

# Annual Report – Performance against the Statement of Intent 2019/20

For decision:

For noting:

## Te tūtohunga / Recommendation

That the Auckland Transport Board (board):

- a) Notes this report.

## Te whakarāpopototanga matua / 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. AT's financial results were significantly impacted by the COVID-19 pandemic (COVID-19) and the unprecedented steps taken to lock down Aotearoa to avoid spreading the virus. During COVID-19 Alert Levels 4 and 3, public transport patronage fell 97%, parking and infringement revenue fell 99% and all of AT's construction sites were locked down. With the lifting of restrictions public transport, parking and infringement activity increased, but has not returned to pre-COVID-19 levels.
3. Despite COVID-19, AT delivered a favourable net operating result and invested a record \$862.1 million in the city's infrastructure, 95% of AT's \$903.2 million budgeted capital programme.
4. AT's non-financial performance measures were significantly impacted by COVID-19 with decreases in patronage and cycle movements, both of which were on track to meet or exceed the SOI target prior to COVID-19. Despite this AT has met or exceeded 14 of the 25 non-financial performance measures.
5. AT's 2019/20 Annual Report summarises AT's performance against the SOI for the year ended 30 June 2020.

## Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
30 July 2020	Draft Annual Report and Auckland Council Reporting Pack	The Finance, Capital and Risk Committee (FCRC) reviewed and provided feedback on the content of the Draft Annual Report.
7 August 2020	Updated Draft 2019/20 Annual Report	The FCRC reviewed and provided final feedback on the Draft Annual Report.
1 September 2020	Adoption of the AT Annual Report for the Year Ended 30 June 2020	The Board reviewed the final Annual Report.

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

6. 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 1 July 2020.

## Ngā matapakinga me ngā tātaritanga / Discussion and analysis

### Financial Performance Summary

7. Despite the unprecedented disruptions caused by COVID-19, AT's performance against the SOI financial targets was positive with a net operating result \$8 million favourable against budget. This is a noteworthy achievement given a 95% decline in commercial revenue through the reduced use of core services across our network, such as public transport and parking, during the COVID-19 lockdown. With the lifting of restrictions public transport, parking and infringement activity has increased but remain significantly lower than pre COVID-19 levels.
8. AT undertook a number of significant cost reduction activities to mitigate the immediate impact of reduced revenues including a voluntary six month remuneration reduction for all board members, chief executive, senior executives and a number of AT staff.

9. AT's surplus before tax, which includes funding for capital items, for the twelve months ended 30 June 2020 was \$760.1 million, \$27.6 million higher than budget. The variance is mainly due to unbudgeted vested assets revenue of \$95.0 million, higher than budgeted Waka Kotahi New Zealand Transport Agency (Waka Kotahi) operating funding of \$49.8 million through the public transport farebox underwrite and higher than expected administration subsidy, and higher than budgeted Auckland Council capital funding of \$36.0 million. This is partly offset by lower than budgeted Waka Kotahi capital funding of \$77.7 million and lower public transport, parking and enforcement revenue of \$60.5 million. Public transport was fare-free from 24 March 2020 until the end of COVID-19 Alert Level 3 (mid May 2020). Parking was free during COVID-19 Alert Levels 4 and 3.
10. Approximately 160 construction sites were closed during COVID-19 Alert Level 4. We worked closely with our infrastructure delivery partners to minimise delays and costs and remobilised quickly and safely once restrictions were lifted allowing AT to invest a record \$862.1 million in the city's infrastructure, 95% of AT's \$903.2 million budgeted capital programme.

### **Non-Financial Performance Summary**

11. AT has 25 SOI key performance measures. In 2019/20 ten target measures were exceeded, four were met, nine were not met and two not surveyed. During the first half of this year AT was either meeting or exceeding all of our SOI targets that were measured. The COVID-19 pandemic has dramatically impacted on the results of a number of AT's performance measures.
12. 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.
13. Attachment 1 summarises AT's performance for each of the performance measures in the 2019/20 SOI.

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

14. The 2019/20 financial year has been one of two halves: a world without COVID-19 and then a world with COVID-19. At the end of December AT was tracking well with a clear way forward in terms of the growing use of its services and with momentum building across AT's capital programme. AT was either meeting or exceeding 100% of the SOI targets which had been measured at that time.
15. The second half is another story: COVID-19 had a dramatic impact on what AT does. Customer travel behaviour changed, public transport patronage dropped, and AT suffered dramatic revenue losses from sources such as public transport and parking as well as increased costs. These financial impacts were offset by additional public transport funding from Waka Kotahi and a number of cost saving initiatives including voluntary pay reductions.

16. AT quickly set up its crisis management team and was well prepared. AT re-mobilised to offer services from alternate work places and from our homes, closed and safely secured 160 construction sites, helped set up testing stations and altered and promoted revised public transport timetables to help essential workers get to where they needed to go. AT is well positioned to respond to the ongoing challenges of COVID-19.

