



Entered by Board Secretary

AGENDA ITEM 7 BOARD DECISION PAPER	
To:	The Board
From:	Sean Cavanagh, Corporate Planning and Performance Lead
Reviewed:	Scott Campbell, Acting Director, Strategy and Governance Dean Kimpton, Chief Executive
Date:	22 November 2024
Title:	Statement of Intent 2024 – 2027 modification

Aronga / Purpose

- To seek approval of the modified Statement of Intent (SOI) 2024 – 2027, which has been updated based on confirmed funding from the National Land Transport Plan (NLTP) 2024 and the agreed capital programme for 2024/25.

Tuku mana / Delegation

- No delegated financial authority is required.

Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- Approves the modified Statement of Intent 2024 – 2027 for submission to Auckland Council.

Te whakarāpopototanga matua / Executive summary

- Auckland Council’s (council’s) Governing Body requested Auckland Transport (AT) to modify the SOI in response to confirmed funding implications of the NLTP and the approved budget for 2024/25. Additionally, we have made an update to patronage forecasts in response to the confirmed rail network closures for City Rail Link (CRL) network readiness.

- The measures updated with new 2024/25 targets are:
 - Customer perceptions (AT listens and responds): target reduced from 33% to 31%.
 - Public transport (PT) boardings: target reduced from 95.9m to 94.1m.
 - Farebox recovery ratio: target reduced from 35% to 34%.
 - Asset condition: target reduced from 85% to 83%.
 - Percentage of capital budget invested: target reduced from 90% to 85%.
- The revisions to performance targets are only for the 2024/25 financial year, as more comprehensive changes will be included during the preparation of the SOI 2025.
- Other changes include:
 - An introduction summarising the reason for modification.
 - Updates to align the capital programmes and financial statements with the revised budget and funding.
 - A note stating actual deaths and serious injuries in 2023/24 being higher than previously reported.
 - A minor update committing to report on projects entirely funded by council, as requested from council’s Governing Body.
 - Removing an activity (first and last leg improvements) from the SOI as this was not approved for NLTP funding.

Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
October 2024 Board	Approval of adjusted operating and capital budget due to National Land	The board approved the updated budget for 2024/25 in response to the NLTP.



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Date	Report Title	Key Outcomes
	Transport Plan funding implications	
July 2024 Board	Statement of Intent 2024 - 2027	The board approved the SOI for submission to council. The need for a potential change resulting from the NLTP was included in the SOI at that time.

Te horopaki / Background

- The SOI is the document which council uses to hold (AT accountable to its performance expectations. The relevant legislation is the Local Government Act 2002 (LGA) and Local Government (Auckland Council) Act 2009.
- AT prepared the SOI to align with council’s Long-term Plan (LTP) 2024. The LTP made assumptions around the level of central government transport funding that might be included in the NLTP which had not yet been approved at that time. Council expected that the SOI would need to be modified if the NLTP did not provide requested funding.
- AT received notice of which projects were eligible for funding and their status in September 2024. Auckland’s allocation from the National Land Transport Fund (NLTF) is around \$564 million less than the amount requested for the three-year period 2024-2027.
- AT has worked with council to develop and agree a preferred approach for investing council funds which did not receive matched funding from the NLTF. This was agreed by the Governing Body and approved by the board in October 2024.
- The Governing Body requested AT to modify the SOI to reflect the updated capital and operating programmes and the impact of these changes to performance targets, under section 6, schedule 8 of the LGA.
- The changes to the capital and operating programmes preserved SOI outcomes where possible, meaning that adverse impacts to performance

targets were minimised. This update to the SOI amends the capital programme, financial tables, and revises targets only for the 2024/25 year. The SOI 2025 will provide a more comprehensive review to longer-term targets.

- Additionally, changes have been made to PT boardings (and an associated revision to farebox recovery) as the result of confirmed rail closures for CRL work warranting a reduction in rail patronage forecasts.

Te hononga ki te “Statement of Intent 2024-2027”/ Alignment to Statement of Intent 2024–2027

- The revised budget for 2024/25, which this modification reflects, has preserved SOI outcomes wherever possible.

