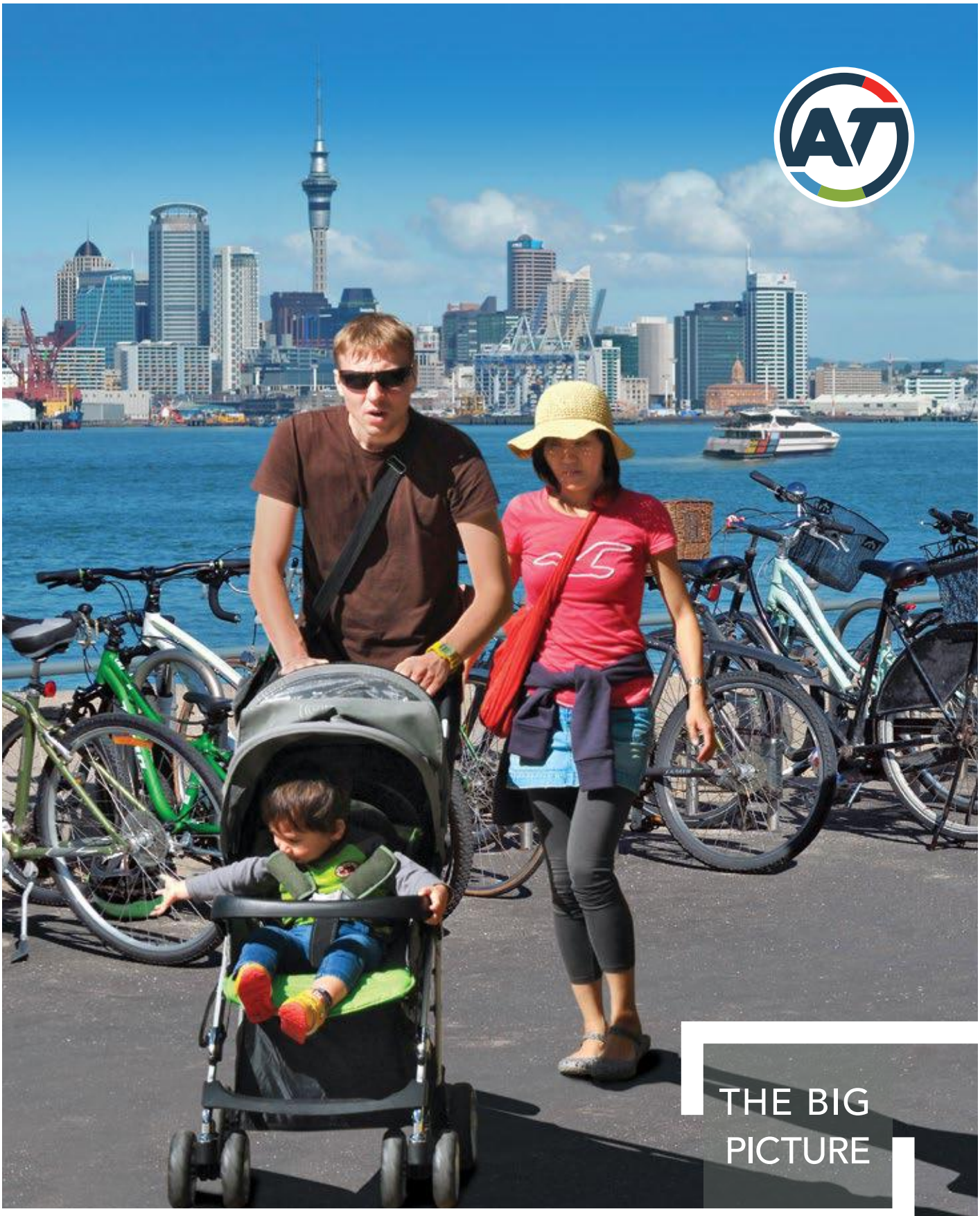


THE BIG PICTURE

Auckland Transport
An Auckland Council Organisation

ANNUAL REPORT
2015

Auckland's SkyTower

Welcome to Auckland Transport's Annual Report against our Statement of Intent

VISION

WHAT WE ARE STRIVING FOR

Delivering transport choices to get you where you want, when you want

MISSION

WHY AUCKLAND TRANSPORT EXISTS

To deliver effective and innovative transport solutions to our customers

VALUES

HOW WE DO BUSINESS

On board
One team
Straight up
Take action

E ngā iwi whānui ki ngā topito o Tāmaki Makaurau

He mihi manahau ki a koutou katoa Topuni ki te Raki

Rakitu ki te Rāwhiti

Puketutu ki te Tonga

Oaia ki te Uru

Tāmaki herehere o ngā waka e!

Tihei Mauri ora ki te whai ao, ki te ao mārama

To the wider people to the ends of Auckland

A heartening greeting to you all

Topuni to the North

Rakitu to the East

Puketutu to the South

Oaia to the West

Tāmaki the meeting place of all canoes

Life essence to the world, to the world of light

01 The Big Picture

02 Getting you where you want, when you want

03 Governance

04 Financials

THE BIG PICTURE

Auckland Transport's fifth annual report discusses the Big Picture - how the organisation's strategic frameworks and planning deliver a range of services and projects for our customers that, when viewed as a whole, reveal the Big Picture for transport for Auckland.

01

Auckland said kia ora to 26,800 new migrants this past year and 14 million visitors passed through Auckland Airport

Takapuna bus interchange

The big picture

Auckland is a successful city, a place where people increasingly want to live and visit. In a world of limited resources that must be shared amongst a rapidly growing population, our transport infrastructure and services must be developed on the basis of what is limitless: creativity, renewable energy and information. This year's report focuses on innovative strategies and projects that will deliver our customers a resilient, integrated, sustainable transport system. Accelerated investment in Auckland's transport is a debt owed to future generations.

2015 highlights

Auckland Transport met or exceeded 25 out of 31 performance targets this year. A significant capital programme was delivered within budget and operations were delivered within the funding envelope.

A quantum leap in public transport patronage to over 79 million saw targets for all modes exceeded. AT HOP cards and the new electric trains were key elements.

Several key strategies were delivered including the Regional Land Transport Plan.

The City Rail Link underway

The City Rail Link (CRL) reached a significant milestone, with contracts awarded in April for early works design

AT HOP embraced

During the month of March, one year after full introduction, AT HOP used for 67 per cent of all public transport trips

AMETI Panmure completed

The Panmure phase of the AMETI was completed, with Te Horeta Road taking 2,400 trucks a day off the route through Panmure roundabout

Delivering more, sooner

Transport programmes to 2018 will see an additional $523m injected into vital transport projects helping to ease congestion

Rail patronage up

Rail patronage was up 21.7 per cent on June 2014

Arterial upgrades commenced

Upgrade of major arterial routes underway at Te Atatu Corridor ($25.5m) and Albany Highway North ($70m)

Inner city cycleway sets benchmark

The country's first on-road separated urban cycleway was completed at Beach Road

Lighting streets will cost less

New street light contracts will see 40,000 street light bulbs replaced with LED luminaires, saving $32m over 20 years

This annual report contains various references to AT HOP cards. Terms of use and the registered prospectus for the AT HOP cards are available at **at.govt.nz/athop** or at the Transport Customer Service Centre, Britomart. The obligations of Auckland Transport under the AT HOP cards are unsecured.

Who we are and what we do

Auckland Transport (AT) is a council-controlled organisation (CCO) of Auckland Council. We manage the most complex and diverse transport network in New Zealand, connecting people and moving goods across the country's largest and fastest growing city. We have guardianship of one of New Zealand's highest-valued group of publicly held assets, worth $16.2b and work closely with a wide range of partners to give customers a seamless, personalised experience of using the transport system and interacting with us.

Construction and guardianship of transport assets	Page
AT designs, builds, maintains and upgrades Auckland's transport infrastructure, excluding state highways. Assets include roads, road signs and footpaths, bridges, street lights, bus shelters and busways, rail and bus stations, electric trains, ferry facilities and wharves, cycleways and bike parking, car park buildings and on-street parking machines.	86

Other key activities	Page
Planning, funding and coordinating bus, rail and ferry services	32
Managing the road network as One System in partnership with the Transport Agency	33
Travel demand initiatives such as travel plans	48
Constructing cycleways and shared paths	50
Coordinating road safety	56

AT designs, builds and maintains transport infrastructure across the region

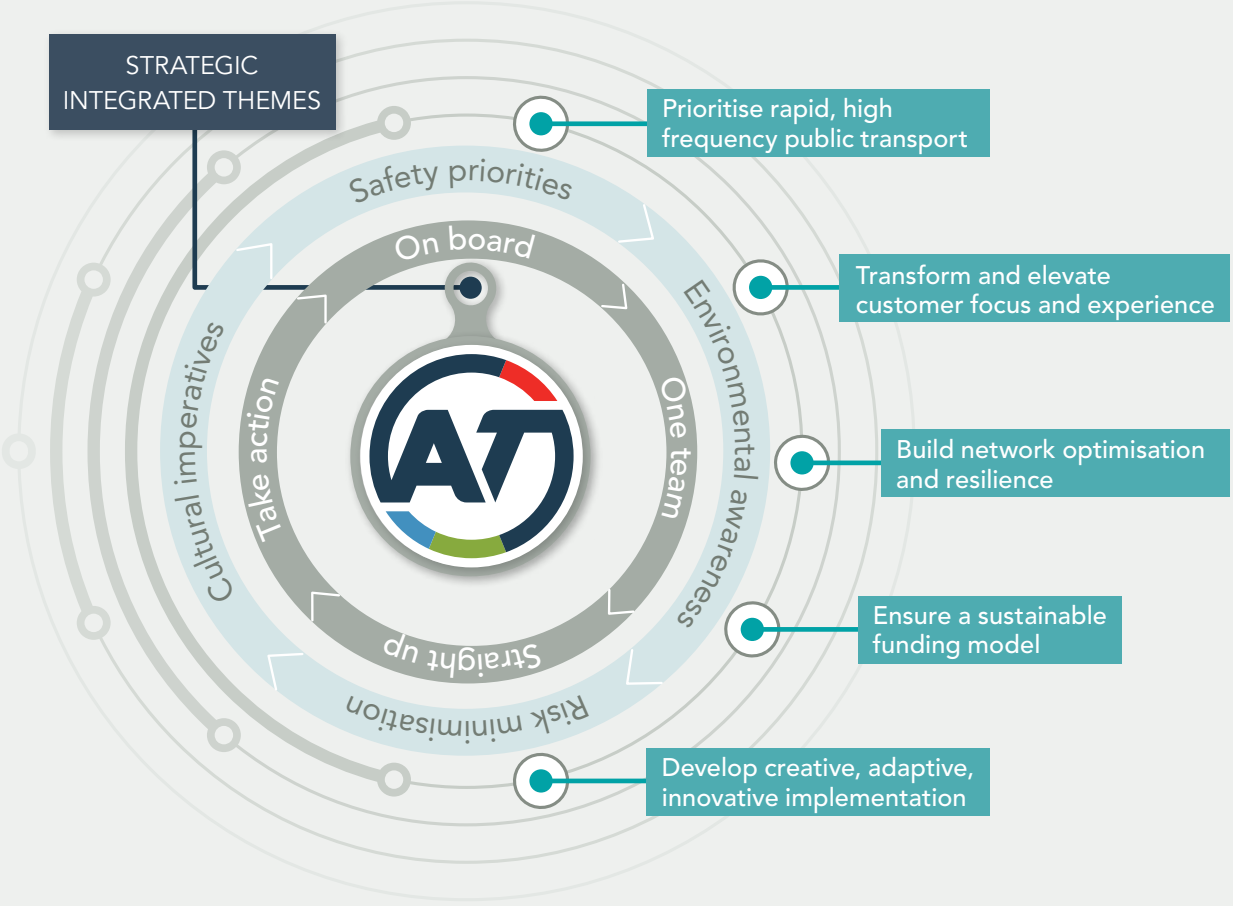
WHAT WE ARE MANDATED TO SOLVE

Auckland is under pressure to improve congestion and accommodate around 750,000 new residents within the next 30 years. The Auckland Plan identifies the transport system as being critical to achieving its vision of 'the world's most liveable city' by 2040. The country also depends on Auckland's economic performance. Excessive congestion at peak times is costing $1.5b each year.

To fundamentally reconstruct the transport system for Aucklanders and visitors, AT must make bold and innovative decisions and continue accelerating the pace at which we deliver key infrastructure projects.

The Board has developed five strategic themes to guide its decision-making and to meet the Auckland Plan targets for 2040. These overarching themes guide us as we strive to upgrade customer experience through a sustainable and innovative approach in everything we do.

AUCKLAND TRANSPORT'S FIVE STRATEGIC THEMES



Performance against 2015 targets

In 2015, 25 targets were met or exceeded and overall performance was 98 per cent.

FOCUS 1
PAGE 27

TRANSFORM AUCKLANDERS' EVERYDAY TRAVEL EXPERIENCE

Public transport is being redesigned from the ground up to give our customers safe, reliable, affordable, high frequency alternatives to cars.

Arterial upgrades, optimal networks and the One System concept in practice are ensuring gains in road productivity.

Performance measure	% Performance score against target	Page ref
Annual boardings		
Total public transport	100%	28
Rail	100%	28
Busway	100%	28
Bus network	100%	28
Ferry	100%	28
Public transport subsidy per passenger km	100%	32
Arterial road network productivity	100%	34
Percentage satisfied		
Public transport passengers with public transport service	100%	32
Residents with the quality of roads in the Auckland region	99%	37
Residents with the quality of footpaths in the Auckland region	100%	37
Road maintenance standards (new)	100%	37

FOCUS 2
PAGE 39

INVEST IN HIGH GROWTH AREAS

The city centre and south-east Auckland are the city's two largest employment hubs. They are the locations of AT's two largest projects: the City Rail Link and AMETI.

Investment in new transport infrastructure must also anticipate and integrate with land use, including Auckland's new special housing areas. Hobsonville is the country's biggest urbanisation project in decades, with AT's role providing quality public transport, cycleways and roads.

Performance measure	% Performance score against target	Page ref
Travel times along strategic freight routes during the inter-peak (9am-4pm) for 85th percentile	100%	40

FOCUS 3
PAGE 48

ADDRESS CONGESTION BY CHANGING TRAVEL HABITS

The greatest pressure on Auckland's roads is the morning peak. Managing demand is cost-effective in reducing congestion and emissions, improving journey reliability and increasing customer satisfaction. It also supports economic growth.

Performance measure	% Performance score against target	Page ref
Number of morning peak (7am-9am) car trips avoided through travel planning initiatives	100%	49
Cycling trips in designated areas of Auckland	98%	50
Walking trips into the city centre during the morning peak	not measured	53
Parking		
Off-street peak occupancy rates	92%	54
On-street peak occupancy rates	100%	54

FOCUS 4
PAGE 56

MAKE THE TRANSPORT SYSTEM SAFER

Continuously improving road safety, particularly for vulnerable users such as cyclists and children, remains a high priority.

Performance measure	% Performance score against target	Page ref
Total deaths and serious injuries on local road network	83%	57
Public and customer safety and security incidents across public transport network	100%	59

FOCUS 5
PAGE 61

REDUCE TRANSPORT'S IMPACT ON THE ENVIRONMENT

Key areas where we can reduce emissions and manage environmental impacts are: carbon, energy use and energy resilience, air quality, noise, materials and resource management.

Performance measure	% Performance score against target	Page ref
CO_2 emissions from rail network	85%	63

Financials at a glance

A summary of Auckland Transport's financial performance for the year ended 30 June 2015.

Auckland Transport has operated within its agreed funding envelope, including absorbing considerable unbudgeted operating expenditure over 2015.

Total Income for the year is $1,101.5m, against a budget of $939.9m. Auckland Council and the Transport Agency are the primary sources of funding. A further 33 per cent of income is, however, received from other services including parking, fines and fares. Total income is 100 per cent of budget after adjusting for vested asset income of $162.9m. See the pie chart below for a breakdown of income.

Total operating expenses are $950.2m, against a budget of $885.9m. In the pie chart below, other expenses include $452.0m spent on the following activities:

- $333.5m Public Transport
- $98.5m Roading
- $20.0m Parking.

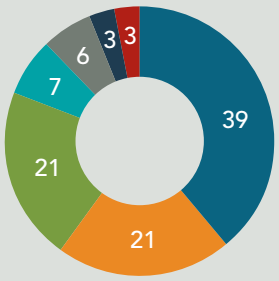
The surplus before tax of $151.3m is $97.4m above the budget of $53.9m. A number of non-cash and abnormal items have impacted the result. The main items are: $162.9m of unbudgeted vested assets income, $38.0m additional Auckland Council grant funding for the electric trains project, and $26.8m additional depreciation and amortisation expenditure than budgeted.

After adjusting for these items, net funds applied to operations are $1.6m less than budgeted; well within one per cent.

Investment in the city's infrastructure was $892.4m against a budget of $833.0m. After adjusting for vested assets, capital expenditure was $729.5m, $103.5m less than budget. This aligns with a request post the budget approval from Auckland Council to reduce capital expenditure by $100m.

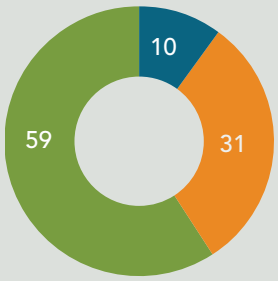
The net asset position that AT manages is $16.2b, up $0.6b from the June 2014 position.

INCOME percentage



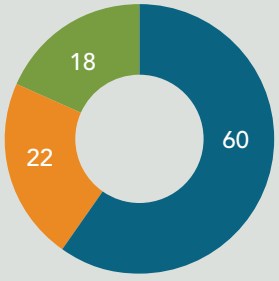
- Income for capital projects
- Operational funding from Auckland Council
- Operational funding from the Transport Agency
- Parking and enforcement
- Public transport income
- Grant from Auckland Council for electric trains project
- Other revenue

EXPENSES percentage



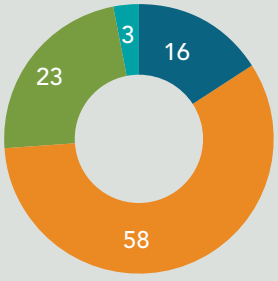
- Personnel costs
- Depreciation and amortisation expense
- Other expenses

CAPITAL EXPENDITURE percentage



- New capital expenditure
- Renewal capital expenditure
- Vested assets

CAPITAL EXPENDITURE percentage



- AT Metro
- Roads
- Electric Trains
- Other

INCOME AND EXPENDITURE SUMMARY

All in $000's	Actual 2015	Budget 2015	Actual 2014
WHAT WAS RECEIVED? WHAT WAS SPENT?			
Income for capital projects	428,504	316,419	387,148
Operational funding	463,530	462,761	438,346
Grant from Auckland Council for electric trains project	38,000	-	6,000
Other income	171,430	160,694	156,920
Total income	1,101,464	939,874	988,414
Expenditure on activities	950,164	885,946	894,505
Surplus/(deficit) before tax	151,300	53,928	93,909
Income tax	(1,446)	-	(273)
Other comprehensive income	167,016	1,956	828,115
Total comprehensive income	316,870	55,884	921,751
NEW CAPITAL EXPENDITURE			
Roads	163,570	242,441	218,015
AT Metro	137,360	144,258	113,455
Electric trains	204,931	215,163	155,738
Other	28,564	11,485	30,610
	534,425	613,347	517,818
RENEWAL CAPITAL EXPENDITURE			
Roads	189,947	207,609	189,751
Other	5,125	12,079	10,540
	195,072	219,688	200,291
Vested assets	162,926	-	95,186
Total capital expenditure	892,423	833,035	813,295
FUNDING OF CAPITAL EXPENDITURE			
The Transport Agency funding – new	52,194	103,831	85,108
The Transport Agency funding – renewal	78,883	78,087	78,714
Capital funding from Auckland Council	134,501	134,501	128,140
Grant from Auckland Council for electric trains project	22,931	-	-
Loan funding from Auckland Council	182,000	182,000	155,738
Investment by Auckland Council	258,988	334,616	268,732
Sale of assets	-	-	1,677
Vested assets	162,926	-	95,186
	892,423	833,035	813,295

> "Our competitive advantage over other strategic world cities lies in forecast increased spending on transport infrastructure."
>
> — Dr Lester Levy

DR LESTER LEVY
CHAIRMAN

Chairman's report

This has been a year of determining how rapidly we can accelerate the transformation of a historically underdeveloped transport system and of setting realistic expectations.

Aucklanders are ready and willing to embrace change, to make quantum leaps in how we move about this city. The initial business case for integrated ticketing was based on total sales of 300,000 cards and 500,000 daily system transactions. Just over a year into full delivery of AT HOP, we are already closing in on twice that number of cards and daily transactions average 595,000 and have peaked at 800,000, with weekly transactions averaging 3,277,000. Similarly, Britomart throughput is now 35,000 people daily. Interestingly, when planned, the station was not expected to reach daily throughput of even 20,000 until 2021.

Change is slowest at the physical level. Our mental models are less encumbered and it is easy to become impatient when the infrastructure does not keep pace. Re-modelling an under-invested transport system during a time of rapid population growth takes time and sustained investment and inevitably there are pain points along the way. We are not yet where we and Aucklanders would like us to be.

Funding growth – then and now

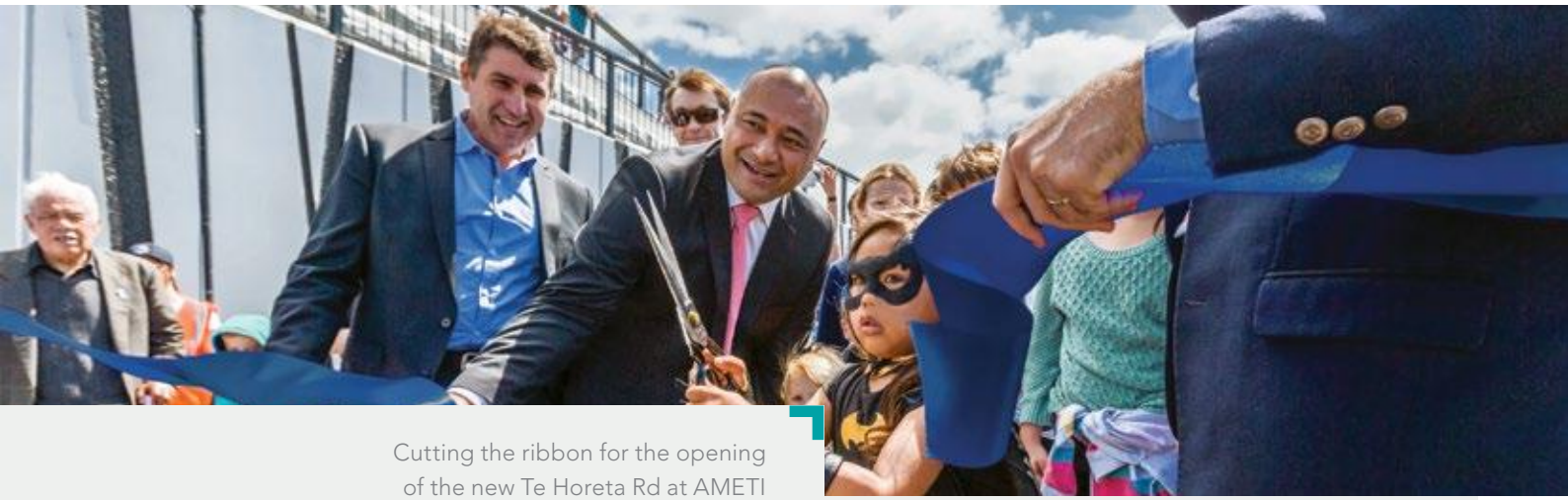
Whether emergent or ancient, strategic cities worldwide are grappling with the same challenge. London and Paris are dedicating budgets to their metro systems that exceed Auckland's entire GDP. Paris by 2030 will have spent €26.5b on new lines to serve its outer suburbs. Over the next 30 years, £16b is being invested into upgrading the London Underground. That city is spending £5,426 per resident annually on publicly funded infrastructure.

By comparison, Auckland ratepayers are being asked to contribute an additional $99 per household over each of the next three years to assist in completion of transport projects that are already starting to address unacceptable levels of congestion. The government has and continues to increase funding levels into transport in Auckland in recognition of the need to improve Auckland's productivity.

Taken in a global context, the overall additional investment is modest. It is also modest compared to the visionary public works programme of the 1870s that put in place much of the transport infrastructure we still rely on. New Zealand borrowed heavily to fund this £12m infrastructure programme for a population of only 250,000, spending 75 per cent of it on railways, roads and bridges. In today's terms this would equate to $4,000 per person. No period since has matched such an investment, and more than a century of under-investment has seen Auckland languish near the bottom of lists ranking world city transport infrastructure.

In 1878 Premier Vogel remarked: "Already it has been found necessary to make the railways 50 per cent more substantial than at first contemplated." In 2015, we are at a similar juncture, needing to be bold and to recognize the opportunities such an investment represents. Our competitive advantage over other strategic world cities lies in forecast increased spending on transport infrastructure.

While planning requires meticulous attention to detail it is, first and foremost, an act of imagination. What we are doing is akin to renovating an old villa that has had scant



Cutting the ribbon for the opening of the new Te Horeta Rd at AMETI

repairs for decades. Some rooms are harder and more expensive than others – especially those that require plumbing. Projects that dig deep into Auckland's foundations are complex and will take time. Construction will start next year on the City Rail Link but the first passenger trips will not run until 2022. Further urban busways, light rail and a rapid transit airport link are also in our strategic plan but not funded within the 10-year envelope of current 'long-term' plans. It is a question of patience as we deliver projects in stages and bed the new infrastructure into existing systems.

Smarter, sustainable travel

In reconfiguring how we travel, there are opportunities to adopt intelligent technologies and more energy efficient, sustainable modes of transport that change people's mindset. The move from paper tickets to AT HOP is one example where data collection is enabling insights into how best to deploy our assets to meet live demand. One network traffic management systems are beginning to give customers the experience of travelling on integrated networks with consistent services and real-time information. As part of the New Network, we are launching new bus shelters that do much more than simply keep off the rain. The shelters will enhance safety, way-finding and real-time information. They have solar powered lighting and will cost less than the current design.

The need for strategic themes

With so many projects on the table that can all claim, with some legitimacy, to be priorities, the Board decided this year it required a set of guiding strategic themes. These five themes wrap an invisible hand around our decision-making. For example, AMETI reached a milestone this year with the Panmure phase of construction completed. As we look to accelerate the next phase of this package of projects it became clear that a rapid transit busway will have the greatest impact on relieving congestion in what is Auckland's second-largest employment area, allowing customers in east Auckland to access Britomart in less than 30 minutes.

On the path of progress, we continue to take the best ideas from overseas and investigate their viability in the local context, for example Light Rail on congested isthmus corridors not served by rail and a privately operated electric car share scheme.

Auckland Transport also acknowledges its partners and key stakeholders in the transport system. In committing to shared outcomes we bring to this critical task an evidence based perspective, consultation and ongoing dialogue.

In concluding, I wish to emphasise the high priority that our Board and management place on health and safety. Nothing matters more than the safety of our road users, public transport passengers, our own staff and those with whom we work. Auckland Transport has been investing significant time and effort into building and refining our capability around workplace safety - our commitment in this regard is unwavering.

Dr Lester Levy CNZM
Chairman

City centre shared spaces are proving popular

Directors' profiles

DR LESTER LEVY
CNZM, MBBCh, MBA, FNZIM

CHAIRMAN

Lester Levy has over two decades' experience in a range of roles as a chief executive, entrepreneur and chairman. His previous roles include Chief Executive of South Auckland Health, the New Zealand Blood Service and MercyAscot Private Hospital Group (where he was a founder). Lester's governance experience includes chairing private healthcare, film and television production, biotechnology and engineering enterprises.

Current roles and general disclosure of interests:
Chair, Auckland and Waitemata District Health Boards; Independent Director Orion Health; Independent Chairman, Tonkin & Taylor; Adjunct Professor of Leadership, The University of Auckland Business School; Head of the New Zealand Institute, The University of Auckland; Lead Reviewer, State Services Commission's Performance Improvement Framework Review Panel; Trustee, Well Foundation; Director and shareholder, Brilliant Solutions Ltd.

PAUL LOCKEY
BCom, MBA

DEPUTY CHAIRMAN

Paul Lockey has significant corporate strategy and finance experience, gained as a consultant at McKinsey & Company, then as CFO of Lion Nathan Ltd, and Managing Director of CSL Traffic Ltd. He divides his time between company and not-for-profit directorships and managing private investments.

Current roles and general disclosure of interests:
Board Member, Callaghan Innovation; Director, MediaWorks; Partner, Smylo Partners; Shareholder, Invenco.

GEOFF DANGERFIELD
BSc, MSc, FCILT

Geoff Dangerfield's previous roles include Chief Executive of the Ministry of Economic Development, Deputy Secretary to the Treasury, advisor at the Department of the Prime Minister and Cabinet, and project and planning roles at the Ministry of Works and Development.

Current roles and general disclosure of interests:
Chief Executive, the Transport Agency; Director, NZ Transport Ticketing Ltd; Trustee, TrackSAFE Foundation NZ.

Auckland Transport's Board of Directors has nine members, including a non-voting member appointed by the Transport Agency.

Directors' profiles

CHRISTINE FLETCHER
QSO

Hon. Christine Fletcher is a former Member of Parliament and Mayor of Auckland City. Projects achieved under her leadership include Britomart Transport Centre and access to Auckland's rail corridors.

Prior to entering politics she worked in the materials handling and manufacturing sector, and as a founding trustee and Chair of the Motutapu Restoration Trust, is passionate about preserving the environment of the Hauraki Gulf Maritime Park for future generations to enjoy.

Current roles and general disclosure of interests:

Ward Councillor, Auckland Council; Chair, Auckland Council – CEO Review Committee; Chair, Parks, Recreation and Sports Committee; Chair, Treaty of Waitangi Settlements Working Party; Chair, Motutapu Restoration Trust; Deputy Chair, Maunga Authority; Member, Hauraki Gulf Marine Park Forum.

MARK GILBERT

Mark Gilbert has 30 years' automotive industry experience. He was previously Managing Director of BMW Group, both in New Zealand and the Philippines, and has been an Executive Member of the NZ Business Council for Sustainable Development (now the Sustainable Business Council) and President, NZ Motor Industry Association Inc.

Current roles and general disclosure of interests:

Chair, Motorcycle Safety Advisory Council (ACC); Chair, Auto Stewardship NZ; Director, Insight Perspective Ltd; Chair, Drive Electric Inc; Chair/Trustee, Product Stewardship Foundation; Trustee/Director, Home of Cycling Charitable Trust; Director, NZ Lotteries Commission; Chair, NZ PGA Organising Committee for Professional Golf Association of NZ; Director, Gilbert & Company.

