

Annual Report – Performance against the Statement of Intent 2021/22

For decision: For noting:

Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- a) Notes this report

Te whakarāpopototanga matua / Executive summary

1. 2021/22 continued to be a tumultuous and challenging year with COVID-19 continuing to have a significant impact on operations. AT's surplus before tax of \$394.6 million was \$281.9 million lower than budget but only \$6.7 million lower than budget after excluding non-operational items. AT also delivered new capital investment of \$656.2 million (80% of budgeted capital programme).
2. AT's non-financial performance measures were both positively and negatively impacted by COVID-19. Of AT's 28 performance measures, 13 targets were exceeded, five were met, nine were not met, and one measure has no target as this is its first benchmark year.
3. AT's 2021/22 Annual Report (Attachment 1) contains more details on AT's performance against the Statement of Intent (SOI) for the year ended 30 June 2022.

Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
July 2022 (Finance and Assurance committee (committee))	Draft Annual Report and Auckland Council (AC) Reporting Pack	The committee reviewed and provided feedback on the content of the Draft Annual Report.
August 2022 (committee)	Updated Draft 2021/2022 Annual Report	The committee reviewed the Annual Report and recommended to the board that the Annual Report be adopted.

Date	Report Title	Key Outcomes
August 2022 (board)	Adoption of the Annual Report	The board adopted the Annual Report subject to finalisation of the greenhouse gas emissions disclosure and delegated approval of the Annual Report and release of the Letter of Representation to the board and committee chairs.
September 2022 (board and committee chairs)		The board and committee chairs reviewed and adopted the Annual Report which was subsequently released to the public.

Te horopaki me te tīaroaro rautaki / Context and strategic alignment

- Section 96 of the Local Government (Auckland Council) Act requires the board to consider the organisation’s previous financial year performance against its SOI in a meeting open to the public after 1 July each year.

Ngā matapakinga me ngā tātaritanga / Discussion and analysis

- AT remained agile and adaptive as we navigated an increasingly challenging and complex environment. COVID-19 and its impacts continued to cause severe disruption to AT’s operations with lower public transport (PT) patronage, and critical supply chain and labour shortage issues delaying planning and delivery of projects and programmes. Both the 2021/22 budget and SOI targets were set with the assumption of Auckland being at COVID-19 Alert Level 1 for the full financial year, with little COVID-19 in the community. Unfortunately, this was not the case and ongoing COVID-19 impacts and subsequent restrictions meant that achievement of the full year operating and capital budgets was unrealistic.
- Despite this, AT continued to deliver for people and communities by progressing and completing significant infrastructure projects (including opening Auckland’s world-class waterfront as part of the Downtown programme and completing the first stage of the Eastern Busway project between Panmure and Pakuranga), focusing on keeping Aucklanders safe as they walk, cycle, bus, train, ferry or drive, reducing AT’s operational emissions, improving the customer experience across all our services and touchpoints and providing better travel choices for Aucklanders.
- The wellbeing of our people has been a priority over the last year with a focus on retaining staff and growing the capability of our people so we can deliver on our strategic goals and prepare for future work.

Non-Financial Performance Summary

8. AT has an agreed set of key performance measures and targets which form the basis for accountability to deliver on AC's strategic direction, priorities and targets.
9. AT's non-financial performance measures continued to be significantly impacted by COVID-19 adversely affecting PT patronage recovery and cycle movements. Overall, 13 targets were exceeded, five were met, nine were not met, and one measure has no target as this is its first benchmark year.
10. Pages 86-94 of AT's 2021/22 Annual Report (Attachment 1) contains AT's non-financial performance against the SOI performance measure targets for the year ended 30 June 2022.

Financial Performance Summary

11. AT's surplus before tax of \$394.6 million is \$281.9 million lower than budget but only \$6.7 million lower than budget after excluding non-operational items (i.e. capital funding, vested asset revenue, gain/loss on asset disposals and write offs). This is particularly pleasing given COVID-19's negative impact on operating revenue and increasing inflationary pressure.
12. COVID-19 is significantly changing customer travel demand and behaviours across the region, including an increasing number of people working from home and hybrid working. AT recorded 41 million PT boardings for 2021/22, 35.6% down on the previous year resulting in \$97.9 million lower PT revenue. Parking and enforcement revenue was also \$44.1 million lower.
13. The decrease in revenue was mostly offset by additional Waka Kotahi New Zealand Transport Agency (Waka Kotahi) operating funding of \$18.2 million with Waka Kotahi funding lost PT farebox revenue at 51% Funding Assistance Rate and \$41.0 million savings delivered in PT contract costs, \$15.5 million in track and ferry access charges and \$31.7 million in other expenditure.
14. AT delivered new capital investment of \$656.2 million (80% of budgeted capital programme). Programmes and projects across the board were behind planned spend due to the impacts of COVID-19 on public consultations, consenting, procurement, tendering processes and broader supply chain constraints.
15. Pages 117-169 of AT's 2021/22 Annual Report (Attachment 1) contains AT's financial performance against the SOI budget for the year ended 30 June 2022.

