



ANNUAL  
REPORT  
2014



MOVING AUCKLAND

# 2012

Our first full annual report as a CCO of Auckland Council. In 2012, we kept the city moving while delivering integrated transport projects that leveraged economies of scale and aligned with the new Auckland Plan.

TRANSFORMING AUCKLAND

# 2013

The 2013 report demonstrated AT on track to deliver its customers a vastly improved transport system by 2016 - one that is safe, reliable, affordable and supports early signs of economic growth.

PICKING UP THE PACE

# 2014

The pace of project delivery is accelerating, returning to Aucklanders the balanced transport system we had pre 1950s, enhanced with intelligent technology. We celebrate electric trains in service and AT HOP roll-out completing.

SECTION 01

SECTION 02

SECTION 03

SECTION 04



# WELCOME TO AUCKLAND TRANSPORT'S ANNUAL REPORT 2014

E ngā iwi whānui ki ngā topito o  
Tāmaki Makaurau  
He mihi manahau ki a koutou katoa  
Topuni ki te Raki  
Rakitu ki te Rāwhiti  
Puketutu ki te Tonga  
Oaia ki te Uru  
Tāmaki herehere o ngā waka e!  
Tihei Mauri ora ki te whai ao,  
ki te ao mārama

*To the wider people to the ends  
of Auckland*

*A heartening greeting to you all*

*Topuni to the North*

*Rakitu to the East*

*Puketutu to the South*

*Oaia to the West*

*Tāmaki the meeting place  
of all canoes*

*Life essence to the world,  
to the world of light*



## 01

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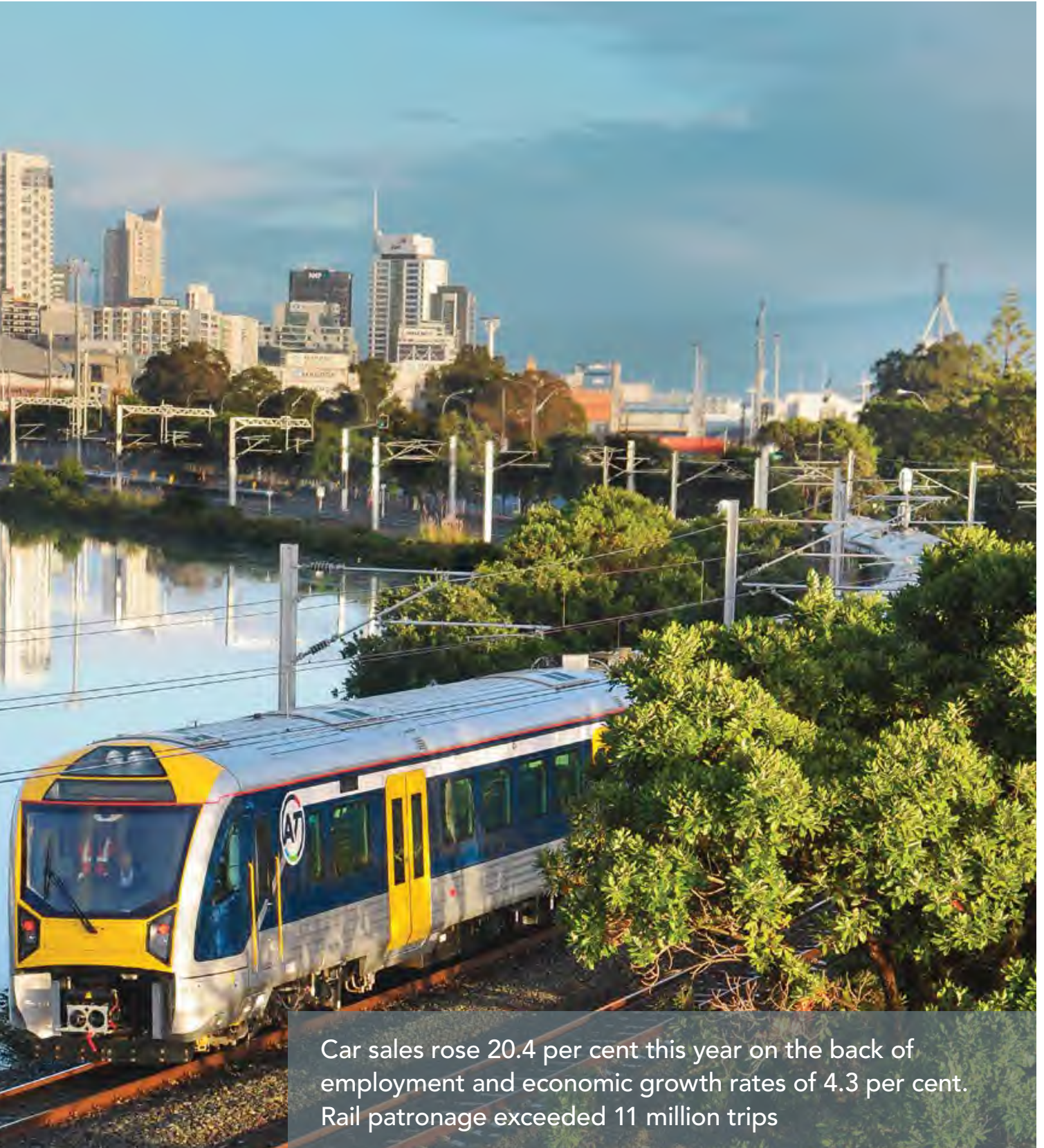
# 01

## PICKING UP THE PACE

In 1902, a far-sighted electric tramway was switched on in Auckland. But the plug was pulled in the 1950s in favour of diesel buses and motorways. In 2014, electric trains are on the tracks, and more people are walking, cycling or using rail services than at any time since the 1940s. Economic activity is also increasing and, with more heavy vehicles on the roads, strategic freight route projects are being accelerated to support business productivity.







Car sales rose 20.4 per cent this year on the back of employment and economic growth rates of 4.3 per cent. Rail patronage exceeded 11 million trips

## July

The electric train maintenance depot opens at Wiri and subsequently wins an excellence award from the Property Council of NZ



## August

The second bridge over the Ellerslie–Panmure Highway opens in Phase 1 of AMETI



## September

The first electric trains arrive in Auckland for testing



## October

AT HOP roll out on the region's 1,240 buses picks up pace and is completed by March



## November

AT again wins the supreme award at the Māori Language Week awards, Nga Tohu Reo Māori Te Wiki o te Reo Māori



## January

Panmure bus–rail interchange opens



## February

\$24m upgrade of Devonport Marine Wharf gets under way

The new AT website is launched [www.at.govt.nz](http://www.at.govt.nz) with MyStreet personalised travel

## March

Independent commissioners recommend land required for the City Rail Link be set aside

\$30m upgrade of Tiverton–Wolverton streets completed ahead of schedule



# KEY EVENTS IN 2014



## LOOKING AHEAD

- All rail lines with electric trains by July 2015
- All new streamlined road maintenance contracts operational 2015
- Panmure roundabout upgraded and south-eastern busway to Pakuranga in 2015
- Auckland Cycle Network extended by 20km in 2015
- A New Network of buses and interchanges in place by 2016
- The City Rail Link constructed by 2022.



### April

Electric train services to Onehunga

The \$66.3m upgrade of Dominion Road gets the go-ahead, and a new AT operations centre is opened



### May

Strategic freight route projects get accelerated with an additional \$375m allocated in the Government's budget

Wi-Fi goes live at rail stations

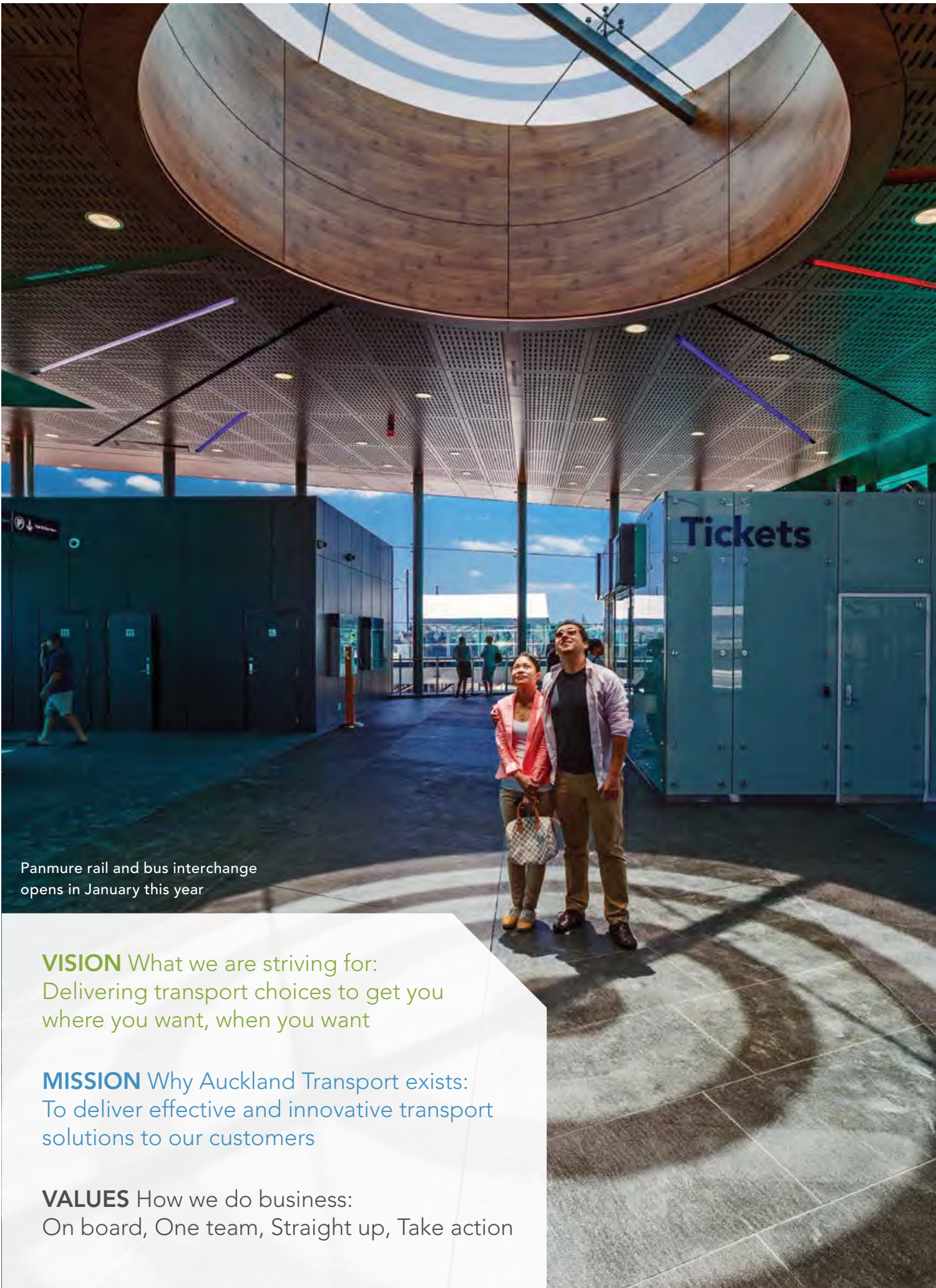


### June

361,000 AT HOP cards issued. Over 3.6 million trips taken in June using an AT HOP card

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





Panmure rail and bus interchange opens in January this year

**VISION** What we are striving for:  
Delivering transport choices to get you  
where you want, when you want

**MISSION** Why Auckland Transport exists:  
To deliver effective and innovative transport  
solutions to our customers

**VALUES** How we do business:  
On board, One team, Straight up, Take action



## WHO WE ARE AND WHAT WE DO

Auckland Transport (AT) is a council-controlled organisation (CCO) of Auckland Council. We came into existence in November 2010 through a process of local government amalgamation.

**Our task is to connect the city's people and places with safe and sustainable transport choices that they can afford and can access easily.**

### Construction and guardianship of transport assets

**Page 100**

AT designs, builds, maintains and upgrades Auckland's transport infrastructure, excluding state highways.

We have guardianship of New Zealand's highest-valued group of publicly held assets, worth a net \$15.6b. They include roads, road signs and footpaths, bridges, street lights, bus shelters and busways, rail and bus stations, electric trains, ferry facilities and wharves, car parking buildings and on-street parking machines

### Other key activities

**Page 38**

- Planning, funding and coordinating bus, rail and ferry services

- Managing the road network as 'One System' in partnership with NZ Transport Agency

**Page 43**

- Coordinating road safety and travel demand initiatives such as travel plans

**Pages 65–82**

- Preparing strategic transport programmes that order by priority all planned activities

**Page 97**

### Partnerships

We work closely with a wide range of partners to give customers a seamless, personalised experience of using the transport system and interacting with us. These are reported on throughout Section 2 as 'working together'.

## WHAT WE ARE MANDATED TO SOLVE

Auckland is under pressure to accommodate up to a million new residents within the next 30 years. The Auckland Plan identifies the transport system as being critical to achieving its vision of being 'the world's most liveable city' by 2040.

The vision is ambitious, and challenging. While the city regularly attains third place in world rankings for liveability, its infrastructure is at 43rd place, due to historic under-investment particularly in public transport.

The country depends on Auckland's economic performance. Excessive congestion at peak times is costing \$1.25b each year.

To fundamentally reconstruct the transport system for Aucklanders and visitors, AT must take bold and innovative decisions and continue accelerating the pace at which we deliver key infrastructure projects. An additional \$12b may be needed from new sources of revenue.

## THE TRAVEL EXPERIENCE IN 2040



Auckland's city centre, harbour edge and town centre streetscapes have been radically redesigned for people, not cars.

Technology helps us make smart, personal choices about how we travel, saving time and money.

A network of busways and electrified rail connections makes travel across the city rapid and reliable. Rail extends from the North Shore to Pukekohe through a tunnel under the harbour, the City Rail Link and out to the airport.

Each Aucklander averages 100 annual trips by public transport and only 55 per cent of morning commutes are by car – down from 76 per cent in 2014.



Cyclists have a complete and safe network of dedicated cycleways that are shared with pedestrians, to connect parks, schools and town centres.



There is widespread use of electric vehicles on roads, freight is consolidated into efficient centres, some road pricing exists, and transport emissions are 40 per cent lower than 2009 levels. Congestion is not excessive, despite a population of around 2.2 million people and an additional 450,000 vehicles.

Migration has soared to a 10-year record high and dwelling consents in Auckland have risen 32.8 per cent. Each additional commuter adds around 450 trips annually to the demand for transport





## Auckland's population

1902: 60,000

1961: 500,000

1996: 1 million

2012: 1.5 million

**2040**  
**2.2 million**  
predicted

## PERFORMANCE SUMMARY

### Focus 1.

### Transform Aucklanders' everyday travel experience

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Our customers have a right to expect safe, reliable, affordable, high frequency alternatives to cars, freeing up road networks to operate productively. AT and NZ Transport Agency manage the networks as a single system to give customers a seamless experience.



### Highlights

- Public transport patronage reached 97 per cent of stretch targets
- Electric trains arrive and over 11m trips taken by rail, highest since 1940s
- AT HOP card use exceeds target
- Arterial routes well above productivity target, with 68 per cent of routes optimised and one million hours of travel time saved
- Partnerships with mana whenua are integrating art works and narratives into high-profile projects.

### Challenges

- Anticipated city centre bus congestion
- Finding a suitable provider for a new real-time customer information system
- Making the city safer while respecting personal privacy.

### Planning ahead

The public transport Next Steps programme will be completed by 2016, delivering a New Network of buses and transport interchanges, more ferry services and a full fleet of electric trains.

PERFORMANCE MEASURE	% PERFORMANCE SCORE AGAINST TARGET	PAGE REF
<b>Patronage</b>		
Public transport – total annual boardings	97%	35
• rail	99%	35
• busway	99%	35
• bus network	98%	36
• ferry	89%	36
Public transport subsidy per passenger km	96%	42
Arterial road network productivity	100%	48
<b>Percentage satisfied</b>		
Public transport passengers with their public transport service	94%	36
Residents with quality of roads in the Auckland region	94%	53
Residents with quality of footpaths in the Auckland region and local area	84%	53



## Focus 2.

### Invest in high growth areas

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Investment in new transport infrastructure must anticipate and integrate with land use. Access to a range of transport options is needed that emphasises strong communities and strategic freight movement.



#### Highlights

- Strategic freight route travel times ahead of target
- AMETI North-South road substantially completed, saving up to 10 minutes travel time to SH1
- 99 per cent of passengers are satisfied with the new Panmure rail-bus interchange
- 38 properties bought for City Rail Link (CRL) project and a further 25 in negotiation
- \$10m spent on North-West Transformation, including Hobsonville Point Road stage and Westgate roads.

#### Challenges

- Accelerating Panmure roundabout replacement depends on land purchase negotiations
- Getting CRL construction under way by 2016
- Agreeing the East-West Connection’s road route.

#### Planning ahead

The CRL is planned to be completed by 2022. The North West Transformation project at Hobsonville and Westgate will also be complete by 2022. A new South-eastern Busway will reach Pakuranga, and extend to Botany by 2028.

PERFORMANCE MEASURE	% PERFORMANCE SCORE AGAINST TARGET	PAGE REF
Travel times along strategic freight routes during the inter-peak (9am–4pm)	98%	56



## PERFORMANCE SUMMARY

### Focus 3.

#### Address congestion by changing travel habits

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



#### Highlights

- Walking trips into the city centre up 10 per cent and cycling by over 9.6 per cent
- 16,587 fewer cars on road daily during morning peak, ahead of target
- Dominion Road safe cycle route under construction and Auckland's first urban cycleway at Beach Road in design stage
- Parking discussion document generates robust debate.

#### Challenges

- Cycling and walking is only one per cent of the overall transport budget
- Novice cycle training has not translated into more children cycling to school.

#### Planning ahead

About 20km of the Auckland Cycle Network is planned for completion in 2014/2015. New cycling and walking business plans are in the final stages of development and will direct action to 2017. Travelwise will target the 141 schools not yet on the programme and on-road cycle training will be offered in schools.

PERFORMANCE MEASURE	% PERFORMANCE SCORE AGAINST TARGET	PAGE REF
Walking trips into the city centre during the morning peak	99%	72
Cycling trips throughout the region during the morning peak and all day	100%	70
Number of morning peak (7–9am) car trips avoided through travel planning initiatives	100%	68
<b>Parking</b>		
• Off-street occupancy rates	100%	74
• On-street occupancy rates	96%	74

## Focus 4.

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

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Continuously improving road safety remains a high priority. Our fossil fuel-dependent transport system also generates adverse health and environmental impacts.



#### Highlights

- Social cost of crashes decreased to \$592m, down from \$730m in 2009
- Five-year trend in road safety is 10 per cent reduction in deaths and serious injuries
- Electric trains set to reduce CO<sub>2</sub> emissions on rail network by 70 per cent
- 6,266m tonnes of CO<sub>2</sub> reduced from key AT programmes, and transport emissions are stable.

#### Challenges

- Commuting by private vehicle still accounts for 40 per cent of residents' daily emissions.

#### Planning ahead

A new RoadSafe Executive group is generating strategies to reduce road trauma. Further safety campaigns will be run, focused on vulnerable users.

New environmental measures are being developed and the next version of the Integrated Transport Programme will have a stronger sustainability focus.

PERFORMANCE MEASURE	% PERFORMANCE SCORE AGAINST TARGET	PAGE REF
Reduce total deaths and serious injuries on local road network	77%	79
Public and customer safety and security incidents across public transport network per 100,000 passenger boardings	100%	79
CO <sub>2</sub> emissions from rail network	88%	83

## SPECIAL REPORT:

### ELECTRIC TRAINS – SMARTER, BETTER, QUIETER

After 90 years of debate and planning, Auckland has brand new, purpose-built electric trains in service. The first service began running on the Onehunga Line on Monday 28 April.

The new three-car trains confirm the central place of the rail network in delivering fast, reliable, frequent transport. They provide much higher levels of customer safety and comfort, carry more passengers and are environmentally friendly reducing rail network emissions by 70 per cent. Onehunga Line customers surveyed rate the new train positively (97%) and gave high scores for their appearance, comfort and ease of use.

As the full fleet of 57 electric trains come into service on the suburban rail network, patronage is expected to take another quantum leap.

**Next steps:** By September 2014 the electric train services are expected to be operating to Manukau via the Eastern Line; in March 2015 to Papakura; and to Swanson on the Western Line in the third quarter of 2015.

**Cost of trains and maintenance depot:** \$630m



#### Easy wheelchair and cycle access

Vivian Naylor was one of the first of our customers with a disability to test the wider doors and automatic ramps for easy wheelchair access. Vivian is the Barrier Free advisor for CCS Disability Action and has been involved in the planning process from inception in 2012.

"Auckland Transport was keen to get the disability sector involved," she says. "They flew us down to Wellington to see what's been done to date. We thought we could do better."

Vivian was pleasantly surprised by the automated ramping system on the electric trains. "The ramp isn't buried in the floor, as it is in other trains," she says. "When extended, that created a double dip that meant you needed manual assistance to manoeuvre. Now, I just push the button, the ramp rolls out and I enter independently on one level."

On board, Vivian says there's a diversity of space for wheelchairs, prams and bicycles. She sees that the design of the electric trains will make a huge difference for Gold Card holders too.

"I'm busy promoting the trains – it will be wonderful when the entire network is all electric. We've waited so long."





On Sunday 27 April, 5,000 Aucklanders took a free ride to Newmarket from Britomart to test for themselves the performance of the new trains.

## TIMELINE

- 1873** Trains start service on the first railway line in the North Island, with a branch to Onehunga. A single-track Western Line opens in 1880. The Eastern Line opens in 1930.
- 1923** The idea of an underground, electrified rail link from the city to the Western Line is first proposed by the Minister of Railways Gordon Coates. Estimated cost of the 'Morningside deviation' tunnel: £440,000.
- 1968** An electrified rail and underground CBD loop is again proposed, this time by Mayor Dove-Myer Robinson but 'Robbie's rapid rail' fails to gain traction.
- 2007** It is officially announced that Auckland's rail network will be electrified by 2013.
- 2010** Newmarket Station opens, the Onehunga Line reopens and Western Line double tracking is complete. KiwiRail awards the contract for track electrification and signals.
- 2011** Spanish manufacturer CAF wins the contract to supply 57 three-car electric trains, to be owned by AT. We manage the contract and the construction of their maintenance and stabling depot at Wiri.
- 2012** Public transport trips exceed 70 million for the first time since the tram lines were pulled out in 1956. Manukau Station opens on the first new line in over 80 years. The AT HOP integrated ticketing system is introduced on trains.
- 2013** The state-of-the-art depot is opened in July and subsequently wins a design award from the Property Council. In September the first train is officially unveiled in Auckland and testing and driver training begins.
- April 2014** First service to Onehunga.

## FINANCIALS AT A GLANCE

**For the year ended 30 June 2014, Auckland Transport has operated within its agreed funding envelope, including meeting a \$3.9m efficiency target from Auckland Council.**

Total income for the year is \$988.4m, against a budget of \$909.8m. Auckland Council and NZ Transport Agency are the primary sources of funding, however 26 per cent of income was received from various other sources including user charges and fees, other subsidies and vested assets. Total income is nine per cent above budget. See the pie chart below for a breakdown of income.

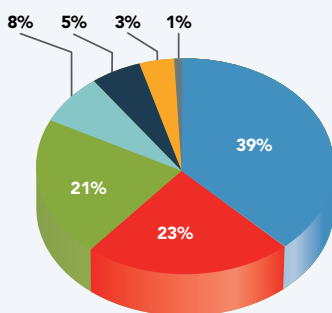
Total operating expenses are \$894.5m, against a budget of \$856.7m. In the pie chart below, other expenses include \$438.7m spent on the following activities:

- \$316.6m Public Transport
- \$103.0m Roothing
- \$19.1m Parking.

The surplus before tax of \$93.9m is \$40.8m above the budget of \$53.1m. A number of non-cash and abnormal items have impacted the result. The main items are: \$95.2m of unbudgeted vested assets income, \$6.0m additional Auckland Council grant funding for the electric trains project, \$28.0m impairment of rolling stock carriages, and \$21.5m additional depreciation and amortisation expenditure than budgeted. After adjusting for these items, net funds applied to operations are \$5.4m less than budgeted.

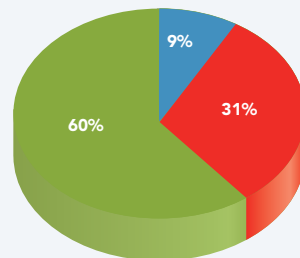
Investment in the city's infrastructure was \$813.3m against a budget of \$859.5m. After adjusting for vested assets, capital expenditure was \$718.1m, \$141.4m less than budget. Specific non-transferable funding for electric trains and the electric train depot, City Rail Link, and the Local Board capital fund account for \$110.9m of the budget variance.

The net asset position that AT manages is \$15.6b, up \$1.2b from the June 2013 position.



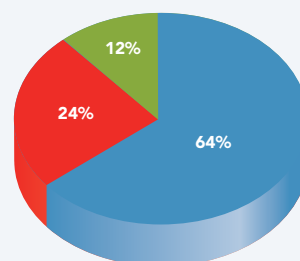
### Income

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



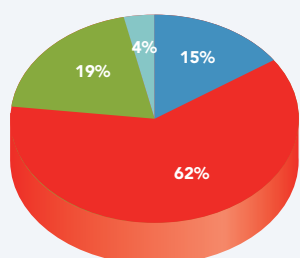
### Expenses

- Personnel costs
- Depreciation and amortisation expenses
- Other expenses



### Capital expenditure

- New capital expenditure
- Renewal capital expenditure
- Vested assets



### Capital expenditure

- Public transport
- Roads
- Electric trains
- Other



## Income and expenditure summary

All in \$000s	Actual 2014	Budget 2014	Actual 2013
<b>What was received? What was spent?</b>			
Income for capital projects	387,148	305,779	716,575
Operational funding	438,346	450,055	420,550
Grant from Auckland Council for electric trains project	6,000	-	-
Other income	156,920	153,931	168,425
<b>Total income</b>	<b>988,414</b>	<b>909,765</b>	<b>1,305,550</b>
Expenditure on activities	894,505	856,688	837,880
<b>Surplus/(deficit) before tax</b>	<b>93,909</b>	<b>53,077</b>	<b>467,670</b>
Income tax	(273)	-	1,847
Other comprehensive income	828,115	221,664	827
<b>Total comprehensive income</b>	<b>921,751</b>	<b>274,741</b>	<b>470,344</b>
<b>New capital expenditure</b>			
Roads	218,015	232,562	238,112
Public Transport	113,455	256,838	107,287
Electric trains	155,738	154,017	85,137
Other	30,610	13,011	9,497
	<b>517,818</b>	<b>656,428</b>	<b>440,033</b>
<b>Renewal capital expenditure</b>			
Roads	189,751	188,200	188,621
Other	10,540	14,843	9,938
	<b>200,291</b>	<b>203,043</b>	<b>198,559</b>
<b>Vested assets</b>	<b>95,186</b>	<b>-</b>	<b>430,914</b>
	<b>813,295</b>	<b>859,471</b>	<b>1,069,506</b>
<b>Funding of capital expenditure</b>			
NZ Transport Agency funding – new	85,108	111,620	108,999
NZ Transport Agency funding – renewal	78,714	66,019	51,261
Capital funding from Auckland Council	128,140	128,140	123,949
Other capital grants	-	-	3,207
Loan funding from Auckland Council	155,738	154,017	85,137
Investment by Auckland Council	268,732	399,675	265,809
Sale of assets	1,677	-	230
Vested assets	95,186	-	430,914
	<b>813,295</b>	<b>859,471</b>	<b>1,069,506</b>

## CHAIRMAN'S REPORT

**Dr Lester Levy** CNZM



### It's about time

There is one absolutely finite resource in the world. It is not money, nor is it fossil fuel, nor is it precious metals or food. It is something that all seven billion inhabitants of the planet have exactly the same amount of.

That resource is time – there are only 60 seconds of it in every minute, 60 minutes in every hour and 24 hours in every day. We cannot manufacture or buy any more of it. So how we use our time, or in a transport sense, how it is impacted by things like congestion or delays is critical to each and every one of us at a very individual and personal level.

That is why, in large urban centres like Auckland, transport is at the core of our daily lives. When it goes well, we hardly even think about it. But when it goes wrong it can at the very least make us frustrated, perhaps even angry and impact negatively on our business or family life.

As we look to the future, the essence of everything that we are doing and plan to do at Auckland Transport is to give people choices that will offer them the freedom to effectively use that most valuable commodity of time.