MICHAEL LEE
MSc(Hons)

Michael (Mike) first entered local government in 1992. He has been involved in public transport governance in Auckland in various ways since that time. Mike became Chairman of the Auckland Regional Council in 2004 and served two terms in that role until the advent of the Auckland Council in November 2010.

Current roles and general disclosure of interests:

Auckland Councillor representing the Waitemata and Gulf ward; Chair, Auckland Council Infrastructure Committee; Chair, Auckland Council Heritage Advisory Panel; Chair, Auckland Council WW1 Centennial Memorial Working Party; Member, Public Transport Users Association (NZ) Inc.

DR IAN PARTON

BE(Hons), PhD, DistFIPENZ, CFInstD

Ian Parton has had a career in engineering. He is a Distinguished Fellow of the Institution of Professional Engineers NZ (IPENZ), and a Past President of IPENZ. Ian was awarded the William Pickering Medal for engineering leadership in 2007. He is a Chartered Fellow of the Institute of Directors. His previous roles include Deputy Chairman and then Transition Chief Executive for Watercare Services Ltd, and Director of Industrial Research Ltd.

Current roles and general disclosure of interests:

Director, Construction Techniques Ltd; Director, Skellerup Holdings Ltd; Chancellor, University of Auckland; Chairman, Aurora Energy Ltd; Chairman, Delta Utilities Ltd.

RABIN RABINDRAN

Barrister-at-Law (Middle Temple), MA, AAMINZ

Rabin Rabindran is a barrister and international legal consultant who specialises in major national and international project structuring, negotiation and documentation. His previous roles include Chair of ARTA, Director Tomorrow's Manukau Properties Ltd, Director of Manukau Water Ltd, Director TMPL (Flat Bush) Ltd and Director of Australian public company, MBf Carpenters Ltd.

Current roles and general disclosure of interests:

Chair, Bank of India (NZ) Ltd; Director, Solid Energy New Zealand Ltd; Director, New Zealand Liaoning International Investment & Development Co Ltd; Chair, Singapore Chapter ASEAN New Zealand Business Council; Trustee, Chinese Language Foundation; Peer Reviewer Ultrafast Broadband; Director, RSR Legal Consultants Ltd; Director, RSR Projects International Ltd.

PAULA REBSTOCK

CNZM, MSc

Paula Rebstock was Chair of the Commerce Commission 2003-2009, and a Director of the Foundation for Research, Science and Technology 1999-2004. Before that she was General Manager, Labour Market Policy Group, Department of Labour and worked in The Treasury and the Department of the Prime Minister and Cabinet. Paula has also chaired significant government reviews and panels.

Current roles and general disclosure of interests:

Deputy Chair, New Zealand Railways Corporation; Chair, ACC; Chair, Insurance and Savings Ombudsman Commission; Chair, Work and Income Board; Chair, NZ Police, Women's Advisory Network; Chair, Expert Panel on CYF Modernisation; Member, University of Auckland Business School Advisory Board; Member, Synergia Ltd Advisory Board; Financial Performance Auditor, Ngapuhi Tühoronuku IMA; Senior Lead Reviewer, State Services Commission, Performance Improvement Framework.

> "We have matured as an organisation, engaging confidently and openly in conversations that are changing how we think about the transport system."
>
> — Dr David Warburton

DR DAVID WARBURTON
CHIEF EXECUTIVE

Chief Executive's report

At our Big Picture staff forum earlier this year we emphasised the fact that 'what got us to here won't get us to there'. In today's environment we can never be complacent over our progress. Speed, innovation and renewal are the hallmarks of a relevant and resilient organisation.

This is Auckland Transport's fifth annual report. We have matured as an organisation, engaging confidently and openly in conversations that are changing how we think about the transport system. Transport started as moving things and people but more time is now spent on the quality of how we do that. We are building our business around customers, which shines through in this year's projects.

Projects of particular note in 2015 were:

- City Rail Link early works design contracts awarded
- Construction completed on the Panmure stage of AMETI
- Auckland's first on-road separated cycleway at Beach Road completed
- Construction underway on major arterial upgrades at Te Atatu Road and Albany Highway
- The Regional Land Transport Programme (RLTP) 2015-25 published.

Public transport now a way of life

At over 79 million trips, patronage exceeded all targets and is outstripping population growth. More North Shore commuters now travel across the Harbour Bridge on the Northern Busway than in private vehicles. As a city, we have historically thought of public transport in relation to commuting but this is also now changing through the work we've done to promote it for lifestyle travel, including sporting events on the world calendar in 2015.

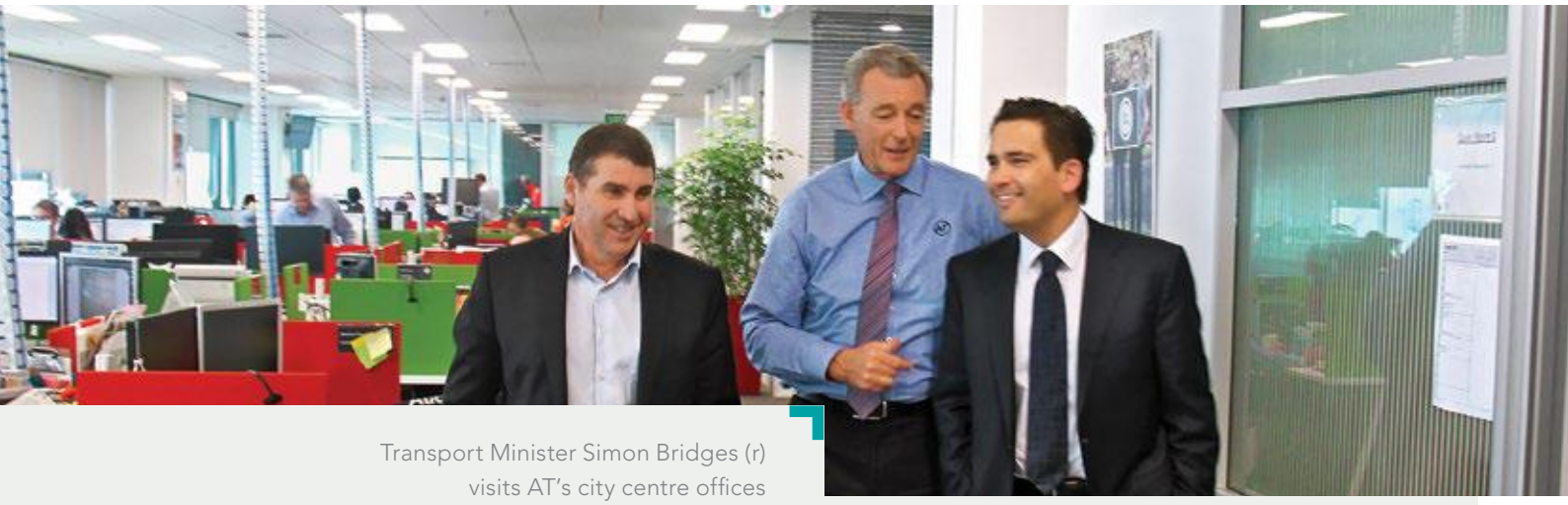
Rail patronage has risen 20 per cent in a single year, with 140,000 services running annually, compared with just 40,000 in 2004. Punctuality and reliability have been impacted this year by a confluence of ageing diesel units, a 22 per cent increase in services and normal teething issues with the new electric rail network and trains. We expect to see significant improvement in these metrics as the trains bed in across all lines.

The City Rail Link

The city centre will experience significant challenges in the short term as Britomart reaches capacity in 2016, bus congestion increases and disruption from City Rail Link (CRL) early works plus major commercial developments becomes a reality. The CRL will unlock service constraints across the entire rail network by making Britomart a through station. The project has been the subject of intense scrutiny this year. This has resulted in positive endorsements and a significant reaffirmation of support at both local and central government levels. New targets show we are on track to meet the government's target for public transport patronage by 2018, one of two key conditions it set for the funding to enable a construction start date on the CRL.

Increased road capacity

In seeking solutions to congestion, capacity and constraint issues, we continue to take other bold steps. Orders for 58 double decker buses from our operating partners will increase capacity, improve efficiency and lower emissions due to modern efficient vehicles. In addition to double decker buses we are investigating Light Rail in the road corridor.



Transport Minister Simon Bridges (r) visits AT's city centre offices

Moving towards sustainability

Ensuring sustainable funding for capital projects that may span four to six years is vital for us to plan with certainty. Because the CRL is such a big project, it is also providing an opportunity to drive change and embed new ways of thinking about sustainability across the organisation. Sustainability is not a separate activity overlaid or simply climate change mitigation. It encompasses innovation, economic performance, cultural narratives, stakeholder relationships and management practices to ensure all business decisions intelligently consider whole-of-life costs, holistic interactions and biodiversity. This year's refresh of all business strategies through to 2018 has embedded sustainability as a core principle.

Funding and budgeting

Auckland Transport has operated within its agreed funding envelope, while effectively managing its cash position. This is a solid result given a constrained budget. Capital income and expenditure budgets were impacted primarily by asset revaluations, including gains on operational assets of $124.4m, and vested asset income of $162.9m. Auckland Transport has operated within its agreed budgets and details can be found in the financial section of this report.

The asset position is sound, with net assets of $16.2 billion, and cash flow funding arrangements in place to ensure all liabilities are met. Transport assets are depreciating at a rate of $802,000 daily.

We developed a best-practice tool this year to support robust long-term decision-making about asset management and renewal.

Our partnerships continue to grow in strength and this coming year will see an unprecedented level of integrated funding for transport, with an additional $523m primarily from an Interim Transport Levy through to 2018, $24.75m from the government's Urban Cycleways Fund for the largest-ever three-year cycleway programme in Auckland and $4.2b of the $13.9b National Land Transport Fund – the largest in New Zealand's history and a 15 per cent increase over 2015.

Promoting health and safety

Making a step change to the level of cycling funding is anticipated to almost triple the number of cycle trips to 2.5 million by 2018, which has consequential health-related benefits in tackling our alarming obesity statistics.

Auckland Transport's culture is based on zero harm – to our customers on the networks, to our employees and to contractors delivering projects in excess of $700m.

Employee engagement has again risen, to a 71 per cent overall score, which is the benchmark for large public and private sector organisations in New Zealand.

I thank my executive team for their leadership and all our employees for their dedication to progressing the transformation of transport in Auckland.

Dr David Warburton
Chief Executive

Executive leadership team

The Chief Executive heads a nine-member Executive Leadership Team (ELT). To bring further customer focus to the team, two new roles were created this year: General Manager AT Metro and General Manager Transport Services. The Project Director for the CRL joined ELT this year.

Dr DAVID WARBURTON
PhD

CHIEF EXECUTIVE

David Warburton was the Chief Executive for CPG NZ & Australia until joining Auckland Transport, and prior to that Chief Executive of Wanganui District Council. David has held numerous senior management roles in the forestry, processing, packaging, property development and retail industries, after over a decade university research and lecturing.

ROGER JONES
BSC (Tech)

CHIEF TECHNOLOGY OFFICER

Roger Jones has extensive experience in the IT industry in both the private and public sectors working for such organisations as NZ Police, Air New Zealand and Fonterra. Roger has been with Auckland Transport from its inception, moving over from ARTA in November 2010. He was runner up in the 2015 CIO of the Year Awards.

ANDREW ALLEN
BE

GENERAL MANAGER, TRANSPORT SERVICES

Andrew Allen has over 20 years' experience in the civil engineering industry with particular emphasis on transport. He was Group Manager of Auckland City Council's Transport Assets Group until his appointment in 2010 as Auckland Transport's Manager of Road Corridor Operations and member of the Joint Transport Operations Management Board. He has since moved through a number of senior operational roles.

PETER (PETE) CLARK
MCRP, MSc

GENERAL MANAGER, STRATEGY & PLANNING

Pete Clark has been involved in the transport sector for almost 30 years and has held roles in research, consulting, local and regional government. Born and raised in Zimbabwe, he is on the advisory boards for the Centre of Infrastructure Research and the Department of Civil Engineering at the University of Auckland.

RICHARD MORRIS
BCom

CHIEF FINANCIAL OFFICER

Richard Morris joined Auckland Transport in 2014 after a career in the public sector in Wellington. He has previously been the Chief Financial Officer at the Ministry of Health and the Department of Corrections. Prior to joining Auckland Transport Richard was a Senior Consultant at Martin Jenkins. Richard is also a graduate of the Oxford University Advanced Management Programme.

GREG EDMONDS
MBA

CHIEF INFRASTRUCTURE OFFICER

Greg Edmonds was AT's Chief Operations Officer until March 2015. Prior to joining AT, he was with Air New Zealand, as Airport Manager Auckland International and then Regional General Manager North Asia based in Shanghai. He has 25 years' experience in the transport industry including General Management roles for NZ Post, General Electric (GE) and an Executive Director role of Couriers Please Pty in Australia.

SIMON HARVEY
DipBus

CHIEF PEOPLE OFFICER

Simon Harvey has global experience in Australia, Singapore, Canada and the United Kingdom. He has worked in Human Resources and Strategy for large corporations such as Westpac, PWC and Vodafone and has had an active involvement in community development with the Ministry of Social Development on work-based strategies and initiatives.

MARK LAMBERT
BSc (Hons)

GENERAL MANAGER AT METRO

Mark Lambert has held senior management roles until his appointment to the executive team in March 2015. Mark graduated with First Class Honours in Construction, Engineering and Management from Loughborough University, UK, and has since worked across various business sectors in consultancy, project, programme and procurement management in Europe and New Zealand.

CHRIS MEALE BE (Hons), DipCM, IPENZ full member

CITY RAIL LINK PROJECT DIRECTOR

Chris Meale has extensive international design and construction management experience in the property, electricity, and transport infrastructure sectors, with special expertise in the leadership of major projects. His previous roles include Program Director City Rail Expansion Sydney, Transport for NSW; Director Design and Engineering, Sydney Metro; Regional Director Major Projects, Hyder Consulting.

WALLY THOMAS
DipJ, PRINZ fellow

GENERAL MANAGER, COMMUNICATIONS

Wally Thomas joined AT at inception in 2010. He was previously Director of Public Affairs at Waitakere City Council, during which time he was seconded to the Auckland Transition Agency (ATA) as its Communications Advisor. An award-winning journalist, he has 20 years' experience in senior communications and media roles in the public and private sectors. In 2010 he was made a fellow of the Public Relations Institute of New Zealand.

Organisation chart

as at 30 June 2015

BOARD OF DIRECTORS

- Capital Review Committee
- Customer Focus Committee
- Finance & Risk Committee
- Regional Transport Committee

AUCKLAND TRANSPORT CHIEF EXECUTIVE

Business Technology

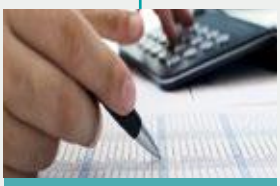
- Technology
- BT Commercial
- Business Delivery
- AT HOP Technical
- Strategy & Architecture
- Capital Programme

Infrastructure

- Investment & Development
- Roading
- Assets & Maintenance
- Investment & Development
- Infrastructure Technical Services
- Property & Planning
- Investment & Development

Communications

- Campaigns
- Communications
- City Rail Link Communications
- Stakeholder Management
- Māori Policy & Engagement
- Media



Finance

- Revenue & Analysis
- Finance
- Procurement
- AT HOP

- CCI
- CRL
- Legal
- Monitoring Risk & Audit
- Special Projects

AT Metro

- Ferry Services
- Bus Services
- PT Commercial
- PT Business Development
- PT Customer Experience
- PT Network Management
- Rail Services

Transport Services

- ATOC Central
- Business Integration & Development
- Design Studio
- Harbourmaster
- Network Operations & Safety
- Parking Services
- Walking & Cycling

People, Safety & Contact

- Customer Contact
- Business Services
- HR Business Partnering
- Health & Safety
- Organisational Development
- Recruitment

Strategy & Planning

- Key Strategic Initiatives
- Transport Integration
- Transport Planning
- Customer Insight
- Strategic Development
- Joint Modelling Application Centre

02

Delivering rapid reliable transport services is critical to solving unacceptable levels of congestion

The Inner Link bus continues to grow in popularity with commuter and leisure travellers alike

Getting you where you want, when you want

Our vision of an effective transport system that connects Aucklanders with people and places is delivered through an annual programme of action in the Statement of Intent. In 2015, our reporting demonstrates AT is moving towards a genuinely sustainable transport system.

The strategic programme of action

WHAT WE REPORT AGAINST – STATEMENT OF INTENT

Under the Local Government Act 2002, council-controlled organisations are required to report on performance against a Statement of Intent (SOI) that is annually agreed with our sole shareholder Auckland Council.

The SOI for 2014-17 included a Statement of Imagination that outlines the desired state for transport in 2040 as detailed below. It complements the Statement of Intent, which sets out the programme of action and performance targets that will achieve it.

The SOI's strategic direction is based on three primary sources:

- AT's legislative purpose and Board analysis of transport priorities
- The Auckland Plan's vision, outcomes, strategic directions and priorities
- The Mayor's Letter of Expectation.

The SOI for 2015-18 will be restructured around the Board's five strategic themes, with some targets amended to reflect budget changes.

Up-to-date information on the current programme of action is on the website at **at.govt.nz/projects-roadworks**

Videos explaining major projects are on YouTube. You can view these by searching 'Auckland Transport'.

THE TRAVEL EXPERIENCE IN 2040

Implementation of the strategic programme of action including the Board's five strategic themes is intended to transform the way people move around the region in the future.

In 2040 Auckland's public transport system is so effective that 70 per cent of all trips into the city centre are taken by public transport. Visitors arriving by air can get to the city centre on a fast, direct and frequent service, unobstructed by traffic.

The number of people living within walking distance of a frequent public transport stop has doubled to 32 per cent. They can simply turn up and go. Feeder bus services connect into the frequent network. AT HOP cards offer entry to an integrated, rapid and frequent transport network, including park-and-ride with expanded services.

The ratio of car to public transport use has dropped from 20:1 to 15:1. A growing regional economy is supported by an integrated network of priority freight routes.

The city's traffic signal system keeps traffic flowing at all travel times, while smart digital technology facilitates access to real-time travel information. It provides a platform for customers to pay for a range of transport services.

Cycling and walking networks are wide and connected. There are more shared spaces that make the city safer and attract investment.

THE STRATEGIC PROGRAMME OF ACTION

CENTRAL GOVERNMENT

- Government Policy Statement on Land Transport Funding
- National Land Transport Programme (NLTP) 10 years

Funds 53%

AUCKLAND COUNCIL

- Auckland Plan (30 years)
- Proposed Auckland Unitary Plan (30 years)
- Long-Term Plan (LTP) 10 years

Funds 47%

LOCAL BOARDS

- Local board plans and agreements

AUCKLAND TRANSPORT (CCO)

- Integrated Transport Plan (ITP) 30 years
- Regional Land Transport Plan (RLTP) 10 years
- Regional Public Transport Plan (RPTP) 10 years
- Statement of Intent to Auckland Council (SOI) three years
- Annual Report and half yearly reports

CUSTOMERS – THE HEART OF EVERYTHING WE DO

Intermediate goals (ITP):

1. Better use of transport resources to maximise return on existing assets

2. Increased customer satisfaction with transport infrastructure and services

3. Auckland's transport network moves people and goods efficiently

4. Increased access to a wider range of transport choices

5. Improved safety of Auckland's transport system

6. Reduce adverse environmental effects from Auckland's transport system

PROGRAMME OF ACTION AND MEASURES (SOI): FIVE FOCUS AREAS

1. Transform Aucklanders' everyday travel experience

(Goals 2,3,4)

100% overall performance score 2015

2. Invest in the city's high growth areas

(Goals 3,4)

100% overall performance score 2015

3. Address congestion by changing travel habits

(Goals 1,3,4)

97% overall performance score 2015

4. Make the transport system safer

(Goal 5)

91% overall performance score 2015

5. Reduce transport's adverse impact on the environment

(Goal 6)

85% overall performance score 2015

A newly branded AT Metro bus at the Cricket World Cup

FOCUS 1

Transform Aucklanders' everyday travel experience

The aim of this focus is to address rapid population growth and road congestion by significantly boosting patronage on public transport and increasing the productivity of arterial roads throughout the region.

Experience shows that customers will use public transport when it is safe, reliable, affordable, high frequency and attractive. The customer experience is paramount in getting Aucklanders to embrace public transport as a way of life.

Productivity is improved by upgrading arterial corridors, optimising signalling and managing the road networks with the Transport Agency as a single system to respond faster to incidents and give customers a seamless experience.

Key to performance measure results

- Target met or exceeded (100%+)
- Target substantially achieved (97.5% - 99.9%)
- Target not achieved (0% - 97.4%)

Overall performance score for Focus 1

100%

CHALLENGES

- Punctuality of rail services affected by 22 per cent increase in rail services on constrained network during changeover from near-obsolete diesel fleet to new electric trains
- Ferry services impacted by vessel breakdowns and a one-in-40-year winter storm event.

Ferry boardings exceeded target this year

FOCUS 1 01

Boost public transport patronage

In 2015 patronage on all modes exceeded targets by a range of 3-15 per cent. The more than 79 million trips was an overall 12-month increase of 9.5 per cent.

Use of public transport for special event services broke the record with over 65 per cent of ticketholders for the NRL Nines travelling to matches on public transport in January. Auckland then hosted Cricket World Cup and FIFA U-20 World Cup matches, which significantly contributed to monthly records for trips taken on public transport.

Auckland Transport's Next Steps business plan for strategic patronage growth has eight key projects. Two of these have been completed and are driving a quantum leap in patronage: electric trains (see focus 1.02) and AT HOP.

- AT HOP reached its full roll-out one year milestone in March 2015. March 2015 was also its busiest month on record with 7.7 million trips, representing a 16 per cent increase on March 2014 and with more than two out of three passengers using an AT HOP card to travel
- Rail patronage has leapt by 21.7 per cent, due in large part to what is known as the Sparks Effect (strong patronage growth after electrification).

Northern Express growth of 17.2 per cent means more commuters now travel over the Harbour Bridge on the Busway than in private vehicles. Other key drivers of growth have been:

- 22 per cent increase in rail services from December 2014
- New rail stations - Panmure has seen a first-year rise of 66 per cent
- More frequent bus services and significant improvement in travel times and punctuality due to new timetables and new bus priority lanes.

Annual total public transport boardings (000s)

79,249

Target exceeded

2015 Target:	73,686
2014 Actual:	72,396
2013 Actual:	68,526

Annual Rapid Transit Network Northern Busway boardings (000s)

2,843

Target exceeded

2015 Target:	2,511
2014 Actual:	2,426
2013 Actual:	2,279

Annual ferry boardings (000s)

5,536

Target exceeded

2015 Target:	5,380
2014 Actual:	5,109
2013 Actual:	4,957

Annual Bus Network boardings excluding busway – including contracted school buses (000s)

56,953

Target exceeded

2015 Target:	53,695
2014 Actual:	53,424
2013 Actual:	51,251

Annual Rapid Transit Network rail boardings (000s)

13,917

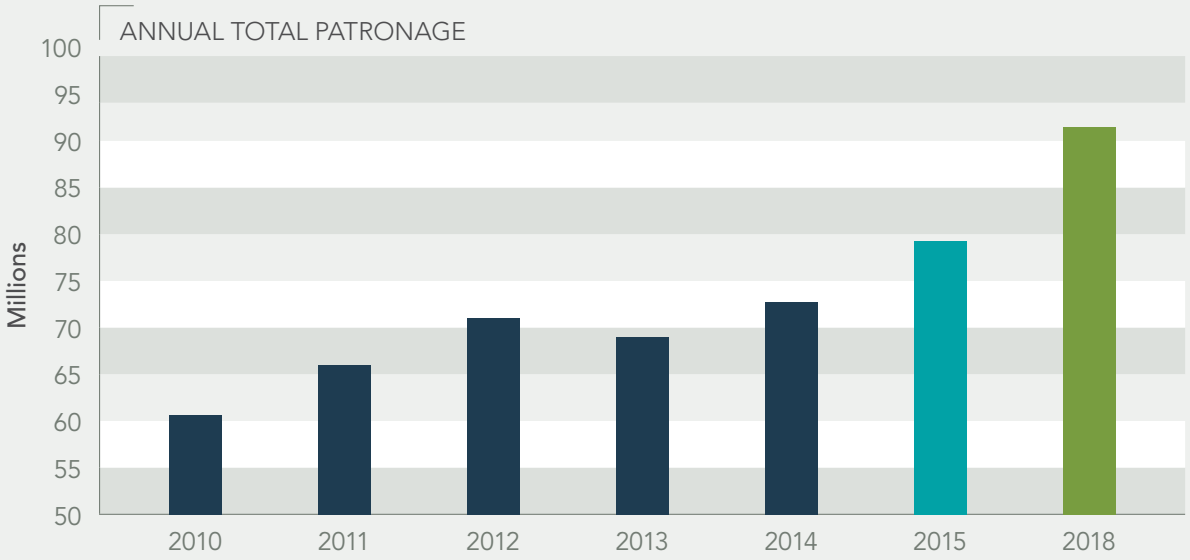
Target exceeded

2015 Target:	12,100
2014 Actual:	11,435
2013 Actual:	10,039

Auckland Transport's patronage growth framework uses AT HOP data, along with research, promotional activity success measures and customer satisfaction feedback to develop new campaigns, branding, signage and infrastructure focused on meeting customer demand. (See also 1.03). A range of campaigns and initiatives is also driving new customers to bus, rail and ferry services. These include:

- The award-winning Travel Myths - in the six months following the campaign passenger trips in the central corridor rose by 49,000
- School Good to Go and Best Fares encouraged school students to ensure they had concession fares loaded onto their cards
- Tertiary concessions
- Get on Board with Jerome (South Auckland, where high profile rugby player Jerome Kaino has a strong fan base)
- Join the Movement (East Auckland).

Rugby hero Jerome Kaino fronts the Get On Board campaign



A detailed analysis of public transport statistics is published monthly at **at.govt.nz/about-us/our-role-organisation/meetings-minutes**

NEXT STEPS

Targets for 2016-18 have been increased, showing an overall patronage growth in 2016 of 6.4 per cent, and 93 million trips anticipated by 2018.

FOCUS 1 02

Prioritise rapid, high frequency public transport

ELECTRIC TRAIN NETWORK COMPLETED

Fifty-four of Auckland's 57 electric trains had arrived in Auckland by the end of June. The Eastern Line saw full electric services and timetable improvements in December 2014, and the Southern and Western Lines began operating electric trains from January and May 2015. The three-car trains have seating capacity for 232 passengers, and can be doubled to six-car, providing much-needed extra capacity during peak times and for special event services.

The diesel rolling stock has been taken out of service, apart from a small number of units that will operate from Papakura to Pukekohe. Electric trains are reducing rail network emissions by 70 per cent and recovering 20 per cent of the energy used in braking.

Electric trains commenced running on the Southern Line in January

STRATEGIC THEME

Prioritise rapid, high-frequency public transport

OTHER RAPID TRANSIT IMPROVEMENTS

The entire public transport network has been redesigned as part of the New Network from the ground up to remove duplication and complexity. Local and feeder services will connect into frequent network services every 15 minutes 7am - 7pm. Consultation with transport operators and communities on all aspects of the transformation has been carried out by network area since 2013 and is nearing completion. The redesign necessitated new contracts with transport operators. The Public Transport Operating Model (PTOM) was approved this year by the Transport Agency and the first eight bus contracts were tendered in south Auckland in June.

New bus-rail interchanges:

Otahuhu The $25m interchange featuring two new covered bus platforms, Wi-Fi, bike parking and CCTV cameras is scheduled for completion in mid-2016

Manukau A $21m two-storey bus interchange next to the rail station has been designed and will be constructed in 2016

Pukekohe A new bus-rail interchange at the Southern Line terminus will have an 80-space park-and-ride, and pedestrian overbridge to the rail station. The interchange will be completed in June 2016

Silverdale and Te Atatu Will be the other key regional interchanges.

Other improvements:

- Parnell Station earthworks underway to allow installation of two platforms
- Fifteen new double decker buses (90 seats) introduced on Botany-Downtown route and more are on order for the Northern Express
- Ferry facility upgrades completed this year were the $24m Devonport Marine Wharf, Downtown Pier 2 waiting facility and Stanley Bay facility.

NEXT STEPS

Tenders for contracts to operate the rest of Auckland's bus networks, and rail and ferry networks, are being progressively released this year and the New Network will be introduced by network area from late 2015 through to 2017. Zone-based fares are expected to be in place by April 2016.

To provide customers with a whole-of-journey experience we will gradually replace all 6,000 bus shelters with a new design that enhances safety, weather protection, wayfinding and real-time information. The shelters have solar powered lighting and will cost less than the current design. New signage will be progressively introduced from mid 2016 onwards.

KEY ACTIONS TO REDUCE SUBSIDIES

Public transport in Auckland is subsidised through the Transport Agency contributions and Auckland Council rates. We are required to recover an increasing proportion of total operating costs from customers through fares. Fares currently contribute 47 per cent and the Transport Agency has set a national target of 50 per cent by 2018.

There are three key actions to reduce subsidies:

Bus lanes increase fare revenue and reduce subsidies. The biggest cost in bus operations is wages, so by running more services faster, bus operating costs decrease. Fifteen kilometres of bus lanes were added to key bus routes by June 2015

Reform of bus contracts. The Public Transport Operating Model (PTOM) will see bus contracts tendered by units of routes, so bidders have to run all the services designated in that unit – not just the most profitable

Fare evasion. Every one per cent of fare evasion on the rail network is equivalent to about $300,000 in lost revenue. AT met this year with management of high-risk schools and instigated 'positive blockades' on site at 16 stations, supported by school management and the NZ Police.

NEXT STEPS

New Lynn rail station is being gated, and other stations such as Otahuhu are being investigated. An additional 45km of bus lanes, including the airport route, has been funded over the next three years through the interim transport levy.

Public transport subsidy per passenger kilometre (CPI adjusted to June 2012)

$0.27

Target exceeded

2015 Target:	$0.29
2014 Actual:	$0.28
2013 Actual:	$0.27

FOCUS 1 03

Transform and elevate customer focus and experience

Customer satisfaction survey results show increases year on year for bus and rail, and a small dip with still very strong results for ferry.

A critical element in growing public transport patronage and satisfaction with transport services in general is the concept of One System, which enables all transport users to make smarter choices about how and when they travel. AT is delivering a range of projects and services that gives customers the experience of travelling on integrated networks with consistent services and real-time information. See table overleaf for highlights.

