

Entered by Board Secretary

AGENDA ITEM 21 BOARD DECISION PAPER	
To:	Board
From:	Scott Campbell, Acting Director, Strategy and Governance
Reviewed:	Dean Kimpton, Chief Executive Finance and Assurance Committee
Date:	21 February 2024
Title:	Statement of Intent

Aronga / Purpose

1. To outline the proposed process for developing the Statement of Intent (SOI) 2024 – 2027 and to seek delegation of authority to the Finance and Assurance Committee (committee) to assist management with its preparation. Board approval for an amendment to the financial statements in the SOI 2023 – 2026 is also sought.

Tuku mana / Delegation

2. N/A.

Ngā tūhonga / Recommendations

That the Auckland Transport Board (board):

- a) note the proposed approach to preparing the Statement of Intent 2024 – 2027, and the timeframes for future board engagement.
- b) delegate authority to the Finance and Assurance Committee to assist officers in preparation of a draft document, prior to submission to the board for approval at its 26 March 2024 meeting.
- c) approve the revision to the Statement of Intent 2023 – 2026 financial statements as requested by Auckland Council following advice from Audit New Zealand.

Te whakarāpopototanga matua / Executive summary

3. The Local Government Act 2002 requires that all Council Controlled Organisations (CCOs) prepare a SOI each year. The purpose of the SOI is to state publicly the activities and intentions of Auckland Transport (AT), to provide an opportunity for Council to influence the direction of AT, and to provide the basis for Council to hold the directors of AT to account for the performance of the organisation.
4. The SOI 2024 – 2027 will be drafted in response to the Letter of Expectation for the Statement of Intent 2024 – 2027 (LOE). The LOE is included as Attachment 1.
5. Board approval is also sought for an amendment to the SOI 2023 – 2026. This amendment revises our financial statements and includes details on our accounting policies. This change has been requested of all CCOs by Council in response to advice by Audit New Zealand. The changes are required to be approved by the board before being re-submitted to Council through the Transport and Infrastructure Committee.
6. The amended SOI 2023 – 2026 is provided in Attachment 2. For clarity, please note that this is not the draft of the SOI 2024 – 2027.

Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
February 2024 Committee	Statement of Intent	The committee recommended that the board delegate authority to assist officers in preparation of the SOI 2024 – 2027 and also recommended approval by the board of the proposed revisions to the SOI 2023 – 2026.
June 2023 Board	AT SOI 2023 – 2026	The SOI 2023 – 2026 was approved for submission to Council.

Entered by Board Secretary

Te horopaki / Background

7. As a CCO, AT is required by the Local Government Act 2002 to prepare an SOI for its shareholder, Auckland Council. Under the Act, the purpose of the SOI is to:
 - state publicly the activities and intentions of AT and the objectives to which these activities will contribute.
 - provide an opportunity for Council to influence the direction of AT; and
 - provide the basis for Council to hold the directors of AT to account for the performance of the organisation.
8. The SOI process requires the board to approve the SOI and submit to Council. Section 65(2) of the Local Government Act 2002 requires Council to agree to the final delivered SOI, or if it does not agree, require the SOI to be modified.
9. The SOI must respond to issues identified by Council in the LOE. The LOE was received in December 2023 and is included for reference as Attachment 1. The key themes of the LOE are discussed below in paragraph 13.
10. As a separate issue, Audit New Zealand has advised Council that all CCOs need to modify their SOIs in response to an amendment to the Local Government act in 2019 to include additional forecast financial statements and accounting policies. As a result, Council has requested changes to the SOI 2023 – 2026. The changes to the SOI 2023 – 2026 are discussed below in paragraphs 20-22.

Te hononga ki te “Statement of Intent 2023 - 2026” / Alignment to Statement of Intent 2023 - 2026

11. The LOE directs AT to build upon the priorities laid out in the previous letter. The SOI 2023 – 2026 was constructed as a direct response to the previous LOE.
12. The SOI 2024 – 2027 will build upon and update these principles to reflect latest Council expectations.

Me mōhio koe / What you need to know

Development of the SOI 2024 – 2027

13. The LOE outlines key themes or expectations for AT:

- Build upon priorities set out in the previous letter of expectation.
- Fix, finish, optimise – look after what we already have before embarking on big new capital projects. Fully fund our share of road renewals, but only if co-funding is available. Reduce travel times for public transport with network optimisation and dynamic lanes.
- Better, faster, cheaper: cost savings and value for money. Provide advice on the use of cost / benefit analysis for investment decisions. Cut spending on low-value initiatives and find cheaper alternatives for raised pedestrian crossings. Refocus the cycle programme on low-cost opportunities to complete the cycling network.
- Incorporate climate change considerations into work programmes and decisions (guided by Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan) and reduce transport emissions in line with Council's and Government's targets to reach net zero by 2050.
- Alignment of our capital programme with Council's Long-Term Plan (LTP).
- Ensure alignment with Future Development Strategy, and not invest where we are not planning for growth and supply.
- Work with the Government on progressing the Integrated Transport Plan and Time of Use Charging, and advocate to government on Council priorities.
- Explore innovative approaches to drive further use of public transport.

