



NLTP funding implications and options

Draft slides for Board Workshop

27 September 2024



Purpose and Context

Purpose:

- **To seek endorsement of Auckland Transport (AT) advice to Auckland Council (AC) on the National Land Transport Programme (NLTP) implications and options.**

Overview:

- The board and the Transport, Resilience and Infrastructure Committee (TRIC) have been presented with an initial overview of the NLTP decisions and funding implications.
- General support at TRIC for the retention of AC funding share for reallocation to high priority projects and programmes.
- AT are working closely with AC staff (Transport Strategy and Mayor's Office) on developing options.
- Options considered by ELT (25 September 2024).
- Joint Governing Body / TRIC workshop scheduled for 3 October 2024.
- Governing Body meeting 24 October – *to be confirmed*



Operating implications and recommendations



Opex implications - recap

Public Transport (PT) Services

- Circa 97% of base PT services are funded, including CRL rail services.
- **\$5 million gap** for KiwiRail track access charges (TAC) needs to be resolved.

Local Road maintenance and operations

- National Land Transport Fund (NLTF) approved funding is ~\$30 million less than the Long Term Plan (LTP) over three years, but funding is still higher than the previous three years.

Road safety promotion

- The LTP has \$27 million budgeted over three years vs. approved funding of \$12 million (gross).
- Will require core programmes (e.g. school cycle training, educational programmes, Te Ara Haepapa Māori road safety programme and walking school bus support) to be more than halved and some other programmes would be stopped.

Recommendation - opex

Manage cost pressures within existing operating budget and make available funding go as far as possible.

- AT will manage pressures within approved funding levels recognising that:
 - We have \$60 million of permanent gap closing initiatives baked into the budget.
 - Some elements of PT (LTP late additions and new services) are not yet approved for NLTF funding.
- Redirect AC share of funding (from maintenance) to cover the \$5 million gap in TAC.
- Road safety promotions – optimise delivery within available funding, (could involve delivering differently – getting the most out of each dollar and focusing on programmes providing highest value / outcomes).

