

MIN-3556 ATAP funding

11 March 2021

Information on ways to address the funding imbalance between council funding and NLTF funding to enable implementation of the 10-year ATAP programme.

Funding settings to address the ATAP imbalance

ATAP makes a series of funding assumptions to address the funding imbalance, including:

- Assuming NLTF co-funding for all eligible Auckland Transport activities
- Assuming the transfer of some rapid transit projects from Auckland Transport to Waka Kotahi for delivery
- Assuming 100% NLTF funding for rail infrastructure projects (including level crossing removals)
- Assuming higher funding assistance rates for the AMETI Eastern Busway and additional rail rolling stock required when City Rail Link opens

Our funding policies are flexible enough to accommodate the kinds of changes assumed in ATAP, which mainly relate to rapid transit projects. In particular, in December 2020 Waka Kotahi confirmed a 'bespoke' funding assistance rate (FAR) could be considered for rapid transit projects delivered by Auckland Transport (like the Eastern Busway). A 100% FAR could be applied to rapid transit projects that are delivered by Waka Kotahi.

We will develop a more enduring policy framework for rapid transit, working with MoT and KiwiRail. The framework would consider factors like funding shares. This is a complex piece of work that will take some time to complete.

Three-year affordability challenges

The ATAP review established that, based on current revenue forecasts, there is sufficient funding available over the next 10 years for ATAP with the adjustments of funding for rapid transit, but not in the next three years to do as much of the ATAP programme as desired. The affordability challenges in the first three years of the ATAP programme make it challenging for Waka Kotahi to afford the NLTF share of the ATAP programme from 2021-24 under normal funding settings, let alone with the changes to funding settings assumed by ATAP. Either additional funding and financing will be required, or key parts of the programme (e.g. Eastern Busway) will need to be pushed out to later years of the ATAP ten-year period. Planning is underway to prioritise how additional funding or financing would be used in respect of the 2021-24 NLTP.

Regarding insufficient council funding for Level Crossing Grade Separation, Northwest Growth Area, Auckland Housing Programme and Drury & Paerata Growth Area in the next three years, Waka Kotahi has progressed the following:

- Clarification has been sought from KiwiRail to identify which of its Auckland programme is expected to be funded out of the NLTF and Crown. This affects whether or not Auckland Transport is required to provide local share for activities. Level crossing grade separation activities included in the RNIP are expected to be 100% funded.
- Waka Kotahi has proposed an update to its property purchase policy to reduce the administrative cost associated with advanced property purchase. This enables funding or financing to enable route protection in growth areas, should additional NLTF become available in the next three years.
- Waka Kotahi has invited Kāinga Ora to submit activities into the 2021-24 NLTP which may allow 100% funding of infrastructure required for housing development. To date, no activities have been submitted.