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# Draft Statement of Intent 2015–2018

## Recommendations

That the Board:

- i. Notes the shareholder comments on the Draft Statement of Intent 2015–2018 (SOI).
- ii. Requests management to revise the SOI to reflect the proposed responses in this report, and to report the revised SOI to the Board for approval at its 2 July 2015 meeting or earlier subcommittee if preferred.

## Executive summary

This report presents the Auckland Council's (AC) shareholder comments on the Auckland Transport (AT) Draft Statement of Intent 2015-2018, and management's recommended responses.

The annual SOI forms the basis for the accountability of Directors to AC. The Draft SOI was approved by the Board in February 2015 and submitted to AC for comment. These comments have now been received, and proposed responses and revisions of the SOI have been identified and discussed at the Customer Focus Committee on 11 May.

The performance targets in the Draft SOI were based on the basic funding package in the AC Draft Long-term Plan (LTP). The AC decision to approve additional transport funding over the next 3 years may enable some adjustment to some of these targets.

The Local Government Act requires AT to formally consider the shareholder comments on the SOI in a meeting which is open to the public; and to finalise the SOI by 30 June. It is proposed that these steps be taken at the next scheduled Board meeting on 2 July 2015.

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## Strategic context

The preparation of an annual SOI is a statutory requirement for all Council Controlled Organisations (CCO). The SOI forms the basis for the accountability of Directors to the shareholder, AC. The SOI has been structured to give effect to the Auckland Plan, and to reflect the AT strategic themes.

## Background

As required under the Local Government Act 2002, a Draft SOI for the 3 year period 2015-2018 was approved by the Board in February 2015 and submitted to AC for shareholder comment (see Attachment 1). The Act requires shareholders comments to be made by 1 May, and for those comments to be considered by AT and the SOI finalised by 30 June each year.

The shareholder comments from AC were received on 1 May (see Attachment 2). The Act requires AT to formally consider the shareholder comments on the SOI in a meeting which is open to the public. As in past years, management has prepared a set of interim responses to the shareholder comments for initial informal discussion with the Board, in advance of formal consideration of the comments at the next Board meeting.

## Shareholder comments and proposed responses

The table below summarises AC's shareholder comments, and management's proposed responses.

| AC shareholder comment   | Proposed response   |
|--|---|
| Ensure information in final SOI is consistent with the LTP   |   |
| Ensure financial information is provided for FY 2014/2015, and the first three years of the LTP  | Revise financial tables in the SOI to reflect the final approved LTP budget. The 2014/15 Annual Plan amounts are already included.  |
| Include agreed non-strategic asset sales targets   | Include agreed asset sales information in financial section once budget process is completed  |
| Ensure performance information aligns with LTP, and includes: <ul style="list-style-type: none"> <li>i. all related LTP measures &amp; targets worded exactly as in the LTP;</li> <li>ii. 2013/2014 actual performance, 2014/2015 target, and</li> <li>iii. next three years' targets</li> </ul> | Review SOI measures and targets to ensure alignment. The LTP has cycling and walking targets: these will need to be added to SOI to ensure complete alignment<br>Note: suggestions for some amendments to LTP wording where appropriate have already been made to Council |
| Reflect shift from 'contributing to Māori well-being and Māori outcomes' to 'Māori responsiveness – contributing to Māori well-being, organisational effectiveness, and post-Treaty settlement opportunities'.   | Amend text in SOI to reflect this change in emphasis  |

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|  |   |
|--|---|
| Include activities & expenditure over the next 3 years identified through LTP that support Council group's Māori responsiveness.   | Activities are already included. These should be reviewed in line with any further changes in LTP, and add expenditure where possible               |
| Include a focused service performance measure on engagement with mana whenua, to be drafted in consultation with IMSB  | Develop an acceptable measure in conjunction with mana whenua   |
| Add further comments on supporting a 'quality built environment' under AT's Contribution to Auckland Plan section to reflect transport's primary contribution role towards 'quality urban living' transformational shift.      | Amend text in this section of SOI to reflect support for a quality built environment, especially via public transport improvements                  |
| Include comments supporting greenways plans within the 'Development of safe cycle ways and walk ways' in the three year work plan  | Amend text to include reference to greenways plans  |
| Outline a rapid growth in public transport patronage, reflecting recent investment in projects such as electrification and integrated ticketing. Also outline how we are on track towards 20 million annual boardings by 2020. | Review and revise public transport and rapid/frequent patronage targets to reflect projected growth and show path towards 20 million rail boardings |
| Stronger reference on how AT will plan for and support growth, geographic priorities and Special Housing Areas, and identify any budgets approved as part of the LTP decision making process                                   | Amend text to reflect this, especially projects that support SHAs   |

In order to finalise the SOI and address the shareholder comments outlined above, the following actions are underway:

- A review of performance targets to align with the LTP, and the revised budget. The performance targets in the Draft SOI were based on the basic funding package in the AC Draft Long-term Plan (LTP). The AC decision to approve additional transport funding over the next 3 years may enable some adjustment to some of these targets.
- A review of public transport targets to reflect recent performance, and show how this supports the 20 million rail target. Finalisation of the new public transport rapid & frequent boardings measure is also required.
- Preparation of cycling and walking measures and review of targets
- Development of a performance measure on engagement with mana whenua
- Review of financial information to reflect final AC budget decisions

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## Next steps

AT is required to formally consider the shareholder comments on the SOI in a meeting which is open to the public; and to finalise the SOI by 30 June. It is proposed that these steps be taken at the next scheduled Board meeting, on 2 July 2015 (note there is no scheduled Board meeting in June, so the later date should be agreed in advance with AC). Subject to Board feedback, the proposed responses and actions outlined in this report will be used to prepare a revised SOI for approval at that meeting.