NEXT STEPS

A National Integrated Transport Incident Management System is being planned jointly by AT and the Transport Agency. The system will provide integrated incident and event management and planning for all modes of transport. It was launched in Auckland in June 2015 as a pilot.

Percentage of public transport passengers satisfied with their public transport service

84%

Target exceeded

2015 Target:	83%
2014 Actual:	81.4%
2013 Actual:	84.8%

An improved survey method was initiated in 2014 for all customer satisfaction surveys, using an 11-point scale rather than the previous 5-point scale. This method is more in line with the Transport Agency and Auckland Council requirements as well as creating consistency on jointly funded projects. Positive scores calculated from the 11-point scale no longer include neutral responses so, while the targets are unchanged, results pre and post 2014 cannot be directly compared.

The Harbourmaster Team joined AT this year

ONE SYSTEM INITIATIVES

Activity	Action
Managing international sporting events in 2015	The Auckland Transport Operations Centre (ATOC) managed two international, multi-city world cups: Cricket and FIFA U-20. Traffic management for the cricket was an unqualified success and glowing reviews for bus travel were reported by NZ Herald journalists who joined the crowd travelling to North Harbour Stadium for a FIFA match
AT Metro	In December 2014, AT began instigating a single brand network for all public transport services. AT Metro is designed to build customer confidence in the improving networks. Easy to recognise, the colour-coded branding is being introduced over the next three years. We began this year with LINK services and the Northern Express and Busway
AT Metro Track My Bus	A new Track My Bus mobile app, publicly released in February 2015, lets customers track the progress of their bus in real-time and save favourite bus routes and stops. Bus trip time data is also now displayed on the Northern Busway beside car travel times to encourage the switch to public transport
Real-time information on road networks	Customers can now access real-time congestion information on AT's website for 30 arterial routes. Historical data is available on an additional 80 routes across Auckland, including motorways. Incident management signs at key locations now provide real-time travel information on a number of routes, with travel times for alternative routes when incidents occur
Harbourmaster team integrates with AT	Moving the Harbourmaster team from Civil Defence into AT from April this year was another step in the One System approach, integrating marine traffic entering Auckland with land-based transport for improved incident/emergency response times, communication through a single point of contact (ATOC) and leveraging of technology solutions. The Harbourmaster's key areas are: marine safety, mooring management and marine oil spill response. Key partners are the Police Maritime Unit, Maritime NZ and the Ports of Auckland
Total Mobility	AT and the Transport Agency worked together on a national Total Mobility project to distribute mobility cards and reimburse disability card holders for mobility travel.

FOCUS 1 04

Optimise the road network

Percentage of road corridor productivity maintained or improving on key arterial routes (see measure at right):

- Airport to city centre via Manukau Road
- St Lukes to St Johns via Balmoral/Greenlane/Remuera roads
- Albany to Birkenhead via Glenfield Road
- Henderson to city centre via Great North Road
- SH1 to Ti Rakau Drive via Te Irirangi Drive (new)
- SH20 to Portage Road via Tiverton/Wolverton roads (new).

Arterial road network productivity

53%

Target met

2015 Target: 53% of the ideal achieved
2014 Actual: 68%
2013 Actual: 55.4%

Note: Productivity is measured by number of vehicles and average speed, to give the percentage of the ideal flow of traffic. The number of routes for this measure has been extended in 2015 in order to provide for a wider coverage of the arterial road network.

OPTIMISING TRAFFIC FLOWS

Our vision is for the city's traffic signal system to have the sensitivity and specificity to keep traffic flowing at all travel times, which reduces congestion and emissions. A four-year programme to optimise traffic flow for all modes of transport on Auckland's arterial roads has been completed and is estimated to have a benefit cost ratio of 11.0 for the $6.5m of new infrastructure undertaken.

Corridor productivity is measured monthly, reflecting levels of congestion and the volume of people moving on the network. Monitoring has shown an under-performance in corridor productivity as a result of key arterial road works such as the Albany Highway upgrade and Ultra-fast Broadband (UFB) network rollout, resulting in road works on key corridors. Despite this, annual corridor productivity has met the annual target.

NEXT STEPS

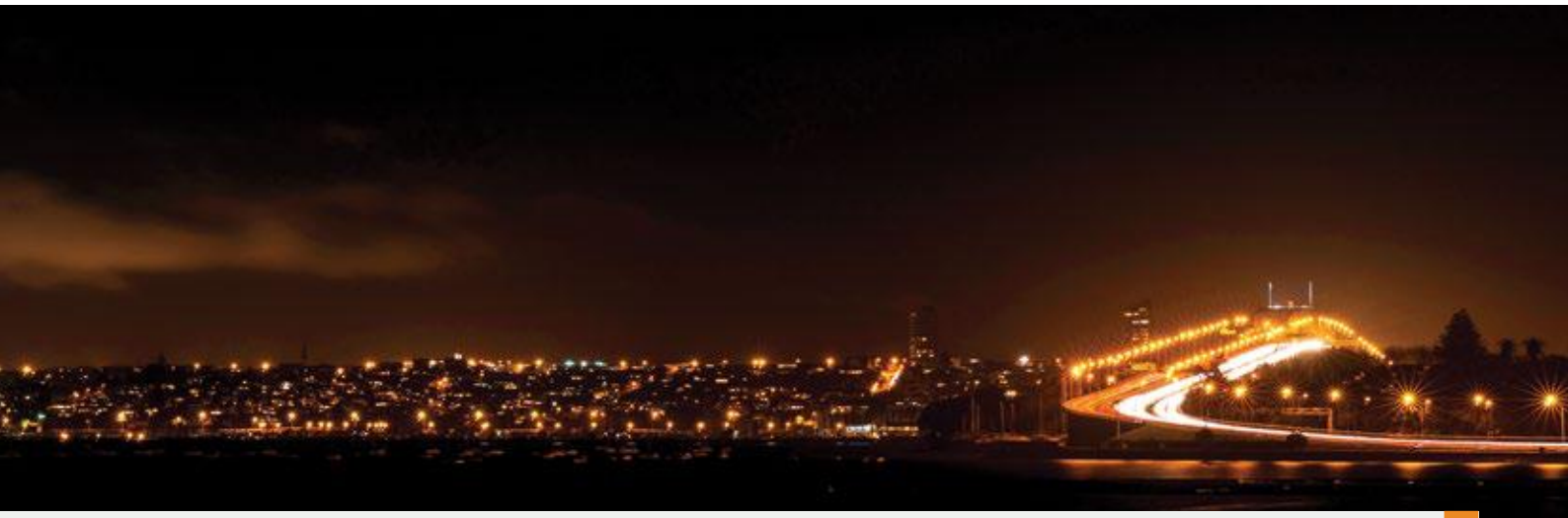
We will undertake routine optimisation of the arterial network over four-year cycles to retain productivity. The scope of route optimisation will be broadened into the Network Optimisation Plan, which considers the wider multi-modal network and integrates with a Metro-Efficiency Projects programme being jointly developed with the Transport Agency for state highways. In 2016 a particular focus will be on 10 metropolitan centres.

UPGRADING MAJOR ARTERIAL ROUTES

Arterials typically carry over 30,000 vehicles daily. Most are two-lane and were originally constructed with cars in mind. The objective of upgrading strategic and other key arterials is not only to ease congested access to Auckland's motorways and other destinations, but also to allocate scarce road space among the often competing needs of buses, commercial traffic, cars, pedestrians and cyclists.

PROGRESS THIS YEAR ON ARTERIAL ROUTES

Project area	Progress in 2015	Next steps	The big picture
Albany Highway – Bush Road to Dairy Flat (North)	Construction began November 2014 and the first section of widening (Bush Road to Appleby Road northbound) was completed in July 2015	Scheduled to be completed December 2016 Work includes road widening, transit lanes, signalised intersections to replace roundabouts, a new four-lane bridge over Oteha Stream, new medians, and upgraded utilities	AT's biggest roading project on the North Shore since the Northern Busway Provides new facilities for sustainable transport modes such as Transit lanes, cycle lanes, footpaths
Albany Highway (South)	Scheme assessment phase completed and a preferred option identified Public consultation completed. Subsequent traffic modelling checks demonstrate the proposed upgrade not required until 2020	Formal public notification of project delivery timeline	Provides infrastructure for increased public transport, walking and cycling, and improves safety and intersection legibility. Addresses geotechnical instability issue at Upper Harbour Drive intersection
Flat Bush School Rd – Murphy's Rd	The intersection was upgraded and signalised. Completed December 2014		Resolves both safety and growth issues
Mill Road Corridor upgrade (East)	Final route confirmed Northern section from Redoubt Road to Mill Road publicly notified in April. Public information sessions held and submissions invited Cultural values assessment completed with seven mana whenua groups and hui at Papakura Marae to discuss route options	Public hearing late 2015 by independent commissioners on AT's application Property purchases to continue	Auckland Plan priority to address rapid change in land use and population growth from housing developments



Improving traffic flow across the region is a critical element in easing congestion

Project area	Progress in 2015	Next steps	The big picture
Onewa Road T3 lane	T3 lane constructed westbound, for PM peak traffic. Existing footpath also upgraded to shared pedestrian and cycle path. Completed June 2015		Reduces congestion during evening peak for high occupancy vehicles and improves cycle safety
Penlink Whangaparaoa	Notice of Requirement to alter the existing Penlink designation and a suite of consent applications has been notified. Forty-eight submissions were received	Submissions assessed ahead of a hearing in late 2015 to consider the alteration and extended designation period	No construction budget has been included prior to 2025 and improvements to Whangaparaoa Road (north of Red Beach Road) are envisaged over the medium term
Te Atatu Corridor (North-west)	Shops demolished at intersection of Edmonton and Flanshaw roads for road widening Works contract signed June 2015 for road widening, roundabout replacement, cycle lanes, bus advance lanes and footpaths	Work underway in stages along Te Atatu, Edmonton and Vera roads, starting July 2015 1.4km corridor scheduled to be completed mid 2017	Key link in cycle network Improves efficiency of traffic through Te Atatu Road Key feeder for Western Ring Route and Auckland's freight network

FOCUS 1 05

Deliver the road maintenance programme

Percentage of residents satisfied with the quality of roads in the Auckland region

69%

Target substantially achieved

2015 Target:	70%
2014 Actual:	71%
2013 Actual:	80%

Road maintenance standards (ride quality) as measured by smooth travel exposure (STE) for all urban and rural roads

Urban roads

85%

Target exceeded

2015 target:
Not less than 82%

Rural roads

95%

Target exceeded

2015 target:
Not less than 92%

Percentage of residents satisfied with the quality of footpaths in the Auckland region

65%

Target met

2015 Target:	65%
2014 Actual:	63%
2013 Actual:	79%

The annual AT customer satisfaction survey shows satisfaction with the quality of roads in the Auckland region was substantially achieved and we met our target for footpath satisfaction.

The local road network (excluding state highways) carries in excess of eight billion vehicle kilometres per annum and has a depreciated replacement value of $14b. All maintenance and renewal work is delivered through 10 area-based road maintenance contracts and nine street light maintenance contracts.

The total direct spend on road maintenance this year was about $85m, with a further $189m spent on renewal works.

RESEALING ROADS

This year we resurfaced 420km of sealed roads comprising 82km of asphaltic concrete and 338km of chip sealing.

PAVEMENT REHABILITATION ON MAJOR ARTERIALS

Pavement rehabilitation projects on 41km of sealed roads were completed, including many high-volume arterial roads such as Orakei, Onewa, Mokoia, Tauhinu, Beach, Great North, Great South, Te Atatu, Pomaria, Massey and Whitford-Maraetai roads, and Te Irirangi, Ti Rakau and Cavendish drives.

A Fanshawe Street project provided bus priority and pedestrian improvements at the Nelson Street intersection.

OREWA BRIDGE REPAIR

Construction of a new Orewa Bridge Cycleway was completed in December and involved four months of works to treat corrosion of the reinforcement in the Orewa Bridge, costing $360,000.

Note: An improved survey method was initiated in 2014 for all customer satisfaction surveys, using an 11-point scale rather than the previous 5-point scale. This method is more in line with the Transport Agency and Auckland Council requirements as well as creating consistency on jointly funded projects. Results calculated from the 11-point scale no longer include neutral responses. Targets and results before and after 2014 cannot be directly compared.

REPAIRING STORM DAMAGE IN RURAL AREAS

Last winter's storm damage created major slips around the region and provided opportunities to make sustainability innovations.

Great Barrier Island experienced a one-in-40-year storm in June 2014, which resulted in severe damage to the island's road network. Access to the settlement of Port Fitzroy was cut off for four days. Over the past 12 months, AT contractors and staff have completed the permanent repairs, which have included preventative maintenance works on slips above the road, dropout repairs, retaining wall construction and culvert replacements.

The main feature of a repair on Huia Road was installing a 2.5 metre geosynthetic reinforced soil (GRS) wall to underpin and stabilise the road shoulder. Environmentally sustainable GRS walls take less time to construct at potentially half the cost of conventional walls and perform better in earthquakes.

NEXT STEPS

Our resurfacing requirements will increase up to 500km per year in the near future as the average surface age on the network increases.

FOCUS 1: THE BIG PICTURE

WHERE WE WANT TO BE BY 2018

Auckland will have a new streamlined network of buses operating on a connected network region-wide, enabled by key transport interchanges and new operator contracts. More ferry services will be operating and electric trains with greater capacity are expected to see rail patronage exceed 20 million passenger trips in 2018, ahead of the government's 2020 patronage target for CRL construction. Plans for light rail in central areas with no rail services will be developed.

All this strategic work supports the Auckland Plan's aspirational target of 140 million trips being taken on public transport by 2022.

The Waterview Connection of the Western Ring Route will be completed in 2017, as will the Te Atatu Corridor and Albany Highway North key regional arterial upgrades. Arterial road productivity is expected to be maintained, despite increased freight volumes and population growth.

FOCUS 2

Invest in high growth areas

Overall performance score for Focus 2

100%

The 2013 Census showed Auckland's population had increased by nearly 110,600 since 2006. By 2041, 75 per cent of all New Zealand's population growth is predicted to be in Auckland. This focus demonstrates that investment in new transport infrastructure is aligned with Auckland's expansion, optimising investments already made and integrating with the Auckland Plan's land use priorities and targets and the Special Housing Areas being introduced to fast track development.

A key outcome for this focus is travel times along strategic freight routes during the inter-peak period (9am-4pm), with 85 per cent of trips travelled within the following times.

CHALLENGES

- Funding multi-modal transport connections to Special Housing Areas
- Managing disruption to the city centre in retrofitting underground rail stations for the City Rail Link, and confirming start date for central government funding.

Easing congestion on freight routes will help improve travel times across the region

TRAVEL TIMES

Along strategic freight routes during the inter-peak (9am-4pm) for 85th percentile (i.e. 85 per cent of trips on the route are made within the travel time indicated)

Harris Rd (from SH1 Highbrook interchange to East Tamaki)

11

Target met

2015 Target:	11
2014 Actual:	10.4
2013 Actual:	10.3

Harris Road (from East Tamaki to SH1 Highbrook interchange)

10

Target met

2015 Target:	10
2014 Actual:	9.7
2013 Actual:	9.7

Great South Road (SH1 Ellerslie Panmure Highway Interchange to Portage Rd)*

11

Target met

2015 Target:	11

Kaka Street/James Fletcher Drive/Favona Road/ Walmsley Road (Walmsley to SH20)*

7

Target exceeded

2015 Target:	13

Kaka Street/James Fletcher Drive/Favona Road/ Walmsley Road (SH20 to Walmsley)*

8

Target exceeded

2015 Target:	13

Great South Road (Portage Road to SH1 Ellerslie Panmure Hway Interchange)*

11

Target met

2015 Target:	11

Wairau Road (from SH18 to SH1)

8

Target met

2015 Target:	8
2014 Actual:	8
2013 Actual:	8.8

Wairau Road (from SH1 to SH18)

8

Target met

2015 Target:	8
2014 Actual:	8
2013 Actual:	8.7

Note: * New routes added since the previous SOI in order to provide a wider picture of the performance of the arterial and strategic freight networks. Nielson St has been removed from the list of monitored strategic freight routes due to construction works on or around the route. Following completion of works, AT will assess the viability of reintroducing the route to the monitored list.

SEART (from East Tamaki to Sylvia Park)

10

Target exceeded

2015 Target:	12
2014 Actual:	10
2013 Actual:	10.5

SEART (from Sylvia Park to East Tamaki)

11

Target met

2015 Target:	11
2014 Actual:	11.5
2013 Actual:	11

FOCUS 2 01

Integrating city centre and harbour edge transformation

STRATEGIC THEME

Develop creative, adaptive, innovative, implementation

The City Centre remains the largest employment hub in Auckland and is entering a phase of profound change. It will experience extensive disruption over the rest of this decade as major transport and commercial development projects gear up.

Auckland Transport is partnering with the Auckland Council group of CCOs to align projects and agree on frameworks for development.

PROGRESS WITH THE CITY RAIL LINK

The $2.5b City Rail Link (CRL) will allow rail to move more than 30,000 people an hour through the city. The project represents just six per cent of the total forecast 30-year spend on transport.

Ecology is the overarching principle for design of the entire project, which will dig deep into the city centre's heart. The CRL has adopted the Infrastructure Sustainability Council of Australia's framework to measure the project's sustainability. Its six broad themes set performance criteria across social and environmental aspects of sustainability, ensuring sustainability is embedded within the management and governance of the project. From innovation and the efficient use of resources to the impact on community values, the framework is ensuring a holistic approach to AT's biggest-ever project.

Examples include:

- Undertaking a climate change risk assessment
- Ensuring suppliers have good environmental practices
- Using ecology principles to create healthy, diverse and restorative environments
- Urban design for identity and personality, e.g. considering how the design for Karangahape Road station will reflect the rich social and architectural history of Auckland's most colourful street.

Mana whenua involvement is integral to the success of the CRL on sustainability criteria, by ensuring cultural values are embedded within performance criteria.

In February an agreement between Auckland Council and Precinct Properties was reached to enable the first phase of construction in the Downtown area. A further milestone occurred in April with the early works design contract being awarded to two construction consortia. A Downer-led joint venture will work through and under Britomart Station and Queen Street to the Downtown Shopping Centre site, from mid 2016. The Connectus Consortium will construct the cut and cover tunnels under and along Albert Street, starting in November 2015 with the relocation of a major stormwater line from Wellesley to Swanson Street.

This year also:

- Regional consents for the first section of tunnel were notified and closed with a hearing planned for July
- About 60 of the 70 surface properties needed have been purchased, a spend of $85m to secure the CRL route
- The CRL's integrated design team made significant progress, benchmarking best practice from new underground rail internationally yet creating a distinctively New Zealand look and feel
- A community liaison group was established for the early works and a design showcase held in the city and 13 suburbs in April-June to explain the project.

Auckland Transport purchases properties to enable the construction of transport infrastructure to enhance the city's transport system. To optimise the use of capital, we work with Auckland Council Properties Limited (ACPL) to redeploy for alternative use or sell any property assets that no longer have a transport purpose. In the year to June 2015, 29 properties were transferred to Auckland Council, to contribute to the council's funding.

NEXT STEPS

Owners of subterranean properties will be contacted later this year, to begin negotiation on purchase. A contract to construct the first stage of the CRL will be negotiated and a tender for the main works is expected to be released late 2016 for a 2018 start date.

AT is working closely with City Centre Integration, Waterfront Auckland and other groups to upgrade the city centre

CITY CENTRE INTEGRATION

City Centre Integration is a cross-council group developing several significant strategic frameworks. These frameworks will guide future development and decision-making in areas such as Downtown, Aotea Quarter, Quay Park and the Learning Quarter.

Aside from the CRL, AT's capital investment programme over the next 10 years in the city centre focuses on:

- Three new bus interchanges and new urban busways, along with other bus corridors, in alignment with the New Network
- Reconfiguring major city centre roads to improve public space and offer modes of choice.

This year the Downtown Framework was completed in late 2014 to collate and map out initiatives and issues in the downtown area, as context for future development.

Local boards and the City Centre Advisory Board (CCAB) are providing input to the Aotea Framework and Central Wharves strategy through a series of workshops and meetings. The Central Wharves initial recommendations were tabled at the end of 2014, following the findings of the Downtown Framework.

Planning started for the Fanshawe Street Busway, Wynyard Interchange and the Downtown Interchange. A series of meetings was held with the University of Auckland and AUT to progress issues and options for the Learning Quarter Interchange and east-west bus corridor.

WYNYARD QUARTER

Wynyard Quarter on Auckland's waterfront is undergoing one of the largest urban regenerations in New Zealand, evolving from a former industrial area to a space where people can live, visit, be entertained and do business. Up to 26,000 people will live and work there in coming years, and the aim is to have 70 per cent of all travel into and around the Quarter being made by public transport, walking, cycling, or as a passenger in a vehicle.

Auckland Transport's role includes establishing effective choices to connect between Wynyard Quarter, Victoria Park and the city centre. Many of the Quarter's streets are being transformed into pedestrian and cyclist-friendly environments.

Major upgrades of Halsey Street and Gaunt Street started in May 2015. A Wynyard Quarter interim cycle route is also being developed as street upgrades will take place over several years.

NEXT STEPS

A signage system for the region will be trialled in Wynyard Quarter in 2015/16. Street and utility upgrades in the southern section 2015-17; drainage, footpaths and carriageways on Halsey and Daldy streets, mid 2015-mid 2016.

FOCUS 2 02

Connect East Auckland with rapid transit and address freight needs

East Auckland's industrial hub in the Onehunga, Mt Wellington, Otahuhu, Penrose, Mangere and East Tamaki area has 130,000 employees. After the city centre, it is Auckland's biggest employment area, generating 16 per cent of Auckland's GDP. Southdown Freight Terminal is a key rail/road interchange and Church Street copes with 6,000 heavy vehicle movements a day.

AMETI and the East West Connections are packages of major projects across all modes of transport. They contribute significantly to key Auckland Plan targets for increasing access to rapid transit stops and stations, and maintaining travel times for strategic freight routes in the area.

AUCKLAND-MANUKAU EASTERN TRANSPORT INITIATIVE (AMETI)

The last major milestone in Stage 1 of the $1.16b project was achieved when Te Horeta Road (named by mana whenua and previously known as North-South Road) was opened in November 2014. The new 1.5km road linking Morrin Road to Mt Wellington Highway goes through a 220m tunnel, has new cycle lanes and a shared path alongside, and is reducing traffic on Ellerslie Panmure Highway by a third.

Mana whenua and AT are jointly investigating kōiwi (human remains) and taonga internment from this stage of the works.

NEXT STEPS

Work is already well advanced on the design, consenting and property purchase activities involved in Stage 2a, including a cultural values assessment of Mokoia Pa. Stage 2a will see a busway and cycle facilities between Panmure and Pakuranga, a second Panmure Bridge and Panmure roundabout replaced with a signalised intersection. Also being assessed are route options through Pakuranga's plaza area for what will be New Zealand's first urban busway and the timing of Reeves Road flyover. The Panmure to Pakuranga busway is due to start construction in 2017 and will be extended on to Botany in later stages.

PLANNING FOR EAST-WEST CONNECTIONS

Auckland Transport and the Transport Agency have identified preferred approaches for the East West Connections package of roading and bus priority projects that will connect into the industrial area to accommodate freight growth. Community engagement was carried out in June to assist with further investigations.

The recommended approach for Onehunga-Penrose is a staged roading connection between SH1 and SH20, complemented by local network improvements, as the most appropriate long-term response to address the problems currently experienced in this area. Bus priority and transit lanes are proposed to speed up public transport between Mangere, Otahuhu and Sylvia Park. Sheltered bus stops along the route and new facilities to improve cycle safety are also proposed.

NEXT STEPS

Beyond the detailed business case, the next step is to progress planning and consenting for the preferred approach. This is expected to take at least 18-36 months before any physical works can take place.

SOUTH-WEST MULTI-MODAL AIRPORT RAPID TRANSIT (SMART)

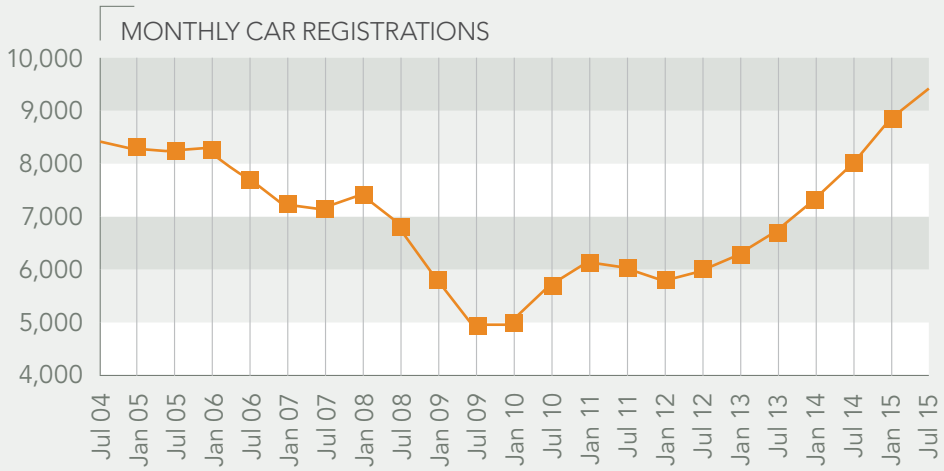
The project was commissioned to identify the appropriate multi-modal transport connections to and from the airport and has three phases:

- **Phase 1:** Option identification
- **Phase 2**: Scheme assessment
- **Phase 3:** Preparation of the Notice of Requirement, easement documentation and implementation plan.

Phase 1 has been completed and Phase 2 has reached identification of a technically preferred alignment for a commuter rail corridor.

NEXT STEPS

The potential introduction of a light rail network on the isthmus has changed the strategic transport environment. AT has commissioned work to compare a possible extension of a light rail line on Dominion Road to the airport with a commuter rail option, before phase 2 can be completed. Funding has been allocated to the Kirkbride Interchange upgrade to widen the trench to accommodate both passenger rail and freight in the future.



Car registrations are on the increase, which means more vehicles on the road. AT continues to work on initiatives like SMART to help address congestion

FOCUS 2 03

Partnering to deliver infrastructure in Hobsonville

Special Housing Areas (SHAs) were introduced through the Auckland Housing Accord to increase the supply of affordable housing in Auckland. AT provides reports that attach to the council's planning reports for SHAs and we undertake due diligence – along with KiwiRail and the Transport Agency – on all sites put forward in blocks called 'tranches'.

Hobsonville's SHAs are all in tranches 1-4, known collectively as the North West Transformation. The North West Transformation is the largest urbanisation project in Auckland in decades. The project is a collaboration between Auckland Council, AT, New Zealand Retail Property Group and the Hobsonville Land Company (a subsidiary of Housing New Zealand).

Hobsonville Point covers 167 hectares at the former Hobsonville RNZAF airbase and will contain 3,000 residential homes and a marine business hub. Our role is a new ferry terminal (commissioned February 2013) and a park-and-ride to support ferry services (due for completion late 2016).

Hobsonville covers an 80 hectare mixed-use development and a new town centre which is estimated to create 4,000 jobs. Our role is to widen Hobsonville Road and provide cycling facilities. The upgrade is due to start in 2017.

Auckland Transport's role includes roads and public transport infrastructure, with a budget of $110m between 2012 and 2022. The project will be delivered in stages and has three main areas.

Westgate town centre covers 155 hectares. Our role is:

- A new bus interchange, to be brought into service when the new western bus service timetable is introduced around October 2016
- A new road known as Northside Drive, which will connect Fred Taylor Drive with SH18 at Trig Rd
- Widening Fred Taylor Drive between SH18 and Don Buck Rd. The project commenced in January 2015 and is due for completion mid 2016.

Road widening on Fred Taylor Drive in the Westgate development

The next phase of AMETI will continue to improve travel times for commuters

FOCUS 2: THE BIG PICTURE

WHERE WE WANT TO BE BY 2022

By 2022 the City Centre will be transformed by several major developments, including the City Rail Link.

Auckland Transport will have completed the $110m project to create ferry services and a bus transport interchange, along with road widening projects that embrace cycleways and shared spaces. The route for a North-Western Busway will be protected.

AMETI's dedicated busway from Panmure to Pakuranga will be providing faster, more reliable travel times for commuters while a new roading connection between SH1 and SH20, complemented by local network improvements, is having similar benefits for freight movements. Smart travel information, improved engine technologies and a move towards establishing comprehensive freight consolidation centres will also support the Auckland Plan goal of reducing freight network congestion to 2006-09 levels.

FOCUS 3

Address congestion by changing travel habits

Auckland's narrow isthmus makes for constrained transport corridors. Funding for infrastructure projects is also constrained. The city cannot build its way out of the pressures on the road networks, so the aim of this focus is to manage demand by spreading the load more equitably across a transport system that increasingly offers customers choice in how they travel.

Managing demand makes the best use of what we already have. It is a cost-effective method of reducing congestion, improving journey time reliability, increasing customer satisfaction with the travelling experience and reducing the cost of transport on health and the environment. It also supports economic growth.

