

Draft LTP Capital Programme

Glossary

Auckland Transport	(AT)
Auckland Council	(AC)
Long Term Plan	(LTP)
New Zealand Transport Agency	(NZTA)
Regional Land Transport Programme	(RLTP)
National Land Transport Programme	(NLTP)

Executive Summary

The purpose of this paper is to provide the AT Board of the proposed revised capital programme, reflecting the changes suggested by the RLTP's Hearings Panel and factors arising since the draft LTP were published.

In February 2012, a draft LTP was published by AC, and a draft RLTP was published by AT. These documents consulted on a common Transport capital programme developed in November 2011 covering the 2012-2022 ten year period.

Since this capital programme was developed, AT has received and heard submissions on the draft RLTP. A number of recommended changes to the capital programme are proposed, based on the recommendations of the Hearings Panel, and the following other factors:

- A request by AC for AT to include a \$10 million per annum fund for Local Board transport initiatives
- Revised expectations of the subsidies available from NZTA, and clarification from AC that no new funding is likely to be available to offset any reductions in NZTA subsidies (other than for the cash flow effects of the front loading agreement already in place)
- Updated estimates of the anticipated timing and cost of projects, including reflecting any anticipated expenditure from the over programmed 2011-2012 capital portfolio now expected to be undertaken in later years (based on progress made by the end of March 2012).

A revised programme is attached that has been adjusted for these factors. This has highlighted significant funding constraints in 2012/2013 for new capital work with existing commitments nearing the funding available. All reprogramming has been implemented under the existing AT prioritisation framework, to ensure consistency with the funding available.

In order to co-ordinate decision making on the RLTP and LTP, AC officers have requested an updated capital programme by 18 May 2012 that can be used to brief committee members ahead of their meeting on 23 May 2012 when they will make decisions on the composition of their final long-term plan. As many of the submitters to the RLTP Hearings told us that they were making the same submission to the LTP Hearings, the AC should have received very similar views through their long-term plan consultation process.

The revised capital programme supersedes indicative information supplied in April as part of council's budget refresh process, which took place before the RLTP consultation process was completed.

Recommendation

That the AT Board receives this report and notes the revised capital programme included (as Attachment 1) and ratifies the forwarding of the reports to AC for consideration in their LTP deliberations.

Key Issues

1. Regional Land Transport Programme Consultation

There were 930 submissions received on the RLTP, including 150 from organisations and companies, with the remainder being from individuals. Of these submitters, 128 took the opportunity to present their submission to the Hearings Panel at public hearings held over five days in April 2012.

A separate report has been prepared for the Board's May meeting that summarises the key submission points by topic, following the structure of the Draft RLTP. It includes a synopsis of the key points raised in submissions, and the Hearing Panel's recommended response for consideration by the Board.

In some cases, the recommendations involve additional expenditure on some activities, increasing the priority for a project, or bringing expenditure forward. A large number of submissions called for increased expenditure in certain areas, or greater priority for particular projects. In considering these requests, the Panel has been mindful of the need for the RLTP to be prepared within a fixed financial envelope. Agreement to add projects or increase priorities will therefore require a reallocation of funds or reprioritisation of the programme to accommodate the additional costs involved. For this reason, the Panel has kept the number of recommendations that involve additional expenditure to a minimum.

The revised capital programme has been developed taking into account the Hearings Panel recommendations.

2. Local Board Transport Initiatives Fund

In a letter dated 1 February 2012, AC's Chief Executive requested AT to create a \$10 million per annum fund for Local Board transport projects. This was to be met from existing capital funding allocated to AT in the draft LTP 2012-2022, and to be for an initial two year period, before being reviewed for continuation.

The revised programme includes a \$10 million allocation for this fund, which has been included across the full ten year period. A discontinuation of the fund after two years would result in the reallocation of the funding for years 3 to 10 to other projects based on their priority.

