

21 December 2022

Wayne Donnelly
Chair
Auckland Transport

By email

Tēnā koe Wayne

Letter of Expectation for Statement of Intent for 2023 - 2026

This letter of expectation sets out the council's priorities and expectations to inform the development of the draft Statement of Intent (SOI) 2023-2026 of Auckland Transport (AT).

It sets out common expectations across all council-controlled organisations (CCOs), and expectations specific to AT.

These expectations build on the workshop of the Governing Body held on 30 November 2022 and discussions with you as AT Acting Board Chair and with Interim Chief Executive Mark Lambert. The content of this letter was approved by the Governing Body on 15 December 2022, with delegation to myself and the Deputy Mayor to finalise and issue this letter of expectation.

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 2023
- date when the boards must have considered shareholder feedback is on or before 1 June 2023
- date for final submission of SOIs is on or before 31 July 2023.

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 CCO Direction and Oversight Committee meeting of 13 April 2023 or 11 May 2023.

Part 1. Expectations of all CCOs

Mayor's proposal for the 2023/24 annual budget

Auckland Council is currently facing a financial challenge related to a budget shortfall for the 2023/2024 financial year. The annual budget for the current financial year (2022/2023) included forward projections of \$90 million to \$150 million of operating cost pressures, however with the latest assessment of operating pressures we now estimate a shortfall of \$295 million.

As Mayor I have proposed items for consultation as part of the annual budget 2023/24 which at a high level include:

- a base budget package proposal based on the third year of the 10-year Budget 2021-2031, taking into account current economic conditions
- a package of further actions in addition to the base budget proposal to reduce operating cost pressures:
 - Auckland Council - \$60m in operational savings on top of an existing savings target of \$90m per year
 - Auckland Transport - \$25m of operational cost savings without making further cuts to public transport services
 - Tātaki Auckland Unlimited - \$25m of operational cost savings with a further \$2.5m by reducing some economic development and destination activity.
 - Eke Panuku - \$5m of operational cost savings from delaying capital investment, reducing the direct costs of undertaking urban regeneration and a look to deliver urban regeneration activity in a way that provides for local project governance.

Under the Mayor's proposal, the Expenditure Control and Procurement Committee will be asked to identify a further \$7.5 million from Auckland Transport, and \$5 million from Auckland Council and other CCOs, in operational cost savings.

I expect that the Auckland Transport draft SOI will be consistent with the relevant aspects of this Mayoral proposal for the 2023/24 annual budget.

General expectations

i) Concise SOIs with meaningful performance measures

Your 2023-2026 SOIs must enable proper accountability and direction of Auckland Transport.

I expect the Auckland Transport SOI to be concise and informative. This will enable the council and public to clearly understand your proposed activities, any proposed changes, and the proposed benefit and financial impact of your activities. Please avoid superfluous information and marketing.

I expect you to work with council to ensure your SOI includes clear, meaningful performance measures. I seek fewer measures in most cases, but they should provide useful information, measure what matters and be objectively quantifiable wherever possible.

ii) Be more transparent and accountable

I expect all entities in the Auckland Council group to be transparent in their approach to working with each other, the council and the community.

We require CCOs to abide by the expectations of the group as set out in the Statement of Expectations of substantive council-controlled organisations (July 2021), which includes:

- the relationship with the council as shareholder
- making operational decisions that are aligned with the council's expectations and strategic directions
- working within the Auckland Council's shared governance model and the decision making role of local boards
- delivering services effectively in a way that displays prudent use of resources and assets and provides value for money for Aucklanders.

The Mayor, Councillors and the council's Chief Executive are to receive timely, meaningful and candid information about the activities of the CCO, especially any matters that are potentially contentious or of high public interest. This includes frankly identifying options and risks and reporting more granular financial information for specific items as requested.

CCOs are expected to provide financial and other information that is broken down into significant activities, cost centres or assets according to the nature of the operation. For example, specific activities, events, facilities, or projects.

CCOs are expected to operate openly, including meeting in public wherever possible. This means only undertaking items in a confidential meeting where the requirements of the Local Government Official Information and Meetings Act 1987 are met.

