation to the Chief Executive of the Delegations Register mandates Board approval for AT's Annual Plan (budget).

### Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- a) Approves Auckland Transport's budget for 2025/26 with operating income of \$449 million, operating expenditure (excluding depreciation) of \$1,537 million and a capital budget of \$1,482 million.
- b) Note that we are still finalising budget allocations and while the overall budget requirements will not change, there may be some minor movements between cost categories in the final published budget.

### Te whakarāpopototanga matua / Executive summary

3. AT's draft 2025/26 budgets are aligned with funding parameters approved in the Auckland Council's (AC's) Annual Plan 2025/2026.
4. The final 2025/26 budgeted operating income<sup>1</sup> is \$449 million, a decrease of \$10 million from the draft 2025/26 budget.
5. The final 2025/26 budgeted operating expenditure (excluding depreciation) is \$1,537 million, an increase of \$1 million from the draft 2025/26 budget.
6. The 2025/26 capital budget is \$1,482 million, an increase of \$136 million from the draft 2025/26 budget.
7. Residual risks remain around achievement of third-party revenue streams, and New Zealand Transport Agency Waka Kotahi (NZTA) funding levels. Cost management will be required to mitigate any shortfalls.

<sup>1</sup> Operating income excluding AC and NZTA funding



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## Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
November 2024 Finance and Assurance Committee (committee)	2025/26 Annual Plan/ Budget Process.	The committee was provided with an update of budget process and status.
4 February 2025 (committee)	2025/26 Annual Plan/ Budget Process	The committee was provided with an update of the budget process and status.
25 February 2025 (board)	Draft 2025/26 Budget	Approved draft budget for submission to AC.
6 May 2025 (committee)	Finance Update	The committee was provided with adjustments to the draft 2025/26 budget.

## Te horopaki / Background

- In February 2025, the board approved AT's draft operating and capital budget which was submitted to AC for consideration in the Annual Plan process.
- Public transport (PT) and enforcement revenues were highlighted as key risks in the approved draft budget.
- In the draft Statement of Intent (SOI) presented to AC in April 2025, PT patronage targets were revised to reflect current trends and to account for future block of lines. The revised patronage targets were lower than the level assumed in the draft budget.
- Finance staff worked with AC to update the draft budget to align with the draft SOI.
- At the same time enforcement revenue projections were also revised down to levels that are more realistic based on current trends and compliance levels.

- In March 2025, AC approved the acceleration of the Level Crossing programme (Takaanini and Glen Innes priority group), the capital budget has been updated to reflect the bring forward of budget into the 2025/26 year.
- The committee were provided an update on 6 May 2025 outlining the above revisions to the earlier draft budget as these were to be included in the budget that supported the final Mayoral Proposal released in May 2025.
- AC's Governing Body approved the Annual Plan 2025/2026 on 28 May 2025.
- Following the completion of AC's Annual Plan process, the board is required to approve the annual budget for AT.

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

- The budget has been developed in partnership with the organisation and AC ensuring alignment with AT's draft SOI.

## Me mōhio koe / What you need to know

### Operating Budget

#### Key budget movements from the draft 2025/26 budget presented to board on 25 February

- The final 2025/26 budget operating income is \$449 million, a decrease of \$10 million from the draft 2025/26 budget.
- The key drivers for the decrease are:
  - Reduced fare box revenues reflecting updated patronage assumptions.
  - Lower infringement income reflecting current trends, higher levels of compliance that is evident across the network and accounting for the pipeline of new special vehicle lanes (SVL's).
  - Offset in part with higher other income attributable to City Rail Link (CRL) be-ready related cost recoveries that have been agreed with CRL Limited.



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20. The final 2025/26 budget operating expenditure (excluding depreciation) is \$1,537 million, a decrease of \$1 million from the draft budget.
21. The key drivers for the decrease are:
  - a) Updated indexation assumptions which have reduced PT contract costs.
  - b) A reduction in personnel costs to mitigate the lower revenues, including a \$5 million efficiency target.
  - c) Offset by higher CRL be-ready costs which have been updated in line with a more current forecast.

#### NZTA and AC funding

22. The NZTA operating subsidy is \$4 million higher reflecting updated assumptions and subsidy calculations.
23. AC operating funding is \$4 million higher in the final budget reflecting a carry forward of funding related to a shift of CRL be-ready costs from the current year.

