

**In lock-down.  
We became different.  
We walked.  
We rode bikes.  
We saw things.  
We discovered.  
Our community.  
Ourselves.  
We found a stream.  
A path.  
A street.  
We connected.  
With each other.  
Our neighbours.  
We heard quiet.  
And birds.  
And children's laughter.  
The sky was clearer.  
A new kind of normal.  
Imagine.  
Taking some of that good.  
Into our future.  
Let's go there.**



# Welcome to

Auckland Transport's 2020 Annual Report against our Statement of Intent to Auckland Council

## OUR MIHI

E ngā reo, e ngā mana, e ngā rangatira mā  
 Nei rā te mihi matakui ki a koutou katoa  
 Ka tiaki, ka manaaki, ka auahatia, ka hāpai te whanaungatanga  
 Hei painga mō tātou katoa  
 Tāmaki Makaurau, Tāmaki herehere o ngā waka e!  
 Haumi e, Hui e, Tāiki e!

The voices, the authorities, the leaders  
 Pleasant greetings to you all  
 To protect, to care, to create, to lift the relationships  
 For the benefit of all of us  
 Auckland, Auckland the meeting place of all canoes!  
 Unite, Gather, Progress!



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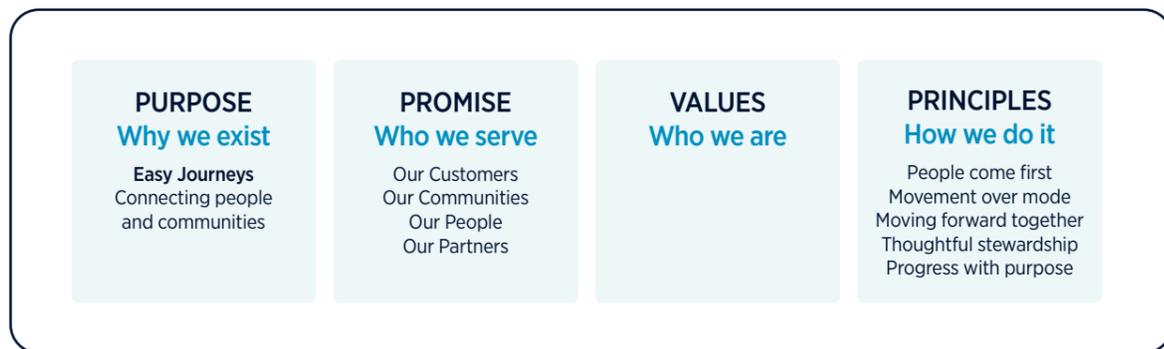


FRONT COVER: AT's whānau walking and cycling together on a North Shore shared path during the Covid-19 Level 2 lockdown. The cover theme 'Moving forward together' is an AT Principle, (refer page 3).

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

## Purpose, promise, values and principles

AT's purpose, promise, values and principles go to the heart of our culture – who AT is as an organisation, how we want to behave, our aspirations and what we want to achieve together for Auckland.



**Auahatanga** Better, bolder, together

- We dream big and have a sense of pride in all that we do, including everyone on our journey.
- We continuously strive for excellence to make a positive difference to the communities we serve.
- We trust our people, back each other, celebrate successes and learn from our experiences.
- We take personal responsibility for everything we do, challenge the norm and encourage creativity to be better.

**Tiakitanga** Safe with us

- We are free to be who we are and diversity is our strength.
- We ensure people's safety when they use our network and services.
- We strive to protect people from harm and create a thriving and safe workplace.
- We create a healthy and sustainable environment for people to enjoy.

**Whanaungatanga** We connect

- We genuinely listen and engage with our communities, partners and each other.
- We invite open conversation and feedback seeking understanding to move forward together.
- We collaborate and freely share our knowledge to help others learn and grow.
- We are one team regardless of what we do or where we sit.

**Manaakitanga** We care...Full stop

- We care for each other, our communities and partners.
- We do what we say we will do, and we always have good intent.
- We build reciprocal relationships through shared experiences and belonging to a wider community.
- We stand up to be counted while respecting other's views.

## 2020 Highlights

### Making Auckland's transport system safe

- Launched Vision Zero for Tāmaki Makaurau Transport Safety Plan
- Lower speed limits on 600 Auckland roads to reduce harm and loss of life
- 15 Community Safety Fund projects completed with local boards
- Collected a PRINZ Award for our Speed Management Programme
- 4 Axis Awards for the Zoe Bell 'Distractions' road safety campaign



### Excellent customer experience

- New world-leading AT Mobile app to promote physical distancing during Covid-19
- New Customer Experience Blueprint and Omnichannel Strategy to improve customer interactions
- Received Australasian CX Excellence in Public Sector: The Citizen Experience Award for work on tertiary student concessions
- New licence plate recognition for easy AT car park use
- 4.7m unique website users, 11.6m website sessions and 27m web page views



### Improved transport system resilience and sustainability

- More low emission buses and electric trains to reduce CO<sub>2</sub> emissions
- Extensive input to the transport elements of Auckland Council's Climate Action Plan



### Better travel choice for Aucklanders

- Puhinui Station bus and train interchange and Eastern Busway construction
- A record number of new cycleways and shared paths under construction
- Extended AT Local ride-share choice



### Better connected people, places, goods and services

- Delivered Newmarket access improvements
- Completed Accessibility Action Plan and Car Share Policy
- Refreshed Roads and Streets Framework and improved public transport network capacity and performance
- Highlighted Waiheke transport priorities in 10-Year Transport Plan
- 6 successful Innovating Streets fund applications



### Enabling and supporting Auckland's growth

- More Park and Ride options at Takaanini, Albany and Hibiscus Coast Stations
- Downtown, City Centre, Wynyard Quarter and town centre improvements
- Matakana Link Road construction underway for faster and safer trips to the Kowhai Coast

### Value for money

- A record \$862m delivery of new infrastructure and asset renewals
- 180 cost-saving initiatives leading to an operating surplus
- Favourable operational financial result despite Covid-19 disruptions



# 10 Years of Auckland Transport

2010

- **The Super City and AT are officially established, in November 2010.** AT begins with fewer than 1000 staff and is based at the former Waitakere City Council offices in Henderson.

2011

- **Auckland hosts the Rugby World Cup increasing public transport for major events is identified as a legacy outcome of the tournament.**

2012

- **AT HOP ticketing is rolled out** on the rail network, with 83,000 cards activated. Later in the year AT HOP ticketing is introduced on ferries.

2013

- **The first double decker bus is introduced** on express services from the North Shore to the city centre.

2014

- **Less than a year after its launch, AT HOP has 361,000 users and 3.6m trips are made on public transport**

2015

- **Te Ara I Whiti Lightpath opens to the public**

2016

- **A completely redesigned new bus network is rolled out in south Auckland**
- **By now, 82.9m trips are being taken on public transport**

2018

- **Waterview Shared Path opens** – a \$25m project
- **Regional Fuel Tax is introduced with a number of projects earmarked for delivery by AT**
- **New figures show that 38% of Aucklanders now ride bikes**
- **Te Reo on trains**
- **Manukau Bus Station opens**

2019

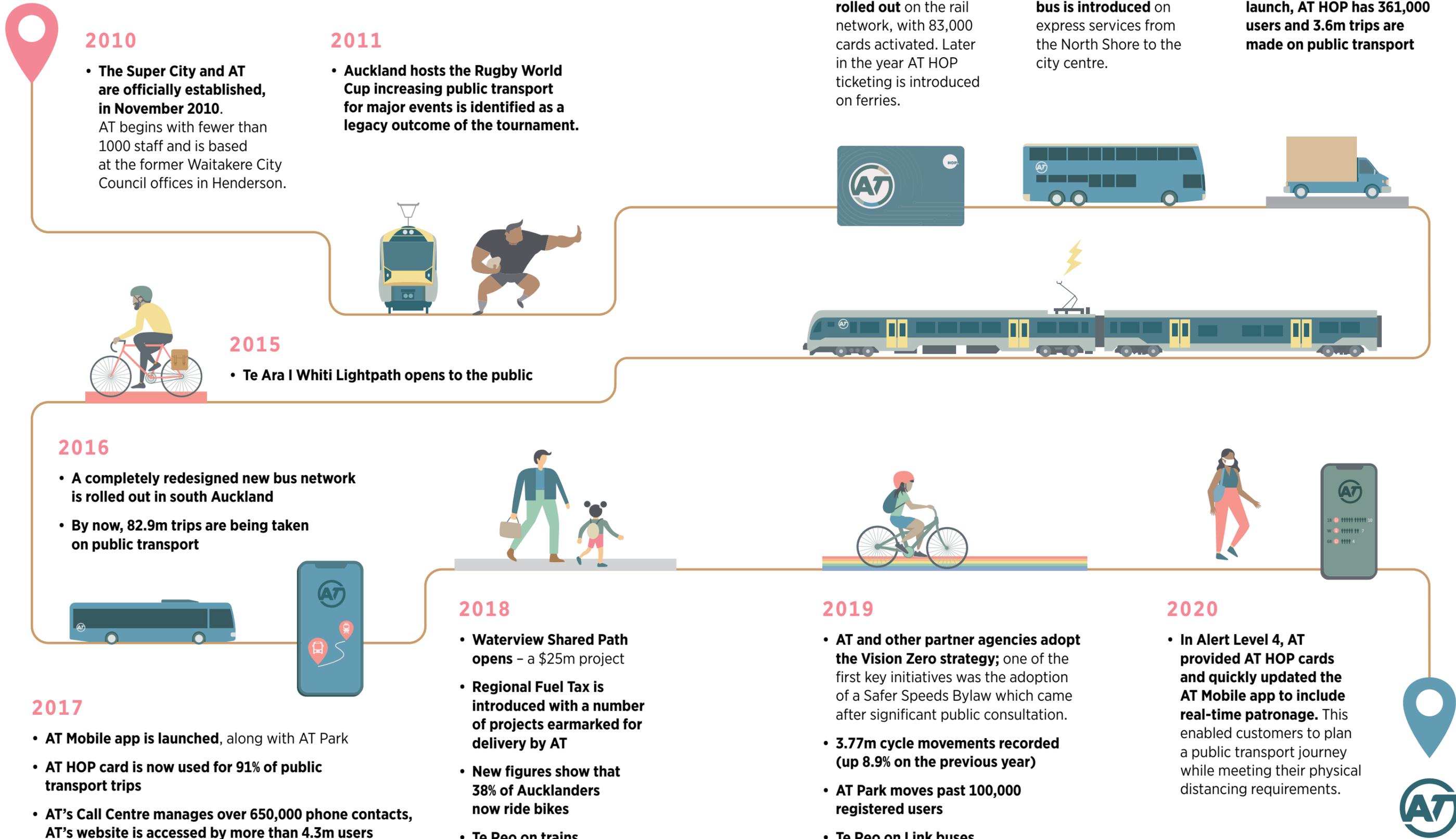
- **AT and other partner agencies adopt the Vision Zero strategy;** one of the first key initiatives was the adoption of a Safer Speeds Bylaw which came after significant public consultation.
- **3.77m cycle movements recorded (up 8.9% on the previous year)**
- **AT Park moves past 100,000 registered users**
- **Te Reo on Link buses**
- **100.8m bus, train and ferry passenger trips**

2020

- **In Alert Level 4, AT provided AT HOP cards and quickly updated the AT Mobile app to include real-time patronage.** This enabled customers to plan a public transport journey while meeting their physical distancing requirements.

2017

- **AT Mobile app is launched,** along with AT Park
- **AT HOP card is now used for 91% of public transport trips**
- **AT's Call Centre manages over 650,000 phone contacts, AT's website is accessed by more than 4.3m users**



# Who we are and what we do

AT is a Council Controlled Organisation (CCO) of Auckland Council. It was established in 2010 to contribute to an efficient, effective and safe Auckland land transport system.



Our call centres respond to more than 600,000 transport related phone calls and our on-site customer service centres provide face-to-face support to more than 1.5m customer interactions per year.

AT is the regional guardian of \$21.1b publicly-owned assets.

We provide walking and cycling infrastructure and travel demand activities to encourage more people to walk or ride bikes.



We lead the Auckland Forecasting Centre planning networks in greenfields areas with Waka Kotahi NZ Transport Agency, and brownfield areas with Kainga Ora, Panuku Development Auckland, and others.



We manage the transport-related impacts of hundreds of special events each year.



At the Auckland Transport Operations Centre (ATOC) we work with Waka Kotahi to manage both the local, as well as the State Highway and motorway network from Taupō to Cape Reinga – 15,000km of road network.

AT manages and runs the region's transport network (excluding state highways) on behalf of Auckland ratepayers and taxpayers for the benefit of 1.7m residents.

We deliver Auckland Council and local board capital projects and programmes.

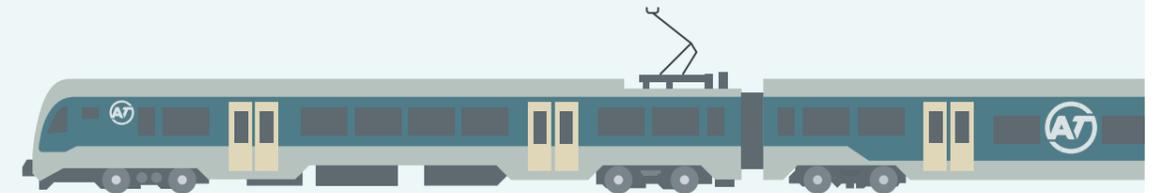


We design, build, manage and promote most of Auckland's public transport infrastructure. This includes services, systems, facilities, customer apps and the region's integrated passenger transport ticketing system, AT HOP.

AT maintains 7,580km of arterial and local roads, 334km of cycleways and 7,364km of footpaths, and numerous public transport and parking facilities, including two airfields in the Gulf Islands.

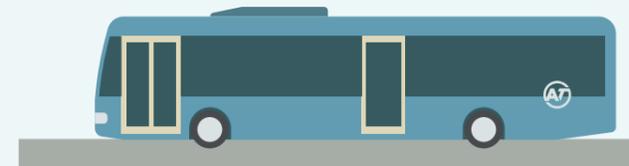


We enable utility companies, construction companies and others to safely access the road corridor to undertake construction, service assets and undertake work associated with their business needs.



Our day-to-day activities keep Auckland's transport systems moving. We plan and fund public transport, promote travel choices and operate the local roading network.

We partner with Kiwi Rail, Transdev and contracted bus and ferry companies to deliver rail, bus and ferry services.

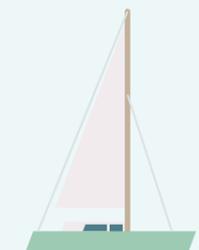


We operate compliance services on the roading network.

We deliver local board and Auckland Council projects and programmes, and work collaboratively with other CCOs as part of the Council group to deliver integrated solutions across Auckland.



We manage assets such as wharves, moorings and navigation aids to deliver a safe marine environment through our Harbourmaster function.



## Chair's report

I took on stewardship for Auckland Transport, in conjunction with my fellow board members, in early 2020 and felt proud and grateful for the opportunity to fulfil this role. The past few months have cemented that view, as the organisation has adapted quickly and effectively to a vastly different reality, while never losing sight of our purpose, Aucklanders and our people.



26 March 2020 marked New Zealand's entry into National Alert Level 4, following the pandemic caused by Covid-19. Overnight, AT shut down 160 construction sites, made public transport available free to support essential travel, and moved to remote delivery of customer services and internal operations. This impacted not only the people working for Auckland Transport but also operators, contractors, suppliers, and other ecosystem partners. Imperative to this new reality remained the focus on safety of Auckland's streets, roads, construction sites, and public transport, while continuing effective communication with other organisations and governing bodies and adapting services where needed.

In Alert Level 4, Auckland Transport provided 4,000 free AT HOP cards and quickly updated real-time insights in patronage under physical distancing limitations in the AT Mobile app, so Aucklanders could continue to make use of the public transport system and plan their journey. The organisation provided nearly 65,000 face masks and 1,400 litres of hand sanitiser to operators, increased cleaning regimes and worked with contractors and suppliers to support them through a period in which they could not perform their normal work. To maintain the safety of many Aucklanders who turned to walking and cycling, AT put in place temporary measures such as widened footpaths to enable physical distancing. Aucklanders responded positively to the transparency and clarity of communication sent out through all channels.

To support safe transport of many Aucklanders who went back to work in Alert Level 3, public transport patronage and road networks were monitored in real-time, and amendments made where needed. The board, executive leadership and the crisis management team, in collaboration with other agencies and governing bodies, continued to weigh the risks and benefits of temporary measures, monitor the safety of all 160 re-opened construction sites, and find transportation solutions to support Aucklanders.

Prior to Covid-19, 2021 was shaping up to be one of the busiest years in the city's history, when Auckland would host several global events, including the America's Cup. AT is still committed to fulfilling the Mayor's aspiration to seize the opportunity to increase the city's sustainability, lower emissions economy and deliver on kaitiakitanga through conservation and restoration initiatives. However, the circumstances in which we are doing this have changed, and we need to revise to our ongoing programme of work, our priorities, and our key themes.

Before we were faced with the impact of the pandemic, our focus was on improving road safety, accelerating mode shift, and decreasing our carbon emissions. While our commitment to these areas is unchanged, the current environment requires us to make challenging decisions on our priorities for the coming years. We recognise that our new ways of working and living will have a major impact on our transport demand and preferences. During lockdown we observed an uptake of active modes, and we would like to capitalise on this in the future by making it easier and safer to walk and cycle in and around the city centre.

AT's board, executive leadership team and the organisation as a whole are making a concerted effort, in collaboration with Auckland council whānau and other organisations, to continue to make a difference to Aucklanders.

▶ **Adrienne Young-Cooper**  
CHAIR

## Chief Executive's report

In many ways the year has been one of two halves: a world without Covid-19 and then a world with Covid-19. The latter half has been busy, intense and demanding, but thankfully Auckland Transport moved early setting up its crisis management team and was well prepared. Our teams had been working on a potential pandemic response since mid-January. Looking back, there is a real sense of achievement from the steps AT has taken to keep Aucklanders safe.



At the end of December AT was tracking well with a clear way forward in terms of the growing use of our services and with momentum building around our capital programme. We were either meeting or exceeding 100 per cent of our SOI targets. The second half is another story: Like almost everyone Covid-19 had a dramatic impact on what we do. Customer travel behaviour changed, public transport patronage dropped and we suffered dramatic revenue losses from sources such as public transport and parking, and increased costs.

When the New Zealand Government introduced the Covid-19 Alert level lockdown periods AT moved quickly in collaboration with other agencies. We re-mobilised to offer services from alternate work places and from our homes, closed and safely secured 160 construction sites, helped set up testing stations and altered and promoted revised public transport timetables to help essential workers get to where they needed to go.

We analysed our organisation and projects, paused recruitment, deferred some activities, reviewed our contractor workforce and the AT Board, senior executives and a large number of our people volunteered salary sacrifices. We also identified hundreds of cost-saving measures leading to greater efficiency and innovation. Our newly adopted AT Values were given a good work out – and we know they will serve us well into the future!

As an organisation AT has not been crippled or paralysed by Covid-19 but we cannot underestimate the challenges and uncertainties ahead. We have achieved some quite outstanding business results: an operating surplus and a record 95 per cent capital delivery. In spite of Covid-19 works are progressing well on the Downtown programme, Karangahape Road, Eastern Busway, Puhinui Station bus and train interchange, and many of our roading and cycling projects – \$862.1m of new infrastructure and asset renewals.

At the end of June, AT introduced speed limits on 600 Auckland local roads as part of our commitment to Vision Zero. There were 533 local road DSI in the 12 months to September 2019. While this is a big improvement on 2017 it is 51 per cent higher than in 2012 and 23 per cent above the 2010 result, which means that although we are very proud of our safety work to date, we cannot be complacent.

In the latter half of this financial year, AT was pleased to have the opportunity to engage with and respond to the review of CCOs being undertaken by an Independent Panel, and we look forward to Auckland Council's consideration of the final report and recommendations.

Auckland Council has had to make some hard emergency budget decisions due to a substantial decline in revenue following Covid-19. In contrast, AT has made some bold and difficult decisions to address its revenue gap which will have a considerable impact on activity funding for at least the next 12 months. Most critically, due to Auckland Council's revenue constraints, AT's capital programme has been reduced for the 2020/21 year. These decisions will have had a significant impact on the short-term future of transport services and the investment of new infrastructure. I am confident, however, that AT is in good shape to tackle what is coming.

AT people demonstrated agility, collaboration, leadership and resilience during the Covid-19 crisis and I'm incredibly grateful to everyone for bringing 'He waka eke noa' to life. As we move forward, we are all in this together.

▶ **Shane Ellison**  
CHIEF EXECUTIVE

## Financials at a glance

A summary of Auckland Transport's financial performance for the year ended 30 June 2020

Despite the unprecedented disruptions caused by Covid-19, AT's surplus before tax of \$760m was \$28m favourable to the \$733m budget. This was mainly due to higher than budgeted vested asset revenue of \$91m and higher than budgeted Waka Kotahi NZ Transport Agency operational funding of \$50m and was partially offset by lower than budgeted public transport and parking revenues (\$49m and \$14m respectively), a loss on disposal of assets (\$23m) and cost reduction initiatives.

Total revenue for the year was \$2,082m against a budget of \$2,034m. Auckland Council and Waka Kotahi are AT's primary sources of funding, however an additional 27 per cent of revenue was received from various other sources including public transport fares, user charges and fees, rental, other subsidies and vested assets.

Covid-19 significantly impacted customer travel behaviour during the second half of the financial year. Compared with the last financial year, public transport, parking and enforcement revenues

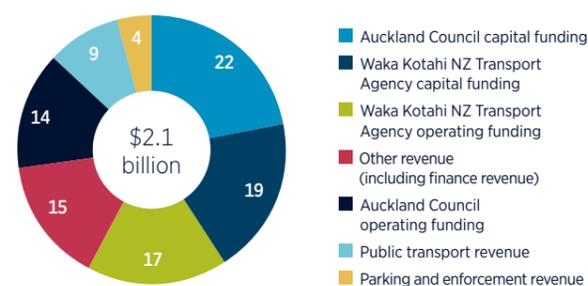
decreased by 12 per cent. The ongoing risk of further disruptions impacting travel behaviour means revenue trends going forward are uncertain.

Total expenditure was \$1,322m, against a budget of \$1,302. Early preparation ensured AT had the agility and resilience to face the challenges posed by Covid-19. The organisation implemented a number of cost reduction activities and the AT Board, senior executive and a number of AT people volunteered six-month remuneration reductions.

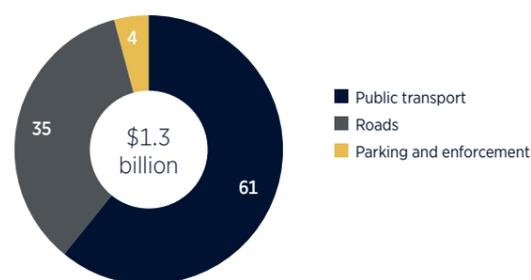
Approximately 160 construction sites were closed during Covid-19 Alert Level 4 and AT worked closely with infrastructure delivery partners to minimise delays and costs and re-mobilise quickly and safely once restrictions were lifted. This allowed AT to invest a record \$862m, 95 per cent of AT's \$903m budgeted capital programme.

AT's net asset position is \$21.1b, up \$1.4b from last year primarily due to the deliver new infrastructure and a \$656m valuation increase of property, plant and equipment.