#### **Re-imagining our intent**

To make this aspiration a reality we must think and act differently in quite a radical way. By way of example, the law requires Auckland Transport to

negotiate a Statement of Intent (SOI) with Auckland Council. It is of course a very serious document, full of numbers and key performance indicators. But we simply need to move beyond mere numbers and measures and think more laterally, which is why this year I signalled that in future we will be 'marching to a different beat' – not a Statement of Intent, but rather a Statement of Imagination.

The reality for Auckland is that in the next seven to ten years, what will happen to transport, public transport and active modes in particular, will not be a simple chemical facepeel – it will be major reconstructive surgery. For example, the introduction of the AT HOP card, and improving the fare structure with integrated fares, as well as the 'New Network', which will see buses on key routes at a minimum average of every 15 minutes, 7am to 7pm, seven days a week – and that is just a start.

#### **Fostering technology solutions**

Embracing new technologies to improve the customer experience, particularly in the area of public transport, is another priority. New mobile apps and real time customer information that is accurate are no longer 'nice to haves' – they are absolutely critical if we are to get people to use alternatives to the private vehicle.

This year's HACKAKL event brought together hundreds in the IT developer



HACKAKL winners developed a new version of MyAT for personalised travel

community to help provide technology solutions using Auckland Transport data. That event is an excellent example of the different thinking we need to foster and encourage (see page 46 for more details).

### Defining a clear pathway

We have to be realistic and acknowledge that change will not happen without a degree of individual inconvenience and sometimes even anguish. As Jarrett Walker, a world-leading transport expert explains, bold initiatives also require courage and commitment.

In other words, we must resist the urge to change our approach whenever there is public criticism or disquiet about, for example, removing parking to put in a bus or cycle lane. That in no way means ignoring complaints or criticism, particularly when we fall short in terms of basic service delivery or customer service.

But the fact is you cannot please all of the people all of the time, because what is in the greater public interest is not going to be in everyone's interest. Or as Walker says: "Too often we defer to a small group of intensely interested people... (and) as a result, we sometimes end up with transit investments that don't really do what we expect or that have bad side-effects that should have been foreseen."

So against this backdrop, the challenge for Auckland Transport in 2015 and beyond is

not necessarily to jump, react and respond but rather to clearly define our path ahead and fearlessly move down that path – anything less than this will not solve the problems of transport in Auckland.

**Dr Lester Levy CNZM**

Chairman



## DIRECTORS' PROFILES

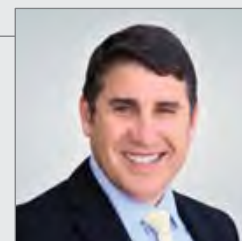
Auckland Transport's Board of Directors has nine members, including a non-voting member appointed by the NZ Transport Agency.

### **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.



### **PAUL LOCKEY BCom, MBA**

#### **DEPUTY CHAIR**

*Current roles and general disclosure of interests:* Board Member, Callaghan Innovation; Director, Lingerie Brands Limited; Director, MediaWorks; 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.



### **GEOFF DANGERFIELD BSc, MSc, FCILT**

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

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.

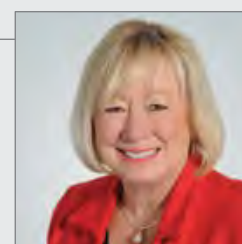


### **CHRISTINE FLETCHER QSO**

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

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

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





### **MARK GILBERT**

*Current roles and general disclosure of interests:* Chair, Motorcycle Safety Advisory Council; Trustee, Product Stewardship Foundation; Chair, Auto Stewardship NZ; Chair, Association for Promotion of Electric Vehicles; Chair, Advisory Board Running with Scissors; Trustee, The Wharewaka Trust; Trustee, The Munich Trust, Trustee, Home of Cycling Charitable Trust.

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



### **MICHAEL (MIKE) LEE MSc (Hons)**

*Current roles and disclosure of interests:* Ward Councillor, Auckland Council; Chair of Auckland Council Infrastructure Committee; Chair of the Council Heritage Advisory Panel.

Mike Lee first entered local government in 1992. He has been involved in public transport governance in Auckland in various ways for the best part of 20 years. He became chairman of the Auckland Regional Council in 2004 and served two terms in that role up until the advent of Auckland Council in November 2010.



### **Dr IAN PARTON BE(Hons), PhD, DistFIPENZ, CFIInstD**

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

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



### **RABIN RABINDRAN Barrister-at-Law (Middle Temple), MA, AAMINZ**

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

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



### **MIKE WILLIAMS MA Hons, Dip Tchng**

*Current roles and general disclosure of interests:* Chief Executive, Howard League for Penal Reform; P.A. Nicholas Family Trust; Commentator MediaWorks Radio Live; Commentator, Radio New Zealand; Columnist, APN – Hawkes Bay Today; Director, Araleun.

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) and Deputy Chair of Genesis Energy. He is a former Labour Party President.

## CHIEF EXECUTIVE'S REPORT

### David Warburton



### Picking up the pace

Summing up this year in a single word would be: Delivery.

2014 has been a year unprecedented in Auckland Transport's short history in terms of completion of long awaited transformational and local projects.

Many of these projects have been 'on the books' or 'under consideration' for years and in a number of cases Aucklanders were, perhaps rightly, doubtful about their likelihood of success.

The results of the clear focus, skilled project management and contributions of staff from across the organisation are demonstrated in key projects such as:

- Electric trains tested, commissioned and brought into service on budget and on time, on the Onehunga Line (see page 15 for a special report)
- Smartcard ticketing operating across the public transport network
- A new Panmure Station and interchange opened as part of AMETI
- A new Auckland Transport Operating Centre monitoring and managing public transport and parking network operations city-wide, virtually linked with the Joint AT/NZ Transport Agency operations centre at Smales Farm
- Completion of the Tiverton-Wolverton roading upgrade ahead of schedule.

#### City Rail Link moving ahead

The City Rail Link (CRL) took a significant step forward in March when independent

planning commissioners unanimously recommended that the land required to build, operate and maintain the CRL be set aside. The commissioners accepted the CRL's projected benefits. So far AT has invested approximately \$100 million on property purchases and route preparation work. The project design team has been established and all design variables and options are being reviewed to optimise the benefits and reduce the cost of the overall programme.

#### Public transport focus

Once again, increasing public transport patronage has been a major strategic focus. In March this year, even before the first electric train went into service, rail recorded its highest patronage since 1940, hitting 11 million annual trips. Despite the disruptions to the networks because of major infrastructure projects we are at 97 per cent of stretch targets for 2014. A further increase in patronage is a realistic expectation given:

- The completion of AT HOP on buses and an agreement to differentiate many AT HOP card and adult single trip cash fares by at least 20 per cent
- The introduction of a New Network of bus services
- Higher service punctuality
- A focus on targeted promotion of public transport services.

Our end-of-year target for AT HOP was to see 60 per cent of all public transport



"2014 has been a year unprecedented in Auckland Transport's short history in terms of completion of long awaited transformational and local projects."

David Warburton

The first electric train arrives in Auckland from Spain

trips taken with the card. This has been exceeded, which in the first year of operation is pleasing.

### Partnerships vital

With so much development being generated in areas of intensive growth (through special housing areas, city centre and harbour edge initiatives and the north-western transformation for example) it's more important than ever that we partner with all the agencies involved and show strong leadership. The City Centre Integration group was convened this year to coordinate all key projects for the city centre.

We also undertook a series of engagements with Auckland Council and Local Board members on the Council's Long-Term Plan 2015–2025, to ensure clarity about the challenges we face and the implications decisions have on transport delivery. I look forward to the constructive dialogue with elected members continuing as we progress to finalise the funding and delivery programme.

Relationships with our partners at NZ Transport Agency and KiwiRail continue to go from strength to strength, at all levels, right across both organisations.

I must also acknowledge with much appreciation the ongoing support and advice we receive from mana whenua on a broad range of projects and programmes.

Auckland Transport has operated within

its agreed funding envelope, while effectively managing its cash position. This is a solid result given a constrained budget, including a \$3.9 million efficiency target. Capital income and expenditure budgets were impacted primarily by asset revaluations, including gains on infrastructure assets of \$698.7 million, and vested asset income of \$95.2 million. Financial results for the year show total comprehensive income of \$921.8 million. After adjusting for a number of non-cash and abnormal items, AT has operated within its agreed budgets. Details on these items can be found in the financial section of this report.

The asset position this year end is sound, with net assets of \$15.6 billion, and cash-flow funding arrangements in place to ensure all liabilities are met.

### Our people

Finally, I take this opportunity to thank and acknowledge our own staff for their high levels of commitment to AT and indeed Auckland as a whole. Each year, our work programmes grow, with increased pressures and complexities and once again the organisation and its people have risen to the challenge.



**David Warburton**

Chief Executive

## SENIOR EXECUTIVE TEAM

The Chief Executive heads a nine-member Executive Leadership Team. A new General Manager, Marketing & Customer Experience role has been established this year to accelerate Auckland Transport's customer focus.

### **DR DAVID WARBURTON PhD**

#### **CHIEF EXECUTIVE**

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



### **GREG EDMONDS MBA**

#### **CHIEF OPERATIONS OFFICER**

Greg Edmonds was with Air New Zealand before joining Auckland Transport, as Airport Manager Auckland International and most recently Regional General Manager North Asia based in Shanghai. He has over 20 years' of 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.



### **CLAIRE STEWART LLB (Hons), BCom**

#### **CHIEF DEVELOPMENT OFFICER, CAPITAL DEVELOPMENT**

Claire Stewart 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 Auckland Transport was Commercial Manager in an engineering consulting firm and prior to that she was Manager, Corporate Finance, at an accounting firm.



### **RICHARD MORRIS BCom**

#### **CHIEF FINANCIAL OFFICER**

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





### **PETER (PETE) CLARK MCRP, MSc**

#### **GENERAL MANAGER, STRATEGY & PLANNING**

Pete Clark has been involved in the transport sector for 26 years and has held roles in research, consulting, local and regional government. Born and raised in Zimbabwe, Pete is a New Zealand citizen, where he has lived for 12 years. He is on the Advisory Boards for the Centre of Infrastructure Research and the Department of Civil Engineering at Auckland University.



### **SIMON HARVEY DipBus**

#### **GENERAL MANAGER, PEOPLE, SERVICE & PERFORMANCE**

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



### **ROGER JONES BSC (Tech)**

#### **GENERAL MANAGER, BUSINESS TECHNOLOGY**

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



### **WALLY THOMAS DipJ**

#### **GENERAL MANAGER, COMMUNICATIONS**

Wally Thomas was Director of Public Affairs at Waitakere City Council prior to joining AT at its inception. During this 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).



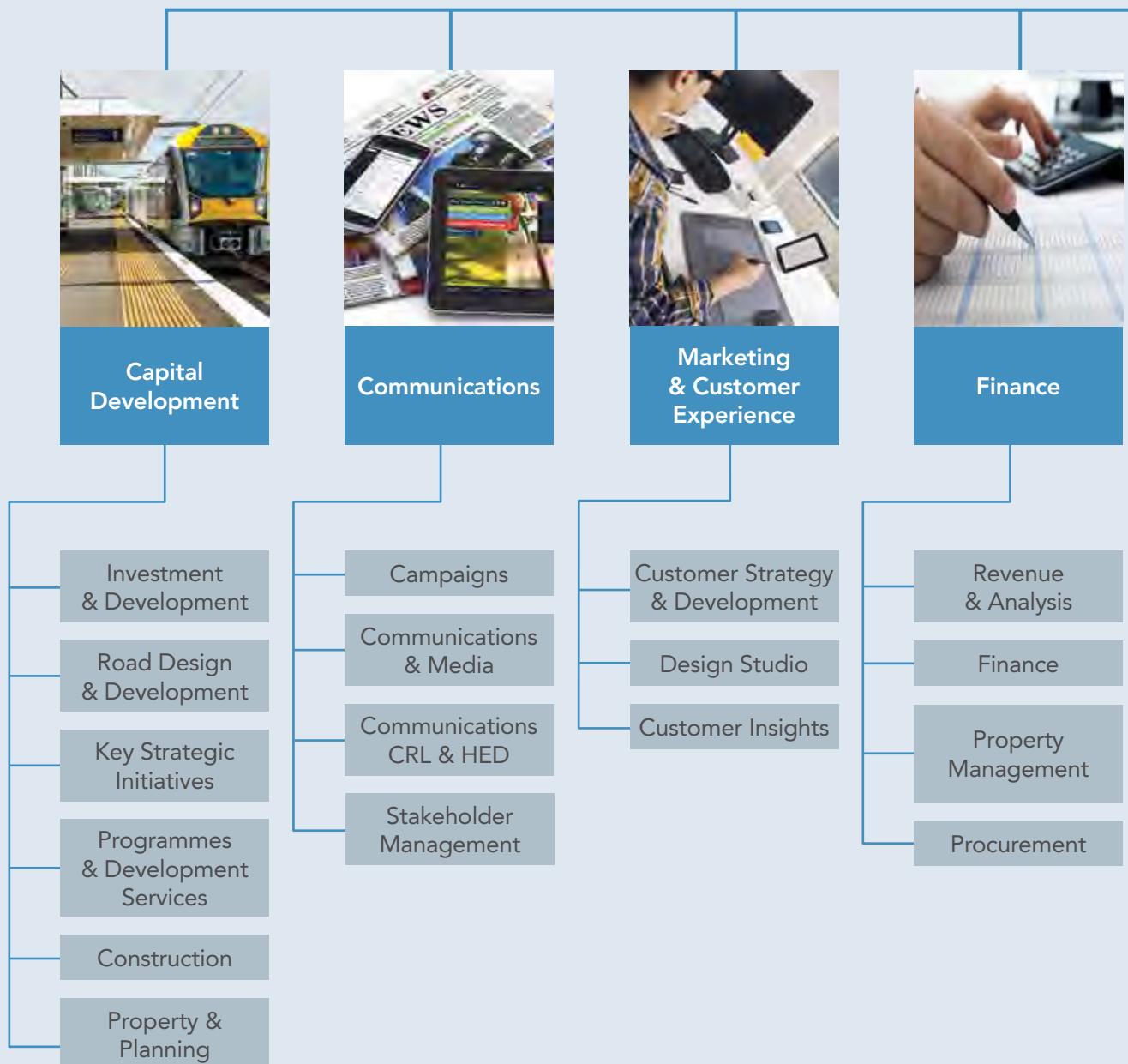
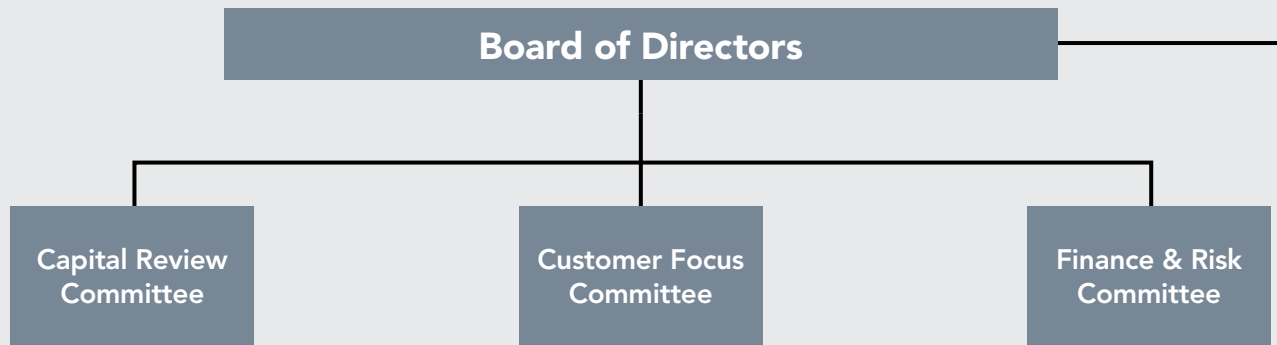
### **MIKE LOFTUS MBA**

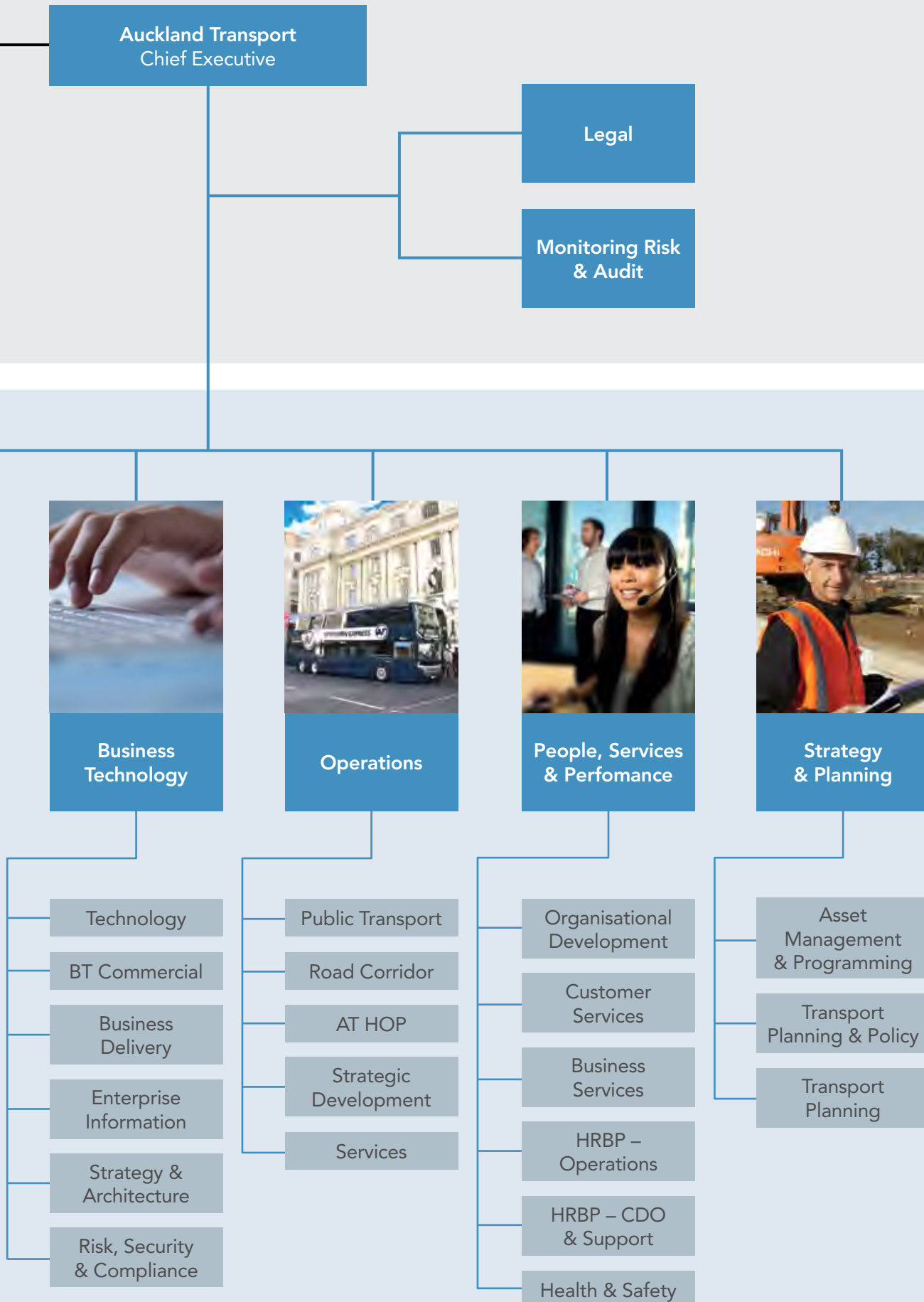
#### **GENERAL MANAGER, MARKETING & CUSTOMER EXPERIENCE**

Mike Loftus joined Auckland Transport in 2014 from Westpac, where he was Portfolio Manager – Retail Marketing. His background is in corporate-focused marketing and customer experience in the airline, banking, insurance, primary industries and sports sectors. He has worked for Air New Zealand, Qantas and AIA New Zealand among others. Mike is a Board member of Quantum Sport and Trustee of the College of Chiropractic.



## ORGANISATION CHART





# 02

## GETTING YOU WHERE YOU WANT, WHEN YOU WANT

Our vision of an effective transport system that connects Aucklanders with people and places is delivered through an annual programme of action. This section shows how the programme is developed and reports on progress this financial year.







Sustainable travel choices are being integrated as a priority into new developments designed to provide affordable housing for Auckland's growing population

## THE STRATEGIC PROGRAMME OF ACTION

### WHAT WE REPORT AGAINST – STATEMENT OF INTENT

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

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

The Auckland Plan was written following many years of consultation with Aucklanders about what they wanted for their city – through a process called community outcomes. The programme of action contained in the SOI is sourced from:

- Key Auckland Plan projects
- The Long-term Plan and strategic priorities identified in the Mayor's letter of expectation to Auckland Transport
- Auckland Transport's Regional Land Transport Programme.

Significant changes are proposed for future statements of intent, as part of the Council's Long-term Plan review and new Board strategies. See the Chairman's report on page 19 for more detail.




### HOW TO READ THIS SECTION

This section provides both quantitative and qualitative reporting. From a statistical perspective, it gives progress on our programme of action and how well we are delivering against performance measures. It also lets customers and partners speak for themselves about what difference sustained investment in the transport system is making to their everyday lives and the productivity of their business.

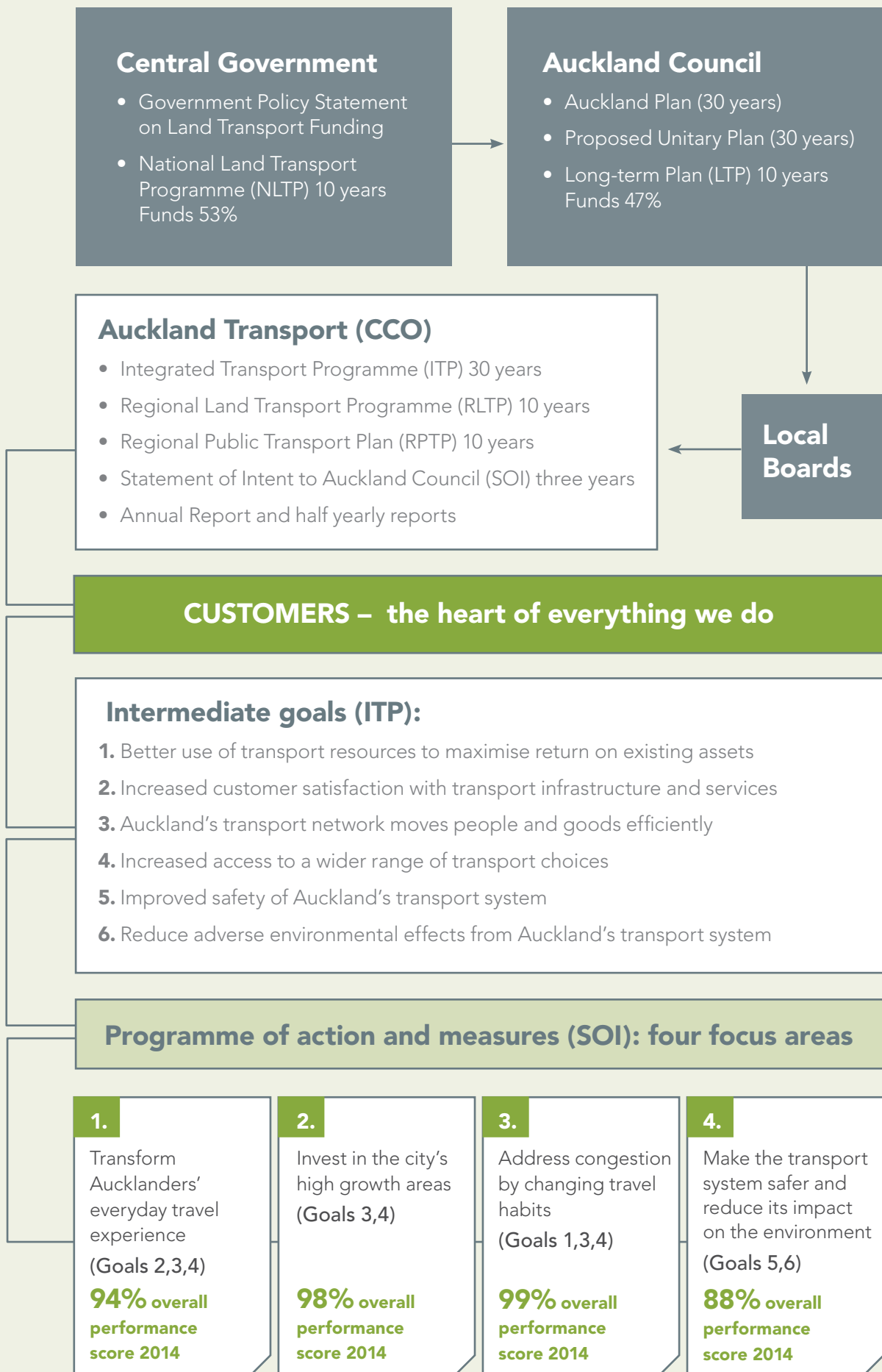
Our fifth focus area on partnerships has this year been integrated into reporting on the other four focus areas, given that the ethos of working together is now firmly embedded into everything we do.

Up-to-date information on the current programme of action is on the new website at [at.govt.nz/projects-roadworks](http://at.govt.nz/projects-roadworks).

### KEY TO PERFORMANCE MEASURE RESULTS

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

## Strategic planning framework





# Focus 1

## TRANSFORM AUCKLANDERS' EVERYDAY TRAVEL EXPERIENCE

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

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

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

### 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.

Overall performance  
score for Focus 1

94%

### The performance measures for this focus area are:

- Public transport patronage
- Customer satisfaction with the quality of roads, footpaths and public transport services
- Road corridor productivity





One of the proposed designs for new bus shelters, being trialled in Symonds Street

Almost half our customers (47.5%) now use public transport to access the city centre, compared with only 35 per cent in 2001

On an average weekday 236,000 trips are taken on public transport. 1,240 buses in Auckland travel 164,000km – the equivalent of flying from Auckland to London nine times





AT HOP cards are already being used for 64 per cent of all public transport trips

## Focus 1.01

### PUBLIC TRANSPORT PATRONAGE REPORT

A detailed analysis of public transport statistics is published monthly at: [www.at.govt.nz/about-us/our-role-organisation/meetings-minutes](http://www.at.govt.nz/about-us/our-role-organisation/meetings-minutes)

**Annual total public transport patronage – for bus, rail and ferry (000s)**

**72,396**

- Target not achieved

2014 Target: 74,378  
 2013 Actual: 68,526\*  
 2012 Actual: 70,689\*  
 2011 Actual: 65,764

**2014 Amended target: 73,829\*\***

**Annual rapid transit network Busway boardings (000s)**

**2,426**

+ Target substantially achieved

2014 Target: 2,456  
 2013 Actual: 2,279  
 2012 Actual: 2,280  
 2011 Actual: 2,057

**Annual rapid transit network rail boardings (000s)**

**11,435**

+ Target substantially achieved

2014 Target: 11,440  
 2013 Actual: 10,039  
 2012 Actual: 10,904  
 2011 Actual: 9,864

\* An error in ferry patronage numbers between November 2011 and February 2014 has been corrected in this annual report.

\*\* The target was set artificially high using ferry patronage incorrect historic data. The amended target using correct data is 73,829. The actual growth rate for 2013/2014 was +5.6%, which is in line with the growth rate based on correct historic data.



## PICKING UP THE PACE

Overall, patronage was 5.6 per cent higher this year than in 2013, at 72.4 million annual trips – a high since the 1950s when the tram network was decommissioned. Patronage growth rates in 2014 for buses and rail were considered stretch targets because two transformational projects have impacted on service levels. Progressing the electrification programme resulted in service disruptions and closures for track work, while the roll out of AT HOP on buses was similarly disruptive.

