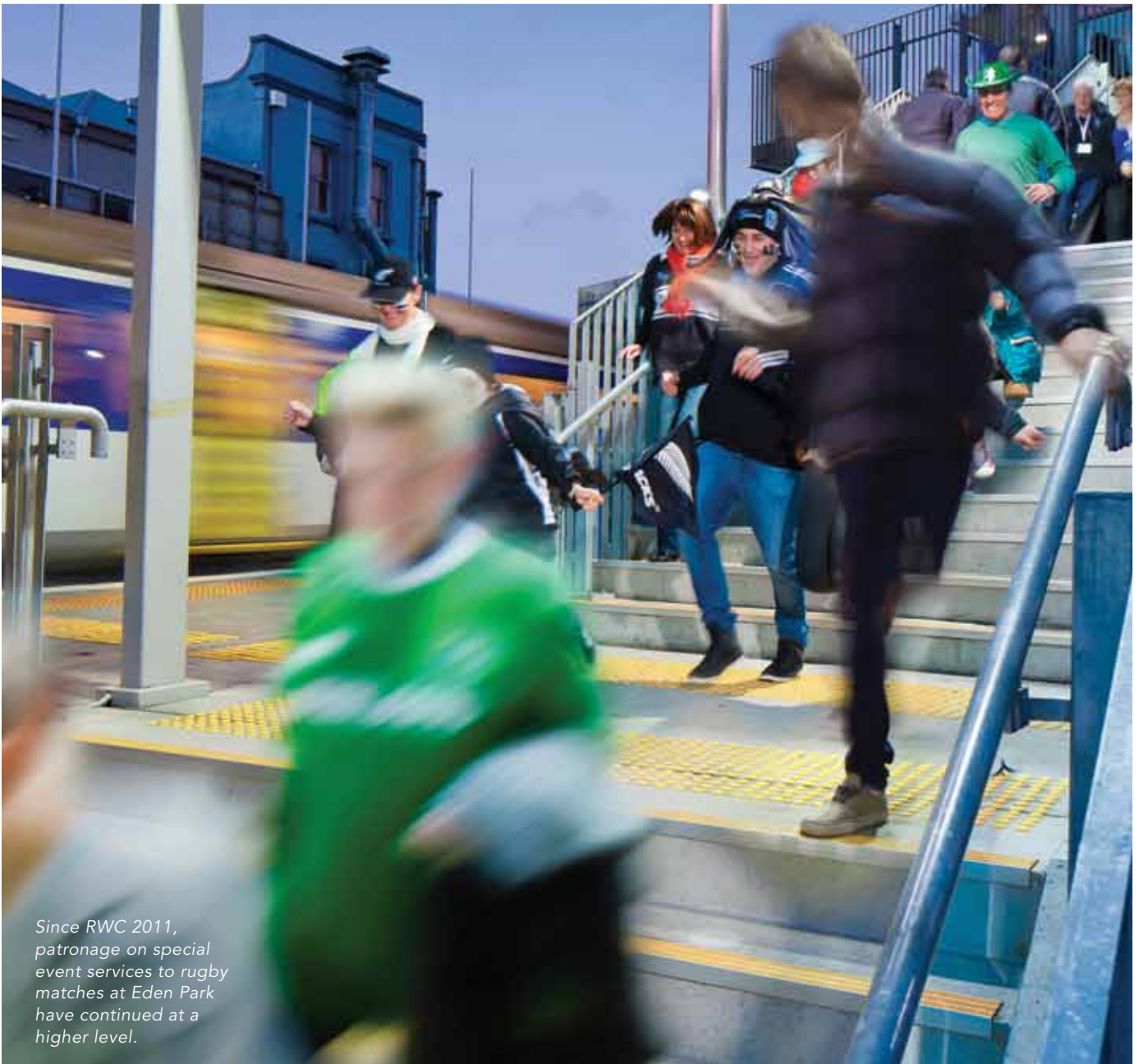


Moving Auckland





Since RWC 2011, patronage on special event services to rugby matches at Eden Park have continued at a higher level.

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ABOUT THIS REPORT: This is Auckland Transport's second annual report and the first report that covers a full financial year. Under the Local Government Act 2002, Auckland Transport, as a council-controlled organisation (CCO), is required to produce an annual report and to have financial and performance information audited. The Act also requires this report to record performance against Auckland Transport's Statement of Intent (SOI), which is agreed annually with the Auckland Council.

The SOI sets out the basis of accountability of the Directors of Auckland Transport. It includes the organisation's objectives, a comprehensive Programme of Action and the performance targets by which Auckland Transport will be measured.

Looking forward, Auckland Transport SOIs will give effect to the strategic direction of the Auckland Plan, and the Auckland Council Long-term Plan. Both documents were published this financial year. The development of the Auckland Plan will ultimately replace the Regional Land

Transport Strategy 2010 (RLTS) as the key strategic document for transport in Auckland.

Last year's report showed a new organisation developing workstreams, consolidating systems and making progress with legacy council projects. This year's report demonstrates an organisation working more closely across departments to connect Auckland by delivering integrated packages of projects that align with the Auckland Plan, and take into account the Government Policy Statement on land transport funding.



Transit lanes facilitate faster, more reliable travel times for public transport services and freight, and encourage car pooling.



HIGHLIGHTS
AND
CHAIRMAN'S
REPORT

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Our Values



Auckland Transport is a diverse, fast paced, innovative and commercially focussed organisation. Earlier this year employees had significant input into developing a shared set of values.

*From left to right:
Peter Everett, Alley Bunce,
Paige Kaimoana, Sonja
Kato and Majur Chauhan.*

Auckland Transport

ONE SYSTEM

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An effective transport system is essential to the performance of Auckland's economy and to meeting the Auckland Plan's vision of 'the world's most liveable city' by 2041.

Together with the other transport network providers – the New Zealand Transport Agency and KiwiRail – Auckland Transport has developed a partnership approach to governance of the city's transport needs, and is responsible for delivering the Auckland Plan's transport targets and major projects. It is embedding a long-term relationship with Māori, as treaty partners.

The Auckland Plan identifies the transport system as being critical to achieving its vision. Auckland's new governance arrangements have provided the first-ever opportunity to plan for and manage transport as a single, and adaptable, system – to get things right for Auckland and New Zealand. Auckland Transport and NZTA have adopted an approach called One System. One System considers the many networks and layers of the system as an interconnected whole.

Benefits of the One System approach include:

- More effective integration of transport planning with land use planning
- Closer alignment of the effort of network partners, to eliminate overlap and duplication
- Meeting customer needs irrespective of who operates the different transport networks people travel on each day
- Better use of existing infrastructure, including priority use of parts of the road network
- Prioritised investment in new infrastructure to increase capacity
- A more efficient and effective system, with seamless travel across the networks
- A safer system
- A more resilient system where a greater range of resources and options are available to deal with unexpected events or future changes.

This One System approach is giving momentum and focus to projects that will continue to deliver a more connected and accessible Auckland.

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

TRANSPORT STRATEGIC DIRECTION

- Create better connections within Auckland, across New Zealand, and to the world.

MISSION

- To deliver effective and innovative transport solutions to our customers.

AUCKLAND TRANSPORT'S MAIN TASKS

- Design, build, maintain and upgrade Auckland's local and arterial roads, public transport infrastructure, cycleways and walkways
- Plan, fund and coordinate bus, train and ferry services across Auckland
- Manage the region's on- and off-street parking
- Coordinate road safety and travel demand initiatives such as school travel plans.

TRANSPORT IMPACTS

- Better use of transport resources to maximise return on existing assets
- Auckland's transport system moves people and goods efficiently
- Increased access to a wider range of transport choices
- Improved safety of Auckland's transport system
- Reduced adverse environmental effects from Auckland's transport system
- Auckland's transport system effectively connects communities and provides for Auckland's compact urban form.

Highlights FOR 2012

Auckland Transport is achieving or over-achieving on almost all of the performance measures reported against in this annual report. Here are just some of the reasons why.

AMETI IS ON THE MOVE:

Auckland Transport's largest construction project, which will also unlock the economic potential of the eastern suburbs, got under way in February. A series of projects in phase 1 prepares for a new busway that will significantly speed up travel times and carry more than twice as many passengers as the hugely successful Northern Busway. Phase 1 also creates a significant transport interchange at Panmure.

MANUKAU STATION OPENS:

The first new rail line in Auckland for over 80 years began service in April. The station and transport interchange demonstrate Auckland Transport's commitment to social and environmental well-being. A partnership with Manukau Institute of Technology brings transport and education together in an area with low tertiary education uptake. The station has been developed to meet expected capacity in 2040 and constructed using innovative technologies that give the main structure an extended 100-year lifespan, reducing its environmental footprint.

ELECTRIC TRAINS IMMINENT:

A mock-up of Auckland's new electric trains arrived in June 2012. The trains will be environmentally friendly by reducing noise and greenhouse gas emissions. They incorporate the latest technology, such as Wi-Fi networks and will be comfortable, quiet, and attractive. Construction work on the new depot in Wiri that will maintain and 'stable' the trains began in May.

PUBLIC TRANSPORT PATRONAGE EXCEEDS TARGETS:

Over 71 million trips were taken on public transport in the 12 months to June 2012 – 4.4 million more than the target, and 8.1 per cent higher than in 2011. This strong growth is the result of a full programme of projects and initiatives by Auckland Transport to deliver more quality services to Aucklanders.

ROAD SAFETY TARGETS EXCEEDED:

There were 48 fewer deaths or serious injuries on Auckland's local roads in 2011 than in 2010. This annual result was the main contributor to Auckland's overall road safety targets for 2015 being exceeded in just 12 months.

RECOGNISABLE AND SUCCESSFUL NEW BUS SERVICES:

In August 2011 a redesign of central Isthmus bus services was implemented, simplifying and increasing service frequencies. This included the new City, Inner and Outer LINK bus services in distinctive red, green and orange livery. The LINK services were identified by the *NZ Herald* in the top 50 of new Auckland initiatives.

NEW TECHNOLOGIES:

This year, real-time bus departure times were launched 24/7 on the internet and smart phones, in a simple and easy to use customer format and for all bus stops. Public transport information phone apps were also launched and free Wi-Fi on LINK buses and electric trains is on its way.

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FEWER CAR TRIPS TO SCHOOL:

12,271 vehicle trips have been removed from the road network in the morning peak hours as a result of the Travelwise schools programme – a 46 per cent increase over 2011 results.

RESIDENTS SAY RWC 2011 A SUCCESS:

Despite the well documented issues on opening night, a survey of residents showed that 96 per cent of residents felt public transport was the same or better during RWC 2011, compared with the level of usual services, and over a third were more likely to use public transport – one of the five legacy goals for the event.

TAMAKI DRIVE IMPROVEMENTS:

A package of 17 safety improvements to Tamaki Drive was completed this year and in particular will make cycling safer on this iconic stretch of Auckland's waterfront.

QUALITY CONSULTATION:

930 submissions were received on the three-year Draft Regional Land Transport Programme, Auckland Transport's largest consultation to date, and the final programme was published in June 2012.

PEDESTRIANS TAKE TO SHARED SPACES:

Pedestrian activity on Darby, Lorne and Fort streets has increased by between 50 and 140 per cent since the new shared spaces were introduced in the city centre.

UPGRADE STARTS CONSTRUCTION:

The upgrade of Tiverton and Wolverton Streets between New Windsor and New Lynn started in May this year. Scheduled to coordinate with NZTA's SH20 Waterview connection to complete the Western Ring Route, the upgrade demonstrates the new partnership approach to delivering faster travel times across Auckland and value for money.



Councillor Mike Lee, Chairman of the Auckland Council Transport Committee, was present at the launch of the City LINK 'Dragon Bus', produced in celebration of the Chinese Year of the Dragon.

Financials

AT A GLANCE

This overview provides a summary of Auckland Transport's financial performance for the year ended 30 June 2012.

Auckland Transport has operated within its agreed funding envelope, including meeting an \$11.2m efficiency target from Auckland Council. The organisation has managed the cash flows for operational activities effectively.

Auckland Transport has invested \$591.7m in Auckland's infrastructure over the 12 months. This is \$45.5m over the budget of \$546.2m. However, this includes \$94.6m for the electric trains and depot programme. These costs were approved subsequent to the budget and have been funded by loans from the Crown, via Auckland Council.

The net asset position that Auckland Transport manages is \$13.5 billion at 30 June 2012, up \$0.5 billion from 12 months ago.

The reported result for the year shows total comprehensive income of \$65.3m. The operational result is a deficit before tax of \$110.4m against a budgeted deficit of \$17.1m, a variance of \$93.3m.

Auckland Transport has operated within its agreed funding envelope, including meeting an \$11.2m efficiency target from Auckland Council, and has invested \$591.7m in Auckland's infrastructure over the 12 months.

However, a number of non-cash and abnormal items have impacted the operating result. These items are detailed below:

- \$34m unrealised loss on the interest rate swap hedges valuation related to the Electric Trains project. This non-cash accounting adjustment is required under New Zealand International Financial Reporting Standards (NZ IFRS)
- \$54.9m reduced income for capital projects. This is mainly due to \$79.5m reduced NZTA revenue for capital projects, partially off-set by \$24m of income for vested assets. The reduction reflected a more realistic programme of work and the constrained funding available. Auckland Transport and NZTA entered into a Financial Assistance Variance agreement to reflect a reduction in subsidy of \$50m, to be made up in the subsequent two years. It was also agreed, that in return for this accommodation by Auckland Transport, NZTA would approve projects for subsidy over a three year period, with the NZTA share being paid in the 2014 and 2015 financial years, on all approved expenditure for those projects
- \$46m grant from Auckland Council for the electric trains project, \$41.9m of which has been used to fund KiwiRail procurement costs included in expenditure on activities
- \$7.9m non-cash loss on disposal of property, plant and equipment.

After adjusting for these non-cash and abnormal items, Auckland Transport has operated within its agreed funding envelope.

The following table details the revenue and expenditure of Auckland Transport against budget.

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Income and Expenditure Summary

WHAT WAS RECEIVED? WHAT WAS SPENT?

All in \$000s	Actual 12 months to 30 Jun 2012	Budget 12 months to 30 Jun 2012	Actual 8 months to 30 Jun 2011
Income for capital projects	150,899	205,826	134,129
Operational funding	413,297	428,631	254,455
Grant from Auckland Council for Electric Trains project	46,000	–	–
Other income	145,000	141,186	88,425
Total income	755,196	775,643	477,009
Expenditure on activities	865,622	792,779	516,946
(Deficit)/surplus before tax	(110,426)	(17,136)	(39,937)
Income tax	(922)	–	474
Other comprehensive income	176,618	–	950,633
Total comprehensive income	65,270	(17,136)	911,170
New capital expenditure			
Roads	185,450	252,865	111,974
Public Transport	66,693	75,879	38,603
Electric Trains	94,649	–	–
Other	27,889	17,501	20,556
	374,681	346,245	171,133
Renewal capital expenditure			
Roads	188,450	185,117	127,305
Other	4,528	14,838	1,573
	192,978	199,955	128,878
Vested assets	24,037	–	37,600
Total capital expenditure	591,696	546,200	337,611
Funding			
NZ Transport Agency subsidies – new	65,700	103,677	55,791
NZ Transport Agency subsidies – renewal	10,238	47,508	36,743
Capital funding from Auckland Council	54,641	54,641	10,294
Other capital grants	555	–	1,806
Loan funding from Auckland Council	94,649	–	–
Investment by Auckland Council	331,131	340,374	195,377
Sale of assets	10,745	–	–
Vested assets	24,037	–	37,600
Total funding	591,696	546,200	337,611

Income and expenses

OPERATING INCOME

Auckland Transport's actual income for the year was \$755.2m, against a planned income of \$775.6m. Auckland Council and the NZTA are the primary sources of funding, however 22 per cent of income was received from various other sources including user charges and fees, other subsidies and vested assets.

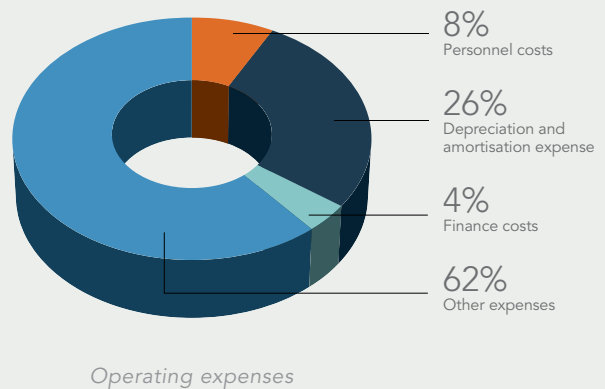
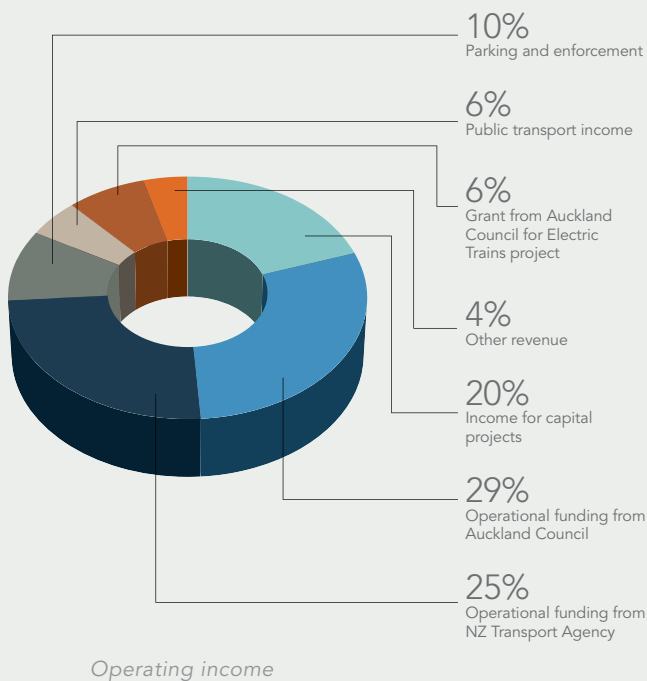
Total income was 3 per cent below budget due to reduced operating and capital funding from NZTA of \$94.9m, partly offset by a grant from Auckland Council for the Electric Trains project of \$46m and vested asset income of \$24m.

NZTA capital and operational funding was reduced in line with the Financial Rate Variance agreement between Auckland Transport and NZTA.

OPERATING EXPENSES

Auckland Transport spent \$865.6m over the year in delivering services across the city. Personnel costs were 8 per cent and depreciation was 26 per cent of the total spend. Other expenses totalling 62 per cent include service delivery contracts, repairs and maintenance expenses, utilities and occupancy costs, and professional service fees.

Expenses were higher than the planned \$792.8m due to Electric Train procurement costs of \$41.9m that are funded by a grant from Auckland Council, and an unrealised loss on the revaluation of interest rate swaps of \$34m.



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Capital spending

In the twelve months ended 30 June 2012, Auckland Transport's investment in the city's infrastructure was \$591.7m against a budget of \$546.2m.

Capital expenditure included \$94.6m of costs for the electric trains and depot programme that were approved outside the budget and funded from loans, and a non cash item for vested assets of \$24m. Capital expenditure excluding these two amounts was \$473.1m against the \$546.2m budget, a variance of \$73.1m. This reduced level of capital expenditure reflected a more realistic programme of work as well as recognising the NZTA funding available and the impact of the Financial Assistance Variance agreement with NZTA.

Some of the main capital projects include Auckland Manukau Eastern Transport Initiative (AMETI), Auckland Integrated Fares System (AIFS) and the new electric train procurement programme and associated depot.

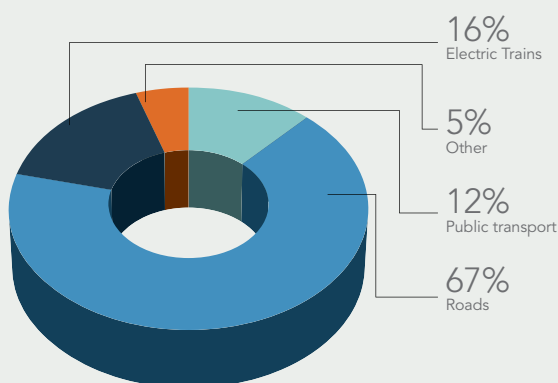
CAPITAL SPENDING TYPE

There are three types of capital expenditure.

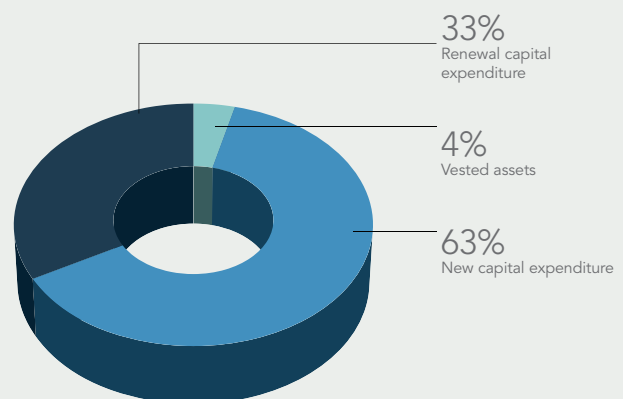
New capital spending is to support the growing city and provide the infrastructure required for an increasing population. These projects accounted for 63 per cent of capital expenditure for the year.

Renewals are the replacement programme for existing assets, which made up 33 per cent of capital spending for the year.

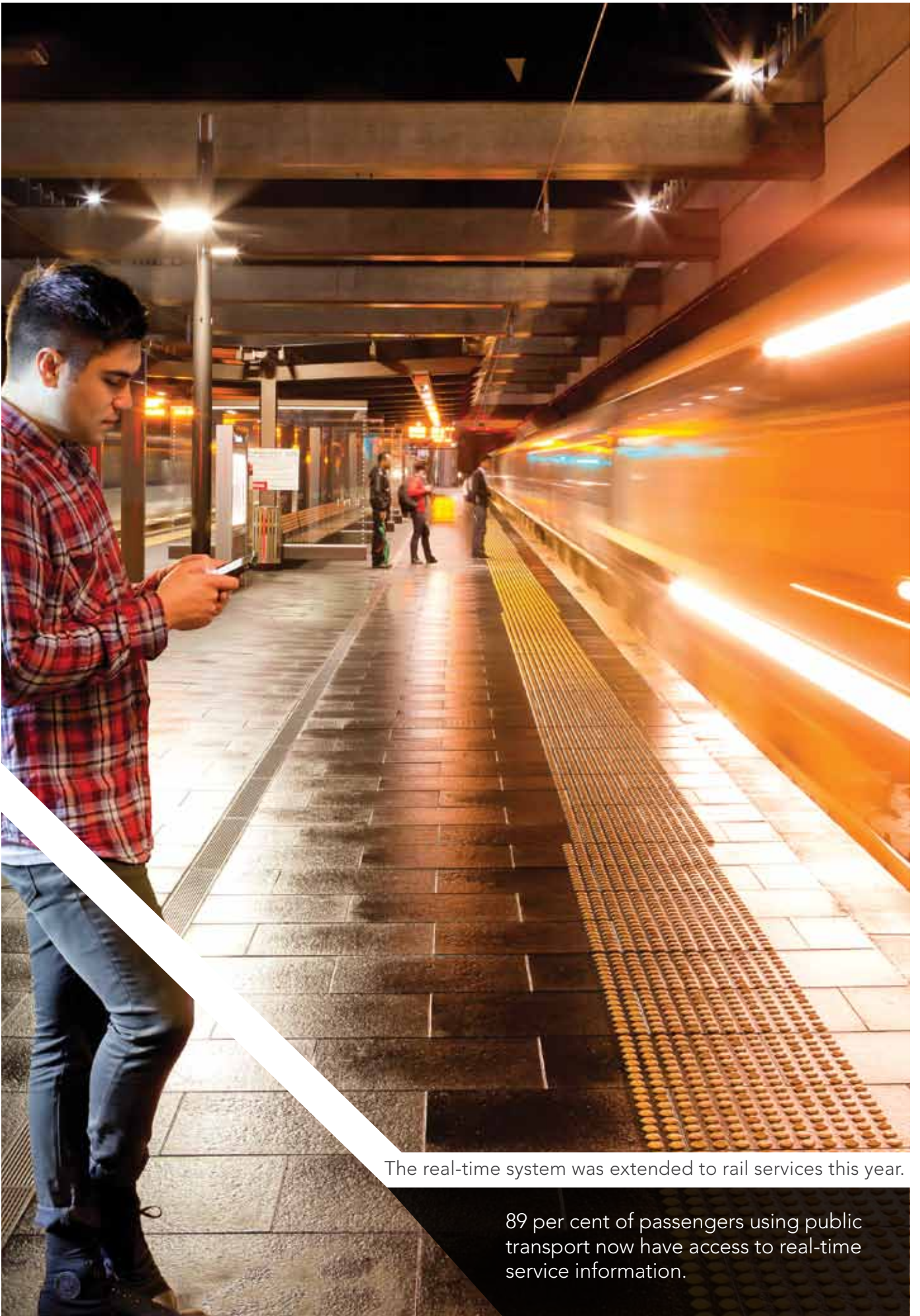
Vested assets are received by Auckland Transport from developers and make up 4 per cent of capital expenditure.



Capital spending on activities



Capital spending type



The real-time system was extended to rail services this year.

89 per cent of passengers using public transport now have access to real-time service information.

Chairman's REPORT

This report charts a year of many milestone achievements and a step-change in the delivery of transport solutions for the region.



MARK FORD CNZM
CHAIRMAN

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It is with pleasure that I present Auckland Transport's 2011/2012 Annual Report.

Guiding our work is the recently launched Auckland Plan. For the first time Auckland has a single, comprehensive plan for development and investment.

The Auckland Plan also identifies transport as critical to achieving its vision.

Underscoring how important transport is in the future, public response to the draft Regional Land Transport Plan exceeded any previous consultation work. This level of public engagement with transport issues in the region is unprecedented and we are committed to delivering on the mandate we have been given by the people of Auckland through that exercise.

It is also pleasing to see the emergence of a new strategic approach to engaging with business, community, Māori and other stakeholders. Māori engagement on major construction projects such as AMETI in particular, has been high and valuable.

Other major projects such as the delivery of new electric trains and the upgrade of arterials such as the Tiverton-Wolverton link near New Lynn have also accelerated this year and will continue through into 2013.

The Rugby World Cup was a major focus for many parts of the organisation this year and despite well documented issues with crowd sizes and transport capacity on opening night in particular, overall the operation over the six weeks of the tournament can be counted as a success.

Another significant milestone has been the development of the new Auckland Integrated Transport Plan, which includes state highways and is the region's first single system strategic transport planning blueprint. Its further development over the 2012/13 year will be critical for delivering more effectively integrated and optimised networks.

Scenarios to 2041 put Auckland's population at around 2.1 million. Cities the world over are experiencing the pressures of rapid growth, as urban migration continues. Auckland faces a likely doubling in demand for freight

and commercial trips over the next 30 years and a 50 per cent increase for person trips each day over current levels. Funding the cost of new infrastructure, renewals, keeping the existing system running and catering for the needs of the day is a major challenge.

One of the ways to maximise funding is aligning investment in transport with growth areas identified in the Auckland Plan, such as the Northern Regional Strategic Growth Area around Hobsonville and – critically for the economy – the Auckland Airport area, linking it to Panmure with an east-west arterial link prioritised for freight. Free flowing access to the airport is vital not only to Auckland's economy but to the surrounding regions, which together account for the greater part of New Zealand's GDP.

Increasingly, with the One System focus, Auckland Transport is working in partnership on packages of projects, with smaller associated projects such as cycleways designed to optimise the benefits of the initial investment. This focus on working smarter, as well as harder, will continue in the year ahead.

This is my last report as Chair of Auckland Transport. I take this opportunity to wish my successor, Dr Lester Levy, all the very best; I depart with the confidence that he inherits an organisation in robust health, that is communicating well with stakeholders and is well positioned to deliver transformational change for Auckland.

Finally, I wish to sincerely thank the Chief Executive, David Warburton, and his team, my fellow Directors, transport agency partners NZTA and KiwiRail, the Auckland Council, industry stakeholders and indeed all those whose passion for this city will ensure that this wonderful region delivers to its full potential in the future.

Mark Ford CNZM
Chairman

Directors' PROFILES

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

MARK FORD CNZM CHAIRMAN

Mark Ford is Chief Executive of Watercare Services Ltd. His previous roles include Executive Chair of the Auckland Transition Agency, Chair of the Auckland Regional Transport Authority, Chief Executive of Auckland Regional Services Trust, Chair of the Energy Efficiency and Conservation Authority, Chief Executive of New Zealand Forestry Corporation and member of the Board of Ports of Auckland Ltd.

General disclosure of interests: Chief Executive, Watercare Services; Independent Chair of the Christchurch Client Governance Group for the Infrastructure Rebuild; Member, Better Public Services Advisory Group.

PHILIPPA DUNPHY DEPUTY CHAIR

Philippa Dunphy is Chair of the New Zealand Clearing and Depository Corporation Limited and Mint Asset Management, a Director of New Zealand Post, the NZ Superfund and Motu. Her previous roles include being a director of Crown Health Financing, Accident Compensation Corporation and the Earthquake Commission.

General disclosure of interests: Chair, Mint Asset Management; Chair, NZ Clearing & Depository Corporation; Trustee, MOTU; Board member, NZ Post; Trustee, NZ Post Superfund; Board member, NZ Superfund.

GEOFF DANGERFIELD

Geoff Dangerfield is the Chief Executive of the New Zealand Transport Agency. 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.

General disclosure of interests: Chief Executive, NZ Transport Agency, Chair, Road Safety Trust.

CHRISTINE FLETCHER QSO

Hon. Christine Fletcher is an Auckland Councillor representing the Albert-Eden-Roskill ward.

Prior to entering politics Christine Fletcher worked in materials, handling, manufacturing and exporting company Lees Industries. Christine Fletcher is a former Member of Parliament and Mayor of Auckland City. One of the many projects achieved under her leadership was the Britomart Transport Centre. She is heavily involved in community projects including being founder, trustee and Chair of the Motutapu Restoration Trust, which is New Zealand's largest and most ambitious ecological restoration project.