#### Personnel costs and full-time employees (FTE)

24. The draft budget had assumed 1,980 funded FTE net of assumed vacancy rates, an increase of 71 over the 2024/25 budgeted FTE of 1,909.
25. To help balance the budget, management have agreed to a \$5 million efficiency target which has been built into the final personnel cost budget. FTE's will need to be managed to lower levels via a higher vacancy rate. It is expected that less critical roles will not be filled in the near term while priority is given to roles which directly support delivery of strategic objectives.

#### Key risks

26. A number of risks to the operating budget remain:
  - a) PT revenue remains a risk if patronage uptake is below forecast levels. This risk will be managed through cost management if necessary.
  - b) At the time of writing this report some risks remain around the level of NZTA funding. The NZTA board will be considering a cost scope adjustment (CSA) on 19 June 2025. The request in the CSA primarily

seeks additional co-funding for track access charges and higher ferry operating costs. If a co-funding gap remains, AT will need to manage costs to make up the shortfall and/or limit the amount of track access charges that can be paid.

- c) The possible implementation of an 'Enhanced Deployment Model' to increase safety on the PT network is still being worked through so remains unbudgeted. Budgetary requirements will need to be considered prior to implementing such an initiative which may require discussions with AC if additional funding is needed.

27. Further details on the operating budget and movements are provided in Attachments 1 and 2.

#### Capital Budget

28. The final 2025/26 capital budget is \$1,482 million, reflecting a net increase of \$136 million from the draft 2025/26 budget presented to the board in February 2025.
29. The key reasons for the increase are:
  - a) Acceleration of the level crossing programme as approved by AC and NZTA. This is to cover both the three station access crossings at Glen Innes, Te Mahia and Takaanini, and to begin the major level crossing removals programme for the Takaanini area.
  - b) Adjustments for delays in milestones for delivery of additional rolling stock.
  - c) Other minor adjustments mainly reflecting timing adjustments.
30. Attachment 3 provides a full project list of the final capital budget for 2025/26.

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

31. The 2025/26 budget allocates the available funding to support delivery of outcomes contained in the Long Term Plan, Regional Land Transport Plan and draft SOI.



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32. No budget changes have been made to reflect the Council Controlled Organisations (CCOs) and Group Shared Services reviews currently underway.

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

33. The budget contains investment in infrastructure and services to support some mode shift away from private vehicles and towards PT and active modes.

### Ngā whakaaweawe atu anō / Other impacts

Relationship	Consulted Y/N	Views and Perspectives Received
Māori	Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Mana whenua and Maatawaka in Tamaki Makaurau had the opportunity to provide feedback as part of the AC Annual Plan consultation process.
Elected members	Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	AC budget decision workshops took place in April / May 2025.
CCOs	Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	CCO feedback from the AC Annual Plan consultation process was considered by AC.

### Ā muri ake nei / Next steps

34. Monthly phasing of the 2025/26 budgets to be completed during June / early July 2025.

### Ngā whakapiringa / Attachments

Attachment #	Description
1.	2025/26 Operating Budget Details
2.	Key Operating Budget Assumptions
3.	2025/26 Capital Budget – Project List

### Te pou whenua tuhinga / Document ownership

Submitted by	Recommended by	Approved for submission
Grant Smith <b>Financial Planning &amp; Performance Manager</b>	Mark Laing <b>Chief Financial Officer</b>	Dean Kimpton <b>Chief Executive</b>
		