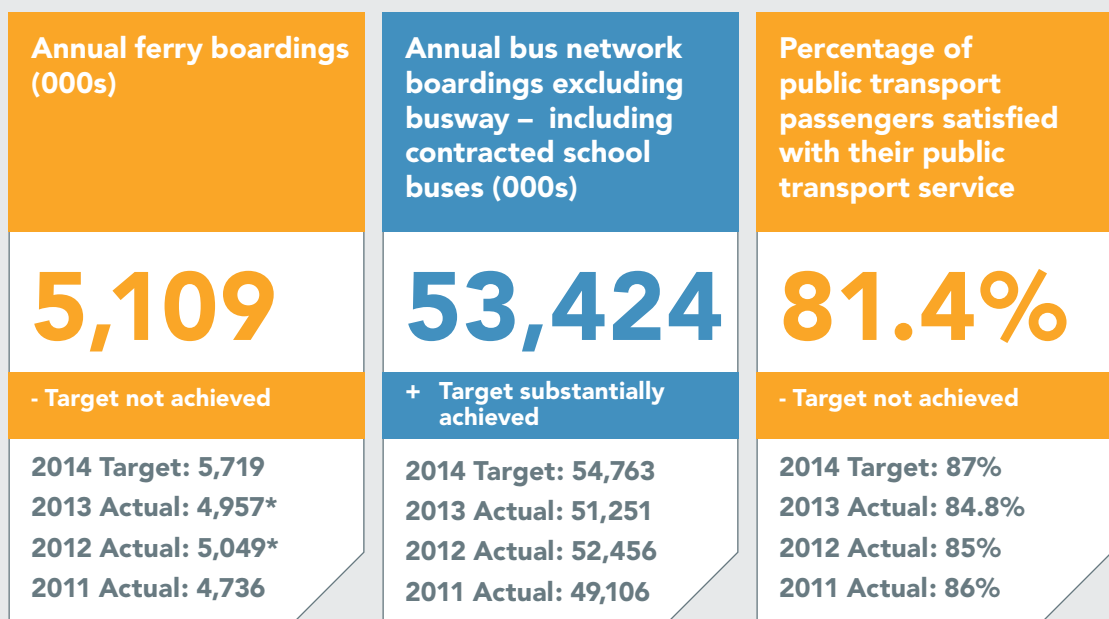
Despite this, patronage reached 97 per cent of the stretch targets. For the first time since the 1940s annual rail patronage exceeded 11 million trips. The jump in rail numbers reflects:

- Improved punctuality
- Integrated ticketing
- The strong focus on marketing campaigns and patronage push
- Renewed interest in rail with the introduction of electric trains.

The Northern Express and other bus services also achieved their highest recorded patronage figures, at 2.4 million and 53 million annual trips respectively – a 6.5 per cent and 4.2 per cent respective growth.

**Challenges and next steps:** The key challenge is to close the gap between the Auckland Plan’s aspirational 140 million passenger trips each year by 2022 and the current forecast of 101 to 103 million. With rail already heavily invested, an increased focus on buses is being investigated and may include accelerating busway and bus lane development, the bus New Network, new vehicles and proposed park-and-ride facilities. The appointment this year of a Marketing General Manager, and establishing a Customer Focus Committee, will see greater understanding of what drives customer satisfaction.

*Note: An improved survey method has been initiated from this year for all customer satisfaction surveys, using an 11-point scale rather than the previous 5-point scale. This method is more in line with the NZ Transport Agency and Auckland Council requirements as well as creating consistency on jointly funded projects. Results calculated from the new 11-point scale no longer include neutral responses so, while the targets are unchanged, this year’s results cannot be directly compared with previous years.*



**2014 Amended target: 5,170\*\*\***

\*\*\* The target was set artificially high using incorrect historic data. The amended target using correct data is 5,170. The actual growth rate for 2013/2014 was +3.1%, which is in line with the growth rate based on correct historic data.

# Focus 1.02

## ENHANCING THE CUSTOMER EXPERIENCE OF USING PUBLIC TRANSPORT

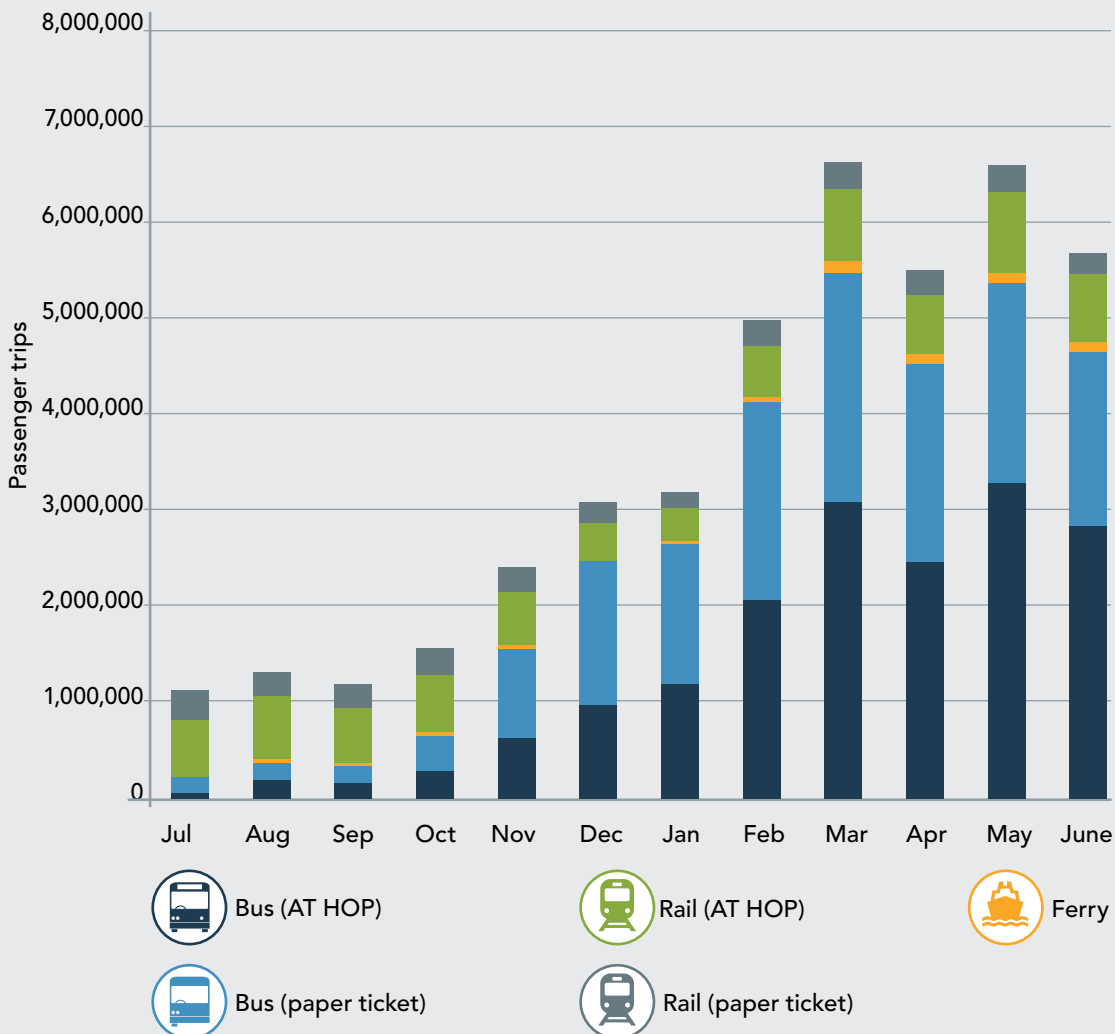
### PICKING UP THE PACE

#### AT HOP integrated ticketing and fares

AT HOP rolled out on the bus network, by operator, from June 2013 to March 2014. Seventy-seven per cent of all public transport trips in Auckland are made on buses and the graph below illustrates the dramatic rise in card usage over the delivery period. There are 49 AT HOP retailers across Auckland. There are also 10 public transport Customer Service Centres and six ticket offices at major stations and three wharves. AT HOP ticket and top-up machines have been installed at four rail stations and five Northern Busway stations. By the year's end, 64 per cent of all public transport trips were being made using AT HOP cards, above the 60 per cent target. Rail was the first mode to receive the AT HOP card in late 2012 and now 75 per cent of all rail trips are paid for with the AT HOP card.

**Next steps:** Phase 2 in 2015 plans to introduce a simpler integrated fare payment structure. The business case for integrated fares is being finalised. An AT HOP day pass was also introduced in July 2014.

#### AT HOP usage and paper ticket usage July 2013-June 2014



## Bus network redesign and fleet upgrade

The biggest redesign of the entire bus network to ever take place in Auckland is well under way. Alongside simplifying routes and timetables, and making better connections with rail and ferries to provide one holistic and connected network, the project coordinates new and upgraded key interchanges, stations and facilities.

All service operator contracts are being re-tendered, and by the year's end the new contracts were being finalised before being issued to the bus industry for review.

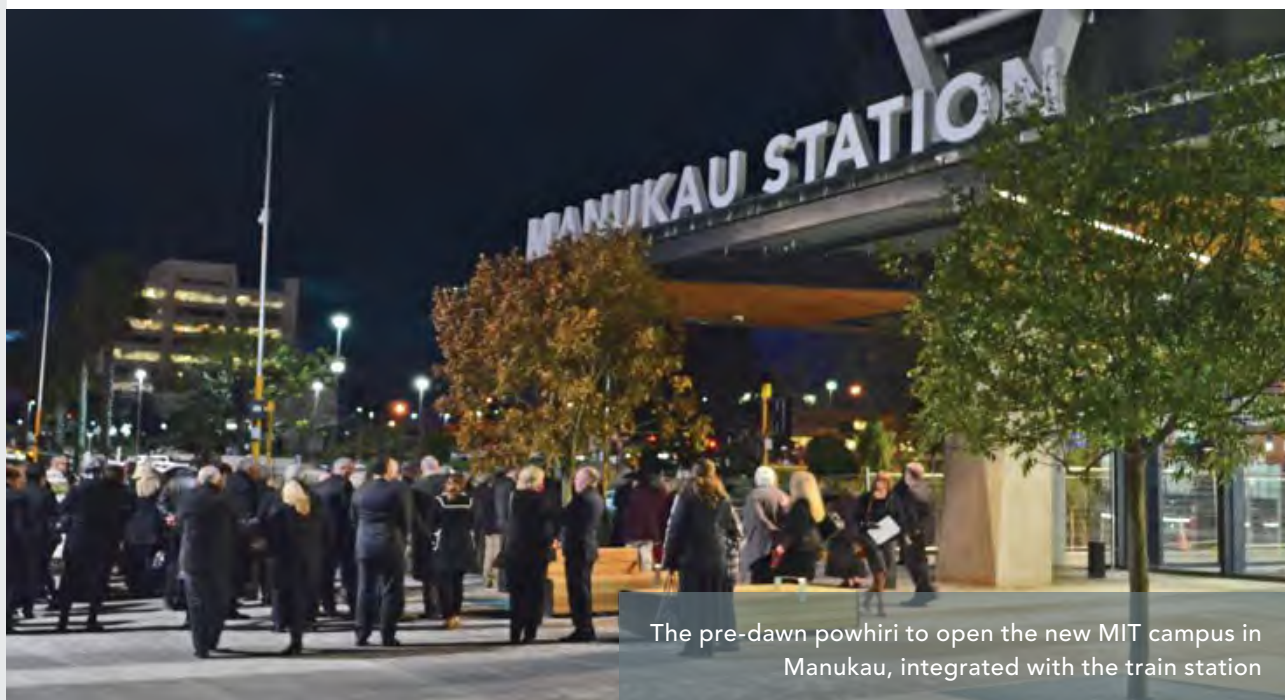
Operators of the current fleet of diesel buses have been investing heavily in newer vehicles to comply with increasingly stringent international standards for emissions and legislatively compliant engines. Around one quarter of the fleet of 1,240 buses has been replaced in the past two years. AT benchmarks against the Euro 2 minimum emission standard. This will ensure that the oldest vehicles with the lowest emissions standards will be removed from service. Already, around one third of vehicles comply with Euro 5 or Euro 5 EEV standards.

**Challenges and next steps:** Consultation for West, Franklin and Hibiscus Coast new bus service designs will take place later in 2014 while North, Central and East new service designs will be consulted on in 2015. The New Network of services and contracts will be progressively rolled out to late 2016, starting with south Auckland in the second half of 2015. New infrastructure is being developed to support the new service designs, including bus stops and interchanges at Manukau and Otahuhu in 2015.

## Public transport service procurement and contract reforms

**Working together:** The Land Transport Management Act 2003 was amended in 2013 to permit the majority of public transport services to be contracted by AT using new performance-based service contracts developed using partnering principles under the public transport operating model (PTOM).

- New contracts will be procured over the coming two years, and by the year's end the new contracts for bus services were being finalised before being issued to the bus industry for review. The tender for the south Auckland bus network is due to be released in September 2014.
- A new contract for rail services is under development and ferry contract development will progress early next year.



The pre-dawn powhiri to open the new MIT campus in Manukau, integrated with the train station





Devonport Wharf

**Upgrading ferry and rail facilities**

**Ferry:** Upgrades at ferry terminals at Devonport, Downtown and Stanley Bay are under way. Improvements to the customer waiting area at Pier 2 Downtown Ferry Terminal and at Stanley Bay have been completed.

The \$24m upgrade of Devonport’s Marine Wharf, new boardwalk and a section of the wharf began in February 2014. Ferry service increases to the Gulf Harbour were also planned to start in July or August.

**Rail:** Additional work on the Onehunga Line began in February for the arrival of electric trains and saw improved pedestrian shelter, improved customer information on platforms and wayfinding signage, and station rebranding. Ten station platforms across the network were extended this year for the new trains. Plans for upgrading Pukekohe Station and for the new Parnell Station also progressed through the design stage.



The proposed design for the new boardwalk, bus shelter and canopy at Devonport Wharf

### **Improving the real-time customer information system**

Rail achieved the highest-recorded annual punctuality in recent years, at 87.7 per cent. In parallel with AT HOP going live on the buses, the 13-year-old on-bus equipment that was used to track bus performance was upgraded. The new GPS equipment, called Automatic Vehicle Locators, is delivering 97 per cent accuracy in monitoring bus movements in relation to timetables.

**Challenges and next steps:** More accurate data gathering is enabling bus timetables to be further improved for on-time performance through the second half of 2014 to better reflect the reality for customers.

### **Other ways customer experience is improving**

- In partnership with Telecom, public Wi-Fi went live at rail stations in May for registered AT HOP card users, and will be extended to 14 ferry wharves and 11 bus terminals.
- Three prototypes of new bus shelters, with integrated cycle parking and technology, have been built on Symonds Street. The shelters are designed to provide adequate weather protection, to look good and be cost-effective. Feedback will determine the final design that will gradually replace existing shelters.
- New uniforms for all rail and AT customer service staff give a more professional, distinctive appearance and a visible signal that we are lifting our game in generating customer confidence and respect.
- Around 900 buses enter the city centre during the morning peak. To address bus congestion issues, a new east-west bus connection is planned on Wellesley Street, along with new bus interchanges in the Wynyard Quarter and around universities.
- Bus lanes were extended on Fanshawe Street, to enable faster bus travel times to the North Shore.
- A new journey planner is being tested with the Customer Contact Centre, for improved answering of customer service enquiries.

See also the feature on intelligent technology and personalised travel on page 43.

For the second year in a row, Auckland Transport took the Supreme Award at the 2013 Māori Language Awards, Nga Tohu Reo Māori Te Wiki o te Reo Māori, in November. The campaign focused on Māori names, using posters and screens on public transport, along with bilingual signage and pronunciation guides at all office locations. The AT HOP card also has a Māori language option on electronic ticket machines.



Bilingual signage at the Hobsonville Ferry Terminal, promoting the area's heritage



## Focus 1.03

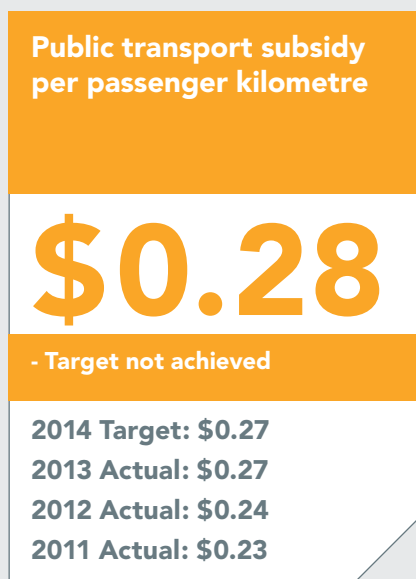
### MAKING PUBLIC TRANSPORT MORE AFFORDABLE AND ACCESSIBLE

#### PICKING UP THE PACE

Public transport in Auckland is subsidised. We are legally required to recover an increasing proportion of total operating costs from customers through fare revenue. NZ Transport Agency has set a national target of 50 per cent by 2022, to reduce the level at which services are subsidised. The current farebox recovery in Auckland is 45 per cent. Recovering a higher proportion of operating costs through fares is one way to prioritise and make best use of existing resources.

Electronic gates have been installed at Britomart, Newmarket and Manukau to ensure everybody at the busiest rail stations on the network pays. Electronic gates are being considered at other high-use stations such as Grafton, New Lynn and Henderson. A campaign around fare evasion is continuing and a new Bill, if adopted, will make it an offence to be caught without a valid fare.

**Challenges and next steps:** At the same time, affordability is a key driver of increasing patronage of buses, trains and ferries. AT has listened to customer feedback and is delivering more affordable ways to travel as part of a wider pricing review. From July 2014, AT HOP card adult users paid on average 20 per cent less per one-way trip than the cash fare, the minimum top-up has been halved to \$5 and the 25c top-up fee removed to help families and other customers on low or fixed incomes.



## Focus 1.04

### SMART TECHNOLOGY PUTS CUSTOMERS AT THE HEART OF EVERYTHING WE DO

Our customers are increasingly asking for real-time, personalised services to make their own informed decisions. AT will use intelligent transport technology to deliver this. A three-to-five year process is planned to result in mature, integrated systems that customers experience as seamless and personal. The transport networks and everybody travelling on them will function as one living, interconnected organism. It's a radically new way of being in motion.

Here's how it works.

#### Auckland Transport Operations Centre (ATOC)

is a new, energy-efficient, state-of-the-art hub for 24/7 monitoring and effective management of all public transport operations and parking across the region. A fully integrated incident control room responds in real time to events such as a bus breakdown or any threat to customer safety. It's also where we manage all major events city-wide. ATOC is linked in virtual reality to JTOC.

#### The Joint Transport Operating Centre (JTOC)

is a partnership between NZ Transport Agency and Auckland Transport, established in 2011. The key purpose of JTOC is to keep the city's roads moving safely and reliably by integrating all management and incident systems for local roads, arterials and motorways. A jointly agreed Network Operating Plan clearly articulates the priority routes and modes, enabling effective decisions to be made to maintain ideal network performance. An incident management plan is being developed with a focus on the customer and their whole journey, irrespective of travel mode.

#### Working together:

ATOC has permanent desks for the Police, St John's Ambulance, rail operator Transdev and other partners – fostering closer working relationships. For example, we are delivering a safer city with NZ Police by converging all seven CCTV systems in use across the city into one system. The new integrated CCTV system has multiple, smart uses; it can activate traffic lights for cyclists, gather more accurate transport statistics such as vehicle counts and reduce crime by enabling retrospective crime investigation and deterring car break-ins.

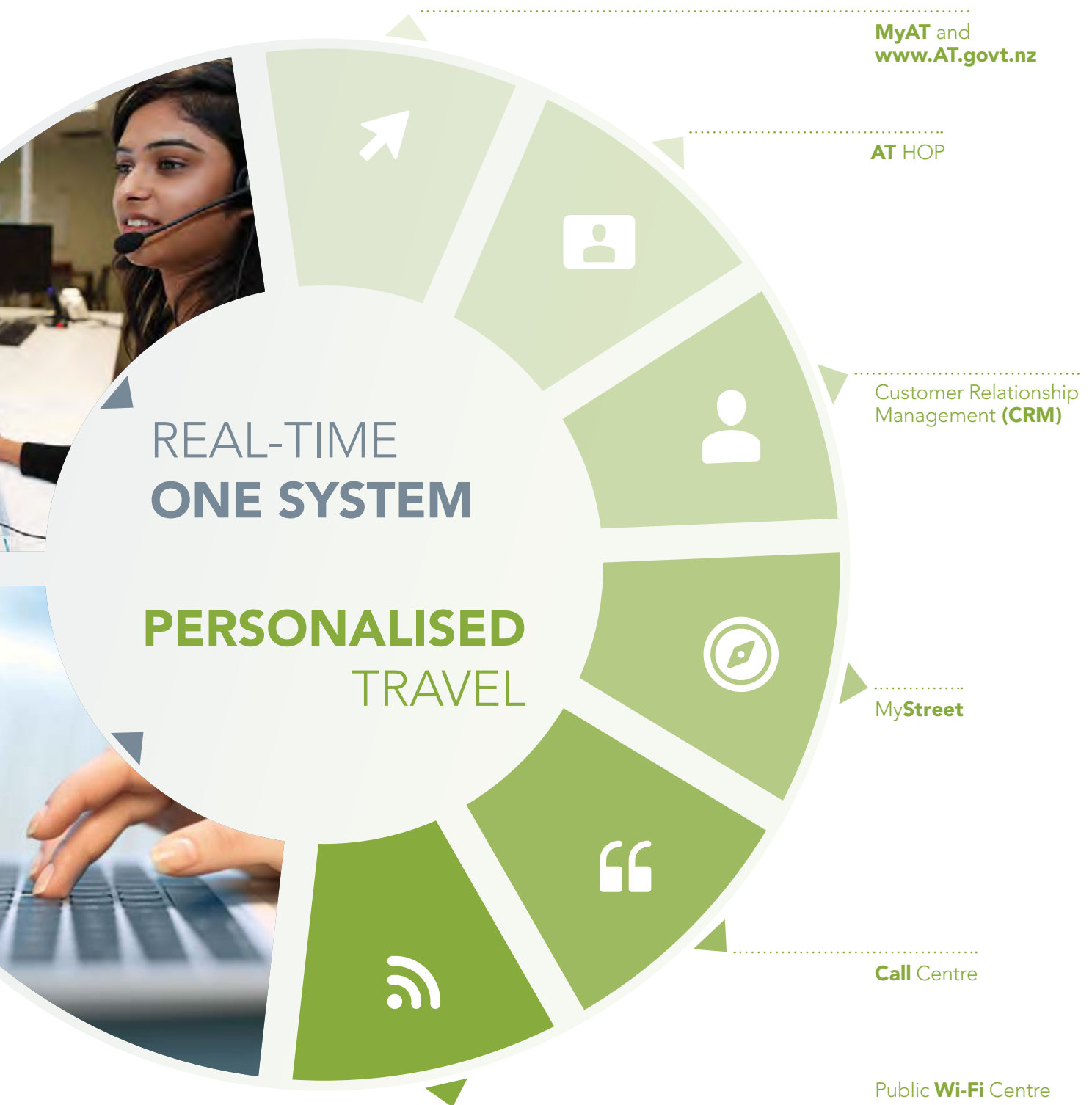


### Improving customer satisfaction through online services

Other systems are being integrated that allow customers to build their own unique experience of using the city’s transport system and interact with AT in real time. This year:

- A new Customer Relationship Management System (CRM) was completed to enable us to respond much faster and more knowledgeably to requests
- MyAT is being further developed through an innovative project (see the case study on page 46)
- MyStreet is a map-based, interactive facility that gives customers live updates on road works, incidents, congestion hot spots and more. Residents can use MyStreet to request services from AT and follow their progress online. MyStreet provides a level of sophistication that no previous councils have achieved.

A new Customers First page on the AT intranet was also launched in June with tools and resources to guide staff in providing customers with the best experience possible.





**Next steps:** Over the next 12 to 18 months, AT's social media platform will be leveraged with a range of new apps. The next version of the product will integrate customer complaints or other feedback received via social media into the new CRM system. A newly formed team at the Call Centre will monitor the incoming data and respond to the issues in real time. The next two phases of MyStreet will be developed and we will continue with the strategic work of integrating systems so we become a leading city in this field.

**Challenges:**

- Returning expats and new immigrants bring expectations from experiences of other cities about how transport systems should work, and their performance
- In New Zealand we have high expectations about privacy and concerns about surveillance equipment such as CCTV. We need to close the gap between our purpose of delivering residents and visitors a safer city and public expectations of privacy
- Further developing a personalised experience of the range of transport services available.



CityNext builds on cloud and social technologies, creating transport solutions at the click of a smartphone

Auckland is one of only 18 cities worldwide invited, through AT, to partner in Microsoft's CityNext project that empowers people to transform their cities and their futures. We were chosen for our innovative approach to creating an intelligent transport system that is unique for each and every customer

## CASE STUDY: WORKING TOGETHER ON MYAT 2.0

In May, AT opened up its data warehouse to tech innovators, to support the development of new transport apps based on open standards. The idea centred on an event called HACKAKL.

"I love the idea of being able to democratise government data," says Andrew Weston, Propellerhead's Managing Director. "This was an exciting opportunity to use crowd-sourcing of ideas to find innovative solutions to some of the everyday problems we face in Auckland."

The winners used AT's data, including real-time bus information, geo-coding, road and congestion data, to design MyAT 2.0.

Member of the winning team, Donghan Kim says, "As recent graduates, it is difficult for us to

grab the attention of busy industries without events such as HACKAKL. We are most likely going to continue developing MyAT 2.0 in cooperation with AT so we can improve public transport experiences."

MyAT 2.0 saves frequently visited locations, manages HOP card details and hosts MyStreet maps. MyAT also helps AT better understand customers and how they are using the system.

Go to [www.at.govt.nz](http://www.at.govt.nz) to sign up for MyAT.

**"This was an exciting opportunity to use crowd-sourcing of ideas to find innovative solutions to some of the everyday problems we face in Auckland."**

### HACKAKL

- Held in May 2014 and run by AUT and Propellerhead, with AT support
- 30 teams took part
- The winning team created MyAT 2.0
- MyAT 2.0 builds on journey planning functionality to make commuting easier.



Teamwork at the inaugural HACKAKL



## Focus 1.05

### COMPLETE A \$10m PROGRAMME FOR OPTIMAL ARTERIAL ROAD FLOW

#### PICKING UP THE PACE

A \$10m, four-year programme to optimise traffic flow for all modes of transport on Auckland's arterial roads is heading into its final year, with 23 per cent evaluated and optimised in 2014, bringing the total to 68 per cent.

In 2013-2014 the focus was on the central city. Operations in the city centre, where there are 120 traffic signals, have not been evaluated and synchronised for many years. Key improvements have been to pedestrian flows, bus priority and vehicle flows on major feeder roads.

**Next steps:** The programme for 2015 is to complete the remaining 32 per cent of arterial routes region-wide.

The project had a second-year benefit/cost ratio of 9.3, compared to 5.5 for Year 1. Savings after Year 2 compared with Year 1:

- 1.012 million litres of fuel (251,000)
- 1.025 million hours of travel time (206,000)
- 2,402 tonnes CO<sub>2</sub> emissions (558).





## Focus 1.06

### UPGRADE AND REBUILD KEY ARTERIAL ROADS

**Working together:** AT has been working closely with NZ Transport Agency while the Waterview Connection is under construction. The aim is to reduce the impact of ongoing works, particularly for bus travel times.

A package of quick-win measures has mitigated the loss of bus priority infrastructure. These measures include new shoulder bus lanes and priority lanes on motorway ramps and the local road network.

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

# 68%

+ Target exceeded

- 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

**2014 Target: 51% of the ideal achieved**

**2013 Actual: 55.4%**



The arterial route between Silverdale and Orewa

## PICKING UP THE PACE

Despite increased economic activity, productivity is well above target this year, as more of Auckland's arterial roads are optimised and upgraded. Arterials typically carry over 30,000 vehicles daily. Most are two-lane and were originally constructed with cars in mind. The objective of upgrading strategic and other key arterials is not only to ease congested access to Auckland's motorways and other destinations, but also to allocate scarce road space among the often competing needs of buses, commercial traffic, cars, pedestrians and cyclists.

The table below shows progress this year on upgrading arterial routes.