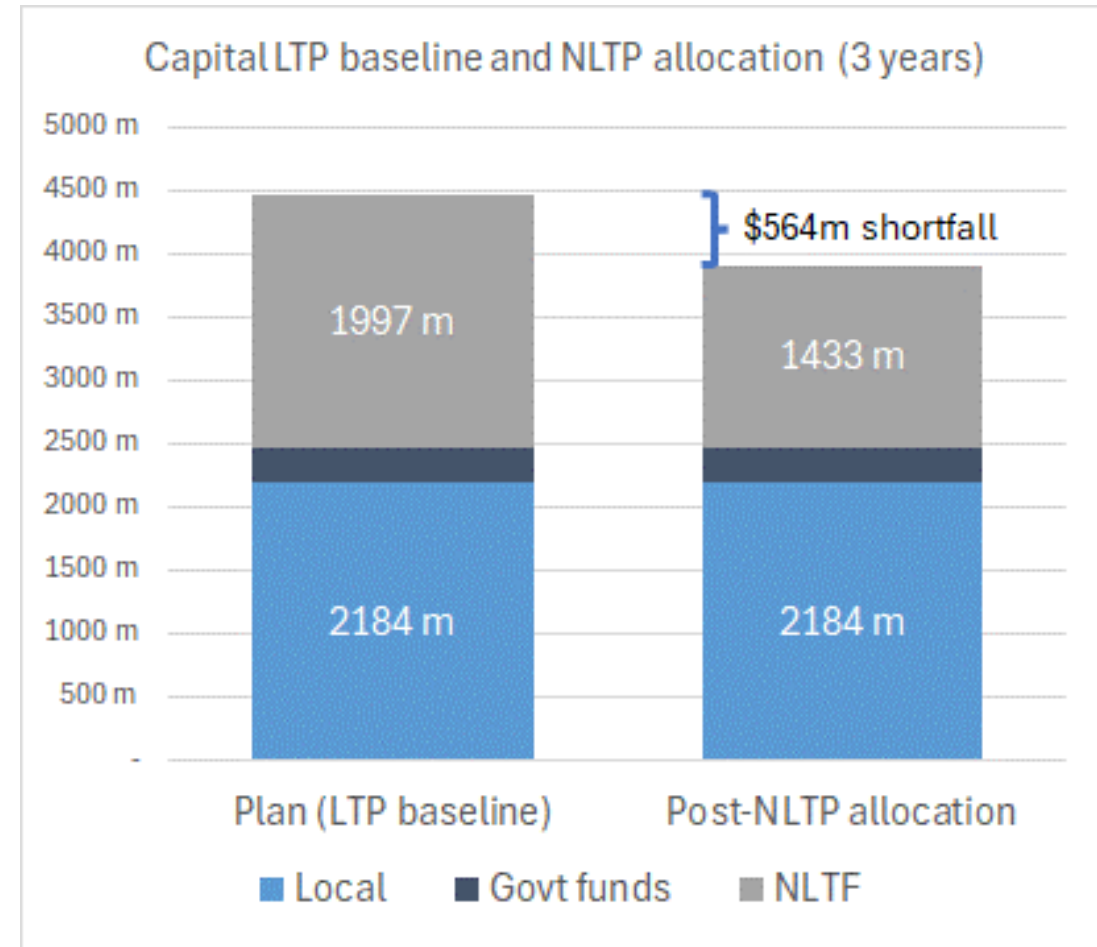


Capital programme implications and options



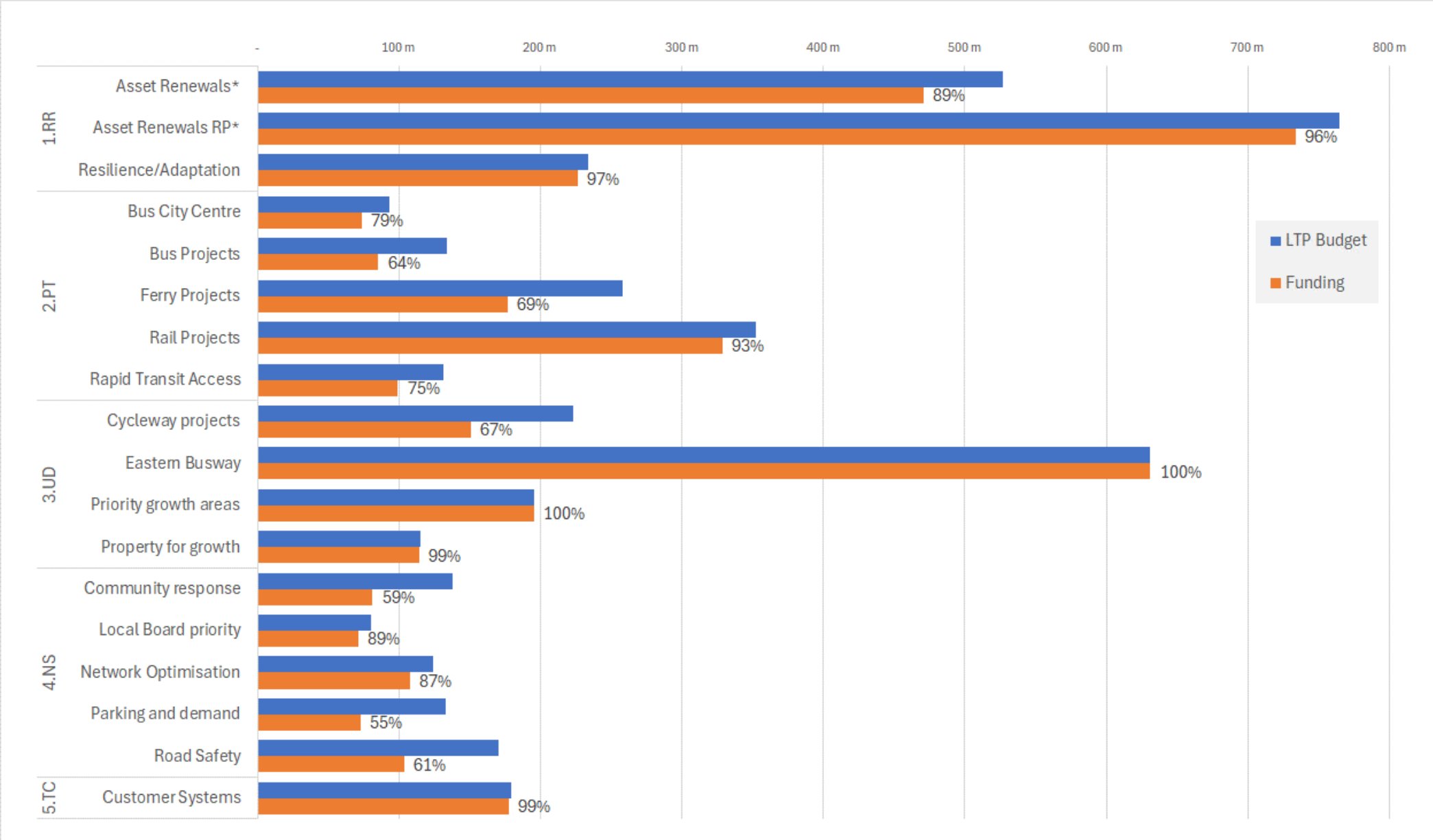
Capital Programme Overview - recap

- The capital programme in the LTP of **\$4,468** million for the three-year period, was assumed to be funded 50% overall by AC.
- Over the last six years AC has funded between **44%** and **60%** of AT's capital programme.
- If AC share is left unchanged, AC would be funding around **56%** of AT's capital programme over the next three years.
- AC has choices as to whether it retains the existing level of AC share funding.
- The shortfall will require deferring or scaling back some projects and programmes, and re-allocating AC share (if retained) to activities that are considered the highest priority.



Impact of NLTP reduction on capital programme

- The chart shows the impact over the next three years
- Blue bars show the LTP budget
- Orange bars show the impact of the reduced NLTF share.
- *RP = Road Pavement



Current activity to support AC decisions

- Letter received from the Mayor requesting specific steps in process to finalise funding decisions.
- AT and AC staff have been working together collaboratively to develop options for consideration by the AT board and elected members.



AC direction

- AC finance team are modelling rates and debt impact of not using any or some of the AC share – advice to be provided at workshop on 3 October 2024.
- Four capex options have been requested:
 - **Option 1 – no activities** without NZTA funding proceed (unless already agreed activities will be fully locally funded).
 - **Option 2** – only activities that are **absolutely essential** to business continuity proceed.
 - **Option 3** – a limited number of **high priority projects and/or programmes** proceed using a portion (**roughly 50%**) of available AC funding.
 - **Option 4** – high priority projects and programmes proceed, **utilising all available AC funding** (full AC share retained)
- AC assessment criteria (still to be confirmed) to be considered in developing above options.



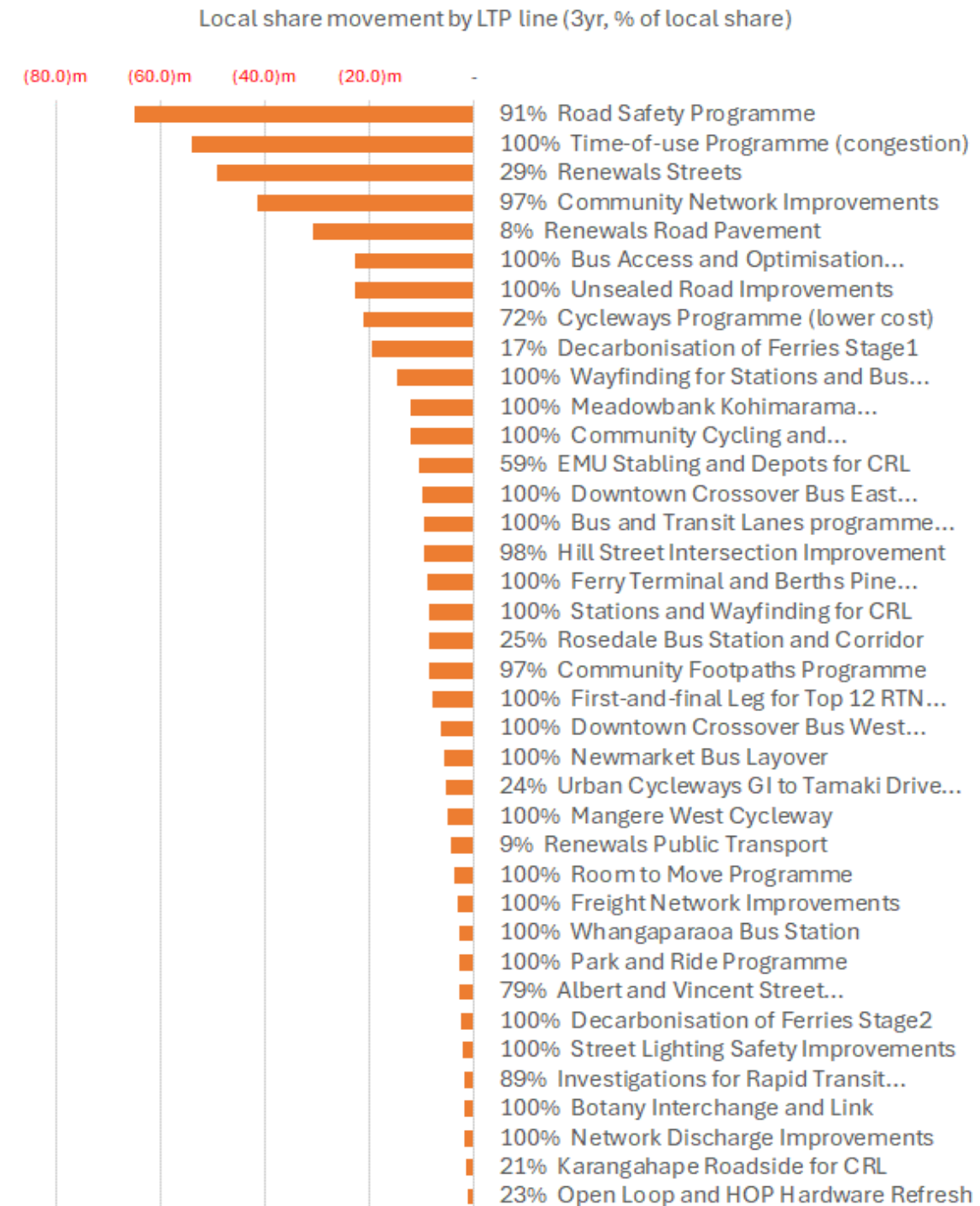
Option 1: Activities without NLTF funding do not proceed

