

Memorandum

To: AT Board
From: Pete Moth, Service Network Development Manager, AT
Stacey van der Putten, General Manager Metro Services, AT
Mark Lambert, EGM Integrated Networks
Date: 11 September 2020
Subject: Cost Saving Initiatives

Purpose & Summary

To inform the Board of steps taken to balance the Emergency Budget for public transport services for FY20-21, including a s7(2) gross cost reduction in public transport service expenditure compared to the pre-COVID-19 FY20-21 proposed budget. This memo sets out:

- Auckland Transport's plan for meeting this target
- Important improvements to public transport services that will still progress in FY20-21 to provide better services areas in most need
- How changes will be communicated to elected members and the general public.

To inform the Board that the communications plan will commence externally, week commencing 14 September 2020.

Executive Summary

Auckland Transport (AT) had a pre-COVID-19 budget for FY20-21 of s7(2) for all public transport operating costs (Table 1).

Table 1: Previously agreed Public Transport operating budgets for FY19-20 & 20-21

	FY19-20	FY20-21
Total OPEX Available	s7(2)(b)(ii)	s7(2)(b)(ii)
Bus	Prejudice to commercial position	Prejudice to commercial position
Train		
Ferry		
Projected farebox recovery		
Other revenue		
Actual public sector subsidies		
<i>Council share</i>		
<i>NZTA share</i>		

Through the Emergency Budget, a target \$10m gross cost reduction in public transport service operations is required to the s7(2) pre-COVID-19 FY20-21 budget. In addition, AT intends to make some important improvements in FY20-21 to provide better services to areas in most need. All in, this requires AT to find savings of s7(2)(b) in FY20-21. This has effectively reduced the s7(2)m pre-COVID-19 FY20-21 budget to around s7(2), a saving of s7(2). Table 2 summarises the categories of expenditure reduction that are detailed in the rest of this paper, totalling around s7(2)(b) in FY20-21.

A summary of the expected cost savings is given in Table 2 below, by category.



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Table 2: Summary of FY20-21 public transport service expenditure reduction initiatives

Category	FY20-21 expenditure reductions	
1. Peak only services	s7(2)(b)(ii) Prejudice to commercial position	
2. Ferry savings		
3. Defer planned improvements		
4. Poorly patronised and low value for money routes		
5. Other		
Total		

A number of committed service improvements will be continuing in FY20-21, including:

- City Link: fully electric fleet (12) from February 2021
- Airport Link: fully electric fleet (9) from January 2021
- Waiheke: electric fleet (8) from November 2020
- Hobsonville: additional peak ferry services from January 2021 (as discussed above)
- Route 378: extension into the Karaka Lakes development from January 2021
- Route 355: extension into the new Donegal Park development from January 2021
- Route 171: addition of a Sunday service from January 2021
- Route 64¹: new frequent route added to mitigate Mt Eden Station closure from July 2020.

1. Peak only services

AT currently operates 24 peak-only bus services across the network, adding around 8% to the capacity of the network at peak times. Together, these services carry over 8,000 passengers per day into the CBD, equating to roughly 1 in 3 of all bus trips into the CBD. These services overlay the all-day connected public transport network, in some cases duplicating service, capacity and resources and are often a hang-over from previous public engagement around implementation of the connected public transport network.

As a consequence of this, AT has identified the services that would contribute to expenditure reductions with least effect on passengers, as alternatives are available albeit some requiring customers to transfer between services. The chart below indicates patronage across all 24 routes, with those carrying fewest passengers highlighted in red.

