

AGENDA ITEM 15 BOARD DECISION PAPER	
To:	Board
From:	Scott Campbell, Acting Director Strategy & Governance
Reviewed:	Dean Kimpton, Chief Executive
Date:	19 March 2024
Title:	Statement of Intent

Aronga / Purpose

1. To seek approval for the draft Statement of Intent (SOI) 2024 – 2027.

Tuku mana / Delegation

2. N/A.

Ngā tūhonga / Recommendations

That the Auckland Transport Board (board):

- a) approve the draft Statement of Intent 2024 – 2027 for submission to Auckland Council on 28 March 2024.
- b) note that the SOI will be updated to reflect developments including the draft GPS, Long Term Plan and Regional Land Transport Plan before being finalised in July 2024.

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 Auckland Council (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. A draft SOI has been prepared for the period 2024/25 – 2026/27 which is aligned with the draft 2024 Long Term Plan (LTP) and in response to the Letter of Expectation for the Statement of Intent 2024 – 2027 (LOE). The LOE is included as Attachment 3.
5. The Finance and Assurance Committee (committee) has worked with management on the draft document and provided feedback at a committee workshop on 12 March 2024. This feedback has been incorporated in the updated draft.
6. Subject to board approval, the draft SOI will be forwarded to Council on 28 March 2024 ahead of the submission deadline of 1 April 2024. Council feedback will be presented alongside the final SOI 2024 – 2027 at the June 2024 board meeting. The final SOI 2024 – 2027 is due to be submitted to Council by 31 July 2024.

Ngā tuinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
February 2024 Board	AT Statement of Intent	The board noted the process for SOI development in 2024 and delegated authority to the committee to assist in preparation of the drafting.

Te horopaki / Background

7. . Under the Local Government Act 2002, 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 prior to submission 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 3. The key themes of the LOE are discussed below in paragraph 13. Details around how each item in the LOE have been responded to are included as Attachment 4.

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

10. 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 LOE 2023 – 2026.
11. The SOI 2024 – 2027 builds upon and updates these principles to reflect latest Council expectations and developing AT strategic direction.

Me mōhio koe / What you need to know

Process and content of the SOI

12. The due dates for SOI 2024 – 2027 development advised by the LOE are:
- draft SOI on or before 1 April 2024; and
 - final submission of SOI on or before 31 July 2024.
 - Shareholder feedback on the draft SOI is expected to be provided after 23 May 2024.
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 (PT) 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 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 PT.

14. AT management is currently finalising AT's new three-year Corporate Strategy which will outline the organisation's focus areas and performance objectives for the 2024 – 27 period. Over the next three years, we will focus on five 'accelerators' which are areas where we know that we need to move quickly and deliver the required outcomes. These are:

- Taking PT from good to great.
- Improving network productivity.
- Making every interaction count.
- Growing external revenues.
- Effective governance and advocacy for transport outcomes.

15. An outline of the draft Corporate Strategy structure has been included as Attachment 2.

16. Officers have prepared the SOI 2024 – 2027 under this new set of strategic accelerators, which form the structure of Part 2 – Statement of Performance Expectations.

17. Getting the basics right will continue to be important and contribute to establishing a solid foundation for AT.

18. As part of implementing the new Corporate Strategy, the approach to monitoring and reporting performance will also be enhanced so that the board, Council and senior AT leaders have greater visibility of performance trends and risks.

19. We have responded to the LOE by outlining our ways of working (SOI part 1) and deliverable activities (SOI part 2). Additional detail is included as Attachment 4: Responding to the Letter of Expectation.
20. The SOI will be updated between the draft and final versions to reflect the GPS, LTP and RLTP. Deliverables and targets are subject to change to reflect funding and consistency with the LTP.

Updates to performance measures and targets

21. Performance targets have been updated to reflect anticipated funding levels. These should be considered provisional as funding is not yet confirmed. Targets that use a 12-month rolling total (e.g. safety, patronage, cycling) will be rebased to the FY24 result for the final SOI.
22. Notable changes to measures and targets include:
 - Safety – reduction in deaths and serious injuries has been reduced in response to the draft GPS.
 - Critical assets in poor condition – this measure is being reviewed to ensure the calculation methodology is providing the best possible insight into overall asset condition. A provisional target has been set for FY25, but all targets will be reviewed and confirmed once this calculation methodology is confirmed.
 - Arterial productivity – resetting targets based on current year performance expectations.
 - Resource consent timeframes targets – targets lowered for FY25 and FY26 based on delays to Council and AT workstreams. Target remains at 90% for FY27.
 - Māori procurement targets – increased due to positive results as seen in Eastern Busway, and a longer-term ambition of 10%.
 - Cycling targets – strong FY24 performance resets these targets higher than the SOI 2023 - 2026, but year-on-year percentage growth remains the same.
23. New measures proposed for the SOI 2024 – 2027 include:
 - Grow third-party revenues.
 - PT service utilisation.

- Proportion of all assets in poor condition.

Feedback from the committee

24. Feedback broadly covered the following themes, which have been incorporated in the draft SOI 2024 - 2027:
 - Better explanation of the AT Corporate Strategy and strategic accelerators.
 - Ensuring assumptions around funding are included early in the document, including the impact of the draft GPS, and noting that targets are provisional until funding is confirmed.
 - Clear reference to legislative language on the relationship between Council and AT, including the role of Council to influence the direction of AT.
 - Rewording of the challenges and constrains section.
 - Greater ambition around safety targets.
 - Honesty around ability to deliver on emission reduction targets given lack of funding, but a commitment to work towards them.
 - The inclusion of reference to Te Tiriti principles.
25. One concern raised by the committee has not been reflected in the draft SOI 2024 – 2027. This was a request to split PT Reliability targets by mode, to indicate different levels of service across bus, train, and ferry performance. Management recommends that we should not accept lower level of service targets for some modes. To accommodate the concerns raised by the committee, it is recommended that management provides modal performance reporting to the board which identifies risks to achieving targets and operational impacts that affect performance.
26. A further request to provide additional analysis into asset condition level trends over the past few years and future forecasts is being prepared by Asset Management but this is not yet available. The information will be included in the final SOI for approval.

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

27. This paper has no direct financial implications.
28. In accordance with the Letter of Expectation, the SOI 2024-2027 outlines steps that AT will take to ensure cost savings and value for money. The SOI 2024 – 2027 also includes a new measure for growing third-party revenue.

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

29. The SOI 2024 – 2027 reflects 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

28 March 2024	Draft SOI 2024 – 2027 submitted to Council, ahead of 1 April 2024 deadline.
23 May 2024	Council considers shareholder feedback on draft SOIs at the Transport and Infrastructure Committee, subsequently providing this to management.

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, AT's response to these comments and a final SOI for approval.
July 2024	Final revisions if necessary to align with the published 2024 LTP and 2024 RLTP. 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.	Draft Statement of Intent 2024 – 2027
2.	AT Draft Corporate Strategy: Plan on a page
3.	Letter of Expectation for Statement of Intent 2024-2027
4.	Responding to the Letter of Expectation

Te pou whenua tuhinga / Document ownership

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