Project and area	Progress in 2014	Next steps	Strategic objectives
Tiverton-Wolverton South-west	Total rebuild of Wolverton Street northern side, then Tiverton Street on both sides. <b>Completed March 2014</b>		Increased capacity in time for the SH20 Waterview connection, due 2016
Te Atatu Corridor and Lincoln Road North-west	Te Atatu: Detailed Design is complete and both outline plan of works and resource consents lodged with Auckland Council. Land acquisition is 92 per cent complete  Lincoln Road: Public consultation on preliminary design has been completed	The construction funding application was lodged with NZTA in August and tendering for the construction work is due September 2014.  The designation process has started, and the tendering for the detail design was due August 2014	<ul style="list-style-type: none"> <li>• Provides key interchange for revised bus network</li> <li>• Key link in cycle network</li> <li>• Key feeder for Western Ring Route and Auckland's freight network</li> </ul>
Dominion Road	Work started in May on safety enhancements for cyclists on a route parallel to Dominion Road and is expected to finish in October 2014	Work on bus lanes and village amenities starts October 2014.  Completion by mid 2016 of bus lanes from SH20 to View Road; off street amenities and enhanced safety features in Mt Eden, Balmoral and Mt Roskill villages; and footpath upgrades	Expands bus lane length, improves the capacity and reliability of a key arterial route directly into the city centre, enabling three million passenger trips per year and a 67 per cent increase in bus patronage by 2021



Centralised management of all traffic region-wide is keeping arterials flowing

Project and area	Progress in 2014	Next steps	Strategic objectives
Mill Road Corridor upgrade	Lengthy consultation on route options and the addition of some extra walking and cycling facilities	Lodge NOR late 2014, develop property requirement plan and progress with confirming the designation (expected in 2015)	<ul style="list-style-type: none"> <li>• Auckland Plan priority to address rapid change in land use and population growth from housing developments</li> <li>• Improves southern network resilience, capacity and safety</li> </ul>
Albany Highway (North)	Consents and designation in place. All land has been secured and NZTA funding has been approved. Construction tendering process initiated with shortlisting to three preferred participants complete. Interactive tender process under way for RFT with award proposed in July 2014	Physical works expected to start September 2014 on road widening, signalised intersections to replace roundabouts, a new four-lane bridge over Oteha Stream, new medians and upgraded utilities. Expected completion date early 2017	<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>
Albany Highway (South)	Progress with preliminary and detailed design, and land acquisition phases	Completion of detailed design and land acquisition with construction occurring after Albany Highway North has been completed	<ul style="list-style-type: none"> <li>• Provides infrastructure for increased walking and cycling, improves safety and intersection legibility</li> <li>• Provides a continuity of corridor style with Glenfield Road</li> </ul>



## DOMINION ROAD UPGRADE EMBEDS MĀORI CULTURAL LANDSCAPE

Māori urban design principles have been recognised in the Dominion Road project, where mana whenua were empowered to lead a process to develop a cultural landscape concept for the project. The concept includes identifying Māori cultural sites, stories and values along Dominion Road, including aspects relating to landscaping, vegetation and water. The project is now moving into construction, with resourcing secured to implement design aspects of this cultural concept.



The new signalised intersection at New Windsor is keeping school students safer

## TIVERTON WOLVERTON UPGRADE DELIVERS ON ITS PROMISE

In March this year, AT celebrated with New Windsor residents, businesses and the Whau Local Board the completion of a transformative upgrade of Tiverton-Wolverton streets. The upgrade has delivered many long-term benefits including a safer environment and faster travel times.

Derek Battersby is a local board member and known for his walkabouts in the area, connecting with residents. He is seeing 100 per cent improved traffic flow and significantly more people cycling.

"The project team has done a marvellous job in creating two lanes each way, all the way along Tiverton and Wolverton streets," he says. "It's made a huge difference to the community with getting around."

Walking is also on the rise because of wider footpaths and a safer crossing point at Taylor Street, says deputy chair Susan Zhu. "Getting to Olympic Park across Taylor Street used to be a huge problem but the new pedestrian crossing makes it very convenient now. We just need to be aware of safety, as four lanes are enticing for people to speed and there are schools and a kindy on the route."

The only real stress during the 20 months of construction was for businesses, says Derek. "Auckland Transport worked hard to ensure minimal disruption."

The Local Board agrees the relationships between the contractor Downer, AT and the community have been great and contributed to a successful result. The pain of disruptions is rapidly receding.

"People felt frustrated at the beginning but now they're starting to enjoy it," Susan Zhu says. "Good things take time."

### Tiverton-Wolverton upgrade

- Cost \$30m
- A two-year project delivered in 20 months
- Four lanes of traffic and five new intersections with traffic lights along 2.2km connecting SH20 to New Lynn
- 15,000 tonnes of asphalt laid
- 34,500m of ducting laid for power, communications, water and gas
- 124 new trees planted, and large pohutukawa relocated to new Tiverton reserve.



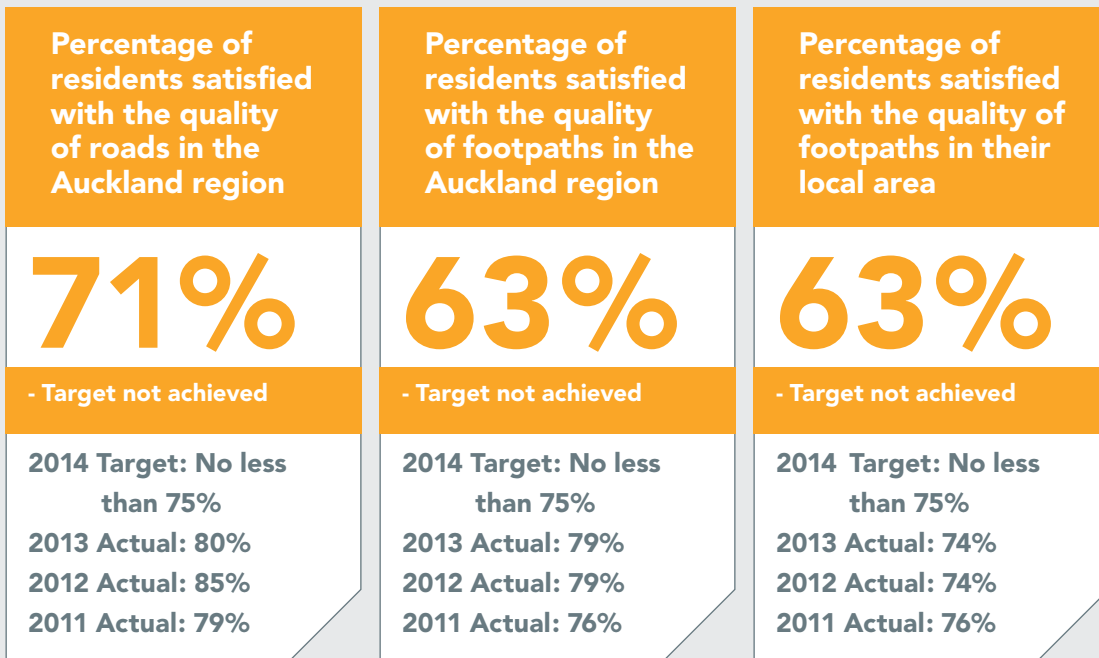
# Focus 1.07

## NEW STREAMLINED ROAD MAINTENANCE CONTRACTS DELIVER BIG SAVINGS

### PICKING UP THE PACE

In 2012, a programme was initiated to retender all road maintenance contracts. The programme started in the South in 2012, moved to the central and west in 2013 and was completed in the north with the recent award of one rural and two northern urban contracts. These contracts started on 1 July 2014.

An improved survey method has been initiated from this year for all customer satisfaction surveys, using an 11-point scale rather than the previous 5-point scale. This method is more in line with NZ Transport Agency and Auckland Council requirements as well as creating consistency on jointly funded projects. Results calculated from the new 11-point scale no longer include neutral responses so this year's targets and results cannot be directly compared with previous years.



More than 560km of roads and footpaths were renewed this year



The three-year procurement programme set out with the clear objectives of delivering:

- Simplicity and regional consistency
- Value for money
- Improved safety and consistent response times.

The maintenance team completed 567.3km of renewal projects across the region. Key highlights from this work are:

- 167.2km of chipsealing in the Manukau, Papakura and Franklin areas
- The rehabilitation of 22.6km of road in the North Shore and Rodney areas
- 26km of footpath renewals in the central area
- 14.2km of asphalt concrete resurfacing in the west.

This year we also saw a number of storm events which knocked out street lights and disrupted the network. The incident management response provisions within our contracts ensured we responded immediately to clear slips or fallen trees.

**Working together:** The Carlton Gore Road pavement renewal project was a great example of the 'dig once' policy. A collaboration between AT, Watercare and Auckland Council Stormwater, greater efficiencies reduced disruption times for residents and businesses impacted by the works. Likewise, collaborative approaches on projects with other utilities including Ti Rakau Drive, Pakuranga Heights street lighting upgrade programme and minor safety works in the north has emphasised the smart programming approach that is intrinsic in our maintenance contracts. Each contract also has an inbuilt sustainability plan and annual achievements, in line with AT's sustainability goals.

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## LOOKING AHEAD – WHERE WE WANT TO BE BY 2017

This year has been a cause for celebration, with electric trains a reality after more than 90 years of debate and planning, and AT HOP delivered across the public transport network.

The current step change in public transport, with a sustained focus on gaining a deeper understanding of the customer experience, will take us through to 2016. Auckland will then have a new streamlined network of buses operating region-wide, purpose-built electric trains on all rail lines, more ferry services operating and services that are better integrated with each other. All this strategic work supports the Auckland Plan's aspirational target of 140 million trips being taken on public transport annually by 2022.

The Waterview Connection of the Western Ring Route will be completed in 2016/2017. The \$10m optimisation project will be complete while the arterial road upgrade programme continues. Arterial road productivity is expected to be maintained, despite early signs of economic recovery and an increase in car registrations in Auckland.

# Focus 2

## INVEST IN HIGH-GROWTH AREAS

The Auckland Plan identifies a number of high-growth areas, where housing, employment and businesses are being intensified. Special Housing Areas have subsequently been approved for fast-track development.

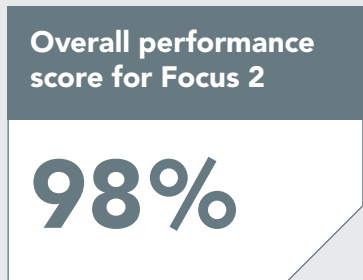
The aim of this focus is to ensure investment in new transport infrastructure anticipates and integrates with land use priorities. Focusing growth in centres with good access to public transport reduces the overall demand for travel and helps keep freight moving along strategic transport corridors.

**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.

**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.



The performance measure for this focus is travel times along strategic freight routes during the inter-peak period (9am– 4pm), with 85 per cent of trips travelled within the targeted times, see the table opposite





Minutes	2014 Target	2014 Actual	2013 Actual	2012 Actual	2011 Actual
From SH20 to SH1 via Neilson Street	16	17.5*	17.8	18	16
From SH1 to SH20 via Neilson Street	13	12.8	14	14	13
From Sylvia Park to East Tamaki via South-eastern arterial	11	11.5**	11	10	11
From East Tamaki to Sylvia Park via South-eastern arterial	12	10	10.5	10	12
From SH1 to SH18 via Wairau Road	8	8	8.7	8	8
From SH18 to SH1 via Wairau Road	8	8	8.8	8	8
From East Tamaki to SH1 Highbrook interchange via Harris Road	10	9.7	9.7	10	10
From SH1 Highbrook interchange to East Tamaki via Harris Road	11	10.4	10.3	10	11

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

\* Target not achieved due to extensive roadworks along the route. It has been agreed to remove this route and replace it with another from 2014/2015 onwards.

\*\* Target not achieved due to roadworks disruption around Ti Rakau Drive.



## Focus 2.01

### INTEGRATING CITY CENTRE AND HARBOUR EDGE DEVELOPMENT DELIVERS ON THE WORLD'S MOST LIVEABLE CITY VISION

**Working together:** This year, a new City Centre Integration initiative (CCI) was formed to align the various council and CCO projects taking place within the city centre. Transport initiatives make up a large portion of the improvements programme. The group consists of most of the chief executives of the CCOs.

#### CITY RAIL LINK

Making Britomart a through station rather than a terminus will open up faster, more frequent and reliable services across the whole rapid transit network, increasing transport choices and the resilience of the public transport system. The cost of constructing the CRL has been revised to under \$2.4b in the Long Term Plan, at forecast year of spend.

#### PICKING UP THE PACE

- Notice of Requirement (NoR) recommendation confirmed by AT in April, now under appeal
- Property purchases started – 38 bought and 25 negotiations under way
- Subterranean survey completed
- Technical Advisor appointed for next design stage.

**Challenges and next steps:** Technical design planning, and progressing the property acquisition programme will be the major components of work through to 2015. The main challenge to getting under way with construction is central government funding being conditional on reaching public transport patronage and employment growth targets in the city centre.

#### CITY CENTRE INTEGRATION

Up to 26,000 people will live and work in the Wynyard Quarter in coming years, and the aim is to have 70 per cent of all travel into and around the Quarter being made by public transport, walking, cycling, or as a passenger in a vehicle. New traffic demand measures are being introduced to change travel behaviour, as streets, footpaths and cycleways are upgraded.

Public transport and road corridor improvements throughout the city centre focus on:

- Three new bus interchanges and new urban busways, along with other bus corridors, in alignment with the New Network of buses
- Major city centre roads improved in the next 10 years to reflect a hierarchy of function and to improve public space.

**Next steps:** The 100-year-old seawall supporting Quay Street does not meet earthquake design standards and will be upgraded, starting in 2015. The upgrade provides an opportunity to improve both the harbour edge public realm and the Downtown ferry terminal facilities. It also aligns with enabling works and the start of construction of Quay Street improvements.





Wynyard Quarter is a key tourist destination and is a focus for new public transport connections



## Focus 2.02

### CONNECTING EAST AUCKLAND AND THE AIRPORT WITH THE RAPID TRANSIT NETWORK FREES UP STRATEGIC FREIGHT CORRIDORS

**Working together:** AT and NZ Transport Agency are working closely together on an East-West Connections project to address strategic transport needs in the southern parts of the city. Congestion levels are high and will only be exacerbated with predicted growth, especially visitor numbers through the airport which are forecast to triple to 40 million by 2041.

The East-West Connections project is also engaging early with Auckland's mana whenua, in line with AT's Māori Engagement Framework. An investigation by design workshop was held this year and regular information sharing and feedback is provided by the project team.

#### AMETI

The Auckland-Manukau Eastern Transport Initiative (AMETI) is a package of transport projects from Glen Innes to Botany including new roads, busways, cycleways and an upgraded bus-rail interchange at Panmure, to foster economic development around the Tamaki River. Cost: \$1.16b.

Without rail east of Tamaki River, a key aim is to feed passengers to Panmure station from a busway running initially from Pakuranga and, ultimately, from Botany. Panmure is already one of the busiest rail stations in the region with approximately 1,700 passengers per day.



The new Ellerslie Panmure Highway bridge opened in August, three months ahead of schedule. The bridge futureproofs a South-eastern busway in stage 2 of AMETI



## CASE STUDY: NORTH-SOUTH ROAD SUPPORTS BUSINESS GROWTH

When The Produce Company was looking for new business premises they signed a 10-year lease on a property in Hannigan Drive, just north of the new link road that connects Morrin Road to Mt Wellington Highway.

The property had stood empty for five years. Managing Director Rob McPhee says its location was initially unappealing, because of congestion at Panmure roundabout, until he realised what was about to change.

“Our old premises was right by a motorway ramp. When I first saw the Hannigan Drive property there was no way I’d relocate our business there because it’s 100 per cent distribution based,” Rob says. “But after taking a look at the AMETI plans I saw the benefits of time savings.”

For The Produce Company, timeliness is everything. “We’re at the beck and call of

customers,” he says. “Within an hour we guarantee to pick, pack and get their order into the city. The timeframes are tighter than a courier.”

When the new north-south road opened in August, it was planned to cut the 7km journey time to State Highway 1 by up to 10 minutes. With The Produce Company vans making upwards of 100 trips per day, that equates to over 16 hours saved daily.

An eastern suburbs phone survey this year revealed that 46 per cent of respondents think AMETI will definitely help the local economy to grow, creating more jobs.

**“After taking a look at the AMETI plans I saw the benefits of time savings.”**

### North-South Road

- Opened August 2014
- Will carry 20,000 vehicles daily, including 2,400 trucks
- Traffic on Jellico Road and Mt Wellington Highway will be reduced by 40 per cent
- Traffic on Ellerslie Panmure Highway will be reduced by a third
- Completion enables upgrade of the Panmure roundabout to start in Phase 2.



Rob McPhee, Managing Director The Produce Company

## PICKING UP THE PACE

About \$226 million has been spent, with key projects being construction of a new busway bridge over the railway parallel with the Ellerslie-Panmure Highway, a new north-south road and upgrading Panmure Station into a covered road-rail interchange.

The interchange was opened in January 2014 and a follow-up survey of passengers in March revealed 99 per cent are satisfied overall with the new station facilities. More people are using public transport in the area than in 2012 and this is expected to continue increasing following introduction of the new electric trains on the Eastern Line.

### Challenges and next steps:

- Accelerating 2016 Panmure roundabout replacement is contingent on land purchase negotiations
- \$10m is budgeted in 2015 for further investigating the preferred scope of an east-west freight corridor. Four draft options have been identified, assessed and consulted on.
- Construction of cycle parking facilities at Panmure Station 2015
- Construction of Reeves Road flyover starts 2017
- Construction of South-eastern Busway from Panmure to Pakuranga complete 2021.

## RAIL TO THE AIRPORT

**Working together:** Following discussions with AT on future proofing a rail corridor within the airport precinct, Auckland Airport has published its latest masterplan. The plan identifies a future terminal location as well as the corridor that could accommodate a rail connection. Work is progressing to identify a potential rail corridor between the airport and the existing rail network. Public consultation will be carried out when there is more certainty on feasible alignments and on a station.







Panmure Station has seen a 57 per cent increase in passenger numbers since it opened in January and 99 per cent of customers surveyed rate the new station highly





## Focus 2.03

### PARTNERSHIPS IN NORTH WEST AUCKLAND DELIVER THE COUNTRY'S LARGEST URBANISATION PROJECT

**Working together:** The North West Transformation covers 435ha at Hobsonville and is the largest urbanisation project in Auckland in decades. The project is a collaboration between Auckland Council, AT, New Zealand Retail Property Group and the Hobsonville Land Company (a subsidiary of Housing New Zealand). AT's role is for roads and public transport infrastructure, with a budget of \$110m between 2012 and 2022.



Development of new homes at Hobsonville Point is integrated with public transport facilities and services

## PICKING UP THE PACE

Work ranges from new and widened roads to signalised intersections and roundabouts, dedicated cycle facilities, shared spaces and wider footpaths. Stage one includes a new town centre at Westgate, a new village centre and employment park at Hobsonville, a new ferry terminal at Hobsonville Point and better transport links. AT has already delivered the new ferry terminal and new roads, as planning continues for the major upgrades required, such as widening Hobsonville Road to accommodate a new housing development at Scotts Point. In 2014 \$10m was spent overall on the project, with major components being:

- Northside Drive West and Tahi Road North on the northern periphery of Westgate completed and Rua Road South substantially complete.

**Challenges and next steps:** \$20m is budgeted for 2015 to further the following projects:

- Hobsonville Point Road (new spine road for the Hobsonville Point development) is being constructed in stages and should be completed as far east as the Marine Industry Precinct by the end of 2014
- Don Buck Road extension and Waru Road West are planned to be completed late 2014
- Land acquisition for Northside Drive East is planned for completion early 2015 allowing construction to start late 2015
- A new bus interchange at Westgate is planned for December 2015 to coincide with introducing new bus services in the North West.

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## LOOKING AHEAD – WHERE WE WANT TO BE BY 2022

The CRL will double the number of people living within 30 minutes travel time of a city station. This project is the top priority for completion by 2022 as it will also open up the whole rail network to more frequent and reliable services.

The north-west and southern integration areas are already high-growth areas and will be among the first to embrace Auckland's Special Housing Areas, followed by areas such as New Lynn where high-quality transport interchanges support the Auckland Plan target of one in three Aucklanders living within walking distance of frequent public transport stops.

Developments in the north-west will deliver 20,000 new jobs and 5,500 new homes by 2022. The southern integration area – encompassing the airport, Manukau, Botany and Onehunga – already has a population of 376,000 and employs 125,000 people. The area is expected to be home to another 100,000 people within the next 30 years. AMETI and the East-West Link are key enablers of both substantially improved access to public transport and efficient freight movement.

Smart travel information, improved engine technologies and a move towards establishing comprehensive freight consolidation centres will also support the goal of reducing freight network congestion to 2006–2009 levels by 2022.

## Focus 3

### ADDRESS CONGESTION BY CHANGING TRAVEL HABITS

Auckland's narrow isthmus makes for constrained transport corridors. Funding for infrastructure projects is also constrained. The city cannot build its way out of the pressures on the road networks so the aim of this focus is to manage demand by spreading the load more equitably across the transport system.

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

#### Auckland Plan target:

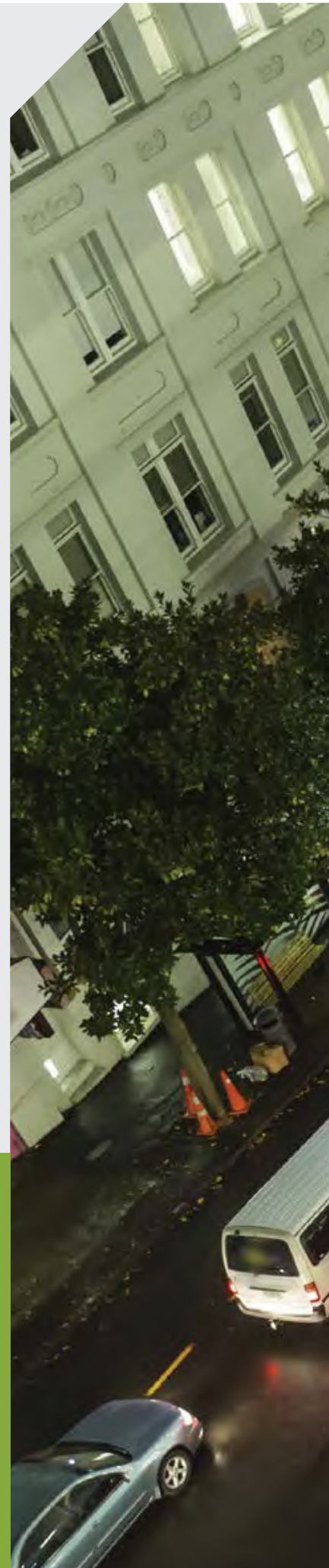
Deliver 70 per cent of the Auckland Cycle Network by 2020, and to complete it by 2030.

Overall performance score for Focus 3

99%

**AT has become a world leader in delivering this comprehensive programme and regularly exceeds targets. The performance measures for this focus area are:**

- A reduction in car trips to schools during the morning peak
- The number of people walking and cycling, particularly into the city centre
- Occupancy rates of on-and off-street parking







Managing demand for transport supports the aim of containing congestion at 2006-2009 levels

Last year's Census has offered valuable insight into shifts in peak time commuting since 1996. The results show changes in only three modes: a rise in the absolute numbers of people commuting by rail or on foot and a two per cent decrease in the number of private vehicles on our roads. Despite that, the absolute number of vehicles has risen by more than 97,000, due to population growth and number of cars per household

# Focus 3.01

## TRAVEL PLANNING PROGRAMMES ARE EXCEEDING TARGETS

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

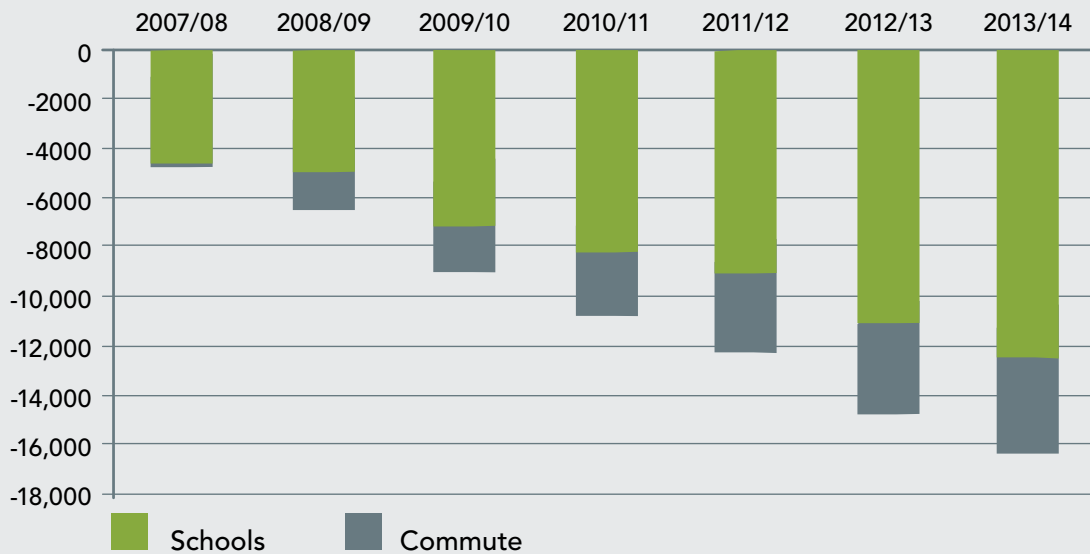
**Working together:** We partner with NZ Transport Agency to deliver education and training programmes promoting active travel, construction of traffic calming measures and the award-winning Travelwise programme.

### PICKING UP THE PACE

In the 2013 school year, 56 new schools signed on to the Travelwise programme, which now includes 400 of the region’s 538 schools, with 202,087 students. By the year end, school travel planning programmes combined had taken 12,736 cars off the road daily, removing 2.5m annual vehicle trips outside school gates.

The Commute programme has taken a further 3,851 cars off the road daily. The programme offers a range of resources for businesses to use in encouraging their employees to telework, use public transport or active modes of travel. We also manage the Let’s Carpool website in Auckland.

#### Daily reduction in morning peak car trips



**Challenges and next steps:** 2014/2015 will see development of strategies to target the remaining 141 schools not in the Travelwise programme. Personal Journey Planning will be offered in Glenfield and Meadowbank/St Johns, while Penrose, Silverdale and the airport are a focus for the workplace programme. A key focus will also be in Manukau to support the opening of MIT’s new campus.

Commute has been put forward as a case study in the Business Friendly Councils’ Cities Guidelines and Case Studies from New Zealand’s Core Cities



## CASE STUDY: PERSONAL SUPPORT WITH LEAVING THE CAR AT HOME

AT has been out into four communities this year where new public transport services and facilities are in place to reduce road congestion. Residents are invited to join a planning service on alternatives to car travel, and given two weeks' free commuter travel on public transport and carpooling help. It's a personalised service that residents appreciate.

"I really like that AT are going around the neighbourhood keeping the community aware of cheap and convenient transport options," said one customer. "Auckland Transport stayed in contact throughout the process."

In Beach Haven, travel planners were promoting the new ferry service that started last year. In Panmure they focused on the new Panmure interchange.

"After getting travel passes, I've taken the train, ferry and bus which has been an awesome experience. I am going to keep on using public transport to travel into the city from now on," said a Panmure participant.

Over 1,400 trial public transport passes were issued this year to employees of businesses in the Commute programme. Of those who used them, 62 per cent said they planned to continue using public transport at least once a week and 33 per cent daily.

**"After getting travel passes, I've taken the train, ferry and bus which has been an awesome experience..."**

### Personal journey planning

- Delivered to residents in Beach Haven, Panmure, Manukau and Newmarket
- In Beach Haven 52 per cent of participating households have changed how they commute, with 29,000 fewer annual car trips.





## Focus 3.02

### CONNECTING AUCKLAND'S CYCLEWAYS AND FOCUSING ON SAFETY ARE INCREASING CYCLIST NUMBERS

Targets were exceeded this year. Taking bicycles on the new electric trains is much easier, with dedicated spaces, wider doors, automated ramps and ties with press-release clips to quickly secure bikes. Bike parking at transport interchanges is also being developed.

The annual Auckland Cycle Perceptions study gives us a clear picture of what cyclists or potential cyclists want, and shows we are on the right track with developing separated cycleways along with safety, education, training and promotion and road rules enforcement.

**Working together:** NZ Transport Agency and AT work together to complete the Auckland Cycle Network (ACN) of high-quality segregated cycleways. In 2014 \$8.4m was spent on new cycleways and footpaths.

Twenty new footpaths schemes were constructed in 2014, equivalent to nearly 3km. New pedestrian/cyclist bridges were constructed at Kumeu and Glendhu Bridge. Progress has been made on four cycle routes to train stations in South Auckland, linked in with utility upgrades and road maintenance.

Work on about 11km of cycle routes parallel and adjacent to Dominion Road started in May and, when completed in October, will deliver new traffic lights, destination signage, new sections of shared paths and new links between streets. A further \$1.3m was approved in June for Papakura, Mt Roskill safe route and Beach Road.



Improved cycle and walkways across Auckland encourages people to head outdoors and get active

We also partnered with mana whenua on walking and cycling design elements for the Domain, including mana whenua-inspired retaining walls, fencing, footpath and speed-hump design that reflects their local history. These projects have directly contributed to the Māori outcome priority areas identified by the Independent Māori Statutory Board in the 2013/2014 Auckland Council Annual Plan.

