

Auckland Transport

Statement of Intent

1 July 2011 to 30 June 2012

Draft

Version Control

Date	Version	Summary	Author
18/1/11	Outline Draft Auckland Transport SOI 2011_12	Initial outline draft for discussion with D Warburton	BM
6/2/11	Draft Auckland Transport SOI 2011_12 060211 v2	Revised draft for presentation to ELT; incorporates draft letter of expectation	BM
9/2/11	Draft Auckland Transport SOI 2011_12 090211 v3	Revised to incorporate initial ELT comments	BM

1. INTRODUCTION

This Statement of Intent (SOI) is presented by Auckland Transport in accordance with the requirements of Section 64(1) of the Local Government Act 2002. The SOI forms the basis for the accountability of the directors of Auckland Transport to Auckland Council, and sets out the objectives, nature and scope of activities undertaken, and performance targets by which Auckland Transport will be measured.

The SOI recognises the important partnership that exists between Auckland Transport and the Auckland Council in the delivery of shared outcomes, and that the success of each organisation is dependent on the actions of the other partner. This includes:

- A commitment to collaboration
- A commitment to openness and transparency
- Adherence to a “no surprises” policy
- Engagement with other CCOs to ensure a coordinated approach

2. WHO WE ARE AND WHAT WE DO

Auckland Transport was established on 1 November 2010 as a Council Controlled Organisation wholly owned by Auckland Council. Auckland Transport is responsible for all local authority transport delivery functions in Auckland, including local roads and public transport infrastructure and services.

The purpose of Auckland Transport is defined in the Local Government (Auckland Council) Amendment Act 2010 as:

“To contribute to an effective and efficient land transport system to support Auckland's social, economic, environmental, and cultural well-being.”

The Mayor's vision is for Auckland to be the world's most liveable city, characterised by its:

- cohesive, resilient communities;
- excellent transport system;
- productive, high-value economy; and
- quality urban-rural environments.

Auckland Transport's mission is to ensure that all its activities contribute to this vision. In doing so, Auckland Transport will give effect to the Council's Long-term Plan, and act consistently with the draft Annual Plan and the future Spatial Plan.

Auckland Transport operates and maintains transport assets, some of which it owns and some of which are owned by Auckland Council. Decisions made by Auckland Transport in regard to these assets will be consistent with legislation and with the Regional Land Transport Strategy and this Statement of Intent.

Auckland Transport is committed to ensuring open and direct lines of communication with the Auckland Council governing body and local boards; and to ensure that it responds to customer needs in an effective and efficient manner.

3. OUR KEY GOALS

The Regional Land Transport Strategy (RLTS) sets out a 30 year vision and plan for the Auckland land transport system. Responsibility for implementing the RLTS will be shared between Auckland Council and Auckland Transport. In the period covered by this Statement of Intent, Auckland Transport considers that it can best contribute to the objectives of the Regional Land Transport Strategy by focusing on five key goals:

1. Deliver a properly connected arterial road network that is integrated with the State highway network and moves people and goods efficiently and safely
2. Deliver an integrated and connected public transport network of rapid, quality and local connector services that is attractive to customers
3. Reduce car dependency and improve community health by providing infrastructure and services for walking, cycling and ride sharing
4. Deliver an effective and efficient transport system that enables Aucklanders to make smarter transport choices
5. Ensure Auckland Transport is customer focused, and delivers value for money

4. PROGRAMME OF ACTION

During the period covered by this Statement of Intent, Auckland Transport will focus on:

- Delivering projects identified and prioritised in current LTCCPs
- Contributing to the development and implementation of the Auckland Plan from a “transport as an enabler” perspective
- Reviewing and prioritising transport projects against Regional Land Transport Strategy, Government Policy Statement and Auckland Plan objectives
- Preparing a new Regional Land Transport Programme covering 2012/13 to 2014/15 in detail, and the following seven years in overview
- Working with NZTA and KiwiRail to ensure an integrated approach across major projects and network planning
- Developing robust relationships with Local Boards, keeping them informed with respect to regional transport matters, contributing to the development of Local Board Plans, and consulting with them on local transport matters of significance
- Delivering the transport components of local board agreements, subject to the availability of sufficient funding
- Ensuring that Auckland’s transport system contributes to a successful Rugby World Cup 2011 event in Auckland.

