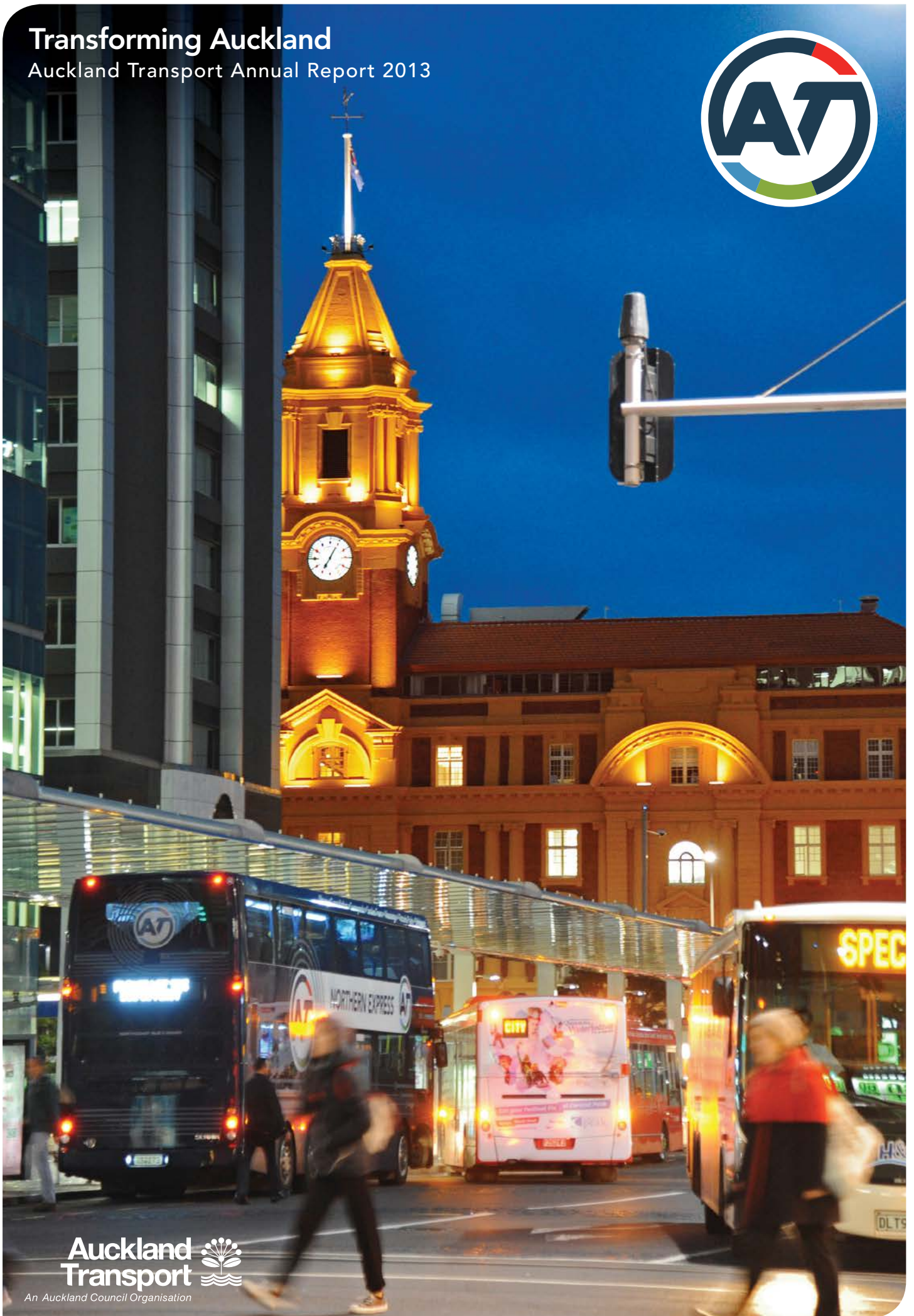


# Transforming Auckland

Auckland Transport Annual Report 2013



Welcome to Auckland Transport's third annual report against our Statement of Intent with Auckland Council... see page 24.

Karangahia te mihi uruhau, mai i Tāmaki ki te raki i Topuni, tae ki te tonga ki Puketutu, mai i Oaia ki te uru, tae ki te rāwhiti te motu o Rakitu

*Greetings to the four points of Auckland Topuni to the north, Puketutu in the south, Oaia to the west and the island of Rakitu to the east*

Ko tēnei takiwā e nohoia nei a Mana Whenua, a Mātaawaka o Tāmaki Makaurau whānui  
*These points indicate the wider Auckland area of Mana Whenua and Mataawaka*

Tēnei te waka e kīia nei, mā te korero e whakarongo  
*This waka that says, through words one listens intently*

Mā te whakarongo e whai  
*Through listening one has goals*

Mā te whai e tae tika  
*Goals establish process*

Mā te tika e pono  
*Process establishes integrity*

Nei rā te mihi e pātōtō ki ngā tōpito o Makaurau  
*This greeting is delivered across Auckland*

Koutou ngā Mana Whenua, kotou ngā Mataawaka  
*To the Mana Whenua and Mataawaka*

Ahakoā ko wai, ahakoā nō hea ahakoā te aha  
*No matter who you are, where you are from no matter what*

Tēnā koutou, tēnā koutou, tēnā koutou katoa!  
*Greetings, greetings, greetings to you all!*



**Every 20 minutes  
a new Aucklander arrives**

So, each year, the city needs to provide housing, jobs, transport and other infrastructure for around 26,000 more people.



A view of Auckland city centre's skyline  
Cover photo: Britomart Transport Centre

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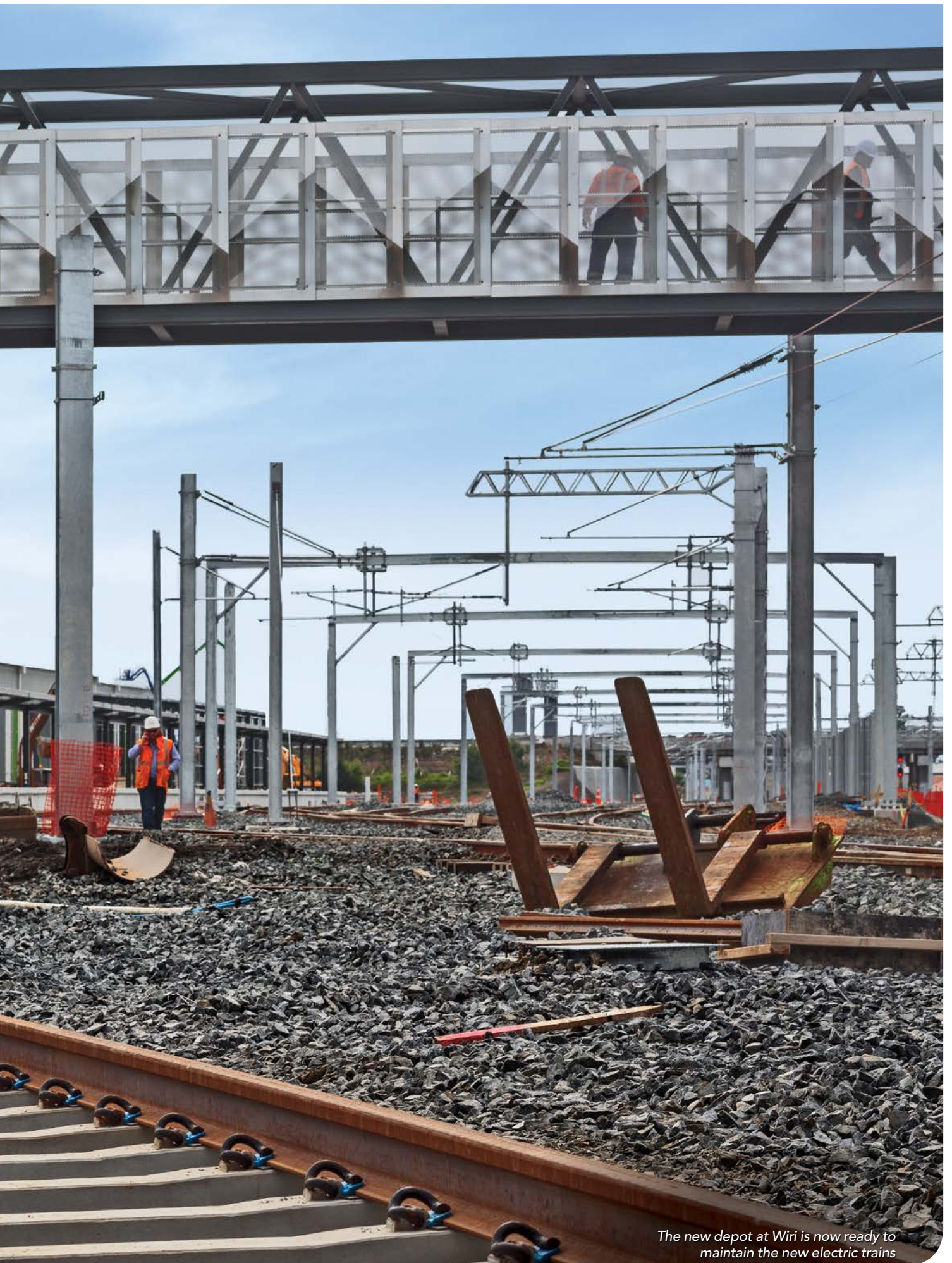
# Change is here

01

The AT HOP card is here, and by the end of 2013 it is planned that Auckland will have a fully integrated ticketing system across buses, rail and ferry. While patronage on public transport has declined in the short term, in part due to upgrades to rail and road infrastructure, Auckland Transport (AT) is on track to deliver its customers a vastly improved transport system by 2016.



*This annual report contains various references to AT HOP cards. Terms of use and the registered prospectus for the AT HOP cards and other information regarding the AT HOP cards are available on [ATHOP.co.nz](http://ATHOP.co.nz) or at the Auckland Transport Customer Service Centre, Britomart. The obligations of Auckland Transport under the AT HOP cards are unsecured.*



*The new depot at Wiri is now ready to maintain the new electric trains*

# Key events

for the year ended 30 June 2013



The \$30m upgrade of the Tiverton-Wolverton arterial route begins, to ease congestion and prepare for completion of the SH20 Waterview connection in 2016.



AT HOP rolls out on the rail network, with ferries achieved on schedule a month later. Over 83,000 AT HOP cards are activated by June 2013.



A new central city parking zone is introduced to promote short-stay parking and give customers the best-value-for-money parking in AT-owned buildings.



A major study on future access issues shows the city centre grinding to a halt unless the City Rail Link (CRL) is built within the next decade.

August

October

November

December

January

February

# 2013

*- the journey towards a more connected and reliable transport system that Aucklanders can expect of a great city.*

01

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Construction gets under way on the second bridge over the Ellerslie-Panmure Highway, as part of AMETI. The bridges are vital for electric trains and a future busway.



New Lynn's Merchant Quarter opens, with McCrae Way shared space joining the ongoing shared space success story.



Double decker bus services begin operating on the Northern Express, increasing seating capacity by 68 per cent.



New ferry services begin operating from Hobsonville to Downtown via Beach Haven, setting a precedent for Auckland with public transport infrastructure integral to a significant new housing development.



The final stage of integrated ticketing begins, with the AT HOP roll out on buses. A radical redesign of the entire bus network takes another step forward, with consultation in South Auckland. Customer benefits are simplified routes and a core of high-frequency services.



The Government announces its support for construction of the CRL, a Waitemata Harbour tunnel, accelerating the AMETI project including the East-West link and highway upgrades.

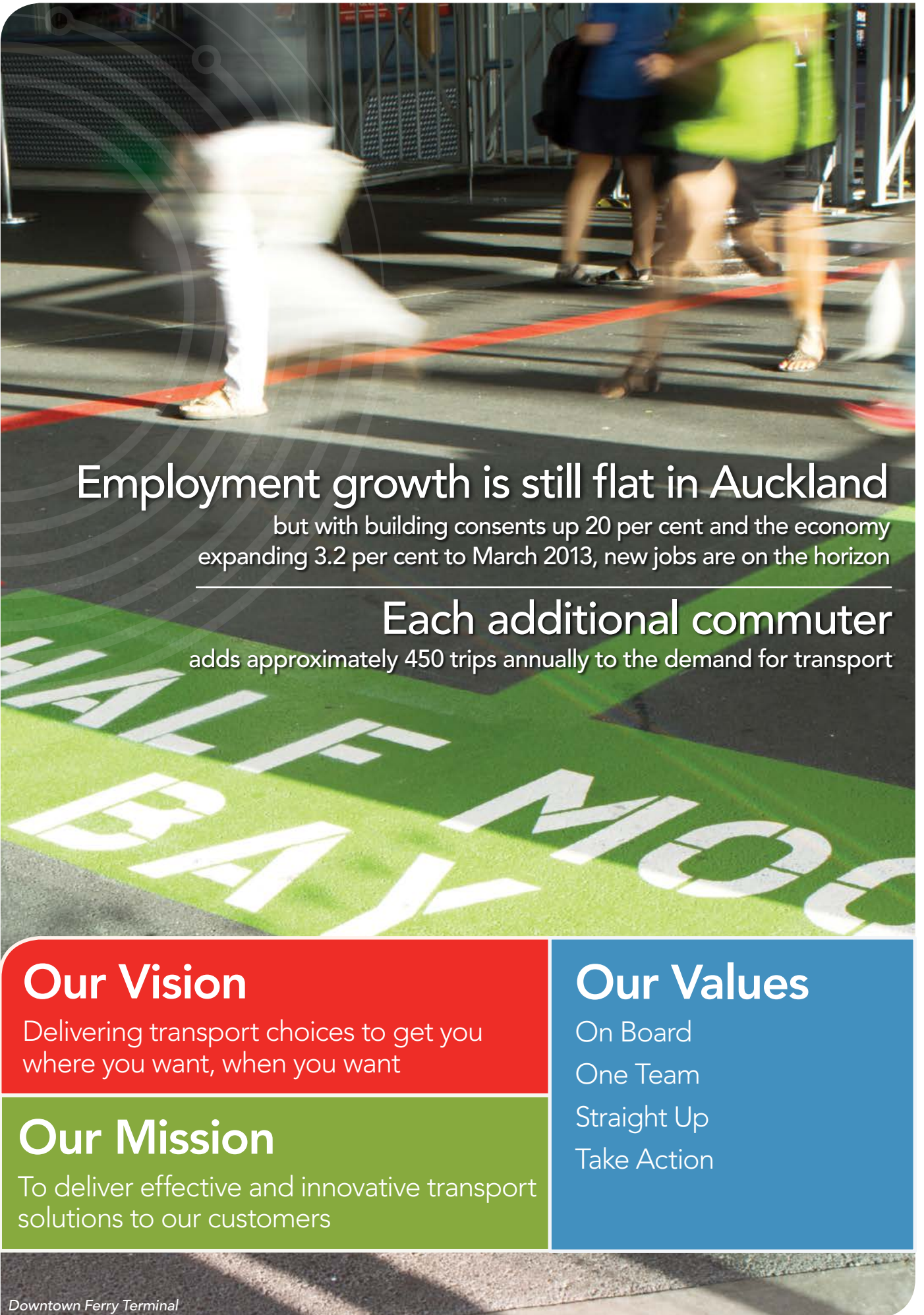
March June

## Looking ahead

**July:** The depot at Wiri that will maintain the electric trains is opened and the first new electric train shipped from Spain.

**To the end of 2013:** The second bridge over the Ellerslie-Panmure Highway opened in August. The first electric train arrived in Auckland for testing. The planned transition to AT HOP on Auckland's buses is scheduled for completion.

**2014-16:** More frequent and more reliable public transport services to more areas of Auckland will be enabled by electric trains, integrated fares, and full delivery of the redesigned bus network and new service contracts. Faster road travel times will be delivered by One System network management, with all arterial routes optimised, new transport interchanges, AMETI Phase 1 complete and several major arterial upgrades also planned to be completed.



## Employment growth is still flat in Auckland

but with building consents up 20 per cent and the economy expanding 3.2 per cent to March 2013, new jobs are on the horizon

## Each additional commuter

adds approximately 450 trips annually to the demand for transport

### Our Vision

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

### Our Mission

To deliver effective and innovative transport solutions to our customers

### Our Values

On Board  
One Team  
Straight Up  
Take Action



# Transforming Auckland

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## The scale of our activities and assets

Auckland Transport is a council-controlled organisation of Auckland Council. We design, build, maintain and upgrade Auckland's transport infrastructure. We also plan, fund and coordinate bus, rail and ferry services, coordinate road safety and travel demand initiatives, such as travel plans, and prepare the Regional Land Transport Plan. Assets valued at \$14.4b include:

- 7,258km of local and arterial roads
- 1,004 bridges and culverts
- 6,860km of footpaths
- 100,032 street lights
- 127,713 road signs
- 1,569 bus shelters
- 7 dedicated bus stations and five busway stations
- 21 ferry terminals
- 42 rail stations in service on five lines
- 57 electric trains (on order) and one maintenance depot
- 14 multi-storey car park buildings
- 933 on-street pay-and-display machines.

*Auckland Transport has guardianship of one of New Zealand's highest value group of publicly held assets.*

**\$14.4b** value of assets | **\$1.07b** spent in 2013 on new infrastructure | **\$35 in every \$100** of rates is spent on transport

## Partnerships deliver quality results

- Strategic planning and funding with Auckland Council and central government
- One System management of all roads with NZ Transport Agency
- Road safety with NZ Police and ACC
- Electric rail network with KiwiRail and Transdev
- Manukau interchange with Manukau Institute of Technology
- Bus and ferry service contracts with private operators
- Enabling Maori aspirations with iwi
- Local projects with Local Boards
- Stakeholder groups including NZ Automobile Association, Auckland Business Forum, Cycle Action Auckland, Transport Accessibility Advisory Group, Ports of Auckland, Auckland Airport, the freight industry and academia.

## Putting customers first

Auckland is under pressure to accommodate more than 700,000 new residents over the next 30 years. The Auckland Plan has responded to this predicted growth and identifies the transport system as being critical to achieving its vision of 'the world's most liveable city' by 2041. The vision is ambitious, and challenging. While the city regularly attains third place in world rankings for liveability, its infrastructure is at 43rd place.

A decade of intensive and regenerative investment has begun to address excessive congestion on Auckland's heavily used roads, which resulted from historic under-investment in the transport system, particularly the rail network, as the city has grown and its transport needs have changed. Congestion reduced from 2009 levels to 2004 levels but the pressure of population growth

makes continued investment essential. Customers have a right to expect safe, reliable, affordable, high frequency, attractive alternatives to using their cars and a programme of change is taking place across the networks to transform the experience of using public transport by 2016. The One System partnership with NZ Transport Agency aims to connect and integrate the road networks to provide a seamless transport experience for customers.

Further projects across all layers of the transport system must then be delivered by 2021 to unlock the untapped potential in existing assets and to meet the Auckland Plan's targets. The country depends on Auckland's economic performance and that investment is a debt owed to future generations.

# Financials at a glance

A summary of Auckland Transport's financial performance for the year ended 30 June 2013

**Auckland Transport has operated within its agreed funding envelope, including meeting a \$21.2m efficiency target from Auckland Council.**

Total income for the year is \$1,305.6m, against a budget of \$826.7m. Auckland Council and NZTA are the primary sources of funding, however 46 per cent of income was received from various other sources including user charges and fees, other subsidies and vested assets. Total income is six per cent above budget after adjusting for vested asset income of \$430.9m, which is unusually high this year, as detailed below. See the pie chart below for a breakdown of operating income.

Total operating expenses are \$837.9m, against a budget of \$824.2m. In the pie chart below, other expenses include \$451.8m spent on the following activities:

- \$297.8m public transport
- \$123m roads
- \$31m parking.

The surplus before tax of \$467.7m is \$465.3m above the budget of \$2.4m. A number of non-cash and abnormal items have impacted the result. The main items are \$430.9m of unbudgeted vested assets income (including \$385m of assets vested from the Crown, relating to several state highways that are now local roads), \$13.5m hedge revaluation related

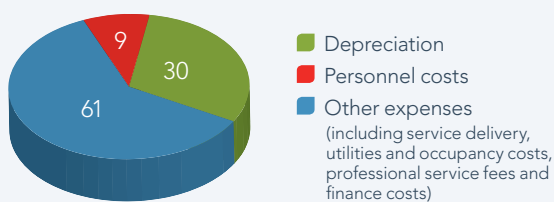
to the purchase of electric trains, \$39.4m additional funding from NZTA and \$10.1m additional depreciation and amortisation expenditure than budgeted. After adjusting for these items, net funds applied to operations is \$2.8m more than budgeted.

Investment in the city's infrastructure was \$1,069.5m against a budget of \$719.8m. After adjusting for vested assets, capital expenditure was \$638.6m, \$81.2m less than budget. Specific non-transferable funding for electric trains and the electric train depot, the City Rail Link and the local board capital fund account for \$102.9m of the budget variance.

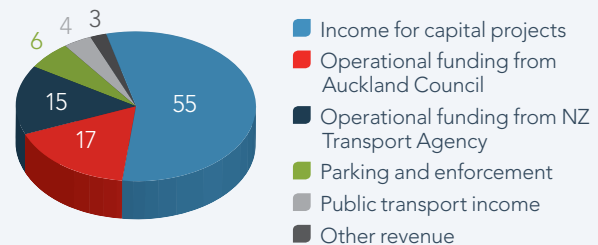
Auckland Transport operates a dynamic funding pool to ensure the 10-year capital programme is delivered. This allows for projects delayed in any one year to be substituted with other prioritised projects in the long-term plan, as well as adjusting for changes in funding. AT received additional funding of \$44.2m from NZTA and other capital subsidies. This was used to fund \$22m of extra work in the dynamic programme, to offset the operational funding shortfall, with the remaining \$20m resulting in a favourable capital funding variance for Auckland Council.

The net asset position that AT manages is \$14.4b, up \$0.9b from the June 2012 position.

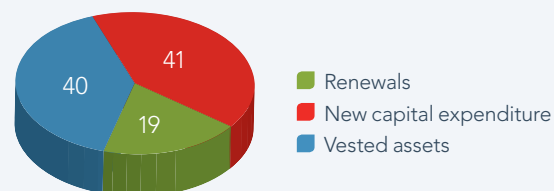
Operating expenses (%)



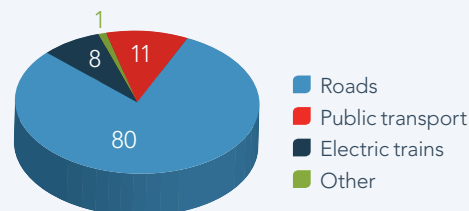
Operating income (%)



Capital spending type (%)



Capital spending (%)



## Income and expenditure summary

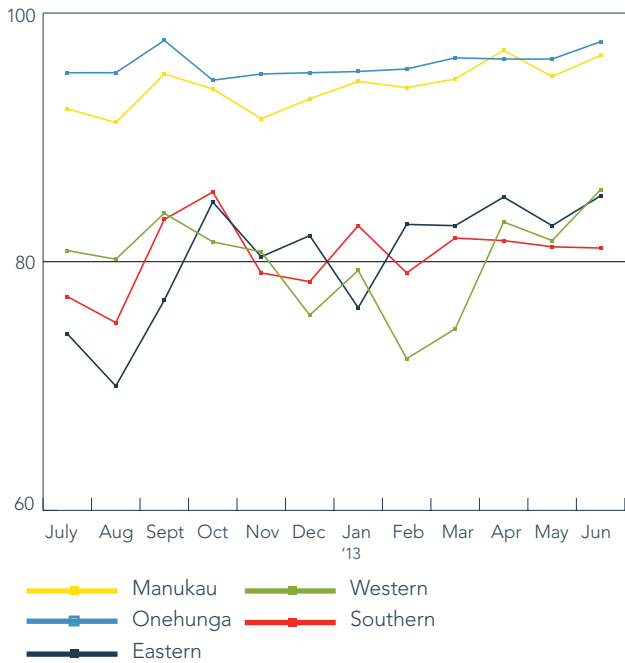
All in \$000s	Actual 2013	Budget 2013	Actual 2012
<b>What was received? What was spent?</b>			
Income for capital projects	716,575	243,025	150,899
Operational funding	420,550	424,422	413,297
Grant from Auckland Council for electric trains project	-	-	46,000
Other income	168,425	159,204	145,000
<b>Total income</b>	<b>1,305,550</b>	<b>826,651</b>	<b>755,196</b>
Expenditure on activities	837,880	824,241	865,622
<b>Surplus/(deficit) before tax</b>	<b>467,670</b>	<b>2,410</b>	<b>(110,426)</b>
Income tax	1,847	-	(922)
Other comprehensive income	827	522,799	176,618
<b>Total comprehensive income</b>	<b>470,344</b>	<b>525,209</b>	<b>65,270</b>
<b>New capital expenditure</b>			
Roads	238,112	248,110	185,450
Public transport	107,287	165,293	66,693
Electric trains	85,137	96,343	94,649
Other	9,497	11,921	27,889
	<b>440,033</b>	<b>521,667</b>	<b>374,681</b>
<b>Renewal capital expenditure</b>			
Roads	188,621	181,662	188,450
Other	9,938	16,448	4,528
	<b>198,559</b>	<b>198,110</b>	<b>192,978</b>
<b>Vested assets</b>	<b>430,914</b>	<b>-</b>	<b>24,037</b>
<b>Total capital expenditure</b>	<b>1,069,506</b>	<b>719,777</b>	<b>591,696</b>
<b>Funding of capital expenditure</b>			
NZ Transport Agency funding – new	108,999	89,875	65,700
NZ Transport Agency funding – renewal	51,261	29,201	10,238
Capital funding from Auckland Council	123,949	123,949	54,641
Other capital grants	3,207	-	555
Loan funding from Auckland Council	85,137	81,690	94,649
Investment by Auckland Council	265,809	395,062	331,131
Sale of assets	230	-	10,745
Vested assets	430,914	-	24,037
	<b>1,069,506</b>	<b>719,777</b>	<b>591,696</b>

# Improving network performance and customer service

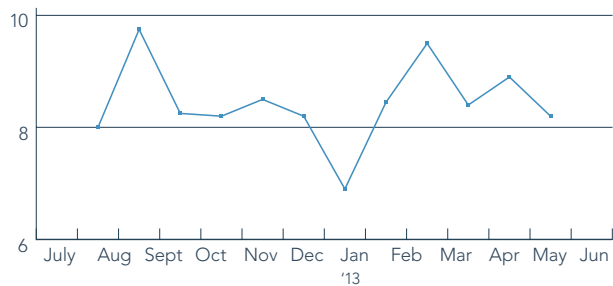
## Public transport network performance



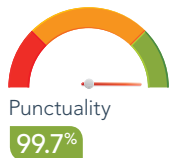
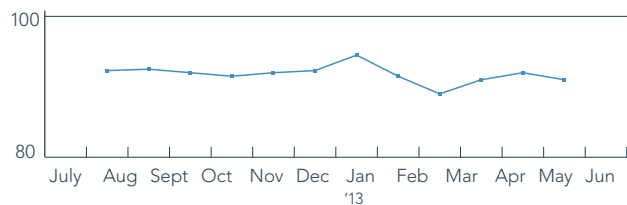
Rail punctuality by line (%) <sup>2</sup>



Percentage of services seen at first stop 1+ minutes early or 10+ minutes late



Percentage of services seen at first stop departing on time (within five minutes of schedule)



Key results:

- Public transport patronage down 7.4% in 2013
- Rail punctuality in June 2013 at highest level since 2004 (88.0%)
- 84.8% of passengers satisfied with their public transport service.

