

**Attachment 4 - Responding to the Letter of Expectation 2024-2027**

Topic	Expectation	Response in SOI	Specific text
<b>Part 1. Expectations of all CCOs</b>			
<b>i) Alignment to final 2024-2034 Long-term Plan (LTP)</b> <i>page 1</i>	Council will commence public consultation on the draft 2024-2034 Long-term Plan in late February 2024. Following consultation and deliberations, a final Long-term Plan will be adopted in June 2024. Once this occurs, final SOIs (including financial information and performance measures) should be aligned with the final Long-term Plan and the strategic priorities contained within.	1.3 - Working with Auckland Council section	This Statement of Intent has been drafted with the Long-term Plan in mind, understanding the importance of aligning with the final LTP to be adopted in June 2024. With the direction signalled by Council, particularly on financial strategy and budgetary levers, our accelerator to grow external revenue will include a focus on value for money and cost/benefit analysis, cost savings and efficiencies, and a new target to grow third-party revenues year-on-year throughout this LTP and SOI period.
<b>ii) Financial strategy and budget levers</b> <i>page 1</i>	<u>Group budget responsibility and transparency rules:</u> CCOs are expected to provide better advice to elected members, including: - use of cost/benefit analysis for spending decisions. CCOs are expected to work with council to determine a consistent methodology / approach for estimating benefits, which [must] outweigh costs. - some contestable advice (i.e. we are seeking advice provided to elected members which is separate from the council department or CCO asking to spend the money). This need not require external advice in every instance but can leverage expertise within the council group. - a thorough assessment of options against LTP strategic priorities.	1.3 - Working with Auckland Council section	Our Chair and Board will take proactive roles in guiding elected members on our major activities and programmes, ensuring that our progress and achievements are transparent and aligned with the expectations of both Council and the wider community.
	<u>Capital expenditure</u> - fix, finish, optimise - CCOs are expected to consolidate, finish what we have started, fix what is broken and get the best out of what we already have. CCOs should slow down growth in capital programmes, look after what we already have, before embarking on big new capital projects. - any new CCO capital projects to support growth should be in accordance with the direction of the Future Development Strategy	1.3 - Working with Auckland Council section	The delivery of our capital programme will be determined by the LTP, RLTP, and the Integrated Transport Plan. Our focus will be on the 'fix, finish, optimise' principle. In contributing to the draft LTP and developing the RLTP, we are conducting a review of ongoing projects to prioritise completing existing initiatives and repairing critical infrastructure. A cautious approach towards new capital projects ensures that any growth-related investments are in full alignment with guiding strategies, such as the Future Development Strategy, and the ongoing Integrated Transport Plan.
	<u>Operating savings</u> - Council group will need to deliver additional cost savings that have not been identified, of at least \$20m in year one, rising to \$50m in year three of the Long-term Plan (based on the core scenario).	2.4 - Growing external revenues section	A key strategic focus in the draft LTP is to focus on financial strategy and budget levers, including reducing net operating costs of Council group and more cost-efficient delivery of services. To deliver improved value for money, we want to reduce the contribution council has to make towards AT's operating expenses. We will look at revenue streams that generate additional income for AT, and offsets some of the operating expense pressures. Council has provided operating cost saving targets, which we will work to deliver through initiatives such as driving commercial revenue growth, effective capital delivery and operational efficiencies realised through collaboration with wider Council group.
<b>iii) Better, faster, cheaper: cost savings and value for money</b> <i>page 2</i>	Fit for purpose technology: CCOs should not set up any separate technology functions and share generic technology functions CCOs are expected to deliver group shared services and consolidation of service functions (council will set the mandate for this)	2.4 - Growing external revenues Deliverable	Work constructively with Council to investigate and implement arrangements for shared services, including technology functions where appropriate. Leverage existing technology frameworks across CCOs, while ensuring risks are appropriately managed and delivery of customer outcomes are not compromised, subject to business case approval with a positive BCR.
	CCOs should work with Council to optimise the performance of our significant property portfolio and implement the findings of the Group Property model review	2.4 - Growing external revenues section	AT has worked to reduce property footprint. Will continue to work with Council on the group property review and any appropriate actions identified
	CCOs are expected to support and actively engage in any S17A, value for money and other reviews council may commission.	2.4 - Growing external revenues section	Council reviewing value for money provided by CCOs. AT will support and engage on any s17A value for money reviews.
<b>iv) Compliance with Statement of Expectations of substantive CCOs</b> <i>page 2</i>	CCOs should adhere to the Statement of Expectations of substantive CCOs, which explains how CCOs should conduct their business and manage their relationships with council and other interested groups (including matters such as the 'no surprises' principle)	1.3 - Working with Auckland Council section	Auckland Transport is committed to demonstrating leadership and clear communication, building and maintaining a culture of collaboration across the council group, and operating on a 'no surprises' basis especially on significant public-facing issues.