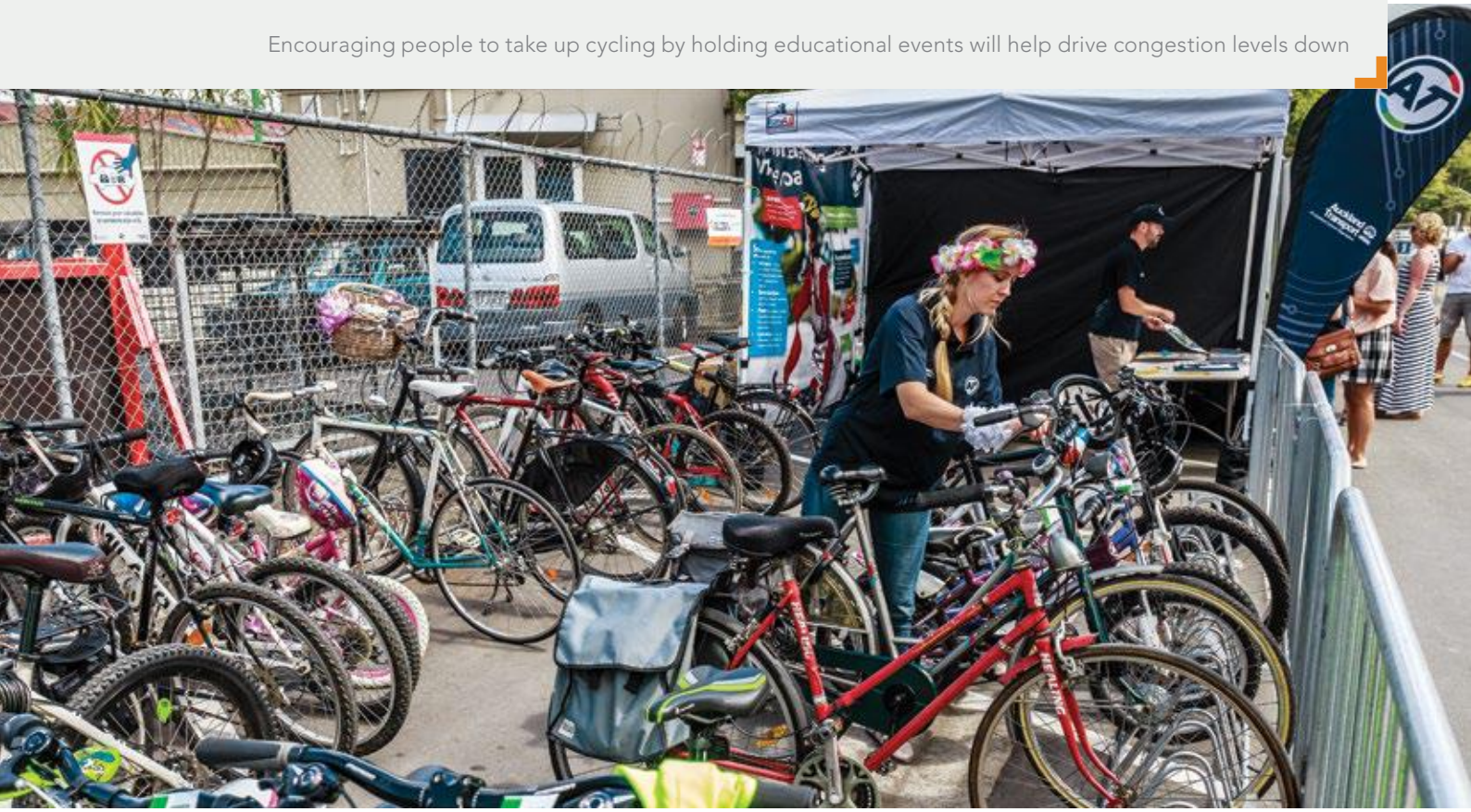
Overall performance score for Focus 3

97%

CHALLENGES

- Meeting the Auckland Plan target of providing 70 per cent of the Auckland Cycle Network (ACN) by 2020 and completion by 2042 (the ACN will be 55 per cent complete by 2025 and at this rate is 12 years behind target for completion)
- Communicating the dedicated cycle programme effectively to stakeholders and the public.

Encouraging people to take up cycling by holding educational events will help drive congestion levels down



FOCUS 3 01

Travel planning programmes exceed targets

Number of morning peak (7am-9am) car trips avoided through travel planning initiatives

22,729*

Target exceeded

2015 Target:	16,700
2014 Actual:	16,587
2013 Actual:	14,781

* The 2015 result is a moderated figure based on the increasing average over the last four years 2012 to 2015. A revised target will be in place for the 2016 year to address the methodological effects of the growing programme size.

A NEW APPROACH TO TRAVELWISE

The greatest pressure on Auckland's roads is in the morning peak, when commuter, school and tertiary timetables collide. This year's programmes have again produced a result that significantly exceeds the target.

This year saw development of a new approach to Travelwise, focused on working in a more concentrated way at a community level with two objectives: to reduce death and serious injuries (see Focus 4) along with increasing walking and cycling and the uptake of public transport. Travelwise workshops were attended by 536 students and 77 teachers.

There are 369 active Walking School Buses throughout the region. Two Walking School Bus (WSB) videos were launched to Travelwise schools to encourage schools to establish a WSB route and to increase student participation from existing schools.

NEXT STEPS

A new approach for the 2015-2018 programme will focus on establishing interventions in school communities where the crash risk is high, and the potential for creating change is great. We will offer a coordinated approach to these Safer Communities, combining engineering, education, road safety programmes, public transport and promotional activities, to encourage road safety and active transport gains at a wider community level as well as the school.

COMMUTE GETS SINGLE-OCCUPANT VEHICLES OFF THE ROAD

The Commute programme has taken a further 5,455 cars off the road daily in the morning peak this year. A key focus has been the 'give it a go' scheme. Public transport information and 1,200 AT HOP cards were distributed through 29 businesses, including Waitemata District Health Board, Smales Farm, ASB and AUT staff and four personalised journey planning (PJP) projects, with a result that 46 per cent of participants that trialled public transport are continuing to use their cards.

The Titirangi and Green Bay PJPs supported a redesign of public transport services introduced in the west. Of the 69 commuters who completed the programme:

- 91 per cent used public transport city-bound during the five-week trial
- 94 per cent were satisfied or very satisfied with customer service.

The strong results from the previous Birkenhead PJP was presented at this year's IPENZ Conference and won best technical paper.

A 41 per cent increase in carpooling sees the modal share of commuting increase from 14 per cent to 20 per cent of those surveyed in the Let's Carpool biannual survey. Over half the database is from Auckland, with participants engaging in the programme through Commute for businesses and tertiary students.

FOCUS 3 02

Connect Auckland's cycleways

Investing in cycling is an integral part of Auckland's transport strategy. Cycling has grown 23.8 per cent since 2010, but further growth is constrained by a lack of dedicated cycleways, safety programmes, public transport and promotional activities, encouraging road safety and active transport gains at a wider community level.

Construction of the Auckland Cycle Network has fallen well behind Auckland Plan targets, but in September 2014 the government announced a new national Urban Cycle Fund (UCF). Auckland Transport and partner the Transport Agency made a joint bid to the fund for $27m. This required realignment of current projects to fit within the UCF criteria of delivering cycle routes within and leading to the city centre. The new programme will be consulted on with stakeholders and with the public in July 2015.

The UCF bid was successful, with $24.75m being awarded in June 2015. AT has also doubled its dedicated cycle programme budget to $111m for 2015-18 to leverage the UCF funding.

AUCKLAND'S URBAN CYCLEWAY PROJECTS

UCF packages	▪ The city centre ▪ Eastern connections to the city centre ▪ Western connections to the city centre ▪ Connections to Auckland's busiest public transport hubs
What they deliver	52km of new cycle routes and associated cycle facilities, and a further $8m for training and marketing
Result	Number of cycle journeys taken annually will almost triple, to 2.5 million, from 915,000 in 2014

BEACH ROAD CYCLEWAY A LEADING EXAMPLE

The new Beach Road cycleway was completed in June 2015 and is the first of its kind in New Zealand. Built into a busy, inner city arterial road, the separated cycleway emphasises quality and safety. It is already a showcase for international and national visitors.

The $3.5m project was a collaboration between AT and the Transport Agency. The 1.5km route is a mix of separated cycleway and sections of shared path around intersections. By linking with the Grafton Gully and North-western cycleways, Beach Road creates a continuous, safe and convenient route for people to access the city centre by bike. The Grafton and Beach Road sections are already 50 per cent ahead of their projected volumes of cyclists.

Cycling trips in designated areas of Auckland (Morning peak)

148,063*

Target exceeded

2015 Target: 142,200
2014 Actual: 141,897
2013 Actual: New measure

Cycling trips in designated areas of Auckland (All day)

906,518*

Target not achieved

2015 Target: 958,000
2014 Actual: 915,458
2013 Actual: New measure

* The nine sites currently used for reporting are located at: Upper Harbour Drive; Great South Road; Highbrook Drive; Lake Road; North-Western Cycleway (Kingsland), North-western Cycleway (Te Atatu); Orewa Cycleway, Tamaki Drive (eastbound); and Twin Streams path.

STRATEGIC THEME

Transform and elevate customer focus and experience

Auckland's first on-road separated cycleway at Beach Rd linking to the Grafton Gully and North Western cycleways

PROGRESS THIS YEAR ON CYCLE ROUTES

Project and area	Progress in 2015	Next steps	The big picture
Nelson Street Downtown Cycleway (City centre)	Consultation closed February 2015 and construction began in April	To be completed mid 2016	Separated two-way cycle path gives easier and safer access to city centre
Upper Harbour Drive (North)	Construction underway to upgrade footpaths and install buffered cycle lanes on both sides. Completed July 2015		Provides protected on-road cycle lanes to link to the Upper Harbour crossing
Tiverton-Wolverton parallel route (West)	Detailed design and safety audits completed. Completed June 2015		Alternate route to upgraded arterial roads linking SH20 and New Lynn
St George Street, Papatoetoe shared path (South)	Completed January 2015		Improves links to Papatoetoe Station and Great South Road
Great South Road (Papakura Stream) shared path (South)	Completed January 2015		Provides safety improvements for cyclists through Takinini motorway intersection
Browns Road and Alfriston Road and Weymouth roads cycle lanes (South)	Completed June 2015		Improves links to Homai and Manurewa Station

NEXT STEPS

In the course of the next year, construction will start on a number of major cycle projects including:

- The Glen Innes to Tamaki Cycleway and links to Glen Innes Station
- Quay Street
- Mt Roskill, Waitemata and Northcote Safe Routes
- Mangere Future Streets.

A number of other projects in construction in 2015 will be completed in 2016. Aside from the Nelson Street Downtown Cycleway and Upper Harbour Drive, these projects are Don Buck Road Cycleway, Carlton Gore Cycleway and the New Zealand Cycle Trail route from the airport to the city.

Ngāti Te Ata, Ngāi Tai ki Tamaki, Ngāti Whātua o Ōrākei, Ngāti Maru and Ngāti Tamaoho iwi led the design of the hinaki (eel trap) inspired cycle bridge over Oakley Creek. The bridge, which opened this year, celebrates matauranga Māori and Māori Urban Design.

FOCUS 3 03

Encourage walking

SHARING OUR STREETS

This year we launched a range of projects and campaigns to encourage walking. The transformation of O'Connell Street into a shared space was completed in September 2014.

Around 30,000 Aucklanders reclaimed Quay Street on a Sunday in April so people could walk, cycle, play and socialise on parts of the street. The Open Streets event was a partnership with the Waitemata Local Board, Auckland Council and Waterfront Auckland. The number of people walking on city centre streets was up significantly on normal weekdays and on last year's event, peaking at almost 3,000 on Queen Street.

Once again we partnered with Living Streets Aotearoa to promote Walk2Work Day. Nearly half of people surveyed said they had thought more about walking to work since the campaign.

Around the region, a new initiative, the Marae to Maunga walks, encouraged 400 Manurewa and Mangere residents to walk from a local marae to a mountain while sharing historical and cultural knowledge. Themes of road safety, health and well-being were also shared. We will continue to support these walks in 2016.

PJP projects also result in more people walking. In Birkenhead, on Auckland's North Shore, participants walked on average an extra 5km each week.

Significant new footpaths were constructed on Station Road, Penrose; Takanini School Road, Takanini; and Third View Avenue, Beachlands.

Walking trips into the city centre during the morning peak

Not measured this year*

2015 Target:	5,500
2014 Actual:	5,330
2013 Actual:	4,633

* Walking trips into the city centre has not been measured in 2014/2015 due to the cost involved in undertaking the manual survey, and concerns with the robustness of the measure. This measure is no longer included in the Long-Term Plan 2015 – 2025 and AT's Statement of Intent 2015 – 2018.

More and more people are walking to work

FOCUS 3 04

Develop an innovative parking strategy

Auckland Transport's Parking Strategy explains how parking management can deliver on wider transport objectives. In June and July of 2014, we consulted with the public through a draft Auckland Parking Discussion Document. The document generated widespread interest and almost 5,600 submissions. Feedback informed development of the new strategy, which has been approved by the Board.

The strategy promotes sustainability through:

- Good urban design outcomes by focusing on centre amenity, traffic calming and the pedestrian environment where arterials pass through town centres
- Removing parking from arterial roads to support public transport and cycling
- The use of motorcycles, electric vehicles and electric car share schemes with dedicated parking in off-street buildings and vehicle charging on public roads and in buildings.

The Parking design team has moved directly into discussion with the Waitemata Local Board and Freemans Bay Residents Association on introducing a residential parking zone. This initial project will be extended to other areas where there is parking pressure, after consultation with affected communities and local boards. The new approach for issuing parking permits and coupons relies on improvements to technology.

OFF-STREET OCCUPANCY RATES (PEAK)

Early bird parking charges were discontinued on 1 December in Civic, Downtown and Victoria Street city centre car parks. High occupancy is revenue positive but impacts availability.

NEXT STEPS

In line with the overarching aims of the Parking Strategy, a tariff review is being undertaken to assess potential changes.

Parking: off-street occupancy rates (peak 4-hour period)

97%

− Target not achieved

2015 Target:	80-90%
2014 Actual:	88%
2013 Actual:	New measure

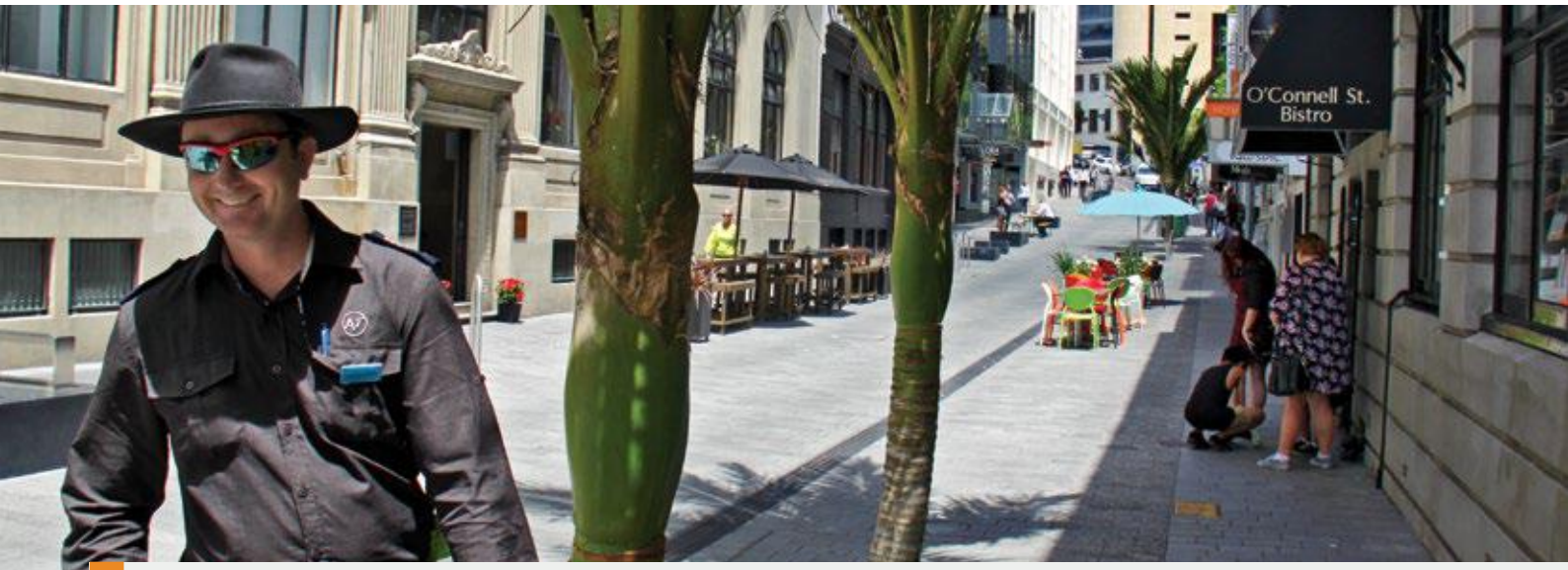
Parking: on-street occupancy rates (peak 4-hour period)

86%

+ Target met

2015 Target:	70-90%
2014 Actual:	73%
2013 Actual:	New measure

Note: The occupancy measure changed in 2014 from all day to peak parking period (expressed as a range). Peak parking occupancy allows greater emphasis on actual occupancy issues and the range reflects the balance between supply and demand.



AT's Parking Enforcement team plays an important part in parking management, especially in shared spaces

ON-STREET OCCUPANCY RATES (PEAK) AND TECHNOLOGY UPDATE

The on-street parking occupancy rate target of between 70 and 90 per cent has been met for 2015.

NEXT STEPS

There is significant customer frustration with the current pay-and-display machines, which are optimised for cash payments. A new platform being developed will provide customers with their preference for a cashless system and will be implemented progressively from October 2015. Off-street and on-street parking will use a common technology platform, integrated into our present enforcement system.

A communication programme for the new Parking Strategy has begun. A more detailed consultation programme covering the key elements of the strategy will progressively roll out during 2016.

FOCUS 3: THE BIG PICTURE

WHERE WE WANT TO BE BY 2018

By 2018 we aim to have 75 Safer Communities working with AT and demonstrating tangible road safety and active transport changes, as well as a number of schools maintaining their Travelwise involvement.

The largest ever, three-year cycle programme (2015-18) is delivering 25 new cycle routes totalling 52km, accelerated by Auckland's successful bid to the government's Urban Cycle Fund. The number of annual cycle journeys is on track to increase from 915,000 in 2014 to 2.5 million by 2020.

By 2018 there will be transparent and consistent parking management across the city to enhance walkability, support business access and manage congestion, widely supported by customers. Growth in the supply of city centre parking will be constrained by the operative Auckland Unitary Plan. A five-year programme to provide park-and-ride facilities at public transport interchanges and other transport locations will see us on the way to achieving the additional 10,000 spaces predicted to be needed by 2040.

FOCUS 4

Make the transport system safer

The number of people killed or seriously injured on the region's roads has decreased considerably in the last decade. In the 2014 calendar year the Auckland region had the lowest rate of road deaths and serious injuries (DSI) per capita in New Zealand, at 31 DSI per 100,000 population.

While this is positive, there are still on average around 400 road users killed or seriously injured on the Auckland local road network each year. Road user mistakes are inevitable, but AT, the Transport Agency, NZ Police and local communities are continuing to work toward building a Safe System where these mistakes do not lead to deaths or serious injury.

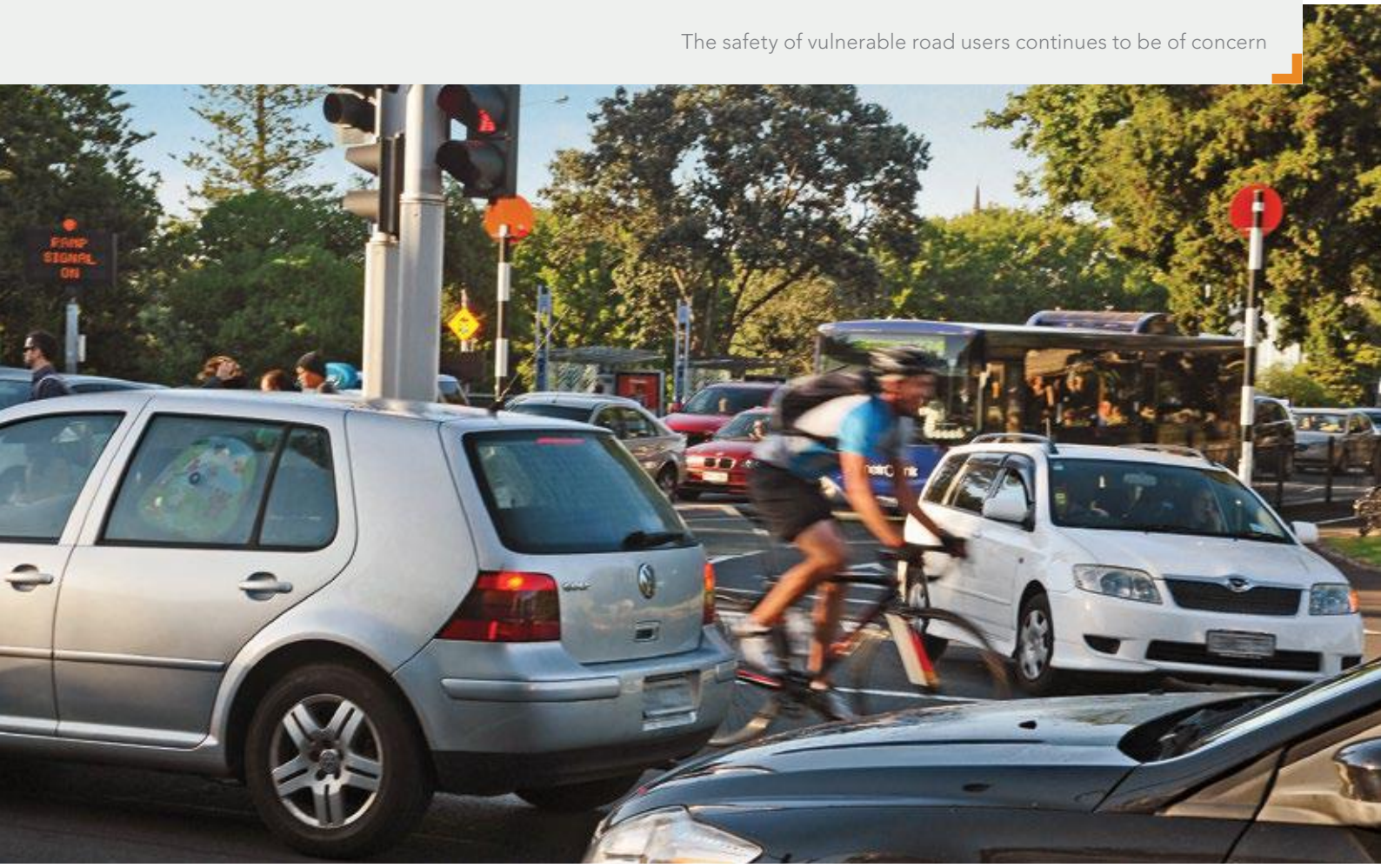
Overall performance score for Focus 4

91%

CHALLENGES

The safety of vulnerable road users on the Auckland network continues to be of concern, making up 47 per cent of all Auckland DSI in 2014 and trending upwards over five years.

The safety of vulnerable road users continues to be of concern



FOCUS 4 01

Reduce deaths and serious injuries on the road network

Total deaths and serious injuries (DSI) on local road network

399 DSI

7% reduction from 2014

Target not achieved

2015 Target:
Fewer than 340
2.66% reduction from 2014

2014 Actual:
21% increase from 2013

2013 Actual:
73% reduction from 2012

* Actual results are based on calendar year reporting, so 2015 represents results from Jan-Dec 2014. The target for 2015 was set before the previous calendar year result was confirmed, which saw a significant reversal of the downward trend occurring from 2009-12

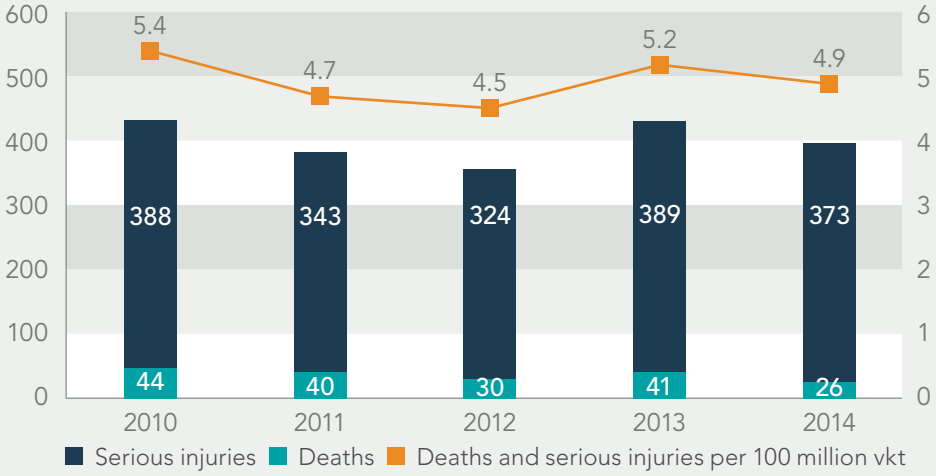
The total number of DSI on Auckland local roads in the 2014 calendar year was 399, and while this result has not met this year's target it represents a seven per cent reduction from 2013 calendar year. Road deaths reduced by 36 per cent to 26, and serious injuries reduced by just 4.1 per cent to 373, as shown in the graph below.

The majority of Auckland DSI Safe System outcome areas are trending downwards from 2010 to 2014. 2014 has seen good reductions in DSI for school-age children 5-18yrs (-36%), local rural roads (-21%) and in the urban and rural south areas (-19%). However, the overall five-year DSI trend for vulnerable road users is trending upwards from 2010 to 2014 and made up 47 per cent of all Auckland DSI in 2014. This upward trend may be aligned to the increasing use of low-cost transport, active travel and public transport use across Auckland.

NEXT STEPS

Vulnerable road user serious injuries, particularly for pedestrians and cyclists, are typically under-reported by up to 40 per cent. Further analysis of this casualty data will be used in the delivery of the 2015-2018 road safety promotion programme, which will see a more risk-targeted community based delivery.

DEATHS AND SERIOUS INJURIES (DSI) ON AUCKLAND'S LOCAL ROADS



Note: Data in the table is for the 2014 calendar year and has been sourced from the Transport Agency as at July 2015. The table also shows the rate of DSI per 100 million vehicle kilometres travelled (VKT)

PROGRAMME OF ACTION UPDATE

Road safety engineering

Ninety eight minor road safety improvements were constructed, major safety improvements were installed on three high-risk rural roads, 82 road safety improvements were implemented at 25 schools, 80 electronic school speed signs were installed at 29 schools, the international urban risk-mapping project completed the first phase of star rating Auckland's local roads, and seven high-risk intersections had new red light camera enforcement.

Cycle skills

The Bike Safe programme delivered training to 106 schools, reaching around 9,000 students. Training is also provided to adults in a community setting with almost 1,000 adults taking up the opportunity this year to improve their skills and confidence.

ROAD SAFETY CAMPAIGNS DELIVERED IN 2015

Auckland Transport road safety campaigns continue to be highlighted as leading the way in the road safety promotion area nationally and this year we partnered to deliver:

- Regional Alcohol (Drunksense), which had 390,000 social media and 6,500 cinema views, Speed, Red Light Running, motorcycle campaigns and Distraction Oi! Never be surprised safe riding video has had over 87,000 views and has achieved the highest click through rate of any AT campaign to date
- Local campaigns including Lower Adult Drink/Drive operations, Young Driver training/licensing, Repeat Drink Driver programmes, Love Your Local lower speed promotions, pedestrian safety and child restraint checkpoints
- Cycle campaign Share the Road. The bus back campaign this year achieved an overall awareness rating of 45 per cent and 27 per cent indicated that it had made them more aware of cyclists and their safety while driving.

The 'Oi! mind on the road, not the phone' campaign has had more than three million Facebook hits

FOCUS 4 02

Increase safety on public transport

Public and customer safety and security incidents across public transport network per 1,000,000 passenger boardings

0.80

Target exceeded

2015 Target:	0.90
2014 Actual:	0.29
2013 Actual:	0.54

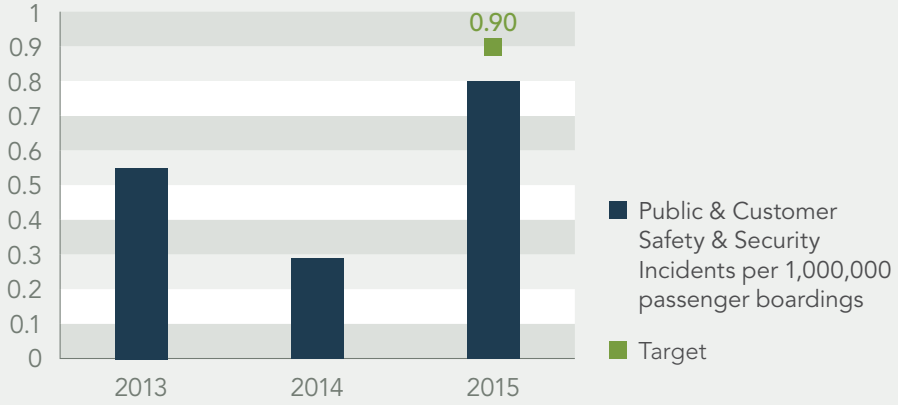
Note: This measure has changed in 2015 from per 100,000 boardings to 1,000,000 passenger boardings.

Issues with safety on public transport had a high public profile this year. We take our responsibility for customer safety very seriously. The reality across the networks is declining numbers of safety-related incidents with rail and rare cases of driver injury or error of judgement on the bus network, where buses spend around 1.9 million hours on the road each year. See the graph below for an overview. The measure counts public transport operator reported injuries and harm to passengers boarding, travelling on and alighting bus, rail or ferry services.

Customer survey responses indicate safety and security at stations and on trains are rated highly, with these environments sometimes viewed as being safer than surrounding streets. Electric trains have CCTV cameras and other enhanced safety features over the old diesel trains. This, and upgraded levels of security at 15 metro stations are seeing a fluctuating but overall 12-month decrease in on-platform incidents, train surfing, assaults and vandalism on the rail network.

- Additional CCTV cameras are shared with NZ Police district command centres to enable real-time views of platforms
- Some stations have had physical gates installed to prevent unauthorised after-hours access to platforms.

SAFETY AND SECURITY INCIDENTS ON PUBLIC TRANSPORT



NEXT STEPS

Auckland Transport is working closely with NZ Police to target anti-social behaviour on stations and trains and with central government on possible legislative changes to strengthen enforcement and prosecution powers.

FOCUS 4: THE BIG PICTURE

WHERE WE WANT TO BE BY 2020

The national Safer Journeys Strategy to 2020 has produced a step change in road safety outcomes. An annual 2.6 per cent reduction in fatal and serious injuries (FSI) will have achieved the Auckland Plan target of 410 FSI.

Physical gates and increased security measures at stations are designed to improve public safety

FOCUS 5

Reduce transport's impact on the environment

Overall performance score for Focus 5

85%

Land transport emissions make up just over 35 per cent of Auckland's greenhouse gas emissions. It is vital for Auckland's sustainability and resilience that we reduce these levels. The Auckland Plan target is a 10-20 per cent reduction by 2020; 40 per cent by 2040 and 50 per cent by 2050 (on 1990 emissions levels).

Commuting by private vehicle accounts for 40 per cent of an Auckland resident's daily emissions compared with only one per cent from waste. Changing the way we travel is a key transformation area in Auckland's Low Carbon Action Plan, which AT delivers in partnership with Auckland Council, the Transport Agency and EECA. Our strategic focus is on promoting public transport, cycling and walking as transport options that produce less pollution (see focus areas 1 and 3); ensuring public transport and fleet vehicles use low-carbon and low-emission energy sources; and ensuring our buildings and infrastructure assets are designed, constructed and operated to consider whole-of-life impacts.