Myhop and ATHOP website visits: 1.082 million AT public transport website visits: 9.538 million

1. Punctuality is defined as arrival at the final destination within five minutes of schedule. Rail summary percentages are 2013 average for all lines.  
 2. Timetable changes in October 2012 addressed a trend of underperformance on the Eastern and Southern lines. Western Line punctuality was affected over summer by heat restrictions, a safety measure applied on sections of newly upgraded track when ambient temperatures reach a predefined threshold.  
 3. Ferry service delivery and punctuality excludes Waiheke, Devonport and Stanley Bay services, which are not contracted to Auckland Transport.

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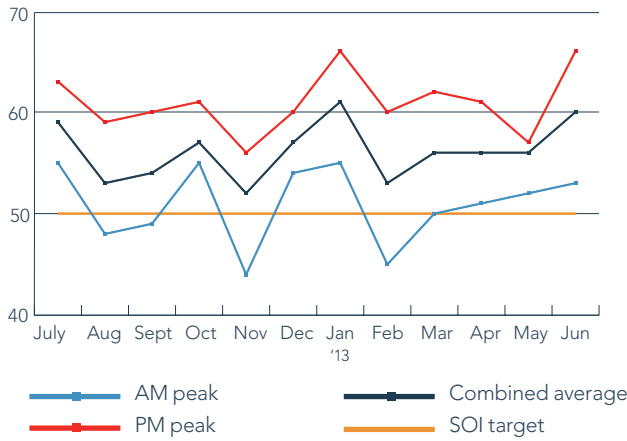
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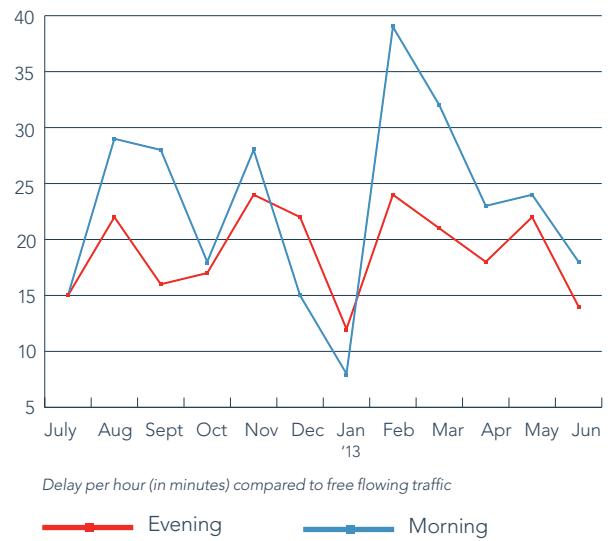
## Road network performance



Arterial road productivity (%)



Morning and evening peak delays (mins)

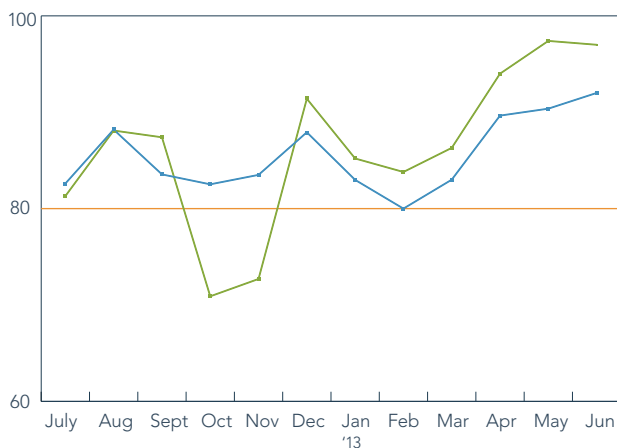


Key results:

- Road corridor productivity target exceeded in 2013
- Road deaths and serious injuries down 7.3% in 2012 calendar year
- Cycling up 9.0% and a 64.0% reduction in fatal and serious injuries to cyclists
- Traffic signals coordinated on 40.0% of arterial routes, reducing CO<sub>2</sub> emissions.

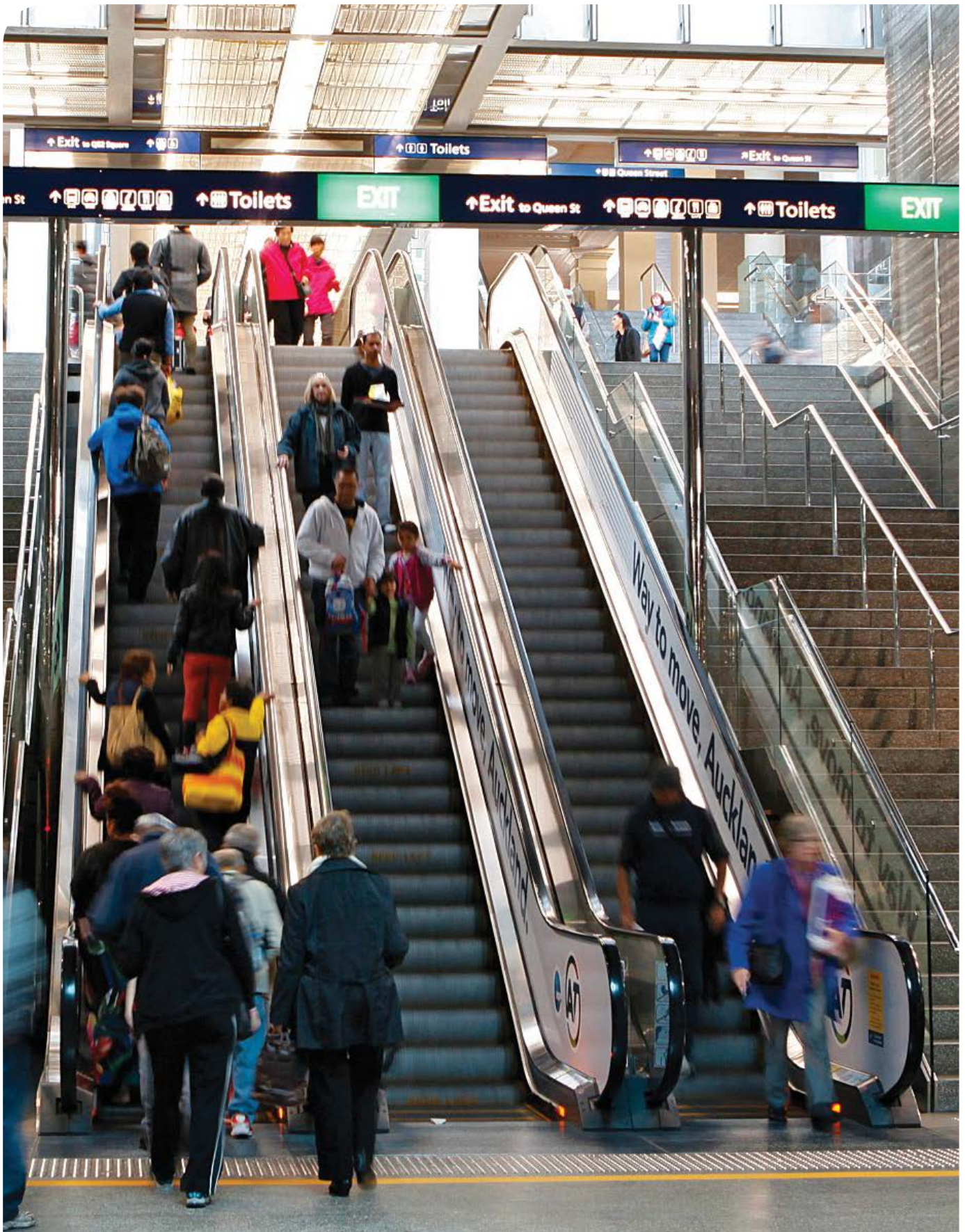
## Customer information

Service levels (%)



Key result:

- 85.0% of public transport calls were answered within 20 seconds against a target of 80.0%.



## Few cities have worked harder

or invested more in fundamental change to their transport system, in such a short time, than Auckland has. Total spend since 2000 has been \$8.7b

*Britomart Rail Station*

# Chairman's report



Dr Lester Levy  
Chairman

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**It is now 10 years since Britomart first opened. Few cities in the world have worked harder or invested more in fundamental change to their transport system, in such a short time, than Auckland has. Yet our predominantly road-based system still has fragile arteries and lacks realistic alternatives and resilience. Aucklanders have a right to expect better. And change is coming fast.**

The Board's primary focus this year has been to strongly articulate the narrative of a public transport system that operates with precision and also to ensure the strategic actions Auckland Transport takes are the correct ones to deliver on that narrative.

By 2016, we will have delivered to Auckland a multi-modal transport environment and experience, so different to what we have currently that it is hard to comprehend.

The focus is on reconfiguring how transport is delivered from the ground up. Electric trains, a redesigned bus network and integrated ticketing and fares are just some of the features that will fuel the next stage of patronage growth in public transport. With approximately 1,100 buses in Auckland providing 80 per cent of all public transport services, getting integrated ticketing right for bus customers in the long term is absolutely vital.

The transition to integrated ticketing and integrated fares is realistically a very complex project, not without disruption and we appreciate very much the patience of all public transport passengers as we move through this transition to the desired state.

## Customers first

The other vital ingredient in transforming patronage is to embed a culture change within Auckland Transport, which is fundamentally one which puts customers first. We are carefully listening to transport stakeholders expressing the need for Auckland Transport to be more customer-led when creating new services. Customers must be at the heart of everything the organisation and our service delivery partners do before real and meaningful change will occur.

Strong partnerships with the NZ Transport Agency and key transport stakeholders in Auckland have been crucial to the government's announcement in June of financial backing for highway upgrade projects and the Auckland Plan's top three transport projects - the CRL, a Waitemata Harbour tunnel and acceleration of the AMETI and East-West link project. These projects will

be fundamental and critical catalysts for longer term transformative change and economic growth. An inter-agency study published in December confirms how critical the CRL is to ensuring public transport services in the city centre do not surrender to over-capacity and that the city's liveability is not compromised by rapid population and employment growth.

## Transition to reality

Auckland Transport operates in an environment of increasing complexity. We have a growing number of new (and some very large) projects and with this there is a need to work smarter and also a call for greater urgency. We will only be able to address the very real economic and social costs of excessive congestion when we meet our goal of an optimised, integrated multi-modal transport system in Auckland. The desired state is for road, rail, bus, ferry, cycle and walking to work in perfect harmony – if we do the right things, in the right way over the rest of this decade and into the early part of next decade, achieving this is entirely possible.

I believe there should be greater transparency in our decision making and I have commenced the shift to more of the Board's business this year into the open agenda session, while still protecting commercially sensitive information.

I thank my fellow Board members for their expertise and for the passion they bring to resolving one of Auckland's most critical issues. I also thank David Warburton, our Chief Executive, his management team, our entire staff and all of our partners and their staff for everything they are doing to take us from where we are to where we need to be.

Dr Lester Levy  
Chairman

# Directors' profiles

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

## **Dr Lester Levy CNZM** MBBCh, MBA, FNZIM, *Chair*

*Current roles and general disclosure of interests:* Chair, Auckland and Waitemata District Health Boards; Adjunct Professor of Leadership, The University of Auckland Business School; Independent Chairman, Tonkin & Taylor; Deputy Chairman, Health Benefits Ltd.

*Lester Levy began his term as Chair of Auckland Transport on 1 November 2012. Previous roles include Chief Executive of South Auckland Health, the New Zealand Blood Service and MercyAscot Private Hospital Group (where he was a founder). He has previous governance experience chairing private healthcare, film and television production and biotechnology enterprises.*

## **Philippa Dunphy** BHortSci, CFA, *Deputy Chair*

*Current roles and general disclosure of interests:* Chair, Mint Asset Management; Chair, NZ Clearing & Depository Corporation; Director, NZ Post; Director, NZ Superfund; Director, FSF Management Ltd; Director, Abano Healthcare Ltd; Director, Solid Energy.

*Philippa Dunphy's previous roles include Director, Crown Health Financing, the Accident Compensation Corporation and the Earthquake Commission.*

## **Geoff Dangerfield** BSc, MSc, FCILT

*Current roles and general disclosure of interests:* Chief Executive, NZ Transport Agency; Chair, Road Safety Trust; Director, NZ Transport Ticketing Ltd.

*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.*

## **Christine Fletcher QSO**

*Current roles and general disclosure of interests:* Ward Councillor representing the Albert-Eden-Roskill ward, Auckland Council.

*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 for Lees Industries.*

## **Mike Lee** MSc

*Current roles and general disclosure of interests:* Ward Councillor representing the Waitemata and Gulf ward, Auckland Council; Chair, Transport Committee, Auckland Council.

*Michael (Mike) Lee completed two terms as the Chair of Auckland Regional Council. A former ship's officer, he holds an MSc in biological sciences and is a passionate conservationist.*

## **Paul Lockey** BCom, MBA

*Current roles and general disclosure of interests:* Establishment Board Director, Advanced Technology Institute (now established as Callaghan Innovation); Board Member, Callaghan Innovation; Director, Lingerie Brands Ltd; Partner, Smylo Partners.

*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.*

## **Dr Ian Parton** BE(Hons), PhD, DistFIPENZ, FloD

*Current roles and general disclosure of interests:* Director, Construction Techniques Ltd; Director, Skellerup Holdings; Chancellor, The University of Auckland; Director, Aurora Energy Ltd; Director, Delta Utilities Ltd.

*Ian Parton is a professional company director, a Fellow of the Institute of Directors and past President of IPENZ. He followed a career in consulting engineering, including 15 years as Managing Director of Worley Group Ltd, followed by five years as Chairman of Maunsell Ltd (both now AECOM Ltd).*

## **Rabin Rabindran** Barrister-at-Law (Middle Temple), MA (Business Law), AAMINZ

*Current roles and general disclosure of interests:* Director Bank of India (NZ) Ltd; Director, New Zealand Liaoning International Investment & Development Company Ltd; Chair, Singapore Chapter; ASEAN New Zealand Combined Business Council; Trustee, Chinese Language Foundation; Director, RSR Legal Consultants Ltd; Director, RSR Projects International Ltd; Peer Reviewer, Ultrafast Broadband.

*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, MBf Carpenters, an Australian public company; Director, Tomorrow's Manukau Properties; Director, TMPL (Flat Bush) and Director of Manukau Water Ltd.*

## **Mike Williams** MA Hons, Dip Tchng

*Current roles and general disclosure of interests:* Chief Executive, Howard League for Penal Reform.

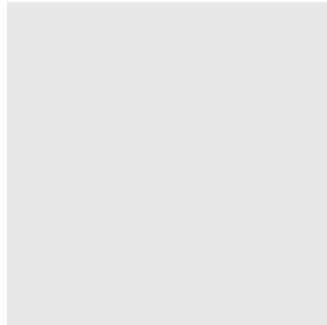
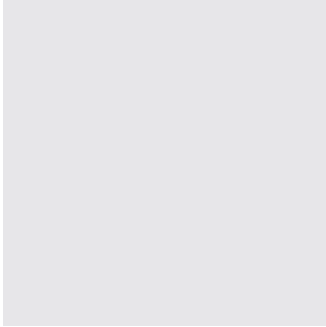
*Mike Williams has a long history of involvement with national transport agencies including directorships of ARTA, Transit NZ and the Land Transport Agency. He served as a Director of the NZ Railways Corporation (OnTrack). He is a former Labour Party President.*



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*Top left left to bottom right:  
Dr Lester Levy, Philippa  
Dunphy, Geoff Dangerfield,  
Christine Fletcher, Mike Lee,  
Paul Lockey, Dr Ian Parton,  
Rabin Rabindran and  
Mike Williams*



# Getting you where you want, when you want

02

For too long, Auckland's reliance on a heavily used road network has resulted in excessive traffic congestion, inadequate public transport and safety issues with walking and cycling. 2013 marks the year in which intensive work to deliver a one system, seamless transport experience with realistic choices gathers momentum.

*Takapuna Transport Centre*





## Congestion costs Auckland \$1.25b each year

In 2013, fuel sales have risen marginally on 2012 and new vehicle registrations are up by 13 per cent

---

**Yet, congestion is at its lowest level since 2004,**  
due to transport infrastructure improvements and tight economic conditions

*The new ferry terminal at Hobsonville in north-west Auckland*

# Chief Executive's report



David Warburton  
Chief Executive

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This year has been one of significant milestones for Auckland Transport. In the first two years of operation much of our work was carried over from legacy organisations. But in 2013, Auckland Transport began to deliver on major work programmes of its own, many of which would not have happened in the time frame without the focus of a single organisation responsible for transport.

Among the most visible and far-reaching of these initiatives are:

- The roll out of AT HOP cards on trains, ferries and buses is planned to be completed by the end of this calendar year
- The first of the fleet of 57 electric trains arrived in August and the maintenance depot opened
- Excellent summer conditions for progress with construction and maintenance work, notably completing the \$40m Glenfield Road upgrade two months ahead of schedule and the \$30m upgrade of Tiverton/Wolverton streets continuing on time and on budget
- The four-year programme to optimise Auckland's arterial routes is alleviating congestion and producing environmental benefits
- The lodgement of the Notice of Requirement to protect the route for the CRL was a precursor to the Government's announcement of support for the project
- The introduction of a new City Centre Parking Zone provides greater payment flexibility for drivers and has seen a marked improvement in the availability of on-street parking and lower off-street parking costs.

## Public transport is a key focus

We are committed to achieving the ambitious patronage targets that have been set, which will require a radical rethink on how we plan, price, deliver and market our services into 2013/14 and beyond. We have begun consultation on a new public transport network in South Auckland that will see buses running at 10-minute frequencies on main routes. A new GPS-based real-time tracking system for buses will vastly improve customer information. In rail, it is pleasing to note that a rigorous fare evasion programme was successful and rail punctuality finished the year at its highest point since 2008.

Significant new investment in public transport infrastructure has also been delivered to a high standard, most notably the opening in February of the new ferry wharves in Hobsonville and Beach Haven.

## Financial results

This year, Auckland Transport has again operated within its agreed funding envelope, while effectively managing its cash position. This is a solid result given a constrained budget, including a \$21m efficiency target. Capital income and expenditure budgets were impacted primarily by vested assets, including \$385m of assets vested from the Crown, and an altered property purchase profile for the CRL. Financial results for the year show total comprehensive income of \$467m. The asset position this year end is sound, with net assets of \$14.4b, and cash flow funding arrangements in place to ensure all liabilities are met.

## Working together

Considerable support has been provided to Auckland Council for transport-related issues in the draft Unitary Plan. Quarterly meetings with Local Board chairs have shown a good level of communication exists between AT and the boards. It is also pleasing to see iwi engagement taking root in so many capital projects and delivering tangible results in all priority areas.

At the heart of all this activity are our people. In 2013, the organisation's first employee engagement survey, directly related to our values in action, has had a high 67 per cent level of engagement. This is a great foundation from which to continuously improve the way we do things. Auckland Transport's employees have a big job to do and work in a pressured environment. I sincerely thank them for their commitment this year to transforming Auckland and its transport system.

David Warburton  
Chief Executive

## Executive leadership team

The Chief Executive heads an eight member Executive Leadership Team. Restructuring of the roles this year better integrates key functions and is accelerating proposed innovations

### **Dr David Warburton** PhD

*Chief Executive*

Before joining Auckland Transport, David was the Chief Executive for CPG NZ & Australia, and prior to that Chief Executive of Wanganui District Council. He still serves on the Wanganui District Health Board. David has held numerous senior management roles in the forestry, processing, packaging, property development and retail industries.

### **Greg Edmonds** MBA

*Chief Operations Officer*

Prior to joining AT, Greg was with Air New Zealand for seven years as Airport Manager at Auckland International Airport and most recently Regional General Manager North Asia based in Shanghai. He has over 20 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.

### **David Foster** CA

*Chief Financial Officer*

David has been a CFO for over 20 years. He has been a member of the NZ Institute of Chartered Accountants (NZICA) for 25 years and was a member of the Financial Reporting Standards Board of NZICA. He is also a past member of the financial management working party for local government.

### **Peter Clark** MCom, MSc

*General Manager, Strategy & Planning*

Peter has been involved in the transport sector for 26 years and has held a variety of roles in private consulting as well as local and regional government, including ARTA.

### **Simon Harvey** DipBus

*General Manager, People, Service & Performance*

Simon has global experience in Australia, Singapore, Canada and the United Kingdom. He has worked in Human Resources and Strategy for large corporates 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.

### **Roger Jones** BSC (Tech)

*Acting General Manager, Information & Business Systems*

Roger 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 AT from its inception, moving over from ARTA in November 2010.

### **Claire Stewart** LLB (Hons), BCom

*Chief Development Officer*

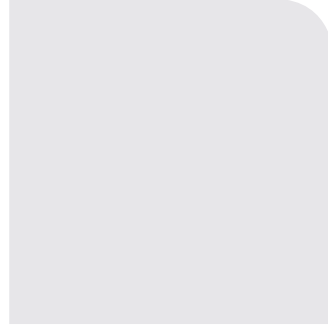
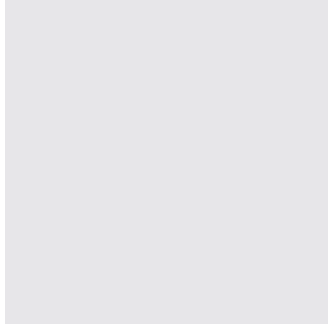
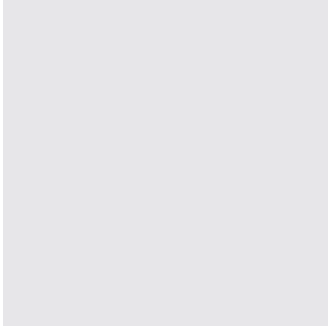
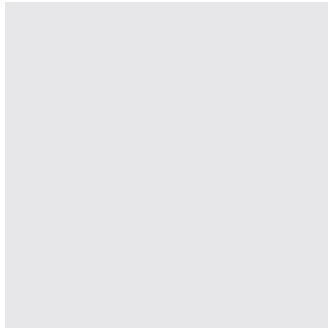
Claire has extensive Australasian experience in professional services (legal, financial, engineering consulting) in the commercial sector including roles with Fletcher Building and Downer. Her most recent position prior to joining AT was Commercial Manager in an engineering consulting firm and prior to that she was Manager, Corporate Finance, at an accounting firm.

### **Wally Thomas** DiJ

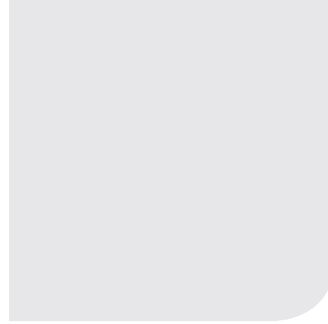
*General Manager, Communications*

Wally was 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 been the editor of a number of publications. He is a Fellow of the Public Relations Institute of New Zealand (PRINZ).

