



**Draft Auckland Transport  
Annual Plan 2013/14  
For the year commencing 1 July 2013**

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# Introduction

## Overview

Auckland Transport (AT) carries out all transport functions and operations for Auckland, apart from development and management of the state highway network and the railway tracks.

Auckland is anticipated to grow to around 2.1m people by 2041 – around 70 per cent of all the growth expected to take place in New Zealand over this period. Demand for travel is anticipated to increase by 50 per cent for person trips each day over current levels while freight and commercial trips are expected to double.

Transport is a key enabler for managing this growth against the objectives set out in the Auckland Plan. AT's role is to support Auckland's growth and the city's part in the national economy by connecting people and places with easy, affordable access to safe and sustainable transport choices.

In doing so, it contributes to an efficient land transport system that encourages increased patronage of bus, rail and ferry services.

AT works closely with the New Zealand Transport Agency (NZTA), which is responsible for state highways and allocating government funding to land transport activities, Kiwi Rail, the Port of Auckland and Auckland Airport.

Many public transport services are provided by private companies both commercially and under contract to AT, in line with the Regional Public Transport Plan (RPTP).

AT carries out the following groups of activities:

- Public Transport and Travel Demand Management
- Roads and Footpaths
- Parking and Enforcement.

## AT's functions and obligations

AT is a council-controlled organisation (CCO) of Auckland Council (AC). It was established on 1 November 2010 under section 38 of the Local Government (AC) Act 2009. Its statutory purpose is "to contribute to an effective and efficient land transport system to support Auckland's social, economic, environmental, and cultural well-being".

AT is responsible for the planning, development and management of all of the Auckland region's transport system (excluding the state highways and railway corridors) – including roads and footpaths, cycling facilities, parking and public transport.

AC and AT agree a Statement of Intent (SOI) every year. This sets out AT's strategic approach and priorities for the next three years.

The outcomes framework which forms the foundation of the SOI is based on three primary sources:

- AT's legislative purpose;
- The vision, outcomes, strategic directions and priorities set out in the Auckland Plan; and
- The Mayor's Letter of Expectation.

The enactment of the Land Transport Management Amendment Bill will impact on AT's statutory responsibilities. AT is satisfied that it will be able to meet these new obligations.

## AT's partnership with AC

AC is the sole shareholder of AT. The SOI recognises the important partnership between AT and the Council in the delivery of shared outcomes, and that the success of each organisation is dependent on the actions of the other partner. This includes:

- A commitment to collaboration;
- A commitment to openness and transparency;
- Adhering to a "no surprises" policy; and
- Engaging with other CCOs to ensure a coordinated approach.

In particular, AT's ability to successfully deliver on the Programme of Action and performance targets set out in the SOI relies on the Council providing a supportive policy and regulatory environment, and making sufficient funds available to enable the necessary transport investments and services to be implemented in a timely manner.

## "One system" approach

AT has worked in partnership with the New Zealand Transport Agency (NZTA) to develop a "one system" approach, which is designed to improve the connectivity and integration of the Auckland transport system. The "one system" approach ensures that:

- the networks of the different transport modes are connected and integrated;
- the state highway and regional arterial road networks are integrated to function as one system;
- modal services are integrated to provide a seamless transport experience.

To give effect to the "one system" approach, AT has developed an Integrated Transport Programme (ITP) with the AC and NZTA. The ITP enables projects critical to Auckland's transport needs to be identified, planned, funded and implemented in a coordinated and strategic manner.

The ITP also recognizes the important funding relationship that exists between AT, NZTA and AC. Effective coordination with NZTA will, therefore, help to maximise the amount of funding available for investment in Auckland's transport system, and to maximise the return on that investment.

## Strategic direction

### The Auckland Plan

The Mayor's vision for Auckland, as expressed in the Auckland Plan, is for Auckland to become the world's most liveable city. In order to achieve that, the Plan identifies seven outcomes, most of which are directly influenced by the transport system:

- A fair, safe and healthy Auckland;
- A green Auckland;
- An Auckland of prosperity and opportunity;
- A well connected and accessible Auckland;
- A beautiful Auckland that is loved by its people;
- A culturally rich and creative Auckland; and
- A Maori identity that is Auckland's point of difference in the world.

The Auckland Plan also includes six "transformational shifts", including the key transport-related shift: "*Move to outstanding public transport within one network*". A number of strategic directions from the Auckland Plan are also of particular relevance to Auckland's transport system.

Auckland Transport must also take into account the Auckland Plan principles, particularly those related to land use and transport, good design, and the environment; and the Plan's target to achieve a reduction in greenhouse gas emissions.

### The Integrated Transport Programme

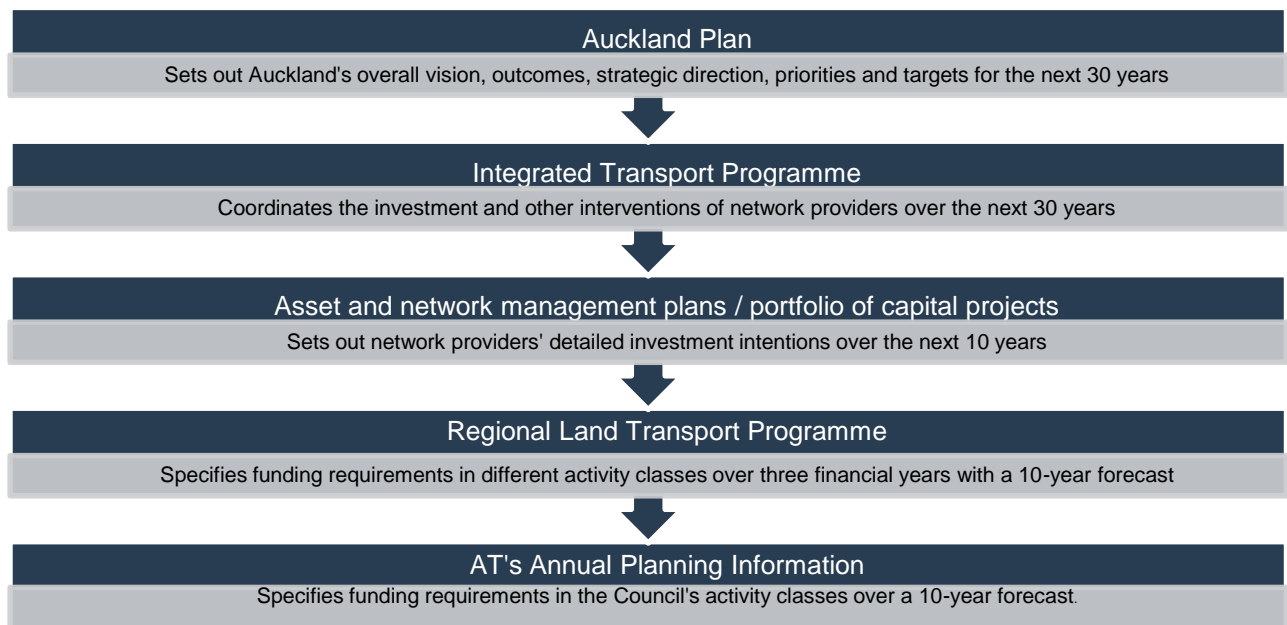
AT's Integrated Transport Programme (ITP) provides the mechanism by which the transport priorities outlined in the AP are delivered in a planned manner to ensure integration across modes and coordination across agencies. Developed by AT (AT) and the New Zealand Transport Agency (NZTA) in collaboration with AC (AC), the ITP provides a consolidated transport investment programme across the transport system over the next 30 years. The programme covers state highways and local roads, railways, buses, ferries, footpaths, cycleways, intermodal transport facilities and supporting facilities such as parking and park-and-ride.

In particular, the ITP:

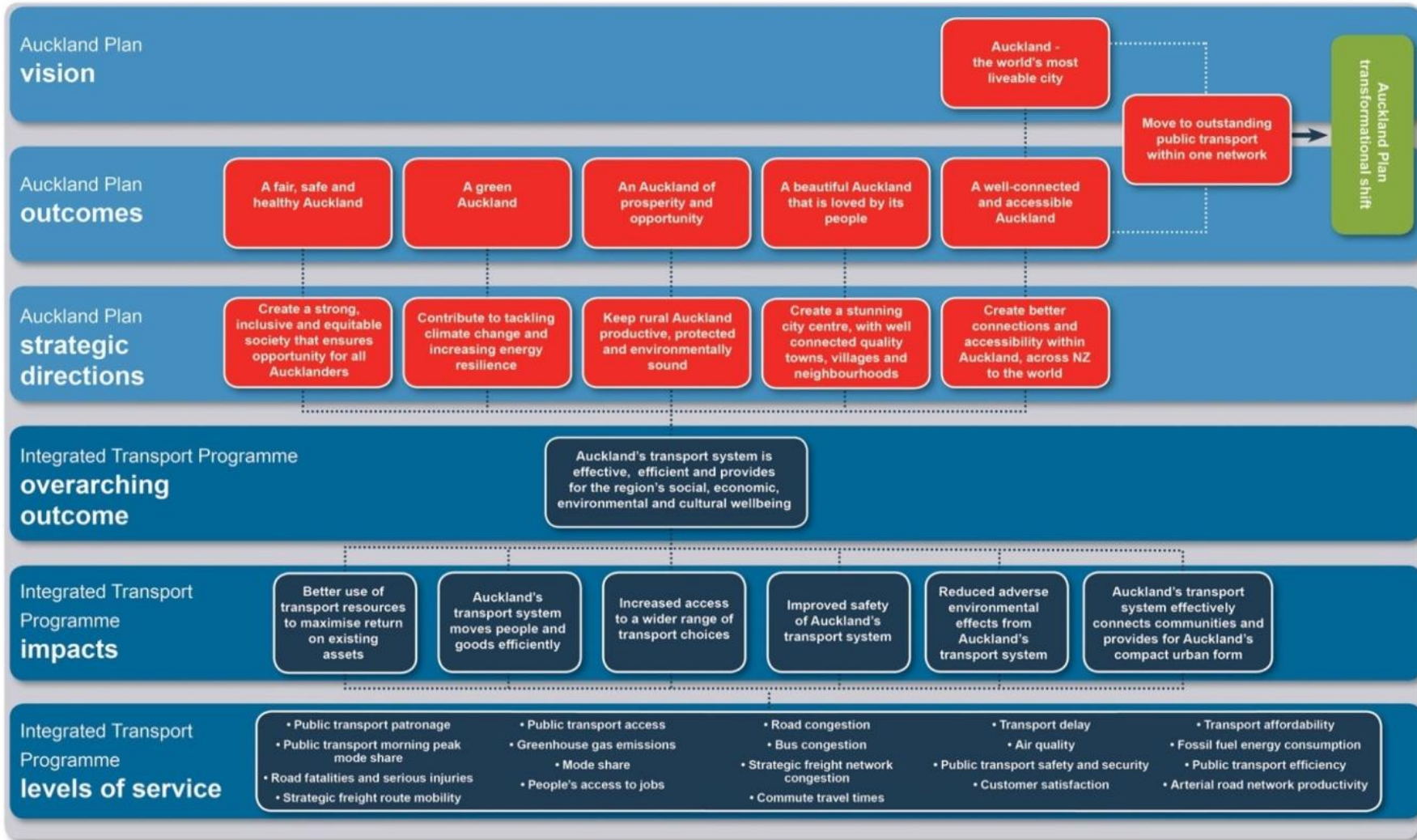
- Guides transport agencies in their detailed planning activities for maintaining, operating, renewing and developing their transport networks.
- Directs transport asset management, corridor and network development, transport service levels and the transport capital portfolio for each of the 10 year periods to 2041.
- Informs the detailed programming of activities in the RLTP.