**Challenges and next steps:** Detailed design of the Beach Road segment of the ACN is taking place. This will be Auckland’s first urban cycleway. It is a critical gap and will connect Grafton Gully and North Western cycleways, and the cycleways on Tamaki Drive, Quay Street and Westhaven. The Beach Road section is due to be completed late 2014 and, along with other routes under construction will see 20.6 per cent of the ACN completed within 2014/2015.

**Cycling trips throughout the region:**



*Note: Cycle trips in the morning peak have been measured by a one-day-per-year manual count since 2007. There is still a manual count for cycling trips which is undertaken at 85 sites. As a one-off, it was difficult to determine trends. The new measure, for both morning peak and all day on weekdays, is an annual flow across nine key sites, which is recorded 24 hours a day.*





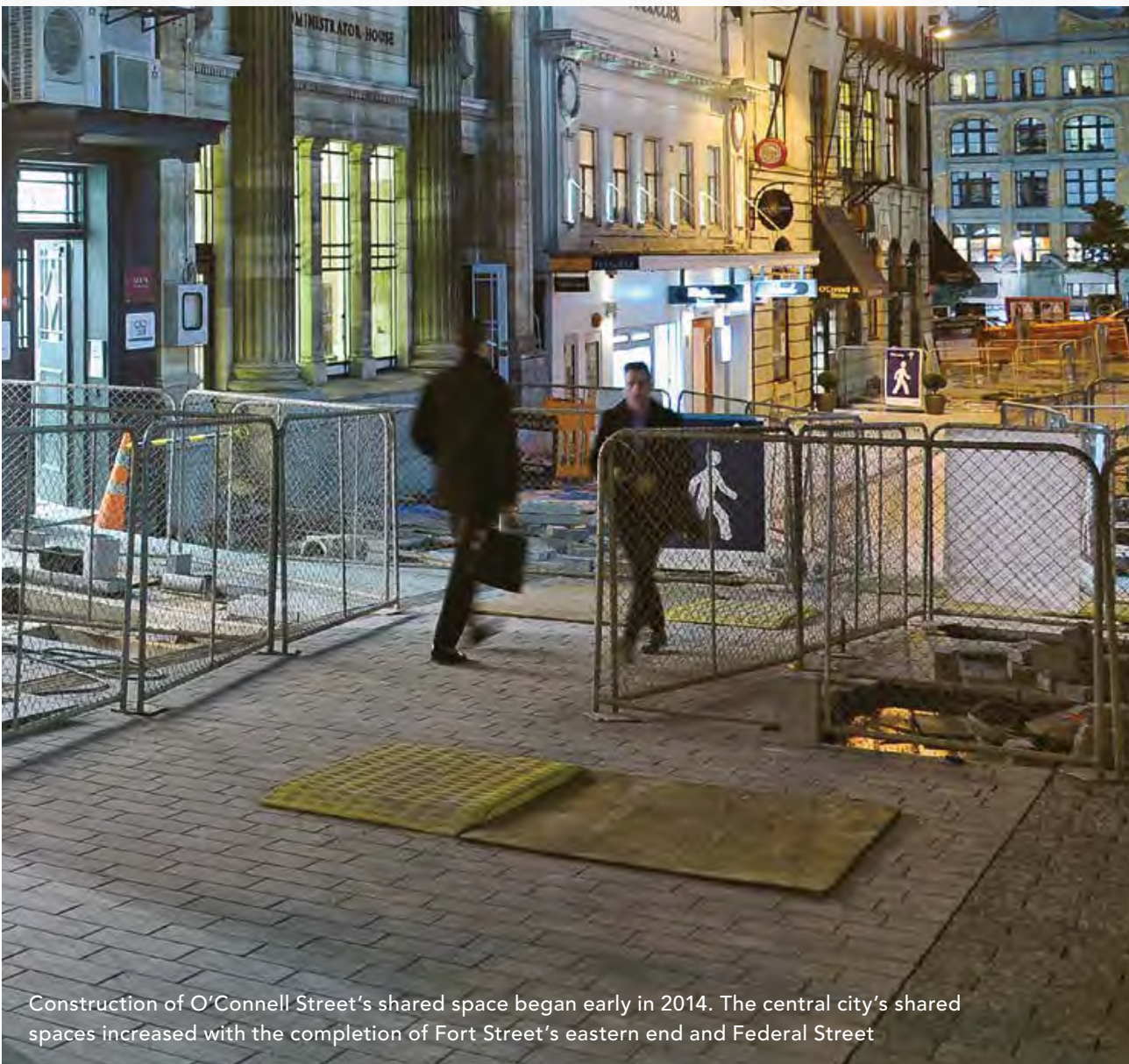


## Focus 3.03

### PROJECTS CITY-WIDE ARE BOOSTING WALKING

#### PICKING UP THE PACE

A 10 per cent increase in people walking into the city centre is just short of the target of 5,400. A new campaign in February, using innovative technology, saw 970 people sign up to the Kick Start reward campaign. Their personalised bracelets were scanned at the walking stations set up throughout the city centre. After four weeks, 80 per cent of participants said they were more likely to integrate walking into their daily commute.



Construction of O'Connell Street's shared space began early in 2014. The central city's shared spaces increased with the completion of Fort Street's eastern end and Federal Street



**Working together:** We also teamed up with Living Streets Aotearoa to promote Walk2Work Day in March. Its objective was to gain a better understanding of barriers, issues and opportunities for walking. This information is informing further work towards meeting next year's target of 5,500.

In addition, all new major projects have walking and cycling as an integral element of the design. For example:

- By the end of stage 2 of AMET1 in east Auckland, 6km of new pedestrian pathways will be in place. These include a shared path on Panmure Bridge, a footbridge over rail lines and wider footpath at Van Damme's Lagoon
- Footpaths will be improved along both sides of Dominion Road and the three major villages of Mt Eden, Balmoral and Mt Roskill will be transformed, with landscaping and planting, decorative paving, seating, bike stands, lighting and pedestrian-priority crossings – as part of the \$66.3m upgrade project that will be completed in stages to mid 2016.

Shared spaces (with vehicles), shared paths (with cyclists) and footpaths connecting local communities with town centres and transport are key elements in delivering a more integrated transport system – one that makes walking a more attractive and safer option.

**Challenges and next steps:** Walking infrastructure is delivered across various parts of the organisation, and by local boards and local communities, without a business plan for growing pedestrian activity. This is being remedied by development in 2014 of a Walking Business Plan.



Kick Start Day promotion winner Tammy Jefferies

Walking trips into the city centre during the morning peak

**5,330**

+ Target substantially achieved

2014 Target: 5,400

2013 Actual: 4,633



## Focus 3.04

### PROPOSED CHANGES TO PARKING

#### PICKING UP THE PACE

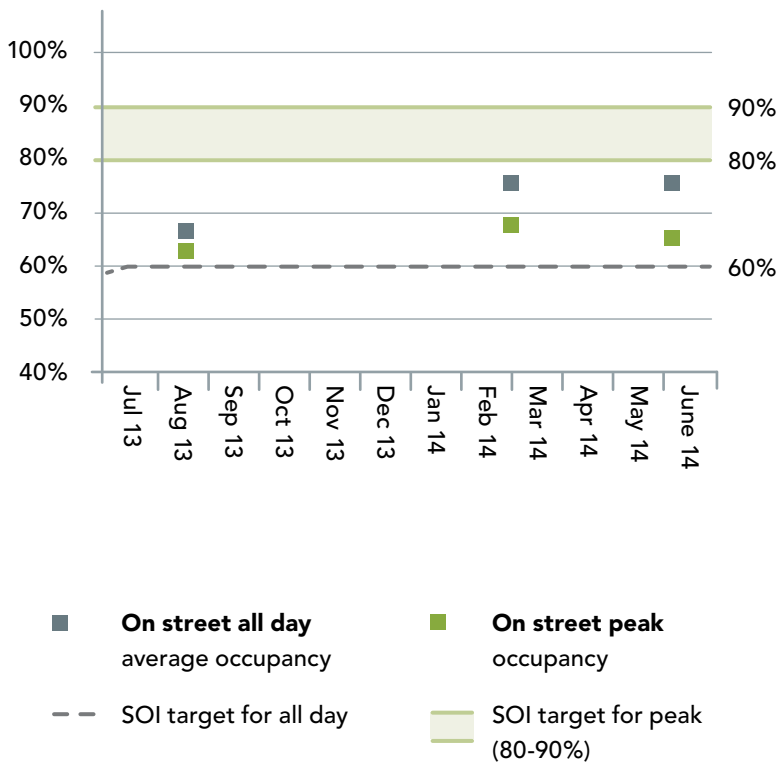
A parking strategy discussion document was released in May 2014. The document provides commentary on key parking challenges and invited the public to send feedback and ideas on how we manage parking into the future. Suggestions included:

- Removal of parking on arterial roads to free up network movement
- Managing parking in the city centre and town centres with residential parking zones
- Strategies for managing park-and-ride facilities, including potential charges.

**Challenges and next steps:** The content of the document has attracted a lot of attention and prompted robust discussion. Public consultation closed on 31 July.



### On-street parking occupancy rates



#### All day

**63%**

+ Target exceeded

2014 Target: 60%  
2013 Actual: 59%

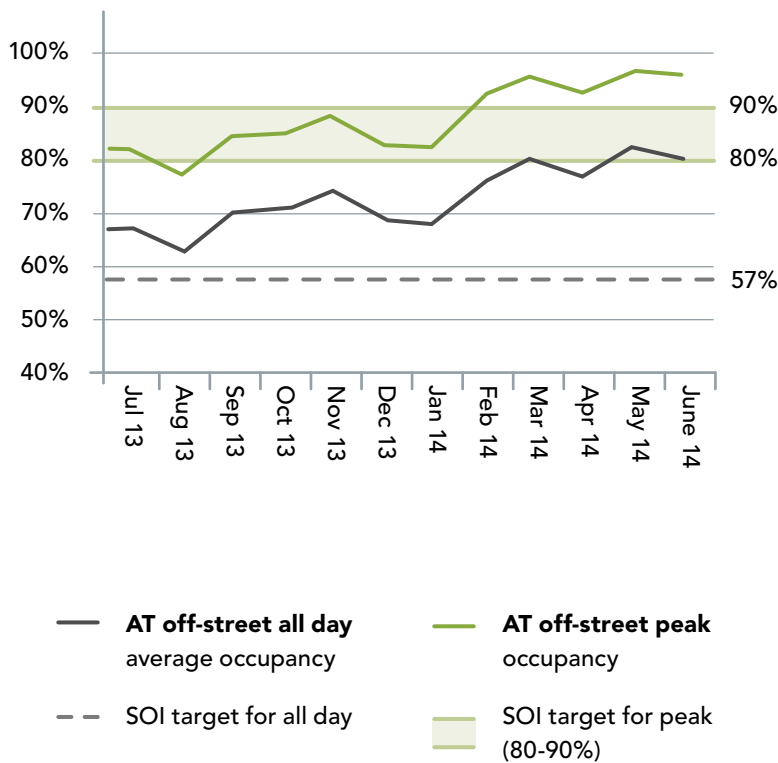
#### Peak 4-hour period

**73%**

- Target not achieved

2014 Target: Within 80-90% range  
2013 Actual: New measure

### Off-street parking occupancy rates



#### All day

**73%**

+ Target exceeded

2014 Target: 57%  
2013 Actual: 66%

#### Peak 4-hour period

**88%**

+ Target exceeded

2014 Target: Within 80-90% range  
2013 Actual: New measure

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



## Monitoring parking demand and improving on-street management

Quarterly surveys were completed throughout the year including a full occupancy survey of the city centre last September. Significant analysis of on-street and off-street occupancy resulted in a paper, under review, that recommends tariff changes to both on- and off-street parking – depending on area. The proposal is in line with AT's demand responsive pricing policy.

Replacing the pay-and-display parking machines with in-ground sensors is also being discussed by AT management.

## City centre parking zone

Nearly two years after implementing the City Centre Parking Zone (CCPZ), AT is applying the same parking methodology to other areas around Auckland. This involves:

- Removal of time limits
- Introducing a 10-minute grace period before payment must be made
- Creating a demand-responsive tariff policy. This policy ensures tariffs are set at the right level so that enough parking is available in metropolitan centres and town centres.

The CCPZ has become a blueprint for implementation in other areas such as: Eden Terrace, Newmarket and Kingsland.

- Following on-street pay-and-display being implemented in Eden Terrace in July 2013, occupancy rates have reduced to within the target range; the number of infringements issued fell and customers could find parking when they needed it. Customer feedback on the implementation has been excellent
- Time limits in Newmarket will be removed and pay-and-display boundaries extended to create more parking availability in currently high occupancy areas of the centre. The changes have the support of the Newmarket Business Association
- AT has been working with the Kingsland Business Association and the Albert-Eden Local Board on ways to improve parking availability in Kingsland. Consultation with the community late in 2013 saw majority support for pay-and-display machines, implemented in July 2014 from 9am–9pm to align with Kingsland's busy evening trade times.

**Working together:** AT Parking has also met with Hamilton, Tauranga, Dunedin and Christchurch city councils during the year. These councils have taken an interest in AT's strategies to tackle parking demand in large cities. Sharing information on both the successes and the challenges other local authorities are facing builds a stronger parking community.





Ciclovia on Quay was held in Quay Street in February and attracted a large crowd.

## LOOKING AHEAD – WHERE WE WANT TO BE BY 2017

There is currently insufficient funding to meet the Auckland Plan targets for completion of the Auckland Cycle Network (ACN). Given available funding, we aim by 2017 to deliver 35 per cent of the planned cycle network (including Upper Harbour and Waterview cycleways in 2015 and 2017) and increase cycling's mode share from 1.5 per cent to 1.8 per cent. Cycling and walking business plans have been developed to coordinate activity through to 2017.

By 2017 there will be transparent and consistent parking management across the city to enhance walkability, support business access and manage congestion, widely supported by customers. Growth in the supply of city centre parking will be constrained by the operative Auckland Unitary Plan. A five-year programme to provide park-and-ride facilities at public transport interchanges and other transport locations will see us on the way to achieving the additional 10,000 spaces predicted to be needed by 2040.



## Focus 4

### MAKE THE TRANSPORT SYSTEM SAFER AND REDUCE ITS IMPACT ON THE ENVIRONMENT

The number of people killed or seriously injured on the city's roads has decreased considerably in the last decade but our fossil fuel-dependent transport system generates significant adverse health and environmental impacts, and physical inactivity costs of \$405m per year. Research also shows that road crash injury rates increase with levels of deprivation, and by ethnicity are highest amongst Māori and also Pacific children.

The aim of this focus is to ensure increasing levels of customer safety and to reduce Auckland's greenhouse gas emissions.

Overall performance score for Focus 4

**88%**

#### The performance measures for this focus area are:

- Deaths and serious injuries on the local road network
- Safety and security incidents on the public transport network
- CO<sub>2</sub> emissions from the rail network







Electric trains will reduce rail network emissions by over 70 per cent



# Focus 4.01

## MAKE THE TRANSPORT SYSTEM SAFER

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



Total deaths and serious injuries on local road network

**21%** increase from previous calendar year

- Target not achieved

2014 Target: 2% reduction from previous year  
 2013 Actual: 7.3% reduction  
 2012 Actual: 11% reduction

Public and customer safety and security incidents across public transport network per 100,000 passenger boardings

**0.029**

+ Target exceeded

2014 Target: 0.0925  
 2013 Actual: 0.054  
 2012 Actual: New measure

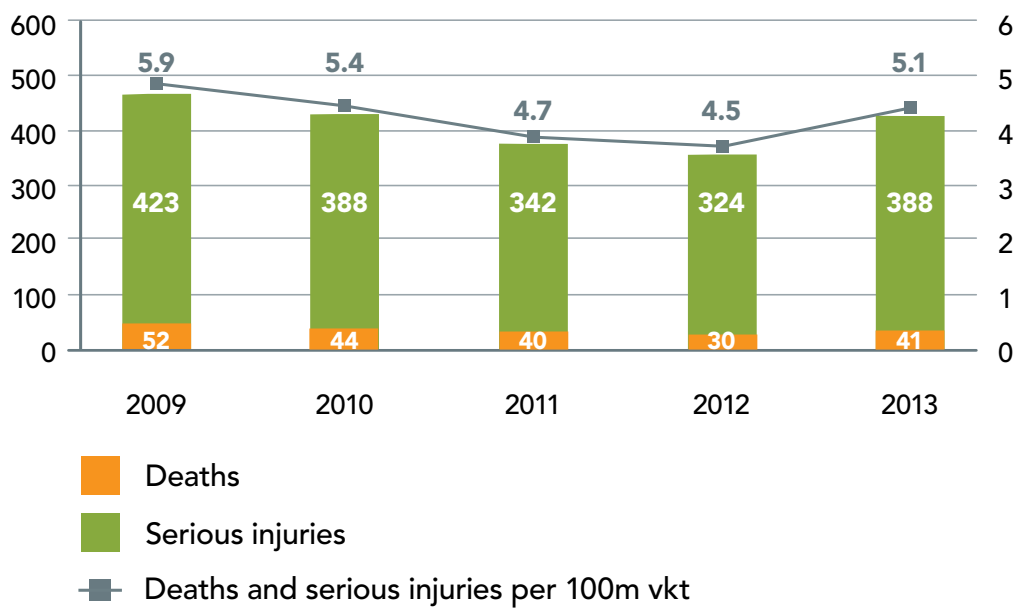
More trucks on the roads increases the risk of injury to vulnerable road users

Of the 16 regions in New Zealand, Auckland is now the second safest, after Wellington, in terms of road deaths and serious injuries (DSi) per 10,000 population and per 100 million vehicle kilometres travelled (vkt). Despite this positive long-term trend, and record low Auckland road deaths and serious injuries (DSi) in 2012, DSi increased by 21 per cent in 2013 due in part to a significant increase in vehicle, motorcycle, pedestrian and cycling activity across the region. The increased road trauma occurred on:

- Urban local roads in the urban central area among adult motorcyclists, cyclists and pedestrians
- Urban south area among school-aged pedestrians.

There was also an increase in multiple youth passengers being killed or injured within single road crashes at night involving speed and alcohol.

**Figure 2: Number of deaths and serious injuries on Auckland’s local roads**



Note: Dates are for calendar years

**Working together:** In response to this year’s result, AT formed a high level leadership group called RoadSafe Auckland Executive (RAE) with NZ Police and the NZ Transport Agency to increase the effectiveness of road safety activities in the four Safe System areas: safe roads, safe vehicles, safe speeds, and safe road users. This focus applies particularly to improving the safety of vulnerable road users (motorcyclists, cyclists and pedestrians), intersection safety, speeding and alcohol/drug-affected drivers on local roads in the region.

New laws also came into force late 2013 that seek to protect vulnerable customers: from November 2013 a new child restraint law; and from December 2013 the Sale and Supply of Alcohol Act has reduced the times alcohol can be sold. NZ Police have since reported a positive reduction in alcohol-related trauma in the city centre and the RAE has provided strategic advice to Auckland Council on alcohol trading hours as part of the lead up to public consultation on the Auckland Local Alcohol Policy. A regional alcohol campaign was also developed in partnership with NZ Police, targeting the 20–29 age group.

The overall social cost of crashes in Auckland was estimated at \$592m in 2013, down from \$730m in 2009



## PICKING UP THE PACE

**Safety improvement projects:** Good progress has been made in 2013 improving urban intersection safety and the safety of local rural roads (see case study opposite). AT also continues to improve its identification of high-risk roads and intersections along with engineering and education programmes of work to further reduce crashes at these locations.

Cycle training is offered to schools through the BikeSafe programmes. Adults are trained at various levels of competency through the Cycling’s the Go programme. This year, 1,290 adults and children took part in cycle training programmes.

<b>Adults trained</b>	<b>918</b>
<b>Children trained</b>	<b>372</b>
<b>Total number of Aucklanders trained</b>	<b>1,290</b>

Shared spaces (with vehicles), shared paths (with cyclists) and footpaths connecting local communities with town centres and transport are key elements in delivering a more integrated transport system – one that makes walking a more attractive and safer option.

**Challenges and next steps:** Understanding our target audience and better connecting with them is a priority for road safety campaigns. Face-to-face engagement is the most effective way to engage with communities. We will continue to develop the Love Your Local campaign to address the particular needs of local communities. Intersections are another identified high risk theme and we are looking in 2014/2015 to improve intersections for pedestrians in town centres and the city centre.

Having a new Cycling Business Plan in place enables a more proactive and structured approach to cycle training, linking the timing of community events with school training programmes. As Grade 1 training has become well established in primary schools, so we are moving into the delivery of Grade 2 on-road training for intermediate and secondary schools to enable further skill development, especially as more students take up cycling to school in this age group.

**A regional motorcycle campaign included a positive safety video that received over 120,000 views**

## CASE STUDY: LOVE YOUR LOCAL CAMPAIGN

Keeping children safe at rural schools comes with a unique set of circumstances not faced by urban schools.

That's partly why Clevedon primary joined an Auckland Transport-led campaign called Love Your Local, branded with the faces of well-known residents such as Principal Julie Schumacher.

The decile 10 school of 390 pupils has no pedestrian crossing, school parking, or 40kph protection zone and minimal fencing. At one end is a 100kph zone.

"We're a Travelwise school with high parental awareness of the issues," says Julie. "Last year, the kids created models of themselves we put up along the front fence. This year's project goes another step, with images of well-known locals on billboards as soon as you enter the village."

The chosen locals cross the spectrum of age, occupation and roles. "Local people really resonate with that," she says. "We've already had lots of feedback from people wanting to know what it's about and why."

Love Your Local was developed to enable communities to take a lead role in raising awareness of all local speed issues. The pilot programme is being delivered in three predominantly rural Auckland locations this year where crash analysis data identified speed as an issue.

AT staff initially met with police, volunteer fire fighters, residents associations, schools and other community leaders to ask them what materials they wanted in their toolkit.

Speed counts have been taken and vehicle speeds will continue to be monitored during and after the project to measure its impact. AT is also planning later this year to undertake engineering work at Clevedon School to address safety issues.

**"We've already had lots of feedback from people wanting to know what it's about and why."**

### Love your Local

- Delivered in Clevedon, Te Atatu South and Kumeu/Helensville.

Julie Schumacher. School Principal, Clevedon



# Focus 4.02

## REDUCE TRANSPORT'S IMPACT ON THE ENVIRONMENT

Land transport emissions make up just over 35 per cent of Auckland's greenhouse gas emissions, and have been relatively stable since 2006. They had previously been rising since data records began in 1986. Petrol fuel sales have remained static and diesel sales have risen slightly this year generated in part by economic growth of 4.3 per cent in Auckland in 2014.

Commuting by private vehicle accounts for 40 per cent of an Auckland resident's daily emissions, compared with only one per cent from household waste. It is vital for Auckland's sustainability and resilience that we improve transport efficiency, move away from fossil fuels and increase walking, cycling and public transport use.

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

## PICKING UP THE PACE

AT's Statement of Intent (SOI) requires a reduction in greenhouse gas emissions from the rail network. The target is to reduce rail emissions by over 70 per cent by 2015/2016 from the 2011-2012 baseline once all the electric trains are in service to replace the diesel fleet, and despite an increase in the number of weekly services on all lines.

This year, AT has participated in developing a Low Carbon Auckland Plan, which was endorsed by Auckland Council and launched on 1 July 2014. The plan has five key areas of transformation, the first of which is 'the way we travel'. It contains a pathway to 2040. See the figure opposite.

**Working together:** The plan of action for the first 10 years has four focus areas which AT is delivering in partnership with Auckland Council, NZ Transport Agency and Energy Efficiency and Conservation Authority (EECA). These are:

- Reduce the demand for travel
- Increase the use of public transport, walking and cycling
- Improve transport efficiency to reduce fuel consumption
- Move away from the use of fossil fuels.

AT is already undertaking programmes that align with these actions:

- Introduce the new frequent bus network and electric trains and upgrade the bus fleet to meet international emissions standards (see page 38)
- Route optimisation and personalised travel (see pages 47 and 43)
- Actively managing the demand for travel (see page 65)
- Ensure price signals such as parking support travel demand management and quality, compact city development (see page 73).



\*\* Target not achieved mostly due to the frequency improvement for the Manukau line operating for the full year and additional special events (eg. League Nines, other Eden Park events and additional concerts at Mount Smart).

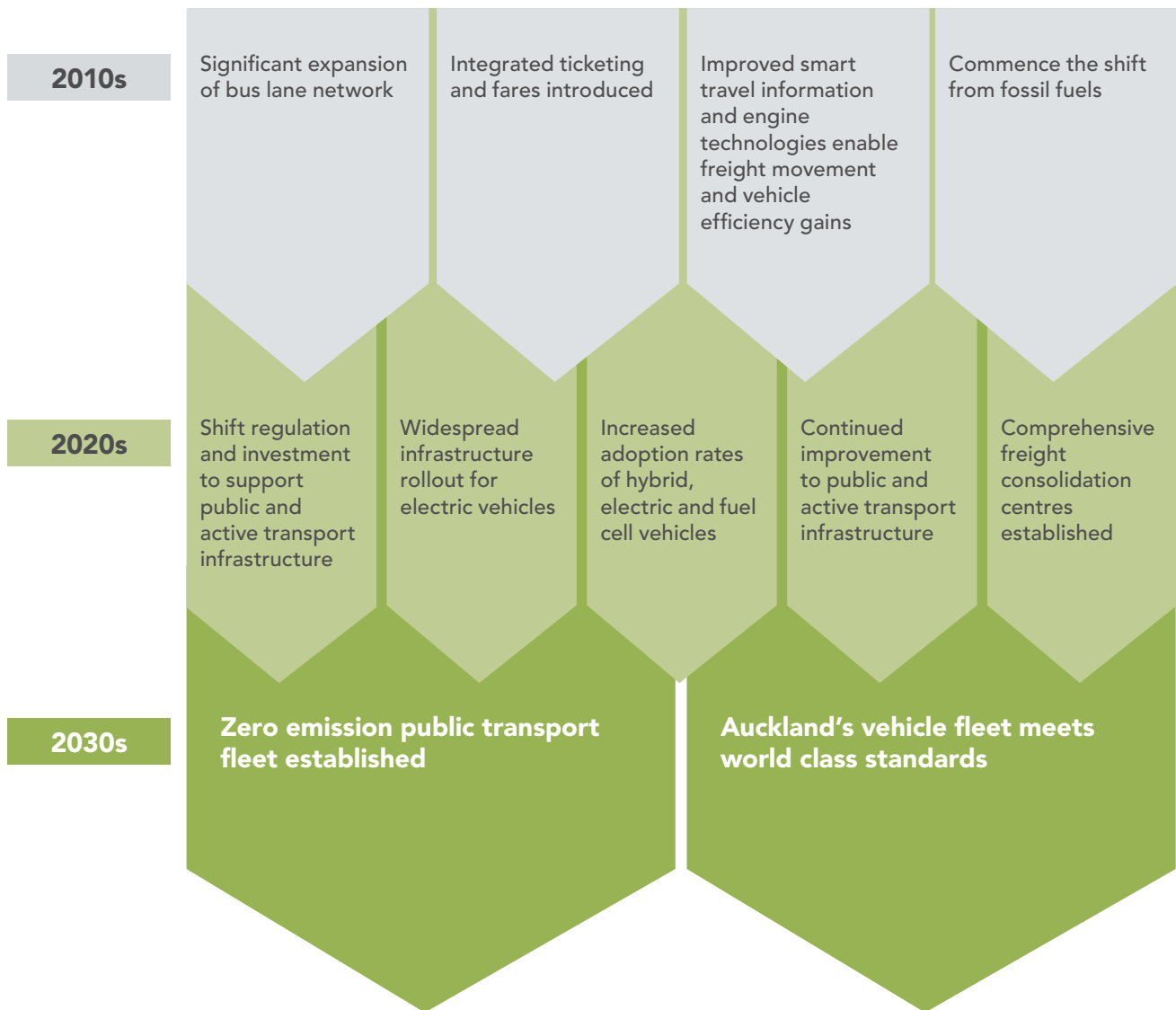


## 30-YEAR PATHWAY – LOW CARBON AUCKLAND PLAN

2010s	2020s	2030s
<b>1st Decade:</b> Build Runway Establish enabling framework/ early adoption	<b>2nd Decade:</b> Gain Altitude Implementation/wider adoption	<b>3rd Decade:</b> Flight Significant scale-up/adoption

### The way we travel

- Reducing the demand for travel
- Increasing the use of public transport, walking and cycling
- Improving transport efficiency to reduce the consumption of fuel
- Moving away from the use of fossil fuels



### Where we want to be – Auckland in 2040

Public transport, cycling and walking are the preferred means of travel.  
Auckland's fleet is powered by sustainable, low-carbon energy sources

## TARGETED PROGRAMMES REDUCE EMISSIONS

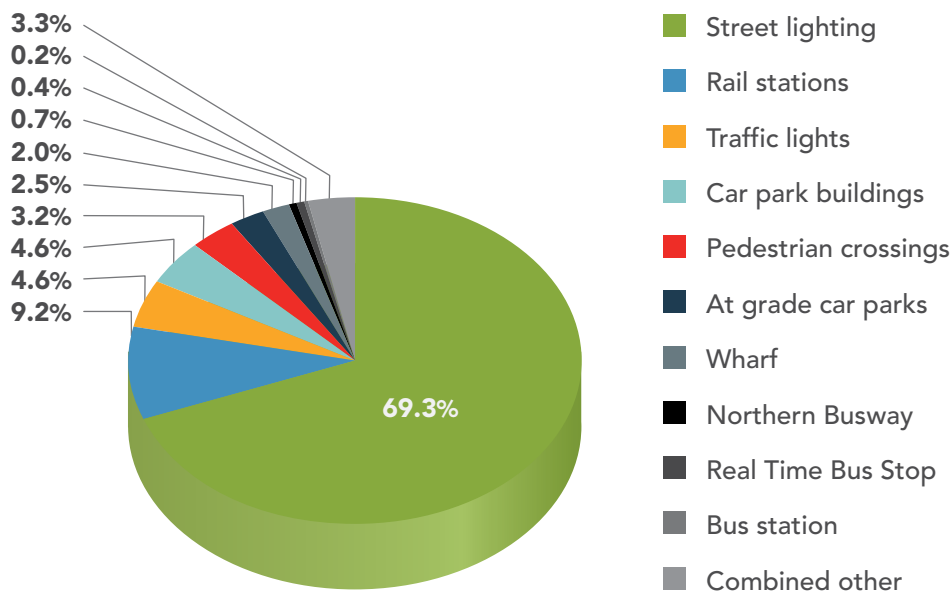
AT no longer includes a Statement of Intent (SOI) on vehicle emissions from the road network as our activity is only one of many influences on transport emissions. We do, however, measure savings from particular programmes. This year’s travel planning work has saved in vehicle kilometres travelled – the equivalent of driving from Cape Reinga to Bluff almost 26 times.

