

**Auckland Transport
2021 Annual Report**



**Safe
with us**

Let's go there 

OUR MIHI

E ngā reo, e ngā mana, e ngā rangatira mā
Nei rā te mihi matakukui 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!

Welcome to

Auckland Transport's 2021
Annual Report against our
Statement of Intent to
Auckland Council

We enable our customers to move
freely with confidence by:

- › Taking the community on a journey
- › Creating a safe, innovative and sustainable transport network
- › Creating options and choices.

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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 create a healthy and sustainable environment for people to enjoy.
- › We strive to protect people from harm and create a thriving and safe workplace.

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.



Overview

Chair's report

The 2020/21 financial year was an extraordinary year with many unpredictable events. This time last year we thought the COVID-19 pandemic would have passed, however ongoing Auckland lockdowns created an uncertain and complex operating environment that required Auckland Transport to be agile, innovative and able to respond quickly on an ongoing basis.



We could not have predicted the combined impact working from home, fewer international students or international tourists in Auckland, and changed COVID-19 related travel behaviours would have on public transport patronage and private vehicle use.

Our high quality emergency planning and operations expanded to include scenario and resilience planning on an ongoing basis, on the understanding we needed to expect the unexpected. We also prioritised and delivered 96% of a reasonably large capital programme, which is no mean feat. Auckland Council has shown continuing confidence in AT's delivery by prioritising and funding a growing capital programme over the Long Term Plan period of \$820 million in 2021/22 to \$1.2 billion in 2030/31.

The 'team of five million' COVID-19 response involving the New Zealand Government, Auckland Council, Aucklanders and AT managed to keep our transport system operating because we were all clear that our main objective was to eliminate the virus. What is clear now is that it will be at least another year before we know how the pandemic will evolve and impact our population and economy. In the meantime we acknowledge and are thankful for the high level of support from both Council and Government enabling AT to continue providing the transport services Aucklanders expect to move around freely and safely. This joined up and aligned vision has flowed through to other areas of our business.

Auckland is rapidly growing in population and density. The combined distance Aucklanders are travelling by private car within the region is also increasing. The measure of Vehicle Kilometres Travelled (VKT) in Auckland increased 28% between 2009 and 2019. If Auckland, and New Zealand, is going to meet ambitious transport-related climate emission reduction targets set by Auckland Council and the Government, this number will need to flatline and drop over the next eight years through a wide range of methods and approaches.

This year AT produced a \$36 billion 10-year Regional Land Transport Plan working with Auckland Council, KiwiRail and Waka Kotahi to renew and operate Auckland's transport system. This investment is

impressive, but the plan is barely keeping up with the scale of growth in Auckland and in the first 10 years does not provide all the answers to rapidly decarbonise the transport system in Auckland.

This year over 50% of AT's capital and operating programme was funded by Waka Kotahi NZ Transport Agency, through the National Land Transport Fund, and the Crown through a COVID-19 Response funding, which along with effective management over expenditure enabled AT to achieve a positive surplus before tax of \$647.9 million. This was \$27.1 million favourable to budget and delivered \$729.3 million of investment activity. Going forward AT still faces funding challenges with public transport patronage to recover to pre-COVID-19 levels, and Waka Kotahi have signalled significant funding constraints that have the potential to seriously impact the delivery of our growing programmes of activity.

The AT Board bid farewell to Dame Paula Rebstock this year. On behalf of the Board, the people of AT and all Aucklanders, thank you for your valued service. The Board was joined by Abbie Reynolds and Tommy Parker in December.

I would like to pay tribute to the late Sir Michael Cullen, who served as an AT Board member between 2017 and 2019. He was a man of huge integrity and intellect, and has left many legacies. I would also like to acknowledge and thank all AT staff for the part they played during a really tough year.

Ngā mihi

» Adrienne-Young Cooper
CHAIR, AUCKLAND TRANSPORT

Chief Executive's report

I'm extremely proud of Auckland Transport's operating performance in 2021. We started the year with huge uncertainty and needing to adapt as a result of COVID-19. Statement of Intent targets and budgets were set, as they were across the whole Council whanau, on the assumption that there would be no more lockdowns. Hindsight tells us that this was not to be and it makes our operational and financial performance even more impressive.



There has been a lot packed into the year. Aside from delivering a wide range of day-to-day services, delivery of new infrastructure and technology, working with other government agencies on the 2021 Auckland Transport Alignment Project and producing the Auckland Regional Land Transport Plan 2021-2031, we have also advocated on behalf of Aucklanders on the large amount of policy reform proposed by Central Government. Moving forward, we're mindful that Aucklanders want a transport system and great urban spaces, and will continue to seize opportunities to step up and deliver.

COVID-19 and Auckland Council's review of Council Controlled Organisations have seen us develop closer relationships with elected members, our supply chain partners and our people. Our ability to deliver through the last 18 months has been based on this and has provided a stronger foundation for moving forward. One particular highlight has been the support we've received from our funders, Council, Waka Kotahi and also Crown Infrastructure Partners. They showed leadership and helped AT to support the economic recovery, to protect jobs and continue to deliver the transport system Tāmaki Makaurau desperately needs.

We've just come to the end of a three-year cycle of the Long Term Plan and Regional Land Transport Plan. In line with that, Aucklanders are now the beneficiary of some fantastic new services, infrastructure, public spaces and mahi toi: completing the Downtown programme (which included the Te Wananga project, Quay Street transformation, and the upgrade of the city ferry terminal), the Restoration of Kennedy Point and Te Onewa Northcote Point wharf, New Hibiscus Coast Station, Puhinui Station upgrade, Karangahape Road enhancement and multiple new cycleways. It also signals the ongoing betterment and development of our region. The next three-year cycle period is going to be extremely challenging as we make further progress. Excitement is starting to build with the City Rail Link taking shape, the Urban Cycleway programme being completed, and massive improvements are being made to fast and frequent rapid transit services: The Eastern Busway between Pakuranga and Panmure the Norther Busway extension to Albany, and improvements for buses in the northwest on SH16 with new bus interchange facilities.

Building upon work that started with the opening of the Britomart Transport Interchange in 2003, AT has delivered a transformational evolution of the transport system since its inception a decade ago. Our capital programme, excluding the City Rail Link, has doubled in the last five years. It's led to trips on buses, trains and ferries growing by nearly 60% over the last seven years, a big growth in trips on bikes, and contributed to a 35% reduction in deaths and serious injuries on our road network between 2017 and 2020.

In spite of this, the number of kilometres Aucklanders travel in their cars has grown at a faster rate in the past three years than it has overall in the past 10 years. Our successful investment in the public transport network and safe cycling infrastructure is offset by the challenge of travel in internal combustion engine vehicles as we look at greenhouse gas emissions and congestion over time.

Aucklanders have long been deprived of transport choices, but at AT we're not messing around in making up for the time lost prior to this century. We are, and have to, continue at pace to address Auckland's transport challenges. But this won't be enough to tackle the big problems like climate change, productivity and the safety of people on our network. Auckland needs fit for purpose policy and regulatory systems to support behaviour changes that contribute to solving these big problems. In 2020/21 we've signalled to Auckland Council and Central Government that reform in this area is crucial.

This Annual Report is testament to our joint commitment in delivering a world class transport network that is safe, connected, well-maintained, delivers value for money and easy journeys for people travelling throughout Auckland, and signals an acceleration in our response to climate change.

He waka eke noa

» Shane Ellison
CHIEF EXECUTIVE

2020 Highlights



July

- ⚠ NZ COVID-19 Alert Level 1 lockdown
- Aucklanders drive at safer speeds on more than 600 local Auckland roads
- AirportLink services go live at Manukau Bus Station
- AT HOP card balance and bus stop text service added to AT Mobile app
- Integrated public transport fares extended to ferry services
- AT Board adopts final Waiheke 10 Year Transport Plan
- Makaurau Marae entrance, driveway and carpark upgrade completed – the result of an AT collaboration with He Waka Eke Noa and The Southern Initiative to create employment and social enterprise opportunities with Māori and Pasifika-owned businesses

August

- ⚠ 12 August - Auckland placed into Alert Level 3; rest of NZ Alert Level 2
- ⚠ 30 August - Auckland moves to Alert Level 2/2.5
- Devonport Wharf western upgrade started
- New, permanent 30km/hr speed limit unveiled at Ōtāhuhu Town Centre

September

- AT publishes the Auckland Freight Plan to make freight movement smarter, more climate-compatible and more efficient

October

- ⚠ 7 October - NZ moves to Alert Level 1
- AT digital response to COVID-19 wins ALGIM Fast-Tracked Project Special Award
- AT announces Travelwise Choices Award winners – nine winners from 50 nominations
- Four world-class organisations selected to form AT-led Eastern Busway Alliance
- Auckland's first electric 'extra-large' bus trialled in East Auckland routes
- Dynamic lanes introduced on Redoubt Road to reduce congestion

November

- AT partners with Spark to showcase Internet of Things (IoT) technology and build a smarter city
- New interactive death and serious injury (DSI) map shows the extent of Auckland's road safety problem
- AT and Fullers360 launch Auckland's first electric bus fleet on Waiheke Island
- New roundabout completed to replace the dangerous Dairy Flat Highway/Coatesville-Riverhead highway intersection
- New Bairds Road pedestrian safety improvement work unveiled in East Tāmaki
- ⚠ 19 November – Face coverings compulsory on Auckland public transport
- AT Safe Speed programme highly commended at 2020 3M-ACRS Diamond Road Safety Awards
- New, permanent 30km/hr speed limits introduced in Orewa, Mairangi Bay and Torbay town centres
- The Congestion Question Report proposes congestion charging to create an efficient and integrated transport system

December

- Business cases for \$47 million Lake Road and \$52.2 million Glenvar Road transport improvement projects approved
- ⚠ Face masks made available at 42 vending machines at bus and rail stations and ferry wharves
- Updated Accessibility Action Plan approved to make Auckland's transport network easier for everyone

2021 Highlights



January

- Fully electric, new AirportLink bus service introduced to connect Manukau and Auckland Airport with Papatoetoe and Puhinui Station

February

- Te Onewa Northcote Point wharf re-opens after two-year closure and \$2.6 million works
- Integrated public transport fare roll-out completed
- 10% discount on off-peak public transport fares becomes permanent and peak fares increase 4%
- 14 February - Auckland put into Alert Level 3
- 17 February - Auckland moves to Alert Level 2
- 22 February Auckland moves to Alert Level 1
- AT partners encourage Aucklanders to explore amazing places by bike and foot with Got to Get Out
- New Hibiscus Coast Bus Station opens at Silverdale – adding to Northern Busway transport hub services
- 28 February - Auckland moves to Alert Level 3

March

- Three AT projects finalists in Smart City Asia Pacific Awards: Rapid Digital Response to the Lockdown's 'Transport Challenges', 'Smart Street Pilot', and 'Automated Transit Lane enforcement'
- 'Future Connect' released – AT's long-term network plan for Auckland's transport system
- 7 March - Auckland moves to Alert Level 2
- AT launches web tool to shield against domestic violence
- NZ Government announces Auckland Transport Alignment Project update: a \$31 billion 10-year funding commitment for Auckland's transport system
- 12 March - Auckland moves to Alert Level 1
- AT confirms new safety improvements will go ahead in St Heliers
- AT nominated for 2021 People's Choice Accessible Business Awards for AT Mobile App improvements
- NZ's first hydrogen bus unveiled for two-year trial on Botany to Britomart route

April

- 12 new electric buses replace diesel CityLink fleet
- Te Huia train service between Waikato and Papakura begins operating
- Queen Street innovation trial to prioritise people who walk, cycle and use public transport in the area
- \$20 daily fare cap introduced on public transport for AT HOP card users

May

- 7 May – Launch of CRL's new tunnel boring machine (Dame Whina Cooper) at the Link Alliance Mt Eden construction site
- AT confirms funding for two Rodney Transport Targeted Rate bus trial routes: 126 (between Westgate and Albany via Coatesville) and 998 (between Wellsford and Warkworth)
- First two sections of Project WAVE (Nelson St to Quay St cycleway connection) ready to ride
- Unveiled Tāmaki Makaurau's first double stack bike rack on Queen Street by Aotea Square that has space for 30 bicycles
- 31 May – New speed limits introduced on high risk roads in west and north Auckland: eight in Swanson and Massey, and 19 in Rodney

June

- NZ Government announces refreshed NZ Upgrade Programme
- Construction begins on new Warkworth Community Transport Hub, funded by the Rodney Transport Targeted Rate
- Karangahape Road Enhancement project completed and celebrated
- AT is the first local government organisation in NZ to be awarded the DVFREE Tick for demonstrating a commitment to creating a domestic violence-free workplace
- \$42 million Te Ngau o Hototiu (Downtown Ferry Basin Redevelopment) construction completed
- Wellesley Street re-opens to all vehicles after closing during CRL works
- AT Board adopts the Regional Land Transport Plan 2021-2031
- Te Wānanga Downtown public space construction completed

Who we are and what we do

Auckland Transport is a Council Controlled Organisation (CCO) of Auckland Council.