- Under this option no activities without NZTA funding proceed (unless already agreed activities will be fully locally funded).
- Projects remaining are majority of renewals, flood response, and committed projects such as Eastern Busway and approved CRL related projects.
- This option mainly impacts smaller projects and annual programmes (e.g. Road Safety Programme)



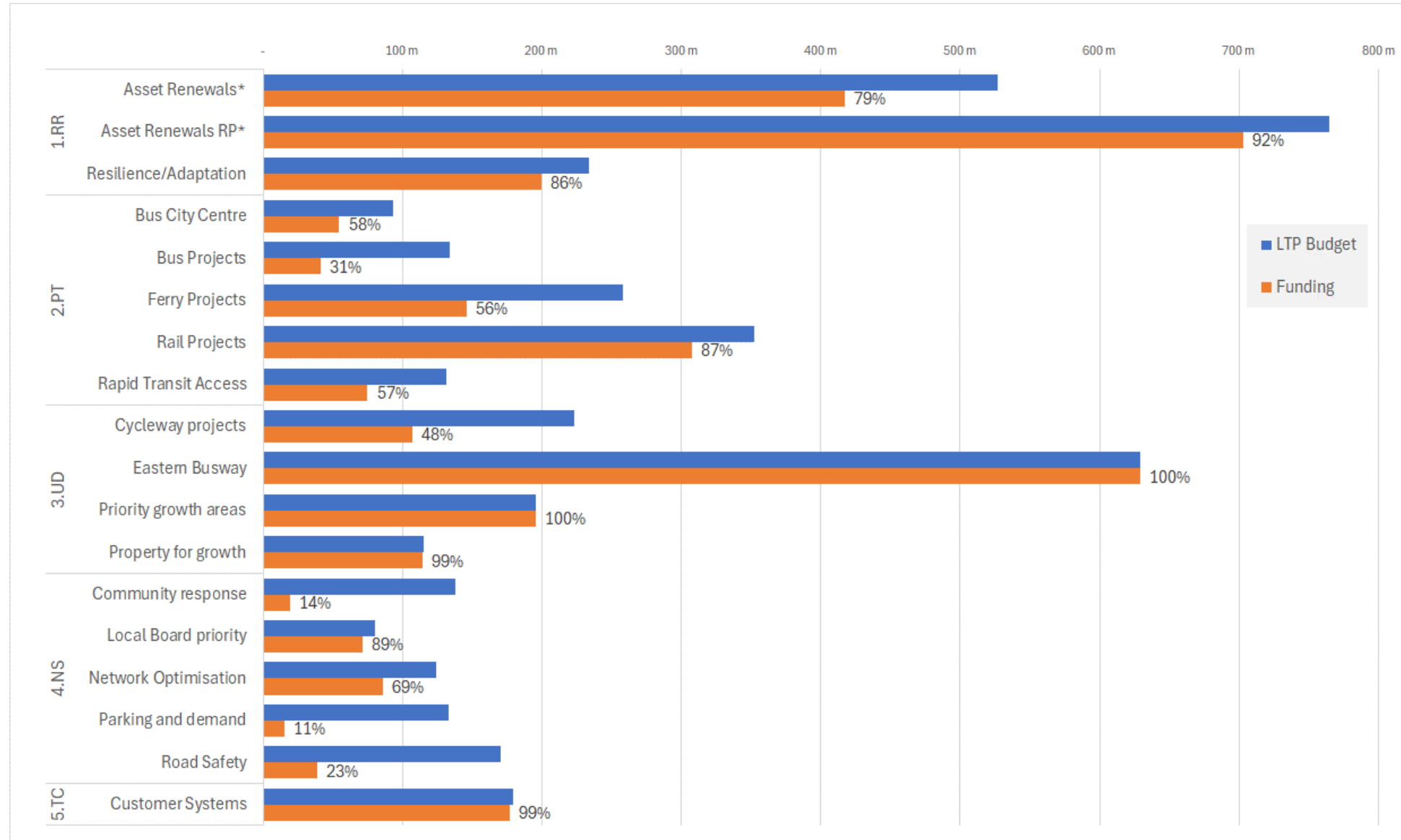
Option 1 – Activities without NZTA funding do not proceed

- The orange bars indicate the amount of AC share in dollar terms that could be “freed up”. The percentages indicate the proportion of AC share freed up against the level assumed in the LTP.
- This option reduces **\$505 million of AC share** from activities without matched NZTA funding.
- Will significantly impact Statement of Intent (SOI) deliverables by not proceeding with these activities.
- **This is not recommended.**



Option 1 – Revised Capital Programme

- The chart shows the impact over the next three years
- Blue bars show the LTP budget
- Orange bars show the impact of the reduced NLTF share.
- *RP = Road Pavement



