

1 July 2020

Adrienne Young-Cooper  
Chair  
Auckland Transport

***By email***

Tēnā koe Adrienne

**Shareholder comments on Auckland Transport's draft Statement of Intent 2020-2023**

Thank you for providing Auckland Transport's (AT) draft Revised Statement of Intent 2020 – 2023 (SOI) to Auckland Council. The Governing Body considered it at its 25 June 2020 meeting.

Auckland Council acknowledges the hard work that you and your organisation have put into producing both the original draft SOI, contributing to the draft Emergency Budget, and then producing a revised draft SOI, to take account of our changed circumstances with the COVID-19 pandemic. Thank you for your effort.

An important matter that the Governing Body resolved was to grant all the Council Controlled Organisations (CCO) an extension of time to complete the final SOI, until 31 July 2020. This is in accordance with the Local Government Act, Schedule 8, Clause 4.

The draft AT SOI responds well to the letter of expectations, and clearly sets out the potential capital programme for AT which, despite its changes, is still a challenging programme of work as is similar to those undertaken in recent years.

The Governing Body resolved to make a number of general comments that relate to each CCO and a number of resolutions that are specific to AT. Staff from AT should work with council staff to ensure that these comments and any minor editorial changes are reflected in the final SOI.

***General shareholder comments***

In completing the final SOI, AT should ensure that the financial information is agreed with council staff and includes the following:

- 2018/2019 actual results
- 2019/2020 long-term plan (LTP) budget, updated for any carry-forwards from 2018/2019 and any other agreed changes
- 2020/2021 budget consistent with annual plan submission to council
- 2021/2022 and 2022/2023 LTP budget, updated for any changes agreed as part of the 2020/2021 Annual Plan
- a breakdown by activity as in the LTP
- agreed non-strategic asset sales targets.

In addition, performance measures should align with the LTP. CCOs should ensure that in the final documents:

- LTP measures are clearly identified
- Measures and targets are worded exactly as in the Annual Plan 2020/2021
- Where there are any proposed new COVID-19 affected targets, a clearly identified additional column is provided in addition to the original targets.
- 2018/2019 actual performance is included alongside 2019/2020 and the next three years' targets. These should be updated for any changes agreed as part of the Annual Plan 2020/2021.

The final SOI financial tables must be updated for any material impacts of the revised assumptions issued by the council's Financial Planning team on 10 June 2020, as well as any changes agreed through the Governing Body workshops between 22 June to 14 July 2020 and Finance and Performance Committee decisions made on 16 July 2020. CCOs should agree all financial tables with Financial Planning prior to finalisation.

There is a target of \$5 million savings factored into the Emergency Budget above the savings already identified, so all CCOs need to find savings across the Council Group through greater use of shared services. For example, corporate shared services provide an opportunity to reduce the overall operating cost for the Council Group. There are areas across the corporate functions where this is already providing benefits such as print, mail, courier services and fleet. It is recommended CCOs support further work on corporate shared services, including reviewing the opportunity to move to a centrally managed corporate property portfolio.

The Council Group is currently developing new KPIs relating to engagement with Māori and contributions to Māori Outcomes. The final SOI should therefore include a statement to indicate that AT will include such measures where appropriate to the CCO, in a future SOI.

The final SOI should also indicate which of your planned activities are intended to address climate change and other environmental outcomes.

Finally, the recovery from the COVID pandemic creates a degree of uncertainty regarding the council's group revenue over the coming year. If revenue recovers quicker than currently forecast there may be more ability to invest in capital projects. Council will review the group's capital programme later this calendar year to determine if more investment is possible and if so, what are the priorities for any investment.

### ***Specific shareholder comments***

The following changes are recommended:

- The objectives of the Auckland Transport Alignment Project (ATAP) update should be reflected in the SOI, such as by showing how AT's strategic priorities and programme aligns with those objectives, including definition of mode shift, climate change and spatial priorities, as these will influence development of the RLTP.
- The SOI should include a section, as part of the introduction to the work programme discussing the prioritisation process undertaken to determine the programme. Council acknowledges that this has been driven by the Emergency Budget process and will largely reflect the need to respect contracts already signed and underway as well as AT board priorities.

- There has been a more robust recovery of public transport patronage under COVID-19 Alert Level 1 than was anticipated. The expected announcement of shovel-ready projects may also help council's financial position. It would be useful for the SOI to provide an indication of investment priorities should the council's financial position improve relative to forecast (e.g. such as road safety and averting public transport service cuts), and how they relate to council's overall priorities for the transport system.
- Similarly, given the immediate indications of recovery, the Board should consider if patronage targets for public transport can be revised upward.
- The 3.5% rates increase scenario will yield an additional \$40 million capital investment for AT relative to the 2.5% rates increase scenario. However, the SOI indicates that the only difference in activity between the two scenarios relates to a small increase in the network capacity and performance improvements programme and two additional parking studies. If the 3.5% scenario is approved within the Emergency Budget, this section should be modified to show the true extent of additional activity enabled by the 3.5% scenario and how this relates to council priorities.
- While AT faces significant fiscal constraints, there is an opportunity for the SOI to elaborate on the potential for innovative and low-cost techniques to be deployed to achieve council priorities. Areas where this may apply include referencing the Innovating Streets Fund, road sealing, renewals, and active modes (building on recent momentum in walking and cycling).
- The SOI indicates that policy work in several areas will also be discontinued. Policy work that responds to council priorities is important and should be reinstated, for example, the ongoing collaboration with council on the Auckland Climate Plan.

We look forward to receiving the final SOI by 31 July 2020.

Ngā mihi



Phil Goff  
**MAYOR OF AUCKLAND**



Bill Cashmore  
**CHAIR CCO OVERSIGHT COMMITTEE**

Copy to: Councillor Desley Simpson, Chair, Finance and Performance Committee  
Councillor Richard Hills, Chair, Environment and Community Committee  
Councillor Alf Filipaina, Chair Parks, Arts, Community and Events Committee  
Councillor Chris Darby, Chair, Planning Committee  
Patricia Reade, Acting Chief Executive, Auckland Council  
Shane Ellison, Chief Executive, Auckland Transport