General disclosure of interests: Ward Councillor, Auckland Council.

MIKE LEE

A Councillor representing the Waitemata and Gulf ward, Michael (Mike) Lee is also Chair of the Transport Committee at Auckland Council. Previously he completed two terms as the Chair of Auckland Regional Council. A former ship's officer, he holds an MSc in biological sciences and is a passionate conservationist.

General disclosure of interests: Ward Councillor, Auckland Council.

PAUL LOCKEY

Paul Lockey is a director with significant corporate strategy and finance experience gained over 25 years, first as a consultant at McKinsey & Company, then as the CFO of Lion Nathan Ltd, and most recently as Managing Director of CSL Traffic Ltd. He divides his professional time between company and not-for-profit directorships and managing private investments.

General disclosure of interests: Director, Lingerie Brands Limited.

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03**DR IAN PARTON**

Dr Parton is a professional company director. He followed a career in consulting engineering, including 15 years as Managing Director of Worley Group Ltd (now AECOM Ltd). He is currently a Director of Skellerup Holdings and Construction Techniques Ltd, and a Councillor and Pro-Chancellor of the University of Auckland. He was Transition Chief Executive of Watercare Services Ltd, leading the integration of the Auckland water industry during local government amalgamation in 2010.

General disclosure of interests: Director, Construction Techniques Ltd; Director, Skellerup Holdings; Councillor, University of Auckland.

RABIN RABINDRAN

Rabin Rabindran is a barrister and international legal consultant who specialises in major national and international project structuring, negotiation and documentation – principally in the fields of construction, energy, transport and infrastructure development. His previous roles include Chair of the Auckland Regional Transport Authority (ARTA), Chair of the Rugby World Cup Transport Forum, Director of Manukau Water Ltd, Tomorrow's Manukau Properties Ltd and TMPL (Flat Bush) Ltd. Rabin Rabindran was also Chairman of the 2012-2015 Regional Land Transport Programme Public Hearings Panel.

General disclosure of interests: Director, New Zealand Liaoning International Investment & Development Company Limited; Chair, Singapore Chapter and member of Executive Committee, ASEAN New Zealand Combined Business Council; Trustee, Chinese Language Foundation; Director, RSR Legal Consultants Limited; Director, RSR Projects International Limited; Peer Reviewer, Ultrafast Broadband.

MIKE WILLIAMS

Mike Williams is CEO of the New Zealand Howard League for Penal Reform. He has a long history of involvement with national transport agencies including directorships of the former Auckland Regional Transport Authority (ARTA),

MARK
FORDPHILIPPA
DUNPHYGEOFF
DANGERFIELDCHRISTINE
FLETCHERMIKE
LEEPAUL
LOCKEYDR IAN
PARTONRABIN
RABINDRANMIKE
WILLIAMS

Transit NZ and the Land Transport Agency. He also served as a Director on the NZ Railways Corporation (Ontrack).

Other directorships have included GNS Science, Genesis Energy (Deputy Chair) and he has been a trustee of the regional economic development agency, Enterprise Waitakere. He is also a former President of the Labour Party.

General disclosure of interests: Chief Executive, Howard League for Penal Reform.



Over **70 million** trips were taken on public transport in the 12 months to June 2012.

The vast majority of customers surveyed this year rated their overall public transport experience positively.

Managing RISK

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From a customer perspective, there are two fundamental risks to the transport system: health and safety, and service delivery. Auckland Transport manages these risks.

RISK MANAGEMENT FRAMEWORK

While the origins of some of the risks Auckland Transport faces are beyond its control – such as uncertain funding for projects, adverse natural events, global economics and shifting transport policy directions – all risks can be managed.

This year, Auckland Transport took an enterprise approach to ensuring a comprehensive review of all potential risks was carried out across the whole organisation (covering both department and project risks) culminating in a Board workshop in May to assess the key enterprise risks.

Auckland Transport's risk management framework was also enhanced to align with good practice (ISO 31000), and then adopted by the Board in May 2012. This standard focuses on managing uncertainties in achieving objectives. As a result of this framework:

- Risk champions have been appointed, to support risk management across the organisation
- Bi-monthly risk meetings take place across the organisation, right up to executive leadership team level, and will result in Board-level reporting from July 2012
- Risk management is embedded in numerous operational processes, such as the Asset Management Plans and health and safety planning.

INTERNAL AUDIT

The Risk and Audit function provides independent and objective assurance to the Chief Executive and the Finance and Risk Committee that Auckland Transport's financial and operational controls, which are designed to manage risks and achieve Auckland Transport's objectives, are efficient, effective and ethical (see page 75 for more details on the Finance and Risk Committee structure).

Risk and Audit also assists management in improving Auckland Transport's control environment. A risk-based approach is taken to designing the internal audit programme. Reviews are carried out on key internal controls and areas of high risks.

The Finance and Risk Committee approves the risk and audit work programme and results of audits/reviews completed are reported to the committee. The risk and audit reports are focused on continuous improvements in internal controls.

Key results

- Completed the half-yearly work programmes, which include key revenue and expenditure systems and areas of probity
- Quarterly reporting to management and the Finance and Risk Committee on the status of the internal controls.

Next steps: A work programme that continues to reflect the changing nature of risks to the organisation, and enhancing and maintaining key internal controls.

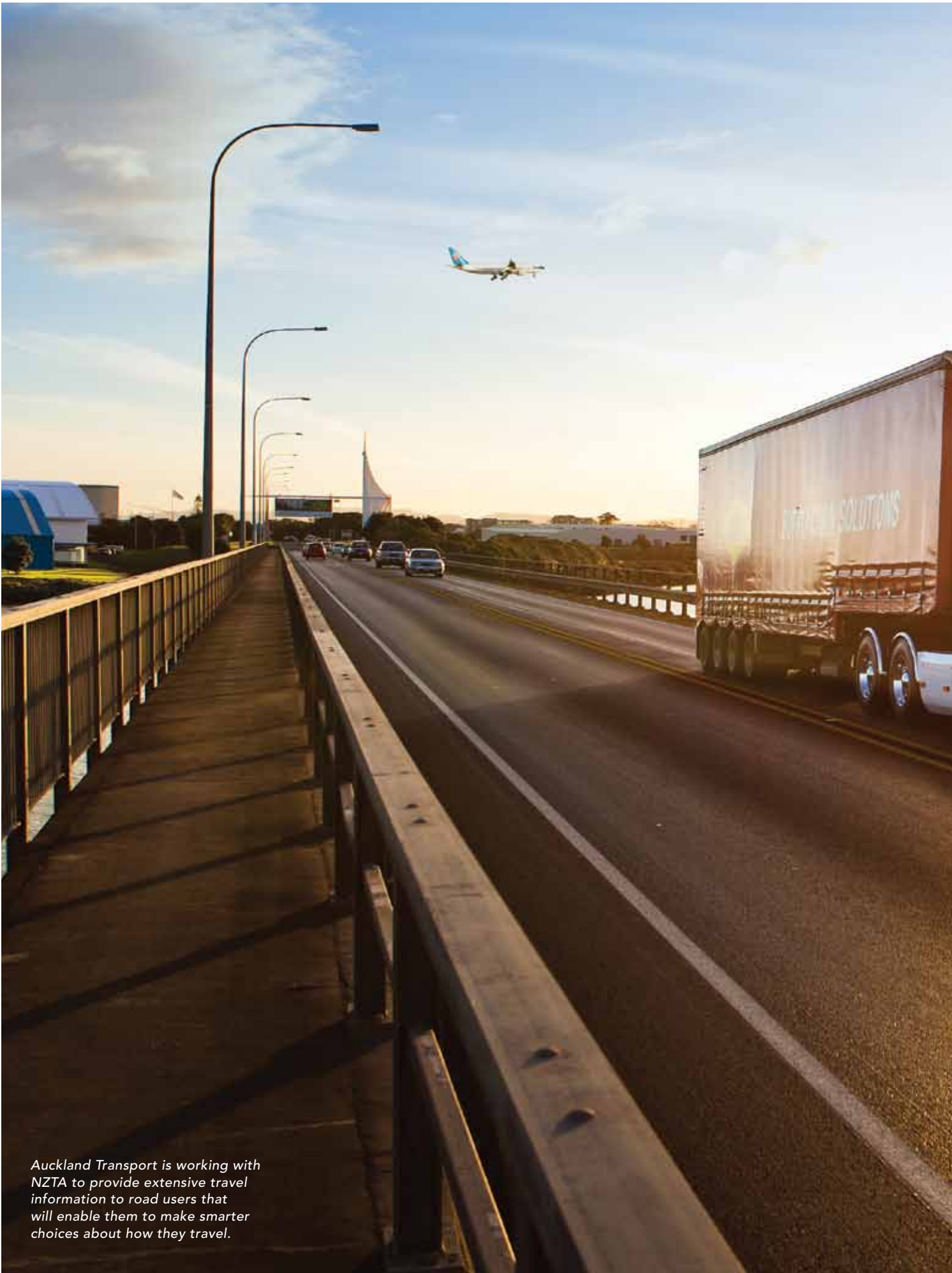
INSURANCE AND INDEMNITY

Auckland Transport's insurance and indemnity package, inherited from the Auckland Council group, was renewed this year. The insurance market has been significantly impacted by a series of adverse recent world events, including the Christchurch earthquake, and has reviewed its risks. This has led to significantly increased premiums for property and business interruption insurance.

More details on Auckland Transport's governance arrangements are included on page 74 of this report.

"Auckland Transport is in robust health and is communicating well with stakeholders."

MARK FORD CNZM, CHAIRMAN



Auckland Transport is working with NZTA to provide extensive travel information to road users that will enable them to make smarter choices about how they travel.



DELIVERING AN EFFECTIVE TRANSPORT SYSTEM

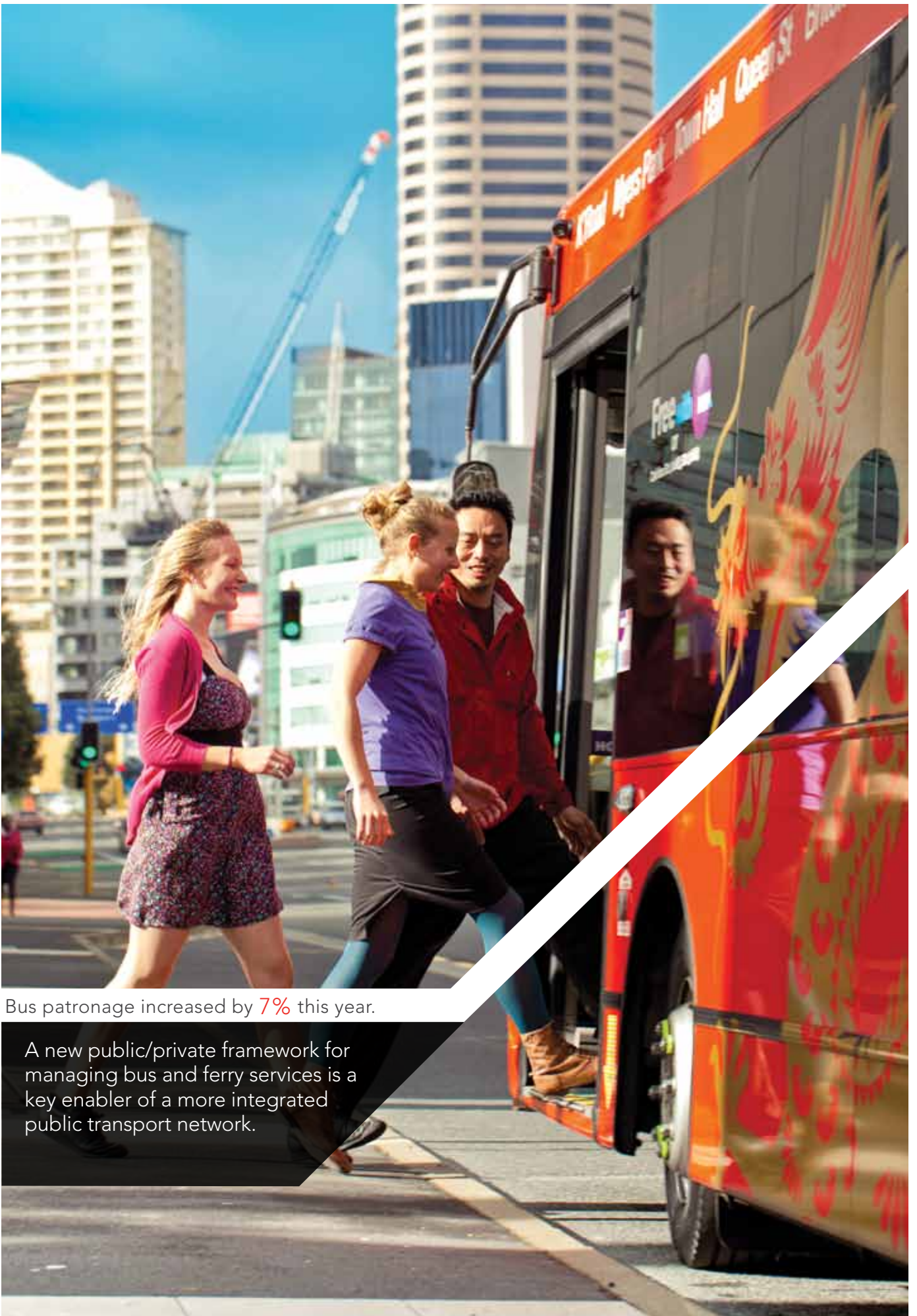
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The pressures of Auckland's population growth and limited funding make it essential for Auckland Transport to prioritise and optimise investment in the network. Five priority areas of focus, introduced in this section, have been developed to accelerate delivery of the Auckland Plan's transport programme and ensure value for money, within the funds available.



Bus patronage increased by **7%** this year.

A new public/private framework for managing bus and ferry services is a key enabler of a more integrated public transport network.

Chief Executive's REPORT

This year it has been pleasing to be part of a team which has shifted up a gear and initiated implementation on many projects and plans, some of which have been on the 'books' for years.



DAVID WARBURTON
CHIEF EXECUTIVE

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Riding the first rail service on the day the new Manukau Station opened in April was a reminder that infrastructure change can often be incrementally slow. It has been over 80 years since Auckland had a new rail line. However, in times of transformational change and accentuated emphasis on growth, the momentum for change gathers pace to such an extent that results are palpable and visible.

Included among them are:

- Construction work on the long-planned AMETI package of projects is under way, as is the upgrade of the Tiverton-Wolverton arterial link through New Windsor to New Lynn
- As part of the new electric train procurement programme, a prototype electric train arrived in Auckland, and the depot that will stable and maintain the trains is being built at Wiri
- Real-time information systems have been installed for rail and ferry services, in preparation for Auckland's first-ever single integrated ticket for public transport
- A significant amount of work went into preparing for protecting the route and lodging a formal Notice of Requirement for the City Rail Link
- In public transport, patronage has again exceeded targets with growth of 8.1 per cent. The Auckland Plan calls for a further 'transformative shift' in the use of public transport and Auckland Transport is delivering key enablers of a more integrated network. These include integrated ticketing, new electric trains, and a new operators' contract model for bus that is a win-win – giving a greater focus to customer needs and more certainty to operators around investment and innovation.

With an annual budget of more than \$1.1 billion, Auckland Transport is a significant player in the city's economy and in the community. As well as the jobs we provide directly, many thousands of workers are indirectly employed through our contractors and other partners.

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 an \$11.2m efficiency target. Capital income and expenditure budgets were impacted primarily by the electric train project, which was not budgeted in expenditure, and has been funded by loans. Financial results for the year show total comprehensive income of \$65.3m. After adjusting for a number of non-cash and abnormal items Auckland Transport operated within its agreed budgets. Details on these items can be found in the financial section of this report.

The agreement with NZTA to a lower funding assistance rate for delivery of Auckland Transport's local road renewals programme in the 2011/2012 financial year also affected income.

The asset position this year end is sound, with net assets of \$13.5 billion, and cash flow funding arrangements in place to ensure all liabilities are met.

Auckland Transport has made solid progress against its Key Performance Indicators included in the Statement of Intent.

As we begin to mature as an organisation, Auckland Transport is also extending transactional relationships to incorporate partnership relationships where appropriate, giving the opportunity to explore commercial opportunities that deliver better business outcomes. Balanced against this commercial focus is an ongoing commitment to social and environmental well-being.

With an annual budget of more than \$1.1 billion, Auckland Transport is a significant player in the city's economy and in the community. As well as the jobs we provide directly, many thousands of workers are indirectly employed through our contractors and other partners.

Auckland's transport system is one of the city's most valuable assets, worth around \$13.6 billion. A key area where value for money can be achieved is in optimal maintenance and renewal of these assets. Auckland Transport inherited some best practice examples of asset management from legacy councils. It has been a major task to consolidate assets that range from 19 wharves to over 100,000 street lights. The new asset management plan has been rigorously peer reviewed and further improvements are programmed.

Complex in space and scale, Auckland's transport system faces major challenges. While Auckland shares the pressures of growth with other world cities, our points of difference are the degree of reliance on the road network and the geographic narrowness of available land for the city's transport corridors. The networks overlap each other and competition from road users reduces both productivity and sense of place. Auckland Transport is already working with NZTA and other transport network providers to establish user priorities and implement those priorities through measures such as high-occupancy transit lanes and bus lanes.



David Warburton in the mock-up electric train.

Whilst the challenges are large, in its most simple form Auckland Transport's focus remains: Get people (and goods) where they want to be, when they want to be there.

Organisationally the business has been committed to the delivery of a wide range of key performance indicators as outlined in this report. However, there remains much to improve in strengthening the integration between all facets of the transport modes and ensuring stronger supporting structures for communication and public awareness. The introduction of a new operational brand, 'AT' in June was a significant step forward and will be used across all areas of our operation: roads and infrastructure, parking, public transport and community transport. It will help us to simplify branding across the system and demonstrate that there is a connection and integration between the many projects we're working on.

The focus on safety must also be paramount; on our roads, rail and waterways. Operationally and during construction it is imperative that as an organisation, in conjunction with our partners, safety remains a primary concern.

Finally, my appreciation for the support and direction provided by our Board and the sterling work done by the executive team and all our staff in contributing to a successful year and setting a sound platform from which to tackle the challenges ahead.

*David Warburton
Chief Executive*



50 schools and over 3,900 students participated in the Safe School Transport programme.



The regional cycle network is 28 per cent complete. \$30m has been identified over the next three years to progress further.

Executive LEADERSHIP TEAM

The Chief Executive heads a nine member Executive Leadership Team.

DR DAVID WARBURTON CHIEF EXECUTIVE

Before joining Auckland Transport, David was the Chief Executive for CPG NZ & Australia, and prior to that Chief Executive of Wanganui District Council. He still serves on the Whanganui District Health Board.

David has held numerous senior management roles in the forestry, processing, packaging, property development and retail industries.

DR KEVIN DOHERTY CHIEF INFRASTRUCTURE OFFICER

Most recently, Kevin held various senior leadership roles with the NZTA.

Kevin led the initiation and development of the Auckland Motorway Alliance and has been integrally involved in major state highway infrastructure projects around the country.

GREG EDMONDS CHIEF OPERATING OFFICER

Before joining Auckland Transport, Greg was with Air New Zealand for seven years as Airport Manager Auckland International and most recently Regional General Manager North Asia based in Shanghai. He has over 20 years' experience in the transport industry including General Management roles for NZ Post, General Electric (GE) and an Executive Director role of Couriers Please Pty in Australia.

DAVID FOSTER CHIEF FINANCIAL OFFICER

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

PETER CLARK CORPORATE MANAGER, STRATEGY & PLANNING

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

SIMON HARVEY CORPORATE MANAGER, HUMAN RESOURCES & CUSTOMER SERVICES

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



Auckland Transport's head office in Henderson has won numerous architecture and sustainability awards.

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DR STEPHEN RAINBOW
CORPORATE MANAGER,
KEY RELATIONSHIPS

Stephen was previously Chief of Staff for former Auckland City Mayor John Banks and prior to that was General Manager of Transport at Auckland City Council and Director of Urban Strategy at Wellington City Council. He has considerable experience in the heritage and environment sectors and was a three-term City Councillor in Wellington.

DR DAVID
WARBURTONDR KEVIN
DOHERTYGREG
EDMONDS

CLAIRE STEWART
CORPORATE MANAGER,
SPECIAL PROJECTS

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

DAVID
FOSTERPETER
CLARKSIMON
HARVEY

WALLY THOMAS
CORPORATE MANAGER, COMMUNICATIONS &
PUBLIC AFFAIRS

Prior to the formation of Auckland Transport, Wally was Director of Public Affairs at Waitakere City Council during which time he was seconded to the Auckland Transition Agency (ATA) as its Communications Advisor.

An award-winning journalist, he has been the editor of a number of publications. He is a Fellow of the Public Relations Institute of New Zealand (PRINZ).

DR STEPHEN
RAINBOWCLAIRE
STEWARTWALLY
THOMAS



There are **five** convenient city centre car park buildings.

Auckland Transport is delivering a programme of activities within the new City Centre Masterplan.

Maintain and make best USE OF THE EXISTING NETWORKS

PRIORITY
FOCUS
ONE

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Auckland Transport reports to Auckland Council, through its Statement of Intent (SOI), on a range of projects called a Programme of Action. These projects are reported in the following pages and some were inherited from legacy councils.

Auckland Transport manages:*

- 7,227km of roads
- 994 bridges and culverts
- 6,879km of footpaths
- 100,677 street lights
- 94,935 road signs
- 1,554 bus shelters
- 15 bus stations and five busway stations
- 2,584 retaining walls
- 12 multi-storey car park buildings
- 933 on-street pay-and-display machines
- 19 public transport wharf terminal sites
- 42 rail stations on five lines.

Every dollar spent on new assets contributes on average 10 cents every year to subsequent budgets for maintenance, renewals and operations. While the pressures of an increasing population make it essential to build some new infrastructure and add more services, funding is limited. Getting the best value from the system and addressing the Auckland Plan's priorities means optimising investment to make best use of the existing networks.

The benefits of taking good care of transport assets are numerous. Optimal maintenance:

1. Minimises the whole-of-life costs of running the transport system and so improves value for money
2. Delivers consistent and reliable levels of service
3. Attracts more people to using public transport, and walking and cycling
4. Attracts private investment in transport-oriented developments (TOD)
5. Helps to improve road safety
6. Creates a sound business case for new investment.

With local government amalgamation, Auckland Transport inherited best-practice asset management systems from some of the legacy councils and had an opportunity for the first time to take stock of the

transport portfolio's size and condition, and to develop a 'big picture' understanding of future costs and service consequences.

A significant piece of work this year has been to develop a comprehensive Asset Management Plan, published in June. The plan supports the organisation to manage assets in order to deliver an agreed standard of service. A cycle of continuous improvement will see this plan refined as the organisation moves forward.

The New Lynn TOD, reported in this section, is an excellent example of how renewing ageing transport infrastructure in the area has attracted private investment that in turn supports increased use of public transport.

Managing the state highways and arterials as One System with NZTA through the Joint Transport Operations Centre at Smales Farm is facilitating traffic signal coordination and other traffic management initiatives that optimise the road network. Network optimisation projects regularly produce benefits that exceed costs twenty fold, with significant benefits delivered from relatively small investments.

Optimising the road network – for example more bus and transit lanes, priority for freight on arterial roads and shared spaces – also enables the network to be modified over time to meet the Auckland Plan's objectives. These objectives include improved productivity, balancing the needs of different users and balancing movement with place-making.

Larger-scale investment is sometimes needed and the imminent delivery of Auckland's first single, public transport ticket is a key requirement for an integrated network. The new Public Transport Operating Model agreed this year is also a breakthrough in being able to contract with operators to optimise bus, rail and ferry services and transform Auckland public transport into a connected and integrated network of high-frequency services over the next couple of years.

Fourteen performance measures indicate progress on this priority – from public transport patronage and information systems in place to the results of customer satisfaction surveys.

*Source: Auckland Transport Asset Management Plan June 2012

PRIORITY
FOCUS
ONE



WORK WITH NZTA TO DEVELOP AND
MANAGE STATE HIGHWAYS AND
ARTERIALS AS ONE SYSTEM

ROADS

The Joint Transport Operations Centre (JTOC) was established by Auckland Transport and NZTA in partnership to integrate management and operation of all the city's roads. JTOC has focused this year on three areas: route optimisation, real-time traffic information and better incident response capability.

Optimising a route to enable improved traffic flow is a key element in lifting the performance of the existing road network and achieving value for money. Route optimisation projects, which include traffic signal coordination and other traffic management initiatives, regularly produce benefits that exceed costs twenty fold. They improve travel time reliability and safety, and reduce greenhouse gas emissions. There is a four-year programme to optimise the arterial road network, which commenced in 2011-2012. Three routes have been completed to date (St Lukes, Symonds Street and Dominion Road with a combined first-year estimated benefit of \$7.59m). Work is underway on a further five routes, which include Greenlane East, Greenlane West, a large portion of Great South Road, Broadway and Khyber Pass Road. Combined with the already completed routes this will cover 10 per cent of the arterial network.

Real-time travel information enables better understanding of network performance and expected travel times, and the ability to manage incidents or other issues on the network. Signage and systems were successfully implemented on the airport to city centre route in time for RWC 2011 and

this route was one of the first to apply the One System approach that includes both arterials and state highways. The other route completed this year was Route 9, SH1 to SH16 via Greenlane, Balmoral and St Lukes.

The JTOC partnership is facilitating better incident and event coordination on the arterial road network and at the interface with the motorway network as a single entity. Benefits of this improved coordination will be better response times to incidents and the potential improved flows between motorway entrances and exits and on to the arterial network. JTOC is also preparing an Incident Response Plan for the network, which will bring together the respective NZTA and Auckland Transport approaches into a single unified management approach.

A number of large projects under way this year or into 2012/13 that have the potential to affect traffic flows include ultrafast broadband, AMETI, the Tiverton-Wolverton and Glenfield Road upgrades, the Hunua 4 watermain through Manukau, and Transpower's upgrade of the North Island grid. Improved communication between NZTA and Auckland Transport on forthcoming capital works and maintenance, and a 'dig once' approach with all utilities' contractors, is giving greater weight to minimising impacts for road users and providing better communications on the likely impacts and alternative routes. Auckland Transport also monitors the condition of roads following the completion of works.

Looking ahead:

- 27 segments of the arterial road network have been provisionally identified for route optimisation in 2012-2013 which will add a further 30 per cent towards the optimisation of the arterial road network. It is anticipated that the entire arterial network will be optimised by 2014/15
- A Network Operation Plan is being developed that will enable management of the competing interests for limited road space by giving priority use to different transport users at particular times of the day and ultimately enable alignment with strategic objectives
- Auckland Transport is working with NZTA to provide extensive travel information to road users that will enable them to make smarter choices about how they travel.



The Joint Transport Operations Centre integrates management of all the city's roads, including state highways.

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Artist's impression of the new electric trains.

Electric trains and new depot



RAIL

In October 2011, Auckland Transport signed a contract with Spanish manufacturer Construcciones y Auxiliar de Ferrocarriles to supply and maintain 57 three-car electric trains, which will replace most of the ageing diesel units and locomotives. Some diesel units will be retained to operate services on the non-electrified portion of the rail network – from Papakura to Pukekohe in the south and from Swanson to Waitakere in the west.

Incorporating the latest technology in terms of safety, accessibility and modern amenities such as Wi-Fi networks, the trains will be comfortable, quiet, environmentally friendly and attractive.

Significant earthworks were undertaken to fill the old Winstones Quarry at Wiri. This will be the site for a new depot to maintain and stable the electric trains.

It was selected from more than 10 options studied, and chosen primarily for its proximity to the main trunk line. May 2012 saw construction begin on the new depot. Various tenders had been evaluated for plant equipment and the maintenance and stabling facility, which will have covered platforms to facilitate cleaning the train interiors. The building is scheduled to be completed before the first trains arrive in late 2013.

Project partners: Auckland Transport, Ministry of Transport, NZTA, KiwiRail, Veolia Transport, Auckland Council

See aucklandtransport.govt.nz/improving-transport/current-projects for a video tour of the new trains.

PRIORITY
FOCUS
ONE

MULTI-
MODAL

INTEGRATED FARES AND TICKETING FOR USE ON PUBLIC TRANSPORT SERVICES ACROSS THE REGION

Public support for HOP continues to grow, with active users of the HOP smartcard now in excess of 100,000.

Progress this year on introducing a single integrated ticket across all of Auckland's public transport services includes:

- The trial of an integrated transport ticket, the A-PASS, was successfully undertaken during RWC 2011
- The Thales CORE solution and equipment passed factory acceptance testing in France and the electronic gates and the main shipment of card vending and reload devices have arrived in Auckland and been installed for testing on ferry and rail devices from June 2012.



Electronic gates for Auckland's HOP smartcard.



ROADS

LOCAL ROADS IMPROVEMENTS ASSOCIATED WITH MAJOR NZTA PROJECTS, INCLUDING SH20 WATERVIEW AND SH16 UPGRADES

Over the next four years, NZTA's Waterview project will link SH20 and SH16, from Maioro Street in Mt Roskill to the Northwestern Motorway at Waterview. As the last link in the Western Ring Route, it will improve Auckland's highway network by providing an alternative to SH1 and a motorway link from the city centre to Auckland Airport, enabling more reliable travel times.

Auckland Transport is supporting the Western Ring Route project with coordinated programming of intersection upgrades and work on adjacent local roads.

Progress this year includes:

- Coordinating with external stakeholders to finalise the Lincoln Road/Central Park Drive intersection, as part of the Lincoln corridor improvement programme
- Modelling work on the bus and transit lane, to inform design
- Preparing detailed designs for Hobsonville Road and completing proposed preliminary road layout
- Detailed design and cost estimates for Fred Taylor Drive have been completed and the land acquisition started
- Preparing a final detailed design package for SH16 and Te Atatu Road arterial, along with consultation that includes negotiations with affected land owners. Subsidy for the design phase has been approved by NZTA
- SH16/Waterview: Cycle path route has been confirmed.

See the case study on page 33 for details on the major Tiverton and Wolverson roads upgrade, getting under way.