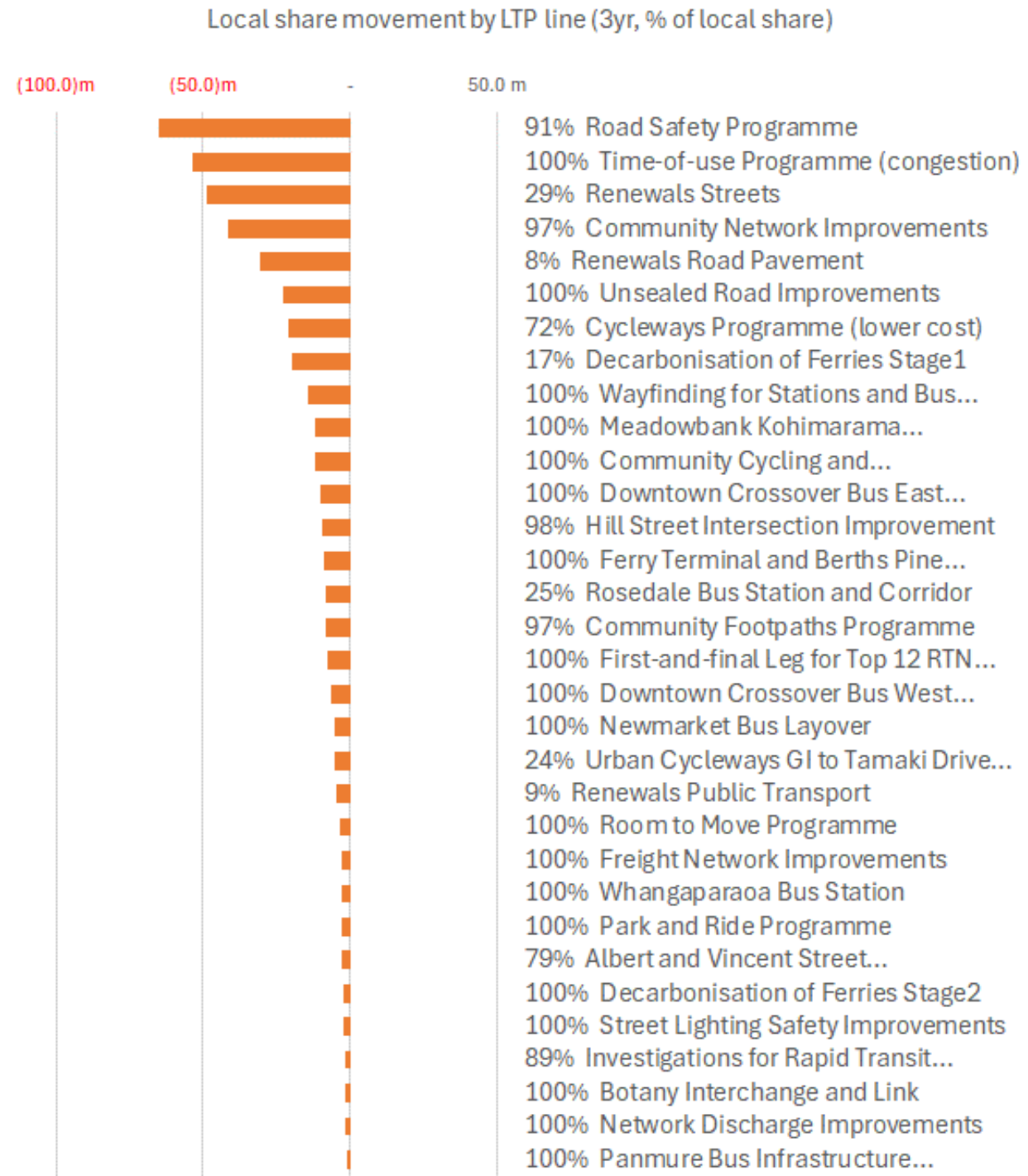
Option 2: **‘Absolutely essential’ activities proceed**

- Under this option activities that are deemed to be ‘absolutely essential’ for business continuity are retained.
- This includes renewals, in-flight projects and programmes including:
 - Renewals and flood response.
 - In-flight projects such as Eastern Busway, CRL Day 1.
 - Network productivity and optimisation programmes.
 - Other annual programmes for core activities such as technology and programmes funded from targeted rates such as CATTR.



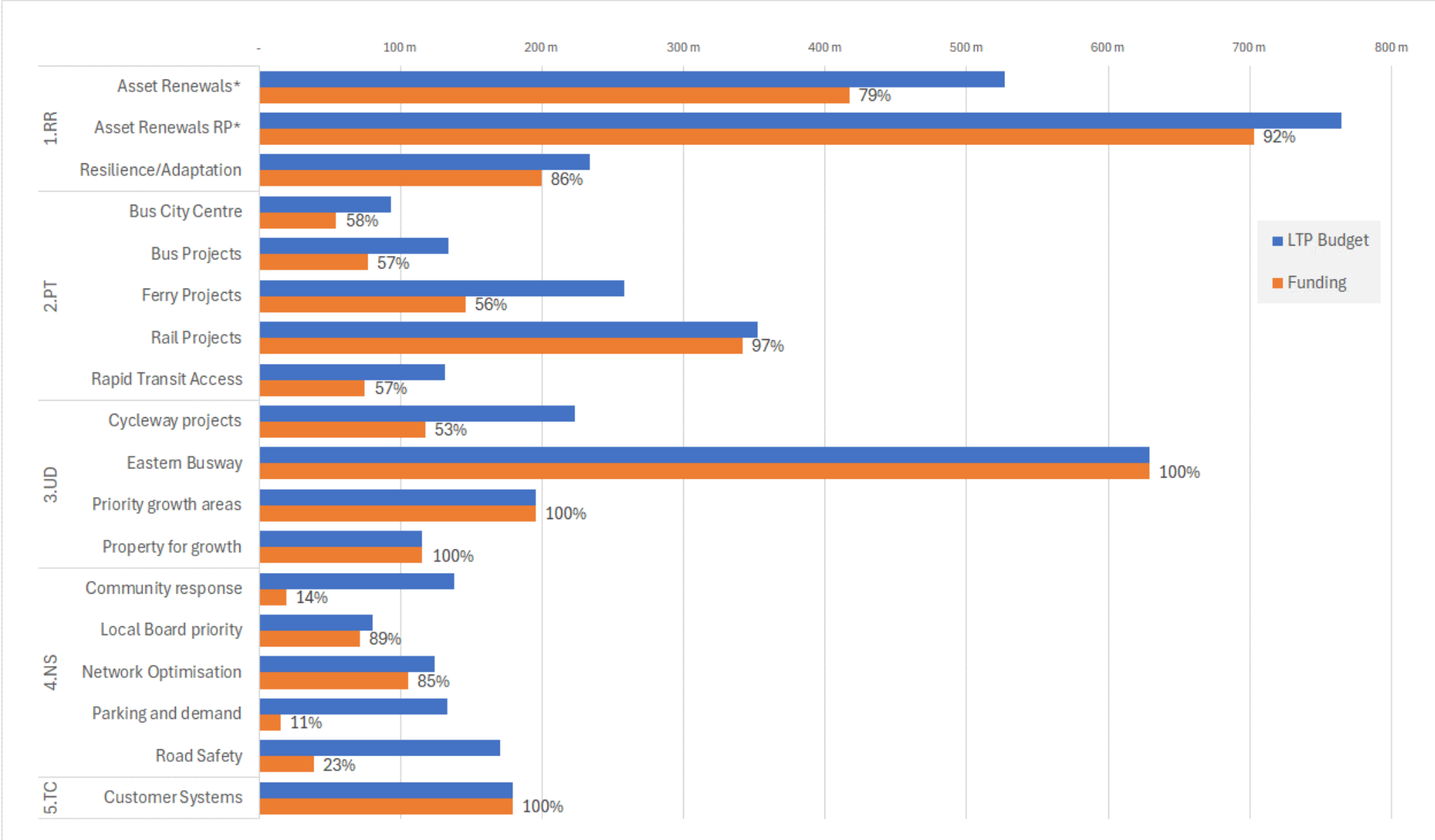
Option 2 – AC share from ‘non-essential’ projects