¹ 90% funded by CRL Ltd

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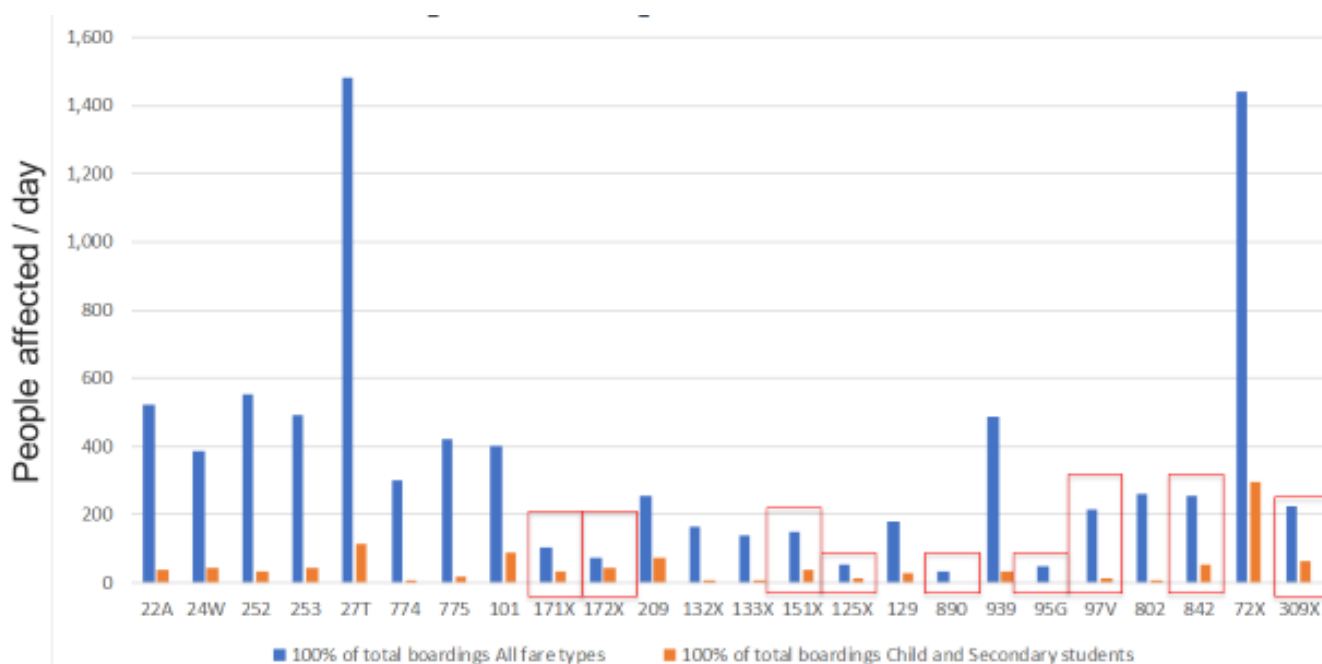


Figure 1: Daily patronage on AT's 24 peak only bus services

The following seven peak-only services will be adjusted (all fall within the lowest patronised services from Figure 1) noting that not all changes involve a complete removal:

- Three routes will be completely removed
- Three routes will be cut back to New Lynn
- One route will be reduced in frequency

Table 3: Proposed peak-only bus service changes

Route	Location	Details	Estimated saving (annualised)	Estimated saving (in-year)	Boardings affected / day	Alternative available
842	Crown Hill to Smales Farm	Reduce to 20mins (was 10mins)	s7(2)(b)(ii) Prejudice to commercial position		220	842 (longer wait)
890	Corinthian Drive, Albany	Remove			40	Walk 700m (max)
95G	Glenfield - CBD	Remove			50	95 (frequent)
97V	Verrans Corner – CBD	Remove			210	97 (frequent)
171x	Laingholm – CBD express	Cut back to New Lynn and run as 171			150	171 to New Lynn, transfer to CBD
172x	Titirangi – CBD express	Cut back to New Lynn and run as 172			150	172 to New Lynn, transfer to CBD
151x	Glen Eden – CBD express	Cut back to New Lynn and run as 151			270	151 to New Lynn, transfer to CBD

All in, around 1,000 boardings per day are like to be affected, with the vast majority of passengers having good alternatives. All changes are to go live in January 2021. These changes are expected to save around s7(2) in FY20-21.

2. Ferry changes

AT are proposing two changes to ferry operations, both to go live in January 2021.



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Stanley Bay removal and Hobsonville increase: remove the Stanley Bay ferry (currently a peak-only service) and repurpose as additional Hobsonville services (on a no net cost increase basis):

- Stanley Bay has lowest patronage of any inner harbour route (around 200 / day)
- Devonport Peninsula is served by two other ferry routes and several bus routes (see Figure 2)
- Stanley Bay ferry use fell by around 1% between 2018 and 2019 (prior to COVID-19 patronage impacts)
- Hobsonville service frequently leaves passengers behind
- Hobsonville ferry use *increased* by 56% between 2018 and 2019. Further growth is expected as the new development grows, and the current service has insufficient capacity at peak times with funding and ferry resources otherwise unavailable to address customer demand.