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EXTEND THE REAL-TIME PUBLIC INFORMATION SYSTEM

Variable electronic display of timetable information for passengers for ferry services and train services moved to a common IT platform in December 2011 in preparation for transition to real-time tracking and monitoring of arrival and departure times. Installation of rail station real time signs continued in time for a full real-time public information system for rail that was rolled out in June. Solar-powered sign roll out was completed for medium-patronised bus stops by March. See page 30 for progress with real-time systems for roads.

Next steps: Improved customer information tools using real-time passenger information is to be rolled out over the next year (including improved mobile phone apps).

WALKING
CYCLING

IMPROVED ACCESSIBILITY TO THE WATERFRONT AND CITY CENTRE

Auckland Transport is developing a programme of activities to deliver the transport outcomes of the City Centre Masterplan. Close coordination continues with Waterfront Auckland and Auckland Council and work is well under way into agreeing a phased set of improvements to Quay Street, focused on improving pedestrian accessibility and amenities.

Detailed planning and concepts are progressing for the Quay Street project. Waterfront Auckland and Auckland Council have finalised and adopted their programmes and budgets, including proposals for waterfront transport initiatives.

Auckland Transport and NZTA have commenced an Eastern Waterfront Access Study, with Auckland Council, into future transport and land use options in the Port/Quay Park area.

Tiverton-Wolverton upgrade



ROADS

The upgrade of Tiverton and Wolverton Streets between New Windsor and New Lynn started in May 2012.

The 2.2km stretch of road is a busy arterial route and the upgraded corridor will better accommodate the 31,400 vehicles that move through it daily. Removing the current two-lane bottleneck between New Windsor and New Lynn will increase capacity in time for the completion of the SH20 Waterview connection.

Pedestrian safety will be improved through upgrading of footpaths to 2.5m in width, as well as through the addition of new pedestrian islands and pram crossings. The installation of traffic lights at five major intersections aims to improve traffic flow as well as provide safer crossing for pedestrians.

Cyclists are being catered for, with the inclusion of a new and safer cycle route linking the New Lynn SH20 cycle path at Maioro Street and bypassing the busy arterial route.

Upgraded street lighting and upgrading of street infrastructure such as stormwater pipes and underground power lines will contribute to an improved visual experience as well as catering to the demands of a growing population.

The work will take up to two years to complete.

Project partners: Auckland Transport, NZTA, Whau Local Board

See aucklandtransport.govt.nz/improving-transport/current-projects for an artist's impression of what the upgrade will look like.

**PRIORITY
FOCUS
ONE**


Whau Local Board chairman Derek Battersby and Deputy Mayor Penny Hulse walking through the Totara Ave shared space.


**ALBANY HIGHWAY CORRIDOR
UPGRADE**
ROADS

Auckland Transport is planning to upgrade the 4km stretch of Albany Highway between the Upper Harbour Motorway (SH18) and Dairy Flat Highway (SH17). Construction work was due to begin in early 2012, but consent and funding processes still need to be worked through.

About 15,000 vehicles, as well as cyclists and pedestrians, use Albany Highway every day.

An upgrade is essential for reducing congestion and improving road safety. This project was begun in 2005 by North Shore City Council and has been through significant community consultation. Construction work includes road widening, a new four-lane bridge over Oteha Stream, undergrounding utilities, changing roundabouts to signalised intersections, new medians and upgraded stormwater pipes.

Progress this year has included:

- Completing detailed design relating to safety audit responses
- Submitting all consents to Auckland Council. The appeals period closed early April 2012 and legal advice was sought regarding the appeal process
- Three land purchases remain for land required for the road. Negotiations with valuers are ongoing
- Developing an integrated communication plan for the upgrade.

Next steps: Commence construction in late 2012 or early 2013, subject to a Notice of Requirement, Environment Court appeals, NZTA funding, consents and land acquisition.


ROADS
NEW ROADING CONNECTIONS AND IMPROVEMENTS ASSOCIATED WITH THE NEW LYNN RAIL TRENCHING AND TRANSPORT INTERCHANGE

The 300-metre dual carriageway bypass extending Clark Street to the west was completed, along with the new Totara Avenue shared space, in September 2011. The shared space transforms Totara Avenue West into a slow-speed zone that creates a more pedestrian-friendly retail area and focal point for New Lynn's town centre.

Gardner and Todd Triangle reserves have been upgraded as part of the road projects. Construction on streetscape improvements along Great North Road between Totara Avenue and Memorial Drive began in May 2012.

See page 62 for a case study on the success of shared spaces.

MULTI-MODAL
FURTHER IMPLEMENTATION OF THE NEW LYNN TRANSIT-ORIENTED DEVELOPMENT, INCLUDING TRANSPORT CENTRE AND INTERCHANGE

A transit oriented development (TOD) is a mixed-use residential or commercial area designed to maximise access to public transport. TODs are driven by high-quality transport investments that attract private business investors and visitors. In New Lynn, Auckland Transport is working to upgrade the McCrae Way area, while Infratil constructs a new medical centre and parking building alongside.

McCrae Way is an under-utilised back street of New Lynn located behind the library, and falls within the Merchant Quarter precinct of the New Lynn Urban Plan, which looks to provide a vibrant and walkable mixed-use environment that attracts both visitors and business investment.

McCrae Way will become an important shared space street, providing new connections to Great North Road and Totara Avenue. Eventually, McCrae Way will also join Totara Avenue West via a planned McCorquindale Lane. Construction tenders for Great North Road streetscape and the station canopy extension have been awarded.

Infratil's and Auckland Council's joint development on the site of the old bus station will include 7,000m² of commercial floor space,

including a three-level medical centre and a four-level, 299-space public parking building with ground floor retail.

Next steps: Construction of both projects has been taking place this year and is expected to be complete by the end of 2012.



FERRY

REVIEW OF FERRY SERVICES

Levels of service on Auckland's ferries are being reviewed as part of a larger review of transport networks. Enhanced ferry services during RWC 2011 pointed to the potential for weekend services to be expanded.

A trial of weekend services for Half Moon Bay, Birkenhead, Northcote Point and Bayswater began in December and was completed in April 2012. The trial showed significant increases in patronage and the weekend timetable has since been reviewed by Fullers and Auckland Transport and it continues.

Birkenhead Wharf has had the inner berth removed and a new berth was commissioned into service in June 2012. The new berth will improve customer experience, linking directly to the customer waiting areas.

The landing facility for Pier 1C is being replaced and from October Pier 1C will be used for the Half Moon Bay service, which currently runs out

MULTI-MODAL

REVIEW OF PUBLIC TRANSPORT, PARTICULARLY IN THE SOUTHERN SECTOR COVERED BY THE MANGERE-OTAHUHU, OTARA-PAPATOETOE AND MANUREWA LOCAL BOARD AREAS

A comprehensive review of the public transport service network structure through an update of the Public Transport Network Plan (PTNP) is due for completion in late 2012 and will establish the service design for all of the Auckland region designs, including South Auckland, commencing in 2012/13.

A new long-term public/private framework is now in place for procuring and managing bus and ferry services. The Public Transport Operating Model (PTOM) is a key enabler of a more integrated public transport network. Its aim is to deliver improved service performance, a greater focus on customer needs and closer cooperation in maximising public transport outcomes through a public private partnering model.

The PTOM:

- Gives operators greater certainty around investment
- Gives both public and private sector opportunities to innovate
- Allows Auckland Transport to draw up contracts with operators that coordinate the procurement and delivery of bus and ferry services, and incentivise performance.

The performance criteria encourage patronage growth and subsidy value for money, while ensuring quality and performance of services being delivered.



Birkenhead Wharf, refurbished, was re-opened in June 2012.

PRIORITY
FOCUS
ONE

Next steps: The new public transport structure will deliver a logical and simpler network of integrated high-frequency services. A test of this was undertaken in August 2011 with the redesign of Central Isthmus bus services, including the introduction of the new LINK bus services of the City, Inner and Outer LINKS. A significant proportion of the South Auckland bus routes are in the first year (July 2012-June 2013) of procurement including the Southern Initiatives airport, Mangere and Onehunga services, subject to funding.

MULTI-
MODAL

COMPLETE ROAD PROJECTS TO ENSURE SUCCESS OF RUGBY WORLD CUP 2011

Rugby World Cup 2011 was a catalyst for significant improvements to transport, with Kingsland road, footpath and station upgrades, the development of shared spaces in Fort Street, and Elliott and Darby streets, and new bus shelters in Karangahape Road. These improvements, along with revitalisation of the waterfront, will reap long-term benefits for Auckland and have instilled the city with a new sense of itself.

During RWC 2011 Auckland was vibrant and collectively upbeat. The 10 matches at Eden Park drew crowds totalling 633,453 and over a million people visited Queens Wharf during the six-week period. Transport planning for Opening

Night was based on an initial expected crowd of 50,000, with final contingency arrangements to accommodate 100,000 patrons. Pressures and problems on the network that evening led to contingency plans being implemented and an independent inquiry. For the remainder of the Tournament, public transport services to Fanzones, matches and training venues operated well and were constantly reviewed.

Transport objectives for non-private car usage were achieved, with 60 per cent at pool matches and 75 per cent at the Finals. Match goers were cleared from venues within 60-70 minutes of the final whistle on most occasions. Record high patronage was achieved on special event buses at North Harbour Stadium.

RWC 2011 was an example of close co-operation between the new Joint Transport Operations Centre and the Major Events Operations Centre.

An independent evaluation of the event included a survey of Auckland residents, which found that:

- 96.3 per cent felt that public transport was the same or better during RWC 2011, compared with the level of usual services
- More than 90 per cent felt safe travelling around
- 36.5 per cent would in future be likely to use public transport more – one of the five legacy goals
- 70.8 per cent believed that roads were well managed for the events.



A large number of visitors to Rugby World Cup 2011 used public transport services.

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Road maintenance at Pakiri. Road renewals are the single biggest item of expenditure in Auckland Transport's books, at \$188.5m this year.



Dominion Road upgrade



BUS

Dominion Road is a key arterial route that connects the southern and central areas with the city centre and SH20. It is a major bus route, with high frequency b.line services operating throughout the day. The Dominion Road upgrade will improve public transport and cycling links through providing enhanced bus and cycle lanes and will be a driver for revitalisation of village centres.

Over the year Auckland Transport has undertaken a significant amount of work in analysing options and engaging with the community and key stakeholders, with a view to improving amenity and safety along the

corridor, in addition to improving bus efficiency. While this work continues, no final decision on which option to implement has been made. A value-for-money evaluation for incremental improvements is still being considered. The budget allocated for this project in the Long-term Plan (LTP) is approximately \$90m however this will be refined as the preferred option is finalised.

Next steps: A preferred option is expected to be identified in late 2012. Detailed design will then begin, followed by construction in future years of the LTP.

**PRIORITY
FOCUS
ONE**

BUS
**MOVING MORE BUSES FASTER
AT PEAK TIMES THROUGH
IMPLEMENTING SUBSTANTIALLY
MORE BUS AND TRANSIT LANES**

The design for the Grafton Bridge bus lane project has been completed. Variable message signs (VMS) and direction signs were installed on the approaches to Grafton Bridge in early July. Structural complications have delayed the implementation of the new overhead signs on the bridge and investigations are under way.


BUS
**BETTER IDENTIFICATION
OF BUS LANES**

A one-year joint trial of how bus lanes are identified for the public began in June 2012, following detailed design and consultation by NZTA. The aim is to create a set of standards for all bus lanes in the Auckland region by August 2013 and implement these standards on both new and existing bus lanes. The standards will give greater clarity for vehicle users and reduce correspondence related to infringement notices.

Changes to signage and road markings include transition from a solid to a broken line 50 metres in advance of an intersection. Trials began in July 2012 on Quay Street, Fanshawe Street, Great South Road, Vincent Street and Remuera Road. LED pavement markers are also being trialled in Vincent Street, along with painted road markings. Trial changes to the T3 bus lanes in Remuera Road began in June 2012 to allow vehicles with three or more occupants, buses, cyclists and motorcyclists to use the lane.



Online advertising and an online game have been used to promote behaviour change around bus and transit lanes.


RAIL
**RESTORATION OF THE
RAIL STATION AT TAMAKI**

The Tamaki Innovation Precinct is a science-based industry and research precinct in the business area at Tamaki. The area will benefit from the AMETI programme over the next 30 years. To cater for anticipated growth in population and business activity, the rail station at Tamaki has been proposed to reopen.

Located at Tainui Road, sufficient land within the rail corridor has been identified to futureproof the station. Additional trains would be needed to maintain the service.

Next steps: Timetable modelling is being carried out in the second half of 2012. An assessment of the operational impact of reopening Tamaki Station will then follow.


BUS
**HENDERSON – ALBANY RAPID
TRANSIT NETWORK (RTN) STUDY**

The Northern Busway approach is being expanded to other high-growth areas of Auckland. An RTN is a high-frequency, high-quality service operating on a transport spine that is not held up by traffic congestion. The Henderson-Westgate-Albany bus connection has been identified for future transformation into an RTN.

The scope of work has been agreed with NZTA. The contract for the study was awarded in December 2011. The project feasibility report will help to finalise the preferred bus corridor route, identify risks particularly around land purchase and route protection, and develop a 10-year programme for investigation, design and construction.

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REMOVAL OF RAIL LEVEL CROSSINGS

RAIL

An initial study was carried out in 2009 to identify regional priorities for the removal of rail level crossings. The top three priorities are Manaroa, St Judes and Morningside, and funding to further this project has been requested for the 2014/15 financial year, through the Regional Land Transport Programme.



COLLABORATION ON COMBATTING GRAFFITI VANDALISM

RAIL
AND
BUS

Auckland Transport has been participating and advising on the Auckland Graffiti Action Forum, particularly initiatives to combat etching graffiti on the rail and bus network.

The forum is a mixture of CCO, community action groups, commercial operators providing graffiti solutions and large private firms with street assets that are repeatedly targeted. While Auckland Council now has a regional graffiti management plan, Auckland Transport's road corridor maintenance contractors have been meeting standards for a number of years, the focus has shifted to improved coordination of clean ups of deeply interwoven assets; for example, road signage, bus shelters and barriers, and rail. It has been agreed for treatment of graffiti on transport assets to remain under Auckland Transport control.

Auckland Transport continues to treat graffiti across the public transport network as a high priority service delivery indicator with paint graffiti targeted for same day (within 24 hours) removal.

A little goes a long way

Minor improvements can make a major difference to both the efficiency and the experience of being on the region's roads and public transport networks, while adding little cost to budgets stretched by big infrastructure projects.

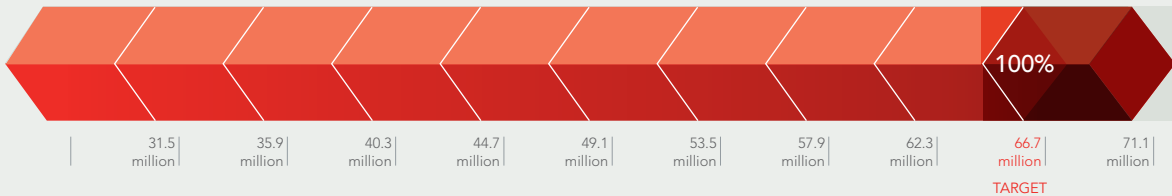
Among the many cost-effective, demand-led improvements made to the network this past year were:

- Increasing the frequency of services on the shoulder peak of the Northern Express to four minutes
- Streamlining bus services from Howick / Botany through to the city centre via the Ellerslie Panmure Highway to provide a service at least every 15 minutes
- Connecting bus services to the new Manukau Rail Station
- Installing cash machines at Albany, Constellation, Smales Farm and Akoranga Busway stations
- Free Wi-Fi access on all LINK services
- Two new innovative 'Dragon Buses' on the City LINK bus route, to celebrate the Year of the Dragon and as a tribute to the large Chinese Community in Auckland who are keen users of public transport – a partnership between NZ Bus and Auckland Transport
- Brochures translated into Chinese to make it easier for this community to use public transport services
- Reviewing all bus timetables against actual running information to improve the accuracy and reliability of all bus customer information
- A make-over of city centre bus signage, maps and bus stop numbers to help customers easily read and understand bus stop information, including Braille signs and simplified maps
- Installing real-time travel information signs on Manukau and Pah roads to give estimated travel times between the city centre and the airport
- Making 42 safety improvements at high-risk urban and rural intersections
- Installing 38 electronic 40km speed and warning signs at 14 schools
- Implementing 12 local area traffic management and traffic calming projects to reduce speeds on residential roads
- Refurbishment of Devonport Wharf facilities, including bike shelters, seating, signage and planting
- Installing new drinking fountains and recycling facilities at four ferry terminals
- Upgrading Otara interchange with a new Pasifika-designed bus shelter, improved pedestrian crossing points and new seating to improve foot-traffic flow. Part of a larger joint project with Auckland Council.

**PRIORITY
FOCUS
ONE**

**PERFORMANCE MEASURES
MAINTAIN AND MAKE BEST
USE OF THE EXISTING NETWORKS**

**01 TOTAL PUBLIC TRANSPORT PATRONAGE –
ANNUAL BOARDINGS FOR BUS, RAIL AND FERRY**



71.1m
PASSENGERS

+ TARGET EXCEEDED

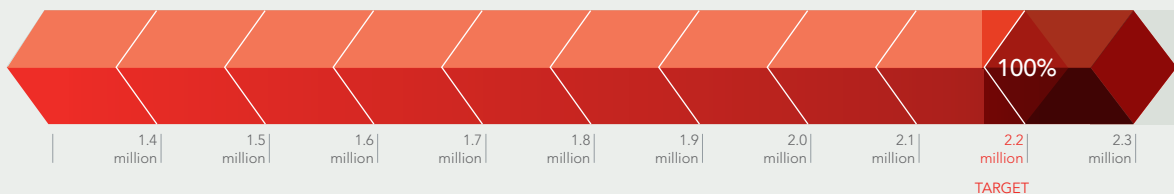
2012 Target: 66,725,000 passengers
2012 Actual: 71,087,755 passengers
2011 Actual: 65,763,655 passengers

Total Auckland public transport patronage was 71,087,755 passengers for the 12 months to 30 June 2012, an increase of 5,324,100 or +8.1% compared to the 12 months to 30 June 2011. This is the first time Auckland’s public transport patronage has exceeded 70 million passengers since the 1950s.

Patronage per mode: Bus – 54,736,260 passengers (77.0%); Rail – 10,904,160 passengers (15.3%); Ferry – 5,447,335 passengers (7.7%).

Note: The 2011 actual result is for the full year to 30 June 2011 and therefore includes four months previously reported in ARTA.

02 RAPID TRANSIT BUSWAY ANNUAL BOARDINGS



2.3m
PASSENGERS

+ TARGET EXCEEDED

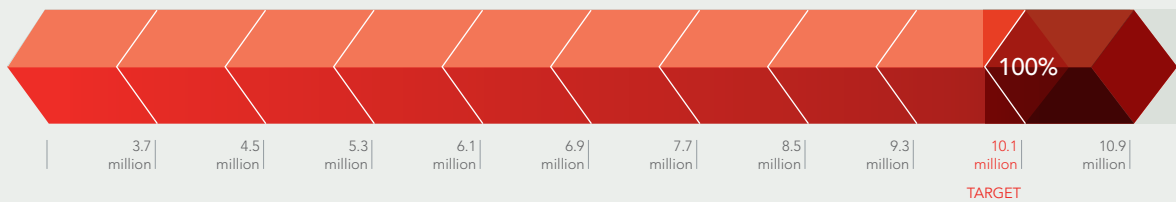
2012 Target: 2,160,000 passengers
2012 Actual: 2,279,860 passengers
2011 Actual: 2,056,890 passengers

Northern Express patronage totalled 2,279,860 passengers for the 12 months to 30 June 2012, an increase of 222,970 or +10.8% compared to the 12 months to 30 June 2011. The Northern Busway, along with the rail network, forms the Rapid Transit Network (RTN). The Northern Busway is New Zealand’s first purpose-built road dedicated to buses.

Note: The 2011 actual result is for the full year to 30 June 2011 and therefore includes four months previously reported in ARTA.

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03 RAPID TRANSIT RAIL ANNUAL BOARDINGS



10.9m

PASSENGERS

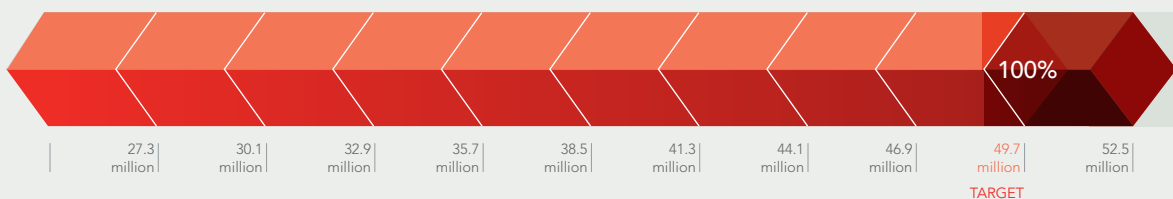
Rapid transit rail annual boardings totalled 10,904,160 passengers for the 12 months to 30 June 2012, an increase of 1,039,556 or +10.5% compared to the 12 months to 30 June 2011. Western Line rail patronage totalled 4,092,234 passengers, an increase of 578,743 or +16.5%. Southern and Eastern line rail patronage totalled 6,811,926 an increase of 460,791 or +7.3%.

+ TARGET EXCEEDED

Note: The 2011 actual result is for the full year to 30 June 2011 and therefore includes four months previously reported in ARTA.

2012 Target: 10,090,000 passengers
2012 Actual: 10,904,160 passengers
2011 Actual: 9,864,604 passengers

04 QUALITY TRANSIT AND LOCAL CONNECTOR BUSES ANNUAL BOARDINGS – INCLUDING CONTRACTED SCHOOL BUSES



52.5m

PASSENGERS

Bus services other than the Northern Express form the majority of services on the Quality Transit Network and Local Connector Network, including dedicated school bus services. Patronage totalled 52,456,400 passengers for the 12 months to 30 June 2012, an increase of 3,349,956 or +6.8%. Bus patronage (excluding Northern Express) by sector: North Sector – 10,666,558 passengers, an increase of 309,637 or +3.0%; West Sector – 4,951,054 passengers, an increase of 93,995 or +1.9%; South Sector – 10,719,191 passengers, an increase of 347,086 or +3.3%; Isthmus Sector – 26,119,597 passengers, an increase of 2,599,238 or +11.1%.

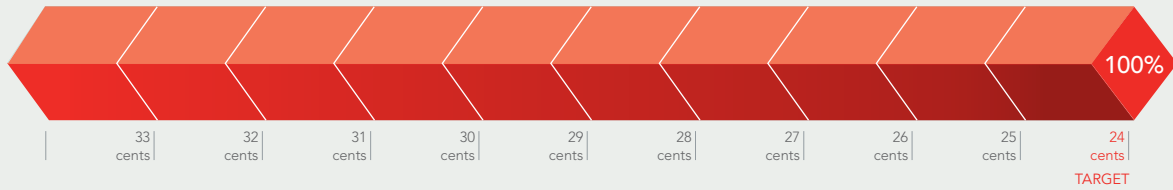
+ TARGET EXCEEDED

Note: The 2011 actual result is for the full year to 30 June 2011 and therefore include four months previously reported in ARTA.

2012 Target: 49,700,000 passengers
2012 Actual: 52,456,400 passengers
2011 Actual: 49,106,444 passengers

PRIORITY FOCUS ONE

05 PUBLIC TRANSPORT SUBSIDY PER PASSENGER KILOMETRE



24 CENTS

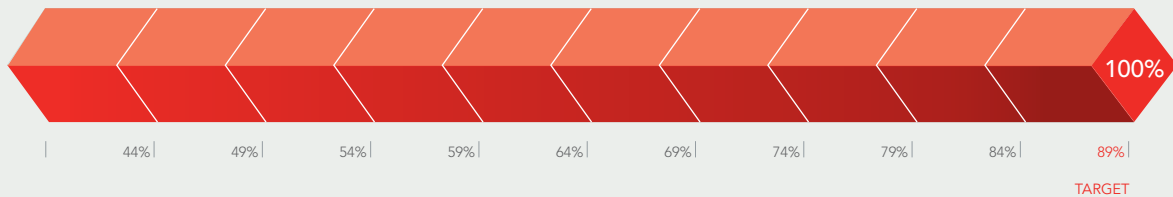
Public transport subsidy per passenger kilometre as at 30 June 2012, was 24 cents (CPI adjusted) which is in line with the target. Public transport subsidy (CPI adjusted) per passenger for the 12 months ended 30 June 2012 was \$2.35 (Bus – \$1.75, Rail – \$5.98 and Ferry – \$1.07).

+ TARGET MET

Note: The 2011 actual result is for the full year to 30 June 2011 and therefore includes four months previously reported in ARTA.

2012 Target: 24 cents
 2012 Actual: 24 cents
 2011 Actual: 23 cents

06 PERCENTAGE OF PUBLIC TRANSPORT PASSENGERS WITH ACCESS TO REAL TIME SERVICE INFORMATION



89 PER CENT

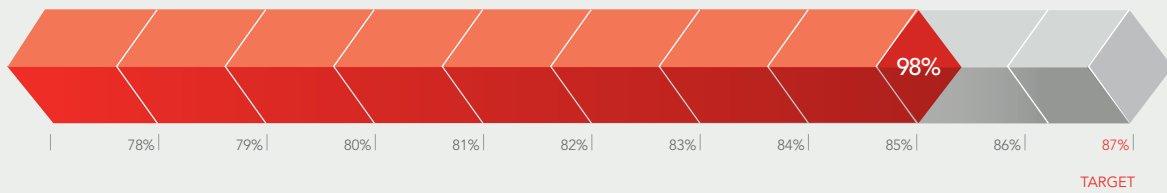
Real time service information has been extended to rail services both at the stations (excluding Mt Albert Station) and on the MAXX website this year.

+ TARGET MET

Note: The 2011 actual result represents access to real time service information via www.maxx.co.nz for bus passengers

2012 Target: 89%
 2012 Actual: 89%
 2011 Actual: 73%

07 PERCENTAGE OF PUBLIC TRANSPORT PASSENGERS SATISFIED WITH THEIR PUBLIC TRANSPORT SERVICE



85 PER CENT

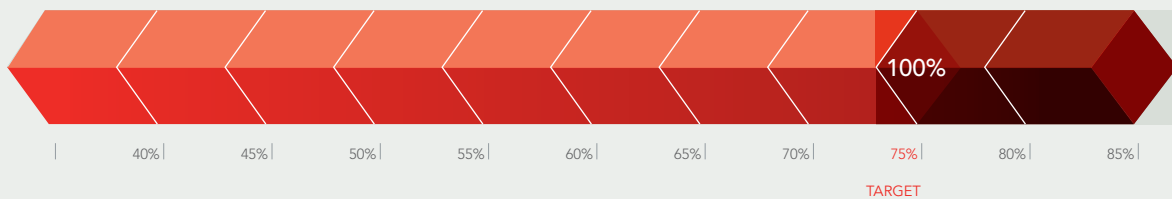
- TARGET NOT MET

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

An external party conducted an on-board survey with public transport passengers, using a self completion methodology. The overall public transport experience was rated positively (good/very good/excellent) by 85% of respondents. Overall satisfaction (good/very good/excellent) by transport mode: Ferry – 92%, Bus – 82%, Train – 82%.

Various public transport projects (e.g. real-time public information system, integrated fares and ticketing, electric trains, more bus and transit lanes) are continuing to progress well. These projects will help improve customer satisfaction with public transport services.

08 PERCENTAGE OF RESIDENTS SATISFIED WITH THE QUALITY OF ROADS IN THE AUCKLAND REGION



85 PER CENT

+ TARGET EXCEEDED

2012 Target: 75%
 2012 Actual: 85%
 2011 Actual: 79%

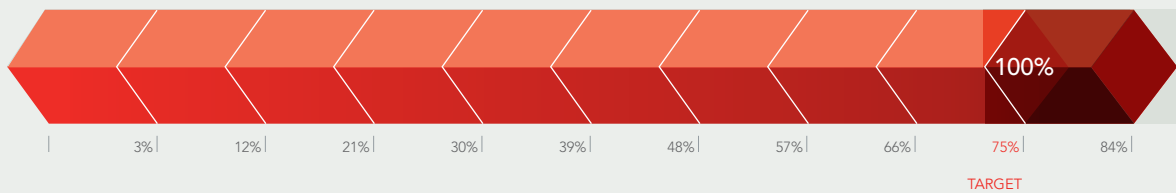
Auckland Council conducted an annual survey on resident and ratepayer satisfaction with a range of its services and facilities, which includes services and facilities provided by Auckland Transport.

2012 actual customer satisfaction survey result includes very satisfied (11%), satisfied (39%) and neutral (35%). The target of 75% includes extremely satisfied, very satisfied or satisfied.

Note: 2011 actual customer satisfaction survey: includes very satisfied (7%), satisfied (36%) and neutral (36%).

PRIORITY FOCUS ONE

09 PERCENTAGE OF RESIDENTS SATISFIED WITH THE SURFACE FOR ALL SEALED ROADS IN THE AUCKLAND REGION (EXCLUDING MOTORWAYS)



84 PER CENT

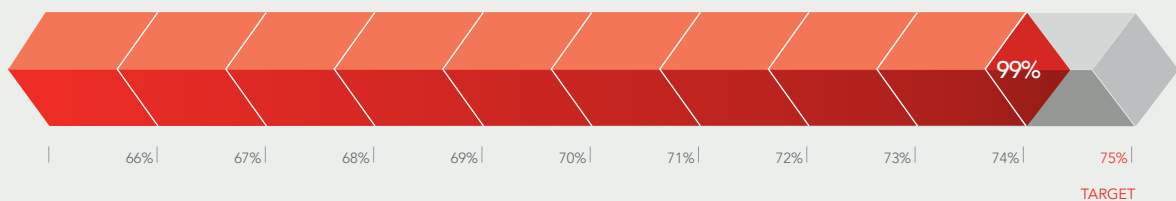
2012 actual customer satisfaction survey includes very satisfied (11%), satisfied (35%), and neutral (38%). The target of 75% includes extremely satisfied, very satisfied or satisfied.

Note: 2011 actual customer satisfaction survey includes very satisfied (8%), satisfied (37%) and neutral (35%).