- The orange bars indicate the amount of AC share in dollar terms that could be ‘freed up’. The percentages indicate the proportion of AC share freed up against the level assumed in the LTP.
- This option reduces **\$400 million** of AC share.
- This option mainly impacts smaller projects (without historic approvals).
- Only doing essential work will significantly impact SOI deliverables.
- **This is not recommended.**



Option 2 – Revised Capital Programme

- The chart shows the impact over the next three years
- Blue bars show the LTP budget
- Orange bars show the impact of the reduced NLTF share.
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Option 3: Portion of available AC share allocated

- Under this option a limited number of high priority projects and/or programmes proceed using a portion (roughly 50%) of available AC funding.
- This is a mid-way option between options 2 and 4.

We have not yet had time to model this option



Option 4:

All available AC share is utilised

Key principles and considerations

- Align to LTP / Regional Land Transport Plan (RLTP), including:
 - Looking after existing assets.
 - Prioritising committed projects = finish what we started.
 - Faster, better, cheaper = PT and network optimisation (dynamic lanes).
- Retain as much as possible high impact low-cost community initiatives.
- Business continuity = annual programmes have some continuity by retaining AC share.
- Projects that support revenue generation.
- Build on trust and confidence.



Option 4 – all available AC share is utilised

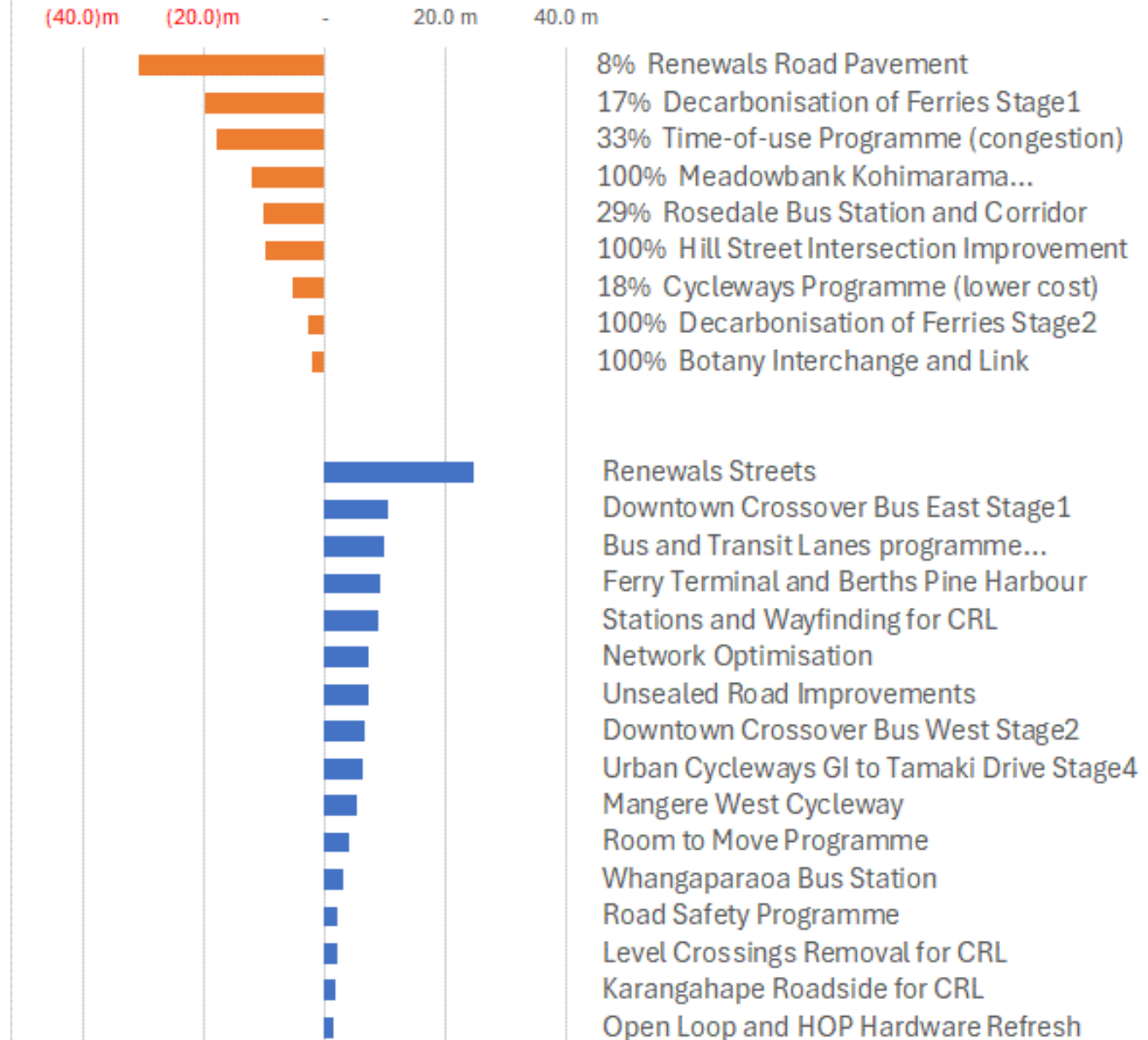
- There is a very **small percentage of AC share available** for reallocation under the options below.
- Enables high priority projects and programmes to proceed.
- Three options have been prepared for consideration:
 - **Option 4a** - Renewals focused
 - **Option 4b** - Priority on smaller projects
 - **Option 4c** - Rosedale Bus Station deferred to year four, increase to renewals and smaller projects that make a big difference