Environmental benefits	2012/13 result*	2013/14 result
Daily car trips taken off roads in morning peak (Commute and Travelwise programmes)	14,781	16,587
Reduction in vehicle kilometres travelled (millions)	14.8	11.9
CO <sub>2</sub> emissions reduced (tonnes)	4,780	3,864
CO <sub>2</sub> emissions reduced route optimisation project (tonnes)	558	2,402

*\*Note: Over 1,800 more cars were taken off the road this year than in 2012/13 but the methodology for calculating VKT and CO<sub>2</sub> emissions was different so results this year cannot be compared. They will be compared going forward.*

### Energy and emissions monitoring

AT’s largest energy and emissions from its own operations and assets is electricity usage. Street lights account for approximately 70 per cent of AT’s electricity usage from its transport infrastructure. Consumption has risen one per cent due to additional street lights particularly from new subdivisions.



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



## LOOKING AHEAD – WHERE WE WANT TO BE BY 2020

The national Safer Journeys Strategy is in place to 2020, to produce a step change in road safety outcomes towards the vision of roads increasingly free of death and injury. Auckland is fully committed to the actions in the strategy, which generates continued improvement in road safety, especially for vulnerable users such as cyclists, motorcyclists, pedestrians and young people.

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

- Seven per cent and 17 per cent improvement in fuel efficiency for heavy and light vehicles respectively
- Ten per cent reduction in fossil fuel sales
- Ten per cent reduction in vehicle kilometres travelled per person below 2006 levels (after travelled)
- Five per cent cycling mode share
- Early adoption of alternative fuels for the bus fleet, with two per cent electric.

**Next steps:** The next version of the ITP will have a stronger sustainability focus, key themes and actions. A management framework is also being developed including new environmental measures for the organisation.



Key infrastructure projects currently underway, such as Westgate, will support Auckland's Low Carbon Plan



# 03

## GOVERNANCE

### Recognition

- HR Business Contribution of the Year Award for Project New Grad from HRINZ; and highly commended finalist in the 2013 Rooding Excellence Awards for Best Practice in People
- Second in the 2013 NZ Workplace Wellbeing Awards, from the Heart Foundation and HAPINZ, for measurably improving business competitiveness through valuing employee wellbeing
- Silver at the Australasian Reporting Awards and finalist in the New Zealand Institute of Chartered Accountants (NZICA) awards for our 2013 Annual Report.





AT, like Auckland itself, is growing. Our 1,265 employees are delivering innovative projects and enhanced services to customers region-wide





AT, Auckland Council and NZ Transport Agency all have city centre offices to facilitate effective governance



## HOW AUCKLAND TRANSPORT IS GOVERNED

### Board of Directors

The Auckland Transport Board is appointed by Auckland Council, with six to eight members that include two councillors and one non-voting member nominated by NZ Transport Agency. All Board members serve a maximum of two three-year terms. For profiles of individual directors, see page 21.

### Guiding responsibilities

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

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

### 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 council controlled organisation (CCO) governance and monitoring department and a CCO advisory board.

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.

AT is subject to 14 accountability mechanisms including a Statement of Intent, an annual letter of expectations, a shareholder expectation guide, Board performance reviews, quarterly, half-yearly and annual reports. The Local Government Information and Meetings Act requires AT to give effect to the Council's long-term plan and to act consistently with relevant aspects of other plans and strategies. See page 97 for this year's update.

This year, Auckland Council undertook a review of all CCOs. Its terms of reference included whether the current governance structures are appropriate. Councillors were interested in how the Auckland Council could play a more important role in the strategy, objectives and policies of CCOs, how the formal accountability between CCOs and the Council could be improved and how the CCOs could work more effectively as a group.

## Relationship with NZ Transport Agency

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

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

A key focus is to work with AT to ensure funds from the NLTF are prioritised and that Auckland has efficient and effective infrastructure. Improving customer service, embedding the Safer Journeys strategy and ensuring efficient freight movement are key drivers of the NLTF 2012–2015.

## Board meetings

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

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

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

Open sessions provide a forum for stakeholder and employee engagement. This year, the Board heard a range of presentations from councillors, local boards, advocacy groups and environmental experts on projects that included Penlink, the Redoubt Road-Mill Road Corridor, Half Moon Bay ferry terminal redevelopment, cycling, car park art work, microcars and the Congestion Free Network. The public were also invited to make submissions on the draft Statement of Intent 2014–2017.

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).

## Board observer programme

From February 2014, AT Board meetings have been attended by a Board observer. Kylie Clegg is part of a year-long Auckland Council Board observer Programme to develop future leaders with greater gender and ethnic diversity at board level. The programme is designed to give aspiring directors boardroom knowledge and allow them to establish relationships and networks with current directors. Kylie Clegg contributes to strategic discussion and participates at Board committee meetings. She has been appointed a lead role in Health and Safety.





The NZ Transport Agency constructs Auckland's motorways, and all roads are managed in partnership with AT





## Auckland Transport committees

### Finance and Risk Committee

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

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

Board-appointed members are: Paul Lockey (Chairman), Lester Levy, Rabin Rabindran.

### 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.

The CRC is chaired by Ian Parton and all Directors are members. Members of senior management also attend.

### Customer Focus Committee (new)

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

The CFC is chaired by Mark Gilbert and all Directors are members. Members of senior management also attend.

Director attendance at all committee meetings is given on page 95.





\$813.3m was spent this year on building Auckland's transport infrastructure

## Director attendance at meetings

Director	Board meetings (11)	Finance and Risk committee meetings (7)	Capital Review Committee meetings (10)	Customer Focus Committee (3)	Public hearing panels chaired or attended (2) <sup>***</sup>
Lester Levy	11	7	9	3	1
Geoff Dangerfield	10				1
Christine Fletcher	10		7	1	
Mark Gilbert*	7	3	8	3	1
Mike Lee	10		4	1	
Paul Lockey	11	7	4	2	1
Ian Parton	9		7	2	2
Rabin Rabindran	7	4	4	2	2
Mike Williams	11		8	1	1
Kylie Clegg**	5	1	4	3	1

\* Appointed November 2013 to replace Philippa Dunphy

\*\*Board observer

\*\*\*Submissions on the Draft Statement Of Intent at June Board meeting

Board member remuneration	Actual 2014 \$	Actual 2013 \$
The total value of remuneration paid or payable to each Board member during the year		
Dr Lester Levy (Chair from 1 November 2012)	106,600	71,067
Mark Ford (Chair to 19 September 2012)	-	-
Paul Lockey (Deputy Chair from 1 November 2013)	64,848	60,988
Phillippa Dunphy (Deputy Chair to 31 July 2013)	5,552	73,021
Geoff Dangerfield	-	-
Christine Fletcher	53,300	53,033
Mark Gilbert (from 1 November 2013)	35,533	-
Michael Lee	53,300	53,033
Dr Ian Parton	61,295	60,988
Rabin Rabindran	53,300	53,033
Mike Williams	53,300	53,033
<b>Total Board member remuneration</b>	<b>487,028</b>	<b>478,196</b>
<b>Key management personnel (excluding Directors)</b>	<b>2,643,226</b>	<b>2,364,049</b>





The 30-year programme that integrates investment in the transport system is being updated and will be finalised in July 2015

## Working together on strategic plans

Transport currently absorbs 47 per cent or \$9.4 billion of Auckland Council's 2012–2022 capital spending.

### The Long-term Plan (LTP) 2015–2025

This is being reviewed and indicates tight reins on future capital spending. The Chief Executive has delivered a series of structured engagements to the Council leadership to ensure it is fully informed on key transport issues, challenges, choices and financial implications of its review. This series was accompanied by a full-day bus tour for councillors of key transport projects.

AT is updating its key planning documents to align with the Council's LTP and is preparing a Statement of Intent 2015–2018 with a bolder strategic approach and a new Statement of Imagination. This Statement of Intent will likely see:

- Scaling back of some major projects
- Allocation of fewer resources to investigating projects that won't be implemented for decades
- Development of innovative investment strategies to free funds to deliver short-to medium-term game-breakers that significantly improve the way we move around our city.

AT is also supporting Auckland Council in researching alternative funding sources. In April 2014, the Consensus Building Group of transport stakeholders reconvened to look at two options in more detail that will be considered in the LTP review.

### The draft Regional Land Transport Programme (RLTP) 2015–25

This will be released for consultation in early 2015. A series of workshops with all local boards has provided early engagement on the RLTP and on the parking discussion document (see page 73). The relationship between mana whenua and AT has been strengthened by rangatira-to-rangatira discussions held over the past 12 months. Pre engagement hui with mana whenua on the RLTP provided an opportunity to talk with senior management and NZ Transport Agency staff about projects and priority-setting.

### The Proposed Auckland Unitary Plan

The process continues. There have been over 9,000 submissions on the proposed plan. AT worked closely with Watercare and the Council to assist with preparing a summary report and solutions to issues raised, ahead of the hearings panel.

### Māori Engagement Framework

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

AT's Treaty of Waitangi obligations are given effect through its Māori Engagement Framework, which has been the overarching framework for Māori engagement since 2012. With recent amendments to transport legislation and progression of Treaty Settlements in Tāmaki Makaurau (Auckland), a review is being undertaken to maintain the framework's relevance and application.

The framework has been firmly established in the Project Management Office process for Capital Development and will be implemented throughout AT in the coming year, accompanied by learning and development sessions for all staff. Utilising mana whenua in these opportunities will be a focus of attention.

## EFFECTIVE MANAGEMENT

### Risk and Audit programme

The importance placed on Risk and Audit is demonstrated by the team's position within the Chief Executive's Office. AT is committed to a strategic, consistent and structured approach that achieves a balance between realising opportunities for gains and minimising losses.

### Standards and policies followed

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

### Guiding documents

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

### Our approach to managing risks

Risk management is a process by which the most important of a variety of risks can be identified, prioritised, mitigated or eliminated.

Audit and Risk is a developing area of the business. The initial focus has been on collating base data into a risk register, which was fully completed in 2013. As a live document, the register is reviewed and updated monthly by risk champions across the organisations. Risk and Audit approves all changes to the register on a monthly basis, tests some controls quarterly and tests all controls in the register annually to evaluate gross and net risks, running each one through the framework to arrive at the top 10 corporate risks, which are then reported to the Board. The Finance and Risk Committee and senior management also receive reporting on a regular basis.

Risks are also linked to the Audit programme, which integrates those deemed to be of significant risk for a variety of reasons, e.g. payroll because of its high value. With a capital works forward programme of almost \$2.5b (in the 2014 to 2017 Statement of Intent), risks are ever-changing. In 2015, now the register is complete, the focus will be on continuing to monitor this live environment.



## Internal audit controls and probity

Internal Audit is a key part of an effective governance process, reviewing and providing independent advice to management and the Finance and Risk Committee on operations, and continuously improving internal controls. This process aims to promote efficiency, economy and effectiveness as well as reliability and accuracy of operations.

A range of planned and unplanned audits are carried out.

Planned areas include:

- Health and safety reviews
- Procurement and purchasing reviews
- Contract variation and contingency
- Fleet usage and driver licensing reviews
- Mobile phones and other devices, and IT reviews
- Refunds
- General revenue audits and stream controls
- Fixed assets
- Legislative compliance (by individual department)
- Stocktake of rail and rolling stock.

Probity ensures all participants in tenders for contracts are treated fairly. All tenders valued over \$10m are deemed high-risk and audited for probity. An example this year was the award of the City Rail Link technical advisor to Aurecon. A sample of contracts awarded for a value between \$1m and \$10m is audited. See the contracts table on page 102 for all contracts awarded this year over \$2m.

## Special investigations

AT's policy is that fraud, corruption or misuse of resources is not tolerated and any suspected fraud is investigated and reported to the Office of the Auditor General through Audit New Zealand and, if appropriate, is referred to Police or Serious Fraud Office (SFO).

This year, Risk and Audit has undertaken a number of special investigations. The most significant of which has been referred to the SFO for further and formal investigation. A number of staff were dismissed as part of AT's own investigation and at the time of writing, the SFO investigation is ongoing. AT also operates an independent and confidential hotline.

## Auckland Transport's confidential hotline

As part of AT's continued commitment to providing a safe working environment a confidential and independent hotline has been established for staff to access if they wish to report any issues of concern, such as harassment, discrimination, fraud, theft or health and safety. It is also available to third parties, such as contractors. AT reviews all complaints or allegations passed on by the independent reviewer.

## Asset management

Auckland's transport system is the largest in the country and one of the region's most valuable assets, at \$15b. Local government amalgamation gave AT an opportunity to take stock of the transport portfolio, its size and conditions, and to develop a big picture understanding for the first time of future costs and service consequences.

The 2012–2015 Asset Management Plan (AMP) is a leading-edge planning tool that builds on the best practice asset management of legacy councils. It has been used to develop policies for capital spending that give due weight to the costs of maintenance and asset renewal. A cycle of continuous improvement means the AMP is a living document that acts as an ongoing inquiry into how AT can best act as guardian of the region's transport assets to progressively improve the value for money delivered on behalf of Auckland's communities.

## Seismic strengthening of assets

A two-year seismic assessment programme is ahead of schedule and has found that overall the transport assets are in a reasonable condition with a limited number of exceptions. Seventy-four structures, including bridges, car park buildings and wharves, have been identified as requiring a secondary assessment. A programme for undertaking these assessments is being developed.

## Assets by category and changes in 2014

Assets to June 2014	Change from 2013	Explanation
7,277 km of local and arterial roads	19	New roads added as part of new developments in North and South Auckland
1,021 bridges and major culverts	17	13 bridges, two footbridges and two culverts have been added
6,879km of footpaths	19	19km of footpath added as part of new developments
104,718 street lights	4,686	4,686 new streetlights have been added as part of new developments. Most of these new assets are from North, South and West Auckland
137,614 road signs	9,901	In the 2013 report, we excluded a number of signs assets due to insufficient ownership details. We have now confirmed that these are owned by AT. In addition, 2,913 new signs have been installed in the network as part of new developments
1,797 bus shelters	243	A recent regional asset condition survey and data improvement programme has identified a number of bus shelters that were previously not in our inventory
7 dedicated bus stations and five bus way stations		No change
21 wharves and ferry facilities		No change
42 rail stations in service on five lines		No change
18 electric trains and one maintenance depot	18	The first 18 of a fleet of 57 electric trains has been delivered
13 multi-storey car park buildings	-1	Car park lease has expired, and the car park no longer belongs to AT
851 pay and display machines	-82	Surplus assets were rationalised during the year

## Procurement principles and contracts

AT is a significant procurer of services and goods. We are ultimately accountable to ratepayers and seek to undertake all procurement in a clearly defined, ethical and transparent manner.

Our procurement model is a mixed centralised and embedded model. Its key feature is creating a balance between leveraging organisational scale (centralised procurement) while retaining flexibility in providing customised support for individual business units (embedded and dedicated procurement).

Procurement's aim is to achieve sustainable value for money through collaborative relationships that encourage and foster fair competition and innovation in the delivery of AT's objectives, to the satisfaction of our customers. Our guiding principle is sustainable value for money through the whole of life of an asset or service, achieved through smart buying decisions, which make us a client of choice for suppliers.

A pre-qualification register for construction category contractors invites those who are eligible to be selected to quote or tender for work within their registered work categories at their prequalified level or below.

Contracts awarded or leases paid this year \$2m and over are detailed in the table opposite.

## Code of practice for suppliers

An AT Code of Practice (ATCOP) is being developed to provide quality standards that ensure the function, condition and useful service life of transport infrastructure is consistently achieved across the region, while acknowledging the unique characteristics of recognised special environments.

ATCOP represents a step change in how transport infrastructure will be delivered, as a complete and sustainable network that can be used equally by everyone to get where they want, when they want. The processes and standards cover robust engineering design and quality standards, defined layouts, whole-of-life design, value for money and robust construction across the entire network.

ATCOP seeks to promote the transport aspirations of the Auckland Plan, supports the Proposed Auckland Unitary Plan and is to be used in harmony with the Auckland Design Manual currently being compiled by Auckland Council.

Consultation on ATCOP closed in March 2014 and AT has reviewed all submissions.

## Project management office

AT has a project management office and a framework for projects that provides a standard approach within the organisation. The framework is based on Prince2 methodology and PMI standards. This approach incorporates departmental experience, current practice and common sense. The three principles of the framework are: on time, on budget and meeting customer needs. A governance structure ensures a single point of accountability for the success of the project up to the Board and the Chief Executive.



## Major contracts awarded in 2014

Contracts Awarded in 2014 over \$2m	Value in \$ m	Project
Downer NZ Limited	93.8	North Rural Road Corridor maintenance contract
Fulton Hogan Contracting Limited	76.8	North East Urban Road Corridor maintenance contract
Transfield Services NZ Limited	67.1	North West Urban Road Corridor maintenance contract
KiwiRail Holdings	12.6	Trainborne signalling equipment
Aurecon NZ Limited	12.0	Principal Technical Advisor Role for Auckland City Rail Link
Auckland Council	6.9	MSA Shared Service Agreement between Auckland Council and AT
Downer New Zealand Limited	5.5	Devonport Marine Square upgrade and wharf boardwalk
NZ Transport Agency – Wellington	5.4	Level 17 HSBC Building lease contract
Dempsey Wood Civil Limited	4.8	Dominion Road Cycle Route physical works contract
Precinct Properties Holdings Limited	4.6	Agreement to lease Levels 6 and 10 of HSBC House
Precinct Properties Holdings Limited	3.5	Lease for levels 17 and 18 AMP Centre
Beca Limited	3.4	Detailed design and MSQA for Dominion Road PS contract
Beca Limited	3.3	AMETI Reeves Road flyover specimen design and principal advisor
Higgins Contractors Limited	2.8	Flatbush School Road – Murphys Road intersection upgrade
Transfield Services NZ Limited	2.7	Don Buck Road Extension And Waru Road Construction
Traffic Systems Limited	2.6	2013–2014 minor safety capital works across the region programme
Fujitsu New Zealand Limited	2.4	Fujitsu Services Agreement
KiwiRail Holdings	2.1	Electric trains – KRG door enabling
Auckland Council Ex ACC	2.0	Road stormwater maintenance in the central area
Contact Energy Limited	2.0	Non TOU energy supply

A full list of contracts recently awarded and more detail about AT's procurement framework and practices is at [at.govt.nz/about-us/procurement](http://at.govt.nz/about-us/procurement).

## OUR PEOPLE

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

### Employee engagement survey results

AT undertook its second employee engagement survey in March 2014. The result shows an 86 per cent participation rate and for the second year AT received an overall engagement score of 67 per cent. A series of programmes developed last year to lift engagement has had positive results.

Key areas of improvement this year reflect the effort put in to our employee wellbeing programme and celebrating success.

- Belief that positive change will happen from this survey and the way outstanding performance is rewarded has also increased.
- Particular strengths we have as an organisation – such as the high level of commitment our people have to AT, positive manager behaviour, and intra-team cooperation.

The results also identify opportunities where improvements can be made and the next phase is to address the feedback to lift engagement.

### Working together with graduates:

The Human Resources Institute New Zealand (HRINZ) judges had this to say about the Project New Grad graduate rotation programme, which this year won the HR Business Contribution of the Year Award.

“Overall the judges felt this entry demonstrated the future for the HR profession – delivering genuine business solutions that benefit individuals, companies and the wider industry. It shows how apparent competitors (in this case for talent) can work together to create a synergistic solution. It demonstrates the value of taking the time to look at business challenges from a range of stakeholder perspectives. And, it is a perfect example of a cooperative approach that has grown stronger with the passage of time.”

The HRINZ Awards recognise excellence within New Zealand’s human resources community, and AT’s award was in partnership with GHD and Fulton Hogan. Project New Grad has been running since AT’s inception in 2011. Alongside taking on one new graduate each year, AT actively engages with high schools and universities to develop strong partnerships.

- A number of AT employees have become volunteer Futureintech ambassadors – an IPENZ initiative to promote careers in engineering, technology and science within schools. An example of this initiative is Alfriston College in South Auckland where ambassadors are engaging with a long-term school traffic safety project.
- We again engaged civil engineering students for summer work in the 2013–2014 holiday period and also took part in careers fairs and events at Unitec, MIT and the University of Auckland.







League personality 'The Mad Butcher' Sir Peter Leitch, Reuben Judson-Leitch and Sam Thaiday from the Brisbane Broncos at Kingsland Station before the Auckland NRL Nines



## CASE STUDY: WORKING TOGETHER ON SPECIAL EVENTS

During the NRL Nines in February a record was set – not for rugby league but for when the number of ticket holders using special public transport services exceeded the Rugby World Cup Final in 2011. Crowds of around 30,000 attended each day and over 54 per cent travelled on trains and buses.

Held on the same weekend as the Lantern Festival and the Eminem

concert at Western Springs, it was an exceptionally busy time for AT's Special Events Operations team and our partner CCO Auckland Tourism, Events and Economic Development (ATEED). AT providing traffic management and transport services also helped promote the event via advertising in some of our major transport hubs.

**“Buses and trains to Eden Park were brimming with fans... and feedback on the overall transport experience was very positive.”**



ATEED presented AT's Christine Brown and Jared Dougherty with a framed NRL Nines shirt signed by the Vodafone Warriors as a special thank you

## Retaining talented employees in a competitive market

The Auckland job market has strengthened this year with Seek (NZ's largest job site) listing a 13 per cent increase. AT's full-time employee total has risen by 144. This increase reflects:

- A move to hiring in-house resource to reduce professional external consultant services, to help achieve our efficiency target
- One-off projects such as introducing electric trains and progressing the City Rail Link
- An increase in the number of service centres at rail stations.

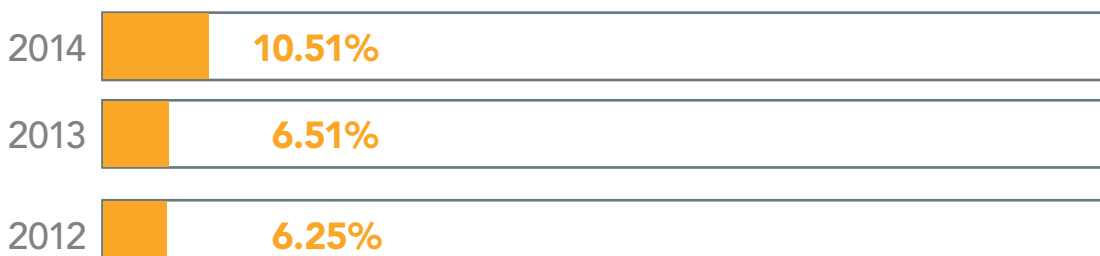
Staff turnover has now reached 10 per cent for the first time. While this is still a low rate of turnover for the business, we are focused on retaining talented staff, who have a high level of commitment to AT, as evidenced in this year's engagement survey.

- A new Career Progression Pathway (CPP) initiative is focused on engineering, planning and project management disciplines initially, and once embedded may be expanded to other disciplines
- A new Leadership Development Pathway has been launched. This is a key deliverable of our HR Strategy and is a complete framework with clear progression steps, designed specifically for AT and is aimed at developing leaders at all levels
- As part of the career development programme for our Parking Officers, 76 Parking Officers achieved the National Certificate of Compliance and Regulatory Control (Parking Enforcement) Level 3
- Our performance management framework ensures that everybody is rewarded for delivering results that help achieve AT's goals and objectives. We are above the benchmark characteristics of a performance culture and commitment to learning and development
- As an accredited Professional Development Partner with the Institute of Professional Engineers New Zealand (IPENZ), we run a mentoring programme to assist and guide our engineers in attaining Chartered Professional Engineer (CPEng) registration with IPENZ
- We also helped a number of staff to achieve internationally recognised certifications in project management through our in-house Programme Office.

## Number of full-time employees



## Percentage of unplanned turnover



## Working safer, working smart

### Wellness

Since establishing annual health checks for employees in November 2011, we have continued to develop a comprehensive wellness programme. This programme includes unique initiatives aimed at addressing the specific health issues of men and women and has seen a steady improvement in the average health of its employees, underlining the success of the programme. Measures of this improvement from 2011 to 2014 are:

- The average heart age has reduced from five years above actual age to just over one year
- High blood pressure has reduced from 23 per cent of employees to 13 per cent
- Insufficient physical activity has reduced from 44 per cent of employees to 29 per cent.

The staff engagement survey results showed an overall improvement in staff well-being of two per cent, (63%) and a 6 per cent improvement in the response to the statement "This organisation cares about the well-being of its people" (67%). This is also a significant endorsement of the overall wellness programme.

### Health and safety

A review of AT's health and safety policies and procedures in 2013 identified a number of areas where improvements were required. The need to improve how we were carrying out health and safety, combined with the proposed changes in the legislation signalled by the government's Working Safer – a blueprint for health and safety at work, has led to the development of a Health and Safety Strategy for AT and an associated three-year work programme.

- Year 1 Compliance: Building a best practice health and safety management system that achieves compliance with legislative and certification requirements
- Year 2 Application and understanding: Implementing, integrating and improving the system based on 'user' experience and a continuous improvement process
- Year 3 Embedding: Bedding in the health and safety systems and processes and continuing to build the health and safety culture.

The strategy is based on six key objectives: leadership, engagement, one organisation, managing risks, knowledge and continuous improvement.

The focus is on 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. We undertake monthly health and safety audits. For example, each road corridor work site is assessed and scored against hazard risks.





Employee health	2014	2013	2012
Percentage of sick leave	3.53	2.57	2.38
Injuries (non-serious)	71	83	65
Injuries (serious)	0	1	0
Assaults, threats or violence to staff	52	59	49
Motor vehicle accidents	1	11	6
Lost-time injury	35	25	17
Average heart age above actual	1.4 yrs	1.4 yrs	2.5 yrs
Less than 10% risk of cardiovascular disease	92%	92%	90%



AT's fast paced and customer focused environment attracts an ethnically diverse workforce of 1,265 employees



Fleet bicycles are available at main offices for staff use. Electric bikes are also being trialled in the city centre



## Reducing AT's footprint on the environment

### Monitoring our energy consumption and greenhouse gas emissions

AT monitors energy consumption and greenhouse gas emissions of its own operations, and from the operation of its assets. Against the 2011–2012 baseline year, this last year saw emission reductions in petrol (7%), diesel (24%), taxis (8%), and total air travel (7%). Electricity consumption dominated, with street light asset consumption rising one per cent. Overall greenhouse gas emissions remained at 2011–2012 levels.