## Attachments

| Attachment Number | Description                                     |
|-------------------|---|
| 1                 | Draft AT Statement of Intent 2015/16 to 2018/19 |
| 2                 | Shareholder comments on Draft SOI               |

## Document ownership

|                         |   |   |
|-------------------------|---|---|
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| Recommended by          | Peter Clark<br><b>Chief Strategy Officer</b>        |   |
| Approved for submission | David Warburton<br><b>Chief Executive</b>           |  |

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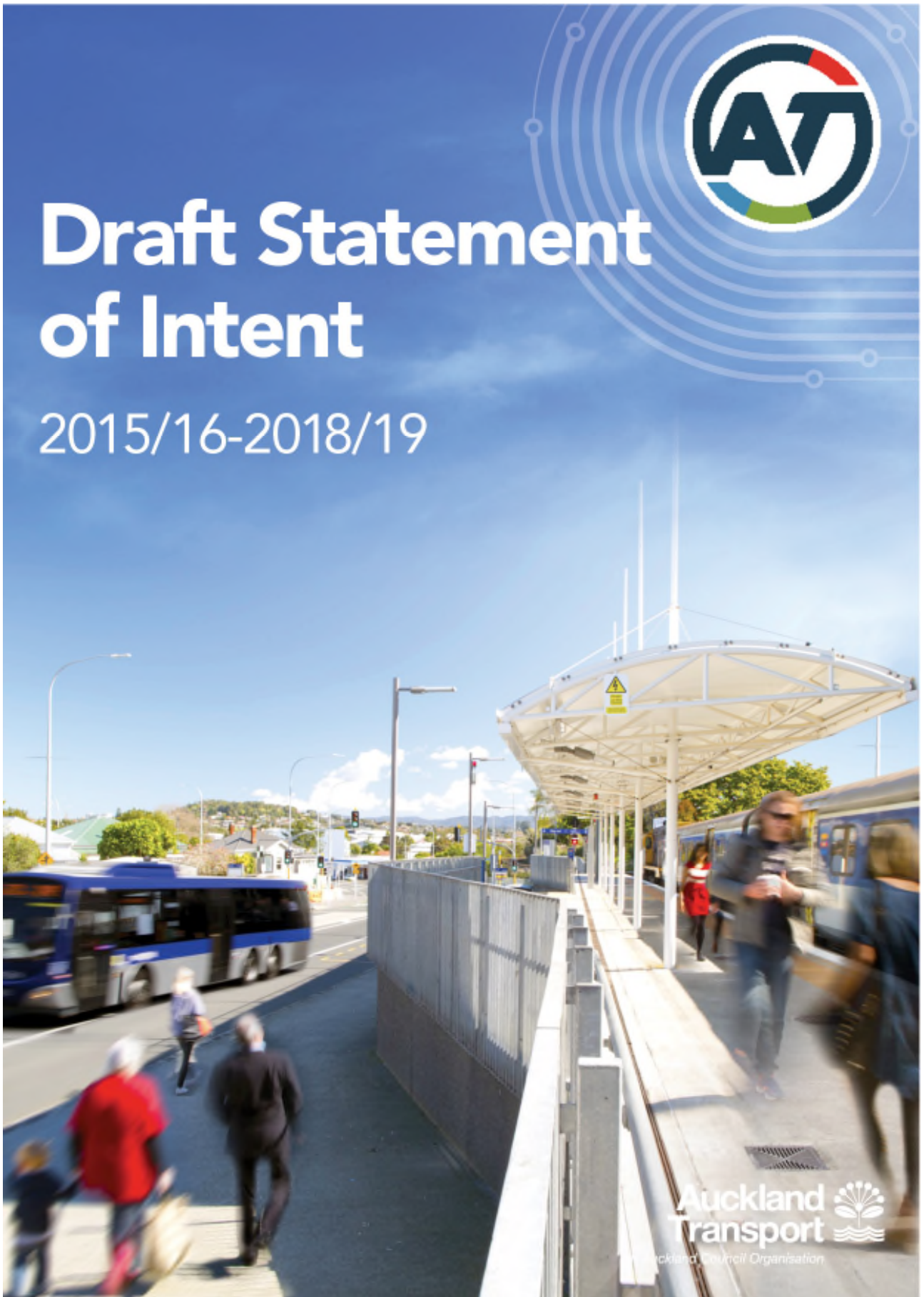
## Glossary

| Acronym | Description                     |
|---------|---------------------------------|
| AT      | Auckland Transport              |
| AC      | Auckland Council                |
| CCO     | Council Controlled Organisation |
| SOI     | Statement of Intent             |
| LTP     | Long Term Plan                  |



# Draft Statement of Intent

2015/16-2018/19



Auckland  
Transport 

Auckland Council Organisation

## HE MIHI

E ngā iwi whānui ki ngā topito o Tāmaki Makaurau  
He mihi manahau ki a koutou katoa

Topuni ki te Raki

Rakitu ki te Rāwhiti

Puketutu ki te Tonga

Oaia ki te Uru

Tāmaki herehere o ngā waka e!

Tihei Mauri ora ki te whai ao, ki te ao mārama

To the wider people to the ends of Auckland

A heartening greeting to you all

Topuni to the North

Rakitu to the East

Puketutu to the South

Oaia to the West

Tāmaki the meeting place of all canoes

Life essence to the world, to the world of light

## CHAIR'S FOREWORD

This Statement of Intent (SOI) outlines the desired state for transport in Auckland, the key actions required to achieve it and the consequential key performance measures.

As foreshadowed in the previous SOI, the Auckland Transport Board of Directors have spent the past year reframing and rethinking the underlying strategic themes to transform transport in Auckland.

The five strategic themes are:

- Prioritise rapid, high frequency public transport;
- Transform and elevate customer experience;
- Build network optimisation and resilience;
- Ensure a sustainable funding model; and
- Develop creative, adaptive, innovative implementation.

These five themes will guide Auckland Transport's future decisions and actions, aimed at providing an accessible, integrated, efficient and innovative transport system. The five strategic themes are also critical to the realisation of the Auckland Plan's vision – for Auckland to become the world's most liveable city.

Over the past year, Auckland Transport has made much progress towards achieving such a transport system with a number of examples as follows:

- AT HOP rollout was successfully implemented across the public transport network
- New electric trains were introduced into service
- Panmure bus-rail interchange was opened
- A new *AT Metro* brand was introduced across the public transport network
- \$30m upgrade of Tiverton-Wolverton streets was completed ahead of schedule
- \$24m upgrade of Devonport Marine Wharf was started
- Wi-Fi went live at rail stations

These developments have helped us set a strong base from which to further improve our transport system. However, our ability to maintain that momentum is dependent on the Council continuing to provide a supportive policy and regulatory environment and realistic funding of both operational and capital requirements.