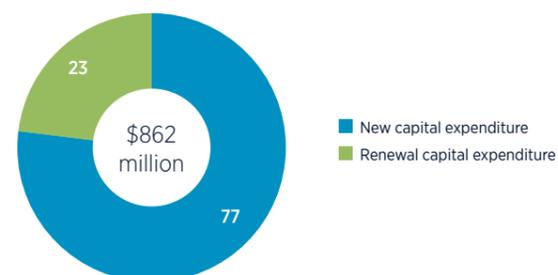
### REVENUE PERCENTAGES



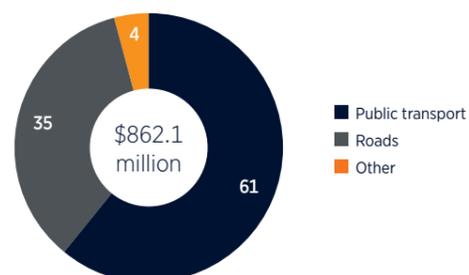
### EXPENSE PERCENTAGES



### CAPITAL EXPENDITURE PERCENTAGES



### CAPITAL EXPENDITURE PERCENTAGES



## Revenue and expenditure summary

ALL IN \$000'S	ACTUAL 2020	BUDGET 2020	ACTUAL 2019
<b>What was received? What was spent?</b>			
Capital funding	861,406	903,152	664,572
Operating funding	649,909	600,139	569,276
Other revenue (including finance revenue)	570,760	531,115	635,186
<b>Total revenue</b>	<b>2,082,075</b>	<b>2,034,406</b>	<b>1,869,034</b>
Expenditure on activities	1,322,024	1,301,906	1,231,554
<b>Surplus before tax</b>	<b>760,051</b>	<b>732,500</b>	<b>637,480</b>
Income tax benefit/(expense)	6,540	-	1,468
Other comprehensive revenue	657,865	-	-
<b>TOTAL COMPREHENSIVE REVENUE</b>	<b>1,424,456</b>	<b>732,500</b>	<b>638,948</b>

### New capital expenditure

Roads	342,263	340,744	290,045
Public transport	293,225	341,430	169,243
Other	32,216	15,314	20,883
<b>Total new capital expenditure</b>	<b>667,704</b>	<b>697,488</b>	<b>480,171</b>

### Renewal capital expenditure

Roads	184,308	190,982	176,012
Other	10,040	14,682	11,313
<b>Total renewal capital expenditure</b>	<b>194,348</b>	<b>205,664</b>	<b>187,325</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>862,052</b>	<b>903,152</b>	<b>667,496</b>

### Funding of capital expenditure

Waka Kotahi NZ Transport Agency capital funding - new	301,813	386,458	264,214
Waka Kotahi NZ Transport Agency capital funding - renewal	93,999	87,050	264,214
Auckland Council capital funding	465,594	429,644	400,358
Other capital grants	646	-	968
<b>TOTAL FUNDING OF CAPITAL EXPENDITURE</b>	<b>862,052</b>	<b>903,152</b>	<b>667,496</b>

## Performance against 2020 targets

### Non-financial performance summary for the year ended 30 June 2020

During the first half of this year AT was either meeting or exceeding all of our SOI targets. The Covid-19 pandemic has dramatically impacted Aucklanders' travel behaviour and was starting to have an impact on public transport patronage as early as January.

AT recorded 82.3m public transport boardings during the year, a level not seen since 2016 and down 18.3 per cent on the previous year. Boardings in April, during Alert Level 4, were 6.4 per cent of April 2019 numbers.

By June 2020, patronage had recovered to 64.9 per cent of the June 2019 level. Future patronage trends remain uncertain and AT is preparing to adapt to a range of possible future Covid-19 outcomes.

With 3,669,408 cycle movements registered across 26 count sites, cycling counts are down 2.7 per cent compared to the previous year. June 2020 cycling counts have recovered to just 4 per cent below June 2019, showing a quick recovery for cycling under loosened Covid-19 restrictions.

### SNAPSHOT: Key performance measures from AT's Statement of Intent 2019/20 – 2021/22

PERFORMANCE MEASURE	TARGET	ACTUAL	RESULT
<b>Total public transport boardings (millions)</b> LTP performance measure	103.6m	82.3m	Not met
<b>Number of cycle movements past selected count sites</b> LTP performance measure	3.826m	3.669m	Not met
<b>Average AM peak period lane productivity across 30 monitored arterial routes</b> LTP performance measure	27,500	<b>32,951</b>	<b>EXCEEDED</b>
<b>Proportion of the freight network operating at Level of Service C or better during the inter-peak</b> LTP performance measure	85%	<b>94%</b>	<b>EXCEEDED</b>
<b>Percentage of footpaths in acceptable condition</b> LTP performance measure	95%	<b>97.60%</b>	<b>EXCEEDED</b>
<b>Percentage of Auckland Transport streetlights that are energy efficient LED</b>	56%	<b>61.70%</b>	<b>EXCEEDED</b>
<b>Change from the previous financial year in the number of deaths and serious injuries on the local road network, expressed as a number</b> LTP performance measure	Reduce by at least 18 (663)	<b>533</b>	<b>EXCEEDED</b>

#### KEY TO TARGETS:

Result above target by more than 2.5% = **EXCEEDED** Result within +/- 2.5% of target = **MET** Result below target by more than 2.5% = Not met

## Strategic context

Transport in Auckland is primarily funded by both central government and Auckland Council. AT strategic priorities are largely defined by and aligned with priorities and expectations set out in the following suite of documents.

The **Land Transport Management Act 2003** sets out the planning and funding framework to channel annual central government funding into roading, public transport and traffic safety.

The **Government Policy Statement on Land Transport (GPS)** sets out the government's National Land Transport Fund expenditure priorities over the next 10 years.

The **National Land Transport Programme (NLTP)** is a three-year programme that sets out how Waka Kotahi NZ Transport Agency invests land transport funding on behalf of the Crown to create a safer, more accessible, better connected and more resilient transport system to keep New Zealand moving.

The **Auckland Plan 2050** sets the strategic direction and outcomes for Auckland and considers how to address the key challenges of high population growth, shared prosperity, and environmental degradation

The **Auckland Transport Alignment Project (ATAP)** is an aligned approach by Auckland Council and the Government to address Auckland's key transport challenges and recommend transport investment priorities. It sets a clear investment direction to accelerate the delivery of more transport choices for Aucklanders through public transport and encouraging walking and cycling, and puts an emphasis on safety, the environment and value for money.

The **Auckland Regional Land Transport Plan 2018-28 (RLTP)** sets out the region's land transport objectives, priorities and measures over the next 10 years, and how transport delivery agencies intend to respond to growth and other challenges. This \$28b 10-year programme is being delivered by Waka Kotahi, KiwiRail, City Rail Link Limited (CRL) and AT. This SOI covers the third, fourth and fifth years of the RLTP and a new RLTP will be released in 2021, covering the next 10-year period.

The **Regional Public Transport Plan 2018-28 (RPTP)** is a plan of AT's policies, guidelines and activities for the delivery of Auckland public transport focused over a three-year period with a ten-year horizon.

The **Auckland Long-Term Plan 2018-28 (LTP)** underpins AT's RLTP programme by providing committed funding and enabling AT to secure support from Waka Kotahi.

The **Auckland Climate Plan** sets a pathway to rapidly reduce greenhouse gas emissions and help prepare Auckland for the impacts of climate change. It will inform detailed actions for inclusion in the next RLTP to be finalised in 2021.

The **Auckland Transport Statement of Intent (SOI)** reflects Auckland Council's messages and priorities as expressed through the Mayor's Letter of Expectations, including the strategic priorities for AT for the next three years.

The **Vision Zero for Tāmaki Makaurau Transport Safety Strategy to 2030** outlines AT's vision for reducing road deaths and serious injuries (DSI) to no more than 250 by 2030, and the 2019/21 Action Plan for reducing DSI to no more than 575 by 2021. It is aligned to the Government Road to Zero Road Safety Strategy and supported by partners Auckland Council, NZ Police, Waka Kotahi, ACC, Auckland Regional Public Health Services, and the Ministry of Transport.



## AT Covid-19 Emergency Response

In the first quarter of 2020, Auckland, along with the rest of New Zealand, went into lockdown to prevent the spread of Covid-19.

AT was well prepared and responded rapidly by securing 160 construction sites, making vital changes to public transport services for essential services and rolling out temporary cycling and pedestrian facilities through key centres and arterial roads.

Photo courtesy of Nigel Horrocks

The worldwide Covid-19 pandemic has had a significant impact on all of AT's operations. On Monday 23 March 2020 when the Prime Minister announced that New Zealand had transitioned to Alert Level 3 and would move to Alert Level 4 at midnight on Wednesday 25 March, the integrity of Auckland's transport network, public transport system and AT's ability to respond to risks were put to the test.

To respond to the unprecedented lockdown period, AT needed to work outside standard systems and procedures to ensure and maintain the highest level of service and support to Aucklanders.

### Organisational agility

AT was well-equipped to provide a rapid and agile response to Covid-19. We created plans for each business function to ensure the continuation of vital services. These plans included recreating public transport timetables, with an emphasis on essential workers and re-establishing the customer contact centre.

Many of AT's people are used to flexible working situations, such as hot-desking and working from home, but some functions, such as those provided by the contact centre and design teams, required quick action to set up the necessary technology and support systems. Moving the Contact Centre from the centralised location at Viaduct Harbour to homes all around the Auckland region in the short period of time that we did, was an incredible accomplishment.

The Health and Safety team worked with CHASNZ (Construction Health and Safety New Zealand) to ensure there were sufficient protocols and guidance available to operate throughout the lockdown levels. AT worked at pace to vacate multiple worksites and establish the majority of our people remotely. As required under Covid-19 Alert Level 4 we safely secured, with the assistance of our contractors, approximately 160 construction sites.

Some of these sites were large scale projects, such as the City Rail Link and AMETI Eastern Busway, while other smaller projects were located on residential streets.

Cash fares on public transport services were discontinued to minimise contact between customers, AT people and bus drivers, and on March 24 passengers were required to use the rear door to get on and off the bus. New Zealand moved to Alert Level 4 at 11:59pm on 25 March and from 26 March public transport was free and only available for essential services and medical reasons. All AT-contracted buses, trains, and ferries were cleaned on a more frequent basis throughout the lockdown period.

Within two days of Alert Level 4 lockdown being activated, the AT website featured a Covid-19 response page to provide Aucklanders with direct access to the most used tools and tasks, and a Covid-19 specific page with updates about AT's response to the pandemic. On the same day the AT Mobile app added a new feature to show passengers real-time 'live occupancy' on-board buses, based on real-time AT HOP data. Train occupancy was added within the week.

App development that would usually take months was completed in a matter of days. It meant passengers could get advanced information on their ability to meet government physical distancing requirements. Blind and low-vision customer needs were prioritised by providing descriptions for screen reader users and reviewing designs for colour contrast. The live occupancy information was also made available on Public Information Displays (PIDs).

Our public transport team very quickly identified what essential travel needed to look like on the network and, by the end of the first week of lockdown, AT had transitioned to a weekend timetable across the whole week. Some additional morning services and routes were added to ensure essential workers could get where they needed to be.

Train and bus timetables were revamped to ensure reliability for essential service workers and all service information was updated in the Journey Planner, and on AT Mobile and PIDs. Such sweeping changes would normally take months of planning and preparation but was completed in days.

## AT Covid-19 Emergency Response continued

### AT moved quickly to adapt to the requirements of Alert Level 4 by:

- Reassuring public transport users by releasing a video on social media notifying passengers of the increased standard and frequency of cleaning on all buses, trains and ferries.
- Placing posters throughout AT's network to remind Aucklanders of their responsibilities during Alert Level 4 while using public transport.
- Emailing all AT HOP customers with safety information, reminders about buses being cash-free and encouraging auto-top ups.
- Placing key Covid-19 messages on electronic message boards across the city.
- Providing those customers buying a paper ticket for their journey at 13 of AT's customer service centres with a free AT HOP card.
- Reducing the requirement of pedestrians to push the call button on traffic signals to prompt the pedestrian phase. This initiative reduced the risk of surface contact and potential transmission. The automatic call phase implemented at 103 intersections in city centre.
- Providing hand sanitisers at key locations across our public transport network. All toilets across our transport network were fitted with hand sanitiser dispensers.
- Putting pop-up cycle lanes in strategic locations as across Auckland's urban environment.
- Reducing commercial rentals for AT retail tenants during Alert Level 4 lockdown.
- Turning around traffic management plans (TMPs) for Covid-19 Community Based Assessment Centres within hours, many at our own cost.

AT people pro-actively called AT HOP card monthly concession holders to offer refunds, as well as 4,000 new AT HOP Card holders to inform them of AT's self-service options. A new retail e-newsletter was sent

to all retailers to increase engagement, keep retailers more informed and provide refreshers on the AT HOP product. On average there are 209,000 active AT Mobile App users per month, during March 2020 this number peaked to 254,000.

When Alert Level 3 came back into force, AT was able to get contractors back on site and restart work quickly while upholding the necessary health and safety requirements. This played a significant part in restarting the economy. Prior to this happening, there first had to be guidelines and procedures developed which then became individual site specific plans.

Health and Safety worked closely with CHASNZ to help develop the guidelines and then with the Portfolio Delivery (Projects and Strategic Projects) teams to ensure that all plans were reviewed to allow an immediate restart. All of these activities were carried out within a very short timeframe. Almost 50 Return-To-Work Management Plans were reviewed for all sites to allow work to restart safely.

As Auckland moved out of lockdown, AT asked Auckland businesses to embrace flexible working practices to even out the demand for seats on buses, trains and ferries while physical distancing remained in place. Public transport fare discounts of 30 per cent were offered during non-peak times to spread the load and continue to attract returns to the network.

Over 84% of our customers believed AT effectively managed the risk of Covid-19.



## GOOD FOR YOU AUCKLAND. 30% OFF OFF-PEAK.

During June, tag on between 9am and 3pm, or after 6.30pm.

You'll get 30% off standard Adult AT HOP fares. Tertiary Student 20% discount increases to 30% off an Adult AT HOP fare.

Offer applies to trains and buses Monday to Friday, and is available until 30th June 2020. Plan your off-peak travel with the AT Mobile app.

[AT.govt.nz/junefares](https://at.govt.nz/junefares)

Excludes SkyBus. Terms of use for AT HOP cards available at AT.govt.nz/athopterms



# AT Covid-19 Emergency Response continued

## Supporting the community

During the Covid-19 lockdown AT displayed the manaakitanga (hospitality) and whanaungatanga (relationship) values that are upheld within the organisation.

AT people unable to work at home were redeployed to serve the community. At the start of the lockdown, some helped to establish a distribution centre at the Mount Albert War Memorial Hall. The centre helped make essential supplies, like baby formula, food, and nappies, laundry and sanitary items, and food accessible to vulnerable families. These supplies were also provided to people in isolation due to positive Covid-19 tests and those whose financial circumstances changed because of the lockdown.

The teams engaged with families, sourced goods, packed to people's individual needs, delivered supplies to homes, and provided a sense of calm to every family with which they engaged.

In subsequent weeks, Auckland Emergency Management (AEM) requested additional support and the team was expanded to include Operational team members from our Harbourmasters' Office and additional Operations Support and Community Transport employees. Alongside Aviation Security,

NZ Defence Force, NZ Police and AEM, this team supported the needs of over 2000 guests in isolation or quarantine in 13 Auckland hotels.

Team members helped source temporary fencing for the isolation hotels and delivered essential items to the Ministry of Health in these facilities. They supplied cones and safety equipment to marae and vaccination centre and engaged with agencies in South Auckland to deliver in excess of 4000 hygiene packs to residents in vulnerable communities.

In addition to working alongside the AEM, the team also supported the AT whānau and NZTA whānau, enabling them to remain as productive and comfortable as possible in their 'bubbles' while they worked from home. They delivered computer equipment, office furniture, vehicles, radios, supplies and PPE to homes, as well to essential workers at hub locations.

AT's vital contribution to Auckland communities during Covid-19 was made possible by the support of functions across our organisation. There were hundreds of people working to support our team members who were assisting those in the community who needed help as New Zealand went into Alert Level 4.



The Mt Albert distribution centre was made possible through the joint efforts of our Community Transport, Parking Compliance and Operations Support teams.



## Parking

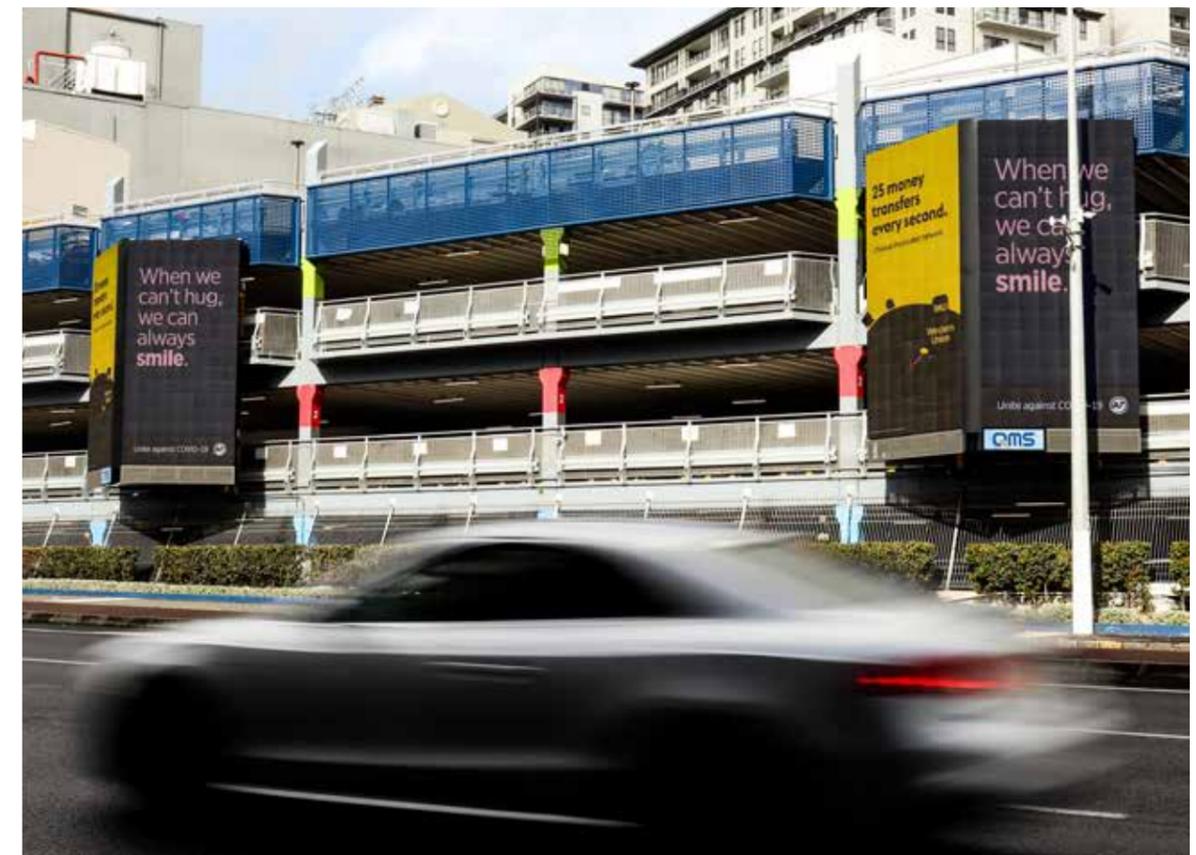
AT was aware of the impact of Covid-19 on all organisations, especially small business. In support, our people developed a parking strategy that would allow Aucklanders free on-street parking and remove time restrictions.

Parking buildings and Pay-and-Display car parks were made free for casual users and temporary parking spaces were introduced in key areas to facilitate the collection of goods during Alert Level 3. These parking spaces were shared by all businesses, and enabled people to easily stop and pick up their purchases.

AT's parking enforcement team also focused on parking around hospitals to make sure essential health workers had access to parking.



Physical distancing information worn on our Transport Officers during Alert Level 4 and 3



AT produced digital billboards thanking essential workers and promoting being kind during the Covid-19 Level 3 and 4 lockdown.

## AT Covid-19 Emergency Response continued

### Looking after our people

Covid-19 presented an unprecedented challenge for our organisation, our people, their wellbeing and ways of working, as the Government worked to limit the spread of the virus. During the various stages of lockdown the Culture and Transformation team, supported by Health and Safety, rolled out a range of initiatives to directly meet our people's needs.

Immediate support solutions included establishing an internal Covid-19 hotline, ensuring the safety of our critical services workers and front line staff and reorganising employee connection networks to provide first response support for our most vulnerable people. We also established a welfare fund to provide financial assistance for those most in need. Ongoing support included new communications channels, a regular check-in pulse survey, fortnightly CEO online Q&A sessions, and a dedicated wellbeing and new ways of working information hub. A number of e-learning modules focused on working from home, such as ergonomics, setting up remote workstations, virtual team dynamics and information helped our people transition back into sites at Alert Level 2. Flu vaccinations were also arranged with onsite options for frontline staff and vouchers for others giving more location flexibility.

Our key leadership development programmes were adapted to be delivered remotely, together with new virtual recruitment methods. To capture what worked and what didn't work for our people, Coffee Koreros were held with 50 people to get insights into how AT people experienced the different alert levels and what AT should adopt for the future. These insights have informed AT's future of work strategy, which is currently under development.

### Leading by example

AT's Travel Plan helps our people make good choices including ways to minimise or eliminate the need to travel. Every two years, AT runs an internal travel survey to understand travel behaviour, guide planning, and identify what travel-related initiatives and support might be needed. This year's Pulse AT Travel Survey attracted more than 600 responses and provided some great insights.

Covid-19 led to significant changes in the way AT people work and travel. During Alert Levels 3 and 4, 91 per cent worked from home and, post-lockdown, there was an overwhelming desire amongst survey respondents to work from home more often.

Prior to lockdown 60.2 per cent of AT people surveyed used public transport as their main mode of transport for their commute. Since lockdown 22 per cent of respondents said they would consider cycling more and 18 per cent would consider walking more to commute in the future.

Our people told us that flexible working is an important part of their work environment and that it needs to be more open, easy, and accessible.

Post-lockdown AT continues to support and promote flexible working arrangements across the organisation.

### Recovery and resilience

AT people worked hard leading up to and during the Covid-19 alert levels to deliver exemplary services and to keep Aucklanders, and each other, safe. We were well prepared, but our ability to remain agile throughout got us through.

A large number of AT people voluntarily agreed to reduce their salaries for six months. Collectively we identified hundreds of potential cost-saving initiatives, 180 of which have been implemented.

While the impact of Covid-19 has left some Aucklanders apprehensive about taking public transport, Auckland's population and demand for travel is expected to continue to grow, albeit more slowly, over the next few years. AT's response is now focused on how the network is performing operationally, planning for upcoming scenarios and identifying and mitigating risk.

AT's recovery focuses on understanding and responding to customer and community needs, placing the customer at the centre of the new and expanded network, ensuring and demonstrating that the public transport system is clean and safe, and using clear communications and innovative marketing tools to encourage a full return to public transport use.



## Help people to travel safely

Improving the safety of Auckland's transport system is a major priority for AT. In the 12 months to December 2019, the number of road deaths and serious injuries (DSI) on our local roads was reduced to 533. This is 3.6 per cent lower than the previous 2018 year, but the number of people and whanau affected, the amount of trauma and the socio-economic costs are still too high.

AT is committed to making our roads safe by delivering the Safe System/Vision Zero approach which targets all elements of road safety for all users. The Tāmaki Makaurau Transport Safety Governance Group guides this approach including partners NZ Police, Auckland Council, Waka Kotahi NZ Transport Agency, ACC, Auckland Regional Public Health Services and the Ministry of Transport.

In September 2019 AT led the Tāmaki Makaurau Transport Safety Governance Group in launching Vision Zero for Tāmaki-Makaurau Transport Safety Strategy to 2030 – a vision that states there will be no deaths or serious injuries on our transport system by 2050. The Strategy includes a 2019 – 2021 Vision Zero Action Plan which led to the adoption of the Speed Limits Bylaw 2019 on 22 October 2019.

On 30 June 2020 AT introduced new and safe speed limits on more than 600 roads across Auckland, 90 per cent of which were in rural areas. The City Centre is now a 30km/h speed environment with the exception of Nelson, Hobson, and Fanshawe Streets (that have a new speed limit of 40km/h). Shared streets like Federal and Fort Streets have a 10km/h speed limit.

Safety improvements have also been made to six high risk roads, six high risk intersections and 16 raised pedestrian crossing facilities. 500km of improved signage and tactile markings were also installed on rural roads. Vision Zero Design Guidance has been created and applied to numerous AT transport engineering projects and development plans.

Data collected from red-light running enforcement cameras and CCTV cameras used to improve network performance, safety and operations was given a boost with another six cameras operational this year, bringing the total number to 18.