Figure 2: Ferry routes serving Devonport Peninsula, including Stanley Bay

With this change, four additional Hobsonville services would be added at peak times, providing much needed capacity for passengers, as follows:

- Current: three trips AM, five trips PM
- Proposed: five trips AM, seven trips PM

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Birkenhead reduction: Reduce Birkenhead service from 30 to 40 minutes (linked to Northcote Point)

- In order to serve the refurbished Northcote Point (due to be completed December 2020 / January 2021), an additional stop at Northcote Point is required to be included on the Birkenhead service
- Dropping the Birkenhead frequency to 40 minutes will allow for this additional stop plus reduced OPEX, whilst meeting passenger demand
- The 40minute frequency will improve reliability and punctuality on this service, as changes to health & safety requirements and enforced Harbour speed management have extended runtimes on the service for when the Northcote Point stop is included.

This proposal is expected to save s7(2)(b) in FY20-21.

It should be noted that Fullers have indicated that the peak frequency on the Devonport ferry will reduce from every 15 minutes to every 20 minutes in January 2021. However, this is an exempt service, operated fully commercially, therefore not contributing to cost savings. AT will be adjusting connecting bus service schedules to reflect this change.

3. Deferred improvements

AT had previously planned a range of service improvements in FY20-21, to the value of around s7(2) (see Table 1). A lot of this is already committed and cannot be undone. However, AT has identified around s7(2) of savings made possible by deferring previously planned (uncommitted) improvements.

Table 4: improvements previously planned for FY20-21 that will be deferred to FY21-22

Route	Details	Estimated saving (annualised)	Saving commences	Estimated saving (in-year)
West Harbour Ferry Pine Harbour Ferry	Defer committed improved services on shoulder-peak for peak capacity management until January 2021 (was July 2020)	s7(2)(b)(ii) Prejudice to commercial position	Jul-20	s7(2)(b)(ii) Prejudice to commercial position
West Harbour Ferry Half Moon Bay Ferry	Remove previously budgeted improvements on inter-peak and evening		Jul-20	
Route 36 (Manukau to Onehunga)	Delay implementation of 36 to July 2021		Jan-21	
Train: reduced track kms	Capacity increase planned no longer required this FY		Jul-20	
Bus Capacity improvements	Previously planned capacity work which can safely be deferred until peak demand returns		Jul-20	
Indexation savings	Lower indexation rates forecast in budget due to lower inflationary pressures		Jul-20	

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In total, deferring improvements is expected to save around s7(2)(b) in FY20-21. These improvements would instead go ahead from in FY21-22, subject to budget allowance.

4. Poorly patronised and low value for money routes

AT has taken the chance to rationalise portions of the network by cutting back on routes that are not meeting patronage targets and offer low value for money for public spend. Social service provision is taken into account during this assessment to ensure services are not removed that would create an access equity imbalance. These are typically changes that AT were looking to make prior to COVID-19 as part of our annual value for money review of low patronised services.

Note that all changes would go live in January 2021 with one exception - Route 714 which will be replaced with a school bus in time for school Term 4 2020².

Table 5: Poor performing routes to be cut back

Route	Detail	Estimated saving (annualised)	Assumed Go Live	Estimated saving (in-year)	Boardings per day	Alternative available
987 (trial)	Remove Arkles Bay trial service	s7(2)(b)(ii) Prejudice to commercial position	Jan-21	s7(2)(b)(ii) Prejudice to commercial position	5	Walk 700m uphill
714 (trial)	Remove trial route and replace with school bus		Oct-20		60 ³	School bus or 400m walk to 712
114	Remove Herald Island loop		Jan-21		6 (on affected section)	School bus or 1.25km walk
50A	Remove Ostend loop		Jan-21		3 (on affected section)	400m additional walk to frequent route
313	Curtail 313 service to Mangere		Jan-21		35 (on affected section)	New 38 route. 700m walk for some

All in, around 80 passengers a day will be affected by these changes (accounting for a school bus replacing the 714 route). These changes are expected to save around s7(2) in FY20-21.