This (Draft) SOI has been prepared within the constrained funding environment reflected in the Draft Regional Land Transport Plan and Council's Draft Long-term Plan. This has limited the amount of funding available, especially for capital projects, and means that the pace of change is not as fast as we would like to see nor as fast as is required. The level of funding allocated to asset renewals will also be constrained, which will affect our ability to deliver the desired levels of service over time.



Despite these constraints, Auckland Transport is committed to making the best use of the resources at its disposal, and initiatives such as the new public transport network, rail electrification, integrated fares and new performance-based public transport contracts will allow us to deliver better transport services for the resources available. By focusing on these initiatives and other improvements aligned to our strategic themes, Auckland Transport will continue to strive towards achieving a transport system befitting the world's most liveable city.

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## 1. PURPOSE OF STATEMENT OF INTENT

In accordance with the Local Government Act 2002, this annual Statement of Intent (SOI) publicly states the activities and intentions of Auckland Transport for the next three years, and the objectives that those activities will contribute to. This SOI takes shareholder comments into consideration and includes performance measures and targets as the basis of organisational accountability.

## 2. ABOUT AUCKLAND TRANSPORT

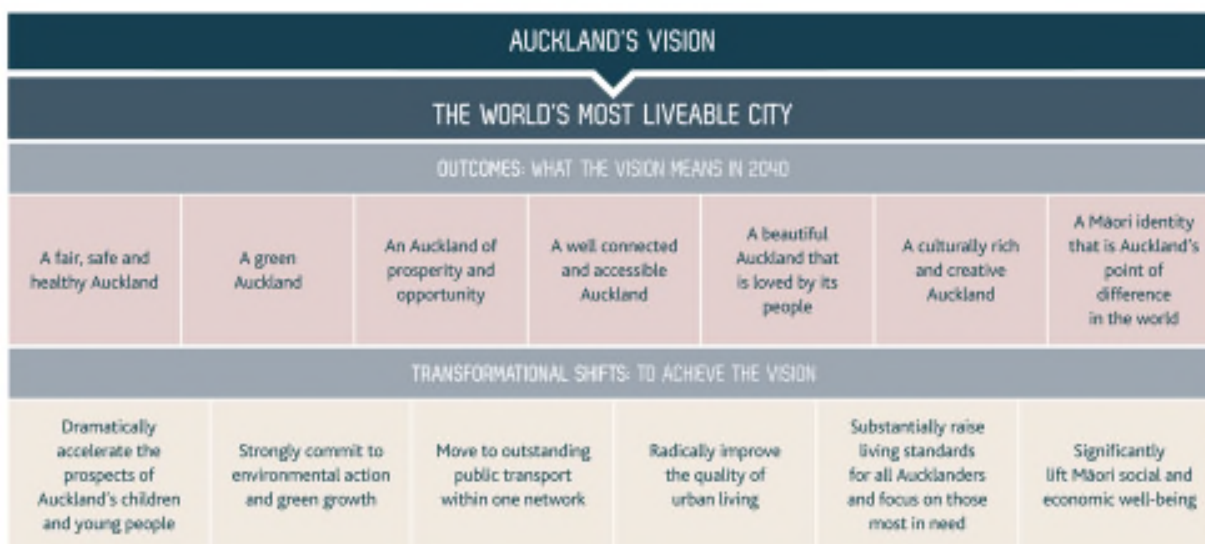
Established under section 38 of the Local Government (Auckland Council) Act 2009, Auckland Transport is responsible for the planning, development and management of all of the Auckland region's transport system (excluding the State highways and railway corridors) – including roads and footpaths, cycling and walking infrastructure, parking facilities, and public transport.

Auckland Transport undertakes a wide range of activities associated with the planning, development and management of the Auckland transport system. These activities include:

- Transport planning
- Investigation, design, and development of infrastructure
- Asset management
- Road corridor operations, access management and maintenance
- Public transport services and facilities management
- Parking management and enforcement
- Community transport activities

### 3. AUCKLAND TRANSPORT'S CONTRIBUTION TO THE WORLD'S MOST LIVEABLE CITY

The Auckland Plan is the roadmap to deliver on Auckland's vision to be the world's most liveable city. It is a thirty year plan that is underpinned by a set of outcomes and transformational shifts to achieve this vision which help ensure we focus on the right things.



The Auckland Plan sets strategic direction and transformational shifts to achieve actions, targets and outcomes that are required to achieve the vision to be the world's most liveable city. Auckland Transport plays a critical part in delivering on these actions and targets. In particular, Auckland Transport actions which contribute to the transformational shifts are outlined in the table below:

| Auckland Plan                       | Degree of contribution | How Auckland Transport contributes  |
|-------------------------------------|------------------------|---|
| Children & young people             | Secondary              | <ul style="list-style-type: none"> <li>Public transport services including school transport and fares concessions</li> <li>School travel planning and road safety initiatives</li> </ul>  |
| Environmental action & green growth | Secondary              | <ul style="list-style-type: none"> <li>Contributing to the reduction of greenhouse gas emissions by:                             <ul style="list-style-type: none"> <li>Providing effective and efficient transport alternatives to private vehicle use, such as public transport and cycle- and walk-ways;</li> <li>Introducing electric trains</li> </ul> </li> </ul> |
| Outstanding public transport        | Primary                | <ul style="list-style-type: none"> <li>Providing an effective, efficient and safe rail, bus and ferry services, thereby increasing public transport patronage.</li> </ul>   |
| Quality urban living                | Secondary              | <ul style="list-style-type: none"> <li>Contributing to well-planned and vibrant town centres that are walkable and have streetscapes that reflect local identity; and</li> <li>Providing an effective, efficient and safe transport system that supports growth, including geographic spatial priorities and special housing areas.</li> </ul>                          |
| Raised living standards             | Secondary              | <ul style="list-style-type: none"> <li>Providing effective and efficient transport choices enabling Aucklanders to easily access economic, social and cultural opportunities.</li> </ul>  |
| Māori social and economic wellbeing | Secondary              | <ul style="list-style-type: none"> <li>Improving accessibility for Māori to economic, social and cultural opportunities through public transport network improvements and transport infrastructure</li> </ul>   |

| Auckland Plan | Degree of contribution | How Auckland Transport contributes   |
|---------------|------------------------|--|
|               |                        | projects <ul style="list-style-type: none"> <li>• Ensuring effective engagement with mana whenua on transport projects</li> <li>• Acknowledging Māori values in stormwater management</li> <li>• Providing infrastructure support and technical advice on marae development and papakainga housing.</li> </ul> |