We provide transport services to Auckland's almost **1.7 million** residents and its visitors



Our day-to-day activities keep Auckland's transport systems moving.

Planning, delivering and operating the region's public transport system

Managing on and off-street parking

Delivering and maintaining the active transport system

Delivering and maintaining the local road network

Promoting travel choices

Planning for the future

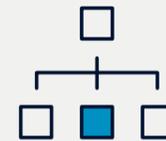


AT maintains and operates 7,638 kilometres of arterial and local roads, 348 kilometres of cycleways and 7,431 kilometres of footpaths, as well as numerous public transport and parking facilities, including two airfields in the Gulf Islands.



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

AT is the regional guardian of \$21.8 billion of publicly-owned assets.



AT was established under the Local Government (Auckland Council) Act 2009, specifically to:

“...contribute to an effective, efficient and safe Auckland land transport system in the public interest.”



Under the legislation, **AT has the powers and roles of both a regional council and a road controlling authority.**

AT's functions as per the legislation are to:

- “Prepare the regional land transport plan for Auckland in accordance with the Land Transport Management Act 2003
- Manage and control the Auckland transport system in accordance with this act
- Carry out research and provide education and training in relation to land transport in Auckland
- Undertake any other transport functions that the Auckland Council may lawfully direct it to perform or delegate to it
- Undertake any transport functions expressly conferred on the Auckland Council by any enactment that the Council may lawfully delegate to it
- Undertake or exercise any functions, power and duties in respect of State highways that the New Zealand Transport Agency may lawfully delegate to it
- Undertake any other functions that are given to it by this Act or any other enactment, or that are incidental and related to, or consequential upon, any of its functions under this Act of any other enactment.”



In addition, Auckland Council has delegated the following activities to AT:

- Management and control of off-street parking
- Acquisition of property (for transport related purposes)
- A range of maritime functions administered by the Harbourmaster.

Our purpose, promise values and principles

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

AT's overall purpose is to deliver Easy Journeys which connect people and communities.



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 Government Policy Statement on land transport (GPS) sets out the Government's National Land Transport Fund (NLTF) expenditure priorities over the next 10 years. The GPS 2021-2031 is guided by four strategic priorities: Better Travel Options, Safety, Improving Freight Connections, and Climate Change.

The Land Transport Management Act 2003 sets out the planning, funding and operating framework for New Zealand's land transport infrastructure and services, including roading, public transport, the rail network and traffic safety.

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.

The Auckland Plan 2050 is a long-term strategy for managing Auckland's growth and development over the next 30 years. It considers how we will address the key challenges of high population growth and environmental degradation, and how we can ensure shared prosperity for all Aucklanders.

Te Tāruke-ā-Tāwhiri: The Auckland Climate Plan sets a pathway to rapidly reduce greenhouse gas (GHG) emissions (50% reduction by 2030) and help prepare Auckland for the impacts of climate change. Transport is one of eight priorities, and road transport accounts for about 38.5% of Auckland's total emissions in 2018, of which about 86% relates to travel by road.

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 (RLTP) sets out the land transport objectives, priorities and measures for the Auckland region over a 10 year period. It includes the land transport activities delivered by AT, Waka Kotahi, KiwiRail, City Rail Link Limited (CRL) and other transport agencies.

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

The Regional Public Transport Plan 2018-28 (RPTP) sets out AT's policies, guidelines and activities for the delivery of Auckland public transport focused over a three-year period with a 10-year horizon.

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.

Vision Zero for Tāmaki Makaurau is a transport safety strategy and action plan to eliminate deaths and serious injuries (DSI) on Auckland's transport network by 2050. It is a partnership between AT, Auckland Council, NZ Police, Waka Kotahi, Accident Compensation Authority (ACC), Auckland Regional Public Health Service (APRS), and the Ministry of Transport (MoT).

The AT Māori Responsiveness Plan (MRP) outlines operational-level actions to enable AT to fulfil its responsibilities under Te Tiriti o Waitangi – the Treaty of Waitangi – and its broader legal obligations in being more responsible and effective to Māori.

Auckland Council Local Board Plans are developed by the 21 Local Boards across Auckland. Each Local Board Plan includes outcomes related to transport and specific actions the relevant Local Board wishes to see progressed.

Financials at a glance

A summary of Auckland Transport's financial performance for the year ended 30 June 2021

2020/21 was a tumultuous and challenging year with COVID-19 continuing to have a significant impact on operations. In spite of this AT achieved favourable results in both operating and capital delivery programmes, against a budget that was set with the assumption there would be no further lockdowns in 2020/21.

AT's **primary sources of funding** are from Auckland Council and Waka Kotahi, however, 26% of revenue was received from various other sources including public transport fares, user charges and fees, rental, other subsidies and vested assets. This year over 50% of AT's capital and operating programme was funded by Central Government.

AT's **surplus before tax** of \$647.9 million was \$27.1 million favourable to the \$620.8 million budget. The favourable variance is mainly due to lower than budgeted expenditure of \$76.8 million partially offset by lower than budgeted revenue of \$49.7 million.

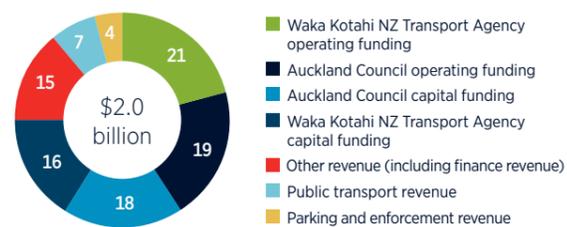
Total revenue for the year is \$2,007.0 million against a budget of \$2,056.7 million. Revenue was lower than budget due to lower vested asset revenue of \$86.0 million and public transport income of \$12.0 million. Public transport revenue was lower than budget due to slow patronage recovery from the impact of COVID-19 and disruptions caused by KiwiRail track closures (public transport patronage at the end of 2020/21 had recovered to 74% of pre-COVID-19 levels). This is partly offset by higher than expected

Waka Kotahi operating funding of \$29.2 million (including COVID-19 public transport top-ups) and parking and enforcement revenue of \$12.9 million.

Total expenditure is \$1,359.1 million, against a budget of \$1,435.9 million. This favourable result is primarily due to the stringent management of expenditure put in place to mitigate the risk of lockdown. Savings were identified in public transport costs of \$16.3 million, and streetlight electricity costs of \$5 million. Staffing levels increased during the year as a conscious insourcing decision and to facilitate the delivery of an increasing capital programme. The focus on insourcing some professional service activity resulted in a reduction within other discretionary expenditure and a net \$4.1 million saving. Significant one-off savings were also achieved during the year including \$13 million savings for the 36th America's Cup and lower COVID-19 cleaning and safety equipment costs of \$14 million.

AT's net asset position is \$21.9 billion, up \$0.8 billion from last year primarily due to the delivery of new infrastructure of \$729.3 million, 96% of the capital programme, and a \$112.8 million valuation increase in land and buildings. The level of capital programme delivery is exceptional under the circumstances and included the delivery of key strategic infrastructure such as the Downtown redevelopment programme, new Puhinui interchange, Eastern Busway Stage 1 and Karangahape Road enhancement.

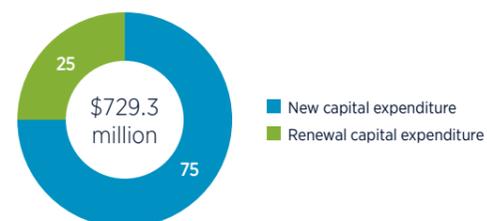
REVENUE PERCENTAGES



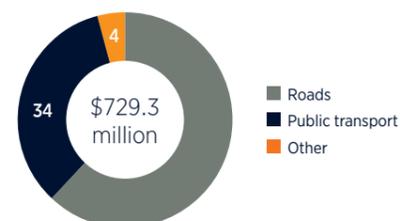
EXPENSE PERCENTAGES



CAPITAL EXPENDITURE PERCENTAGES



CAPITAL EXPENDITURE PERCENTAGES



Revenue and expenditure summary

ALL IN \$000'S	ACTUAL 2021	BUDGET 2021	ACTUAL 2020
What was received? What was spent?			
Capital funding	673,028	722,161	861,406
Operating funding	804,292	774,996	649,909
Other revenue (including finance revenue)	529,656	559,493	570,760
Total revenue	2,006,976	2,056,650	2,082,075
Expenditure on activities	1,359,067	1,435,880	1,322,024
Surplus before tax	647,909	620,770	760,051
Income tax benefit/(expense)	-	-	6,540
Other comprehensive revenue	112,824	-	657,865
TOTAL COMPREHENSIVE REVENUE	760,733	620,770	1,424,456

New capital expenditure

Roads	291,142	318,006	342,263
Public transport	231,549	241,705	293,225
Other	26,925	25,450	32,216
Total new capital expenditure	549,616	585,161	667,704

Renewal capital expenditure

Roads	161,863	155,504	184,308
Other	17,792	16,496	10,040
Total renewal capital expenditure	179,655	172,000	194,348

TOTAL CAPITAL EXPENDITURE	729,271	757,161	862,052
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Funding of capital expenditure

Waka Kotahi NZ Transport Agency capital funding – new	227,826	222,050	301,813
Waka Kotahi NZ Transport Agency capital funding – renewal	90,515	83,054	93,999
Auckland Council capital funding	354,687	417,057	465,594
Other capital grants	55,463	35,000	646
Auckland Council capital funding through equity	780	-	-
TOTAL FUNDING OF CAPITAL EXPENDITURE	729,271	757,161	862,052



Performance against 2021 targets

Non-financial performance summary for the year ended 30 June 2021

During the first half of this year AT was not performing well on multiple Statement of Intent (SOI) targets. The SOI targets were set with the assumption that there would be no further lockdowns in 2020/21. Unfortunately this was not the case, and COVID-19 has impacted the achievement of a number of measures.