Option 4a – Renewals focussed

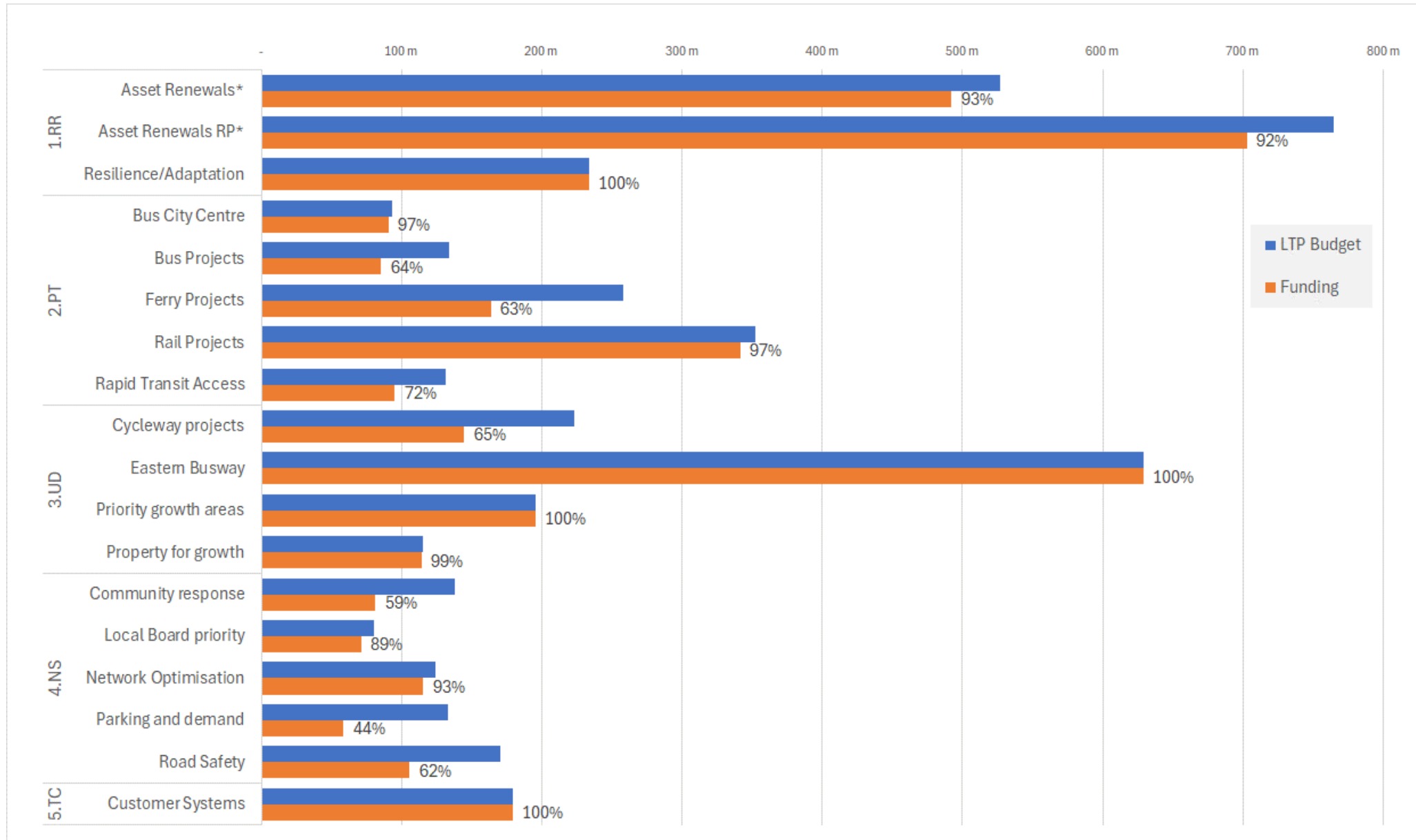
- This option proposes to retain the overall AC share funding for renewals, reflecting high RLTP and LTP priority.
- Majority of AC share is reallocated within Renewals, from 'Renewals Road Pavement' to 'Renewals Streets' (mainly footpaths and streetlights).
- Other activities receiving funding:
 - Small scale high value programmes – e.g. Bus and Transit Lanes, Network Optimisation, Unsealed Road Improvements.
 - Priority in-flight projects – e.g. Downtown, Pine Harbour, Mangere West Cycleway.

Proposed change in AC share allocation
 (Orange is reduction, blue is increase, % figure shows reduction in AC share relative to LTP)



Option 4a - Revised Capital Programme

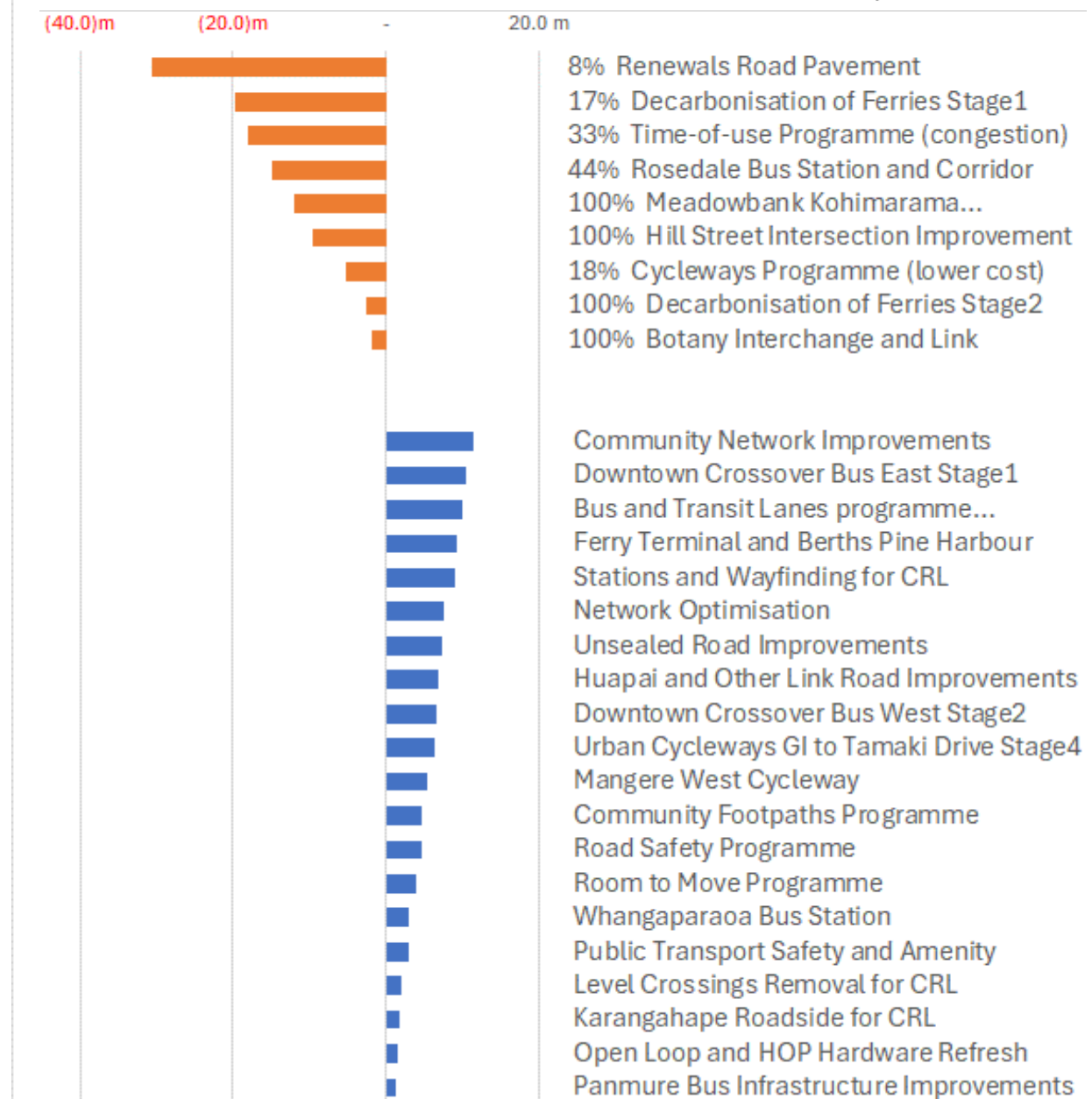
- Investment prioritised towards renewals
- Less investment in:
 - Small projects
 - Community response
- *RP = Road Pavement