Council staff, working with you, will monitor and report on compliance with the above requirements on a quarterly basis.

iii) Implement shared services

The use of shared services should be accelerated to eliminate duplication and deliver more efficiencies within the council group. By 2023/2034 arrangements should be implemented for ICT, insurance, fleet, corporate accommodation costs, HR, procurement, call centres and other "back office" functions that should be shared across the council group.

CCOs that procure relevant services outside the shared services model will be required to report to the Expenditure Control and Procurement Committee with reasons.

Part 2: Key expectations of AT

As I set out to you in my earlier letter, I am seeking a fundamental change of approach from AT. The organisation currently suffers from a serious democratic deficit and needs to regain social licence for its activities. The transport system needs to respond to what matters to Aucklanders, making it easier and more convenient to get around, provide for real transport choices for people, reduce congestion and transport emissions, and provide for accessibility and equity, and safety.

We need your support for our efforts to build a joined-up plan for an enduring transport system for Auckland and set out a pathway to achieve this.

The Council's key expectations of AT are detailed below. In summary they are:

- a fundamental change in approach: deeply understand and respond to what matters most to Aucklanders in transport
- get the most out of the existing transport network
- reduce AT's cost to Council
- deliver a better approach to traffic management: reduce developers' footprints on roads and enable fewer orange cones
- take direction and oversight from Council
- support the development of a joined-up, comprehensive transport plan, written by Aucklanders
- improve performance on resource consent report delays and reduce the costs of development.

i) A fundamental change in approach: deeply understand and respond to what matters most to Aucklanders in transport

As I have highlighted in previous discussions with you, I am seeking a fundamental change in approach from AT. AT's decisions must be much more closely informed by how Aucklanders live their lives, the transport decisions they make, and their aspirations and priorities when it comes to the transport system.

Travel time benefits (both in terms of journey time and travel-time variability) are outcomes that are highly valued by Aucklanders, whether they travel around the region by bus, car, train, bike or in other ways.

Improved travel time on public transport services is also a key way we can increase public transport patronage. Travel times must therefore be reflected as an explicit focus within AT's planning and decision-making and its measurement of the performance of the transport network.

AT's 2023-2026 SOI must, therefore, include specific plans to:

- put in place and publish a set of clear and accessible metrics for journey times, travel-time variability, and throughput on key corridors, for all transport modes
- develop a set of exemplar journeys that reflect user experience across the whole Auckland transport network, then measure and publish travel times for them. The journeys should encompass a range of user profiles, trip purposes, and areas of the transport network, and would include all transport modes. (Some journeys will include state highways).
- hold travel times steady on the arterial network.
- regularly and proactively share travel time data with the public, and report on performance against its travel-time goal for the arterial network.
- re-configure AT's project evaluation framework, so that travel-times are given appropriate focus, alongside other factors which matter to Aucklanders.

Although this is a critical factor, the SOI must also set out a means for AT to deeply understand and respond to other issues that matter to Aucklanders in transport – convenience, personal safety, the availability of travel choices, accessibility, affordability, health, and climate and environmental considerations.

AT should commission and publish regular quantitative and qualitative research – carried out independently of AT – into transport user sentiment. AT should also consider how deliberative democracy techniques can inform its understanding on the factors that shape Aucklanders' transport decisions and what matters to them. Generalised consultation is not enough and is often not effective.

AT must significantly improve communication to council, customers and stakeholders about the transport system, which is a significant factor that influences transport user experience. This is especially important in relation to public transport, so that users receive reliable, up-to-date information about public transport services.

AT should consider procuring an app-based user interface, designed to allow users to provide geo-spatial feedback on network performance. For instance, the AT Mobile app could be developed to capture traffic incidents, bottlenecks, road and footpath surface issues, personal safety issues, or PT service problems. This feedback should be aggregated and proactively reported on to the public.

Council also requests that AT propose clear measurement and reporting of how Aucklanders' personal safety is impacted by the transport system, so that this can be addressed and improved.

ii) Get the most out of the existing transport network

Fixing Auckland's transport system does not begin with large-scale investment in new infrastructure. Well ahead of that, we must do a much better job of managing the infrastructure assets we already have and the public transport services we operate. This is a question of necessity, given the economic and fiscal pressure we are under as Council.

As a starting point, AT must do a better job of delivering core transport services and fulfilling its statutory purpose under the Local Government Act: to “contribute to an effective, efficient and safe Auckland land transport system in the public interest.”