The effects of the COVID-19 pandemic continued to adversely affect public transport patronage targets and parking revenue, as many Aucklanders worked from home and returned to private vehicle use. These revenue streams have still not returned to pre-COVID-19 levels, although congestion has returned to pre-pandemic levels.

Significant continuing impacts of COVID-19 include slow patronage recovery, and lower cycle movements.

AT recorded 64 million public transport boardings during the financial year, a reduction of 22% on the previous year. Boardings on the Rapid and Frequent Transport (RFT) network for the 12 months to June 2021 fell at a faster rate. In addition, rail track issues resulted in decreased patronage.

Cycling counts (at 26 selected counting sites) are down 5% on the previous year, and are 11% below the target. Overall, we have seen a reduction of cycle trips into the city centre (right after COVID-19 lockdowns) due to increased working from home and other factors. However, recent trends indicate that cycle movements into the city centre are recovering at a similar rate of increase to the pre-COVID-19 period. We are also seeing growth on routes with recently delivered cycling infrastructure, such as Franklin Road, Victoria Street West, and Upper Queen Street.

Other drops at specific count sites can be attributed to roadworks or the delivery of other cycleways nearby. When a new route opens, some people will change their route to a path that is not covered by the 26 count sites observed by this measure. When looking at all 47 count sites in the region, overall cycling counts are similar to pre-COVID-19 levels.

SNAPSHOT: Key performance measures from AT's Statement of Intent 2020/21- 2022/23

PERFORMANCE MEASURE	TARGET	ACTUAL	RESULT
Total public transport boardings (millions) LTP performance measure	60.6	64	EXCEEDED
Number of cycle movements past selected count sites (millions) LTP performance measure	3,922	3,484	NOT MET
Average AM peak period lane productivity across 30 monitored arterial routes LTP performance measure	25,000	31,495	EXCEEDED
Proportion of the freight network operating at Level of Service C or better during the inter-peak LTP performance measure	85%	92%	EXCEEDED
Percentage of footpaths in acceptable condition LTP performance measure	94%	97.4%	EXCEEDED
Percentage of Auckland Transport streetlights that are energy efficient LED	66%	84.9%	EXCEEDED
Change from the previous financial year in the number of deaths and serious injuries on the local road network, expressed as a number LTP performance measure	N/A - not a performance measure in AT's SOI	414	EXCEEDED

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**



Performance

Safety

Making Auckland's transport system safe by eliminating harm to people

Auckland has one of the highest rates of pedestrian, cyclist and motorcyclist road deaths in the world. However while AT has made good progress toward reaching its Vision Zero goal of no deaths and serious injuries (DSI) on Auckland roads by 2050, it's disappointing and upsetting to see the downward trend since 2017 increase in the last year.

With less traffic on our roads following the second COVID-19 lockdown in 2020, the average speeds at which people travelled in their cars increased and there was a significant uplift in DSI: Provisional indications to the end of June 2021 count 46 deaths and 485 serious injuries. This is not good enough, and AT is committed, along with the Tamaki Makaurau Transport Safety Governance Group (TMTSGG), to working more closely together to make Auckland's transport system safe for all.

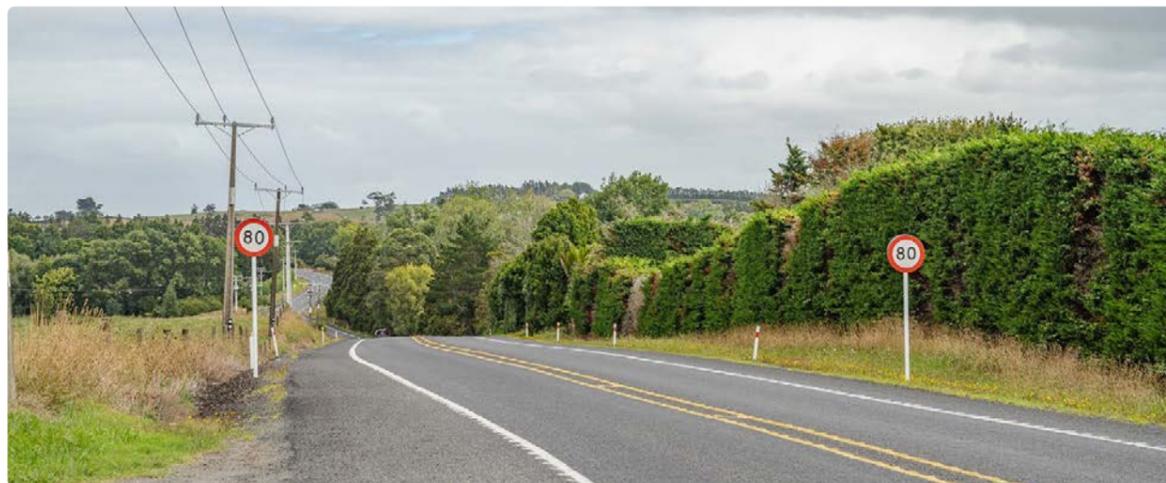
A Speed Limits Bylaw was introduced in 2019, and new and safe speed limits were rolled out on more than 600 local roads on 30 June 2020 (90% in rural areas).

Over the last year safety improvements have been made to four high risk roads, 12 high risk intersections and 10 pedestrian crossing facilities, and another seven red-light running enforcement cameras and CCTV cameras were added to improve network performance.

Road users are a critical part of the safety equation, and AT runs an extensive Safe Speeds Programme to increase road safety awareness. Speeds in the city centre were also lowered and include a substantial adoption of 30 km/hr limits.

SAFE & LIVEABLE

Getting everyone home safe: We help Aucklanders stay safe on the region's roads, on our public transport system, and our walking and cycling networks



AT works with schools, mana whenua, Mataawaka and community groups to assist young drivers with the Graduated Licensing System (GLS), increase road safety awareness and promote active travel and public transport use, the use of child restraints, safe driving, and to highlight the risks of driver distraction. This year AT delivered 258 road safety initiatives, which include community-based interventions, checkpoints with NZ Police, and regional campaigns.

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. AT delivered 1,568 Travelwise activities including 15 ambassador workshops and 75 scooter training sessions.

The Te Ara Haepapa Māori Road Safety Education Programme delivered 207 initiatives in marae and Te Kura o te Kaupapa Māori communities. These included Kaihautu Raihana Akonga (Learner Licence) and Raihana Whītiki/Tuturu (Restricted and Full) programmes for mana whenua - and Mataawaka Māori in an effort to reduce Māori DSI.

AT supports 360 active Walking School Buses across the region. There were 559 Walking School Bus activities with 120 new routes across the region.

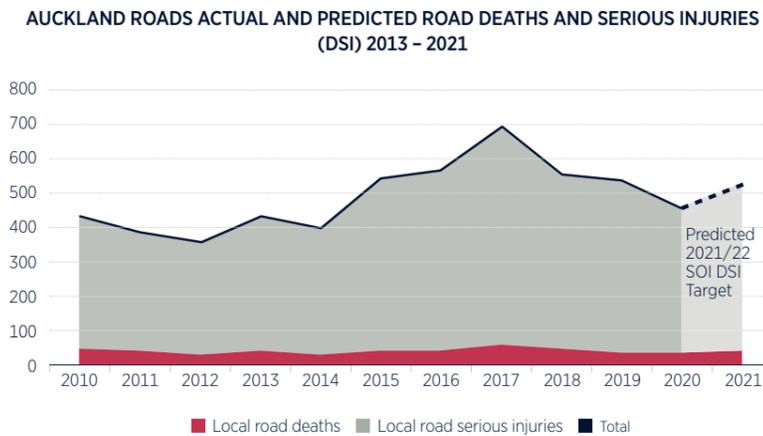
Over the last year AT invested in new technology to improve public transport safety, and increased the number of Transport Officers on selected bus and ferry routes to monitor compliance and provide frontline customer service. We also applied COVID-19 safety measures across the AT network to promote social distancing on public transport, roads and in public spaces.



Auckland Road Safety Business Improvement Review 2021

The AT Board recently endorsed the Road Safety Business Improvement Review 2021 (BIR), a report on AT's progress against 45 road safety recommendations made by international road safety expert Eric Howard in 2018. He found that AT had achieved highly positive results to date and made further recommendations toward achieving Vision Zero.

The report shows, that out of 75 actions related to AT responsibilities, 28 have been substantially or completely implemented, 28 have achieved satisfactory progress and action continues, 18 are underway with unsatisfactory progress and one has not yet progressed from 2018.



« **AT has achieved highly positive results to date for its community and this achievement cannot be underappreciated** »
 Eric Howard

The focus for AT and its road safety partners over the next six months will be on the top 10 priority recommendations that will have the greatest impact in reducing DSI on the road network.



Top 10 BIR 2021 Recommendations:

The highest priority recommendations in terms of importance and urgency (out of the 31 identified) are listed here in order.



1. Substantially improve deterrence of drink driving
2. Substantially improve deterrence of speeding
3. Pursue significant road safety regulatory reform at a national level
4. Deliver improved pedestrian (and other people outside vehicles) safety across the arterials and other roads in the network
5. Advocate for and advise on policy reform at a national level
6. Lower travel speeds across higher-risk sections of the Auckland network
7. Expand safer urban infrastructure treatment programmes, in association with safer speed limit introductions, to continue to lower death and serious injury (DSI) across the road network
8. AT to substantially ramp up investment in/resourcing of capabilities for informed road safety partnership activities with local Auckland partners, plus other stakeholders and national partners
9. With AT Board and chief executive leadership, AT to continue to work to genuinely embed the Vision Zero and Safe System principles in all they do to achieve a 65% reduction in DSI by 2030 and zero DSI by 2050 for their community
10. Ensure health and safety responsibilities cover transport network operating risks.



Safety on the harbour

The Auckland Harbourmaster's Office provides a critical function in managing and promoting marine safety. In the past year the Harbourmaster team was heavily involved with the on-water planning and execution of the Prada Cup and 36th America's Cup.

The Harbourmaster applied for the Minister of Transport to declare both events a Major Maritime Event, thereby allowing the course areas to be regulated and the volunteer Course Marshalls to be appointed as Enforcement Officers by Auckland Council. Transit lanes were established around each of the courses

to enable free passage of vessels, including ferries, and commercial shipping movements were suspended during race day afternoons.

A 5-knot speed limit was implemented at the conclusion of each days' racing and this proved to be instrumental in ensuring that there were no incidents during the busy passage back to the Inner Harbour. Harbourmaster patrol vessels were deployed on each race day to ensure that vessels complied with rules and regulations, and the event was completed successfully without any notable incidents.

Excellent Customer experience

Providing an excellent customer experience for all services and touchpoints

Improving the day-to-day experiences that Aucklanders have on our transport network and engaging with AT as a customer remain a priority.

In 2018 AT's Board and Chief Executive made the bold and necessary call to become more aligned to customer needs, be more responsive, and genuinely improve the experience that people have on Auckland's transport system. We established a Customer Experience function and have been working to improve the experiences that Aucklanders have when dealing with AT, our services and the transport network.

Evidence shows that these experiences are improving for many more customers and our communities.

During COVID-19 disruptions and change over the past years, AT endeavoured to be as agile as possible in responding to customer needs and concerns. We also learned how important a continuous evolution of our digital experience and customer service is to provide quick and easy access to information and other AT services.

