

20 February 2025

Richard Leggat
Chair
Auckland Transport

By email - [REDACTED]

Tēnā koe Richard

Letter of Expectation for Statement of Intent for 2025 - 2028

This letter of expectation sets out the council's priorities and expectations to inform the development of the draft Statement of Intent (SOI) 2025-2028 of Auckland Transport.

It sets out common expectations across all council-controlled organisations (CCOs) in Part 1, and expectations specific to Auckland Transport in Part 2. It also reflects decisions made by Governing Body in December 2024 regarding CCOs (GB/2024/179), and my expectation that you will work with council to implement the government's transport reforms in Auckland.

The content of this letter was approved by the Transport, Resilience and Infrastructure Committee on 13 February 2025, with delegation to the Mayor and Chair, Transport, Resilience and Infrastructure Committee to finalise and issue this letter of expectation.

The Transport, Resilience and Infrastructure Committee 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 2025
- date for final submission of SOIs is on or before 31 July 2025.

Council looks forward to receiving a draft of the Auckland Transport SOI no later than 1 April 2025. We invite you to attend the April 2025 meeting of the Transport, Resilience and Infrastructure Committee to present your draft SOI and discuss how you have responded to the expectations set out in this letter. A calendar invitation will follow. The same invitation has been extended to the other CCO Chairs at the CCO Direction and Oversight Committee. Shareholder feedback on your draft SOI will be considered at the May 2025 Transport, Resilience and Infrastructure Committee.

Please liaise with CCO Governance staff about ensuring these dates can be met. Council will likely consider its shareholder feedback on your draft SOI at the Transport, Resilience and Infrastructure Committee meeting of 8 May 2025.

Part 1. Expectations of all CCOs

i. Focussing CCOs on delivery

The CCO reform package approved by the Governing Body on 12 December 2024 seeks to realign and reinvigorate the CCO model, strengthen council's ability to support elected members to make integrated decisions, and ensure the Auckland Council Group is set up in the best way to deliver on its long-term plan and broader vision for Auckland.

In line with structural change decisions on CCO reform and pending transport legislative reform led by the Government, council will be assuming a greater role in setting strategy, planning and policy and CCOs will be refocussed on service delivery.

Council will also be pursuing a range of non-structural changes (such as reforming the existing CCO board appointment and performance review process) to support the reset of the CCO model as it applies to all substantive CCOs. Advice on these non-legislative change options has been requested in early 2025 and any additional requirements or changes arising from this will be communicated to CCOs.

CCOs are expected to work positively and collaboratively with council to effectively implement the structural and non-legislative change decisions on CCO reform. CCOs are also expected to support and actively engage in any section 17A, value for money and other reviews council may commission.

Auckland Council has established an investment area office to deliver to assist it in delivering outcomes for Aucklanders in priority investment areas in the Long-term Plan. Transport is a key investment area for Auckland Council. I expect Auckland Transport to work constructively with the transport investment area office, as well as supporting integrated development decision-making, delivered by departments in council

Attribution and branding

CCOs deliver services on behalf of council. However, it is not always clear to Aucklanders the correlation between activities and functions of the CCO and the council parent to which they pay their rates. In line with the overall desire to refocus CCOs on service delivery, CCOs are expected to provide greater attribution to the council in your public facing services, assets, amenities, communications and branding.

ii. Accelerate implementation of group shared services

As part of decisions on the 2024-2034 Long-term Plan (LTP), the Group Shared Services (GSS) board agreed the high-level scope of the functions including: technology services, people services, procurement services, corporate support services, data services, customer experience and digital services.

Auckland Transport should be active participants in Group Shared Services.

I also expect advice on integrating the back-office functions of marketing, legal and financial services with council's functions. We expect priority to be given to assessing legal services.

CCOs are expected to actively support the GSS board with accelerating the transition of functions to the GSS model. The GSS Board has been tasked with assessing the benefits (through business cases) for all eligible functions within Auckland Council and CCOs, with as many as possible to be completed by 1 July 2025. Thereafter, where business cases are favourable, the expectation is that all functions are shifted to GSS as soon as possible. Demonstrable progress must be evidenced through the movement of functions to GSS through 2025, noting that, as part of the business case approval process, the operating model for these functions is agreed at the GSS Board.

In some cases where there is a good reason for part of a function to stay within a CCO, it is still expected that CCOs will utilise common technology platforms or systems and be supported by GSS wherever possible. The expectation is that no new technology platforms or arrangements will be introduced or entered in to by Council or any CCO without the appropriate oversight and approval within GSS.