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Top left to bottom right:  
Dr David Warburton,  
Greg Edmonds, David Foster,  
Peter Clark, Simon Harvey,  
Roger Jones, Claire Stewart  
and Wally Thomas

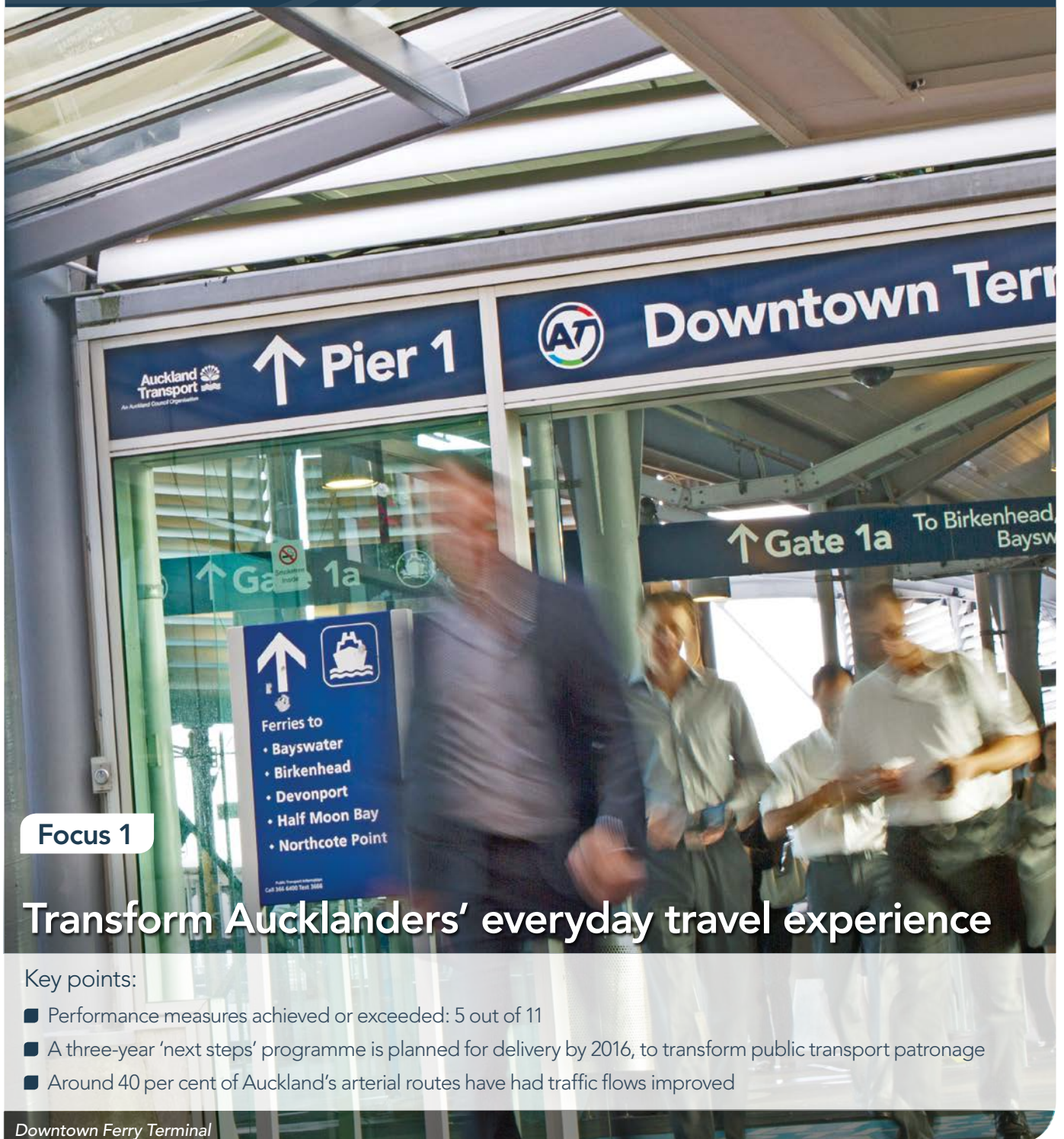


## The five focus areas

This section reports on the programme of action and performance measures in Auckland Transport's 2012-15 Statement of Intent (SOI), which is agreed annually with Auckland Council. SOIs give effect to the Auckland Plan and the Long-term Plan. They also set out the basis on which the Directors of Auckland Transport are accountable.

This section is organised in five focus areas that reflect our commitment to developing solutions for Auckland residents', stakeholders' and businesses' transport concerns.

*Up-to-date information on this programme is on the website at [aucklandtransport.govt.nz/improvingtransport](http://aucklandtransport.govt.nz/improvingtransport)*



### Focus 1

## Transform Aucklanders' everyday travel experience

Key points:

- Performance measures achieved or exceeded: 5 out of 11
- A three-year 'next steps' programme is planned for delivery by 2016, to transform public transport patronage
- Around 40 per cent of Auckland's arterial routes have had traffic flows improved

Downtown Ferry Terminal



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# 01 Public transport patronage

Patronage of public transport is below the Statement of Intent target for this year, with both bus and rail impacted. Patronage growth on ferries is being driven by the new Hobsonville and Beach Haven service trending above target, additional sailings to Pine Harbour and growth on the Waiheke route.

A comprehensive review in March detailed 10 factors underlying bus and rail results. These included patronage growth from RWC 2011 not retained, further planned improvements to the rail timetable not happening and delays with introducing AT HOP on buses. The full review is at [aucklandtransport.govt.nz](http://aucklandtransport.govt.nz) under 'Board of Directors'.

The overall patronage target was reforecast to 69.8m and the year finished close to this revised target through immediate steps taken early in 2013 to counter the patronage decrease. These focused on:

- Improving AT HOP on rail four months after launch, with more ticket outlets and customer service centres and greater on-platform engagement with customers to enhance understanding and use of the AT HOP card

- Targeted AT HOP and new customer campaigns
- Improved bus timetables on some key corridors to enhance capacity and improve reliability
- Targeted operational improvements to increase rail service punctuality
- Introduction of the first double decker bus on the Northern Express
- Additional capacity and services on existing ferry services and new ferry services
- Progressive roll out of planned rail revenue protection measures (for example raising the penalty for rail fare evasion to \$20).

A further independent review by Deloitte of the roll out of AT HOP on rail and ferry showed that any negative impact on patronage would be short-lived. This analysis is supported by an upswing in patronage towards the end of the financial year to levels similar to those of RWC 2011 period.

Percentage of public transport passengers satisfied with their public transport service\*

84.8%

+ Target not met

2013 Target: 87%  
2012 Actual: 85%  
2011 Actual: 86%

Ferry annual boardings

5.5m

+ Target exceeded

2013 Target: 5,503,000  
2012 Actual: 5,447,000  
2011 Actual: not reported

Rapid transit rail boardings

10m

+ Target not met

2013 Target: 12,376,000  
2012 Actual: 10,904,000  
2011 Actual: 9,864,000

\* An external party conducted an on-board self-completion survey with public transport passengers. Overall satisfaction (good/very good/excellent) of 84.8 per cent breaks down by transport mode: ferry – 93.2 per cent, train – 83.7 per cent, bus – 80.3 per cent.

Projects such as integrated fares, electric trains, ferry terminal upgrades, the new service to Hobsonville and Beach Haven, and more bus and transit lanes are expected to improve customer satisfaction with public transport services.

**Focus 1**

Transform Aucklanders' everyday travel experience

Quality transit and local connector bus annual boardings – including contracted school buses



+ Target not met

2013 Target: 54,244,000  
2012 Actual: 52,456,000  
2011 Actual: 49,106,000

Rapid transit Northern Busway boardings



+ Target not met

2013 Target: 2,457,000  
2012 Actual: 2,280,000  
2011 Actual: 2,057,000

Total public transport patronage – annual boardings for bus, rail and ferry



+ Target not met

2013 Target: 74,580,000  
2012 Actual: 71,088,000  
2011 Actual: 65,764,000

## 02 Integrated ticketing and redesign of the bus network

### 1. AT HOP integrated ticketing and fares

The AT HOP card began a progressive go-live on buses from June 2013. By the end of 2013, it is planned that Auckland will have a fully integrated ticketing system across buses, trains and ferries. Negotiations with bus companies have been completed to deliver improved timetable reliability as the new AT HOP card is rolled out.

**Next steps:** Phase 2 in 2014/15 onwards plans to introduce an integrated fare structure, based on unlimited travel for a flat fare within a set time period within a geographic zone(s) using the new integrated ticket technology. Adjusted timetables were implemented from late 2012.

### 2. Radical redesign of the bus network and new legislation enabling service contracting

Auckland has long outgrown the structure of the bus system, in which multiple private bus operators ran peak-time-only services into the city centre with infrequent services at other times. This year has seen public approval for the biggest redesign of the entire bus network to ever take place in Auckland. Seventy per cent of the submissions received on the Draft Auckland Regional Public Transport Plan (RPTP) are in favour of the new network design principles, which are designed to

deliver (using broadly the same bus resources) simple, convenient, reliable and integrated services that connect people with where they want to go.

The redesign supports Auckland's future growth. It is central to the 10-year Draft RPTP, enabled by the passing in June of the Land Transport Management Amendment Act, which legislates the Public Transport Operating Model (PTOM) for contracting bus services. The model allows AT to build more effective public private partnerships with service operators that focus on customer needs.

The redesign of the whole Auckland bus service network includes new and upgraded interchanges, stations and bus stop facilities.

**Next steps:** Detailed design of services is already under way, as is the process to tender new PTOM service contracts. The new services are planned to roll out to 2016 as follows:

Areas	Consultation	Implementation
South Auckland	Mid 2013	Mid-end 2014
North Auckland	Early 2014	Mid 2015
Central, East and West Auckland	Late 2014	Mid 2016

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### 3. Other projects making public transport faster, more reliable and easier to access:

- Operator bus performance self-reporting is being replaced by a real-time GPS on-bus tracking system, to more effectively monitor performance, and on-road real-time signage is being upgraded, with 382 of 400 signs completed in 2013
- A new and improved web-based journey planner has been developed to provide customers with better information
- Dominion Road will be upgraded, to improve bus speeds and reliability. This road is a key link in the Quality Transit Network. Detailed design is being undertaken of a \$47m option, including feedback from consultation, and an application for funding has been lodged with NZ Transport Agency
- This year bus services along Dominion, Mt Eden, New North and Sandringham roads were simplified and now run more frequently with greater capacity
- More busways: A key component of the AMETI project is a new South Eastern Busway linking Panmure train station with Pakuranga and Botany. The busway is anticipated to significantly reduce travel times in east Auckland. A busway from Westgate to the city centre is in the long-term plan and is forecast to reduce peak travel time from one hour to 20 minutes
- Auckland's first double decker bus began service on the Northern Express in March 2013. Mt Eden customers are next in line to benefit from the increased seating capacity, and key Howick and Eastern services are also being considered for double decker services in 2014
- Ferry terminals are receiving upgrades: The Downtown Pier 1C is complete and review of operations is under way. A master plan for Half Moon Bay is complete.



AT's Airporter Bus

#### Serving Auckland Airport:

As part of the Auckland Council's Southern Initiative (see page 40), an extension to the existing Manukau to Airport bus service was launched in June, extending

the service to Mangere Bridge, Mangere town centre and Onehunga.

**Focus 1**

Transform Aucklanders' everyday travel experience *continued*



**Serving semi-rural areas:**

Simplifying the number of bus routes opens up the potential to extend the reach of AT to more of Auckland, including low-demand, semi-rural areas. A trial began in March 2013 of a new flexi-bus service for customers in Warkworth/Matakana. While the Kowhai Connection has a specific route, a pick-me-up service can be booked.

**03 Electric trains signal completion of electrification, extensive upgrades to the rail network and the arrival of a new era in rail travel**

*In response to customers expecting improved rail services.*

Rail has 10 times the carrying capacity of motorway lanes. Rail in Auckland has been undergoing a renaissance, delivering improved facilities, more frequent services and extended reach. A further quantum leap in service standards, reliability and passenger comfort is anticipated when all the new electric trains come into full service by 2016. Incorporating the latest technology in terms of safety and accessibility (see pages 47 and 55 for more details), the trains will be quieter and will contribute to the Auckland Plan's target of reduced greenhouse gas emissions. The new trains, operating the planned timetable improvements, will provide capacity for 40 per cent more passengers once the full fleet is in service.

The depot at Wiri has largely been completed this year to stable and maintain the electric trains, and 80 per cent of the track work has been installed.

When electric trains were confirmed, the rail station upgrade programme was accelerated, to ensure its completion ahead of the trains going into service. This year, the last of the station upgrades were completed (except Swanson) – at Remuera, Onehunga, Greenlane, Penrose, Otahuhu, Mt Albert and Papakura. A new station at Parnell is in progress and a new Panmure Station is being constructed as part of the AMETI project (see page 40).

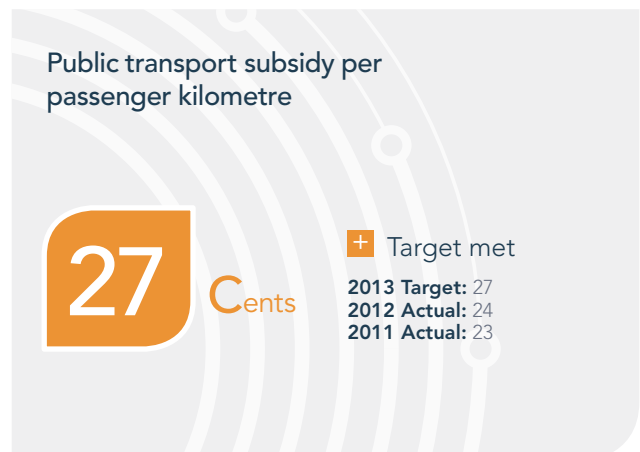
**Next steps:** The first train's delivery from the factory in Spain. Once nine to 10 trains are fully tested and commissioned, the target is for commercial services to begin operating on selected lines in 2014.

**04 The percentage of operating costs recovered from fares needs to increase**

*In response to customer concerns that public transport remain affordable.*

Although central government funding for public transport will increase over the next three years, the increase will mostly cover existing commitments and address severe congestion. This creates a need to prioritise and make best use of existing resources. Recovering a higher proportion of operating costs through fares is one way to do this.

Farebox recovery is the proportion of total operating costs recovered from public transport users. NZ Transport Agency has set a national target of 50 per cent. The current farebox recovery in Auckland is 44 per cent. Improving this ratio over the next three years will require a combination of enhanced fare revenues from volume growth in patronage and reduced operating costs.



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## 05 New, streamlined road and footpath maintenance contracts mean big savings for ratepayers and make it easier to lodge requests for service

*In response to residents placing a high importance on footpaths, as evidenced by the high volume of call centre requests for service on footpath issues.*

### Overview of road and footpath quality

By 2041, another half a million vehicles are expected to be driven on Auckland's heavily used roads. Road maintenance and renewals is already a large part of AT's overall budget.

Of the 7,258km of arterial and local roads that AT is responsible for, 4,861 are urban and 2,493 are rural. The marine and volcanic origin of our city creates challenges for road construction and maintenance. The need for contractors to work at night when upgrading and repairing the busiest routes is also a challenge to keep noise levels within reasonable limits for local residents. Night works are generally carried out only when it is the 'best practicable option' in terms of the Resource Management Act 1991, where its necessity can be satisfactorily demonstrated because of traffic disruption, worker and public safety, and/or accessibility. To mitigate the effects on residents, the contractor must ensure customers are appropriately notified and that a person is nominated to take after-hours calls.

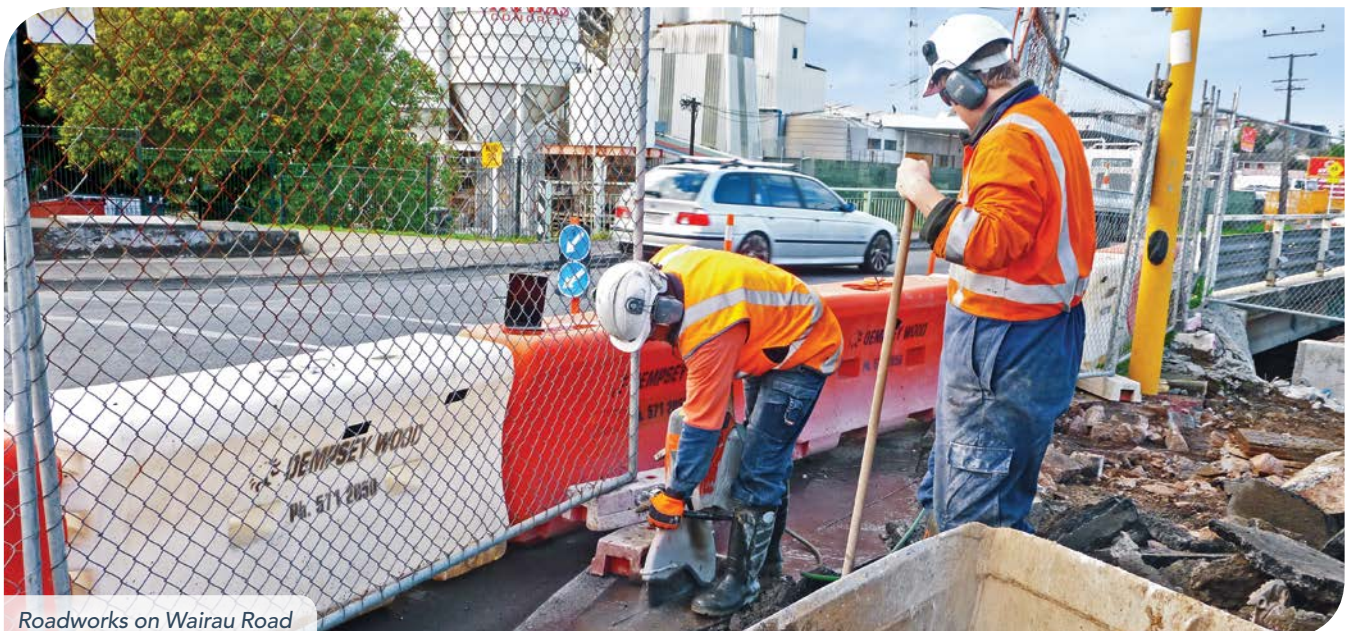
The region has 6,860km of footpaths. Eighty six per cent of these are in very good or good condition, with only three per cent in poor or very poor condition.

While many still have a 20-30 year lifespan, the exception is the central area where footpaths were constructed of asphalt rather than concrete and their deteriorating condition is creating a backlog of renewals.

### New road maintenance contracts

The formation of AT, following council amalgamation, has enabled a complete retendering of all road maintenance contracts by area, reducing the number of physical works contracts from 25 to nine, plus two street light contracts. These new contracts provide a boundary to boundary responsibility and endeavour to provide efficiencies to the community through the way our road maintenance and street light contracts are managed across the region. This year, three central and one western contract have been awarded. The last phase is planned for delivery from July 2014, with contracts in place for the north sector and for street lights.

The new contracts set out clear objectives of simplicity and consistency and a sustainable contracting environment. Integrated, collaborative, efficient and proactive maintenance is set to deliver value for money, a new level of customer focus through reduced response times and improved safety.



Roadworks on Wairau Road

## Focus 1

### Transform Aucklanders' everyday travel experience *continued*

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

80 %

+ Target exceeded

**2013 Target:** No less than 75%  
**2012 Actual:** 85%  
**2011 Actual:** 79%

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

79 %

+ Target met

**2013 Target:** 79%  
**2012 Actual:** 79%  
**2011 Actual:** 76%

Percentage of residents satisfied with the quality of footpaths in their local area

74 %

+ Target not met

**2013 Target:** No less than 75%  
**2012 Actual:** 74%  
**2011 Actual:** 76%

Each year Auckland Council undertakes the Annual Residents Survey to measure customer satisfaction with roads and footpaths. The results for overall satisfaction with roads in the Auckland region this year indicate a five per cent decline from the previous year's result of 85 per cent to 80 per cent. Franklin, Manurewa-Papakura, Rodney and Waitakere are the four Local Boards with relatively low satisfaction scores. This result closely reflects those from the AT Roding Survey, in that these wards reflect lower satisfaction scores. Given most of these Local Boards are predominantly rural, the result indicates that low satisfaction with road quality

stems from the number of unsealed roads in these areas and AT's inability to fund all sealing requests. While there is a fairly consistent year-on-year drop of three to seven per cent across Auckland, it is more pronounced in two specific boards: Waitakere Ranges (-13%) and Otara-Papatoetoe (-10%).

Footpaths satisfaction, both locally and across the Auckland region, has remained consistent with the previous year. This is a very good result considering the funding toward footpath upgrades and improvements in the central area was reduced by \$10m in 2012/13.

*Of the \$1.26b budget for capital and operating expenses and renewals for the 2012/13 financial year, \$311m has gone into road maintenance: 25 per cent of the total.*

The first 10 per cent of the programme to optimise Auckland's arterial routes has delivered estimated savings of 818,619 travel time hours, 1,844 fewer tonnes of CO<sub>2</sub> and 761,000 litres of fuel.

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## 06 All of Auckland's arterial roads will have optimised signalling by 2016

*In response to road users' needs for improved traffic flows.*

A \$10m, four-year programme to optimise traffic flow on Auckland's arterial roads is well advanced, with 134km being evaluated and optimised. This represents approximately 40 per cent of the arterial network. The result below for corridor productivity this year demonstrates this programme is offsetting, in the short term, any increase in congestion from population growth, increased economic activity and major road works.

Traffic signal operation is a key element of the programme and is complemented by time-limited parking restrictions and minor physical improvements to remove constrictions.

Examples of the 29 routes completed this year are sections of the Albany Highway, Great North and Great South roads, Neilson and Church streets, Remuera Road, Mount Albert Road, Hibiscus Coast Highway and Massey Road.

The programme, enabled by a specialist team at the Joint Transport Operations Centre, is directly improving the efficiency and flow of all modes of road-based transport. It is producing such tangible benefits that it justifies being accelerated but a national shortage of suitably qualified and experienced traffic signal engineers prevents AT from doing so.

**Next steps:** The programme for 2014 focuses on 18 routes in central Auckland complemented by some other routes in the greater Auckland area. The central city has a high concentration of traffic signals and better understanding of the movement of people and coordination of signals is expected to help with planning and contributing to the success of numerous major changes to the area, including the upgrade of Quay Street, the CRL and changes to bus network routes.

### Progress with Auckland's arterial optimisation project

2012 - 10%

most inefficient routes completed

2013 - 30%

29 routes across region completed

2014 - 30%

18 routes in central Auckland and some in other areas planned

### Percentage of road corridor productivity maintained or improving on key arterial routes

55.4 %

+ Target exceeded

2013 Target: 50%

- Airport to city centre via Manukau Road
- St Lukes to St Johns via St Lukes Road/Greenlane/Remuera Road
- Albany to Birkenhead via Glenfield Road
- Henderson to city centre via Great North Road

*Note: targets for these four routes were measured last year in travel times during morning peak, so there is no direct comparison between 2012 and 2013 actual results.*

## Focus 1

Transform Aucklanders' everyday travel experience *continued*

## 07 Key arterial roads throughout the region are now being substantially upgraded or rebuilt to a four-lane standard

*In response to customers saying that getting to the motorway is more of a problem than using it.*

Auckland's arterial roads 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 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.

The table below shows progress this year on arterial routes. A long-term strategy is also being developed for arterial roads by assessing the current investment against anticipated future demand, to determine where problems may occur on the network and how to address them.

Project	Progress in 2013	Next steps	Strategic objectives
<b>Tiverton-Wolverton South-west</b>	Total rebuild of Wolverton Street on the southern side started in May 2013, after extensive installation of new footpaths and utilities such as water mains, power lines, lighting and stormwater drains	Total rebuild of Wolverton Street on the northern side, then Tiverton Street on both sides	Increased capacity in time for the SH20 Waterview connection completion, due 2016
<b>Te Atatu Corridor and Lincoln Road North-west</b>	Land is being acquired this year and up to mid 2014 in Te Atatu, to allow for a new interchange and road widening. Lincoln Road interchange in progress	Enabling works take place in 2014 and construction begins 2015 at Te Atatu	<ul style="list-style-type: none"> <li>• Provides key interchange for revised bus network</li> <li>• Improves poor safety record</li> <li>• Strategic route that links to Waterview connection</li> </ul>
<b>Dominion Road</b>	Preferred option finalised and detailed design commences in 2013	Finalise the detailed design and preparation of construction tenders	Expands bus lane length, improves the capacity and reliability of direct high-frequency route directly into the city centre
<b>Glenfield Road North Shore</b>	The 14-month upgrade was completed two months ahead of schedule		Eases congestion on key arterial and improves walking, cycling and safety
<b>Taharoto/Wairau Road upgrade</b>	Major upgrade of intersections in Milford Replacement of old Wairau Creek Bridge	Due to be completed late 2013 (see photo opposite page)	<ul style="list-style-type: none"> <li>• Increased road capacity with additional lanes</li> <li>• Cycle lanes and better quality footpaths</li> <li>• Undergrounding utilities</li> </ul>
<b>Whangaparaoa Road Hibiscus Coast</b>	Design of the upgraded 1.6km stretch from Hibiscus Coast Highway to Red Beach Road	Construction of four lanes starting 2014	Provides essential capacity until construction of Penlink as an alternative route to the peninsula



Project	Progress in 2013	Next steps	Strategic objectives
<b>Redoubt Road – Mill Road Corridor</b>	Preferred option chosen. Consultation and geotechnical investigations took place, and design is being refined	Construction of four lanes, along with bus lane and priority, and improved walking and cycling facilities/ connectivity to open spaces	<ul style="list-style-type: none"> <li>• Contributes to Southern Initiative</li> <li>• Provides high-quality north-south arterial route as alternative to Southern Motorway</li> </ul>
<b>Albany Highway (North)</b>	<p>Draft design and majority of land purchases completed. Landowner authorities signed</p> <p>NZ Transport Agency investigation and design funding applied for</p> <p>Consultation with Local Board and Parks, resource consent, designation, building consents, outline plan works completed</p>	<ul style="list-style-type: none"> <li>• Obtain utilities/service agreements</li> <li>• Obtain NZ Transport Agency funding for land and construction</li> <li>• Construction tendered in July/Aug 2013</li> <li>• Construction to begin Oct/Nov 2013</li> </ul>	<ul style="list-style-type: none"> <li>• Provides new facilities for sustainable transport modes such as T3 lanes, cycle lanes, footpaths</li> <li>• Relocates and improves underground services/ utilities</li> <li>• Improves stormwater treatment</li> </ul>
<b>Albany Highway (South)</b>	<p>Scheme assessment phase and public consultation completed</p> <p>Preliminary design to be awarded with completion expected towards the end of 2013. Hearings on designation in Oct 2013</p>	<p>Detailed design and land acquisition phases in 2014</p> <p>Construction after Albany Highway North has been completed (expected to finish Oct 2015)</p>	<ul style="list-style-type: none"> <li>• Provides infrastructure for increased walking and cycling, improves safety and reduces travel time</li> <li>• Provides a continuity of corridor style with Glenfield</li> </ul>



Artist's impression of Wairau Road intersection

## Focus 1

### Transform Aucklanders' everyday travel experience *continued*

## 08 Great Barrier and Waiheke Islands road upgrades completed

*In response to customers saying the rural areas are missing out.*

Sealing of the last 3.7km of Aotea Road was completed this year. Great Barrier Island's main arterial road links the airport with ferry terminals and is crucial to the island's economic and social well-being. Onetangi Straight was also resealed with the addition of new cycle lanes, making one of the busiest stretches of road on Waiheke Island safer.