Auckland Transport has identified a Programme of Action which sets out the major transport initiatives planned for the next three years, as outlined below.

Major Road Construction projects

- a) Auckland-Manukau Eastern Transport Initiative (AMETI) project
- b) New roading connections and improvements associated with the New Lynn rail trenching and transport interchange.
- c) Roothing projects in new development areas, especially Flat Bush, East Tamaki, Long Bay and Pukekohe.
- d) Local road improvements associated with major NZ Transport Agency projects, including SH20 Waterview and SH16 upgrades
- e) Completion of roading projects to ensure the success of Rugby World Cup 2011 (RWC), for example the Sandringham Road realignment

Major schemes proposed for study, Investigation or design

- a) Investigation and route protection for the CBD rail tunnel
- b) Investigation and route protection for a rail Rapid Transit link to the Airport
- c) Investigation of rail to the North Shore

- d) Dominion Road upgrade, including bus priorities
- e) Removal of rail level crossings
- f) Albany Highway Corridor upgrade
- g) CBD Waterfront access
- h) Development of a new rail station at Parnell

Major public transport projects

- a) Integrated fares and ticketing for use on all public transport services across the region
- b) Extension of the real time public information system
- c) Completion of the Manukau rail station and bus interchange
- d) Further implementation of the New Lynn TOD (Transport oriented development), including transport centre and interchange

Auckland Transport Contribution to significant projects led by other agencies

- a) Working with KiwiRail to ensure the successful electrification of Auckland's rail network and delivery of electric trains
- b) Working with NZTA on the investigation and route protection for an additional Waitemata Harbour crossing, including rail.

In addition to these major projects, Auckland Transport will also contribute to the strategic priorities identified by the mayor, as follows:

Mayoral Strategic Priority	Actions during this SOI period
Rugby World Cup 2011 (RWC) – including the Eden Park precinct and other roading upgrades;	Complete upgrades ahead of RWC, and provide additional services to support the event
School Transit Plan – plan and commence implementation across the region;	Roll out expanded school travel plan programme
Better identification of bus lanes;	Review signage and road markings and implement improvements
Progress work on walking/cycling bridge under the Auckland Harbour Bridge;	Work with NZTA to define options
Double public transport use (an aspirational goal);	Continue to improve public transport frequency and reliability (note, doubling patronage will require significant increase in resources over current levels)
Review and enhancement of ferry services	Preparation of a ferry development plan
Better integrated traffic management – co-ordination of traffic lights; and	Implement programme of route optimisation on key arterials
A third harbour crossing – report options and funding.	Work with NZTA to define and protect preferred option

Regional Land Transport Programme

During the 2011/12 year, Auckland Transport will prepare a Regional Land Transport Programme as required by the Land Transport Management Act. The Programme will give effect to the Regional Land Transport Strategy and to other relevant Council strategies, plans, and priorities, and will be prepared in a timely manner to assist in the preparation of the Long Term Council Community Plan 2012/13 – 2021/22.

5. PROGRESS AND PERFORMANCE MEASURES

The following table sets out Auckland Transport's Key Performance Indicators, with targets for the 2011/12 and 2012/13 financial years.

Note: in some cases, the development of baseline measures is still in progress, as indicated in the 2010/11 Statement of Intent. It is our intention to finalise these baseline measures and develop appropriate performance targets prior to the final adoption of this Statement of Intent in June 2011.