We took the following actions to keep our people and passengers safe and informed during the crisis:

- We re-introduced off-peak fares during Alert Level 2 to help spread public transport demand to allow for physical distancing
- Weekly consumer research was extended to gauge and track customer sentiment and anxiety about being safe from COVID-19 when using public transport and informed our response
- We updated the new 'occupancy' feature on AT Mobile and Public Information Displays to provide customers with a real-time view of space available on board buses and trains during Alert Levels 2 and 3.

AT's response was recognised by other transport authorities around the world and won awards in New Zealand:

- ALGIM Special Awards – Winner
- IDC Smart Cities Asia Pacific Award – Finalist
- Smart Cities Award for Australia / New Zealand – Finalist
- Auckland Council Project Excellence Award–Winner.

During each alert level change, AT sent regular electronic direct mail to over 900,000 customers, supported by alert messages on AT Mobile, social media posts, information on our website, as well as posters and information displayed at transport stations and on buses, trains and ferries; 95% of customers travelling during the various alerts levels had registered following promotional efforts, providing additional COVID-19 contact tracing capability.

New customer service channels

AT is strongly invested in understanding and improving the services and experiences we provide for our customers. New and enhanced service channels were piloted and introduced, such as **web chat**, customer care team upskilling to handle the growing number of customer interactions through social media channels, and **easier website navigation** for customers to let us know about problems on the network so that we can direct that information to the appropriate teams for action.

New personalised communication channels in **AT Mobile** were introduced for rapid, targeted and relevant communications during travel disruptions; 84% of notifications were considered 'useful' by customers. These improvements mean that we can communicate directly with over a million Aucklanders via email, app notifications, the **AT website** and **social media travel alerts**, for minimal incremental cost.

We have introduced **colour coding on the AT Journey Planner**, making it easier for customers to navigate the public transport network, are **increasing the usage of te reo**, and **improving wayfinding** for more efficient transfer between services. We are now able to show service alerts by integrating Train Line Status updates and other route-based service alerts in real-time.

Use of Te Reo

In October 2020 we included the use of te reo within AT Mobile for the first time. We also incorporated te reo in signage at Te Onewa Northcote Point wharf and it will be fully integrated throughout the Downtown Ferry Terminal.

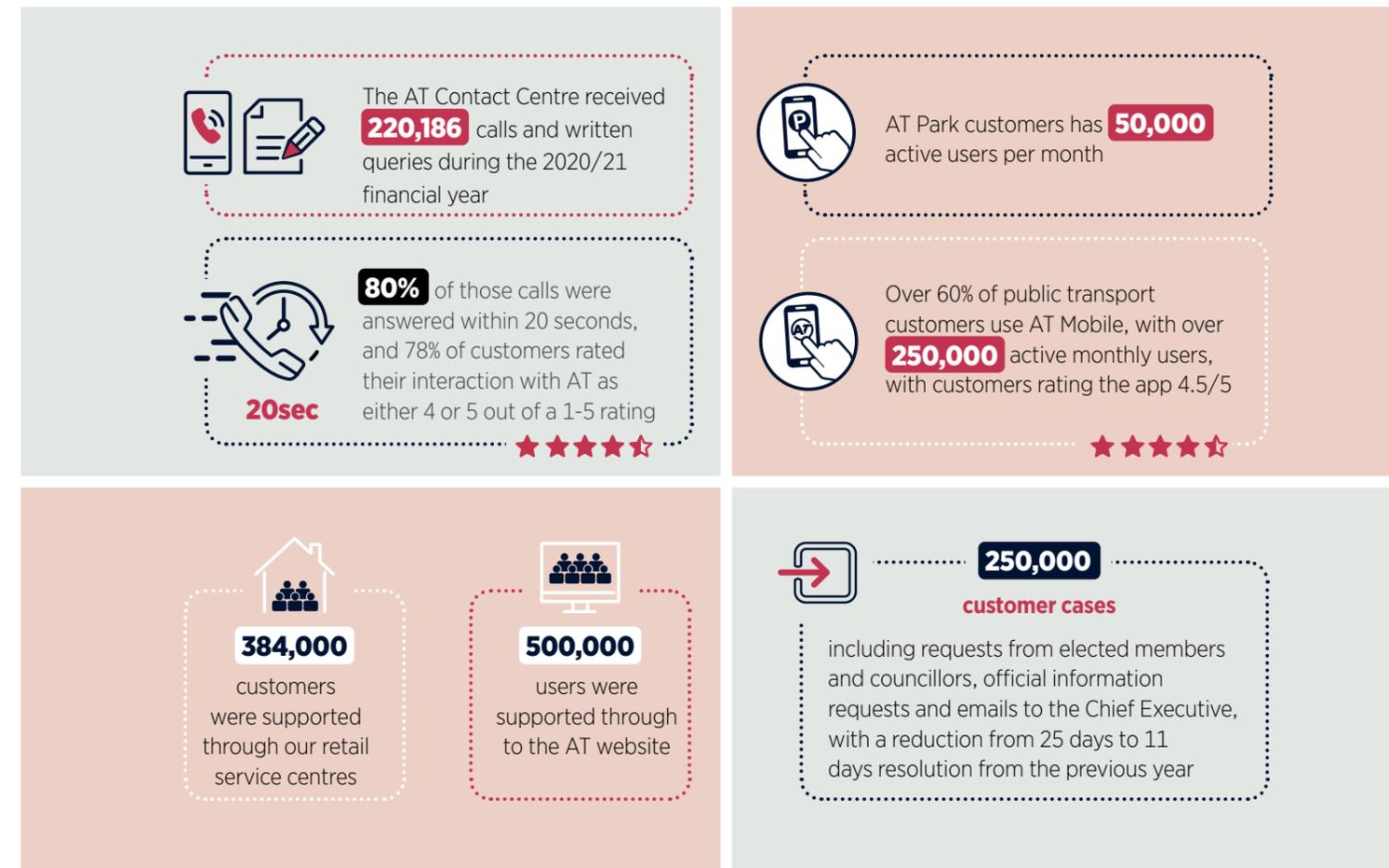
AT Mobile users now have the added option of seeing bike and walking routes to destinations. Routes are designed to guide customers to cycle friends routes as much as possible, such as cycleways and shared paths. This is our first step towards offering a wider variety of travel options when planning journeys.

New accessibility standards have been defined for digital channels for make it easier to use for blind and low vision customers. Our website and app provide support for screen readers, larger font sizes and keyboard-only navigation.

We have introduced a new 'Voice of the Customer' programme which helps inform business decisions, and improved consultation and co-design solutions for our customers, Local Boards and stakeholders.

Thirty thousand tertiary students can now obtain their discounts by loading their concessions online in minutes, saving time and travel to service centres. A new digital solution using Ministry of Education data automatically determines if a student qualifies for the secondary school student AT HOP card concession, thereby removing the need to them to reapply for the concession each year.

Earlier this year we collaborated with the Auckland Council Customer Services Group to offer AT HOP sales and services through the Warkworth Service Centre. This initiative resulted in extended opening hours for the community at a lower cost.



Better travel choices

Providing and accelerating better travel choices for Aucklanders

Auckland's public transport network stretches from Pukekohe in the south to Wellsford in the North. The trunk of the network is a Rapid Transit Network (RTN) of congestion-free, high frequency services (the rail network, Northern Busway and Devonport Ferry) supported by frequent transit bus routes connected directly to major transport hubs (bus, train and ferry stations).

Easy access to employment, education, shopping, business, recreation and other activities is an essential part of ensuring that Auckland is a prosperous and an attractive place to live and do business.

While public transport customers have been apprehensive about using buses, trains and ferries following the emergence of COVID-19, AT has worked hard to ensure and demonstrate that all efforts are being taken to meet sanitising and physical distancing requirements, and to reassure Aucklanders that the public transport system is clean and safe. Another challenge was related to issues identified in KiwiRail train tracks, which led to limits to train speed and significant cancellations.

ENABLING & EFFICIENT

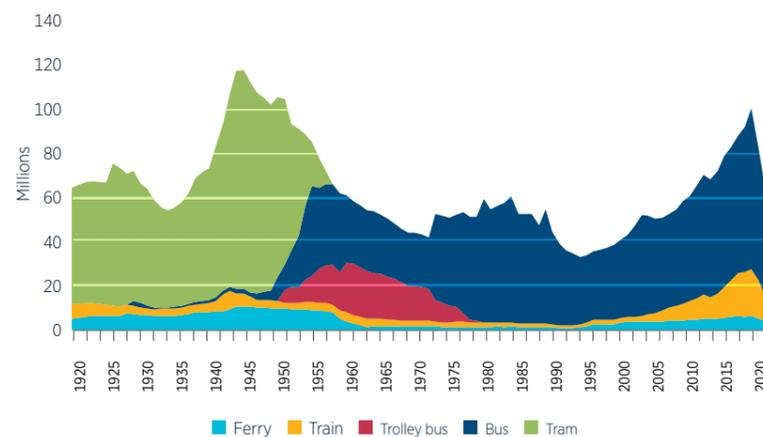
Opening up a world of possibilities:
We move Aucklanders freely around our region, providing a vast range of options for all to enjoy

Over the past year AT has strived to provide and accelerate better travel choices for Aucklanders, thereby reducing traffic congestion and the generation of transport-related GHG emissions.

Improvements to the transport network and supporting infrastructure means that more than 39% of Aucklanders live within a 500 metre walk to a bus service and an expanding rapid and frequent transport network. This is expected to grow to 42% by 2031.

This year AT ran a successful trial of Pets on Trains, introduced the new AirportLink service at Manukau Bus Station, turned 12 CityLink buses electric and introduced a new hydrogen-powered bus to its fleet. A new bus network upgrade was also rolled out on Waiheke Island.

AUCKLAND PUBLIC TRANSPORT PATRONAGE BY MODE 1920 - 2019



Auckland's cycle network

AT is making good progress connecting the region's cycleway network, providing additional travel choices for Aucklanders who choose to walk, cycle or scoot around. Investment in cycleways has yielded a rapid increase in cycling where safe infrastructure is available, and we have seen significant increases in cycling numbers associated with the opening of new and improved facilities.

The Victoria Street, Herne Bay to Westhaven, Karangahape Road and Northcote Bridge cycleways were all completed this financial year, along with the Murphy's Road shared path extension. These pieces of new infrastructure add another 6.75 kilometres to the Urban Cycle Network.

There were 3.9 million cycling movements past key count sites during 2020/21, a decrease of 5% compared with the last financial year.

This count is measured on 26 sites across the region. Overall, we saw a slight reduction in travel into the city centre, but increased counts on routes with recently delivered safe and appropriate infrastructure, such as Franklin Road, Victoria Street West, Waterview, and Upper Queen Street. Other count sites, such as Tamaki Drive and Lake Road, dropped in numbers due to issues with counters as a result of construction or changes to the counter. AT measures cycling counts in other locations that are not covered by this measure. Overall, there has not been a significant reduction in cycling counts across the network, despite COVID-19 related changes to travel behaviour.