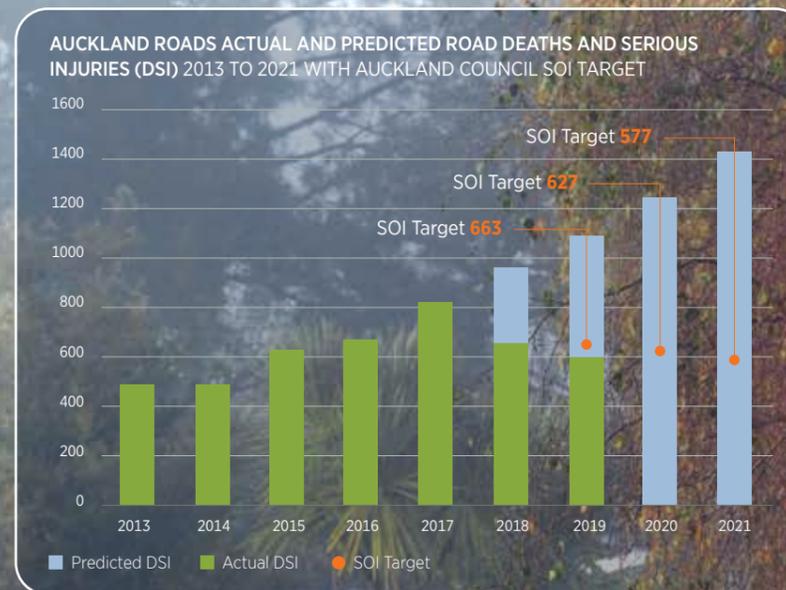
AT works with schools, mana whenua, Mataawaka and community groups to assist young drivers with the Graduated Licensing System, increase road safety

awareness and promote active travel and public transport use, the use of child restraints, safe driving and highlight the risks of driver distraction. To the end of March 2020, AT had delivered 12 campaigns, 343 events, 67 checkpoints with NZ Police, 673 community-based interventions and eight Te Reo Māori events.

The Travelwise Schools Programme is designed to increase road safety awareness, active travel and public transport use by school students, to lower speed around schools and to improve safety for walking and cycling to school. The programme delivered more than 1874 activities and events in partnership with schools, and during Alert Levels 3 and 4 AT supported teachers with learning materials around road safety and active transport for home learning programmes.

The Te Ara Haepapa Māori Road Safety Education Programme in Marae and Te Kura o te Kaupapa Māori communities has grown significantly and been well received, with increased engagement with mana whenua and Mataawaka Māori. AT has experienced great success with Kaihautu Raihana Akonga (Learner Licence) and Raihana Whītiki/Tuturu (Restricted and Full) when partnering with community providers, with participants achieving 100 per cent pass rates. Using bilingual messages in Te Reo Māori has attracted much higher positive interaction and engagement from Māori as well as other ethnicities. This has contributed to an 11 per cent decrease in Māori DSI in 2019.

A recent addition to a safe transport system has been the need to support physical-distancing measures for passengers. In response to the Covid-19 outbreak, AT quickly adapted public transport services and walking and cycling facilities to allow for better physical-distancing on public transport and in public spaces. This included temporary pop-up cycle-ways, footpath extensions and emergency speed limit reductions.



## Excellent customer experience

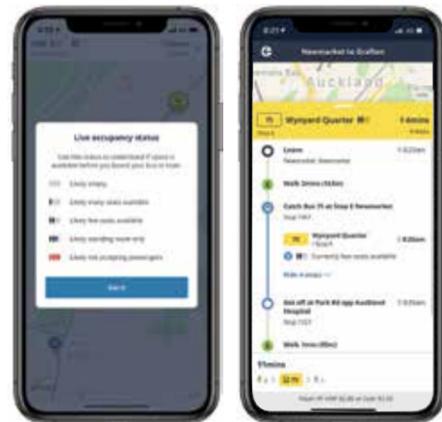
As Auckland experiences a period of growth, disruption and change, AT is focussed on becoming more aligned to customer needs, and more collaborative and agile when it comes to responding to and improving customers' experience on and around the transport network.

Consumer expectations have changed over time through the impact of digital technology, the sharing economy and climate change. Understanding and providing an excellent customer experience for all services and customers is essential to reduce barriers for customers and communities.

AT's Customer Experience Centre of Excellence brings different customer-centered capabilities from across the organisation to create new ways of working to better plan, design and deliver improved safety, access and customer experiences. A Customer Experience Blueprint stating AT's strategic direction identifies customer needs, difficulties and barriers to mode shift and the specific interventions required to address them. It identifies shifts in priority mobility experiences and find more ways to connect with our customers, solve problems and enable more self-delivered solutions.

AT has made frequent improvements to the AT Mobile app over the year including real-time updates when journey planning, better disruption information for train lines, the ability to locate nearby AT HOP top-up locations and manage cards for family members. 400 customers have joined the AT Mobile test programme, providing early feedback on app enhancements and helping identify the most important future features. The app is now more accessible, with every new feature supporting larger text and screen reader functionality.

Slightly more customers are using the website Journey Planner, but use on mobile devices has reduced as customers shift to using the AT Mobile app. AT Mobile app monthly users grew 43 per cent from the previous year to 205,000, peaking at 254,000 in March 2020.



AT's customer-centered excellence was recognised with an Australasian Excellence in Public Sector Citizen Experience Award for the development of an application removing the need for tertiary student concession holders to re-apply each year. The successful pilot between AT and the University of Auckland's 30,000 students was later rolled out to both Massey and AUT students.



AT live occupancy passenger occupancy information on Public Information Displays (PIDs) throughout Auckland

## Increasing digital engagement

Inclusive design principles has improved accessibility to the AT website for different user groups; the accessibility index score at 85/100 is 15 points above the industry benchmark of 67/100. The Total Mobility pages have been revised, including the digitisation of the lookup tool for taxi operators and fares which has improved self-service and compatibility with technology.

A new website homepage improved customer self-service by providing navigation to key customer tasks and information.

AT receives about 30,000 calls and 100,000 visits to its call centre per month. In October 2019 AT launched a new way of working to enhance customer interaction. Technology helps us to be more effective and efficient when working with customers and each other and we have made multiple improvements to our CRM system including MyAT accounts.

More customers around Auckland have benefitted from an improved GPS tracking of buses and trains. Information at electronic signs at stops, in the app and online have vastly improved, with vehicle locations updating twice as quickly. Customers are now receiving more accurate updates of delays and cancellations.

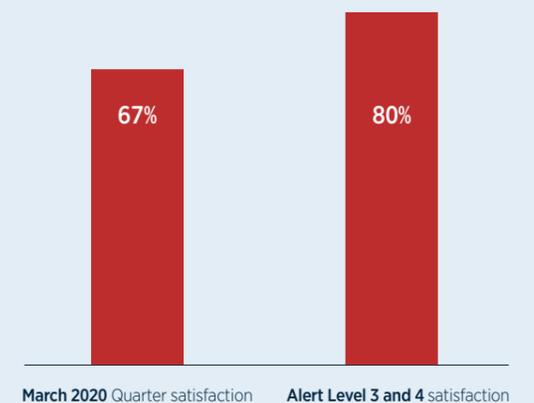
To reduce drive-alone trips for work and study, AT worked with 70 businesses through its Travelwise Choices programme to promote sustainable travel options to improve their workplace travel experiences. The achievements of these businesses were celebrated through AT's annual Travelwise Choices Awards, which celebrated those business taking an innovative approach to workplace travel.

AT's flagship Give-it-a-Go trial allowed 2,010 employees across Auckland to try commuting on the bus or train; 28 per cent of recipients continued to travel sustainably after the trial. We helped mitigate potential congestion issues at the new Westfield mall in Newmarket, by working with

Westfield management, mall tenants and surrounding businesses to provide public transport advice and incentives to their employees to reduce drive-alone trips to work.



## Public transport journey satisfaction 13% increase during Alert Levels 3 and 4



## Improve access to frequent and attractive public transport

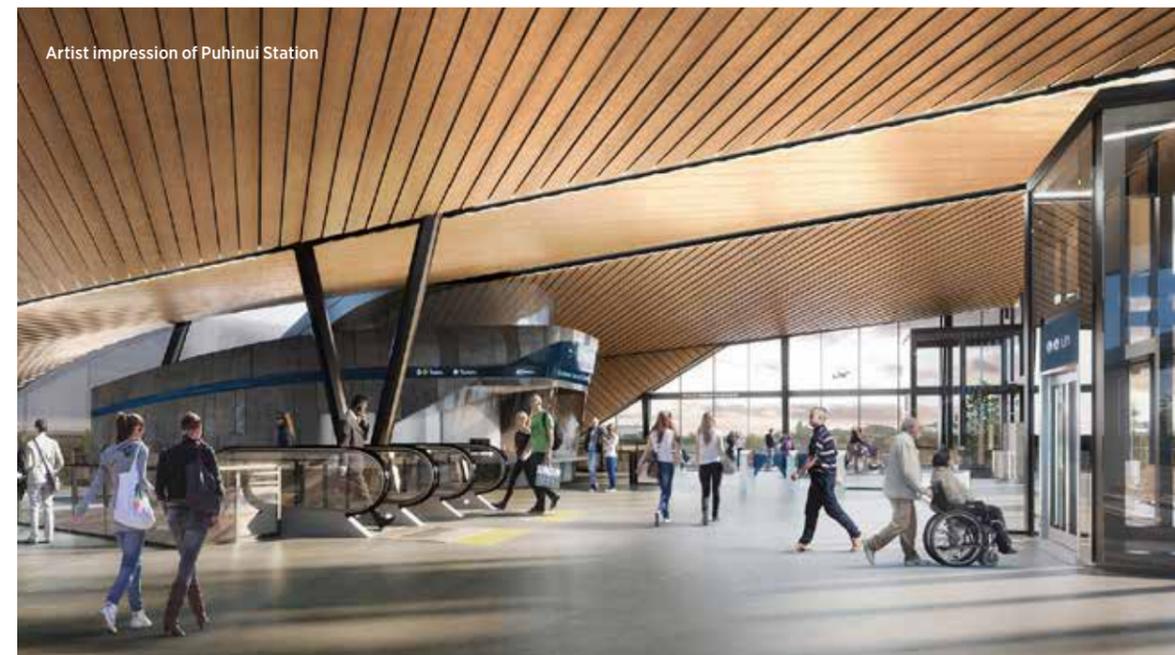
Easy access to employment, education, shopping, business, recreation and other activities is an essential part of ensuring that Auckland is a prosperous and attractive place to live and do business. Making sure Aucklanders can get where they want to go easily, safely and sustainably is AT's core role, and we are constantly improving customer experiences and introducing initiatives to boost access to an enhanced public transport system.

The last year has seen an unprecedented level of public transport infrastructure improvements to public transport services, improved access to Auckland Airport, the purchase of new trains and the roll-out of a comprehensive bus priority programme. Construction started on the Downtown development programme and upgrade of the Quay Street seawall, on the \$1.4b AMETI Eastern Busway, Airport to Botany rapid transit, Hurstmere Road streetscape upgrade, Karangahape Road enhancement and Matakana Link Road.

Improvements to Puhinui Station to create a major bus and train interchange which will offer a 10-minute bus service to the airport. We have continued to work closely with CRL to deliver the City Rail Link, and with KiwiRail and other agencies to progress the development of electrification between Papakura and Pukekohe and to support the implementation of Hamilton to Auckland rail services.

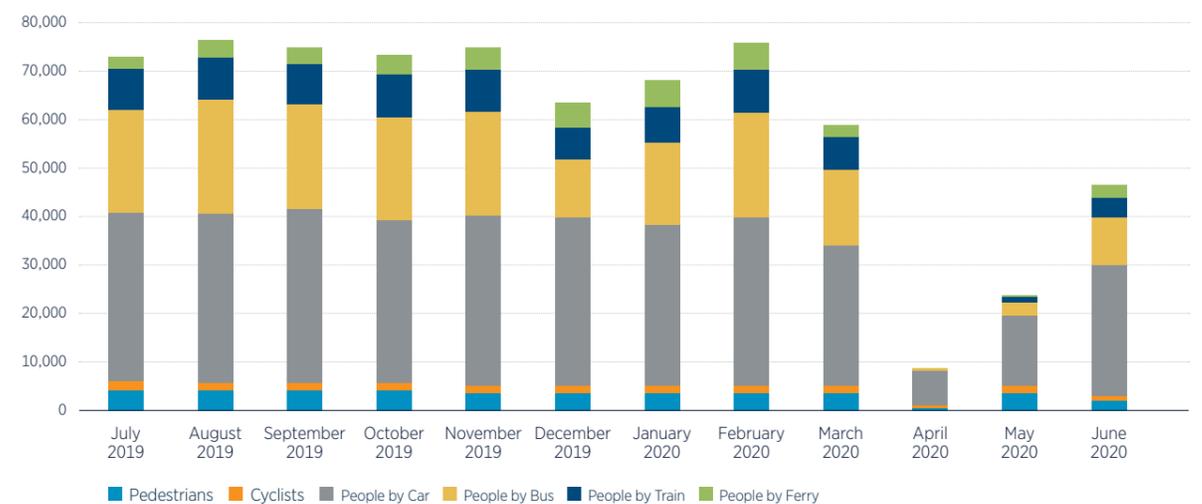
We increased train and ferry services, introduced new bus lanes and bus priority movements, and made multiple operational changes to improve capacity and capability on the roading network. A new Park and Ride opened at Takaanini and more spaces were added at Albany and Hibiscus Coast Stations. We also worked with the Rodney Local Board to investigate and design Park and Ride facilities at Warkworth and Kumeu.

AT's Travelwise programme encourages Aucklanders to shift out of single occupant cars and embrace alternative travel modes. Our successful AT Local ride sharing service in Devonport was extended and a road map was developed to roll out on-demand services to complement, support and, in some cases, replace traditional public transport in other areas.



Artist impression of Puhinui Station

PEOPLE MOVEMENT INTO CITY CENTRE DURING MORNING PEAK BY DIFFERENT MODES 7AM - 9AM



The impact of Covid-19 on Aucklanders' travel behaviour on public transport patronage was significant. The number of people entering the city centre was hugely impacted. Following the nationwide Alert Level 4 lockdown on 25 March 2020, the observed morning peak traffic volume across the Auckland transport network reduced by approximately 80 per cent relative to normal. The morning peak traffic volume increased to 50 per cent of its normal value after Alert Level 3 (28 April) then increased to approximately 85 percent from the onset of Alert Level 2 (14 May 2020). On average, an

estimated 24,053 people travelled into the city centre during the morning peak period (7-9am) during May 2020.

AT recorded 82.3m public transport boardings during the financial year, a 18.3 per cent decrease on last year's 100.8m. Boardings in April 2020, during Alert Level 4, were only 6.4 per cent of those recorded in April 2019, but by June 2020 increased to 64.9 per cent of that recorded the previous year. As patronage remains uncertain, AT is preparing to adapt to a range of possible future outcomes.



Artists impression of the AMETI Eastern Busway Panmure Bridge extension



**SNAPSHOT:** The Downtown project on the water's edge at the foot of Auckland's city centre is gathering momentum and expected to conclude in 2021. The project is a collaboration between AT and Auckland Council, and incorporates the seismic strengthening of the Quay Street seawall, redevelopment of the Ferry Basin and transformed public space.

Photo courtesy of Timescapes

## Manage the impacts of the transport system on the environment

Around 43 per cent of Auckland’s greenhouse gas emissions come from the transport sector – 90 per cent from road transport. Reducing transport emissions is a Te Tāruke-ā-Tāwhiri: Auckland’s Climate Plan’s priority, which AT has worked closely on with Auckland Council. Transport emissions can be reduced by changing what we travel in and reducing how far we travel (Vehicle Kilometres Travelled or VKT). VKT has typically grown by between 4 per cent and 6 per cent annually over the last seven years, while public transport patronage has grown nearly 60 per cent.

### Encouraging a shift to public and active transport

The recently declared climate emergency and focus on reducing emissions supports AT’s emphasis on encouraging modal shift by providing attractive alternatives to private vehicle travel. This means improving access to frequent and desirable public transport, extending walking and cycling networks, encouraging ridesharing, and installing high occupancy vehicle (HOV) lanes.

Two new Electric Multiple Units (EMUs) were added to the electric multiple unit fleet this year to increase capacity on the rail system and we are taking delivery of 13 more. This will enable electric trains to run

to Pukekohe when the final section of Auckland’s passenger rail system is electrified from Papakura as part of the New Zealand Upgrade Programme.

### Reducing public transport emissions and leading by example

AT is committed to leading by example by reducing the carbon footprint of its own operations and, to the extent feasible, the contracted public transport network. We regularly measure our carbon footprint to assess its performance against targets and in March 2020, we began our assessment until Covid-19 delayed measurement as key stakeholders and auditors were unavailable.

Measurements of 2018/19 and 2019/20 emissions will happen in September 2020. AT has engaged Toitū Envirocare for measurement and auditing services; AT will be seeking their Toitū carbon reduce accreditation.

The Low Emissions Bus Roadmap sets the vision for a zero tailpipe emission bus fleet by 2040. AT has trialled electric buses since 2018 and two more buses were added this year, bringing the total number of low emission buses in the Auckland bus fleet to five. Over the next 12 months, bus operators will add 29 electric buses: 9 for the new Airport Link route, 12 for the CityLink bus services, and 8 for Waiheke services. Additionally, AT is trialling a hydrogen fuel cell electric bus in late 2020.

AT works with Auckland Council and Watercare Services Limited to help improve water quality. Pollutant catchment traps are installed at priority locations. The AT Harbourmaster responds to Tier 2 marine oil spills in the region’s navigable waters.

There are approximately 840km of unsealed roads in the Auckland region and many of these have the potential to contribute large volumes of sediment to freshwater and coastal environments during heavy rainfall. Sediment impacts native fish and is implicated in the decline of giant kōkopu populations nationally and throughout mainland Auckland.

In May 2020 AT sealed a 1,491m section of Waiheke Island’s Awaawaroa Road, as part of an environmental improvement trial to reduce the sediment load being discharged to the local stream. The project was undertaken as a partnership between AT’s Environmental Specialist and AC’s Bio-design team.

ATs environment programme is trialling different seal treatments to reduce sediment run-off. This is a unique piece of work and AT will be monitoring the results.



## Encourage walking and cycling

AT continues to place high priority and emphasis on encouraging the use of active modes, including walking and cycling, and on significant investment in new and improved footpaths and cycleways.

The roll-out of the Urban Cycleways Programme initiated in 2015 has continued, with a record number of new cycleways under construction during the 2020 financial year. The Franklin Road cycleway was officially opened in July and work has continued to construct new, and link up existing cycleways across the region.

Cycleways have been added to Maketu Road, Drury South, Upper Queen Street, Hingaia Road and Station Road Otahuhu. Work has been underway to construct the Tāmaki Drive Cycleway and Herne Bay to Westhaven Cycleway, and shared paths are underway at Wynyard Quarter (Daldy Street) and between New Lynn and Avondale.

Late last year, work began to construct a safe, separated, single-directional cycleway linking the city centre with Victoria Park and connecting to existing cycleways on Nelson Street and Franklin Road. The Victoria Street project also includes safety improvements for people walking along Victoria Street West and the Halsey/Victoria Street West intersection.

Cycleways are being built in each direction along Karangahape Road and two new walking and cycling bridges are being built over the northern motorway at the Northcote Interchange to facilitate easier journeys on the Northcote Safe Cycle Route. During the financial year, 78 bike parking stands were installed at 40 locations, with another 57 designed for 28 locations.

The impact of Covid-19 means no new cycleway projects will be started during the coming year but AT will continue investigating projects included in the 10-year Cycling Programme Business Case.

Commuter cyclist movements, particularly around the city centre, decreased significantly during Covid-19 Alert Level 4. In the year to 30 June, 3.7m cycle movements were recorded at 26 cycle count sites around Auckland. This represents a 2.9 per

cent decrease on the previous 12 months, although recreational cyclist movements have increased in residential areas. Overall, 16 of the 42 counters had higher counts in March 2020 than 2019. The cycle counters only tell part of the story however, as they are set up on cycling routes which are predominantly commuter routes. During lockdown AT observed large numbers of people riding on quietened streets, which shows people want to walk and ride when streets are made safe for them to do so.

AT encourages people to choose cycling as a travel option by running cycle campaigns and bike training, providing cycling information and maps, promoting e-bikes and encouraging children to cycle to school. The Spring/Summer cycling campaign reached more than 840,000 people through social media and 426,000 through influencers. Cycle counts recorded two million cycle trips during the season, an increase of 46,000 trips on the previous year.

In February 2020 AT ran the Auckland Bike Challenge which attracted 618 organisations, 5,941 active participants and 1,203 new riders, and raised \$15,000 for Variety – The Children’s Charity, which provided more than 60 bikes to disadvantaged children in Auckland.

The fourth Auckland Walk Challenge was held in November 2019, attracting 8,404 registrations from people who collectively walked 1.14 billion steps. AT promoted the annual Walk 2 Work Day in March, held guided walks to activate safe walking routes in the city centre and produced a pedestrian safety video to promote safe walking practices to New Zealand migrants.

During the Covid-19 lockdown, we rolled out pop-up bike lanes and widened footpaths to enable physical distancing. This was supported by activating spaces, installing signage and running online promotions. Research undertaken during lockdown to gauge Aucklanders’ support for tactical urbanism showed

69 per cent support, rising to 71 per cent when the initiative is focused on creating safe spaces for walking and cycling.

Earlier this year, AT applied to Waka Kotahi NZ Transport Agency Innovating Streets for People pilot fund to deliver more spaces for Aucklanders to walk, cycle and enjoy their streets and neighbourhoods.

Four successful applications focus on providing safe street improvements outside schools, one supports an Access for Everyone initiative in Queen Street, and the sixth is a joint collaboration with Panuku Development Auckland in Henderson.

During the past year, AT held:

**93** community events reaching **14,248** people

**33** Adult Bike Skills sessions reaching **259** people and **15** Kids Learn-2-Ride sessions reaching **1,435** children

**6,728** school students trained in Grade 1 and 2 Cycle Skills through the school cycle training programme

**34** e-bike guided rides for city centre businesses

Distributed **37,025** regional cycle network maps and **14,745** feature ride maps



### SNAPSHOT: KARANGAHAPE ROAD

Auckland’s celebrated Karangahape Road hosts a flourishing residential and business community. It attracts thousands of visitors and more people are expected to flock to the area when the new Karangahape Station, connected to the City Rail Link, opens in 2024.

AT is working with Auckland Council to make pedestrian improvements and build a separated cycleway to connect to the northwest and inner-city cycle routes. The new road design includes peak hour bus lanes, rain gardens, more trees, mahi toi artwork, upgraded street lights, cycle parking and street furniture.

## Make the best use of existing transport networks

Auckland has an extensive transport network and, within the existing urban area, there are very limited opportunities to build new corridors or expand existing ones. As a result, it's essential we make the best use of existing networks by maintaining and renewing existing assets and building capacity and performance. Encouraging more people to take up public transport also requires delivering attractive frequent services and bus priority programmes, investing in transport technology to improve efficiency, and promoting more people to move away from single occupant vehicles in favour of alternative transport modes.

AT people are engaged year-round rehabilitating and resurfacing roads, renewing footpaths, upgrading bridge and wharf structures, undertaking seismic strengthening, and maintaining and renewing public transport facilities. This year we delivered 2.756km of seal extensions, 2.26km of new footpaths and 66.7km of footpath renewals. We also worked with industry pavement experts to develop a tool-set to determine the strain on the road pavement network emerging from growth and intensification (housing and industrial development).

This year AT upgraded Murphys Road in Flatbush to support the large housing and employment growth in the area. The project transformed Murphys Road from a rural road to one that can accommodate over 15,000 vehicles per day. Along with widening the road from one to two lanes in each direction, the project installed walking and cycling facilities and replaced a large culvert.

At the end of June work began on Matakana Link Road, a connection link between State Highway One (SH1) and Matakana Road north in the Rodney

area. The 1.35km route will provide an alternative journey around the frequently congested Hill Street intersection at Warkworth, for traffic heading to Leigh, Omaha, Sandspit and Snells Beach. It will also help cope with traffic resulting from growth; the population in the area is expected to increase by 20,000 over the next 30 years.

AT's Network Optimisation programme improves traffic flow and safety, makes physical improvements to enhance the movement and capacity of people and freight, and recommends smart traffic light management system upgrades (dynamic road lanes, double-decker buses, T2 and T3 lanes). These movements are monitored by the Auckland Transport Operations Centre (ATOC), a joint venture with Waka Kotahi NZ Transport Agency.