**Figure 1** summarises the strategic direction for transport from the Auckland Plan to AT's Annual Planning Information.

**Figure 1: The strategic direction for Annual Planning Information**

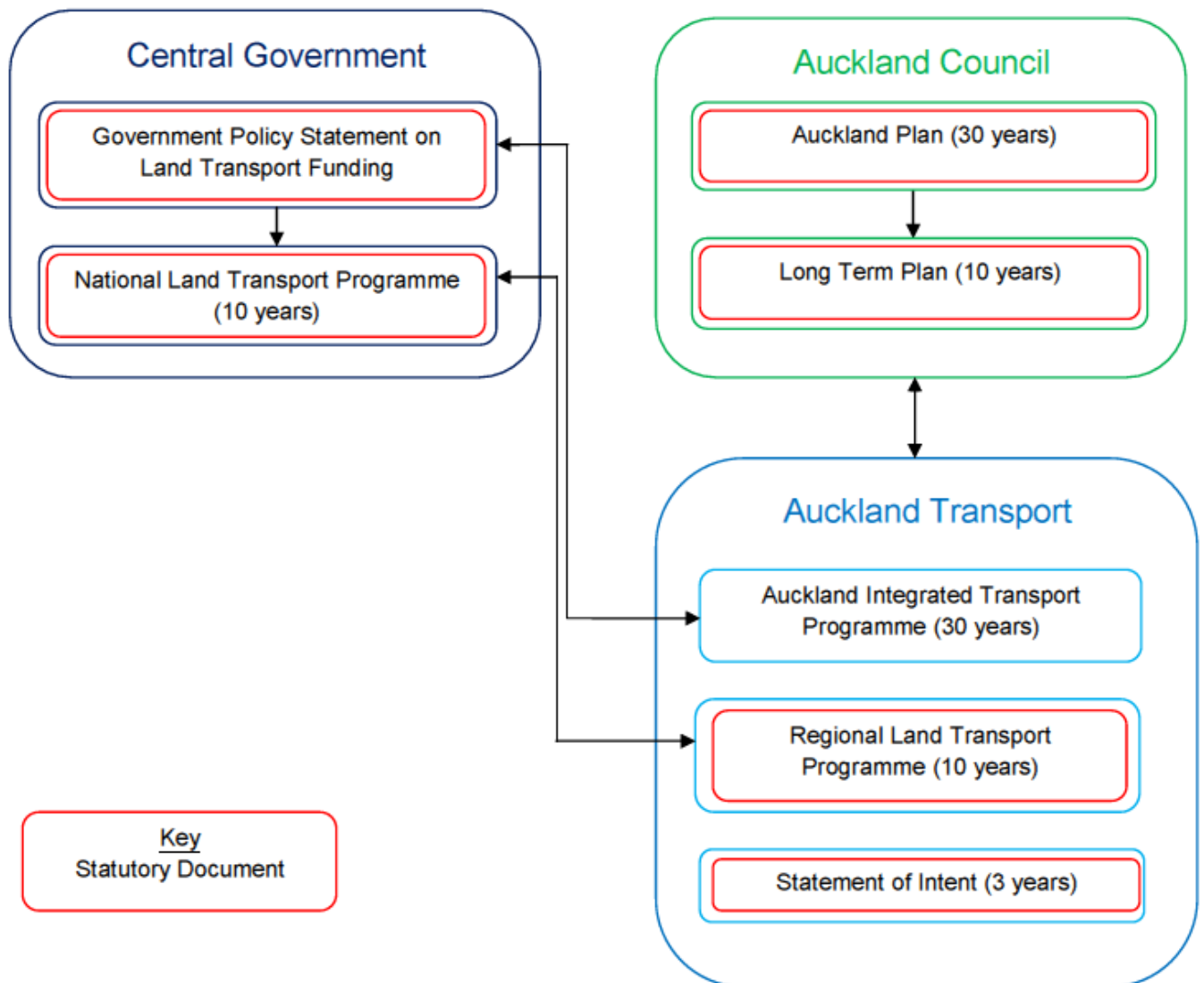


# Auckland Integrated Transport Programme outcomes framework





## Transport Planning Framework



## Nature and Scope of Activities

(Source SOI)

AT undertakes a wide range of activities associated with the planning, development and management of the AT system. These activities include:

- (1) Transport planning
- (2) Investigation, design, and development of infrastructure
- (3) Asset management
- (4) Road corridor operations, access management and maintenance
- (5) Public transport services and facilities management
- (6) Parking management and enforcement

(7) Community transport activities

## Programme of Action

AT has developed a “Programme of Action” aimed at achieving the impacts and outcomes stated in the preceding section. It comprises a package of activities and initiatives to be undertaken over the three-year term of the SOI.

The Programme of Action has been grouped into four categories that correspond to the transport priorities of the Auckland Plan. The projects within each of the four categories have been sourced from the key strategic projects outlined in the Auckland Plan, AC’s Long Term Plan, the Auckland Regional Land Transport Programme, and the strategic priorities identified in the Mayor’s Letter of Expectation to AT.

It should be noted that the Programme of Action only lists the major projects and priorities over the three-year period covered by the SOI. AT will be also carrying out other complementary projects and initiatives during that timeframe.

### **(1) Manage Auckland’s transport networks as a single system:**

- (a) work with the New Zealand Transport Agency to develop and manage state highways and regional arterial roads as one network
- (b) coordinate School, Tertiary, Area, and Workplace Travel Plans
- (c) extend signal optimisation on the arterial road network
- (d) improve the real time public information system
- (e) monitor parking demand and adjust prices and supply where necessary to maintain a balance between occupancy and availability
- (f) deliver a comprehensive annual network safety and operations improvement programme (including minor safety works)
- (g) develop and implement a region wide Incident Management Plan for the network, in association with the Joint Traffic Operations Centre (JTOC)
- (h) develop Network Operations Plans as a tool to enable better use of the existing network, starting with the city centre and the Onehunga/East Tamaki industrial belt and extending to cover the wider region within the next 3 years
- (i) undertake road safety projects, including:
  - i. urban KiwiRAP risk mapping and prioritisation
  - ii. national road safety demonstration projects for urban motorcycle routes, high-risk rural roads, and red light cameras
  - iii. road safety education, promotion and training to at-risk road users

## **(2) Integrate transport planning and investment with land development:**

- (a) complete route protection for the long-term Rapid Transit Network, including:
  - i) City Rail Link
  - ii) South-west Multi-Modal Airport Rapid Transit project
- (b) in conjunction with ACPL, secure the necessary properties for the City Rail Link
- (c) progress transport investment to support development in the Northern Strategic Growth Area
- (d) work with NZTA and AC on land use planning and transportation issues in order to inform route protection processes for the additional Waitemata Harbour Crossing
- (e) work with NZTA to advance planning for the East/West Connection (linking SH1 to SH20 around Neilson Street)
- (f) progress development of the Harbour Edge Strategy, including Quay Street and Tamaki Drive
- (g) contribute to transport planning in the greenfield areas of the Auckland Plan

## **(3) Prioritise and optimise investment across transport modes**

- (a) complete the roll-out of integrated transport ticketing
- (b) complete the Panmure (package 1) of the Auckland-Manukau Eastern Transport Initiative (AMETI); and commence package 4 (Pakuranga-Ti Rakau & Reeves Road), and package 2 (Sylvia Park bus lanes)
- (c) commence the Dominion Road corridor upgrade project
- (d) complete local road improvements associated with SH20 Waterview and SH16 upgrades, including:
  - i) Tiverton Road to Wolverson Street improvements
  - ii) Te Atatu Road
  - iii) Lincoln Road
- (e) implement other major local road improvements, including:
  - i) Albany Highway upgrade and widening
  - ii) Mill Road corridor upgrade
  - iii) Whangaparaoa Road upgrade (Hibiscus Coast to Red Beach)
  - iv) Flatbush to Manukau City Centre bus priority improvement
  - v) Murphy's Road bridge improvement
- (f) bring the new electric train fleet into service, and manage transition of the diesel fleet

- (g) complete rail station upgrades on the electrified network, including the new Parnell station
- (h) undertake ferry terminal upgrades, including:
  - i) Half Moon Bay
  - ii) Downtown
  - iii) Devonport
- (i) upgrade public transport real-time tracking, performance and information systems, and enhance station and passenger facility monitoring
- (j) procure new performance based bus and ferry service contracts under a new Public Transport Operating Model commercial framework enabled by the new Land Transport Management Act
- (k) commence the staged implementation of the new public transport network structure in the Regional Public Transport Plan, to offer a logical, intuitive and integrated public transport network, commencing with Stage 1 upgrades in South Auckland with associated new and upgraded public transport infrastructure and passenger facilities
- (l) public transport service investment prioritised on service reliability and punctuality enhancements of existing timetables followed by new service developments
- (m) customer experience enhancements across the public transport journey
- (n) investigate and develop public transport integrated fares policy and pricing strategy
- (o) continue implementation of walking and cycling initiatives
- (p) complete annual crash reduction study and minor safety improvement programme
- (q) continued implementation of new road corridor maintenance contracts, with a focus on level of service, integrated service, value for money and customer focus; including commencement of new Central and West contracts from July 2013
- (r) Improve management of on-street parking resources by replacement of parking machines and installation of in-ground sensors and mobile apps

#### **(4) Implement new transport funding mechanisms:**

- (a) contribute to AC's investigations into new transport revenue mechanisms

## **Approach to Governance**

### **Shareholder**

AT is a council controlled organisation (CCO) of the AC. The Council is AT's sole shareholder.

### **Board of Directors**

All decisions relating to the operation of AT will be made by, or under the authority of, the Board of AT in accordance with its SOI, rules and relevant legislation.

The Board is committed to the highest standards of governance and business behaviour. The Board will continue to monitor developments in corporate and public sector governance to ensure AT implements the highest standards of governance at all times.

In undertaking its activities, the Board will:

- Ensure sound business practice in its commercial undertakings;
- Use sustainable business practices;
- Act in accordance with the principles of the Treaty of Waitangi;
- Ensure ethical and good behaviour in dealing with all parties;
- Act as a good employer, and exhibit a commitment to social and environmental responsibility;
- Take an open and transparent approach to decision-making, while respecting the need for commercially sensitive information to be protected; and
- Take an active partnership approach with AC and key AC Group stakeholders.

The Board will also:

- Obtain full and timely information necessary to discharge its obligations fully and effectively;
- Actively review and direct the overall strategy of AT;
- Act consistently with the guidelines provided in the Shareholder Expectation Guide for Council Controlled Organisations.
- Actively review its policies and delegations;
- Negotiate SOIs with AC;
- Monitor the external and internal environment and identify, evaluate and mitigate controllable risk factors;
- Establish AT as an effective, focused organisation with core competencies and appropriate systems necessary to carry out its functions;
- Manage and monitor the performance of the Chief Executive;
- Establish remuneration policies and practices, and set and review remuneration for the Chief Executive, and other senior executives; and
- Provide leadership in relationships with key stakeholders.

## Board meetings

AT will take an open and transparent approach to decision-making, while respecting the need for commercially sensitive information to be protected. It will make provision for the public to attend Board meetings, but will reserve the right to consider matters in confidence where they deal with commercially sensitive matters, or where necessary to adhere to the “no surprises” communication policy with the Council.

Pursuant to section 96 of the Local Government (AC) Act 2009, the Board will ensure that the following two specific meetings during each financial year are open to members of the public:

1. A meeting to consider the Council's shareholder comments on the draft SOI for the following financial year (to be held in June each year); and
2. A meeting to consider AT's performance under its SOI in the previous financial year (to be held in August each year).

The specific times and locations of these meetings will be publicly notified in newspapers with a circulation across Auckland, and on the AT website.