Council's chief executive has been asked to provide advice to the Governing Body about its options if insufficient progress has been made on GSS.

iii. *Delivering Auckland Council's commitment in Year 2 of the Long-term Plan and alignment to final Annual Budget 2025/2026*

CCOs are expected to focus on delivering year two of the LTP 2024-2034. This includes \$47 million of savings, on top of other savings targets agreed through previous plans and decisions. For Auckland Transport, this includes delivering a revised capital programme, updated following the Governing Body's decision on 24 October 2024 [GB/2024/150]. The revised programme focuses on funding essential and high priority projects and reflects a balanced approach to increases to renewals and smaller projects.

Council will commence public consultation on the draft Annual Budget 2025/2026 in late February 2025. Following consultation and deliberations, the final Annual Budget will be adopted in June 2025. Once this occurs, final SOIs (including financial information and performance measures) should be aligned with the final Annual Budget and the strategic priorities contained within.

iv. *Planning, delivery and paying for growth*

As outlined in the Mayor's Proposal for the draft Annual Budget 2025/2026, council continues to face issues around planning, delivery and paying for growth. The council has an adopted long-term growth plan – the Future Development Strategy. Based on this, the council will be developing a framework to support decision-making on growth related issues which takes an integrated group approach. This framework will help to identify necessary trade-offs and prioritisation. We are also increasing oversight over CCO planning and delivery to regional growth plans. All CCOs are expected to actively support and contribute to the development of this framework and its associated implementation.

v. *Procurement and effective spending*

Improving how council group procures and effectively spends ratepayers' money (particularly on capital projects) is an area of focus in 2025/2026. Effective delivery of capital works requires right sized and cost-effective solutions that will deliver outcomes for Aucklanders who will ultimately benefit from the investment. Suppliers find it hard to work with council and CCOs and the processes are too lengthy. To support improvements, CCOs are expected to align closely with a group approach to procurement where there are clear efficiencies and benefits to be gained, noting the existence of the group procurement function in GSS as an enabler for this.

Council's chief executive has established a team to drive improvements and will report back to the Revenue and Expenditure Committee by March 2025. CCOs are expected to actively contribute to and implement these improvements once agreed.

vi. *Continue upholding Auckland Council Group's Te Tiriti o Waitangi-derived obligations*

Auckland Council Group is committed to upholding its obligations derived from Te Tiriti o Waitangi and to achieving better outcomes for Māori. CCOs are expected to share this commitment and contribute to its delivery, including through (but not limited to):

- reporting on the delivery of the Auckland Transport Achieving Māori Outcomes (AMO) Plan as part of the Quarterly Performance Report. The reporting should include Key Performance Indicators (KPIs) to track progress over time.
- working with Ngā Mātārae regarding the review of the Māori Outcomes Fund and to implement the refreshed Kia Ora Tāmaki Makaurau framework and strategy. This includes contributing to the design of measures and preparing to align with the rest of the Auckland Council Group on AMO Plan development, monitoring and reporting for FY27 onwards.
- building strong partnerships with mana whenua and mataawaka. This includes aligning with Council's Mana ki te Mana approach to Māori engagement, where relationships take precedence over issues or projects. This approach respects the unique mana motuhake of each iwi and mataawaka entity by prioritising their needs and aspirations.

- working collaboratively with Auckland Council (Ngā Mātārae) and other Māori Outcomes specialists across the Council Group to take a whole-of-Council-Group approach to delivering outcomes for Māori. This includes participating in Auckland Council-led activities and hui such as the Kia Ora Tāmaki Makaurau Programme Delivery Board.

vii. *Quality, timely advice to Local Boards*

CCOs should provide timely, delivery focused, quality, concise advice to local boards and ensure local boards are engaged early on projects and decisions directly impacting their local area. Ensuring that local boards are provided with options where decision-making is required is also expected. This supports the More Empowered Local Boards proposal.

Legislative and CCO Reform will mean there are changes to the roles and responsibilities of local boards. We expect CCOs to work positively to implement forthcoming changes.

viii. *Climate change*

CCOs should continue to be guided by Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan by incorporating climate change considerations (whole of life greenhouse gas emissions and resilience) into work programmes and decisions.

ix. *Compliance with Statement of Expectations of substantive CCOs*

CCOs should adhere to the Statement of Expectations of substantive CCOs (<https://www.aucklandcouncil.govt.nz/about-auckland-council/how-auckland-council-works/council-controlled-organisations/stakeholderupdates/cco-statement-expectations.pdf>), 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). This document will be reviewed and updated in 2025 to reflect decisions on CCO reform.

As such, CCOs should 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 or legislative reform. These engagements should be summarised in your quarterly reporting.