## 4. STRATEGIC THEMES

As foreshadowed in the previous Statement of Intent, over the past year, the Auckland Transport Board has worked to reframe its strategic approach to transform transport in Auckland and align with the strategic direction in the Auckland Plan. The Board has identified five strategic themes to guide its actions and decisions:

- Prioritise rapid, high frequency public transport;
- Transform and elevate customer experience;
- Build network optimisation and resilience;
- Ensure a sustainable funding model; and
- Develop creative, adaptive, innovative implementation.

By following these strategic themes, Auckland Transport aims to make a significant contribution towards the overarching objective of the Auckland Plan - for Auckland to become the world’s most liveable city.

### **Prioritise rapid, high frequency public transport**

Prioritising rapid, frequent public transport will contribute to realising the Auckland Plan’s vision by significantly enhancing transport choices, thereby improving transport accessibility in Auckland. The development of a rapid and frequent network will make public transport a more compelling choice for those that currently favour car travel, which is the larger number of Aucklanders. As more people use trains, buses and ferries, the transport system will be better able to cope with Auckland’s significant growth, leading to better environmental and economic outcomes.

Giving priority to developing the public transport system , with a particular focus on those parts of the network that are able to provide the rapid and frequent services that are necessary to enable significant patronage growth, will also help to realise one of the Auckland Plan’s transformational shifts – to move to outstanding public transport within one network.

To achieve this transformation Auckland Transport is working on a number of major initiatives that will expand and enhance the rapid and frequent public transport network over the period of this SOI. These include completing the roll-out of electric trains, implementing integrated fares and the staged introduction of a new, connected bus network with improved frequencies.

## **Transform and elevate customer experience**

Auckland Transport is placing a strong emphasis on understanding what its customers want, and enhancing the customer experience by ensuring that customers are at the centre of everything we do. We are focused on making the transport system safer, simpler and easier to use, with services that meet our customers' demands.

For public transport, this includes: enhanced way-finding; innovative ways of providing information; improved station and transfer facilities, including enhanced security; integrated services, ticketing and fares; consistent branded services through the *AT Metro* brand; and programmes to recognise and reward customer loyalty.

For the road network, it includes route optimisation that improves traffic flows, which increases the people and goods-moving capacity of the existing network, innovative traffic information and targeted road safety improvements.

The transformation and elevation of the transport customer experience will improve the accessibility and connectivity of Auckland's transport system.

## **Build network optimisation and resilience**

An optimised and resilient transport network is critical for Auckland's economic productivity. Network optimisation and resilience enables the network to better respond to the needs of commercial transport and provides for positive road and public transport safety outcomes and enhances accessibility and connectivity.

To achieve such a transport network, Auckland Transport has worked in partnership with the New Zealand Transport Agency (NZTA) to develop a "one system" approach, which is designed to improve the connectivity and integration of the Auckland transport system. The "one system" approach ensures that:

- the networks of the different transport modes are connected and integrated;
- the State highway and regional arterial road networks are integrated to function as one system;
- modal services are integrated to provide a seamless transport experience; and
- the transport system operates at an optimal level of service, and provides customers with choices and network resilience.

To give effect to the "one system" approach, Auckland Transport developed an Integrated Transport Programme (ITP) in conjunction with the Auckland Council and New Zealand Transport Agency. The ITP enables projects critical to Auckland's transport needs to be identified, planned, funded and implemented in a coordinated and strategic manner.

Auckland Transport will also improve network optimisation and resilience by continuing to focus on route optimisation initiatives, which improve the productivity of major arterial routes – providing real time information and congestion management, focusing on safety improvements, and better integrating active transport into the wider network.

### **Ensure a sustainable funding model**

Auckland Transport recognises the important funding relationships that exist with the Auckland Council and NZTA. By making informed decisions on how transport expenditure is prioritised, and ensuring that its programmes are efficient and deliver maximum value for money, Auckland Transport aims to deliver the best value for this funding investment over time.

The ITP ensures that funding is directed towards those activities that will make the most cost-effective contribution to Auckland Plan outcomes, and the national transport objectives articulated through the Government Policy Statement on Land Transport (GPS). Effective coordination with NZTA will help to maximise the amount of funding available for investment in Auckland's transport system, and rigorous financial planning and forecasting will help to maximise the return on that investment.

Auckland Transport will continue to focus on making the best use of the existing transport system. This will be achieved by a proactive approach to asset management, ensuring a whole of life approach to investment, maintenance and renewals.

Auckland Transport will continue to focus on the important contribution that user revenues make to the transport system, through public transport fares, parking revenues and the like. It will also look to expand its funding to include new and innovative revenue sources, including commercial partnerships. It will also examine opportunities to divest surplus assets where appropriate, and will maintain a strong focus on cost minimisation, through improved procurement arrangements and business improvements.

### **Develop creative, adaptive, innovative implementation**

A modern, prosperous, liveable, world-class city demands a transport system that implements creative, adaptive and innovative solutions to transport challenges. Auckland Transport will focus on identifying such solutions.

Auckland Transport will also continue to focus on:

- the use of new technologies, especially smart phones, real time information;
- providing better information to customers;
- the use of HOP data to better understand and respond to customer needs;
- partnerships with innovative partners: academic and commercial;
- supporting innovation hubs, and the use of new transport technologies

## 5. THREE YEAR WORKPLAN TO DELIVER ON STRATEGIC DIRECTION

The following table details the key initiatives/projects to deliver on Auckland Transport's strategic objectives/themes.