+ TARGET EXCEEDED

2012 Target: 75%
2012 Actual: 84%
2011 Actual: 80%

10 PERCENTAGE OF RESIDENTS SATISFIED WITH THE QUALITY OF FOOTPATHS IN THEIR LOCAL AREA



74 PER CENT

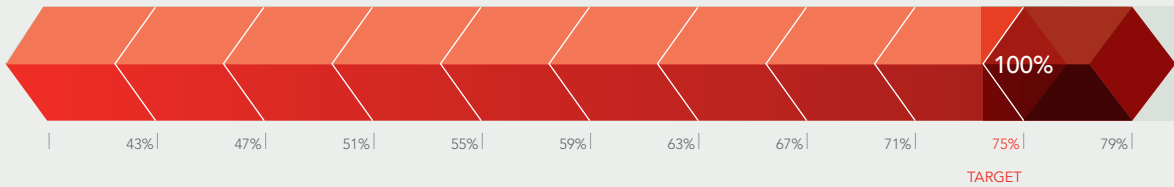
2012 actual customer satisfaction survey includes very satisfied (13%), satisfied (33%) and neutral (28%). The target of 75% includes extremely satisfied, very satisfied or satisfied. Auckland Transport will continue to improve the condition of existing footpaths within the funding available. Priority will be given to footpaths in very poor condition.

Note: 2011 actual customer satisfaction survey includes very satisfied (11%), satisfied (34%) and neutral (31%).

- TARGET NOT MET

2012 Target: 75%
2012 Actual: 74%
2011 Actual: 76%

11 PERCENTAGE OF RESIDENTS SATISFIED WITH THE QUALITY OF FOOTPATHS IN THE AUCKLAND REGION



79 PER CENT

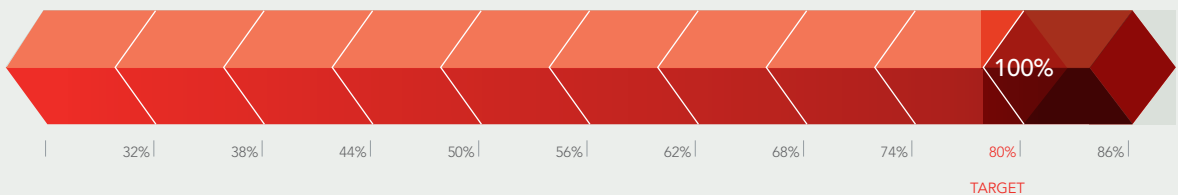
2012 actual customer satisfaction survey includes very satisfied (7%), satisfied (36%), and neutral (36%). The target of 75% includes extremely satisfied, very satisfied or satisfied.

Note: 2011 actual customer satisfaction survey includes very satisfied (7%), satisfied (33%) and neutral (36%).

+ TARGET EXCEEDED

2012 Target: 75%
 2012 Actual: 79%
 2011 Actual: 76%

12 PERCENTAGE OF TELEPHONE CALLS TO MAXX CALL CENTRE ANSWERED WITHIN 20 SECONDS



86 PER CENT

MAXX call centre has received 580,046 calls in the 12 months ended 30 June 2012 and is meeting the performance standard of 86% of calls answered within 20 seconds. Average call wait time was 11 seconds. Rugby World Cup 2011 (RWC 2011) was a significant highlight of the year and a resource intensive project. MAXX received its biggest call volumes of the year during this period, with 64,579 calls in September 2011 and 56,562 calls in October 2011.

Apart from the calls received from the MAXX call centre, Auckland Transport received calls from the HOP line (34,511 calls in the twelve months ended 30 June 2012). Auckland Council also take calls on behalf of Auckland Transport via the Auckland Transport number (355-3553).

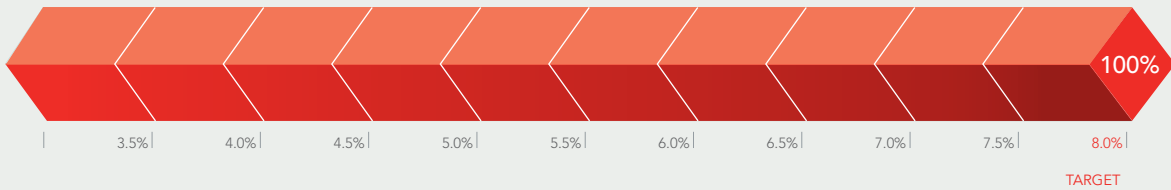
Note: The 2011 actual results is for eight months. Average wait time was 16 seconds.

+ TARGET EXCEEDED

2012 Target: 80% or better
 2012 Actual: 86%
 2011 Actual: 79%

PRIORITY FOCUS ONE

13 PROPORTION OF ARTERIAL ROAD NETWORK FOR WHICH REAL TIME TRAVEL OR CONGESTION INFORMATION AVAILABLE



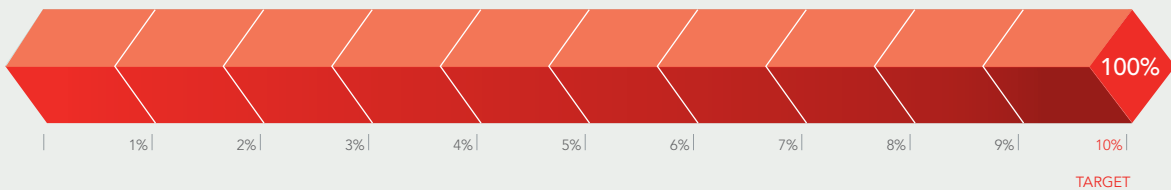
8 PER CENT

+ TARGET MET

2012 Target: 8%
 2012 Actual: 8%
 2011 Actual: New measure

A project was initiated to enable a better understanding of road network performance and expected travel times at different times of the day. Data is gathered in real time and used to predict travel times for the route. This information is then made available to the public. The city centre to airport route now has six electronic variable message signs that can display projected journey times. Preliminary results indicate that travel times have significantly improved along this route and are being maintained at an average of 40 minutes per trip during peak times. Congestion information is available on the NZTA website. This project is one of the first to apply the One System approach where the journey includes both arterials routes and segments of the motorway.

14 PROPORTION OF ARTERIAL ROAD NETWORK WITH SIGNAL OPTIMISATION IN PLACE



10 PER CENT

+ TARGET MET

2012 Target: 10%
 2012 Actual: 10%
 2011 Actual: New measure

A route optimisation programme was initiated which identified a number of major arterial routes where traffic signal coordination and other traffic management initiatives can achieve improvements in travel time reliability, safety and reductions in emissions. For the year ended 30 June 2012, route optimisation on 16 segments of arterials routes were implemented. The Dominion Road, Symonds Street and St Lukes routes have been completed and other routes in various stages of completion are Greenlane, Great South Road, Broadway and Khyber Pass.

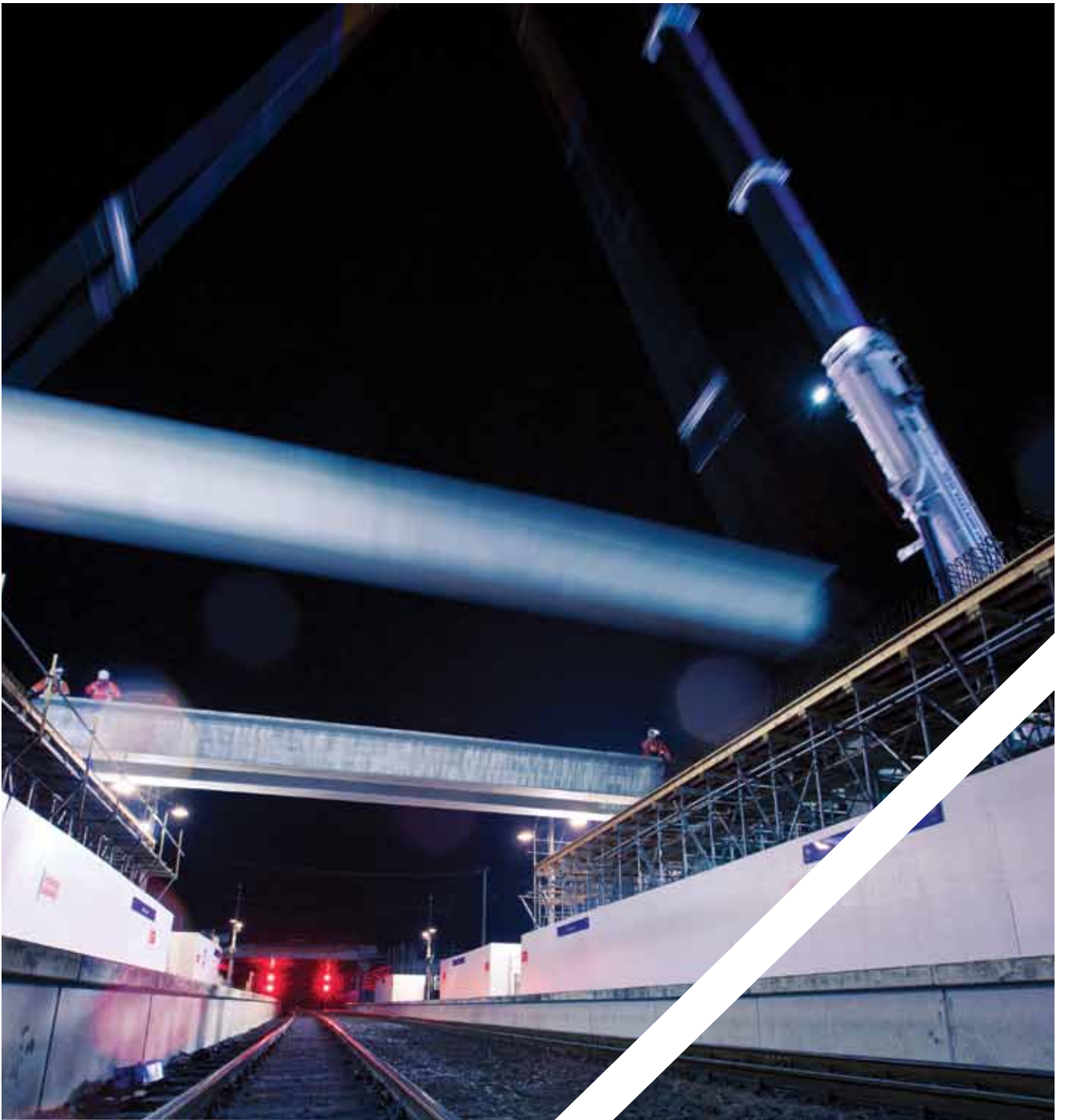
OVERALL PERCENTAGE SCORE:
PRIORITY FOCUS ONE:
MAINTAIN AND MAKE BEST USE
OF THE EXISTING NETWORKS

99.8%

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Auckland Transport maintains **6,900km** of footpaths.

Pedestrian activity on city centre streets has increased by between 50 and 140 per cent since the new shared spaces were introduced in the city centre.



AMETI is a **\$1.5 billion** project.

The first beam was lifted into place in May for the Panmure Station upgrade, as part of AMETI Phase 1.

Invest in new INFRASTRUCTURE

Improvements to major routes to, from and within Auckland are crucial to delivering on the Auckland Plan.

PRIORITY
FOCUS
TWO

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Major investment in new infrastructure is essential, even with optimising the existing networks and managing the demand for travel.

Auckland is experiencing a rapid growth in population, with the demand for transport expected to double over the next 30 years.

Improving major routes will:

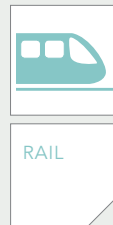
- Enable land use strategies in the Auckland Plan
- Maintain good levels of service for freight and commercial vehicles
- Support increased use of public transport.

New infrastructure is also needed to unlock the full economic potential of recent investments. For example, the City Rail Link is vital to releasing the capacity constraints on the rail network, by making Britomart a through station rather than a terminus.

The major projects reported in this section are programmed within the Auckland Plan over the next 30 years. They are mostly bundles of programmes, or what's called 'multi-modal packages' – for example rail stations connected with bus and ferry interchanges, parking and walking and cycling improvements. These smaller projects are needed to optimise the use of the existing networks and to support the major improvement projects.

Most of these major projects are still in the planning and funding stages, but construction of the Panmure Phase 1 of AMETI got under way this year and the new Manukau Rail Station opened.

Progress on this priority is measured by travel times along strategically important arterial routes during morning peak and along strategically important freight routes during the inter-peak period from 9am to 4pm.



RAPID TRANSIT LINK TO THE AIRPORT

Rapid rail transit to the airport is identified in the Auckland Plan as a strategically important project. This project's priority is directly beneath the top three 'mega projects' of the City Rail Link, AMETI and East-West Link, and an additional Waitemata Harbour crossing.

Phase 1 has identified a preferred way forward, which includes protecting a route for rail from Onehunga to Puhunui via the airport.

Phase 2 Scheme Assessment began in March 2012, with full support from all five project partners – Auckland Transport, Auckland Council, NZTA, KiwiRail and Auckland Airport. This phase will identify the final rail alignments and station locations integrated with future state highway, local road, cycle and pedestrian improvements and with the desired land use as set out in the Auckland Plan. Preliminary route options for the rapid transit corridor (rail) are under development and the initial station location options have been drafted. A draft route protection strategy has been prepared and work is under way looking at the best way to progress the business case for the whole project and the sub-projects.

The project name has been changed from South Western Airport Multi Modal Corridor Project (SWAMMCP) to South-Western Multi Modal Airport Rapid Transit (SMART).

Next steps: An Engagement Strategy will be prepared to help with the public engagement, which will be undertaken in September alongside the Auckland Council consultation on the Mangere-Otahuhu Area Plan.

PRIORITY
FOCUS
TWO



RAIL

CITY RAIL LINK

The City Rail Link (CRL) is a proposed new 3.5 kilometre double track, underground electrified rail line connecting Britomart to the Western Line near Mt Eden Station. Its main purpose is to free up capacity constraints on the rail network and boost the economic potential of Auckland's city centre. Turning Britomart into a through station and adding extra stops will allow faster, more frequent and more reliable services across the whole rail network. It will increase public transport resilience and choice for a growing Auckland and encourage economic growth through a more efficient and productive Auckland.

Three additional city centre stations in the vicinity of the Aotea Centre, Karangahape Road and Newton are planned. A journey from New Lynn to Aotea Station will take less than half the current time. Improved travel times will increase the number of workers available to employers and give people greater employment opportunities. With the City Rail Link the number of people within 30 minutes travel time of a city station will double. This is vital, given that Auckland will have two thirds of New Zealand's growth over the next three decades and the city already accounts for 34 per cent of all jobs in New Zealand – most of which are in the metropolitan areas.

The CRL is expected to take five-and-a-half years to build at an estimated cost of \$2.4 billion. While discussions on funding are continuing, both central

government and Auckland Council have agreed that it makes strategic sense to protect a route now to enable future construction.

Next steps: The Notice of Requirement process to designate land required for the City Rail Link will progress over the next year.

See www.aucklandtransport.govt.nz for a video about CRL.

MULTI-MODAL

WORK WITH NZTA ON THE INVESTIGATION AND ROUTE PROTECTION FOR AN ADDITIONAL WAITEMATA HARBOUR CROSSING, INCLUDING RAIL

With the Auckland Plan adopted and identifying an additional Waitemata Harbour Crossing as one of three priority projects, NZTA will be recommencing work into a future harbour crossing and has reported to its Board on steps taken. Auckland Transport is working with NZTA on aligning the investigations to support any road crossing with similar investigations into a passenger transport crossing.

Next steps: Auckland Transport will need to consider the implications of this work on planning for rapid transit on the North Shore and other transport network issues.



The new City Rail Link will free up capacity constraints on Auckland's suburban rail network.

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RAIL

NEW RAIL STATION AT PARNELL

Stage one works for a new Parnell Station were completed over Christmas 2011/12. This included earthworks, structures, track realignment and relocating an underpass. This work has been followed by masterplan design, community consultation and engineering.

Next steps: Stage 2 construction of the station is due for late 2013, integrating the old Newmarket station building to make a heritage destination along with good mixed use urban intensification. The station will have strong, direct connections to Parnell Village, Auckland Museum, Auckland University and Carlaw Park.



ROADS

ROADING PROJECTS IN NEW DEVELOPMENT AREAS, ESPECIALLY NORSGA, FLAT BUSH, EAST TAMAKI, MILL ROAD AND LONG BAY

Northern Strategic Growth Area (NorSGA)

The North West Transformation area (previously NorSGA) includes Hobsonville Point, Hobsonville Village and Massey North/Westgate. The area is identified as an intense growth area in the Auckland Plan, and as an innovation area for marine industries. This development area is using sustainable practices such as local impact design for stormwater management, with streams having amenity value as well as their traditional function.

AMETI: Unlocking the potential of eastern suburbs

MULTI-MODAL

The Auckland-Manukau Eastern Transport Initiative is a package of much-anticipated transport projects for the eastern suburbs, which celebrated the start of construction in February this year. At a cost of \$100m for the first phase in Panmure, this is Auckland Transport's largest construction project.

Congestion there is amongst the worst in the country. The two bridges across the Tamaki River carry about 120,000 vehicles a day, more than SH1 through Victoria Park. This major project is designed to improve strategic transport links and give residents greater transport choices.

A new South Eastern Busway linking Panmure train station with Pakuranga and Botany is central to the project and to cutting travel times significantly. Plans for the busway went on show at a well-attended public information day in April.

Consultation with iwi is ongoing throughout the project and is focusing on lessening the effects of works on Van Damm's Lagoon, the impact of works on Mokoia Pa, how stormwater will be managed, archaeological investigations, busway plans and Māori values assessments.

Construction work on Panmure Phase 1 to date includes:

- Demolishing the old Mountain Road Bridge and building a new higher, longer replacement by the end of July 2012
- Constructing a new park-and-ride facility to replace some car parks lost during works
- Excavations for a new road tunnel (for the new road linking Mt Wellington and Glen Innes) alongside the rail line at Panmure Station

- Piling and abutments for a new busway bridge next to Ellerslie Panmure Highway for the upgrade of Panmure Station.

Work has just begun on the major upgrade of Panmure Station to make it easier to transfer between buses and trains. In 2013 work will begin on the new road providing a more direct north/south link between Glen Innes and Mt Wellington and improvements to Van Damm's Lagoon reserve.

This first phase will continue until 2014, and traffic management restrictions are in place along the highly congested Ellerslie-Panmure Highway.

Design work on the next phase of AMETI from Panmure Station to Pakuranga town centre is continuing. Construction is programmed for 2015 at the earliest.

Next steps:

- Building a new Panmure Bridge for the busway with a separate cycleway / pedestrian path and a major upgrade of Panmure station to create an interchange
- Upgrading Panmure roundabout to a new signalised intersection that reduces congestion on roads leading to it, and makes it safer for walking and cycling
- Road widening along Lagoon Drive, for the busway
- Road widening for the busway on Pakuranga Road and a new bus station at Pakuranga Town Centre.

See www.aucklandtransport.govt.nz/improving-transport/current-projects for a video flyover of the proposed busway route.

PRIORITY
FOCUS
TWO

Work this year at Massey North Town Centre focused on:

- Northside Drive West and Tahiri North Road construction commenced
- Agreement reached on final location and layout of bus interchange
- Roading progressed in Precincts A and B.

Next steps: Construction of Rua Road south and Don Buck extension, widening Fred Taylor Drive between Don Buck and Tahiri Roads with cycle lanes and signalised intersections, and signalised intersections and cycle lanes for Hobsonville Village and new ferry terminal and park-and-ride at Hobsonville Point. Planned completion date 2018/19.

East Tamaki, Flat Bush and Mill Road Corridor

A 1,700 hectare development area in the south-east of Manukau will be home to at least 20,000 people by 2020. Auckland Transport is responsible for delivering arterial road upgrades and improving cross-town bus linkages. This year:

- The Mill Road corridor scheme assessment report from SH1 to Alfriston School has been awarded and work is under way. Iwi and public consultation has begun
- The Murphy's Road upgrade – Murphy's Bush (North of Thomas Road to Flat Bush School Road) preliminary design has been completed and investigation is under way as part of the Mill Road project. Construction has been rescheduled for 2015/2016 and 2016/2017
- The Flat Bush School Road upgrading Stages 2 and 3 designs have been completed and physical works have been awarded and are

under way. The Flat Bush to Manukau City Centre road upgrades scheme assessment report tender has been delayed

- The Chapel Road realignment and Bridge/Ormiston Road to Stancombe Road scheme assessment report has been completed however transport planning and hydraulic issues with the Auckland Council stormwater model are still being resolved. Construction has been rescheduled for 2015/2016, 2016/2017 and 2017/2018
- The Ormiston Road – North side widening Ti Irirangi Drive to Chapel Road detailed design has been completed, but land acquisition issues are causing delays. Construction has been rescheduled for 2014/2015
- The Ormiston/Preston and Smales/Allens intersections are also progressing slowly because property purchases are involved. Construction has been rescheduled for 2014/2015 to 2016/2017 and 2014/2015 to 2017/2018 respectively
- Work is progressing with the design of the Matthews/Aspiring section as is Murphy's Road from Murphy's Bush to Redoubt Road.

Long Bay

The Long Bay Structure Plan was approved in March 2012. Another identified growth area, this greenfield development will see over 2,800 lots created in the next 10 to 15 years. Auckland Transport is proposing an additional access route to reduce congestion, with a new future road, Glenvar Ridge Road, and a recreational track for walkers and cyclists from Long Bay Park to Albany village. Planned completion date 2021/22.



An artist's impression of the new ferry terminal at Hobsonville, with a 70-metre-long walkway to a floating pontoon.

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Mayor Len Brown speaks to media at the official opening of the new Manukau Station.
Inset: Artist's impression of the MIT building being constructed above the new Manukau Station.

MULTI-
MODAL

COMPLETE MANUKAU RAIL STATION, INTERCHANGE AND PARKING BUILDING

When the first stage of Manukau Station opened on 15 April, it had been 82 years since a new rail line went into service in Auckland. Manukau has experienced rapid population growth ever since the 1950s and around 600,000 passengers a year are expected to use the train station – making Britomart the only busier station.

Contractors worked through the year to complete the two 180m-long platforms and new station, along with a temporary entrance on Davies Avenue. A community day in April gave commuters a chance to test the new double-tracked line, which connects to the Southern Line. Rail services were then phased in.

Around 1.2 million people are expected to eventually use the new bus station each year. Local bus services have been extended to Manukau Station, with the intention that the future bus and rail hub becomes the main transport interchange for south Auckland.

The station and tertiary centre are partly built on the ancient pa of the Te Waiohū peoples that in turn was built on the lava fields of part of Tamaki Makaurau's volcanic field.

Next steps: Construction continues above ground on a \$95m integrated transport hub and tertiary campus. When complete in 2013, the new station entrance will be on the ground floor of the Manukau Tertiary Centre.

Project partners: Auckland Transport, KiwiRail, Manukau Institute of Technology and Veolia Transport.

See www.aucklandtransport.govt.nz/improving-transport/current-projects for a video of opening day.



RAIL

RAIL TO THE NORTH SHORE

Rail to the North Shore has also been identified by the Auckland Plan as an important extension to the rail network. A draft report on land use preconditions has been updated and finalised by Auckland Council following feedback received from stakeholders. NZTA has reported to its Board on steps to recommence work on the additional Waitemata Harbour Crossing. Auckland Transport will need to consider the implications of this on planning for rapid transit on the North Shore.

Next steps: Auckland Transport and other stakeholders are considering the findings and possible next steps, including futureproofing the rail connection.

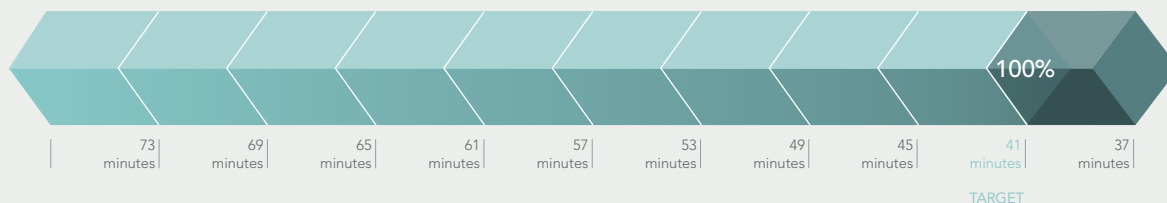
PRIORITY FOCUS TWO

PERFORMANCE MEASURES
INVEST IN NEW INFRASTRUCTURE

01 Travel times (minutes) along strategically important arterial routes during morning peak

The 2012 actual travel times were measured in November 2011. These represent the average travel time of 85% of trips along the strategically important arterial routes during the morning peak (7-9am). A number of factors can affect the travel time such as roadworks or major developments disrupting traffic flow. The 2012 target travel times were based on the travel times measured in November 2010.

1A. AIRPORT TO CITY CENTRE VIA MANUKAU ROAD

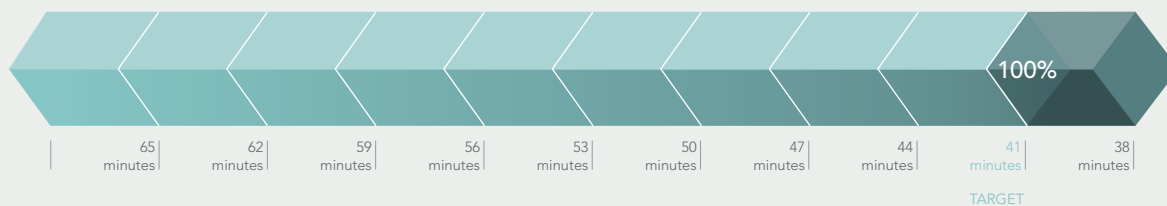


37 MINUTES

+ TARGET EXCEEDED

2012 Target: 41 minutes
2012 Actual: 37 minutes
2011 Actual: 41 minutes

1B. CITY CENTRE TO AIRPORT VIA MANUKAU ROAD



38 MINUTES

+ TARGET EXCEEDED

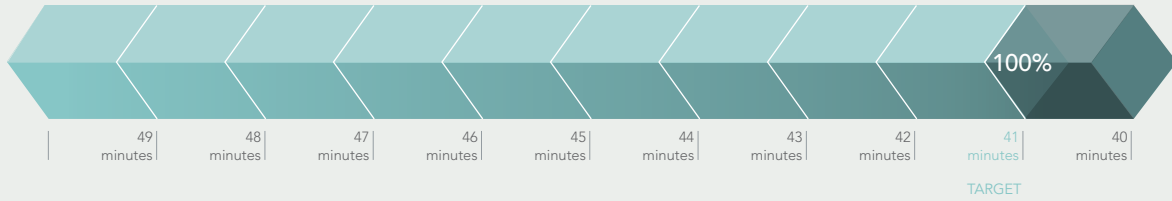
2012 Target: 41 minutes
2012 Actual: 38 minutes
2011 Actual: 41 minutes

SECTION 01

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1C. ST LUKES TO ST JOHNS VIA ST LUKES ROAD/GREENLANE/REMUERA ROAD

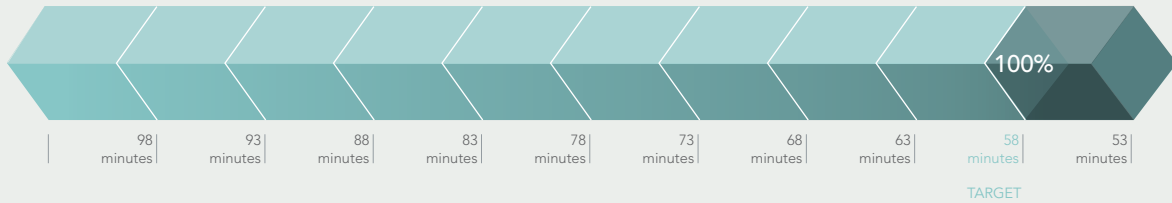


40 MINUTES

+ TARGET EXCEEDED

2012 Target: 41 minutes
 2012 Actual: 40 minutes
 2011 Actual: 41 minutes

1D. ST JOHNS TO ST LUKES VIA REMUERA ROAD/GREENLANE/ST LUKES ROAD

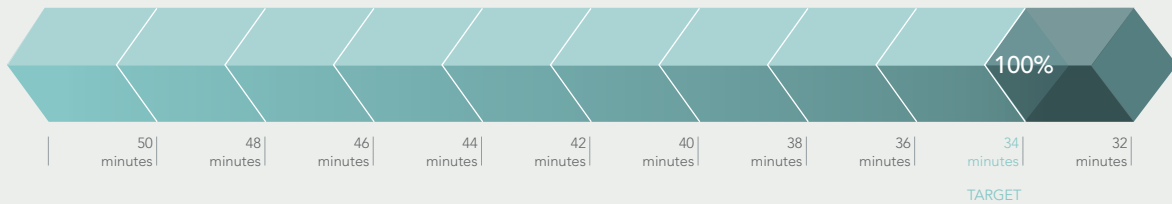


53 MINUTES

+ TARGET EXCEEDED

2012 Target: 58 minutes
 2012 Actual: 53 minutes
 2011 Actual: 58 minutes

1E. ALBANY TO BIRKENHEAD VIA GLENFIELD ROAD



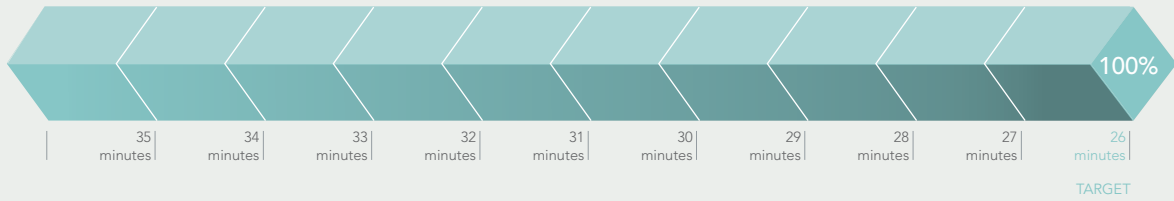
32 MINUTES

+ TARGET EXCEEDED

2012 Target: 34 minutes
 2012 Actual: 32 minutes
 2011 Actual: 34 minutes

PRIORITY FOCUS TWO

1F. BIRKENHEAD TO ALBANY VIA GLENFIELD ROAD

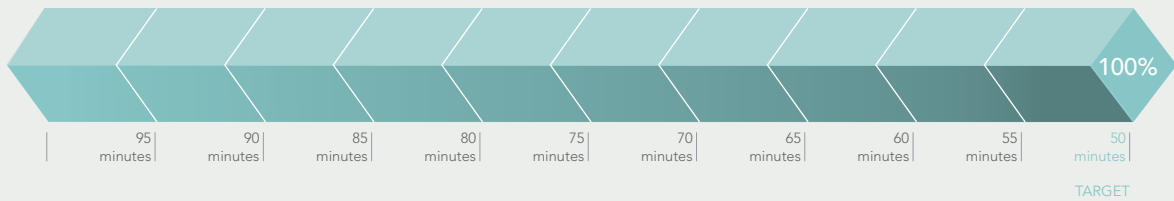


26 MINUTES

+ TARGET MET

2012 Target: 26 minutes
 2012 Actual: 26 minutes
 2011 Actual: 26 minutes

1G. HENDERSON TO CITY CENTRE VIA GREAT NORTH ROAD

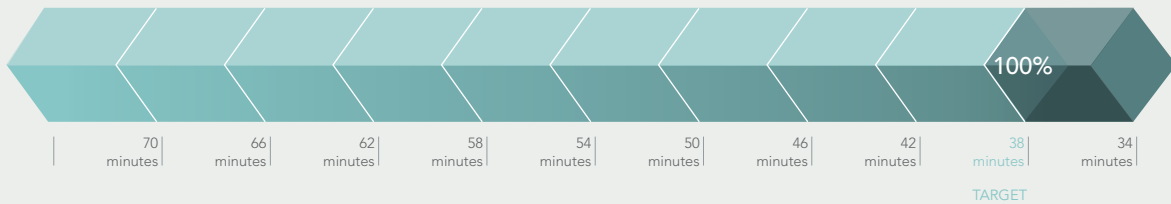


50 MINUTES

+ TARGET MET

2012 Target: 50 minutes
 2012 Actual: 50 minutes
 2011 Actual: 50 minutes

1H. CITY CENTRE TO HENDERSON VIA GREAT NORTH ROAD



34 MINUTES

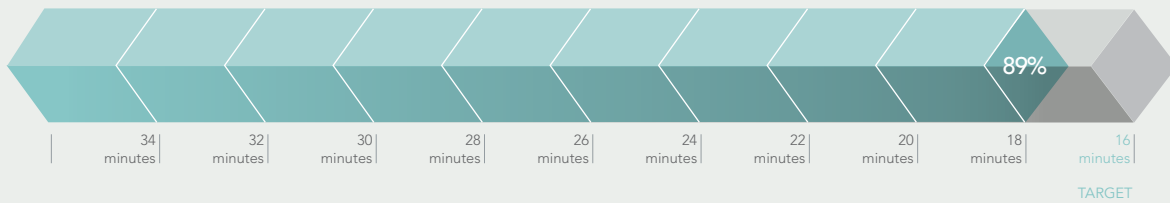
+ TARGET EXCEEDED

2012 Target: 38 minutes
 2012 Actual: 34 minutes
 2011 Actual: 38 minutes

02 Travel times (minutes) along strategically important freight routes during the inter-peak period (9am-4pm)

The 2012 actual travel times were measured in November 2011. These represent the average travel time of 85% of trips along strategically important freight routes during the inter-peak period (9am-4pm). A number of factors can affect the travel time such as roadworks or major developments disrupting traffic flow. The 2012 target travel times were based on the travel times measured in November 2010.