## Engagement with the Governing Body

AT is committed to working closely with the AC towards the achievement of regional outcomes. AT will respect AC's roles and responsibilities and ensure that there is a mutual sharing of information by adopting a no-surprises approach to communications.

AT will ensure that the AC is kept informed in advance of any matters that may be contentious in the public arena. AT will also ensure that its actions give effect to the Auckland Plan and the Long Term Plan, and will act consistently with the shareholder's Accountability Policy and the Shareholder Expectation Guide.

AT will provide regular reports on its performance to AC. This will include quarterly progress reports to the Governing Body on the SOI, including progress towards the implementation of the Programme of Action, the non-financial performance targets, and the financial performance against the budget. The quarterly and half-yearly reports will be provided not later than two months after the end of the period to which they relate.

An annual report will be provided to AC no later than 30 September each year. The annual report will include audited consolidated financial statements for the financial year, and an auditor's report on those financial statements and the performance targets and other measures by which performance was judged.

AT will meet regularly with the governing body or relevant Council committee to formally present its quarterly, six-monthly and annual reports.

In addition to meeting these formal reporting and meeting obligations, AT will continue to provide the Council with regular updates of progress on key issues, as required.

## Engagement with Local Boards

While AT is accountable to the Governing Body as shareholder, it also has important relationships with Local Boards. To maintain and develop these relationships, AT will:

- Maintain a Local Board Engagement Plan in accordance with the requirements of the Shareholder's Expectation Guide;
- Report to Local Boards as specified in the Local Board Engagement Plan;
- Adequately resource liaison with and reporting to Local Boards;
- Keep informed of local board priorities and objectives in Local Board Plans and ensure that these are considered when preparing budgets and undertaking activities in Local Board areas.
- Ensure that business cases seeking AC funding take into account Local Board priorities and objectives;
- Provide a works programme to Local Boards in advance of work occurring in their areas so that they can be informed when constituents make enquiries;

- Recognise that in conjunction with Council, Local Boards have a place-shaping role and that AT will work with Local Boards where appropriate to achieve this, for example the creation of streetscapes which mirror local identity and history.

AT has assessed the transport-related priority projects/initiatives tabulated in each of the Local Board Plans and will report the status of these projects/initiatives via the quarterly report provided to each Local Board.

## Maori Relations Framework

AT acknowledges its responsibilities to enable Maori aspirations and wellbeing by giving effect to the Council's Maori engagement policy, strategic directions and outcomes in its plans.

AT will take into account the principles of Te Tiriti o Waitangi/Treaty of Waitangi for engagement with Maori. That includes both Mana Whenua (indigenous population made up of the iwi of Tamaki Makaurau) and Mataawaka (wider Maori population, residents and ratepayers).

AT's Maori Engagement Framework outlines the protocols for consultation and engagement at a strategy and project level, leading towards the closer partnership envisaged by AC. It enables engagement with Mana Whenua from the inception of projects, plans and programmes through to completion.

Protocols for engagement with Maori will be captured in AT's project management practices, including:

- The establishment of direct relationships with the 19 iwi authorities with Mana Whenua status across the Auckland region;
- Maintaining a relationship with the Independent Maori Statutory Board;
- Approaching engagement with Maori as a partnership, with an emphasis on building relationships beyond a specific project or programme; and
- Contributing to Maori-focused outcomes identified in the Long-term Plan.

AT will also contribute to the AC's commitment to Maori by giving effect to the Maori Responsiveness Framework, and ensure that any relationships and formalised relationship agreements with Maori are consistent with any Auckland Council policy on relationship agreements with Maori.

## Organisational health, safety and capability

AT is committed to building and maintaining an enduring and resilient organisation. AT will foster a corporate culture that provides an excellent interface and strong relationships with the communities of Auckland and with AC.

AT will adhere to clause 36 of Schedule 7 of the Local Government Act 2002, which provides that a local authority must operate a personnel policy that complies with the principle of being a good employer. This includes the provision of a safe and healthy workplace.

AT will participate in an annual staff engagement survey that is relevant to the nature of the organisation's role. If required, AT will also take part in the shareholder's group staff engagement survey, using the shareholder's survey provider.

## Financial Information required by the Statement of Intent

AT will comply with the accounting and disclosure practices set out in all the relevant Financial Reporting Standards issued by the New Zealand Institute of Chartered Accountants as periodically updated and as required by the Financial Reporting Act 1993.

AT's accounting policies are consistent with GAAP. If AT's accounting policies are not the same as AC policies, AT will provide further information to AC for group consolidation purposes if required.

### Ratio of equity to total assets

Auckland Transport's ratio of equity to total assets (as at November 2012) is as follows:

Equity	\$14,148,420,000
Total Assets	\$14,522,929,000
Ratio of Shareholder Funds to Total Assets	97%

Notes:

- Equity is the total of Contributed Equity, Revaluation Reserve and Retained Earnings.
- Total Assets are defined as Net Book Value of Current Assets, Investments and Fixed Assets as disclosed in AT's Statement of Financial Position
- The ratio of equity to total assets is equity divided by total assets

### Distributions to Auckland Council

AT does not anticipate making a distribution to AC as AT is funded at a level to undertake the operating and capital programmes agreed with the Council

### Commercial value of Auckland Council's investment

While AT's assets are valued every three years, AT does not have a commercial value per se. The value associated with the operation of AT is in the delivery of public goods and benefits to the Auckland community.

### Procedures for purchasing shares in other companies

The Board of Auckland Transport will consider any share investment proposals. Any decision to invest in or divest shares in another company or to enter into a joint venture relationship or participation arrangement through equity agreements will be made by the Board in consultation with Auckland Council.

Where the Special Consultative Procedure needs to be followed, Auckland Transport will work with Auckland Council prior to undertaking that process to ensure the Council is fully aware of the process being followed. Consultation with the shareholder will address the nature of any significant increase in risk exposure or the potential to raise public interest.

### Management of strategic assets

The Board will comply with AC's Accountability Policy and seek the Council's prior approval for all major transactions relating to Auckland Transport's strategic assets.

For the purposes of AC's Accountability Policy, AT's strategic assets are defined as those that comprise elements of the roading and public transport networks that are integral to the functioning of the whole. These are as follows:



- Britomart Transport Centre;
- Rapid Transit Network;
- Regional arterial road network;
- Rail stations;
- Busway stations;
- Quality Transit Network ferry terminals.

Wherever possible, Auckland Transport will protect heritage assets in transport corridors for which it is responsible. Auckland Transport is currently working with Auckland Council to identify all Auckland Transport owned and managed heritage assets. That work forms part of a wider piece of work currently underway to produce a Heritage Asset Management Plan for all Auckland Council and CCO owned and managed heritage assets.

## **Auckland Transport's Impacts**

### **Better use of transport resources to maximise return on existing assets**

Maximising the return on existing assets delivers significant benefits and achieves value for money, ensuring that the rate-payer's dollar goes further whilst not compromising quality. Better use of resources will also contribute to reducing adverse impacts of the transport system on the environment and help contribute towards the Auckland Plan's greenhouse gas emissions reduction targets.

### **Increased customer satisfaction with transport infrastructure and services**

Transport is not an end in itself. People and businesses rely on the transport system to access economic, social, educational, medical, social and cultural opportunities. It is essential that customers are satisfied with the transport system they rely on for their quality of life.

### **Auckland's transport network moves people and goods efficiently**

Congestion on the road network impedes business activity; therefore, the efficient movement of people and goods on Auckland's road network is critical to the region's economic prosperity. Moreover, the more efficiently people and goods can be moved, the less time they are travelling in vehicles releasing pollutants; thereby reducing the adverse environmental impacts of the transport system.

### **Increased access to a wider range of transport choices**

Accessibility directly affects the region's social, economic, environmental and cultural wellbeing. Providing access to a wide range of transport options enables people to travel to work, engage in recreation and leisure activities, socialise with friends and family, and undertake business activities.

Accessibility to a wider range of transport choices is also key to reducing reliance on private vehicle use. However, it is essential that those transport choices are also reliable and safe. Commuters need to regard public transport, walking and cycling as viable alternatives to using private vehicles. Increased patronage of public transport and active modes will, in turn, free up the road network for commercial trips, and provide the region with health and environmental benefits.

### **Improved safety of Auckland's transport system**

It is essential that Auckland has a transport system that provides for the safety of all road users, public transport passengers, cyclists and pedestrians. Fatal and serious crashes carry significant and tragic social

costs. In addition, road crashes lead to serious disruption on the region's road network, which in turn carries economic impacts.

### **Reduced adverse environmental effects from Auckland's transport system**

Auckland's transport system is a large source of adverse environmental effects. Motor vehicles in particular, are a major contributor to greenhouse gas emissions. Providing residents with viable transport options (such as public transport, walking and cycling) will help reduce motor vehicle reliance in Auckland, thereby providing health and environmental benefits for the region. Moreover, this will assist AC to achieve the Auckland Plan's greenhouse gas emissions reduction targets.

## Roads and Footpaths

Transport is an enabler of connections. AT provides a properly connected and well-maintained road and footpath network to ensure people and goods can move effectively and efficiently around Auckland.

Roads and footpaths provide opportunities for social interaction, can enhance the built environment and provide opportunities for people to engage with their natural surroundings. Both provide access for employment opportunities which is critical to Aucklanders' economic well-being. The efficiency of Auckland's economy is strongly related to transportation efficiency.

Footpaths are an essential part of all transport journeys and provide a sustainable alternative transport choice. A strong footpath network is a key means for pedestrians to engage with, and experience, their environment.

## How these activities contribute to the Integrated Transport Programme

ITP Impacts	Actions
Better use of transport resources to maximise return on existing assets	<ul style="list-style-type: none"> <li>▪ Make the best use of existing infrastructure and new investments</li> <li>▪ Investigate and provide appropriate levels of service across the rural road network</li> <li>▪ Examine and implement new revenue tools and funding mechanisms</li> <li>▪ Ensure that the resources and production systems that underpin working rural land are protected, maintained and enhanced</li> </ul>
Auckland's transport network moves people and goods efficiently	<ul style="list-style-type: none"> <li>▪ Manage Auckland's transport system and review existing policies to reflect Auckland's single-system transport approach and principles</li> <li>▪ Manage Auckland's transport system according to the following transport functions               <ul style="list-style-type: none"> <li>- international (seaports and airport)</li> <li>- national (Inter-regional connections by road, rail, sea and air); Auckland-wide (those parts of the transport system that provide safe and efficient movement of people and goods through all or parts of Auckland)</li> <li>- local (those part of the transport system that provide safe, local access and connectivity, and that support communities and local business as part of a liveable neighbourhood or rural community)</li> </ul> </li> <li>▪ Provide for the long-term needs of Port of Auckland Limited and Auckland Airport Limited to support New Zealand's international freight, trading competitiveness and visitor industry</li> </ul>
Increased access to a wider range of transport choices	<ul style="list-style-type: none"> <li>▪ Develop Auckland's transport system in line with directions set in the Auckland Plan</li> <li>▪ Contribute to planning for a new Waitemata Harbour Crossing with further investigation of tunnels and future proofing of rail</li> </ul>
Improved safety of Auckland's transport system	<ul style="list-style-type: none"> <li>▪ Invest in design and upgrades which incorporate best practice safety standards</li> <li>▪ Address crash black spots through appropriate engineering and regulation measures, and through community road safety programmes.</li> </ul>
Reduced adverse environmental effects from Auckland's transport system	<ul style="list-style-type: none"> <li>▪ Future planning of the transport network which aims to reduce or mitigate adverse environmental impacts. A connected roading and footpath network will reduce negative environmental impacts by reducing travel distances and times.</li> <li>▪ Heavy metals and other contaminants will be controlled and/or treated before entering waterways</li> </ul>

<p>Auckland's transport network effectively connects communities and provides for Auckland's compact urban form</p>	<ul style="list-style-type: none"> <li>▪ Support and advocate for effective inter-regional connections that support future growth and demand</li> <li>▪ Enable business development to be integrated with residential land use, transport and infrastructure development</li> </ul>
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## How we measure our performance

This performance information is taken from AT's draft SOI for 2013/14-2015/16.