LOW CARBON ACTION PLAN GOALS:

- Work with partners to develop an electric vehicle charging network – completion 2020
- Undertake widespread conversion of public sector vehicle fleets to alternative fuels – completion 2022

CHALLENGES

Changes in legislation, public health issues, provision of a stable energy supply and planning for the impacts of extreme weather on service delivery.

Artist's impression of light rail on Queen Street

FOCUS 5 01

Develop creative, adaptive and resilient solutions

STRATEGIC THEME

Build network optimisation and resilience

LIGHT RAIL IS BEING INVESTIGATED

Consultation carried out through both the Regional Land Transport Plan (RLTP) and the Regional Public Transport Plan (RPTP) suggest support for the concept of light rail. Advantages of light rail include increased capacity, safety and environmental benefits.

NEXT STEPS

Subject to the outcome of further investigations, approval to proceed and funding, light rail would be introduced in stages on some critical routes. The initial stages, which may be implemented during the 10-year planning period of the RPTP, are likely to include Queen Street and Dominion Road.

ELECTRIC CAR SHARE SCHEME PROPOSED

New Zealand is well placed for electric vehicles because over 70 per cent of our electricity is generated from renewable sources, and we aspire to 90 per cent by 2025. Despite this, we have been relatively slow in our uptake of both electric vehicles and car sharing schemes.

In March AT released a Request for Proposal to the private sector to partner in establishing a membership-based, electric vehicle (PEV) share scheme that would deliver an incentive for households to shed ownership of a second car, or any vehicle at all. An initial fleet of 200-300 electric vehicles would be supported by plug-in charging stations across the city.

A condition for any operator of the scheme in Auckland is that it be commercially viable and at no net cost to Auckland ratepayers. AT's role will be to provide strategic planning and administration during the establishment phase and to facilitate infrastructure.

SUSTAINABILITY ISN'T JUST ENVIRONMENTAL

IT is playing an important role in sustainability through the collection of data, which can then be transformed into information used for planning, day-to-day operations and innovation.

In an increasingly digitised world, the sustainability journey is about using the limitless nature of information to become better at managing constrained resources on a citywide basis.

Auckland Transport has engaged with a number of its key vendors on research projects to optimise resource use and provide enhanced customer information to enable better customer and business decisions.

Use of new technology, such as LED street lighting and combining of technology displays into new solar-powered bus shelters that remove the old pole and sign system demonstrates our desire to enhance the city as a liveable space and also make positive impacts on the environment.

FOCUS 5 02

Deliver targeted programmes to reduce emissions

CO_2 emissions from rail network

29.2*

Target not achieved

2015 Target: No more than 25.5 kilotons
2014 Act.: 29.8 kilotons
2013 Act.: 29.4 kilotons
2012 Act.: 30 kilotons

* For the 12 months to May 2015.

ELECTRIC TRAINS REDUCE EMISSIONS

The new electric trains are significantly quieter and more resilient. With all 57 electric trains in service to replace the diesel units, we will save well over 10 million litres of diesel fuel each year. The target is to reduce greenhouse gas emissions from the rail network by over 70 per cent by 2016, from the 2011 baseline of 26.5 kilotons (kt CO_2e), despite a 22 per cent increase in the number of weekly services. This year's result has not met the target as the progressive rollout of the electric trains was delayed by overhead line resonance issues and the subsequent impact this had on driver training. As a result, about one million extra diesel kilometres were delivered in 2015 than originally planned.

ROAD NETWORK EFFICIENCIES

Auckland Transport is working with a range of agencies on source control of contaminants such as zinc and copper from road network run-off. Contaminants are contained through innovative stormwater management devices such as Tetra Traps and balancing ponds.

REDUCING AT'S FOOTPRINT ON THE ENVIRONMENT

Auckland Transport monitors the energy consumption and greenhouse gas emissions of its own operations, and from the operation of its assets. Against the 2012 baseline year, this last year saw emission reductions in petrol (9%), diesel (7%), taxis (28%), and an increase in total air travel (18%).

This year new area-based street light maintenance contracts were awarded to replace the nine existing legacy contracts. These contracts include replacing 40,000 70W HPS luminaires over five years. They will reduce electricity use by 65 per cent and reduce maintenance costs (as the lamps have a longer life). Installing a central management system will provide further savings by enabling lighting levels to be adjusted during periods of low demand and street light outages to be identified remotely.

NEXT STEPS

During 2016 we will continue with stage 1 of the LED rollout programme, finalise an energy-saving approach for non-street light electricity, evaluate options for substituting fleet usage for electric vehicle car share, update AT's travel plan, and prioritise actions as part of developing AT's sustainability roadmap.

AT'S FOOTPRINT ON THE ENVIRONMENT

Item	Unit	2012 baseline	2014*	2015	% Change on baseline
ENERGY CONSUMPTION					
Transport network facilities					
Electricity	kWh	72,700,552	73,124,040	N/A**	N/A
AT corporate					
Petrol	litres	242,567	225,138	220,854	-9%
Diesel	litres	16,735	12,691	15,603	-7%
Total fleet fuel	litres	259,302	236,580	236,457	-9%
Taxis	km	24,559	22,579	17,643	-28%
Air travel–domestic	km	249,508	244,678	226,232	-9%
Air travel–long haul	km	776,869	688,474	710,208	-9%
Air travel–short haul	km	147,421	218,108	451,336	206%
Air travel–total	km	1,173,798	1,151,260	1,387,776	18%
EMISSIONS SOURCE					
Direct greenhouse gas emissions – scope 1					
Petrol	kg CO_2e	567,607	526,822	514,958	-9%
Diesel	kg CO_2e	45,184	34,267	40,652	-10%
Indirect greenhouse gas emissions–scope 2					
Electricity	kg CO_2e	11,995,591	12,065,467	N/A	N/A
Indirect greenhouse gas emissions – scope 3					
Transmission and distribution line losses for purchased electricity	kg CO_2e	1,112,318	1,118,798	N/A	N/A
Taxis	kg CO_2e	7,564	6,954	5,434	-28%
Air travel–domestic	kg CO_2e	47,131	44,539	41,181	-13%
Air travel–long haul	kg CO_2e	96,788	81,798	84,380	-13%
Air travel–short haul	kg CO_2e	15,747	22,585	46,736	197%
Air travel–total	kg CO_2e	159,666	148,921	172,297	8%
Total greenhouse gas emissions	kg CO_2e	13,887,931	13,901,229	N/A	N/A

* 12 months to March 2014.

** Figures for our electricity consumption and thus overall greenhouse gas emissions are not obtainable for this period end because of billing issues from our electricity retailer.

FOCUS 5: THE BIG PICTURE

WHERE WE WANT TO BE BY 2020

A predicted doubling of road freight by 2040 poses risks for emissions. The Low Carbon Action Plan has specific decade-by-decade goals that move Auckland towards its low carbon future. By 2020 the plan expects:

- Seven per cent and 17 per cent improvement in fuel efficiency for heavy and light vehicles respectively
- Nine per cent reduction in fossil fuel sales
- Ten per cent reduction in vehicle kilometres travelled
- Five per cent cycling mode share
- Early adoption of alternative fuels for the bus fleet, with two per cent electric.

03

Auckland Transport works closely with Auckland Council and the Transport Agency to integrate strategic planning

Auckland Town Hall

Governance

The majority of Auckland Transport's three-year management frameworks and strategies were reviewed this year, to reflect the organisation's evolution since 2010 towards a whole-of-life approach to sustainability in line with the Board's strategic themes. A new health and safety strategy established the foundation for creating a zero harm culture, the risk management framework maintained a culture of accountability and integrity, and a procurement strategy focussed on achieving sustainable value for money.

How we are governed

Auckland Transport is one of seven key council-controlled organisations (CCOs) of Auckland Council. Its purpose and statutory functions are set down in the Local Government (Auckland Council) Act 2009.

Auckland Council, Auckland Transport and the Transport Agency (the government's transport delivery arm) work closely together towards the common purpose of supporting a thriving Auckland. Strategic planning is aligned to achieve synergies that generate improved economic and social benefits.

BOARD OF DIRECTORS

The Auckland Transport Board is appointed by Auckland Council, with nine members that include two councillors and one non-voting member nominated by the Transport Agency. All Board members serve a maximum of two three-year terms.

GUIDING RESPONSIBILITIES

The Board's responsibilities are to:

- Negotiate Statements of Intent (SOI) with Auckland Council
- Act consistently with the guidelines provided in the Shareholder Expectation Guide for CCOs
- Actively review and direct the overall strategy, policies and delegations of AT
- Obtain full and timely information necessary to discharge its obligations
- Identify, evaluate and mitigate controllable risk factors
- Manage and monitor the Chief Executive's performance
- Establish remuneration policies and practices, and set and review remuneration for the Chief Executive and other senior executives
- Provide leadership in relationships with key stakeholders.

For profiles of individual directors, see pages 14-16

BOARD MEETINGS

In general, the Board holds publicly open monthly meetings in accordance with its principle of open and transparent decision-making. Closed sessions respect the need for commercially sensitive information to be protected.

Two meetings are required by legislation to be held in public before 30 June:

- To consider comments from shareholders on the draft Statement of Intent (SOI) for the following financial year
- After 1 July each year when considering performance against its SOI for the previous year.

Open agendas, minutes, meeting dates & reports submitted are all available on AT's website at: at.govt.nz/about-us/board-members/Board-Meetings-Minutes

Open sessions provide a forum for stakeholder and employee engagement. This year, the Board heard a range of presentations from councillors, local boards, advocacy groups and environmental experts on projects that included saving pohutukawa trees at St Lukes Interchange, Reeves Road flyover and the light rail transit proposal.

AUCKLAND TRANSPORT COMMITTEES

FINANCE AND RISK COMMITTEE

The Finance and Risk Committee (FRC) assists the Board to fulfil its responsibilities for financial reporting, audit and risk management, and provides assurance regarding compliance with internal controls, policies and procedures.

Members' skill base includes accounting or financial management expertise, governance, audit, risk management and other complementary skills such as legal. The FRC has no delegated authority. The FRC meets five times a year, with the external and internal auditors and management.

Board-appointed members are: Paul Lockey (Chairman), Lester Levy, Paula Rebstock and Rabin Rabindran. Attendance at meetings is opposite.

CAPITAL REVIEW COMMITTEE

The Capital Review Committee (CRC) was established by the Board to assist the Board with ensuring that capital expenditure is optimised against AT's strategic objectives.

The CRC monitors the capital portfolio of projects whose construction is longer than one year to identify risks, ensure sound documentation, forecasting and reporting, and other governance-related matters. The CRC has no general delegated powers, but specific decisions may be delegated to the committee on a project basis. The CRC is chaired by Dr Ian Parton and all directors are members. Members of senior management also attend.

CUSTOMER FOCUS COMMITTEE

The Customer Focus Committee (CFC) was established by the Board in January 2014. It follows the model of the CRC in giving Directors greater input and governance oversight of AT's initiatives to continuously improve customer service. The CFC has no general delegated powers. Its initial focus is on a customer experience plan and consultation with stakeholders. The CFC is chaired by Mark Gilbert and all directors are members. Members of senior management also attend.

REGIONAL TRANSPORT COMMITTEE

The Regional Transport Committee (RTC) is a requirement for every regional council in New Zealand under the auspices of the National Land Transport Act. In Auckland, the Board of Directors of AT also acts as the RTC because the responsibility for preparing the Regional Land Transport Plan sits with AT. The only procedural differences that apply when the Board meets in its role as the RTC are that the Transport Agency member (currently CEO Geoff Dangerfield) has voting rights and meetings must be held in public, as they are subject to the full meeting requirements of the Official Information Act.

DIRECTOR ATTENDANCE AT MEETINGS

Director	Board meetings (10)	Regional Transport Committee meetings	Finance & Risk Committee meetings (5)	Capital Review Committee meetings (11)	Customer Focus Committee meetings (11)	Public hearing panels chaired or attended*
Lester Levy	10	2	5	10	8	
Geoff Dangerfield	10	2				
Christine Fletcher	9	2		6	6	1
Mark Gilbert	10	2	5	9	11	3
Mike Lee	9	2		6	2	1
Paul Lockey	9	1	5	4	4	
Ian Parton	9	2		11	9	
Rabin Rabindran	9	2	4	9	7	2
Paula Rebstock	5	2	1	4	4	
Mike Williams	3			3	3	

Notes: The June 2015 meeting was held on 2 July and as such is not included. Paula Rebstock joined the Board in December 2014, replacing Mike Williams whose term of office ended in October 2014. Council appointed Board observer Kylie Clegg's term ended on 16 December 2014.

* Submissions on Signage Bylaws November 2014, Trading & Events in Public Places Bylaw November 2014 and Regional Land Transport Plan (RLTP) Transport Event March 2015.

BOARD MEMBER REMUNERATION

The total value of remuneration paid or payable to each board member during the period	Actual 2015 $	Actual 2014 $
Dr Lester Levy (Chair)	106,600	106,600
Paul Lockey (Deputy Chair from 1 November 2013)	66,625	64,848
Philippa Dunphy (Deputy Chair to 31 July 2013)	-	5,552
Geoff Dangerfield	-	-
Christine Fletcher	53,300	53,300
Mark Gilbert (from 1 November 2013)	63,294	35,533
Michael Lee	53,300	53,300
Dr Ian Parton	61,295	61,295
Rabin Rabindran	53,300	53,300
Paula Rebstock (from 1 December 2014)	31,092	-
Mike Williams (to 31 October 2014)	17,767	53,300
Total Board member remuneration	506,573	487,028

ENGAGEMENT WITH AUCKLAND COUNCIL

As a CCO, AT is accountable to the governing body – the Mayor and 20 elected councillors – which sets its objectives and monitors its performance. The governing body is also assisted by the CCO governance and monitoring department and a CCO advisory board.

Auckland Transport, the governing body and Local Boards have a three-way relationship, which is integral to achieving the goals and objectives of all three parties, and an agreed 'no surprises' approach to communication.

Auckland Transport is subject to 14 accountability mechanisms including a Statement of Intent, an annual letter of expectations, a shareholder expectation guide, board performance reviews, and quarterly, half-yearly and annual reports. The Local Government Act (LGA) requires AT to give effect to the council's Long-Term Plan and to act consistently with relevant aspects of other plans and strategies.

ENGAGEMENT WITH LOCAL BOARDS

Auckland Transport maintains and develops reflexive and responsive relationships with local boards through a Local Board Engagement Plan and ongoing reports. It takes into account local board priorities and objectives when preparing budgets and business cases. It also provides a works programme to local boards so they are informed when engaging with local residents on issues. Each local board has a transport capital fund that it can spend on innovative projects and partnership. This year, with refreshed guidance, fund spending improved, for example in Mangere East where the Future Streets programme is resolving community concerns by increasing the pedestrian safety across a wide network of local streets.

Local boards also had early input into the transport sections of the Long-Term Plan (LTP) this year through a series of clustered workshops.

ENGAGEMENT WITH THE TRANSPORT AGENCY

The government's policy for transport is set out in the Government Policy Statement on Land Transport Funding. As the delivery agency, the Transport Agency invests in the country's transport system through the National Land Transport Fund (NLTF). Objectives for the Transport Agency include:

- A high-quality transport system for Auckland, the nation's economic hub, to deliver economic growth targets
- A One Network approach that views all modes and networks as part of a larger, integrated system.

A key focus is to work with the Transport Agency to ensure funds from the NLTF are prioritised and that Auckland has efficient and effective infrastructure. Improving customer service, embedding the Safer Journeys strategy and ensuring efficient freight movement are key drivers of the NLTF 2015-2018.

MĀORI ENGAGEMENT FRAMEWORK AND ACTION

The Auckland Plan has seven high level strategic outcomes and transformational shifts, which are recognised in AT's SOI. This includes the Māori outcome: Te Hau o Te Whenua, Te Hau o Te Tangata a Māori: a Māori identity that is Auckland's point of difference in the world.

Six priority project areas in Auckland Council's Annual Plan 2014/15 give effect to Te Hau o Te Whenua, Te Hau o Te Tangata, and contribute to lifting Māori social and economic wellbeing. AT contributes to all six areas, notably when constructing new transport infrastructure where te reo Māori signage, Māori designs and art works are incorporated.

Auckland Transport's Māori Engagement Framework guides engagement on major projects. Engagement with Māori is a specific statutory requirement for the Regional Land Transport Plan (RLTP) development. Two hui were held on the RLTP, with feedback requesting greater focus on sustainability and urban intensification, along with incorporating Māori values into decision-making.

This year we have also established a Transport Day with mana whenua that meets monthly and enables staff to build relationships with mana whenua on projects.

We have started implementing Te Tiriti o Waitangi Audit statutory compliance findings from the Independent Māori Statutory Board and PwC, in particular preliminary work on Māori roadways. The quality of Māori outcome reporting, including expenditure, also continues to improve, particularly in developing good reporting and monitoring systems and staff understanding of expenditure requirements to fulfil Māori engagement needs.

NEXT STEPS

- AT will be aligning programmes and projects to a new framework 'Te Toa Takitini-Māori Responsiveness High Performance Council,' to significantly lift Māori social and economic wellbeing, strengthen AT's effectiveness for Māori and maximise post-settlement opportunities, in the next year
- Focused attention will be given to marae and papakainga development opportunities
- Work will continue on integrating Māori values into key decision-making documents such as the Integrated Transport Plan (ITP).

PARTNERSHIPS AND ADVOCACY GROUPS

In addition to the above, we work closely with a wide range of stakeholders to enhance and improve customer experience.

Our road safety partners include the Transport Agency, NZ Police and ACC. Public transport partners are KiwiRail and operator Transdev for the rail network and various private operators for bus and ferry services.

Advocacy groups include academia, Auckland Business Forum, Auckland Airport, Campaign for Better Transport, Cycle Action Auckland, Generation Zero, National Road Carriers, NZ Council for Infrastructure Development and Ports of Auckland.

STRATEGIC THEME

Ensure a sustainable funding model

PLANNING FOR A SUSTAINABLE FUNDING MODEL

The Long-Term Plan (LTP) 2015-2025 was formally adopted by Auckland Council in June 2015. In January AT released its Regional Land Transport Plan (RLTP) 2015-25 for public feedback, in parallel with consultation on the LTP. The table below summarises the process of engaging with our communities and key stakeholders.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

Consultation	Submissions and presentations	Change from 2012-15	Key themes and issues
Draft Long-Term Plan 2015-2025 Draft Regional Land Transport Plan 2015-25	27,000 written submissions 1,000 Aucklanders attended public meetings 1,354 submissions were received through social media 91,000 comments on transport issues	10,084 on LTP 930 on RLTP Increase reflects innovative consultation such as interactive online forum and Transport Lanes outside Britomart to highlight funding options	▪ Better public transport – convenient, reliable, quicker ▪ Walk and cycle – if safer ▪ Funding reallocated to these modes at expense of other modes ▪ Size and funding: Support for increased funding but mixed views on how to raise the additional investment required
Parking Strategy	Just under 6,000 submissions 26 face to face meetings with Business Associations, residents groups and amalgamated Local Board meetings	–	▪ General acceptance of the proposed parking management approach ▪ One size does not fit all; local circumstances vary ▪ Strong demand for further public participation in the detailed development of parking management plans

REGIONAL LAND TRANSPORT PLAN 2015-25

The RLTP covers the entire transport programme for Auckland in a three-year period, including elements delivered by AT, the Transport Agency, KiwiRail and Auckland Council. The RLTP is submitted to the Transport Agency, which uses it as the basis for the NLTP. We used a prioritisation calculator, developed for the 2015-2045 Integrated Transport Plan (ITP), to prioritise new infrastructure for the RLTP that deliver the Auckland Plan outcomes, AT's strategic themes and optimise the Transport Agency's co-investment.

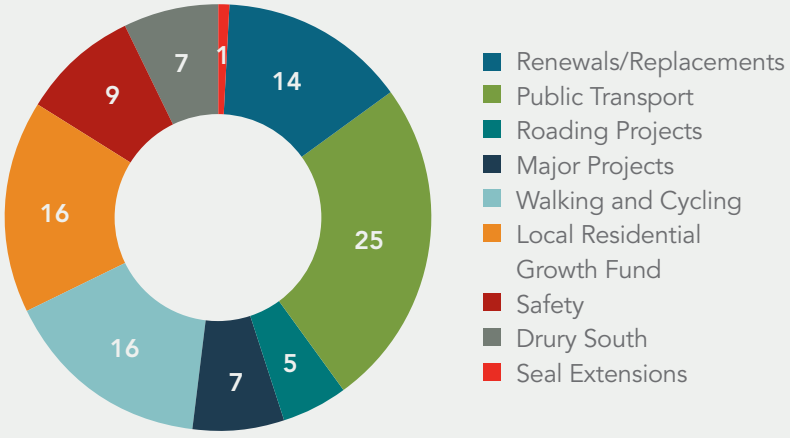
The RLTP was revised in May to incorporate the final agreed AT capital budget (allocated through the LTP) and other amendments from public consultation, including:

- New sections on Māori outcomes, local board projects, environmental issues and light rail
- Improving information on infrastructure for growth projects and inter-regional significance.

Development this year of a best practice optimisation tool greatly assisted decision-making throughout the planning process. The Renewal Optimisation Model is described in more detail under asset management on page 85.

The RLTP was published on 31 July 2015 and is available on AT's website at **at.govt.nz/about-us/transport-plans-strategies**

FIRST THREE YEARS - WHERE THE ADDITIONAL INVESTMENT HAS BEEN DIRECTED percentage



See page 25 for how our plans and programmes are aligned to deliver this annual report.

Our people

BUILDING A SUSTAINABLE ZERO HARM CULTURE

Auckland Transport's vision is that our staff, contractors and consultants work together to ensure no-one is harmed through what we do. This Zero Harm Culture is based on the principle that all injuries are preventable.

Following an internal audit review in 2013, we have developed a health and safety strategy to address identified areas for improvement and to ensure we are compliant with the government's impending health and safety legislation. The three-year strategy is based on six key objectives: leadership, engagement, one organisation, managing risks, knowledge and continuous improvement.

The first year of the strategy has focused on compliance; building a best practice health and safety management system that complies with legislative and best practice requirements, including:

- Significantly improved levels of reporting
- Greater employee participation in health and safety
- Increasing organisation awareness for our responsibility for all workers and our customers when they are exposed to our places of work.

Key initiatives include developing and implementing a comprehensive incident management system along with greater industry liaison with key stakeholders. Together, these initiatives will better support investigations into causes of incidents and ensure we minimise the likelihood of a recurrence. Another key initiative has been to improve the monthly health and safety reports so we have a more complete understanding of what is happening across the organisation. This is based on standardised reporting from our suppliers, incident reports and a monitoring regime where the actual health and safety performance on our work sites is assessed.

The second year of the strategy will see a focus on implementing, integrating and improving the overall health and safety system based on the feedback from our staff and suppliers and a continuous improvement process.

PARKING SAFETY – OUR BIGGEST CHALLENGE

The visibility of our parking enforcement team fosters compliance, clearing bus lanes for commuters, accessways for major events and customer driveways. The team is the single largest public-facing service AT offers, but, despite the invaluable service they provide in keeping the city moving, they are seldom seen in a positive light. They face threats ranging from abusive language to assaults. Lost-time injuries are less than one per million working hours across AT but stand at over 41 per million hours for parking officers.

A comprehensive review of safety saw a number of initiatives developed this year:

- An in-house counsellor was introduced at 20 hours per week to augment the support already provided through the Employee Assistance Programme. The counsellor's role is to proactively assist with any issues, including post-event trauma. At any one time, the counsellor's active cases represent about eight per cent of all the enforcement staff

- A series of violence mitigation workshops were held to further develop skills in dealing with conflict, which has led to new procedures, a bespoke training programme (piloted and then put in place from June 2015) and a revision of the induction training given to new enforcement staff
- New rosters include operational buddy-ups in known risk areas
- Technology, both hardware and software, has been upgraded to provide further support for the officers.

All our officers were given new uniforms this year to better equip them for the conditions they face, along with 30+ sunscreen and annual skin checks. Thousands of old uniform items were shipped to Earthlink, a not-for-profit organisation in the Hutt Valley that is piloting a social enterprise project to turn pre-loved corporate apparel into trendy children's fashion. The corporate apparel project is assisting Earthlink to become sustainable by driving revenue to support these projects.

RESULTS OF HEALTH AND WELLBEING PROGRAMMES

Annual health and wellbeing programmes run since 2013 have produced significant results. The average heart age of the organisation continues to fall, in part due to the wellbeing programmes we have run in the past 12 months.

Reporting on medical treatment injuries and assaults is no longer directly comparable as results from 2015 onwards are being aligned to financial reporting years. The reality is a slight decline over the three-year period.

EMPLOYEE HEALTH STATISTICS

	2015	2014	2013
Percentage of sick leave	2.60	3.53	2.57
Medical treatment injuries (non-serious)	37	83	71
Injuries (serious)	2	0	1
Assaults, threats or violence to staff	43	52	59
Lost-time injury	26	35	25
Average heart age above actual	1.1 yrs	1.4 yrs	2.5 yrs
Less than 10% risk of cardiovascular disease	92%	92%	90%

INITIAL HEALTH CHECKS IN 2011 IDENTIFIED SEVERAL KEY AREAS FOR IMPROVEMENT

35% of employees had a high total cholesterol: HDL cholesterol ratio (>4.5mmol/L)	44% of employees were insufficiently active, including 17% who were sedentary	23% of employees presented with high blood pressure (>145/90mmHg)	24% of employees were obese, with 40% overweight
22% now have high TC:HDL ratio	**26%** now are insufficiently active, including 11% sedentary	**16%** now have high blood pressure	**21%** are obese, with 38% overweight
✓ Improved	✓ Improved	✓ Improved	✓ Improved

This year 584 employees had a health check compared with only 479 in 2011. By far the most popular programme we have run was the 10,000 steps, with 653 employees participating in what has become a heavily contested programme. Just under 200 men (average age 44 years) participated in a Men AT Work programme to improve their general health.

NEXT STEPS

The wellbeing programme will continue to evolve in 2015 with the addition of a new wellbeing portal to give our staff access to a comprehensive library of information, including new and varied challenges, special offers and individual wellbeing opportunities.

EMPLOYEE ENGAGEMENT

Our 2015 employee engagement survey showed significant improvements:

- Overall engagement score increased by four per cent to 71 per cent, the benchmark of large public and private sector New Zealand organisations
- Virtually every score increased, with the most meaningful increases seen in leadership (particularly senior leadership), customer focus and many of our key drivers of engagement relating to the big picture and making the most of our people
- A comparison was introduced to benchmark highlighted strengths, including performance culture, commitment to learning and development and positive line manager behaviour.

Noteworthy increases reflect leadership development efforts and the positive contributions made in team action planning. For example, the AT HOP team put together a FIT concept, which stands for "Fulfil me, Involve Me, Talk to me", to emphasise that engagement in the business is a two-way street, and help them feel more involved.

The results also showed three key areas for further improvement: connecting with the big picture, making the most of our people and building One Team. Understanding of the big picture was enhanced in February by a Big Picture staff forum at which business journalist Rod Oram gave an overview of how transport fits into Auckland's growth and development. This was followed by presentations from members of our Executive Leadership Team to outline AT's goals and expectations for us as an organisation. As a result, big picture clarity is building and becoming a strength.

NEXT STEPS

The next phase is to develop action plans throughout the business to address the feedback and lift our levels of engagement even further.

RETAINING EMPLOYEES AND GROWING LEADERS

Auckland Transport has over 32,000 candidates registered as seeking career opportunities with us. Our employee turnover has remained stable this year despite growing the business by 90 full-time employees over June 2014 and filling 395 vacancies. We are a talent house, with a significant proportion of internal appointments (101) and employees being headhunted for bigger roles in other organisations.

Our leadership development pathway is part of an organisation-wide strategy to build the leadership capability across the organisation. It consisted of three programmes this year aimed at developing leaders at all levels:

1. Leadership fundamentals/Core leadership programme
2. Authentic leadership for mid-senior levels
3. Executive leadership programme.

These programmes helped us to develop consistency in leadership, with a common language, culture and leadership behaviours across the organisation. Taking this approach a step further, we have aligned our Leadership fundamentals/Core leadership programme to a National Certificate in Business–First Line Management (Level 4). Recognition for career growth and personal development is a key driver of engagement.

EMPLOYEE NUMBERS AND TURNOVER

	2015	2014	2013
Number of full-time employees	1,367	1,265	1,121
Percentage of unplanned turnover	10.55	10.51	6.51

Total full time employees have increased by 102 over the year, to 1,367. Auckland's strong growth has been a key driver, with a significant increase in assets under management (up $720 million in the year) and increased public transport passenger numbers. A significant number of projects in the year have required additional resources, including the roll out of the electric trains, investigation of light rail and preparation for new bus, ferry, and rail contracts.

The Harbour-Master function was transferred to AT (10 staff) and the City Rail Link project has increased by 12 full time staff. Work previously undertaken by third parties on Roading and Community Transport has been brought in-house offset by a $1.6 million reduction in professional fees.

AT VALUES IN ACTION:
ON BOARD, ONE TEAM, STRAIGHT UP, TAKE ACTION

Every year, values champions are nominated by their workmates and receive recognition, either through Above and Beyond days or movie vouchers.

The following champions of champions were recognised at the Big Picture Forum in February:

- Investigation & Design Manager Remi Cruz was recognised for consistently demonstrating a fantastic work ethic, mentoring student interns while maintaining a hardworking and cost-effective approach to his many projects
- The Transport Agency Funding Advisor Natalie Steegstra demonstrated her value to AT through her proactive engagement with the Transport Agency for major project funding, potentially saving AT several millions of dollars by improving the funding process. The agency was so impressed they specifically asked for her to be seconded to them
- Senior Network & Security Technical Specialist Johann Van Niekerk approaches projects with a can-do attitude, aiming to focus on core issues such as solving the root cause of a parking system fault that led to a deep insight into network operation and business improvements.

Through our Casual Friday collection, AT employees contributed to the $1m the challenge raised for the Leukaemia and Blood Cancer Foundation.

Casual Fridays are held each month and in the past year not only raised money but also saw staff donate over 150 pairs of pyjamas to Middlemore Hospital and 1,290 tins to the Auckland City Mission and Salvation Army for Christmas distribution.

AT Property team's Lucy Begg celebrating 20 years' local government service with her manager Sean Corbett

Sustainable management

RISK AND AUDIT PROGRAMME

Risk and Audit is an integrated business unit, reflecting the overlapping and interdependent nature of the two activities. The unit provides objective assurance and advisory services. Independence is a critical element in AT's systematic and disciplined approach, so while Risk and Audit is responsible administratively to the Chief Executive, it reports directly to the Finance and Risk Committee.