Option 4b – Priority on smaller projects

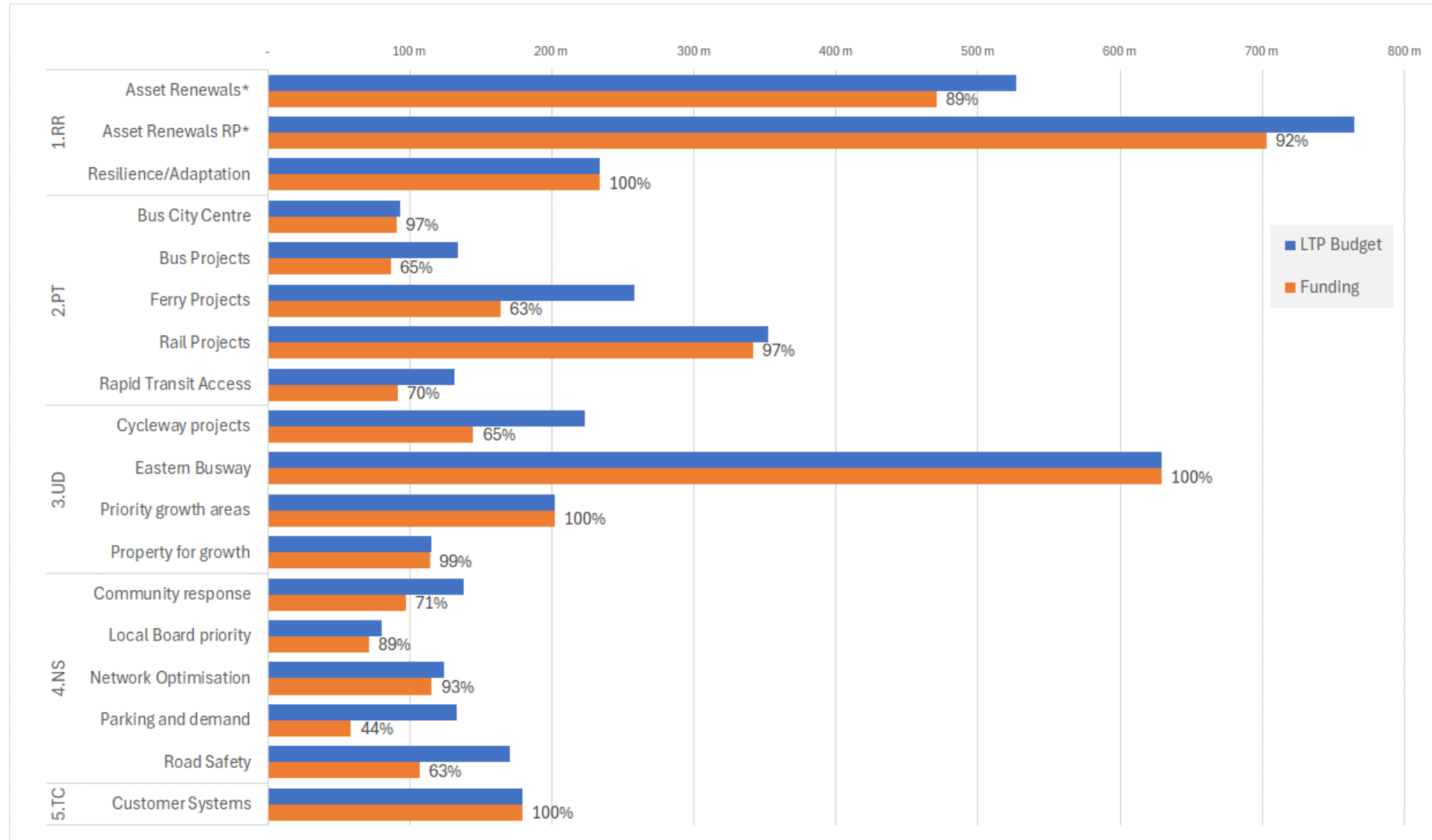
- This option prioritises Community Network Improvements and small projects.
- Renewals is matched with NZTA share.

Proposed change in local share allocation
 (Orange is reduction, blue is increase, % figure shows reduction in local share relative to LTP)



Option 4b – Revised Capital Programme

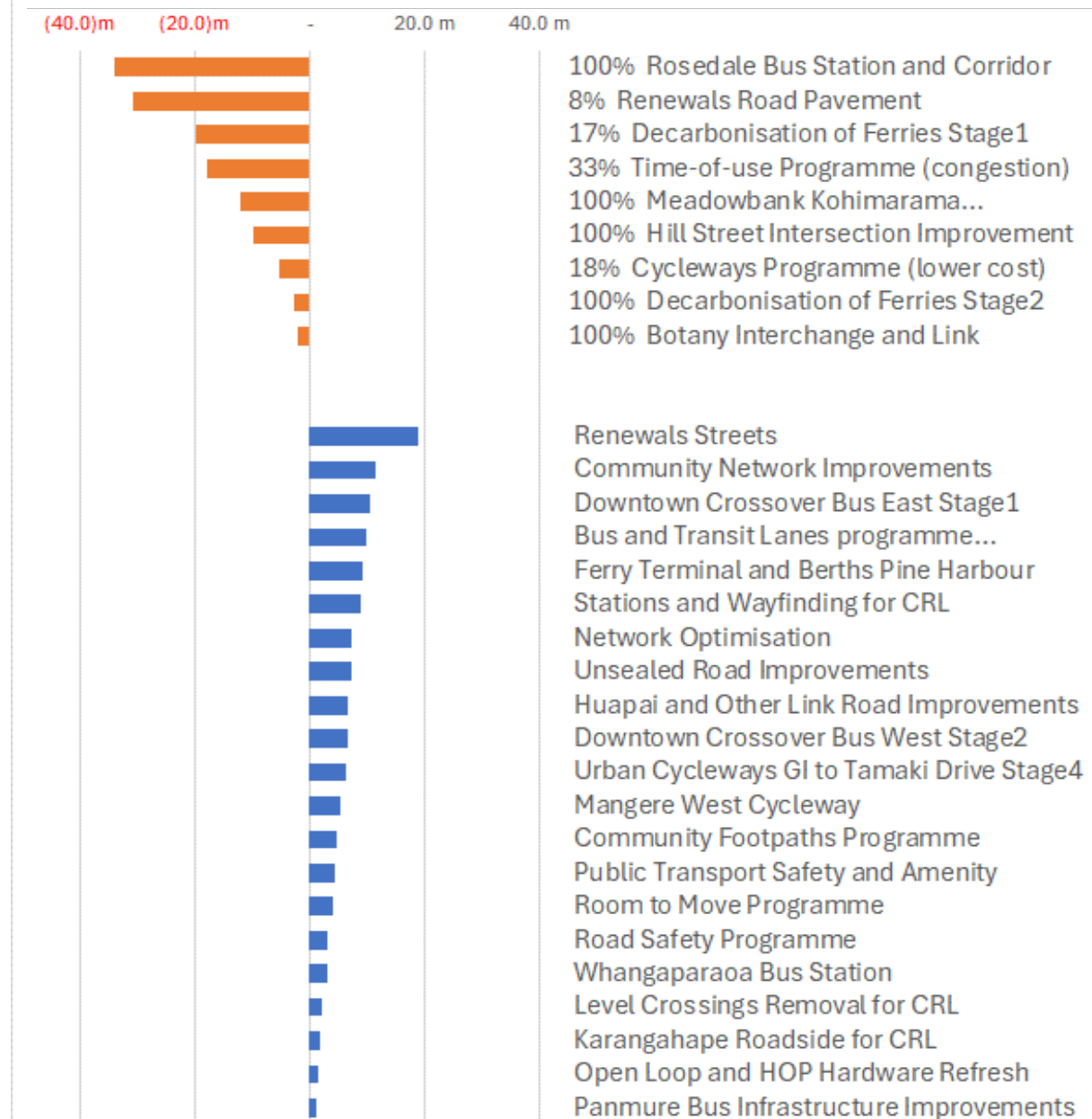
- Reduced investment in asset renewals
- Increased investment in:
 - Community response
 - Small projects



