

Attachment 3 – Letter of Expectation



20 December 2023

Via email: mark@darrow.co.nz

Mark Darrow
Acting Chair
Auckland Transport

Tēnā koe Mark

Letter of Expectation for Statement of Intent 2024-2027

This letter of expectation sets out the council's priorities and expectations to inform the development of the draft Statement of Intent (SOI) 2024-2027 of Auckland Transport.

It sets out common expectations across all council-controlled organisations (CCOs), and expectations specific to Auckland Transport as agreed by the Governing Body on 14 December 2023.

The content of this letter was approved by the Governing Body on 14 December 2023, with delegation to Deputy Mayor, Chair of the CCO Direction and Oversight Committee, relevant Lead Councillor and me to finalise and issue this letter of expectations.

The Governing Body also approved extensions of the statutory deadlines for the SOI process, as is allowed in the Local Government Act 2002, Schedule 8, section 4. This means the due dates for the process are:

- date of submission of the draft SOIs is on or before 1 April 2024
- date for final submission of SOIs is on or before 31 July 2024.

Please liaise with CCO Governance staff about ensuring these dates can be met. Council will likely consider its shareholder feedback on draft SOIs at the Transport and Infrastructure Committee meeting 23 May 2024.

Part 1. Expectations of all CCOs

i) Alignment to final 2024-2034 Long-term Plan (LTP)

Council will commence public consultation on the draft 2024-2034 Long-term Plan in late February 2024. Following consultation and deliberations, a final Long-term Plan will be adopted in June 2024. Once this occurs, final SOIs (including financial information and performance measures) should be aligned with the final Long-term Plan and the strategic priorities contained within.

ii) Financial strategy and budget levers

Group budget responsibility and transparency rules

- CCOs are expected to provide better advice to elected members, including:
 - use of cost/benefit analysis for spending decisions. CCOs are expected to work with council to determine a consistent methodology / approach for estimating benefits, which much outweigh costs.
 - some contestable advice (i.e. we are seeking advice provided to elected members which is separate from the council department or CCO asking to spend the money). This need not require external advice in every instance but can leverage expertise within the council group.
 - a thorough assessment of options against LTP strategic priorities.

Capital expenditure

- Fix, finish, optimise – CCOs are expected to consolidate, finish what we have started, fix what is broken and get the best out of what we already have. CCOs should slow down growth in capital programmes, look after what we already have, before embarking on big new capital projects.
- Any new CCO capital projects to support growth should be in accordance with the direction of the Future Development Strategy.

Operating savings

- Council group will need to deliver additional cost savings that have not been identified, of at least \$20m in year one, rising to \$50m in year three of the Long-term Plan (based on the core scenario).

iii) Better, faster, cheaper: cost savings and value for money

- Fit for purpose technology: CCOs should not set up any separate technology functions and share generic technology functions
- CCOs are expected to deliver group shared services and consolidation of service functions (council will set the mandate for this)
- CCOs should work with council to optimise the performance of our significant property portfolio and implement the findings of the Group Property model review
- CCOs are expected to support and actively engage in any S17A, value for money and other reviews council may commission.

iv) Compliance with Statement of Expectations of substantive CCOs

- CCOs should adhere to the Statement of Expectations of substantive CCOs, which explains how CCOs should conduct their business and manage their relationships with council and other interested groups (including matters such as the 'no surprises' principle)
- Visible chair and board leadership should be provided to elected members on CCO major activities and programmes, and at key project milestones
- Communication on significant public facing issues should be led as a partnership between the CCO Chair and elected members.

v) Engagement with government

- Work with the new government, only where interests are aligned and messages are consistent with those of Auckland Council
- CCOs should inform council of any conversation with the government on any new proposal
- CCOs are expected to ensure any relevant data and work undertaken on the previous government's proposals are retained and utilised where relevant.

vi) Climate change (mitigation and resilience)

- Continue to be guided by Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan by incorporating climate change considerations (whole of life GHG emissions and resilience) into work programmes and decisions
- Continue reducing climate emissions and improving climate resilience, with a focus on cost-effective delivery of climate projects
- Demonstrate leadership and accountability through measurement and reporting on the climate performance of their decisions
- Work towards reducing exposure and vulnerability to the impacts of climate-related risks (AC Group and Regional risks)
- If there are risks to a CCO's achievement of their carbon emissions targets, these should be highlighted through the CCO's regular quarterly reporting to the relevant committee, and as appropriate, to the council's Audit and Risk Committee.

- Reduce transport emissions in line with council's and government's targets and pathways to reach net zero by 2050.

vii) Local Boards

- CCOs are expected to provide timely, delivery focused, quality, concise advice to local boards.

viii) Māori Outcomes

- CCOs should continue to be guided by *Kia Ora Tāmaki Makaurau* and deliver, monitor and report on each Achieving Māori Outcomes plan
- CCOs are expected to actively work as a partner with Māori, along with central government and external partners
- CCOs should actively seek to maximise opportunities for Māori businesses to participate in procurement processes.