Ref	Objective/project	Recent performance	Performance target 2011/12	Performance target 2012/13	Performance target 2013/14
Goal 1	<i>Deliver a properly connected arterial road and state highway network that moves people and goods efficiently and safely</i>				
1.1	Daily people flows, inbound in morning peak (7-9am), into Auckland CBD	Car xx,xxx PT xx,xxx Walk x,xxx Cycle x.xxx Total xx,xxx		Car: no change PT increase x% Walk incr x% Cycle incr x% Total incr x%	
1.2	Public transport, walk & cycle mode share inbound in morning peak (7-9am), into Auckland CBD	X%		Increase x%	
1.3	Travel times (minutes) along strategically important arterial routes during the morning peak:				
1.3.1	• Airport to CBD via Manukau Rd	Baseline to be determined		Maintain	
1.3.2	• CBD to Airport via Manukau Rd				
1.3.3	• St Lukes to St Johns via St Lukes Rd/Greenlane/Remuera Rd				
1.3.4	• St Johns to St Lukes via Remuera Rd/Greenlane/St Lukes Rd				
1.3.5	• Albany to Birkenhead via Glenfield Rd				
1.3.6	• Birkenhead to Albany via Glenfield Rd				
1.3.7	• Henderson to CBD via Gt North Rd				
1.3.8	• CBD to Henderson via Gt North Rd				
1.4	Arterial routes with signal optimisation	Baseline to be determined		Increase	
1.5	Travel times (minutes) along strategically important freight routes during the interpeak (9am-4pm):				
1.5.1	• Nielsen St (from SH 20 to SH 1)	Baseline to be determined		Maintain	
1.5.2	• SEART (from Sylvia Park to East Tamaki)				
1.5.3	• Wairau Rd (from SH1 to SH18)				
1.5.4	• Harris Rd from East Tamaki to SH1 Highbrook interchange				
1.6	Crash reductions on local roads associated with crash reduction programme ¹	Baseline to be determined		Increase x%	
Goal 2	<i>Deliver an integrated and connected public transport network of rapid, quality and local connector services that is attractive to customers</i>				
2.1	Total public transport patronage (annual boardings for bus, rail and ferry)	63,482,000		Increase x%	
2.1.1	• Rapid Transit – Busway annual boardings	1,928,000		Increase x%	
2.1.2	• Rapid Transit – Rail annual boardings	9,106,000		Increase x%	
2.1.3	• Quality Transit and Local Connector buses	47,544,000		Increase x%	

¹ Note that this measure involves a lag of up to 3 years after implementation of the crash reduction programme. Early results will therefore reflect the actions of legacy councils.

	annual boardings (including contracted school buses)		
2.1.4	• Ferries annual boardings	4,595,000	Increase x%
2.2	Percentage of public transport passengers satisfied with their public transport service	87%	Increase x%
Goal 3	<i>Reduce car dependency and improve community health by encouraging walking, cycling and ride sharing and investing in local improvements</i>		
3.1	Morning peak (7-9am) car trips avoided through TravelWise initiatives	9619	Increase
3.2	Walking trips into the CBD (inbound pedestrian counts) in morning peak (7-9am)	4476	Increase
3.3	Cycle trips into the CBD (inbound cycle counts) in morning peak	836	Increase
Goal 4	<i>Deliver an effective and efficient transport system that enables Aucklanders to make smarter transport choices</i>		
4.1	Percentage of public transport passengers with access to real time service information	65%	Increase %
4.2	Percentage of arterial road network for which real time travel or congestion information is publicly available	0%	Increase %
Goal 5	<i>Ensure Auckland Transport is customer focused, and delivers value for money</i>		
5.1	Percentage of residents satisfied with the quality of roads	63%	Increase %
5.2	Road maintenance standards (ride quality) as measured by smooth travel exposure for all sealed roads	82%	Increase %
5.3	Customer service enquiries resolved within standard timeframes	Baseline to be determined	Increase %
5.4	Percentage of drivers complying with parking restrictions	Baseline to be determined	Increase %
5.5	Public transport subsidy per passenger kilometre	\$0.33	Decrease %

6. FINANCIAL MATTERS

6.1 Financial Statements

Our budgeted financial targets for the period covered by this SOI and the following two years are set out in **Appendix 2**. Auckland Transport is committed to managing its operations within the approved budget levels.