Because the nature of risk is ever-changing, Risk and Audit is a dynamic service, designed to respond to needs arising from business operations. It forms the third line of defence for management of risks and in providing assurance on the effectiveness of internal controls at AT. The first and second lines of defence for these activities are implemented by the business units performing day-to-day risk management activities (including maintaining key controls) and oversight or support functions such as HR, finance, quality and legal, helping set direction, define policy and carry out monitoring.

Activities play an important role in developing and maintaining a culture of accountability and integrity, facilitating the integration of risk management into day-to-day business activities and processes, and promoting a culture of control and cost consciousness, self-assessment and adherence to high ethical standards.

STANDARDS AND POLICIES FOLLOWED

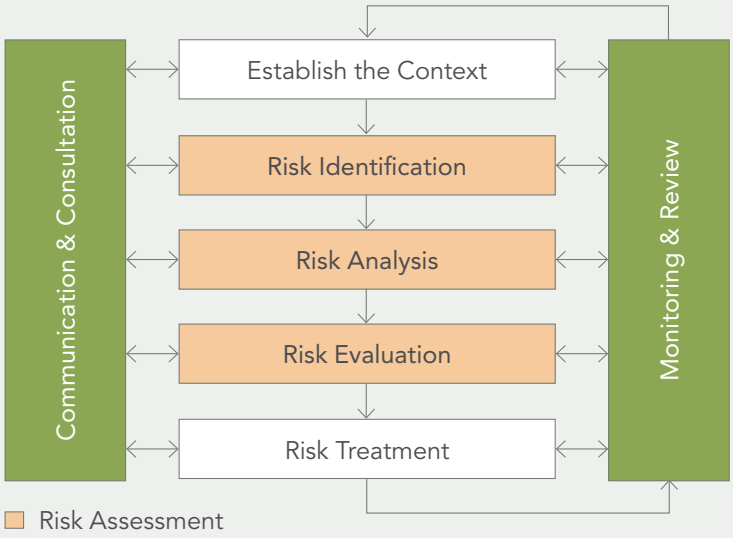
- Joint Australian/New Zealand International Standard AS/NZS ISO 31000:2009 Risk Management–Principles and Guidelines
- Institute of Internal Auditors International Professional Practices Framework
- New Zealand Institute of Chartered Accountants (NZICA) Ethical and Professional Standards and Guidance
- AT's policies and Code of Conduct.

GUIDING DOCUMENTS

- Risk and Audit Charter (our mandate to operate, authority and standards)
- Risk Management Framework
- Internal Audit Framework.

OUR APPROACH TO MANAGING RISKS

Risks are an integral part of managing the region's transport system. Our approach in managing these risks aims to achieve a balance between realising opportunities for gains whilst minimising the possibility of losses. Risk management undertakes to identify, prioritise, monitor and mitigate emerging and actual risks, using the framework shown below.



Risks are analysed in terms of their gross, net and target profile to determine maximum and actual exposure and the desired position once additional controls are implemented.

A heat map captures the relationship between the likelihood and consequence of a risk crystallising, resulting in each risk in the Risk Register being classified from A to E.

Auckland Transport uses five categories for identifying key risks: health and safety, service delivery, environmental, finance and reputation. Intensive monitoring of these areas aims to ensure:

- Continuity of transport services for customers
- Safety of employees and contractors
- AT is viewed as a capable organisation with sound integrity
- Major capital projects are delivered on time and on budget to address Auckland's growth and congestion challenges.

INTERNAL AUDIT CONTROLS AND PROBITY

Internal Audit is a key part of an effective governance process. Internal audits are regularly scheduled to provide senior management with analyses, appraisals, recommendations and pertinent comments on the activities reviewed. This process aims to promote efficiency, economy and effectiveness as well as reliability and accuracy of operations. It complements the organisation's risk management strategies, as the regular programme integrates those risks deemed to be significant, e.g. contract and project reviews because of their high value.

Internal audits conducted this year included:

- Fleet vehicle and fuel card usage
- Wharf passenger levies
- Annual leave administration processes
- Car park access cards
- Auckland Integrated Fares System (AIFS) review
- Road corridor access revenue processes
- Off-street parking and towing contract reviews
- Contract retention payments
- Simpana (email system) review.

Ad hoc audits are also undertaken and can range in scope from a few hours spent overseeing the integrity of a prize draw to detailed operational reviews that can be time consuming.

Risk and Audit also manages the organisation's probity audits. Probity audits ensure all participants involved with significant procurement contracts with AT are treated fairly and with transparency. For all procurements over $10m an external independent probity auditor is engaged to monitor and review the procurement processes followed. Probity auditors are also assigned to procurements with a value of between $1m and $10m if deemed to be high risk. The City Rail Link project is an example where a probity auditor was appointed, and the $2.05m contract for a required Principal Estimator for this project was audited.

SPECIAL INVESTIGATIONS

The number of transport and logistics organisations in New Zealand experiencing economic crime has risen dramatically over the past two years. AT's policy is that fraud, corruption or misuse of resources is not tolerated. Any suspected fraud is reported to the Office of the Auditor General through Audit New Zealand, and may also be referred to NZ Police or the Serious Fraud Office (SFO).

Risk and Audit has undertaken a number of special investigations; the most significant of which was referred to the SFO for formal investigation in 2013. A number of staff were dismissed or resigned during the course of AT's own investigation into road maintenance contracts. The SFO in April this year charged three individuals involved and the case is currently before the courts.

Special investigations may also be activated through AT's confidential hotline. The hotline is open to reports from staff, contractors or the public, in confidence if necessary, on any serious actions by AT employees or contractors which may be unsafe, unlawful or which they are unable or unwilling to report to the appropriate manager. An independent agency, PwC administers the service and Risk and Audit reviews all complaints received.

Auckland residents are rightly vigilant about how their rates and taxes are spent. We are committed to investigating any irregularity reported on the conduct of any part of the organisation.

The contact details for our hotline are: Contact PwC in confidence on **0800 287-376** or email **at.report@nz.pwc.com**. These details are available on AT's website and the Intranet.

NEXT STEPS

In 2016 Risk and Audit will continue to focus on facilitating the organisation's risk management process, complete its planned internal audit work programme and respond to any unplanned or special investigations as they arise.

Additionally Risk and Audit has been tasked with facilitating a business continuity programme across the organisation to ensure that each business unit understands the definition of a range of possible events – from incidents to crisis management and disaster recovery – and has the appropriate plan in place to respond to these. This programme will give the Board additional assurance that it is meeting its obligations to its shareholder, partners, customers and employees.

A NEW PROCUREMENT STRATEGY AND CONTRACTS

With an annual procurement spend of over $1b, we are a significant procurement organisation in New Zealand. A new Procurement Strategy approved in June 2015 sees the organisation moving away from the more traditional approach of focus on the sourcing aspect towards a strategic, whole-of-life approach that delivers sustainable value.

Our aim is to achieve sustainable 'value for money' through collaborative relationships that encourage and foster fair competition and innovation in the delivery of AT's objectives to the satisfaction of its customers.

Sustainable procurement means that when buying goods and services we will consider:

- Strategies to avoid unnecessary consumption and that manage demand
- Minimising environmental impacts of the goods and services over the whole of life
- Our suppliers' socially responsible practices including compliance with legislative obligations to employees
- Value for money over the whole of life, rather than just the initial cost.

A new methodology, Auckland Transport Performance Assessment by Coordinated Evaluation (ATPACE), is designed to develop a culture of continuous dialogue with our suppliers. ATPACE systematically monitors performance and encourages high levels of performance from suppliers by challenging them to exceed key objectives. It also acts as a reference of track record when evaluating future tenders.

THE PROCUREMENT PROCESS

Service	Progress
Road maintenance	Completed 2014
Street lighting	Contracts due to start August 2015
Rail service operator	Expressions of interest called in September 2014 and shortlisted to three in May 2015. Service commencement mid 2016
Bus service operators	Tenders invited by network area during 2015
Ferry service operators	Expressions of interest called mid 2015, with service commencement late 2016

CONTRACTS AWARDED OR LEASES $2M AND OVER

Contract description	Contract award value ($m)	Supplier name
Albany Highway North upgrade construction	37.4	Fulton Hogan Contracting Ltd
Glenvar Ride Road–Long Bay works development agreement	7.5	Long Bay Communities Ltd
Provision of manned services, security guards and patrols	7.3	Evergreen International NZ LLC
MSA shared service agreement between Auckland Council and AT 2014/15	6.3	Auckland Council
2015 Infrastructure funding agreement roading works	6.3	Auckland Council
Parnell Station construction	5.5	Hawkins Infrastructure Ltd
Albany Highway upgrade–utilities	5.1	Vector Ltd
Fred Taylor Drive widening stage 1	4.6	Hawkins Infrastructure Ltd
Electricity supply for time of use sites	4.0	Contact Energy Ltd
Professional services for design and supervision of CRL works under Downtown Shopping Centre	3.3	Precinct Properties Holdings Ltd
Public transport facilities- cleaning and hygiene services	3.3	City Cleaning Services Ltd
2014-2015 minor roading works across the region	3.1	Traffic Systems Ltd
Vector Tar services relocation	2.7	Vector Ltd
Lease for levels 2 and 3, 2-8 Nelson Street	2.6	Jones Lang Lasalle Ltd
2014-2015 minor roading works across the region	2.5	Transfield Services (Head Office) NZ
GWS Services	2.4	Spark New Zealand Trading Ltd
Matakana Valley Road seal extension stage 2	2.4	Wharehine Contractors Ltd
Swanson Park and Ride construction	2.3	John Fillmore Contracting Ltd
Ormiston Road widening between Te Irirangi Drive and Chapel Road	2.3	Higgins Contractors Ltd
2014-2015 minor roading works across the region	2.3	Fulton Hogan Contracting Ltd
Mokoia Pa design mitigation and principal advisor for Panmure Bridge	2.1	Beca Ltd
Principal estimator for the Auckland City Rail Link project	2.0	Rider Levett Bucknall Auckland Ltd

A full list of contracts recently awarded and more detail about AT's procurement framework and practices is at **at.govt.nz/about-us/procurement**

PROJECT MANAGEMENT AND ASSET MAINTENANCE

The Infrastructure group looks after over $16b of transport assets. Each year we spend more than $700m constructing new assets and maintaining and renewing existing assets.

PROJECT MANAGEMENT OFFICE

We are partnering to deliver some of the largest infrastructure projects ever seen in New Zealand. Delivering projects on time, on budget and in a way that meets customers' needs is a fundamental principle, given fixed budgets and the city's rapid growth.

Within the group, the Project Management Office (PMO) employs a dedicated team of certified specialists who have prior experience as practitioners in managing projects and programmes. This team focuses on:

- Developing project management processes, which includes methodology and capability building
- Risk management and quality assurance on projects
- Commercial and technical analysis and support to projects and contracts.

Project management at AT is a collaborative process that takes place within the strategic planning framework. A robust project management framework (PMF), based on PRINCE2 methodology and PMI standards, was first introduced in 2011 and guides all decision processes from initiation through to closure. Our framework is recognised by our investment partners as well as Audit NZ as a robust process adhering to best practice. A sophisticated and integrated reporting system is a distinguishing feature of the framework enabled by the PMO, while a governance structure ensures a single point of accountability for the success of every project.

BENEFITS TO STAKEHOLDERS AND THE COMMUNITY

There is intense public scrutiny of transport. The commercial and technical arm of the PMO provides assurance to the business over the integrity of information reported and supports the delivery teams to ensure that commercial acumen is applied to everything we do, eliminating waste and maximising value for money for ratepayers.

The PMO Commercial team ensures that AT's contractual position is protected and transparent at all times, driving a best-practice approach to procurement that supports a competitive and sustainable supply chain. Through standardising industry-facing technical documentation, all parties are clear on the project objectives and outcomes throughout the project lifecycle. This provides greater certainty that the benefits will be delivered to all project stakeholders and the wider community.

To ensure the framework is embedded by all project managers, the PMO integrates its capability and monitors for consistent behavioural practices across the organisation, removing silos and ensuring a one organisation approach.

The PMF 2015 was launched in June, consisting of the PMF 2015 Framework, along with a series of handbooks and guides on risk management, changes to health and safety legislation and standardising the approach to cost estimation as well as stakeholder engagement. The guides enable the project managers to better understand how to integrate with the specialist teams across the organisation, including Property, Planning Integration, Māori Engagement, and Procurement.

NEXT STEPS

Implementing PMF 2015 will be the focus during 2016, with scheduled workshops held every six to eight weeks to ensure understanding of outcomes expected from the new framework. Any gaps identified by these workshops will become part of the improvement plans moving forward.

ASSET MANAGEMENT

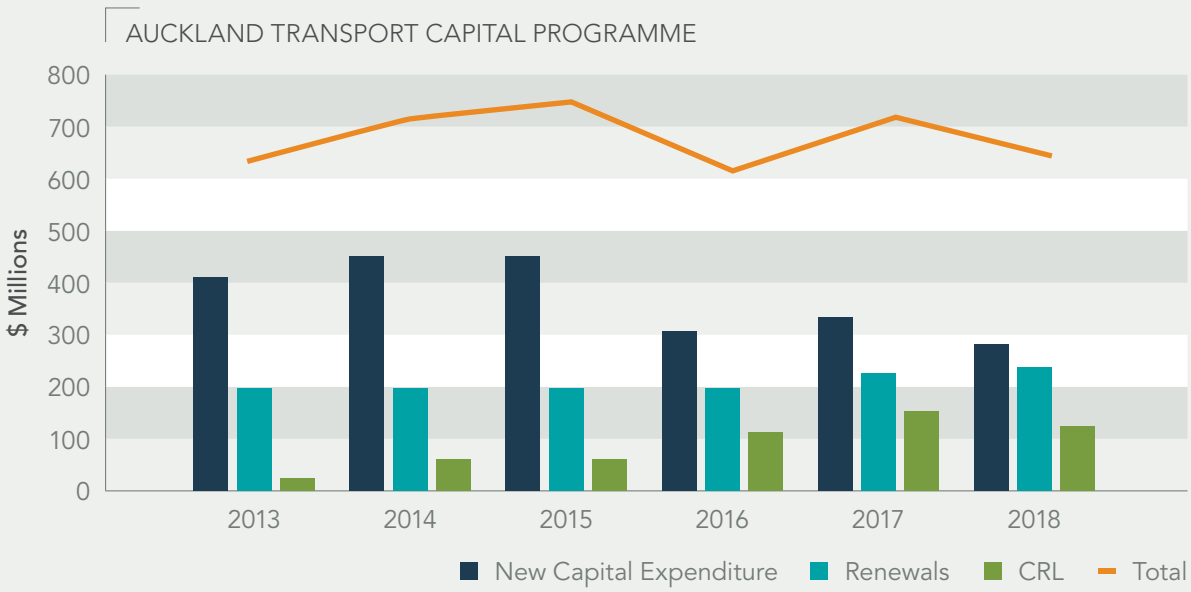
The road network provides for eight billion kilometres of vehicle travel annually, with about two to six per cent of this travel being by heavy commercial vehicles moving over 62 million tonnes of freight. The road network has a value of just under $14b. The public transport network accommodates 79 million trips annually and has a value just under $1.4b.

The transport network is depreciating at a rate of $293m annually or $802,000 daily. It is critical that renewal and maintenance investment is given sufficient priority to look after what we have.

The Local Government Act 2002 (LGA) requires AT to manage its transport assets in an effective manner. The Asset Management Plan (AMP) enables AT to demonstrate how it is meeting this requirement for renewals and maintenance activities. It forms the basis of:

- Maintenance and renewals budgets and programmes in the RLTP and LTP
- AT's eligibility for the Transport Agency subsidy of its maintenance and renewals programme.

Auckland Transport's second asset management plan 2015 to 2018 was published in August 2015. Road maintenance is reported in Focus 1, with associated targets for customer satisfaction. Renewals are the focus of this section. The graph below shows forecast spending on renewals in relation to capital spending.



OPTIMAL ASSET RENEWAL

Auckland Transport manages an ongoing programme of renewals work to offset deterioration in asset condition and protect what we have. This is stage one of a four-stage intervention process in the ITP that guides investment. The renewals capital budget competes for funding alongside growth-related new capital projects and expanding transport services. There are significant risks attached to adequate funding of any of these three areas.

This year we developed a Renewals Optimisation Model (ROM) in line with this first stage. The tool supports long-term planning by providing:

- Long-term renewals cost needs for all asset classes across the portfolio
- Visibility of condition-based backlog risk
- Long-term investment for resolving backlog
- A mechanism for direct testing of trade-offs between funding, level of service and risk
- The communication of key asset management issues to decision-makers.

The ROM tool has been used to produce the 30-year optimised renewal funding profile based on network needs and budget constraints.

Auckland Transport's case study on ROM, 'Strategic decision making tool for optimising asset renewals', was published this year as a best practice exemplar by New Zealand road controlling authorities' collaborative group, Road Efficiency Group.

SEISMIC STRENGTHENING OF ASSETS

A seismic screening programme has continued through 2015. The primary assessment of all 1,692 significant transport structures and buildings has been completed. More detailed secondary assessment of 209 structures and buildings is required to identify whether they are earthquake prone. Planning for this phase is underway.

AUCKLAND TRANSPORT'S ASSETS TO JUNE 2015

Asset	2015	2014	Change from 2014	Explanation
Local and arterial roads (km)	7,560	7,277	283	New developments and improvements to data capture
Bridges and major culverts	1,245	1,021	224	
Footpaths (km)	6,956	6,879	77	
Street lights	106,691	104,718	1,973	
Road signs	140,843	137,614	3,229	
Bus shelters	2,342	1,797	545	
Dedicated bus stations (7) and busway stations (5)	12	12	-	No change
Wharves and ferry facilities	21	21	-	No change
Rail stations in service on five lines	42	42	-	No change
Electric trains	54	18	-	No change **Note:** One maintenance depot also owned by AT (operated and maintained by third party)
Multi-storey car park buildings	13	13	-	No change
Pay-and-display machines	895	851	44	Increase of metered areas

AT worked with contractors over a 12 month period to repair Great Barrier Island roads following a one-in-40-year storm

04

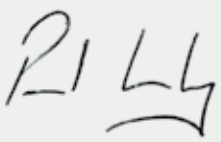
Afternoon pedestrian traffic on Symonds Street

Financials

- Financial statements
- Notes to the financial statements
- Independent Auditor's Report

Statement of Comprehensive Revenue and Expense
for the year ended 30 June 2015

	Note	Actual 2015 $000	Budget 2015 $000	Actual 2014 $000
REVENUE				
Operational funding from Auckland Council	2	235,583	235,583	230,138
Capital funding from Auckland Council	2	134,501	134,501	128,140
Grant from Auckland Council for Electric Trains project	2	38,000	–	6,000
Operational funding from NZ Transport Agency	2	227,947	227,178	208,208
Capital funding from NZ Transport Agency	2	131,077	181,918	163,822
Other revenue	2	332,602	160,694	245,418
Finance revenue	3	1,754	–	6,688
Total revenue		**1,101,464**	**939,874**	**988,414**
Expenditure				
Personnel costs	4	97,598	91,117	79,643
Depreciation and amortisation expense	12,13	292,759	266,001	274,918
Finance costs	3	38,590	27,264	15,932
Other expenses	5	521,217	501,564	524,012
Total expenditure		**950,164**	**885,946**	**894,505**
SURPLUS/(DEFICIT) BEFORE TAX		151,300	53,928	93,909
Income tax	6	(1,446)	–	(273)
Total surplus/(deficit) after tax		**149,854**	**53,928**	**93,636**
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Revaluation gain on property, plant and equipment	18	124,395	1,956	852,285
Deferred tax on revaluation	6	669	–	(1,442)
Cash flow hedges	18	41,952	–	(22,728)
Other comprehensive revenue and expense		**167,016**	**1,956**	**828,115**
Total comprehensive revenue and expense		**316,870**	**55,884**	**921,751**



Dr Lester Levy, Chairman
August 2015

Paul Lockey, Director
August 2015

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2015

	Note	Actual 2015 $000	Budget 2015 $000	Actual 2014 $000
ASSETS				
Current assets				
Cash and cash equivalents	7	7,496	–	5,080
Receivables	8	237,573	187,604	226,863
Inventories	9	7,788	5,160	4,200
Other assets	10	2,003	–	994
Non-current assets held for sale	11	4,400	–	5,000
Derivative financial instruments	16	585	–	–
Total current assets		**259,845**	**192,764**	**242,137**
Non-current assets				
Property, plant and equipment	12	16,531,834	16,100,962	15,811,530
Intangible assets	13	113,488	30,841	113,218
Derivative financial instruments	16	12	–	–
Receivables	8	–	57,874	52,000
Total non-current assets		**16,645,334**	**16,189,677**	**15,976,748**
Total assets		**16,905,179**	**16,382,441**	**16,218,885**
LIABILITIES				
Current liabilities				
Payables	14	186,884	145,123	190,856
Employee entitlements	15	11,911	7,831	9,777
Derivative financial instruments	16	–	3,800	39,218
Borrowings	17	4,697	57,658	2,678
Total current liabilities		**203,492**	**214,412**	**242,529**
Non-current liabilities				
Payables	14	20,684	–	11,053
Deferred tax	6	11,665	11,020	10,888
Employee entitlements	15	675	900	745
Derivative financial instruments	16	3,596	50,663	7,100
Borrowings	17	479,033	473,167	355,432
Total non-current liabilities		**515,653**	**535,750**	**385,218**
Total liabilities		**719,145**	**750,162**	**627,747**
Net assets		**16,186,034**	**15,632,279**	**15,591,138**
EQUITY				
Contributed capital		13,482,059	13,602,325	13,223,033
Accumulated surplus/(deficit)		587,923	407,418	412,342
Other reserves		2,116,052	1,622,536	1,955,763
Total equity	18	**16,186,034**	**15,632,279**	**15,591,138**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2015

	Note	Actual 2015 $000	Budget 2015 $000	Actual 2014 $000
Balance at 1 July		15,591,138	15,241,779	14,392,698
Comprehensive revenue and expense				
Surplus/(deficit) for the period		149,854	53,928	93,636
Gain on property, plant and equipment revaluation		124,395	1,956	852,285
Deferred tax on revaluation		669	–	(1,442)
Cash flow hedges		41,952	–	(22,728)
Total comprehensive revenue and expense		**316,870**	**55,884**	**921,751**
Capital contribution from Auckland Council		259,026	334,616	276,689
Found assets		19,000	–	–
Balance at 30 June	18	**16,186,034**	**15,632,279**	**15,591,138**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2015

	Note	Actual 2015 $000	Budget 2015 $000	Actual 2014 $000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash provided from:				
Revenue from activities		162,666	160,694	147,977
Operating funding from Auckland Council		235,583	235,583	230,138
Operational funding from NZ Transport Agency		227,715	227,178	198,613
Grant from Auckland Council for Electric Trains project		90,000	–	–
Capital funding from Auckland Council		134,501	134,501	128,140
Capital funding from NZ Transport Agency		140,199	181,918	214,168
Interest received		386	–	175
Goods and services tax		1,782	–	–
Total cash provided		**992,832**	**939,874**	**919,211**
Cash applied to:				
Payments to suppliers and employees		615,919	592,681	563,042
Interest paid		24,596	27,264	13,384
Goods and services tax		–	–	10,864
Total cash applied		**640,515**	**619,945**	**587,290**
Net cash from operating activities	19	**352,317**	**319,929**	**331,921**
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash provided from:				
Sale of property, plant and equipment		1,006	–	943
Cash applied to:				
Purchase of property, plant and equipment		723,842	833,035	693,403
Net cash applied to investing activities		**(722,836)**	**(833,035)**	**(692,460)**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2015

	Note	Actual 2015 $000	Budget 2015 $000	Actual 2014 $000
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash provided from:				
Capital contribution from Auckland Council		247,316	334,616	220,222
Loan from Auckland Council		182,000	182,000	138,000
Total cash provided		**429,316**	**516,616**	**358,222**
Cash applied to:				
Repayment of loan from Auckland Council		56,322	3,510	1,654
Payment of finance leases		59	–	57
Total cash applied		**56,381**	**3,510**	**1,711**
Net cash from financing activities		**372,935**	**513,106**	**356,511**
Net increase/(decrease) in cash and cash equivalents		2,416	–	(4,028)
Opening cash and cash equivalents		5,080	–	9,108
Closing cash and cash equivalents	7	**7,496**	**–**	**5,080**

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

The accompanying notes form part of these financial statements.

Summary of Capital Expenditure
for the year ended 30 June 2015

	Actual 2015 $000	Budget 2015 $000	Actual 2014 $000
NEW CAPITAL EXPENDITURE			
Roads	163,570	242,441	218,015
AT Metro	137,360	144,258	113,455
Parking	3,521	4,185	939
Electric Trains	204,931	215,163	155,738
Other	25,043	7,300	29,671
Total new capital expenditure	**534,425**	**613,347**	**517,818**
RENEWAL CAPITAL EXPENDITURE			
Roads	189,947	207,609	189,751
AT Metro	3,441	9,210	8,837
Parking	1,684	2,869	1,703
Total renewal capital expenditure	**195,072**	**219,688**	**200,291**
VESTED ASSETS			
Roads	162,926	–	95,186
Total vested assets	**162,926**	**–**	**95,186**
Total capital expenditure	**892,423**	**833,035**	**813,295**
FUNDING			
NZ Transport Agency funding – new	52,194	103,831	85,108
NZ Transport Agency funding – renewal	78,883	78,087	78,714
Capital funding from Auckland Council	134,501	134,501	128,140
Grant from Auckland Council for Electric Trains project	22,931	–	–
Loan funding from Auckland Council	182,000	182,000	155,738
Investment by Auckland Council	258,988	334,616	268,732
Sale of assets	–	–	1,677
Vested assets	162,926	–	95,186
Total funding	**892,423**	**833,035**	**813,259**

The accompanying notes form part of these financial statements.

1 STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Auckland Transport is a Council Controlled Organisation of the Auckland Council ('the Council'), established under section 38 of the Local Government (Auckland Council) Act 2009 as a body corporate with perpetual succession, and is domiciled in New Zealand. The relevant legislation governing Auckland Transport's operations includes the Local Government (Auckland Council) Act 2009 and the Local Government Act 2002.

Auckland Transport's primary objective is to provide services and facilities for the community as a social benefit rather than to make a financial return.

Auckland Transport has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements are for the year ended 30 June 2015 and were authorised for issue by the Board of Auckland Transport on 25 August 2015. Neither Auckland Council nor Auckland Transport Board has the power to amend the financial statements once adopted.

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

Statement of compliance

The financial statements of Auckland Transport have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice ('NZ GAAP').

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE accounting standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards.

Measurement base

The financial statements are prepared based on historical cost modified by the revaluation of the following:

- derivative financial instruments at fair value
- certain classes of property, plant and equipment at methods appropriate to the class of asset.

The methods used to measure fair value are discussed in the specific accounting policies.

Going Concern

Auckland Transport receives funding from Auckland Council in order to deliver the agreed annual operational and capital programmes within the Auckland Council's Long Term Plan, including significant variations agreed with Auckland Council. Borrowings from Auckland Council are set out in Note 17 and are supported by schedules of repayments determined from the credit facility agreement between Auckland Transport and Auckland Council.

Functional and presentation currency

The financial statements are presented in New Zealand dollars ($), which is Auckland Transport's functional currency, and have been rounded to the nearest thousand unless otherwise stated.

Notes to the Financial Statements
for the year ended 30 June 2015

Budget figures

The budget figures are those included in the Auckland Transport's Statement of Intent 2014-2017, adopted by Auckland Transport's Board on 24 June 2014.

Costs allocation

Cost of service for each activity was allocated as follows:

- Direct costs are charged directly to activities. Indirect costs are charged to activities using appropriate cost drivers such as actual usage, staff numbers and floor area.
- Direct costs are those costs directly attributable to an activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific activity.

Changes in accounting policies

The accounting policies have been updated to align with the new PBE accounting standards. However, there have been no material adjustments arising on transition to the new PBE accounting standards.

Standards issued and not yet effective and not early adopted

In October 2014, the PBE Accounting Standards were updated to incorporate requirements and guidance for the public sector. These updated standards apply to not-for-profit sector PBEs with reporting periods beginning on or after 1 April 2015. Auckland Transport will apply these standards in preparing its 30 June 2016 financial statements, and expects there will be minimal or no change in applying these updated accounting standards.

(b) Foreign currency translation

Auckland Transport translates its foreign currency transactions into New Zealand dollars using the exchange rates at the dates of the transactions. It records foreign exchange gains and losses from the settlement of transactions, and from translation at year-end exchange rates, in the surplus or deficit.

(c) Revenue

Revenue is comprised of exchange and non-exchange transactions. Exchange transaction revenue arises when on entity receives assets or services, has liabilities extinguished, and directly gives approximately equal value in exchange. Exchange revenue includes parking fees.

Non-exchange transaction revenue arises from transactions without an apparent exchange of approximately equal value. Non-exchange revenue includes grants, vested assets and fares partially funded by rates.

Auckland Transport measures revenue at the fair value of the amounts received or receivable, net of discounts, duties and taxes paid.

Auckland Transport receives revenue from the following main sources:

Auckland Council grants (non-exchange revenue)

Auckland Transport is funded by its parent the Auckland Council in order to deliver the agreed annual operational and capital programmes. This funding is recognised in accordance with the approved Auckland Transport's Annual Plan and Statement of Intent (SOI) as agreed between Auckland Transport and Auckland Council.

NZ Transport Agency grants (non-exchange revenue)

Auckland Transport receives government grants from NZ Transport Agency, which funds operational and capital expenditure.

Grants distributions from NZ Transport Agency are recognised as income when the expenditure they cover is incurred i.e. on an accrual basis. There are no unfulfilled conditions or other contingencies attached to these grants.

Fare revenue (non-exchange revenue)

Auckland Transport receives fare box revenue from certain bus and ferry and all rail services. This revenue is recognised when the ticket is purchased and/or travel actually occurs.

Enforcement revenue (non-exchange)

Income and receivables are recognised when an infringement notice is issued. Infringement notices that are 63 days past due are lodged with a collection agency. If still outstanding at 150 days past due they are transferred from the collection agency to the courts for collection.

Vested assets (non-exchange revenue)

For assets received for no or nominal consideration, the asset is recognised at its fair value when Auckland Transport obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

Auckland Transport accounts for revenue for the following activities:

- parking revenue (exchange) – when parking notice is issued
- licenses and permits revenue – on application
- rental revenue – is recognised on a straight-line basis over the lease term
- interest income – on a time proportion basis using the effective interest method
- contra transactions – are measured at the fair value of the asset received or the fair value of the goods given up
- other grants and subsidies – when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant or subsidies are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

(d) Leases

Operating leases

With operating leases, the lessor retains the risks and benefits of ownership. Lease payments are recognised as an expense in the surplus or deficit on a straight-line basis over the period of the lease.