2A. FROM SH20 TO SH1 VIA NIELSON STREET



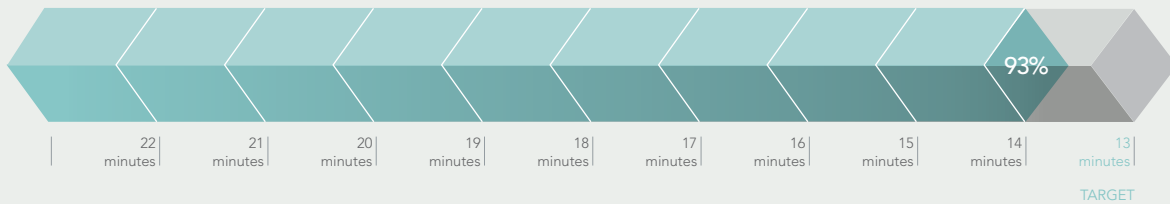
18 MINUTES

TARGET NOT MET

2012 Target: 16 minutes
 2012 Actual: 18 minutes
 2011 Actual: 16 minutes

Note: Actuals slightly behind target due to extensive roadworks around Onehunga Mall / Gloucester Park area.

2B. FROM SH1 TO SH20 VIA NIELSON STREET



14 MINUTES

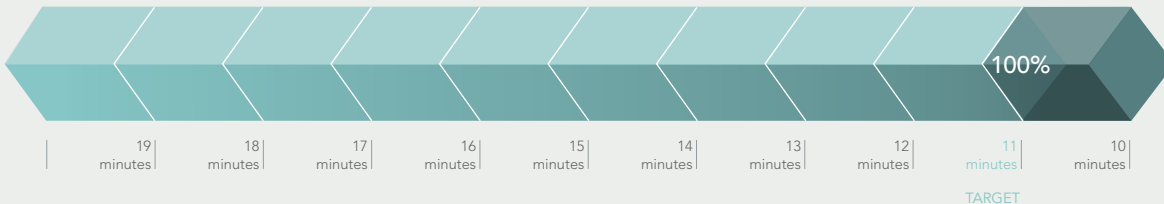
TARGET NOT MET

2012 Target: 13 minutes
 2012 Actual: 14 minutes
 2011 Actual: 13 minutes

Note: Actuals slightly behind target due to extensive roadworks around Onehunga Mall / Gloucester Park area.

PRIORITY FOCUS TWO

2C. FROM SYLVIA PARK TO EAST TAMAKI VIA SOUTH-EASTERN ARTERIAL

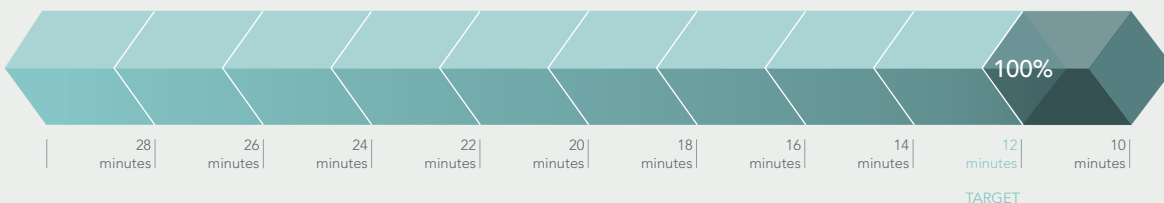


10 MINUTES

+ TARGET EXCEEDED

2012 Target: 11 minutes
 2012 Actual: 10 minutes
 2011 Actual: 11 minutes

2D. FROM EAST TAMAKI TO SYLVIA PARK VIA SOUTH-EASTERN ARTERIAL

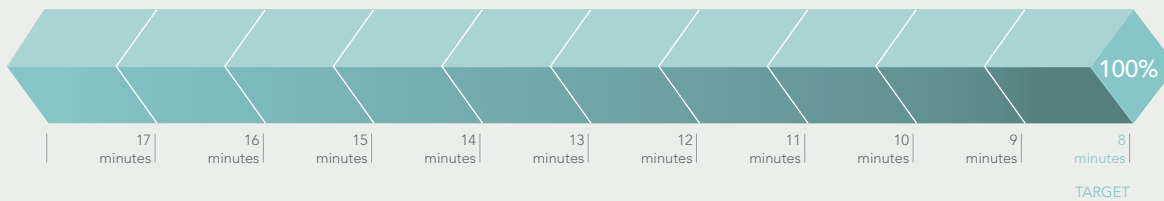


10 MINUTES

+ TARGET EXCEEDED

2012 Target: 12 minutes
 2012 Actual: 10 minutes
 2011 Actual: 12 minutes

2E. FROM SH1 TO SH18 VIA WAIRAU ROAD



8 MINUTES

+ TARGET MET

2012 Target: 8 minutes
 2012 Actual: 8 minutes
 2011 Actual: 8 minutes

OVERALL PERCENTAGE SCORE:
PRIORITY FOCUS TWO:
INVEST IN NEW
INFRASTRUCTURE

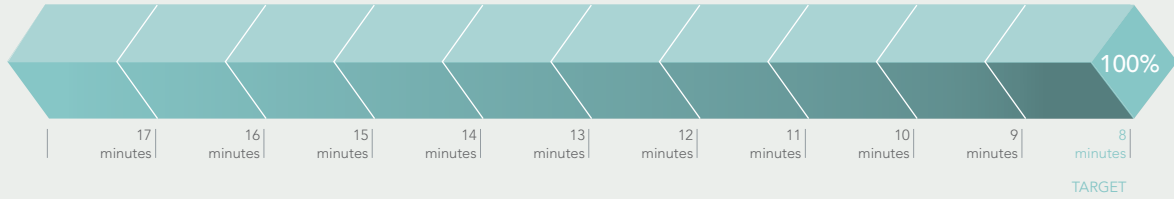
98.9%

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2F. FROM SH18 TO SH1 VIA WAIRAU ROAD

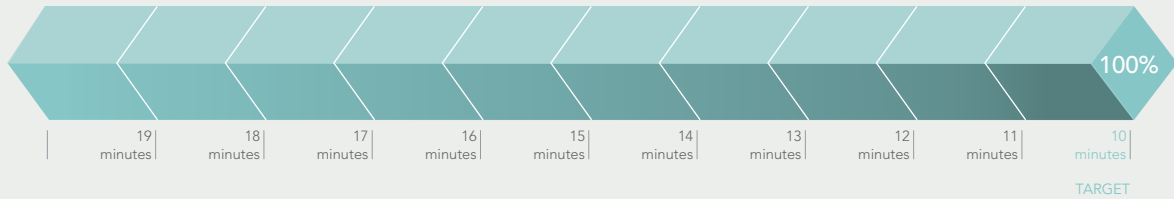


8 MINUTES

+ TARGET MET

2012 Target: 8 minutes
2012 Actual: 8 minutes
2011 Actual: 8 minutes

2G. FROM EAST TAMAKI TO SH1 HIGHBROOK INTERCHANGE VIA HARRIS ROAD

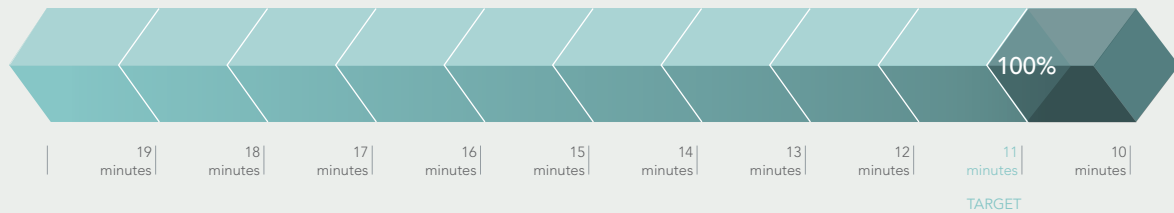


10 MINUTES

+ TARGET MET

2012 Target: 10 minutes
2012 Actual: 10 minutes
2011 Actual: 10 minutes

2H. FROM SH1 HIGHBROOK INTERCHANGE TO EAST TAMAKI VIA HARRIS ROAD



10 MINUTES

+ TARGET EXCEEDED

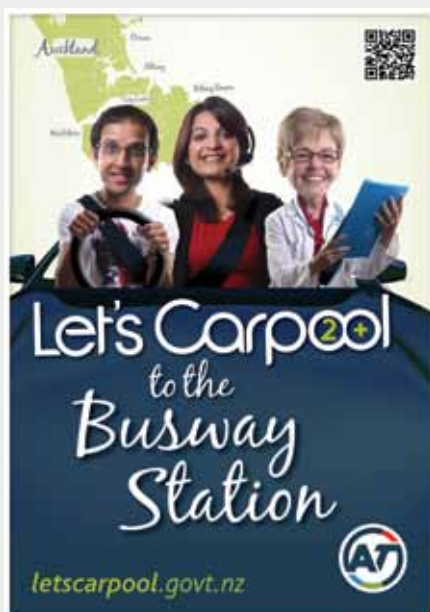
2012 Target: 11 minutes
2012 Actual: 10 minutes
2011 Actual: 11 minutes

Manage the demand FOR TRAVEL EFFICIENTLY

Managing the demand for travel aims to spread the load on the system more evenly and can potentially help delay the need to build new infrastructure.

Demand management focuses on reducing the morning peak congestion, where the most significant pressure exists. A range of tools can influence the travel choices that people and businesses make, for example:

- Availability of information on travel conditions and connections
- Location of places and activities in relation to the networks
- Provision of multi-modal interchanges
- Use of school travel plans and walking school buses
- Development of a safe network of walkways and cycle lanes
- Supply and pricing of parking.



Auckland Transport has recently launched the 'Let's Carpool' campaign and website to encourage carpooling to work and to park-and-ride facilities.

Successful demand management has been in place for a number of years through the award-winning TravelWise school travel plans and workplace travel planning, carpooling and neighbourhood accessibility planning. This year, pedestrians have taken to the streets in greater numbers as a result of the new shared spaces in the city centre and New Lynn. Progress on making the active travel modes of cycling and walking more attractive included school training programmes.

Progress is measured by a reduction in car trips to schools during the morning peak, and by the number of people walking and cycling, particularly into the city centre.



PARKING

PARKING POLICIES SUPPORT SHIFTS IN THE DEMAND FOR TRAVEL

By 2041, another half a million vehicles are expected to be driven on Auckland's already heavily used roads. Parking has a significant role to play in how well this increased demand for transport is managed.

The availability and pricing of parking will support the Auckland Plan's call for a transformational shift in the use of public transport, by encouraging people to leave their cars at home, at park-and-ride facilities or other off-street sites that are also connected to good public transport.

Auckland Transport has developed a set of key policies for parking, which include:

- Shifting its focus to short stay car parks
- Reviewing how the parking strategy can assist in reducing congestion
- Providing increased park-and-ride facilities on rapid and quality transit networks
- Implementing demand-based pricing across the region

PRIORITY
FOCUS
THREE

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- Using integrated ticketing as a key tool in the city centre.

A parking levy to reduce congestion and help fund public transport improvements is also being considered.

Car share designated parks

Car sharing involves the provision of cars in select locations that are shared among members and can be booked through a website or phone. This has proven beneficial for inner city residents and businesses that may not need to own a car but may find one useful from time to time.

The benefits of promoting car share schemes are:

- Use street parking more efficiently
- Reduce greenhouse emissions
- Reduce congestion
- Slow the growth in private vehicle ownership.

The scheme is well established in Australia and this year Auckland Transport and car share service company Cityhop launched an 18-month trial. This includes providing on-street car park pick up points.

Freeing up parking availability in the city centre

Auckland Transport has commenced consultation with a view to making changes to on-street parking in the central city. The proposed changes are designed to support business, improve pedestrian amenity and attract more visitors to the city centre.

Currently most areas are managed through parking restrictions that apply to parts of individual streets. Auckland Transport would remove these restrictions and replace them with a single approach to parking within a new Central City Parking Zone. Time restrictions would be replaced by a graduated tariff system where customers can stay as long as they like with the price increasing over time to encourage turnover.

The Central City Parking Zone would increase the availability of on-street parking, reduce traffic and parking congestion and remove signage clutter from city centre streets. If successful, any proposed changes would take place late 2012.

Parking supply in Manukau

A seven-storey, 680-park car park building has taken shape in Davies Avenue, Manukau. The car park was opened in June 2012.

St Marys Bay Residential Parking Trial

In October 2011, Auckland Transport consulted with residents and local stakeholders on a trial parking initiative to reduce the impact of commuter parking in St Marys Bay.

St Marys Bay is one of the closest suburbs to the city centre and consequently many commuters use the free on-street parking and then walk or catch the bus into work. Many properties in St Marys Bay do not have off-street parking and rely on street parking for their needs. Auckland Transport receives many complaints relating to commuter parking in suburbs surrounding the city centre.



Auckland Transport parking officers Richard Kuysted and Margaret Firth outside the new car park building in Davies Avenue Manukau.

PRIORITY
FOCUS
THREE

In March 2012 Auckland Transport approved the trial of the St Marys Bay Parking Zone with the full support of the Waitemata Local Board and the St Marys Bay Association. The trial began in July 2012 and will last for one year. A full evaluation during the trial period, including commuter feedback, will be done.



SCHOOL, TERTIARY, AREA, AND WORKPLACE TRAVEL PLANS

Travel plans play a vital role in managing the demand for transport and improving road safety. By taking an ever-increasing number of cars off the road at morning peak, travel plans reduce congestion and lower the cost of transport on the environment and health.



WALKING
CYCLING

This year:

- Results of a 2011 evaluation of the safe school travel programme in operation at 216 schools show that 9,104 vehicle trips have been removed from the road network in the morning peak hours – a 10 per cent increase over 2010 results
- 50 schools signed up to the Safe School Transport programme and 51 individual road safety and transport activities were undertaken in schools in February, with over 3,900 students participating
- The annual TravelWise week was held in March with 145 schools participating in walking,

cycling, public transport and scootering activities. Nine schools also launched their safe school travel plans in March. The TravelWise Celebration to congratulate schools for reducing vehicle congestion on the school run and improving road safety around their schools was held by the Mayor in June 2012 with over 90 schools attending.

- 44 workplaces, areas and tertiary institutions are in the workplace travel programme and workplace travel packages have further developed with new tools that make the website easier to use
- Three areas of the city centre have been scoped for the delivery of travel planning activities, with the next stage of the programme focusing on a communications and engagement strategy with businesses. Auckland Council has also joined the programme
- Area travel planning continues in North Harbour and Greater East Tamaki. The Wynyard Quarter Travel Management Association was launched in May
- A Let's Carpool National website was launched on 27 June 2012. There are currently over 1,700 registrations to Auckland's programme
- The pilot cycle package has been completed with the cooperation of four Auckland workplaces. A total of 245 employees completed the pilot and as a result bicycle commuting trips have increased from 90 to 158, an increase of 75.6 per cent, whilst car trips reduced by 1,304 kilometres.



CASE
STUDY
ROADS

Pedestrians take to shared spaces

Pedestrians are welcoming the new shared spaces in both the city centre and New Lynn's Totara Avenue. Pedestrian activity on Darby, Lorne and Fort streets has increased by between 50 and 140 per cent. On Darby Street, there are now fewer cars and they are travelling at slower speeds.

Shared spaces are designed and managed to allow traffic to be fully integrated with other people-oriented activities such as shopping, walking and

cycling. Their informal layout that dispenses with kerbs, lines and signals is an effective way of tackling safety, congestion, economic vitality and community integration. Shared spaces also encourage traffic engineers, urban planners and experts from other fields to consult with users of public space when planning and designing streets and squares.

Auckland's first shared space was Wairepo Swamp Walk created for RWC 2011.

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A WALKING/CYCLING BRIDGE UNDER THE AUCKLAND HARBOUR BRIDGE

WALKING
CYCLING

NZTA and Pathway Group undertook a joint report this year on a proposed walking and cycling bridge under the Auckland Harbour Bridge. Auckland Transport's recommendations to the Auckland Council included a recommendation to look at funding scenarios. A funding profile for the first two years of the Long-term Plan has already been submitted by the project promoters. Funding for the project was based on a private/public partnership model, however a private partner has yet to be confirmed.



OTHER WALKING AND CYCLING IMPROVEMENTS

WALKING
CYCLING

Regional cycle programme update

Between 2006 and 2010, cyclists represented seven per cent of all injuries and fatal and serious crashes. The social cost for that period was \$196m. Safety is one of the perceived barriers to cycling in Auckland – along with facilities, knowledge and experience.

Auckland Transport works with a number of partners and advocates to deliver a safe and cohesive cycle programme that focuses on safety education, training, and completing the regional cycle network by 2016.

The regional cycle network is 28 per cent complete. Through the One System approach, Auckland Transport and NZTA have jointly prioritised cycleway infrastructure to provide a connected network and target high crash risk areas, including Tamaki Drive (see case study on page 69). \$30m has been identified over the next three years to further progress. Cycle infrastructure is also provided through major projects such as AMETI.

Each year, Auckland Transport monitors cycle movements across the region. Growth in cycling numbers can be seen in the KPIs. A new monitoring programme has been installed at nine sites across the cycle network, which has shown an average daily increase in cyclists of 29 per cent from April 2011 to April 2012.

This year:

- Auckland Transport issued a new central Auckland cycle map in September 2011 to promote cycling in central Auckland. The map includes new cycle infrastructure completed since 2008
- Over 2011, 65 schools and 2,000 students participated in cycle training, delivered by Auckland Transport. Standards for training incorporate curriculum-based activities
- A consistent regional training programme is being developed for 2012/13 that meets new NZTA standards
- Investigations are under way on a bike hire scheme
- Two routes to extend the NZ Cycle Trail are being investigated – on Waiheke Island and from the city centre to the airport.

Next steps:

- A review of the regional cycle network to deliver a more comprehensive network
- An audit of existing cycle lanes and facilities to provide a consistent use of cycle standards.

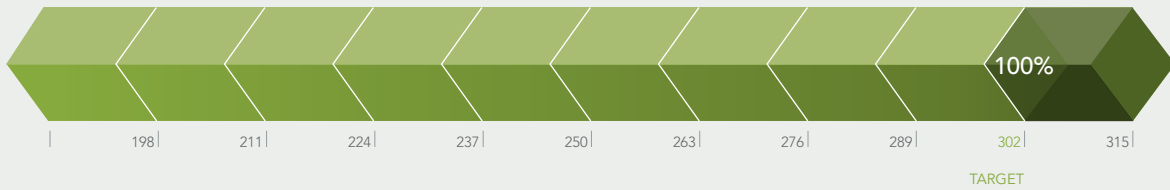


Amelia Hunt and Ed Newbigin enjoying a Wynyard Quarter waterfront cycle.

PRIORITY FOCUS THREE

PERFORMANCE MEASURES
MANAGE THE DEMAND FOR TRAVEL

1. INCREASE NUMBER OF TRAVEL PLANS



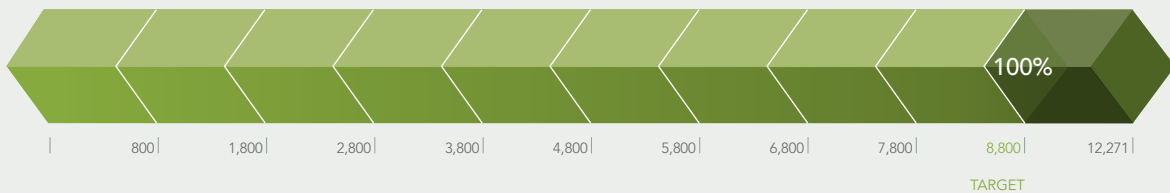
315
TRAVEL PLANS

+ TARGET EXCEEDED

2012 Target: 302 travel plans
2012 Actual: 315 travel plans
2011 Actual: New measure

A travel plan is a targeted set of actions to reduce car travel, especially single occupancy cars and encourage use of public transport, walking, cycling and car pooling. Auckland Transport delivers TravelWise – an internationally recognised programme supporting schools with travel plans and safe travel to school – and the commute programme, which partners tertiary institutions and businesses to develop travel plans. 315 travel plans were active by the end of June 2012: 64 in start-up phase and 251 being implemented.

2. MORNING PEAK (7-9AM) CAR TRIPS AVOIDED THROUGH TRAVEL PLANNING INITIATIVES



12,271
CAR TRIPS AVOIDED

+ TARGET EXCEEDED

2012 Target: 8,800
2012 Actual: 12,271
2011 Actual: 8,417

12,271 car trips were avoided through travel planning initiatives during the morning peak (7-9am). Over 330,000 students and employees are participating in the travel plan programme. People are switching to a wide range of travel modes, particularly the active modes of walking, cycling and public transport.

OVERALL PERCENTAGE SCORE
PRIORITY FOCUS THREE:
MANAGE THE DEMAND
FOR TRAVEL

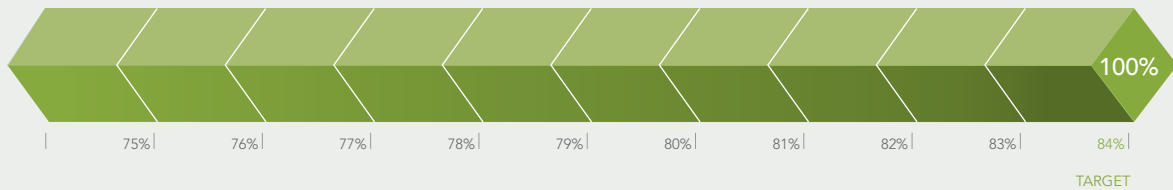
100%

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3. PERCENTAGE OF DRIVERS COMPLYING WITH PARKING RESTRICTIONS



84 PER CENT

Results from surveys of on-street parking in August 2011, November 2011, February 2012 and May 2012 indicated a relatively high level of driver compliance with parking restrictions. The survey showed an average compliance level of 84%.

+ TARGET MET

Note: The 2011 actual results is the average of February 2011 and May 2011 compliance surveys of four centres.

2012 Target: Maintain 2011 compliance level
2012 Actual: 84%
2011 Actual: 84%



Eddie Kim from Bigfoot Adventures, a contractor to Auckland Transport, offers cycle safety advice at the official opening of Te Ara Tahuna, the Orewa Estuary Cycleway and Walkway, December 2011.

Improve road safety and reduce the adverse effects of TRANSPORT ON THE ENVIRONMENT

Auckland's transport system has many social and economic benefits but it also creates a number of harmful effects that are predictable and preventable. While the number of people killed on the city's roads has decreased considerably in the last decade – to an average of around 70 people per year – and represents 21 per cent of the national road toll, the social cost of crashes continues to increase in line with population growth. It was estimated at \$876m in 2010.

There are also environmental and health benefits and costs attributable to transport. Positive effects result from improving traffic flows, reducing energy usage and transport's ability to contribute to a strong sense of place and a more liveable city. Negative effects include air pollution from vehicle emissions, greenhouse gases and transport infrastructure projects that disrupt ecosystems.

The Auckland Plan's broad target for greenhouse gas emissions is a 40 per cent reduction by 2031. Areas of focus include public transport and travel demand management.

Improving road safety is both a national and regional priority, with a focus on creating a transport system increasingly free of death and serious injury. This is achieved using a Safe System approach to create safe roads, safe speeds, safe vehicles and safe road users. The Government Policy Statement also supports this direction with increased investment in safety engineering on local roads and state highways, and a more focused investment in road policing and road safety promotion. There have been 1,048 injuries to cyclists over the five year period from 2007-2011 and Auckland Transport is undertaking a systematic crash reduction programme to address this.

Auckland Transport provides a road safety leadership role in planning and co-ordinating the safety engineering, education and enforcement organisations tasked with improving safety on the city's roads. Three performance measures are in place to monitor progress on road safety, and two new measures for environmental performance have been developed for the 2012/13 SOI.



ROADS
AND
CYCLING

SAFER AUCKLAND ROADS

Auckland Transport, NZTA, NZ Police, ACC and other stakeholders set a target of reducing fatal and serious injuries on all Auckland roads (both local roads and state highways) from 506 in 2010 to no more than 451 in 2015, a reduction of 10 per cent over five years.

The number of annual fatal and serious injuries on all Auckland roads dropped for the second consecutive year from 506 (2010) to 447 (2011) along with the rate per 100 million vehicle kilometres travelled (100m vkt). This represents a new record low for annual fatal and serious injuries on local roads since records began and is already below the 2015 target. A revised target is being set.

Auckland Transport's strong focus on road safety is helping to continue this positive trend. During 2011/12, it has put in place a number of safety initiatives including:

Safer roads, intersections and roadsides

- 155 safety engineering improvement projects including speed calming measures, pedestrian facilities and corridor improvements
- Safety improvements at high-risk urban and rural intersections
- Continued to work with NZ Police delivering fixed and mobile red-light camera programmes at high-risk urban intersections.

Safe speeds

- Local area traffic management and traffic calming measures, and urban speed reviews completed
- Investigations to identify safe speed areas for high-risk rural roads and implementing driver feedback signs on three high-risk rural roads
- Assisted NZ Police with 33 speed enforcement campaigns at high-risk locations.

PRIORITY FOCUS FOUR

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Safety around schools

- Completing engineering works associated with school travel plans at 30 schools
- Continued roll-out of 40kph zones around schools, with speeds lowered at 14 schools.

Reduced alcohol/drug driving

- Summer and winter 'Sober Driver' host responsibility campaigns
- 16 repeat drink driver community rehabilitation programmes.

A particular focus for Auckland Transport has been on reducing the number of crashes involving vulnerable road users: pedestrians, cyclists and motorcyclists. Fatal and serious injury crashes involving these road users on local roads increased from 164 in 2010, to 183 in 2011. Vulnerable road user initiatives during 2011/12 included:

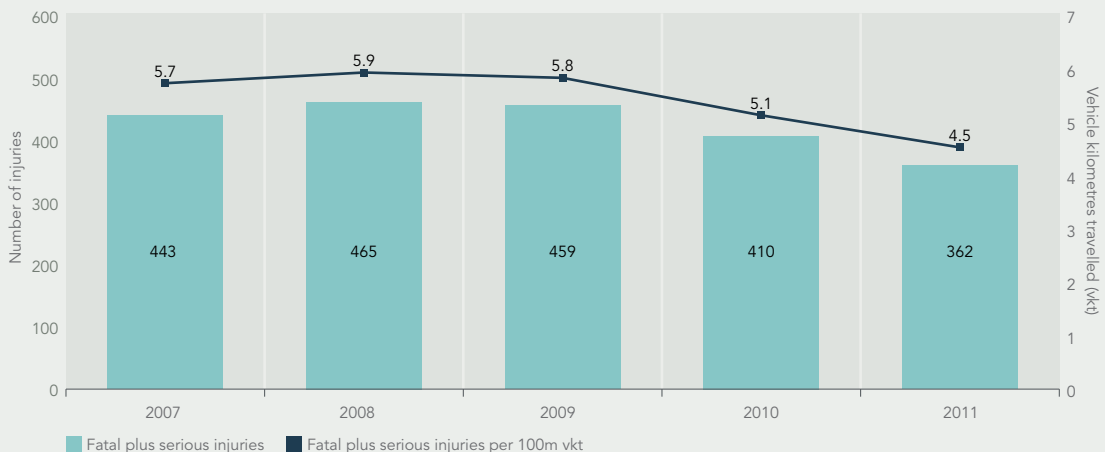
- Increased pedestrian safety awareness in town centres and schools through the 'Lifesaver' campaign and school travel plans

- Publication in May 2012 of a report ranking cycle routes on their crash history, in order to prioritise remedial measures along high-risk routes (see Tamaki Drive case study on page 69)
- Increased cycle safety awareness and motorcycle rider training and rider/driver awareness safety campaigns
- Investigations to identify high-risk urban motorcycle routes.