In responding to council's requests or initiating new programmes, CCOs should consider their role in the group and not just activities that benefit their purpose. CCOs are part of the Auckland Council group and are expected to operate in ways which contribute to the success of the group as a whole and do not create risks for the council group. This extends to the open sharing of information where that is required to achieve outcomes or for legal purposes.

x. *Asset Management Planning in preparation for the LTP 2027-2037*

CCOs are expected to deliver a draft asset management plan (AMP) covering existing and planned assets to inform the development of the LTP 2027-2037. The draft AMP should be available in February 2026 to contribute to the development of the LTP 2027-2037.

Key expectations for the draft AMP are:

- planning covers at least 30 years and is based on whole-of life costings.
- group alignment on population assumptions.
- delivery of your risk appetite is a base assumption of planning
- demonstration of a sustainable approach to renewals and maintenance
- cost forecasts are linked directly to existing levels of service
- spatial presentation of asset condition data (key asset groupings and asset criticality), and growth capex need (identifying location of investment and/or catchment of benefit) is included
- strategic alignment is demonstrated as set out in the Strategic Investment Framework for Infrastructure 2024
- participation in the Investment Impact Assessment for each Annual Budget and the 2027 LTP.

AMP prioritisation aligns with the Investment Hierarchy (as set out in the Long-term Plan 2024-2034), where investments with lower long-term costs are preferred.

Further detail and guidance on the AMP expectations above will be provided in early 2025. CCOs are expected to work with Auckland Council's Infrastructure Strategy and Asset Management System teams on the development of AMPs.

Part 2. Key expectations of Auckland Transport

In summary, the council's key expectations of Auckland Transport are as follows:

xi. Work with council on government transport reform for Auckland

I expect you to work with council to prepare for and enable the proposed legislative reform announced on the 3 December 2024. Legislation change will enable:

- strategy, policy and planning functions to return to Auckland Council
- establishment of a new Auckland Regional Transport Committee with a focus on long-term, integrated transport planning
- Auckland Council to assume the role of Road Controlling Authority
- greater local decision-making over certain transport decisions for local streets and neighbourhoods
- Auckland Transport to be retained as a CCO focused on delivering transport projects and services (as decided by Auckland Council).

I would appreciate it if all communications regarding these reforms could be directed through Auckland Council. I do not expect separate engagement with the government on this matter. For transparency, all engagement should be recorded and noted in your quarterly performance reports to council.

These changes are substantial and will necessitate a thorough, joint process for effective implementation. To provide staff with clarity and assurance, Auckland Council may consider pursuing a more accelerated timeline with the government. I expect Auckland Transport to accommodate any necessary adjustments to the timeline, where feasible.

Similar to the non-legislative reform options noted below, I expect complete, open and timely process around the transfer of information.

The Minister has signalled the intention for local boards to be given greater transport responsibilities. We will need to work closely to understand the implications of and plan for this.

xii. Non-legislative reform changes

As part of the future operating model arising from CCO reform decisions, I have asked for advice from council's chief executive on the:

- principles to guide council's approach to transport reform that reflect the overall intention of this CCO reform package and legislative change
- detailed analysis about how transport functions could be delivered in the future state
- a proposed phased approach to implementation prior to legislation being enacted

This advice is to be prepared in parallel to the government's legislative process (discussed above).

Auckland Council has appointed a transition director, David Rankin to execute the broader CCO Reform programme, including transport reform. Megan Tyler will be the sponsor of this workstream. They will need to work closely with Auckland Transport staff and I expect positive and proactive engagement with them.

I expect Auckland Transport to actively support and provide full cooperation with council in the development of this advice and its associated implementation, pending Governing Body decisions. This includes the provision of timely information when requested by council. I also expect a complete and open process around the transfer of information as and when it is requested.

xiii. Continue to progress the council's priorities for Auckland Transport

The last two letters of expectations have outlined council's expectation for you to:

- continue work to change how they interact with Aucklanders and listen to Aucklanders
- get the most out of the existing transport network, e.g. implement dynamic lanes, network optimisation, time of use charging, signal improvements
- 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
- take direction and oversight from council
- support development of the Auckland Integrated Transport Plan
- reduce delays incurred by utilities & developers when working with Auckland Transport
- implement low-cost opportunities to complete the cycling network, and continuing to focus on completing existing links with minimal disruption
- reduce AT's cost to Council
- seek cheaper and more flexible alternatives for road safety furniture

I expect you to continue to focus on these priorities and indicate in your statement of intent how you will be delivering on these.

xiv. Seek regional and local elected member input on matters of high public interest

I expect Auckland Transport to seek input from elected members on matters of high public interest, like the setting of private share. I am aware that the government will be introducing new requirements for the farebox recovery ratio.