ATOC uses hundreds of CCTV cameras and other sources to monitor approximately 7,500km of public roads in Auckland, dozens of public transport facilities and over 3,000km of state highways in the Upper North Island. This year staff worked with emergency

services and others to co-ordinate the response to approximately 28,500 unplanned incidents, including 533 which involved death or serious injury. ATOC also helped manage the impact of thousands of events, roadworks and other activities affecting the transport network. Teams also continued to keep Aucklanders informed via multiple channels and ensured traffic signals were optimised to improve safety and/or efficiency.

As part of the Covid-19 response, ATOC led an incident management team established to plan for, monitor and manage the real-time transport network impacts during the various alert levels, with a focus on strategic locations such as hospitals, testing centres and public transport hubs.

The amalgamation of ATOC Smales and ATOC Central to create a single, integrated centre made considerable progress this year. By the end of August 2020 all staff and co-located partners will be together in ATOC's refurbished site at Smales Farm and a new organisation structure will be in place.



## Supporting growth, urban redevelopment and regeneration

AT has a key role to play in supporting Auckland Council, local boards and the wider council group to facilitate urban regeneration and placemaking, and development in both brownfield and greenfield areas. AT recognises that this is a key outcome for the Auckland Plan 2050.

AT works closely with Auckland Council and Panuku Development Auckland (Panuku) to progress planning for initiatives designed to transform the city centre into a more family, pedestrian and environmentally friendly place, and minimise disruption. Shared initiatives undertaken this year include improvements to Downtown public space projects, the replacement of the Quay Street seawall, new roads within the Wynyard Quarter and improvements to Karangahape Road. AT and Panuku have also worked on transport-led urban regeneration projects in Takapuna,

Panmure, Northcote, Manukau, Henderson, Onehunga and Avondale.

AT engages closely with Auckland Council on developing strategies, actions and measures to support the City Centre Masterplan refresh and the Access for Everyone initiative and is moving to ensure that good urban design outcomes are an integral part of its own capital project planning and design process.

We work with Waka Kotahi NZ Transport Agency under the Supporting Growth Alliance to investigate,

prepare businesses cases and undertake route protection for important future transport corridors, along with networks required for greenfield locations, development and new housing construction in the north, north-western and southern growth areas.

AT supports events held within the region by offering sustainable travel options and targeted solutions. This year our people provided support to facilitate the safe opening of the new Westfield Newmarket Shopping Centre.

We also worked with Auckland Tourism, Events and Economic Development (ATEED) to deliver transport plans to support the 36th America's Cup, APEC 2021 (now-online) and multiple World Cup sporting events scheduled in Auckland during 2021.



### SNAPSHOT: Wynyard Quarter

The redevelopment of Wynyard Quarter has required close collaboration between AT, Panuku and Watercare for the last five years. One of the largest urban regenerations in New Zealand, Wynyard Quarter is evolving from a publicly restricted industrial port to a space where people can live, visit, be entertained and do business.

The establishment of new connections between Wynyard Quarter, Victoria Park, and the city centre involves the transformation of Westhaven Drive, Beaumont Street, Daldy Street, Gaunt Street, Halsey Street, and Pakenham Street into pedestrian and cyclist friendly environments with high-quality street furniture, paving, and landscaping. The three CCOs are working hard to minimise disruption during street and bus stop upgrades, the construction of new parks, and the installation of new wastewater and stormwater infrastructure.

## Ensure value for money

AT is acutely aware of its responsibility as a public body to deliver maximum value for ratepayers and taxpayers and is committed to delivering a programme and activities that clearly demonstrate value for money across all expenditure.

We are very aware of the expectations of ward councillors, local boards and the wider community to deliver on the Regional Land Transport Plan (RLTP) programme, and to ensure the delivery of projects and programmes funded through the Auckland Regional Fuel Tax (RFT) scheme.

The AT board of directors is committed to continuous review and improvement of its operations and AT closely monitors expenditure on and delivery of its RLTP capital programme, including RFT funded projects and programmes. AT Metro has investigated a number of service frequency changes, a process stipulated by the RLTP, but further initiatives were put on hold as the on-going impact of Covid-19 and network changes required to be sustainable are assessed.

AT works closely with local and central government agencies to achieve integrated project planning and delivery, improve safety outcomes and enhance alignment of priorities and funding. We work with Auckland Council to implement recommendations from value for money reviews and participate in an ongoing programme of reviews to optimise efficiency and value for money, through removal of duplication and different approaches to core systems, shared back-office delivery, improved business case processes and, where appropriate, investment in information and communications technology.

We participate in joint Auckland Council Group procurements to generate economies of scale and savings across the group and work with Waka Kotahi NZ Transport Agency to optimise programme funding.

A project team was also established to drive the implementation of a new Enterprise Asset Management (EAM) system to manage business processes, data and information. This technology will enable the consolidation and improved management of all AT assets during their lifecycle.



From top:

- Lite Civil directors Joseph (Jay) Rawiri, AT Board Chair Adrienne Young-Cooper and Komene Admore at the opening of the Makaurau Marae access project in Manukau
- The Lite Civil Ltd. team
- Makaurau Marae's new carpark.



### SNAPSHOT: SOCIAL PROCUREMENT

#### AT drives supplier diversity practice

In May 2020 AT worked with an intermediary facilitator, He Waka Eke Noa, to drive best practice when procuring suppliers to deliver a carpark and safe access way at Makaurau Marae in Mangere. As a result a contract was awarded to Lite Civil Limited, a 100 per cent Māori-owned business. AT also collaborated with Auckland Council and CCOs to invest in positive environmental outcomes at the marae.

## Better outcomes for and with Māori

Mana whenua represent the traditional tribal region of Tāmaki Makaurau. They are a key partner and their involvement and input into the many strands of work carried out by AT is of immense value. Projects where mana whenua may have an interest are presented at monthly forums and AT’s specific legal obligations and responsiveness to Māori are set out in a Māori Responsiveness Plan (MRP), which outlines and establishes key principles such as partnership and relationship building.

The MRP includes initiatives to empower the organisation by lifting the capability of our people through education, strategy, practices and processes. Activities within the plan contribute to Māori well-being, organisational effectiveness, post-Treaty settlement opportunities and the Māori outcome strategic priority areas agreed to by the Auckland Council family Māori Outcomes Executive Lead Group. Many AT projects, although not specifically tailored to Māori, can directly benefit Māori by their nature and location; for example, capital development projects in areas of high Māori population have the potential to improve Māori access to social and economic opportunities.

### Mana whenua engagement

A dedicated Māori Policy and Engagement team regularly engages with 19 mana whenua tribes who have whakapapa or genealogy connections to Tāmaki Makaurau to inform strategic plans and strategies. The Māori Engagement Framework is applied across major transport infrastructure, walking and cycling projects and AT contributes to the Māori outcomes portfolio and the Auckland Council group Tiriti o Waitangi Audit response.

### Road safety programmes

AT seeks to reduce Māori road injuries and fatalities via multiple Te Ara Haepapa programmes designed for mana whenua and Māori communities: driver licensing, child restraint training, speed management and driver distraction education. Māori wardens also provide safety for public transport users on trains. This year, a te reo Māori special edition registered AT HOP card offering free weekend travel for 5-15 year olds was distributed to kura kaupapa whanau and

promoted across Te Ara Haepapa programmes to create greater awareness and access to AT HOP Card travel opportunities to Māori communities. These activities have contributed to a 11 per cent reduction in Māori DSI in 2019.



Special edition Te Reo Māori AT HOP card

The Te Ara Haepapa Māori Road Safety programme has been included in the Tāmaki Makaurau Transport Safety Governance Group’s Vision Zero Strategy.

### Marae and Papakainga development and road safety

AT engages with marae on the funding, design and construction of transport infrastructure to support the safe entry and exit of Marae and other forms of Māori freehold or Māori designated land (urupa, reserves, and Māori use designations) and creates economic opportunities for Māori through procurement practices. The following work has been carried out this year: designs completed and bus shelters installed at Makaurau (Ihumatao) Marae; a seawall was built to protect Motairehe (Aotea/Great Barrier) Marae and urupa from erosion; and a boundary survey and transport design was completed for Te Aroha (Araparera) Marae.



AT is rolling out Te Reo signage across the transport network



### Te Aranga Māori Design

AT is guided by Te Aranga Māori Design Principles, a set of outcome-based principles founded on core Māori cultural values. These principles are applied in collaboration with Mana whenua across a range of infrastructure projects, and all projects within the RLTP programme are asked to consider the Te Aranga principles of Mauri tu and Taiao. Te Aranga Māori Urban design principles can be articulated, for example, in the application of Te Taiao (Environment) through planting choices while Whakapapa (Genealogy) tribal cultural narratives are celebrated in infrastructure design.

### Māori values and stormwater

AT engages with iwi to incorporate Māori values such as mauri in AT stormwater management transport projects.

### Te reo Māori framework

AT is committed to meeting its responsibilities under Te Tiriti o Waitangi and is rolling out te reo Māori signage across road, walking and cycleway projects, and pioneered new internal learning modules such as the Ngā Kete Kiwai Māori education programme. All

inner CityLink buses have had te reo te Māori installed and a progressive roll out of stop announcements has been initiated. Several hundred AT staff have completed formal te reo and other cultural awareness training.

### Organisational Effectiveness – Māori Identity

AT strives to deliver positive social and economic outcomes in infrastructure projects. Our one-stop geo spatial application, the Te Waharoa Māori portal, records, stores and monitors engagement outcomes across all AT infrastructure projects. We participated in He Waka Eke Noa, a partnership formed with The Southern Initiative (TSI) to create employment and social enterprise opportunities.



AT Matariki celebration

## Key performance measures and results

AT has a total of 25 SOI key performance measures for 2020 of which 15 are also LTP measures. In the 2019/20 financial year 10 target measures have been exceeded, 4 were met, 9 were not met and 2 not surveyed this financial year. During the first half of this year AT was either meeting or exceeding all of our SOI targets that were measured. The Covid-19 pandemic has dramatically impacted a number of AT's performance measures. A description of the Covid-19 impact is provided for each performance measure where relevant.

**KEY TO TARGETS:**  
 Result above target by more than 2.5% = **EXCEEDED**  
 Result within +/- 2.5% of target = **MET**  
 Result below target by more than 2.5% = Not met

### Help people to travel safely

MEASURE	SOI TARGET	2019/20 ACTUAL	2018/19 RESULT	RESULT
<b>Number of high risk intersections and sections of road addressed by Auckland Transport's safety programme</b> LTP performance measure	10	<b>16</b>	11	<b>EXCEEDED</b>

7 high risk intersection improvements were completed, on top of 9 high risk corridors addressed by the programme.

<b>Change from the previous financial year in the number of deaths and serious injuries on the local road network, expressed as a number<sup>1</sup></b> LTP performance measure	Reduce by at least 18 (663)	<b>533</b>	Reduced by 137 (553)	<b>EXCEEDED</b>
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The 2019 calendar year final result was 533, exceeding the target by 19.6%. Local Road deaths have decreased by 21% (from 43 to 34) and local road serious injuries decreased by 2% (from 510 to 499) compared to the 2018 calendar year.

### Encourage walking and cycling

MEASURE	SOI TARGET	2019/20 ACTUAL	2018/19 RESULT	RESULT
<b>Kilometres of new cycleway added to the regional cycle network</b>	10km	6.09km	9.65km	Not met

Significant delivery of cycling facilities was programmed for March to June. These were the months most affected by Covid-19, with both consultation and construction being delayed by the various Covid Alert Levels. Works were put on hold for 4 weeks during Level 4, and then continued with reduced productivity rates throughout Alert Level 3 and 2.

<b>Number of cycle movements past selected count sites<sup>2</sup></b> LTP performance measure	3.826m	3.669m	3.771m	Not met
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Annual cycle movements past selected sites were 4.1% below target. Until March 2020, the rolling annual count was within range of meeting the target, but during the lockdown cycle movement decreased to almost 50% of 2019 values. Although recreational cycle usage rose, especially during the Anzac Day and Queen's Birthday weekends, weekday cycle movement was much lower than in 2019.

During Alert Level 1, in June, the cycle count recovered to just 4% below the 2019 level, indicating cycling has recovered at a faster rate than the other modes.

See page 47 for Notes 1 to 7 to the performance measure targets

### Improve access to frequent and attractive public transport

MEASURE	SOI TARGET	2019/20 ACTUAL	2018/19 RESULT	RESULT
<b>Total public transport boardings (millions)</b> LTP performance measure	103.6m	82.3m	100.8m	Not met

Before Covid-19, in February 2020, the cumulative 12 month rolling patronage was at 103.58m, which was on track to meet the target. In April, during Covid Alert Level 4, patronage was at 6.4% of April 2019 numbers, but by June patronage had recovered to 64.9% of the June 2019 level. Covid-19 has impacted Aucklanders travel behaviour. Future patronage trends are uncertain with the risk of another outbreak and changing travel behaviours (e.g. more people choosing to work from home). AT is ensuring that we are prepared to adapt to a range of possible future Covid-19 outcomes.

<b>Total rail boardings (millions)</b>	22.3m	17.4m	21.39m	Not met
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Before Covid-19, in February 2020, the cumulative 12 month rolling boardings were 22.0m, which was on track to meet the target. In April, during Covid Alert Level 4, patronage was 4.2% of April 2019 numbers, but by June, rail boardings had recovered to 65% of the June 2019 level.

<b>Total annual boardings on rapid or frequent public transport networks</b>	Increase at faster rate than total boardings	Decreased at a faster rate than total boardings	21.5% growth compared with 4.4% total boardings	Not met
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Before Covid-19, in February 2020, Rapid and Frequent Network Boardings (RFN) were exceeding the total patronage growth. However, RFN Boardings for the 12 months to June 2020 decreased at a faster rate (19.3%) than overall patronage (18.3%). During the Covid-19 lockdown, many rapid and frequent services were reclassified to normal services. Post-lockdown, recovery of growth on the RFN has been slower than total recovery.

<b>Percentage of passengers satisfied with public transport services</b> LTP performance measure	87%	<b>JULY-MARCH: 90.50%</b> <b>APRIL - JUNE: 86%*</b>	91%	<b>MET</b>
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Passenger satisfaction is measured through quarterly face-to-face interviews that could not be conducted in the last quarter due to the Covid-19 lockdown. The July - March result of 90.5% is the average of the first three quarters of the 2019/20 Financial Year.

\*Online surveys undertaken during the fourth quarter, and the various Covid Alert Levels, indicate high satisfaction (92%) during Level 4 and 3, as essential workers were appreciative of free PT service and adequate risk management during lockdown. During Alert Level 2, satisfaction dropped to 82% as customers grew concerned over the ability to maintain social distancing. This trend has remained during Alert Level 1. The average satisfaction score for their last quarter is 86%. AT administered the online surveys internally using Qualtrics software. 35,500 surveys were sent to registered HOP card customers who travelled on the network during the period. Survey response rate was 15%.

<b>Percentage of public transport trips that are punctual</b> LTP performance measure	95%	<b>97.8%</b>	96.5%	<b>EXCEEDED</b>
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Punctuality exceeded the target due to improved contract mechanisms, and the implementation of the New Network and PTOM contracts in prior years. Further contributors to this outcome are the improved management of contractual performance indicators, and changes to timetables to better reflect traffic.

## Key performance measures and results continued

**KEY TO TARGETS:**  
 Result above target by more than 2.5% = **EXCEEDED**  
 Result within +/- 2.5% of target = **MET**  
 Result below target by more than 2.5% = Not met

### Make the best use of existing transport networks

MEASURE	SOI TARGET	2019/20 ACTUAL	2018/19 RESULT	RESULT
<b>Average AM peak period lane productivity across 30 monitored arterial routes<sup>3</sup></b> LTP performance measure	27,500	<b>32,951</b>	32,863	<b>EXCEEDED</b>

The average arterial road productivity was 20% higher than the set target in 2019/20 year. During Lockdown (April 2020), productivity exceeded the target value by 27% (the highest level in the year). The average productivity both before and after the lockdown exceeded the target value by 20%. The average productivity measure for 2019/20 was 3% higher than last year.

<b>Proportion of the freight network operating at Level of Service C or better during the inter-peak<sup>4</sup></b> LTP performance measure	85%	<b>94%</b>	93%	<b>EXCEEDED</b>
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In 2019/20, 94% of the freight network operated at Level of Service C or better, which exceeded the target value of 85%. During Alert Levels 4 and 3 (April and May) the average was 95% and 93% respectively.

<b>Active and sustainable mode share at schools where Travelwise programme is implemented</b> LTP performance measure	40%	<b>49%</b>	48%	<b>EXCEEDED</b>
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Active and sustainable transport mode share is measured through surveys, conducted between March and July 2020, of the schools where the TravelWise programme is implemented. This year's survey has been heavily impacted by Covid-19 with just 16% of survey responses received before the lockdown. The remainder of the surveys were received when schools reopened, and parents may have implemented different travel plans to their usual in order to minimise perceived risks to their children.

<b>Active and sustainable mode share for morning peak commuters where a Travelwise Choices programme is implemented</b> LTP performance measure	40%	<b>69%</b>	72%	<b>EXCEEDED</b>
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This year's result is consistent with previous years (ranging from 69% to 72% sustainable). However, the Covid-19 pandemic and lockdown reduced the number of transport surveys undertaken for the 2019/20 year, impacting the robustness of the result. In particular, we were unable to undertake the two-yearly tertiary student survey. As student travel has a major impact on Auckland's transport network, we have substituted data from the 2017/18 tertiary student survey to provide a more complete result.

### Manage the impacts of the transport system on the environment

MEASURE	SOI TARGET	2019/20 ACTUAL	2018/19 RESULT	RESULT
<b>Number of buses in the Auckland bus fleet classified as low emission</b>	5	3	New measure	Not met

Two buses expected in April and June will arrive late, in August and October 2020, as a result of Covid-19 related production delays.

<b>Reduction in CO<sub>2</sub>e (emissions) generated annually by Auckland Transport corporate operations (from 2017/18 baseline)</b>	7%	2%	New measure	Not met
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Based on data available now, corporate emissions were reduced by 2% in the 2019/20 year. However, AT is unable to assess full performance against the SOI target at this time, as the verification of our corporate fleet emissions was rescheduled from May to September due to Covid-19. A final result will be published once this process finishes.

<b>Percentage of Auckland Transport streetlights that are energy efficient LED</b>	56%	<b>61.70%</b>	New measure	<b>EXCEEDED</b>
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At the end of June 2020, 74,000 streetlights were LED, 61.7% of all streetlights.

### Local Board Engagement

MEASURE	SOI TARGET	2019/20 ACTUAL	2018/19 RESULT	RESULT
<b>Percentage of local board members satisfied with Auckland Transport engagement</b>				
<b>REPORTING TO LOCAL BOARD</b>	70%	Not surveyed this financial year*	41%	Not surveyed this financial year
<b>CONSULTING WITH LOCAL BOARD</b>	70%	Not surveyed this financial year*	35%	Not surveyed this financial year

\* Local Board satisfaction results are sourced from Auckland Council Elected Members' Survey. Results are not available every year as the survey is only undertaken every 18 months.

## Key performance measures and results continued

**KEY TO TARGETS:**  
 Result above target by more than 2.5% = **EXCEEDED**  
 Result within +/- 2.5% of target = **MET**  
 Result below target by more than 2.5% = Not met

### Value for Money

MEASURE	SOI TARGET	2019/20 ACTUAL	2018/19 RESULT	RESULT
<b>Percentage of the total public transport cost recovered through fares<sup>5</sup></b> LTP performance measure	43% to 46%	33.71%	43.4%	Not met

This measure was tracking marginally lower than target prior to Covid-19, which AT was seeking to address through the fares review implemented in February 2020. However, no fares were collected during the Covid-19 lockdown. Post lockdown, patronage numbers have not recovered to pre-Covid levels.

<b>Proportion of road assets in acceptable condition<sup>6</sup></b> LTP performance measure	95%	<b>94.20%</b>	94%	<b>MET</b>
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Target Met and consistent with the 2018/19 result.

<b>Percentage of footpaths in acceptable condition<sup>6</sup></b> LTP performance measure	95%	<b>97.60%</b>	96%	<b>EXCEEDED</b>
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Target Exceeded and consistent with the 2018/19 result.

### Value for Money continued

MEASURE	SOI TARGET	2019/20 ACTUAL	2018/19 RESULT	RESULT
<b>Percentage of the sealed local road network that is resurfaced</b> LTP performance measure	5.80%	5.60%	5.5%	Not met

In the 2019/20 year we completed 374.1km of resurfacing and pavement rehabilitation. Just before Alert Level 4 started we were behind on our forecast, but still programmed to meet the target. Despite works being paused for five weeks, we resurfaced 91% of the initial programme of 410km. Favourable weather conditions in May helped us to further extend our sealing season and make up for some of the lost weeks.

<b>Percentage of customer service requests relating to roads and footpaths which receive a response within specified time frames<sup>7</sup></b> LTP performance measure	85%	<b>86.4%</b>	82.3%	<b>MET</b>
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The performance of our road maintenance contractors in respect to their responsiveness to customer service requests has met the target this year with a monthly average of 86.4%. Response time is the incident investigation time frame which commences when the contractor is notified of the request and includes any initial inspection.

Customer service requests significantly decreased due to Covid-19, there were only 751 dispatches in April, compared to 1,940 in March and 2,375 in February. Requests subsequently increased to 1,667 in May.

<b>Road maintenance standards (ride quality) as measured by smooth travel exposure (STE) for all urban and rural roads</b> LTP performance measure				
<b>RURAL</b>	92%	<b>94%</b>	94%	<b>MET</b>
<b>URBAN</b>	81%	<b>87%</b>	87%	<b>EXCEEDED</b>

Rural: Target Met and equal to the 2018/19 result. Urban: Target Exceeded and equal to the 2018/19 result.

### Notes to the performance measure targets

- The target trajectory for future years reflects the 10-year target for DSI as set out in ATAP and endorsed by the LTP and RLTP.
- AT uses the following sites to monitor cycle movements: Beach Rd, Curran St, East Coast Rd, Grafton Bridge, Grafton Gully, Grafton Rd, Great South Rd, Highbrook shared path, Hopetoun St, Karangahape Rd, Lagoon Dr, Lake Rd, Lightpath, Mangere Bridge, Northwestern cycleway - Kingsland, Northwestern cycleway - Te Atatu, Orewa shared path, Quay St (Vector Arena), SH20 shared path (near Dominion Rd), Symonds St, Tāmaki Dr (both sides of the road), Te Wero Bridge (Wynyard Quarter), Twin Streams shared path, Upper Harbour Dr, Upper Queen St, Victoria St West. Note: some trips may be counted more than once across the cycle network.
- The monitored arterial routes are defined in the AT 2019 SOI Route Productivity map. Productivity is measured as the average speed multiplied by number of people in private vehicles and buses per lane in one hour. The 2018/19 target of 21,000 is equivalent to the route productivity target included in previous SOIs.

- The freight network comprises all level 1A and 1B freight routes as defined in the Auckland Transport Draft Freight Network, the monitored freight network is defined in the Auckland Transport Statement of Intent. Level of Service measured by median speed as a percentage of the posted speed limit. LoS C or better = >50%
- Farebox recovery measures the contribution passenger fares make to the operating cost of providing public transport services. The measure calculates farebox recovery in accordance with Waka Kotahi NZ Transport Agency guidelines. The target is driven by the Waka Kotahi NZ Transport Agency's national farebox recovery policy.
- As defined by AT's Asset Management Plans.
- Specified time frames are defined in AT's customer service standards: two days for incident investigation as a high priority; three days for an incident investigation as a normal priority; one hour emergency response time.

## Partnership and accountability

### Strategic partnership approach

Auckland Council and AT have an agreed strategic approach with partner agencies Waka Kotahi NZ Transport Agency and the Ministry of Transport to the challenges facing Auckland's transport system.

### Accountability to Auckland Council and ratepayers

AT is an Auckland Council Controlled Organisation (CCO). It is a statutory body established by the Local Government (Auckland Council) Act 2009 to contribute to an effective, efficient and safe land transport system in Auckland. AT is accountable to its shareholder Auckland Council through its Statement of Intent (SOI), and this Annual Report.

The Local Government Act 2002 requires AT to give effect to Auckland Council's Long Term Plan. The Regional Land Transport Plan 2018-2028 (RLTP) sets out the region's land transport objectives, priorities and measures over the next 10 years, and how transport delivery agencies intend to respond to growth and other challenges. This \$28b 10-year programme is being delivered by Waka Kotahi, KiwiRail, City Rail Link Limited (CRL) and AT and is aligned with the outcomes sought by the Auckland Plan, the Government Policy Statement on Land Transport, and Auckland Transport Alignment Project (ATAP).