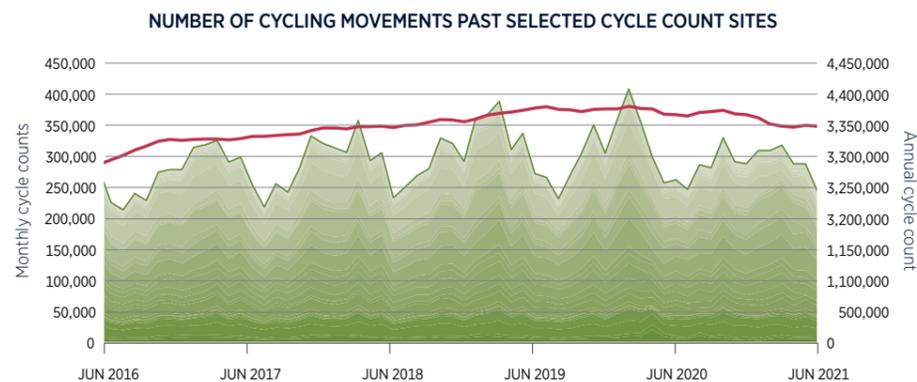
It's not just a case of 'build it and they will come': AT runs a comprehensive active mode programme encouraging more Aucklanders to walk and cycle for

transport, for the environment and for their own good health.

This year we ran cycle training programmes for 10,123 school students plus guided e-bike rides, drop-in bike maintenance sessions and community promotions.

The Aotearoa Bike Challenge in February attracted 9,156 individual registrations (an increase of 14% on last year), and 4,212 people signed up for the Auckland Walk Challenge in November.

At the end of 2020 AT installed the first Innovating Streets for People tactical urbanism project in Onehunga. This programme is delivered on behalf of Waka Kotahi to create low traffic neighborhoods and promote safer and more liveable spaces.



Better connections

Better connecting people, places, goods and services

An efficient, safe, connected transport network is critical to shape land use, get everyone where they want to go, deal with freight, encourage more sustainable mode choices, and serve as a catalyst for intensification. A key challenge for Auckland is holding congestion steady while the city grows.

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, the major part of Auckland's growth needs to be accommodated within existing corridors, increasing the number of people using key routes.

AT's programme includes a range of initiatives to achieve this, including encouraging the uptake of public transport through improvements to network capacity and performance, and investing in transport technology to improve the efficiency of the transport system. These initiatives also include a Network Optimisation programme of small to medium scale projects to improve traffic flow, such as the optimisation of traffic lights, dynamic lanes, and other work targeting more efficient movement of freight.

We also work to minimise disruptions caused by unplanned incidents. This year the Auckland Transport Operation Centre (ATOC) responded to approximately 45,000 incidents on our road network.

ATOCs amalgamation project was completed in 2020/21 and AT and Waka Kotahi now have a single, integrated operation centre with a new organisation design. All ATOC teams plus an extended group of partners are co-located at a refurbished Smales Farm site, and at a new business continuity site in another location.

This year AT has continued to plan, design and deliver multiple public transport network improvements, and enhancements to bus and train station facilities. Work continued on the construction of the Eastern Busway (completion due October 2021), and the City Rail Link.

The restoration of Kennedy Point and Te Onewa Northcote Point wharf is complete, Puhinui Station opened early July, and the newly transformed Downtown Auckland area comprising the Te Wananga project, Quay Street and the upgrade of the city ferry terminal.

A new bus station was opened at Hibiscus Coast Station in Silverdale, the construction of Matakana Link Road near Warkworth is on track to be completed before the opening of the Puhinui to Warkworth SH1 extension, and Medallion Link Drive construction is progressing well.

In addition, AT completed multiple cycleways, upgraded Murphys Road (Ormiston), Daldy Street (Wynyard Quarter), and resurfaced or rehabilitated 323 kilometres of local roads.

Managing movements around major events also keeps Auckland moving and AT has worked with Auckland Council and Auckland Unlimited to develop and deliver transport plans to support multiple sporting and cultural events including the 36th America's Cup.



Growth

Enabling and supporting Auckland's growth, focusing on intensification in brownfield areas with some managed expansion into emerging greenfield areas

Auckland's population growth is projected to continue at a similar rate for the next 30 years. This presents the opportunity to harness benefits of scale as the city intensifies and public transport becomes faster and more competitive. Meanwhile, access to jobs or employees within a reasonable travel time by private vehicle remains critical to Auckland's economy and for those parts of Auckland dependent on vehicles.

To achieve the benefits of scale, Auckland's transport strategy is to avoid increased congestion by absorbing future growth in travel demand through improvements to the public transport and active mode networks.

It's essential we factor public transport infrastructure and services when planning for new growth areas to provide Aucklanders with sustainable transport choices and to meet our GHG emissions target.

AT supports Auckland Council, Local Boards and the wider council group by facilitating urban regeneration and placemaking, and supporting development in both brownfield and greenfield areas. Together we have:

- Worked with Waka Kotahi to confirm the transport networks required for greenfield locations, development and new housing construction through the Supporting Growth Alliance
- Worked with Panuku Development Auckland and other agencies to transform the City Centre into a more family, pedestrian and environmentally friendly place
- Delivered the upgrade of Quay Street and the transformed Downtown public space projects
- Supported CRL to deliver the City Rail Link
- Implemented the Access for Everyone initiative
- Refreshed the City Centre Masterplan and Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan.

This year AT developed 'Future Connect', a network plan to guide improvements to our strategic transport networks over the next decade. The Future Connect integrated planning tool will help us better assess network requirements and priorities using the Roads and Streets Framework.

We also developed and launched the Auckland Freight Plan, the City Centre Bus Plan, and collaborated with our transport partners to develop, consult on and finalise the Regional Land Transport Plan 2021-2031.



Climate change and the environment

Improving the resilience and sustainability of the transport system and significantly reducing the greenhouse gas emissions it generates

Addressing climate change, by reducing greenhouse gas (GHG) emissions, is a key priority for AT. In June 2019, Auckland Council declared a climate emergency, in late 2019 Central Government passed the Climate Change Response (Zero Carbon) Act. In October 2020, Auckland Council launched Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, which includes the goals for a 50% reduction in GHG emissions and a 64% reduction in transport emissions by 2030. This target reflects what is needed to avoid the worst impacts of climate change and will require a transformation of how Aucklanders and businesses move.

Meeting these goals will require action from Auckland Council, AT, Government, businesses and Aucklanders – no single group can meet the goal alone. AT will continue working with partners to better achieve climate goals, assist the wider Council group to establish future Zero Emission Zones, and play a part in the National Electric Bus Working Group.

Road transport has consistently been Auckland's largest single source of GHG emissions: 38.5% in 2018. The overwhelming majority of these emissions (80%) comes from private motor vehicles and light commercial vehicles. Heavy vehicles (or freight and buses) account for 20% of road transport emissions.

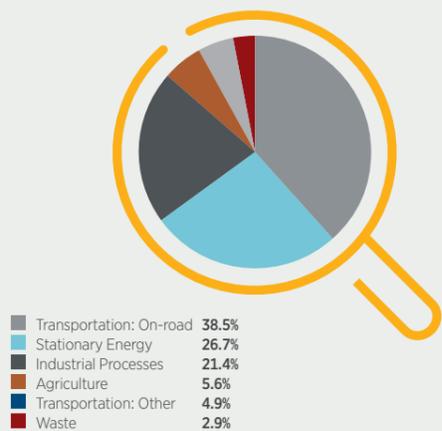
Transport emissions can be reduced by changing what we travel in and reducing how far we travel (Vehicle Kilometres Travelled, or VKT). Auckland's total GHG and road transport emissions grew 7% and 11% respectively between 2009 and 2018. These increases occurred over a period when public transport use increased by 75%. However a combination of the number of trips made and the length of the trips meant that the VKT by private motor vehicles, light commercial vehicles and heavy vehicles also increased by 28% (2009 to 2019).

Essentially, increased demand for travel around the region (generated by an increased population and improved economic growth) has more than off-set vehicle fleet efficiency improvements and increasing per capita public transport patronage.

PROTECTS & RESTORES

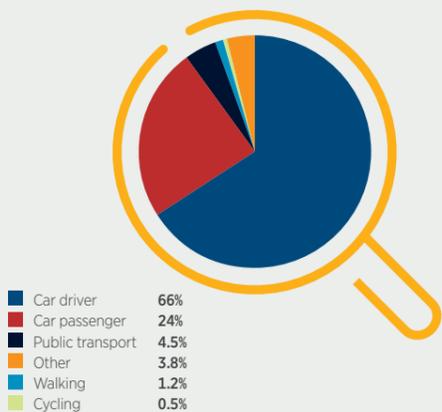
To start protecting and restoring our environment, ensuring we create an Auckland that is cleaner, greener and ready for future needs too

AUCKLAND'S GHG EMISSIONS BY SECTOR, 2018⁸



Auckland's total GHG emissions represent around 15% of New Zealand's total emissions; Auckland's road transport generates around 5.5% of New Zealand's total GHG emissions.

SHARE OF WEEKLY TRAVEL DISTANCE BY MODE (HOUSEHOLD TRAVEL SURVEY)

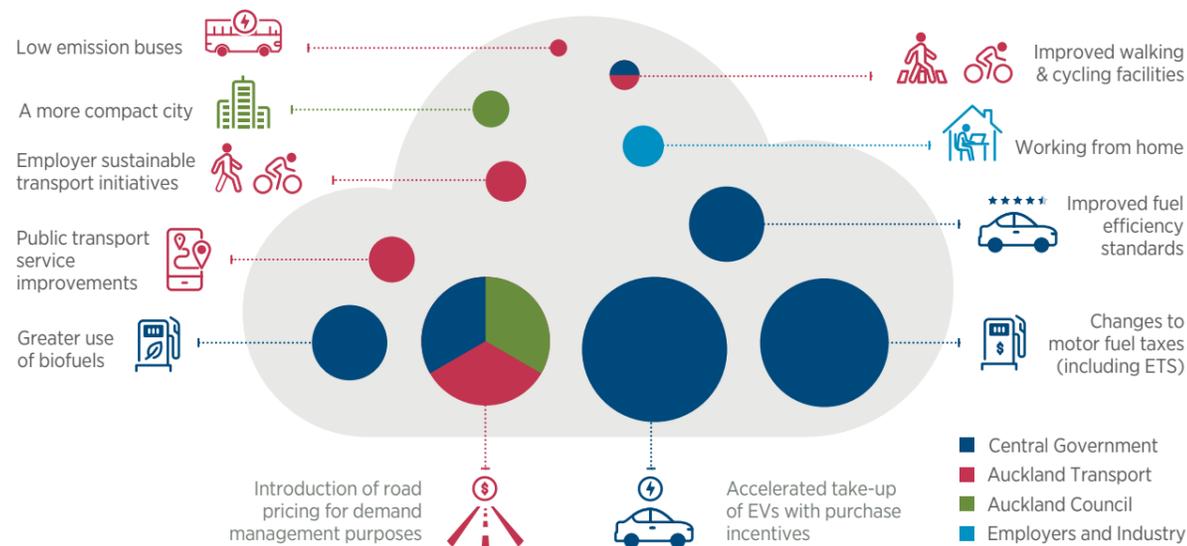




Significantly reducing transport GHGs will require investment in projects, programmes and services that encourage Aucklanders to change their travel patterns, including switching to sustainable travel modes.

AT supports and prioritises initiatives which encourage Aucklanders to exercise their travel choices and choose public transport, walking and cycling, and cleaner travel options. However, a range of measures are required to shift us out of our cars to other modes of transport, improve vehicle fleet efficiency and meet the 2050 target.

HOW AUCKLAND'S TRANSPORT CONTRIBUTION TO A 50% TOTAL EMISSIONS REDUCTION MIGHT BE ACHIEVED



Leading by example

AT is fully committed to reducing its own GHGs and to helping reduce Auckland's transport emissions.