The reductions in fatal and serious injuries were greatest on local roads as outlined below:

Annual Auckland fatal and serious injuries by road type	2010	2011
Local roads	410	362
State highways and motorway	100	85
All roads	510	447

NUMBER OF FATAL PLUS SERIOUS INJURIES ON AUCKLAND'S LOCAL ROADS



Crash and vehicle kilometres travelled (vkt) data from NZTA

PRIORITY FOCUS FOUR

Auckland Transport completed a thorough review of 24 fatal road crashes with the Police Serious Crash Unit and implemented changes to road design and operations to help prevent repeat crashes. Auckland Transport also investigated and responded to approximately 6,676 customer requests relating to road safety and traffic operations issues. Where appropriate, these investigations have resulted in improvements that have been included into future work programmes.

Auckland Transport also continued its leadership role in developing and monitoring local Road Safety Action Plans with NZ Police, NZTA, ACC and other stakeholders, and producing the draft Regional Road Safety Plan.

- Electric trains and low emission buses
- Using new technologies and fuels
- Providing an effective network for active travel
- Maximising Auckland's high-occupancy vehicle lanes.

Electric trains are cleaner, faster and more efficient. They will significantly reduce the pollution created by the ageing diesel multiple units presently in operation. 250km (28 per cent) of the planned regional cycle network is also in place, encouraging active and healthy travel and reducing private car travel.

Auckland Transport's commitment to sustainability is demonstrated by the appointment this past year of a sustainability advisor. This resource will focus on working with the units within Auckland Transport to embed a new sustainability strategy across the organisation's planning and delivery processes; and reporting in this area of the 2013 annual report will be more substantial. This work builds on innovative projects undertaken by legacy councils, which are detailed in the table below.

MULTI-MODAL

REDUCING TRANSPORT'S EFFECT ON THE ENVIRONMENT

In Auckland, transport still accounts for the largest share of total greenhouse gas emissions, at 35 per cent. Transport improvements can contribute to emissions reductions through initiatives such as:

INNOVATIVE PROJECTS TO REDUCE THE ENVIRONMENTAL EFFECTS OF TRANSPORT

SUSTAINABLE PROJECT	AREA	OUTCOME
The new Manukau Rail Station has been constructed using concrete and steel, with over 600 piles. An aggregate mix combined with fly ash (residue from the combustion of coal) has extended the life of the main structure to 100 years	South	Fewer earthworks. Extending the lifespan reduces environmental footprint and delivers value for money over the life of the station rather than just the construction phase. This is significant as whole-of-life costs can be several times greater than the initial construction cost
TetraTraps are being installed inside roadside drains throughout the region, starting with the city centre. The traps are designed to filter out rubbish and other contaminants that run off the roads	Central	Results in cleaner water in Auckland's harbour estuaries and streams. Won honours award for the Small Projects Category of the 2012 International Water Assn. Project Innovations Awards (Asia Pacific Region)
The Auckland Plan calls for more cost-effective ways to improve the quality of street lights. Energy-efficient lighting systems are key to this. In Waitakere, 7km of Project Twin Streams and the cycleways network had 20-watt LED lights installed	West	Provides a 20-year lifespan and has been successful in reducing energy use
Permeable paving has been trialled on Birkdale Road, North Shore	North	Decreases stormwater run-off at peak flow by an average of 75 per cent. The paving is also effective at removing pollutants from the run-off
A first-of-its-kind project in Auckland reconstructed a section of Church Street, Onehunga in recycled materials. The materials were crushed concrete and millings from existing pavements	South-west	Reduces the need for bitumen and aggregates, which are spiralling in cost

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New measures are improving cycle safety on Tamaki Drive.

Making Tamaki Drive safer

Tamaki Drive is one of Auckland's most attractive and high profile routes. A major access way to and from the city, Tamaki Drive is also a recreational resource for the local community and the city, and a place of significant cultural importance for Māori.

Motorists, cyclists, public transport operators, pedestrians and tourists all share the area, and cycle crashes are significantly higher than anywhere else in Auckland. In November 2010, a tragic cycle fatality on Tamaki Drive highlighted the need for a comprehensive approach to increasing the safety of this iconic city amenity. An independent safety audit commissioned by Auckland Transport has identified a number of key safety issues along the corridor.

Auckland Transport delivered 17 high priority safety-related projects along Tamaki Drive by July 2012.

The projects focused on:

- Resolving 40 maintenance issues
- Improving safety of pedestrians and cyclists at key locations
- Improved intersection safety

- Creation of slower speed environments at Kelly Tarltons, which has improved accessibility for tourists, road users and the local community.

The first projects to be completed were in Solent Street, The Landing and St Heliers.

Numerous cycle and road user safety campaigns have supported the changes, and some of these, such as Share the Road, are ongoing. This past year a Bunch Cycling campaign saw code of conduct cards distributed through cycle clubs and a boat trailer parking campaign accompanied new restrictions on boat trailers at The Landing.

Auckland Transport is working closely with the Orakei Local Board, local business, residents, Orakei iwi and community groups to deliver these safety improvements and campaigns. The improvements also align with the area's longer term economic and recreational development, detailed in the Tamaki Drive Masterplan.

See www.aucklandtransport.govt.nz/improving-transport/current-projects for full details of the improvements.

Develop effective PARTNERSHIPS AND OUR PEOPLE

He aha te mea nui? He tangata. He tangata. He tangata.
What is the most important thing? It is people, it is
people, it is people.

Auckland, on the Pacific Rim, is an Asia-Pacific city known for its dynamic, creative and commercial culture. Aucklanders both shape and are shaped by transport and there is heavy demand on the city's roads. Transport infrastructure and services have not kept pace with the city's dynamic growth in part from insufficient engagement with those Aucklanders who impact upon progress.

Transport stakeholders, including network providers, iwi, industry, academia, cyclists, the Auckland Council group and Members of Parliament, now have a dedicated Auckland Transport team to engage with more effectively. The aim is to ensure a balance of perspectives in the planning and delivery of projects and to smooth the way for delivery of major projects.

The approach taken is a sophisticated one of early engagement, sitting down together to explain who is accountable and what interests are being served. By listening and working through issues, Auckland Transport seeks to demonstrate respect for all those involved, even where there are differences of perception or opinion, and where the outcome is an agreement to differ.

The approach also aligns with Auckland Council's principles for achieving the vision and outcomes of the Auckland Plan. These include working collaboratively and as partners on priorities; valuing te Ao Māori to build lasting and reciprocal relationships with Auckland's Māori; and acting fairly by considering the needs of all groups in the community to ensure that all Aucklanders can participate equally.

As the organisation matures, along with other CCOs and Local Boards, and in its partnership relationships with stakeholders, these more robust relationships are expected to minimise both actual and perceived risks. The maturity in process creates clearer and more realistic expectations about what can be delivered.

Auckland Transport also has statutory obligations to consult on certain documents. This year feedback on the Regional Land Transport Programme (RLTP) has been the highest of any consultation to date, which reflects the commitment Auckland Transport has to continuously improving its engagement.

VALUING TE AO MĀORI

Iwi have a critical stake in Auckland's future, as treaty partners and through the potential to invest in major transport projects.

Auckland Transport has key relationships with Auckland Council's Independent Māori Statutory Board and Māori Strategy team, Tamaki Regional Mana Whenua Forum, Tamaki (Treaty negotiations) Collective and the 22 iwi authorities with mana whenua status in the region. Auckland Transport's Statement of Intent with Auckland Council also acknowledges the organisation's responsibilities to te Tiriti o Waitangi and Māori wellbeing.

Key issues for Māori are equal access to high-quality local service and facilities (including marae), and that resources be managed in accordance with iwi management plans.

A new Māori engagement framework adopted by the Board in May 2012 approaches engagement as a long-term partnership based on a set of agreed principles embedded across the organisation through a full training programme for project managers. Key themes of the framework are:

- Early involvement in strategic decision making and projects
- Taking the more holistic te Ao Māori worldview
- Respect for tikanga Māori, particularly kanohi ki te kanohi (face-to-face) interactions.

Other achievements this year include:

- High engagement with Māori on all construction projects at early stages, particularly AMETI (see page 51 for details) through initial project hui and site visits. Other examples include Waiheke and Waterview cycleways, Wiri Depot and Half Moon Bay
- Successful hui held for the City Rail Link project and the Regional Land Transport Programme in association with the council's Long-term Plan.

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BRIEFING INDUSTRY, ACADEMIA AND INTEREST GROUPS

Stakeholders, such as the Automobile Association, the Auckland Business Forum and Cycle Action Auckland are all briefed on major capital expenditure projects under construction or being planned. A dedicated Public Affairs Stakeholder Engagement team has worked extensively on all major projects across Auckland, particularly AMETI and Rugby World Cup 2011.

Auckland Transport is also closely engaged with the Learning Quarter. In June 2012, a Memorandum of Understanding was launched to broaden out Auckland Council's engagement with the wider tertiary education sector, including those within the city centre. Engagement with the tertiary sector supports Auckland Council's Economic Development Strategy.

THE REGIONAL LAND TRANSPORT PROGRAMME

The Regional Land Transport Programme (RLTP) sets out a coordinated programme of work over a three-year period, within a 10-year funding envelope. The RLTP 2012-15 was completed on time by June 2012.

Consultation on the draft RLTP was aligned with public consultation on Auckland Council's Long-term Plan, which included a section on transport. This alignment created efficiencies in communication and led to 930 submissions, requiring 4,000 responses. Hearings of over 120 submitters were heard by the Board's Hearings Panel. This is the largest consultation achieved to date by Auckland Transport and the panel was impressed by the number, scope and quality

of submissions received, and on the manner in which they were presented.

Of the 930 submissions, 250 focused on public transport services and there was a high level of interest in the City Rail Link (180) and in an additional Waitemata Harbour Crossing. 153 submissions commented on walking and cycling, most calling for a higher level of expenditure.

The final plan was modified in light of these submissions and also by the publication in May 2012 of the Auckland Plan.



As one of many charity fundraiser events held by Auckland Transport, staff held a 'bake-off' and origami event to raise money for the Japanese Earthquake Appeal.

PRIORITY
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PARTNERING WITH TRANSPORT NETWORK PROVIDERS

Auckland Transport has adopted a partnership approach to management of the city's transport systems, with the other transport network providers: the New Zealand Transport Agency (NZTA), KiwiRail, Auckland Airport, the Ports of Auckland and transport operators.

Key partnership projects this year were:

- Joint development with NZTA of Auckland Transport's 30-year Auckland Integrated Transport Plan, with the support and advice of the other network providers
- Electrification of the rail network, with KiwiRail responsible for the electrification of overhead masts and wires and Auckland Transport for delivery of the trains
- Supporting NZTA with the new give way rule change, which came into effect in March this year (see the case study on page 73)
- Further consolidation of systems at the Joint Traffic Operations Centre, which enables Auckland Transport and NZTA to have access to the region's entire transport network 24 hours a day, seven days a week for joint monitoring and intervention, where necessary.

COMMUNICATING WITH THE AUCKLAND COUNCIL GROUP AND CENTRAL GOVERNMENT

The Auckland Council group is made up of the Governing Body, other CCOs and Local Boards.

A comprehensive programme of anticipating and responding to all Auckland Council committees with early engagement in forming agendas has resulted in better integration of the information and advice Auckland Transport provides to the Governing Body. A key example this year is systematic presentations to the Transport Committee of the 2012 four-month review of bus routes across Auckland. A visible improvement in relations has already resulted from this programme.

This year's work included:

- Engagement with the Mayor's office on alternative funding proposals and the establishment of a dedicated fund for Local Boards on transport issues
- MP briefings, for example the Dominion Road review (see page 37) and the Tiverton-Wolverton upgrade (see page 33)
- Quarterly reports to Local Boards, detailing local projects in their area, which helps disseminate information to residents and provides the basis for a two-way flow of local concerns back into these projects. Examples this year include Te Atatu Road works and a high occupancy vehicle lane in Remuera Road
- Accelerated engagement with Local Boards, who were all briefed on the City Rail Link project from February to April, and were also briefed on the RLTP.



Local Kaumatua, Richard Wharemate, blesses the Otara Bus Interchange at its official opening.

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Road markings in several areas were changed in preparation for changes to the give way rules. Here Auckland Transport Traffic Operations Manager Randhir Karma is seen at Ellice Road, Glenfield.

The give way rule change campaign

The new right-hand rule change came into effect on 25 March this year and a significant effort was put into communicating the rule change so that the crash risk was not heightened during the transition.

Auckland Transport supported NZTA's campaign to communicate the changes and took that support to another level with innovative solutions to the unique conditions faced in the country's largest and most ethnically diverse city. Specifically:

- Leaflets were distributed in 13 different languages to community centres
- An online interactive game developed by Auckland Transport's road safety team for people to practise the new rules achieved 15,000 hits (against a benchmark of 4,000). The game was promoted using social media, websites and print media.

The campaign was a cross-organisational effort. Bus backs and local newspaper advertising promoted the changes, presentations to community groups and business organisations were made, the traffic operations team reviewed 1,500 intersections across Auckland and put in place a number of improvements to accommodate the changes, while Auckland Transport ambassadors and community transport coordinators distributed over 200,000 leaflets.

How Auckland Transport is governed

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

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

Board of Directors

The Auckland Transport Board is appointed by Auckland Council, with six to eight members (including two Councillors) and one non-voting member nominated by NZTA. All Board members serve a maximum of two three-year terms. For profiles of individual directors, see pages 16 and 17.

Relationship with Auckland Council

As a CCO, Auckland Transport is accountable to the governing body – the mayor and 20 elected councillors – which sets its objectives and monitors its performance. Auckland Transport, the governing body and Local Boards have a three-way relationship, which is integral to achieving the goals and objectives of all three parties. The governing body is also assisted by the CCO governance and monitoring department and a CCO advisory board.

The Local Government (Auckland Council) Act 2009 Section 91 requires Auckland Transport to deliver to Auckland Council, no later than one month after the end of the first and third quarters of the financial year, a report on the organisation's operations during that period which includes information required to be included in its Statement of Intent (SOI). A half year report to Auckland Council is required by the Local Government Act 2002 within two months of the half-year end and the Act also requires an annual report within three months following the financial year-end.

Auckland Transport also provides accountability and reporting through:

- The three-yearly Regional Land Transport Programme
- Annual Statement of Intent
- Formal meetings with the governing body to present the above reports
- Additional meetings and reports as requested or required.

Auckland Transport has an agreed 'no surprises' approach in its dealings with Auckland Council, keeping each other well informed at all times. The Board keeps in mind that Auckland Council has interests wider than those of ordinary shareholders in private companies, and is sensitive to the demand for accountability placed on Auckland Council from citizens, ratepayers and other bodies.

Guiding responsibilities

The Board's responsibilities are to:

- Agree an annual Statement of Intent (SOI) with Auckland Council
- Actively review and direct the overall strategy of Auckland Transport
- Actively review its policies and delegations
- Obtain full and timely information
- Identify, evaluate and mitigate risks
- Establish Auckland Transport as a focused organisation with core competencies
- Manage the CEO's performance
- Establish remuneration policies and practices
- Provide leadership in relationships with key stakeholders.

Approach to governance

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

Auckland Transport exhibits and ensures:

- Sound business practice in its commercial undertakings
- Sustainable business practice
- Ethical and good behaviour in dealing with all parties
- An open and transparent approach to decision-making, while respecting the need for commercially sensitive information to be protected
- An active partnership approach with Auckland Council and its key stakeholders.

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Board meetings

In general, the Board holds publicly open monthly meetings. Two of these meetings are required by legislation to be held in public before 30 June:

- When considering the draft Statement of Intent (SOI)
- After 1 July each year when considering performance against its SOI.

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

The Board held 12 meetings this year. Attendance figures are given at right.

Finance and Risk Committee

The Finance and Risk Committee's (FRC) role is to assist the Board to fulfil its responsibilities in the areas of financial reporting and risk management, and to provide assurance regarding compliance with internal controls, policies and procedures.

The FRC meets five times a year. Its responsibilities are established and formalised in Terms of Reference, which require certain skills and knowledge within the group. These skills include accounting or financial management expertise, governance, audit, risk management and other complementary skills such as legal.

The FRC has no delegated authority. In carrying out its duties, the committee meets regularly with the external and internal auditors and with management.

Members of the Finance and Risk Committee, appointed by the Board, are: Paul Lockey (Chairman), Mark Ford, Philippa Dunphy and 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 Auckland Transport's strategic objectives.

The CRC monitors the capital portfolio of projects whose construction is longer than one year in duration to identify risks, ensure sound documentation, forecasting and

reporting, and other governance-related matters. The CRC has no general delegated powers, but specific decisions may be delegated to the committee on a project basis.

All Directors are invited to CRC meetings. However, the members are: Ian Parton (Chairman), Christine Fletcher and Mike Williams.

Four meetings were held in the 2012 year and member attendance at the meetings is given below.

BOARD MEETING ATTENDANCE

DIRECTOR	NUMBER OF MEETINGS ATTENDED	COMMENT
Mark Ford	12	
Geoff Dangerfield	9	Absent from August, September 2011 and April 2012 meetings but had Stephen Town attend these three meetings in his absence
Philippa Dunphy	11	Absent from August 2011 meeting
Christine Fletcher	11	Absent from September 2011 meeting
Mike Lee	11	Absent from September 2011 meeting
Paul Lockey	11	Absent from April 2012 meeting
Ian Parton	10	Absent from August and October 2011 meetings
Rabin Rabindran	12	
Mike Williams	12	

FINANCE AND RISK COMMITTEE ATTENDANCE

DIRECTOR	NUMBER OF MEETINGS ATTENDED	COMMENT
Mark Ford	5	
Philippa Dunphy	5	
Paul Lockey	5	
Rabin Rabindran	5	

CAPITAL REVIEW COMMITTEE ATTENDANCE

DIRECTOR	NUMBER OF MEETINGS ATTENDED	COMMENT
Christine Fletcher	3	
Ian Parton	4	
Mike Williams	3	

Developing our people

Auckland Transport is committed to providing a safe, vibrant and enjoyable work environment. Core values have been defined as On Board, One Team, Straight Up and Take Action.

Auckland Transport's mix of jobs is diverse and complex, with around 395 unique roles, and this rich mix has attracted an ethnically diverse group of employees. The end of June saw 937 full-time employees against a budget of 1,020.

Accreditation and training

One of the ways Auckland Transport benchmarks its performance is through accreditation to national bodies, and this year's achievements include:

- Joining the Equal Employment Opportunities Trust in July 2011
- Being admitted to the NZ Institute of Chartered Accountants (NZICA) as an Approved Training Organisation. This means meeting NZICA's standards for offering the type of work experience that fulfils the practical experience requirements for roles of chartered accountant and associate chartered accountant
- Being admitted to the Institution of Professional Engineers New Zealand (IPENZ) as a Professional Development Partner (PDP). PDPs work in partnership with IPENZ to develop their engineering staff and support the wider engineering profession.

In-house training programmes included:

- Technical skills development training. Feedback from the performance management process identified the need for a range of skills, including project management, business writing, and time management and presentation skills
- A bi-monthly senior leadership forum, designed to have senior leaders working to build cross organisational communication and organisational strategy
- A leadership coaching and skills training programme for all people managers, to increase the effectiveness of performance and development conversations with staff and everyday work situations where coaching skills can be applied

- A performance management programme, held over a six-month period, attended by around 200 people managers. The programme has helped to drive a performance culture across the organisation and enable managers to have focussed conversations with their direct reports regarding their performance and professional development goals.

Careers and employment opportunities

Auckland Transport aims to attract, grow and retain the best talent through its reputation as an 'employer of choice' and as an organisation in which anyone can grow their careers.

A careers website was launched in February 2012 and an employee referral scheme implemented, giving staff the opportunity to refer candidates to vacancies.

Auckland Transport is establishing career development pathways for:

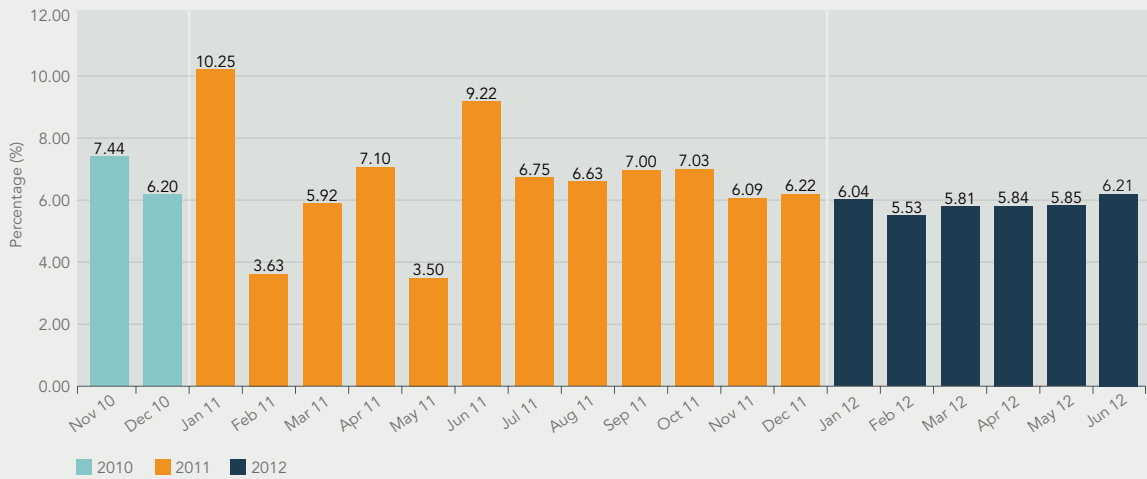
- Parking officers
- Engineers
- Planners
- Project managers.

The pathway programmes include establishing relationships with other organisations, such as the Police, where parking officers aspire to grow their careers, and a professional assessment group for engineers, planners and project managers, which assesses applications from employees wishing to progress to the next level. This latter approach is modelled on a similar one used by NZTA and is intended to be extended to graduates and other disciplines.

Auckland Transport is also pursuing a range of initiatives to provide pathways for young people into meaningful employment. These include:

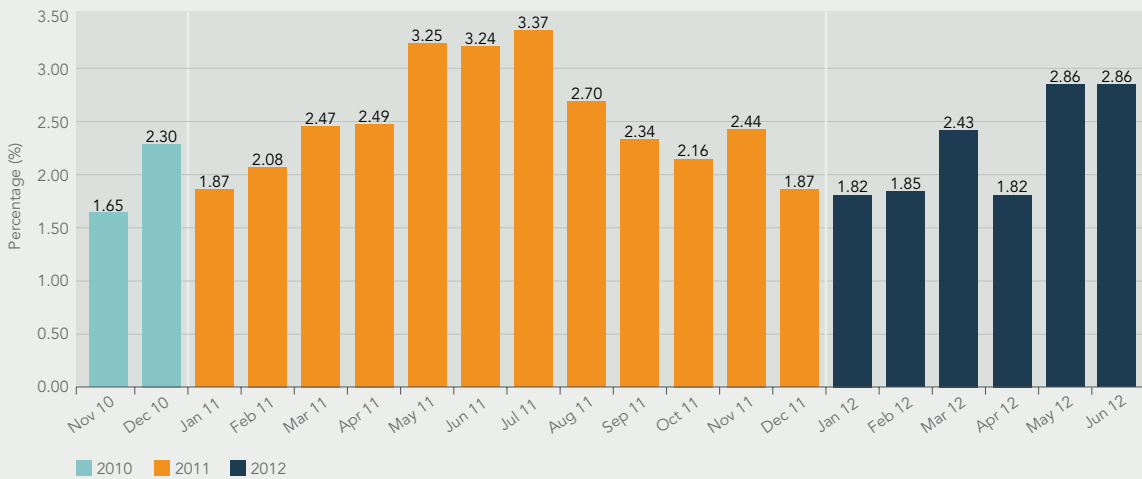
- Working with Intech (an IPENZ initiative) to promote engineering in schools
- Participating in a Chamber of Commerce programme that gives young people work experience
- Working with social development agencies to develop new employment strategies.

PERCENTAGE OF UNPLANNED TURNOVER



As the organisation beds in, the percentage of unplanned turnover has stabilised and is trended lower as the year progressed, unlike the sharp spikes experienced in 2010/11, when larger percentages of staff moved to find their 'best fit' within the new council group structure.

PERCENTAGE OF SICK LEAVE AGAINST HOURS WORKED



The percentage of sick leave has continued to trend low again this year.

For example, through the Intech programme, Auckland Transport ambassadors work with schools to encourage talented students to continue studying Mathematics and Science as their core subject, inspiring them to consider a professional future in the engineering or technology industries.

Performance and remuneration framework

A remuneration framework has been finalised with support and endorsement from the Public Service Association. This is linked to staff performance, which has led to a pay-for-performance environment.

Staff benefits

There have been a number of staff benefits launched throughout the year with a focus on staff well-being, both health and financial.

- Discounts at Auckland Council leisure centre gyms
- Work perk packages from BNZ, ANZ and NBNZ giving staff access to banking discounts. These include bank staff coming to Auckland Transport sites and giving presentations on financial well-being and budgeting.

Health and safety

A key focus this year has been on improving health and safety across the organisation, which included:

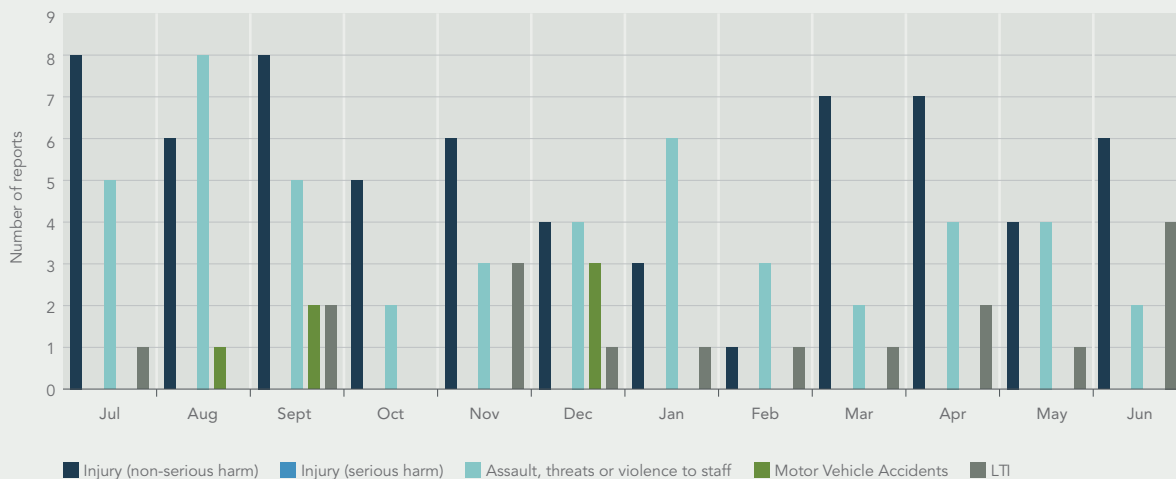
- Health checks for all staff, which indicated a healthy workforce but with room to improve in physical

activity, blood pressure and cholesterol. Over half the organisation subsequently joined the 10,000 steps programme and Auckland Transport continues to promote large sporting events, such as the Auckland Marathon, with a number of staff entering

- A new two-day Violence De-escalation training programme for the parking enforcement team has now been delivered to 59 staff, with 82 staff still to receive this valuable training. Feedback from participants has been extremely positive and while it is early days there appears to be a downward trend in escalation, with similar levels of abuse reported but lowering levels of assaults. Monitoring of these results will be ongoing
- A trainer style shoe, the Tactical 511, is being trialled by parking wardens. These shoes provide increased ankle support, are breathable, waterproof and lightweight. These trials will run for six months
- A chalk extension is being investigated for wardens, to reduce lumbar sprains by decreasing the amount of bending required when chalking tyres
- A new risk and management systems form has been developed, to reduce the risks associated with public events, and training on its use delivered.

At any given time, Auckland Transport has a large number of contractors working on site with physical works projects. Contractor health and safety is being reviewed to ensure a consistent approach is taken throughout the organisation.

AUCKLAND TRANSPORT STAFF MONTHLY ACCIDENT REPORT



Looking AHEAD

The key priorities and challenges for transport in Auckland are laid out in all the region's long-term planning documents, published this year.

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What needs to be done is clearly articulated and the focus going forward is to further clarify how and when the major, costly infrastructure projects will be implemented; and to further implement the One System.

Route protection, planning, and in some cases construction, of all the major projects prioritised for the next three years is well under way and will be progressed in that time. These are:

- Integrated ticketing
- Auckland-Manukau Eastern Transport Initiative (AMETI)
- The City Rail Link
- Introduction of electric trains
- The Waterview connection of the Western Ring Route and associated arterial roads such as Tiverton-Wolverton
- Walking and cycling improvements
- Integrating transport and land use through new development areas such as Flat Bush and the North West Transformation area.

During 2012/13 the One System approach will integrate the way the various network layers are planned, operated and developed to optimise how each mode of transport is performing against desired levels of service. This One System network planning work will draw on previous corridor network planning and the emerging area spatial plans, such as the City Centre Masterplan, with the aim of integrating transport and area spatial planning.