Impact	Performance Measure	Recent Performance		Target 2013/ 2014	Target 2014/2015
Increased customer satisfaction with transport infrastructure and services	Percentage of residents satisfied with the quality of roads in the Auckland region	66% (Nov 2012)		No less than 67%	No less than 68%
	Percentage of residents satisfied with the quality of footpaths in the Auckland region	63% (Nov 2012)		No less than 64%	No less than 65%
	Percentage of residents satisfied with the quality of footpaths in their local area	64% (Nov 2012)		No less than 65%	No less than 66%
Auckland's transport network moves people and goods efficiently	<p>3.1 Arterial road network productivity<sup>1</sup>: % of road corridor productivity maintained or improving on key arterial routes:</p> <ul style="list-style-type: none"> <li>• Airport to CBD via Manukau Rd;</li> <li>• St Lukes to St Johns via St Lukes; Rd/Greenlane/Remuera Rd;</li> <li>• Albany to Birkenhead via Glenfield Rd; and</li> <li>• Henderson to CBD via Gt North Rd</li> </ul>	50% of the corridor productivity ideal (19,000 person km/hour/lane) to be achieved on nominated key arterial routes (2012/13)		51% of the ideal achieved	52% of the ideal achieved
	3.2 Travel times along strategic freight routes during the inter-peak (9am-4pm) for 85th percentile (i.e. 85% of trips on the route are made within the travel time indicated)	from SH 20 to SH 1 via Nielson St	16	Maintain baseline travel times for 85th percentile for all routes except from SH1 to SH20 via Nielson	Maintain baseline travel times for 85th percentile
		from SH 1 to SH 20 via Nielson St	13		
		from Sylvia Park to East Tamaki via South-eastern arterial	11		

<sup>1</sup> Road Corridor Productivity is measured by: # of vehicles X their average speed X average vehicle occupancy by lane. Based on considerable research, Austroads (Association of Australian and New Zealand Road Transport and traffic Authorities) has issued recommendations for measuring this, based on ideal arterial road conditions. Taking these recommendations into account, an AT corridor productivity ideal has been set at: **38,000 person km, per hour, per lane** (900 vehicles travelling at an average speed of 35kph in one lane, with an average of 1.2 occupants)

		from East Tamaki to Sylvia Park via South-eastern arterial	12	St, which is to reduce by 1 minute - from 13 minutes to 12 minutes	
		from SH1 to SH18 via Wairau Rd	8		
		from SH18 to SH1 via Wairau Rd	8		
		from East Tamaki to SH1 Highbrook interchange via Harris Rd	10		
		from SH1 Highbrook interchange to East Tamaki via Harris Rd	11		
Improved safety of Auckland's transport system	410 (year to Dec 2010) 365 (year to Dec 2011) Data for 2012 not yet available	2% reduction from previous year		2% reduction from previous year	2% reduction from previous year

## Roads and Footpaths income and expenditure

The following table shows the forecast 2013/14 income and expenditure for roads and footpaths, compared to the forecast for 2012/13. The 2013/14 LTP figures are also shown, as comparison.

### Roading and Footpaths Operations

	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000	Annual Plan 30 Jun 2014 \$000	LTP 30 Jun 2014 \$000	Variance \$000
<b>Operating Income</b>						
Petrol tax	8,726	8,677	49	8,677	8,964	(287)
Other income	7,030	2,795	4,235	2,795	2,941	(146)
NZTA operating subsidy	33,143	32,396	747	34,562	35,565	(1,003)
<b>Total operating income</b>	<b>48,899</b>	<b>43,868</b>	<b>5,031</b>	<b>46,034</b>	<b>47,470</b>	<b>(1,436)</b>
<b>Operating Expenditure</b>						
Personnel costs	17,232	14,676	(2,556)	16,952	15,211	(1,741)
Capitalised personnel costs	(2,240)	(5,063)	(2,823)	(5,412)	(5,242)	170
Service delivery costs and professional services	111,051	102,989	(8,062)	84,603	107,404	22,801
Occupancy costs	12,688	14,075	1,387	15,376	14,868	(508)
IT costs	620	124	(496)	2,269	131	(2,138)
Other expenditure	3,706	1,879	(1,827)	2,408	1,960	(448)
Efficiency target	(16,000)	(16,000)	-	-	-	-
(Profit)/loss on disposal of assets	1,232	-	(1,232)	-	-	-
<b>Total operating expenditure</b>	<b>128,289</b>	<b>112,680</b>	<b>(15,609)</b>	<b>116,196</b>	<b>134,332</b>	<b>18,136</b>
Depreciation	195,458	191,150	(4,308)	196,142	195,720	(422)
<b>Surplus/(deficit) from Operations</b>	<b>(274,848)</b>	<b>(259,962)</b>	<b>(14,886)</b>	<b>(266,304)</b>	<b>(282,582)</b>	<b>16,278</b>
<b>Internal support costs</b>	<b>16,152</b>	<b>16,426</b>	<b>274</b>	<b>17,445</b>	<b>15,443</b>	<b>(2,002)</b>
<b>Surplus/(deficit)</b>	<b>(291,000)</b>	<b>(276,388)</b>	<b>(14,612)</b>	<b>(283,749)</b>	<b>(298,025)</b>	<b>14,276</b>

Overall, roading and footpath activities show a deficit from operations. In other words, the income AT receives from NZTA subsidies does not cover the full operating costs of the services, and further operating funding is required from AC (rates funding).

The key movements in income and expenditure are as follows:

- Total operating expenditure has reduced from the current year forecast to 2013/14 by \$12.1m. This is mainly made up of a budget reduction of \$3m for cessation of berm mowing in the central area, transfer of streetscape budget in the central area \$4.9m to Auckland Council and the transfer of 0.6m Graffiti budget to Auckland Council and a higher level of salary cost being capitalised for the renewal and new works programme.

- Total operating income has reduced by \$2.9m which is the removal of the Auckland Council contribution to the streetscapes in 2012/13 only.

## Roads and Footpaths capital expenditure

Expenditure Type	Programme	Annual Plan year 2013	LTP year 2014	Draft Plan Year 2014	Variance year 2014
Capex	AMETI	99,787	85,023	81,656	3,367
	Bridges	1			0
	Corridor Improvement	34,318	65,194	48,699	16,494
	Dom Rd Improvements		9,249	4,756	4,493
	Flat Bush	877	5,683	6,476	(793)
	Intersection Improve	138		300	(300)
	Land Development	208		300	(300)
	Local Bd Initiatives	10,309	10,277	15,900	(5,623)
	Long Bay			780	(780)
	MMEWS Programme			900	(900)
	New Lynn TOD	4,985	565		565
	NORSGA	17,249	154	12,880	(12,725)
	Penlink				0
	PT Facilities		148	6,849	(6,701)
	Rail Improvements			2,870	(2,870)
	Realignment				0
	Regional Development	80			0
	Road widening	7,545	1,428	4,333	(2,904)
	Transport Planning	2		2	(2)
	Urban Priority Lanes				0
	Walking And Cycling	10,309	10,277	10,277	(1)
	Terminals			200	(200)
	Footpaths	62		2,000	(2,000)
	Level crossings	2,665			0
	Bus Lanes	104			0
	AMP	1,326	617	574	43
	Safety	28,493	30,755	27,235	3,520
	Land	8,445	3,597	3,348	249
	CCTV	104			0
	Lighting				0
	Drainage				0
	Seal Extensions	412	411	1,410	(999)
	Signals	208			0
	Reconstruction	16,276	20,554	19,878	676
	Network Improvement	3,093	3,083	2,982	101
Capex Total		246,997	247,014	254,604	(7,590)
Renewal	Bridges	8,561	1,810	8,078	(6,268)

Expenditure Type	Programme	Annual Plan year 2013	LTP year 2014	Draft Plan Year 2014	Variance year 2014
	Corridor Improvement		1,112		1,112
	Renewal				
	Walking And Cycling		120		120
	Footpaths	31,560	32,123	30,202	1,921
	IT	535	537	105	432
	CCTV	517	519	498	21
	Lighting	7,609	6,646	7,536	(890)
	Drainage	11,403	14,081	11,904	2,177
	Signals	19,726	4,553	15,591	(11,038)
	Signs	438	472	452	20
	Reseals	95,686	100,488	104,083	(3,595)
	Structures		7,091	228	6,863
	Marking	1,110	1,211	1,203	8
	Furniture	1,924	236	1,425	(1,189)
	Associated Improvements	1,265		1,396	(1,396)
	Slips Repairs	2,926	4,129	2,997	1,132
	Road Base		7,856		7,856
	Maintenance		601		601
	Crossings		520		520
	Carparking		173		173
Renewal Total		183,260	184,278	185,697	(1,420)
Grand Total		430,257	431,292	440,302	(9,010)



# Public Transport and Travel Demand Management

Effective and efficient public transport services are an integral part of any world-class city. AT aims to deliver accessible, safe, reliable and sustainable public transport services to encourage increased patronage of bus, rail and ferry services.

Auckland's public transport network currently includes:

- Rapid Transit Network (rail and the Northern Busway)
- Quality Transit Network (bus and ferry)
- Local Connector Network (bus and ferry)

AT uses travel demand management to focus on travel choice and reducing the impact of congestion by:

- giving priority to walking, cycling and public transport which will help to develop a more sustainable land use pattern
- projects that make more efficient use of existing and future roading infrastructure along with a reduction in car trips to free up road for commercial, freight and other priority users
- projects that will increase public transport use and, therefore, increase the return on investments
- working with communities to deliver road safety education, travel planning, walking and cycling
- providing a safe, efficient and effective transport network with choices for all road users.

## How these activities contribute to the Integrated Transport Programme

ITP Impacts	Actions
Better use of transport resources to maximise return on existing assets	<ul style="list-style-type: none"> <li>▪ Make the best use of existing infrastructure and new investments</li> <li>▪ Assess all public realm and infrastructure improvements and redevelopment against the design principles and the transport single-system principles</li> </ul>
Auckland's transport network moves people and goods efficiently	<ul style="list-style-type: none"> <li>▪ Deliver the first stage of the public bus, rail and ferry service network redesign, consultation and upgrade by providing a simpler connected network with more frequent services</li> <li>▪ Use travel demand management to focus on travel choice and reduce the impact of congestion</li> </ul>
Increased access to a wider range of transport choices	<ul style="list-style-type: none"> <li>▪ Progress the City Rail Link investigation and continue the electrification of the rail network and associated infrastructure</li> <li>▪ Deliver integrated ticketing and an integrated fares solution for public transport.</li> <li>▪ Use travel demand management to focus on travel choice and reduce the impact of congestion</li> <li>▪ Continually investigate possibilities for some form of public transport in rural areas</li> </ul>
Improved safety of Auckland's transport system	<ul style="list-style-type: none"> <li>▪ Auckland-wide (those parts of the transport system that provide safe and efficient movement of people and goods through all or parts of Auckland)</li> <li>▪ local (those part of the transport system that provide safe, local access and connectivity, and that support communities and local business as part of a liveable neighbourhood or rural community)</li> </ul>
Reduced adverse environmental effects from Auckland's transport system	<ul style="list-style-type: none"> <li>▪ Encourage more use of public transport through improved facilities and services</li> <li>▪ Developments are expected to take into account environmental design principles</li> </ul>

Auckland's transport network effectively connects communities and provides for Auckland's compact urban form	<ul style="list-style-type: none"> <li>▪ Develop Auckland's transport system in line with directions set out in the Auckland Plan</li> <li>▪ Contribute to planning for a new Waitemata Harbour Crossing, including investigation of tunnels and future proofing of rail</li> <li>▪ Provide for the long-term needs of Port of Auckland Limited and Auckland Airport Limited to support New Zealand's international freight, trading competitiveness and visitor industry</li> <li>▪ Support and advocate for effective inter-regional connections that support future growth and demand</li> <li>▪ Integrate development proposals with transport and assess them against the design principles and the transport single-system principles</li> </ul>
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## How we measure our performance

This performance information is taken from AT's draft SOI for 2013/14-2015/16. Public transport patronage performance measures are currently under review.