In October 2020, the AT Board adopted a target to halve the carbon emissions (of 2017/18 emissions) from AT's operations and assets by 2030, specifically:

- Corporate activities, like office power and gas, office waste, and staff travel for work (AT vehicle fleet, taxis, rental cars, air travel)
- Operational activities, like public transport facilities, parking facilities, traffic and street lights, and trains.

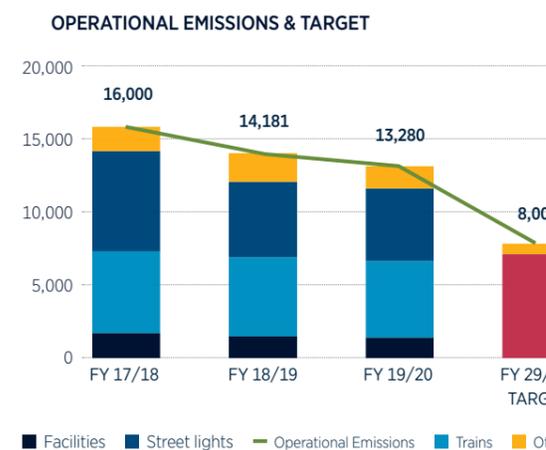
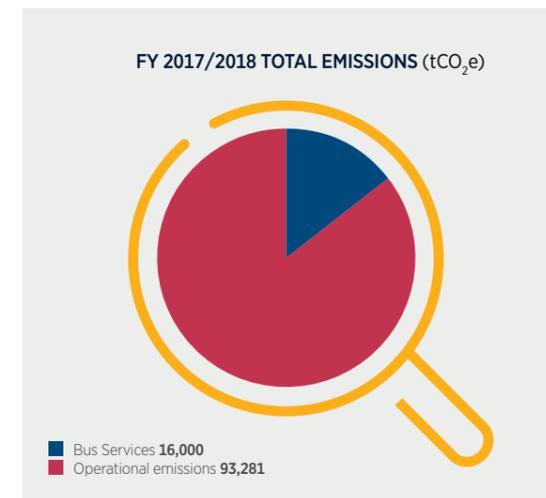
Operational emissions are a small part of AT's total emissions (which are dominated by public transport operators) and represent a tiny proportion of emissions compared to the road transport system (0.3%). However it's important we walk our talk and complement other significant actions. From June 2021 all new buses purchased will be electric or hydrogen powered. Our approach to meeting the operational emissions target focuses on electrification and efficiency.

AT is reducing its own GHGs by installing energy-efficient LED streetlighting. Out of 122,785 streetlights on the network, 85% of which are energy efficient LEDs. The annual cost of electricity for operation streetlights reduced to \$9 million in 2020/21 from \$13 million in 2017/18.

We are converting all on-street parking machines to solar power and examining opportunities to include lower environmental impact materials in our construction projects, which include tests and trials of recycled materials.

A significant portion of our work this year has been focussed on advocating for nationwide policy changes to improve emissions standards and encourage the uptake of electric vehicles (EVs). This year AT introduced eight electric buses on Waiheke Island, nine on the new AirportLink, converted 12 CityLink buses to electric and introduced the trial of a hydrogen fuel cell electric bus. Bus operators added another 28 electric buses and there are now 33 low emission buses in the Auckland bus fleet.

In the environment space, AT is planning to improve water quality by trialling additional environmental improvements to unsealed roads to reduce sediment in runoff. We are also installing green infrastructure and other water treatment devices at priority locations, and helping restore and improve biodiversity within the road in collaboration with Auckland Council.



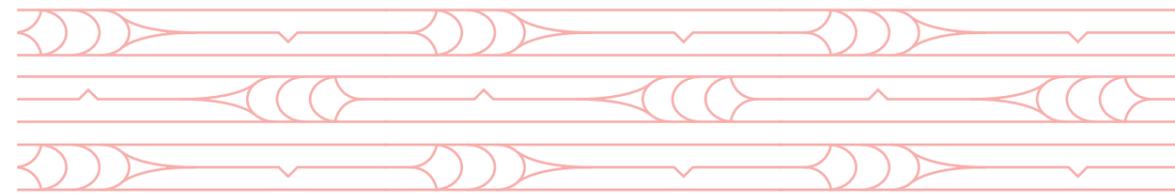
In 2020/21 the zero emissions bus trips in Auckland added up to 750,000 kilometres, avoiding about 835 tCO₂e of GHG emissions had this distance been serviced using diesel buses.

Contributing to better Māori outcomes

Support the council group's contribution towards Māori outcomes

Mana whenua represent the traditional tribal region of Tāmaki Makaurau. They are key partners, 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. 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 AT 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.



AT is committed to partnering with Māori to meet its statutory obligations under Te Tiriti o Waitangi.

We recognise the important place and relationship of Mana Whenua to and in Tāmaki Makaurau, and work with our Mana Whenua partners to achieve Māori outcomes in Tāmaki Makaurau.

AT is also committed to working with the council group and the Independent Māori Statutory Board (IMSB) in meeting the requirements of the tri-annual Treaty of Waitangi Audit. We are guided by the Auckland Council group's Māori Outcomes Performance Measurement Framework – Kia ora Tāmaki Makaurau – and are an active member of the Māori Outcomes Steering Group (which reports to Council's Executive Leadership Team and the Council Group Chief Executives, and has oversight of the Long Term Plan funding (\$150 million) for Māori outcomes).

This year, AT identified Māori outcomes as key deliverables in its Enterprise Business Plan for the first time. They are:

- Commitment to increase fluency of te reo internally and across the network
- Reflect, promote and understand Māori culture, reinforcing our commitment to Māori
- Enable Māori to experience relevant and welcoming public facilities and services
- Support rangatahi Māori into career development opportunities
- Enable mana whenua and Māori to participate at all levels of AT's decision-making to support the development of strong, thriving and flourishing Māori communities.



Mana whenua engagement

AT contributes to mana whenua engagement through forums for operations and governance matters. A dedicated Māori Policy and Engagement team regularly engages with the 19 mana whenua of Tāmaki Makaurau who have whakapapa or genealogy connections to Tāmaki Makaurau.

We hold project forums across various rohe on a monthly basis, focussing primarily on resource management matters, and engaging with mana whenua on mahi toi, mana whenua signage, stormwater, environmental issues walking, cycling, roading upgrades, infrastructure projects, safer speeds, the application of te reo Māori, and capital projects.

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 Māori artwork and designs are being woven into Auckland's cityscape so that the urban centre better reflects Māori culture and identity.

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.



Artwork at Manukau Bus Station acknowledges the legacy of two 17th century rangatira (leaders) who flew manu tukutuku (kites) on nearby Matukutūruru (Wiri Mountain)



Road safety programmes

Māori drivers, passengers and pedestrians

AT contributes to road safety through the Te Ara Haepapa programme which delivers mana whenua and Māori communities with driver licensing, child restraint training, speed management, drug and alcohol education and promotion of walking and safe cycling. This year the Māori Road Safety team held 18 driver licence workshops (online and in person) with 161 participants.

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 whānau, 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.

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



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. Mana whenua were involved in proposing a te reo name for the redeveloped Te Onewa Northcote Point wharf and bi-lingual messaging appears on all signage on and around the facility.

Dual language customer announcements have been introduced, all inner CityLink buses have had te reo Māori installed, and a progressive roll out of stop announcements has been initiated.

Several hundred AT people have completed formal te reo and other cultural awareness training, including more than 200 committed to advancing Maturanga Māori through the Nga Kete Kiwai programme, a pioneering new staff learning modules to increase staff knowledge and capability on Māori outcomes.



Marae and Papakāinga 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.

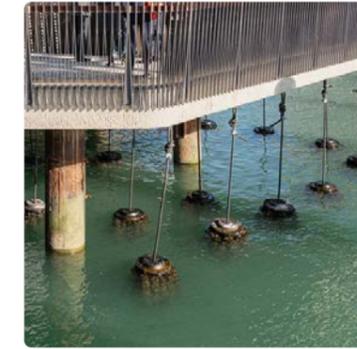
The following work has been carried out or initiated this year:

- Designs completed and bus shelters installed at Makaurau (Ihumatao) Marae
- Detailed design and construction of a carpark at Motairehe Marae (Aotea/ Great Barrier)
- Detailed design and construction of the Te Aroha (Araparera) Marae carpark
- Detailed design for road construction supporting Hoani Waititi Marae (Oratia).



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 continue to strongly support supplier diversity as evidenced by our relationship with Amotai, the Auckland Council mandated enterprise focused on social procurement.



Māori values and stormwater

AT engages with iwi to incorporate Māori values, such as mauri, in AT stormwater management transport projects. The incorporation of seeded mussel lines to filter seawater from beneath Te Wānanga in the recently completed downtown area is the result of an innovative design partnership between mana whenua, AT and Auckland Council.



Supporting rangatahi into career opportunities

AT appointed two Māori graduates for the 2021 Kaihoe Graduate Programme, and also employed a Māori intern from December 2020 through to February 2021.

BETTER OUTCOMES FOR AND WITH MĀORI

Key project/ initiative	Description	Contributing to achieving better outcomes for and with Māori
Marae development and road safety	Subject to funding, design and construction of transport infrastructure to support marae development (e.g. entry and exists onto state highways or arterial roads), to develop and implement procurement practices to create economic opportunities for Māori.	Contributing to the Māori outcome strategic priority areas of effective participation, marae development, identity and culture, housing and papakāinga. Māori economic development.
Māori values and stormwater	Māori values such as mauri are incorporated in stormwater management in transport projects.	Contributing to the Māori outcome strategic priority areas of effective participation and kaitiakitanga –water.
Te Reo Māori	As a priority project in its Māori Responsiveness Plan, AT will deliver a number of te reo Māori initiatives including signage (regional signage, placemaking and wayfinding), and announcements on the public transport network.	Contributing to the Māori outcome strategic priority areas of te reo Māori, effective participation, Māori identity and culture.

Collaborative partnering

Collaborative partnering with our funders, partners, stakeholders and communities

AT undertakes a significant number of engagements as part of its day-to-day business and is committed to working closely with ward councillors, local boards, Auckland Council group, customers, stakeholders, and the wider community to deliver projects, programmes and activities.

We are committed to improving its engagement, communications and consultation with these parties, and aim to satisfy Local Board members with our level of engagement in delivering One Local Initiatives, while continuing to work closely with these partners to develop suitable projects that meet funding criteria.

A review of Auckland Council CCOs recommended AT focus on improving collaboration with Council on transport strategy advertisement bylaws, and improving the way it consults and implements small projects. The report of the independent panel identified eight recommendations that specifically mention AT by name, and another 24 general recommendations that apply across the CCO group.

AT has worked with Council and CCO colleagues to prioritise these recommendations and ensure a consistent approach, and to identify which AT would lead on. Good progress has been made across the majority of recommendations in terms of scoping up the work required and progressing workstreams.



AT was the first CCO to present a recommended workstream update to a CCO Chief Executive's group on 12 November 2020 on the joint preparation by AT and Auckland Council of the draft Regional Land Transport Plan 2021-2031 (RLTP).

AT's Customer Central team held a two-week sprint with representatives from Council's elected member relationship group and Panuku to explore the delivery of small projects. This resulted in a series of recommendations, including the design of a new collaborative way of working, a more efficient approach to early parts of a project pipeline to speed up delivery, the introduction of a strengthened internal project review process led by the Chief Engineer's group, and more flexibility to deal with unplanned work.