The island's largest footpath programme in almost a decade is under way. The newly completed Ostend Road extension is one of a number of new footpaths being constructed or planned for the island over the next two years. Funding is coming from a special AT budget aimed at the region's more rural roads.



AT's Events Manager John Strawbridge and his team at the V8 control centre

### Special events:

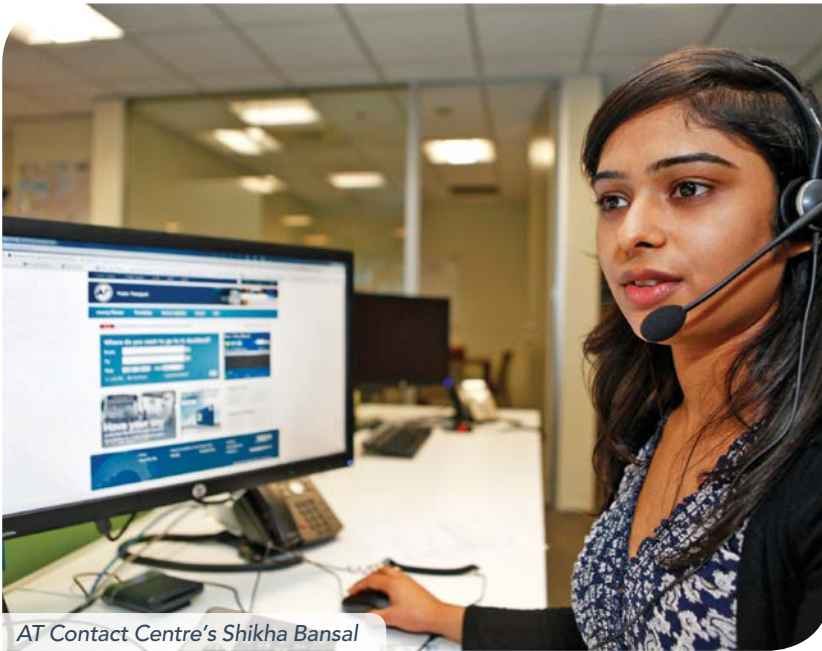
As a host city for premier sports events, Auckland has outperformed any other city in Australasia in the past four years, except Melbourne. And there are more events to come including the Cricket World Cup and the Volvo Ocean Race stopovers. This year, AT's contribution to iconic annual and new cornerstone events has ranged from regulatory approval of traffic management plans and road closures to full

operational delivery responsibility in the public domain. The uptake of public transport services during special events continues to grow and is embraced as an 'included in your ticket' option by many of the event promoters. Some highlights over the past 12 months include the new events: Ironman 70.3, ITM V8 Supercars at Pukekohe, ITU Triathlon and the Golden Mile.

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AT Contact Centre's Shikha Bansal

### Right person, right information, first time:

Commitment to improving customer experience was extended in March 2013 by having a specialist AT team at Auckland Council to answer general transport enquiries through one team rather than spreading calls around several contact centres. Areas to improve are keeping the customer informed and the time it takes to resolve issues. A new phone system was also introduced in May into the public transport contact centre. This allows for automated customer satisfaction surveys and more robust quality systems. The AT public transport call centre achieved a performance standard of 85 per cent of calls answered within 20 seconds, against a target of 80 per cent.



ATeam member Claire Wannamaker

### The ATeam:

Customer understanding of when and how they can use the new AT HOP cards on buses is the focus of AT's largest marketing campaign this year. Employees are demonstrating the organisation's One Team values, with over 150 joining the ATeam as trained AT ambassadors. They have been out on city and suburban streets since June, interacting with customers during peak hours.



## Focus 2

# Invest in the city's high growth areas

### Key points:

- Performance measures achieved or exceeded: four out of eight
- The Government announced its support for the City Rail Link project in June in 2013
- Hobsonville's new ferry service to Downtown via Beach Haven started
- Substantial progress has been made on AMETI's three new bridges and new Panmure station

*View of Auckland city from the top of Mt Eden*

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## 01 Contribute to Auckland Council's investigations into new funding mechanisms to finance a \$12b shortfall

The 30-year Integrated Transport Programme (ITP) was published by AT this year. It sets out the investment levels required to meet the Auckland Plan's transport programme and confirms that current sources of funding are not enough to achieve this. As a first step to finding a solution, Auckland Council tasked a Consensus Building Group (CBG) of transport stakeholders with reaching agreement on a preferred way to find the \$12b shortfall. The group considered 20 possible solutions, using criteria that reflected issues such as equity, acceptance and effectiveness.

A package of funding sources was presented in July 2013 to Auckland Council, following a first round of public consultation. Until 2021, revenue would come

from increasing existing sources. From 2021 onwards, the group believes it will be necessary to continue the increases in existing sources but also to introduce ways to manage demand, either through road pricing or tolls on major new roads.

AT supported the wider project team with research and analysis, as well as attending CBG meetings to provide advice and guidance on the transport programme.

### Auckland Plan target:

Reduce congestion levels for vehicles on the strategic freight network to, at or below, the average of 2006-2009 levels by 2021.

### Travel times along strategic freight routes during the inter-peak period (9am-4pm), with 85 per cent of trips travelled within the following minutes

	2013 target	2013 actual	2012 actual	2011 actual
From SH20 to SH1 via Neilson Street <sup>1</sup>	16	17.8	18	16
From SH1 to SH20 via Neilson Street	13	14	14	13
From Sylvia Park to East Tamaki via South-eastern arterial	11	11	10	11
From East Tamaki to Sylvia Park via South-eastern arterial	12	10.5	10	12
From SH1 to SH18 via Wairau Road <sup>2</sup>	8	8.7	8	8
From SH18 to SH1 via Wairau Road	8	8.8	8	8
From East Tamaki to SH1 Highbrook interchange via Harris Road	10	9.7	10	10
From SH1 Highbrook interchange to East Tamaki via Harris Road	11	10.3	10	11

<sup>1</sup> Construction works on or around Neilson Street slowed average times.

<sup>2</sup> Roadworks on Glenfield Road slowed average times.

## Focus 2

### Invest in the city's high growth areas

#### The city centre

## 02 The City Rail Link is vital to growing rail patronage and preventing significant issues with accessing the city centre from 2021

*In response to customers wanting better access by rail around the city.*

The City Centre Future Access Study (CCFAS) shows that most approaches to the city centre are already at or near capacity in peak periods. By 2021, our growing population is expected to experience long delays moving into and out of the city centre, unless the CRL is built. Delays impact on our economy and productivity, as the city already accounts for 34 per cent of all jobs in New Zealand and this number is expected to grow.

Of equal importance, the CRL will double the number of people within 30 minutes travel time of a city station. Making Britomart a through station rather than a terminus will open up more frequent and reliable services across the whole rail network, increasing transport choices and the resilience of the public transport system.

Construction of the CRL is expected to take five and a half years based on current estimates and cost up to \$2.86b (at forecast year of spend).

#### Progress this year:

1. The Government announced its support for the CRL project in June 2013.
2. The CCFAS, commissioned by AT and published in December 2012, confirmed that a bus-only solution to

city centre access is not viable as the sheer number of buses would impact on both quality of life and vehicle space. A bus tunnel would have cost more and move fewer people than the other options. Findings from the CCFAS were incorporated into a comprehensive response to the Minister of Transport's request for more information.

3. A Notice of Requirement to protect the route for the CRL project was submitted to Auckland Council in January 2013. Public submissions closed in March, with 253 received. During the submission period open public information days were held in the vicinity of proposed new underground stations and attracted about 800 people. Negotiations with affected property owners are well under way.
4. Geotechnical investigations, value engineering and options assessments were all completed.

**Next steps:** Work continues on advancing the design. Close coordination exists with Auckland Council to ensure that plans for enhancing the city centre mesh wherever possible with the urban design frameworks around the new station precincts.

## 03 Partnerships deliver the country's largest urbanisation and transit-oriented developments

*In response to public concern about how Auckland's rapid growth will be managed and why an additional \$12b is needed for new infrastructure.*

#### Place-based transport in west and north-west Auckland

**Auckland Plan target:** Increase the proportion of people living within walking distance of frequent public transport stops from 14 per cent (2011) to 32 per cent by 2040.

#### New Lynn transport projects completed

New Lynn is experiencing one of the largest ever public transport infrastructure investments in New Zealand. The award-winning transit interchange is proving itself as a catalyst for significant new and regenerative commercial development.

New Lynn is identified in the Unitary Plan as a metropolitan town centre, where significant population growth will take place, and where a place-based approach to transport is being taken. Called a transit-oriented development, the mix of residential and commercial development now under way maximises access to public transport.

- In February 2013, the Merchant Quarter was officially opened, featuring McCrae Way shared space, a new multi-storey car park building with 140 spaces and a medical centre, linking to the library. The Merchant

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Quarter is becoming a vibrant, walkable, mixed-use environment.

- The main street upgrade of Great North Road was completed in the same month, allowing for landscaping work, also now completed. New plantings, seating and lighting are helping to make the main road more attractive and safer.

**Next steps:** New Lynn is transitioning from a public sector-led regeneration project to a privately funded development. Future development is planned to take place at the site of the old Crown Lynn brickworks and to make the single biggest contribution to achieving the Auckland Plan's target of increasing the proportion of people living within walking distance of a transit station. AT's role will be to provide roading and footpaths.

### Progress on the North West Transformation area

The North West Transformation is the largest collaborative urbanisation project in New Zealand.

It encourages regional economic growth, along with social, recreational, environmental and transport benefits.

Stage one includes a new town centre at Westgate, a new village centre and employment park at Hobsonville and a new ferry terminal at Hobsonville Point, which began service this year (see the photo below). AT has budgeted \$110m between 2012 and 2022 to provide infrastructure ranging from new and widened roads to signalised intersections and roundabouts, dedicated cycle facilities and shared spaces.

This year, construction began on Rua Road South and bulk earthworks for Don Buck Road extension also began. Property purchases required for Northside Drive East and the Fred Taylor Drive/Garelja Road intersection have been completed, and roundabouts are being designed for Hobsonville Road.



Hobsonville ferry terminal

### Hobsonville ferry service starts:

The new Hobsonville ferry service to Downtown via Beach Haven was officially opened in February 2013. Patronage is already exceeding targets. Construction of a ferry terminal and park-and-ride facilities at

Hobsonville Point was a precedent for Auckland, enabling public transport usage patterns to be established very early in the process of a significant housing development.

## Focus 2

### Invest in the city's high growth areas *continued*

## Smart solutions for east Auckland and the airport

### Progress on the Panmure package of AMETI

Auckland Transport's largest construction project continued on schedule this year. Designed to improve strategic transport links and give residents greater transport choices, it also separates through traffic, local traffic and public transport services so the road network operates more effectively.

Phase 1 includes three new bridges, allowing for rail electrification, a potential third rail line and a new 1.5km Link Road from Glen Innes to Mt Wellington. The new busway bridge opened to traffic in November 2012. This allowed the old Ellerslie Panmure Highway Bridge to be demolished over Christmas. The new bridge over the highway was completed in July 2013, three months ahead of schedule. Construction of the Link was delayed this year by appeals but has now begun.

The new Panmure Station building and platforms are also taking shape, with structural work completed on schedule. This major upgrade is designed to create a transport interchange with quicker transfer times between trains and buses.

**Next steps:** Phase 1 of AMETI extends to 2014. Planning for Phase 2 is well under way. A new south eastern busway linking Panmure train station with Pakuranga and Botany is central to Phase 2. Key land along the busway corridor to Pakuranga is being acquired and design work is in progress. The final design of a new bus interchange at Sylvia Park is progressing.

### East-West Link

The East-West Link is a proposed programme aimed at reducing travel times and improving journey time reliability for freight in the Onehunga/Penrose area. It targets improved connections to and from the inland port and freight terminal at both a local level (access onto Neilson Street) and a more strategic level. It also aims to improve east west connectivity through Auckland's industrial belt (Onehunga/Penrose/Mt Wellington/East Tamaki), and improve connectivity between East Tamaki and Auckland Airport.

**Preparatory work is under way, including:**

- Completing a strategic assessment that outlines the context and case for change
- An economic benefit assessment to develop a picture of the area's economic structure and

activity, its role within the broader economy and its responsiveness to changes in transport accessibility

- Preparing a business case that recommends a preferred programme and way forward for further developing the proposal. It will identify the key asset and non-asset-based projects that will support the programme outcomes.

### Connecting the airport into the rapid transit network of services

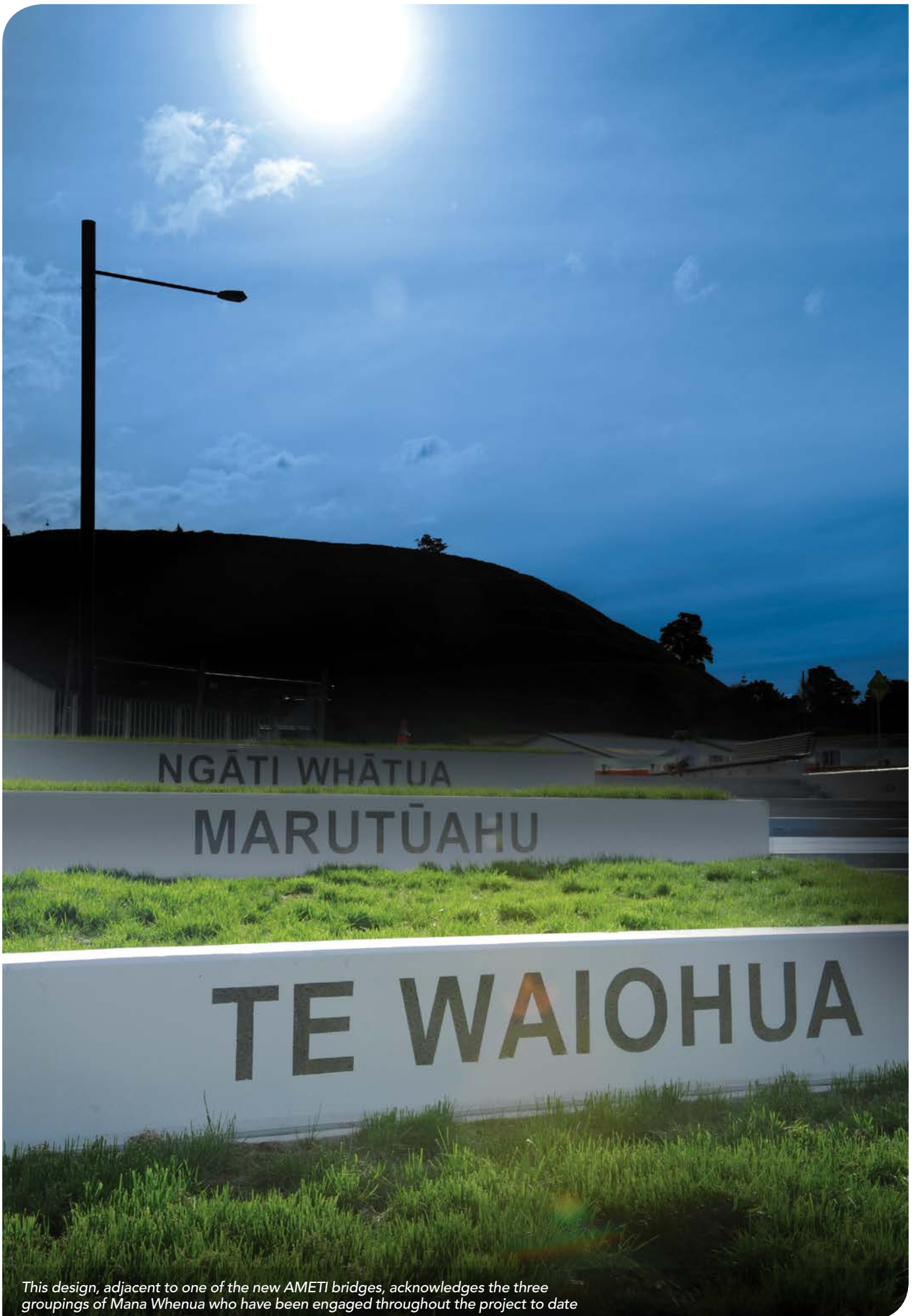
The Southern Initiative is another major place-based programme in the Auckland Plan, which aims to reduce the growing disparity between this area and the rest of Auckland. AT's key project is the South-west Multimodal Airport Rapid Transit (SMART), which has a new rail line at its core, supported by cycleways and pedestrian facilities.

This year, a short list of rail alignments and station options was developed, in order to protect a route from Onehunga to Puhinui via the airport. The alignments were developed with Local Boards and iwi input as well as with project partners – Auckland Council, NZ Transport Agency, KiwiRail and Auckland Airport.

**Next steps:** Route Protection for the rail alignment is expected to start in 2014 but before confirming the final rail alignment, other projects in the area which may have a direct influence on the SMART project are being worked through. This includes Auckland Airport's masterplan and Auckland Council's Puhinui Peninsula masterplan process, which addresses issues with the Eastern Access Agreement on the Puhinui Peninsula.

*Rapid growth is occurring around Auckland Airport, with 890 businesses choosing to locate there and passenger numbers forecast to triple to 40 million by 2041.*





*This design, adjacent to one of the new AMETI bridges, acknowledges the three groupings of Mana Whenua who have been engaged throughout the project to date*



**Focus 3**

## Address congestion by changing travel habits

Key points:

- Performance measures exceeded: four out of five
- Travel plans have taken 14,781 cars off Auckland's roads in the morning peak
- Cycling is up nine per cent this year on 2012
- Changes to city centre parking are maximising use of AT's resources and giving customers value for money.

*The City Link bus at the Britomart Transport Centre*

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## 01 School, tertiary and workplace travel plans are taking an ever-increasing number of cars off the road

*In response to customers saying they experience the worst congestion during the morning peak.*

Travel plans play a vital role in managing the demand for transport and improving road safety. They reduce congestion and lower the cost of transport on the environment and health. AT has 383 travel plans as part of its programme, with over 460,000 Aucklanders engaged. By the year end, travel planning had taken 14,781 cars off the road – a five per cent decrease in car use from 2012.

This year, 103 new schools joined the Travelwise programme, bringing the total to 331 of the region's 540 schools. Schools are getting on board with developing and running their own Travelwise programme. This year, 150 teachers from 140 schools

participated in a professional development day on travel plans. Auckland Transport's website also boasts a new WOW programme (walking or wheeling on weekdays), with an interactive calendar promoting walking and cycling. The Bike Safe programme has 9,429 participants to June 2013.

**Auckland Plan target:** Increase the proportion of trips made by public transport into the city centre during the morning peak from 47 per cent of all vehicle trips in 2011 to 70 per cent by 2040.

### Walking trips into the city centre during the morning peak \*

4,633

+ Target not met

2013 Target: 5,403  
(new measure)

### Morning peak (7am-9am) car trips avoided through travel planning initiatives \*\*

14,781

+ Target exceeded

2013 Target: 9,200  
2012 Actual: 12,271  
2011 Actual: 8,417

\* Rain was forecast on the survey day, which may have contributed to this lower-than-target result. Increases along Grafton Bridge, Upper Queen Street and Beach Road were offset by significant decreases along Victoria and Symonds Streets. Increased walking surveys, events and promotions to city centre residents, students, visitors and employees are planned as a key focus for 2014. Reviewing the monitoring locations and timeframes is expected to provide more robust data to the current one-off survey.

\*\* Results are collected by AT and based on Commute workplace survey data and survey results from 165 Travelwise schools extended out to all Travelwise programme schools. Mode shift is calculated from baseline surveys. This methodology has been internally audited.

## 02 Auckland Transport's Commute programme has 300,000 Aucklanders already on board

*In response to residents saying a simple ridesharing system would solve the city's rush hour woes and cost almost nothing to implement.*

Carpooling gives commuters access to priority lanes for faster travel and priority parking, and reduces congestion. While Auckland's population continues to grow rapidly, there is no silver bullet to solving peak hour congestion. All the research and planning shows that a range of solutions across all modes of transport is needed.

AT's Commute programme is reducing the number of single-occupant commuter car journeys. This year, 20 new organisations joined Commute and there are now over 300,000 employees and students in the programme. The programme includes our national

partnership in the Let's Carpool scheme, which gained 3,466 registrations in Auckland in its first year.

The Commute programme offers a range of resources for businesses to use in encouraging their employees to telework, use public transport and active modes of travel. Just one example of success is with the 200 people who have taken part in cycle workshops. 28 per cent now cycle to work at least one day a week. Likewise, giving public transport a go has been popular with 72 per cent of people who received a pass using public transport for their future commute.

**Focus 3**

Address congestion by changing travel habits *continued*

**03** Connecting Auckland’s cycleways, promoting safe cycling and an effective partnership with Cycle Action Auckland is improving cycle safety and increasing the number of cycle trips  
*In response to residents’ perception that cycling is not safe.*

New research undertaken in 2013 with 1,000 Aucklanders on cycle attitudes and behaviour shows exercise and recreation are the main reasons for riding bikes. However, concern for safety and confidence levels remain the main barriers to increasing cycling.

Dedicated cycle routes provide the safest way to cycle in Auckland. This year additional infrastructure has been built:

- Paths in the Auckland Domain, Grand View Drive (Orewa), Onetangi Strait (Waiheke), Rankin Avenue and Margin Road, Silverdale and Albany off-road paths and Westgate Bridge.

The focus for development is on high-quality segregated cycleways, and local routes which connect community facilities and parks.

While continuing to extend the Auckland Cycle Network (ACN) to its full 1,100 km and fill in gaps between discontinuous sections, Auckland Transport is also looking to improve what has already been constructed. This work, undertaken in partnership with Cycle Action Auckland, includes a safety and quality audit of the 275km of existing cycle routes.

The investment in improving public transport includes measures to encourage walking and cycling trips to public transport interchanges. AT is also planning to improve cycle-parking options across the city including those at interchanges.

**Next steps:**

- Launch of the AT Cycling Business Plan for the next 10 years
- New \$10m annual infrastructure programme for cycling and new footpaths, progressing projects such as the Waterview shared path, Mangere and Mt Roskill safe routes, and delivering improvements in Auckland Domain, Beach Road and Bridge Street
- Developing a bike parking programme and expanding the Bike Safe training programme
- Joint project with Auckland Motorway Alliance to improve safety around motorway interchanges.

**Cycling trips throughout the region during the morning peak\***



\* Trips are recorded during the annual manual cycle monitoring undertaken in March 2013 by an independent research company at 85 sites across Auckland between 6.30am and 9.00am. Counts are conducted on fine days to reduce the impact of weather conditions. These are annualised using standard factors.

*The number of cyclists in Auckland is up nine per cent this year from 2012.*



**Cycling up, injuries down**

2012 saw an impressive 64 per cent reduction in fatal and serious cycle injuries from 51 in 2011 to 18 in 2012, while cycling increased across the region. This result has been largely influenced by AT’s focused campaigns during spring and summer, when more than 7,000 Aucklanders bike to work or school, by year-round cycle training and the ‘share the road’ safety campaign. Cycle training has also been delivered to around 10,000 people, from school children to businesses and community groups, along with cycle maintenance and safety courses.



## 04 Central city changes to parking have resulted in more on-street parking, with fewer complaints and infringement notices, and best value for casual use of car park buildings

*In response to customers saying on-street parking restrictions were complex and off-street car park prices were expensive.*

### Parking: on-street

In November 2012, a new Central City Parking Zone (CCPZ) came into force. The new zone:

- Removed time limits giving customers the choice to stay as long as they want
- Created a 10-minute grace period, enabling quick pick-ups and drop-offs
- Implemented paid parking until 10pm, providing greater availability and accessibility for evening customers
- Implemented a new policy to manage parking prices to achieve optimum occupancy and reduce congestion.

In the six months following implementation of the zone we've seen:

- Improved parking availability on the streets
- Fewer infringement notices being issued (by 21 per cent)
- Fewer complaints regarding parking.

### Parking: off-street

The way parking in the city centre operated was out of sync with Auckland Transport's objective to promote short stays and the parking model prioritised commuter parking. In response, the CCPZ prioritises short-stay parking in the city centre car park buildings, which has:

- Reduced the casual rates for short-stay parking
- Brought forward the cut-off time for commuter early bird parking
- Introduced a new pricing policy that prioritises short-term parking.

Price reductions in these buildings mean that AT now offers the best value in the city for casual parking, which is resulting in increased casual customers (19 per cent) and increased average lengths of stay (from 90 mins to 140 mins).