6.2 Ratio of Shareholders Funds to Total Assets

Auckland Transport will have an equity to total assets ratio of between 98-100%

6.3 Accounting Policies

Auckland Transport will comply with the accounting and disclosure practices set out in all the relevant Financial Reporting Standards (FRS) issued by the New Zealand Institute of Chartered Accountants as periodically updated and as required by the Financial Reporting Act 1993.

A summary of Auckland Council's accounting policies is set out in **Appendix 3**.

6.4 Distributions to Auckland Council

Auckland Transport does not anticipate making a distribution to Auckland Council, as Auckland Transport is funded at a level to undertake the operating and Capital programmes agreed with Council.

6.5 Activities for which Compensation is Sought

The Board of Auckland Transport seeks compensation for its activities at the levels identified in the financial statements (see **Appendix 2**).

6.6 Value of Auckland Council Investment

The Board of Auckland Transport considers that Auckland Council's investment in Auckland Transport has a commercial value equal to the asset valuation in the audited Balance Sheet of Auckland Transport.

6.7 Procedures for Acquisition

To be inserted: procedures to be followed before any member or the group subscribes for, purchases or otherwise acquires shares in any company or other organisation

7. APPROACH TO GOVERNANCE

7.1 Role of the Board

All decisions relating to the operation of Auckland Transport will be made by, or under the authority of, the Board of Auckland Transport in accordance with its SOI, Rules and relevant legislation.

The Board of Auckland Transport is committed to the highest standards of governance and business behaviour. The Board will continue to monitor developments in corporate and public sector governance to ensure Auckland Transport implements the highest standards of governance at all times.

In undertaking its activities Auckland Transport will exhibit and ensure:

- Sound business practice in its commercial undertakings;
- Sustainable business practice;
- Ethical and good behaviour in dealing with all parties;
- That it acts as a good employer, and exhibits a sense of social and environmental responsibility
- An open and transparent approach to decision-making, while respecting the need for commercially sensitive information to be protected;
- An active partnership approach with Auckland Council and key Auckland Council Group stakeholders.

The Board is accountable to Auckland Council to ensure that Auckland Transport:

- Performs its functions;

- Acts in accordance with relevant legislation and the Auckland Transport Rules; Achieves the objectives, performance targets and other measures set out in this SOI; and
- Gives effect to the policies and plans of Auckland Council as set out in its governing legislation, including the Auckland Plan and all documentation defining the Council's strategic direction.

The Board will:

- Obtain full and timely information necessary to discharge its obligations fully and effectively;
- Actively review and direct the overall strategy of Auckland Transport;
- Actively review its Policies and Delegations;
- Negotiate the SOI with the Auckland Council;
- Monitor the external and internal environment and identify, evaluate and mitigate controllable risk factors;
- Establish Auckland Transport as an effective, focused organisation with core competencies and appropriate systems necessary to carry out its functions;
- Manage and monitor the performance of the Chief Executive Officer;
- Establish remuneration policies and practices, and set and review remuneration for the Chief Executive Officer, and other senior executives; and
- Provide leadership in relationships with key stakeholders.

7.2 Meetings

Wherever possible, Auckland Transport will hold its meetings in public. Pursuant to section 96 of the Local Government (Auckland Council) Act 2009, Auckland Transport will ensure that it holds meetings that are open to members of the public on the following occasions each year:

- At its May meeting each year for the purpose of considering comments from the Auckland Council on the draft statement of intent for the following financial year;
- At its August meeting each year for the purpose of considering the organisation's performance under its statement of intent in the previous financial year.

The specific time and location of these meetings will be publicly notified in newspapers with a circulation across Auckland, and on the Auckland Transport website.

8. RELATIONSHIP WITH AUCKLAND COUNCIL

Auckland Transport is a statutory entity, being a council controlled organisation accountable to Auckland Council. It was established to assist Auckland Council to fulfil its responsibilities and must act in the long-term interests of Auckland. Auckland Transport, the Auckland Council governing body and local boards have a three-way relationship, which is integral to the achievement of the goals and objectives of all three parties.

