

Auckland Transport's Statement of Intent for 2022/23-2024/25

For decision: For noting:

Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- a) Approve the final Auckland Transport (AT) Statement of Intent (SOI) for 2022/23-2024/25.
- b) Delegate to the Interim Chief Executive the approval of any minor amendments prior to submitting the SOI to Auckland Council (AC).

Te whakarāpopototanga matua / Executive summary

1. The annual SOI publicly states a Council Controlled Organisation's (CCO) activities, intentions and objectives over a three-year financial period, with a focus on the first year. It also provides a basis for AC to hold CCO directors to account for their organisation's performance in achieving the outlined targets.
2. A final SOI has been prepared addressing the shareholder comments from AC. Following consideration and approval by the board, the final SOI must be submitted to AC by 31 July 2022.
3. The SOI represents a large and diverse programme of work, with clear and challenging targets for the organisation for the next 12 months. It represents a transparent public promise for our shareholder and our customers.
4. The SOI has undergone changes to targets and measures since its earlier draft, to ensure alignment with the funding constraints that AT is facing. The SOI also includes new measures for transport related greenhouse gas emissions and Māori Outcomes.

Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
24 February 2022 Board	Updated SOI for 2022/23 – 2024/25	Delegated authority to nominated directors to work closely with AT officers to prepare the SOI and to approve the draft SOI.
6 April 2022 Board (out of cycle)	SOI 2022/23 – 2024/25 (Draft)	Approval to submit draft SOI to AC.

Date	Report Title	Key Outcomes
26 May 2022 Board	Shareholder feedback on draft SOI	Following feedback from AC, the board requested a measure that reflects Auckland's transport related greenhouse gas emissions.

Te horopaki me te tīaroaro rautaki / Context and strategic alignment

5. As a CCO, AT is required by The Local Government Act 2002 to prepare an SOI for its shareholder, AC. The purpose of the SOI is to:
 - a. State publicly the activities and intentions of AT and the objectives to which these activities will contribute;
 - b. Provide an opportunity for AC to influence the direction of AT; and
 - c. Provide the basis for AC to hold the directors of AT to account for the performance of the organisation.
6. The draft SOI was submitted to AC on 6 April 2022. Feedback received from the CCO Oversight Committee has been investigated and incorporated into our final document. This ensures that there is alignment between AC's expectations and AT's activities for the future.
7. This paper seeks approval of the SOI from the board to meet the requirement of submitting the SOI to AC by 31 July 2022.

Ngā matapakinga me ngā tātaritanga / Discussion and analysis

8. The substantive feedback from the CCO Oversight committee relates to:
 - a. Reflecting the outcomes of the Transport Emissions Reduction Plan (TERP) due for approval later this calendar year.
 - b. Reflecting the Emissions Reduction Plan (ERP) by Central Government, released in May 2022.
 - c. Inclusion of Key Performance Indicators (KPIs) related to Māori Outcomes.
 - d. A request to separate out the first year works programme from the remaining two years, which is a request to all CCOs.
9. In response to direction to reduce transport related greenhouse gas emissions, the SOI demonstrates that AT is committed to reducing our own contribution and influencing travel behaviour to reduce Aucklanders' contribution by:
 - a. Reflecting the early interventions requested by AC's Environment and Climate Change Committee and the investment from the Climate Action Targeted Rate (CATR).
 - b. Outlining public transport targets and a recovery plan to get people back on board public transport, focussed on service expansion (through the CATR); targeted marketing campaigns, and short term fare and pricing initiatives.