AT has spent significant time engaging with Auckland Council's CCO review panel. Since the establishment of AT 10 years ago, the region has benefitted from any achievement that may never have been seen under previous governance arrangements. Refer 10 Years of Auckland Transport, page 5.

### Engagement with Local Boards

AT is committed to improving its engagement, communications and consultation with local boards and has undertaken a review and programme of work to ensure communities are better informed of AT's activities and decisions, and the evidence and rationale for them, as well as providing a genuine opportunity for feedback and input.

We engage with all local boards in a variety of ways, including regular workshops, formal monthly reports, quarterly updates on SOI progress, presentations and the support of our Elected Member Relationship Managers (EMRMs). In the last year we began a series of Forward Works Programme briefings to give all local boards a clear view of what was being delivered in their area. Work continues on designing 98 projects identified by local boards through the new Community Safety Fund. Construction of these projects will be subject to the availability of funding.

Although 71.4 per cent of local boards surveyed indicate they are extremely or moderately satisfied with the reporting provided to them, we continue to work with local boards to improve the quality of reporting provided both generally and in relation to the Local Board Transport Capital Fund. Our customer experience team is co-designing a new reporting mechanism with local board members to enable consistent communication on all work relevant to each local area.

The EMRMs continue to work closely with local boards to support local decision-making and management of the Local Board Transport Capital Fund, increased in the Auckland Long-Term Plan 2018-2028 from \$11m to \$20.8m and giving the 21 local boards a pool of \$68.5m over the three-year period. Earlier this year workshops were held with all local boards to develop ideas for their Local Board Transport Capital Fund, with further discussions aimed at finalising lists of potential projects for scoping and rough estimates of cost. This process was well underway when Covid-19 became an issue and normal work became disrupted. AT then scoped and costed all potential projects for board funding prioritisation. However, the funding situation for 2020/21 and beyond is likely to severely impact AT's ability to deliver these projects.

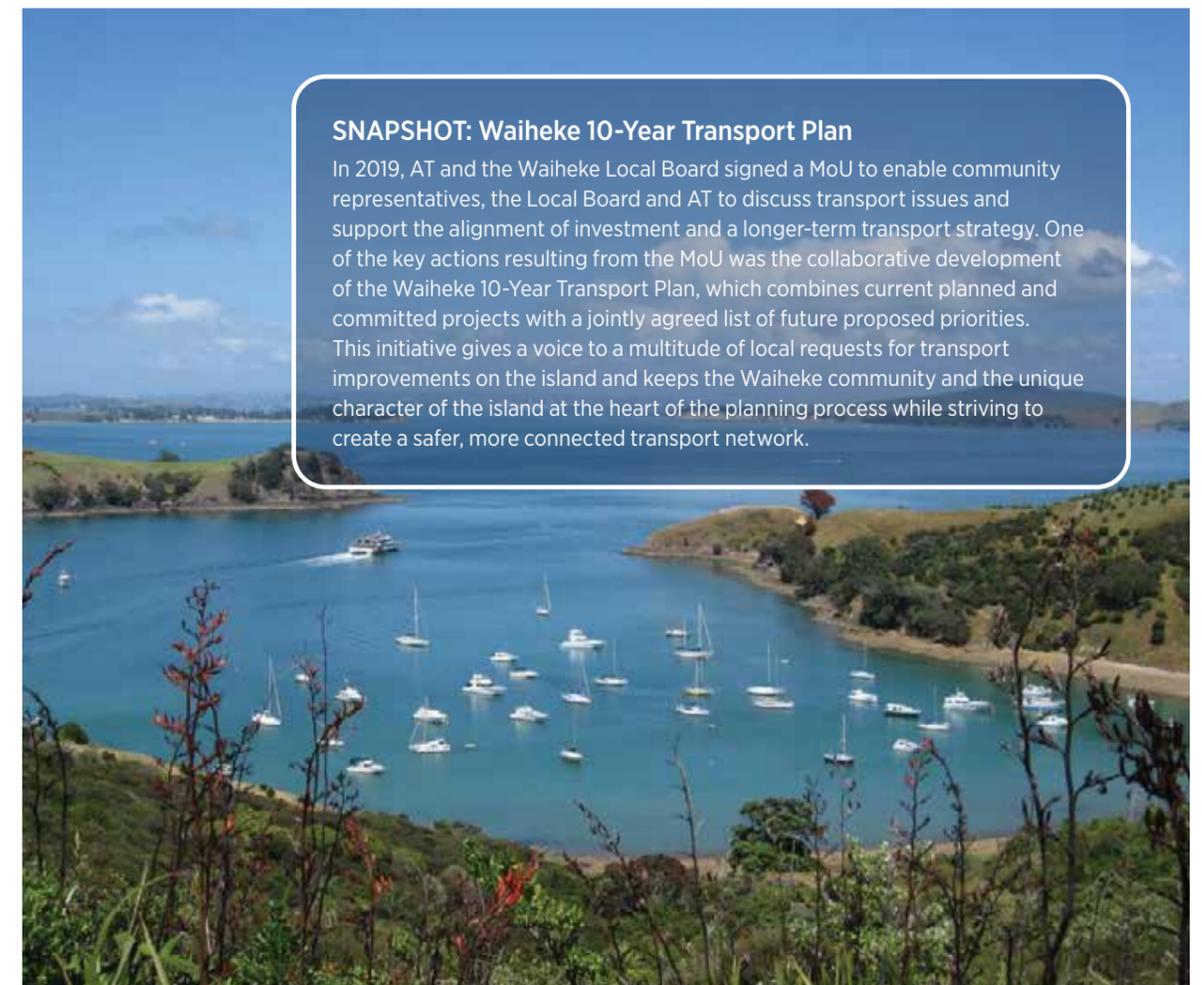
With face-to-face meetings and workshops not been possible under Covid-19 Alert Level restrictions, AT staff engaged via Skype and other video conferencing platforms.

AT continues to work with the Waiheke 10-Year Local Board to improve its relationship and engagement. A Memorandum of Understanding (MoU) signed last year with the Waiheke Local Board continues to support constructive discussion around the alignment of investment and longer term strategy. In July 2020, the Waiheke Local Board met with AT's board, to formally launch the Waiheke 10 Year Transport Plan. Another key initiative under the MoU has been the appointment of an Operations Manager to assist with business as usual and project delivery.

AT also works closely with the Rodney Local Board to deliver transport initiatives funded by the Rodney Transport Targeted Rate, and with the Orakei and Papakura Local Boards on their One Local Initiatives.



Left to right: Richard La Ville, Auckland Transport's recently appointed Operations Manager for Waiheke, Andrew McGill, AT Head of Integrated Network Planning, Cath Handley, Chair of the Waiheke Local Board, Bob Upchurch, Deputy Chair of the Waiheke Local Board, Kylee Matthews, Waiheke Local Board Member, John Nash, Programme Manager, Waiheke and Gulf Islands, Auckland Council, John Strawbridge, AT Group Manager, Parking Services and Compliance.



### SNAPSHOT: Waiheke 10-Year Transport Plan

In 2019, AT and the Waiheke Local Board signed a MoU to enable community representatives, the Local Board and AT to discuss transport issues and support the alignment of investment and a longer-term transport strategy. One of the key actions resulting from the MoU was the collaborative development of the Waiheke 10-Year Transport Plan, which combines current planned and committed projects with a jointly agreed list of future proposed priorities. This initiative gives a voice to a multitude of local requests for transport improvements on the island and keeps the Waiheke community and the unique character of the island at the heart of the planning process while striving to create a safer, more connected transport network.

## Board of Directors'

Auckland Transport's Board of Directors has 10 members. They include a non-voting member appointed by Waka Kotahi NZ Transport Agency and two non-voting members from Auckland Council.

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

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

All decisions relating to the operation of AT are made by, or under, the authority of the board in accordance with the Local Government (Tamaki Makaurau Reorganisation) Amendment Act 2009, the Local Government (Auckland Council) Act 2009, and the Local Government (Auckland Transitional Provisions) Act 2010.

## BOARD MEETINGS AND COMMITTEES

### Governance Board meetings

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

Open agendas, minutes, meeting dates and reports submitted are all available on AT's website at [AT.govt.nz/about-us/our-role-organisation](https://at.govt.nz/about-us/our-role-organisation)

### Auckland Transport committees

#### FINANCE, CAPITAL AND RISK COMMITTEE

The Finance, Capital and Risk Committee (FCRC) assists the Board to fulfil its responsibilities for financial reporting, audit and risk management, and provides assurance regarding compliance with internal controls, policies and procedures. It is also charged with ensuring the successful delivery of AT's capital programme through appropriate project identification, project sequencing and programming, risk management, capital planning and project reporting.

#### CUSTOMER AND INNOVATION COMMITTEE

The Customer Focus and Innovation Committee (CIC) gives the AT Board greater input and governance oversight of AT's initiatives to continuously improve customer service and deliver innovative service delivery solutions.

#### SAFETY AND HUMAN RESOURCES COMMITTEE

The Safety and Human Resources Committee (SHRC) assists the Board to oversee human resources and health, safety and wellbeing strategies, frameworks, systems and policies.

#### REGIONAL TRANSPORT COMMITTEE

The Regional Transport Committee (RTC) is a requirement for every regional council in New Zealand. Auckland's RTC meets every three years to steer the RLTP process. In Auckland, the Board of Directors of AT also acts as the RTC because the responsibility for preparing the RLTP sits with AT.

The four AT Board sub-committees have no delegated authority. Their role is to perform detailed oversight of their respective responsibilities and direct decisions onto the board for approval.

#### DIRECTOR ATTENDANCE AT BOARD MEETINGS AND COMMITTEES FOR 2020

	Board meetings (16)	Finance Capital and Risk Committee (5)	Customer Innovation Committee (3)	Safety Human Resources Committee (3)	Regional Transport Committee (1)
Adrienne Young-Cooper*	12	2	1	1	1
Wayne Donnelly	15	3	3	2	1
Kylie Clegg	13	5	3	3	1
Mary-Jane Daly	13	4	3	3	1
Dame Paula Rebstock	14	5	1	0	1
Dr Jim Mather	11	2	1	1	1
Darren Linton*	11	2	1	1	1
Sir Michael Cullen**	3	3	2	2	0
Dr Lester Levy***	2	0	1	0	0
Mark Gilbert***	2	1	1	1	0
Mark Ratcliffe**	4	0	0	0	0
Nicole Rosie	6	0	0	0	0
Councillor Bill Cashmore	7	0	0	0	0
Councillor Chris Darby	7	0	0	0	0

\* Term commenced 1 January 2020

\*\* Term ended 31 October 2019

\*\*\* Term ended 31 December 2019

From 1 April to 3 June 2020, all committee meetings were cancelled and the full board convened on a weekly basis, to discuss critical items around the impact of the Covid-19 pandemic. As a result, some timing conflicts could not be resolved for directors, leading to an apology that they could not attend the meeting.

## Director's profiles



**ADRIENNE YOUNG-COOPER** CHAIR MSc, CFINSTD

Adrienne Young-Cooper has a background in strategic city planning and has been an independent director on resource, transport, housing and urban development companies for almost 20 years. Her driving passion as a professional director is to support the creation of sustainable, beautiful, and diverse communities that are well-connected by transport networks and services. It is her view that transport investment must support and incentivise sustainable urban development and position New Zealand for a lower carbon future.

In Adrienne's previous governance roles at Auckland Regional Transport Network Limited and Auckland Regional Transport Authority (which both precede AT) Waka Kotahi, she has overseen the delivery of major capital projects including Britomart Rail Station, electrification and double tracking of the Auckland commuter rail system, the Northern Busway and the Waterview tunnel.

**Current roles and general disclosure of interests:** Chair, Panuku Development Auckland Limited; Acting Chair, Queenstown Airport Corporation Limited; Director, Westhaven Marina Limited; Chair, Cornwall Park Trust Board Incorporated; Chair, Sir John Logan Campbell Residuary Trust and Medical Trust.



**WAYNE DONNELLY** DEPUTY CHAIR BE, FMZIE

Wayne Donnelly has a specialisation in Civil Engineering with experience across transport, city planning and construction in New Zealand, Britain and Hong Kong. He shares his passion for good planning and engineering through positions held in the former Auckland City Council, as a former Chief Executive of Rodney District Council and Land Transport New Zealand (now Waka Kotahi), and as Deputy Secretary of Transport for Road and Rail.

**Current roles and general disclosure of interests:** Managing Director, Donnelly Consulting Limited.



**KYLIE CLEGG** LLB, BCom

Kylie Clegg has a corporate legal background having specialised in mergers, acquisitions and corporate governance advice across a range of industries. Her previous governance roles include Counties Manukau District Health Board, the New Zealand Olympic Committee and the Halberg Foundation. Kylie has also been an AT board observer.

**Current roles and general disclosure of interests:** Deputy Chair, Waitemata District Health Board; Director, Sport New Zealand; Director, High Performance Sport New Zealand; Trustee, Well Foundation.



**MARY-JANE DALY** MBA, BCom

Mary-Jane Daly has a strong background in banking and finance with wide ranging experience in these professions within New Zealand and the UK. Since embarking on a governance career, she has held a number of governance roles across the public and private sector. Mary-Jane's last executive role was Executive General Manager of State Insurance and she previously held the position of Chief Financial Officer for Insurance Australia Group (IAG) New Zealand.

**Current roles and general disclosure of interests:** Chair, The Earthquake Commission; Director, Kiwi Property Group Limited; Director, Kiwibank.



**DARREN LINTON** BCom

Darren Linton has an extensive background in organisational change, marketing & communications and digital transformation across a number of industries and large international companies. He is passionate about customer engagement and building diverse and inclusive cultures. Darren returned to Auckland four years ago after spending 19 years in the UK.

**Current roles and general disclosure of interests:** Chief Executive Officer, Yellow New Zealand; Independent Director, Hype & Dexter.



**DAME PAULA REBSTOCK** DNZM MSc

Dame Paula Rebstock is an Auckland based economist and company director. Her previous positions include Chair of the Commerce Commission and the Insurance and Savings Ombudsman Commission, and Deputy Chair of KiwiRail Holdings. In the 2009 Queen's Birthday Honours, Dame Paula was appointed a Companion of the New Zealand Order of Merit for public services and the 2016 New Year Honours she was promoted to Dame Companion of the same order for services to the State.

**Current roles and general disclosure of interests:** Chair, Accident Compensation Corporation; Chair, New Zealand Police, Women's Advisory Network; Chair, Finance, Risk and Assurance Committee, Auckland District Health Board; Member, Emergency Response Committee, Auckland District Health Board; Chair, New Zealand Defence Force Advisory Board; Chair, Ngāti Whātua Ōrākei Whai Maia; Director, Kiwi Group Holdings Limited; Director, Vector Limited; Director/Shareholder, 'ON BEING BOLD'; Senior Consultant (Advisory), Strategis; Member, Synergia Limited Advisory Board.



**DR JIM MATHER** BBus, MBA, PhD

He tātai whakapapa a Tākuta Jim Mather nō Ngāti Awa me Tūhoe, Dr Jim Mather is of Ngāti Awa and Tūhoe descent. He specialises in Māori economic development and has a driving passion for education, media and health.

Dr Mather has held positions as Chief Executive Officer of the Pacific Business Trust, Māori Television and Te Wānanga o Aotearoa, and was awarded the New Zealand Army Sword of Honour in recognition of his distinguished achievement in officer training.

**Current roles and general disclosure of interests:** Chair, Radio New Zealand; Chair, Lakes District Health Board; Chair, InZone Education Foundation; Chair, Ako Mātātupu / Teach First; Director, New Zealand Health Partnerships Limited; Director, Ngāti Awa Group Holdings Limited; Managing Director, Mather Solutions Limited; Member, Ministry of Business, Innovation and Employment Risk and Advisory Committee; Member, Chartered Accountants of Australia and New Zealand; Member, New Zealand Institute of Directors.

### Non-voting members of the AT Board



**NICOLE ROSIE**  
Waka Kotahi  
NZ Transport Agency  
Representative  
AT Board Director



**COUNCILLOR  
BILL CASHMORE**  
Deputy Mayor  
Franklin Ward  
CCO Liaison Councillor  
AT Board observer



**COUNCILLOR  
CHRIS DARBY**  
North Shore Ward  
CCO Liaison Councillor  
AT Board observer

## Executive Leadership Team

AT's activities are directed and guided at a strategic level by the Board of Directors, and delivered by the Executive Leadership Team.



**SHANE ELLISON** Chief Executive Officer BBS

Shane Ellison has more than 20 years of global transport industry experience, holding senior leadership roles at Transdev Australasia and Veolia Transport S.A. before returning to New Zealand in 2018. He has whakapapa links to the iwi of Ngai Tahu and Te Ati Awa.



**ANDREW ALLEN** Executive GM, Service Delivery B.Eng

Andrew Allen has over 25 years' experience in the civil engineering industry, both private and public with particular emphasis on transport. He was Group Manager of the former Auckland City Council Transport Asset Group until his appointment in 2010 to a senior role at AT. Andrew has chaired the ATOC Management Board since its formation in 2011. He has since moved through a number of senior and executive operational roles.



**JENNY CHETWYND** Executive GM, Planning and Investment BRP (Hons), MBA

Jenny Chetwynd is an experienced senior manager with more than 30 years private and public sector experience. Before joining AT in 2019, Jenny held two senior roles at Waka Kotahi NZ Transport Agency (GM, Manager Strategy, Policy and Planning, and Regional Director Central Region), Environmental Strategy Manager at Transpower, and held senior roles at the Ministry for the Environment and Boffa Miskell.



**VANESSA ELLIS** Executive GM, Customer Experience BBS

Vanessa Ellis joined AT in late 2018 and is responsible for a team focussed on customer insights and analytics, product and marketing, community transport, sustainable mobility, human-centred design, customer services, digital channels and customer experience strategy. She has held executive leadership and general management roles in services and retail industries with extensive experience in leading large scale transformation programmes, strategic marketing, operations and supply chain.



**ROGER JONES** Executive GM, Business Technology BSc

Roger Jones has extensive experience in the IT industry in both public and private sectors, in the past working for NZ Police, Air New Zealand, and Fonterra. He is a member of the Microsoft Services Executive Board, an Independent Director at healthAlliance and a member of the Hewlett Packard Enterprise Customer Advisory Board.



**MARK LAING** Executive GM, Finance CA, MAF, BBS

Mark Laing is a chartered accountant with a broad financial background including commercial and operational experience, corporate finance, treasury, investors relations and M&A. Prior to AT, Mark worked at Spark, Telecom NZ, UBS Warburg and KPMG.



**MARK LAMBERT** Executive GM, Integrated Networks BSc (Hons)

Mark Lambert has been with AT since its inception in 2010. His career spans 25 years in both the private and public sectors in the UK, Europe and New Zealand across management consultancy, procurement and project management, construction management and public transport operations planning and delivery. Over the last 15 years Mark has held various general management and executive leadership roles within the Auckland transport sector.



**RODGER MURPHY** Executive GM, Risk & Assurance BAcc

Rodger Murphy's career has spanned professional services, banking and risk management. He has previously been a partner at Deloitte and held various senior management roles in the Bank of New Zealand. Rodger has 25 years' experience in governance, risk management and business process improvement across private and public sector organisations.



**BRYAN SHERRITT** Executive GM, Safety B.Eng

In Australia, Bryan established and led the Vicroads Safe System Road Infrastructure Programme team delivering the largest road safety programme in Victoria's history. Bryan's newly created Safety function focuses on health and safety along with safety for all modes of transport (such as road safety). He is a member of NZ TrackSAFE Board of Trustees and the Safekids Aotearoa Governance Team.



**WALLY THOMAS** Executive GM, Stakeholder, Communities and Communication DIPJ, PRINZ FELLOW

Wally Thomas had a successful career as an award-winning journalist and editor before holding a number of senior corporate communications and political advisory roles. He is a Fellow of the Public Relations Institute of New Zealand and has served on boards for various charities and not-for-profits including Big Buddy and Hospice.



**NATASHA WHITING** Executive GM, Culture & Transformation BA, LLB, MBS

Natasha Whiting has a wealth of senior HR experience across a wide variety of sectors including telecommunications, manufacturing, banking and building. She was previously HR Director at DB Breweries following Head of Talent and Capability at NZ Post, Head of HR at Westpac and Telecom New Zealand and has held senior roles at Fletchers Building, TelstraClear and the Ford Motor Company.

## Risk and Assurance Programme

Risk and Assurance is an integral component of AT's overall governance structure. Its purpose is to provide independent, objective assurance and advice designed to drive continuous improvement in how we operate. This support helps management to be more effective in meeting AT business objectives, fulfilling its strategy, and meeting its obligations to key stakeholders.

### Specifically, Risk and Assurance:

- Supports the Finance and Risk Committee in fulfilling its oversight responsibilities
- Works with the business to evaluate and improve the effectiveness of governance, risk management and control processes using a systematic and disciplined approach, prioritising its efforts through a flexible, risk-based internal audit plan
- Provides assurance to the Chief Executive and Board that AT's financial and operational controls are operating in an efficient, effective and ethical manner.

### Risk management

Enterprise risk management is implemented through:

- Implementation of the Organisational Risk Management Framework
- Facilitating risk assessment workshops, providing advice and coaching the organisation on risk and control, and promoting the development of a common language and risk management framework based on the Risk Management Standard, AS/NZ ISO 31000:2009 / ISO 31000:2018 Risk management – principles and guidelines
- Acting as the central point for coordinating, monitoring and reporting on risks
- Interacting regularly with other business areas such as Internal Audit, Finance, Health and Safety and Legal
- Supporting managers to identify the best strategies to mitigate risks.

Risk management activities in 2019/20 focused on the following:

- Implementation of Phase 1 of the new risk management software, Active Risk Manager (ARM)
- Conducting deep dives into 15 Key Organisational Risks
- Delivering ongoing risk management training and providing support to the Risk Champions and Risk Owners
- Rollout a series of risk management training in Think Tank across AT
- Collaboration with Auckland Council Group Risk and providing updates for the AC Audit and Risk Committee (ARC)
- Providing updates and risk reports for the ELT and FCRC.

From March 2020 onward, the Crisis Management Team (CMT) enabled AT to respond efficiently and effectively to the Covid-19 pandemic by creating a platform for the business area leadership to discuss pressing operational and tactical matters, as well as ensuring the right flow of information to the board of directors, Auckland Council, the Mayor's office, local boards and other stakeholders.

### Internal and probity audits

ATs Internal Audit team provides independent assurance to the Board and the Chief Executive on whether business controls are operating in an efficient, effective and ethical manner. The team works to improve business efficiency and reduce the risk of error, waste and fraud by reviewing:

- Financial and operational process
- Legislative compliance
- Conflict of interest management
- Business technology
- Projects management.

Internal Audit ensured that recommendations arising from this year's reviews were implemented in a timely manner. The team also reviewed new processes, systems and projects. A collaborative approach with the business during the 'design and build' stage of various new processes and systems enabled the sharing of insights on how to manage risks arising from those new initiatives.

Probity audits ensure all participants involved with significant procurement contracts with AT are treated fairly and with transparency. For all significant procurements, an independent probity auditor is assigned to monitor and review the processes followed. The probity review results are reported to the Finance and Risk Committee and the Chief Executive.

### Special investigations

An online Fraud Awareness module introduced last year continues to be introduced to new staff, and all staff are required to complete relevant training modules.

An independently managed whistle-blower service operates as a contact point for staff and suppliers on any compliance or probity concerns.

### Legal Support

A dedicated in-house legal team supports activities across the organisation ensuring compliance with relevant legislation and supporting commercial activities and wider organisational functions. This team also works with selected external legal advisers to ensure the necessary specialist legal support is provided to AT's organisational objectives and commercial activities.

