

Annual Report – Performance against the Statement of Intent 2018/19

Recommendation

That the Board:

- i. Receives the report

Executive Summary

1. Auckland Transport (AT) has a statutory obligation to consider the organisation's performance under its Statement of Intent (SOI) in an open session Board meeting.
2. Of the 22 non-financial performance measures within AT's 2018/19 SOI, 16 measures met or exceeded the target and six performance measures were not achieved.
3. AT's 2018/19 Annual Report summarises its financial and non-financial performance, including AT's performance against its 2018/19 SOI, for the year ended 30 June 2019. The Board adopted the 2018/19 Annual Report at its September (closed) meeting.

Background

4. Section 96 of the Local Government (Auckland Council) Act requires the Board to consider the organisation's previous financial year performance against its SOI in a meeting open to the public after the 1 July 2019.
5. The 2018/19 SOI was adopted by the Board in June 2018.

Financial Performance Summary

6. AT have delivered the majority of the capital programme while managing operating costs within one percent of budget in an environment of increasing cost pressures.
7. AT's surplus before tax, which includes funding for capital items, for the twelve months ended 30 June 2019 was \$637.5 million, \$60.9 million higher than budget. The variance is mainly due to unbudgeted vested assets revenue of \$125.2 million, higher than budgeted Auckland Council capital funding of \$15.3 million and lower than expected depreciation of \$11.8 million. This is partly offset by lower NZ Transport Agency capital funding capital funding of \$95.1 million.
8. AT's operating results were pleasing with AT's surplus excluding depreciation, \$6 million favourable to budget. AT faced increasing cost pressures with AT delivering higher than forecast public transport growth and increased services with more passenger trips supported by the new bus network, rail timetable enhancements, and new ferry services.
9. AT has met financial targets through tight costs control and a continuing focus on managing performance and optimising expenditure which has also resulted in reductions in discretionary spending including professional services, and domestic and international travel.
10. Capital expenditure excluding vested assets was \$667.5 million, 90% of the capital programme. Capital works delivered include:
 - High risk roads and intersections: Safety improvements have been made to seven high risk urban roads, four high risk rural roads and 26 pedestrian infrastructure upgrades. We have delivered 235 kilometres of new signage, 150 high risk bend treatments and a further 11 intersection upgrades.
 - The following cycleways and shared paths (which includes cycleways) were completed during the year: Ian McKinnon Drive; the Quay Street extension; links to New Lynn; Northcote safe routes; Glenvar Ridge Road shared path and New Spine Road – Maketu Road.
 - Network renewals: 363.3km of road resurfacing; 67.3km of footpath renewals; 16,494 renewals of LED street lights; 3.8km seal extension and 142 signalised intersections.
 - Work has begun on the Downtown redevelopment programme and construction for the first stage of AT's largest ever project, the \$1.4 billion Eastern Busway, this is Auckland's second biggest project after CRL.
11. The transformation of Franklin Road was substantially completed this year. The culmination of a three-year programme incorporating utility service upgrades, repairs and streetscape construction. AT has worked with Watercare, Vector, Chorus and Auckland Stormwater to virtually rebuild the road from the underground up.

12. Capital expenditure was \$76.8 million lower than budget mainly due to:

- Corridor improvements, behind budget due to re-scoping and re-design of the Lincoln Road improvements project and Glenvar/East Coast corridor and intersection improvements project
- Active transport, due to project delays to accommodate the walking and cycling programme review. A number of projects are now approved to commence construction and are either in tender or going to market.
- Local Board priorities to support housing growth, behind budget due to risks with Greenfield development land purchases and delays in selection and approval of Local Board projects for delivery
- Other bus network improvements, behind budget as a result of the introduction of the connected communities programme which is now starting to ramp up and the Frequent Network 32 project running behind schedule

Non-Financial Performance Summary

13. Auckland Transport has a total of 22 SOI key performance measures. In the 2018/19 financial year 16 measures were met or exceeded (11 measures were exceeded, five met) and six were not achieved.

14. The following table summarises AT's 2018/19 performance for each of the performance measures in the 2018/19 SOI.

15. AT use the following guidelines to report on performance against the non-financial targets agreed in the SOI:

- Where performance is within +/- 2.5% of a target, the target is considered to be met;
- Where performance is above a target by more than 2.5%, the target is considered to be exceeded; and
- Where performance is below target by more than 2.5%, the target is considered to be not met.