Impact	Performance Measure	Recent performance	Target 2013/2014	Target 2014/2015
Better use of transport resources to maximise return on existing assets	1.1 Public transport subsidy per passenger kilometre (CPI adjusted to June 2012)	\$0.27c (for year to 30 June 2012)	\$0.27	\$0.26
Increased customer satisfaction with transport infrastructure and services	2.1 Percentage of public transport passengers satisfied with their public transport service	83% (Nov 2012)	No less than 83%	No less than 83%
Auckland's transport network moves people and goods efficiently	3.3 Annual total public transport boardings <sup>2</sup>	71,088 (2011/12)	74,378,000	78,155,000
	3.4 Annual Rapid Transit Network rail boardings	10,904 (2011/12)	11,440,000	13,041,000
	3.5 Annual Rapid Transit Network busway boardings	2,280 (2011/12)	2,456,000	2,588,000
	3.6 Annual Bus network boardings excluding busway (including contracted school buses)	52,456 (2011/12)	54,763,000	56,627,000
	3.7 Annual Ferry boardings	5,447 (2011/12)	5,719,000	5,899,000
Increased access to a wider range of transport choices	4.1 Annual % increase in walking trips into the CBD during the morning peak	5,222 (2011/12)	5,400	5,500
	4.2 Annual % increase in Cycling trips throughout the region: <ul style="list-style-type: none"> <li>• during the morning peak</li> <li>• all day</li> </ul>	88,357 morning peak(2011/12) 791,605 all day (2011/12)	97,200 AM peak; 871,000 all day	106,900 AM peak; 958,000 all day
	4.3 Number of morning peak (7-9am) car trips avoided through travel planning initiatives	12,271 (2011/12)	12,800	13,400
Improved safety of Auckland's transport system	5.2 Public and customer safety and security incidents across public transport network per 100,000 passenger boardings	0.115 Incidents per 100,000 passengers	0.0925	0.090

<sup>2</sup> Subject to NZTA approving the investment profile to align with the Auckland Council investment profile for the next 3 years.

# Public transport income and expenditure

## Rail operations

The following table shows the forecast 2013/14 income and expenditure for rail operations, compared to the forecast for 2012/13. The 2013/14 LTP figures are also shown, as comparison.

### Rail Operations

	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000	Annual Plan 30 Jun 2014 \$000	LTP 30 Jun 2014 \$000	Variance \$000
<b>Operating Income</b>						
Activity Income	26,945	33,882	(6,937)	29,715	40,368	(10,653)
Rental income	480	760	(280)	535	863	(328)
Other income	1,538	604	934	925	685	240
NZTA operating subsidy	57,488	58,443	(955)	57,002	52,832	4,170
NZTA operating subsidy - Electric Trains	5,743	7,234	(1,491)	11,597	10,605	992
<b>Total operating income</b>	<b>92,194</b>	<b>100,923</b>	<b>(8,729)</b>	<b>99,774</b>	<b>105,353</b>	<b>(5,579)</b>
<b>Operating Expenditure</b>						
Personnel costs	1,023	1,135	112	1,377	1,163	(214)
Capitalised personnel costs	(543)	-	543	-	-	-
Service delivery costs and professional services	95,288	102,339	7,051	101,545	113,321	11,776
Occupancy costs	3,638	4,652	1,014	4,660	5,324	664
On Track access charges	14,004	14,359	355	15,258	17,714	2,456
Other expenditure	4,239	4,104	(135)	4,378	4,254	(124)
<b>Total operating expenditure</b>	<b>117,649</b>	<b>126,589</b>	<b>8,940</b>	<b>127,218</b>	<b>141,776</b>	<b>14,558</b>
Depreciation	31,817	27,471	(4,346)	33,897	30,072	(3,825)
<b>Surplus/(deficit) from Operations</b>	<b>(57,272)</b>	<b>(53,137)</b>	<b>(4,135)</b>	<b>(61,341)</b>	<b>(66,495)</b>	<b>5,154</b>
<b>Internal support costs</b>						
Electric Trains and Depot operating costs	14,099	12,261	(1,838)	18,285	18,285	-
Other internal support	18,146	18,453	307	19,100	16,299	(2,801)
<b>Total internal support costs</b>	<b>32,245</b>	<b>30,714</b>	<b>(1,531)</b>	<b>37,385</b>	<b>34,584</b>	<b>(2,801)</b>
<b>Surplus/(deficit)</b>	<b>(89,517)</b>	<b>(83,851)</b>	<b>(5,666)</b>	<b>(98,726)</b>	<b>(101,079)</b>	<b>2,353</b>

Overall, rail operations show a deficit from operations. In other words, the income AT receives from operation of the system and from NZTA subsidies do not cover the full operating costs of the services, and further operating funding is required from AC (rates funding).

The key movements in income and expenditure are as follows:

- **Rail Income:** Forecast rail income has decreased by \$5.6m from the 2013/14 LTP numbers. The forecast 2013/14 revenue is based on patronage of 11.4m people per annum at an average fare of \$2.86, plus super gold revenue (\$1.2m) and concession fare revenue (\$0.25m).

The increase over the current year forecast is based on higher patronage (500,000 passengers), and higher average fare (now based on HOP system average fare since January).

- **Rail service delivery costs and professional services:** The increase in rail service costs over the current year forecast is mainly attributable to:
  - inclusion of Wiri Depot costs, EMU maintenance, driver training and conversions not applicable to the 2012/13 year
  - Increased Veolia contract costs and driver hire costs to cover inflationary increases

The property purchase programme for the CRL project has been reviewed, resulting in a profile which has lower expenditure in the first two years and higher expenditure in the subsequent two years. This has an impact on AT's rental revenue going forward.

## Rail capital expenditure

Expenditure Type	Programme	Annual Plan year 2013	LTP year 2014	Draft Plan year 2014	Variance year 2014
Capex	City Rail Link	110,495	180,865	167,377	13,488
	EMU	96,343	154,706	154,017	689
	Rail Improvements	16,335	6,269	6,734	(465)
	Stations	18,557	10,071	15,974	(5,903)
	Interchange		1,953	7,555	(5,602)
	Parking	3,842	4,763		4,763
	SMART	1,701	5,310	5,000	310
Capex Total		247,272	363,935	356,658	7,278
Renewal	Rail Improvements	2,233	2,262	1,119	1,144
	Stations			1,536	(1,536)
	Rolling Stock	5,715	6,446	6,750	(304)
Renewal Total		7,947	8,708	9,404	(696)
Grand Total		255,219	372,644	366,062	6,581

## Bus operations

The following table shows the forecast 2013/14 income and expenditure for bus operations, compared to the forecast for 2012/13. The 2013/14 LTP figures are also shown, as comparison.

### Bus Operations

	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000	Annual Plan 30 Jun 2014 \$000	LTP 30 Jun 2014 \$000	Variance \$000
<b>Operating Income</b>						
Activity Income	10,037	10,184	(147)	10,620	10,882	(262)
Other income	563	124	439	508	128	380
NZTA operating subsidy	59,549	61,620	(2,071)	65,177	81,522	(16,345)
<b>Total operating income</b>	<b>70,149</b>	<b>71,928</b>	<b>(1,779)</b>	<b>76,305</b>	<b>92,532</b>	<b>(16,227)</b>
<b>Operating Expenditure</b>						
Personnel costs	553	454	(99)	659	465	(194)
Capitalised personnel costs	(149)	-	149	-	-	-
Service delivery costs and professional services	126,796	134,041	7,245	136,411	141,423	5,012
Occupancy costs	1,111	606	(505)	1,054	631	(423)
Other expenditure	401	832	431	593	957	364
<b>Total operating expenditure</b>	<b>128,712</b>	<b>135,933</b>	<b>7,221</b>	<b>138,717</b>	<b>143,476</b>	<b>4,759</b>
Depreciation	264	228	(36)	658	584	(74)
<b>Surplus/(deficit) from Operations</b>	<b>(58,827)</b>	<b>(64,233)</b>	<b>5,406</b>	<b>(63,070)</b>	<b>(51,528)</b>	<b>(11,542)</b>
<b>Internal support costs</b>	<b>19,485</b>	<b>19,815</b>	<b>330</b>	<b>20,681</b>	<b>16,494</b>	<b>(4,187)</b>
<b>Surplus/(deficit)</b>	<b>(78,312)</b>	<b>(84,048)</b>	<b>5,736</b>	<b>(83,751)</b>	<b>(68,022)</b>	<b>(15,729)</b>

Overall, bus operations show a deficit from operations. In other words, the income AT receives from operation of the system and from NZTA subsidies do not cover the full operating costs of the services, and further operating funding is required from AC (rates funding).

The key movements in income and expenditure are as follows:

- **Bus Service delivery costs and professional services:** The increase in bus service costs over the current year forecast is mainly attributable to:
  - New services scheduled for 2013/14
  - New services and enhancements planned for 2012/13 (North, West and South) deferred till 2013/14
- **Increased NZTA subsidy:** NZTA operating subsidy is expected to increase, mainly because subsidy associated with new bus, services was not included when the LTP was put together, because of uncertainty as to whether the new services would be approved.

## Bus capital expenditure

Expenditure Type	Programme	Annual year 2013	Plan LTP year 2014	Draft Plan year 2014	Variance year 2014
Capex	Bus Infrastructure			13,360	10,297
	PT Facilities	57			0
	Stations	816	257		257
	Interchange		3,083	300	2,783
	Bus Lanes		1,542	1,422	119
	Bus stop Improvements		4,111	3,961	150
	Minor Capital			50	(50)
<b>Capex Total</b>		<b>873</b>	<b>22,352</b>	<b>8,796</b>	<b>13,556</b>
Renewal	Stations	132	137	132	6
	Shelters	779	806	779	26
<b>Renewal Total</b>		<b>911</b>	<b>943</b>	<b>911</b>	<b>32</b>
<b>Grand Total</b>		<b>1,784</b>	<b>23,295</b>	<b>9,707</b>	<b>13,588</b>

## Ferry operations

	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000	Annual Plan 30 Jun 2014 \$000	LTP 30 Jun 2014 \$000	Variance \$000
<b>Operating Income e</b>						
Activity Income	382	724	(342)	500	808	(308)
Operator access fees	2,823	3,934	(1,111)	3,075	4,169	(1,094)
Rental income	751	506	245	784	534	250
Other income	2	19	(17)	3	21	(18)
NZTA operating subsidy	6,141	5,841	300	5,470	6,183	(713)
<b>Total operating income</b>	<b>10,099</b>	<b>11,024</b>	<b>(925)</b>	<b>9,832</b>	<b>11,715</b>	<b>(1,883)</b>
<b>Operating Expenditure</b>						
Personnel costs	293	328	35	334	336	2
Capitalised personnel costs	2	-	(2)	-	-	-
Service delivery costs and professional services	10,889	13,884	2,995	11,175	14,721	3,546
Occupancy costs	754	653	(101)	905	704	(201)
Other expenditure	1,792	1,345	(447)	2,311	1,427	(884)
<b>Total operating expenditure</b>	<b>13,730</b>	<b>16,210</b>	<b>2,480</b>	<b>14,725</b>	<b>17,188</b>	<b>2,463</b>
Depreciation	1,977	1,605	(372)	2,074	1,793	(281)
<b>Surplus/(deficit) from Operations</b>	<b>(5,608)</b>	<b>(6,791)</b>	<b>1,183</b>	<b>(6,967)</b>	<b>(7,266)</b>	<b>299</b>
<b>Internal support costs</b>	<b>2,324</b>	<b>2,363</b>	<b>39</b>	<b>2,567</b>	<b>1,976</b>	<b>(591)</b>
<b>Surplus/(deficit)</b>	<b>(7,932)</b>	<b>(9,154)</b>	<b>1,222</b>	<b>(9,534)</b>	<b>(9,242)</b>	<b>(292)</b>

