

29 May 2019

Auckland Council Finance and Performance Committee
135 Albert Street
AUCKLAND

Dear Finance and Performance Committee Members

Auckland Transport Third Quarter Performance Report

We are pleased to provide you with the third quarter performance report which is attached with this letter.

Auckland Transport's (AT) performance for the period between January and March 2019 was positive with public transport patronage for the 12 months totalling 98.2 million passengers, an increase of 6.9% on the previous year. Public transport satisfaction remains high, over 90%, and the increased capacity provided by the New Network, to over 12,700 trips per week, has contributed to the effective management of the seasonal increase in demand during "March Madness".

It should be noted, as discussed at a recent Finance and Performance Committee Workshop, that significant risks to financial performance which were identified in September 2018 have been managed through focussed efforts on efficiency and tight cost control. Costs such as domestic travel, international travel, taxis, staff mileage claims are all significantly below the expenditure incurred to the same point in the previous financial year. Focussed efforts on energy consumption are also delivering savings.

Statement of Intent Performance Measures

At the end of the third quarter AT is on track to meet fifteen Statement of Intent (SOI) performance measures. Of the remaining seven measures four are not due to be reported on until the end of the financial year June 2019 and three measures are not expected to be achieved.

The three measures that are not expected to be achieved are; '*public transport farebox recovery*', '*percentage of customer service requests relating to roads and footpaths which receive a response within specified time frames*' and '*new cycleways added to regional cycle network*'. In the remainder of this letter we have provided you with an explanation for the current performance and steps that are being taken, where relevant to address them.

'Public transport farebox recovery'

The public transport farebox recovery measure assesses the proportion of public transport operating costs recovered through fares paid by public transport customers. Over the past two years we have seen a small, but expected, decline in the public transport farebox recovery ratio.

The 2018/19 year-end projection of 45.1% is lower than the full year SOI target by less than 1%.

The farebox recovery ratio is largely driven by two factors – total public transport cost and the total amount of fares paid.

As we have discussed with Councillors the total cost of public transport costs has increased in 2018/9 due to indexation on bus, train, and ferry contract payments being higher than expected and the ongoing rollout of the New Public Transport Network.

The implementation of the New Public Transport Network, which is almost complete, gives for the first time in Auckland's history, a network of public transport services providing greater access to public transport services. It gives Aucklanders more transport choice.

During this financial year AT has successfully implemented the New Network in Central and North Auckland, increasing bus services by 45% and resulting in 163% more people living within 500 metres of a frequent and/or rapid public transport stop/station. As a result of the implementation of the New Network the distance travelled by Auckland buses while provided in services to Aucklanders, has increased by 32%.





We are already seeing a dramatic increase in the use of the new bus network and train patronage has also started to grow again following a period of slower growth in 2017/8. All other things being equal, we would anticipate that the farebox recovery ratio will incrementally improve over 2019/20 as the number of fare paying customers per service increases.

Public transport continues to see strong growth and as a result AT is expecting to meet, or exceed the majority of public transport SOI performance measures including:

- Annual public transport boarding is 98.2 million at the end of March exceeding the annual public transport boarding's target of 96.3 million.
- Total annual rail boarding is 21 million at the end of March and is on track to exceed the full year target of 21.1 million.
- Boardings on the Rapid and Frequent Network is has increased by 21.8%.
- Public transport satisfaction is 91% exceeding the full year target of 85%.
- Public transport punctuality is 97% exceeding the full year target of 95%.

Percentage of customer service requests relating to roads and footpaths which receive a response within specified time frames.

This performance measure assesses the percentage of customer service requests relating to roads and footpaths which receive a response within specified time frames in the roading maintenance contracts between AT and its subcontracted providers. The scope of the measure includes related assets e.g. drainage, signs, railings, cleaning and other road network maintenance.

Since noting a decrease in performance we have undertaken root cause analysis to ascertain what would be required to lift performance by 3-5 percentage points and meet the target. Based on several process mapping exercises with contract managers and suppliers, we have pinpointed several factors which have contributed to the results for this measure falling below the 85% SOI target. They are as follows:

- Poor contractor response rate (contextually only one or two suppliers bring down the average across ten suppliers)
- Inconsistency in how contractors record these timeframes (incorrect process followed)
- Contractor staff turnover and inconsistent training of new staff.

Our Asset Maintenance and Renewal Group have been working hard with our Suppliers to put in the necessary steps to improve performance. The team are guardedly optimistic that these steps are working as our results have moved from 79% in January 2019 to 87% for March 2019. Interim results for April show we have also met the target with a result 85%.

Further focus is being brought through AT's *'Improved Customer Journey'* project which has the objective of improving response times for all customer segments by addressing the impediments and barriers impacting on delivery.

New cycleways added to regional cycle network

Auckland Transport ("AT") remains absolutely committed to delivering the funded cycling programme and delivering on the specific focus area of the Auckland Plan – *'Make walking, cycling and public transport preferred choices for many more Aucklanders'*.

We are committed both through the operational initiatives that we undertake and the capital programme to increase the number of trips made by cycle and the number of people cycling in Auckland.

We are making good progress in achieving these outcomes. At the 26 cycle city count sites;

- there were 3.68 million cycle movements recorded for the year of April 2018 to March 2019, an increase of 6.0% on the previous 12 months; and



- 388,000 cycle movements were recorded in March 2019, an increase of 8.3% when compared to March 2018.

This follows a strong surge since the last quarter of the 2018 calendar year and highlights that continued effort and investment in the broader cycling programme is highly worthwhile to address the challenges the region has in terms of congestion, emissions, health impacts, and growth.

Some Councillors may have noted that the pace of delivery of new cycleways has reduced in the last two years. It should be noted that most of the 2015/16 and 2016/17 kilometres were claimed through existing projects, which were in the construction phase (Upper Harbour Drive, Don Buck Road, Bridge St, Mount Roskill Safe Routes, Mangere Safe Routes, etc.) or ready for construction at that time. Most of these projects consisted primarily of on-road (rather than separated) cycle lanes, did not involve streetscape and placemaking, and did not address other deficiencies in the street environment.

By contrast, the Urban Cycleway Programme (UCP) Projects have often involved broader investment in the street environment to meet community and stakeholders' expectations. The UCP started in 2015/16 with most activity in the first two years focussed on public consultation and design in advance of construction. This focus has meant less construction delivery.

In regard to new cycleways added to regional cycle network in 2018/19 AT expect to deliver 7.9 kilometres instead of the 10 kilometres target. Among other reasons this is because:

- Section Two of the Westhaven to CBD project is undergoing further stakeholder engagement as designs are completed
- Victoria Street East West is undergoing further design development to review costs relative to the interface with the Victoria Linear Park.

We are however pleased to advise that, along with the cycleway scope within the Eastern Busway project where a construction contract was recently awarded, a number of projects are well progressed and will begin construction in the next 3-6 months. These include;

1. The cycleway scope within the Karangahape Road Streetscapes Upgrade - we anticipate execution of a construction contract in the coming weeks;
2. The New Lynn to Avondale Shared Path - we anticipate receipt of tenders by mid-June 2019; and
3. The Northcote Safe Cycle Route – a tender for the construction of the bridge was released earlier this month.

Noting the link between safe and connected cycling infrastructure and the number of trips made on cycles we look forward to accelerating the pace of delivery on cycling infrastructure in 2019/20.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Shane Ellison', is located below the 'Yours sincerely' text.

Shane Ellison
CHIEF EXECUTIVE

Enc: Auckland Transport Quarter 3 Performance Report