- c. Initiating the development of an implementation plan for the Transport Emissions Reduction Plan (TERP) and Emissions Reduction Plan (ERP) on the pathway to a 64% reduction in transport related greenhouse gas emissions by 2030 (compared to 2016 levels). It is expected that this will lead to additional funding opportunities and consideration for the next Regional Land Transport Plan (RLTP).
 - d. Introducing a new measure into the SOI to monitor transport related greenhouse gas emissions based on fuel sales across the Auckland Region. This sits alongside our existing measures around public transport patronage and cycling counts. We have considered alternative measures, including vehicles-kilometres travelled (VKT), or vehicle-kilometres travelled by vehicles powered by petrol or diesel. However, fuel consumption is the best available indicator of transport related emissions, while at this point, there is no auditable VKT measure that could be included in the SOI. The intention, through the next stage of the TERP is to develop a VKT measure (with baselines and targets) to ensure that AT is able to monitor progress towards Central Government's target of a 20% reduction in VKT (compared to 2035 levels without intervention) and making meaningful progress down the pathway to a 64% reduction in transport related greenhouse gas emissions by 2030.
10. Attachment 2 details how this feedback has been incorporated into the SOI.
 11. This SOI also includes two new KPIs under Māori Outcomes to support our partnership obligations:
 - a. number of regional buses with Te Reo bilingual announcements
 - b. number of mana whenua hui held.
 12. In developing these measures, we considered guidance from *Kia Ora Tāmaki Makaurau (AC's A framework to measure Māori wellbeing outcomes and performance for Tāmaki Makaurau)* which recommended that potential measures relevant and attributable to the SOI are "*Percentage of adopted core strategies, policies and plans incorporating Māori outcomes or developed with Māori participation and Te Reo Māori public announcements e.g. transport routes/stations, public facilities, service centres*".
 13. The number of regional buses with Te Reo bilingual announcements has a direct link to Kia Ora Tāmaki Makaurau's Te Reo outcome and is aligned with a programme of work to implement bilingual announcements on Auckland's regional bus network. For future development of this measure, the refreshed Wayfinding Strategy 2023-2028 proposes a continued rollout of bilingual signage throughout the region but is currently unfunded.
 14. AT regularly holds hui with mana whenua throughout the year, consulting on upcoming projects and plans. AT acknowledges that the number of hui held is an output of our activities and not a measure of outcomes, and are proposing this as an interim measure while we further develop how to track and measure success against "*Engagement with mana whenua in a meaningful way in development of core plans, policies and strategies*".
 15. AT is also working through a measure associated with sourcing procurement through Māori owned businesses. Direct procurement is currently being tracked internally, but further work to understand the scope and scale of the market and the indirect spend (where Māori owned businesses contract to "head contractors") is needed to establish targets for future SOIs.

16. The SOI reflects the current financial position in absorbing inflationary increases and rephasing the programme to fit within the available funding envelope. As a consequence, there have been updates to the targets for some measures outlined in the table below.

Revised Targets	Revised Targets
Percentage of the sealed local road network that is resurfaced (reduced)	This has been reduced primarily as a result of the financial constraints on AC's budgets and being able to balance improvements with renewals. The potential implication is that maintenance costs will increase and the reduced levels of renewals sees in a disproportionate increase in costs to renew the network to an acceptable standard. As noted in the SOI, AT is aligning renewals with improvements where practical to optimise investment.
The total number of public transport (PT) boardings (millions) (reduced)	This continues to be a reflection of the COVID-19 pandemic (COVID-19) impacts and the trend for hybrid working (work from home) available to employees throughout the region. Whilst there is a PT recovery plan that AT is implementing, there continues to be uncertainty over the future of the "half-price fares" initiative and generally what recovery rate will be realised.
The percentage of the total PT operating cost recovered through fares (reduced)	Linked to the public transport passenger boardings, over the next year the farebox recovery estimate has been reduced (primarily due to the "half price fare" initiative; however AT is committed to improving public transport patronage (and farebox recovery) through initiatives such as the network recast (service optimisation) and CATR to get more people on board and travelling longer distances.
Number of buses in the Auckland bus fleet classified as low emission (increased)	This is a reflection of new funding made available through the CATR.
Percentage of AT streetlights that are energy efficient Light Emitting Diode (LED) (increased)	This is a reflection on being able to accelerate the implementation of the LED streetlight programme in FY21/22 compared to what was previously anticipated in the Long Term Plan (LTP).

