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Statement of Intent 2020-23

Recommendations

That the Board:

- i. Notes progress on and proposed next steps for drafting of the Statement of Intent (SOI) 2020-23.
- ii. Notes key themes from the Mayor's Letter of Expectations.
- iii. Delegates authority to the Board sub-committee to approve the final draft SOI 2020-23 for submission to Council by 1 March 2020.

Executive summary

1. This paper provides a summary of progress on and proposed next steps for drafting of the SOI 2020-23 and a summary of key themes from the Mayor's Letter of Expectations. It also proposes that the Board delegates authority to the Board sub-committee to approve the final draft SOI 2020-23 for submission to Council on 1 March 2020.

Previous deliberations

2. At its meeting on 3 December 2019, the Board confirmed the establishment of a Board sub-committee - consisting of the Chair, Adrienne Young-Cooper, Deputy Chair, Wayne Donnelly and Director Kylie Clegg to oversee the development of the SOI 2020-23.

Strategic context

3. As a Council Controlled Organisation (CCO), Auckland Transport (AT) is required 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.

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Background

4. AT is required to prepare an SOI for the three years commencing on 1 July 2020. The draft SOI 2020-23 must be submitted to Council by 1 March 2020 and Council then has two months in which to provide feedback. AT must then consider that feedback and submit a final SOI 2020-23 to Council by 30 June 2020.

Letter of Expectations

5. The SOI 2020-23 will need to be informed by Council's priorities and expectations. AT received the Mayor's Letter of Expectations setting out these matters on 18 December 2019 and a copy is provided as Attachment 1. A summary of key themes from the Letter of Expectations, highlighting additional requirements or areas of increased focus for AT, is provided as Attachment 2.
6. The Letter states that the Council expects AT's main strategic priorities and broad parameters of activities to be continued from previous years, which supports our approach of a refresh and update, rather than a wholesale redraft, of the SOI.

Initial draft SOI 2020-23

7. An initial draft SOI 2020-23 has been prepared to reflect the matters set out in the Mayor's Letter of Expectations. Several areas of the document, including the Chair's foreword, remain at an early stage of drafting.
8. It is proposed the initial draft SOI 2020-23 is finalised by management and then circulated to the Board sub-committee for review and input.

Approval of final draft SOI for submission to Council

9. The final draft SOI 2020-23 is required to be submitted to Council by 1 March 2020. It is proposed that the Board delegates authority to the Board sub-committee to approve the final draft SOI 2020-23 for submission to Council.

External Consultation/Engagement

10. No external consultation is required for the preparation of the draft SOI 2020-23.

Next steps



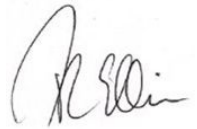
11. Management will work with the Board sub-committee to prepare the final draft SOI 2020-23 for submission to Council by 1 March 2020.

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Attachments

Attachment Number	Description
1	Mayor's Letter of Expectations 18 December 2019
2	Summary of key themes in Mayor's Letter of Expectations 18 December 2019

Document ownership

Submitted by	Andrew Downie Governance Lead	
	Jenny Chetwynd Executive General Manager, Planning & Investment	
Approved for submission	Shane Ellison Chief Executive	

Glossary

Acronym	Description
CCO	Council Controlled Organisation
SOI	Statement of Intent

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Attachment 1: Mayor's Letter of Expectations 18 December 2019



18 December 2019

Wayne Donnelly
Acting Chair
Auckland Transport

By email

Tēnā koe Wayne

Letter of expectations for 2020-2023

This letter of expectations sets out the council's priorities and expectations to inform the development of Auckland Transport's draft Statement of Intent (SOI) for 2020-2023.

It sets out general expectations across the group, and key strategic expectations for Auckland Transport.

General expectations and priorities

Context for 2020/21 Annual Budget

The adoption of the 10-year budget 2018-2028 sets a significant agenda for the council group to deliver. It includes a substantial programme of infrastructure investment, set in the backdrop of major population growth, while also focussing on sustaining and enhancing Auckland's environment.

Council expects the CCOs to continue to deliver on the strategic priorities and key projects/activities as set out in the 10-year budget 2018-28 and reflected in the current annual budget. For the 2020/21 Annual Budget, CCOs should be cognisant of the following:

- The council group should stay focused on delivering capital projects and services for Auckland
- Renewing the drive for efficiency and value for money
- Start taking early actions within the current remit and fiscal constraint to act on the climate emergency declared in June 2019 and contribute towards our 1.5°C target for the region, with a view to making more substantive decisions through the next 10-year Budget
- There is limited capacity for any new cost pressures, new funding requests or unforeseen events.

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Council expects draft 2020/21 SOIs to be consistent with the relevant aspects of the Mayor's proposal for the 2020/21 Annual Budget.