# Financials

Financial statements

Notes to the financial statements

Independent auditor's report

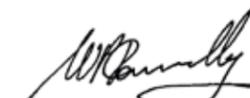
## Statement of comprehensive revenue and expenditure for the year ended 30 June 2020

	Note	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
<b>REVENUE</b>				
Auckland Council operating funding	1	298,993	298,993	288,353
Auckland Council capital funding	1	465,594	429,644	400,358
Waka Kotahi NZ Transport Agency operating funding	1	350,916	301,146	280,923
Waka Kotahi NZ Transport Agency capital funding	1	395,812	473,508	264,214
Other revenue	1	565,898	530,748	634,751
Finance revenue	2	4,862	367	435
<b>Total revenue</b>		<b>2,082,075</b>	<b>2,034,406</b>	<b>1,869,034</b>
<b>EXPENDITURE</b>				
Personnel costs	3	135,917	129,899	125,965
Depreciation and amortisation	6, 7	350,717	357,064	342,129
Finance costs	2	26,570	30,395	32,383
Other expenses	4	808,820	784,548	731,077
<b>Total expenditure</b>		<b>1,322,024</b>	<b>1,301,906</b>	<b>1,231,554</b>
<b>SURPLUS BEFORE TAX</b>				
		760,051	732,500	637,480
Income tax benefit/(expense)	5	6,540	-	1,468
<b>Surplus after tax</b>		<b>766,591</b>	<b>732,500</b>	<b>638,948</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENDITURE</b>				
Revaluation gain on property, plant and equipment	16	655,803	-	-
Deferred tax on revaluation	5	2,062	-	-
<b>Other comprehensive revenue and expenditure</b>		<b>657,865</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expenditure</b>		<b>1,424,456</b>	<b>732,500</b>	<b>638,948</b>



**Adrienne Young-Cooper**

CHAIRPERSON  
15 September 2020



**Wayne Donnelly**

DEPUTY CHAIRMAN  
15 September 2020

## Statement of financial position as at 30 June 2020

	Note	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	11	3,952	9,505	9,505
Receivables	12	435,950	362,700	362,700
Inventories	13	10,519	10,969	10,969
Other assets		6,318	7,004	7,004
Non-current assets held for sale	8	78,351	479	479
<b>Total current assets</b>		<b>535,090</b>	<b>390,657</b>	<b>390,657</b>
<b>Non-current assets</b>				
Property, plant and equipment	6	21,191,275	20,665,277	19,939,189
Intangible assets	7	185,491	176,502	176,502
<b>Total non-current assets</b>		<b>21,376,766</b>	<b>20,841,779</b>	<b>20,115,691</b>
<b>Total assets</b>		<b>21,911,856</b>	<b>21,232,436</b>	<b>20,506,348</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables and accruals	14	296,774	254,446	254,446
Employee entitlements	15	22,539	18,276	18,276
Derivative financial instruments	10	3,124	6,919	6,919
Provisions		-	216	216
Borrowings	9	7,866	6,412	6,412
<b>Total current liabilities</b>		<b>330,303</b>	<b>286,269</b>	<b>286,269</b>
<b>Non-current liabilities</b>				
Payables and accruals	14	9,986	13,236	13,236
Deferred tax	5	-	8,602	8,602
Employee entitlements	15	383	423	423
Derivative financial instruments	10	138	991	991
Borrowings	9	487,834	483,951	490,363
<b>Total non-current liabilities</b>		<b>498,341</b>	<b>507,203</b>	<b>513,615</b>
<b>Total liabilities</b>		<b>828,644</b>	<b>793,472</b>	<b>799,884</b>
<b>Net assets</b>		<b>21,083,212</b>	<b>20,438,964</b>	<b>19,706,464</b>
<b>EQUITY</b>				
Contributed capital		12,943,073	12,990,781	12,990,781
Accumulated funds		3,793,475	3,733,836	3,001,336
Other reserves		4,346,664	3,714,347	3,714,347
<b>Total equity</b>	16	<b>21,083,212</b>	<b>20,438,964</b>	<b>19,706,464</b>

## Statement of changes in equity for the year ended 30 June 2020

	Note	Contributed capital \$000	Accumulated funds \$000	Other reserves \$000	Total equity \$000	Budget \$000
<b>Balance as at 1 July 2019</b>						
Surplus after tax		-	766,591	-	766,591	732,500
Other comprehensive revenue		-	-	657,865	657,865	-
<b>Total comprehensive revenue and expenditure</b>		<b>-</b>	<b>766,591</b>	<b>657,865</b>	<b>1,424,456</b>	<b>732,500</b>
Returned capital to Auckland Council		(47,708)	-	-	(47,708)	-
Found assets		-	-	-	-	-
Transfer from asset revaluation reserve on disposal of property		-	25,548	(25,548)	-	-
<b>Balance as at 30 June 2020</b>	16	<b>12,943,073</b>	<b>3,793,475</b>	<b>4,346,664</b>	<b>21,083,212</b>	<b>20,438,964</b>
<b>Balance as at 1 July 2018</b>						
Surplus after tax		-	638,948	-	638,948	576,554
Other comprehensive revenue		-	-	-	-	-
<b>Total comprehensive revenue and expenditure</b>		<b>-</b>	<b>638,948</b>	<b>-</b>	<b>638,948</b>	<b>576,554</b>
Returned capital to Auckland Council		(7,636)	-	-	(7,636)	-
Found assets		-	396	-	396	-
Transfer from asset revaluation reserve on disposal of property		-	11,814	(11,814)	-	-
<b>Balance as at 30 June 2019</b>	16	<b>12,990,781</b>	<b>3,001,336</b>	<b>3,714,347</b>	<b>19,706,464</b>	<b>19,651,310</b>

The accompanying notes form part of these financial statements.

## Statement of cash flows for the year ended 30 June 2020

	Note	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash provided from</b>				
Revenue from activities		280,166	351,115	323,256
Auckland Council operating funding		298,993	298,993	288,353
Auckland Council capital funding		441,507	429,644	365,847
Waka Kotahi NZ Transport Agency operating funding		338,759	301,146	270,936
Waka Kotahi NZ Transport Agency capital funding		372,554	473,508	260,951
Interest received		214	-	435
Goods and services tax (net)		3,631	-	10,159
<b>Total cash provided</b>		<b>1,735,824</b>	<b>1,854,406</b>	<b>1,519,937</b>
<b>Cash applied to</b>				
Payments to suppliers and employees		877,049	914,447	827,049
Interest paid		26,590	30,395	26,887
<b>Total cash applied</b>		<b>903,639</b>	<b>944,842</b>	<b>853,936</b>
<b>Net cash from operating activities</b>	26	<b>832,185</b>	<b>909,564</b>	<b>666,001</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash provided from</b>				
Sale of property, plant and equipment		758	-	4,952
<b>Cash applied to</b>				
Purchase of property, plant and equipment and intangibles		832,084	903,152	659,892
<b>Net cash applied to investing activities</b>		<b>(831,326)</b>	<b>(903,152)</b>	<b>(654,940)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash applied to</b>				
Repayment of loan from Auckland Council		6,412	6,412	6,123
<b>Total cash applied</b>		<b>6,412</b>	<b>6,412</b>	<b>6,123</b>
<b>Net cash from financing activities</b>		<b>(6,412)</b>	<b>(6,412)</b>	<b>(6,123)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5,553)</b>	<b>-</b>	<b>4,938</b>
Opening cash and cash equivalents		9,505	9,505	4,567
<b>Closing cash and cash equivalents</b>	11	<b>3,952</b>	<b>9,505</b>	<b>9,505</b>

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

Equipment totalling \$5.3 million (2019: \$nil) was acquired by means of finance leases during the year.

The accompanying notes form part of these financial statements.

## Summary of capital expenditure for the year ended 30 June 2020

	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
<b>NEW CAPITAL EXPENDITURE</b>			
Roads	342,263	340,744	290,045
Public transport	293,225	341,430	169,243
Parking	5,911	7,405	6,048
Other	26,305	7,909	14,835
<b>Total new capital expenditure</b>	<b>667,704</b>	<b>697,488</b>	<b>480,171</b>
<b>RENEWAL CAPITAL EXPENDITURE</b>			
Roads	184,308	190,982	176,012
Public transport	9,144	10,836	8,415
Parking	896	3,846	2,898
<b>Total renewal capital expenditure</b>	<b>194,348</b>	<b>205,664</b>	<b>187,325</b>
<b>Total capital expenditure</b>	<b>862,052</b>	<b>903,152</b>	<b>667,496</b>
<b>FUNDING</b>			
Auckland Council capital funding	465,594	429,644	400,358
Waka Kotahi NZ Transport Agency capital funding - new	301,813	386,458	173,850
Waka Kotahi NZ Transport Agency capital funding - renewal	93,999	87,050	90,364
Other capital grants	646	-	968
Auckland Council capital funding through equity	-	-	1,956
<b>Total funding</b>	<b>862,052</b>	<b>903,152</b>	<b>667,496</b>

The accompanying notes form part of these financial statements.

## Summary of Covid-19 financial disclosures

The main impacts of Covid-19 on Auckland Transport's financial statements are explained below. The ongoing effects of the Covid-19 pandemic remain uncertain, and there could be future matters that affect Auckland Transport.

### Going concern (Notes to the financial statements)

Covid-19 significantly impacted customer travel behaviours, reducing public transport, parking and enforcement revenue during the last few months of the financial year. Public transport, parking and infringement activity has improved, but has not returned to pre-Covid-19 levels with future trends remaining uncertain.

The financial statements have been prepared on a going concern basis due to continuing support from Auckland Council.

### Revenue (Note 1)

Waka Kotahi NZ Transport Agency is funding lost public transport fare revenue from the 24 March until the end of December 2020.

Public transport, parking and enforcement revenue fell during the last quarter due to a decrease in demand, free public transport and parking and a cessation in enforcement activity as a response to the Covid-19 pandemic.

### Other expenses (Note 4)

All of Auckland Transport's construction sites were locked down during Covid-19 Alert Level 4 and costs totalling \$9.1 million directly related to the locked down construction sites were impaired.

### Property, plant and equipment (Note 6)

\$9.1m of Covid-19 lock down construction costs were impaired. Delays caused by Covid-19 to construction projects are being actively managed, however there is the potential for cost increases as a result of the delays.

Covid-19 has not had a significant impact on assets held at fair value with the majority of Auckland Transport assets valued using depreciated replacement cost.

### Receivables (Note 12)

The Covid-19 impact on the future collectability of receivables is highly uncertain and has not been incorporated in the credit loss model. Future impacts will be assessed on an ongoing basis.

### Board and employee remuneration (Note 24)

One of the measures implemented by Auckland Transport to recover from the financial impact of the Covid-19 pandemic, was to reduce employee costs:

- Auckland Transport's board voluntarily agreed to reduce their fees by 20 per cent for six months.
- The chief executive voluntarily agreed to a pay cut of 20 per cent for six months.
- All senior executives have taken a voluntary pay cut of a minimum of 10 per cent for six months.
- A number of Auckland Transport employees have volunteered to make salary sacrifices of between 5% and 10%.

### Significant budget variances (Note 25)

Major variances against budget which includes the impact of Covid-19.

## Notes to the financial statements for the year ended 30 June 2020

### Basis of reporting

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

Auckland Transport's primary objective is to provide services and facilities for the community as a social benefit rather than to make a financial return, accordingly Auckland Transport has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements are for the year ended 30 June 2020 and were authorised for issue by the board of Auckland Transport on 15 September 2020. Neither Auckland Council nor Auckland Transport Board has the power to amend the financial statements once adopted.

### Statement of compliance

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

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

### Measurement basis

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

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

### Going concern

Auckland Transport receives funding from Auckland Council in order to deliver the agreed annual operational and capital programmes within the Auckland Council's Long Term Plan. Borrowings from Auckland Council are set out in Note 9 and are supported by schedules of repayments determined from the credit facility agreement between Auckland Transport and Auckland Council.

Auckland Transport's public transport fare, parking and enforcement revenue were significantly impacted during Covid-19 Alert levels 3 and 4. During this period Waka Kotahi NZ Transport Agency, funded lost public transport fare revenue and is continuing to fund lost public transport

fare revenue until the end of December 2020. Auckland Transport undertook significant cost reduction activities to mitigate the impact of reduced revenues. In addition Auckland Council can and will continue to provide financial support for Auckland Transport as laid out in Auckland Council's Long Term Plan and Auckland Transport's annual Statement of Intent. Accordingly, the financial statements have been prepared on a going concern basis.

### Functional and presentation currency

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

### Foreign currency translation

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

### 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.

### Budget figures

The budget figures are those included in Auckland Transport's Statement of Intent 2019/2020-2020/2022, adopted by Auckland Transport's Board on 11 June 2019.

### Cost allocation

Cost of service for each activity was allocated as follows:

- 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.
- 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.

### Use of estimates and judgements

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in property, plant and equipment (note 6) and provision for impairment of receivables (note 12).

### Implementation of new and amended standards

#### Early adoption of PBE IFRS 9 Financial Instruments

Auckland Transport has early adopted all of the requirements of PBE IFRS 9 Financial Instruments (PBE IFRS 9) as of 1 July 2018. PBE IFRS 9 supersedes part of PBE IPSAS 29 Financial Instruments: Recognition and Measurement (PBE IPSAS 29). PBE IFRS 9 includes two areas of change applicable to Auckland Transport:

- Classification and measurement of financial instruments; and
- A single, forward looking, 'expected credit loss' impairment model

#### Classification and measurement of financial instruments

Auckland Transport classifies its financial instruments in the following categories:

- at fair value through surplus or deficit (FVTSD);
- at fair value through other comprehensive revenue and expenditure (FVTOCRE); or
- at amortised cost

Auckland Transport determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by Auckland Transport's business model for managing the financial assets and their contractual cash flow characteristics.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTSD (such as instruments held for trading or derivatives) or Auckland Transport has opted to measure them at FVTSD.

The requirements of PBE IPSAS 29 for classification and measurement of financial liabilities were carried forward in PBE IFRS 9, so Auckland Transport's accounting policy with respect to financial liabilities is unchanged.

There was no material impact arising as a result of the new classification and remeasurement of financial assets and liabilities under PBE IFRS 9.

#### New impairment model

PBE IFRS 9 prescribes an 'expected credit loss' model instead of a previous incurred loss model, so it is no longer necessary for a trigger event to have occurred before recognising credit losses. NZ IFRS 9 requires Auckland Transport to base the measurement of expected credit losses on forward-looking information, as well as current and historic information. Auckland Transport has applied the simplified approach to all receivables, which requires the recognition of lifetime expected credit losses at all times.

There was no material impact arising as a result of the new impairment model under PBE IFRS 9.

### Standards issued and not yet effective

#### Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. Auckland Transport does not intend to early adopt the amendment.

#### PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is currently effective for reporting periods beginning on or after 1 January 2021.

The New Zealand Accounting Standards Board has recently issued an exposure draft that proposes to defer the adoption date of PBE FRS 48 by one year to reporting periods beginning on or after 1 January 2022. Auckland Transport does not plan to adopt the standard early.

## Part 1: Financial results

This section focuses on the performance of Auckland Transport during the year.

The notes included in this section are as follows:

- 1 Revenue
- 2 Finance revenue and finance costs
- 3 Personnel costs
- 4 Other expenses
- 5 Taxation

## Notes to the financial statements for the year ended 30 June 2020

### 1 REVENUE

#### Accounting policy

Auckland Transport receives its revenue from exchange and non-exchange transactions. Exchange transaction revenue arises when an entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Exchange revenue includes parking fees.

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

Auckland Transport measures revenue at the fair value of the amounts received or receivable, net of discounts, duties and taxes paid. Revenue is recognised when billed or earned on an accrual basis.

Auckland Transport receives revenue from the following sources.

Type	Recognition and measurement
<b>Non-exchange revenue</b>	
Auckland Council operating and capital funding	Auckland Transport is funded by its parent, Auckland Council, in order to deliver the agreed annual operational and capital programmes. This funding is recognised in accordance with the approved Auckland Statement of Intent (SOI) as agreed between Auckland Transport and Auckland Council.
Waka Kotahi NZ Transport Agency operating and capital funding	Auckland Transport receives government grants from the Waka Kotahi NZ Transport Agency, which subsidise part of Auckland Transport's operational and capital expenditure. Grant distributions from the Waka Kotahi NZ Transport Agency are recognised as revenue when eligibility has been established by the grantor. There are no unfulfilled conditions or other contingencies attached to these grants.
Fare revenue (included in public transport revenue)	Auckland Transport receives fare revenue from all rail and certain bus and ferry services. This revenue is recognised when the ticket is purchased and/or travel actually occurs.
Enforcement revenue	Revenue is recognised when an infringement notice is issued. Infringement notices that are 63 days past due are lodged with a collection agency. If still outstanding at 150 days past due they are transferred from the collection agency to the courts for collection.
Vested asset revenue	For assets received for no or nominal consideration, the asset is recognised at its fair value when Auckland Transport obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.
Licenses and permits revenue	Revenue is recognised on approval of application.
Rental revenue	Revenue is recognised on a straight-line basis over the lease term.
Interest revenue	Revenue is recognised on a time proportion basis using the effective interest method.
Other operating and capital grants	Revenue is recognised when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant or subsidies are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.
<b>Exchange revenue</b>	
Parking revenue	Revenue is recognised when billed or earned on an accrual basis.

### 1 REVENUE (CONTINUED)

	Actual 2020 \$000	Actual 2019 \$000
<b>Auckland Council operating funding</b>	<b>298,993</b>	<b>288,353</b>
<b>Auckland Council capital funding</b>	<b>465,594</b>	<b>400,358</b>
<b>Waka Kotahi NZ Transport Agency operating funding</b>	<b>350,916</b>	<b>280,923</b>
<b>Waka Kotahi NZ Transport Agency capital funding</b>	<b>395,812</b>	<b>264,214</b>
<b>Other revenue</b>		
<b>Revenue from non-exchange transactions</b>		
Public transport revenue	177,415	204,058
Enforcement revenue	41,866	42,925
Other operating grants	9,299	8,981
Other capital grants	646	968
Vested asset revenue	271,174	305,243
Gain on disposal of property, plant and equipment	-	563
Other revenue	24,648	23,154
<b>Total other revenue from non-exchange transactions</b>	<b>525,048</b>	<b>585,892</b>
<b>Revenue from exchange transactions</b>		
Parking revenue	40,850	48,859
<b>Total other revenue</b>	<b>565,898</b>	<b>634,751</b>
<b>Total revenue (excluding finance revenue)</b>	<b>2,077,213</b>	<b>1,868,599</b>

Public transport fare, parking and enforcement revenue for the last quarter of the financial year were significantly impacted by Covid-19 and the unprecedented steps taken to lock down New Zealand to avoid spreading the virus. During Covid-19 Alert Levels 3 and 4 public transport patronage fell 97% and parking and infringement revenue fell 99% due to a decrease in demand, free public transport and parking and a cessation in enforcement. With the lifting of restrictions public transport, parking and infringement activity has increased, but has not returned to pre-Covid-19 levels. Revenue trends going forward are uncertain with the risk of further disruption and changing travel behaviours.

Waka Kotahi NZ Transport Agency is funding lost public transport fare revenue from the 24 March when NZ moved to Covid-19 Alert Level 4 until the end of December 2020.

## Notes to the financial statements for the year ended 30 June 2020

### 2 FINANCE REVENUE AND FINANCE COSTS

#### Accounting policy

Finance costs are recognised as an expense using the effective interest method in the period in which they are incurred.

	Actual 2020 \$000	Actual 2019 \$000
<b>Finance revenue</b>		
Interest revenue	214	435
Unrealised (gain)/loss on forward foreign exchange contracts – not hedge accounted	4,648	-
<b>Total finance revenue</b>	<b>4,862</b>	<b>435</b>
<b>Finance costs</b>		
Interest expense	26,570	26,877
Unrealised (gain)/loss on forward foreign exchange contracts	-	5,506
<b>Total finance costs</b>	<b>26,570</b>	<b>32,383</b>

### 3 PERSONNEL COSTS

	Actual 2020 \$000	Actual 2019 \$000
Salaries and wages	168,730	160,854
Less salaries and wages capitalised to property, plant and equipment, and intangibles	(41,147)	(39,945)
Defined contribution plan employer contributions	4,111	3,804
Other employee benefits	4,223	1,252
<b>Total personnel costs</b>	<b>135,917</b>	<b>125,965</b>

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

### 4 OTHER EXPENSES

	Actual 2020 \$000	Actual 2019 \$000
Fees to principal auditor		
Financial statements audit	608	583
Review engagement	47	45
Operating lease payments	90,327	80,805
Directors' fees	459	498
Impairment of receivables	3,017	4,180
Impairment of inventory	-	197
Impairment of non current asset held for sale	479	-
Impairment of property, plant and equipment	9,118	-
Public transport operations	492,404	460,228
Roading network	104,980	117,390
Loss on disposal of property, plant and equipment	28,075	-
Other operating expenses	79,306	67,151
<b>Total other expenses</b>	<b>808,820</b>	<b>731,077</b>

#### Impairment of property, plant and equipment

All of Auckland Transport's construction sites were locked down during Covid-19 Alert level 4 and costs totalling \$9.1 million directly related to the locked down construction sites were impaired on the basis that suspension in construction activity was an abnormal delay for an extended period of time.

#### Accounting policy

##### Impairment of assets

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

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

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

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

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

## Notes to the financial statements for the year ended 30 June 2020

### 5 TAXATION

#### Accounting policy

Income tax comprises current tax and deferred tax calculated using the tax rate that has been enacted or substantially enacted by the reporting date. Income tax is charged or credited to the surplus or deficit, except when it relates to items that are recognised in other comprehensive revenue and expenditure or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive revenue and expenditure or directly in equity.

Current tax is the amount of income tax payable or refundable in the current period, plus any adjustments to income tax payable in respect of prior periods. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

	Actual 2020 \$000	Actual 2019 \$000
<b>Components of income tax benefit/(expense)</b>		
Current tax	-	-
Deferred tax	6,540	1,468
<b>Income tax benefit/(expense)</b>	<b>6,540</b>	<b>1,468</b>

#### Relationship between tax benefit/(expense) and accounting profit

Surplus before tax	760,051	637,480
Tax at 28 percent	212,814	178,494
Plus/(less) tax effects of:		
Non-taxable revenue	(212,814)	(177,032)
Group loss offset	-	(1,462)
Deferred tax adjustment	6,540	1,468
<b>Income tax benefit/(expense)</b>	<b>6,540</b>	<b>1,468</b>

	Property plant and equipment \$000	Total \$000
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#### Deferred tax liability

Balance at 1 July 2019	(8,602)	(8,602)
Credited to surplus or deficit	6,540	6,540
Charged to equity	2,062	2,062
<b>Balance at 30 June 2020</b>	<b>-</b>	<b>-</b>
Balance at 1 July 2018	(10,070)	(10,070)
Credited to surplus or deficit	1,468	1,468
Charged to equity	-	-
<b>Balance at 30 June 2019</b>	<b>(8,602)</b>	<b>(8,602)</b>

Auckland Transport has reversed tax on income from Port Related Commercial Undertaking (PRCU) as Auckland Transport's ferry operations were not deemed to constitute PRCU income on the basis that the activity is not undertaken on a commercial basis.

## Part 2: Long-term assets

This section provides information about the investments Auckland Transport has made in long-term assets.

The notes included in this section are as follows:

- 6 Property, plant and equipment
- 7 Intangible assets
- 8 Non-current assets held for sale

## Notes to the financial statements for the year ended 30 June 2020

### 6 PROPERTY, PLANT AND EQUIPMENT

#### Accounting policy

Property, plant and equipment consists of:

#### A. OPERATIONAL ASSETS

Type	Description
Land	Land held for rail purposes, land under carparks, park and ride, wharves and train stations.
Land – finance lease	Finance leases for wharf land and water space under ferry terminals.
Properties held for roading purposes	Properties purchased for future roading projects.
Leasehold improvements	Auckland Transport leased offices fitouts.
Buildings	Buildings held for rail purposes, car park buildings, and other operational buildings.
Rolling stock	Diesel (DMU) and electric (EMU) trains and other onboard train equipment (e.g. signalling and communication equipment).
Motor vehicles	Fleet vehicles used for transport trials and electric buses.
Boats and engines	Boats used by the harbourmaster in managing the waterways.
Computer hardware	Laptops, screens, servers and other physical IT equipment.
Furniture and fittings	Furniture includes desks, chairs and other fittings used in Auckland Transport offices.
Plant and equipment	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.).
Wharves	Wharves used to provide public transport via ferries.
Bus stations and shelters	Stations and shelters for users of bus services at bus stops and busways.
Train stations	Stations for trains users.
Computer Hardware – finance lease	Finance lease for IT equipment.

#### B. INFRASTRUCTURE ASSETS

Type	Description
Land	Restricted land, land under roads and land access to/from rail stations.
Roading	Roading assets (e.g. footpath, streetlights, traffic control, pavements, etc.).
Street gardens	Street trees and gardens, to beautify the city.