## Ferry capital expenditure

Expenditure Type	Programme	Annual Plan year 2013	LTP year 2014	Draft Plan year 2014	Variance year 2014
Capex	Wharves	1,826	1,285	700	585
	Parking	31			0
	Terminals	2,443	4,121	2,339	1,782
<b>Capex Total</b>		<b>4,301</b>	<b>5,406</b>	<b>3,039</b>	<b>2,366</b>
Renewal	Wharves	196	203		203
	Terminals	1,169	1,826	1,405	421
<b>Renewal Total</b>		<b>1,365</b>	<b>2,029</b>	<b>1,405</b>	<b>624</b>
<b>Grand Total</b>		<b>5,666</b>	<b>7,435</b>	<b>4,444</b>	<b>2,990</b>

## Other Public Transport

The following table shows the forecast 2013/14 income and expenditure for other PT operations (i.e. ferries and multi-modal), compared to the forecast for 2012/13. The 2013/14 LTP figures are also shown, as comparison.

### Other Public Transport Operations

	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000	Annual Plan 30 Jun 2014 \$000	LTP 30 Jun 2014 \$000	Variance \$000
<b>Operating Income</b>						
Advertising & Sponsorships	1,279	1,394	(115)	1,730	1,441	289
Other Income	1,358	1,053	305	2,986	1,081	1,905
NZTA operating subsidy	37,320	33,846	3,474	42,112	22,421	19,691
<b>Total operating income</b>	<b>39,957</b>	<b>36,293</b>	<b>3,664</b>	<b>46,828</b>	<b>24,943</b>	<b>21,885</b>
<b>Operating Expenditure</b>						
Personnel costs	12,848	10,253	(2,595)	15,738	8,889	(6,849)
Capitalised personnel costs	(1,334)	(3,760)	(2,426)	(658)	(2,216)	(1,558)
Service delivery costs and professional services	38,856	35,690	(3,166)	40,201	36,075	(4,126)
IT costs	1,600	1,718	118	1,660	1,708	48
Occupancy costs	669	84	(585)	1,505	89	(1,416)
Other expenditure	9,580	9,600	20	6,508	10,282	3,774
<b>Total operating expenditure</b>	<b>62,219</b>	<b>53,585</b>	<b>(8,634)</b>	<b>64,954</b>	<b>54,827</b>	<b>(10,127)</b>
Depreciation	5,683	5,009	(674)	8,698	10,671	1,973
<b>Surplus/(deficit) from Operations</b>	<b>(27,945)</b>	<b>(22,301)</b>	<b>(5,644)</b>	<b>(26,824)</b>	<b>(40,555)</b>	<b>13,731</b>
<b>Internal support costs</b>	<b>7,681</b>	<b>7,811</b>	<b>130</b>	<b>9,542</b>	<b>6,303</b>	<b>(3,239)</b>
<b>Surplus/(deficit)</b>	<b>(35,626)</b>	<b>(30,112)</b>	<b>(5,514)</b>	<b>(36,366)</b>	<b>(46,858)</b>	<b>10,492</b>

Overall, Other PT operations show a deficit from operations. In other words, the income AT receives from operation of the system and from NZTA subsidies do not cover the full operating costs of the services, and further operating funding is required from AC (rates funding).

The key movements in income and expenditure are as follows:

- **Other income:** In preparing the AIFS budget for 2013/14 an assumption was made that the lease back to the operators of the equipment installed on buses would be cost neutral. As such \$1.8m of lease revenue has been included in other income and explains the increase in other revenues.



- **Service delivery costs and professional services:** The increase in service costs over the current year forecast is mainly attributable to
  - Increase in total mobility contract costs
  - Increase facilities maintenance costs
  - In preparing the AIFS budget for 2013/14 an allowance was made for \$1.8m additional costs for the lease back of the equipment installed on the buses (see above under other income)..
- **NZTA operating subsidy** is expected to increase, mainly because subsidy associated with new ferry services was not included when the LTP was put together, because of uncertainty as to whether the new services would be approved.

## Other Public Transport capital expenditure

Expenditure type	Programme	Annual year 2013	Plan LTP year 2014	Draft Plan Year 2014	Variance year 2014
Capex	AIFS	6,384	3,386	14,572	(11,186)
	PT Facilities	2	1,542	3,500	(1,958)
	Interchange				0
	Real Time	1,328	4,111	4,111	0
	Intelligent Transport	127			0
<b>Capex Total</b>		<b>7,842</b>	<b>9,038</b>	<b>22,183</b>	<b>(13,144)</b>

## Parking and Enforcement

AT manages public parking, including on-street parking and parking buildings.

On-street parking services balances demand with the needs of road users, residents and businesses using unrestricted, restricted and pay and display options. It enforces time limits and other breaches of parking regulations.

AT is also responsible for off-street parking, which includes council-operated parking buildings and lots, and Park and Ride facilities. Off-street parking supports intensive development within the CBD and town centres. Park and Ride facilities encourage use of public transport, which also delivers economic and social benefit to Auckland.

### How these activities contribute to the Auckland Plan

ITP Impacts	Directives
Better use of transport resources to maximise return on existing assets	<ul style="list-style-type: none"> <li>▪ Use asset management principles to ensure parking assets are adequately maintained and whole of life costs are minimised</li> </ul>
Auckland's transport network moves people and goods efficiently	<ul style="list-style-type: none"> <li>▪ Parking standards should take account of multiple objectives, including the need to achieve intensive and mixed use developments, improve housing affordability, reduce development costs, encourage use of public transport, and optimise investments in public parking facilities, civic amenities and centre developments</li> <li>▪ Manage Auckland's transport system and review existing policies to reflect Auckland's single-system transport approach and principles</li> </ul>
Increased access to a wider range of transport choices	<ul style="list-style-type: none"> <li>▪ Plan park and ride facilities to facilitate use of public transport</li> </ul>
Improved safety of Auckland's transport system	
Reduced adverse environmental effects from Auckland's transport system	<ul style="list-style-type: none"> <li>▪ Plan park and ride facilities to facilitate use of public transport</li> </ul>
Auckland's transport network effectively connects communities and provides for Auckland's compact urban form	<ul style="list-style-type: none"> <li>▪ Parking standards should take account of multiple objectives, including the need to achieve intensive and mixed use developments, improve housing affordability, reduce development costs, encourage use of public transport, and optimise investments in public parking facilities, civic amenities and centre developments</li> </ul>

## How we measure our performance

This performance information is taken from AT's draft SOI for 2013/14-2015/16.

Impact	Performance Measure	Recent performance	Target 2013/2014	Target 2014/2015
Better use of transport resources to maximise return on existing assets	1.2 Parking: off-street occupancy rates (peak 4-hour period)	78.1% (average for Jul-Dec 2012)	Within 80-90% range	Within 80-90% range
	1.3 Parking: on-street occupancy rates (peak 4-hour period)	75.8% (Average for Aug & Nov 2012)	Within 80-90% range	Within 80-90% range

## On-Street and Off-Street Parking income and expenditure

The following table shows the forecast 2013/14 income and expenditure for on-street parking and enforcement, and off-street parking, compared to the forecast for 2012/13. The 2013/14 LTP figures are also shown, as comparison.

### Parking

	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000	Annual Plan 30 Jun 2014 \$000	LTP 30 Jun 2014 \$000	Variance \$000
<b>Operating Income</b>						
Parking fees	35,173	48,202	(13,029)	36,937	50,800	(13,863)
<b>Total operating income</b>	35,173	48,202	(13,029)	36,937	50,800	(13,863)
<b>Operating Expenditure</b>						
Personnel costs	1,984	2,819	835	2,056	2,948	892
Capitalised personnel costs	(67)	(198)	(131)	(202)	(209)	(7)
Service delivery costs and professional services	3,223	4,675	1,452	4,315	4,866	551
Other expenditure	6,937	8,544	1,607	8,583	9,057	474
<b>Total operating expenditure</b>	12,077	15,840	3,763	14,752	16,662	1,910
Depreciation	5,845	6,493	648	6,442	-	(6,442)
<b>Surplus/(deficit) from Operations</b>	17,251	25,869	(8,618)	15,743	34,138	(18,395)
<b>Internal support costs</b>	2,271	2,309	38	2,215	1,916	(299)
<b>Surplus/(deficit)</b>	14,980	23,560	(8,580)	13,528	32,222	(18,694)

## Enforcement

	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000	Annual Plan 30 Jun 2014 \$000	LTP 30 Jun 2014 \$000	Variance \$000
<b>Operating Income</b>						
Infringement income	37,593	31,744	5,849	40,990	34,203	6,787
<b>Total operating income</b>	<b>37,593</b>	<b>31,744</b>	<b>5,849</b>	<b>40,990</b>	<b>34,203</b>	<b>6,787</b>
<b>Operating Expenditure</b>						
Personnel costs	11,569	12,615	1,046	11,720	13,189	1,469
Capitalised personnel costs	(124)	-	124	-	-	-
Service delivery costs and professional services	1,589	1,568	(21)	1,607	1,652	45
Occupancy costs	145	2	(143)	2	2	-
Other expenditure	8,236	9,042	806	7,661	9,668	2,007
<b>Total operating expenditure</b>	<b>21,415</b>	<b>23,227</b>	<b>1,812</b>	<b>20,990</b>	<b>24,511</b>	<b>3,521</b>
Depreciation	990	1,100	110	1,091	7,713	6,622
<b>Surplus/(deficit) from Operations</b>	<b>15,188</b>	<b>7,417</b>	<b>7,771</b>	<b>18,909</b>	<b>1,979</b>	<b>16,930</b>
<b>Internal support costs</b>	<b>3,329</b>	<b>3,386</b>	<b>57</b>	<b>3,151</b>	<b>2,818</b>	<b>(333)</b>
<b>Surplus/(deficit)</b>	<b>11,859</b>	<b>4,031</b>	<b>7,828</b>	<b>15,758</b>	<b>(839)</b>	<b>16,597</b>

Overall, AT's parking activities show a surplus from operations. The income AT receives from users of carparking buildings and on-street parking spaces, and from fines for infringements, more than covers the operating costs of the services. This surplus is available to offset funding required from AC for other activities.

The key movements in income and expenditure are as follows:

- Parking revenue is now estimated to be \$77.8m in 2013/14, a \$7.7m reduction from the LTP budget for 2013/14. The reasons for this are as follows:
  - Lower occupancy rates and lower tariffs in the centre city parking area, compared to those assumed in the LTP
  - Lower tariffs and less spaces subject to the initiative to increase hours of operation (6pm-10pm)
  - A line marking initiative (to standardise the number of cars which can be parked on a street) has been delayed
  - The Central City Parking Zone initiative included a reduction of casual rates from \$5.50/hr to \$3/hr in the major carparks. The reduction in the carpark rates was approved early this financial year after the LTP revenue budget was finalised.