8.1 No Surprises Approach

Auckland Transport and Auckland Council will adopt a 'no surprises' approach in their dealings with each other. Each party to this SOI will ensure that the other party is informed well in advance of anything considered potentially contentious in the public arena, whether the issue is inside or outside issues outlined in the SOI, Auckland Transport Rules and the relevant legislation. This approach will take into account the "no surprises" protocol for media issues currently being considered by the Auckland Council to apply to all CCOs, and the importance of reinforcing the concept of one Auckland Council.

The Auckland Transport Board will keep in mind that Auckland Council has interests wider than those of ordinary shareholders in private companies, and will be sensitive to the demand for accountability placed on Auckland Council from citizens, ratepayers, and other bodies who hold Auckland Council directly accountable for Auckland Transport's actions.

8.2 Input to Auckland Council Plans and Processes

Auckland Transport will work with the Auckland Council to provide timely input towards the development of key Council plans. In particular, during the period covered by this Statement of Intent, Auckland Transport will provide specialist input to the development of the Auckland Spatial Plan, the Long Term Council Community Plan, and the Annual Plan. Auckland Transport will also contribute specialist input to the monitoring of the Regional Land Transport Strategy.

8.3 Decisions Requiring the Approval of Auckland Council

The Directors will ensure that Auckland Transport complies with its Rules and secures the approval of Auckland Council for all decisions and transactions, for which Auckland Council approval is required under the Rules of Auckland Transport.

The approval of Auckland Council under the provisions relating to restricted transactions is not required for any transaction or other matter authorised in the Funding Agreement in relation to the current financial year of Auckland Transport.

8.4 Urban Design

Auckland Transport will work with Auckland Council to implement agreed Urban Design standards for capital; projects in the transport network, as determined in the proposed Urban design review process which is intended to be agreed between the Council and CCOs by 30 June 2011.

8.5 Disputes Procedure

If Auckland Transport or Auckland Council identifies any matters of disagreement both parties will endeavour to discuss and consult on these matters at the earliest opportunity, and seek resolution between them.

8.6 Relationships with Local Boards

Auckland Transport recognises the role of local boards as representatives of the local community and as advocates on local issues, and undertakes to proactively engage with local boards on local transport matters. The details of this will be included in a Local Boards Engagement Plan, which will set out how Auckland Transport intends to:

- (i) Support each Local Board to effectively represent the interests of local communities in local transport issues
- (ii) Ensure that Auckland Transport is responsive on local issues
- (iii) Contribute to the development of Local Board Plans
- (iv) Give effect to any Local Board agreement with the Auckland Council to the extent the agreement requires actions by Auckland Transport
- (v) Gain input from Local Boards, via the Auckland Council Governing Body, on Auckland Transport's priorities and direction.

8.7 Relationships with other CCOs

Auckland Transport recognises the need to work in a coordinated manner with other CCOs. In particular, it will ensure that a close and effective working relationship is established with:

- Auckland Waterfront Development Agency, in relation to development of the Auckland Waterfront, and the transport elements of that development;
- Auckland Tourism, Events and Economic Development, in relation to the transport activities required for Rugby World Cup 2011.

Auckland Transport will also ensure a high degree of cooperation with other CCOs in the development of CCO ten-year plans.

9. ACCOUNTABILITY AND REPORTING TO AUCKLAND COUNCIL

Auckland Transport will ensure that the Auckland Council is kept well informed of its progress through a range of formal and informal reporting mechanisms. These will include:

- (a) **Annual, half-yearly and quarterly reports:** these will be provided within the statutory timeframes, and contain information on financial performance, and report on performance against the targets set in this SOI. **Appendix 4** sets out the contents of each of these reports in more detail.
- (b) **Meetings with Auckland Council:** Auckland Transport will meet with the Auckland Council governing body or relevant Council Committee to formally present its Annual, Half Yearly and Quarterly Reports.
- (c) **Transport Outcome Monitoring:** Auckland Transport will provide information on transport system performance, and on the contribution of transport projects to long term outcomes, in a timely manner to assist Auckland Council in developing and monitoring the Regional Land Transport Strategy and the Auckland Plan.
- (d) **Additional Information:** Auckland Transport will provide additional information as required to ensure that Auckland Council is informed in a timely manner of significant events which relate to Auckland Transport and which may affect Auckland Council.