**Next steps:** During 2014–2015, we will review our opportunities for improvement as part of developing our sustainability approach.

Item	Unit	2011-2012 Baseline	2012-2013	2013-2014	% Change on baseline
<b>Energy consumption</b>					
Transport network facilities					
Electricity	kWh	72,700,552	72,318,203	73,124,040	1%
AT corporate					
Petrol	litres	242,567	239,747	225,138	-7%
Diesel	litres	16,735	8,678	12,691	-24%
Total fleet fuel	litres	259,302	248,425	236,580	-9%
Taxis	km	24,559	28,493	22,579	-8%
Air travel – domestic	km	249,508	342,016	244,678	-2%
Air travel – long haul	km	776,869	1,397,215	688,474	-11%
Air travel – short haul	km	147,421	210,388	218,108	48%
Air travel – total	km	1,173,798	1,949,619	1,151,260	-2%
<b>Emissions source</b>					
Direct greenhouse gas emissions - scope 1					
Petrol	kg CO <sub>2</sub> e	567,607	561,009	526,822	-7%
Diesel	kg CO <sub>2</sub> e	45,184	23,431	34,267	-24%
Indirect greenhouse gas emissions - scope 2					
Electricity	kg CO <sub>2</sub> e	11,995,591	11,932,503	12,065,467	1%
Indirect greenhouse gas emissions - scope 3					
Transmission and distribution line losses for purchased electricity	kg CO <sub>2</sub> e	1,112,318	1,106,469	1,118,798	1%
Taxis	kg CO <sub>2</sub> e	7,564	8,776	6,954	-8%
Air travel – domestic	kg CO <sub>2</sub> e	47,131	62,257	44,539	-6%
Air travel – long haul	kg CO <sub>2</sub> e	96,788	166,003	81,798	-15%
Air travel – Short haul	kg CO <sub>2</sub> e	15,747	21,786	22,585	43%
Air Travel – Total	kg CO <sub>2</sub> e	159,666	250,046	148,921	-7%
<b>Total Greenhouse Gas Emissions</b>	<b>kg CO<sub>2</sub>e</b>	<b>13,887,931</b>	<b>13,882,233</b>	<b>13,901,229</b>	<b>0%</b>

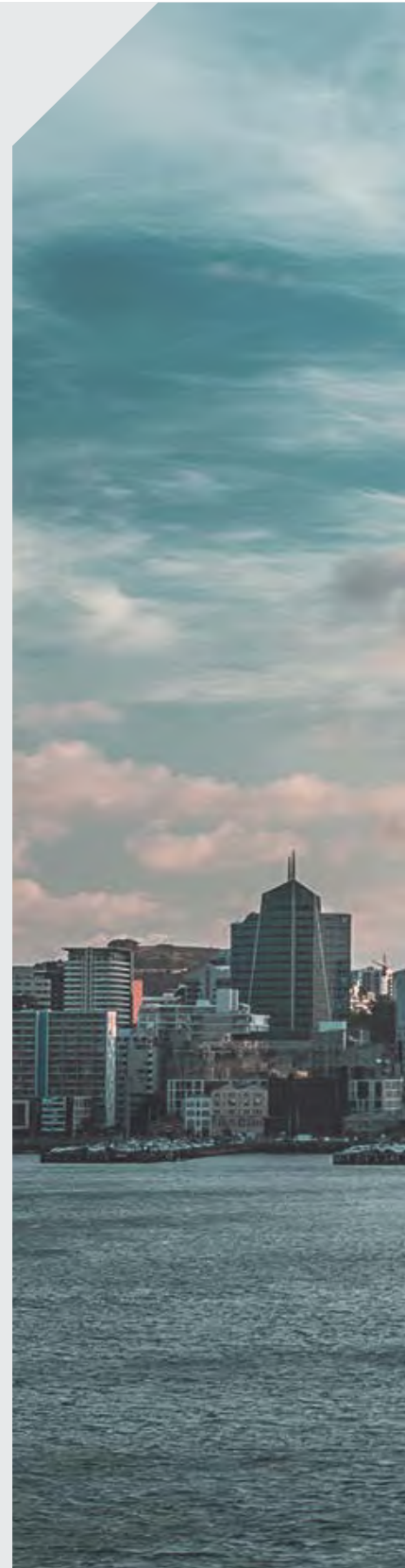
Note: data for previous years has been updated with Ministry for the Environment emission factors that became available for 2012. Due to issues with electricity supplier billing, electricity data is for 12 Months to March 2014, not June.



# 04

## FINANCIALS

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

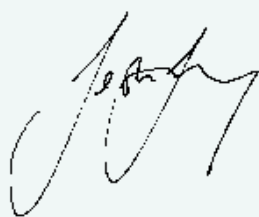




## Statement of Comprehensive Income

for the year ended 30 June 2014

	Note	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
<b>Income</b>				
Funding from Auckland Council	2	364,278	358,278	346,781
Operational funding from NZ Transport Agency		208,208	219,917	197,718
Capital funding from NZ Transport Agency		163,822	177,639	158,505
Finance income	3	6,688	–	22,706
Other income	4	245,418	153,931	579,840
<b>Total income</b>		<b>988,414</b>	<b>909,765</b>	<b>1,305,550</b>
<b>Expenditure</b>				
Personnel costs	5	79,643	80,680	71,709
Depreciation and amortisation expense	14,15	274,918	253,422	250,723
Finance costs	3	15,932	18,285	17,572
Other expenses	6	516,575	504,301	496,363
Other losses	7	7,437	–	1,513
<b>Total expenditure</b>		<b>894,505</b>	<b>856,688</b>	<b>837,880</b>
<b>Surplus/(deficit) before tax</b>		<b>93,909</b>	<b>53,077</b>	<b>467,670</b>
Income tax	8	(273)	–	1,847
<b>Total surplus/(deficit) after tax</b>		<b>93,636</b>	<b>53,077</b>	<b>469,517</b>
<b>Other comprehensive income</b>				
Revaluation gain on property, plant and equipment	20	852,285	221,664	–
Deferred tax on revaluation	8	(1,442)	–	–
Cash flow hedges	20	(22,728)	–	827
<b>Other comprehensive income for the period</b>		<b>828,115</b>	<b>221,664</b>	<b>827</b>
<b>Total comprehensive income for the period</b>		<b>921,751</b>	<b>274,741</b>	<b>470,344</b>



Lester Levy, Chairman  
August 2014



Paul Lockety, Director  
August 2014

The accompanying notes form part of these financial statements.



## Statement of Financial Position

as at 30 June 2014

	Note	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	9	5,080	–	9,108
Debtors and other receivables	10	226,863	192,762	213,089
Inventories	11	4,200	–	4,496
Other assets	12	994	–	867
Non-current assets held for sale	13	5,000	–	–
<b>Total current assets</b>		<b>242,137</b>	<b>192,762</b>	<b>227,560</b>
<b>Non-current assets</b>				
Property, plant and equipment	14	15,811,530	15,531,972	14,497,378
Intangible assets	15	113,218	88,715	72,990
Debtors and other receivables	10	52,000	–	46,000
<b>Total non-current assets</b>		<b>15,976,748</b>	<b>15,620,687</b>	<b>14,616,368</b>
<b>Total assets</b>		<b>16,218,885</b>	<b>15,813,449</b>	<b>14,843,928</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	16	201,909	176,933	179,935
Employee entitlements	17	9,777	11,631	8,618
Derivative financial instruments	18	39,218	–	7,423
Borrowings	19	2,678	448	1,351
<b>Total current liabilities</b>		<b>253,582</b>	<b>189,012</b>	<b>197,327</b>
<b>Non-current liabilities</b>				
Deferred tax	8	10,888	18,000	9,173
Employee entitlements	17	745	–	851
Derivative financial instruments	18	7,100	44,583	22,917
Borrowings	19	355,432	320,077	220,962
<b>Total non-current liabilities</b>		<b>374,165</b>	<b>382,660</b>	<b>253,903</b>
<b>Total liabilities</b>		<b>627,747</b>	<b>571,672</b>	<b>451,230</b>
<b>Net assets</b>		<b>15,591,138</b>	<b>15,241,777</b>	<b>14,392,698</b>
<b>Equity</b>				
Contributed capital		13,223,033	13,267,707	12,946,344
Retained surplus		412,342	353,490	318,706
Other reserves		1,955,763	1,620,580	1,127,648
<b>Total equity</b>	20	<b>15,591,138</b>	<b>15,241,777</b>	<b>14,392,698</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

for the year ended 30 June 2014

	Note	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
<b>Equity at start of period</b>		14,392,698	14,567,361	13,490,320
<b>Comprehensive income</b>				
Surplus/(deficit) for the period		93,636	53,077	469,517
Gain on property, plant and equipment revaluation		852,285	221,664	–
Deferred tax on revaluation		(1,442)	–	–
Cash flow hedges		(22,728)	–	827
<b>Total comprehensive income</b>		<b>921,751</b>	<b>274,741</b>	<b>470,344</b>
Capital contribution from Auckland Council during the period		276,689	399,675	432,034
<b>Balance at end of the period</b>	20	<b>15,591,138</b>	<b>15,241,777</b>	<b>14,392,698</b>

The accompanying notes form part of these financial statements.

## Statement of Cash Flows

for the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Note			
<b>Cash flows from operating activities</b>			
<b>Cash provided from:</b>			
Income from activities	147,977	153,931	142,773
Operating funding from Auckland Council	230,138	230,138	222,832
Operational funding from NZ Transport Agency	198,613	219,917	198,690
Capital funding from Auckland Council	128,140	128,140	123,949
Capital funding from NZ Transport Agency	214,168	177,639	138,878
Interest received	175	–	149
Goods and services tax	–	–	12,500
<b>Total cash provided</b>	<b>919,211</b>	<b>909,765</b>	<b>839,771</b>
<b>Cash applied to:</b>			
Payments to suppliers and employees	563,042	603,266	591,862
Interest paid	13,384	–	8,217
Goods and services tax	10,864	–	–
<b>Total cash applied</b>	<b>587,290</b>	<b>603,266</b>	<b>600,079</b>
<b>Net cash from operating activities</b>	<b>21 331,921</b>	<b>306,499</b>	<b>239,692</b>
<b>Cash flows from investing activities</b>			
<b>Cash provided from:</b>			
Sale of property, plant and equipment	943	–	3,551
<b>Cash applied to:</b>			
Purchase of property, plant and equipment	693,403	859,471	618,903
<b>Net cash applied to investing activities</b>	<b>(692,460)</b>	<b>(859,471)</b>	<b>(615,352)</b>



## Statement of Cash Flows (continued)

for the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Note			
<b>Cash flows from financing activities</b>			
<b>Cash provided from:</b>			
Capital contribution from Auckland Council	220,222	399,675	272,919
Loan from Auckland Council	138,000	154,017	110,000
<b>Total cash provided</b>	<b>358,222</b>	<b>553,692</b>	<b>382,919</b>
<b>Cash applied to:</b>			
Repayment of loan from Auckland Council	1,654	720	887
Payment of finance leases	57	–	104
<b>Total cash applied</b>	<b>1,711</b>	<b>720</b>	<b>991</b>
<b>Net cash from financing activities</b>	<b>356,511</b>	<b>552,972</b>	<b>381,928</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4,028)</b>	<b>–</b>	<b>6,268</b>
Opening cash and cash equivalents	9,108	–	2,840
<b>Closing cash and cash equivalents</b>	<b>9</b>	<b>5,080</b>	<b>9,108</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 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Note			
<b>New capital expenditure</b>			
Roads	218,015	232,562	238,112
Public Transport	113,455	256,838	107,287
Parking	939	8,299	2,256
Electric Trains	155,738	154,017	85,137
Other	29,671	4,712	7,241
<b>Total new capital expenditure</b>	<b>517,818</b>	<b>656,428</b>	<b>440,033</b>
<b>Renewal capital expenditure</b>			
Roads	189,751	188,200	188,621
Public Transport	8,837	12,722	8,054
Parking	1,703	2,121	1,884
<b>Total renewal capital expenditure</b>	<b>200,291</b>	<b>203,043</b>	<b>198,559</b>
<b>Vested assets</b>			
Roads	95,186	-	430,914
<b>Total vested assets</b>	<b>95,186</b>	<b>-</b>	<b>430,914</b>
<b>Total capital expenditure</b>	<b>813,295</b>	<b>859,471</b>	<b>1,069,506</b>
<b>Funding</b>			
NZ Transport Agency funding – new <sup>1</sup>	85,108	111,620	108,999
NZ Transport Agency funding – renewal	78,714	66,019	51,261
Capital funding from Auckland Council	2 128,140	128,140	123,949
Other capital grants	-	-	3,207
Loan funding from Auckland Council	155,738	154,017	85,137
Investment by Auckland Council	268,732	399,675	265,809
Sale of assets	1,677	-	230
Vested assets	95,186	-	430,914
<b>Total funding</b>	<b>813,295</b>	<b>859,471</b>	<b>1,069,506</b>

1. 2013 includes \$1.8m of expenditure for the central system of the AIFS project, refer note 12.

## Notes to the Financial Statements

for the year ended 30 June 2014

### 1 Statement of accounting policies

#### Reporting entity

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

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 2014 and were authorised for issue by the Board of Auckland Transport on 26 August 2014. Neither Auckland Council nor Auckland Transport Board has the power to amend the financial statements once adopted.

#### Significant accounting policies

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

##### a) Basis of preparation

#### Statement of compliance

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

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.

#### Going concern

Auckland Transport receives funding from Auckland Council in order to deliver the agreed annual operational and capital programmes within the Auckland Council's Long Term Plan, including significant variations agreed with Auckland Council. Borrowings from Auckland Council are set out in Note 18 and are supported by schedules of repayments determined from the credit facility agreement between Auckland Transport and Auckland Council.

Auckland Transport received a letter of comfort from Auckland Council providing assurance to the Board of Auckland Transport that Auckland Council will continue to provide support to ensure Auckland Transport remains a going concern.



## Notes to the Financial Statements

for the year ended 30 June 2014

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### 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 Transport's Statement of Intent 2013-2016, adopted by Auckland Transport's Board on 25 June 2013.

### Costs allocation

Cost of service for each activity was allocated as follows:

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

### Changes in accounting policies

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

### Future changes to financial reporting standards

The External Reporting Board (XRB) has introduced a revised Accounting Standards Framework. The revised framework introduces Public Benefit Entity Accounting Standards largely based on International Public Sector Accounting Standards, modified as appropriate for New Zealand circumstances. These standards will apply for years beginning on or after 1 July 2014. Auckland Transport will transition to the new standards in preparing its 30 June 2015 financial statements. Auckland Transport has not assessed the full implication of the new Accounting Standards Framework at this time other than certain changes to disclosure requirements. Auckland Transport does not expect the recognition and measurement of transactions to differ significantly to those prescribed in NZ IFRS.

Financial reporting requirements for public benefit entities are frozen in the short term and 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

## Notes to the Financial Statements

for the year ended 30 June 2014

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 car parks, land under park-and-ride and land under wharves and land under train stations.

#### Building

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

#### Rolling stock

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

#### Land infrastructure

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

#### Roading infrastructure

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

#### Plant and equipment

Plant and equipment includes parking equipment (e.g. barrier arms, hand-held parking infringement machines, etc.) and public transport equipment (e.g. public transport information, signal pre-emption, CCTV camera, 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, Auckland Regional Transport Authority (ARTA) and Auckland Regional Transport Network Limited (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.

## Notes to the Financial Statements

for the year ended 30 June 2014

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### 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. Details of the latest revaluation are found in Property, Plant and Equipment (Note 14).

Rolling stock, operational land and building, train station, wharves, roads and parking (excluding land and buildings), and bus stations and shelters are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried at depreciated historical cost.

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

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

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

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

### Additions

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

### Disposals

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



## Notes to the Financial Statements

for the year ended 30 June 2014

### 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.

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

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

### Capital works under construction

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.

## Notes to the Financial Statements

for the year ended 30 June 2014

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### Access rights – operating leases

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

### Computer software

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

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

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

### e) Non-current assets held for sale

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

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

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

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

### f) 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.

## Notes to the Financial Statements

for the year ended 30 June 2014

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.

### g) Financial assets

Auckland Transport classifies its financial assets in the following categories:

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

The classification depends on the reason behind acquiring the investment.

Auckland Transport decides how to classify its investments when they are acquired.

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

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

#### Financial assets at fair value through surplus or deficit

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

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

Derivatives are the only items under this category.



## Notes to the Financial Statements

for the year ended 30 June 2014

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### 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.

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

### h) Derivative financial instruments

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

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

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

#### Derivatives that qualify for hedge accounting

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

Auckland Transport does not have any fair value hedge instrument.

#### Cash flow hedge

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

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

## Notes to the Financial Statements

for the year ended 30 June 2014

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### i) Inventories

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

Where inventories are acquired at no cost or for nominal consideration, the cost is the 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.

### j) 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 ongoing 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.

### k) 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.

### l) 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.

### m) 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.

## Notes to the Financial Statements

for the year ended 30 June 2014

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### n) 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.

### o) 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.

### p) Provisions

Provisions are recognised when:

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

Provisions are not recognised for future operating losses.

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



## Notes to the Financial Statements

for the year ended 30 June 2014

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### 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.

### q) 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.

### r) 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.

### s) 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.

## Notes to the Financial Statements

for the year ended 30 June 2014

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### t) 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 in accordance with the approved Auckland Transport's Annual Plan and Statement of Intent (SOI) as agreed between Auckland Transport and Auckland Council.

##### **NZ Transport Agency Grants**

Auckland Transport receives Government grants from NZ Transport Agency, which funds operational and capital expenditure. Grants distributions from NZ Transport Agency, are recognised as income when the expenditure they cover is incurred, i.e. on an accrual basis. There are no unfulfilled conditions or other contingencies attached to these grants.

##### **Fare revenue**

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

##### **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 twelve months of lodgement. For the year ended 30 June 2014, an estimated 50 per cent (2013: 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.

##### **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.

## Notes to the Financial Statements

for the year ended 30 June 2014

### 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.

### u) 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.

### v) 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.

### w) 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 14)
- Contingent liabilities (note 23).



## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
<b>2 Funding from Auckland Council</b>		
Operational funding from Auckland Council	230,138	222,832
Capital funding from Auckland Council	128,140	123,949
Grant from Auckland Council for electric trains	6,000	–
	<b>364,278</b>	<b>346,781</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.		
<b>3 Finance income and finance costs</b>		
<b>Finance income</b>		
Interest income	175	149
Unrealised interest rate swaps – not hedge accounted	6,513	22,557
<b>Total finance income</b>	<b>6,688</b>	<b>22,706</b>
<b>Finance costs</b>		
Interest expense	13,617	8,378
Realised interest rate swaps – not hedge accounted	2,315	9,194
<b>Total finance costs</b>	<b>15,932</b>	<b>17,572</b>
<b>4 Other income</b>		
Parking and enforcement	72,758	73,191
Public transport income	53,839	45,764
Other operating grants and subsidies	9,727	10,870
Other capital grants	–	3,207
Vested asset income	95,186	430,914
Other income	13,908	15,894
<b>Total other income</b>	<b>245,418</b>	<b>579,840</b>

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
<b>5 Personnel costs</b>		
Salaries and wages	107,009	94,308
Less salaries and wages capitalised to property, plant and equipment, and intangibles	(30,645)	(24,756)
Defined contribution plan employer contributions	2,226	1,419
Increase in employee benefit liabilities	1,053	738
<b>Total personnel costs</b>	<b>79,643</b>	<b>71,709</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	539	528
Fees for other services	43	42
Minimum lease payments under operating leases	3,171	2,502
Impairment of receivables	731	972
Directors' fees	487	478
Revaluation decrement	1,180	9,782
Property, plant and equipment impairment	27,981	–
Public transport operations	316,610	297,784
Roading network	103,038	123,029
Other operating expenses	62,795	61,246
<b>Total other expenses</b>	<b>516,575</b>	<b>496,363</b>
Fees paid to the principal auditor for other services were for the review engagement for interim financial reporting.		
<b>7 Other losses</b>		
Foreign exchange losses	–	10
Loss on disposal of property, plant and equipment	7,437	1,503
<b>Total other losses</b>	<b>7,437</b>	<b>1,513</b>

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
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### 8 Income tax

#### Components of income tax expense

Current tax	–	–
Deferred tax	273	(1,847)
<b>Income tax expense</b>	<b>273</b>	<b>(1,847)</b>

#### Relationship between tax income expense and accounting profit

Surplus/(deficit) before tax	93,909	467,670
Tax at 28 per cent	26,295	130,948
<i>Plus/(less) tax effects of:</i>		
Non-taxable income	(26,737)	(131,649)
Non-deductible expenditure	–	–
Tax losses not recognised	–	–
Group loss offset	442	701
Deferred tax adjustment	273	(1,847)
<b>Income tax</b>	<b>273</b>	<b>(1,847)</b>

	Property, plant and equipment \$000	Other provisions \$000	Tax losses \$000	Total \$000
<b>Deferred tax liability</b>				
Balance at 1 July 2013	(9,173)	–	–	(9,173)
Debited to profit and loss	(273)	–	–	(273)
Charged to equity	(1,442)	–	–	(1,442)
<b>Balance at 30 June 2014</b>	<b>(10,888)</b>	<b>–</b>	<b>–</b>	<b>(10,888)</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>

Auckland Transport derived tax losses of \$1,577,386 during the year ended 30 June 2014. These have not been recognised as deferred tax assets (2013: 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 2014

	Actual 2014 \$000	Actual 2013 \$000
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### 9 Cash and cash equivalents

Cash at bank	4,798	8,843
Till floats	282	265
<b>Total cash and cash equivalents</b>	<b>5,080</b>	<b>9,108</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 3.25% (2013 – 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.

### 10 Debtors and other receivables

#### Current portion

Trade debtors	4,281	35,649
Infringements receivable	18,895	16,680
Amounts due from related parties – capital contribution from Auckland Council	137,076	86,889
Amounts due from related parties – other	31,176	27,428
Accrued income	34,718	48,197
Goods and services tax	1,896	–
	<b>228,042</b>	<b>214,843</b>
Less provision for impairment of receivables	(1,179)	(1,754)
<b>Total current debtors and other receivables</b>	<b>226,863</b>	<b>213,089</b>

#### Non-current portion

Amounts due from related parties – other	52,000	46,000
<b>Total non-current debtors and other receivables</b>	<b>52,000</b>	<b>46,000</b>
<b>Total debtors and receivables</b>	<b>278,863</b>	<b>259,089</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.

## Notes to the Financial Statements

for the year ended 30 June 2014

### 10 Debtors and other receivables (continued)

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

	Gross	Impaired	Net
	\$000	\$000	\$000
<b>2014</b>			
Not past due	260,503	–	260,503
Past due 1 – 30 days	1,882	–	1,882
Past due 31 – 60 days	1,416	–	1,416
Past due 61 – 90 days	1,752	–	1,752
Past due > 90 days	14,489	(1,179)	13,310
	<b>280,042</b>	<b>(1,179)</b>	<b>278,863</b>
<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>

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 2014 \$000	Actual 2013 \$000
Opening balance	1,754	792
Additional provisions made	731	972
Provisions reversed	(368)	(10)
Provisions relating to receivables written-off	(938)	–
<b>Closing balance</b>	<b>1,179</b>	<b>1,754</b>

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
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### 11 Inventories

Spare parts for rolling stock	4,200	4,496
<b>Total inventories</b>	<b>4,200</b>	<b>4,496</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	994	867
NZ Transport Agency assets held in trust	20,000	20,000
NZ Transport Agency assets held in trust transfer	(20,000)	(20,000)
<b>Total other assets</b>	<b>994</b>	<b>867</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. The project is now complete and is expected to be transferred to New Zealand Transport Ticketing Limited, a subsidiary of NZ Transport Agency, by December 2014.



## Notes to the Financial Statements

for the year ended 30 June 2014

Actual	Actual
2014	2013
\$000	\$000

### 13 Non-current assets held for sale

Rolling Stock	5,000	–
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A key component of development plans for the Auckland rail network is the electrification upgrade in order to accommodate a fleet of new electric trains which are scheduled for progressive commissioning between 2014 and 2016. As a consequence of the transition to this new fleet of trains, the majority of Auckland Transport's current diesel fleet will no longer be required for operational service. A competitive sale process of the diesel fleet has commenced with the issue of an Expression of Interest to the market in May 2014.

## Notes to the Financial Statements

for the year ended 30 June 2014

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

Current year transfers on asset completion	Current year impairment charges	Current year depreciation	Revaluation surplus/ (loss)	Cost/ revaluation 30 June 2014	Accumulated depreciation and impairment charges 30 June 2014	Carrying amount 30 June 2014
\$000	\$000	\$000	\$000	\$000	\$000	\$000
31,226	–	–	139,725	691,930	–	691,930
–	–	–	3,879	17,094	–	17,094
27,159	–	(9,022)	4,536	277,947	(664)	277,283
135,060	(27,981)	(25,304)	–	146,242	(9,659)	136,583
–	–	(1,191)	–	10,646	(4,366)	6,280
560	–	(417)	–	2,905	(1,564)	1,341
5,633	–	(1,430)	–	9,933	(2,727)	7,206
639	–	(50)	–	988	(295)	693
34,522	–	(4,552)	–	72,025	(12,190)	59,835
1,081	–	(1,223)	(1,180)	39,587	–	39,587
4,905	–	(1,268)	5,451	46,391	–	46,391
80,491	–	(14,047)	–	484,367	(26,030)	458,337
–	–	(57)	–	173	(93)	80
<b>321,276</b>	<b>(27,981)</b>	<b>(58,561)</b>	<b>152,411</b>	<b>1,800,228</b>	<b>(57,588)</b>	<b>1,742,640</b>
80,005	–	–	–	5,750,394	–	5,750,394
312,453	–	(205,740)	698,694	7,704,398	(317)	7,704,081
1,404	–	(526)	–	15,285	(1,724)	13,561
<b>393,862</b>	<b>–</b>	<b>(206,266)</b>	<b>698,694</b>	<b>13,470,077</b>	<b>(2,041)</b>	<b>13,468,036</b>
(748,261)	–	–	–	600,854	–	600,854
<b>(33,123)</b>	<b>(27,981)</b>	<b>(264,827)</b>	<b>851,105</b>	<b>15,871,159</b>	<b>(59,629)</b>	<b>15,811,530</b>



## Notes to the Financial Statements

for the year ended 30 June 2014

	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>14 Property, plant and equipment (continued)</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	–	–
Computer hardware – 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>

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 2014

### 14 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.



## Notes to the Financial Statements

for the year ended 30 June 2014

### 14 Property, plant and equipment (continued)

#### 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 2014	933,753	Fair Value with the approaches being Market and Income	Bayleys Valuations Limited Quotable Value Limited Beca Carter Hollings & Ferner Limited TelferYoung (Auckland) Limited Opus International Consultants Limited	John Darroch Andrew Parkyn Nigel Hoskin Evan Gamby Rachel Tregidga
Train stations	30 June 2012	384,400	Depreciated replacement cost	Opus International Consultants Limited	Priyani De Silva-Currie
Wharves	30 June 2014	39,587	Depreciated replacement cost	Opus International Consultants Limited	Rachel Tregidga
Roads and parking (excluding land and buildings)	30 June 2014	7,673,559	Depreciated replacement cost	ANA Group Limited	Amar Singh
Bus stations and shelters	30 June 2014	46,391	Depreciated replacement cost	ANA Group Limited	Amar Singh

## Notes to the Financial Statements

for the year ended 30 June 2014

### 14 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 'optimised replacement cost'. Optimised replacement cost is the minimum cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent asset with the same economic benefits, adjusting for any overdesign, overcapacity and redundant components. Optimisation is limited to the extent that optimisation can occur in the normal course of business using commercially available technology.

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

- Railway station assets with unlimited engineering lives have been adjusted to have a typical useful life of 99 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

## Notes to the Financial Statements

for the year ended 30 June 2014

### 14 Property, plant and equipment (continued)

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 2014-2015

- 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.