The draft 30-year Auckland Integrated Transport Plan (AITP) has begun the process of developing, modelling and assessing a range of transport investment scenarios aimed at delivering the targets in the Auckland Plan. The investment scenarios test various population growth and land use scenarios, to clarify whether and how the Auckland Plan targets can be met, and the costs of doing so. Version 1 of the AITP will be released later in 2012, and a second version will be developed over 2012/13, incorporating the results of the One System network planning work and further investment scenario testing.



Auckland's transport system is one of the region's most valuable assets, costing \$13.6 billion to replace, including land under roads. A large proportion of each year's budget is spent on operating, maintaining and renewing these assets.



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Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Actual 12 months to 30 Jun 2012 \$000	Budget 12 months to 30 Jun 2012 \$000	Actual 8 months to 30 Jun 2011 \$000
INCOME				
Funding from Auckland Council	2	323,215	277,215	150,792
Operational funding from NZ Transport Agency		190,723	206,057	113,957
Capital funding from NZ Transport Agency		71,666	151,185	84,429
Finance income	3	168	–	173
Other income	4	169,424	141,186	127,658
Total income		755,196	775,643	477,009
EXPENDITURE				
Personnel costs	5	70,178	68,745	44,317
Depreciation and amortisation expense	13, 14	226,798	222,962	144,300
Finance costs	3	37,636	–	–
Other expenses	6	522,408	501,072	328,900
Other losses/(gains)	7	8,602	–	(571)
Total expenditure		865,622	792,779	516,946
Deficit before tax		(110,426)	(17,136)	(39,937)
Income tax	8	(922)	–	474
Total deficit after tax		(111,348)	(17,136)	(39,463)
OTHER COMPREHENSIVE INCOME				
Revaluation gain on property, plant and equipment	19	193,395	–	953,893
Deferred tax on revaluation	8	2,677	–	(3,260)
Cash flow hedges	19	(19,454)	–	–
Other comprehensive income for the period		176,618	–	950,633
Total comprehensive income for the period		65,270	(17,136)	911,170

The accompanying notes form part of these financial statements.

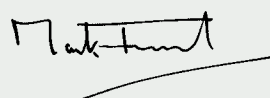
Statement of Financial Position

AS AT 30 JUNE 2012

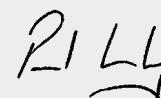
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	Notes	Actual 30 Jun 2012 \$000	Budget 30 Jun 2012 \$000	Actual 30 Jun 2011 \$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	9	2,840	5,000	2,251
Debtors and other receivables	10	186,428	169,046	214,071
Inventories	11	5,160	6,000	5,826
Other assets	12	1,174	12,000	11,680
Asset held for sale to Auckland Council		–	1,629	1,629
Total current assets		195,602	193,675	235,457
NON-CURRENT ASSETS				
Property, plant and equipment	13	13,569,719	13,248,225	12,923,619
Intangible assets	14	30,841	25,344	26,712
Debtors and other receivables	10	57,874	–	–
Total non-current assets		13,658,434	13,273,569	12,950,331
Total assets		13,854,036	13,467,244	13,185,788
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	15	176,933	141,079	182,479
Employee entitlements	16	7,831	8,000	6,692
Derivative financial instruments	17	3,800	–	2,561
Borrowings	18	448	–	–
Total current liabilities		189,012	149,079	191,732
NON-CURRENT LIABILITIES				
Deferred tax	8	11,020	12,775	12,775
Employee entitlements	16	900	2,000	958
Derivative financial instruments	17	50,663	–	171
Borrowings	18	112,121	–	–
Total non-current liabilities		174,704	14,775	13,904
Total liabilities		363,716	163,854	205,636
Net assets		13,490,320	13,303,390	12,980,152
EQUITY				
Contributed capital		12,513,880	12,409,356	12,068,982
Retained (deficit)/surplus		(150,811)	(56,599)	(39,463)
Other reserves		1,127,251	950,633	950,633
Total equity	19	13,490,320	13,303,390	12,980,152

The accompanying notes form part of these financial statements.



Mark Ford, Chairman
August 2012



Paul Lockey, Director
August 2012

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Actual 12 months to 30 Jun 2012 \$000	Budget 12 months to 30 Jun 2012 \$000	Actual 8 months to 30 Jun 2011 \$000
Equity at start of period		12,980,152	13,026,078	–
Capital contribution from ARTA on 1 November		–	–	365,294
Capital contribution from ARTNL and group on 1 November		–	–	7,219
Capital contribution from disestablished councils on 1 November		–	–	11,501,092
Total capital contribution on 1 November 2011		–	–	11,873,605
Deficit for the period		(111,348)	(17,136)	(39,463)
Gain on property, plant and equipment revaluation		193,395	–	953,893
Deferred tax on revaluation		2,677	–	(3,260)
Cash flow hedges		(19,454)	–	–
Total comprehensive income		65,270	(17,136)	911,170
Capital contribution from Auckland Council during the period		444,898	294,448	195,377
Balance at end of the period	19	13,490,320	13,303,390	12,980,152

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

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	Notes	Actual 12 months to 30 Jun 2012 \$000	Budget 12 months to 30 Jun 2012 \$000	Actual 8 months to 30 Jun 2011 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash provided from:				
Income from activities		139,732	141,186	98,795
Operating funding from Auckland Council		222,574	222,574	140,498
Operational funding from NZ Transport Agency		172,981	206,057	89,783
Capital funding from Auckland Council		54,641	54,641	10,294
Capital funding from NZ Transport Agency		73,404	151,185	89,927
Interest received		168	–	173
Goods and services tax		13,074	–	–
Total cash provided		676,574	775,643	429,470
Cash applied to:				
Payments to suppliers and employees		607,980	569,817	219,276
Interest paid		2,494	–	–
Goods and services tax		–	–	12,912
Total cash applied		610,474	569,817	232,188
Net cash from operating activities	20	66,100	205,826	197,282
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash provided from:				
Sale of property, plant and equipment		10,831	–	–
Cash applied to:				
Purchase of property, plant and equipment		542,010	546,200	279,595
Net cash applied to investing activities		(531,179)	(546,200)	(279,595)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash provided from:				
Capital contribution from Auckland Council		353,099	340,374	77,908
Loan from Auckland Council		112,773	–	–
Total cash provided		465,872	340,374	77,908
Cash applied to:				
Repayment of loan from Auckland Council		204	–	–
Total cash applied		204	–	77,908
Net cash from financing activities		465,668	340,374	77,908
Net increase/(decrease) in cash and cash equivalents		589	–	(4,405)
Opening cash and cash equivalents		2,251	2,251	6,656
Closing cash and cash equivalents	9	2,840	2,251	2,251

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 2012

	Note	Actual 12 months to 30 Jun 2012 \$000	Budget 12 months to 30 Jun 2012 \$000	Actual 8 months to 30 Jun 2011 \$000
NEW CAPITAL EXPENDITURE				
Roads		185,450	252,865	111,974
Public Transport ¹		66,693	75,879	38,603
Parking		17,624	16,745	3,818
Electric Trains		94,649	–	–
Other		10,265	756	16,738
Total new capital expenditure		374,681	346,245	171,133
RENEWAL CAPITAL EXPENDITURE				
Roads		188,450	185,117	127,305
Public Transport		4,312	14,145	1,031
Parking		216	176	–
Other		–	517	542
Total renewal capital expenditure		192,978	199,955	128,878
VESTED ASSETS				
Roads		24,037	–	37,600
Total vested assets		24,037	–	37,600
Total capital expenditure		591,696	546,200	337,611
FUNDING				
NZ Transport Agency subsidies – new ¹		65,700	103,677	55,791
NZ Transport Agency subsidies – renewal		10,238	47,508	36,743
Capital funding from Auckland Council	2	54,641	54,641	10,294
Other capital grants		555	–	1,806
Loan funding from Auckland Council		94,649	–	–
Investment by Auckland Council		331,131	340,374	195,377
Sale of assets		10,745	–	–
Vested assets		24,037	–	37,600
Total funding		591,696	546,200	337,611

¹ Includes \$4.3m (2011: \$8.1m) for the central system of the AIFS projects, refer note 12.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

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1 STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

Auckland Transport is a public-benefit entity as defined under New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS'). Auckland Transport's primary objective is to provide services and facilities for the community as a social benefit rather than to make a financial return.

The financial statements are for the year ended 30 June 2012 and were authorised for issue by the Board of Auckland Transport on 20 August 2012. Neither Auckland Council nor Auckland Transport Board have the power to amend the financial statements once adopted.

SIGNIFICANT ACCOUNTING POLICIES

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

(A) BASIS OF PREPARATION

Statement of compliance

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

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

Measurement base

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

- Financial assets and liabilities at fair value
- Derivative financial instruments at fair value
- Certain classes of property, plant and equipment at methods appropriate to the class of asset.

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

Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$), which is Auckland Transport's functional currency.

Budget figures

The budget figures are those included in the Auckland Council Annual Plan 2011/2012, adopted by Council on 28 June 2011.

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 changes in accounting policies during the financial year.

Comparative information

Auckland Transport came into existence on 1 November 2010, accordingly comparative information is provided for the eight month period from 1 November 2010 to 30 June 2011. Some balances have been reclassified to achieve consistency in disclosures with the current period.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012 CONTINUED

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Changes to financial reporting standards

The External Reporting Board has introduced a revised Accounting Standards Framework. The revised framework intends to introduce Public Benefit Accounting Standards ('PAS') comprising International Public Sector Accounting Standards ('IPSAS'), modified as appropriate for New Zealand circumstances. This means that financial reporting requirements for public benefit entities are frozen in the short-term and that all new NZ IFRS with a mandatory effective date for annual reporting 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.

Amendment to NZ IAS 12 Income Tax – Deferred tax: Recovery of underlying assets. This amendment is not relevant to Auckland Transport as it does not own any investment properties.

(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

Property, plant and equipment consist of:

(i) Operational assets

These include land, buildings, wharf buildings, rolling stock, locomotive improvements, wharves, furniture and fittings, computer hardware, motor vehicles, plant and equipment, 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 and land under wharves.

Building

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

Rolling stock

Rolling stock includes carriages and locomotives.

Land infrastructure

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

Roading infrastructure

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

Plant and equipment

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

Initial recognition

Property, plant and equipment at the time of transition

Property, plant and equipment transferred at the time of transition are initially shown at their previous carrying values (net book value) in the financial statements of the predecessor councils, ARTA and ARTNL.

Property, plant and equipment acquired after transition

Property, plant and equipment acquired after transition are initially shown at cost or at fair value in the case where 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

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1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Subsequent costs

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

Valuation of assets

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

Any accumulated depreciation at the date of revaluation is 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.

Depreciation

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

Class of asset depreciated	Estimated useful life (years)
----------------------------	-------------------------------

Operational assets

• Buildings	10-100
• Wharf buildings	7-100
• Rolling stock	2-9
• Locomotive improvements	2-9
• Wharves	50-100
• Furniture and fittings	5-15
• Computer hardware	3-8
• Plant and equipment	10-25
• Bus stations and shelters	10-99
• Train stations	5-99
• Motor vehicles	5

Infrastructure assets

• Public transport	10-80
• Roothing	10-120
• Car parking	10-50

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012 CONTINUED

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Capital works in progress

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

(D) INTANGIBLE ASSETS

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

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

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

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

Operating leases – land

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

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) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(F) FINANCIAL ASSETS

Auckland Transport classifies its financial assets in the following categories:

- Financial assets at fair value through surplus or deficit
- Available-for-sale financial assets
- Loans and receivables
- Held-to-maturity investments.

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

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

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

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.

Available-for-sale financial assets

Financial assets at fair value through other comprehensive income are non-derivative financial assets designated in this category or not classified in the other categories. After initial recognition, they are measured at fair value. They are included in non-current assets, unless Auckland Transport intends to dispose of the asset within 12 months of year-end. Auckland Transport does not have any financial assets under this category.

After initial recognition they are measured at fair value, with gains and losses recognised directly in other comprehensive income except for impairment losses, which are recognised in the surplus or deficit.

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.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments, and fixed maturities that Auckland Transport management has the intention and ability to hold to maturity.

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

Auckland Transport does not currently have any financial assets under this category.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012 CONTINUED

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(G) DERIVATIVE FINANCIAL INSTRUMENTS

Auckland Transport uses derivative financial instruments to hedge exposure to foreign exchange. 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.

The fair values of forward foreign exchange contracts are 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.

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 immediately in the surplus or deficit within 'other gains/(losses)' unless the derivative instrument has been designated as a hedging instrument and qualifies for hedge accounting, in which case, the method of recognising the resulting gain or loss is discussed below.

Derivatives that qualify for hedge accounting

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

Cash flow hedge

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

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

Fair value hedge

Auckland Transport only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of the interest rate swaps that hedge fixed-rate borrowings is recognised in the surplus or deficit within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the surplus or deficit within 'other gains/(losses)'. Changes in the fair value of the hedged fixed-rate borrowings attributable to interest rate risk are recognised in the surplus or deficit within 'finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is recorded in the surplus or deficit.

(H) INVENTORIES

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

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

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

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

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

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1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(I) TRADE AND OTHER RECEIVABLES

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

Auckland Transport reviews the collection of trade receivables on an on-going basis and writes off debts known to be uncollectable. A provision is made for doubtful receivables when there is objective evidence that Auckland Transport will not be able to collect all amounts due according to the original terms of the receivables. The amount provided is the difference between the receivable's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. This amount provided is recorded in the surplus or deficit.

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

(J) CASH AND CASH EQUIVALENTS

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

(K) EQUITY

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

(L) BORROWINGS

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

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

(M) BORROWING COSTS

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

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

(N) CURRENT AND DEFERRED INCOME TAX

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

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

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

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012 CONTINUED

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(O) PROVISIONS

Provisions are recognised when:

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

Provisions are not recognised for future operating losses.

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

Organisational

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

Contractual

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

(P) CREDITORS AND OTHER PAYABLES

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

(Q) GOODS AND SERVICES TAX (GST)

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

(R) EMPLOYEE BENEFIT LIABILITIES

Short-term employee benefit liabilities

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

Long-term employee entitlements

Entitlements that are payable beyond 12 months such as long-service leave have been actuarially measured as the present value of expected future payments for services provided by employees up to the year-end date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(S) REVENUE

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

Notes to the Financial Statements

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1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Auckland Transport receives revenue from the following main sources:

Auckland Council grants

Auckland Transport is funded by its parent the Auckland Council in order to deliver the agreed annual operational and capital programmes. This funding is recognised when the expenditure is incurred i.e. on an accrual basis.

New Zealand Transport Agency (NZTA) grants

Auckland Transport receives government grants from NZTA, which funds operational and capital expenditure. Grants distribution from NZTA are recognised as income when the expenditure they cover is incurred i.e. on an accrual basis.

Traffic and parking infringement income

Income and receivables are recognised when an infringement notice is issued based on the estimated recoverable amount. Infringement amounts not recovered after 60 days are lodged with the courts for collection. Subsequent collections from the courts which differ to estimated recoverable amounts are recognised in income as received. The estimated amount expected to be received is reviewed at least annually.

Fare revenue

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

Vested assets

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

Vested assets 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.

Auckland Transport accounts for revenue for the following activities:

- Licenses and permits revenue – on application
- Rental revenue – for the period it relates to
- Interest income – on a time proportion basis using the effective interest method
- Other grants and subsidies – when received
- Contra transactions – are measured at the fair value of the asset received or the fair value of the goods given up.

(T) GRANT EXPENDITURE

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

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

(U) LEASES

Operating leases

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

Finance leases

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012 CONTINUED

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Use of estimates and judgements

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

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

- Property, plant and equipment (note 13)
- Contingent liabilities (note 22).

Auckland Council-owned property, plant and equipment

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

Traffic and parking infringement income

Infringement notices receivable not recovered after 60 days are lodged with the courts for collection. An analysis of historic record of collection percentages for infringements lodged with the courts have indicated that approximately 50 per cent of all infringements lodged with the courts are recovered within the first twelve months of lodgement. For the year ended 30 June 2012, an estimated 50 per cent (2011: estimated at 25 per cent) of traffic and parking infringements issued during the period and outstanding at court are recognised as income and receivable.

Discount Rates

A discount rate of 6 per cent has been applied to estimate the present value of future cash flows, with the exception of long term employee benefit calculations which are discounted using risk free rates published by the New Zealand Treasury. This rate is based on the forecast average cost of funds in Auckland Council's Long Term Plan. Where necessary the discount rate is adjusted for a risk premium specific to the asset or liability.

	Actual 12 months to 30 Jun 2012	Actual 8 months to 30 Jun 2011
	\$000	\$000

2 FUNDING FROM AUCKLAND COUNCIL

Operational funding from Auckland Council	222,574	140,498
Capital funding from Auckland Council	54,641	10,294
Grant from Auckland Council for Electric Trains project	46,000	–
	323,215	150,792

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

3 FINANCE INCOME AND FINANCE COSTS

Finance income

Interest income	168	173
	168	173

Finance costs

Interest expense	2,829	–
Realised interest rate swaps – not hedge accounted	773	–
Unrealised interest rate swaps – not hedge accounted	34,034	–
	37,636	–

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	Actual 12 months to 30 Jun 2012 \$000	Actual 8 months to 30 Jun 2011 \$000
4 OTHER INCOME		
Parking and enforcement	74,546	40,948
Public transport income	46,249	28,826
Other operating grants and subsidies	9,498	8,209
Other capital grants	555	1,806
Vested asset income	24,037	37,600
Other income	14,539	10,269
	169,424	127,658

Parking and enforcement income for the eight months ended 30 June 2011 was reduced by \$1.1m, due to infringements receivable brought forward from terminating councils being reduced to align with Auckland Transport's Accounting Policy for Infringements income recognition.

5 PERSONNEL COSTS

Salaries and wages	82,514	47,195
Less capitalised salaries and wages	(14,482)	(5,206)
Defined contribution plan employer contributions	1,065	549
Increase in employee benefit liabilities	1,081	1,779
Total personnel costs	70,178	44,317

Employer contributions to defined contribution plans include contributions to Kiwisaver and Super Trust of New Zealand Fund.

6 OTHER EXPENSES

Fees to principal auditor:		
Audit fees for financial statement audit	523	570
Fees for other services	21	–
Minimum lease payments under operating leases	1,129	133
Impairment of receivables	792	95
Directors' fees	394	246
Revaluation decrement	3,446	42,780
Public transport operations	279,696	153,429
Road network	145,576	86,206
Electric Trains procurement costs	41,948	–
Other operating expenses	48,883	45,441
Total other expenses	522,408	328,900

Fees paid to the principal auditor for other services were for the review of the draft Asset Management Plan.

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FOR THE YEAR ENDED 30 JUNE 2012 CONTINUED

Actual
12 months to
30 Jun 2012
\$000

Actual
8 months to
30 Jun 2011
\$000

7 OTHER LOSSES/(GAINS)

Foreign exchange losses/(gains)	688	(1,255)
Loss on disposal of property, plant and equipment	7,914	684
Total losses/(gains)	8,602	(571)

8 INCOME TAX

Components of income tax expense

Current tax	–	–
Deferred tax	922	(474)
Income tax expense	922	(474)

Relationship between tax income expense and accounting profit

(Deficit)/surplus before tax	(110,426)	(39,937)
Tax at 28 per cent (2011: 30 per cent)	(30,919)	(11,981)
<i>Plus/(less) tax effects of:</i>		
Non-taxable income	–	–
Non-deductible expenditure	30,919	11,981
Tax losses not recognised	–	–
Group loss offset	493	–
Deferred tax adjustment	429	(474)
Income tax	922	(474)

	Property, plant and equipment \$000	Other provisions \$000	Tax losses \$000	Total \$000
--	---	------------------------------	------------------------	----------------

Deferred tax liability

Balance at 1 July 2011	(13,264)	25	464	(12,775)
Charged to profit and loss	(433)	(25)	(464)	(922)
Charged to other comprehensive income	2,677	–	–	2,677
Balance at 30 June 2012	(11,020)	–	–	(11,020)
Balance at 1 November 2010	(10,318)	–	329	(9,989)
Charged to profit and loss	314	25	135	474
Charged to other comprehensive income	(3,260)	–	–	(3,260)
Balance at 30 June 2011	(13,264)	25	464	(12,775)

Auckland Transport derived tax losses of \$1,762,426 during the year ended 30 June 2012 which have not been recognised as deferred tax assets (2011: nil). These losses will be used to offset the tax liability of other members of the Auckland Council group.

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	Actual 30 Jun 2012 \$000	Actual 30 Jun 2011 \$000
9 CASH AND CASH EQUIVALENTS		
Cash at bank	2,676	2,122
Till floats	164	129
Total cash and cash equivalents	2,840	2,251

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

The weighted average effective interest rate for cash and cash equivalents is 2.5% (2011 – 2.5%).

10 DEBTORS AND OTHER RECEIVABLES

Current portion		
Trade debtors	2,848	4,635
Infringements receivable	15,005	8,779
Amounts due from related parties – capital contribution from Auckland Council	93,999	117,469
Amounts due from related parties – other	27,267	32,060
Accrued income	44,569	34,617
Goods and services tax	3,532	16,606
	187,220	214,166
Less provision for impairment of receivables	(792)	(95)
	186,428	214,071
Non-current portion		
Accrued income	11,874	–
Amounts due from related parties – other	46,000	–
	57,874	–
Total debtors and receivables	244,302	214,071

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

There is no concentration of credit risk with respect to 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 2012 CONTINUED

	Gross \$000	Impaired \$000	Net \$000
10 DEBTORS AND OTHER RECEIVABLES (CONTINUED)			
The ageing profile of receivables at 30 June is detailed below:			
2012			
Not past due	231,069	–	231,069
Past due 1 – 30 days	2,522	–	2,522
Past due 31 – 60 days	910	–	910
Past due 61 – 90 days	194	–	194
Past due > 90 days	10,399	(792)	9,607
	245,094	(792)	244,302

2011			
Not past due	202,735	–	202,735
Past due 1 – 30 days	7,021	–	7,021
Past due 31 – 60 days	948	–	948
Past due 61 – 90 days	210	(4)	206
Past due > 90 days	3,252	(91)	3,161
	214,166	(95)	214,071

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

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

	Actual 2012 \$000	Actual 2011 \$000
Movements in the provision for impairment of receivables are as follows:		
Opening balance	95	31
Additional provisions made	792	95
Provisions reversed	(95)	(27)
Receivables written-off	–	(4)
Closing balance	792	95

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	Actual 30 Jun 2012 \$000	Actual 30 Jun 2011 \$000
11 INVENTORIES		
Spare parts for rolling stock	5,160	5,820
Other inventories at cost	–	6
Total inventories	5,160	5,826

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	1,174	11,680
NZTA assets held in trust	17,418	13,146
NZTA assets held in trust transfer	(17,418)	(13,146)
Total other assets	1,174	11,680

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. Expenditure and funding across the twelve months ended 30 June 2012 was \$4.3m (2011: eight months to 30 June 2011 was \$8.1m).

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2012	Cost/ revaluation 1 July 2011 \$000	Accumulated depreciation and impairment charges 1 July 2011 \$000	Carrying amount 1 July 2011 \$000
13 PROPERTY, PLANT AND EQUIPMENT			
Operational assets			
<i>Cost or valuation</i>			
Land	395,341	–	395,341
Land – finance lease	12,531	–	12,531
Buildings	181,976	(5,207)	176,769
Rolling stock	108,461	–	108,461
Locomotive improvements	10,646	(794)	9,852
Motor vehicles	1,722	(556)	1,166
Computer hardware	80	(27)	53
Furniture and fittings	283	(81)	202
Plant and equipment	18,581	(1,865)	16,716
Wharves	42,954	–	42,954
Bus stations and shelters	30,363	–	30,363
Train stations	197,806	(3,466)	194,340
	1,000,744	(11,996)	988,748
Infrastructural assets			
<i>Cost or valuation</i>			
Land	5,208,666	–	5,208,666
Roading	6,351,829	–	6,351,829
Street gardens	13,256	(295)	12,961
	11,573,751	(295)	11,573,456
Works under construction	361,415	–	361,415
Total property, plant and equipment	12,935,910	(12,291)	12,923,619

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Current year additions \$000	Current year disposals \$000	Current year transfers on asset completion \$000	Current year impairment charges \$000	Current year depreciation \$000	Revaluation surplus/(loss) \$000	Cost/revaluation 30 Jun 2012 \$000	Accumulated depreciation and impairment charges 30 Jun 2012 \$000	Carrying amount 30 Jun 2012 \$000
83,182	(6,254)	2,741	–	–	(1,340)	473,670	–	473,670
–	–	–	–	–	684	13,215	–	13,215
13,305	(7,520)	11,699	–	(8,147)	44,494	230,699	(99)	230,600
–	–	160	–	(21,265)	–	108,621	(21,265)	87,356
–	–	–	–	(1,191)	–	10,646	(1,985)	8,661
–	–	–	–	(567)	–	1,722	(1,123)	599
–	–	2,145	–	(347)	–	2,225	(374)	1,851
–	–	17	–	(121)	–	300	(202)	98
–	–	507	–	(2,600)	–	19,088	(4,465)	14,623
830	–	1,433	–	(1,636)	(14,498)	29,083	–	29,083
–	–	913	–	(830)	–	31,276	(830)	30,446
–	–	34,727	–	(5,276)	160,609	384,400	–	384,400
97,317	(13,774)	54,342	–	(41,980)	189,949	1,304,945	(30,343)	1,274,602
8,947	(4,095)	52,182	–	–	–	5,265,700	–	5,265,700
35,278	–	313,154	–	(182,257)	–	6,700,261	(182,257)	6,518,004
19	–	–	–	(442)	–	13,275	(737)	12,538
44,244	(4,095)	365,336	–	(182,699)	–	11,979,236	(182,994)	11,796,242
557,138	–	(419,678)	–	–	–	498,875	–	498,875
698,699	(17,869)	–	–	(224,679)	189,949	13,783,056	(213,337)	13,569,719

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2011	Cost/ revaluation 1 Nov 2010 \$000	Accumulated depreciation and impairment charges 1 Nov 2010 \$000	Carrying amount 1 Nov 2010 \$000
13 PROPERTY, PLANT AND EQUIPMENT			
Operational assets			
<i>Cost or valuation</i>			
Land	393,719	–	393,719
Land – finance lease	12,531	–	12,531
Buildings	133,535	–	133,535
Rolling stock	153,207	–	153,207
Locomotive improvements	10,646	–	10,646
Motor vehicles	1,722	–	1,722
Computer hardware	80	–	80
Furniture and fittings	283	–	283
Plant and equipment	18,168	–	18,168
Wharves	29,614	–	29,614
Bus stations and shelters	24,911	–	24,911
Train stations	197,806	–	197,806
	976,222	–	976,222
Infrastructural assets			
<i>Cost or valuation</i>			
Land	5,173,856	–	5,173,856
Roading	5,344,508	–	5,344,508
Street gardens	13,256	–	13,256
	10,531,620	–	10,531,620
Works under construction	325,094	–	325,094
Total property, plant and equipment	11,832,936	–	11,832,936

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Current year additions \$000	Current year disposals \$000	Current year transfers on asset completion \$000	Current year impairment charges \$000	Current year depreciation \$000	Revaluation surplus/(loss) \$000	Cost/revaluation 30 Jun 2011 \$000	Accumulated depreciation and impairment charges 30 Jun 2011 \$000	Carrying amount 30 Jun 2011 \$000
–	–	1,622	–	–	–	395,341	–	395,341
–	–	–	–	–	–	12,531	–	12,531
–	–	48,441	–	(5,207)	–	181,976	(5,207)	176,769
–	–	11,783	–	(13,749)	(42,780)	108,461	–	108,461
–	–	–	–	(794)	–	10,646	(794)	9,852
–	–	–	–	(556)	–	1,722	(556)	1,166
–	–	–	–	(27)	–	80	(27)	53
–	–	–	–	(81)	–	283	(81)	202
–	–	413	–	(1,865)	–	18,581	(1,865)	16,716
–	–	924	–	(559)	12,975	42,954	–	42,954
–	–	1,327	–	(452)	4,577	30,363	–	30,363
–	–	–	–	(3,466)	–	197,806	(3,466)	194,340
–	–	64,510	–	(26,756)	(25,228)	1,000,744	(11,996)	988,748
31,785	–	3,025	–	–	–	5,208,666	–	5,208,666
5,815	–	181,501	–	(116,336)	936,341	6,351,829	–	6,351,829
–	–	–	–	(295)	–	13,256	(295)	12,961
37,600	–	184,526	–	(116,631)	936,341	11,573,751	(295)	11,573,456
286,041	(684)	(249,036)	–	–	–	361,415	–	361,415
323,641	(684)	–	–	(143,387)	911,113	12,935,910	(12,291)	12,923,619

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 Nov 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 Nov 2010.