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

17. For the year ended 30 June 2020, AT's total revenue for the year was \$2,082 million against a budget of \$2,034 million, total expenditure was \$1,322 million, against a budget of \$1,302 million, and a surplus before tax of \$760 million, \$28 million favourable to the \$733 million SOI budget.

18. AT's net asset position is \$21.1 billion, up \$1.4billion from last year primarily due to the delivery of new infrastructure (\$862 million for 2019/20) and a \$656 million valuation increase of property, plant and equipment.

19. Further information on AT's financial results are available in AT's 2019/20 Annual Report (Attachment 2).

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

20. AT is committed to leading by example by reducing the carbon footprint of its own operations and, to the extent feasible, the contracted public transport network. AT regularly measures its carbon footprint to assess its performance against targets and the latest assessment in March 2020 was delayed due to COVID-19. Specific initiatives delivered in 2019/20 include:

- a. Two new Electric Multiple Units (electric trains) were added to the electric multiple unit fleet this year and AT is taking delivery of 13 more next year.
- b. Two more electric buses were added this year, bringing the total number of low emission buses in the Auckland bus fleet to five.
- c. AT works with Auckland Council and Watercare Services Limited to help improve water quality. Pollutant catchment traps are installed at priority locations. The AT Harbourmaster responds to Tier 2 marine oil spills in the region's navigable waters.
- d. AT sealed a 1,491m section of Waiheke Island's Awaawaroa Road, as part of an environmental improvement trial to reduce the sediment load being discharged to the local stream.

## **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**

21. AT's 2019/20 results were presented to Auckland Council's Council Controlled Organisation Oversight Committee 22 September 2020 and AT's Annual Report was published on AT's website on 30 September 2020. Information on AT's engagement with mana whenua, elected members, Council Controlled Organisations, customer and community is included in AT's 2019/20 Annual Report.

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

22. AT introduced speed limits on 600 Auckland local roads as part of our commitment to Vision Zero. There were 533 local road DSI in the 12 months to September 2019. This is a big improvement on the worst year in recent history (2017) but this is still higher than the five year baseline.


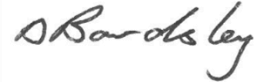



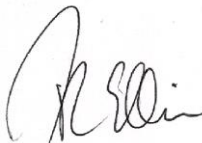
## **Ā muri ake nei / Next steps**

23. Prior to COVID-19, 2021 was shaping up to be one of the busiest years in the region's history, when Auckland would host several global events, including the America's Cup. AT remains committed to Auckland Council's aspirations around sustainability, lowering emissions and delivering on kaitiakitanga through conservation and restoration initiatives. However, the circumstances in which AT is doing this have changed, and AT will need to revise its ongoing programme of work and priorities accordingly.

## Ngā whakapiringa / Attachments

Attachment number	Description
1	2019/20 Non-Financial Performance Summary
2	AT Annual Report for the year ended 30 June 2019/20

## Te pou whenua tuhinga / Document ownership

<b>Submitted by</b>	Sam Ho <b>Financial Reporting Manager</b>	
	David Bardsley <b>Group Manager Finance</b>	
<b>Recommended by</b>	Mark Laing <b>Executive General Manager Finance</b>	
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<b>Approved for submission</b>	Shane Ellison <b>Chief Executive</b>	

## 2019/20 Non-Financial Performance Summary

Performance Measure	SOI Target	Actual	Performance
<b>Help people to travel safely</b>			
1. Help people to travel safely	10	16	Target exceeded
Seven high risk intersection improvements were completed, on top of nine high risk corridors addressed by the programme.			
2. Change from the previous financial year in the number of deaths and serious injuries on the local road network, expressed as a number <sup>1</sup>	Reduce by at least 18 (663)	533	Target exceeded
The 2019 calendar year final result was 533, exceeding the target by 19.6%. Local Road deaths have decreased by 21% (from 43 to 34) and local road serious injuries decreased by 2% (from 510 to 499) compared to the 2018 calendar year.			
<b>Encourage walking and cycling</b>			
3. Kilometres of new cycleway added to the regional cycle network	10km	6.09km	Target not met
Significant delivery of cycling facilities was programmed for March to June. These were the months most affected by COVID-19, with both consultation and construction being delayed by the various COVID-19 Alert Levels. Works were put on hold for four weeks during Alert Level 4, and then continued with reduced productivity rates throughout Alert Levels 3 and 2.			