Caption



## Notes to the Financial Statements

for the year ended 30 June 2014

	Cost 1 July 2013	Accumulated amortisation and impairment charges 1 July 2013	Carrying amount 1 July 2013	Current year additions	Current year disposals
2014	\$000	\$000	\$000	\$000	\$000
<b>15 Intangible assets</b>					
Software	52,591	(6,906)	45,685	–	–
Access rights – operating lease	21,420	(907)	20,513	–	–
	<b>74,011</b>	<b>(7,813)</b>	<b>66,198</b>	–	–
Works under development	6,792	–	6,792	17,196	–
<b>Total intangible assets</b>	<b>80,803</b>	<b>(7,813)</b>	<b>72,990</b>	<b>17,196</b>	–

	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>Intangible assets</b>					
Software	8,970	(2,465)	6,505	–	–
Access rights – operating lease	21,420	(567)	20,853	–	–
	<b>30,390</b>	<b>(3,032)</b>	<b>27,358</b>	–	–
Works under development	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 includes Auckland Integrated Fares System (AIFS) software.

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

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

Current year transfers on asset completion	Current year impairment charges	Current year amortisation	Cost 30 June 2014	Accumulated amortisation and impairment charges 30 June 2014	Carrying amount 30 June 2014
\$000	\$000	\$000	\$000	\$000	\$000
30,192	–	(9,694)	82,782	(16,600)	66,183
13,336	–	(397)	34,756	(1,304)	33,452
<b>43,528</b>	–	<b>(10,091)</b>	<b>117,538</b>	<b>(17,904)</b>	<b>99,635</b>
(10,405)	–	–	13,583	–	13,583
<b>33,123</b>	–	<b>(10,091)</b>	<b>131,121</b>	<b>(17,904)</b>	<b>113,218</b>

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>(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>(4,781)</b>	<b>80,803</b>	<b>(7,813)</b>	<b>72,990</b>

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
<b>16 Creditors and other payables</b>		
Creditors	40,547	28,344
Accrued expenses	141,524	125,996
Amounts due to related parties	18,634	15,364
Income in advance	1,204	1,263
Goods and services tax	–	8,968
<b>Total creditors and other payables</b>	<b>201,909</b>	<b>179,935</b>
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.		
<b>17 Employee entitlements</b>		
<b>Current portion</b>		
Accrued salaries and wages	2,483	1,806
Annual leave	6,901	6,437
Sick leave	266	266
Long service leave	127	109
<b>Total current portion</b>	<b>9,777</b>	<b>8,618</b>
<b>Non-current portion</b>		
Retirement gratuities	383	383
Long service leave	362	468
<b>Total non-current portion</b>	<b>745</b>	<b>851</b>
<b>Total employee entitlements</b>	<b>10,522</b>	<b>9,469</b>
<b>18 Derivative financial instruments</b>		
<b>Current liability portion</b>		
Forward foreign exchange contracts – not hedge accounted	–	236
Forward foreign exchange contracts – hedge accounted	39,218	7,187
<b>Total current derivative financial instruments</b>	<b>39,218</b>	<b>7,423</b>
<b>Non-current liability portion</b>		
Forward foreign exchange contracts - hedge accounted	2,137	11,440
Interest rate swaps - not hedge accounted	4,963	11,477
<b>Total non-current derivative financial instruments</b>	<b>7,100</b>	<b>22,917</b>
<b>Total financial instruments</b>	<b>46,318</b>	<b>30,340</b>



## Notes to the Financial Statements

for the year ended 30 June 2014

### 18 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

At 30 June 2014 there were no outstanding forward exchange contracts that were not hedge accounted. At 30 June 2013 the notional principal amount of outstanding forward foreign exchange contracts that were not hedge accounted was NZD \$0.9m. The foreign currency principal amount was EUR 0.4m. The gain on their revaluation was recorded in the net surplus/(deficit) for the year. The EUR mid rate at 30 June 2013 was 0.597.

#### Forward foreign exchange contracts – hedge accounted

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZ \$234.7m (2013: NZ \$338.3m). The foreign currency principal amount was US \$165.3m (2013: US \$240.7m). These cash flow hedges have been accounted for as effective and the movement on their revaluation have been transferred to the cash flow hedge reserve within equity. The US dollar mid rate at 30 June 2014 was 0.876 (2013: 0.780).

#### 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 \$217.0m (2013: \$355.0m). At 30 June 2014 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.21% to 5.41% (2013: 5.04% to 5.41%). The gain on their revaluation of \$6.5m (2013: \$22.6m gain) has been recorded in the net surplus/(deficit) for the year.

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
<b>19 Borrowings</b>		
<b>Current portion</b>		
Finance leases	59	165
Loans from Auckland Council	2,619	1,186
<b>Total current borrowings</b>	<b>2,678</b>	<b>1,351</b>
<b>Non-current portion</b>		
Finance leases	23	466
Loans from Auckland Council	355,409	220,496
<b>Total non-current borrowings</b>	<b>355,432</b>	<b>220,962</b>
<b>Total borrowings</b>	<b>358,110</b>	<b>222,313</b>
Weighted average cost of funds on total borrowings	5.67%	5.43%

Auckland Transport manages its borrowings in accordance with its Treasury Policy.

There were no significant changes to the Treasury Policy during the year.

Auckland Transport was fully compliant with its Treasury Policy at year end.

### Loans from Auckland Council

Auckland Transport's loans from Auckland Council of \$358.0m (2013: \$221.7m) are issued at fixed rates of interest ranging from 4.20% to 6.09% (2013: 4.20% to 6.06%).

A \$52.8m (2013: \$52.8m) loan with interim roll-over dates has been treated as non-current as the loan will be settled on the receipt of a Crown grant, via Auckland Council, for the electric trains project. The grant is expected to be received in the financial year ending 30 June 2016.

An additional two loan facilities are being drawn down and will be repaid against a schedule of repayments. The first loan of \$215.9m (2013: \$87.2m) has a final payment date of 21 November 2046 and the second loan of \$89.4m (2013: \$81.7m) has a final repayment date of 27 March 2062.

The fair value of these loans is \$368.7m (2013: \$251.1m). The fair value is based on cash flows discounted using rates ranging from 4.20% to 5.67% (2013: 2.84% to 4.69%).

The carrying amounts of borrowings repayable within one year approximate their fair value, as the impact of discounting is not significant.

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
<b>19 Borrowings (continued)</b>		
<b>Analysis of finance leases</b>		
<b>Total minimum lease payments payable:</b>		
Not later than one year	61	182
Later than one year and not later than five years	23	488
<b>Total minimum lease payments</b>	<b>84</b>	<b>670</b>
Future finance charges	(2)	(39)
<b>Present value of minimum lease payments</b>	<b>82</b>	<b>631</b>
<b>Present value of minimum lease payments payable:</b>		
Not later than one year	59	165
Later than one year and not later than five years	23	466
<b>Total present value of minimum lease payments</b>	<b>82</b>	<b>631</b>
<b>Represented by:</b>		
Current	59	165
Non-current	23	466
<b>Total finance leases</b>	<b>82</b>	<b>631</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 2014 was \$0.1m (2013: \$0.6m).

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 2014

	Actual 2014 \$000	Actual 2013 \$000
<b>20 Equity</b>		
<b>Contributed capital</b>		
Opening balance	12,946,344	12,513,880
Transfer from asset revaluation reserve on disposal of property, plant and equipment	–	430
Contributed capital from Auckland Council during the period	276,689	432,034
<b>Closing balance</b>	<b>13,223,033</b>	<b>12,946,344</b>
<b>Retained surplus/(deficit)</b>		
Opening balance	318,706	(150,811)
Surplus/(deficit) for the period	93,636	469,517
<b>Closing balance</b>	<b>412,342</b>	<b>318,706</b>
<b>Asset revaluation reserve</b>		
Opening balance	1,146,275	1,146,705
Valuation gains taken to equity	852,285	–
Transfer to contributed capital on disposal of property, plant and equipment	–	(430)
Deferred tax on revaluation	(1,442)	–
<b>Closing balance</b>	<b>1,997,118</b>	<b>1,146,275</b>
Property revaluation reserves for each asset class consist of:		
<i>Operational assets</i>		
Land	139,725	–
Land – finance lease	4,563	684
Buildings	47,588	44,494
Bus stations and shelters	10,028	4,577
Train stations	160,609	160,609
<i>Infrastructural assets</i>		
Roading	1,634,605	935,911
<b>Closing balance</b>	<b>1,997,118</b>	<b>1,146,275</b>
<b>Cash flow hedge reserve</b>		
Opening balance	(18,627)	(19,454)
Fair value gains/(losses) in the year	(22,728)	827
<b>Closing balance</b>	<b>(41,355)</b>	<b>(18,627)</b>
<b>Total other reserves</b>	<b>1,955,763</b>	<b>1,127,648</b>
<b>Total equity</b>	<b>15,591,138</b>	<b>14,392,698</b>

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
<b>21 Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities</b>		
Surplus/(deficit) after tax	93,636	469,517
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation expense	274,918	250,723
Vested assets	(95,186)	(430,914)
Loss on disposal of property, plant and equipment	7,437	1,503
Property, plant and equipment impairment	27,981	–
Revaluation decrement	1,180	9,782
Foreign exchange gains	(237)	(738)
Gain on interest rate swaps	(6,513)	(22,557)
Income tax	273	(1,847)
Non-current accrued income	–	11,874
<b>Add/(less) movements in balance sheet items:</b>		
Debtors and other receivables	30,413	(33,772)
Inventories	296	664
Creditors and other payables	(3,203)	(15,588)
Employee benefits payable	1,053	738
Other assets	(127)	307
<b>Net cash from operating activities</b>	<b>331,921</b>	<b>239,692</b>

## 22 Capital commitments and operating leases

### Capital commitments

Property, plant and equipment	651,267	512,241
Intangibles	10,596	81
<b>Total capital commitments</b>	<b>661,863</b>	<b>512,322</b>

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

Capital commitments at 30 June 2014 included \$169.0m (2013: \$318.8m) of commitments for the electric trains project.

### Operating leases as lessee

Auckland Transport leases property, plant and equipment in the normal course of its business. These leases have a term of between 12 and 82 months.

## Notes to the Financial Statements

for the year ended 30 June 2014

Actual	Actual
2014	2013
\$000	\$000

### 22 Capital commitments and operating leases (continued)

The future aggregate minimum lease payments payable under leases are as follows:

Not later than one year	3,055	1,162
Later than one year and not later than five years	9,297	2,013
Later than five years	1,687	–
<b>Total operating leases</b>	<b>14,039</b>	<b>3,175</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.

#### Operating leases as lessor

Auckland Transport leases property under operating leases. These leases have a term of between 10 and 72 months.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

Not later than one year	7,195	5,099
Later than one year and not later than five years	17,540	6,200
Later than five years	43	299
<b>Total operating leases</b>	<b>24,778</b>	<b>11,598</b>

### 23 Contingencies

#### Contingent liabilities

##### Litigation

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

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

Both contingent liabilities were noted at 30 June 2013.

#### Contingent assets

There are no contingent assets as at 30 June 2014 (2013: nil).

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
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### 24 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 goods and services from Auckland Council	18,575	44,985
Sale of goods and services to Auckland Council	14,365	18,610
Grants received from Auckland Council	364,278	346,781
Accounts payable to Auckland Council	16,365	13,525
Accounts receivable from Auckland Council	219,098	159,604
Capital contribution from Auckland Council	276,689	432,034
Loans payable to Auckland Council	358,028	221,682
Interest expense to Auckland Council	13,614	8,365
Interest payable to Auckland Council	1,502	1,269
Realised loss on interest rate swaps	2,315	9,194
Unrealised (gain)/loss on revaluation of interest rate swaps	(6,513)	(22,557)
Realised loss on foreign exchange contracts – operating expenditure	–	748
Unrealised gain on revaluation of foreign exchange contracts	–	738
Interest rate swap liabilities	4,963	11,477
Foreign exchange hedge liabilities – hedge accounted	41,355	18,627
Foreign exchange hedge liabilities – not hedge accounted	–	236
Cash flow hedge reserve	(41,355)	(18,627)

#### Watercare Services Limited

Purchase of goods and services from Watercare Services Limited	321	1,027
Sale of goods and services to Watercare Services Limited	260	1,588
Accounts payable to Watercare Services Limited	7	291
Accounts receivable from Watercare Services Limited	1,056	481



## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
<b>24 Related party transactions (continued)</b>		
<b>Auckland Tourism, Events and Economic Development Limited</b>		
Purchase of goods and services from Auckland Tourism, Events and Economic Development Limited	4	8
Sale of goods and services to Auckland Tourism, Events and Economic Development Limited	34	107
Accounts payable to Auckland Tourism, Events and Economic Development Limited	1	–
Accounts receivable from Auckland Tourism, Events and Economic Development Limited	–	30
<b>Auckland Council Property Limited</b>		
Purchase of goods and services from Auckland Council Property Limited	2,733	1,396
Sale of goods and services to Auckland Council Property Limited	41	55
Accounts payable to Auckland Council Property Limited	619	134
<b>Auckland Waterfront Development Agency Limited</b>		
Purchase of goods and services from Auckland Waterfront Development Agency Limited	76	52
Sale of goods and services to Auckland Waterfront Development Agency Limited	1,019	1,596
Accounts payable to Auckland Waterfront Development Agency Limited	140	88
Accounts receivable from Auckland Waterfront Development Agency Limited	95	194
<b>Manukau Beautification Charitable Trust</b>		
Purchase of goods and services from Manukau Beautification Charitable Trust	–	75
<b>Regional Facilities Auckland Limited</b>		
Purchase of goods and services from Regional Facilities Auckland Limited	69	66
Sale of goods and services to Regional Facilities Auckland Limited	54	113
Accounts payable to Regional Facilities Auckland Limited	–	57
Accounts receivable from Regional Facilities Auckland Limited	2	8

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
<b>24 Related party transactions (continued)</b>		
<b>Ports of Auckland</b>		
Sale of goods and services to Ports of Auckland	3	3
<b>Auckland Council Investments Limited</b>		
Sale of goods and services to Auckland Council Investments Limited	4	6
Accounts receivable from Auckland Council Investments Limited	1	–
<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 twelve months to 30 June 2014 totalled \$372m (2013: \$356m). There was a balance of \$34m in debtors and other receivables, due from NZ Transport Agency at year-end (2013: \$75m). 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	6	2
<b>Mint Asset Management Limited</b>		
Sale of goods and services to Mint Asset Management Limited	8	9
<b>Auckland District Health Board</b>		
Purchase of goods and services from Auckland District Health Board	3	–

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
<b>24 Related party transactions (continued)</b>		
<b>Waitemata District Health Board</b>		
Sale of goods and services to Waitemata District Health Board	1	2
<b>Tonkin &amp; Taylor Limited</b>		
Purchase of goods and services from Tonkin & Taylor Limited	973	616
Sale of goods and services to Tonkin & Taylor Limited	1	–
Accounts payable to Tonkin & Taylor Limited	39	54
<b>University of Auckland</b>		
Purchase of goods and services from University of Auckland	80	81
Accounts payable to University of Auckland	14	–
<b>New Zealand Post Limited (to 31 July 2013)</b>		
Purchase of goods and services from New Zealand Post Limited	20	288
<b>Construction Techniques Group Limited</b>		
Purchase of goods and services from Construction Techniques Group Limited	29	757
<b>MediaWorks</b>		
Purchase of goods and services from MediaWorks	13	–
Accounts payable to MediaWorks	2	–
<b>Auckland Rugby Union</b>		
Purchase of goods and services from Auckland Rugby Union	1	–
Contributions from Auckland Rugby Union	99	–
Accounts receivable from Auckland Rugby Union	28	–
<b>Corporate Apartments Limited</b>		
Purchase of goods and services from Corporate Apartments Limited	15	–
Auckland Transport does not provide any post-employment benefits to key management personnel.		

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014	Actual 2013
	\$	\$
<b>24 Related party transactions (continued)</b>		
Key management personnel compensation:		
Salaries and other short-term employee benefits	3,130,254	2,842,245
Post-employee benefits	–	–
Other long-term benefits	–	–
Termination benefits	–	–
<b>Total key management personnel compensation</b>	<b>3,130,254</b>	<b>2,842,245</b>

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

### 25 Board member remuneration

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

Dr Lester Levy (Chair from 1 November 2012)	106,600	71,067
Mark Ford (Chair to 19 September 2012)	–	–
Paul Lockey (Deputy Chair from 1 November 2013)	64,848	60,988
Philippa Dunphy (Deputy Chair to 31 July 2013)	5,552	73,021
Geoff Dangerfield	–	–
Christine Fletcher	53,300	53,033
Mark Gilbert (from 1 November 2013)	35,533	–
Michael Lee	53,300	53,033
Dr Ian Parton	61,295	60,988
Rabin Rabindran	53,300	53,033
Mike Williams	53,300	53,033
<b>Total Board member remuneration</b>	<b>487,028</b>	<b>478,196</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 a NZ Transport Agency 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 2014

	Number of employees	Number of employees
	2014	2013
<b>26 Employee remuneration</b>		
The following section shows the pay bands of Auckland Transport employees as at 30 June:		
\$0 – \$59,999	499	493
\$60,000 – \$79,999	288	262
\$80,000 – \$99,999	227	182
\$100,000 – \$119,999	145	120
\$120,000 – \$139,999	75	61
\$140,000 – \$159,999	45	34
\$160,000 – \$179,999	17	18
\$180,000 – \$199,999	15	10
\$200,000 – \$219,999	6	2
\$220,000 – \$239,999	5	6
\$240,000 – \$259,999	6	5
\$260,000 – \$279,999	2	1
\$280,000 – \$299,999	3	1
\$300,000 – \$319,999	1	1
\$320,000 – \$339,999	1	–
\$340,000 – \$359,999	1	2
\$360,000 – \$379,999	1	0
\$560,000 – \$579,999	–	1
\$640,000 – \$659,999	1	–
<b>Number of employees on 30 June</b>	<b>1,338</b>	<b>1,199</b>
Number of full-time employees on 30 June	1,265	1,121
Full-time equivalent number of all other employees on 30 June	43	35

Chief Executive remuneration for 2013/2014 comprises:

Base salary \$580,000 – \$599,999

At risk component \$50,000 – \$59,999

Total remuneration \$640,000 – \$659,999

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Actual 2013 \$000
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### 27 Other financial instrument disclosures

#### 27a 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	5,080	9,108
Debtors and other receivables	276,967	259,089
	<b>282,047</b>	<b>268,197</b>

##### Financial liabilities

##### Fair value through surplus or deficit

Forward foreign exchange contracts – not hedge accounted	–	236
Interest rate swaps – not hedge accounted	4,963	11,477
	<b>4,963</b>	<b>11,713</b>

##### Derivatives that are hedge accounted

Forward foreign exchange contracts – hedge accounted	41,355	18,627
	<b>41,355</b>	<b>18,627</b>

##### Financial liabilities at amortised costs

Creditors and other payables	201,909	170,967
Borrowings	358,110	222,313
	<b>560,019</b>	<b>393,280</b>

### 27b 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.

## Notes to the Financial Statements

for the year ended 30 June 2014

### 27b Fair value hierarchy disclosures (continued)

- 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
<b>2014</b>	Note	\$000	\$000	\$000	\$000
<b>Financial liabilities</b>					
<b>Derivative financial instruments</b>					
Forward foreign exchange contracts – not hedge accounted	–	–	–	–	–
Forward foreign exchange contracts – hedge accounted	234,720	41,355	–	41,355	–
Interest rate swaps – not hedge accounted	217,000	4,963	–	4,963	–
	<b>18</b>	<b>46,318</b>	<b>–</b>	<b>46,318</b>	<b>–</b>
<b>2013</b>					
<b>Financial liabilities</b>					
<b>Derivative financial instruments</b>					
Forward foreign exchange contracts – not hedge accounted	866	236	–	236	–
Forward foreign exchange contracts – hedge accounted	338,327	18,627	–	18,627	–
Interest rate swaps – not hedge accounted	355,000	11,477	–	11,477	–
	<b>18</b>	<b>30,340</b>	<b>–</b>	<b>30,340</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 2014

### 27c Financial instrument risks

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

#### Market risk

##### Price risk

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

##### Fair value interest rate risk

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

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

##### Cash flow interest rate risk

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

##### Currency risk

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

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



## Notes to the Financial Statements

for the year ended 30 June 2014

### 27c Financial instrument risks (continued)

#### Sensitivity analysis

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

Foreign exchange risk	-5%	-5%	+5%	+5%
	Surplus/ deficit	Other equity	Surplus/ deficit	Other equity
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>2014</b>				
Forward foreign exchange contracts – hedge accounted				
USD derivatives	–	9,967	–	(9,423)
<b>2013</b>				
Forward foreign exchange contracts – hedge accounted				
USD derivatives	–	16,845	–	(14,688)
Forward foreign exchange contracts – not hedge accounted				
EUR derivatives	34	–	(30)	–
<b>Interest rate risk</b>				
	-100bps	-100bps	+100bps	+100bps
	Surplus/ deficit	Other equity	Surplus/ deficit	Other equity
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>2014</b>				
Interest rate swaps – not hedge accounted	(14,728)	–	13,412	–
<b>2013</b>				
Interest rate swaps – not hedge accounted	(25,936)	–	23,381	–

#### 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%.

## Notes to the Financial Statements

for the year ended 30 June 2014

### 27c Financial instrument risks (continued)

#### Credit risk

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

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

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

#### Credit quality of financial assets

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

		Actual 2014	Actual 2013
	Rating	\$000	\$000
<b>Counterparties with credit ratings</b>			
Cash at bank	AA-	4,798	8,843
		<b>4,798</b>	<b>8,843</b>
<b>Counterparties without credit ratings</b>			
<b>Debtors and other receivables</b>			
Existing counterparty with no defaults in the past		278,863	259,089
Existing counterparty with defaults in the past		–	–
		<b>278,863</b>	<b>259,089</b>

#### Liquidity risk

##### Management of liquidity risk

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

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

## Notes to the Financial Statements

for the year ended 30 June 2014

### 27c Financial instrument risks (continued)

#### Contractual maturity analysis of financial liabilities, excluding borrowings

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

	Carrying amount	Contractual cash flows	Less than 6 months	6-12 months	Later than 1 year
<b>2014</b>	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Trade and other payables	201,909	201,909	201,909	–	–
Forward foreign exchange contracts					
– outflow	–	234,719	98,996	123,099	12,624
– inflow	–	188,716	80,371	98,369	9,976
Net settled derivative liabilities	4,963	5,377	37	419	4,921
<b>2013</b>					
Trade and other payables	179,935	179,935	179,935	–	–
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

#### 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
<b>2014</b>	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Borrowings	358,110	808,958	260,230	206,274	206,274	92,413	43,767
<b>2013</b>							
Borrowings	222,313	502,111	166,513	109,794	109,794	71,126	44,884

Contractual undiscounted cash flows, including interest payments for borrowings, totalling \$53.9m (2013: \$56.1m) that mature on 15 July 2014 will be rolled out to align with expected receipt of the grant from Auckland Council for the electric trains project, which is expected to be received in the financial year ending 30 June 2016.

## Notes to the Financial Statements

for the year ended 30 June 2014

### 28 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.

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	Budget	Variance
	2014	2014	
	\$000	\$000	\$000

### 29 Major budget variances

Explanations for major variations from Auckland Transport's Statement of Intent are as follows:

#### Statement of comprehensive income

Income	988,414	909,765	78,649
Expenditure	894,505	856,688	(37,817)
<b>Surplus before tax</b>	<b>93,909</b>	<b>53,077</b>	<b>40,832</b>

#### Income

<b>Grant from Auckland Council for electric trains</b>	<b>6,000</b>	<b>–</b>	<b>6,000</b>
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Grant from Auckland Council for electric trains project \$6m.

<b>Operational funding from NZ Transport Agency</b>	<b>208,208</b>	<b>219,917</b>	<b>(11,709)</b>
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NZ Transport Agency operational funding is reduced due to the budget including funding that was actually claimed under capital funding from NZ Transport Agency and lower than budgeted operational spending for public transport activities.

<b>Capital funding from NZ Transport Agency</b>	<b>163,822</b>	<b>177,639</b>	<b>(13,817)</b>
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Lower than budgeted capital expenditure has resulted in reduced NZ Transport Agency capital funding, this is partly offset by funding for expenditure that was budgeted for under operational funding.

<b>Vested asset income</b>	<b>95,186</b>	<b>–</b>	<b>95,186</b>
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Vested asset income of \$95m not included in the budget.



## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Variance \$000
<b>29 Major budget variances (continued)</b>			
<b>Expenditure</b>			
<b>Other expenses</b>	<b>516,575</b>	<b>504,301</b>	<b>(12,274)</b>
Mainly rolling stock impaired by \$28m due to the planned replacement of the majority of diesel rolling stock with electric trains partly offset by lower operating expenditure for public transport.			
<b>Depreciation and amortisation expense</b>	<b>274,918</b>	<b>253,422</b>	<b>(21,496)</b>
Increased amortisation expense due to higher than budgeted intangible assets, and additional depreciation expense from the vested assets.			
<b>Equity</b>	<b>15,591,138</b>	<b>15,241,777</b>	<b>349,361</b>
Equity variance to budget is mainly due to higher than budgeted increase in the asset revaluation reserve of \$630.6m partly offset by an opening equity variance to budget of \$174.7m and lower than budgeted capital contribution from Auckland Council of \$123.0m.			

## Notes to the Financial Statements

for the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Variance \$000
<b>29 Major budget variances (continued)</b>			
<b>Statement of financial position</b>			
<b>Debtors and other receivables</b>	<b>278,863</b>	192,762	86,101
Grant income due from Auckland Council for electric trains project of \$52m, and higher than budgeted receivables.			
<b>Creditors and other payables</b>	<b>201,909</b>	176,933	(24,976)
Higher than budgeted level of accrued expenditure.			
<b>Property, plant and equipment</b>	<b>15,811,530</b>	15,531,972	279,558
Higher than budgeted asset revaluation of \$629.4m partly offset by lower than budgeted opening balance for property, plant and equipment of \$222.6m, capital expenditure \$46.2m and depreciation \$21.5m.			
<b>Capital expenditure</b>	<b>813,295</b>	859,471	(46,176)
Capital expenditure was the lower than budget due to delayed expenditure on City Rail Link of \$103.8m and delayed expenditure on public transport infrastructure of \$35.3m partly offset by vested assets of \$95.2m.			

### 30 Events subsequent to balance date

There were no significant events after balance date.

## Independent Auditor's Report



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 non-financial performance information of Auckland Transport on her behalf.

We have audited:

- the financial statements of Auckland Transport on pages 113 to 170 that comprise the statement of financial position as at 30 June 2014, 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 non-financial performance information of Auckland Transport on pages 33 to 85.

### Opinion

In our opinion:

- the financial statements of Auckland Transport on pages 113 to 170:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect Auckland Transport's:
    - financial position as at 30 June 2014; and
    - financial performance and cash flows for the year ended on that date; and
- the non-financial performance information of Auckland Transport on pages 33 to 86:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflect Auckland Transport's service performance and outcomes for the year ended 30 June 2014, including its service performance compared against the performance targets and other measures by which performance can be judged in relation to Auckland Transport's objectives.

### 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 26 August 2014. 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 non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of Auckland Transport's financial statements and non-financial performance information that fairly reflect 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 appropriateness of the reported service performance within Auckland Transport's framework for reporting performance;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

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

In accordance with the Financial Reporting Act 1993, we have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### Responsibilities of the Board

The Board is responsible for preparing financial statements and non-financial performance information that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect Auckland Transport's financial position, financial performance and cash flows; and
- fairly reflect its service performance and outcomes.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and non-financial performance information, 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 non-financial performance information 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 2013 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

<b>ACN</b>	Auckland Cycle Network
<b>AIFS</b>	Auckland Integrated Fares System
<b>AMETI</b>	Auckland-Manukau Eastern Transport Initiative
<b>AT</b>	Auckland Transport
<b>ATCOP</b>	AT Code of Practice
<b>ATOC</b>	Auckland Transport Operations Centre
<b>AT HOP</b>	Auckland's branded integrated ticket for public transport
<b>CBG</b>	Consensus Building Group
<b>CCI</b>	City Centre Integration group
<b>CCO</b>	Council-controlled organisation
<b>CCPZ</b>	Central City Parking Zone
<b>CRL</b>	City Rail Link
<b>EECA</b>	Energy Efficiency and Conservation Authority
<b>HED</b>	Harbour Edge Development
<b>ITP</b>	Integrated Transport Programme
<b>JTOC</b>	Joint Transport Operations Centre (at Smales Farm)
<b>LTP</b>	Auckland Council's Long-term Plan
<b>RLTP</b>	Regional Land Transport Programme
<b>SOI</b>	Statement of Intent
<b>Travelwise</b>	Auckland's school travel plan programme

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Auckland Transport Annual Report

# 2014

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