Me mōhio koe / What you need to know

- The measures updated with new 2024/25 targets changed outlined below.
- Customer perceptions (AT listens and responds):** this measure is based on one of many survey questions asked in a quarterly reputation tracker. And while it is indicative of trends in sentiment, independent research suggests these measures are heavily influenced by factors that are outside of our direct control.
- These factors include news and social media and third-party narrative; PT service levels (reliability and disruption); and perceptions of Auckland’s wider “transport system” that Aucklanders attribute to AT regardless of the responsible agencies.
- Mainstream and social media have a significant influence on customer perceptions of AT. Often driving a significant amount of conversation about AT which is mostly negative in nature. We expect this to continue and amplify in the coming months.
- Looking ahead to 30 June 2025, there are several upcoming events that we anticipate will have a significant impact on customer perceptions:



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- a. Funding adjustments have resulted in some projects which have strong community support being stopped or reduced (e.g. Hill Street, Community Initiated Projects).
 - b. Significant rail closures and service disruptions.
 - c. Council Controlled Organisation Reform process.
20. We will balance these impacts with the significant work we are doing make a positive impact on our communities, such as delivery of an ambitious capital programme for the year, strong PT growth and delivery of Open Loop and bus route improvements, taking care of our assets with the pothole promise, and minimising disruption through the road-cone cleanup.
21. However, given that the latest quarterly result is 31%, AT's focus for the remainder of the year, ahead of these circumstances, will be to maintain this result and help Aucklanders through the upcoming disruptions caused by factors beyond our control. Therefore, the target has been reduced from 33% to 31%.
22. In our next SOI, we intend to review the way we measure public trust and confidence to ensure it more accurately reflects factors within our direct control. We will work with council to ensure the measurement framework is fit for purpose.
23. **PT boardings:** with the announcement and confirmation of rail network closures and disruptions totalling 149 full or partial days through to January 2026, we have further reduced forecasted rail patronage by 1.7 million. This results in a reduction for total patronage target from 95.9 million to 94.1 million. This reforecast factors in expected days of closures (weekends, holiday periods etc) and the potential shift to rail bus replacement.
24. **Farebox recovery ratio:** the percentage of total PT operating costs recovered through fares is directly linked to forecast patronage. The reduced rail boarding target results in a commensurate decrease in our anticipated fare revenue, resulting in a year-end forecast of 34%, down from 35%.
25. **Asset conditions:** funding from the NLTF did not match LTP expectations for renewals, leading to an 8% reduction in budget over the SOI period. Available funding has been rephased to ensure the 2024/25 work programme is preserved as much as possible to reduce the adverse impact. However, a reduction in budget was necessary for Renewals – Structures, and Renewals – PT. The target for key assets in moderate or better condition has therefore been reduced from 85% to 83% to reflect works that have been deferred beyond 2024/25.
26. **Percentage of capital budget invested:** capital delivery experienced a slower start to the year, with a Q1 result of 77% of forecast. This was heavily influenced by funding uncertainty preventing contracts being awarded. Despite a reduced annual budget, programme delivery will need to be accelerated for the remainder of the year. The target has been reduced from 90% to 85%.
27. Other changes made to the SOI are:
- a. The capital programme summaries (section 2.6) for 2024/25 and 2024/25 – 26/27 have been updated to reflect the approved budgets for this period.
 - b. The financial statements (section 2.7) are updated to align with confirmed funding and anticipated expenditure.
 - c. The final result for deaths and serious injuries in 2023/24 has been increased by 8, to a total of 594. This has been noted in the SOI, but the target has not been changed.
 - d. Revised wording on a deliverable in 'Core business and other activities' (section 2.6) to acknowledge and respond to the governing body resolution requiring AT to report on progress for fully funded local share projects in the AT quarterly report to council.
 - e. Removed the first and last leg improvements to PT stations deliverable from 'Taking PT from good to great' (section 2.3). This activity was not funded by the NLTP. Work will progress, but will be limited to investigation and design, and delivery of low-cost low risk works.
 - f. The reason for modifying the SOI has been provided in the Introduction section.



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

- 28. This recommendation has no direct financial implications.
- 29. The changes to the SOI reflect financial decisions made by the board and agreed by council.

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

- 30. The revised budget will have some negative impacts on environment and climate change; however, this is not reflected in the 2024/25 performance targets or activities described in the SOI. This will be reviewed and included in the SOI 2025 - 2028.

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

- 31. The modified SOI will be submitted to council for consideration at the 5 December 2024 Transport, Resilience, and Infrastructure Committee meeting.
- 32. Under section 6, schedule 8 of the LGA, we will make the modified SOI publicly available within one month of this approval.

Te whakapiringa / Attachment

Attachment #	Description
1.	Statement of Intent 2024 – 2027 with November 2024 updates

Te pou whenua tuinga / Document ownership

Submitted by	Recommended by	Approved for submission
Sean Cavanagh Corporate Planning and Performance Lead	Scott Campbell Acting Director, Strategy and Governance	Dean Kimpton Chief Executive
		