Finance leases

Finance leases effectively transfer to the lessee the risks and benefits incidental to ownership. These are capitalised at the lesser of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding liabilities are recognised in the statement of financial position. Interest on finance leases is charged to surplus or deficit over the lease period.

Leased assets are depreciated over the period Auckland Transport is expected to benefit from their use.

(e) Inventories

Inventories held for distribution (e.g. rolling stock spare parts) are stated at cost (using weighted average cost), adjusted, when applicable, for any loss of service potential.

Where inventories are acquired at no cost or for nominal consideration, the cost is the fair value at the date of acquisition.

The amount of any write-down in the value of inventories is recognised in the surplus or deficit.

Notes to the Financial Statements
for the year ended 30 June 2015

(f) Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increase in fair value (less cost to sell) is recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

(g) Property, plant and equipment

Auckland Council-owned property, plant and equipment

Property, plant and equipment in the legal name of Auckland Council that Auckland Transport has control over are recognised as an asset in the statement of financial position. Auckland Transport considers it has assumed all the normal risks and rewards of ownership of this property, plant and equipment despite legal ownership not being transferred, and accordingly it would be misleading to exclude this property, plant and equipment from the financial statements.

Property, plant and equipment consist of:

(1) Operational assets

These include land, buildings, rolling stock, locomotive improvements, motor vehicles, computer hardware, furniture and fittings, plant and equipment, wharves, bus stations and shelters and train stations.

(2) Infrastructure assets

These include the land-infrastructure and roading infrastructures.

Land (operational)

Land (operational) includes land held for roading purposes, land held for rail purposes, land under carparks, land under park and ride and land under wharves and land under train stations.

Building

Building includes buildings held for roading purposes, buildings held for rail purposes, car park buildings, wharf buildings and other operational buildings.

Rolling stock

Rolling stock includes locomotive, passenger cars and electric multiple units (EMU).

Land infrastructure

Land infrastructure includes restricted land, land under roads and access to/from rail stations.

Roading infrastructure

Roading infrastructure includes roading assets (e.g. footpath, streetlights, traffic control, pavements, etc.).

Plant and equipment

Plant and equipment includes parking equipment (e.g. barrier arms, handheld parking infringement machines, etc.) and public transport equipment (e.g. public transport information, signal pre-emption, CCTV camera, etc.).

Valuation of assets

Auckland Transport accounts for revaluations on a class of assets basis. Details of the latest revaluation are found in Property, Plant and Equipment Note 12.

Operational land and building, wharves, train stations, bus stations and shelters,

roading and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Any accumulated depreciation at the date of revaluation is transferred to the gross carrying amount of the asset, and the asset cost is restated to the revalued amount.

Increases in asset carrying amounts due to revaluation increase revaluation reserves in equity. Decreases in asset carrying amounts decrease revaluation reserves in equity only to the extent that the class of assets has sufficient revaluation reserves to absorb the reduction. All other decreases are charged to surplus or deficit.

If a revaluation increase reverses a decrease previously recognised in the surplus or deficit, the increase is recognised first in the surplus or deficit to reverse previous decreases. Any residual increase is applied to revaluation reserves in equity.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Auckland Transport and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Disposals

Gains and losses on the sale or disposal of assets are determined by comparing the proceeds of sale with the asset's carrying amount. Gains and losses are included in the surplus or deficit. When a revalued asset is sold or disposed of, any amount in the revaluation reserves in equity relating to that asset is transferred to accumulated surplus/deficit.

Depreciation

Land (operational) and land-infrastructure are not depreciated. Assets are depreciated on a straight-line basis. Depreciation writes off the cost of the assets to residual value over their useful lives.

Class of asset depreciated	Estimated useful life (years)
Operational assets	
Buildings	7-100
Rolling stock	2-35
Locomotive improvements	2-9
Motor vehicles	5
Computer hardware	3-8
Furniture and fittings	5-15
Plant and equipment	5-25
Wharves	50-100
Bus stations and shelters	10-99
Train stations	5-99
Boats	3-15
Infrastructure assets	
Roading	10-120
Street gardens	10-30

Auckland Transport reviews and, if necessary, adjusts the assets' residual values and useful lives at each year-end.

Notes to the Financial Statements
for the year ended 30 June 2015

Capital works in progress

Capital works in progress are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

(h) Intangible assets

Intangible assets are initially recorded at cost. The cost of an internally generated intangible asset represents expenditure incurred in the development phase of the asset only. Intangible assets acquired at no cost are initially recognised at fair value where that is reliably measurable.

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses, and are reviewed annually for impairment losses. Assets with indefinite useful lives are not amortised but are tested, at least annually, for impairment, and are carried at cost, less accumulated impairment losses.

Realised gains and losses arising from the disposal of intangible assets are recognised in the surplus or deficit in the period in which the disposal occurs.

Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the surplus or deficit.

Access rights – operating leases

The access rights – operating leases on land are long term land leases on which stations have been built. They are recognised in the accounts at cost and amortised over the life of the underlying asset. This includes the costs transferred to AT on establishment and AT's contribution to the costs of constructing railway tracks. This is owned by KiwiRail but AT have the rights to use the assets under the agreement with KiwiRail.

Computer software

Computer software licences are capitalised based on the costs incurred to acquire and bring to use the software. These costs are amortised using the straight-line method over their estimated useful lives (three to eight years).

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Costs directly associated with the development of identifiable and unique software products controlled by Auckland Transport, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets (e.g. software development employee costs). Computer software development costs recognised as assets are amortised using the straight-line method over their estimated useful lives (not exceeding eight years). Staff training costs are recognised as an expense when incurred.

(i) Impairment of property, plant, and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

(j) Financial assets

Auckland Transport classifies its financial assets in the following categories:

- financial assets at fair value through surplus or deficit
- loans and receivables.

The classification depends on the reason behind acquiring the investment. Auckland Transport decides how to classify its investments when they are acquired.

Purchases and sales of investments are recorded on the transaction date at fair value plus transaction costs, unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit. Financial assets are no longer recognised when the right to receive cash flows from the financial assets has expired or has been transferred.

At each year-end, Auckland Transport assesses whether there is evidence that a financial asset or group of financial assets is impaired. Any impairment loss is recognised in the surplus or deficit.

Financial assets at fair value through surplus or deficit

This category has two subcategories: financial assets held for trading and those designated at fair value through surplus or deficit on initial recognition. A financial asset is classified in this category if acquired principally to sell in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. They are classified as current assets if they are held for trading and expected to be realised within 12 months of the period end date.

After initial recognition financial assets at fair value through surplus or deficit continue to be measured at fair value. Realised and unrealised gains and losses arising from the changes in the fair value of the financial assets at fair value through surplus or deficit category are included in the surplus or deficit in the period in which they arise.

Derivatives are the only items under this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market. They arise when Auckland Transport provides money, goods or services directly to a debtor with no intention of selling the receivable asset.

After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Gains

Notes to the Financial Statements
for the year ended 30 June 2015

and losses are recognised in the surplus or deficit. Loans and receivables are included in current assets, except for those with maturities greater than 12 months after the year-end date, which are classified as non-current assets.

Trade and other receivables and cash and cash equivalents are classified under this category.

(k) Derivative financial instruments

Auckland Transport uses derivative financial instruments to hedge exposure to foreign exchange and interest rate risks. In accordance with its treasury policy, Auckland Transport does not hold or issue derivative financial instruments for trading purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the year-end date. The quoted market price used for financial assets held by Auckland Transport is the current bid price. The quoted market price for financial liabilities is the current ask price.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The resulting gain or loss is recognised in the surplus or deficit unless the derivative instrument has been designated as a hedging instrument and qualifies for hedge accounting, in which case, the method of recognising the resulting gain or loss is discussed below.

Derivatives that qualify for hedge accounting

When a derivative is designated as a hedging instrument, Auckland Transport documents a hedge relationship as either a cash flow hedge (hedge of a forecast transaction) or a fair value hedge (hedge of the fair value of a recognised asset or liability). Also documented are the nature of the risk being hedged, its risk-management objective, strategy for hedge transactions, identification of the hedging instrument and hedged item, and how the hedging instrument's effectiveness is to be assessed.

Auckland Transport does not have any fair value hedge instrument.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recorded in the surplus or deficit.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets accounting criteria, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity transfers to surplus or deficit.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions. They also include other short-term, highly liquid investments (with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value) and bank overdrafts.

(m) Trade and other receivables

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost less any provision for impairment. They are due for settlement no more than 30 days from the date of recognition.

Auckland Transport reviews the collection of trade and other receivables on an on-going basis and writes off debts known to be uncollectable. A provision is made for doubtful receivables when there is objective evidence that Auckland Transport

will not be able to collect all amounts due according to the original terms of the receivables. The amount provided is the difference between the receivable's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. This amount provided is recorded in the surplus or deficit.

The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the surplus or deficit. When a receivable is uncollectable, it is written off against the provision account.

(n) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and amortised cost is recognised in the surplus or deficit over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Auckland Transport has an unconditional right to defer settlement of the liability for at least 12 months after the year-end date.

(o) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(p) Current and deferred income tax

The income tax expense is the tax payable on the current period's taxable income, based on the New Zealand tax rate, and adjusted for changes in deferred tax assets and liabilities, and adjustments to income tax payable in respect of prior years.

Deferred tax assets and liabilities account for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled. This is based on those tax rates set by the government. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

An exception is made for certain temporary differences from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they came from a transaction, other than a business combination, that at the time of the transaction did not affect accounting profit or taxable profit and loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent it is likely that future taxable amounts will be available for Auckland Transport.

Current and deferred tax balances attributable to amounts recognised directly in equity, such as asset revaluations, are also recognised directly in equity.

(q) Provisions

Provisions are recognised when:

- Auckland Transport has a present legal or constructive obligation due to past events
- it is more likely than not that an outflow of resources will be required to settle the obligation
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Notes to the Financial Statements
for the year ended 30 June 2015

Organisational

An organisational provision is recognised where there is a legal or constructive obligation to meet redundancy expenses. The amount recorded in the financial statements is the estimated cost of this expense.

Contractual

A contractual provision is recognised when legal claims have been issued against Auckland Transport for past transactions and it is probable that Auckland Transport will be liable for these claims. The amount recorded in the financial statements is the estimated cost of these claims.

(r) Creditors and other payables

These amounts represent unpaid liabilities for goods and services provided to Auckland Transport before the end of the financial year. The amounts are unsecured and usually paid within 30 days of recognition. Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Goods and services tax (GST)

Items in the financial statements are exclusive of GST, with the exception of receivables and payables. The net amount of GST receivable from, or payable to the Inland Revenue Department is included as part of receivables or payables in the statement of financial position. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

(t) Employee benefit liabilities

Short-term employee benefit liabilities

These include wages and salaries, annual leave and sick leave. These liabilities are expected to be settled within 12 months of the reporting date. They include employees' services up to the year-end date and are measured at the amounts Auckland Transport expects to pay when the liabilities are settled. A liability is recognised for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation. Auckland Transport recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Auckland Transport anticipates it will be used by staff to cover those future absences.

Long-term employee entitlements

Entitlements that are payable beyond 12 months such as long-service leave have been actuarially measured as the present value of expected future payments for services provided by employees up to the year-end date. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. The discount rates used in the valuation are risk-free discount rates advised by the New Zealand Treasury.

(u) Equity

Equity is the shareholder's interest in the organisation and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into contributed equity from shareholder, accumulated funds, and reserves (property revaluation reserve and cash flow hedge reserve.

Property revaluation reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Cash flow hedge reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

(v) Use of estimates and judgements

The preparation of financial statements requires Auckland Transport's management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Property, plant and equipment (note 12)
- Contingent liabilities (note 21).

Notes to the Financial Statements
for the year ended 30 June 2015

	Actual 2015 $000	Actual 2014 $000
2 REVENUE		
Funding from Auckland Council and NZ Transport Agency are classified as non-exchange revenue.		
Other revenue		
Revenue from non-exchange transactions:		
Public transport revenue	67,000	53,839
Enforcement revenue	31,782	34,667
Other operating grants and subsidies	10,088	9,727
Vested asset revenue	162,926	95,186
Revaluation gain	731	–
Other revenue	17,809	13,908
Total other revenue from non-exchange transactions	**290,336**	**207,327**
Revenue from exchange transactions:		
Parking revenue	42,266	38,091
Total other revenue	**332,602**	**245,418**
3 FINANCE REVENUE AND FINANCE COSTS		
Finance revenue		
Interest revenue	386	175
Unrealised interest rate swaps – not hedge accounted	1,368	6,513
	1,754	**6,688**
Finance costs		
Interest expense	23,880	13,617
Realised interest rate swaps – not hedge accounted	14,710	2,315
	38,590	**15,932**
4 PERSONNEL COSTS		
Salaries and wages	123,623	107,009
Less salaries and wages capitalised to property, plant and equipment, and intangibles	(30,841)	(30,645)
Defined contribution plan employer contributions	2,752	2,226
Increase in employee benefit liabilities	2,064	1,053
Total personnel costs	**97,598**	**79,643**
Employer contributions to defined contribution plans include contributions to Kiwisaver and Super Trust of New Zealand Fund.		

	Actual 2015 $000	Actual 2014 $000
5 OTHER EXPENSES		
Fees to principal auditor:		
Audit fees for financial statement audit	549	539
Fees for other services	44	43
Fees to Office of the Auditor-General	55	–
Minimum lease payments under operating leases	5,241	3,171
Impairment of receivables	933	731
Directors' fees (refer note 23)	507	487
Revaluation decrement	–	1,180
Property, plant and equipment impairment	–	27,981
Public transport operations	333,465	316,610
Roading network	98,531	103,038
Loss on disposal of property, plant and equipment	15,335	7,437
Write-down of inventory	1,500	–
Other operating expenses	65,057	62,795
Total other expenses	**521,217**	**524,012**

Fees paid to the principal auditor for other services were for the review engagement for interim financial reporting.

Fees paid to the Office of the Auditor-General were for a review of service performance as required under Section 104 of the Local Government (Auckland Council) Act 2009.

6 INCOME TAX		
Components of income tax expense		
Current tax	–	–
Deferred tax	1,446	273
Income tax expense	**1,446**	**273**
Relationship between income tax expense and accounting profit		
Surplus/(deficit) before tax	151,300	93,909
Tax at 28 per cent	42,364	26,295
Plus/(less) tax effects of:		
Non-taxable revenue	(42,844)	(26,737)
Non-deductible expenditure	–	–
Tax losses not recognised	–	–
Group loss offset	480	442
Deferred tax adjustment	1,446	273
Income tax	**1,446**	**273**

Notes to the Financial Statements
for the year ended 30 June 2015

	Property plant and equipment $000	Other provisions $000	Tax losses $000	Total $000
6 INCOME TAX (CONTINUED)				
Deferred tax liability				
Balance at 1 July 2014	(10,888)	–	–	(10,888)
Debited to profit and loss	(1,446)	–	–	(1,446)
Charged to equity	669	–	–	669
Balance at 30 June 2015	(11,665)	–	–	**(11,665)**
Balance at 1 July 2013	(9,173)	–	–	(9,173)
Debited to profit and loss	(273)	–	–	(273)
Charged to equity	(1,442)	–	–	(1,442)
Balance at 30 June 2014	(10,888)	–	–	**(10,888)**

Auckland Transport derived tax losses of $1,714,081 during the year ended 30 June 2015. These have not been recognised as deferred tax assets (2014: nil). These losses are available to be used to offset the tax liability of other members of the Auckland Council group.

	Actual 2015 $000	Actual 2014 $000
7 CASH AND CASH EQUIVALENTS		
Cash at bank	7,222	4,798
Till floats	274	282
Total cash and cash equivalents	**7,496**	**5,080**

The carrying value of cash and cash equivalents approximates their fair value.

The weighted average effective interest rate for cash and cash equivalents is 3.25% (2014: 3.25%).

8 RECEIVABLES		
Receivables from non-exchange transactions:		
Current portion		
Trade debtors	5,187	4,281
Infringements receivable	30,813	31,105
Amounts due from related parties	189,712	168,252
Accrued revenue	25,865	34,718
Goods and services tax	114	1,896
	251,691	**240,252**
Less provision for impairment of receivables	(14,118)	(13,389)
Total current debtors and other receivables	**237,573**	**226,863**
Non-current portion		
Amounts due from related parties	–	52,000
Total non-current debtors and other receivables	**–**	**52,000**

Notes to the Financial Statements
for the year ended 30 June 2015

8 RECEIVABLES (CONTINUED)

Infringements receivable and provision for impairment of receivables as at 30 June 2014 have both increased by $12.2m, to be consistent with current year reporting.

The carrying value of debtors and other receivables approximates their fair value.

There is a concentration of credit risk from Auckland Council that is considered low risk. There is no concentration of credit risk with respect to other receivables as there are a large number of customers.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The ageing profile of debtors and other receivables at 30 June is detailed below:

	Gross $000	Impaired $000	Net $000
2015			
Not past due	220,971	–	220,971
Past due 1-30 days	1,740	–	1,740
Past due 31-60 days	1,496	–	1,496
Past due 61-90 days	1,158	–	1,158
Past due > 90 days	26,326	(14,118)	12,208
	251,691	**(14,118)**	**237,573**
2014			
Not past due	260,503	–	260,503
Past due 1-30 days	1,882	–	1,882
Past due 31-60 days	1,416	–	1,416
Past due 61-90 days	1,752	–	1,752
Past due > 90 days	26,699	(13,389)	13,310
	292,252	**(13,389)**	**278,863**

All receivables greater than 30 days in age are considered to be past due.

The provision for impairment of receivables has been calculated on an individual basis. The provision is based on a review of significant debtor balances. Receivables are assessed as impaired due to significant financial difficulties being experienced by the debtor, and Auckland Transport management concluding that it is remote that the overdue amounts will be recovered.

	Actual 2015 $000	Actual 2014 $000

8 RECEIVABLES (CONTINUED)

Movements in the provision for impairment of receivables are as follows:		
Balance at 1 July	13,389	12,987
Additional provisions made	933	1,708
Provisions reversed	(116)	(368)
Provisions relating to receivables written-off	(88)	(938)
Balance at 30 June	**14,118**	**13,389**

9 INVENTORIES

Spare parts for diesel rolling stock	2,552	4,200
Spare parts for electric trains	5,236	–
Total inventories	**7,788**	**4,200**

The carrying amount of spare parts for rolling stock is measured at cost.

No inventories are pledged as security for liabilities.

The write-down of inventories amounted to $1.5m (2014: nil). There have been no reversals of write downs.

10 OTHER ASSETS

Prepayments	2,003	994
NZ Transport Agency assets held in trust	–	20,000
NZ Transport Agency assets held in trust transfer	–	(20,000)
Total other assets	**2,003**	**994**

Asset held in trust for NZ Transport Agency

Auckland Transport and NZ Transport Agency have a Memorandum of Understanding (MOU) covering the Auckland Integrated Fares System (AIFS). The central system of the AIFS project, which Auckland Transport is developing and NZ Transport Agency is funding 100 per cent, passes to NZ Transport Agency as part of their national framework for automated fare collection. The asset is recognised in the financial statements of NZ Transport Agency.

Notes to the Financial Statements
for the year ended 30 June 2015

	Actual 2015 $000	Actual 2014 $000
11 NON-CURRENT ASSETS HELD FOR SALE		
Rolling Stock	4,400	5,000

A key component of development plans for the Auckland rail network is the electrification upgrade in order to accommodate a fleet of new Electric Multiple Units which are scheduled for progressive commissioning between 2014 and 2016. As a consequence of the transition to this new fleet of trains, the majority of Auckland Transport's current diesel fleet will no longer be required for operational service. The competitive sale process of the diesel fleet continues and Auckland Transport is currently in discussions with potential buyers.

2015	Cost/ revaluation 1 July 2014 $000	Accumulated depreciation and impairment charges 1 July 2014 $000	Carrying amount 1 July 2014 $000	Current year additions $000	Current year disposals $000
12 PROPERTY, PLANT AND EQUIPMENT					
Operational assets					
Cost or valuation					
Land	691,930	–	691,930	27,600	(3,649)
Land – finance lease	17,094	–	17,094	–	–
Buildings	277,947	(664)	277,283	3,660	(10,945)
Rolling stock	146,242	(9,659)	136,583	–	–
Locomotive improvements	10,646	(4,366)	6,280	–	(5,089)
Motor vehicles	2,905	(1,564)	1,341	184	(21)
Boats and engines	–	–	–	849	–
Computer hardware	9,933	(2,727)	7,206	–	(11)
Furniture and fittings	988	(295)	693	–	–
Plant and equipment	72,025	(12,190)	59,835	369	–
Wharves	39,587	–	39,587	–	–
Bus stations and shelters	46,391	–	46,391	–	–
Train stations	484,367	(26,030)	458,337	–	–
Computer hardware – finance leases	173	(93)	80	–	–
	1,800,228	**(57,588)**	**1,742,640**	**32,662**	**(19,715)**
Infrastructural assets					
Cost or valuation					
Land	5,750,394	–	5,750,394	2,812	(15,910)
Roading	7,704,398	(317)	7,704,081	7,614	(2,541)
Street gardens	15,285	(1,724)	13,561	478	–
	13,470,077	**(2,041)**	**13,468,036**	**10,904**	**(18,451)**
Works under construction	600,854	–	600,854	876,419	(9,617)
Total property, plant and equipment	**15,871,159**	**(59,629)**	**15,811,530**	**919,985**	**(47,783)**

Current year transfers	Current year impairment charges	Current year depreciation	Revaluation surplus/ (loss)	Cost/ revaluation 30 June 2015	Accumulated depreciation and impairment charges 30 June 2015	Carrying amount 30 June 2015
$000	$000	$000	$000	$000	$000	$000
32,717	–	–	83,305	831,903	–	831,903
–	–	–	2,046	19,140	–	19,140
27,804	–	(10,229)	(11,463)	277,598	(1,488)	276,110
287,857	–	(11,987)	–	434,099	(21,646)	412,453
–	–	(1,191)	–	–	–	–
1,204	–	(517)	–	3,766	(1,575)	2,191
–	–	(11)	–	849	(11)	838
10,966	–	(4,128)	–	20,685	(6,652)	14,033
2,224	–	(209)	–	3,136	(428)	2,708
1,567	–	(8,707)	–	73,189	(20,125)	53,064
5,519	–	(1,648)	731	44,189	–	44,189
4,190	–	(1,620)	–	50,581	(1,620)	48,961
48,547	–	(15,224)	50,507	542,167	–	542,167
–	–	(58)	–	173	(151)	22
422,595	**–**	**(55,529)**	**125,126**	**2,301,475**	**(53,696)**	**2,247,779**
154,843	–	–	–	5,892,139	–	5,892,139
447,983	–	(220,331)	–	8,157,454	(220,648)	7,936,806
7,145	–	(1,164)	–	22,908	(2,888)	20,020
609,971	**–**	**(221,495)**	**–**	**14,072,501**	**(223,536)**	**13,848,965**
(1,032,566)	–	–	–	435,090	–	435,090
–	**–**	**(277,024)**	**125,126**	**16,809,066**	**(277,232)**	**16,531,834**

2014	Cost/ revaluation 1 July 2013 $000	Accumulated depreciation and impairment charges 1 July 2013 $000	Carrying amount 1 July 2013 $000	Current year additions $000	Current year disposals $000
12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)					
Operational assets					
Cost or valuation					
Land	532,939	–	532,939	–	(11,960)
Land – finance lease	13,215	–	13,215	–	–
Buildings	249,473	(8,667)	240,806	14,715	(911)
Rolling stock	59,808	–	59,808	–	(5,000)
Locomotive improvements	10,646	(3,175)	7,471	–	–
Motor vehicles	2,471	(1,270)	1,201	–	(3)
Boats and engines	–	–	–	–	–
Computer hardware	4,300	(1,297)	3,003	–	–
Furniture and fittings	349	(245)	104	–	–
Plant and equipment	37,851	(7,801)	30,050	–	(185)
Wharves	40,004	(1,120)	38,884	2,025	–
Bus stations and shelters	39,154	(1,851)	37,303	–	–
Train stations	403,876	(11,983)	391,893	–	–
Computer hardware – finance leases	735	(110)	625	–	(488)
	1,394,821	**(37,519)**	**1,357,302**	**16,740**	**(18,547)**
Infrastructural assets					
Cost or valuation					
Land	5,671,356	–	5,671,356	95	(1,062)
Roading	7,278,462	(377,763)	6,900,699	3,506	(5,531)
Street gardens	13,881	(1,198)	12,683	–	–
	12,963,699	**(378,961)**	**12,584,738**	**3,601**	**(6,593)**
Works under construction	555,338	–	555,338	796,099	(2,322)
Total property, plant and equipment	**14,913,858**	**(416,480)**	**14,497,378**	**816,440**	**(27,462)**

Current year transfers	Current year impairment charges	Current year depreciation	Revaluation surplus/ (loss)	Cost/ revaluation 30 June 2014	Accumulated depreciation and impairment charges 30 June 2014	Carrying amount 30 June 2014
$000	$000	$000	$000	$000	$000	$000
31,226	–	–	139,725	691,930	–	691,930
–	–	–	3,879	17,094	–	17,094
27,159	–	(9,022)	4,536	277,947	(664)	277,283
135,060	–	(25,304)	(27,981)	146,242	(9,659)	136,583
–	–	(1,191)	–	10,646	(4,366)	6,280
560	–	(417)	–	2,905	(1,564)	1,341
–	–	–	–	–	–	–
5,633	–	(1,430)	–	9,933	(2,727)	7,206
639	–	(50)	–	988	(295)	693
34,522	–	(4,552)	–	72,025	(12,190)	59,835
1,081	–	(1,223)	(1,180)	39,587	–	39,587
4,905	–	(1,268)	5,451	46,391	–	46,391
80,491	–	(14,047)	–	484,367	(26,030)	458,337
–	–	(57)	–	173	(93)	80
321,276	**–**	**(58,561)**	**124,430**	**1,800,228**	**(57,588)**	**1,742,640**
80,005	–	–	–	5,750,394	–	5,750,394
312,453	–	(205,740)	698,694	7,704,398	(317)	7,704,081
1,404	–	(526)	–	15,285	(1,724)	13,561
393,862	**–**	**(206,266)**	**698,694**	**13,470,077**	**(2,041)**	**13,468,036**
(748,261)	–	–	–	600,854	–	600,854
(33,123)	**–**	**(264,827)**	**823,124**	**15,871,159**	**(59,629)**	**15,811,530**

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

No property, plant and equipment are pledged as security for liabilities.

Property, plant and equipment (Auckland Council-owned)

The following property, plant, and equipment are legally owned by Auckland Council but managed and controlled by Auckland Transport.

1. Operational land and buildings – includes land and buildings for future roading purposes, for future rail purposes (City Rail Link project), parking and wharf buildings.
2. Roads – includes land under roads, shaping, formation, foundation, surface, kerb and channelling, shoulders, drainage under roads, footpaths, lighting, signage, bridges, crossings, islands, minor structures (including railings and retaining walls), traffic facilities, and traffic signals.

The above Auckland Council-owned property, plant, and equipment are included as part of Auckland Transport's property, plant, and equipment. Although legal title has not been transferred, Auckland Transport has assumed all the normal risk and rewards of ownership.

Restrictions on Auckland Council-owned property, plant and equipment

Disposal

Under the Local Government (Auckland Council) Act 2009 Paragraph 48 Section 2, Auckland Transport must inform Auckland Council, in writing, of its decision to dispose of land not required for a road under Section 345 of the Local Government Act 1974, and the council must dispose of the land in accordance with the requirements of the Local Government Act 1974.

Acquisition

Under the Local Government (Auckland Council) Act 2009 Paragraph 48 Section 4, Auckland Transport must inform Auckland Council, in writing, of its decision to apply for compulsory acquisition of any land, or the deemed agreement, as the case may be, and any land taken or acquired as a result will be legally vested in Auckland Council but will be recognised in Auckland Transport's financial statements.

Notes to the Financial Statements
for the year ended 30 June 2015

Revaluation

Asset class	Date of revaluation	Valuation amount $000	Basis of revaluation	Independent Valuer Company	Valuer name
Rolling stock	30 June 2013	59,808	Depreciated replacement cost	Halcrow Pacific Pty (Australia)	Giles Dallaway
Land	30 June 2015	803,579	Fair Value with the approaches being Market and Income	Bayleys Valuations Limited Quotable Value Limited Beca Carter Hollings & Ferner Limited TelferYoung (Auckland) Limited	John Darroch Andrew Parkyn Nigel Hoskin Evan Gamby
Land – finance lease	30 June 2015	19,140	Fair Value with the approaches being Market and Income	TelferYoung (Auckland) Limited	Evan Gamby
Buildings	30 June 2015	267,491	Fair Value with the approaches being Market and Income	Bayleys Valuations Limited Quotable Value Limited Beca Carter Hollings & Ferner Limited Opus International Consultants Limited	John Darroch Andrew Parkyn Nigel Hoskin Richard Taylor
Train stations	30 June 2015	542,167	Depreciated replacement cost	Opus International Consultants Limited	Richard Taylor
Wharves	30 June 2015	44,189	Depreciated replacement cost	Opus International Consultants Limited	Richard Taylor
Roads and parking (excluding land and buildings)	30 June 2014	7,673,559	Depreciated replacement cost	ANA Group Limited	Amar Singh
Bus stations and shelters	30 June 2014	46,391	Depreciated replacement cost	ANA Group Limited	Amar Singh

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuation significant assumptions and estimates

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Market evidence is available and used for the non-specialised land and buildings, which include commercial and general purpose buildings for which there is a secondary market.

Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The depreciated replacement cost is used to revalue specialised buildings (designed for a specific limited purpose), roading and public transport assets for the delivery of Auckland Transport's services. Depreciated replacement cost for these types of assets is based on the 'optimised replacement cost'. Optimised replacement cost is the minimum cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent asset with the same economic benefits, adjusting for any overdesign, overcapacity and redundant components. Optimisation is limited to the extent that optimisation can occur in the normal course of business using commercially available technology.