3. Revised NZTA Subsidy Expectations

At the instruction of AC, the draft LTP plan was developed on the basis of a \$500 million per annum core capital programme (excluding work on the City Rail Link, EMU, SWAMP, Auckland Harbour Bridge Pathway, and expanded Safety Around School projects).

The capital programme reflects the effect of revised expectations of the amount of NZTA subsidies AT will receive across the ten year period of the programme. This is triggered by new information on the anticipated subsidy

“caps” NZTA are likely to apply to each activity, as well as the revised subsidy levels triggered by the new project mix in the revised programme.

Officers at AC have requested that AT work under the basis that the funding available from AC will not change from that set out in the draft LTP in February. Therefore, where subsidy levels are expected to be lower than that assumed in the draft LTP, the capital programme must be reduced to match the lower funding levels available.

The revised programme, following updated subsidies, now reflects the following core programme:

Year	2012/2013	2013/2014	2014/2015	2015/2016 to 2021/2022
Gross “core” capital programme (\$ million, uninflated)	494.7	499.5	491.8	3,512

Note this excludes expenditure on the City Rail Link, EMU, SWAMP, Auckland Harbour Bridge Pathway and expanded Safety around School projects

Note that subsidies are based on assumptions from indicative amounts signalled by NZTA as being available. As the NLTP has not been finalised, the subsidy amounts could change. Unless changes in subsidy are offset by changes to Auckland Council funding, it will have an effect on the programme that can be delivered.

4. Updated estimates of project timing and costs

The capital programme has also been updated to reflect revised estimates of project timing and costs, including the effect on the programme of expenditure from the 2011-2012 over-allocated capital portfolio now not expected to be undertaken until later years.

5. Programming and prioritisation

After taking the above factors into account, a revised programme has been developed by applying funding to existing commitments entered into by Auckland Transport for the delivery of projects (including an assumed level of deferrals from work the 2011/2012 over-allocated capital portfolio now expected to be completed in 2012/2013), and an allocation of expenditure on renewals of between \$191m and \$204m (un-inflated) per annum.

This has highlighted significant funding constraints in 2012/2013 for new capital work with commitment near to the available funding. All timing changes have been made, by applying the remaining funding available in each year to projects attracting the highest priority under the AT prioritisation framework discussed with AC in November 2011. This framework has the following layers:

- Meet commitments e.g. existing contracts
- Support and enable the Auckland Plan e.g. building Public Transport capability in projected growth areas
- Priority rating index: Strategic fit, Transport effectiveness and Economic efficiency
- Optimising available NZTA funds taking account of category allocation and spread of activity by funding class

- Balancing contract size and allocation e.g. few large contracts which limits spread of work and limits regional balance
- Integrating other work e.g. with KiwiRail rail network electrification
- Other special interest requirements.

This process was undertaken using the information available to AT on its commitments to deliver specific projects. Any legal commitments or other requirements of AC for AT to undertake specified projects within committed timeframes will need to be confirmed by AC and separately factored into the programme.

Next Steps

AC's Strategy and Finance Committee are meeting to make their final decisions on the composition of their LTP on 23 May 2012. They have asked that committee members are briefed on the updated Transport programme ahead of their meeting.

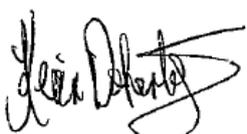
Any decisions made by the AC on this date that may affect the revised programme will be considered by AT, and where necessary, direction will be sought from the Board before finalising the programme in June.

The finalised programme will need to be incorporated in the final RLTP which is scheduled for adoption by the AT Board on 18 June 2012, and the final long-term plan which is scheduled to be adopted by AC on 28 June 2012.

Attachments

Attachment 1 - Revised AT's capital programme 2012-2022

Attachment 2 - Capital Projects, sorted by size, showing programme changes from original November 2011 draft to current May 2012 draft

WRITTEN BY	Gareth Gregory Infrastructure Support Manager	
RECOMMENDED by	Andy Finch Manager, Asset Management & Programming	
	Kevin Doherty Chief Infrastructure Officer	
APPROVED FOR SUBMISSION by	David Warburton Chief Executive	