Preparation for the 10-year Budget 2021-31

In addition to delivering key projects and activities in the 2020/2021 financial year, it is expected that each CCO will undertake sufficient work to prepare for political decision-making as part of the 10-year Budget 2021-2031. This includes both:

- Responding to political direction on key changes proposed by the Mayor of Auckland and the Governing Body
- Undertaking comprehensive reviews of asset management plans, performance trends, budgets and fee setting.

As part of the work on asset management plans, CCOs are expected to not only follow best practice asset planning process, but to also do so in a highly transparent manner.

Specifically, it is expected that in the first half of calendar 2020, each CCO will share key information with the Governing Body on asset condition, renewals planning, maintenance and renewals procurement, asset-related cost trends and asset planning for growth.

Climate change

Addressing the challenges that climate change presents for Auckland continues to be a priority for the council group. This was highlighted in the council's declaration of a climate emergency, commitment to a 1.5°C target for the region and the ongoing work on Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Framework (ACAF).

Council expect CCOs' statements of intent to outline how they will continue to support the achievement of these regional climate commitments and support the ongoing development and delivery of Te Tāruke-ā-Tāwhiri. Whilst CCOs are at various stages of development in their climate action planning and implementation, council expects that CCOs will also participate in efforts across the council group to coordinate initiatives and responses to climate change.

Auckland Council reports to committees now require inclusion of a mandatory climate change impact statement. CCO SOIs should address how climate change impacts are being considered in the decision-making processes of their CCO.

Māori outcomes

Māori responsiveness has been an important journey for the council group. While there has been progress in building internal capability, it is harder to see where there has been progress against a coordinated work programme that delivers for Māori. For this reason, the focus is now changing from a Māori Responsiveness lens to a Māori Outcomes lens.

During the 10-year Budget 2018-28, long-term outcomes were set by the Governing Body and the strategic direction set by the council group Chief Executives and the Chief Executive of the Independent Māori Statutory Board. The council expects CCOs to contribute to the Māori outcomes portfolio (Te Toa Takitini) and the council group Tiriti o Waitangi Audit response as an integral part of their work programme. The council also expects draft 2020/21 SOIs to reflect any new Māori outcomes portfolio programmes that have been allocated funding for implementation from 1 July 2020.

Group approach

It is council's expectation that CCOs will always act consistently with group policies, and while operationally independent, will be aware at all times the decisions they take reflect back on the reputation of council. In this regard council expects strong and clear communication, no surprises and a group approach at all times.

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Contained in the CCO Governance Manual, the no surprises policy states that CCOs must ensure that elected members (via the Mayoral Office, Auckland Council Chief Executive and/or CCO Governance, as appropriate) are kept informed well in advance of anything that could be potentially contentious or reported in the media, whether or not the issue is covered by the SOI or legislation. The policy highlights the issues that should be raised with council, including such matters as potential/actual litigation by or against a CCO, its directors or employees.

CCO review

Council has initiated a process to review the CCO model's effectiveness in delivering services for Aucklanders. The terms of reference for the review were endorsed by the Governing Body on 26 November 2019. The review will be led by an independent panel. Council expects CCOs will prioritise input and appropriately support this process and respond to any requests for information in a timely manner.

It is acknowledged that a review of this nature can create uncertainty for CCOs. It is intended that the review is completed without undue delay. During this period council expects CCOs to continue to ensure a stable level of service delivery to Aucklanders.

It is proposed the panel will deliver a final report with recommendations to the Governing Body by July 2020. The Governing Body will consider and make decisions on the report's recommendations. If required, the Governing Body will carry out public consultation on any proposals as part of the Auckland Council 10-year budget process.

CCO Oversight Committee work programme

CCOs will be aware that in the committee structure for this term, council has established a CCO Oversight Committee, which is chaired by Deputy Mayor Bill Cashmore. This committee has, amongst other matters, responsibility for approving CCO SOIs, and monitoring the performance of CCOs and other entities in which the council has an equity interest.

The committee is still finalising its work programme for 2020 but the intent is for a rolling programme of workshops in addition to committee meetings. CCOs will be invited to these workshops, with the focus on discussing priority issues identified by the committee. Staff will engage with CCOs on these topics in the New Year.

Water quality – for Auckland Transport and Watercare

Addressing water quality issues continues to be a top priority for the council. The government has also prioritized this, announcing an ambitious programme of reform with a focus on improved water quality outcomes, including a revised National Policy Statement on Freshwater Management and a National Environment Statement on Freshwater Management, both of which are likely to be finalised by mid-2020. This will have implications for members of the council group, and the council expects CCOs to be fully involved in the group's planning and subsequent implementation, in order to contribute to improved water quality outcomes.

Specific expectations of Auckland Transport for 2020-2023

The specific expectations that Auckland Transport should reflect in its SOI are discussed below.