The depreciated replacement cost valuation reflected above is calculated based on the following estimates and assumptions:

- Railway station assets with unlimited engineering lives have been adjusted to have a typical useful life of 60 years or less reflecting the rate of change and obsolescence in the environment for each elemental value;
- Wharves assets typical useful life has been estimated at 100 years or less at an elemental level, reflecting the marine environment, rate of change and obsolescence, loadings, and the predominance of concrete and steel structural elements;
- Estimating the unit rate for construction of roading assets: The most current contracted unit rates for road construction have been used. Where there is no current contracted unit rate information available, the most recent rates are used indexed for the impact of inflation;
- Assumptions on the remaining useful life over which the asset will be depreciated: These assumptions are based on the age, condition information held on these assets and the asset’s future service potential. For roading assets these assumptions can be affected by local conditions such as ground type, weather patterns and road usage;
- Rolling stock replacement values are based on price quotations of modern equivalent assets with allowance for age, asset deterioration, configuration and gauge;
- Assumptions on rail rolling stock useful lives have been based on an expected vehicle replacement programme. The programme defines the expected economic and/or physical lives of the different vehicle types in future years that align with the receipt and commissioning of the fleet of Electric Trains. A new fleet of three-car Electric Trains commenced operation in the 2014/15 financial year;

Notes to the Financial Statements
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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- If useful lives do not reflect the actual consumption of the benefits of the assets, then Auckland Transport could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, asset useful lives have been determined with reference to the external industry guidance and have been adjusted for local conditions based on past experience. Asset inspection, deterioration, and condition modelling are also carried out regularly as part of asset management activities, which provides further assurance over useful life estimates.

All other asset classes are measured at depreciated historical cost.

Work in progress is made up of the following asset classes:

	Actual 2015 $000	Actual 2014 $000
Property, plant and equipment		
Operational assets		
Land	34,948	32,701
Rolling stock	27,280	118,043
Wharves	2,200	2,330
Bus stations and shelters	2,582	2,651
Train stations		
– CRL	88,038	54,288
– Other stations	14,310	20,508
Infrastructural assets		
Roading	265,732	370,333
Total work in progress	**435,090**	**600,854**

2015	Cost 1 July 2014 $000	Accumulated amortisation and impairment charges 1 July 2014 $000	Carrying amount 1 July 2014 $000	Current year additions $000
13 INTANGIBLE ASSETS				
Software	82,783	(16,600)	66,183	–
Access rights – operating leases	34,756	(1,304)	33,452	–
	117,539	(17,904)	99,635	
Works under development – software	13,583	–	13,583	16,005
Total intangible assets	**131,122**	**(17,904)**	**113,218**	**16,005**

2014	Cost 1 July 2013 $000	Accumulated amortisation and impairment charges 1 July 2013 $000	Carrying amount 1 July 2013 $000	Current year additions $000
INTANGIBLE ASSETS				
Software	52,591	(6,906)	45,685	–
Access rights – operating leases	21,420	(907)	20,513	–
	74,011	(7,813)	66,198	–
Works under development – software	6,792	–	6,792	17,196
Total intangible assets	**80,803**	**(7,813)**	**72,990**	**17,196**

Intangible software includes Auckland Integrated Fares System (AIFS) software.

There are no restrictions over the title of Auckland Transport's intangible assets; nor are any intangible assets pledged as security for liabilities.

The access rights-operating leases are for the land at each of the railway station sites along the Auckland passenger rail network utilised by AT. They include the costs transferred to AT won establishment that are being amortised over the remaining portion of the 63 year life of the underlying lease, and AT's contribution to the costs of constructing railway tracks. The leases are valued at cost.

Current year disposals	Current year transfers	Current year impairment charges	Current year amortisation	Cost 30 June 2015	Accumulated amortisation and impairment charges 30 June 2015	Carrying amount 30 June 2015
$000	$000	$000	$000	$000	$000	$000
–	9,232	–	(15,239)	92,015	(31,839)	60,176
–	(11)	–	(496)	34,745	(1,800)	32,945
–	9,221	–	(15,735)	126,760	(33,639)	93,121
–	(9,221)	–	–	20,367	–	20,367
–	–	–	(15,735)	147,127	(33,639)	113,488

Current year disposals	Current year transfers	Current year impairment charges	Current year amortisation	Cost 30 June 2014	Accumulated amortisation and impairment charges 30 June 2014	Carrying amount 30 June 2014
$000	$000	$000	$000	$000	$000	$000
–	30,192	–	(9,694)	82,783	(16,600)	66,183
–	13,336	–	(397)	34,756	(1,304)	33,452
–	43,528	–	(10,091)	117,539	(17,904)	99,635
–	(10,405)	–	–	13,583	–	13,583
–	33,123	–	(10,091)	131,122	(17,904)	113,218

	Actual 2015 $000	Actual 2014 $000
14 PAYABLES		
Current portion		
Payables under exchange transactions:		
Creditors	28,647	40,547
Accrued expenses	143,732	141,524
Revenue in advance	1,412	1,204
Total payables under exchange transactions	173,791	183,275
Payables under non-exchange transactions:		
Amounts due to related parties	13,093	7,581
Total payables under non-exchange transactions	13,093	7,581
Total current creditors and other payables	186,884	190,856
Non-current portion		
Payables under non-exchange transactions:		
Amounts due to related parties	20,684	11,053
Total non-current creditors and other payables	20,684	11,053

Current creditors and other payables are non-interest bearing and are normally settled on 20-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

15 EMPLOYEE ENTITLEMENTS		
Current portion		
Accrued salaries and wages	3,272	2,483
Annual leave	8,230	6,901
Sick leave	266	266
Long service leave	143	127
Total current portion	11,911	9,777
Non-current portion		
Retirement gratuities	383	383
Long service leave	292	362
Total non-current portion	675	745
Total employee entitlements	12,586	10,522

Notes to the Financial Statements
for the year ended 30 June 2015

	Actual 2015 $000	Actual 2014 $000
16 DERIVATIVE FINANCIAL INSTRUMENTS		
Current asset portion		
Forward foreign exchange contracts – hedge accounted	585	–
Non-current asset portion		
Forward foreign exchange contracts – hedge accounted	12	–
Current liability portion		
Forward foreign exchange contracts – hedge accounted	–	39,218
Non-current liability portion		
Forward foreign exchange contracts – hedge accounted	–	2,137
Interest rate swaps – not hedge accounted	3,596	4,963
Total non-current derivative financial instruments	3,596	7,100

Forward foreign exchange contracts

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from forward foreign exchange contract prices.

Forward foreign exchange contracts – hedge accounted

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD $31.2m (2014: NZD $234.7m). The foreign currency principal amount was USD 21.6m (2014: USD 165.3m). These cash flow hedges have been accounted for as effective and the movement on their revaluation have been transferred to the cash flow hedge reserve within equity. The USD mid rate at 30 June 2015 was 0.681 (2014: 0.876).

Interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

The notional principal amount of the outstanding interest rate swap contracts was $35.0m (2014: $217.0m). At 30 June 2015 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.35% to 5.41% (2014: 5.21% to 5.41%). The gain on their revaluation of $1.4m (2014: $6.5m gain) has been recorded in the net surplus/(deficit) for the year.

	Actual 2015 $000	Actual 2014 $000
17 BORROWINGS		
Current portion		
Finance leases	23	59
Loans from Auckland Council	4,674	2,619
	4,697	2,678
Non-current portion		
Finance leases	–	23
Loans from Auckland Council	479,033	355,409
	479,033	355,432
Total borrowings	483,730	358,110
Weighted average cost of funds on total borrowings	6.00%	5.67%

Auckland Transport manages its borrowings in accordance with its Treasury Policy. There was no significant changes to the Treasury Policy during the year. Auckland Transport was fully compliant with its Treasury Policy at year end.

Loans from Auckland Council

Auckland Transport's loans from Auckland Council of $483.7m (2014: $358.0m) are issued at fixed rates of interest ranging from 5.55% to 6.22% (2014: 4.20% to 6.09%).

At 30 June 2014 a $52.8m loan with an interim roll-over date was treated as non-current as the loan was expected be settled in the financial year ending 30 June 2016, on the receipt of a Crown grant. This loan was repaid on 20 May 2015 as the grant was received earlier than expected.

Two loan facilities have been drawn down and will be repaid against a schedule of repayments. The first loan of $394.7m (2014: $215.9m) has a final payment date of 21 November 2046 and the second loan of $89.0m (2014: $89.4m) has a final repayment date of 27 March 2062.

The fair value of these loans is $577.0m (2014: $368.7m). The fair value is based on cash flows discounted using a rate based on the borrowing rate of 4.55% (2014: ranging from 4.20% to 5.67%).

Notes to the Financial Statements
for the year ended 30 June 2015

	Actual 2015 $000	Actual 2014 $000
17 BORROWINGS (CONTINUED)		
Analysis of finance leases		
Total minimum lease payments payable:		
Not later than one year	23	61
Later than one year and not later than five years	–	23
Total minimum lease payments	**23**	**84**
Future finance charges	–	(2)
Present value of minimum lease payments	**23**	**82**
Present value of minimum lease payments payable:		
Not later than one year	23	59
Later than one year and not later than five years	–	23
Total present value of minimum lease payments	**23**	**82**
Represented by:		
Current	23	59
Non-current	–	23
Total finance leases	**23**	**82**

Description of material leasing arrangements

Auckland Transport has entered into finance leases for various items of equipment. The net carrying amount of the leased items at 30 June 2015 was $0.02m (2014: $0.1m).

The finance leases can be renewed at Auckland Transport's option, with rents set by reference to current market rates for items of equivalent age and condition. Auckland Transport does have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on Auckland Transport by any of the finance leasing arrangements.

	Actual 2015 $000	Actual 2014 $000
18 EQUITY		
Contributed capital		
Balance at 1 July	13,223,033	12,946,344
Contributed capital from Auckland Council during the period	259,026	276,689
Balance at 30 June	**13,482,059**	**13,223,033**
Accumulated surplus/(deficit)		
Balance at 1 July	412,342	318,706
Property revaluation reserve transfer on disposal	6,727	–
Found assets (not correctly identified in legacy councils)	19,000	–
Surplus/(deficit) for the period	149,854	93,636
Balance at 30 June	**587,923**	**412,342**
Asset revaluation reserve		
Balance at 1 July	1,997,118	1,146,275
Valuation gains taken to equity	124,395	852,285
Transfer to accumulated surplus/deficit on disposal of property	(6,727)	–
Deferred tax on revaluation	669	(1,442)
Balance at 30 June	**2,115,455**	**1,997,118**
Property revaluation reserves for each asset class consist of:		
Operational assets		
Land	223,030	139,725
Land – finance lease	6,609	4,563
Buildings	30,067	47,588
Bus stations and shelters	10,028	10,028
Train stations	211,116	160,609
Infrastructural assets		
Roading	1,634,605	1,634,605
Balance at 30 June	**2,115,455**	**1,997,118**
Cash flow hedge reserve		
Balance at 1 July	(41,355)	(18,627)
Fair value gains/(losses) in the year	27,050	(38,165)
Transfers to the carrying amount of property, plant and equipment	14,902	15,437
Balance at 30 June	**597**	**(41,355)**
Total other reserves	**2,116,052**	**1,955,763**
Total equity	**16,186,034**	**15,591,138**

Notes to the Financial Statements
for the year ended 30 June 2015

	Actual 2015 $000	Actual 2014 $000
19 RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/(deficit) after tax	**149,854**	**93,636**
Add/(less) non-cash items:		
Depreciation and amortisation expense	292,759	274,918
Vested assets	(162,926)	(95,186)
Loss on disposal of property, plant and equipment	15,335	7,437
Property, plant and equipment impairment	–	27,981
Revaluation (gain)/decrement	(731)	1,180
Foreign exchange gains	–	(237)
Gain on interest rate swaps	(1,368)	(6,513)
Income tax	1,446	273
Write-down of inventory	1,500	–
Add/(less) movements in balance sheet items:		
Debtors and other receivables	55,788	30,413
Inventories	(5,088)	296
Creditors and other payables	4,693	(3,203)
Employee benefits payable	2,064	1,053
Other assets	(1,009)	(127)
Net cash from operating activities	**352,317**	**331,921**

20 CAPITAL COMMITMENTS AND OPERATING LEASES		
Capital commitments		
Operational assets		
Land	475	275
Rolling stock	43,953	179,231
Wharves	126	310
Bus stations and shelters	1,999	1,824
Train stations	18,435	11,094
Infrastructural assets		
Roading	471,100	458,533
Intangible assets		
Software	12,768	10,596
Total capital commitments	**548,856**	**661,863**

20 CAPITAL COMMITMENTS AND OPERATING LEASES (CONTINUED)

	Actual 2015 $000	Actual 2014 $000

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Capital commitments at 30 June 2015 included $43.7m (2014 $169.0m) of commitments for the Electric Trains project.

Operating leases as lessee

Auckland Transport leases property, plant and equipment in the normal course of its business. These leases have a term of between 12 and 82 months. The future aggregate minimum lease payments payable under leases are as follows:

Not later than one year	4,109	3,055
Later than one year and not later than five years	12,232	9,297
Later than five years	634	1,687
Total operating leases	**16,975**	**14,039**

Leases can be renewed at Auckland Transport's option, with rents set by reference to current market rates for items of equivalent age and condition. There is no option to purchase the assets at the end of the lease term.

There are no restrictions placed on Auckland Transport by any of the leasing arrangements.

Operating leases as lessor

Auckland Transport leases property under operating leases. These leases have a term of between 10 and 72 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

Not later than one year	5,060	7,195
Later than one year and not later than five years	5,499	17,540
Later than five years	71	43
Total operating leases	**10,630**	**24,778**

Notes to the Financial Statements
for the year ended 30 June 2015

21 CONTINGENCIES

Contingent liabilities

Litigation

Auckland Transport has received a claim in relation to the Northern Busway and the associated changes to the roading network. Auckland Transport is working to resolve this claim with its solicitors. Part of this claim has been settled, no further liability has been recognised in relation to this claim as any further amount is uncertain.

Auckland Transport has been advised of a potential claim by Snapper Services Limited against Auckland Transport in relation to the Auckland Integrated Fare System. Auckland Transport has prepared a claim against Snapper. Legal proceedings have not been issued by either party.

Both of these contingent liabilities were noted at 30 June 2014.

In 2015 Auckland Transport received a claim for global disruption on the AMETI Panmure/ Reeves Road Phase 1 project. Auckland Transport has not yet verified the substance of this claim and therefore no liability has been recognised.

Contingent assets

There are no contingent assets as at 30 June 2015 (2014: nil).

22 RELATED PARTY TRANSACTIONS

Auckland Transport is a council-controlled organisation of Auckland Council. Auckland Transport receives a significant amount of funding from Auckland Council to deliver its objectives as specified in Auckland Council's Long-term Plan.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Auckland Transport would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other council organisations are not disclosed as related party transactions when they are consistent with the normal operating arrangements between council organisations and undertaken on the normal terms and conditions for such transactions in the same circumstances.

	Actual 2015 $	Actual 2014 $
Key management personnel compensation		
Board members		
Remuneration	506,573	487,028
Full-time equivalent members	1.6	1.6
Leadership team		
Remuneration	3,118,048	2,643,226
Full-time equivalent members	8.9	7.7
Total key management personnel compensation	**3,624,621**	**3,130,254**
Total full time equivalent personnel	**10.5**	**9.3**

The full-time equivalent for board members has been determined based on the frequency and length of board meetings and the estimated time for board members to prepare for meetings.

23 BOARD MEMBER REMUNERATION

The total value of remuneration paid or payable to each board member during the period was:

	Actual 2015 $	Actual 2014 $
Dr Lester Levy (Chair)	106,600	106,600
Paul Lockey (Deputy Chair from 1 November 2013)	66,625	64,848
Philippa Dunphy (Deputy Chair to 31 July 2013)	–	5,552
Geoff Dangerfield	–	–
Christine Fletcher	53,300	53,300
Mark Gilbert (from 1 November 2013)	63,294	35,533
Michael Lee	53,300	53,300
Dr Ian Parton	61,295	61,295
Rabin Rabindran	53,300	53,300
Paula Rebstock (from 1 December 2014)	31,092	–
Mike Williams (to 31 October 2014)	17,767	53,300
Total board member remuneration	**506,573**	**487,028**

Geoff Dangerfield is an NZ Transport Agency appointee on the board of Auckland Transport. Under the terms of establishment legislation he does not receive any remuneration.

Paul Lockey, Mark Gilbert and Ian Parton were remunerated for their roles as Chairs of board sub-committees.

There have been no payments made to committee members appointed by the board who are not board members during the financial year.

Auckland Transport has effected Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability of costs of board members and employees.

Directors' fees for 2013/14 were lower than 2014/15 due to a vacancy from 1 August 2013 to 31 October 2013.

No board members received compensation or other benefits in relation to cessation.

Notes to the Financial Statements
for the year ended 30 June 2015

24 EMPLOYEE REMUNERATION

The following section shows the pay bands of Auckland Transport employees as at 30 June:

	Number of employees 2015	Number of employees 2014
$0 - $59,999	555	499
$60,000 - $79,999	315	288
$80,000 - $99,999	245	227
$100,000 - $119,999	171	145
$120,000 - $139,999	93	75
$140,000 - $159,999	60	45
$160,000 - $179,999	22	17
$180,000 - $199,999	20	15
$200,000 - $219,999	7	6
$220,000 - $239,999	4	5
$240,000 - $259,999	5	6
$260,000 - $279,999	3	2
$280,000 - $299,999	4	3
$300,000 - $319,999	2	1
$320,000 - $339,999	1	1
$340,000 - $359,999	1	1
$360,000 - $379,999	–	1
$380,000 - $399,999	1	–
$640,000 - $659,999	–	1
$660,000 - $679,999	1	–
Number of employees on 30 June	1,510	1,338
Number of full-time employees on 30 June	1,367	1,265
Full-time equivalent number of all other employees on 30 June	57	43

	Actual 2015 $000	Actual 2014 $000
25 OTHER FINANCIAL INSTRUMENT DISCLOSURES		
25a Categories of financial instruments		
The carrying amounts of financial instruments in each of the NZ IAS 39 categories are as follows:		
Financial assets		
Loans and receivables		
Cash and cash equivalents	7,496	5,080
Receivables	237,459	276,967
	244,955	**282,047**
Derivatives that are hedge accounted		
Forward foreign exchange contracts – hedge accounted	597	–
	597	**–**
Financial liabilities		
Fair value through surplus or deficit		
Interest rate swaps – not hedge accounted	3,596	4,963
	3,596	**4,963**
Derivatives that are hedge accounted		
Forward foreign exchange contracts – hedge accounted	–	41,355
	–	**41,355**
Financial liabilities at amortised costs		
Payables	207,568	201,909
Borrowings	483,730	358,110
	691,298	**560,019**

Notes to the Financial Statements
for the year ended 30 June 2015

25b Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- **Quoted market price (level 1)** – Financial instruments with quoted prices for identical instruments in active markets.
- **Valuation technique using observable inputs (level 2)** – Financial instruments with quoted prices for similar instruments in active market or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- **Valuation techniques with significant non–observable inputs (level 3)** – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

			Valuation technique		
	Notional Principal	Total	Quoted Market Price	Observable Inputs	Significant non observable inputs
			1	2	3
	$000	$000	$000	$000	$000
2015					
Financial assets					
Forward foreign exchange contracts – hedge accounted	31,151	597	–	597	–
Financial liabilities					
Interest rate swaps – not hedge accounted	35,000	3,596	–	3,596	–
2014					
Financial liabilities					
Forward foreign exchange contracts – hedge accounted	234,720	41,355	–	41,355	–
Interest rate swaps – not hedge accounted	217,000	4,963	–	4,963	–

There were no transfers between the different levels of the fair value hierarchy.

25c Financial instrument risks

Auckland Transport's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. Auckland Transport has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Auckland Transport is not exposed to any significant price risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed rates of interest expose Auckland Transport to fair value interest rate risk.

Auckland Transport's borrowings are all issued at fixed rates as the main objective of Auckland Transport's interest rate risk management is to reduce uncertainty around interest expense as interest rates change.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Auckland Transport is not exposed to any significant cash flow interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. From time to time Auckland Transport purchases goods and services overseas which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is Auckland Transport's policy to manage foreign currency risks arising from contractual commitments and liabilities by entering into forward foreign exchange contracts to manage the foreign currency risk exposure.

Notes to the Financial Statements
for the year ended 30 June 2015

25c Financial instrument risks (continued)

Sensitivity analysis

The potential effect on the surplus or deficit and equity (excluding retained earnings) for reasonably possible market movements, with all other variables held constant, at balance date are as follows:

	–5% Surplus/ deficit NZ $000	–5% Other equity NZ $000	+5% Surplus/ deficit NZ $000	+5% Other equity NZ $000
Foreign exchange risk				
2015				
Forward foreign exchange contracts – hedge accounted USD derivatives	–	1,672	–	(1,512)
2014				
Forward foreign exchange contracts – hedge accounted USD derivatives	–	9,967	–	(9,423)

	–100bps Surplus/ deficit NZ $000	–100bps Other equity NZ $000	+100bps Surplus/ deficit NZ $000	+100bps Other equity NZ $000
Interest rate risk				
2015				
Interest rate swaps – not hedge accounted	(2,450)	–	2,257	–
2014				
Interest rate swaps – not hedge accounted	(14,728)	–	13,412	–

Explanation of foreign exchange risk sensitivity

The foreign exchange sensitivity is based on a reasonable possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in the foreign exchange rate of –5%/+5%.

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement.
For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%.

25c Financial instrument risks (continued)

Credit risk

Credit risk is the risk that a third party will default on its obligation to Auckland Transport, causing it to incur a loss.

In the normal course of business, Auckland Transport is exposed to credit risk from cash, debtors and other receivables and derivative financial instrument assets. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Auckland Transport has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Rating	Actual 2015 $000	Actual 2014 $000
Counterparties with credit ratings			
Cash at bank	AA–	7,222	4,798
Counterparties without credit ratings			
Debtors and other receivables			
Existing counterparty with no defaults in the past		237,573	278,863
Existing counterparty with defaults in the past		–	–
		237,573	278,863

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Auckland Transport will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liability risk management implies maintaining sufficient cash and the ability to close out market positions.

Auckland Transport manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Notes to the Financial Statements
for the year ended 30 June 2015

25c Financial instrument risks (continued)

Contractual maturity analysis of financial liabilities, excluding borrowings

The table below analyses Auckland Transport's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount NZ $000	Contractual cash flows NZ $000	Less than 6 months NZ $000	6-12 months NZ $000	Later than 1 year NZ $000
2015					
Trade and other payables	207,568	207,568	207,568	–	–
Forward foreign exchange contracts					
– outflow	–	31,151	30,412	371	368
– inflow	–	31,681	30,941	370	370
Net settled derivative liabilities	3,596	4,018	3	235	3,780
2014					
Trade and other payables	201,909	201,909	201,909	–	–
Forward foreign exchange contracts					
– outflow	–	234,719	98,996	123,099	12,624
– inflow	–	188,716	80,371	98,369	9,976
Net settled derivative liabilities	4,963	5,377	37	419	4,921

Contractual maturity analysis of borrowings

The table below analyses Auckland Transport's borrowings into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount NZ $000	Contractual cash flows NZ $000	0-10 years NZ $000	11-20 years NZ $000	21-30 years NZ $000	31-40 years NZ $000	41-50 years NZ $000
2015							
Borrowings	483,730	1,143,604	336,577	336,554	336,554	95,753	38,166
2014							
Borrowings	358,110	808,958	260,230	206,274	206,274	92,413	43,767

26 CAPITAL MANAGEMENT

Auckland Transport's capital is its equity, which comprises contributed capital, retained earnings and revaluation reserves. Equity is represented by net assets.

Auckland Transport is subject to financial management and accountability provisions of the Local Government (Auckland Council) Act 2009, which imposes restrictions in relation to borrowings and the use of derivatives.

Auckland Transport manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities and general financial dealings to ensure Auckland Transport effectively achieves its objectives and purpose, while remaining a going concern.

27 MAJOR BUDGET VARIANCES

	Actual 2015 $000	Budget 2015 $000	Variance $000
Explanations for major variations from Auckland Transport's Statement of Intent are as follows:			
Statement of comprehensive revenue and expense			
Revenue	1,101,464	939,874	161,590
Expenditure	950,164	885,946	(64,218)
Surplus before tax	**151,300**	**53,928**	**97,372**
Revenue			
Grant from Auckland Council for Electric Trains project Grant from Auckland Council for electric trains project $38m.	38,000	–	38,000
Capital funding from NZ Transport Agency Lower than budgeted capital expenditure has resulted in reduced NZ Transport Agency capital funding.	131,077	181,918	(50,841)
Vested asset revenue Vested asset revenue of $163m not included in the budget.	162,926	–	162,926
Expenditure			
Other expenses Higher expenditure mainly due to loss on disposal of property, plant and equipment of $15.3m and write-down of inventory of $1.5m.	521,217	501,564	(19,653)

Notes to the Financial Statements
for the year ended 30 June 2015

27 MAJOR BUDGET VARIANCES (CONTINUED)

	Actual 2015 $000	Budget 2015 $000	Variance $000
Finance costs Higher than planned finance costs due to realised loss on close out of interest rate swaps of $14.7m.	38,590	27,264	(11,326)
Depreciation and amortisation expense Additional depreciation expense resulting from vested assets and prior year revaluation of assets, and increased amortisation expense due to higher than budgeted intangible assets.	292,759	266,001	(26,758)
Equity Equity variance to budget is mainly due to opening equity variance to budget of $349.4m, higher than budgeted increase in the asset revaluation reserve of $123.2m partly and surplus for the period being $97m higher than budget.	16,186,034	15,632,279	553,755
Statement of financial position			
Receivables Higher than budgeted receivables due from Auckland Council.	237,573	245,478	(7,905)
Payables Higher than budgeted level of payables to Auckland Council and accrued expenditure.	186,884	145,123	(41,761)
Property, plant and equipment Higher than budgeted asset revaluation of $123.2m and vested assets of $162.9m, and lower than budgeted opening balance for property, plant and equipment of $279.6m, partly offset by lower than budgeted new and renewal capital expenditure of $103.5m.	16,531,834	16,100,962	430,872
Capital expenditure Higher than budgeted capital expenditure due to unbudgeted vested assets of $162.9m partly offset by reduced new and renewal capital expenditure due to an agreement between Auckland Transport and Auckland Council to reduce capital expenditure to enable a reduction in Auckland Council capital funding of $100m.	892,423	833,035	59,388

28 EVENTS SUBSEQUENT TO BALANCE DATE

There were no significant events after balance date.

29 ADJUSTMENTS ARISING ON TRANSITION TO THE NEW PBE ACCOUNTING STANDARDS

Reclassification of adjustments

There have been no reclassifications on the face of the financial statements in adopting the new PBE accounting standards.

Recognition and measurement adjustments

There have been no recognition and measurement adjustments to the 30 June 2014 comparative information resulting from the transition to the new PBE accounting standards.

30 AUCKLAND INTEGRATED FARES SYSTEM (AIFS) FUNDS

Auckland Transport operates a restricted bank account for Auckland Integrated Fares System (AIFS) with a balance of $9.2m at 30 June (2014: $6.4m). This account is used for the deposit of unused stored value on AT HOP cards. These funds are held in trust for the card holders and therefore this balance does not form part of the assets or liabilities of Auckland Transport and has not been recognised.

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Auckland Transport's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of Auckland Transport. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of Auckland Transport on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of Auckland Transport on pages 89 to 141, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of Auckland Transport on pages 27 to 63.

In our opinion:

- the financial statements of Auckland Transport:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2015; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards; and
- the performance information of Auckland Transport presents fairly, in all material respects, the achievements measured against the performance targets adopted for the year ended 30 June 2015.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by Auckland Transport as far as appears from an examination of those records.

Our audit was completed on 25 August 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures

selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of Auckland Transport's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Auckland Transport's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

In accordance with the Financial Reporting Act 1993, we have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for the preparation and fair presentation of financial statements for Auckland Transport that comply with generally accepted accounting practice in New Zealand. The Board is also responsible for preparation of the performance information for Auckland Transport.

The Board's responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit, we have carried out a review engagement in respect of Auckland Transport's six monthly reporting as at 31 December 2014 to Auckland Council, which is compatible with those independence requirements.

Other than the audit and the review engagement, we have no relationship with or interests in Auckland Transport.

David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Glossary

ACN	Auckland Cycle Network
AIFS	Auckland Integrated Fares System
AMETI	Auckland-Manukau Eastern Transport Initiative
AT	Auckland Transport
AT HOP	Auckland's branded integrated ticket for public transport
AT Metro	Auckland single brand for all public transport services
ATOC	Auckland Transport Operations Centre
CCI	City Centre Integration
CCO	Council-controlled organisation
CCTV	Closed-circuit TV cameras
Commute	AT's dedicated programme to reduce single-occupant car travel
CRL	City Rail Link
DSI	Deaths and serious injury on roads
Harbourmaster	Controller of all marine traffic in Auckland
Interim transport levy	A three-year levy introduced on Auckland ratepayers for 2015-18 to pay for an accelerated transport programme
ITP	Integrated Transport Plan
LCAP	Auckland's Low Carbon Action Plan
Light rail	Modern tram system being investigated for central isthmus not served by rail
LTP	Auckland Council's Long-term Plan
New Network	The complete reorganisation of the public transport networks
NLTF	National Land Transport Fund
NLTP	National Land Transport Programme
PEV	Private electric vehicles, used in international cities for car share schemes
PJP	Personal Journey Planning to reduce private car dependency
PMI	Project Management Institute
PTOM	Public Transport Operating Model to enable new transport operator contracts
RLTP	Regional Land Transport Plan
ROM	Renewals Optimisation Model
RPTP	Regional Public Transport Plan
SOI	Statement of Intent
Travelwise	Auckland's school travel plan programme
UCF	National fund established in 2014 to accelerate urban cycleways

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AWARDS CONFIRM CUSTOMER FOCUS

A Travel Myths promotion campaign won the Public Sector category award at the TVNZ New Zealand Marketing Awards in August 2014.

Driver Distractions '2 seconds to kill' won the Social and Community Platinum Award at the Research Association of NZ 2014 Research Effectiveness Awards.

AMETI Panmure won the New Zealand Engineering Award for Excellence in Community Engagement.

A document and collaboration management system designed by AT and LeapThought won the Collaboration and Content in Business Productivity Award at the Microsoft Partners Awards in March 2015.

The Cycling's The Go summer programme won Best Cycling Promotion Award at the Cycling Advocates Network Cycle Friendly Awards in October 2014.

Auckland Transport's 2014 Annual Report was one of only two NZ reports awarded GOLD at the Australasian Reporting Awards in June 2015. The report also won a NZ Pride in Print award.

The Te Horeta Road Open Day in Panmure was hugely popular with young and old alike

AUCKLAND TRANSPORT ANNUAL REPORT 2015

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