

Entered by Board Secretary

# Auckland Transport's Statement of Intent for 2020/21-22/23

For decision:

For noting:

## Te tūtohunga / Recommendation

That the Auckland Transport Board (board)

- a) Approve the final Auckland Transport (AT) Statement of Intent for 2020/21-22/23 (SOI) as per Attachment 1.
- b) Delegate authority to the board sub-committee to make editorial and other minor amendments to finalise the SOI for submission to Auckland Council on or before 30 July 2020.

## Te whakarāpopototanga matua / Executive summary

1. A draft SOI was submitted to Auckland Council after approval by the SOI board sub-committee (consisting of the Chair and directors Wayne Donnelly and Kylie Clegg) on 28 February 2020.
2. Auckland Council subsequently requested a revised SOI, to be submitted by 11 June 2020, to take into account the impacts of a revised Annual Plan budget along with changes to customer behaviour and other transport responses to the COVID-19 pandemic (COVID-19).
3. A revised SOI was prepared by management in consultation with the board sub-committee. The major changes were a reduction in the scope of our work programme and in some key performance indicators, largely due to the revised budget. Two budget scenarios were included in the revised SOI: a 3.5 per cent rates rise (which provides a capital budget of roughly \$700m) and a 2.5 per cent rates rise (which provides for a \$660m budget).
4. The revised SOI was submitted to Auckland Council for feedback on 11 June 2020. Feedback was received on 2 July 2020 via a letter from the mayor to the Chair and this has been incorporated in a final draft as per Attachment 1, together with the decision from Council's Finance and Performance Committee to adopt a 3.5% rate rise. This is now in a form for approval by the board.

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## Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
3 December 2019	Statement of Intent 2020-23	Establishment of a board sub-committee to oversee the preparation of the SOI.
11 February 2020	Statement of Intent 2020-23	Noted progress on proposed draft SOI. Delegated authority to board sub-committee to approve the final draft SOI for submission to Council by 1 March 2020.
28 February 2020	N/A	Approval of the final draft SOI by board sub-committee. Submission of final draft SOI to Auckland Council for review.
5 June 2020	Auckland Transport's updated Statement of Intent for 2020/21-22/23	Noted a revised draft Statement of Intent 2020-23 (SOI) amended in response to an updated annual plan budget and for the impact of COVID-19. Delegated authority to the board sub-committee to approve the revised draft SOI for submission to Auckland Council on 11 June 2020.

## Te horopaki me te tīaroaro rautaki / Context and strategic alignment

5. As a Council Controlled Organisation (CCO), AT is required by The Local Government Act 2002 to prepare an SOI for its shareholder Auckland Council. 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 Auckland Council to influence the direction of AT.
  - c. Provide the basis for Auckland Council to hold the directors of AT to account for the performance of the organisation.
6. A draft SOI was originally submitted to Auckland Council for review in late February 2020, following approval by the board sub-committee.

**Entered by Board Secretary**

7. Auckland Council subsequently asked for a revision of the draft SOI to reflect changes to funding, revenue and customer behaviour that have resulted from COVID-19. In response, we updated the full SOI document, including the work programme and key performance indicators.
8. The revised draft SOI was submitted to Council on 11 June 2020. Feedback on this draft from Auckland Council has been incorporated into a final document.

## **Ngā matapakinga me ngā tātaritanga / Discussion and analysis**

9. Feedback on our revised draft SOI was received from Auckland Council on 2 July 2020 via a letter from the mayor to the Chair (refer to Attachment 2).
10. The key elements of this feedback were:
  - a. General comments around the form of financial information provided.
  - b. A comment around ensuring the SOI is aligned with the Long Term Plan.
  - c. Specific shareholder comments for AT, with recommendations to include the following:
    - i. Showing how AT's strategic priorities and programme align with the objectives of the Auckland Transport Alignment Project.
    - ii. A description of how the prioritisation process was undertaken in light of budgetary constraints following COVID-19.
    - iii. Inclusion of an indication of investment priorities should the council's financial position improve relative to forecast.
    - iv. A description of how the \$40m additional capital investment afforded under the 3.5% rates rise scenario above the 2.5% rates rise scenario will be employed.
    - v. An outline of how innovative and low cost techniques may be deployed to achieve council priorities.

## **Ngā tūraru matua / Key risks and mitigations**

11. A key potential risk with SOI is that it sets Council and public expectations for our ability to deliver projects, services and outcomes over the next three years. Within the time available, we have sought to address this risk by setting out clearly the impact of COVID-19 and associated budget changes on our operating environment, then revising the work programme and key performance measures to reflect the best possible assessment of what can be achieved over the next three years.

Entered by Board Secretary

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

12. The SOI outlines the far-reaching implications of the updated capital programme and what can be delivered under the 3.5 per cent rates increase scenario.

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

13. Our ability to deliver on favourable climate outcomes has been impacted by the revised budget. Previous targets relating to a reduction in carbon emissions, total transport boardings and kilometres of new cycleway added to the network may not be met.

## **Ngā reo o mana whenua rātou ko ngā mema pooti, ko ngā roopu kei raro i te maru o te Kaunihera, ko ngā hāpori katoa / Voice of mana whenua, elected members, Council Controlled Organisations, customer and community**

14. Section 96 (2) (a) of the Local Government (Auckland Council) Act 2009 requires that there is a board meeting open to the public to consider Auckland Council's shareholder comments on AT's SOI for the following financial year.
15. The SOI will be considered on the open agenda at the board meeting of 21 July 2020 with the opportunity for the public to attend.

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

16. Our ability to deliver on road safety outcomes has been impacted by the revised capital budget. For 2020/21, the revised draft SOI involves a reduction from 50 to 10 improved crossing facilities, and 40 to 4 high risk roads and intersections. Out of those 40, 16 will still proceed to investigation and design, but will not be delivered. Instead of 7, no new red light cameras will be rolled out in 2020/21.
17. The estimated impact of a potential Road Safety Programme funding reduction from \$107.7m to \$36m in 2020/21 is an immediate reduction in annual Deaths and Serious Injuries (DSI) savings from 70.7 to 19. Based on initial estimates, 51.7 DSI not saved in 2020/2021 could mean, worst case scenario, up to 10 lives not saved along with more than 40 serious injuries.

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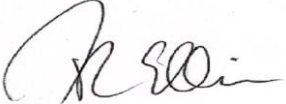
## Ā muri ake nei / Next steps

18. Minor amendments may be required to finalise the SOI before it is submitted to Auckland Council, including minor editorial changes. It is proposed that the board delegates authority to the sub-committee to work with management to finalise the SOI for submission on or before 30 July 2020.

## Ngā whakapiringa / Attachments

Attachment number	Description
1	Final SOI 2020-2023
2	Shareholder comments on AT's draft SOI 2020-2023

## Te pou whenua tuhinga / Document ownership

Submitted by	Robin Verstappen <b>Transport Planner</b>	 pp
	Andrew Downie <b>Governance Lead</b>	
Recommended by	Jenny Chetwynd <b>EGM, Planning and Investment</b>	
	Shane Ellison <b>Chief Executive</b>	
Approved for submission		