Note that the programme outlined below reflects the basic funding package in the Draft Regional Land Transport Plan (RLTP) and the Auckland Council's Draft Long-term Plan 2015-2025. Additional funding identified in the Auckland Plan funding envelope (which is detailed in the Draft Long-term Plan) would enable a more comprehensive programme to be implemented.

| Key projects and initiatives                             | Description  | Contribution to strategic themes   |
|--|--|--|
| New public transport network                             | Rail: improved punctuality and customer service as fully electric services implemented on all lines (excluding Papakura-Pukekohe) during 2015  | <ul style="list-style-type: none"> <li>• Prioritise rapid, high frequency public transport</li> <li>• Transform and elevate customer experience</li> </ul>             |
|  | Bus: improved customer service and logical, intuitive and integrated schedules with implementation of new network : <ul style="list-style-type: none"> <li>• South New Network by 2016</li> <li>• Hibiscus Coast by 2016</li> <li>• West, Isthmus, North Shore and East New Network by 2017</li> </ul> |  |
|  | Off-peak frequency improvements on Inner Harbour ferries by 2016   |  |
| City centre public transport access                      | Complete investigations to address bus congestion in city centre and develop implementation plan by 2015   | <ul style="list-style-type: none"> <li>• Prioritise rapid, high frequency public transport</li> <li>• Develop creative, adaptive, innovative implementation</li> </ul> |
| Real time public information system improvements         | Ongoing improvements to accuracy and accessibility of real time information.   | <ul style="list-style-type: none"> <li>• Prioritise rapid, high frequency public transport</li> <li>• Transform and elevate customer experience</li> </ul>             |
| Otahuhu Bus/Rail Interchange                             | Initial improvements to coincide with launch of South New Network [2016] and full implementation by 2021   | <ul style="list-style-type: none"> <li>• Prioritise rapid, high frequency public transport</li> <li>• Transform and elevate customer experience</li> </ul>             |
| Manukau Bus/Rail Interchange                             | Initial improvements to coincide with launch of South New Network [2016] and full implementation by 2022   | <ul style="list-style-type: none"> <li>• Prioritise rapid, high frequency public transport</li> <li>• Transform and elevate customer experience</li> </ul>             |
| Westgate Bus Interchange (Part of NORSGA Plan Change 15) | Construction complete June 2016  | <ul style="list-style-type: none"> <li>• Prioritise rapid, high frequency public transport</li> </ul>  |



| Key projects and initiatives   | Description   | Contribution to strategic themes  |
|--|---|---|
|  |   | <ul style="list-style-type: none"> <li>Transform and elevate customer experience</li> </ul>   |
| Integrated fares   | Implementation of a simpler, integrated fare structure by Q1 2016   | <ul style="list-style-type: none"> <li>Prioritise rapid, high frequency public transport</li> <li>Transform and elevate customer experience</li> </ul>  |
| City Rail Link   | Enabling works for City Rail Link (across Lower Queen St and under Downtown building) progressed to meet timeframes agreed with Precinct Properties Ltd | <ul style="list-style-type: none"> <li>Prioritise rapid, high frequency public transport</li> <li>Transform and elevate customer experience</li> <li>Build network optimisation and resilience</li> </ul> |
| Development of safe cycle ways and walk ways   | Completion of Waterview Cycleway Connection (joint project with NZTA) by 2018   | <ul style="list-style-type: none"> <li>Transform and elevate customer experience</li> <li>Build network optimisation and resilience</li> </ul>  |
| Supporting growth enabled by Proposed Auckland Unitary Plan                                    | Hobsonville Point Park and Ride complete by July 2017   | <ul style="list-style-type: none"> <li>Transform and elevate customer experience</li> <li>Build network optimisation and resilience</li> <li>Prioritise rapid, high frequency public transport</li> </ul> |
|  | Massey North Town Centre substantially complete by July 2018  | <ul style="list-style-type: none"> <li>Build network optimisation and resilience</li> </ul>   |
|  | Hobsonville Village construction commences by 2018  | <ul style="list-style-type: none"> <li>Build network optimisation and resilience</li> </ul>   |
|  | Glenvar Ridge Rd (Long Bay) construction complete 2018  | <ul style="list-style-type: none"> <li>Transform and elevate customer experience</li> <li>Build network optimisation and resilience</li> </ul>  |
| Maximise value from existing assets  | Review and assess (in conjunction with ACPL) maximising value from existing assets, and identification of surplus non-strategic assets for disposal     | <ul style="list-style-type: none"> <li>Ensure a sustainable funding model</li> </ul>  |
| Improved effectiveness of operating expenditure  | Programme for achieving efficiency targets for operating expenditure while maintaining service delivery over the course of the SOI.                     | <ul style="list-style-type: none"> <li>Ensure a sustainable funding model</li> </ul>  |
| Improved value for money and sector performance for road construction, operations and renewals | Implement the recommendations of the national Road Efficiency Group, including One Network Road Classification  | <ul style="list-style-type: none"> <li>Ensure a sustainable funding model</li> </ul>  |

| Key projects and initiatives                     | Description   | Contribution to strategic themes  |
|--|---|---|
| New public transport contracts                   | Shift to new performance-based commercial and contractual framework for public transport services, based on Public Transport Operating Model (PTOM) (rolling change as contracts are renegotiated). | <ul style="list-style-type: none"> <li>• Ensure a sustainable funding model</li> <li>• Transform and elevate customer experience</li> </ul>   |
| Competitive pricing and improved value for money | Ensure effective systems are in place to achieve competitive pricing and improved value for money from the new network  | <ul style="list-style-type: none"> <li>• Ensure a sustainable funding model</li> </ul>  |
| Coordinate travel planning initiatives           | Support schools, workplaces and tertiary institutions to identify and use transport options other than single occupancy private vehicles.   | <ul style="list-style-type: none"> <li>• Develop creative, adaptive, innovative implementation</li> </ul>   |
| Route optimisation                               | Progress route optimisation programme, which helps ease congestion on Auckland's road network.  | <ul style="list-style-type: none"> <li>• Build network optimisation and resilience</li> <li>• Transform and elevate customer experience</li> <li>• Develop creative, adaptive, innovative implementation</li> </ul> |