5. Other cost savings

Other cost savings have been identified as follows:

Table 6: Other cost savings identified for FY20-21

Theme	Route	Estimated saving (annualised)	Assumed Go Live	Estimated saving (in-year)
Run time savings	Various	s7(2)	Jan-21	s7(2)
Transdev Auckland (TDAK) training cost saving	Various	s7(2)	Jul-20	s7(2)
Reduce frequency and repurpose resource	NX1	TBC	Jan-21	TBC

Together, these items are expected to save around s7(2)

² Communication for this route change is already underway with the affected schools and Local Board being made aware

³ Note that >50% of passengers are travelling at school start / end times

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Service Improvements

As mentioned above, AT are taking the chance to introduce some important network changes, some of which are off the back of other COVID-19-related changes, where resources have been repurposed to better suit the needs of the public transport network. A summary of these is listed below:

- City Link: fully electric fleet (12) from February 2021
- Airport Link: fully electric fleet (9) from January 2021
- Waiheke: electric fleet (8) from November 2020
- Hobsonville: additional peak ferry services from January 2021 (as discussed above)
- Route 378: extension into the Karaka Lakes development from January 2021
- Route 355: extension into the new Donegal Park development from January 2021
- 171: addition of a Sunday service from January 2021
- Route 64⁴: new frequent route added to mitigate Mt Eden closure from July 2020

Any communication of changes will focus on improvements as well as service reductions. AT will be adding substantially to its electric bus fleet (29 more vehicles), improving access across the region, serving new development areas, and adding capacity where required (e.g. additional Hobsonville peak services). In addition, AT are taking the chance to improve connections between services as timetables are amended, improving customer satisfaction.

Risks

A number of risks have been identified as listed below:

Risk	Description	Mitigation
Western Express removal	Passengers will lose a single seat journey and have to transfer at New Lynn. This may be exacerbated if track defect issues continue on the Western Line beyond January 2021	Highlight options at New Lynn, train and frequent buses. Kiwirail have been asked to prioritise work on the Western Line
Stanley Bay ferry removal	Passengers will lose direct service to Downtown	Publicise good alternatives, being Devonport ferry plus local bus 806
Route 114 Herald Island removal	Passengers without access to car will be left without a public transport service. Herald Island Residents & Ratepayers Association have already been informed	Early engagement and understand specific issues. School bus on Herald Island will continue to operate
Ostend Loop, Waiheke	Petition has already been submitted to AT Board. WLB voted against AT proposal to remove service	Highlight the short walk to frequent network and benefits to users
Airport services delivered in stages, route 36 delay	Initial plan was to deliver all airport service changes in January 2021. This will now be staged over 6 months	Puhinui station opening
Removal of routes 95G and 97V	Less peak trips on Onewa Rd, a major bus corridor	Reallocation of double-decker buses to improve capacity on remaining routes
Lockdown 2 effects	Risk that AT Metro need to find additional costs savings linked to second wave of COVID-19	Further cost savings can be identified with operators
Election delays and communication	AT will need to communicate changes to public in advance of election	Inform MPs and elected members in advance of public announcements
Overall political risk	Risk that AT is seen to be cutting public transport services, making it less attractive	Highlight minimal impacts to public transport users and emphasise improvements

⁴ 90% funded by CRL Ltd

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Communications & Engagement

This project requires clear and straightforward communication of the changes together with a positive emphasis on the additional services.

Target Audience	Key Messages	Channel	Timing
<p>Elected Members</p> <ul style="list-style-type: none"> Local Boards Councillors Mayor's Office 	<p>Impact of COVID-19 and the recognition that changes need to be made</p> <p>Careful review of operations in order to make reasonable savings, making our operations more efficient, removing duplication, and improving value for public funds</p> <p>Service improvements will continue including a significant investment in electric buses</p> <p>A recognition that changes are not confined to one board or local area</p> <p>A customer focused approach with clear understanding on those impacted and their alternatives. Minimising customer impacts</p> <p>An opportunity to add value by introducing new services where there is demand</p>	<p>Written briefing given to each local board and councillors, with the option of a face to face meeting to discuss.</p> <p>Follow up presentations to local boards led by the AT Communications Team</p> <p>Mayor's Office will receive all material that goes to councillors and local boards</p>	14 September
Lobby Groups e.g. Greater Auckland, BIDs, local media	As for elected members	Written briefing shortly before media announcement	15 September
Media announcement	"AT are making some changes to the public transport network to better suit your needs. This involves removal of some duplicative and poor performing services. However, these changes will result in more electric buses, better connectivity, services to new developments and increased capacity on key routes such as Hobsonville ferry."	Media release published on Twitter, Facebook, LinkedIn and Council's website OurAuckland Also will be sent out to all major publications	16 Sept
<p>Directly Impacted Customers</p> <ul style="list-style-type: none"> Frequent users Occasional Users School Students 	<p>Clear, plain language detail on what's changing and why</p> <p>Alternatives available to you</p> <p>Where to get more information - detailed web landing page. Where and by mode of transport</p>	<p>Email to those customers we have details for</p> <p>Dedicated Web Page</p> <p>AT Mobile message</p> <p>Social Media; own and paid</p> <p>Local Newspapers</p> <p>Signage at facilities and on routes – localised</p> <p>Unaddressed mailers (subject to budget)</p>	<p>Progressive rollout of messaging commencing 21 September</p> <p>Initial launch, mid-point reminders and fortnight prior to the change</p> <p>Radio reminder early January</p>
The wider community	<p>Broader messaging using the AT marketing strategy but still geographically targeted to be relevant to the broader market.</p> <p>Delivering a connected network to enable customers to travel easily across Auckland</p> <p>Repurposing capacity to where it is needed</p> <p>Serving new greenfield developments with sustainable transport options</p> <p>Working in a sustainable way and always looking to improve e.g. adding to our electric fleet</p>	Media plan as recommended by our agency for this project but also messaging through the 'Always on' media plan.	November 2020