Performance Measure	SOI Target	Actual	Performance
Strategic Theme - Deliver an efficient and effective transport system			
1. Total annual public transport boardings	96.3 million	100.8 million	Target exceeded
In the 12 months to June 2019 Auckland public transport patronage totalled 100.8 million passenger boardings, an increase of 9.1% on the previous year. This was supported by the introduction of the New Networks Central and North rollout.			
2. Total annual rail boardings	21.11 million	21.39 million	Target met
In the 12 months to June 2019 there were 21.39 million boardings on the rail network. This was 6.4% higher than last year and 1.3% above the SOI target of 21.11 million.			
3. Boardings on rapid or frequent network (rail, busway, Frequent Transit Network - bus)	Increase at faster rate than total boardings	21.5% growth compared with 9.1% total boardings	Target met
Boardings on Rapid and Frequent services totalled 49.2 million in the 12 months to June 2019, an increase of 21.5% on the previous year. Strong growth has followed the introduction of the New Network, which increased the extent of the frequent bus network.			
4. New cycleways added to regional cycle network	10 km	9.65 km	Target not met
The following cycleways and shared paths (which includes cycleways) were completed during the year: Ian McKinnon Drive; the Quay Street extension; links to New Lynn; Northcote safe routes; Glenvar Ridge Road shared path and New Spine Road - Maketu Road. Several cycleway projects were delayed from 2018/19. Northcote Safe Routes bridge required further structural designs. Westhaven to the city centre Section 2 and Victoria Street East West has been delayed pending additional assessment in relation to the interface with the Victoria Linear Park.			

Performance Measure	SOI Target	Actual	Performance
5. Number of cycle movements past selected count sites ¹	3.644 million	3.771 million	Target exceeded
<p>Although this is a new SOI measure, we have been recording cycle counts at the various count sites since they were opened. Cycling counts at selected sites in 2018/19 were 8.9% higher than in 2017/18, exceeding the 2018/19 target by 3.5%. Strong growth is expected to continue as new infrastructure is provided.</p>			
6. Active and sustainable transport mode share at schools where the Travelwise programme is implemented	40%	47%	Target exceeded
<p>To achieve a sustainable mode share at Travelwise Schools of 47%, Auckland Transport promoted the benefits of active transport to whole school communities by working intensively with over 350 active schools on the programme, including developing a Safe School Travel Plan for each school; holding a Travelwise Conference; delivering BikeReady safety training; The Walking School Bus programme; scooter safety training and Safety and School Gate parking enforcement programmes.</p>			
7. Active and sustainable transport mode share for morning peak commuters, where the Travelwise Choices programme is implemented	40%	72%	Target exceeded
<p>The positive sustainable mode share result is influenced by surveys at large city centre organisations on the Travelwise Choices programme. The staff and students at these organisations tend to travel more sustainably (more transport choice available) than those working at Travelwise Choices organisations outside the city centre. While results are dependent on organisations participating in surveys, we expect the sustainable percentage to remain high in future years.</p>			

Performance Measure	SOI Target	Actual	Performance
8. Average AM peak arterial productivity ²	21,000	32,863	Target exceeded
<p>The productivity measure was expanded from the original six routes from July 2018. This change elevated the productivity measure to a regional level covering the primary arterial network. As a result, all frequent service bus routes, special vehicle lanes, and parts of the network that operate efficiently during peak hours that account for high people through-put are now being included and results in a higher productivity outcome.</p> <p>The target of 21,000 was inherited from the original six arterial routes, and was required to be revaluated based on the expanded routes. Therefore, a more appropriate target of 27,500 is set for 2019/2020.</p>			
9. Proportion of the freight network operating at Level of Service C or better during the inter-peak ³	85%	93%	Target exceeded
<p>The freight measure was expanded from the original five arterial routes to include the Auckland Transport freight network which now comprises key freight routes on both arterial and motorway networks. The measure was also changed from measuring travel time for specific routes to measuring Level of Service (LOS) which represents travel time, but now for the broader freight network during the inter-peak period. The high result is largely attributable to the motorway component of the freight network of which 97% is performing efficiently (LOS A-C) during inter-peak period, whereas 87% of the arterial component is performing efficiently, which marginally exceeds the target.</p>			
Strategic Theme - Focus on the customer			
10. Percentage of public transport passengers satisfied with their public transport service	85%	91%	Target exceeded
<p>The percentage of customers satisfied with their public transport service remains high over the last year at 91%. Satisfaction levels are driven by perception of value for money due to integrated ticketing, and improved experience on buses following the gradual implementation of the bus New Networks.</p>			

Performance Measure	SOI Target	Actual	Performance
11. Public transport punctuality (weighted average across all modes)	94.5%	97.0%	Target exceeded
<p>In the 12 months to June 2019 average public transport weighted punctuality was 97%. Punctuality has improved, and stabilised since the implementation of the New Network. Due to close collaboration with operating partners, there was minimal punctuality impact from the May 2019 Employment Relations Act changes.</p>			
Percentage of local board members satisfied with Auckland Transport engagement ⁴	70%	41%	Target not met
12. Reporting to local board	70%	35%	Target not met
13. Consulting with local board			
<p>While the 2019 Elected Member Survey results for engagement with Local Boards are disappointing from Auckland Transport's point of view, considerable effort is being put into improving the ability of Local Boards to make positive changes to their local environments. The Local Board Transport Capital Fund has been increased to \$21 million and a new Community Safety Fund has allowed Local Boards to identify and remedy local traffic safety issues that are high priorities for their local communities. Early engagement with Local Boards is being actively promoted within Auckland Transport and new ways of informing them about upcoming works and receiving their feedback on these, are being explored. Auckland Transport expect these initiatives will bear fruit and looks forward to much improved results in the next Elected Member Survey.</p>			
14. Percentage of customer service requests relating to roads and footpaths which receive a response within specified timeframes ⁵	85%	82.3%	Target not met
<p>Our suppliers are performing at, or close to, expected levels of customer responsiveness for road and footpath requests. Improvements in our customer responses are evident in the last quarter of this year and we are working constructively with our suppliers to maintain target times.</p>			