Option 4c – Rosedale Bus Station deferred

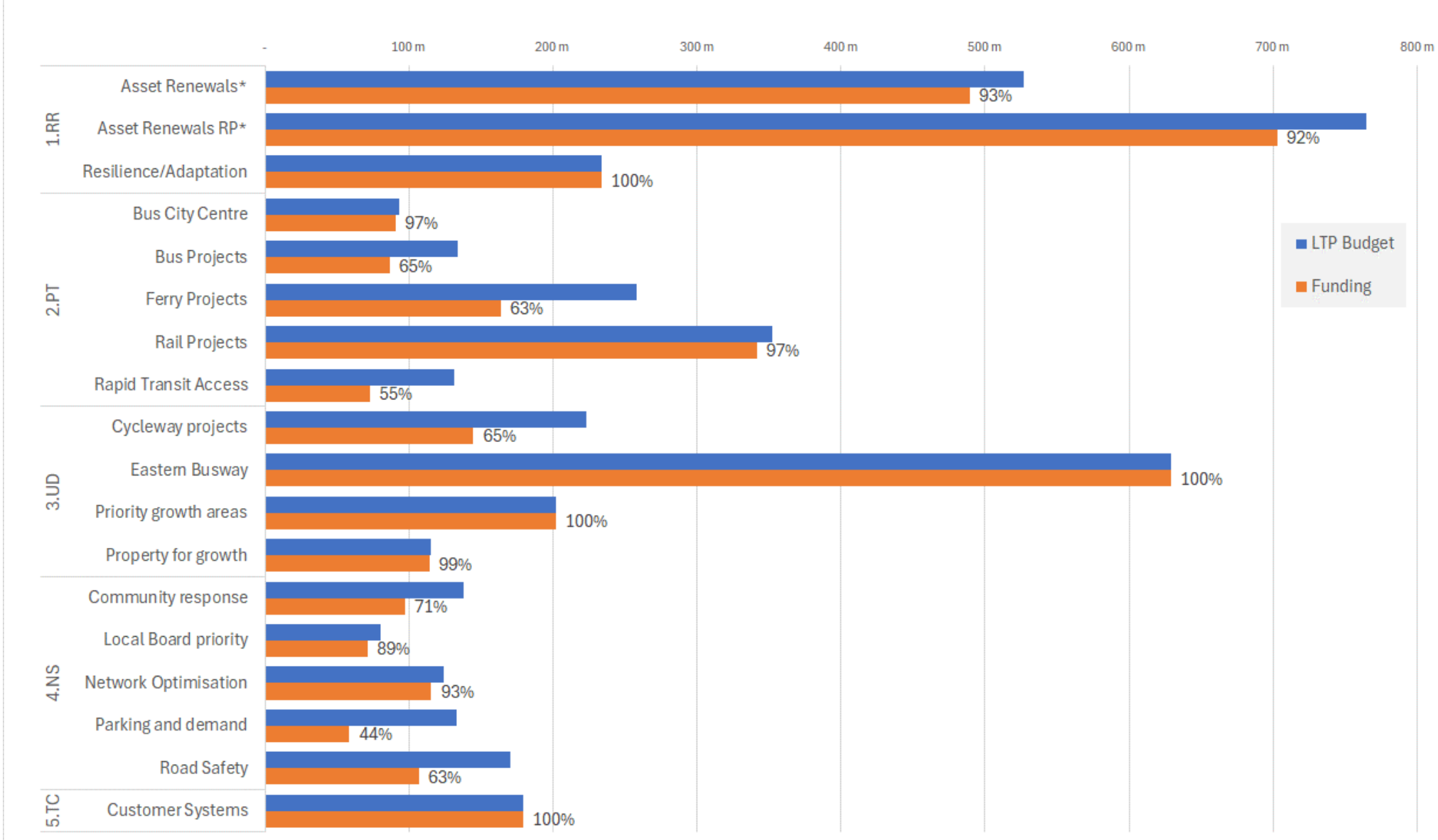
- Under this option Rosedale Bus Station deferred to year four.
- The key difference from Option 4b is the AC share from Rosedale is allocated to Renewals Streets.

Proposed change in local share allocation
 (Orange is reduction, blue is increase, % figure shows reduction in local share relative to LTP)



Option 4c – Rosedale Bus Station deferred

- Rosedale deferred outside of first three years
- Balanced option with investment in renewals, community network improvements and small projects.



Recommendation - capex

- **AT [and AC] management propose recommending Councillors consider options 4a, 4b and 4c.**
- **AT on balance recommends Option 4c.**
- **AT management seek the Board's endorsement of this approach (noting management will continue to refine these options).**



Next steps

- Continue working with AC to complete material for 3 October AC workshop.
- Report back to AT board following AC workshop
- Governing Body meeting could be required depending on decisions required – *to be confirmed.*
- Board to approve Updated Annual Plan at the 29 October 2024 board meeting – *to be confirmed.*



Questions?