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

Restrictions on Auckland Council-owned property, plant and equipment

Disposal

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

Acquisition

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

Revaluation

Asset class	Date of revaluation	Valuation amount \$000	Basis of revaluation	Valuer Company	Valuer name
Operational land and building	30 June 2012	650,604	Fair value with the approaches being Market, Income and Cost	Bayleys Valuations Limited Darroch Limited Beca Carter Hollings & Ferner Limited TelferYoung (Auckland) Limited Opus International Consultants Limited	John Darroch Kerry Stewart Nigel Hoskin Lewis Esplin Priyani De Silva-Currie
Train stations	30 June 2012	384,400	Depreciated replacement cost	Opus International Consultants Limited	Priyani De Silva-Currie
Wharf structures	30 June 2012	29,083	Depreciated replacement cost	Opus International Consultants Limited	Priyani De Silva-Currie
Roads, parking (excluding land and buildings) and wharves structures	30 June 2011	6,351,828	Depreciated replacement cost	ANA Group Limited	Amar Singh
Bus stations and shelters	30 June 2011	24,911	Depreciated replacement cost	ANA Group Limited	Amar Singh
Rolling stock carriages	30 June 2011	108,461	Depreciated replacement cost	Halcrow Pacific Pty (Australia)	Aaron Smith

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuation significant assumptions and estimates

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

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

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

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

- Railway station assets with unlimited engineering lives have been adjusted to have a typical useful life of 60 years or less reflecting the rate of change and obsolescence in the environment for each elemental value
- Wharves assets typical useful life has been estimated at 100 years or less at an elemental level, reflecting the marine environment, rate of change and obsolescence, loadings, and the predominance of concrete and steel structural elements
- Estimating the unit rate for construction of roading assets: The most current contracted unit rates (including rates agreed by legacy councils) for road construction have been used. Where there is no current contracted unit rate information available, the most recent rates are used indexed for the impact of inflation
- Assumptions on the remaining useful life over which the asset will be depreciated: These assumptions are based on the age, condition information held on these assets and the asset's future service potential. For roading assets these assumptions can be affected by local conditions such as ground type, weather patterns and road usage
- Rolling stock replacement values are based on price quotations of modern equivalent assets with allowance for age, asset deterioration, configuration and gauge
- Assumptions on rail rolling stock useful lives have been based on an expected vehicle replacement programme. The programme defines the expected economic and/or physical lives of the different vehicle types in future years that align with the receipt and commissioning of an anticipated fleet of Electric Trains entering service and in meeting the expected operational demand of the Auckland rail lines. Demand has been modelled based on the patronage numbers observed over an extended period adjusted for assumptions on variables such as population growth and fuel prices. A new fleet of 57 three-car Electric Trains is expected to start being fully operational in Auckland between 2014-2016
- If useful lives do not reflect the actual consumption of the benefits of the assets, then Auckland Transport could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, asset useful lives have been determined with reference to the external industry guidance and have been adjusted for local conditions based on past experience. Asset inspection, deterioration, and condition modelling are also carried out regularly as part of asset management activities, which provides further assurance over useful life estimates.

All other asset classes are measured at depreciated historical cost, as a surrogate for fair value.

Additional disclosures

The revaluation increase of \$161m for rail stations includes an increase of \$154m for Britomart Station.

Auckland Transport and NZ Transport Agency have signed a Memorandum of Understanding in June 2012 for the transfer of sections of State Highways from NZ Transport Agency to Auckland Council as local roads under Auckland Transport control and management with value estimated at between \$500m and \$550m. As this transaction did not occur during this reporting period it has been included in note 29 Events subsequent to balance date.

Asset classes have been expanded to provide more detail, prior year comparatives have been restated accordingly.

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2012	Cost 1 Jul 2011 \$000	Accumulated amortisation and impairment charges 1 Jul 2011 \$000	Carrying amount 1 Jul 2011 \$000
14 INTANGIBLE ASSETS			
Software	2,228	(686)	1,542
Operating lease	21,420	(227)	21,193
	23,648	(913)	22,735
Works under construction	3,977	–	3,977
Total intangible assets	27,625	(913)	26,712

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

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

2011	Cost 1 Nov 2010 \$000	Accumulated amortisation and impairment charges 1 Nov 2010 \$000	Carrying amount 1 Nov 2010 \$000
14 INTANGIBLE ASSETS			
Software	2,228	–	2,228
Operating lease	21,420	–	21,420
	23,648	–	23,648
Works under construction	1,673	–	1,673
Total intangible assets	25,321	–	25,321

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Current year additions \$000	Current year disposals \$000	Current year transfers on asset completion \$000	Current year impairment charges \$000	Current year amortisation \$000	Cost 30 Jun 2012 \$000	Accumulated amortisation and impairment charges 30 Jun 2012 \$000	Carrying amount 30 Jun 2012 \$000
–	–	6,742	–	(1,779)	8,970	(2,465)	6,505
–	–	–	–	(340)	21,420	(567)	20,853
–	–	6,742	–	(2,119)	30,390	(3,032)	27,358
6,249	–	(6,742)	–	–	3,483	–	3,483
6,249	–	–	–	(2,119)	33,873	(3,032)	30,841

Current year additions \$000	Current year disposals \$000	Current year transfers on asset completion \$000	Current year impairment charges \$000	Current year amortisation \$000	Cost 30 Jun 2011 \$000	Accumulated amortisation and impairment charges 30 Jun 2011 \$000	Carrying amount 30 Jun 2011 \$000
–	–	–	–	(686)	2,228	(686)	1,542
–	–	–	–	(227)	21,420	(227)	21,193
–	–	–	–	(913)	23,648	(913)	22,735
2,304	–	–	–	–	3,977	–	3,977
2,304	–	–	–	(913)	27,625	(913)	26,712

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Actual
30 Jun 2012
\$000

Actual
30 Jun 2011
\$000

15 CREDITORS AND OTHER PAYABLES

Creditors	48,605	114,415
Accrued expenses	112,445	41,946
Amounts due to related parties	14,836	25,681
Income in advance	1,047	437
	176,933	182,479

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.

16 EMPLOYEE ENTITLEMENTS

Current portion

Accrued salaries and wages	1,555	1,032
Annual leave	5,937	5,273
Sick leave	266	266
Long service leave	73	121
Total current portion	7,831	6,692

Non-current portion

Retirement gratuities	383	410
Long service leave	517	548
Total non-current portion	900	958
Total employee entitlements	8,731	7,650

17 DERIVATIVE FINANCIAL INSTRUMENTS

Current liability portion

Forward foreign exchange contracts – not hedge accounted	975	2,561
Forward foreign exchange contracts – hedge accounted	2,825	–
Total current derivative financial instruments	3,800	2,561

Non-current liability portion

Forward foreign exchange contracts – not hedge accounted	–	171
Forward foreign exchange contracts – hedge accounted	16,629	–
Interest rate swaps – not hedge accounted	34,034	–
Total non-current derivative financial instruments	50,663	171

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Actual	Actual
30 Jun 2012	30 Jun 2011
\$000	\$000

17 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Forward foreign exchange contracts

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

Forward foreign exchange contracts – not hedged accounted

The notional principal amount of outstanding forward foreign exchange contracts that were not hedge accounted was NZD \$3.4m (June 2011: NZD \$14.1m). The foreign currency principal amount was EUR 1.5m (June 2011: USD 2.3m and EUR 4.8m). The loss on their revaluation of \$1.0m (2011: \$1.3m gain) has been recorded in the net surplus/(deficit).

Forward foreign exchange contracts – hedge accounted

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$379.6m. The foreign currency principal amount was USD 270.9m. These cash flow hedges have been accounted for as effective and the loss of \$19.5m on their revaluation has been transferred to the cash flow hedge reserve within equity.

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 \$465m. At 30 June 2012 the fixed interest rates of cash flow hedge interest rate swaps varied from 4.8% to 5.4%. The loss on their revaluation of \$34m has been recorded in the net surplus/(deficit).

Gains and losses on interest rate swap contracts, recognised in the hedging reserve in equity as at 30 June 2012 (note 19), will be released to the surplus or deficit when the gain or loss is realised.

The interest rate swaps have been arranged with various banks through Auckland Council.

18 BORROWINGS

Current loans from Auckland Council	448	–
Non-current loans from Auckland Council	112,121	–
	112,569	–
Weighted average cost of funds on total borrowings	4.99%	–

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

Auckland Council provides security for Auckland Transport's borrowings. These borrowings fund the electric train project.

Auckland Transport's debt of \$112.6m is issued at fixed rates of interest ranging from 4.20% to 5.78%.

The fair value of these loans is \$130.9m. The fair value is based on cash flows discounted using a rate based on the borrowing rates ranging from 4.20% to 5.78%. The carrying amounts of borrowings repayable within one year approximate their fair value, as the impact of discounting is not significant.

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FOR THE YEAR ENDED 30 JUNE 2012 CONTINUED

	Actual 30 Jun 2012 \$000	Actual 30 Jun 2011 \$000
19 EQUITY		
Contributed capital		
Opening balance	12,068,982	–
Capital contribution from ARTA on 1 November	–	365,294
Capital contribution from ARTNL and group on 1 November	–	7,219
Capital contribution from disestablished councils on 1 November	–	11,501,092
Contributed capital on 1 November	12,068,982	11,873,605
Contributed capital from Auckland Council during the period	444,898	195,377
Closing balance	12,513,880	12,068,982
Retained (loss)/surplus		
Opening balance	(39,463)	–
Deficit for the period	(111,348)	(39,463)
Closing balance	(150,811)	(39,463)
Asset revaluation reserve		
Opening balance	950,633	–
Valuation gains taken to equity	193,395	953,893
Deferred tax on revaluation	2,677	(3,260)
Closing balance	1,146,705	950,633
Property revaluation reserves for each asset class consist of:		
<i>Operational assets</i>		
Land – finance lease	684	–
Buildings	44,494	–
Wharves	–	9,715
Bus stations and shelters	4,577	4,577
Train stations	160,609	–
<i>Infrastructural assets</i>		
Roading	936,341	936,341
Closing balance	1,146,705	950,633
Cash flow hedge reserve		
Fair value losses during the period	(19,454)	–
Closing balance	(19,454)	–
Total other reserves	1,127,251	950,633
Total equity	13,490,320	12,980,152

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	Actual 30 Jun 2012 \$000	Actual 30 Jun 2011 \$000
20 RECONCILIATION OF NET (DEFICIT)/SURPLUS AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Deficit after tax	(111,348)	(39,463)
Add/(less) non-cash items:		
Depreciation and amortisation expense	226,798	144,300
Vested assets	(24,037)	(37,600)
Loss on disposal of property, plant and equipment	7,914	684
Revaluation decrement	3,446	42,780
Foreign exchange gains	(1,757)	(1,255)
Loss on interest rate swaps	34,034	–
Income tax	922	(474)
Grant from Auckland Council for Electric Trains project	(46,000)	–
Non-current accrued income	(11,874)	–
Add/(less) movements in balance sheet items:		
Debtors and other receivables	4,173	(25,653)
Inventories	666	91
Creditors and other payables	(28,424)	112,264
Employee benefits payable	1,081	1,779
Other assets	10,506	(171)
Net cash from operating activities	66,100	197,282

21 CAPITAL COMMITMENTS AND OPERATING LEASES

Capital commitments

Property, plant and equipment	574,953	367,218
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Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

There are no capital commitments for intangibles.

Non-lease operating commitments

Not later than one year	52,562	147,823
Later than one year and not later than five years	1,998	1,082
Total non-lease operating commitments	54,560	148,905

Operating leases as lessee

Auckland Transport leases computer equipment in the normal course of its business. These leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable leases are as follows:

Not later than one year	1,490	277
Later than one year and not later than five years	3,927	420
Later than five years	333	–
Total non-cancellable operating leases	5,750	697

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.

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FOR THE YEAR ENDED 30 JUNE 2012 CONTINUED

22 CONTINGENCIES

Contingent liabilities

Litigation

Auckland Transport has received a claim in relation to the Northern Busway and the associated changes to the roading network.

Auckland Transport is working to resolve this claim with its solicitors. Part of this claim has been settled, no further liability has been recognised in relation to this claim as any further amount is uncertain.

There are no other material contingent liabilities.

Contingent assets

There are no contingent assets as at 30 June 2012.

Actual 12 months to 30 Jun 2012	Actual 8 months to 30 Jun 2011
\$000	\$000

23 RELATED PARTY TRANSACTIONS

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

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

Auckland Council

Purchase of good and services from Auckland Council	24,398	29,088
Sale of goods and services to Auckland Council	5,930	7,850
Grants received from Auckland Council	323,215	150,792
Accounts payable to Auckland Council	12,503	23,430
Accounts receivable from Auckland Council	167,189	149,017
Capital contribution from Auckland Council	444,898	195,377
Asset held for sale to Auckland Council	–	1,629
Loans payable to Auckland Council	112,569	–
Electric trains procurement costs	41,948	–
Interest expense to Auckland Council	2,829	–
Interest payable to Auckland Council	1,107	–
Realised loss on interest rate swaps	773	–
Unrealised loss on revaluation of interest rate swaps	34,034	–
Realised loss on foreign exchange contracts – operating expenditure	2,446	–
Realised loss on foreign exchange contracts – capital expenditure	524	–
Unrealised gain/(loss) on revaluation of foreign exchange contracts	1,757	(1,256)
Interest rate swap liabilities	34,034	–
Foreign exchange hedge liabilities – hedge accounted	19,454	–
Foreign exchange hedge liabilities – not hedge accounted	975	2,732
Cash flow hedge reserve	(19,454)	–

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	Actual 12 months to 30 Jun 2012	Actual 8 months to 30 Jun 2011
	\$000	\$000

23 RELATED PARTY TRANSACTIONS (CONTINUED)

Watercare Services Limited

Purchase of goods and services from Watercare Services Limited	415	188
Sale of goods and services to Watercare Services Limited	165	117
Accounts payable to Watercare Services Limited	19	29
Accounts receivable from Watercare Services Limited	50	72

Auckland Tourism, Events and Economic Development Limited

Purchase of goods and services from Auckland Tourism, Events and Economic Development Limited	–	171
Sale of goods and services to Auckland Tourism, Events and Economic Development Limited	273	390
Accounts payable to Auckland Tourism, Events and Economic Development Limited	–	174
Accounts receivable from Auckland Tourism, Events and Economic Development Limited	–	434

Auckland Council Property Limited

Purchase of goods and services from Auckland Council Property Limited	1,101	–
Accounts payable to Auckland Council Property Limited	463	–

Auckland Waterfront Development Agency Limited

Purchase of goods and services from Auckland Waterfront Development Agency Limited	505	3,031
Sale of goods and services to Auckland Waterfront Development Agency Limited	482	5
Accounts payable to Auckland Waterfront Development Agency Limited	467	1,951
Accounts receivable from Auckland Waterfront Development Agency Limited	27	6

Manukau Beautification Charitable Trust

Purchase of goods and services from Manukau Beautification Charitable Trust	344	208
Accounts payable to Manukau Beautification Charitable Trust	30	97

Regional Facilities Auckland Limited

Purchase of goods and services from Regional Facilities Auckland Limited	258	–
Accounts payable to Regional Facilities Auckland Limited	247	–

Key management personnel

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 (NZTA), of which Auckland Transport Board member Geoff Dangerfield is Chief Executive. The funding from NZTA occurred as a result of normal NZTA funding arrangements for approved activities. The value of NZTA funding received by Auckland Transport for the twelve months to 30 June 2012 totalled \$262m (2011 – eight months to 30 June 2011 totalled \$198m). There was a balance of \$54m outstanding receivables at year-end (2011 – \$34m). Note 12 discloses an asset held in trust for NZTA.

Directors have interests in related parties of Auckland Transport, as disclosed in the Directors' profiles within the governance section of this annual report. Any transactions with these related parties have been supplied or received in the normal course of business and on normal commercial terms.

Auckland Transport does not provide any post-employment benefits to key management personnel.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012 CONTINUED

	Actual 12 months to 30 Jun 2012	Actual 8 months to 30 Jun 2011
	\$	\$

23 RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel compensation

Salaries and other short-term employee benefits	2,540,577	1,210,532
Post-employee benefits	–	–
Other long-term benefits	–	–
Termination benefits	–	–
Total key management personnel compensation	2,540,577	1,210,532

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

24 BOARD MEMBER REMUNERATION

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

Mark Ford (Chair)	–	17,500
Philippa Dunphy (Deputy Chair)	66,625	44,417
Geoff Dangerfield	–	–
Christine Fletcher	52,500	35,000
Michael Lee	52,500	35,000
Paul Lockey	60,375	35,000
Dr Ian Parton	57,094	13,125
Rabin Rabindran	52,500	35,000
Mike Williams	52,500	30,625
Total Board member remuneration	394,094	245,667

Mark Ford is entitled to \$105,000 per annum in Director fees however he has chosen not to accept any payment as Chair of the Board of Auckland Transport since January 2011.

Dr Ian Parton did not accept director fees while he was also employed by Watercare.

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

Paul Lockey and Ian Parton received additional remuneration, in line with Auckland Council policy, 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 provided a deed of indemnity to directors for certain activities undertaken in the performance of Auckland Transport's functions.

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.

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25 EMPLOYEE REMUNERATION

The following section shows the number of Auckland Transport employees who were paid \$100,000 and above for the twelve months ending 30 June 2012 (2011: eight months ending 30 June 2011).

	Number of employees 12 months to 30 Jun 2012	Number of employees 8 months to 30 Jun 2011
\$100,000 - \$109,999	52	12
\$110,000 - \$119,999	32	5
\$120,000 - \$129,999	20	6
\$130,000 - \$139,999	16	–
\$140,000 - \$149,999	18	4
\$150,000 - \$159,999	9	–
\$160,000 - \$169,999	11	2
\$170,000 - \$179,999	1	–
\$180,000 - \$189,999	7	2
\$190,000 - \$199,999	3	–
\$200,000 - \$209,999	–	1
\$220,000 - \$229,999	4	–
\$230,000 - \$239,999	1	1
\$250,000 - \$259,999	3	–
\$280,000 - \$289,999	1	–
\$300,000 - \$309,999	1	–
\$320,000 - \$329,999	1	–
\$340,000 - \$349,999	–	1
\$570,000 - \$579,999	1	–
	Actual 30 Jun 2012	Actual 30 Jun 2011
	\$000	\$000

26 OTHER FINANCIAL INSTRUMENT DISCLOSURES

26a CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments in each of the NZ IAS 39 categories are as follows:

Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	2,840	2,251
Debtors and other receivables	244,302	214,071
	247,142	216,322

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Actual
30 Jun 2012
\$000

Actual
30 Jun 2011
\$000

26 OTHER FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)

26a CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities		
<i>Fair value through surplus or deficit</i>		
Forward foreign exchange contracts – not hedge accounted	975	2,561
Interest rate swaps – not hedge accounted	34,034	–
	35,009	2,561
<i>Derivatives that are hedge accounted</i>		
Forward foreign exchange contracts – hedge accounted	19,454	–
	19,454	–
<i>Financial liabilities at amortised costs</i>		
Creditors and other payables	176,933	182,479
Borrowings	112,569	–
	289,502	182,479

26b FAIR VALUE HIERARCHY DISCLOSURES

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

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

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

2012	Note	Total \$000	Quoted market price \$000	Valuation technique Observable inputs \$000	Significant non- observable inputs \$000
<i>Financial liabilities</i>					
Derivative financial instruments	17	54,463	–	54,463	–
2011					
<i>Financial liabilities</i>					
Derivative financial instruments	17	2,732	–	2,732	–

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

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26 OTHER FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)

26c FINANCIAL INSTRUMENT RISKS

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

Market risk

Price risk

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

Fair value interest rate risk

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

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

Cash flow interest rate risk

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

Currency risk

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

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

Sensitivity analysis

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

Foreign exchange risk

2012	NZ \$000	NZ \$000	NZ \$000	NZ \$000
	-5% Profit	-5% Other equity	+5% Profit	+5% Other equity
Forward foreign exchange contracts – hedge accounted				
USD derivatives	–	17,725	–	(18,263)
Forward foreign exchange contracts – not hedge accounted				
USD derivatives	–	–	–	–
EUR derivatives	122	–	(118)	–
	122	–	(118)	–
2011				
Forward foreign exchange contracts – not hedge accounted				
USD derivatives	176	–	(156)	–
EUR derivatives	811	–	(680)	–
	987	–	(836)	–

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26 OTHER FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)

26c FINANCIAL INSTRUMENT RISKS (CONTINUED)

Interest rate risk

2012	NZ \$000 -100bps Profit	NZ \$000 -100bps Other equity	NZ \$000 +100bps Profit	NZ \$000 +100bps Other equity
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Interest rate risk

Interest rate swaps – not hedge accounted	(37,734)	–	33,524	–
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Explanation of foreign exchange risk sensitivity

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

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

Credit risk

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

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

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

Credit quality of financial assets

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

	Actual 30 Jun 2012 \$000	Actual 30 Jun 2011 \$000
Counterparties with credit ratings		
<i>Cash at bank</i>		
AA	–	2,122
AA-	2,676	–
Counterparties without credit ratings		
<i>Debtors and other receivables</i>		
Existing counterparty with no defaults in the past	186,428	214,071
Existing counterparty with defaults in the past	–	–
	186,428	214,071

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26 OTHER FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)

26c FINANCIAL INSTRUMENT RISKS (CONTINUED)

Liquidity risk

Management of liquidity risk

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

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

Contractual maturity analysis of financial liabilities, excluding borrowings

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

	Carrying amount NZ\$000	Contractual cash flows NZ\$000	Less than 6 months NZ\$000	6-12 months NZ\$000	Less than 1 year NZ\$000
2012					
Trade and other payables	176,933	176,933	176,933	–	–
Forward foreign exchange contracts					
– outflow	–	382,964	45,284	11,929	325,751
– inflow	–	382,964	45,284	11,929	325,751
2011					
Trade and other payables	182,479	182,479	182,479	–	–
Forward foreign exchange contracts					
– outflow	–	14,092	2,563	10,681	848
– inflow	–	14,092	2,563	10,681	848

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 principal payments of \$112.6m and interest payments of \$98.7m.

	Carrying amount \$000	Contractual cash flows \$000	Less than 11 years \$000	11-20 years \$000	21-30 years \$000	31-40 years \$000	41-50 years \$000
2012							
Borrowings	112,569	211,322	96,710	38,405	38,405	24,573	13,229

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27 CAPITAL MANAGEMENT

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

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

Auckland Transport manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities and general financial dealings to ensure Auckland Transport effectively achieves its objectives and purpose, while remaining a going concern.

28 ESTABLISHMENT OF AUCKLAND TRANSPORT

Auckland Transport, together with the Auckland Council group, was formed as a result of the Local Government (Tamaki Makaurau Reorganisation) Act 2009 that was enacted 23 May 2009. The legislation provided for the dissolution of local authorities in the Auckland Region on 31 October 2010 (Auckland City Council, Manukau City Council, Papakura District Council, Franklin District Council, North Shore City Council, Rodney District Council, Waitakere City Council and Auckland Regional Council) as well as the Auckland Regional Transport Authority and Auckland Regional Transport Network Limited group. The assets and liabilities of these entities were transferred to the new governing structures established on 1 November 2010. The Auckland Transition Agency was established prior to the reorganisation to oversee the transition.

The new Auckland Transport organisation combines the transport expertise and functions of the eight former local and regional councils and the Auckland Regional Transport Authority and Auckland Regional Transport Network Limited group.

On 22 April 2010, the Accounting Standards Review Board approved an amendment to NZ IFRS 3 Business Combinations (NZ IFRS 3) applying to annual periods beginning on or after 1 July 2009. This amendment applies to public benefit entities, and results in NZ IFRS 3 not applying to a local authority reorganisation where the assets and liabilities are transferred to a local authority from another local authority at no cost, or for nominal consideration, pursuant to legislation, ministerial directive or other externally imposed requirement. As the reorganisation of the predecessor councils into the new Auckland Council group meets the requirements to apply this exemption, accounting for the reorganisation was not required to be in accordance with NZ IFRS 3.

Alternative accounting options were therefore assessed and it was determined by the Auckland Transition Agency that the most appropriate way to account for the reorganisation was to use the principles of merger accounting to treat Auckland Transport as a new entity, rather than a continuation of the predecessor entities.

Under the merger accounting principles, the transport related assets and liabilities from the predecessor entities were able to be recognised in Auckland Transport either at their current carrying values or at fair value. The Auckland Transition Agency deemed that using current carrying values would have the result of showing a balance sheet that represents the total net assets of the predecessor entities prepared on a consistent basis which is familiar to users, enabling a more transparent and meaningful assessment of Auckland Council group compared to the predecessor entities.

29 EVENTS SUBSEQUENT TO BALANCE DATE

New Zealand Transport Agency vested assets

A Memorandum of Understanding between Auckland Transport and New Zealand Transport Agency for the vesting of sections of State Highways was signed in June 2012. The vesting of these assets from NZTA to Auckland Transport is likely to occur by 30 September 2012. The value of these assets is estimated at between \$500m and \$550m. These assets will be valued to ensure consistency with Auckland Transport's valuation policies.

City Rail Link

In July 2012 Auckland Transport announced the proposed land footprint for the City Rail Link. The City Rail Link will require the future purchase of surface property from 210 owners. Underground portions of land from 70 interests, including 12 unit title developments with multiple owners, will also need to be purchased for the tunnels and stations.

Integrated Ticketing System

Auckland Transport is currently in discussions with Snapper Services Limited in relation to the integrated ticketing system development. The result of these discussions is not certain, but is not expected to result in a material item.

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	Actual 12 months to 30 Jun 2012	Budget 12 months to 30 Jun 2012	Variance
	\$000	\$000	\$000

30 MAJOR BUDGET VARIANCES

Explanations for major variations from Auckland Transport's budget are as follows:

Statement of comprehensive income

Income	755,196	775,643	(20,447)
Expenditure	865,622	792,779	(72,843)
Deficit before tax	(110,426)	(17,136)	(93,290)

Income

<i>Funding from Auckland Council</i>	323,215	277,215	46,000
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Grant from Auckland Council for electric trains project \$46m.

<i>Operational funding from NZ Transport Agency</i>	190,723	206,057	(15,334)
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NZ Transport Agency operational funding is reduced as a result of reduced operational spending.

<i>Capital funding from NZ Transport Agency</i>	71,666	151,185	(79,519)
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Reduced funding from NZTA is due to reduced expenditure on roading. Auckland Transport reduced its new capital roading programme to reflect a more realistic programme of work as well as to recognise the NZTA funding available and the impact of the funding assistance agreement with NZTA.

<i>Vested asset income</i>	24,037	–	24,037
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Vested asset income of \$24m not included in the budget.

Expenditure

<i>Finance costs</i>	37,636	–	(37,636)
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Unrealised loss on valuation of interest rate swaps \$34m and interest expense for electric trains project \$2.8m not included in the budget.

<i>Other expenses</i>	522,408	501,072	(21,336)
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Electric train procurement costs of \$41.9m funded by a grant from Auckland Council offset by reduced operational spending.

Equity	13,490,320	13,303,390	186,930
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Equity is higher than budgeted mainly due to the increase in the asset revaluation reserve of \$196.1m, transfer of assets from Auckland Council to Auckland Transport of \$117.5m, offset by variance in net deficit of \$93.3m.

The \$117.5m unbudgeted equity was provided by Auckland Council to Auckland Transport during the year in the form of various properties held by Auckland Council at 30 June 2011 which were identified as specifically for the purposes of future roading projects to be undertaken by Auckland Transport on behalf of Auckland Council.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012 CONTINUED

	Actual 12 months to 30 Jun 2012 \$000	Budget 12 months to 30 Jun 2012 \$000	Variance \$000
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30 MAJOR BUDGET VARIANCES (CONTINUED)

Statement of financial position

<i>Debtors and other receivables</i>	244,302	169,046	75,256
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Grant income due from Auckland Council for electric train project \$46m, and higher than budgeted receivables.

<i>Creditors and other payables</i>	176,933	141,079	(35,854)
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Higher than budgeted level of accrued expenditure.

<i>Property, plant and equipment</i>	13,569,719	13,248,225	321,494
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Net gain on revaluation of assets at 30 June 2012 of \$190m and transfer of assets from Auckland Council to Auckland Transport \$117.5m

Capital expenditure	591,696	546,200	45,496
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Capital expenditure was in line with budgeted capital funding and investment from Auckland Council.

Capital expenditure was above budget due to: additional loan-funded capital expenditure of \$94.6m for the electric trains project; unbudgeted vested assets of \$24m; less a reduction in the new capital roading programme of \$67.4m. The reduction in roading reflected a more realistic programme of work as well as recognised the NZTA funding available and the impact of the funding assistance agreement with NZTA.

Independent Auditor's Report

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TO THE READERS OF AUCKLAND TRANSPORT'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

The Auditor General is the auditor of Auckland Transport. The Auditor General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of Auckland Transport on her behalf.

We have audited:

- the financial statements of Auckland Transport on pages 82 to 124, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of Auckland Transport on pages 40 to 46, 54 to 59, and 64 to 65.

OPINION

In our opinion:

- the financial statements of Auckland Transport on pages 82 to 124:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect Auckland Transport's:
 - financial position as at 30 June 2012; and
 - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of Auckland Transport on pages 40 to 46, 54 to 59, and 64 to 65:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects Auckland Transport's service performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Our audit was completed on 20 August 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

BASIS OF OPINION

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of Auckland Transport's financial statements and statement of service performance that 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.

Independent Auditor's Report CONTINUED

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. 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 a statement of service performance 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 achievements.

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

The Board's responsibilities arise from the Local Government Act 2002.

RESPONSIBILITIES OF THE AUDITOR

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

INDEPENDENCE

When carrying out the audit we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out assignments, in the area of a desktop review of the Draft Asset Management Plans, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in Auckland Transport.



David Walker
Audit New Zealand
On behalf of the Auditor General
Auckland, New Zealand

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE

This audit report relates to the financial statements and statement of service performance of Auckland Transport for the year ended 30 June 2012 included on Auckland Transport's website. Auckland Transport's Board is responsible for the maintenance and integrity of the Auckland Transport's website. We have not been engaged to report on the integrity of Auckland Transport's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and the related audit report dated 20 August 2012 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Glossary

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AMETI	Auckland-Manukau Eastern Transport Initiative
ARTA	Auckland Regional Transport Authority
AT	Auckland Transport
b.line	High-frequency bus services along Dominion and Mt Eden roads
CCO	Council-controlled organisation
CRL	City Rail Link
HOP	Auckland's branded integrated ticket for public transport
HOV	High-occupancy vehicle lanes
JTOC	Joint Transport Operations Centre (at Smales Farm)
KPI	Key performance indicator
LTP	Auckland Council's Long-term Plan
NorSGA	Now known as the North West Transformation Area, around Hobsonville
NZTA	NZ Transport Agency
POA	Programme of action, within the Statement of Intent
PTNP	Public Transport Network Plan
PTOM	Public Transport Operating Model
RLTP	Regional Land Transport Programme
RWC 2011	Rugby World Cup 2011
SOI	Statement of Intent
TetraTrap	Stormwater filtering device
TOD	Transport-oriented development
TravelWise	Auckland's school travel plan programme



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www.aucklandtransport.govt.nz
Auckland Transport's Call Centre operates
24 hours, seven days a week
Phone +64 9 355 3553
Fax +64 9 355 3550

Visit our Head Office
6 Henderson Valley Road, Henderson,
Auckland 0612
Private Bag 92 250, Auckland 1142