Performance Measure	SOI Target	Actual	Performance
Strategic Theme - Improve the safety of the transport system			
15. Number of high risk intersections addressed by the safety programme	10	11	Target exceeded
<p>Within the safety programme, Auckland Transport has an SOI target to deliver improvements targeted at ten of the highest risk intersections and corridors (sections) of road in the region. In 2018/19, 11 of the highest risk sections were addressed, in addition to 26 pedestrian upgrades and a further 54 safety projects across the wider network.</p> <p>For this purpose, highest risk refers to NZ Transport Agency's list of 100 highest risk intersections and sections of road in the Auckland Region.</p>			
16. Change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Reduce by at least 9 (681)	Reduced by 137 (553)	Target exceeded
<p>The 12 month total for 2018 was 553. This is 137 less than the total for 2017 and 19% lower than the year-end target of 681.</p>			
Strategic Theme - Ensure value for money across AT's activities			
17. Public transport farebox recovery ⁶	46-50%	43.4%	Target not met
<p>Total public transport revenue has increased, however, rising costs including higher than expected indexation have outstripped that growth. With the expected implementation of nuanced fares (2020), the 2019/20 farebox recovery target is proposed to be 43% - 46%.</p>			
18. Percentage of the sealed local road network that is resurfaced	6%	5.5%	Target not met
<p>The amount of resurfacing Auckland Transport can complete each year is dependent on the price of oil, which in turn determines the price of bitumen. The oil price has been on a steady upwards trend since the start of 2016. Additional funding to offset the impact of cost increases has been allocated for the 2019/20 year which will enable the resurfacing programme to be increased.</p>			

Performance Measure	SOI Target	Actual	Performance
19. Percentage of road assets in acceptable condition (as defined by AT's AMP) ⁷	95%	94%	Target met
20. Percentage of footpaths in acceptable condition (as defined by AT's AMP) ⁷	95%	96%	Target met
Road maintenance standards (ride quality) as measured by smooth travel exposure (STE) for all urban and rural roads			
21. Rural	92%	94%	Target met
22. Urban	81%	87%	Target exceeded
Auckland Transport has maintained the overall road condition and ride quality under the current programme of works and funding levels. Urban road maintenance standards exceeded the 2018/19 target, and further monitoring is required to understand the trends.			

Notes:





- ¹ Targets for 2018/19 onwards reduced from previous years due to a reduction in the number of count sites monitored.
 Auckland Transport uses the following sites to monitor cycle movements: Beach Rd; Curran St; East Coast Rd; Grafton Bridge; Grafton Gully; Grafton Rd; Great South Rd; Highbrook shared path; Hopetoun St; Karangahape Rd; Lagoon Dr; Lake Rd; Lightpath; Mangere Bridge; Northwestern cycleway – Kingsland; Northwestern cycleway – Te Atatu; Orewa shared path; Quay St (Vector Arena); SH20 shared path (near Dominion Rd); Symonds St; Tamaki Dr (both sides of the road); Te Wero Bridge (Wynyard Quarter); Twin Streams shared path; Upper Harbour Dr; Upper Queen St; and Victoria St West.
 Note: some trips may be counted more than once across the cycle network.
- ² The monitored arterial routes are defined in the Auckland Transport 2018 SOI Route Productivity map. Productivity is measured as the average speed multiplied by number of people per lane in one hour. The 2018/19 target of 21,000 is equivalent to the route productivity target included in previous SOIs.
- ³ The monitored freight network is defined in the Auckland Transport 2018 SOI Freight Network map.
- ⁴ Local Board satisfaction results are sourced from Auckland Council Elected Members' Survey. Results are not available every year as the survey is only undertaken every 18 months.

- 5 Specified time frames are defined in Auckland Transport’s customer service standards: two days for incident investigation as a high priority, three days for incident investigation as a normal priority, one hour emergency response time.
- 6 Farebox recovery measures the contribution passenger fares make to the operating cost of providing public transport services. The measure calculates farebox recovery in accordance with NZ Transport Agency guidelines.
- 7 The amended 2018/19, 2019/20 and 2020/21 targets for this item relate to a change in performance measure methodology:
 - Improved information from a detailed network-wide survey of footpath condition
 - A reassessment of the AMP definition of acceptable condition

Attachment

Attachment Number	Description
1	AT Annual Report for the year ended 30 June 2018

Document Ownership

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