**Next steps:** Success of the new CCPZ has laid the groundwork for a more consistent approach to management of parking across Auckland. This is the first step in a number of planned initiatives, which include parking options to encourage commuters to travel outside the peak and to promote greater use of public transport. Comprehensive plans for metropolitan and some town centres are also being developed.

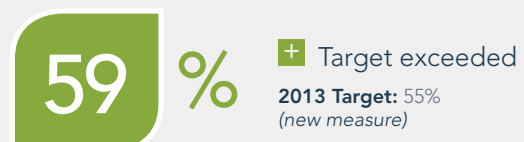
### Environmental monitoring of parking facilities

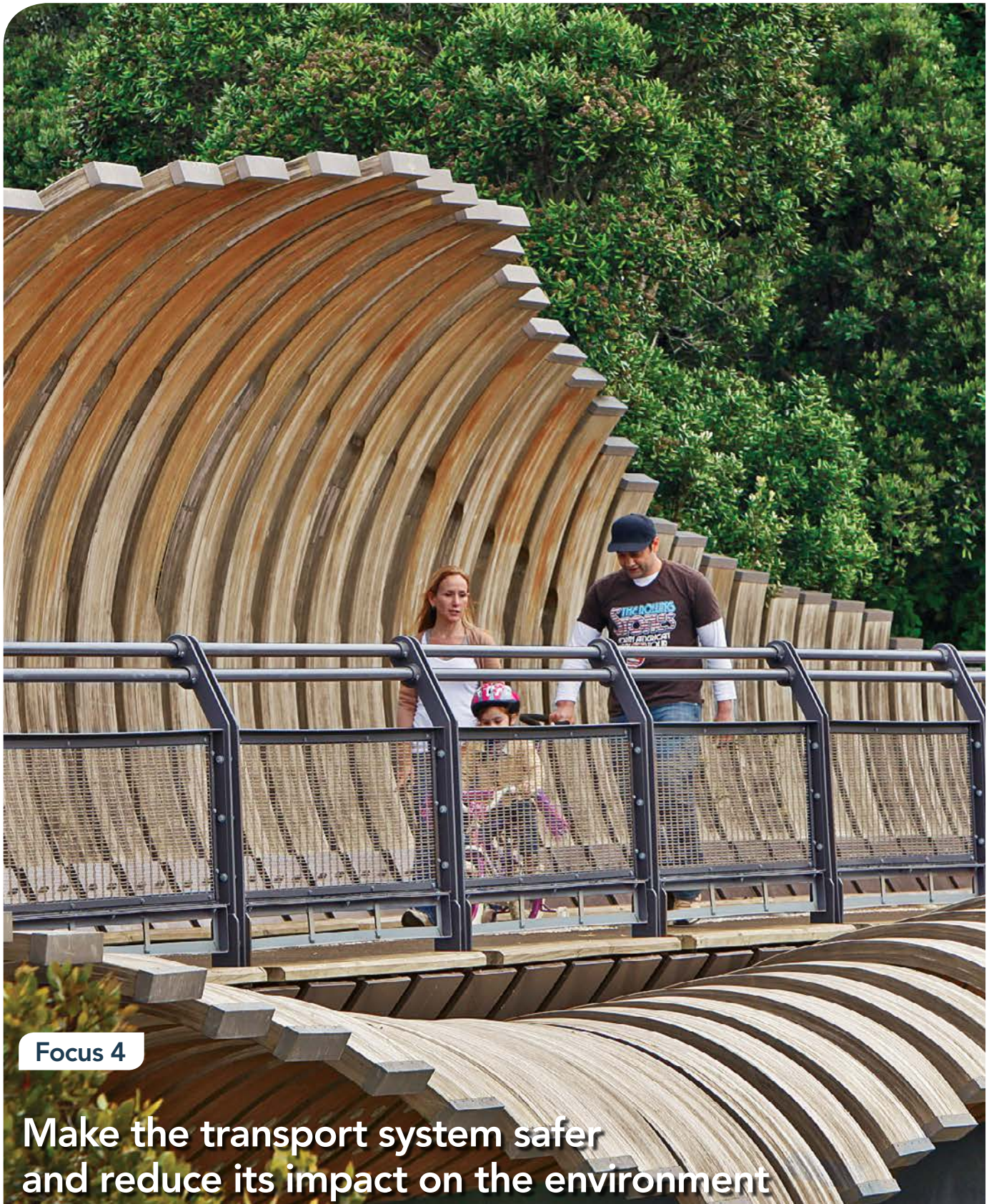
Auckland Transport's Parking Facilities is the first department operationally to achieve ISO 14001 Environmental Management accreditation, for five city centre car parks and one at Sandspit. This was completed in 2012 and reaccredited in 2013. It is proving successful especially with the cleaning contractor who will be reporting what goes to recycling and landfill.

#### Off-street parking occupancy rates



#### On-street parking occupancy rates





#### Focus 4

## Make the transport system safer and reduce its impact on the environment

### Key points:

- Performance measures achieved or exceeded: three out of four
- Of the 16 regions in New Zealand, Auckland is now the second safest, after Wellington
- 354 fatal or serious injuries on Auckland's local roads represents a 7.3 per cent decrease
- AT is a key stakeholder in the Auckland energy resilience and low carbon action plan.

*The Onepoto Bridge in Northcote, shared by pedestrians and cyclists*

# 01 Make the transport system safer

In Auckland there is only one road death for every estimated 304.5 million vehicle kilometres travelled. Significant reductions were seen in fatal and serious injuries in 2012 among vulnerable road users, including young drivers, cyclists and motorcyclists, and in failed-to-give-way incidents. Despite this positive trend, increases were seen in older road users, Maori and alcohol-related fatal and serious injuries. The overall social cost of crashes in Auckland was estimated at \$759m in 2012 (down from \$876m in 2010).

AT is studying high crash risk sites across the region, to instigate a programme of work to further reduce crashes and increase safety.

Safety and security incidents across the public transport network have also improved significantly, with both a better than target performance and an improvement over the previous year's results.

**Auckland Plan target:** Reduce road crash fatalities and serious injuries on all Auckland roads from 506 (2010) to no more than 410 in 2020 (to be revised).

## Total fatal and serious injuries on local road network\*

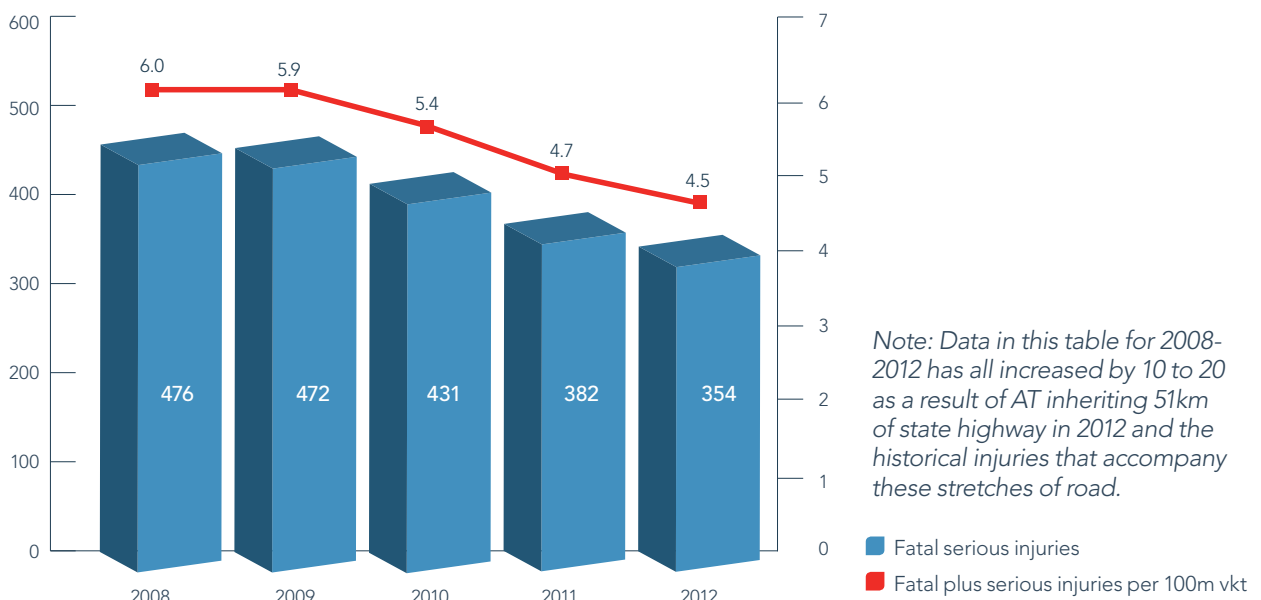


## Customer safety and security incidents across public transport network per 100,000 passengers



\* The FSI reduction target is based on a straight-line extension of the five-year (2006 to 2010) FSI downward trend, i.e. an annual average two per cent reduction in FSI. The actual FSI reductions in 2010, 2011 and 2012 were exceptionally high, including a 64 per cent reduction in cyclist FSI for 2012. As a result, the annual FSI reduction baseline will be revised in 2013 in line with the five-year (2008 to 2012) FSI downward trend.

## Number of fatal plus serious injuries on Auckland's local roads



**Focus 4**

**Make the transport system safer and reduce its impact on the environment**  
*continued*

## Special report

### Safety standards on the new electric trains

Right from the start, safety has been uppermost for the new trains. Specifications meet European compliance standards and crashworthiness requirements, while dynamic computer modelling has ensured the bogie design is suitable for New Zealand track geometry.

Four mock-up stages were used to develop the design and undertake safety reviews. An on-site team of quality inspectors is also auditing the manufacturing and the actual trains will be independently validated against a full suite of European testing and commission standards.

Other safety features include:

- Ergonomic design to reduce crew error and injury and enhance customer comfort

- CCTV views of the platforms and open-gangway interiors to give drivers the safest levels of visibility yet seen in New Zealand for a train environment
- An extensive on-board train control system manages and monitors all major functions to optimise performance, manage faults and provide train health data
- Compliance with UK fire safety requirements to future-proof the trains for the underground CRL and future upgrading possible for a harbour crossing.

Initial driver training will be improved and accelerated in an extensive training facility with multiple simulator desks.



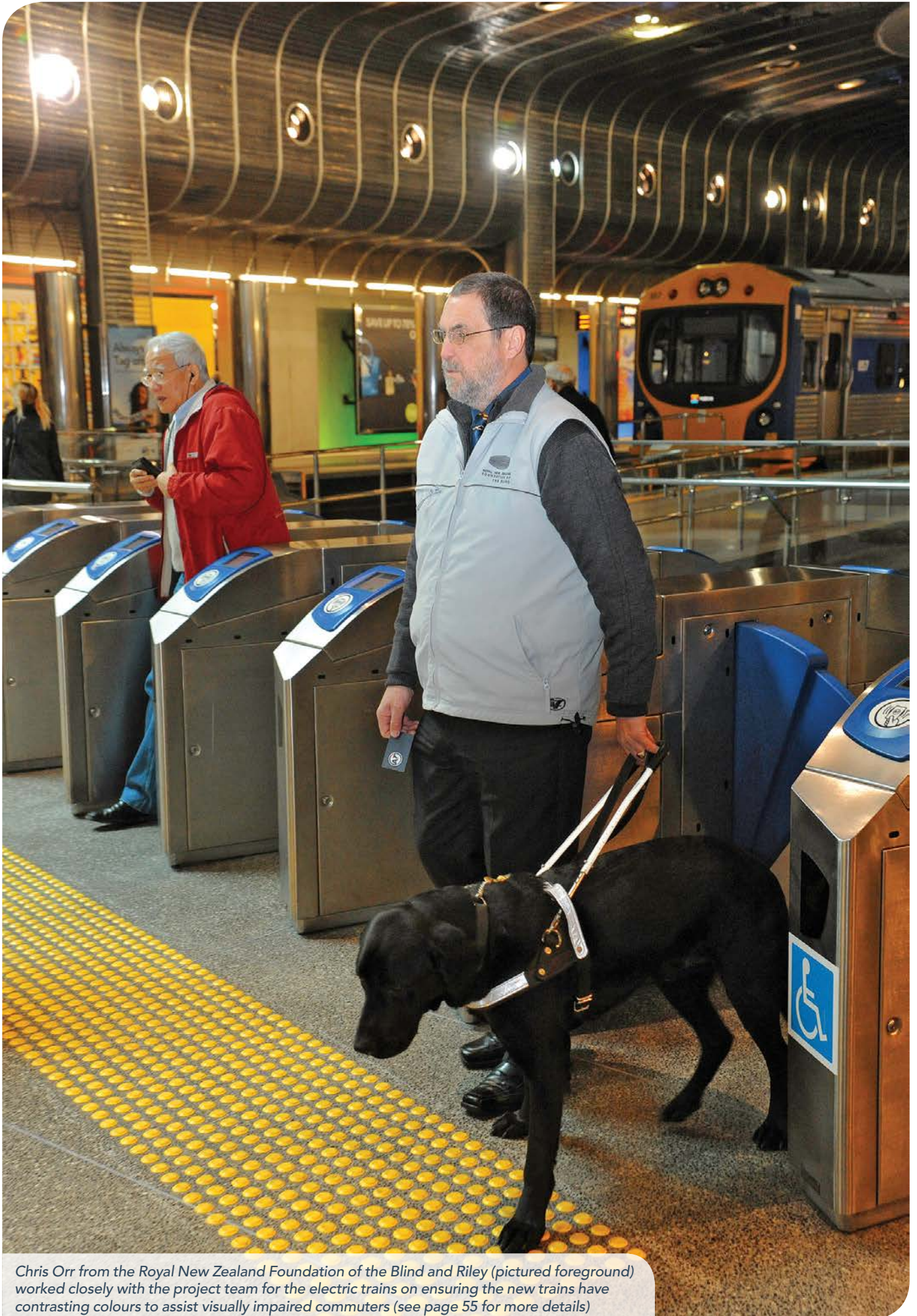
#### Keeping children safe:

93 schools in the South Auckland area are participating in developing a Safe School Travel Plan, an increase of more than 200 per cent since 2010. This programme provides a range of initiatives to improve road safety and encourage active forms of transport to and from school. AT's new pre-school road safety book has been translated into seven languages, in response to higher-than-national average injuries to pre-schoolers. In South Auckland 7.5 per cent of all pedestrian injuries involve children under five. 100 schools region-wide participated this year in the Back to School campaign to reinforce the Slow Down message, further supported by the Safety at the School Gate campaign.

#### Driver Distraction campaign:

Based on a successful Facebook 'makeithome' app game, the ongoing Sober Driver Campaign has been joined in 2013 by a new Driver Distractions winter campaign. Launched at a live cinema event in May, it also uses social media to highlight potential sources of distraction and focuses on the 15-24 age group.





Chris Orr from the Royal New Zealand Foundation of the Blind and Riley (pictured foreground) worked closely with the project team for the electric trains on ensuring the new trains have contrasting colours to assist visually impaired commuters (see page 55 for more details)

**Focus 4**

**Make the transport system safer and reduce its impact on the environment**  
*continued*

## 02 Reduce transport's impact on the environment

Auckland Transport's Statement of Intent contains two new measures that address climate change, by reducing the levels of greenhouse gas emissions created on roads and rail.

Transport still accounts for the largest share of total emissions, at 35 per cent. Several initiatives are contributing to the Auckland Plan target and the performance measures. For example:

- Electric trains will be responsible for less carbon per passenger kilometre than the diesel fleet. The first of Auckland's new fleet will begin commercial service in 2014 (see page 28).

### Regional transport emissions

Over the past 12 months, Auckland Council and its partners and key stakeholders including AT have been working together to develop the Auckland Energy Resilience and Low Carbon Action Plan. A discussion document, Powering Auckland's Low Carbon Transformation, kicked off the process and the action plan will see AT commit to a range of actions to provide better outcomes for greenhouse gas emission from the transport network.

This year AT has also started the process of introducing a wider set of environmental measures, both internally as an organisation, and for the transport system.

### Energy and emissions monitoring

AT's largest energy and emissions from its operations is electricity usage. The pie chart opposite shows the makeup of electricity consumption for the transport assets AT looks after. This excludes corporate accommodation.

Street lights account for approximately 72 per cent of AT's electricity usage from its transport infrastructure. The increase this year in electricity consumption of 5.1 GWh (7.8 per cent) is due largely to the measurement of street light energy of 4.8 GWh (10 per cent) in 2011-12. In 2012-13, a physical check of all the 103,000 street lights on the network found that around 5,000 street lights were not accounted for in the database. This has been corrected and has begun to be updated, reflecting the higher actual level of consumption.

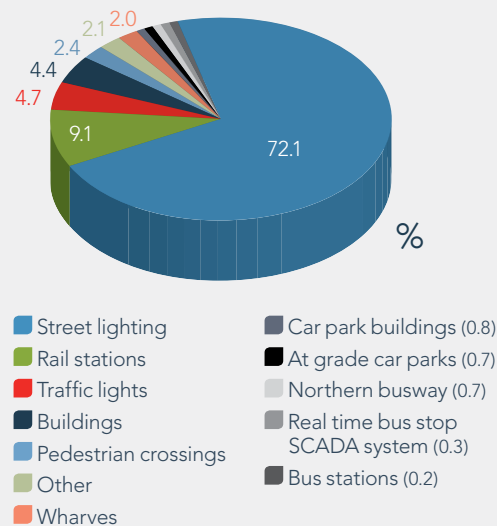
To lower the street light energy consumption, the new maintenance and renewal contracts for street lights include the supply and installation of 10,000 LED luminaires in the first year to begin replacing the 40,000 70-watt High Pressure Sodium (HPS) luminaires over four years. A central management system is being installed into the LED luminaires to better manage energy consumption. The whole of life savings will net \$32m over 20 years.

The latest information from AT's Staff Travel Plan, related to shifts in commuter travel and excluding the public transport fleet, shows that petrol and diesel fuel consumption slightly decreased by 10,000 litres (4 per cent) during 2013. Air travel has increased 800,000 km (66 per cent), associated with the purchase of electric trains from Spain.

**Next steps:** During 2013-14, AT will investigate and revise the reporting of this data for our 2011-12 and 2012-13 years so we can compare years.

**Auckland Plan target:** Reduce greenhouse gas emissions by 10-20 per cent reduction by 2020; 40 per cent by 2040; 50 per cent by 2050 (by 1990 emissions levels).

**Total kilowatt hours from AT's transport assets**



*Elements registering under 0.2% are not represented in the pie chart.*

## Monitoring our energy consumption and emissions

Item	Unit	2011-12	2012-13	% Change
<b>Energy consumption</b>				
<i>Transport network facilities</i>				
Electricity	kWh	66,436,468	71,608,356	7.8
<i>AT corporate</i>				
Petrol	litres	242,567	240,635	-0.8
Diesel	litres	16,735	8,678	-48.1
Total fleet fuel	litres	259,302	249,313	-3.9
Taxis	km	24,559	28,493	16.0
Air travel - domestic	km	249,508	342,016	37.1
Air travel - long haul	km	776,869	1,397,215	79.9
Air travel - short haul	km	147,421	210,388	42.7
Air travel - total	km	1,173,798	1,949,619	66.1
<b>Emissions source</b>				
<i>Direct greenhouse gas emissions - Scope 1</i>				
Petrol	kg CO <sub>2</sub> e	519,094	514,959	-1
Diesel	kg CO <sub>2</sub> e	41,168	21,348	-48
<i>Indirect greenhouse gas emissions - Scope 2</i>				
Electricity	kg CO <sub>2</sub> e	8,171,686	8,807,828	7.8
<i>Indirect greenhouse gas emissions - Scope 3</i>				
Taxis	kg CO <sub>2</sub> e	7,564	8,776	16
Air travel - domestic	kg CO <sub>2</sub> e	47,131	62,257	32
Air travel - long haul	kg CO <sub>2</sub> e	96,788	166,003	72
Air travel - short haul	kg CO <sub>2</sub> e	15,747	21,786	38
<b>Total equivalent tonnes of CO<sub>2</sub>e</b>	kg CO <sub>2</sub> e	8,899,178	9,602,957	8

### Total CO<sub>2</sub>e vehicle emissions in Auckland\*

**4,144** kilotons

+ Target exceeded

**2013 Target:** reduce baseline  
**2012 Actual:** 4,068 kilotons  
**2011 Baseline:** 4,150 kilotons

### CO<sub>2</sub>e emissions from rail network\*\*

**29.4** kilotons\*

+ Target not met

**2013 Target:** reduce baseline  
**2012 Actual:** 30.0  
**2011 Baseline:** 26.5

\* For the 12 months to May 2013

\* Includes both diesel and petrol vehicles driven region-wide. The measurement of CO<sub>2</sub>e emissions to 30 June 2011 (baseline) has been adjusted by 10 per cent from 3,790 kilotons to 4,150 kilotons to be consistent with the latest MfE emissions factors for voluntary reporting. Total network emissions have gone down slightly on the baseline but are up on 2011-12. Petrol sales have decreased slightly as people have switched to more efficient vehicles and petrol prices have remained high. Diesel use has increased this year after reductions seen during the recession

\*\*The measurement of CO<sub>2</sub>e emissions to 30 June 2011 (baseline) has been adjusted by 10 per cent, from 24.1 kilotons to 26.5 kilotons, to be consistent with the latest MfE emissions factors for voluntary reporting. Diesel use has increased with the new Manukau service, and decreased with the block of line for electrification. When electrification is completed and the block of lines are reduced, diesel use will increase until the commissioning of the electric trains



## Focus 5

# Develop effective partnerships and our people

### Key points:

- Early engagement with stakeholders is clarifying expectations and minimising risks
- AT is contributing to all five priorities in the Auckland Plan for enabling Māori aspirations
- The Board adopted a disability policy that acknowledges good results come from early consultation with disability groups.

*Panmure Rail Station*

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As a council-controlled organisation, AT works within Auckland Council's principles for achieving the vision and outcomes of the Auckland Plan:

- Value te Ao Māori to build lasting and reciprocal relationships with Auckland's Māori
- Work collaboratively and as partners on priorities
- Act fairly by considering the needs of all groups in the community to ensure that all Aucklanders can participate equally.

### Enabling Māori aspirations

The Auckland Plan's Strategic Direction 2 is: enable Māori aspirations through recognition of Te Tiriti o Waitangi and customary rights. In its SOI for 2012/13, AT acknowledges its responsibilities to these aspirations and is contributing to all five priority areas in this direction, through implementing a Māori Engagement Framework, and the following actions.

1. Participating in a Māori Land purpose/utilisation project with Auckland Council to identify current and future papakainga lands. AT is:
  - Discussing with Pukaki and Whatapaka papakainga trustees on how AT can contribute to paper road removal and/or private road maintenance
  - Discussing with Umupuia (Maraetai) papakainga trustees on speed signs to slow down traffic passing their rural housing area.
2. Creating project tables for Mana Whenua (indigenous population made up of the iwi of Tamaki Makaurau) to sit with AT leadership and discuss the management of run-off from the road network into the receiving environment, the types of plant species used within the road corridor and the form and material AT chooses on major infrastructure developments such as train stations and wharves.
3. Creating project tables where Mana Whenua can sit with AT leadership and discuss, as early as possible, concept, preliminary, detailed design and cultural considerations on major and minor capital works projects. The table is resourced, the iwi are informed, consulted and empowered to share iwi specific cultural values on waahi tapu or sites of cultural significance to enable AT to make informed decisions. Māori values assessments, regular hui and panui (drop box) are utilised to ensure engagement is effective.

#### 4. Contributing to marae by:

- Assisting Te Kia Ora Marae (Kaipara) to complete their marae complex upgrade and design for resource consent purposes
- Mapping the physical location of Mana Whenua and Mataawaka marae to show how the new network plan improves accessibility of the bus and train network to the Māori population of South Auckland. Māori population density by Local Board was also included in this work.

5. Contributing to Māori leadership within the community, particularly to Te Kohanga Reo (Mataawaka) by providing a free resource in Māori on driveway safety, and identifying the Kura Kaupapa Māori, bilingual schools, Kohanga Reo/ Puna Reo, Māori workplace training providers.

**Next steps:** Efforts this coming year will focus on increasing the amount and content of panui on place names and destinations within the public transport networks, using the digital mediums to which we have access for promoting Māori place names along with a phonetic guide to pronunciation, and providing rail station announcers with training on pronunciation.



The unveiling of a kohatu (stone) at the new Wiri depot that celebrates Ihāka Takanini's association with the site. Pictured is Ngairi Lasika, the Māori King's representative.

## Focus 5

### Develop effective partnerships and our people

#### Partnership is key to delivering quality results

AT takes a partnership approach with a wide range of other stakeholders in the city's transport system including network providers NZ Transport Agency and KiwiRail; public transport service operators; industry; academia; road user, public transport, cycle and walking advocacy groups; the Auckland Council group (including Local Boards) and elected members such as MPs and Auckland councillors. It facilitates resolution of elected members' concerns and arranges their input into projects and processes.

The Local Transport Fund of \$10m is an important tool through which AT engages with meaningful and concrete projects that are priorities for Local Boards. One example this year of a completed project was a pedestrian bridge in Franklin that assisted with the V8s in April 2013. General and specialist advice is provided

to local boards, and AT works through the Local Boards – rather than with all the various interest groups – to provide balanced community solutions.

Areas of high interest to stakeholders this year include:

- Hearings on the Regional Public Transport Plan
- Major projects such as AMETI, the CRL and SMART
- The upgrade of Te Atatu Road, with land acquisition issues
- The masterplan for Avondale town centre and the racecourse
- Options for the Mill Road corridor
- Dominion Road upgrade
- Parking needs across the region
- Significant work with Cycle Action Auckland to address cyclists' safety needs.