## Parking capital expenditure

Expenditure Type	Programme	Annual year 2013	Plan LTP year 2014	Draft Plan year 2014	Variance 2014	year
Capex	Parking Developments	930	103	2,496	(2,393)	
	Parking Facility Mgt	2,370	136	131	4	
	Parking/Enforcement Systems	262	51	50	2	
	Equipment	446			0	
	Bus Priority	1,220	1,233	1,193	41	
	Intersection Improvements		1,511		1,511	
					0	
<b>Capex Total</b>		<b>5,229</b>	<b>3,034</b>	<b>3,869</b>	<b>(836)</b>	
Renewal	Parking Facility Mgt			0	0	
	Equipment	4,574	4,504	4,574	(70)	
	Carparks	1,443	4,413	1,445	2,968	
	Signs	208	219	208	11	
<b>Renewal Total</b>		<b>6,225</b>	<b>9,136</b>	<b>6,227</b>	<b>2,909</b>	
<b>Grand Total</b>		<b>11,453</b>	<b>12,170</b>	<b>10,096</b>	<b>2,074</b>	

# Internal Support

This includes the income and expenditure attributable to the internal support functions within AT, including Finance and Support, IT, Property, Strategy & Planning, Communications, Customer Services, HR, Risk and Assurance and Key Relationships.

## Internal support

	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000	Annual Plan 30 Jun 2014 \$000	LTP 30 Jun 2014 \$000	Variance \$000
<b>Operating Income</b>						
Other income	9,774	14,606	(4,832)	13,151	16,279	(3,128)
NZTA operating subsidy	10,339	9,694	645	3,996	-	3,996
<b>Total operating income</b>	<b>20,113</b>	<b>24,300</b>	<b>(4,187)</b>	<b>17,147</b>	<b>16,279</b>	<b>868</b>
<b>Operating Expenditure</b>						
Personnel costs	52,102	53,430	1,328	54,257	51,533	(2,724)
Capitalised personnel costs	(18,154)	(17,289)	865	(16,142)	(14,735)	1,407
Directors Fees	430	392	(38)	399	401	2
Service delivery costs and professional services	30,878	23,914	(6,964)	20,153	24,522	4,369
Other expenditure	19,091	32,053	12,962	28,761	33,716	4,955
Finance costs (Electric Trains)	8,425	12,261	3,836	18,285	18,285	-
Losses/(gains) on derivatives	5,904	-	(5,904)	-	-	-
Efficiency target	10	(5,196)	(5,206)	-	(24,260)	(24,260)
<b>Total operating expenditure</b>	<b>98,686</b>	<b>99,565</b>	<b>879</b>	<b>105,713</b>	<b>89,462</b>	<b>(16,251)</b>
Depreciation	3,788	7,559	3,771	4,419	6,351	1,932
Taxation	1,125	-	(1,125)	-	-	-
<b>Surplus/(deficit) before allocation of costs</b>	<b>(83,486)</b>	<b>(82,824)</b>	<b>(662)</b>	<b>(92,985)</b>	<b>(79,534)</b>	<b>(13,451)</b>
<b>Allocation of internal support costs</b>						
Electric Trains and Depot operating costs	(14,099)	(12,261)	1,838	(18,285)	(18,285)	-
Other internal support	(69,387)	(70,563)	(1,176)	(74,700)	(61,249)	13,451
<b>Total internal support allocation</b>	<b>(83,486)</b>	<b>(82,824)</b>	<b>662</b>	<b>(92,985)</b>	<b>(79,534)</b>	<b>13,451</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The key changes in internal support costs are as follows:

- A \$9.8m increase in the funding costs for electric trains. However, the loss on derivative interest swap rates (\$5.9m in the 2012/13) is not forecast to recur in the 2014 budget, resulting in an overall net cost increase of \$3.9m.
- Internal recovery of fleet vehicle costs (\$3.5m) was not factored in the 2013/14 budget. These costs will be on charged to the business and the credit for this internal recovery will reduce Internal Support spend and increase other business unit costs by their share of the costs, based on usage
- The provision for salary increases (\$1.8m) is all budgeted for in HR for 2013/14 – this also will be allocated out to the affected business units during the year.
- There is an increase in IT (\$2m) and Strategy & Planning professional services expenses (\$3m) due to increased number and value of their project mix. IT is also funding licences and applications for an increased head count.

## Internal Support capital expenditure

Expenditure Type	Programme	Annual year 2013	Plan LTP year 2014	Draft Plan year 2014	Variance year 2014
Capex	Customer	2,680		2,165	(2,165)
	IT	4,050	2,173	2,196	(23)
	Vehicles	825	822	795	27
Capex Total		7,555	2,995	5,156	(2,161)
Grand Total		7,555	2,995	5,156	(2,161)

# Financial Statements

## Prospective Summary Income Statement

for the year ended 30 June					
	1	2	3		
\$000	Budget 2013	Long Term Plan 2014	Annual Plan 2014	Variance (3-2)	Notes
<b>Income</b>					
Opex funding from Auckland Council	215,347	238,938	230,138	(8,800)	
Capex funding from Auckland Council	123,949	131,711	128,140	(3,571)	
Revenue from services	368,279	383,299	373,848	(9,451)	
Other revenue to fund capital expenditure	119,076	158,579	177,639	19,060	
Revenue from vested assets	0	0	0	0	
Finance income	0	0	0	0	
Dividend Income	0	0	0	0	
Other gains/(losses)	0	0	0	0	
<b>Total income</b>	<b>826,651</b>	<b>912,527</b>	<b>909,765</b>	<b>(2,762)</b>	
<b>Expenditure</b>					
Personnel Costs	69,400	71,746	80,680	(8,934)	
Depreciation and amortisation	240,615	252,905	253,422	(517)	
Finance costs	12,261	18,285	18,285	0	
Other expenditure	501,965	532,206	504,301	27,905	
<b>Total operating expenditure</b>	<b>824,241</b>	<b>875,142</b>	<b>856,688</b>	<b>18,454</b>	
<b>Surplus/(deficit) before tax</b>	<b>2,410</b>	<b>37,385</b>	<b>53,077</b>	<b>15,692</b>	
<b>Gains/(losses) recognised directly in equity</b>	<b>522,799</b>	<b>489,839</b>	<b>221,664</b>	<b>(268,175)</b>	
<b>Total surplus/(deficit)</b>	<b>525,209</b>	<b>527,224</b>	<b>274,741</b>	<b>(252,483)</b>	



# Prospective Summary Funding Statement

for the year ended 30 June					
	Budget 2013	Long Term Plan 2014	Annual Plan 2014	Variance	Notes
<b>\$000</b>					
Total operating expenditure	824,241	875,142	856,688	18,454	
<i>Less depreciation and amortisation</i>	(240,615)	(252,905)	(253,422)	517	
<b>Operating expenditure to be funded</b>	<b>583,626</b>	<b>622,237</b>	<b>603,266</b>	<b>18,971</b>	
<b>Operating expenditure funded by:</b>					
Opex funding from Auckland Council	215,347	238,938	230,138	(8,800)	1
Revenue from services	368,279	383,299	373,848	(9,451)	
Other revenue	0	0	0	0	
<b>Total opex funding</b>	<b>583,626</b>	<b>622,237</b>	<b>603,986</b>	<b>(18,251)</b>	
<b>Funding Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>	<b>720</b>	<b>720</b>	
Total capital expenditure	719,777	858,868	859,471	(603)	
<b>Capital expenditure to be funded</b>	<b>719,777</b>	<b>858,868</b>	<b>859,471</b>	<b>(603)</b>	
<b>Capital Expenditure funded by</b>					
Capex funding from Auckland Council	123,949	131,711	128,140	(3,571)	
Investment by Auckland Council	395,062	438,578	399,675	(38,903)	
Loans from Auckland Council	81,690	130,000	154,017	24,017	
External Loans	0	0	0	0	
Grants and subsidies	119,077	158,579	177,639	19,060	
Development and financial contributions	0	0	0	0	
<b>Total capex funding</b>	<b>719,777</b>	<b>858,868</b>	<b>859,471</b>	<b>603</b>	
<b>Notes:</b>					
1. Operating funding from council is the net funding from council across all activities which includes the surplus generated in the Parking activity.					

# Prospective Summary Statement of Financial Position

As at 30 June					
	Budget 2013	Long Term Plan 2014	Annual Plan 2014	Variance	Notes
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalent	5,000	5,000	2,840	(2,160)	
Other current assets	235,000	235,000	192,762	(42,238)	
<b>Total current assets</b>	<b>240,000</b>	<b>240,000</b>	<b>195,602</b>	<b>(44,398)</b>	
Property plant and equipment	14,407,053	15,502,856	15,531,972	29,116	
Investment property	0	0	0	0	
Other non-current assets	25,000	25,000	88,715	63,715	
<b>Total non-current assets</b>	<b>14,432,053</b>	<b>15,527,856</b>	<b>15,620,687</b>	<b>92,831</b>	
<b>Total assets</b>	<b>14,672,053</b>	<b>15,767,856</b>	<b>15,816,289</b>	<b>48,433</b>	
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	192,320	193,042	176,935	16,107	
Borrowings	0	0	448	(448)	
Other current liabilities	0	0	11,631	(11,631)	
<b>Total current liabilities</b>	<b>192,320</b>	<b>193,042</b>	<b>189,014</b>	<b>4,028</b>	
<b>Non-current liabilities</b>					
Borrowing from parent	238,072	367,353	322,917	44,436	
Other borrowing	0	0	0	0	
Other non-current liabilities	18,000	18,000	62,583	(44,583)	
<b>Total non-current liabilities</b>	<b>256,072</b>	<b>385,353</b>	<b>385,500</b>	<b>(147)</b>	
<b>Total liabilities</b>	<b>448,392</b>	<b>578,395</b>	<b>574,514</b>	<b>3,881</b>	
<b>Net assets</b>	<b>14,223,661</b>	<b>15,189,461</b>	<b>15,241,775</b>	<b>52,314</b>	
<b>Equity</b>					
Contributed equity	12,804,418	13,242,995	13,267,705	24,710	
Reserves	1,473,432	1,963,271	1,620,580	(342,691)	
Retained earnings	(54,189)	(16,805)	353,490	370,295	
<b>Total equity</b>	<b>14,223,661</b>	<b>15,189,461</b>	<b>15,241,775</b>	<b>52,314</b>	

<b>Movement in borrowing</b>					
	Budget 2013	Long Term Plan 2014	Updated AP 2014	Variance	Notes
<b>Opening borrowing</b>	<b>156,867</b>	<b>238,072</b>	<b>238,072</b>	<b>0</b>	
Borrowing to fund operating expenditure					
Borrowing to fund capital expenditure	81,690	130,000	154,017	24,017	
Other movements	0	0	0	0	
Capital funding surplus used to repay borrow	0	0	0	0	
Principal repayment	(485)	(719)	(719)	0	
<b>Closing borrowing</b>	<b>238,072</b>	<b>367,353</b>	<b>391,370</b>	<b>24,017</b>	

# AT's capital programme for 2013/14

The starting point for AT's 2013/14 capital programme is the approved LTP, which included \$858m of capital expenditure for AT, to be funded by AC and NZTA.

Two things which impact on the 2013/14 programme:

- Some projects have been delayed, and project managers may be expecting budgets for these to be carried forward into 2013/14. An example is the Manukau Bus Interchange, which was delayed due to Mainzeal going into receivership.
- As we get closer to 2013/14, project managers will be getting a better understanding of the timing of project costs included in 2013/14.

The overall capital programme will need to fit within the overall funding envelope set by AC's annual plan. With AC approval, AT can move funding between activities.