### Specific projects delivering on Māori outcomes

The following table sets out specific projects which will help to deliver on Māori outcomes.

| Key projects and initiatives             | Description   | Contribution to Māori outcomes  |
|--|---|---|
| Iwi engagement                           | Engagement with mana whenua on major transport infrastructure projects using Te Aranga Māori urban design principles, and utilising AT's Māori Engagement Framework | Mana whenua input to transport infrastructure development and design, contributing to Auckland's Māori identity |
| Māori values and stormwater              | Māori values such as kaitiakitanga are considered in stormwater management in transport infrastructure projects   | Contributing to Auckland's Māori identity   |
| Māori wardens                            | Māori Wardens provide a customer service/ambassador role on some train services. The costs of this service are met through a contract between AT and TransDev       | Contribution to Auckland's Māori identity and transport safety.   |
| Marae development and papakainga housing | Infrastructure support and technical advice on marae development and papakainga housing   | Improved Māori access to social and economic opportunities  |

In addition, although most AT projects are not specifically tailored to Māori, many of them will directly benefit Māori by virtue of their nature and location. For example, the roll-out of the new public transport network will improve the range of destinations and service frequencies for public transport in areas with high concentrations of Māori, thereby improving Māori access to social and

economic opportunities. Similarly, capital development projects in areas of high Māori population can also improve Māori access to social and economic opportunities.

## 6. PERFORMANCE OUTLOOK

### Key performance measures

Auckland Transport has an agreed set of key performance measures and targets which form the basis for accountability to delivering on the Council's strategic direction, priorities and targets. These will be reported on a quarterly basis, in accordance with the CCO Governance Manual. These include measures agreed as part of the Long-term Plan 2015-2025.

| Strategic theme <sup>1</sup>                        | Measure  | 2013/14 Actual  | 2014/15 Annual Plan   | 2015/16 Target  | 2016/17 Target   | 2017/18 Target   |
|---|--|---|---|---|--|--|
| Prioritise rapid, high frequency public transport   | Total public transport boardings (millions)                                  | 72.4  | 73.7  | 79.9  | 82.4   | 84.3   |
|   | Boardings on rapid or frequent network (rail, busway, FTN bus)               | TBA (new measure)   | New measure   | Increase at faster rate than total boardings                | Increase at faster rate than total boardings               | Increase at faster rate than total boardings                   |
| Transform and elevate customer focus and experience | PT punctuality (weighted average across all modes)                           | 85.9%   | New measure   | 92%   | 93%  | 94%  |
|   | Customer satisfaction index: PT, road quality, footpath quality, road safety | PT: 81.4<br>Road: 71<br>F/path: 63<br>Safety: 63<br>Avg: 69.6 | PT: 83<br>Road: 70<br>F/path: 65<br>Safety: N/A<br>Avg: N/A | PT: 83<br>Road: 70<br>F/path: 65<br>Safety: 60<br>Avg: 69.5 | PT 84<br>Road 70<br>F/path 65<br>Safety 60-65<br>Avg: 70.1 | PT: 85<br>Road: 70<br>F/path: 65<br>Safety: 60-65<br>Avg: 70.4 |
| Build network optimisation and resilience           | Arterial road productivity <sup>2</sup>                                      | 68%   | 53% of the ideal achieved                                   | 54% of the ideal achieved                                   | 55% of the ideal achieved                                  | 55% of the ideal achieved                                      |

<sup>1</sup> Strategic themes are referred to as service level statements in the LTP

<sup>2</sup> Road productivity is a measure of the efficiency of the road in moving people during the peak hour. It is measured as the product of number of vehicles, their average journey speed and average vehicular occupancy. Key arterial routes include:

Airport to CBD (via Manukau Rd)

St Lukes to St Johns (via Balmoral/Greenlane West/Greenlane East/Remuera Rd)

Albany to Birkenhead (via Glenfield Rd)

Henderson to CBD (via Great North Rd)

SH1 to Ti Rakau Dr (via Te Irirangi Dr)

SH20 to Portage Rd (via Tiverton/Wolverton Rd)

The result from 2013/14 (68%) was for a smaller number of routes, at a time when the measure was being trialled. More recent data for the full range of surveyed routes indicates that the target range of 54-55% is more realistic for the period of this SOI.

|   |   |   |   |  |  |  |
|---|---|---|---|--|--|--|
|   | Travel times on key freight routes <sup>3</sup>                       | Baseline travel times maintained on 6 out of 8 routes | Maintain travel times for 85th percentile on all nominated freight routes | Maintain baseline travel times for the 85th percentile | Maintain baseline travel times for the 85th percentile | Maintain baseline travel times for the 85th percentile |
| Ensure a sustainable funding model                    | PT farebox recovery <sup>4</sup>                                      | 45.4%   | New measure   | 46-48%   | 47-50%   | 49-52%   |
| Develop creative, adaptive, innovative implementation | Parking occupancy rates (peak 4-hour, on and off street) <sup>5</sup> | N/A   | Within 70-90% range   | 70% - 90%  | 70% - 90%  | 70% - 90%  |
|   | No. of car trips avoided through travel planning initiatives          | 16,587  | 16,700  | 17,500   | 18,400   | 20,240   |

<sup>3</sup> Target travel times on nominated strategic freight routes:

| Route  | Travel Time (mins) |
|--|--------------------|
| SEART (from Sylvia Park to East Tamaki)                              | 11                 |
| SEART (from East Tamaki to Sylvia Park)                              | 12                 |
| Wairau Rd (from SH1 to SH18)   | 8                  |
| Wairau Rd (from SH18 to SH1)   | 8                  |
| Harris Rd (from East Tamaki to SH1 Highbrook interchange)            | 10                 |
| Harris Rd (from SH1 Highbrook interchange to East Tamaki)            | 11                 |
| Kaka St/James Feltcher Dr/Favona Rd/Walmsley Rd (SH20 to Walmsley)   | 13                 |
| Kaka St/James Feltcher Dr/Favona Rd/Walmsley Rd (Walmsley to SH20)   | 13                 |
| Great South Rd (SH1 Ellerslie Panmure Hwy Interchange to Portage Rd) | 11                 |
| Great South Rd (Portage Rd to SH1 Ellerslie Panmure Hwy Interchange) | 11                 |

<sup>4</sup> Farebox recovery measures the contribution passenger fares make to the operating cost of providing public transport services.