Ngā tūraru matua / Key risks and mitigations

16. The effects of the COVID-19 pandemic continued to adversely affect PT patronage targets and parking revenue, as many Aucklanders worked from home and returned to private vehicle use. These revenue streams have still not returned to pre COVID-19 levels, although congestion has returned to pre-pandemic levels. AT is actively investigating ways to attract both new and existing customers to PT.

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

17. For the year ended 30 June 2022, AT's total revenue for the year was \$1,846.5 million against a budget of \$2,174.7 million, total expenditure was \$1,451.8 million, against a budget of \$1,498.1 million resulting in a surplus before tax of \$394.6 million against a budget of \$676.5 million.
18. AT's net asset position is \$26.3 billion, up \$4.4 billion from last year primarily due to a \$3.7 billion valuation increase in roading assets and delivery of new infrastructure of \$0.7 billion.
19. Further information on AT's financial results are available in AT's 2021/22 Annual Report (Attachment 1).

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

20. AT's progress in addressing climate change which include the following key performance measures is included in AT's Annual Report:
 - Number of buses in the Auckland bus fleet classified as low emission.
 - Reduction in carbon dioxide emissions generated annually by AT corporate operations (from 2017/18 baseline).
 - Percentage of AT streetlights that have energy efficient light emitting diodes.
 - Number of cycle movements past selected count sites.
 - Total PT boardings.

Ngā whakaaweawe me ngā whakaaro / Impacts and perspectives

Mana whenua

21. AT contributed to mana whenua engagement through forums for operations and governance matters. A dedicated Māori Policy and Engagement team regularly engaged with all mana whenua/iwi who have connections to Tāmaki Makaurau.

Ngā mema pōti / Elected members

22. AT continued to engage widely with local boards in 2021/22, keeping members up to date with the delivery of projects within funding constraints, and providing support with multiple community consultations from network upgrades to proposed speed restrictions.

Ngā rōpū kei raro i te Kaunihera / Council Controlled Organisations

23. AT partnered and worked collaboratively with AC and Council Controlled Organisations to achieve its 2021/22 targets which include delivering new infrastructure.

Ngā kiritaki / Customers

24. Improving customer experience across all our services and touchpoints is one of AT's major objectives. Our goal is to become more aligned to customer needs, be more responsive and genuinely improve the experience that people have on Auckland's transport system every day. Refer to the Annual Report for more details.

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

25. AT is working alongside our partners in the Tāmaki Makaurau Road Safety Governance Group to achieve Vision Zero, an ambitious safety goal which aims to have no deaths or serious injuries on our roads by 2050.

26. Although the 2021 calendar year result of deaths and serious injuries (DSI) on the local road network of 515 was better than the SOI target reduction to 524 DSI, local road deaths have increased by 51.5% (from 33 to 50) and local road serious injuries increased by 10.5% (from 421 to 465) compared to the 2020 calendar year. Good progress was made in reducing DSI numbers between 2017 and 2019. In the COVID-19 lockdowns, DSI reduced substantially with reduced travel reflecting lower exposure to harm. However, as people travel again, we have seen a return to a similar number of people dying or being injured on our roads compared to pre COVID-19 conditions.

27. Over the last year safety improvements have been made to seven high risk roads and risk intersections and thirty eight pedestrian crossing facilities. Furthermore, interim results from the first phase of speed limit changes has already seen results in reducing deaths and serious injury crashes.

Ā muri ake nei / Next steps

28. AT remains committed to AC's aspirations around sustainability, lowering emissions and delivering on kaitiakitanga through conservation and restoration initiatives. Moving forward we're mindful that Aucklanders want a transport system and great urban spaces. We are intent on continuing to seize opportunities to step up and deliver.

Ngā whakapiringa / Attachments

Attachment number	Description
1	Annual Report for the Year 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	
	Jenny Chetwynd Executive General Manager Planning & Investment	
Approved for submission	Mark Lambert Interim Chief Executive	