In particular, AT’s SOI 2023-2026 must set out initiatives to achieve the following objectives:

- Complete existing transport projects on time and on budget, and halt low-priority initiatives that are not yet underway.
- Make significant gains in network performance through smaller-scale improvements to the arterial road network, through technology (such as smart traffic lights, dynamic lanes, transponders on buses), bus lanes, T2/T3 lanes, and re-configuration of congested intersections and other chokepoints. These must be prioritised as part of a sped-up network optimisation programme, designed to improve travel-times for all transport modes. Innovation and trialling should be encouraged at AT, not stymied by multiple layers of risk assessment.
- Work with the Government and partner agencies to resolve the current public transport crisis (the partial shut-down of the rail network and the chronic shortage of bus drivers), as quickly and smoothly as possible.
- Fix long-standing punctuality and reliability issues on the public transport network and significantly improve communication to passengers, particularly when service disruptions occur. Recover and improve public transport patronage to at least pre-Covid levels. Measure and report on the utilisation of public transport services and clearly identify very low patronage routes, to inform assessment of these routes (noting that some routes still serve an important social function or feeder to the wider network).
- Ensure the whole of the Auckland region benefits evenly from the maintenance and renewals program, including rural roads. This includes improvements to road maintenance and the Unsealed Road Improvements framework, and targets to ensure prompt completion of simple road repairs.
- Implement AT and Council’s objectives under the Transport Emissions Reduction Pathway, within available funding parameters.
- Improved oversight and management of contractors to ensure work is undertaken correctly, and if not that the contractor pays for the repairs rather than the ratepayer.

iii) Reduce AT's cost to Council

As with every other member of the Council family, AT must reduce its draw on ratepayer funding to help reduce pressure on strained household budgets. As noted above, the mayoral annual budget proposal sets a target for AT of \$25 million in cost reductions for 2023/24.

In the delivery of the capital programme, and planning for the future, AT’s approach must at all times prioritise affordability and value for money. In addition to the focus on better utilisation of the existing road and rail infrastructure, this will include maintaining a focus on phased delivery of projects, wherever possible, and looking for opportunities for lower cost, less disruptive delivery of the cycling programme.

Auckland Transport should look at opportunities to increase external income and reduce reliance on rates funding. One key area Auckland Transport should investigate is increasing revenue from parking. Currently Auckland transport is undercutting market rates for parking, which is not appropriate in this environment.

AT are instructed to report back by September 2023 on further opportunities to reduce costs – through a combination of changes to the AT’s corporate model, operating costs, and/or increased external revenue – as part of the 2024-2034 Long Term Plan. AT should identify additional savings and not hesitate to “look hard”.

In the SOI 2023-26 AT must affirm its commitment to reduce costs, and to measure the effectiveness of its cost-trimming efforts.

iv) Deliver a better approach to traffic management: reduce developers' footprints on roads and enable fewer orange cones

As Mayor, I have made clear my intention to see the number of road cones across the transport network reduced, and to minimise the social and economic disruption this has caused. The Council's expectation is that AT will adopt this as a priority.

The proliferation of road cones in Auckland is partly the result of a surge in roadworks in recent years, much of which cannot be avoided. It also reflects an overly prescriptive Temporary Traffic Management (TTM) regime, where minimal adjustment is made for the actual level of risk, and too often the outcome is more cones and lane closures than necessary.

The concern is not just inconvenience to road users and the general public; TTM costs the Council group at least \$145 million per year, not to mention the wider economic impact of TTM costs on Auckland businesses, community groups and the public.

In the SOI 2023-26 AT must adopt an approach to TTM that is better targeted to risk, drawing on the draft guidelines Waka Kotahi put forward earlier this year in the New Zealand Guide to Temporary Traffic Management. At the same time, AT must significantly improve the programming and coordination of construction and maintenance work taking place within the road corridor, to support wherever possible a 'one-pass' approach by contractors.

AT must also incentivise contractors to reduce the amount of road space that is taken up by temporary traffic management through a system of financial charges and penalties. This will ensure any space taken from the public is minimised and not used for unnecessary purposes like contractor vehicle parking.