Local Boards

AT continues to engage widely with Local Boards, keeping members up to date with the delivery of projects within funding constraints, and providing support with multiple community consultations from network upgrades to proposed speed restrictions. Local Boards were provided with targeted information relating to proposals outlined in the draft RLTP 2021-2031, the impact of a refreshed ATAP, the updated NZUP and recent climate commission announcements.

AT engages with all Local Boards in a variety of ways: regular workshops, formal monthly reports, presentations and support from a dedicated Elected Member Relationship Partner. During the first quarter of 2020/21, the majority of Local Board meetings and workshops were held online during varying COVID-19 alert levels.

A dedicated focus on increased engagement with Local Boards and individual members has involved dozens of workshops and planning sessions. Early workshops focused on reduced and uncertain future Local Board budgets, how best to manage both work in progress and new projects, and the sharing of a comprehensive, area by area, view of AT activities. The level of engagement was high and many Local Board members gave positive feedback.

Following the CCO review recommendation that AT better include the Governing Body in the formulation of the RLTP, AT worked closely with Local Board Services to develop a specific engagement plan for engaging with all 21 Local Boards. Regular updates were provided as the RLTP was developed, culminating in AT senior leadership presenting individually on RLTP projects that impacted each particular Local Board area. As a result, formal submissions were received from all 21 Local Boards, including over 700 items of feedback for AT to consider.

AT has also been working on how we better give Local Boards visibility on our work programme. Presentations were made to the Chairs' Forum and a second workshop series, led by members of AT's Executive Team, discussed the forward work programme for 2021/22 and provided Local Boards with an opportunity to provide input into the draft



RLTP 2021-2031 programme. Over 70 AT staff were involved in these workshops. Feedback from Local Boards was extremely positive, and as a result these sessions will continue into the future. All 21 Local Boards made final submissions on the draft RLTP, with several taking the opportunity to present to a hearings panel made up of AT Board members.

This financial year the Local Board Capital Fund was reduced as part of Council's emergency budget, from \$20 million to \$5 million. However some key pieces of local infrastructure were constructed/installed including: Albert Eden, Manurewa and Papakura bus shelters, Central Park, Patuone Reserve, and Walter Massey Park shared paths, Beachlands kerb and channel improvements, Hudson Road footpath in Warkworth, Paewai Road raised crossing, and Rongomai walkway.

AT supported Local Boards during the draft RLTP consultation in successfully advocating for a reinstatement of the capital fund to \$20 million per year.

AT has worked particularly closely with a number of Local Boards on innovating streets projects (tactical urbanism trials), which have been funded through Waka Kotahi.

We continue to work with the Waiheke Local Board to roll out elements of the Waiheke 10 Year Transport Plan, and with the Rodney Local Board to deliver transport initiatives funded by the Rodney Transport Targeted Rate. Early in 2021 two targeted rate funded bus routes were added to the AT-funded network, and in May construction began on the new Warkworth Community Transport Hub.

Value for money

Our operating model is agile, financially sustainable and delivers economic benefits

AT is the regional guardian of \$21.8 billion of publicly-owned assets. This includes 7,638 kilometres of arterial and local roads, 7,431 kilometres of footpaths, 348 kilometres of cycleways, a growing fleet of electric trains, rail and busway stations, bus shelters, ferry wharves and two airfields on the Gulf Islands.

Maintaining and renewing these assets is a significant undertaking. The temporary closure of the Auckland Harbour Bridge last year due to an accident caused by freak wind gusts and ongoing issues encountered with the rail network clearly demonstrates the importance of ensuring the resilience and reliability of our infrastructure.

A number of factors place increased pressure on the local road and asset network:

- Deterioration of road pavements
- Increasing numbers of heavy vehicles operating on the network including growth-related construction, service-related (e.g. waste collection) traffic and heavier axle weights from double decker buses
- An increasing local network asset base – which is growing by around 1.5% every year through the delivery of new transport infrastructure (e.g. roads in new subdivisions, new transport facilities)
- Significant increases in construction costs and the cost of renewals, in particular road rehabilitation, which makes up the largest share of AT’s renewal spend
- Low renewal expenditure over the 2018-2021 period (including due to budget impacts from COVID-19) which has created a renewal backlog
- Increased renewal requirements relating to climate resilience, seismic retrofit and slip remediation.

Without action to address the impact of these, the local network asset base will fall below standard, leading to increased reliability issues and higher costs to resolve over the long-term.



Sound management of transport assets

Improving the transparency of asset management programming, and the timing, delivery and standard of asset renewals is a high priority. Despite COVID-19, and the resulting 25% reduction in asset renewal budget for 2020/21, we have continued to deliver asset management functions in a timely manner.

We have matured our asset management practices in alignment with global best practice (ISO 55001); this includes asset condition assessment, renewals planning, maintenance and renewals procurement, asset-related cost trend analysis and asset planning for growth.

We have completed a Draft Asset Management Plan to define future asset investment needs over the 2021-2031 ten-year period, and progressed the development of an Unsealed Road Improvement Framework, with Local Board input, which considers a wider range of improvement works such as road widening, safety improvements, pavement strengthening, drainage, surfacing improvements and seal extensions.

We also collaborate closely with Auckland Council Healthy Waters to deliver urban road stormwater services, road stormwater management and to improve stormwater water quality.

Technology initiatives are being progressed to drive the more efficient and effective use and management of Auckland’s transport network. For instance, in December 2020 a new Enterprise Asset Management system (EAM) went live to support AT’s public transport facilities management functions.

Value for Money

The Auckland Transport Board of Directors is committed to the continuous review and improvement of AT’s operational model to make sure we function effectively and efficiently in terms of cost and productivity. We are acutely aware of our responsibility as a public body to deliver maximum value for ratepayers and taxpayers, and are committed to delivering value for money across all expenditure.

We work closely with our partners to improve business case processes, generate economies of scale and savings, and to optimise programme funding, and actively explore alternative procurement models to deliver value for money, safety and sustainability outcomes.

AT’s financial result for the year was positive with a surplus before tax of \$647.9 million, \$27.1 million favourable to the \$620.8 million budget. The favourable performance against budget is primarily due to stringent management of costs resulting in \$76.8 million lower expenditure than budget, offsetting the lower than budgeted revenue of \$49.7 million which was impacted by COVID-19.

This year AT also delivered an exceptional \$729.3 million of new infrastructure, 96% of this year’s capital programme, which included the Downtown redevelopment programme, new Puhinui interchange, Eastern Busway Stage 1 and Karangahape Road enhancement.

Our people

Enabling and enhancing our culture and capability



New ways of working

AT is focused on transforming into an increasingly customer-focused, collaborative and highly adaptive organisation.

Our Culture and Transformation Strategy targets building a more constructive culture within AT that enables us to deliver our key AT strategic priorities. The aim is to create a safe environment where people feel more connected across the organisation and to our strategy, can develop capabilities for the future of work and have the opportunity to thrive. This approach is underpinned by a range of initiatives and a clear internal communication and engagement strategy that connects our people to our purpose.

Culture and diversity

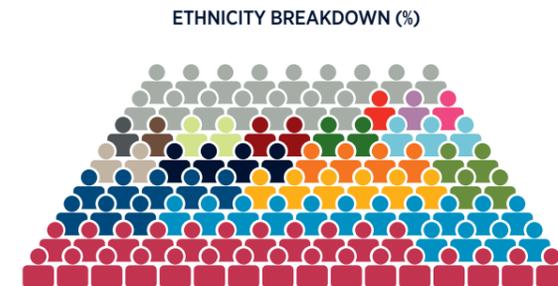
AT is guided by shared values in an ongoing commitment to build a thriving, inclusive, high performing culture. A Breaking Bias diversity and inclusion programme designed to break unconscious bias and build awareness in the workplace was launched in December 2020 with over 200 employees completing the programme so far.

We hosted the first Pasifika Nui Leadership programme this year, collaborated with over 50 wāhine from across AT to begin development of a Women in Leadership programme, and in December 2020, 18 of our people gained their Level 1 and Level 2 te reo Māori qualifications through a joint programme with Te Wananga o Aotearoa. We have also developed and delivered Ngā Kete Kīwai programmes to over 400 of our people. This programme focuses on building awareness of Treaty of Waitangi and te reo Māori and Tikanga.

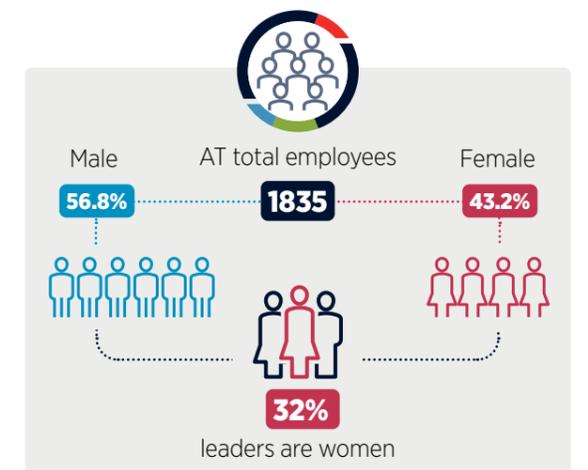
In June 2021 AT gained the Domestic Violence (DV) Free Tick re-accreditation, which shows our commitment to providing a workplace where domestic violence is not tolerated, and where people impacted by domestic violence feel safe and supported.

We also received re-accreditation for the Rainbow Tick, confirming our ongoing commitment to making the workplace safe and inclusive for LGBTTQIA+ employees.

We have eight employee networks with almost 700 members who organise and participate in employee-led events, development and networking opportunities in an effort to celebrate diversity and inclusion across AT. Our networks include Mana ka Māori, Pasifika, Chinese at Heart, Hakuna Matata Africa, Beyond Borders Muslim Network, Women @ AT, Incredible India, and the Rainbow Network.



ETHNICITY BREAKDOWN (%)	
● New Zealand European	27.4
● Indian	14.8
● European (not further defined)	8.3
● Chinese	5.8
● Other European	4.2
● Other Ethnicity	4.0
● Māori	4.0
● Samoan	2.8
● Other Asian	2.4
● Southeast Asian	2.4
● Asian (not further defined)	1.6
● African	1.6
● Latin American	1.2
● Middle Eastern	1.2
● Fijian	1.0
● Cook Islands Maori	1.0
● Tongan	0.7
● Niuean	0.3
● Pacific peoples (not further defined)	0.3
● Tokelauan	0.2
● Did not declare	14.9





Attracting great people

NZ COVID-19 border restrictions and a global skills shortage in technical roles has escalated the need for AT to attract and retain great people within a competitive market as a priority.

After exploring why people choose to work at AT and how we attract those people to work with us, we repositioned our employment brand ‘Let’s Go There’ to promote ‘Worthwhile work that makes a difference’.

We continued to focus on building talent from within by attracting young people to a more diverse Nga Kaihoe graduate pool, and welcomed 18 new graduates in 2020/21 (bringing the total number to 38). We also delivered a successful virtual internship pilot programme. Recruitment for our 2022 cohort begins in July 2021 with a focus on attracting Science, Technology, Engineering and Math (STEM) students and people from diverse backgrounds.



Capability

AT is building a learning organisation, and growing the capability of our people so we can deliver on our strategic goals and prepare for the future of work through formal learning, communities of practice and other informal learning approaches.

