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Quarterly Report to Auckland Council for the Quarter Ended 31 December 2022

For decision: For noting:

Reason for inclusion in closed board meeting session	
1. Please state why this report is being considered in the closed board meeting as opposed to the open board meeting. Please refer to the 'reasons for confidentiality' and provide a direct reference to one of these reasons.	To protect information that will soon be publicly available.
2. Please provide an estimated date for release of this report.	1 March 2023

Ngā tūhonga / Recommendations

That the Auckland Transport Board (board):

- a) Approves the Quarterly Report for submission to Auckland Council (AC) (Attachment 1).
- b) Agrees to release this report publicly.

Te whakarāpopototanga matua / Executive summary

1. 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 second quarter ended 31 December 2022 was due to AC on 24 February 2023. We have agreed with AC to submit the Quarterly Report after the board has reviewed and approved the report.
2. AC has indicated that they are updating the quarterly report template to reflect the Mayor's letter of expectation. However, the updated template was not available for this quarter and Council Controlled Organisations (CCOs) were directed to continue to use the existing template.

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Ngā tuinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
15 November 2022 Finance and Assurance Committee (committee)	Quarterly Report to AC for the Quarter Ended 30 September 2022	The committee approved the submission of the first quarter report to AC.

Te horopaki me te tīaroaro rautaki / Context and strategic alignment

- AT's Quarterly Report to AC fulfils AC's performance monitoring requirements for 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 31 December 2022 was due to AC on 24 February 2023. We have agreed with AC to submit the Quarterly Report after the board has reviewed and approved the report.
- Note that the Quarterly Report is prepared in a standard format prescribed by AC.

Ngā tūraru matua / Key risks and mitigations

- Risks identified in the quarterly report:
 - Flooding from the Auckland Anniversary weekend storm event on 27 January 2023 has caused extensive disruption and damage to Auckland's transport network. Work is underway to assess the damage which is expected to be significant.
 - The deaths and serious injuries (DSI) SOI measures are not expected to meet SOI targets for the calendar year. Although there was a reduction in road deaths year-to-date on both Tāmaki Makaurau and local roads, there was an increase in serious injuries. The COVID-19 pandemic (COVID-19) lockdowns artificially reduced DSI's with increases noted in subsequent periods.
 - While the recovery in PT patronage is positive, the ongoing service disruptions caused by the driver shortage is concerning. This, combined with the proposed rail disruption, adverse weather and changes in travel behaviour mean that the ongoing recovery in patronage will remain challenging.

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- d) The delivery of the renewal programme has been initially slowed by resource consent timeframes and resourcing constraints and the very wet start to the financial year which has resulted in an increase in publicly reported road surface defects.
 - e) Capital delivery for the current year is anticipated to be impacted as a result of the changes in operating environment as a consequence of COVID-19 lockdowns and restrictions, including subsequent staff shortages, cost escalation and supply chain pressures.
 - f) Inflation is negatively impacting both AT's operating costs and capital programme.
 - g) Inflation is also increasing the replacement cost of AT's assets with large increases already recorded for road assets in the prior financial year which will make it more difficult for AC to fully fund depreciation.
8. The combination of the above issues will require careful stakeholder management, particularly with regards to managing expectations around the slowdown in delivery.

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

- 9. The year to date net surplus from operations excluding depreciation is \$11 million, \$6 million higher than budget primarily due to an unbudgeted PT top-up from Waka Kotahi New Zealand Transport Agency of \$14.4 million partially offset by lower than budgeted parking and enforcement income due to lower post COVID-19 growth than expected.
- 10. Delivery of infrastructure (capital expenditure) of \$378 million (89% delivery) is \$48 million lower than budget due to a slow start to implementation and delivery of the programme, driven by inflationary pressures and resourcing challenges including a delay in signing the Eastern Busway PAA.

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

- 11. Key environment and climate change considerations include reducing emissions from AT's operations and assets which include PT services (including facilities), network operations (e.g. streetlights), parking operations, and corporate operations (e.g. office electricity, staff travel for work) and asset construction and maintenance.

Ngā whakaaweawe me ngā whakaaro / Impacts and perspectives

Mana whenua

- 12. AT contributes to mana whenua engagement through forums for operations and governance matters.

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13. In this reporting period Te Ara Haepapa delivered 316 activations, events, hui and educational workshops for rangatahi to support them to pass their learners, restricted and full licences, with 2,648 engagements. AT also continued to progress the implementation of Te Reo Māori across the transport network, Marae safety programme and procurement with Māori owned businesses.

Ngā mema pōti / Elected members

14. The new footpath reprioritisation exercise has been completed and presented to local boards.

15. AT have a number of Elected Member perception SOI measures which will be reported against at the end of the financial year.

Ngā rōpū kei raro i te Kaunihera / CCOs

16. AT continues to work collaboratively with AC and CCOs.

Ngā kiritaki / Customers

17. Customer experience highlights for the quarter:

- a) Communications and pre-registration for the new Community Connect Concession for Community Services Cardholders has generated a positive customer response with 200,000 plus direct communications sent (email and letter) and 11,000+ pre-registrations in the first 30 days.
- b) New improvements to AT Mobile contributed to a record number of users, with over 270,000 people a month using the app for planning around three million journeys each month and checking on more than 2.5 million live departures, consistently higher than pre COVID-19 levels. The average number of users per month for the quarter is 18% higher than October to December 2019 (pre-COVID-19) and 12% higher than last quarter.
- c) The number of people using AT's website is steadily increasing, with over 560,000 people accessing the website, 10% more than last quarter, though 6% lower than pre COVID-19 October to December 2019 figures.
- d) In November, a new prepaid hop card dispensing machine was installed at the domestic terminal making it easier for arriving passengers to be able to access airport AT PT services.

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

18. Refer to the quarterly report on progress against AT's Strategic Objectives – 'Making Auckland's transport system safe by eliminating harm to people' and 'enabling and enhancing AT's culture and capacity'.

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Ā muri ake nei / Next steps

19. Assuming board approval, the Quarterly Report will be submitted to AC's Transport Infrastructure Committee.

Te whakapiringa / Attachment

Attachment number	Description
1	AT Quarterly Report to AC for the Quarter Ended 31 December 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	
	Mark Lambert Interim Chief Executive	