*From an ageing station with uneven platform surface and mismatched shelters, Mt Albert has been transformed into a modern, safer rail station with better access for mobility users. Stage 1 was officially opened in July 2013*

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### Making transport journeys more accessible

In May 2013, the Board adopted a Disability Policy that recognises specific actions must be taken to ensure that the transport system provides for the needs of people with disabilities.

The policy builds on the concept of an accessible journey, as described in the 2005 Human Rights Commission inquiry report. The report stresses the importance of involving disabled people in planning and decision-making. In addition to the public consultation on the Regional Public Transport Plan (in accessible formats) and local consultation as services are planned, AT facilitates the Transport Accessibility Advisory Group (TAAG) quarterly meetings.

AT also consults representatives of disability groups in the course of infrastructure design. Key projects where the group's extensive input into design is making a significant difference are:

- The new electric trains will have wider doors and automatic ramps on the central carriage doors. Audio visual information will be easy to understand

and contrasting within the interior is designed to assist the visually impaired

- Rail stations are being audited to ensure they meet disability standards, including platform safety markings with tactile strips strategically placed for the visually impaired
- Shared spaces in New Lynn and the city centre include accessibility zones that run along the building edges, framed by tactile paving strips
- Bus stops with Real Time signs have on-request audio announcements and Braille signage. New signage is also being installed with larger icons and fonts for those with visual impairments
- Around 55 per cent of Auckland buses have super low floors and the ability to kneel to meet the curb, or have wheelchair ramps fitted. New accessible buses are being introduced regularly.

AT also administers the Total Mobility discount scheme. The scheme's information is available online. Free Accessible AT HOP concession cards allow a discount on public transport.



Star of the show: Mary Poppins (Rachel Wallace) with one of the City Mission children

### Auckland Transport in the community

AT invited 100 children and families from the Auckland City Mission to attend a special matinee session of the Disney blockbuster stage show 'Mary Poppins' at the Civic Theatre.

Tickets for the show had been provided by the promoters in return for promotion that AT provided in and around transport hubs. This included banners at Britomart Transport Centre and light boxes in AT parking buildings.

Gold coin Fridays have also been raising money for staff-selected charities and causes such as the Heart Foundation, breast cancer research and children with arthritis.

# How Auckland Transport is governed

Auckland Transport is one of seven key council-controlled organisations (CCOs) of Auckland Council. CCOs are companies or organisations in which Auckland Council controls 50 per cent or more of the votes or the right to appoint 50 per cent or more of the Directors or Trustees

**Auckland Transport's purpose is set down in the Local Government (Auckland Council) Act 2009, along with its statutory functions.**

## Board of Directors

The Auckland Transport Board is appointed by Auckland Council, with six to eight members (including two Councillors) and one non-voting member nominated by the NZ Transport Agency. All Board members serve a maximum of two three-year terms. For profiles of individual Directors, see page 16.

## Relationship 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.

Aside from annual and half-yearly reporting requirements of the Local Government Act 2002, AT provides accountability and reporting through:

- The three-yearly Regional Land Transport Programme
- The Annual Statement of Intent, against which it reports quarterly as required by the Local Government (Auckland Council) Act 2009, Section 91
- Formal meetings with the governing body to present the above reports
- Additional meetings and reports as requested or required.

AT, 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. The Board keeps in mind that Auckland Council has interests wider than those of ordinary shareholders in private companies, and is sensitive to the demand for accountability placed on Auckland Council from citizens, ratepayers and other bodies.

## Guiding responsibilities

**The Board's responsibilities are to:**

- Negotiate Statements of Intent (SOI) with Auckland Council
- Actively review and direct AT's overall strategy
- Actively review its policies and delegations

- Obtain full and timely information necessary to discharge its obligations
- Identify, evaluate and mitigate controllable risk factors
- Establish AT as an effective, focused organisation with core competencies and appropriate systems necessary to carry out its functions
- 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.

## Approach to governance

The Board of Directors is committed to the highest standards of governance and business behaviour, and continues to monitor developments in both the corporate and public sector governance arena.

**Auckland Transport exhibits and ensures:**

- Sound business practice in its commercial undertakings
- Sustainable business practice
- Ethical and good behaviour in dealing with all parties
- That it acts as a good employer, and exhibits a sense of social and environmental responsibility
- An open and transparent approach to decision-making, while respecting the need for commercially sensitive information to be protected
- An active partnership approach with Auckland Council and its key stakeholders.

## Board meetings

In general, the Board holds publicly open monthly meetings, at which open sessions provide a forum for stakeholder and employee engagement. Two of these 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



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- After 1 July each year when considering performance against its SOI for the previous year.

Some confidential matters, such as those with commercial sensitivities, are discussed by the Board in closed sessions. Open agendas, minutes, meeting dates and reports submitted are all available on AT's website at [aucklandtransport.govt.nz/about-us/board-members/Board-Meetings-Minutes](http://aucklandtransport.govt.nz/about-us/board-members/Board-Meetings-Minutes)

The Board held 11 meetings this year. Attendance figures are given below.

### 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 bases include accounting or financial management expertise, governance, audit, risk management and other complementary skills such as legal. The FRC has no delegated authority. In carrying out its duties, the committee meets regularly with the external and internal auditors and with management.

The FRC meets five times a year. Its members, appointed by the Board, are: Paul Lockey (Chairman), Lester Levy, Philippa Dunphy and Rabin Rabindran. Attendance at meetings is given below.

### Capital Review Committee

The Capital Review Committee (CRC) was established by the Board in 2012 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 in duration 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.

All Directors are invited to CRC meetings. However, the members are: Ian Parton (Chairman), Christine Fletcher and Mike Williams. Six meetings were held in the 2013 year and member attendance at the meetings is given below.

Director	Number of Board meetings attended (11)	Finance and Risk committee meetings attended (5)	Capital Review Committee meetings attended (6)	Comment
Lester Levy	7	2 (3)		Lester Levy became chairman when Mark Ford's term ended on 1 November 2012.
Mark Ford	4	2 (2)		
Geoff Dangerfield	11			
Philippa Dunphy	8	4		
Christine Fletcher	11		6	
Mike Lee	10			
Paul Lockey	9	5		
Ian Parton	11		6	
Rabin Rabindran	11	3		
Mike Williams	11		6	

Directors also sit on or chair hearing panels for major projects and plans; this included Christine Fletcher, Mike Lee, Paul Lockey, Ian Parton, Rabin Rabindran and Mike Williams. This year's hearings have included the Draft RPTP, the Election Signs By-Law and the Public Safety Nuisance By-Law.

# How Auckland Transport is governed

*continued*

## Managing risks

Increasing demands on the transport sector mean that improvements in capability and capacity must be achieved in an affordable and environmentally conscious manner. Underpinning all this is the requirement that transport is delivered safely and reliably. Such demands inherently carry uncertainty and risk. Balancing them can be a challenge.

Risk arises in all aspects of the organisation's operations. The Risk and Audit team is committed to a strategic, consistent and structured approach to risk management, to achieve a balance between realising opportunities for gains and minimising losses.

AT follows the joint Australian/New Zealand International Standard AS/NZS ISO 31000: 2009 Risk Management Principles and Guidelines. Relevant risk reports are presented to the Board, the Finance and Risk Committee and senior management on a regular basis.

### Risk activities undertaken include:

- Continuing to update the organisation's risk registers
- Promoting relevant mitigation strategies to manage identified risks
- Developing a corporate approach to business continuity planning
- Raising fraud awareness across the organisation.

## Internal audit

Internal Audit is a key part of an effective governance process. It is an independent assessment activity within the organisation that focuses on the review of our operations and continuous improvements in internal controls. It assists management by providing independent advice on operations and performance, and by assessing the effectiveness of internal controls. The function aims to promote efficiency, economy and effectiveness of management processes as well as reliability and accuracy of operations.

Internal audit activities are conducted in accordance with the Institute of Internal Auditors International Professional Practices Framework, the New Zealand Institute of Chartered Accountants (NZICA) Ethical and Professional Standards and Guidance and AT's policies and Code of Conduct.

### Key results

- Completion of the annual work programme, which includes key revenue and expenditure systems and areas of probity
- Quarterly reporting to management and the Finance and Risk Committee on the status of the internal controls.



Ports of Auckland which is adjacent to the Downtown Ferry Terminal

# Organisational chart

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Mt Albert Rail Station

# Developing our people

Auckland Transport fosters a culture that provides strong relationships with the people of Auckland and with Auckland Council

AT has a core set of values that was created by its employees in 2012. Together with its vision, these values paint a picture of where the organisation is heading and the culture that will underpin success. These values are relevant and meaningful in decision-making and behaviour guidance.

This year, the new values were incorporated into core people systems, such as the performance management and recruitment processes. A rewards and recognition programme recognises Values Champions and rewards them for demonstrating outstanding behaviours in line with our values. A series of workshops gave employees the opportunity to connect with the vision in a cohesive way and take ownership in living the values.

## Engagement survey identifies strengths

AT's first employee engagement survey was in March this year. The first year of measurement showed an overall engagement level of 67 per cent, benchmarked against New Zealand local government and private sector companies of comparable size, at 71 per cent. Anything within five per cent of the reference mark is not considered a meaningful difference, so 67 per cent is a positive outcome and an excellent foundation for improving the way we do things.

The results showed particular strengths, such as aspects of building a performance culture and having a strong commitment to learning and development. These are areas where we are above the benchmark. The results also show areas where improvements can be made and feedback from the organisation is being collated to create programmes to lift engagement across AT.

## Leadership and training fully subscribed

An executive leadership programme to strengthen and grow the leadership capability in the business began in May 2013 for a selected group of managers across the organisation. The programme is facilitated by The University of Auckland and has been designed and customised to suit AT's specific needs.

The majority of in-house training courses were fully subscribed and included core business skills development such as project management, business writing, time management, communication and presentation skills. A lunchtime learning programme was also implemented as part of AT's mentoring programme for engineers wishing to attain Chartered Professional Engineer registration with IPENZ.

**On Board:**  
Fun, pride, positivity

**One Team:**  
Teamwork, cooperation, collaboration

**Straight Up:**  
Honesty, openness, integrity, trust, respect

**Take Action:**  
Ownership, accountability, action-oriented, innovation.

## Career and employment opportunities

There was a strong level of uptake in the career pathways programme for Parking Officers with over 80 Parking Officers expressing interest in pursuing the national qualification in Parking Enforcement. AT engaged civil engineering students for summer work in the 2012-2013 holiday period. Students must undertake practical work placements with industry-based employers as part of completing their engineering degrees, and these placements encouraged them to consider a future career with AT. AT also had a great response from engineering students taking part in The University of Auckland Engineering Careers Fair in April this year. Attended by an estimated 4,000 students, the fair was an effective opportunity to raise AT's profile.

## Industrial relations and remuneration

The industrial relations climate at AT has been good this year. The existing collective employment agreement between AT and the Public Service Association (PSA) expired in October 2012. A bargaining process agreement was signed in February 2013 and a new collective reached with 95 per cent of voting members ratifying the amendments. The collective came into force in August, for two years.

Separate negotiations were also held with the PSA to determine the value of salary increases that would apply from 1 September. These discussions were held over two months together with Auckland Council. All staff salaries, including the Chief Executive's, are reviewed annually against market data provided by an independent source. The Chief Executive's salary has a percentage at risk, which is paid based on specific performance measures agreed annually with the Chairman.

### An active focus on health and safety

AT has taken an active interest in the health of its employees since the organisation started. The year-on-year comparison of general health, as summarised by our health provider, shows positive results from programmes such as 10,000 steps.

- The higher risk profile for cardiovascular disease has dropped from nine per cent to five per cent of staff
- The average heart age of employees has dropped from five years above actual age to three years.

An increased focus on health and safety is likely as, following the Pike River mining tragedy, the Government looks to introduce legislation enacting higher levels of accountability for health and safety among executives in organisations.

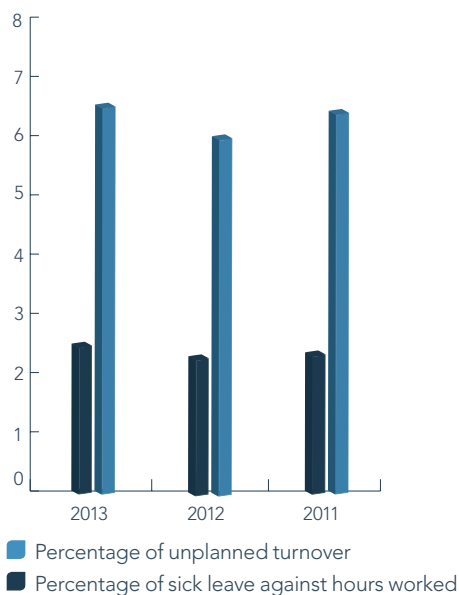
*Staff turnover of 6.5 per cent is well below the 2013 general industry trend of 11 per cent.*

### Health and Safety – Physical Works

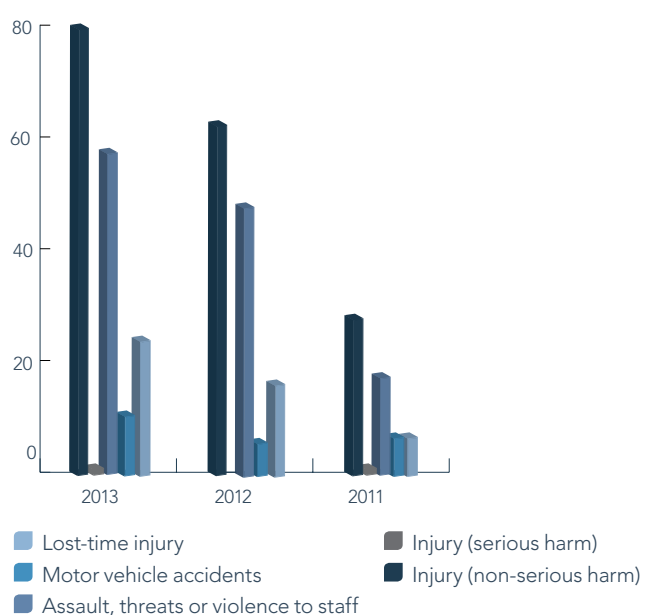
Contractor health and safety poses one of the organisation’s greatest risks, which AT strongly recognises. Capital projects key performance indicators, such as lost-time injury frequency, continue to track downward to 4.32, well below the Australasian industry average of 11.15. Early and more consistent reporting of incidents, particularly in high-risk projects such as AMETI, is supporting immediate safety improvements. The AT Working Safer and Smarter Guidelines for contractors is also part of our safer workplace commitment, as is the AT health, safety and environmental training programme to raise awareness among professional service consultancies and AT engineers.

The focus has been on compliance but AT is moving now to working safer through being smarter. Key initiatives include greater industry liaison with key stakeholders and resourcing the automation of systems, both of which will better support investigations into causes of accidents and reduce their impact.

Turnover and sick leave (%)



Number of employee accidents and injuries



Number of full-time employees 2013 – 1121 2012 – 988 2011 – 948

Note: The increase in non-serious harm injury is due to better reporting. The increase in assaults is being driven by a general rise in violence. AT is watching closely a trial in Hamilton of wearable video cameras for parking staff with a view to equipping Auckland’s parking staff with cameras. Such video cameras have reduced assaults in the UK by over 50 per cent.

# Financials

## 03

Auckland Transport has invested \$1.069b in Auckland's infrastructure in the 2013 financial year and spent \$838m on delivering services. Key funding for transport comes from Auckland Council (rates, development contributions and debt funding) and subsidies from the National Land Transport Fund administered by the NZ Transport Agency.



*Panmure AMETI overbridge*



# Statement of Comprehensive Income

for the year ended 30 June 2013

	Note	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
<b>Income</b>				
Funding from Auckland Council	2	346,781	339,296	323,215
Operational funding from NZ Transport Agency		197,718	209,075	190,723
Capital funding from NZ Transport Agency		158,505	119,076	71,666
Finance income	3	22,706	-	168
Other income	4	579,840	159,204	169,424
<b>Total income</b>		<b>1,305,550</b>	<b>826,651</b>	<b>755,196</b>
<b>Expenditure</b>				
Personnel costs	5	71,709	69,400	70,178
Depreciation and amortisation expense	13, 14	250,723	240,615	226,798
Finance costs	3	17,572	12,261	37,636
Other expenses	6	496,363	501,965	522,408
Other losses	7	1,513	-	8,602
<b>Total expenditure</b>		<b>837,880</b>	<b>824,241</b>	<b>865,622</b>
Surplus/(deficit) before tax		467,670	2,410	(110,426)
Income tax	8	1,847	-	(922)
<b>Total surplus/(deficit) after tax</b>		<b>469,517</b>	<b>2,410</b>	<b>(111,348)</b>
<b>Other comprehensive income</b>				
Revaluation gain on property, plant and equipment	19	-	522,799	193,395
Deferred tax on revaluation	8	-	-	2,677
Cash flow hedges	19	827	-	(19,454)
<b>Other comprehensive income for the period</b>		<b>827</b>	<b>522,799</b>	<b>176,618</b>
<b>Total comprehensive income for the period</b>		<b>470,344</b>	<b>525,209</b>	<b>65,270</b>

The accompanying notes form part of these financial statements.



# Statement of Financial Position

as at 30 June 2013

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	Note	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	9	10,862	5,000	2,840
Debtors and other receivables	10	213,089	220,000	186,428
Inventories	11	4,496	-	5,160
Other assets	12	867	15,000	1,174
<b>Total current assets</b>		<b>229,314</b>	<b>240,000</b>	<b>195,602</b>
<b>Non-current assets</b>				
Property, plant and equipment	13	14,497,378	14,407,053	13,569,719
Intangible assets	14	72,990	25,000	30,841
Debtors and other receivables	10	46,000	-	57,874
<b>Total non-current assets</b>		<b>14,616,368</b>	<b>14,432,053</b>	<b>13,658,434</b>
<b>Total assets</b>		<b>14,845,682</b>	<b>14,672,053</b>	<b>13,854,036</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	15	181,689	192,320	176,933
Employee entitlements	16	8,618	-	7,831
Derivative financial instruments	17	7,423	-	3,800
Borrowings	18	1,351	-	448
<b>Total current liabilities</b>		<b>199,081</b>	<b>192,320</b>	<b>189,012</b>
<b>Non-current liabilities</b>				
Deferred tax	8	9,173	18,000	11,020
Employee entitlements	16	851	-	900
Derivative financial instruments	17	22,917	-	50,663
Borrowings	18	220,962	238,072	112,121
<b>Total non-current liabilities</b>		<b>253,903</b>	<b>256,072</b>	<b>174,704</b>
<b>Total liabilities</b>		<b>452,984</b>	<b>448,392</b>	<b>363,716</b>
<b>Net assets</b>		<b>14,392,698</b>	<b>14,223,661</b>	<b>13,490,320</b>
<b>Equity</b>				
Contributed capital		12,945,914	12,804,418	12,513,880
Retained surplus/(deficit)		319,136	(54,189)	(150,811)
Other reserves		1,127,648	1,473,432	1,127,251
<b>Total equity</b>	19	<b>14,392,698</b>	<b>14,223,661</b>	<b>13,490,320</b>

Lester Levy, Chairman  
August 2013

Paul Lockey, Director  
August 2013

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

for the year ended 30 June 2013

	Note	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
Equity at start of the period		13,490,320	13,303,390	12,980,152
<b>Comprehensive income</b>				
Surplus/(deficit) for the period		469,517	2,410	(111,348)
Gain on property, plant and equipment revaluation		-	522,799	193,395
Deferred tax on revaluation		-	-	2,677
Cash flow hedges		827	-	(19,454)
<b>Total comprehensive income</b>		<b>470,344</b>	<b>525,209</b>	<b>65,270</b>
Capital contribution from Auckland Council during the period		432,034	395,062	444,898
<b>Balance at end of the period</b>	19	<b>14,392,698</b>	<b>14,223,661</b>	<b>13,490,320</b>

*The accompanying notes form part of these financial statements.*

# Statement of Cash Flows

for the year ended 30 June 2013

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	Note	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
<b>Cash flows from operating activities</b>				
<b>Cash provided from:</b>				
Income from activities		142,773	159,204	139,732
Operational funding from Auckland Council		222,832	215,347	222,574
Operational funding from NZ Transport Agency		198,690	209,075	172,981
Capital funding from Auckland Council		123,949	123,949	54,641
Capital funding from NZ Transport Agency		138,878	119,076	73,404
Interest received		149	-	168
Goods and services tax		12,500	-	13,074
<b>Total cash provided</b>		<b>839,771</b>	<b>826,651</b>	<b>676,574</b>
<b>Cash applied to:</b>				
Payments to suppliers and employees		590,108	583,626	607,980
Interest paid		8,217	-	2,494
<b>Total cash applied</b>		<b>598,325</b>	<b>583,626</b>	<b>610,474</b>
<b>Net cash from operating activities</b>	20	<b>241,446</b>	<b>243,025</b>	<b>66,100</b>
<b>Cash flows from investing activities</b>				
<b>Cash provided from:</b>				
Sale of property, plant and equipment		3,551	-	10,831
<b>Cash applied to:</b>				
Purchase of property, plant and equipment		618,903	719,777	542,010
<b>Net cash applied to investing activities</b>		<b>(615,352)</b>	<b>(719,777)</b>	<b>(531,179)</b>
<b>Cash flows from financing activities</b>				
<b>Cash provided from:</b>				
Capital contribution from Auckland Council		272,919	395,062	353,099
Loan from Auckland Council		110,000	81,690	112,773
<b>Total cash provided</b>		<b>382,919</b>	<b>476,752</b>	<b>465,872</b>
<b>Cash applied to:</b>				
Repayment of loan from Auckland Council		887	-	204
Payment of finance leases		104	-	-
<b>Total cash applied</b>		<b>991</b>	<b>-</b>	<b>204</b>
<b>Net cash from financing activities</b>		<b>381,928</b>	<b>476,752</b>	<b>465,668</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,022</b>	<b>-</b>	<b>589</b>
Opening cash and cash equivalents		2,840	5,000	2,251
<b>Closing cash and cash equivalents</b>	9	<b>10,862</b>	<b>5,000</b>	<b>2,840</b>

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 2013

	Note	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000
<b>New capital expenditure</b>				
Roads		238,112	248,110	185,450
Public Transport		107,287	165,293	66,693
Parking		2,256	4,814	17,624
Electric Trains		85,137	96,343	94,649
Other		7,241	7,107	10,265
<b>Total new capital expenditure</b>		<b>440,033</b>	<b>521,667</b>	<b>374,681</b>
<b>Renewal capital expenditure</b>				
Roads		188,621	181,662	188,450
Public Transport		8,054	10,223	4,312
Parking		1,884	6,225	216
<b>Total renewal capital expenditure</b>		<b>198,559</b>	<b>198,110</b>	<b>192,978</b>
<b>Vested assets</b>				
Roads		430,914	-	24,037
<b>Total vested assets</b>		<b>430,914</b>	<b>-</b>	<b>24,037</b>
<b>Total capital expenditure</b>		<b>1,069,506</b>	<b>719,777</b>	<b>591,696</b>
<b>Funding</b>				
NZ Transport Agency funding – new <sup>1</sup>		108,999	89,875	65,700
NZ Transport Agency funding – renewal		51,261	29,201	10,238
Capital funding from Auckland Council	2	123,949	123,949	54,641
Other capital grants		3,207	-	555
Loan funding from Auckland Council		85,137	81,690	94,649
Investment by Auckland Council		265,809	395,062	331,131
Sale of assets		230	-	10,745
Vested assets		430,914	-	24,037
<b>Total funding</b>		<b>1,069,506</b>	<b>719,777</b>	<b>591,696</b>

<sup>1</sup> Includes \$1.8m (2012: \$4.3m) for the central system of the AIFS project, refer note 12.

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

for the year ended 30 June 2013

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## 1 Statement of accounting policies

### Reporting entity

Auckland Transport is a Council Controlled Organisation of Auckland Council (the Council) and is domiciled in New Zealand.

Auckland Transport is a public-benefit entity as defined under New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). 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.

The financial statements are for the year ended 30 June 2013 and were authorised for issue by the Board of Auckland Transport on 21 August 2013. Neither Auckland Council nor Auckland Transport Board have 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).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

##### 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.

##### 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.

##### Budget figures

The budget figures are those included in the Auckland Council Long-term Plan 2012-2022, adopted by the Council on 28 June 2012.

##### 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.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

## Changes in accounting policies

There have been no significant changes in accounting policies during the financial year.

## Changes to financial reporting standards

The External Reporting Board has introduced a revised Accounting Standards Framework. The revised framework introduces Public Benefit Entity Accounting Standards comprising International Public Sector Accounting Standards, modified as appropriate for New Zealand circumstances. Financial reporting requirements for public benefit entities are frozen in the short-term and that all new NZ IFRS and amendments to existing NZ IFRS with a mandatory effective date for annual reporting periods commencing on or after 1 January 2012 are not applicable to public benefit entities. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

## (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) 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:

(i) 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.

(ii) Infrastructure assets

These include the land-infrastructure and roading infrastructures.

### Land (operational)

Land (operational) includes land held for roading purposes, land under off-street carparks and land under wharves.

### Building

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

### Rolling stock

Rolling stock includes carriages and locomotives.

### Land infrastructure

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

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## Roading infrastructure

Roading infrastructure includes roading assets (e.g. footpaths, street lights, 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 cameras, etc.).

## Initial recognition

### Property, plant and equipment at the time of the establishment of Auckland Transport

Property, plant and equipment transferred from the predecessor councils, ARTA and ARTNL are initially shown at their previous carrying values (net book value).