AT's SOI 2023-2026 must include specific steps to advance these priorities, and to measure and report on the benefits.

v) Take direction and oversight from Council

AT has a critical role to play. We must address our city's democratic deficit by ensuring that AT's own plans and decisions are more strongly shaped by affected communities.

AT must assist the Mayor and the Council's Transport & Infrastructure Committee to set an overarching direction for transport in Auckland and ensure appropriate democratic oversight of AT's activities. AT is to hold itself accountable to this Committee.

The SOI 2023-2026 must set out how AT will achieve closer Local Board involvement in the design and planning stage of local transport projects that affect their communities.

AT must also work with the Council's Transport and Infrastructure Committee to develop an engagement model that results in more meaningful dialogue with the community, and ultimately an AT programme that reflects the community wishes.

In the SOI 2023-2026, AT's project development processes for local transport projects must include the following commitments:

- Auckland Transport should clearly define thresholds for local and regional projects in the SOI, in collaboration with the Council's Transport and Infrastructure Committee.

- AT local transport projects as detailed in the SOI should not proceed without the support of the Local Board at the design and project planning stage. If that support is not forthcoming, the proposed project must be elevated to the AT Board for Board consideration of whether it should proceed.
- AT must report to the Transport & Infrastructure Committee on any significant local transport project that proceeds without support from the relevant Local Board.
- AT should create mechanisms for Local Boards to propose local transport projects and have these designed, consulted on and approved or declined by AT in an efficient manner, with quality engagement with the Local Board.

Meanwhile, transport projects with regional scope must continue to be approached on a regional basis, but where possible include a tailored plan for the local roll-out, which should be Local Board-led. Implementation of the parking strategy and regional cycling programme are two instances where this model should be employed. AT should also provide scope for Local Boards to contribute additional funding in order to improve or accelerate projects.

AT should conduct regular surveys of Local Board elected member satisfaction with AT's engagement and publish the results publicly.

The SOI 2023-2026 must encompass these actions and objectives and demonstrate how AT will deliver them.

vi) Support the development of a joined-up, comprehensive transport plan, written by Aucklanders

Minister Wood and I have agreed to lead the development of a single, shared strategy to guide the long-term development of the transport network, to ensure it fulfils its role as an enabler of economic growth, prosperity and liveability. Council will work with the Government to develop a long-term transport plan for Auckland covering all modes, based on:

- delivering the social and economic outcomes that matter most to Aucklanders
- a strong 'one-network' focus, looking at the transport as an inter-dependent system rather than a series of individual projects or competing transport modes
- a single work programme, overseen by AT, rather than multiple workstreams being delivered by multiple agencies

As Mayor I will lead the development of this plan, with support from Council and AT.

The Council will also be seeking from central Government a more flexible and efficient project funding assessment regime that is tailored to Auckland's specific challenges. Council intends to ensure that funding for core transport activities is not crowded out and is made less bureaucratic.

Again, my expectation is that AT will support Council in this effort. AT's SOI 2023-2026 must indicate how AT plans to do this. AT should also identify in its SOI any areas of central government legislation that are constraining AT's ability to deliver an effective, efficient and safe Auckland land transport system in the public interest.

vii) Improve performance on resource consent report delays and reduce the costs of development

One thing which I have heard often is that AT (and others) need to speed up its processing of advice provided for resource consenting. I would like to see demonstrable improvements on this reported to the Transport and Infrastructure Committee.

In addition, I would like AT to improve and automate the process for road access and road closure notices, and access to easements for utility providers, such as mobile network, fibre and backhaul builds (with appropriate safety and traffic management considerations). This will support wider improvements in infrastructure across the region, in a timely fashion.

Council looks forward to receiving a draft of the AT Statement of Intent no later than 1 April 2023. Staff are available to expand aspects of this letter if required.

Please contact Alastair Cameron, Manager CCO and External Partnerships to discuss.

Ngā mihi



Wayne Brown
MAYOR OF AUCKLAND

Copy to:

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| Desley Simpson | Deputy Mayor |
| Councillor John Watson | Chair Transport and Infrastructure Committee |
| Councillor Christine Fletcher | Deputy Chair Transport and Infrastructure Committee |
| Mark Lambert | Interim Chief Executive Auckland Transport |
| Alastair Cameron | Manager CCO Governance and Oversight |