14. The due dates for SOI 2024 – 2027 development advised by the LOE are:

- draft SOI 2024 – 2027 on or before 1 April 2024;
- shareholder feedback on the draft SOI 2024 – 2027 to be provided after 23 May 2024; and
- final submission of SOI 2024 – 2027 on or before 31 July 2024.

15. AT officers prepared the SOI 2023 – 2026 as a direct response to new Council direction provided in the previous LOE. Given the emphasis in the most recent LOE on continuing to build on progress towards priorities identified in 2023, the proposed approach is to retain the structure and broad approach of the SOI

Entered by Board Secretary

2023 – 2026. We will update this to include and reflect the new expectations in the most recent LOE.

16. We also plan to highlight accelerating public transport growth, improving network productivity and ensuring every engagement with the public matters as three key areas of focus for the business over the next year.
17. SOI performance targets will need to be updated to align with Council's 2024 LTP. Separate advice will be provided to the Board on the LTP process.
18. AT officers propose to work with the committee to finalise the draft SOI document before submission to the board. The detailed process and timelines are set out below in *Next Steps*.
19. Consistent with the Acting Board Chair's response to the LOE, AT will emphasise to Council the risk of potential under-funding of activities from the LTP and National Land Transport Plan (NLTP) which may require trade-off decisions to be made. These choices will be made clear in the draft SOI 2024 – 2027.

Approval of changes to the SOI 2023 – 2026

20. As requested by Council, we have updated the SOI 2023 – 2026 with additional prospective financial statements and accounting policies to respond to guidance issued by Audit New Zealand.
21. This request applies to all CCOs, and there are no flow-on impacts from this change.
22. The proposed new version of the SOI 2023 – 2026 is included as Attachment 2. Changes that have been made since the approved SOI 2023 – 2026 are on pages 31-41 and have been highlighted in the Attachment.

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

23. In accordance with the Mayor's Letter of Expectation, the SOI 2024 – 2027 will outline steps that AT will take to ensure cost savings and value for money.

Ka whaiwhakaaro ki te Tiakanga Taiao / Climate change and sustainability considerations

24. Development of the SOI 2024 - 2027 will reflect climate change direction in accordance with Council's plans, guided by Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan and net zero by 2050.

Ngā whakaaweawe atu anō / Other impacts

Relationship	Consulted Y/N	Views and Perspectives Received
Māori	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	
Elected members	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	
Council Controlled Organisations	Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	

Ā muri ake nei / Next steps

Date	Activity
February – March 2024	AT management drafts the SOI 2024 – 2027.
12 March 2024	Proposed out-of-cycle committee meeting (subject to committee chair approval) to review draft of SOI 2024 – 2027.
21 March 2024	Transport and Infrastructure Committee receives the amended SOI 2023 – 2026.
26 March 2024	The board receives the draft SOI 2024 – 2027 for approval.
28 March 2024	Draft SOI 2024 – 2027 submitted to Council.
23 May 2024	Council considers shareholder feedback on draft SOIs at the Transport and Infrastructure Committee, subsequently providing this to management.

Entered by Board Secretary

May-June 2024	Management prepares the final SOI 2024 – 2027, to align with Council feedback, the 2024 LTP, and the 2024 Annual Plan.
25 June 2024	The board receives shareholder comments, management’s response to these comments, and a final SOI 2024 – 2027 for approval.
July 2024	Final revisions if necessary to align with the published 2024 LTP and 2024 Regional Land Transport Plan. Any further changes to be approved by the board through circular resolution.
31 July 2024	Final SOI 2024 – 2027 submitted to Council.

Ngā whakapiringa / Attachments

Attachment #	Description
1.	Letter of Expectation for Statement of Intent 2024 – 2027
2.	Statement of Intent 2023 – 2026 with November 2023 amendments

Te pou whenua tuhinga / Document ownership

Submitted by	Recommended by	Approved for submission
Sean Cavanagh Senior Advisor – Investment Planning	Scott Campbell Acting Director, Strategy and Governance	Dean Kimpton Chief Executive
		