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		27-Aug	7-Sep	14-Sep	16-Sep	28-Sep	10-Oct	12-Oct	17-Oct	18-Oct	Nov	Dec	18-Dec	24-Jan
East Auckland														
714/424	Remove 714, **NEW** school bus	inform EM and schools	inform public	promote			remove 714	implement 424						
West Auckland														
114/Herald Island	Remove from Herald Island		inform public			promote	promote	promote		promote	promote	promote	promote	Change route
Stanley Bay / Hobsonville ferry	Cease Stanley Bay service, **NEW** Hobsonville services			inform EM				promote		promote	promote	promote	Stanley Bay Service ends	Launch new Hobsonville service
171X/172X/151X	Express services to terminate at New Lynn			inform EM						promote	promote	promote		Change routes
171	**NEW** Sunday service			inform EM						promote	promote	promote		Launch service
North Auckland														
890	Remove			inform EM						promote	promote	promote		Remove route
842	Reduce			inform EM						promote	promote	promote		Remove route
95G/97V	Remove			inform EM						promote	promote	promote		Remove routes
987	Remove			inform EM						promote	promote	promote		Change route
Waiheke Island														
50A (Waiheke)	Remove Ostend loop			inform EM						promote	promote	promote		Change route
Electric fleet	8 no. electric buses on Waiheke			inform EM				promote		promote	New electric buses			
South Auckland														
313	Shorten			inform EM						promote	promote	promote		Change route
Airport Link	**NEW ROUTE**			inform EM						promote	promote	promote		Launch new service
38	Change route from 380 to 38 and divert to serve Mountain Road			inform EM						promote	promote	promote		Change route
355	**DIVERT ROUTE** to serve new development			inform EM						promote	promote	promote		Change route
378	**EXTEND ROUTE** to serve new development			inform EM						promote	promote	promote		Change route
Other relevant engagement														
Devonport consultation				inform EM		Begins	promote			Ends				Potential changes

Media release

General election



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Appendix A: Local Boards affected

The following table lists the local boards affected and which routes:

Local Board area	Routes reduced or removed	Routes improved or introduced
Henderson-Massey	151x 172x	
Manurewa		355
Papakura		378
Devonport-Takapuna	Stanley Bay ferry removal 842 Devonport ferry Devonport consultation	
Waitemata	Stanley Bay ferry removal	City Link (electric)
Howick	714	355
Whau	171X 172X 151X 22X / 24X to become all stoppers (longer journeys)	171
Waitakere Ranges	171X 172X 151X	171
Waiheke	50A Ostend Loop	Electric fleet
Kaipatiki	97V 95G Birkenhead ferry	Hobsonville ferry
Hibiscus and Bays	987	
Franklin		Pine Harbour additional shoulder-peak capacity
Upper Harbour	890	Hobsonville ferry West Harbour additional shoulder-peak capacity
Otara-Papatoetoe	313	355 Electric Airport Link
Mangere-Otahuhu	313	Electric Airport Link 38
Puketāpapa	22X / 24X to become all stoppers (longer journeys for residents of PLB)	
Albert-Eden	22X / 24X to become all stoppers (more capacity for residents of AELB)	