	Visible chair and board leadership should be provided to elected members on CCO major activities and programmes, and at key project milestones. Communication on significant public facing issues should be led as a partnership between the CCO Chair and elected members.	1.3 - Working with Auckland Council section	Our Chair and Board will take proactive roles in guiding elected members on our major activities and programmes, ensuring that our progress and achievements are transparent and aligned with the expectations of both Council and the wider community.
<b>v) Engagement with government</b> <i>page 2</i>	Work with the government, only where interests are aligned and messages are consistent with those of Auckland Council. CCOs should inform council of any conversation with the government on any new proposal.	1.3 - Working with Auckland Council section	AT will engage with both Central Government and Auckland Council with Auckland's best interests at heart. This will be conducted with transparency and communication with Council will be ensured throughout.
	CCOs are expected to ensure any relevant data and work undertaken on the previous government's proposals are retained and utilised where relevant.	1.3 - Working with Auckland Council section	Work that has been completed to date on large projects such as Light Rail will be retained so that the lessons and information can best be used in the future where appropriate.

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<b>vi) Climate change (mitigation and resilience)</b> <i>page 2</i>	Continue to be guided by Te Taruke-a-Tawhiri: Auckland's Climate Plan by incorporated climate change considerations (whole of life GHG emissions and resilience) into work programmes and decisions	1.3 - Sustainability and environment section	<i>Refer to Sustainability and environment section</i>
	Continue reducing climate emissions and improving climate resilience, with a focus on cost-effective delivery of climate projects	1.3 - Sustainability and environment section	<i>Refer to Sustainability and environment section</i>
	Demonstrate leadership and accountability through measurement and reporting on the climate performance of their decisions	1.3 - Sustainability and environment section	<i>Refer to Sustainability and environment section</i>
	Work towards reducing exposure and vulnerability to the impacts of climate-related risks (AC Group and Regional risks)	1.3 - Sustainability and environment section	<i>Refer to Sustainability and environment section</i>
	If there are risks to a CCO's achievement of their carbon emissions targets, these should be highlighted through the CCO's regular quarterly reporting to the relevant committee, and as appropriate, to the council's Audit and Risk Committee.	1.3 - Sustainability and environment section	<i>Refer to Sustainability and environment section</i>
	Reduce transport emissions in line with council's and government's targets and pathways to reach net zero by 2050.	1.3 - Sustainability and environment section	<i>Refer to Sustainability and environment section</i>
<b>vii) Local Boards</b> <i>page 3</i>	CCOs are expected to provide timely, delivery focused, quality, concise advice to local boards.	2.2 - Making every interaction count Deliverable	Work with Local Boards to produce a Transport Plan for each Local Board, providing a more community focused and place-based approach to how AT designs, engages on, and delivers its programmes of work
<b>viii) Māori outcomes</b> <i>page 3</i>	CCOs should continue to be guided by Kia Ora Tāmaki Makaurau and deliver, monitor and report on each Achieving Māori Outcomes plan	1.3 - Māori outcomes section	We are an active member of the Council's Māori Outcomes Steering Group and are guided by Kia Ora Tāmaki Makaurau - the Council's Māori Outcomes Performance Measurement Framework.  <i>Refer to Māori outcomes section for list of items.</i>
	CCOs are expected to actively work as a partner with Māori, along with central government and external partners	1.3 - Māori outcomes section	We will continue to engage meaningfully and regularly with Mana Whenua. The Māori Policy and Engagement team will continue to facilitate AT-resourced engagement forums with mana whenua on operational matters, projects, programmes, strategies, and plans. AT will continue to engage with Mana Whenua governance at the Tāmaki Makaurau Mana Whenua forum and with individual iwi.
	CCOs should actively seek to maximise opportunities for Māori businesses to participate in procurement processes.	1.3 - Māori outcomes section	Kia ora te Umanga - improve our procurement practices to create economic opportunities for Māori

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<b>Part 2. Key expectations of Auckland Transport</b>			
<b>i) Auckland Transport needs to build upon the priorities set out in the previous letter of expectation and reflect progress on these in the new quarterly reports to Council</b> <i>page 3</i>	Continue work to change how they interact with Aucklanders and listen to Aucklanders	2.2 - Making every interaction count Deliverable	Embed the use of market research and insights into how AT designs and delivers services, products, projects and programmes, to ensure that we do so with the needs of communities in mind.