### Property, plant and equipment acquired after the establishment of Auckland Transport

Property, plant and equipment acquired after the establishment of Auckland Transport are initially shown at cost, or at fair value when an asset is acquired at no cost or for a nominal cost. Cost includes any costs that are directly attributable to the acquisition of the items.

## Subsequent costs

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, when it is likely future economic benefits associated with the item will flow to Auckland Transport, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to surplus or deficit in the financial period they relate to.

## Valuation of assets

Auckland Transport accounts for revaluations on a class of assets basis.

Any accumulated depreciation at the date of revaluation is credited 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 general equity.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

## 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)
<b>Operational assets</b>	
Buildings	7 - 100
Rolling stock	2 - 9
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
<b>Infrastructure assets</b>	
Public transport	10 - 80
Roading	10 - 120
Carparking	10 - 50

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

## 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.

## (d) 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.

## Operating leases – land

The operating leases on land are long term land leases on which stations have been built. They are recognised in the accounts at deemed cost and amortised over the life of the underlying asset.



# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## 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 programs 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.

## (e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised if the estimated recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset, where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows, and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential. The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the debit balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus or deficit.

## (f) 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.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), Auckland Transport establishes fair value through valuation techniques.

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.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

## 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.

## 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 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.

## (g) 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.

## 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.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## (h) Inventories

Inventories such as spare parts, stores and finished goods are stated at lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion (if applicable) and the estimated costs necessary to make the sale.

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

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

## (i) 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 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.

## (j) 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.

## (k) 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.

## (l) 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.

## (m) Borrowing costs

Auckland Transport has elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

## (n) 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.

## (o) 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.

### 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.

## (p) 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.

## (q) 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.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## (r) 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.

## (s) Revenue

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

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 when the expenditure is incurred i.e. on an accrual basis.

### NZ Transport Agency grants

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

### Traffic and parking infringement income

Income and receivables are recognised when an infringement notice is issued based on the estimated recoverable amount. 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. An analysis of historic record of collection percentages have indicated that approximately 50 per cent of outstanding infringements are recovered within the first 12 months of lodgement. For the year ended 30 June 2013, an estimated 50 per cent (2012: estimated at 50 per cent) of traffic and parking infringements issued during the period and outstanding are recognised as income and receivable.

Subsequent collections which differ to estimated recoverable amounts are recognised in income as received. The estimated amount expected to be received is reviewed at least annually.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

## Fare 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.

## Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested to Auckland Transport are recognised when control over the asset is obtained.

## Vested assets (non-Crown)

Vested assets arise when property developers undertake development which requires them to build roads and footpaths. When the development is complete those assets vest in the network provider. As Auckland Transport controls roads and footpaths and accounts for the asset value the income from vesting comes to Auckland Transport.

## Assets vested by the Crown

Assets vested by the Crown are recognised at fair value when control of the asset is transferred to Auckland Transport.

## Auckland Transport accounts for revenue for the following activities:

- 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
- Other grants and subsidies- when received
- Contra transactions – are measured at the fair value of the asset received or the fair value of the goods given up.

## (t) Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Auckland Transport has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Auckland Transport's decision.

## (u) 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.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## (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 13)
- Contingent liabilities (note 22).

	Actual 2013	Actual 2012
	\$000	\$000
<b>2 Funding from Auckland Council</b>		
Operational funding from Auckland Council	222,832	222,574
Capital funding from Auckland Council	123,949	54,641
Grant from Auckland Council for Electric Trains project	-	46,000
	<b>346,781</b>	<b>323,215</b>

Auckland Transport receives funding from Auckland Council in order to deliver the agreed annual operational and capital programmes within Auckland Council's Long-term Plan.

## 3 Finance income and finance costs

### Finance income

Interest income	149	168
Unrealised interest rate swaps – not hedge accounted	22,557	-
	<b>22,706</b>	<b>168</b>

### Finance costs

Interest expense	8,378	2,829
Realised interest rate swaps – not hedge accounted	9,194	773
Unrealised interest rate swaps – not hedge accounted	-	34,034
	<b>17,572</b>	<b>37,636</b>

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

	Actual 2013	Actual 2012
	\$000	\$000
<b>4 Other income</b>		
Parking and enforcement	73,191	74,546
Public Transport income	45,764	46,249
Other operating grants and subsidies	10,870	9,498
Other capital grants	3,207	555
Vested asset income	430,914	24,037
Other income	15,894	14,539
<b>Total other income</b>	<b>579,840</b>	<b>169,424</b>
<b>5 Personnel costs</b>		
Salaries and wages	94,308	82,514
Less capitalised salaries and wages	(24,756)	(14,482)
Defined contribution plan employer contributions	1,419	1,065
Increase in employee benefit liabilities	738	1,081
<b>Total personnel costs</b>	<b>71,709</b>	<b>70,178</b>
Employer contributions to defined contribution plans include contributions to KiwiSaver and Super Trust of New Zealand Fund.		
<b>6 Other expenses</b>		
Fees to principal auditor:		
Audit fees for financial statement audit	528	523
Fees for other services	42	21
Minimum lease payments under operating leases	2,502	1,129
Impairment of receivables	972	792
Directors' fees	478	394
Revaluation decrement	9,782	3,446
Public transport operations	297,784	279,696
Roading network	123,029	145,576
Electric Trains procurement costs	-	41,948
Other operating expenses	61,246	48,883
<b>Total other expenses</b>	<b>496,363</b>	<b>522,408</b>

Fees paid to the principal auditor for other services for 2013 were for the review engagement for interim financial services (2012: review of the draft Asset Management Plan).



# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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	Actual 2013	Actual 2012
	\$000	\$000
<b>7 Other losses</b>		
Foreign exchange losses	10	688
Loss on disposal of property, plant and equipment	1,503	7,914
<b>Total other losses</b>	<b>1,513</b>	<b>8,602</b>
<b>8 Income tax</b>		
<b>Components of income tax expense</b>		
Current tax	-	-
Deferred tax	(1,847)	922
<b>Income tax expense</b>	<b>(1,847)</b>	<b>922</b>
<b>Relationship between tax income expense and accounting profit</b>		
Surplus/(deficit) before tax	467,670	(110,426)
Tax at 28 per cent	130,948	(30,919)
<i>Plus/(less) tax effects of:</i>		
Non-taxable income	(131,649)	-
Non-deductible expenditure	-	30,919
Tax losses not recognised	-	-
Group loss offset	701	493
Deferred tax adjustment	(1,847)	429
<b>Income tax</b>	<b>(1,847)</b>	<b>922</b>

	Property, plant and equipment	Other provisions	Tax losses	Total
	\$000	\$000	\$000	\$000
<b>Deferred tax liability</b>				
Balance at 1 July 2012	(11,020)	-	-	(11,020)
Credited to profit and loss	1,847	-	-	1,847
Charged to equity	-	-	-	-
<b>Balance at 30 June 2013</b>	<b>(9,173)</b>	<b>-</b>	<b>-</b>	<b>(9,173)</b>
Balance at 1 July 2011	(13,264)	25	464	(12,775)
Charged to profit and loss	(433)	(25)	(464)	(922)
Credited to equity	2,677	-	-	2,677
<b>Balance at 30 June 2012</b>	<b>(11,020)</b>	<b>-</b>	<b>-</b>	<b>(11,020)</b>

Auckland Transport derived tax losses of \$2,502,710 during the year ended 30 June 2013 which have not been recognised as deferred tax assets (2012: nil). These losses are available to be used to offset the tax liability of other members of the Auckland Council group.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

	Actual 2013	Actual 2012
	\$000	\$000
<b>9 Cash and cash equivalents</b>		
Cash at bank	8,843	2,676
<b>Cash at bank – AIFS</b>	1,754	-
Till floats	265	164
<b>Total cash and cash equivalents</b>	<b>10,862</b>	<b>2,840</b>

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

The weighted average effective interest rate for cash and cash equivalents is 2.5% (2012 - 2.5%).

Auckland Transport operates a restricted bank account for Auckland Integrated Fares System (AIFS). This account is used for the deposit of unused stored value on AT HOP cards and is therefore considered restricted funds. This balance does not form part of the assets or liabilities of Auckland Transport (refer note 15).

## 10 Debtors and other receivables

### Current portion

Trade debtors	35,649	2,848
Infringements receivable	16,680	15,005
Amounts due from related parties - capital contribution from Auckland Council	86,889	93,999
Amounts due from related parties - other	27,428	27,267
Accrued income	48,197	44,569
Goods and services tax	-	3,532
	<b>214,843</b>	<b>187,220</b>
Less provision for impairment of receivables	(1,754)	(792)
	<b>213,089</b>	<b>186,428</b>

### Non-current portion

Accrued income	-	11,874
Amounts due from related parties - other	46,000	46,000
	<b>46,000</b>	<b>57,874</b>
<b>Total debtors and other receivables</b>	<b>259,089</b>	<b>244,302</b>

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 receivables at 30 June is detailed below:

	Gross	Impaired	Net
	\$000	\$000	\$000
<b>2013</b>			
Not past due	244,509	-	244,509
Past due 1 - 30 days	2,219	-	2,219
Past due 31 - 60 days	1,558	-	1,558
Past due 61 - 90 days	1,812	-	1,812
Past due > 90 days	10,745	(1,754)	8,991
	<b>260,843</b>	<b>(1,754)</b>	<b>259,089</b>

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## 10 Debtors and other receivables *continued*

	Gross	Impaired	Net
2012	\$000	\$000	\$000
Not past due	231,069	-	231,069
Past due 1 - 30 days	2,522	-	2,522
Past due 31 - 60 days	910	-	910
Past due 61 - 90 days	194	-	194
Past due > 90 days	10,399	(792)	9,607
	<b>245,094</b>	<b>(792)</b>	<b>244,302</b>

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.

Movements in the provision for impairment of receivables are as follows:

	Actual 2013	Actual 2012
	\$000	\$000
Opening balance	792	95
Additional provisions made	972	792
Provisions reversed	(10)	(95)
<b>Closing balance</b>	<b>1,754</b>	<b>792</b>

## 11 Inventories

Spare parts for rolling stock	4,496	5,160
<b>Total inventories</b>	<b>4,496</b>	<b>5,160</b>

Spare parts for rolling stock are held and managed by KiwiRail on Auckland Transport's behalf.

The carrying amount of spare parts for rolling stock is measured at the lower of cost and net realisable value.

No inventories are pledged as security for liabilities.

There have been no write downs of inventory to net realisable value. There have been no reversals of write downs.

## 12 Other assets

Prepayments	867	1,174
NZ Transport Agency assets held in trust	20,000	17,418
NZ Transport Agency assets held in trust transfer	(20,000)	(17,418)
<b>Total other assets</b>	<b>867</b>	<b>1,174</b>

### 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, will pass to NZ Transport Agency as part of their national framework for automated fare collection. The MOU states that Auckland Transport will hold the asset in trust for NZ Transport Agency until such time as the project is completed. On that basis, Auckland Transport is acting as an agent for NZ Transport Agency for the purposes of the central system of the AIFS project. The project is expected to be completed by December 2013.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

	Cost/ revaluation 1 July 2012	Accumulated depreciation and impairment charges 1 July 2012	Carrying amount 1 July 2012	Current year additions	Current year disposals
2013	\$000	\$000	\$000	\$000	\$000
<b>13 Property, plant and equipment</b>					
<b>Operational assets</b>					
<i>Cost or valuation</i>					
Land	473,670	-	473,670	14,601	(3,061)
Land - finance lease	13,215	-	13,215	-	-
Buildings	230,699	(99)	230,600	1,678	(1,232)
Rolling stock	108,621	(21,265)	87,356	-	-
Locomotive improvements	10,646	(1,985)	8,661	-	-
Motor vehicles	1,722	(1,123)	599	-	(5)
Computer hardware	2,225	(374)	1,851	-	-
Furniture and fittings	300	(202)	98	-	-
Plant and equipment	19,088	(4,465)	14,623	125	-
Wharves	29,083	-	29,083	-	-
Bus stations and shelters	31,276	(830)	30,446	-	-
Train stations	384,400	-	384,400	-	-
Finance leases	-	-	-	735	-
	<b>1,304,945</b>	<b>(30,343)</b>	<b>1,274,602</b>	<b>17,139</b>	<b>(4,298)</b>
<b>Infrastructural assets</b>					
<i>Cost or valuation</i>					
Land	5,265,700	-	5,265,700	405,374	(6,620)
Roading	6,700,261	(182,257)	6,518,004	182,552	-
Street gardens	13,275	(737)	12,538	155	-
	<b>11,979,236</b>	<b>(182,994)</b>	<b>11,796,242</b>	<b>588,081</b>	<b>(6,620)</b>
Works under construction	498,875	-	498,875	626,979	-
<b>Total property, plant and equipment</b>	<b>13,783,056</b>	<b>(213,337)</b>	<b>13,569,719</b>	<b>1,232,199</b>	<b>(10,918)</b>

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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Current year transfers on asset completion	Current year impairment charges	Current year depreciation	Revaluation surplus/(loss)	Cost/revaluation 30 June 2013	Accumulated depreciation and impairment charges 30 June 2013	Carrying amount 30 June 2013
\$000	\$000	\$000	\$000	\$000	\$000	\$000
47,729	-	-	-	532,939	-	532,939
-	-	-	-	13,215	-	13,215
18,332	-	(8,572)	-	249,473	(8,667)	240,806
3,508	-	(21,274)	(9,782)	59,808	-	59,808
-	-	(1,190)	-	10,646	(3,175)	7,471
1,010	-	(403)	-	2,471	(1,270)	1,201
2,075	-	(923)	-	4,300	(1,297)	3,003
49	-	(43)	-	349	(245)	104
18,638	-	(3,336)	-	37,851	(7,801)	30,050
10,921	-	(1,120)	-	40,004	(1,120)	38,884
7,878	-	(1,021)	-	39,154	(1,851)	37,303
19,476	-	(11,983)	-	403,876	(11,983)	391,893
-	-	(110)	-	735	(110)	625
<b>129,616</b>	<b>-</b>	<b>(49,975)</b>	<b>(9,782)</b>	<b>1,394,821</b>	<b>(37,519)</b>	<b>1,357,302</b>
6,902	-	-	-	5,671,356	-	5,671,356
395,649	-	(195,506)	-	7,278,462	(377,763)	6,900,699
451	-	(461)	-	13,881	(1,198)	12,683
<b>403,002</b>	<b>-</b>	<b>(195,967)</b>	<b>-</b>	<b>12,963,699</b>	<b>(378,961)</b>	<b>12,584,738</b>
(570,516)	-	-	-	555,338	-	555,338
<b>(37,898)</b>	<b>-</b>	<b>(245,942)</b>	<b>(9,782)</b>	<b>14,913,858</b>	<b>(416,480)</b>	<b>14,497,378</b>

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

	Cost/ revaluation 1 July 2011	Accumulated depreciation and impairment charges 1 July 2011	Carrying amount 1 July 2011	Current year additions	Current year disposals
2012	\$000	\$000	\$000	\$000	\$000
<b>13 Property, plant and equipment</b> <i>continued</i>					
<b>Operational assets</b>					
<i>Cost or valuation</i>					
Land	395,341	-	395,341	83,182	(6,254)
Land - finance lease	12,531	-	12,531	-	-
Buildings	181,976	(5,207)	176,769	13,305	(7,520)
Rolling stock	108,461	-	108,461	-	-
Locomotive improvements	10,646	(794)	9,852	-	-
Motor vehicles	1,722	(556)	1,166	-	-
Computer hardware	80	(27)	53	-	-
Furniture and fittings	283	(81)	202	-	-
Plant and equipment	18,581	(1,865)	16,716	-	-
Wharves	42,954	-	42,954	830	-
Bus stations and shelters	30,363	-	30,363	-	-
Train stations	197,806	(3,466)	194,340	-	-
	<b>1,000,744</b>	<b>(11,996)</b>	<b>988,748</b>	<b>97,317</b>	<b>(13,774)</b>
<b>Infrastructural assets</b>					
<i>Cost or valuation</i>					
Land	5,208,666	-	5,208,666	8,947	(4,095)
Roading	6,351,829	-	6,351,829	35,278	-
Street gardens	13,256	(295)	12,961	19	-
	<b>11,573,751</b>	<b>(295)</b>	<b>11,573,456</b>	<b>44,244</b>	<b>(4,095)</b>
Works under construction	361,415	-	361,415	557,138	-
<b>Total property, plant and equipment</b>	<b>12,935,910</b>	<b>(12,291)</b>	<b>12,923,619</b>	<b>698,699</b>	<b>(17,869)</b>

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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Current year transfers on asset completion	Current year impairment charges	Current year depreciation	Revaluation surplus/(loss)	Cost/revaluation 30 June 2012	Accumulated depreciation and impairment charges 30 June 2012	Carrying amount 30 June 2012
\$000	\$000	\$000	\$000	\$000	\$000	\$000
2,741	-	-	(1,340)	473,670	-	473,670
-	-	-	684	13,215	-	13,215
11,699	-	(8,147)	44,494	230,699	(99)	230,600
160	-	(21,265)	-	108,621	(21,265)	87,356
-	-	(1,191)	-	10,646	(1,985)	8,661
-	-	(567)	-	1,722	(1,123)	599
2,145	-	(347)	-	2,225	(374)	1,851
17	-	(121)	-	300	(202)	98
507	-	(2,600)	-	19,088	(4,465)	14,623
1,433	-	(1,636)	(14,498)	29,083	-	29,083
913	-	(830)	-	31,276	(830)	30,446
34,727	-	(5,276)	160,609	384,400	-	384,400
<b>54,342</b>	<b>-</b>	<b>(41,980)</b>	<b>189,949</b>	<b>1,304,945</b>	<b>(30,343)</b>	<b>1,274,602</b>
52,182	-	-	-	5,265,700	-	5,265,700
313,154	-	(182,257)	-	6,700,261	(182,257)	6,518,004
-	-	(442)	-	13,275	(737)	12,538
<b>365,336</b>	<b>-</b>	<b>(182,699)</b>	<b>-</b>	<b>11,979,236</b>	<b>(182,994)</b>	<b>11,796,242</b>
(419,678)	-	-	-	498,875	-	498,875
<b>-</b>	<b>-</b>	<b>(224,679)</b>	<b>189,949</b>	<b>13,783,056</b>	<b>(213,337)</b>	<b>13,569,719</b>

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

## 13 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. Parking – includes buildings, at grade (land) and park-and-rides.
2. Roads – includes land under roads, land intended for roads (land acquired prior to 1 November 2010), shaping, formation, foundation, surface, kerbing and channelling, drainage under roads, footpaths, lighting, signage, bridges, crossings, islands, minor structures (including railings and retaining walls), traffic facilities, traffic signals and shoulders. Partial land acquired for roads after 1 November 2010.

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.

### 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
Operational land and building	30 June 2012	648,473	Fair Value with the approaches being Market, Income and Cost	Bayleys Valuations Limited Darroch Limited Beca Carter Hollings & Ferner Limited TelferYoung (Auckland) Limited Opus International Consultants Limited	John Darroch Kerry Stewart Nigel Hoskin Lewis Esplin Priyani De Silva-Currie
Train stations	30 June 2012	384,400	Depreciated replacement cost	Opus International Consultants Limited	Priyani De Silva-Currie
Wharf structures	30 June 2012	29,083	Depreciated replacement cost	Opus International Consultants Limited	Priyani De Silva-Currie
Roads, parking (excluding land and buildings) and wharf structures	30 June 2011	6,351,828	Depreciated replacement cost	ANA Group Limited	Amar Singh
Bus stations and shelters	30 June 2011	24,911	Depreciated replacement cost	ANA Group Limited	Amar Singh



# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## 13 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 used in the delivery of Auckland Transport's services. Depreciated replacement cost for these types of assets is based on the 'incremental 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. Incremental optimisation means that 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 an anticipated fleet of Electric Trains entering service and in meeting the expected operational demand of the Auckland rail lines. Demand has been modelled based on the patronage numbers observed over an extended period adjusted for assumptions on variables such as population growth and fuel prices. A new fleet of 57 three-car Electric Trains is expected to start being fully operational in Auckland between 2014-2016
- 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 income. 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.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

	Cost 1 July 2012	Accumulated amortisation and impairment charges 1 July 2012	Carrying amount 1 July 2012	Current year additions	Current year disposals
2013	\$000	\$000	\$000	\$000	\$000
<b>14 Intangible assets</b>					
Software	8,970	(2,465)	6,505	-	-
Operating lease	21,420	(567)	20,853	-	-
	<b>30,390</b>	<b>(3,032)</b>	<b>27,358</b>	-	-
Works under construction	3,483	-	3,483	9,032	-
<b>Total intangible assets</b>	<b>33,873</b>	<b>(3,032)</b>	<b>30,841</b>	<b>9,032</b>	-

Intangible software at 30 June 2013 includes Auckland Integrated Fares System (AIFS) software transferred from property, plant and equipment works under construction.

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

The operating lease is for the land at each of the railway station sites along the Auckland passenger rail network utilised by Auckland Transport. The operating lease value is being amortised over the remaining portion of the 63 year life of the underlying lease. The lease is valued at deemed cost.

	Cost 1 July 2011	Accumulated amortisation and impairment charges 1 July 2011	Carrying amount 1 July 2011	Current year additions	Current year disposals
2012	\$000	\$000	\$000	\$000	\$000
<b>14 Intangible assets</b>					
Software	2,228	(686)	1,542	-	-
Operating lease	21,420	(227)	21,193	-	-
	<b>23,648</b>	<b>(913)</b>	<b>22,735</b>	-	-
Works under construction	3,977	-	3,977	6,249	-
<b>Total intangible assets</b>	<b>27,625</b>	<b>(913)</b>	<b>26,712</b>	<b>6,249</b>	-

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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Current year transfers on asset completion	Current year impairment charges	Current year amortisation	Cost 30 June 2013	Accumulated amortisation and impairment charges 30 June 2013	Carrying amount 30 June 2013
\$000	\$000	\$000	\$000	\$000	\$000
43,621	-	(4,441)	52,591	(6,906)	45,685
-	-	(340)	21,420	(907)	20,513
<b>43,621</b>	<b>-</b>	<b>(4,781)</b>	<b>74,011</b>	<b>(7,813)</b>	<b>66,198</b>
(5,723)	-	-	6,792	-	6,792
<b>37,898</b>	<b>-</b>	<b>(4,781)</b>	<b>80,803</b>	<b>(7,813)</b>	<b>72,990</b>

Current year transfers on asset completion	Current year impairment charges	Current year amortisation	Cost 30 June 2012	Accumulated amortisation and impairment charges 30 June 2012	Carrying amount 30 June 2012
\$000	\$000	\$000	\$000	\$000	\$000
6,742	-	(1,779)	8,970	(2,465)	6,505
-	-	(340)	21,420	(567)	20,853
<b>6,742</b>	<b>-</b>	<b>(2,119)</b>	<b>30,390</b>	<b>(3,032)</b>	<b>27,358</b>
(6,742)	-	-	3,483	-	3,483
<b>-</b>	<b>-</b>	<b>(2,119)</b>	<b>33,873</b>	<b>(3,032)</b>	<b>30,841</b>

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

	Actual 2013 \$000	Actual 2012 \$000
<b>15 Creditors and other payables</b>		
Creditors	28,344	48,605
AIFS AT HOP Card unsecured obligation	1,754	-
Accrued expenses	125,996	112,445
Amounts due to related parties	15,364	14,836
Income in advance	1,263	1,047
Goods and services tax	8,968	-
<b>Total creditors and other payables</b>	<b>181,689</b>	<b>176,933</b>
<p>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.</p> <p>The AIFS AT HOP Card unsecured obligation represents card holder deposits held in trust in a separate bank account for the benefit of the card holders. Accordingly, the balance does not form part of the assets or liabilities of Auckland Transport (refer note 9).</p>		
<b>16 Employee entitlements</b>		
<b>Current portion</b>		
Accrued salaries and wages	1,806	1,555
Annual leave	6,437	5,937
Sick leave	266	266
Long service leave	109	73
<b>Total current portion</b>	<b>8,618</b>	<b>7,831</b>
<b>Non-current portion</b>		
Retirement gratuities	383	383
Long service leave	468	517
<b>Total non-current portion</b>	<b>851</b>	<b>900</b>
<b>Total employee entitlements</b>	<b>9,469</b>	<b>8,731</b>
<b>17 Derivative financial instruments</b>		
<b>Current liability portion</b>		
Forward foreign exchange contracts - not hedge accounted	236	975
Forward foreign exchange contracts - hedge accounted	7,187	2,825
<b>Total current derivative financial instruments</b>	<b>7,423</b>	<b>3,800</b>
<b>Non-current liability portion</b>		
Forward foreign exchange contracts - hedge accounted	11,440	16,629
Interest rate swaps - not hedge accounted	11,477	34,034
<b>Total non-current derivative financial instruments</b>	<b>22,917</b>	<b>50,663</b>
<b>Total derivative financial instruments</b>	<b>30,340</b>	<b>54,463</b>

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## 17 Derivative financial instruments *continued*

### 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 - not hedged accounted*

The notional principal amount of outstanding forward foreign exchange contracts that were not hedge accounted was NZD \$0.9m (2012: NZD \$3.4m). The foreign currency principal amount was EUR 0.4m (June 2012: EUR 1.5m). The gain on their revaluation has been recorded in the net surplus/(deficit). The EUR rate at 30 June 2013 was 0.597 (2012: 0.632).

#### *Forward foreign exchange contracts - hedge accounted*

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$338.3m (2012: NZD \$379.6m). The foreign currency principal amount was USD 240.7m (2012: USD 270.9m). These cash flow hedges have been accounted for as effective and the gain on their revaluation has been transferred to the cash flow hedge reserve within equity. The USD rate at 30 June 2013 was 0.780 (2012: 0.795).