Part 2. Key expectations of Auckland Transport

The Council's key expectations of Auckland Transport are:

i) Auckland Transport needs to build upon the priorities set out in the previous letter of expectation and reflect progress on these in the quarterly reports to Council

- Continue work to change how they interact with Aucklanders and listen to Aucklanders
- Get the most out of the existing transport network
- Reduce Auckland Transport's cost to council
- Improve temporary traffic management, reduce its impact and seek revenue and improve open road traffic management to ensure it is removed when works are complete
- Take direction and oversight from council
- Support development of an integrated transport plan
- Reduce delays incurred by utilities & developers when working with Auckland Transport.

ii) Auckland Transport's capital programme needs to reflect the priorities set out in the Mayoral Proposal

The priorities outlined below should be read in conjunction with the Mayoral Proposal [[Mayoral Proposal for the draft Long-term Plan 2024-2034 \(aucklandcouncil.govt.nz\)](#)].

- I want Auckland Transport to fix the roads by looking after what we have. I expect you to fully fund our share of road renewals, though only if co-funding is available from the National Land Transport Fund. I also want to ensure the whole region benefits by progressing the Unsealed Road Improvement Programme.
- We also have to make public transport faster, more reliable and easier to use by:
 - introducing a \$50 weekly public transport pass, a maximum weekly charge for adults
 - introducing open loop ticketing, pay for public transport with payWave
- reducing travel times for public transport with network optimisation and dynamic lanes, and small capital works that will improve reliability of buses
- finishing existing mega rapid transit projects, notably the City Rail Link and Eastern Busway, including work to progress removing level crossings and low cost early improvements
- progressing work on affordable Rapid Transit network projects that Auckland needs, including delivery of dynamic lanes and other low cost early improvements
- progressing the integrated transport plan, which includes things like the Northwestern Busway, Avondale to Southdown rail and the third and fourth main trunk line
- progressing a trial of a low-cost bike ferry connecting Northcote and the City Centre.
- I expect you to cut spending on low-value initiatives and find cheaper alternatives for raised pedestrian crossings. I expect Auckland Transport to work with council in determining what is a low-value initiative, with the focus for safety spending being on initiatives that are proven to reduce deaths and serious injuries and where the community demonstrates support. This includes enabling variable speed reduction around schools.

- Auckland Transport need to refocus the cycle programme on low-cost opportunities to complete the cycling network, focusing on completing existing links and initiatives that can be delivered with minimal disruption.
- As noted in the common expectations, I expect Auckland Transport to manage operating cost pressure, make savings and increase revenue including from increasing parking fines and charges where allowed. I want to see increased revenue from enforcement and parking. We have provided in the draft long-term Plan funding to employ an additional 50 enforcement officers to assist with this.
- I also expect that all Regional Fuel Tax funds that are held in reserve are committed to be spent on projects where contracts have been signed, and that you continue work to maximise funding from NZ Transport Agency Waka Kotahi and KiwiRail.

iii) In addition to the expectations in the Mayoral Proposal, I expect Auckland Transport to work with the council and wider council family to:

Ensure group alignment with Future Development Strategy

We expect Auckland Transport to demonstrate that your capital and growth programme is aligned with Watercare and wider Council strategic direction, including the Future Development Strategy. To be clear – do not invest where we are not planning for growth and supply.

Auckland Transport and Watercare should support Auckland in rejecting and/or submitting in opposition to Private Plan Changes that do not conform with the Future Development Strategy.

Provide timely support and information to council when requested

I expect Auckland Transport to provide information as required and in a timely way to support council's financial, climate and statutory reporting. I do not want bureaucratic process and the need for confidentiality agreements to slow down these transactions. I expect these processes to be streamlined and actioned more quickly in the future.

Work with the Government on progressing the Integrated Transport Plan and Time of Use Charging and other matters

Auckland Transport is to work with government and council to get the best transport outcome for Auckland. This includes Auckland Transport progressing the Time of Use charging programme to reduce congestion, including supporting network infrastructure, and making use of other tools to support demand management where applicable. I expect Auckland Transport to continue to collaborate with council to advocate to government on a number of other initiatives, including advancing the ongoing northern cycle pathway, level crossing funding and changes to parking regulations.

I want to make clear that Auckland Council does not support NZ Transport Agency's recommended option for the Waitemata Harbour Crossing [refer to council resolution TICCC/2023/146] and is concerned that it has no governance or decision-making role in the Waitemata Harbour Connections project. Council does support early project improvements including the Northern Busway enhancements, the State Highway 1 Cycleway and the targeted active mode improvements to better connect people to busway stations and ferry terminals. The council supports staff and Auckland Transport's involvement in the development of lower cost / higher benefit alternatives, but not in progressing the current recommended option.

Please refer to common expectations for council's position on other government project's and programmes of work. In respect of Auckland Light Rail, I expect Auckland Transport to secure the Intellectual Property held by Auckland Light Rail, given the substantial contribution you have made to this project over the last few years.

Explore all and innovative approaches to driving further use of public transport

In light of changes to Fringe Benefit Tax (1 April 2023), I expect Auckland Transport to both work with employees and progress innovative pricing and marketing models to drive further use of the public transport network. This includes encouraging employers to offer their staff weekly, monthly and annual public transport passes.

Council looks forward to receiving Auckland Transport's draft Statement of Intent no later than 1 April 2024.

Staff are available to expand aspects of this letter if required. Please contact Alastair Cameron, Manager CCO Governance and External Partnerships to discuss.

Ngā mihi



Wayne Brown
MAYOR OF AUCKLAND

cc:

Desley Simpson, Deputy Mayor

Cr John Watson, Chair Transport and Infrastructure Committee

Dean Kimpton, Chief Executive, Auckland Transport

Alastair Cameron, Manager CCO Governance and External Partnerships