Auckland Transport has a comprehensive programme, which is identified in the various planning and statutory documents that inform its work. These include the Auckland Transport Alignment Project, Regional Land Transport Plan, Regional Public Transport Plan, and the Regional Fuel Tax programme. As a result, Council expects the main strategic priorities, and broad parameters of Auckland Transport's activities to be continued from previous years.

Nonetheless, council expects Auckland Transport to:

- Continue improving its responsiveness to the community, both through the agreed programme for engaging with local boards and ward councillors, but also directly with

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residents (such as through improvements to customers response management systems).

- Ensure that strategic priorities of Council are delivered not just through major projects, but also for minor improvements. Examples would include ensuring safety of all users when intersections are redesigned, safe connections on the public transport network and prioritising the inclusion of street trees and/or planting in small and large projects.
- Given the size and complexity of Auckland Transport, ensure that specific proposals are consistent with other activities, before they are put out for consultation. An example would be ensuring that cross-isthmus bus changes contribute a solution for users to the closure of Mt Eden Train station from mid-2020.
- Continue to work closely with council on how to deliver tangible results and action on climate change. It is clear that the transport system is a major contributor to Auckland's emissions, so it will be important to ensure Auckland Transport is contributing meaningfully in the areas for which it has clear responsibility and an ability to effect change.
- Continue to engage and work collaboratively with city centre stakeholders and City Rail Link Limited, as part of the wider programme of works underway in the city centre. In doing so Auckland Transport should seek to deliver the benefits of this programme and consider how the more disruptive elements of the construction process can be managed most effectively and even turned into opportunities to deliver mode shift in the city centre.
- Enable the outcomes of the Auckland Plan, with a greater focus on climate action, in the development of the Regional Land Transport Plan. This plan should be developed in collaboration with Auckland Council.

Council looks forward to receiving a draft of Auckland Transport's Statement of Intent by 1 March 2020. Council expects your draft SOI will reflect, where relevant, the changes to SOI sections and Schedule 8, as set out in the Local Government Act 2002 Amendment Act 2019.

Staff are available to expand or explain aspects of this letter if required. Please contact Alastair Cameron, Manager CCO Governance and External Partnerships (alastair.cameron@aucklandcouncil.govt.nz) to discuss.

Please do not hesitate to take opportunities to seek face-to-face conversations as the SOI develops, so that the draft SOI is as fully developed as possible.

Yours sincerely



Phil Goff

MAYOR OF AUCKLAND

cc: Shane Ellison, Chief Executive Auckland Transport
Alastair Cameron, Manager CCO Governance and External Partnerships

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Attachment 2: Summary of key themes in Mayor's Letter of Expectations 18 December 2019

Items in *italics* are additional requirements or areas of increased focus for this year's SOI.

General expectations

- Stay focussed on delivering capital projects and services.
- Drive efficiency and value for money.
- Follow best practice asset planning processes and *within the first half of 2020, share key information with the Governing Body on asset condition, renewals planning, maintenance and renewals procurement, asset related cost trends and asset planning for growth.*

Climate change

- Act on the climate emergency now.
- *AT's SOI to outline how we will continue to support the achievement of regional climate commitments and support the ongoing delivery of Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Framework (ACAF).*
- *Reports to Council committees now require inclusion of a mandatory climate change impact statement.*
- *AT's SOI to address how climate change impacts are being considered in the decision-making processes of AT.*
- Demonstrate how AT is contributing meaningfully in the areas for which it has clear responsibility and ability to effect change, given the transport system is a major contributor to emissions.
- Enable the outcomes of the Auckland Plan, with a greater focus on climate action, in the development of the Regional Land Transport Plan.

Māori outcomes

- The Letter notes a change in focus to Māori outcomes as opposed to Māori responsiveness.
- We are expected to contribute to both the Māori outcomes portfolio (Te Toa Takitini) and the Tiriti o Waitangi Audit.
- *AT's SOI should reflect any new Māori outcomes portfolio programmes that have been allocated funding for implementation from 1 July 2020.*

Governance

- The Letter reiterates the expectation from the Council Governance Manual that AT must operate with a no surprises policy and ensure that elected members are updated in advance on anything potentially contentious.

CCO review

- AT is expected to prioritise input to and support the review.

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CCO Oversight Committee

- With the other CCOs, AT will participate in a rolling series of workshops in addition to Committee meetings. Details are being worked through and will be provided in the New Year.

Other specific expectations on AT

- Water quality is called out for AT and Watercare and we are expected to contribute to improved water quality outcomes.
- Improving responsiveness to the community both through local boards and ward councillors, but also directly with residents.
- Strategic alignment and consistency: not just focussing on major projects, but also minor improvements to deliver on Council priorities and ensuring specific proposals are consistent with other activities.
- Work collaboratively with stakeholders (including CRL) to minimise disruption and to use it as an opportunity to accelerate mode shift.