#### Valuation of assets

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

Operational land and buildings, Land - finance lease, train stations, wharves, bus stations and shelters, roading and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried at depreciated historical cost.

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

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

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

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

### 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Auckland Transport and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at 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.

#### Depreciation

Land and properties held for roading purposes are not depreciated. All other assets are depreciated on a straight-line basis. Depreciation writes off the cost of the assets to residual value over their useful lives. Auckland Transport reviews and, if necessary, adjusts the assets' residual values and useful lives at each year-end.

Class of asset depreciated	Estimated useful life (years)
<b>Operational assets</b>	
Buildings	13-75
Leasehold improvements	2-15
Rolling stock	5-35
Motor vehicles	5-10
Boats and engines	3-15
Computer hardware	4-15
Furniture and fittings	2-15
Plant and equipment	5-50
Wharves	4-100
Bus stations and shelters	10-40
Train stations	6-60
Computer Hardware – finance lease	6
<b>Infrastructure assets</b>	
Roading	5-110
Street gardens	10-23

#### Disposals

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

#### Work in progress

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

#### Value in use for non-cash-generating assets

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

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

#### Value in use for cash-generating assets

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

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

#### Computer Hardware – finance lease

The net carrying amount of plant and equipment held under finance leases is \$5.3 million (2019: \$nil). Note 22 provides further information about finance leases.

## Notes to the financial statements for the year ended 30 June 2020

### 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2020	Cost/ revaluation 1 July 2019 \$000	Accumulated depreciation and impairment charges 1 July 2019 \$000	Carrying amount 1 July 2019 \$000	Current year additions \$000	Current year disposals \$000
<b>Operational assets</b>					
Land	693,579	-	693,579	-	(46,550)
Land - finance lease	25,800	-	25,800	-	-
Properties held for roading purposes	439,605	-	439,605	-	(96,454)
Buildings	161,572	(3,825)	157,747	-	-
Leasehold improvements	11,221	(3,191)	8,030	-	-
Rolling stock	435,196	(15,829)	419,367	-	-
Motor vehicles	2,239	(223)	2,016	-	-
Boats and engines	980	(383)	597	14	-
Computer hardware	54,697	(35,673)	19,024	-	-
Furniture and fittings	7,075	(2,359)	4,716	-	-
Plant and equipment	76,519	(44,245)	32,274	-	(2,398)
Wharves	87,549	(7,864)	79,685	-	(682)
Bus stations and shelters	143,667	(8,388)	135,279	-	-
Train stations	611,680	(52,443)	559,237	-	-
Computer hardware - finance lease	-	-	-	-	-
	<b>2,751,379</b>	<b>(174,423)</b>	<b>2,576,956</b>	<b>14</b>	<b>(146,084)</b>
<b>Infrastructural assets</b>					
Land	6,639,512	-	6,639,512	-	(4,401)
Roading	10,493,701	(456,116)	10,037,585	5,914	(21,313)
Street gardens	47,733	(13,547)	34,186	145	-
	<b>17,180,946</b>	<b>(469,663)</b>	<b>16,711,283</b>	<b>6,059</b>	<b>(25,714)</b>
Work in progress	650,950	-	650,950	1,091,145	-
<b>Total property, plant and equipment</b>	<b>20,583,275</b>	<b>(644,086)</b>	<b>19,939,189</b>	<b>1,097,218</b>	<b>(171,798)</b>

The land - finance lease relates to Ferry Terminal waterspace and land for an indefinite lease term until such time as Auckland Transport does not comply with the required and permitted use clauses in the finance leases. The land subject to these leases is therefore recognised at their fair value until such time as the leases are not to be renewed in perpetuity.

All of Auckland Transport's construction sites were locked down during Covid-19 Alert level 4 and costs totalling \$9.1 million directly related to the locked down construction sites were impaired on the basis that suspension in construction activity was an abnormal delay for an extended period of time. Auckland Transport is working through the delays caused by Covid-19, however there is the potential for cost increases as a result of the delays.

### (TABLE CONTINUED)

Current year transfers \$000	Current year impairment charges \$000	Current year depreciation \$000	Revaluation surplus/(loss) \$000	Cost/ revaluation 30 June 2020 \$000	Accumulated depreciation and impairment charges 30 June 2020 \$000	Carrying amount 30 June 2020 \$000
11,384	-	-	-	658,414	-	658,414
-	-	-	-	25,800	-	25,800
29,260	-	-	-	372,411	-	372,411
2,357	-	(3,887)	-	163,928	(7,712)	156,216
306	-	(630)	-	11,527	(3,820)	7,707
59,691	-	(16,148)	-	494,886	(31,977)	462,909
-	-	(279)	-	2,239	(502)	1,737
51	-	(93)	-	1,010	(441)	569
11,327	-	(9,773)	-	66,025	(45,447)	20,578
2,039	-	(734)	-	9,114	(3,093)	6,021
1,867	-	(7,146)	-	67,160	(42,564)	24,596
9,672	(16)	(4,015)	5,369	90,295	(281)	90,014
(17,267)	-	(4,946)	(4,549)	108,517	-	108,517
30,550	-	(26,511)	58,272	621,665	(117)	621,548
5,336	-	-	-	5,336	-	5,336
<b>146,573</b>	<b>(16)</b>	<b>(74,162)</b>	<b>59,092</b>	<b>2,698,327</b>	<b>(135,954)</b>	<b>2,562,373</b>
176,576	-	-	-	6,811,687	-	6,811,687
453,183	(9,102)	(241,780)	596,711	10,821,611	(412)	10,821,199
2,609	-	(4,077)	-	50,487	(17,624)	32,863
<b>632,368</b>	<b>(9,102)</b>	<b>(245,857)</b>	<b>596,711</b>	<b>17,683,785</b>	<b>(18,036)</b>	<b>17,665,749</b>
(778,941)	-	-	-	963,153	-	963,153
<b>-</b>	<b>(9,118)</b>	<b>(320,019)</b>	<b>655,803</b>	<b>21,423,616</b>	<b>(153,990)</b>	<b>21,191,275</b>

## Notes to the financial statements for the year ended 30 June 2020

### 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Cost/ revaluation 1 July 2018	Accumulated depreciation and impairment charges 1 July 2018	Carrying amount 1 July 2018	Current year additions	Current year disposals
2019	\$000	\$000	\$000	\$000	\$000
<b>Operational assets</b>					
Land	698,713	-	698,713	-	(11,957)
Land - finance lease	25,800	-	25,800	-	-
Properties held for roading purposes	360,433	-	360,433	396	-
Buildings	162,122	-	162,122	-	(3,121)
Leasehold improvements	11,221	(2,269)	8,952	-	-
Rolling stock	434,718	-	434,718	-	-
Motor vehicles	4,339	(2,905)	1,434	-	(955)
Boats and engines	936	(289)	647	-	-
Computer hardware	42,206	(25,782)	16,424	-	-
Furniture and fittings	6,996	(1,780)	5,216	-	-
Plant and equipment	64,822	(35,015)	29,807	17	-
Wharves	80,967	(3,901)	77,066	-	(147)
Bus stations and shelters	132,974	(3,682)	129,292	-	-
Train stations	593,767	(26,049)	567,718	-	-
Computer hardware - finance lease	-	-	-	-	-
	<b>2,620,014</b>	<b>(101,672)</b>	<b>2,518,342</b>	<b>413</b>	<b>(16,180)</b>
<b>Infrastructural assets</b>					
Land	6,403,458	-	6,403,458	396	(1,565)
Roading	10,109,544	(224,195)	9,885,349	5,843	(43)
Street gardens	42,638	(9,806)	32,832	-	-
	<b>16,555,640</b>	<b>(234,001)</b>	<b>16,321,639</b>	<b>6,239</b>	<b>(1,608)</b>
Work in progress	504,904	-	504,904	917,192	-
<b>Total property, plant and equipment</b>	<b>19,680,558</b>	<b>(335,673)</b>	<b>19,344,885</b>	<b>923,844</b>	<b>(17,788)</b>

The land - finance lease relates to Ferry Terminal waterspace and land for an indefinite lease term until such time as Auckland Transport does not comply with the required and permitted use clauses in the finance leases. The land subject to these leases is therefore recognised at their fair value until such time as the leases are not to be renewed in perpetuity.

### (TABLE CONTINUED)

Current year transfers	Current year impairment charges	Current year depreciation	Revaluation surplus/(loss)	Cost/ revaluation 30 June 2019	Accumulated depreciation and impairment charges 30 June 2019	Carrying amount 30 June 2019
\$000	\$000	\$000	\$000	\$000	\$000	\$000
6,824	-	-	-	693,579	-	693,579
-	-	-	-	25,800	-	25,800
78,776	-	-	-	439,605	-	439,605
2,656	-	(3,910)	-	161,572	(3,825)	157,747
-	-	(921)	-	11,221	(3,191)	8,030
478	-	(15,829)	-	435,196	(15,829)	419,367
2,102	-	(565)	-	2,239	(223)	2,016
44	-	(94)	-	980	(383)	597
12,491	-	(9,891)	-	54,697	(35,673)	19,024
79	-	(579)	-	7,075	(2,359)	4,716
11,680	-	(9,230)	-	76,519	(44,245)	32,274
6,737	-	(3,971)	-	87,549	(7,864)	79,685
10,693	-	(4,706)	-	143,667	(8,388)	135,279
17,913	-	(26,394)	-	611,680	(52,443)	559,237
-	-	-	-	-	-	-
<b>150,473</b>	<b>-</b>	<b>(76,090)</b>	<b>-</b>	<b>2,751,379</b>	<b>(174,423)</b>	<b>2,576,956</b>
237,222	-	-	-	6,639,512	-	6,639,512
378,357	-	(231,932)	-	10,493,701	(456,116)	10,037,585
5,095	-	(3,741)	-	47,733	(13,547)	34,186
<b>620,674</b>	<b>-</b>	<b>(235,664)</b>	<b>-</b>	<b>17,180,946</b>	<b>(469,663)</b>	<b>16,711,283</b>
(771,147)	-	-	-	650,950	-	650,950
<b>-</b>	<b>-</b>	<b>(311,754)</b>	<b>-</b>	<b>20,583,275</b>	<b>(644,086)</b>	<b>19,939,189</b>

## Notes to the financial statements for the year ended 30 June 2020

### 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

No property, plant and equipment is pledged as security for liabilities (2019: nil).

#### Auckland Council-owned property, plant and equipment

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

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

- Operational land and buildings – includes land and buildings, parking and wharf buildings.
- Finance lease land – includes wharf land and water space under Ferry Terminals.
- Properties held for roading purposes – includes properties purchased for future roading projects.
- Roads – includes land under roads, shaping, formation, foundation, surface, kerb and channelling, shoulders, drainage under roads, footpaths, lighting, signage, bridges, crossings, islands, minor structures (including railings and retaining walls), traffic facilities, and traffic signals.

#### Restrictions on Auckland Council-owned property, plant and equipment

##### Disposal

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

##### Acquisition

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

### 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Revaluation

Asset class	Date of revaluation	Valuation amount \$'000	Basis of revaluation	Independent valuer company	Valuer name
Rolling stock	30 June 2018	434,718	Depreciated replacement cost	KPMG	David Mitchell
Land	30 June 2018	698,713	Fair Value with the approaches being Market and Income	Bayleys Valuations Limited Quotable Value Limited Beca, Carter, Hollings & Ferner Ltd	Jessica McKenzie Andrew Parkyn Ceri Bain
Land – finance lease	30 June 2018	25,800	Fair Value with the approaches being Market and Income	Telfer Young (Auckland) Ltd	Evan Gamby
Buildings	30 June 2018	162,121	Fair Value with the approaches being Market and Income	Bayleys Valuations Limited Quotable Value Limited Beca, Carter, Hollings & Ferner Ltd	Jessica McKenzie Andrew Parkyn Ceri Bain
Train stations	30 June 2020	264,145	Depreciated replacement cost	WSP	Thrainn Viggosson
Train stations	30 June 2020	355,644	Depreciated replacement cost	Auckland Transport	Sam Ho
Wharves	30 June 2020	88,018	Depreciated replacement cost	WSP	Thrainn Viggosson
Wharves	30 June 2020	885	Depreciated replacement cost	Auckland Transport	Sam Ho
Roads and parking (excluding land and buildings)	30 June 2020	10,745,630	Depreciated replacement cost	PEACS Limited	Amar Singh
Bus stations	30 June 2020	81,939	Depreciated replacement cost	WSP	Thrainn Viggosson
Bus stations	30 June 2020	1,002	Depreciated replacement cost	Auckland Transport	Sam Ho
Bus shelters	30 June 2020	25,530	Depreciated replacement cost	PEACS Limited	Amar Singh

## Notes to the financial statements for the year ended 30 June 2020

### 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Valuation significant assumptions and estimates

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

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

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

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

- Railway station assets with unlimited engineering lives have been adjusted to have a typical useful life appropriate to the rate of change and obsolescence in the environment for each elemental value.
- Wharf assets' typical useful life has been based on current condition and environmental factors such as reflecting the marine environment, rate of change and obsolescence, loadings, and the predominance of concrete and steel structural elements.
- Estimating the unit rate for construction of roading assets: The most current contracted unit rates for road construction have been used. Where there is no current contracted unit rate information available, the most recent rates are used indexed for the impact of inflation.
- Assumptions on the remaining useful life over which the asset will be depreciated: These assumptions are based on the age, condition information held on these assets and the asset's future service potential. For roading assets these assumptions can be affected by local conditions such as ground type, weather patterns and road usage.
- Rolling stock consists of electric trains and diesel motor units operating from Papakura to Pukekohe.
- Assumptions on rail rolling stock useful lives have been based on an expected vehicle replacement programme. The programme defines the expected economic and/or physical lives of the different vehicle types.
- Asset useful lives have been determined with reference to external industry guidance and have been adjusted for local conditions based on past experience. Asset inspection, deterioration, and condition modelling are also carried out regularly as part of asset management activities, which provides further assurance over useful life estimates.
- It is too early to conclude on the impact that Covid-19 will have on construction costs and cost indices used in the valuations do not include the impact of Covid-19. Current expectations are that the effects of Covid-19 are more likely to be short-term while the replacement costs used in DRC calculations typical reflect sustainable market conditions.

All other asset classes are measured at depreciated historical cost.

#### Fair Value Assessment – Covid-19

All of Auckland Transport's assets with the exception of land and buildings are valued using depreciated replacement cost. Land and buildings are valued using both market value and depreciated replacement cost.

A fair value assessment has been performed on assets, held at fair value, that have not been revalued at 30 June 2020. For assets valued under depreciated replacement cost it is too early to conclude on the impact that Covid-19 will have on construction costs. For assets held at market value the values of land and buildings have not changed significantly due to Covid-19.

### 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Work in progress

	Actual 2020 \$000	Actual 2019 \$000
<b>Operational assets</b>		
Land	39,413	52,658
Rolling stock	61,193	42,456
Wharves	1,625	4,536
Bus stations and shelters	52,096	22,145
Train stations	25,377	24,392
<b>Infrastructural assets</b>		
Roading	793,567	504,763
<b>Total work in progress</b>	<b>973,271</b>	<b>650,950</b>

### 7 INTANGIBLE ASSETS

#### Accounting policy

##### Intangible assets

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

Subsequent to initial recognition, intangible assets with finite useful lives are carried 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 surplus or deficit in the period in which the disposal occurs.

##### Access rights

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

##### Computer software

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

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

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

##### Designations

Designations are the authorisation given to certain activities or uses of natural and physical resources required under the New Zealand Resource Management Act.

## Notes to the financial statements for the year ended 30 June 2020

### 7 INTANGIBLE ASSETS (CONTINUED)

	Cost 1 July 2019	Accumulated amortisation and impairment charges 1 July 2019	Carrying amount 1 July 2019	Current year additions
2020	\$000	\$000	\$000	\$000
Software	217,163	(123,925)	93,238	-
Designations	399	-	399	-
Access rights	44,793	(3,996)	40,797	-
	<b>262,355</b>	<b>(127,921)</b>	<b>134,434</b>	<b>-</b>
Work in progress	42,068	-	42,068	42,081
<b>Total intangible assets</b>	<b>304,423</b>	<b>(127,921)</b>	<b>176,502</b>	<b>42,081</b>

	Cost 1 July 2018	Accumulated amortisation and impairment charges 1 July 2018	Carrying amount 1 July 2018	Current year additions
2019	\$000	\$000	\$000	\$000
Software	161,724	(94,238)	67,486	-
Designations	399	-	399	-
Access rights	44,795	(3,307)	41,488	-
	<b>206,918</b>	<b>(97,545)</b>	<b>109,373</b>	<b>-</b>
Work in progress	43,225	-	43,225	55,547
<b>Total intangible assets</b>	<b>250,143</b>	<b>(97,545)</b>	<b>152,598</b>	<b>55,547</b>

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

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

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

### (TABLE CONTINUED)

Current year disposals	Current year transfers	Current year impairment charges	Current year amortisation	Cost 30 June 2020	Accumulated amortisation and impairment charges 30 June 2020	Carrying amount 30 June 2020
\$000	\$000	\$000	\$000	\$000	\$000	\$000
(2,394)	35,406	-	(30,009)	250,175	(153,935)	96,240
-	-	-	-	399	-	399
-	-	-	(689)	44,793	(4,684)	40,109
<b>(2,394)</b>	<b>33,240</b>	<b>-</b>	<b>(30,698)</b>	<b>295,367</b>	<b>(158,619)</b>	<b>136,748</b>
-	(35,406)	-	-	48,873	-	48,873
<b>(2,394)</b>	<b>-</b>	<b>-</b>	<b>(30,698)</b>	<b>344,110</b>	<b>(158,619)</b>	<b>185,491</b>

Current year disposals	Current year transfers	Current year impairment charges	Current year amortisation	Cost 30 June 2019	Accumulated amortisation and impairment charges 30 June 2019	Carrying amount 30 June 2019
\$000	\$000	\$000	\$000	\$000	\$000	\$000
(1,266)	56,706	-	(29,686)	217,163	(123,925)	93,238
-	-	-	-	399	-	399
-	(1)	-	(689)	44,793	(3,996)	40,797
<b>(1,266)</b>	<b>56,705</b>	<b>-</b>	<b>(30,375)</b>	<b>262,355</b>	<b>(127,921)</b>	<b>134,434</b>
-	(56,705)	-	-	42,068	-	42,068
<b>(1,266)</b>	<b>-</b>	<b>-</b>	<b>(30,375)</b>	<b>304,423</b>	<b>(127,921)</b>	<b>176,502</b>

## Notes to the financial statements for the year ended 30 June 2020

### 8 NON-CURRENT ASSETS HELD FOR SALE

#### Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are not depreciated.

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

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

	Actual 2020 \$000	Actual 2019 \$000
Land held for sale	78,351	-
Rolling stock – held for sale	-	479
<b>Total non-current asset held for sale</b>	<b>78,351</b>	<b>479</b>

There has been a write down of rolling stock held for sale during the year amounting to \$479,000 (2019: nil).

#### Assets to be transferred to Waka Kotahi NZ Transport Agency

The government announced that Waka Kotahi NZ Transport Agency will be taking over the construction of the Penlink and Mill Rd projects under the NZ Upgrade transport package. Auckland Transport purchase \$78.4 million of properties for the Penlink and Mill Rd projects and is currently in negotiations to transfer these properties to Waka Kotahi NZ Transport Agency. Remaining Penlink and Mill Rd capital spend has been written off.

## Part 3: Borrowings and derivative financial instruments

This section provides details of Auckland Transport borrowings.

This section also provides information of derivative financial instruments acquired to mitigate the risks arising from the borrowings.

The notes included in this section are as follows:

- 9 Borrowings and other financial liabilities
- 10 Derivative financial instruments

## Notes to the financial statements for the year ended 30 June 2020

### 9 BORROWINGS AND OTHER FINANCIAL LIABILITIES

#### Accounting policy

Borrowings are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities where they are due to be settled within twelve months after the reporting date. All other borrowings are classified as non-current liabilities.

	Actual 2020 \$000	Actual 2019 \$000
<b>Current portion</b>		
Finance lease	956	-
Loans from Auckland Council	6,910	6,412
<b>Total current borrowings</b>	<b>7,866</b>	<b>6,412</b>
<b>Non-current portion</b>		
Finance lease	4,381	-
Loans from Auckland Council	483,453	490,363
<b>Total non-current borrowings</b>	<b>487,834</b>	<b>490,363</b>
<b>Total borrowings</b>	<b>495,700</b>	<b>496,775</b>

Auckland Transport manages its borrowings in accordance with its treasury policy. There was no significant change to the treasury policy during the year. Auckland Transport was fully compliant with its treasury policy at year end.

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

#### Loans from Auckland Council

Auckland Transport's loans from Auckland Council of \$490.4 million (2019: \$496.8 million) are issued at fixed rates of interest ranging from 5.55% to 6.57% (2019: 5.55% to 6.57%).

Two loan facilities have been drawn down and will be repaid against a schedule of repayments. The first loan of \$403.4 million (2019: \$409.4 million) has a final repayment date of 21 November 2046 and the second loan of \$86.9 million (2019: \$87.4 million) has a final repayment date of 27 March 2062.

The fair value of these loans is \$550.0 million (2019: \$561.4 million). The fair value is based on cash flows discounted using a rate based on the borrowing rate of 1.56% (2019: 2.42%).

#### Finance Leases

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The fair value of finance leases is \$5.3 million (2019: \$nil). Fair value has been determined using contractual cash flows discounted using a rate based on the market borrowing rate at balance date of 1% (2019:nil).

### 10 DERIVATIVE FINANCIAL INSTRUMENTS

#### Accounting policy

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The resulting gain or loss is recognised in surplus or deficit.

	Actual 2020 \$000	Actual 2019 \$000
<b>Current liability portion</b>		
Forward foreign exchange contracts	3,124	6,919
<b>Non-current liability portion</b>		
Forward foreign exchange contracts	138	991

#### Forward foreign exchange contracts

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

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$54.6 million (2019: \$121.3 million). The foreign currency principal amount was EUR 29.2 million (2019: EUR 65.8 million).

## Part 4: Working capital and equity

This section provides information about the operating assets and liabilities available to Auckland Transport's day-to-day activities. This section also contains analysis of the equity of Auckland Transport.

The notes included in this section are as follows:

- 11 Cash and cash equivalents
- 12 Receivables
- 13 Inventories
- 14 Payables and accruals
- 15 Employee entitlements
- 16 Equity

### 11 CASH AND CASH EQUIVALENTS

#### Accounting policy

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

	Actual 2020 \$000	Actual 2019 \$000
Cash at bank	3,671	9,201
Till floats	281	304
<b>Total cash and cash equivalents</b>	<b>3,952</b>	<b>9,505</b>

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

The weighted average effective interest rate for cash and cash equivalents is 0.25% (2019: 1.50%).

### 12 RECEIVABLES

#### Accounting policy

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.

The provision for impairment of receivables is determined based on an expected credit loss model.

In assessing credit losses for receivables, Auckland Transport apply the simplified approach and record lifetime expected credit losses ("ECLs") on receivables. Lifetime ECLs result from all possible default events over the expected life of a receivable.

Auckland Transport consider both quantitative and qualitative inputs when assessing ECLs on receivables. Quantitative data includes past collection rates, ageing of receivables, and trading outlook. Qualitative inputs include past trading history with customers.

Expected loss rates are applied based on payment profiles and corresponding historical credit losses experienced within the year.

## Notes to the financial statements for the year ended 30 June 2020

### 12 RECEIVABLES (CONTINUED)

	Actual 2020 \$000	Actual 2019 \$000
<b>Receivables from non-exchange transactions</b>		
<b>Current portion</b>		
Trade debtors	3,649	4,444
Infringements receivable	42,205	43,295
Amounts due from related parties	311,002	268,619
Accrued revenue	101,637	66,455
Goods and services tax	-	-
	<b>458,493</b>	<b>382,813</b>
Less provision for impairment of receivables	(22,543)	(20,113)
<b>Total current receivables</b>	<b>435,950</b>	<b>362,700</b>

The carrying value of receivables approximates their fair value.

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

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

The Covid-19 impact on the future collectability of receivables is highly uncertain, cannot be quantified and therefore has not been incorporated in the credit loss model. Future impacts will be assessed on an ongoing basis).