In all matters of high public interest or affecting large numbers of Aucklanders, I expect you to keep the council informed on any consequences, and for this to be initiated at the start of your considerations and not just at the end. Examples of this would include matters such as the Victoria and Federal St intersection changes, and ways to traverse the CBD east to west by car.

xv. Further work is needed to improve communication to customers

Auckland Transport must continue to improve communication to customers about the transport system, particularly in the coming year due to rail disruptions. This is a critical factor that impacts the experiences of transport users, and it is essential that information provided is reliable and up-to-date across all communication channels. Given the forecasted disruptions on the rail network and changes to the rail and bus system to support the City Rail Link, clear communications will be vital.

To be clear, I want you to refocus communications and marketing activities on basic customer communications (especially for public transport) and away from promotion of Auckland Transport's brand and successes.

xvi. Implementation of mega projects like the City Rail Link (CRL) and Eastern Busway

As the CRL construction work winds down, the role of Auckland Transport within the project will increase and day-1 readiness will become a stronger focus. This includes removing level crossings required for day-1, asset testing, acceptance, station and precinct readiness, driver training, way finding and passenger transport operations. I expect to see a clear programme through to day-1, with regular reporting to the Transport, Resilience and Infrastructure Committee.

As part of delivering to day-1 and to ensure we get the most efficient use out of our investment we expect you to work with Auckland One Rail and KiwiRail to decrease planned dwell times at stations and report on progress as part of your quarterly performance reporting.

Ensuring that we accurately assess and capture the benefits of these initiatives will both require Auckland Transport to input into the benefit realisation methodology and in some instances be responsible and owner of some of the benefits.

xvii. *More detail is required on the methodology for your statement of intent measures and targets*

As Auckland Transport transitions to being more of a delivery agency, I expect you to provide council and the public with your methodology, how your measures are calculated and the assumptions that underpins them.

Auckland Transport has undertaken to provide council with improved capital expenditure and value for money measures. I expect this to be included in your statement of intent. Merely reporting the percentage spent is not an informing statistic.

I also expect a measure that sets out the “Percentage of critical assets in poor or very poor condition (by asset count)”. A breakdown of this data by traffic signals, PT, structures and road pavements is also expected.

xviii. *Planning and paying for growth*

My Mayoral Proposal notes that by bringing the policy and planning for infrastructure, economic development, land use regulation and urban regeneration into council, will help to bring a more integrated, coordinated and properly prioritised investment. While we transition, I expect any growth-related decisions made by Auckland Transport are canvassed with Auckland Council staff and elected members.

xix. *Auckland Transport's commitment to the Water Strategy and stormwater plans*

The roading network is Council's biggest stormwater asset. Auckland Transport has an important role in managing and reducing the environmental impacts of stormwater quality. I expect you to align with the outcomes sought the Council's Water Strategy and ensure that water quality outcomes are included in your delivery programme.

The Local Government (Water Services Preliminary Arrangements) Act requires Auckland Council to have a Water Service Delivery Plan for stormwater. The new water reform bill proposes that territorial authorities must prepare stormwater network risk management plans to identify any hazards and assess risk relating to the network in the district. I expect Auckland Transport to provide any necessary input, in a timely manner, into the development and implementation of these plans.

I also expect Auckland Transport to enter into Service Level Agreements with Auckland Council in relation to stormwater and to keep these Agreements current with changes coming from water reform. This will help ensure that the community has clarity of roles and responsibilities for the variety of stormwater services and asset in Auckland.

I would expect to see Auckland Transport comply with any new standards that might be applied to stormwater because of regulation implemented in the new water reform bill. If consultation is required on draft standards, Auckland Council will take the lead on this, seeking your specialist advice and input.

xx. *Auckland Transport's subcommittee agendas should be published*

With Auckland Transport's board meeting six times a year, and Auckland Transport's subcommittees playing an important governance role, I expect the agenda items for each subcommittee to be published online, and reports to be included in an open agenda (unless there are valid Local Government Official Information and Meetings Act 1987 reasons for exclusion).

Council looks forward to receiving a draft of the Auckland Transport SOI no later than 1 April 2025. AT's SOI 2025-2028 needs to set out in more detail its initiatives, including milestones for which we can assess performance.

Staff are available to expand aspects of this letter if required. Please contact Alastair Cameron, Manager, CCO Governance and External Partnerships to discuss.

Ngā mihi,



Wayne Brown
MAYOR OF AUCKLAND

Copy to:

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