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Quarterly Report to Auckland Council for the Quarter Ended 30 June 2022

For decision: For noting:

Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- Approves the Quarterly Report for submission to Auckland Council (AC) (Attachment 1).
- Agrees to release this report publicly after the AC Group announcement of the preliminary Group results to the New Zealand Stock Exchange.

Te whakarāpopototanga matua / Executive summary

- AC requires Auckland Transport (AT) to deliver a report against its performance targets as set out in AT's Statement of Intent (SOI). The Quarterly Report for the fourth quarter ended 30 June 2022 is due to AC on 31 August 2022.

Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
10 May 2022 (Finance & Assurance Committee (committee))	Quarterly Report to AC for the Quarter Ended 31 March 2022	The committee approved the submission of the third quarter report to AC.

Te horopaki me te tīaroaro rautaki / Context and strategic alignment

- AT's Quarterly Report fulfils AC's performance monitoring requirements for Council Controlled Organisations (CCOs) within the Local Government Act 2002 and Local Government (Auckland Council) Act 2009.

Ngā matapakinga me ngā tātaritanga / Discussion and analysis

- AC requires AT to deliver, no later than eight weeks after the end of each quarter, a report against its performance targets as set out in AT's SOI. The Quarterly Report for the quarter ended 30 June 2022 is due to AC on 31 August 2022. Note that the Quarterly Report is prepared in a standard format prescribed by AC.

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Ngā tūraru matua / Key risks and mitigations

4. Risks identified in the quarterly report:
 - a) The long-term deaths and serious injuries (DSI) trend continues to decline against the 2017 baseline but remains higher than the requirements to meet our targets. To achieve the rate of reduction in line with our Auckland Transport Alignment Project (ATAP) and Vision Zero for Tāmaki Makaurau targets, further work is required in collaboration with our Road Safety partners.
 - b) Ongoing, new and fluctuating COVID-19 cases and related staff absenteeism mean patronage and fare revenue does not match budget, and patronage recovery is more difficult and prolonged.
 - c) COVID-19 temporarily alleviated the ongoing issue with bus driver numbers however, this has escalated again due to attraction and retention for the vocation, limiting immigration thresholds and recent escalating negative social factors of bus driving. The ongoing bus driver shortage poses challenges for maintaining service delivery levels and implementing additional Climate Action Targeted Rated (CATR) funded bus services.
 - d) Further disruption/delays to physical works due to ongoing COVID-19 restrictions and isolation rules hampering resource supply, manufacturing, along with material supply chain delays and resulting in cost escalation.
 - e) Inflation is expected to impact both AT's operating costs and capital programme in the next financial year (2022/23).
 - f) The reduced budgets for 2022/2023 renewals will require a review of priorities and may impact levels of service, and impact future funding requirements to address the backlog of work.
5. The combination of the above issues will require careful stakeholder management.

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

6. The year to date net deficit from operations is \$426 million, \$8 million lower than budget primarily due to the impact of COVID-19 on revenue with the largest impact on public transport patronage and income. The continuing COVID-19 impact on patronage will likely also have a flow on impact into the next financial year (2022/23). This is a significant performance improvement compared to forecasts earlier in the year.
7. Delivery of infrastructure (capital expenditure) of \$656 million (80% delivery) is \$146 million lower than budget of \$. Programmes and projects across the board are behind planned spend due to the impacts of COVID-19 on public consultations, consenting, procurement, tendering processes and broader supply chain constraints. AT is closely monitoring the emerging operating landscape and proactively working on mitigation action where possible.

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Ngā whaiwhakaaro ō te taiao me te panonitanga o te āhuarangi / Environment and climate change considerations

8. Key environment and climate change considerations include reducing emissions from AT's operations and assets, the bus fleet, corporate emissions and asset construction and supporting the AC led Transport Emissions Reduction Pathway (TERP).

Ngā whakaaweawe me ngā whakaaro / Impacts and perspectives

Mana whenua

9. AT contributes to mana whenua engagement through forums for operations and governance matters.
10. In this reporting period Te Ara Haepapa delivered 194 activations, events, hui and educational workshops with 1,329 engagements. AT also continued to progress the implementation of Te Reo Māori across the transport network and the Marae safety programme, completing the Motairehe Marae and Hoani Waititi projects.

Ngā mema pōti / Elected members

11. Results on the Elected Member perception SOI measures are available in the attached Quarterly Report.

Ngā rōpū kei raro i te Kaunihera / CCOs

12. Good progress is being made across the majority of the CCO review recommendations led by AT. AC is in general moving to a more business as usual approach to implementation of outstanding recommendation activities, supervised by the CCO chief executives. On that basis this will be the final update for AT led recommendations in this report.

Ngā kiritaki / Customers

13. Customer experience highlights for the quarter:
 - a) The Community Connect concession, which allows Community Service card holders to travel on PT with a 50% discount, is ready to be rolled out. The Government deferred the launch date to September and subsequently February 2023. We have enabled customers to register early, from November, and request a free HOP card with the concession loaded or add it to their existing card.
 - b) We continue to make it easier for customers to use our digital tools to support them as they travel around our network. In the last quarter a new menu approach on the website was implemented and we introduced 'deep links' into the AT Mobile app, which allows us to pass customers directly to a specific place in the app.

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- c) The programme to drive an increased use of digital self-service achieved the targeted reduction in calls to the contact centre with a 30% and 35% reduction in calls for journey planning and HOP related calls, respectively.

Ngā whaiwhakaaro haumaruru me ngā whaiwhakaaro hauora / Health, safety and wellbeing considerations

- 14. Refer to the quarterly report on progress against AT’s Strategic Objectives - Making Auckland’s transport system safe and enabling and enhancing AT’s culture and capacity.


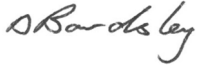

Ā muri ake nei / Next steps

- 15. Assuming board approval, the Quarterly Report will be submitted to AC’s CCO Oversight Committee.

Te whakapiringa / Attachment

Attachment number	Description
1	AT Quarterly Report to AC for the Quarter Ended 30 June 2022

Te pou whenua tuhinga / Document ownership

Submitted by	Sam Ho Financial Reporting Manager David Bardsley Group Manager, Finance	 
Recommended by	Mark Laing Executive General Manager Finance	
Approved by	Mark Lambert Interim Chief Executive	