Performance Measure	SOI Target	Actual	Performance
4. Number of cycle movements past selected count sites <sup>2</sup>	3.826m	3.669m	Target not met
<p>Annual cycle movements past selected sites were 4.1% below target. Until March 2020, the rolling annual count was within range of meeting the target, but during the lockdown cycle movement decreased to almost 50% of 2019 values. Although recreational cycle usage rose, especially during the Anzac Day and Queen's Birthday weekends, weekday cycle movement was much lower than in 2019.</p> <p>During Alert Level 1, in June, the cycle count recovered to just 4% below the 2019 level, indicating cycling has recovered at a faster rate than the other modes.</p>			
<b>Improve access to frequent and attractive public transport</b>			
5. Total public transport boardings (millions)	103.6m	82.3m	Target not met
<p>Before COVID-19, in February 2020, the cumulative 12 month rolling patronage was at 103.58m, which was on track to meet the target. In April, during COVID-19 Alert Level 4, patronage was at 6.4% of April 2019 numbers, but by June patronage had recovered to 64.9% of the June 2019 level. COVID-19 has impacted Aucklanders travel behaviour. Future patronage trends are uncertain with the risk of another outbreak and changing travel behaviours (e.g. more people choosing to work from home). AT is ensuring that we are prepared to adapt to a range of possible future COVID-19 outcomes.</p>			
6. Total rail boardings (millions)	22.3m	17.4m	Target not met
<p>Before COVID-19, in February 2020, the cumulative 12 month rolling boardings were 22.0m, which was on track to meet the target. In April, during COVID-19 Alert Level 4, patronage was 4.2% of April 2019 numbers, but by June, rail boardings had recovered to 65% of the June 2019 level.</p>			



Performance Measure	SOI Target	Actual	Performance
7. Total annual boardings on rapid or frequent public transport networks	Increase at faster rate than total boardings	Decreased at a faster rate than total boardings	Target not met
<p>Before COVID-19, in February 2020, Rapid and Frequent Network Boardings (RFN) were exceeding the total patronage growth. However, RFN Boardings for the 12 months to June 2020 decreased at a faster rate (19.3%) than overall patronage (18.3%). During the COVID-19 lockdown, many rapid and frequent services were reclassified to normal services. Post-lockdown, recovery of growth on the RFN has been slower than total recovery.</p>			
8. Percentage of passengers satisfied with public transport services	87%	JULY-MARCH: 90.50% APRIL – JUNE: 86%*	Target met
<p>Passenger satisfaction is measured through quarterly face-to-face interviews that could not be conducted in the last quarter due to the COVID-19 lockdown. The July – March result of 90.5% is the average of the first three quarters of the 2019/20 Financial Year.</p> <p>*Online surveys undertaken during the fourth quarter, and the various COVID-19 Alert Levels, indicate high satisfaction (92%) during Level 4 and 3, as essential workers were appreciative of free PT service and adequate risk management during lockdown. During Alert Level 2, satisfaction dropped to 82% as customers grew concerned over the ability to maintain social distancing. This trend has remained during Alert Level 1. The average satisfaction score for their last quarter is 86%. AT administered the online surveys internally using Qualtrics software. 35,500 surveys were sent to registered HOP card customers who travelled on the network during the period. Survey response rate was 15%.</p>			
9. Percentage of public transport trips that are punctual	95%	97.8%	Target exceeded
<p>Punctuality exceeded the target due to improved contract mechanisms, and the implementation of the New Network and PTOM contracts in prior years. Further contributors to this outcome are the improved management of contractual performance indicators, and changes to timetables to better reflect traffic.</p>			

Performance Measure	SOI Target	Actual	Performance
<b>Make the best use of existing transport networks</b>			
10. Average AM peak period lane productivity across 30 monitored arterial routes <sup>3</sup>	27,500	32,951	Target exceeded
The average arterial road productivity was 20% higher than the set target in 2019/20 year. During Lockdown (April 2020), productivity exceeded the target value by 27% (the highest level in the year). The average productivity both before and after the lockdown exceeded the target value by 20%. The average productivity measure for 2019/20 was 3% higher than last year.			
11. Proportion of the freight network operating at Level of Service C or better during the inter-peak <sup>4</sup>	85%	94%	Target exceeded
In 2019/20, 94% of the freight network operated at Level of Service C or better, which exceeded the target value of 85%. During Alert Levels 4 and 3 (April and May) the average was 95% and 93% respectively.			
12. Active and sustainable mode share at schools where TravelWise programme is implemented	40%	49%	Target exceeded
Active and sustainable transport mode share is measured through surveys, conducted between March and July 2020, of the schools where the TravelWise programme is implemented. This year's survey has been heavily impacted by COVID-19 with just 16% of survey responses received before the lockdown. The remainder of the surveys were received when schools reopened, and parents may have implemented different travel plans to their usual in order to minimise perceived risks to their children.			
13. Active and sustainable mode share for morning peak commuters where a TravelWise Choices programme is Implemented	40%	69%	Target exceeded
This year's result is consistent with previous years (ranging from 69% to 72% sustainable). However, the COVID-19 pandemic and lockdown reduced the number of transport surveys undertaken for the 2019/20 year, impacting the robustness of the result. In particular, we were unable to undertake the two-yearly tertiary student survey. As student travel has a major impact on Auckland's transport network, we have substituted data from the 2017/18 tertiary student survey to provide a more complete result.			