Pramod Nair <b>Group Manager Finance</b>		
		



## Attachment 1 2025/26 Operating Budget Details

### Agenda item 9 – 2025/26 Final Budget

AT Operating Cost	2025	2026	2026	2026	
\$000	Budget	Draft Budget (Feb 25)	Changes	Final Budget	Changes from Draft 2026 Budget to Final 2026 Budget. (As part of the detailed phasing work done there have been a number of budget movements between lines. The comments below focus on material movements or budget changes)
<b>Operating Income</b>					
Activity income	208,427	230,436	-14,700	215,736	Reduced PT farebox revenues reflecting slower patronage recovery as per draft SOL.
Parking fees <sup>1</sup>	52,052	49,214	-327	48,887	
Infringement income	77,408	82,379	-7,674	74,704	Reduction reflects current year delays in implementing new initiatives and higher levels of compliance.
Rental income	10,873	9,649	745	10,394	
Petrol tax	8,838	9,800	0	9,800	
Operator access fees	8,640	8,873	0	8,873	
Advertising & sponsorships <sup>2</sup>	12,688	15,459	106	15,565	
Other income	46,951	52,402	12,269	64,670	Higher CRLbe-ready cost recoveries.
<b>Sub-total</b>	<b>425,877</b>	<b>458,211</b>	<b>-9,581</b>	<b>448,630</b>	
<b>Auckland Council Operating Funding</b>	<b>512,444</b>	<b>557,556</b>	<b>4,000</b>	<b>561,556</b>	Additional AC funding, "carry-forward" of funding related to lower spend in the current year that has shifted to 2025/26.
<b>NZTA operating funding - Top-up from Crown</b>	<b>12,485</b>	<b>12,006</b>	<b>0</b>	<b>12,006</b>	
<b>NZ Transport Agency Operating Funding</b>	<b>481,977</b>	<b>521,032</b>	<b>4,437</b>	<b>525,469</b>	Reflects updated net cost assumptions and associated NZTA subsidy changes.
<b>Total Operating Income</b>	<b>1,432,783</b>	<b>1,548,805</b>	<b>-1,144</b>	<b>1,547,661</b>	
<b>Operating Expenditure</b>					
Salaried staff	235,742	251,517	-7,995	243,523	Cost savings to mitigate lower revenues, partially offset by an increase in the annual remuneration increment. Includes \$5 million efficiency target.
Contract staff	5,578	4,384	-477	3,907	
Other personnel costs	3,972	4,373	634	5,007	
Personnel costs	245,293	260,274	-7,838	252,436	
Capitalised personnel costs	-47,505	-51,255	-8,897	-60,153	Higher levels of recovery expected on capital projects.
Public transport contracts	711,704	759,759	-4,260	755,498	Reduced level of assumed PT contract indexation.
Public transport concessions	23,506	24,137	0	24,137	
Contractors-maintenance <sup>3</sup>	132,114	133,905	-8,268	125,637	Spend on maintenance remains at similar levels, the movement reflects reclassification to "Professional Services". <sup>4</sup>
Professional service	49,789	55,777	9,680	65,457	Reclassification from Contractors-maintenance and additional CRLbe-ready related costs. <sup>4</sup>
Other service delivery costs	38,552	47,109	-2,977	44,132	Reclassification of costs to "Other expenditure". <sup>4</sup>
Utilities costs	28,599	32,242	261	32,504	
Track and ferry access charges	70,803	86,542	1,770	88,312	
IT costs	70,191	78,361	3,483	81,844	Increase in IT support costs - in line with expected annual increases.
Finance costs	22,858	22,446	0	22,446	
Other expenditure	76,820	88,934	15,902	104,836	Mainly CRLbe-ready related costs based on current forecast agreed for recovery from City Rail Link Ltd.
<b>Sub-total</b>	<b>1,422,724</b>	<b>1,538,231</b>	<b>-1,144</b>	<b>1,537,087</b>	
<b>Surplus/(deficit) From Operations excluding depreciation</b>	<b>10,059</b>	<b>10,574</b>	<b>0</b>	<b>10,574</b>	
EMU Repayments	10,059	10,574		10,574	

#### Notes

- (1) Reduction in parking fees from FY2025 due to expected decommissioning of Downtown carpark from 31 December 2025.
- (2) There is potential for upside in budgeted advertising revenues - dependent on timing of media contracts being mobilised.
- (3) Includes budget of \$96 million for road asset maintenance.
- (4) Reclassifications made to match budgets with posting of actual transactions.



<b>Attachment 2</b>	<b>Key Operating Budget Assumptions</b>
<b>Agenda item 9 –2025/26 Final Budget</b>	

1. Public Transport (PT) patronage 91.9 million (93.9 million including Fullers commercial services).
2. PT average fare increase of 2.7% from February 2026.
3. PT contract indexation of 2.7%.
4. Parking tariff increase of 50c per hour from February 2026.
5. Downtown carpark decommissioned from operations on 31 December 2025.
6. No budget changes have been made to reflect the Council Controlled Organisations and Group Shared Services reviews currently underway.
7. City Rail Link go live assumption for budgeting purposes is consistent with current Auckland Council assumption.