Net funding required from AC debt funding in the current financial year is \$72.88m less than the funding approved by the AC. This is due to:

- Not purchasing the Downtown Westfield as was anticipated in this financial year, and making a provision that a number of other properties will be required. The net reduction is \$66.47m
- Recognising that the Local Board fund will not be fully utilised in this financial year, a reduction of \$6.41m

Major changes in the programme included:

- Projects have had cost reductions: For example, AMETI has progressed ahead of schedule, and has had increased spending in 2012/13 but is projecting less spending in 2013/14. Projections for AMETI spend in 2013/14 have been reduced by \$11m, due to more progress than expected on AMETI during 2012/13.
- Projects have had cost increases: The most notable of these are:
  - An increase of \$14M in the AIFS budget for 2013/14
  - The projected cost of the Otahuhu Bus Interchange project (a key enabler of PTOM) has increased by \$3.6m overall. For 2012/13, the cost has been revised downward from \$1.5m to \$0.2m. For 2013/14, the cost has been revised upward from \$1.9m to \$7.5m. The project team is proposing to purchase the land required rather than lease it. It is unlikely that NZTA subsidy would be available for this increased cost.
  - The Manukau Rail Interchange project (a key enabler of PTOM) has changed in scope and estimated cost. Costs have been spread over three years, with an increase in 2013/14 from \$2.9m to \$11.1m. The scope of the project has been changed to provide facilities for up to 16 bus bays across the road from the rail station. It is unlikely that NZTA subsidy would be available for this increased cost.
- New projects have been added which were not in the LTP: For example, the AT Board has approved spending of \$1.5m on the Multi-Model East West Study (MMEWS)<sup>3</sup>
- Projects have been deferred from 2012/13 to 2013/14 and later years:

Examples are:

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<sup>3</sup> Approved by AT Board on 21 May 2012

- Deferral of \$6m of local board projects from 2012/13 to 2013/14

- Projects have been deferred from 2013/14 to outer years: For example, Te Atatu Road corridor implementation
- Projects have been accelerated from outer years to 2013/14: For example, \$13m has been brought forward for the NORSGA budget for 2013/14. The LTP had only \$143k for NORSGA, but contractual commitments and progress with the overall project by AC and developers means that AT can realistically expect to spend \$13m in 2013/14. We have been advised that AC has a lower cost for NORSGA in the 2013/14 year.

## Capital Expenditure Programme

Expenditure Type	Programme	Annual Plan year 2013	LTP year 2014	Draft Plan year 2014	Variance year 2014
<b>Capex</b>	AIFS	6,384	3,386	14,572	(11,186)
	AMETI	99,787	85,023	81,656	3,367
	Bridges	1			0
	Bus Infrastructure		13,360	3,063	10,297
	City Centre Rail Link	110,495	180,865	167,377	13,488
	Corridor Improvement	34,318	65,194	48,699	16,494
	Dom Rd Improvements		9,249	4,756	4,493
	EMU	96,343	154,706	154,017	689
	Flat Bush	877	5,683	6,476	(793)
	Intersection Improve	138		300	(300)
	Land Development	208		300	(300)
	Local Bd Initiatives	10,309	10,277	15,900	(5,623)
	Long Bay			780	(780)
	MMEWS Programme			900	(900)
	New Lynn TOD	4,985	565		565
	NORSGA	17,249	154	12,880	(12,725)
	Parking Developments	930	103	2,496	(2,393)
	Parking Facility Mgt	2,370	136	131	4
	Parking/Enforcement	262	51	50	2
	Penlink				0
	PT Facilities	59	1,690	10,349	(8,660)
	Rail Improvements	16,335	6,269	9,604	(3,335)
	Realignment				0
	Regional Development	80			0
	Road widening	7,545	1,428	4,333	(2,904)
	Transport Planning	2		2	(2)

	Urban Priority Lanes				0
	Walking And Cycling Stations	10,309	10,277	10,277	(1)
	Interchange	19,373	10,328	15,974	(5,646)
	Bus stop Improvements		5,036	7,855	(2,819)
	Minor Capital		4,111	3,961	150
	Wharves			50	(50)
	Wharves	1,826	1,285	700	585
	Parking	3,873	4,763		4,763
	Terminals	2,443	4,121	2,539	1,582
	Footpaths	62		2,000	(2,000)
	Customer	2,680		2,165	(2,165)
	IT	4,050	2,173	2,196	(23)
	Vehicles	825	822	795	27
	Real Time	1,328	4,111	4,111	0
	Intelligent Transport Systems	127			0
	Systems	446			0
	Equipment	1,220	1,233	1,193	41
	Bus Priority		1,511		1,511
	Intersection Improvements				0
	SMART	1,701	5,310	5,000	310
	Level crossings	2,665			0
	Bus Lanes	104	1,542	1,422	119
	AMP	1,326	617	574	43
	Safety	28,493	30,755	27,235	3,520
	Land	8,445	3,597	3,348	249
	CCTV	104			0
	Lighting				0
	Drainage				0
	Seal Extensions	412	411	1,410	(999)
	Signals	208			0
	Reconstruction	16,276	20,554	19,878	676
	Network Improvement	3,093	3,083	2,982	101
	<b>Capex Total</b>	<b>520,069</b>	<b>653,774</b>	<b>654,305</b>	<b>(530)</b>
	<b>Renewal</b>				
	Bridges	8,561	1,810	8,078	(6,268)
	Corridor Improvement		1,112		1,112
	Parking Facility Mgt			0	0
	Rail Improvements	2,233	2,262	1,119	1,144
	Renewal				
	Walking And Cycling Stations		120		120
	Stations	132	137	1,667	(1,530)
	Wharves	196	203		203

	Terminals	1,169	1,826	1,405	421
	Footpaths	31,560	32,123	30,202	1,921
	IT	535	537	105	432
	Equipment	4,574	4,504	4,574	(70)
	CCTV	517	519	498	21
	Lighting	7,609	6,646	7,536	(890)
	Drainage	11,403	14,081	11,904	2,177
	Signals	19,726	4,553	15,591	(11,038)
	Shelters	779	806	779	26
	Carparks	1,443	4,413	1,445	2,968
	Signs	645	691	659	32
	Rolling Stock	5,715	6,446	6,750	(304)
	Reseals	95,686	100,488	104,083	(3,595)
	Structures		7,091	228	6,863
	Marking	1,110	1,211	1,203	8
	Furniture	1,924	236	1,425	(1,189)
	Associated Improvements	1,265		1,396	(1,396)
	Slips Repairs	2,926	4,129	2,997	1,132
	Road Base		7,856		7,856
	Maintenance		601		601
	Crossings		520		520
	Carparking		173		173
<b>Renewal Total</b>		<b>199,708</b>	<b>205,094</b>	<b>203,644</b>	<b>1,449</b>
<b>Grand Total</b>		<b>719,776</b>	<b>858,868</b>	<b>857,949</b>	<b>919</b>

# Statement of Accounting Policies

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

- Basis of preparation
- Statement of Compliance

The financial statements of AT 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 NZIFRS, 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 AT's functional currency, and have been rounded to the nearest thousand unless otherwise stated.

## 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.

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to Auckland Transport are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2014. Auckland Transport has not yet assessed the effect of the new standard and expects it will not be early adopted.

- NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. This will be applied for the first time in AT's 30 June 2012 financial statements.

#### **(a) Foreign currency translation**

AT 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 statement of comprehensive income.

#### **(b) Property, plant and equipment**

Property, plant and equipment consists of:

- i) Operational assets

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

- i) Infrastructure assets

These include the land-infrastructure and roading infrastructures.

- i) Land (operational)
- ii) Land (operational) includes land held for roading purposes and land under off-street carparks. Building
- iii) Building includes residential buildings held for roading services, carpark buildings and wharf buildings. Rolling stock
- iv) Rolling stock includes carriages and locomotives.
- v) Land infrastructure
- vi) Land infrastructure includes restricted land, land under roads and land underfields.
- vii) Roothing infrastructure
- viii) Roothing infrastructure includes public transport (e.g. bus shelters, bus stations, train stations, wharf structures, etc.), roading (e.g. footpath, streetlights, traffic control, pavements, etc.) and carparking (e.g. off-street carparks).
- ix) Plant and equipment
- x) 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. These property, plant and equipment are depreciated over their remaining estimated useful life.



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.

### **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 AT, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income for the financial period they relate to.

### **Valuation of assets**

AT accounts for revaluations on a class of assets basis.

The revaluation for roading infrastructure and rolling stock was completed last financial year. The roading infrastructure revaluation was done internally with the support of specialist expertise while the revaluation for rolling stock was completed by an independent expert. Both revaluations have used the depreciated replacement cost method, to ensure that their carrying amount does not differ materially from fair value. Roothing infrastructure is revalued at least once every three years.

The revaluation for operational land and buildings for the current year will be completed by an independent expert.

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 the statement of comprehensive income.

If a revaluation increase reverses a decrease previously recognised in the statement of comprehensive income, the increase is recognised first in the statement of comprehensive income 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 AT 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 statement of comprehensive income. 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
Operational assets	
• Buildings	10-100
• 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
• Motor vehicles	5
Infrastructure assets	
• Public transport	10-80
• Roothing	10-120
• Carparking	10-50

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

### Capital works in progress

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

### (c) Intangible assets

Intangible assets are initially recorded at cost. The cost of an internally generated intangible asset represents expenditure incurred in the development phase only.

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 statement of comprehensive income 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 statement of comprehensive income.

## 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.

### (d) 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 statement of comprehensive income. For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of comprehensive income.

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 statement of comprehensive income, a reversal of the impairment loss is also recognised in the statement of comprehensive income. For assets not carried at a revalued amount (other than goodwill), the reversal of an impairment loss is recognised in the statement of comprehensive income.

(e) Financial assets

AT 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 statement of comprehensive income. 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 statement of comprehensive income.

**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 statement of comprehensive income 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 AT 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 statement of comprehensive income.

## 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 statement of comprehensive income. 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.

AT does not currently have any financial assets under this category.

### (f) Derivative financial instruments

Auckland Transport uses derivative financial instruments to hedge exposure to foreign exchange. In accordance with its treasury policy, AT 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 AT 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 surplus/(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, AT 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 statement of comprehensive income.

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 is recorded in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity transfers to the statement of comprehensive income.

## Fair value hedge

AT 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 statement of comprehensive income within "finance costs". The gain or loss relating to the ineffective portion is recognised in the statement of comprehensive income within "other gains/ (losses)". Changes in the fair value of the hedged fixed-rate borrowings attributable to interest rate risk are recognised in the statement of comprehensive income 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 statement of comprehensive income.

### (g) 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 statement of comprehensive income.

### (h) Trade and other receivables

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

AT 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 statement of comprehensive income.

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 statement of comprehensive income. When a receivable is uncollectable, it is written off against the provision account.

**(i) 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.

**(j) 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 revaluation reserves.

**(k) 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 statement of comprehensive income over the period of the borrowings using the effective interest method.

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

**(l) Borrowing costs**

AT 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.

**(m) 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 AT.

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

**(n) Provisions**

Provisions are recognised when:

- AT 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 AT 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.

#### **(o) Creditors and other payables**

These amounts represent unpaid liabilities for goods and services provided to AT 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.

**(p) 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.

#### **(q) 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 AT 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 AT 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.



**(r) Revenue**

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

AT receives revenue from the following main sources:

**Auckland Council grants**

AT is funded by its parent AC 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**

AT 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.

Any predecessor Council traffic and parking infringement income recognition policy not in line with Auckland Transport's policy were adjusted in the current period.

**Fare revenue**

AT 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 AT 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 AT controls roads and footpaths and accounts for the asset value the income from vesting comes to AT.

AT 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.

**(s) 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 AT has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the AT decision.

**(t) Leases Operating leases**

With operating leases, the lessor retains the risks and benefits of ownership. Lease payments are recognised as an expense in the statement of comprehensive income 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 the statement of comprehensive income over the lease period.

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

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