Performance Measure	SOI Target	Actual	Performance
<b>Manage the impacts of the transport system on the environment</b>			
14. Number of buses in the Auckland bus fleet classified as low emission	5	3	Target not met
Two buses expected in April and June will arrive late, in August and October 2020, as a result of COVID-19 related production delays.			
15. Reduction in CO2e (emissions) generated annually by AT corporate operations (from 2017/18 baseline)	7%	2%	Target not met
Based on data available now, corporate emissions were reduced by 2% in the 2019/20 year. However, AT is unable to assess full performance against the SOI target at this time, as the verification of our corporate fleet emissions was rescheduled from May to September due to COVID-19. A final result will be published once this process finishes.			
16. Percentage of AT streetlights that are energy efficient LED	56%	61.70%	Target exceeded
At the end of June 2020, 74,000 streetlights were LED, 61.7% of all streetlights.			
<b>Local Board Engagement</b>			
Percentage of local board members satisfied with AT engagement:			
17. Reporting to local board	70%	Not surveyed this financial year*	Not surveyed this financial year
18. Consulting with local board	70%		
* 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.			

Performance Measure	SOI Target	Actual	Performance
<b>Value for Money</b>			
19. Percentage of the total public transport cost recovered through fares <sup>5</sup>	43% to 46%	33.71%	Target not met
This measure was tracking marginally lower than target prior to COVID-19, which AT was seeking to address through the fares review implemented in February 2020. However, no fares were collected during the COVID-19 lockdown. Post lockdown, patronage numbers have not recovered to pre- COVID-19 levels.			
20. Proportion of road assets in acceptable condition <sup>6</sup>	95%	94.20%	Target met
Target Met and consistent with the 2018/19 result.			
21. Percentage of footpaths in acceptable condition <sup>6</sup>	95%	97.60%	Target exceeded
Target Exceeded and consistent with the 2018/19 result.			
22. Percentage of the sealed local road network that is resurfaced	5.80%	5.60%	Target not met
In the 2019/20 year we completed 374.1km of resurfacing and pavement rehabilitation. Just before Alert Level 4 started we were behind on our forecast, but still programmed to meet the target. Despite works being paused for five weeks, we resurfaced 91% of the initial programme of 410km. Favourable weather conditions in May helped us to further extend our sealing season and make up for some of the lost weeks.			

Performance Measure	SOI Target	Actual	Performance
23. Percentage of customer service requests relating to roads and footpaths which receive a response within specified time frames <sup>7</sup>	85%	86.4%	Target met
<p>The performance of our road maintenance contractors in respect to their responsiveness to customer service requests has met the target this year with a monthly average of 86.4%. Response time is the incident investigation time frame which commences when the contractor is notified of the request and includes any initial inspection.</p> <p>Customer service requests significantly decreased due to COVID-19, there were only 751 dispatches in April, compared to 1,940 in March and 2,375 in February. Requests subsequently increased to 1,667 in May.</p>			
Road maintenance standards (ride quality) as measured by smooth travel exposure (STE) for all urban and rural roads			
24. Rural	92%	94%	Target met
25. Urban	81%	87%	Target exceeded
Rural: Target Met and equal to the 2018/19 result. Urban: Target Exceeded and equal to the 2018/19 result.			

### Notes:

- The target trajectory for future years reflects the 10-year target for DSI as set out in ATAP and endorsed by the LTP and RLTP.
- AT 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, Tāmaki Dr (both sides of the road), Te Wero Bridge (Wynyard Quarter), Twin Streams shared path, Upper Harbour Dr, Upper Queen St, Victoria St West. Note: some trips may be counted more than once across the cycle network.
- The monitored arterial routes are defined in the AT 2019 SOI Route Productivity map. Productivity is measured as the average speed multiplied by number of people in private vehicles and buses per lane in one hour. The 2018/19 target of 21,000 is equivalent to the route productivity target included in previous SOIs.
- The freight network comprises all level 1A and 1B freight routes as defined in the AT Draft Freight Network, the monitored freight network is defined in the AT SOI. Level of Service measured by median speed as a percentage of the posted speed limit. LoS C or better = >50%
- 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 Waka Kotahi guidelines. The target is driven by the Waka Kotahi's national farebox recovery policy.
- As defined by AT's Asset Management Plans.
- Specified time frames are defined in AT's customer service standards: two days for incident investigation as a high priority; three days for an incident investigation as a normal priority; one hour emergency response time.