<sup>5</sup> 4-hour peak period is defined as the top 4 busiest hours of the day. These hours are not often coincidental and can vary depending on contributing factors. On-street parking occupancy is surveyed once a quarter in 3 central city parking zone precincts: Shortland/High Sts, K Road & Wynyard Qtr.

## Secretary for Local Government Mandatory Performance Measures

In addition to the key performance measures outlined above, Auckland Transport is also required by the Secretary for Local Government to report against specified non-financial performance measures (as per the Non-financial Performance Measures Rules 2013). Those measures, and correlating targets, are set out below.

The targets align to those agreed as part of the Long-term Plan 2015-2025, and will be reported on quarterly in accordance with the CCO Governance Manual.

| Strategic theme                                     | Measure  | 2013/14<br>Actual         | 2014/15<br>Annual<br>Plan          | 2015/16              | 2016/17              | 2017/18              |
|---|--|---------------------------|------------------------------------|----------------------|----------------------|----------------------|
| Transform and elevate customer focus and experience | Change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. | 429 (year to 31 Dec 2013) | 2.66% reduction from previous year | Reduce by at least 9 | Reduce by at least 9 | Reduce by at least 9 |
|   | Percentage of customer service requests relating to roads and footpaths which receive a response within specified time frames <sup>6</sup>       | 85%                       | New measure                        | 85%                  | 85%                  | 85%                  |
| Build network optimisation and resilience           | Road maintenance standards (ride quality) as measured by smooth travel exposure (STE) for all urban and rural roads                              | Rural 95<br>Urban 85      | New measure                        | Rural 93<br>Urban 83 | Rural 92<br>Urban 82 | Rural 91<br>Urban 81 |
|   | Percentage of the sealed local road network that is resurfaced   | 10%                       | New measure                        | 10%                  | 11%                  | 11%                  |
|   | Percentage of footpaths in acceptable condition (as defined in AT's AMP)   | 99%                       | New measure                        | 99%                  | 99%                  | 99%                  |

<sup>6</sup> As defined in AT's customer service standards: 2 days for incident investigation as a high priority; 3 days for an incident investigation as a normal priority; 1 hour emergency response time.

## 7. SUMMARY OF FINANCIALS

The following summary of financials supports the delivery of the strategic deliverables and performance targets for Auckland Transport.

*Note: The operating and capital expenditure tables reflect the amounts included in the basic budget in the Draft Long-term Plan 2015-2025. These amounts will be subject to review once the budget is finalised.*

### Operating expenditure (\$ millions)

|   | 2013/14<br>Actual | 2014/15<br>Annual<br>Plan | 2015/16<br>LTP | 2016/17<br>LTP | 2017/18<br>LTP |
|---|-------------------|---------------------------|----------------|----------------|----------------|
| Personal costs                            | 79.6              | 91.1                      | 100.0          | 103.4          | 106.5          |
| Other expenses                            | 487.4             | 501.6                     | 516.6          | 537.8          | 552.9          |
| Interest                                  | 14.7              | 27.3                      | 35.7           | 32.6           | 32.3           |
| Depreciation                              | 274.9             | 266.0                     | 306.2          | 314.3          | 321.9          |
| <b>Total operating expenditure</b>        | <b>856.6</b>      | <b>886.0</b>              | <b>958.5</b>   | <b>988.1</b>   | <b>1,013.6</b> |
| Principal repayments                      | 1.7               | 3.5                       | 4.9            | 5.6            | 5.9            |
| <b>Operating expenditure to be funded</b> | <b>583.4</b>      | <b>623.5</b>              | <b>657.2</b>   | <b>679.4</b>   | <b>697.6</b>   |
| <u>Funded by:</u>                         |                   |                           |                |                |                |
| External revenue                          | 150.4             | 160.7                     | 166.8          | 173.6          | 179.2          |
| Grants/ subsidies                         | 208.2             | 227.2                     | 238.4          | 245.7          | 251.5          |
| Auckland Council funding                  | 230.1             | 235.6                     | 252.0          | 260.1          | 266.9          |
| <b>Total</b>                              | <b>588.7</b>      | <b>623.5</b>              | <b>657.2</b>   | <b>679.4</b>   | <b>697.6</b>   |
| <b>Surplus/ (deficit)</b>                 | <b>5.3</b>        | <b>0.0</b>                | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     |

### Capital expenditure (\$ millions)

|                                  | 2013/14<br>Actual | 2014/15<br>Annual Plan | 2015/16<br>LTP | 2016/17<br>LTP | 2017/18<br>LTP |
|----------------------------------|-------------------|------------------------|----------------|----------------|----------------|
| Growth                           | 48.9              | 52.9                   | 48.6           | 73.0           | 84.1           |
| Level of service                 | 468.9             | 560.4                  | 225.4          | 326.9          | 430.1          |
| Renewals                         | 200.3             | 219.7                  | 179.6          | 194.9          | 211.2          |
| <b>Total capital expenditure</b> | <b>718.1</b>      | <b>833.0</b>           | <b>453.6</b>   | <b>594.8</b>   | <b>725.4</b>   |
| <u>Funded by:</u>                |                   |                        |                |                |                |
| Debt                             | 155.7             | 182.0                  | 10.0           | 0.0            | 0.0            |
| Grants / subsidies               | 163.8             | 181.9                  | 254.3          | 281.8          | 303.3          |
| Auckland Council funding         | 398.6             | 469.1                  | 189.3          | 313.0          | 422.1          |
| <b>Total</b>                     | <b>718.1</b>      | <b>833.0</b>           | <b>453.6</b>   | <b>594.8</b>   | <b>725.4</b>   |

## Expenditure towards Māori outcomes

Expenditure on Māori outcomes is currently embedded in wider project budgets, which are currently subject to review. Auckland Transport will continue to report on expenditure on Māori outcomes as part of its quarterly report to Council.