<b>Attachment 3</b>	<b>2025/26 Capital Budget – Project List</b>
<b>Agenda item 9 – Final 2025/26 Budget</b>	

Sub Group	Project	Budget (\$)
Asset Renewals	Renewals Parking and Other	4.0 m
	Renewals Public Transport	32.3 m
	Renewals Road Pavement	236.5 m
	Renewals Streets	96.8 m
	Renewals Structures	24.4 m
Resilience/Adaptation	Flood Response	26.5 m
	Network Discharge Improvements	0.8 m
	Network Resilience/Adaptation	3.8 m
	Street Lighting Safety Improvements	1.8 m
	Unsealed Road Improvements	10.1 m
Bus City Centre	Albert and Vincent Street Improvements	2.0 m
	Downtown Crossover Bus East Stage 1	9.6 m
	Downtown Crossover Bus West Stage 2	1.1 m
	Midtown Bus Improvements for CRL	9.4 m
	Midtown Bus Improvements West Stage 2	4.3 m
Bus Projects	Airport to Botany Interim Bus Improvements	1.2 m
	Bus Access and Optimisation Programme	7.4 m
	Bus Routes for Climate Action	4.7 m
	Great North Road Improvements	10.6 m
	Newmarket Bus Layover	3.1 m
	Panmure Bus Infrastructure Improvements	0.1 m
	Wayfinding for Stations and Bus Information	4.7 m



Sub Group	Project	Budget (\$)
Ferry Projects	Decarbonisation of Ferries Stage 1	66.8 m
	Ferry Terminal and Berths Pine Harbour	2.9 m
	Ferry Terminal Bayswater	0.3 m
Rail Projects	EMU Rolling Stock Tranche for CRL	75.4 m
	EMU Stabling and Depots for CRL	8.3 m
	Karangahape Roadside for CRL	5.7 m
	Level Crossings Removal for CRL	16.0 m
	Level Crossings Removal Takaanini	165.0 m
	Rail ETCS2 Signalling and Driver Assist	3.2 m
	Stations and Wayfinding for CRL	11.8 m
Rapid Transit Access	First-and-final Leg for Top 12 RTN Stations	2.4 m
	Investigations for Rapid Transit Integration	0.6 m
	Northwest Bus Improvements	10.3 m
	Park and Ride Programme	0.5 m
	Public Transport Safety and Amenity	11.0 m
	Rosedale Bus Station and Corridor	11.6 m
	Whangaparaoa Bus Station	1.1 m
Cycleway projects	Cycleways Programme (lower cost)	13.5 m
	Cycling for Climate Action	15.0 m
	Mangere West Cycleway	2.8 m
	Urban Cycleways GI to Tamaki Drive Stage 4	26.0 m
	Urban Cycleways Glen Innes Links	6.0 m
Eastern Busway	Eastern Busway Pakuranga to Botany	244.2 m
Priority growth areas	Auckland Housing Programme Improvements	6.0 m
	Carrington Road Improvements	23.0 m
	Drury Local Road Improvements	3.0 m
	Huapai and Other Link Road Improvements	0.2 m





Sub Group	Project	Budget (\$)
	Northwest Growth Improvements	0.1 m
	Wainui and Redhills Growth Improvements	14.3 m
Property for growth	Property for Route Protection and Encroachments	26.7 m
	Supporting Growth Post Lodgement	9.2 m
Community response	Community Cycling and Micromobility	5.5 m
	Community Footpaths Programme	3.9 m
	Community Network Improvements	18.1 m
	Walking for Climate Action	8.9 m
Local Board priority	Local Board Transport Capital Fund	20.4 m
	Projects for Franklin Paths Targeted Rate	1.0 m
	Projects for Rodney Transport Targeted Rate	6.9 m
Network Optimisation	Bus and Transit Lanes programme (dynamic lanes)	8.3 m
	Freight Network Improvements	1.0 m
	Glenvar Road/East Coast Road Intersection	1.4 m
	Intelligent Transport Systems	7.5 m
	Network Operations (ATOC) Programme	1.9 m
	Network Optimisation	17.7 m
Parking and demand	Parking Programme	4.3 m
	Room to Move Programme	1.7 m
	Time-of-use Programme (congestion)	1.0 m
Road Safety	Marae and Papakainga (Turnouts) safety programme	0.7 m
	Road Safety Programme	30.2 m
	Safe Speeds Programme	8.4 m
Customer Systems	Core Technology and Renewals	10.0 m
	Customer and Business Systems	37.5 m
	National Ticketing System (ATassets)	8.4 m
Total		1482.1 m