Relevant information which is confidential under the terms of the Local Government Official Information and Meetings Act will be shared with Auckland Council as permitted by other agreements. When sharing such information, Auckland Transport will clearly state the nature of the information and the reason for confidentiality.

Appendix 1**Directory**

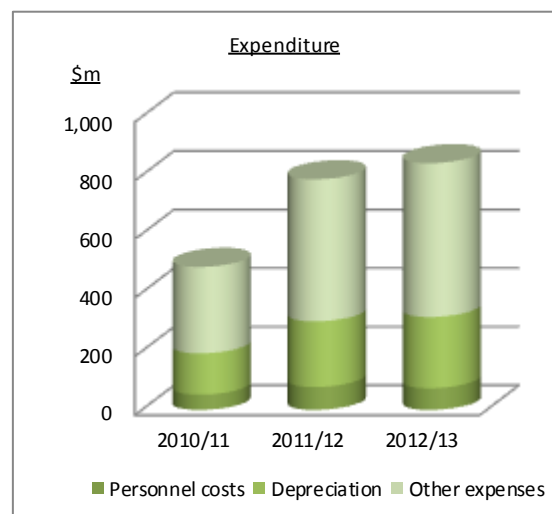
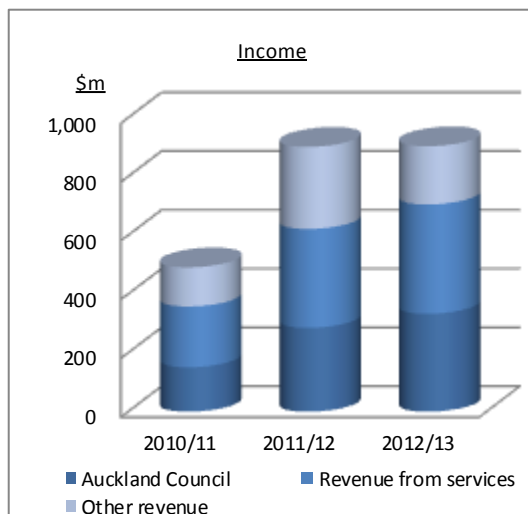
Address:	Auckland Transport Private Bag 92250 Auckland 1142
Shareholder:	Auckland Council (100%)
Place of business:	Auckland Transport Head Office 6 Henderson Valley Road Henderson Auckland 0612
Chairperson:	Mark Ford
Deputy Chair:	Philippa Dunphy (Deputy Chair)
Board:	Rabin Rabindran Dr Ian Parton Paul Lockey Mike Williams Cr Mike Lee Cr Christine Fletcher
Executive Team:	
Chief Executive Officer	David Warburton
Chief Infrastructure Officer	Kevin Doherty
Chief Operating Officer	Fergus Gammie
Chief Finance Officer	David Foster