	Get the most out of the existing transport network	2.1 - Improving network productivity Deliverable	Make smarter use of our existing road spaces and improve traffic flow by optimising the transport network including the use of physical and technology solutions to use road space dynamically, including: -Bus prioritisation on key corridors -Special vehicle lanes -Dynamic streets -Intelligent transport systems
	Reduce Auckland Transport's cost to council	2.4 - Growing external revenues Deliverable	Grow non-rates revenue and deliver cost saving and efficiency targets as identified in the LTP2024. This will include leading the creation of new and improved third party revenue opportunities, growing farebox and parking charges, and reducing costs from our activities
	Improve temporary traffic management, reduce its impact and seek revenue and improve open road traffic management to ensure it is removed when works are complete	2.1 - Improving network productivity Deliverable	Minimise the impact of disruption on the road corridor and reduce road cones, improving productivity of the road network, by working with the industry to reduce cost and helping them to deliver their temporary traffic management on a smaller footprint
	Take direction and oversight from council	1.3 - Working with Auckland Council section	<i>Refer to Working with Auckland Council section</i>
	Support development of an integrated transport plan	1.3 - Working with Auckland Council section	The delivery of our capital programme will be determined by the LTP, RLTP, and the Integrated Transport Plan. Efforts will be directed towards supporting development of the Integrated Transport Plan to ensure alignment between both Central and Local Government priorities in Auckland.
	Reduce delays incurred by utilities & developers when working with Auckland Transport.	2.2 - Making every interaction count Deliverable	Progress the Better Faster Consents work programme alongside Council and Watercare to simplify and improve the resource consenting process
<b>ii) Auckland Transport's capital programme needs to reflect the priorities set out in the Mayoral Proposal</b> <i>page 3</i> The priorities outlined below should be read in conjunction with the Mayoral Proposal (Part 1 of 2)	I want Auckland Transport to fix the roads by looking after what we have. I expect you to fully fund our share of road renewals, though only if co-funding is available from the National Land Transport Fund. I also want to ensure the whole region benefits by progressing the Unsealed Road Improvement Programme.	2.5 - Effective governance and advocacy for transport outcomes Deliverable	Maintain our assets to a safe standard within funding limits and seek opportunities to improve funding towards our approved Asset Management Plan in a way that minimises the whole of life cost and considers the unique needs of different areas across the region such as rural areas.
	We also have to make public transport faster more reliable and easier to use by: - Introducing a \$50 weekly public transport pass, a maximum weekly charge for adults - Introducing open loop ticketing, pay for public transport with payWave - reducing travel times for public transport with network optimisation and dynamic lanes, and small capital works that will improve reliability of buses - finishing existing mega rapid transit projects, notably the City Rail Link and Eastern Busway, including work to progress removing level crossings and low cost early improvements - progressing work on affordable Rapid Transit network projects that Auckland needs, including delivery of dynamic lanes and other low cost early improvements - progressing the integrated transport plan, which includes things like the Northwestern Busway, Avondale to Southdown rail and the third and fourth main trunk line - progressing a trial of a low-cost bike ferry connecting Northcote and the City Centre.	2.3 - PT good to great Deliverables	Implement a weekly fare cap for public transport users (subject to LTP approval)  Progress implementation of Open Loop and contribute to support National Ticketing functionality so that customers can use contactless payment options to pay for their public transport fares and to provide increased access to the PT network.  Continue implementation of the PT growth programme, and PT service network optimisation  Finish existing public transport infrastructure projects, such as City Rail Link, Level Crossing Removal, and Eastern Busway  Progress work on affordable Rapid Transit projects, and large-scale projects identified in the Integrated Transport Plan  Investigate low-cost cycle connectivity options on the public transport network

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<p><b>ii) Auckland Transport's capital programme needs to reflect the priorities set out in the Mayoral Proposal</b>  <i>page 3</i>                      The priorities outlined below should be read in conjunction with the Mayoral Proposal (Part 2 of 2)</p>	I expect you to cut spending on low-value initiatives and find cheaper alternatives for raised pedestrian crossings. I expect Auckland Transport to work with council in determining what is a low-value initiative, with the focus for safety spending being on initiatives that are proven to reduce deaths and serious injuries and where the community demonstrates support. This includes enabling variable speed reduction around schools.	Safety outcomes section	<i>Refer to Safe journeys for everyone section</i>
	Auckland Transport need to refocus the cycle programme on low-cost opportunities to complete the cycling network, focusing on completing existing links and initiatives that can be delivered with minimal disruption.	2.1 - Improving network productivity Deliverable	Lower the delivery cost of cycling and walking infrastructure by reviewing design standards and delivering projects together with other infrastructure.