### 12 RECEIVABLES (CONTINUED)

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

	Gross \$000	Impaired \$000	Net \$000
<b>2020</b>			
Not past due	414,504	-	414,504
Past due 1-30 days	1,006	-	1,006
Past due 31-60 days	176	-	176
Past due 61-90 days	1,554	-	1,554
Past due > 90 days	41,253	(22,543)	18,710
	<b>458,493</b>	<b>(22,543)</b>	<b>435,950</b>
<b>2019</b>			
Not past due	340,270	-	340,270
Past due 1-30 days	3,740	-	3,740
Past due 31-60 days	2,643	-	2,643
Past due 61-90 days	1,778	-	1,778
Past due > 90 days	34,382	(20,113)	14,269
	<b>382,813</b>	<b>(20,113)</b>	<b>362,700</b>

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

Auckland Transport have early adopted PBE IFRS 9, which has an expected credit loss model for impairment of financial assets. The expected credit loss allowance provision for receivables was calculated using the new PBE IFRS 9.

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

	Actual 2020 \$000	Actual 2019 \$000
Balance at 1 July	20,113	15,998
Additional provisions made	3,017	4,180
Provisions reversed	(576)	(48)
Provisions relating to receivables written-off	(11)	(17)
<b>Balance at 30 June</b>	<b>22,543</b>	<b>20,113</b>

## Notes to the financial statements for the year ended 30 June 2020

### 13 INVENTORIES

#### Accounting policy

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

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

The carrying amount of spare parts is measured at the lower of cost or net realisable value.

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

	Actual 2020 \$000	Actual 2019 \$000
Spare parts for diesel rolling stock	1,770	2,039
Spare parts for electric trains	8,749	8,837
Others	-	93
<b>Total inventories</b>	<b>10,519</b>	<b>10,969</b>

No inventories are pledged as security for liabilities.

There has been no write down of inventory during the year (2019: \$197,000).

There have been no reversal of write downs of inventories.

### 14 PAYABLES AND ACCRUALS

#### Accounting policy

Current payables and accruals are recognised at cost. Current payables and accruals are non-interest bearing and normally settled on 30-day terms; therefore, the carrying value approximates fair value. Non-current payables and accruals are measured at the present value of the estimated future cash outflows.

	Actual 2020 \$000	Actual 2019 \$000
<b>Current portion</b>		
<b>Payables under exchange transactions</b>		
Creditors	69,099	65,444
Accrued expenses	207,905	173,653
<b>Total payables under exchange transactions</b>	<b>277,004</b>	<b>239,097</b>
<b>Payables under non-exchange transactions</b>		
Amounts due to related parties	13,536	12,883
Revenue in advance	1,306	1,169
Goods and services tax	4,928	1,297
<b>Total payables under non-exchange transactions</b>	<b>19,770</b>	<b>15,349</b>
<b>Total current payables</b>	<b>296,774</b>	<b>254,446</b>
<b>Non-current portion</b>		
<b>Payables under non-exchange transactions</b>		
Amounts due to related parties	9,986	13,236
<b>Total non-current payables</b>	<b>9,986</b>	<b>13,236</b>

### 15 EMPLOYEE ENTITLEMENTS

#### Accounting policy

Current employee entitlements to be settled within 12 months are reported at the amount expected to be paid.

Non-current employee entitlements such as long-service leave are valued by external actuary.

	Actual 2020 \$000	Actual 2019 \$000
<b>Current portion</b>		
Accrued salaries and wages	7,500	5,718
Annual leave	14,773	12,292
Sick leave	266	266
Long service leave	-	-
<b>Total current employee entitlements</b>	<b>22,539</b>	<b>18,276</b>
<b>Non-current portion</b>		
Retirement gratuities	314	314
Long service leave	69	109
<b>Total non-current employee entitlements</b>	<b>383</b>	<b>423</b>

### 16 EQUITY

#### Accounting policy

Equity is the residual interest in the organisation and is measured as the difference between total assets and total liabilities. Equity is made up of:

Contributed capital	This represents the cumulative total at the reporting date of contributions from Auckland Council, less capital returned.
Accumulated funds	This represents the accumulated surplus/deficit over time by Auckland Transport and found assets identified after amalgamation.
<b>Other reserves</b>	
• Asset revaluation reserve	This reserve relates to the revaluation of property, plant, and equipment to fair value.
• Cash flow hedge reserve	This reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

#### Capital management

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

Auckland Transport manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities and general financial dealings to ensure Auckland Transport effectively achieves its objectives and purpose, while remaining a going concern.

## Notes to the financial statements for the year ended 30 June 2020

### 16 EQUITY (CONTINUED)

	Actual 2020 \$000	Actual 2019 \$000
Contributed capital	12,943,073	12,990,781
Accumulated funds	3,793,475	3,001,336
<b>Asset revaluation reserve</b>		
Balance at 1 July	3,714,347	3,726,161
Change in fair value recognised during the year	655,803	-
Transfer to accumulated funds on disposal of property	(25,548)	(11,814)
Deferred tax on revaluation	2,062	-
<b>Asset revaluation reserve</b>	<b>4,346,664</b>	<b>3,714,347</b>
<b>Asset revaluation reserve for each asset class consists of:</b>		
<b>Operational assets</b>		
Land	352,561	375,607
Land - finance lease	13,269	13,269
Buildings	12,703	12,703
Rolling stock	3,708	3,708
Wharves	9,739	2,308
Bus stations and shelters	9,600	14,149
Train stations	331,280	273,008
<b>Infrastructural assets</b>		
Roading	3,613,804	3,019,595
<b>Total asset revaluation reserve</b>	<b>4,346,664</b>	<b>3,714,347</b>
<b>Total equity</b>	<b>21,083,212</b>	<b>19,706,464</b>

## Part 5: Financial instruments and risk management

This section provides information on how various risks are managed by Auckland Transport.

The notes included in this section are as follows:

- 17 Categories of financial instruments and fair value hierarchy
- 18 Interest rate risk
- 19 Foreign exchange risk
- 20 Credit risk
- 21 Liquidity risk

## Notes to the financial statements for the year ended 30 June 2020

### 17 CATEGORIES OF FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY

#### Accounting policy

Auckland Transport classifies financial assets and liabilities into categories. The classification depends on the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities.

Categories	Initial recognition	Subsequent measurement	Treatment of gains and losses
<b>Financial assets</b>			
Fair value through surplus or deficit	Fair value	Fair value	Surplus or deficit
Amortised cost (2018: Loans and receivables)	Fair value	Amortised cost using the effective interest method less impairment	Surplus or deficit
<b>Financial liabilities</b>			
Fair value through surplus or deficit	Fair value	Fair value	Surplus or deficit
Amortised cost	Fair value	Amortised cost	Surplus or deficit

#### Categories of financial instruments

The carrying amounts of financial instruments are as follows:

	Actual 2020 \$000	Actual 2019 \$000
<b>Financial assets</b>		
<b>Amortised cost</b>		
Cash and cash equivalents	3,952	9,505
Receivables (excluding goods and services tax)	435,950	362,700
<b>Total</b>	<b>439,902</b>	<b>372,205</b>
<b>Financial liabilities</b>		
<b>Fair value through surplus or deficit</b>		
Forward foreign exchange contracts	3,262	7,910
<b>Total</b>	<b>3,262</b>	<b>7,910</b>
<b>Amortised cost</b>		
Payables and accruals	301,832	266,385
Borrowings	495,700	496,775
<b>Total</b>	<b>797,532</b>	<b>763,160</b>

### 17 CATEGORIES OF FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY (CONTINUED)

#### Fair value hierarchy

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

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

	VALUATION TECHNIQUE			
	Total	Level 1 Quoted market price	Level 2 Observable inputs	Level 3 Significant non-observable inputs
	\$000	\$000	\$000	\$000
<b>2020</b>				
<b>Financial liabilities</b>				
Forward foreign exchange contracts	3,261	-	3,261	-
<b>2019</b>				
<b>Financial liabilities</b>				
Forward foreign exchange contracts	7,909	-	7,909	-

#### 2020

##### Financial liabilities

Forward foreign exchange contracts	3,261	-	3,261	-
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#### 2019

##### Financial liabilities

Forward foreign exchange contracts	7,909	-	7,909	-
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There were no transfers between the different levels of the fair value hierarchy during the year (2019: nil).

## Notes to the financial statements for the year ended 30 June 2020

### 18 INTEREST RATE RISK

#### Interest rate risk

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

### 19 FOREIGN EXCHANGE RISK

#### Foreign exchange risk

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

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

	-5% Surplus/ deficit NZ \$000	-5% Other equity NZ \$000	+5% Surplus/ deficit NZ \$000	+5% Other equity NZ \$000
<b>2020</b>				
Forward foreign exchange contracts	2,698	-	(2,444)	-
<b>2019</b>				
Forward foreign exchange contracts	5,998	-	(5,418)	-

#### Explanation of foreign exchange rate risk sensitivity

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

### 20 CREDIT RISK

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

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

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

#### Credit quality of financial assets

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

	Rating	Actual 2020 \$000	Actual 2019 \$000
<b>Counterparties with credit ratings</b>			
Cash at bank	AA-	3,671	9,201
<b>Counterparties without credit ratings</b>			
<b>Receivables</b>			
Existing counterparty with no defaults in the past		435,950	362,700
Existing counterparty with defaults in the past		-	-
<b>Total receivables</b>		<b>435,950</b>	<b>362,700</b>

Of the \$360,488, \$275,354 is due from related parties.

### 21 LIQUIDITY RISK

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

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

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

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

## Notes to the financial statements for the year ended 30 June 2020

### 21 LIQUIDITY RISK (CONTINUED)

	Carrying amount NZ \$'000	Contractual cash flows NZ \$'000	Less than 6 months NZ \$'000	6-12 months NZ \$'000	Later than 1 year NZ \$'000
<b>2020</b>					
Trade and other payables	306,760	306,760	306,760	-	-
Forward foreign exchange contracts					
- outflow	-	54,559	52,805	-	1,754
- inflow	-	51,229	49,630	-	1,599
Net settled derivative liabilities	3,262	3,330	3,175	-	155
<b>2019</b>					
Trade and other payables	267,682	267,682	267,682	-	-
Forward foreign exchange contracts					
- outflow	-	121,314	33,831	73,583	13,900
- inflow	-	111,659	31,510	67,626	12,523
Net settled derivative liabilities	7,910	9,655	2,321	5,957	1,377

#### Contractual maturity analysis of borrowings

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

	Carrying amount NZ \$'000	Contractual cash flows NZ \$'000	0-10 years NZ \$'000	11-20 years NZ \$'000	21-30 years NZ \$'000	31-40 years NZ \$'000	41-50 years NZ \$'000
<b>2020</b>							
Finance leases	5,337	5,478	5,478	-	-	-	-
Loans from Auckland Council	490,363	1,043,859	362,512	362,512	252,662	56,015	10,158
<b>Total borrowings</b>	<b>495,700</b>	<b>1,049,337</b>	<b>367,990</b>	<b>362,512</b>	<b>252,662</b>	<b>56,015</b>	<b>10,158</b>
<b>2019</b>							
Finance leases	-	-	-	-	-	-	-
Loans from Auckland Council	496,775	1,080,110	362,512	362,512	283,312	56,015	15,759
<b>Total borrowings</b>	<b>496,775</b>	<b>1,080,110</b>	<b>362,512</b>	<b>362,512</b>	<b>283,312</b>	<b>56,015</b>	<b>15,759</b>

## Part 6 : Other

This section provides other financial information that will enhance clarity and understanding of this annual report.

The notes included in this section are as follows:

- 22 Capital commitments and operating leases**
- 23 Contingencies**
- 24 Related party transactions**
  - a. Key management personnel remuneration
  - b. Board member remuneration
  - c. Employee remuneration
  - d. Severance payments
- 25 Major budget variances**
- 26 Reconciliation of surplus after tax to net cash from operating activities**
- 27 Auckland integrated fares system funds**
- 28 Events after the reporting period**

## Notes to the financial statements for the year ended 30 June 2020

### 22 CAPITAL COMMITMENTS AND OPERATING LEASES

#### Accounting policy

##### Operating leases

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

##### Finance leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether Auckland Transport will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

#### Capital commitments

	Actual 2020 \$000	Actual 2019 \$000
<b>Operational assets</b>		
Land	-	472
Buildings	2,134	57
Rolling stock	57,950	114,475
Motor vehicles	-	-
Boats and engines	328	368
Computer hardware	-	675
Furniture and fittings	251	572
Plant and equipment	-	5,551
Wharves	2,221	4,178
Bus stations and shelters	157,050	10,990
Train stations	15,226	8,338
<b>Infrastructural assets</b>		
Roading	598,597	618,543
<b>Intangible assets</b>		
Software	29,566	15,936
<b>Total capital commitments</b>	<b>863,322</b>	<b>780,155</b>

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

### 22 CAPITAL COMMITMENTS AND OPERATING LEASES (CONTINUED)

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

#### Operating leases as lessee

Auckland Transport leases property, plant and equipment in the normal course of its business. These leases have a term of between 11 and 419 months. The future aggregate minimum lease payments payable under leases are as follows:

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

Operating leases predominantly relate to bus peak vehicle requirement within public transport operator contracts. There are no restrictions placed on Auckland Transport by any of the leasing arrangements.

	Actual 2020 \$000	Actual 2019 \$000
Not later than one year	92,945	89,513
Later than one year and not later than five years	352,274	356,284
Later than five years	246,662	286,410
<b>Total operating leases</b>	<b>691,881</b>	<b>732,207</b>

#### Operating leases as lessor

Auckland Transport leases property under operating leases. These leases have a term of between 1 and 795 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual 2020 \$000	Actual 2019 \$000
Not later than one year	8,694	6,292
Later than one year and not later than five years	26,350	23,162
Later than five years	32,792	20,763
<b>Total operating leases</b>	<b>67,836</b>	<b>50,217</b>

## Notes to the financial statements for the year ended 30 June 2020

### 22 CAPITAL COMMITMENTS AND OPERATING LEASES (CONTINUED)

#### Finance lease as lessee

Finance leases are for various items of plant and equipment. The net carrying amount of the plant and equipment held under finance leases is \$5.3 million (2019: \$nil).

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

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

	Actual 2020 \$000	Actual 2019 \$000
<b>Minimum lease payments</b>		
Not later than one year	1,004	-
Later than one year and not later than five years	4,382	-
Later than five years	91	-
<b>Total minimum lease payments</b>	<b>5,478</b>	<b>-</b>
<b>Future finance charges</b>	<b>141</b>	<b>-</b>
<b>Present value of minimum lease charges</b>	<b>5,336</b>	<b>-</b>

	Actual 2020 \$000	Actual 2019 \$000
<b>Present value of minimum lease payments payable</b>		
Not later than one year	998	-
Later than one year and not later than five years	4,251	-
Later than five years	87	-
<b>Total present value of minimum lease payments payable</b>	<b>5,336</b>	<b>-</b>

### 23 CONTINGENT LIABILITIES

#### Contingent liabilities

There are no material contingent liabilities as at 30 June 2020 (2019: nil).

#### Contingent assets

There are no material contingent assets as at 30 June 2020 (2019: nil).

### 24 RELATED PARTY TRANSACTIONS

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

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

#### a. Key management personnel remuneration

	Actual 2020 \$000	Actual 2019 \$000
<b>Board members</b>		
Remuneration	458,955	497,700
Full-time equivalent members	1.3	1.4
<b>Leadership team</b>		
Remuneration	4,124,728	4,661,903
Full-time equivalent members	11.8	10.9
<b>Total key management personnel remuneration</b>	<b>4,583,683</b>	<b>5,159,603</b>
<b>Total full-time equivalent personnel</b>	<b>13.1</b>	<b>12.3</b>

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

#### b. Board member remuneration

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

	Actual 2020 \$	Actual 2019 \$
Adrienne Young Cooper – Chair (from January 2020)	50,400	-
Dr Lester Levy – Chair (to October 2019)	36,000	108,000
Wayne Donnelly – Deputy Chair	73,125	67,500
Kylie Clegg	53,100	54,000
Mary-Jane Daly	58,365	54,000
Dame Paula Rebstock	61,065	62,100
James Mather (from November 2018)	53,100	36,000
Darren Linton (from January 2020)	26,100	-
Sir Michael Cullen (to December 2019)	27,000	54,000
Mark Gilbert (to October 2019)	20,700	62,100
<b>Total Board member remuneration</b>	<b>458,955</b>	<b>497,700</b>

## Notes to the financial statements for the year ended 30 June 2020

### 24 RELATED PARTY TRANSACTIONS (CONTINUED)

Nicole Rosie is the Waka Kotahi NZ Transport Agency appointee. Under the terms of establishment legislation the Waka Kotahi NZ Transport Agency appointee does not receive any remuneration.

Wayne Donnelly, MaryJane Daly and Dame Paula Rebstock were remunerated for their roles as Chairs of Board sub-committees.

There have been no payments made to committee members appointed by the Board who are not board members during the financial year (2019: nil).

Auckland Transport has effected directors' and officers' liability and professional indemnity insurance cover during the financial year in respect of the liability of costs of Board members and employees.

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

#### c. Employee remuneration

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

	Number of Employees 2020		Number of Employees 2019
\$0 - \$59,999	467	\$0 - \$59,999	549
\$60,000 - \$79,999	425	\$60,000 - \$79,999	378
\$80,000 - \$99,999	342	\$80,000 - \$99,999	280
\$100,000 - \$119,999	219	\$100,000 - \$119,999	192
\$120,000 - \$139,999	154	\$120,000 - \$139,999	119
\$140,000 - \$159,999	110	\$140,000 - \$159,999	90
\$160,000 - \$179,999	34	\$160,000 - \$179,999	29
\$180,000 - \$199,999	19	\$180,000 - \$199,999	14
\$200,000 - \$219,999	10	\$200,000 - \$219,999	7
\$220,000 - \$239,999	7	\$220,000 - \$239,999	8
\$240,000 - \$259,999	8	\$240,000 - \$259,999	10
\$260,000 - \$319,999	7	\$260,000 - \$319,999	6
\$320,000 - \$379,999	6	\$320,000 - \$399,999	6
\$380,000 - \$399,999	3	\$560,000 - \$579,999	1
\$600,000 - \$619,999	1		

Note: Covid-19 remuneration reductions are not included in this table

Number of employees	1,812	Number of employees	1,689
Number of full-time employees	1,690	Number of full-time employees	1,580
Full-time equivalent number of all other employees	77	Full-time equivalent number of all other employees	79

### 24 RELATED PARTY TRANSACTIONS (CONTINUED)

#### c. Employee remuneration continued

As part of Auckland Transport's 'he waka eke noa' approach, meaning 'we are all in this together' and to acknowledge the impact of Covid-19:

- The Auckland Transport board voluntarily agreed to reduce their fees by 20 per cent for six months.
- The chief executive voluntarily agreed to a pay cut of 20 per cent for six months.
- All senior executives have taken a voluntary pay cut of a minimum of 10 per cent for six months.
- A number of Auckland Transport employees have volunteered to make salary sacrifices of between 5% and 10%.
- Salary reviews for 2020 were cancelled subject to consultation with the PSA.

#### d. Severance payments

For the year ended 30 June 2020, Auckland Transport made two (2019: five) severance payments to employees totalling \$10,487 (2019: \$73,794). The value of each of the severance payments was \$6,943 and \$3,543.

### 25 MAJOR BUDGET VARIANCES

Explanation for major variances from Auckland Transport's Statement of Intent are as follows:

	Actual 2020 \$000	Budget 2020 \$000	Variance \$000
<b>Auckland Council capital funding</b>	465,594	429,644	35,950
Higher than budgeted funding due mainly due to lower funding received from Waka Kotahi NZ Transport Agency and higher capital expenditure.			
<b>Waka Kotahi NZ Transport Agency operating funding</b>	350,916	301,146	49,770
Higher than budgeted funding mainly due to unbudgeted funding of lost public transport farebox revenue and higher than expected administration subsidy.			
<b>Waka Kotahi NZ Transport Agency capital funding</b>	395,812	473,508	(77,696)
Lower than budgeted funding mainly due to assumption in the budget that Auckland Transport's programme will be funded 48/52 from Auckland Council and Waka Kotahi NZ Transport Agency. Actual Waka Kotahi NZ Transport agency funding received is 46%.			
<b>Other revenue</b>	565,898	530,748	35,150
Higher vested asset revenue received from Auckland Council, partly offset by lower than budgeted public transport and parking revenue. Public transport being fare-free from 24 March 2020 until the end of Covid-19 alert Level 3 (mid May 2020). Parking was free during Covid-19 alert levels 4 and 3.			
<b>Depreciation and amortisation</b>	350,717	357,064	6,347
Lower depreciation as a result of lower than planned asset capitalisation.			
<b>Property, plant and equipment</b>	21,191,275	20,665,277	525,998
Unbudgeted revaluation increase of \$655.8 million, higher than budgeted vested assets of \$91.2 million and lower than budgeted depreciation of \$37.1 million. This is partly offset by lower than budgeted capital expenditure of \$76.9 million and unbudgeted disposal of asset of \$91.1 million and impairment of \$9.1 million.			
<b>Capital expenditure</b>	862,052	903,152	41,100
Mainly due to delays in land acquisition for roading projects and purchase of electric trains.			

## Notes to the financial statements for the year ended 30 June 2020

### 26 RECONCILIATION OF SURPLUS AFTER TAX TO NET CASH FROM OPERATING ACTIVITIES

	Actual 2020 \$000	Actual 2019 \$000
<b>Surplus after tax</b>	<b>766,591</b>	<b>638,948</b>
<b>Add/(less) non-cash items</b>		
Depreciation and amortisation	350,717	342,129
Vested asset revenue	(271,174)	(305,243)
(Gain)/loss on disposal of property, plant and equipment	28,075	(563)
Impairment of inventory	-	197
Impairment of non current asset held for sale	479	-
Impairment of property, plant and equipment	9,118	-
Foreign exchange (gains)/losses	(4,648)	5,506
Income tax (benefit)/expense	(6,540)	(1,468)
<b>Add/(less) movements in balance sheet items</b>		
Receivables	(73,250)	(42,345)
Inventories	450	574
Other assets	686	(2,686)
Non-current assets held for sale	479	-
Payables and accruals	27,195	29,484
Employee entitlements	4,223	1,252
Provisions	(216)	216
<b>Net cash from operating activities</b>	<b>832,185</b>	<b>666,001</b>

### 27 AUCKLAND INTEGRATED FARES SYSTEM FUNDS

Auckland Transport operates a restricted bank account for Auckland Integrated Fares System (AIFS) with a balance of \$21.5 million at 30 June 2020 (2019: \$21.1 million). This account is used for the deposit of unused stored value on AT HOP cards. These funds are held in trust for the card holders and therefore this balance has not been recognised in the statement of financial position.

### 28 EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the balance date.

## Independent Auditor's Report for the year ended 30 June 2020

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

### To the readers of Auckland Transport's financial statements and performance information

The Auditor-General is the auditor of Auckland Transport. The Auditor-General has appointed me, Carl Wessels, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of Auckland Transport on his behalf.

### Opinion

We have audited:

- the financial statements of Auckland Transport on pages 60 to 111, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expenditure, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of Auckland Transport on pages 43 to 48.

In our opinion:

- the financial statements of Auckland Transport on pages 60 to 111:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2020; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entities Reporting Standards; and
- the performance information of Auckland Transport on pages 43 to 48 presents fairly, in all material respects, Auckland Transport's actual performance compared against the performance targets and other measures by which performance was judged in relation to Auckland Transport's objectives for the year ended 30 June 2020.

Our audit was completed on 15 September 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the impact of Covid-19 on Auckland Transport. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

### Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on Auckland Transport as set out on page 65 to the financial statements and page 43 of the performance information.

### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent auditor's report for the year ended 30 June 2020

### Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of Auckland Transport for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for Auckland Transport.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of Auckland Transport for assessing Auckland Transport's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate Auckland Transport or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

### Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to Auckland Transport's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Auckland Transport's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within Auckland Transport's framework for reporting its performance.

## Independent auditor's report for the year ended 30 June 2020

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Auckland Transport's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Auckland Transport to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 42 and 49 to 58, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Independence

We are independent of Auckland Transport in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out a review engagement of the six month results for Auckland Council which is compatible with those independence requirements.

Other than the audit, we have no relationship with, or interests in, Auckland Transport.



**Carl Wessels**

AUDIT NEW ZEALAND  
On behalf of the Auditor-General  
Auckland, New Zealand



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