## Other financial information

|                                 |  |   |
|---------------------------------|--|---|
| <b>Current value of assets</b>  | The current value of Auckland Transport assets as at 31 December 2014 is \$16,241,384,000.                   |   |
| <b>Shareholder equity ratio</b> | The latest shareholder equity ratio for Auckland Transport as at 31 December 2014 is 96%                     |   |
| <b>Accounting Policies</b>      | Auckland Transport accounting policies are consistent with those of the Auckland Council group policies.     |   |
| <b>Financial Reporting</b>      | Auckland Transport financial reporting will be in accordance with requirements of the CCO Governance Manual. |   |
| <b>Asset sales (\$ million)</b> | 2013/14 Actual   | \$12.4 million  |
|                                 | 2014/15 Annual Plan  | <i>Note: Data on forecast asset sales is not yet available as it is subject to completion of the budget process. This table will be completed once the budget has been finalised.</i> |
|                                 | 2015/16 LTP  |   |
|                                 | 2016/17 LTP  |   |
|                                 | 2017/18 LTP  |   |

## 8. APPROACH TO GOVERNANCE

Auckland Council works in partnership with its CCOs and the agreed approach to governance is outlined within the CCO Governance Manual which sits alongside this SOI and also forms part of the annual binding agreement between council and Auckland Transport.

*This Governance Manual will be adopted in April 2015.*

Auckland Transport is required to hold two public meetings a year (Local Government (Auckland Council) Act 2009), as follows:

| <b>Purpose</b>                             | <b>Date</b> | <b>Form of Public Notification</b>   |
|--|-------------|--|
| Consider shareholder comments on draft SOI | June 2015   | Public notification in newspapers with a circulation across Auckland, and on the Auckland Transport website. |
| Consider performance against SOI targets   | August 2015 | Public notification in newspapers with a circulation across Auckland, and on the Auckland Transport website. |



30 April 2015

Dr Lester Levy  
Chair  
Auckland Transport  
BY EMAIL

Tēnā koe Lester,

**RE: Shareholder comments on the draft Statement of Intent 2015-2018**

The Council Controlled Organisations Governance and Monitoring Committee considered Auckland Transport's draft Statement of Intent 2015-2018 (SOI) at its 14 April meeting.

During the meeting, the committee resolved on a number of general shareholder comments that relate to all CCOs and some specific comments relating directly to Auckland Transport. Each CCO is asked to work with council staff to ensure that these comments and any minor editorial changes are reflected in your final SOI.

**General shareholder comments**

1. Auckland Transport has worked well to support council's objective to improve the quality and consistency of SOIs across all CCOs. We would like this to continue, going forward, as the 2015-2018 SOIs are finalised.

*Long-term Plan 2015-2025 alignment with final SOI*

2. The final SOI must align to the decisions made as part of the council's Long-term Plan 2015-2025 (LTP). This must ensure:
  - a. information contained in the final SOI is consistent with the LTP,
  - b. financial information is provided for FY 2014/2015, and the first three years of the LTP,
  - c. agreed non-strategic asset sale targets are included, and
  - d. performance information aligns with the LTP and includes:
    - i. all related LTP measures, that are clearly labelled in the SOI, with measures and targets worded exactly as in the LTP,
    - ii. 2013/2014 actual performance, 2014/2015 target, and
    - iii. next three years' targets.

*Te Toa Takitini*

3. Te Toa Takitini – Māori Responsive High Performance Council has been recently established by the Executive Leadership Group. It will be led by this group with a top-down council family approach to:
  - a. significantly lift Māori social and economic well-being,
  - b. strengthen the council's effectiveness for Māori as part of a high performance council, and
  - c. maximise post-Treaty settlement opportunities for the benefit of mana whenua, Auckland Council and the wider public of Auckland.



## Attachment 2

4. The final SOI should reflect the shift from “contributing to Māori well-being and Māori outcomes” to “Māori responsiveness – contributing to Māori well-being, organisational effectiveness, and post-Treaty settlement opportunities”.
5. The SOI should also include activities, projects, programmes and expenditure over the next three years identified through the Long-term Plan 2015-2025 that support Auckland Council group's Māori responsiveness.
6. The final SOI should include a focused service performance measure on your engagement with mana whenua, to be drafted in consultation with the Independent Māori Statutory Board.

### Specific shareholder comments

7. In the Letter of Expectation, sent in December 2014, direction for the development of the 2015-2018 SOI was outlined. In reviewing the draft SOI, selected direction has either not been included, or is not clearly identified. It is therefore expected that the following is included when finalising the SOI:
  - a. 'Quality urban living' is an Auckland Plan Transformational shift where Auckland Transport plays an important role in achieving the vision of being the world's most liveable city. Therefore, under the Auckland Transport's Contribution to Auckland Plan section in the SOI, Auckland Transport should express a primary contribution role towards this transformational shift. Further comments on supporting a 'quality built environment' should also be added.
  - b. Include comments supporting greenways plans within the 'Development of safe cycle ways and walk ways' in the three year work plan.
  - c. The SOI should outline a rapid growth in public transport patronage. It is expected there should be significant growth over the term of the SOI, reflecting our recent investment in projects such as electrification and integrated ticketing. It should also outline how we are on track towards 20 million annual boardings by 2020.
8. The Letter of Expectation outlined the importance of delivering on growth, geographic priorities and Special Housing Areas. In the final SOI, there should be stronger reference to how Auckland Transport will plan for and support growth, and identify any budgets approved as part of the LTP decision making process.

I look forward to receiving the final SOI by 30 June 2015.

Nāku noa, nā



**DEPUTY MAYOR PENNY HULSE  
CHAIR CCO GOVERNANCE AND MONITORING COMMITTEE  
AUCKLAND COUNCIL**

cc. Mayor Len Brown  
cc. Stephen Town, Chief Executive, Auckland Council  
cc. David Warburton, Chief Executive, Auckland Transport