Ngā tūraru matua / Key risks and mitigations

Key risk	Mitigation
The SOI will not reflect the yet to be completed Transport Emissions Reduction	The SOI reflects the early interventions requested by AC's Environment and Climate Change Committee and the investment from the CATR. AT is initiating an implementation plan for the TERP and ERP on the pathway to a 64% reduction in transport related greenhouse gas

Key risk	Mitigation
Plan, potentially leading to a rework of the programme ahead of the next RLTP.	emissions by 2030 (compared to 2016 levels). It is expected that this will lead to additional funding opportunities and consideration for the next RLTP.
The uncertainty over funding from AC and Central Government in the medium term further affects the ability of AT to deliver public transport services and the rephased capital programme.	AT will be actively monitoring the funding situation throughout this SOI period and exploring opportunities for new revenue streams (such as the Climate Emergency Response Fund). It is anticipated that the programme may need to be managed in a more dynamic fashion than is currently planned for. Where relevant, the SOI itself notes that delivery of certain projects and programmes is subject to funding.

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

- The SOI reflects the financial constraints that AT is operating within. AT is absorbing inflationary impacts that are being observed across the transport sector and reducing the capital budgets over the next three years at the request of AC.
- There is continued uncertainty around funding and revenue for public transport services with the “half price fares” initiative due to expire in August and the impact that returning to full fares may have on patronage and revenue.
- Additional revenue and funding streams are being investigated particularly from Central Government but also through other mechanisms available through the Infrastructure Funding and Financing Act (2020) for growth related initiatives.

Ngā whaiwhakaaro ō te taiao me te panonitanga o te āhuarangi / Environment and climate change considerations

- One of AT’s strategic priorities is improving the resilience and sustainability of the transport system. The environment and addressing climate change priorities is prominent in the SOI. Initiatives consider climate change mitigation and climate change adaptation.
- The SOI reflects activities enabled by the CATR, including the provision of improved walking and cycling facilities, new public transport services and progressing the decarbonisation of the ferry fleet. AT is seeking to identify complementary Central Government funding through the Climate Emergency Response Fund.
- The SOI also reflects the initiative to develop an implementation plan for the TERP and ERP on the pathway to a 64% reduction in transport related greenhouse gas emissions by 2030 (compared to 2016 levels).

Ngā whakaaweawe me ngā whakaaro / Impacts and perspectives

Mana whenua

23. The SOI reflects our commitment to support our obligations in relation to the Te Tiriti o Waitangi and other policy and legislation, not only to engage with Mana Whenua, but also to embed Te Ao Māori into AT's activities.

Ngā mema pōti / Elected members

24. Feedback received from the CCO Oversight Committee has been investigated and incorporated into our final document. This ensures that there is alignment between AC's expectations and AT's activities for the future.

Ngā rōpū kei raro i te Kaunihera / CCOs

25. The SOI reaffirms the commitment from AT to work with other CCOs in the areas of housing and infrastructure provision to ensure value-for-money is delivered from the investment.

Ngā kiritaki / Customers

26. The SOI reaffirms AT's commitment to provide safer, better and sustainable travel choices for Auckland and Aucklanders.

Ngā whaiwhakaaro haumaruru me ngā whaiwhakaaro hauora / Health, safety and wellbeing considerations

27. Investment in safety and well-being is a focus area in this SOI. The measures and targets contained in the SOI reflect the implementation of AT's Vision Zero Strategy and retaining the goal of reducing the number of deaths and serious injuries by 60% on 2016-2018 levels by 2027.




Ā muri ake nei / Next steps

28. Following board approval, the SOI will be submitted to AC by 31 July 2022 and subsequently published following AC approval.

Ngā whakapiringa / Attachments

Attachment number	Description
1	Final SOI 2022/23-2024/25
2	Shareholder comments on AT's draft SOI 2021-2023

Te pou whenua tuinga / Document ownership

Submitted by	Tim Brown Manager – Investment Planning	
Reviewed by:	Hamish Bunn Group Manager – Investment, Planning and Policy	
Recommended by	Andrew Downie Governance Lead	
	Jenny Chetwynd Executive General Manager, Planning and Investment	
Approved for submission	Mark Lambert Interim Chief Executive	