### 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 \$355.0m (2012: \$465.0m). At 30 June 2013 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.04% to 5.41% (2012: 4.8% to 5.4%). The gain on their revaluation of \$22.6m (2012: \$34.0m loss) has been recorded in the net surplus/(deficit).

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

	Actual 2013	Actual 2012
	\$000	\$000
<b>18 Borrowings</b>		
<b>Current portion</b>		
Finance leases	165	-
Loans from Auckland Council	1,186	448
	<b>1,351</b>	<b>448</b>
<b>Non-current portion</b>		
Finance leases	466	-
Loans from Auckland Council	220,496	112,121
	<b>220,962</b>	<b>112,121</b>
<b>Total borrowings</b>	<b>222,313</b>	<b>112,569</b>
Weighted average cost of funds on total borrowings	5.43%	4.99%

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.

Auckland Council provides security for Auckland Transport's borrowings.

#### Loans from Auckland Council

Auckland Transport's loans from Auckland Council of \$221.7m (2012: \$112.6m) are issued at fixed rates of interest ranging from 4.20% to 6.06% (2012: 4.20% to 5.78%).

The fair value of these loans is \$251.1m (2012: \$130.9m). The fair value is based on cash flows discounted using rates ranging from 2.84% to 4.69% (2012: 2.76% to 4.00%). The carrying amounts of borrowings repayable within one year approximate their fair value, as the impact of discounting is not significant.

#### Analysis of finance leases

*Total minimum lease payments payable:*

Not later than one year	182	-
Later than one year and not later than five years	488	-
<b>Total minimum lease payments</b>	<b>670</b>	<b>-</b>
Future finance charges	(39)	-
<b>Present value of minimum lease payments</b>	<b>631</b>	<b>-</b>
<i>Present value of minimum lease payments payable:</i>		
Not later than one year	165	-
Later than one year and not later than five years	466	-
<b>Total present value of minimum lease payments</b>	<b>631</b>	<b>-</b>
<i>Represented by:</i>		
Current	165	-
Non-current	466	-
<b>Total finance leases</b>	<b>631</b>	<b>-</b>

#### 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 2013 was \$0.6m (2012: nil).

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.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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	Actual 2013 \$000	Actual 2012 \$000
<b>19 Equity</b>		
<b>Contributed capital</b>		
Opening balance	12,513,880	12,068,982
Contributed capital from Auckland Council during the period	432,034	444,898
<b>Closing balance</b>	<b>12,945,914</b>	<b>12,513,880</b>
<b>Retained surplus/(deficit)</b>		
Opening balance	(150,811)	(39,463)
Transfer from asset revaluation reserve on disposal of property, plant and equipment	430	-
Surplus/(deficit) for the period	469,517	(111,348)
<b>Closing balance</b>	<b>319,136</b>	<b>(150,811)</b>
<b>Asset revaluation reserve</b>		
Opening balance	1,146,705	950,633
Valuation gains taken to equity	-	193,395
Transfer to retained earnings on disposal of property, plant and equipment	(430)	-
Deferred tax on revaluation	-	2,677
<b>Closing balance</b>	<b>1,146,275</b>	<b>1,146,705</b>
Property revaluation reserves for each asset class consist of:		
<i>Operational assets</i>		
Land - finance lease	684	684
Buildings	44,494	44,494
Bus stations and shelters	4,577	4,577
Train stations	160,609	160,609
<i>Infrastructural assets</i>		
Roading	935,911	936,341
<b>Closing balance</b>	<b>1,146,275</b>	<b>1,146,705</b>
<b>Cash flow hedge reserve</b>		
Opening balance	(19,454)	-
Fair value gains/(losses) during the period	827	(19,454)
<b>Closing balance</b>	<b>(18,627)</b>	<b>(19,454)</b>
Total other reserves	1,127,648	1,127,251
<b>Total equity</b>	<b>14,392,698</b>	<b>13,490,320</b>

The budgeted revaluation gain on property, plant and equipment disclosed in the statement of comprehensive income is based on Auckland Transport's Statement of Intent. The Statement of Intent assumed an annual revaluation of all property, plant and equipment however only rolling stock was revalued in the current year.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

	Actual 2013 \$000	Actual 2012 \$000
<b>20 Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities</b>		
Surplus/(deficit) after tax	469,517	(111,348)
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation expense	250,723	226,798
Vested assets	(430,914)	(24,037)
Loss on disposal of property, plant and equipment	1,503	7,914
Revaluation decrement	9,782	3,446
Foreign exchange gains	(738)	(1,757)
(Gain)/loss on interest rate swaps	(22,557)	34,034
Income tax	(1,847)	922
Grant from Auckland Council for Electric Trains project	-	(46,000)
Non-current accrued income	11,874	(11,874)
<b>Add/(less) movements in balance sheet items:</b>		
Debtors and other receivables	(33,772)	4,173
Inventories	664	666
Creditors and other payables	(13,834)	(28,424)
Employee benefits payable	738	1,081
Other assets	307	10,506
<b>Net cash from operating activities</b>	<b>241,446</b>	<b>66,100</b>



# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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	Actual 2013	Actual 2012
	\$000	\$000
<b>21 Capital commitments and operating leases</b>		
<b>Capital commitments</b>		
Property, plant and equipment	512,241	574,953
Intangibles	81	-
<b>Total capital commitments</b>	<b>512,322</b>	<b>574,953</b>
Capital commitments represent capital expenditure contracted for at balance date but not yet incurred. Capital commitments at 30 June 2013 included \$318.8m of commitments for the Electric Trains project.		
<b>Non-lease operating commitments</b>		
Not later than one year	185,328	182,209
Later than one year and not later than five years	6,384	1,998
<b>Total non-lease operating commitments</b>	<b>191,712</b>	<b>184,207</b>
Non-lease operating commitments represent operating expenditure contracted for at balance date but not yet incurred.		
<b>Operating leases as lessee</b>		
Auckland Transport leases property, plant and equipment in the normal course of its business. These leases have a term of between 12 and 60 months. The future aggregate minimum lease payments payable under leases are as follows:		
Not later than one year	1,162	1,490
Later than one year and not later than five years	2,013	3,927
Later than five years	-	333
<b>Total operating leases</b>	<b>3,175</b>	<b>5,750</b>

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.

## 22 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.

### Contingent assets

There are no contingent assets as at 30 June 2013.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

**Actual 2013**   **Actual 2012**  
\$000                      \$000

## 23 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.

*The following transactions were carried out with related parties during the year:*

### Auckland Council

Purchase of good and services from Auckland Council	44,985	24,398
Sale of goods and services to Auckland Council	18,610	5,930
Grants received from Auckland Council	346,781	323,215
Accounts payable to Auckland Council	13,525	12,503
Accounts receivable from Auckland Council	159,604	167,189
Capital contribution from Auckland Council	432,034	444,898
Loans payable to Auckland Council	221,682	112,569
Electric trains procurement costs	-	41,948
Interest expense to Auckland Council	8,365	2,829
Interest payable to Auckland Council	1,269	1,107
Realised loss on interest rate swaps	9,194	773
Unrealised (gain)/loss on revaluation of interest rate swaps	(22,557)	34,034
Realised loss on foreign exchange contracts - operating expenditure	748	2,446
Realised loss on foreign exchange contracts - capital expenditure	-	524
Unrealised gain on revaluation of foreign exchange contracts	738	1,757
Interest rate swap liabilities	11,477	34,034
Foreign exchange hedge liabilities - hedge accounted	18,627	19,454
Foreign exchange hedge liabilities - not hedge accounted	236	975
Cash flow hedge reserve	(18,627)	(19,454)

### Watercare Services Limited

Purchase of goods and services from Watercare Services Limited	1,027	415
Sale of goods and services to Watercare Services Limited	1,588	165
Accounts payable to Watercare Services Limited	291	19
Accounts receivable from Watercare Services Limited	481	50

### Auckland Tourism Events and Economic Development Limited

Purchase of goods and services from Auckland Tourism Events and Economic Development Limited	8	-
Sale of goods and services to Auckland Tourism Events and Economic Development Limited	107	273
Accounts receivable from Auckland Tourism Events and Economic Development Limited	30	-

### Auckland Council Property Limited

Purchase of goods and services from Auckland Council Property Limited	1,396	1,101
Sale of goods and services to Auckland Council Property Limited	55	-
Accounts payable to Auckland Council Property Limited	134	463

### Auckland Waterfront Development Agency Limited

Purchase of goods and services from Auckland Waterfront Development Agency Limited	52	505
Sale of goods and services to Auckland Waterfront Development Agency Limited	1,596	482
Accounts payable to Auckland Waterfront Development Agency Limited	88	467
Accounts receivable from Auckland Waterfront Development Agency Limited	194	27

### Manukau Beautification Charitable Trust

Purchase of goods and services from Manukau Beautification Charitable Trust	75	344
Accounts payable to Manukau Beautification Charitable Trust	-	30

### Regional Facilities Auckland Limited

Purchase of goods and services from Regional Facilities Auckland Limited	66	258
Sale of goods and services to Regional Facilities Auckland Limited	113	-
Accounts payable to Regional Facilities Auckland Limited	57	247
Accounts receivable from Regional Facilities Auckland Limited	8	-

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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	Actual 2013 \$000	Actual 2012 \$000
<b>23 Related party transactions <i>continued</i></b>		
<b>Ports of Auckland Limited</b>		
Sale of goods and services to Ports of Auckland	3	-
<b>Auckland Council Investments Limited</b>		
Sale of goods and services to Auckland Council Investments Limited	6	-
<b>Key management personnel</b>		
Key management personnel include all board members, the Chief Executive and other senior management personnel.		
During the year key management personnel, as part of a normal customer relationship, were involved in minor transactions with Auckland Transport (such as parking or public transport).		
During the year Auckland Transport received funding from the NZ Transport Agency, of which Auckland Transport Board member Geoff Dangerfield is Chief Executive. The funding from NZ Transport Agency occurred as a result of normal NZ Transport Agency funding arrangements for approved activities. The value of NZ Transport Agency funding received by Auckland Transport for the 12 months to 30 June 2013 totalled \$356m (2012 - \$262m). There was a balance of \$75m outstanding receivables at year-end (2012 - \$54m). Note 12 discloses an asset held in trust for NZ Transport Agency.		
Directors have interests in parties that transact with Auckland Transport, as disclosed in the Directors' profiles within the governance section of this annual report. Any transactions with these parties have been supplied or received in the normal course of business and on normal commercial terms.		
The following transactions were carried out with these parties during the year:		
<b>Callaghan Innovation Research Limited</b>		
Sale of goods and services to Callaghan Innovation Research Limited	2	-
<b>Mint Asset Management Limited</b>		
Sale of goods and services to Mint Asset Management Limited	9	8
<b>Auckland District Health Board</b>		
Purchase of goods and services from Auckland District Health Board	-	20
<b>Waitemata District Health Board</b>		
Sale of goods and services to Waitemata District Health Board	2	1
<b>Tonkin &amp; Taylor Limited</b>		
Purchase of goods and services from Tonkin & Taylor Limited	616	727
Accounts payable to Tonkin & Taylor Limited	54	-
<b>The University of Auckland</b>		
Purchase of goods and services from The University of Auckland	81	48
Sale of goods and services to The University of Auckland	-	309
<b>Business Lab Limited (Simon Harvey)</b>		
Sale of goods and services to Business Lab Limited	3	2
<b>New Zealand Post Limited</b>		
Purchase of goods and services from New Zealand Post Limited	288	187
<b>Construction Techniques Group Limited</b>		
Purchase of goods and services from Construction Techniques Group Limited	757	64
Auckland Transport does not provide any post-employment benefits to key management personnel.		
<b>Key management personnel compensation:</b>	<b>\$</b>	<b>\$</b>
Salaries and other short-term employee benefits	2,842,245	2,569,722
Post-employee benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
<b>Total key management personnel compensation</b>	<b>2,842,245</b>	<b>2,569,722</b>

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

	Actual 2013	Actual 2012
	\$	\$
<b>24 Board member remuneration</b>		
The total value of remuneration paid or payable to each Board member during the period was:		
Dr Lester Levy (Chair from 1 November 2012)	71,067	-
Mark Ford (Chair to 19 September 2012)	-	-
Philippa Dunphy (Deputy Chair)	73,021	66,625
Geoff Dangerfield	-	-
Christine Fletcher	53,033	52,500
Michael Lee	53,033	52,500
Paul Lockey	60,988	60,375
Dr Ian Parton	60,988	57,094
Rabin Rabindran	53,033	52,500
Mike Williams	53,033	52,500
<b>Total Board member remuneration</b>	<b>478,196</b>	<b>394,094</b>

Philippa Dunphy was Acting Chair between the resignation of Mark Ford and Lester Levy commencing his appointment as Chair.

Mark Ford did not accept Director fees as Chair of Auckland Transport.

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

Paul Lockey 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.

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

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## 25 Employee remuneration

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

	Number of employees 2013	Number of employees 2012
\$0 - \$59,999	493	393
\$60,000 - \$79,999	262	261
\$80,000 - \$99,999	182	179
\$100,000 - \$119,999	120	103
\$120,000 - \$139,999	61	47
\$140,000 - \$159,999	34	32
\$160,000 - \$179,999	18	15
\$180,000 - \$199,999	10	8
\$200,000 - \$219,999	2	2
\$220,000 - \$239,999	6	7
\$240,000 - \$259,999	5	2
\$260,000 - \$279,999	1	1
\$280,000 - \$299,999	1	-
\$300,000 - \$319,999	1	2
\$320,000 - \$339,999	-	1
\$340,000 - \$359,999	2	-
\$560,000 - \$579,999	1	-
\$600,000 - \$619,999	-	1
<b>Number of employees on 30 June</b>	<b>1,199</b>	<b>1,054</b>
Number of full-time employees on 30 June	1,121	988
Full-time equivalent number of all other employees on 30 June	35	37
	<b>Actual 2013</b>	<b>Actual 2012</b>
	\$000	\$000

## 26 Other financial instrument disclosures

### 26a 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	10,862	2,840
Debtors and other receivables	259,089	240,770
	<b>269,951</b>	<b>243,610</b>

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

## 26a Categories of financial instruments *continued*

	Actual 2013 \$000	Actual 2012 \$000
<b>Financial liabilities</b>		
<i>Fair value through surplus or deficit</i>		
Forward foreign exchange contracts - not hedge accounted	236	975
Interest rate swaps - not hedge accounted	11,477	34,034
	<b>11,713</b>	<b>35,009</b>
<i>Derivatives that are hedge accounted</i>		
Forward foreign exchange contracts - hedge accounted	18,627	19,454
	<b>18,627</b>	<b>19,454</b>
<i>Financial liabilities at amortised costs</i>		
Creditors and other payables	172,721	176,933
Borrowings	222,313	112,569
	<b>395,034</b>	<b>289,502</b>

## 26b 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.

		Notional principal	Total	Valuation technique		
				Quoted market price	Observable inputs	Significant non-observable inputs
				1	2	3
<i>Financial liabilities</i>						
<b>2013</b>	Note	\$000	\$000	\$000	\$000	\$000
Forward FX contracts - not hedge accounted		866	236	-	236	-
Forward FX contracts - hedge accounted		338,327	18,627	-	18,627	-
Interest rate swaps - not hedge accounted		355,000	11,477	-	11,477	-
<b>Total derivative financial instruments</b>	<b>17</b>		<b>30,340</b>	<b>-</b>	<b>30,340</b>	<b>-</b>
<b>2012</b>						
Forward FX contracts - not hedge accounted		3,365	975	-	975	-
Forward FX contracts - hedge accounted		379,600	19,454	-	19,454	-
Interest rate swaps - not hedge accounted		465,000	34,034	-	34,034	-
<b>Total derivative financial instruments</b>	<b>17</b>		<b>54,463</b>	<b>-</b>	<b>54,463</b>	<b>-</b>

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

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## 26c 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.

#### 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:

<i>Foreign exchange risk</i>	-5% Surplus/ deficit	-5% Other equity	+5% Surplus/ deficit	+5% Other equity
<b>2013</b>	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Forward foreign exchange contracts - hedge accounted				
USD derivatives	-	16,845	-	(14,688)
Forward foreign exchange contracts - not hedge accounted				
EUR derivatives	34	-	(30)	-
<b>2012</b>				
Forward foreign exchange contracts - hedge accounted				
USD derivatives	-	17,725	-	(18,263)
Forward foreign exchange contracts - not hedge accounted				
EUR derivatives	122	-	(118)	-

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

## 26c Financial instrument risks *continued*

<i>Interest rate risk</i>	-100bps Surplus/ deficit	-100bps Other equity	+100bps Surplus/ deficit	+100bps Other equity
<b>2013</b>	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Interest rate swaps - not hedge accounted	(25,936)	-	23,381	-
<b>2012</b>				
Interest rate swaps - not hedge accounted	(37,734)	-	33,524	-

### *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 50 bps is equivalent to a decrease in interest rates of 0.5%.

### **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 2013 \$000	Actual 2012 \$000
<b>Counterparties with credit ratings</b>			
Cash at bank	AA-	8,843	2,676
Cash at bank - AIFS	AA-	1,754	-
		<b>10,597</b>	<b>2,676</b>
<b>Counterparties without credit ratings</b>			
<i>Debtors and other receivables</i>			
Existing counterparty with no defaults in the past		259,089	244,302
Existing counterparty with defaults in the past		-	-
		<b>259,089</b>	<b>244,302</b>



# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## 26c Financial instrument risks *continued*

### 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.

#### *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	Contractual cash flows	Less than 6 months	6-12 months	Later than 1 year
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>2013</b>					
Trade and other payables	181,689	181,689	181,689	-	-
Forward foreign exchange contracts					
- outflow	-	339,193	59,527	67,561	212,105
- inflow	-	309,147	55,537	62,352	191,258
Net settled derivative liabilities	11,477	10,903	63	517	10,323
<b>2012</b>					
Trade and other payables	176,933	176,933	176,933	-	-
Forward foreign exchange contracts					
- outflow	-	382,964	45,284	11,929	325,751
- inflow	-	342,896	41,883	11,090	289,923
Net settled derivative liabilities	34,034	41,260	192	685	40,383

#### *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	Contractual cash flows	0-10 years	11-20 years	21-30 years	31-40 years	41-50 years
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2013</b>							
Borrowings	222,313	502,111	166,513	109,794	109,794	71,126	44,884
<b>2012</b>							
Borrowings	112,569	211,322	96,710	38,405	38,405	24,573	13,229

Contractual undiscounted cash flows including interest payments for borrowings that mature on 15 July 2014 total \$56.1m (2012: \$58.3m)

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

## 27 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.

	Actual 2013 \$000	Budget 2013 \$000	Variance \$000
<b>28 Major budget variances</b>			
Explanations for major variations from Auckland Transport's budget are as follows:			
<b>Statement of comprehensive income</b>			
Income	1,305,550	826,651	478,899
Expenditure	837,880	824,241	(13,639)
<b>Surplus before tax</b>	<b>467,670</b>	<b>2,410</b>	<b>465,260</b>
<b>Income</b>			
<i>Operational funding from NZ Transport Agency</i>	197,718	209,075	(11,357)
NZ Transport Agency operational funding is reduced due to the budget including \$8.5m of funding that was actually claimed under capital funding from NZ Transport Agency and lower than budgeted operational spending for public transport activities.			
<i>Capital funding from NZ Transport Agency</i>	158,505	119,076	39,429
Higher than budgeted capital funding from NZ Transport Agency is due to the budget assuming a lower funding rate for road renewals than the actual rate claimed \$16.8m, funding of land purchases not included in the budget \$11.8m, and funding for expenditure that was budgeted for under operational funding \$8.5m.			
<i>Vested asset income</i>	430,914	-	430,914
Vested asset income of \$430.9m not included in the budget. This includes the transfer of sections of State Highways from NZ Transport Agency to Auckland Council as local roads under Auckland Transport control and management totalling \$385.1m.			
<b>Expenditure</b>			
<i>Finance costs</i>	17,572	12,261	(5,311)
Realised loss on close out of interest rate swaps \$9.2m partly offset by lower than budgeted interest expense for Electric Trains project is \$3.9m due to later than planned start date of borrowings.			
<i>Depreciation and amortisation expense</i>	250,723	240,615	(10,108)
Increased amortisation expense due to higher than budgeted intangible assets, and additional depreciation expense from the vesting of sections of State Highways from NZ Transport Agency.			

# Notes to the Financial Statements

for the year ended 30 June 2013 *continued*

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## 28 Major budget variances *continued*

	Actual 2013 \$000	Budget 2013 \$000	Variance \$000
<b>Equity</b>	14,392,698	14,223,661	169,037
Equity is higher than budget mainly due to an opening equity variance to budget of \$186.9m partly offset by lower than budgeted comprehensive income of \$57.8m.			
<b>Statement of financial position</b>			
<i>Debtors and other receivables</i>	259,089	220,000	39,089
Higher than budgeted trade debtors due to NZ Transport Agency front loading funding not included in the budget.			
<i>Creditors and other payables</i>	181,689	192,320	10,631
Lower than budgeted level of accrued expenditure.			
<i>Property, plant and equipment</i>	14,497,378	14,407,053	90,325
Higher than budgeted opening balance for property, plant and equipment of \$321.5m and capital expenditure of \$349.7m partly offset by budgeted revaluation of \$522.8m that did not occur.			
<b>Capital expenditure</b>	1,069,506	719,777	349,729
Capital expenditure was above budget due to vested assets of \$430.9m which includes the transfer of sections of State Highways from NZ Transport Agency totalling \$385.1m. This is partly offset by lower than budgeted new capital expenditure due to delayed property purchases for City Rail Link of \$83.0m.			

## 29 Events subsequent to balance date

There were no significant events after balance date.

# Independent Auditor's report

## To the readers of Auckland Transport's financial statements and statement of service performance for the year ended 30 June 2013

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

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 statement of service performance of Auckland Transport on her behalf.

We have audited:

- the financial statements of Auckland Transport on pages 64 to 107, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, 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 statement of service performance of Auckland Transport on pages 24 to 55.

### Opinion

#### Financial statements and statement of service performance

In our opinion:

- the financial statements of Auckland Transport on pages 64 to 107:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of Auckland Transport's:
    - financial position as at 30 June 2013; and
    - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of Auckland Transport on pages 24 to 55:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of Auckland Transport's service performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

#### 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 21 August 2013. 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 we 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 statement of service performance 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 statement of service performance. 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 statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, 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 statement of service performance

that gives a true and fair view of the matters to which they relate. We consider internal control 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 all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

In accordance with the Financial Reporting Act 1993, we have obtained all the information and explanations we have required. 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 preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- gives a true and fair view of Auckland Transport's financial position, financial performance and cash flows; and
- gives a true and fair view of its service performance achievements.

The Board is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance 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 statement of service performance, whether in printed or electronic form.

The Board's responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

#### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

#### 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 2012 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

AIFS	Auckland Integrated Fares System
AMETI	Auckland-Manukau Eastern Transport Initiative
ARTA	Auckland Regional Transport Authority
AT	Auckland Transport
AT HOP	Auckland's branded integrated ticket for public transport
CBG	Consensus Building Group
CCFAS	City Centre Future Access Study
CCO	Council Controlled Organisation
CCPZ	Central City Parking Zone
CRL	City Rail Link
ITP	Integrated Transport Plan
JTOC	Joint Transport Operations Centre (at Smales Farm)
LTP	Auckland Council's Long-term Plan
PTOM	Public Transport Operating Model
RLTP	Regional Land Transport Programme
RPTP	Regional Public Transport Plan
SOI	Statement of Intent
SMART	South-west Multi-modal Airport Rapid Transit project
TAAG	Transport Accessibility Advisory Group
TOD	Transit-oriented Development
Travelwise	Auckland's school travel plan programme



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# Awards

01

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03

**1** New Lynn Station was winner of the 2012 New Zealand Architecture Award for Planning and Urban Design Excellence. The trenched rail station is key to the Auckland Plan target.



**2** The Sober Driver Campaign won a Nexus Silver Award at the NZ Direct Marketing Awards, in the media and/or channel utilisation category, for creating the foundations for a measurable campaign. Such initiatives are a major contributor to the region's steadily decreasing road toll.



**3** Auckland Transport took two major prizes at the Maori Language Awards in November 2012. It won the Supreme Award Te Tohu Huia Te Reo and the New Entrant Award Te Wiki o te Reo Maori – Te Maia Hou. The campaign saw on-board train announcements made in both te reo Maori and English, posters in trains showing how to pronounce station names correctly and welcome boards in Maori at the Britomart Transport Centre. The AT HOP card also has a Maori language option on electronic ticket machines.

**4** Elliot and Darby streets' transformation into shared spaces won an Award of Excellence in the urban design category of the 2012 New Zealand Institute of Architecture Awards. Lorne Street received a Distinction Award in the same category. Foot traffic is up 50 per cent and vehicle speeds down 25 per cent in the city's shared spaces, which also include Fort Street, Fort Lane and Jean Batten Place.



**5** The Khyber Pass road corridor management plan won best practice for Auckland Transport (jointly with BECA consultants) at the New Zealand Planning Institute (NZPI) Awards this year. Auckland Transport is developing management plans for all of Auckland's road corridors, to identify a range of projects needed in response to growth and changes in land use.

**6** Auckland Transport's 2012 Annual Report was awarded Silver at the Australasian Reporting Awards, and was a finalist in the NZICA Awards in the Public Sector category.

For questions related to this report, contact:

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**Auckland  
Transport** 

*An Auckland Council Organisation*