	As noted in the common expectations, I expect Auckland Transport to manage operating cost pressure, make savings and increase revenue including from increasing parking fines and charges where allowed. I want to see increased revenue from enforcement and parking. We have provided in the draft long-term Plan funding to employ an additional 50 enforcement officers to assist with this.	2.4 - Growing external revenues Deliverable	Work to increase revenues from parking and enforcement, supported by rolling-out an additional 50 officers to enforce parking and temporary traffic management rules
	I also expect that all Regional Fuel Tax funds that are held in reserve are committed to be spent on projects where contracts have been signed, and that you continue work to maximise funding from NZ Transport Agency Waka Kotahi and KiwiRail.	Challenges and constraints	Funds previously raised from RFT will be directed to priority projects including the continuation of Eastern Busway, purchase of electric trains and stabling infrastructure for City Rail Link (CRL) and other projects already underway.
<p><b>iii) In addition to the expectations in the Mayoral Proposal, I expect Auckland Transport to work with the council and wider council family to:</b>  <i>page 4</i>                      (Part 1 of 2)</p>	<p><u>Ensure group alignment with Future Development Strategy</u>                      We expect Auckland Transport to demonstrate that your capital and growth programme is aligned with Watercare and wider Council strategic direction, including the Future Development Strategy. To be clear - do not invest where we are not planning for growth and supply.                      Auckland transport and Watercare should support Auckland in rejecting and/or submitting in opposition to Private Plan Changes that do not conform with the Future Development Strategy.</p>	1.3 - Working with Auckland Council section	A cautious approach towards new capital projects ensures that any growth-related investments are in full alignment with guiding strategies, such as the Future Development Strategy, and the ongoing Integrated Transport Plan.
	<p><u>Provide timely support and information to council when requested</u>                      I expect Auckland Transport to provide information as required and in a timely way to support council's financial, climate and statutory reporting. I do not want bureaucratic process and the need for confidentiality agreements to slow down these transactions. I expect these processes to be streamlined and actioned more quickly in the future.</p>	1.3 - Working with Auckland Council section	Auckland Transport is committed to demonstrating leadership and clear communication, building and maintaining a culture of collaboration across the council group, and operating on a 'no surprises' basis especially on significant public-facing issues. Our Chair and Board will take proactive roles in guiding elected members on our major activities and programmes, ensuring that our progress and achievements are transparent and aligned with the expectations of both Council and the wider community.
	<p><u>Work with the Government on progressing the Integrated Transport Plan and Time of Use Charging and other matters</u>                      Auckland Transport is to work with government and council to get the best transport outcome for Auckland. This includes Auckland Transport progressing the Time of Use charging programme to reduce congestion, including supporting network infrastructure, and making use of other tools to support demand management where applicable. I expect Auckland Transport to continue to collaborate with council to advocate to government on a number of other initiatives, including advancing the ongoing northern cycle pathway, level crossing funding and changes to parking regulations.</p>	1.3 - Working with Auckland Council section 2.1 - Improving network productivity deliverable	Develop a transition plan to implement Time of Use Charging.

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<p><b>iii) In addition to the expectations in the Mayoral Proposal, I expect Auckland Transport to work with the council and wider council family to:</b>  <i>page 4</i>                      (Part 2 of 2)</p>	<p>I want to make clear that Auckland Council does not support NZ Transport Agency's recommended option for the Waitemata Harbour Crossing [refer to council resolution TICCC/2023/146] and is concerned that it has no governance or decision-making role in the Waitemata Harbour Connections project. Council does support early project improvements including the Northern Busway enhancements, the State Highway 1 Cycleway and the targeted active mode improvements to better connect people to busway stations and ferry terminals. The council supports staff and Auckland Transport's involvement in the development of lower cost / higher benefit alternatives, but not in progressing the current recommended option.</p>	<p>1.3 - Working with Auckland Council section</p>	<p>AT's continued role and engagement on projects such as Waitematā Harbour Connections will support Council direction.</p>
	<p>Please refer to common expectations for council's position on other government [projects] and programmes of work. In respect of Auckland Light Rail, I expect Auckland Transport to secure the Intellectual Property held by Auckland Light Rail, given the substantial contribution you have made to this project over the last few years.</p>	<p>1.3 - Working with Auckland Council section</p>	<p>Work that has been completed to date on large projects such as Light Rail will be retained so that the lessons and information can best be used in the future where appropriate.</p>
	<p><u>Explore all and innovative approaches to driving further use of public transport</u>                      In light of changes to Fringe Benefit Tax (1 April 2023), I expect Auckland Transport to both work with employees and progress innovative pricing and marketing models to drive further use of the public transport network. This includes encouraging employers to offer their staff weekly, monthly and annual public transport passes.</p>	<p>2.3 - PT good to great Deliverable</p>	<p>Implement Fare Share – working with businesses to support their employees using public transport</p>