Appendix 2: Forecast Financial Statements

Note: tables to be updated once information available

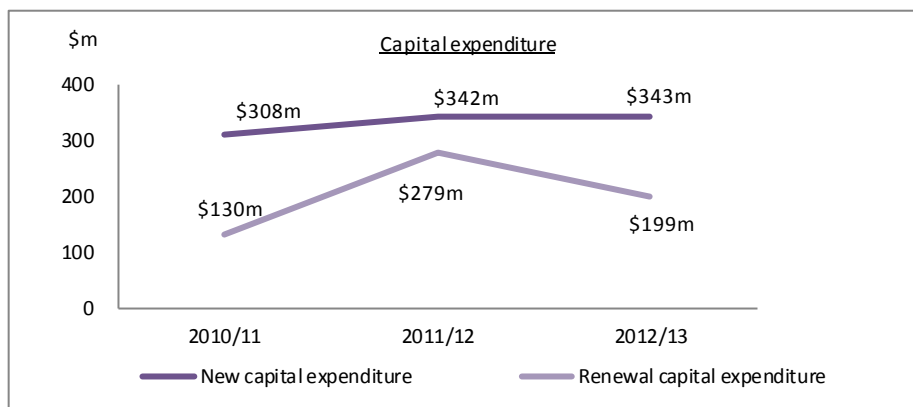
Statement of Financial Performance

	Plan 8 months to 30 June 2011 \$000	Plan 12 months to 30 June 2012 \$000	Plan 12 months to 30 June 2013 \$000
Income			
Auckland Council funding - opex	140,498	225,065	227,346
Auckland Council funding - capex	10,294	59,988	105,215
Revenue from services	207,060	337,319	371,550
Other revenue to fund capital expenditure	133,570	278,827	198,691
Total income	491,422	901,199	902,802
Expenditure			
Personnel costs	51,802	77,863	73,569
Depreciation and amortisation expense	140,714	224,216	242,615
Other expenses	295,756	484,521	525,328
Finance costs	-	-	-
Total operating expenditure	488,272	786,600	841,512
Operating surplus before tax	3,150	114,599	61,290
Income tax expense	-	-	-
Operating surplus after tax	3,150	114,599	61,290



Summary of capital expenditure

	Plan 8 months to 30 June 2011 \$000	Plan 12 months to 30 June 2012 \$000	Plan 12 months to 30 June 2013 \$000
Capital expenditure			
New capital expenditure	308,080	342,426	343,456
Renewal capital expenditure	130,232	278,827	198,692
Total capital expenditure	438,312	621,253	542,148
Funding			
Grants and subsidies	133,571	278,827	198,692
Auckland Council - capex funding	10,294	59,988	105,215
Auckland Council - investment	294,447	282,438	238,241
Total funding	438,312	621,253	542,148



Statement of Financial Position

	Plan 30 June 2011 \$000	Plan 30 June 2012 \$000	Plan 30 June 2013 \$000
Assets			
Current assets	82,392	82,392	82,392
Non-current assets	12,016,934	12,665,479	13,326,174
Total assets	12,099,326	12,747,871	13,408,566
Liabilities			
Current liabilities	109,379	109,379	109,379
Non-current liabilities	4,966	4,966	4,966
Total liabilities	114,345	114,345	114,345
Total equity	11,984,981	12,633,526	13,294,221

Appendix 3: Summary of Accounting Policies

Appendix 4: Timing and Contents of Annual, Half-yearly and Quarterly Reports to Auckland Council

9.1 Annual Report

Within three months from the end of June each year, Auckland Transport will provide to Auckland Council an Annual Report which will comply with Section 68 of the Local Government Act and include the following:

- Directors Report;
- Statement of Financial Performance;
- Statement of Financial Position;
- Statement of Cash Flows;
- Statements of Movements in Equity;
- Notes to the Financial Statements;
- Report on performance against the Programme of Action and Performance Targets set in the Statement of Intent
- Auditors Report in terms of section 69 of the Act on:
 - The above Financial Statements and Statement of Service Performance; and
 - The performance targets and other measures by which Auckland Transport was judged in relation to its objectives as per the SOI.

9.2 Half Year Report

Within eight weeks from the end of December each year, Auckland Transport will provide to Auckland Council an unaudited Half Year Report which will include:

- Statement of Financial Performance;
- Statement of Financial Position;
- Statement of Cash Flows; and
- Report on performance against the Programme of Action and Performance Targets set in the Statement of Intent

9.3 Quarterly Report

Within eight weeks from the end of the September and March quarters of each financial year, Auckland Transport will provide to Auckland Council an unaudited Quarterly Report which will include:

- Statement of Financial Performance;
- Statement of Financial Position;
- Statement of Cash Flows; and
- Report on performance against the Programme of Action and Performance Targets set in the Statement of Intent