Areas of focus have included building our Portfolio, Programme and Project Management capability with the implementation of our Enterprise Project Management Framework and accreditation of project managers. We have also invested in growing our organisational capability to work in more collaborative and adaptive ways, including agile practices.

Our commitment to Vision Zero has required us to educate our people and build skills to lead and influence change. The safety of our own people has also been an ongoing area of attention, including a focus on the skills of our front-line people to anticipate risk, constructively manage challenging people interactions, de-escalate potential conflict and build resilience.



Wellbeing

COVID-19 has accelerated the impact of global mega-trends on workplaces from multiple perspectives: technological, generational, social and environmental. More employees are working remotely and flexibly; crisis adds to organisational complexity and resilience is as much a priority as efficiency.

AT has been a flexible working organisation for several years now, however there has been a significant shift to even more flexible working since COVID-19 lockdowns, with more employees choosing to work flexibly from other locations. We have a large programme of work focused on ensuring that our people have the best experience possible, and creating workspaces that enable them to do their best work from anywhere (connect, collaborate, concentrate, create) and thrive.

The wellbeing of our people has been a priority over the last year. Using best practice frameworks and research, AT created a pragmatic, AT-specific Wellbeing Framework using the ‘Me-We-Us’ model, and a comprehensive package of wellbeing offerings from check-ins, employee assistance programmes, mental health first-responders to mindfulness and yoga sessions.

Following two external reviews in late 2020, AT worked closely with the Downtown Joint Venture (DJV) project team, to understand how critical risks associated with the activities of the Downtown Infrastructure Development Project were being identified and managed, and to seek ongoing assurance that the methodology used and its application in practice was sufficiently robust and being consistently used across all projects. Engagement was significant between AT and DJV in focusing the critical risk regime

and verification activities to increase confidence that risks were being managed to a reasonably practicable level. Learning from this work from a risk and assurance perspective are transferable across AT’s delivery portfolio and provided opportunity for AT to lead the lessons across the sector. AT will continue to ensure engagement in this space as part of our overall strategy.

Throughout March and April 2021, a Health Safety and Wellbeing Representative (HSWR) Committee campaign was rolled out across AT to encourage staff to nominate their colleagues to join the HSWR Committee. The prescribed minimum ratio of health and safety representatives¹ is one representative for every 19 workers. In May 2021, AT went from 66% representation to 100%. Kicking off in June, mental health first aid training was offered to all of the representatives and run by St John, which enabled the skills and knowledge to recognise and respond to someone experiencing mental health concerns.

Mental Health Awareness week was held in September 2020, where AT prepared a conversation guide for staff to take back to their network to have a meaningful conversation around mental health and wellbeing and what this means for the people in their network.

World Wellbeing Week was in June 2021 which was an opportunity to raise awareness for the wide-ranging aspects of wellbeing. Initiatives included; partnering with Incredible India who ran a yoga session, 25 and 50 minute meetings to reduce back-to-back meetings, and Manawa Rahi which is confidential coaching for issues at work. All initiatives emphasised AT’s living our value of Manaakitanga – We care...Full stop.



Leadership

More than 300 AT people attended a Leadership Korero in April 2021. Our Leadership Tohu (leadership expectations) were launched and are now being embedded in all our people processes and our Leadership Development programmes. We are fostering constructive leadership and the commitment of our leaders to provide an environment in which all our people can thrive and perform at their best.

Key performance measures and results

AT has an agreed set of key performance measures and targets which form the basis for accountability to delivering on Auckland Council's strategic direction, priorities and targets. These are reported on a quarterly basis, in accordance with the CCO Governance Manual.

Of the 25 key performance measures outlined in AT's 2020/21-2021/23 Statement of Intent (SOI) 16 are also Long Term Plan (LTP) measures (*indicated). AT's SOI targets were set with the assumption that there would not be further lockdowns in 2020/21. Unfortunately, this was not the case and COVID-19 has impacted the achievement of a number of measures.

AT uses the following guidelines to report on performance against the targets:

- Where performance is within +/- 2.5% of a target, the target is considered 'met'
- Where performance is above a target by more than 2.5%, the target is considered 'exceeded'
- Where performance is below a target by more than 2.5%, the target is considered 'not met'

In the 2020/21 financial year 16 target measures were exceeded, three were met, four were not met, and two were not surveyed this financial year. A number of these targets have been impacted by COVID-19 (either positively or negatively).

MEASURE	2020/21 SOI TARGET	2020/21 ACTUAL	2019/20 RESULT	RESULT
Safety - Making Auckland's transport system safe by eliminating harm to people				
Number of high risk intersections and sections of road addressed by Auckland Transport's safety programme	4	8	16	EXCEEDED

Five high risk intersection improvements were addressed by the programme, as well as three high risk corridors.

Change from the previous financial year in the number of deaths and serious injuries on the local road network, expressed as a number*1	Reduce by at least 36 (627)	454	533	EXCEEDED
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The 2020 calendar year result was 454, significantly below the target of 627. Local road deaths have decreased by 3% (from 34 to 33) and local road serious injuries decreased by 19% (from 499 to 421) compared to the 2019 calendar year. Due to COVID-19 restrictions suppressing traffic volumes. It should be noted that (based on indicative numbers) DSI's have increased in the six months to 30 June 2021 as traffic patterns return to more normal levels.

The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number ²	N/A - not a performance measure in AT's SOI	414	494	
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Climate change and the environment - Improving the resilience and sustainability of the transport system and significantly reducing the greenhouse gas emissions it generates

Number of buses in the Auckland bus fleet classified as low emission	20	33	3	EXCEEDED
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As per the end of the 2020/21 financial year, AT had 32 electric buses and one hydrogen bus in operation.

Reduction in CO ₂ e (emissions) generated annually by AT corporate operations (from 2017/18 baseline) ³	7%	10.5%	2%	EXCEEDED
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2020/21 corporate emissions were reduced by 10.5% compared to the 2017/18 baseline (vs a target of 7%). The result can partly be attributed to COVID-19 lockdowns, having a positive impact on emission reductions.

1 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. The targets will no longer vary depending on performance the year prior. This target is to reduce DSI by 60% over the 10 years from 690 in 2017 to no more than 276 in 2027.

2 This is a Department of Internal Affairs mandatory performance measure. There is no target associated with this measure. AT measures the efficacy of our road safety improvements through other metrics, based on number of affected people rather than the total number of crashes.

3 The 2018/19 baseline equates to 1284 of CO₂ equivalent emissions. Future reduction targets refer to the reduction compared to this baseline.

KEY TO TARGETS:

Result above SOI target by more than 2.5% = **EXCEEDED**

Result within +/- 2.5% of SOI target = **MET**

Result below SOI target by more than 2.5% = **NOT MET**

MEASURE	2020/21 SOI TARGET	2020/21 ACTUAL	2019/20 RESULT	RESULT
Percentage of AT streetlights that are energy efficient LED	66%	84.9%	61.7%	EXCEEDED

The project team was able to bring significant parts of the work programme forward. Out of 122,785 streetlights on the network, 104,222 are now energy efficient LEDs.

Travel choices - Providing and accelerating better travel choices for Aucklanders				
Total public transport boardings (millions)*	60.6 LTP target: 104.80	64	82.3	EXCEEDED

Despite several COVID-19 Alert Level changes and disruptions related to KiwiRail track maintenance, total public transport patronage exceeded the reduced target for this financial year. Prior to COVID-19 annual public transport boardings had peaked at over 100 million.

Total rail boardings (millions)	12.7	11.1	17.4	NOT MET
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While total patronage has exceeded the target, decreased patronage compounded by KiwiRail maintenance works have significantly impacted rail boardings in the past financial year.

Total annual boardings on Rapid or Frequent public transport networks	Increase at faster rate than total boardings	Decreased at a faster rate than total boardings	Decreased at a faster rate than boardings	NOT MET
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Rapid and Frequent boardings decreased faster and recovered more slowly than total public transport boardings. This is likely due to factors such as increased working from home by those working in the city centre; an area largely serviced by rapid and frequent services. This slow recovery has been exacerbated by disruptions on the rail network.

The percentage of public transport trips that are punctual*	95.5% LTP target: 95%	97%	97.8%	MET
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Public transport punctuality remained stable, with this year's result being similar to the previous financial year (97.8%).

Kilometres of new cycleway added to the regional cycle network (kms)*	5	6.75	6.09	EXCEEDED
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This financial year, new cycleways were delivered in Herne Bay, on Victoria Street, Murphy's Road, Northcote Bridge and on Karangahape Road.

Number of cycle movements past selected count sites (millions)*4	3.922 LTP target: 4.018	3.484	3.669	NOT MET
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Cycle movements decreased by 5% on the previous year, and were 11% below the target. Increased working from home has had a continued impact on this measure.

4 Targets for 2018/19 onwards reduced from previous years due to a reduction in the number of count sites monitored. AT uses the following sites to monitor cycle movements: Beach Road, Curran Street, East Coast Road, Grafton Bridge, Grafton Gully, Grafton Road, Great South Road, Highbrook shared path, Hopetoun Street, Karangahape Road, Lagoon Drive, Lake Road, Lightpath, Mangere Bridge, Northwestern cycleway - Kingsland, Northwestern cycleway - Te Atatu, Orewa shared path, Quay Street (Vector Arena), SH20 shared path (near Dominion Road), Symonds Street, Tamaki Drive (both sides of the road), Te Wero Bridge (Wynyard Quarter), Twin Streams shared path, Upper Harbour Drive, Upper Queen Street, Victoria Street West. Note: some trips may be counted more than once across the cycle network.

MEASURE	2020/21 SOI TARGET	2020/21 ACTUAL	2019/20 RESULT	RESULT
Active and sustainable mode share at schools where Travelwise programme is implemented*	45% LTP target: 40%	47%	49%	EXCEEDED

The result has declined by two percentage points compared to last year. The score refers to all students who responded to the survey and use an active mode or public transport. This excludes all the modes involved with using a private car – family car, friend's car, drive alone or with passengers).

Active and sustainable mode share for morning peak commuters where a Travelwise Choices programme is implemented*	45% LTP target: 40%	67%	69%	EXCEEDED
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The result has declined by two percentage points compared to last year. This figure is based on Workplace and Tertiary Student Travel Surveys completed over the 2020-2021 financial year. The result does not include those not travelling or working from home.

Access and connectivity - Better connecting people, places, goods and services				
Average AM peak period lane productivity across 32 monitored arterial routes* ⁵	25,000 LTP target: 23,000	31,495	32,951	EXCEEDED

Although the target was exceeded, productivity has dropped by 4% on the previous year. This reduction is mainly attributable to higher congestion levels compounded by lower bus patronage. Congestion for July 2021 was back to pre-COVID-19 levels.

Proportion of the freight network operating at Level of Service C or better during the inter-peak* ⁶	85% LTP target: 85%	92%	94%	EXCEEDED
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Freight Level of Service was two percentage points below last year's result. In terms of the arterial and motorway components of the freight network, 84% and 98% respectively operated efficiently.

Asset management – Sound management of transport assets				
The percentage of the total public transport cost recovered through fares* ⁷	30% - 34% LTP target: 47% - 50%	29.5%	33.71%	NOT MET

Reduced patronage due to the impacts of COVID-19 on travel behaviour, compounded by KiwiRail track works, have significantly impacted the performance of this indicator.

Proportion of road assets in acceptable condition* ⁸	94% LTP target: 95%	94.3%	94.2%	MET
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Target met and consistent with the 2019/20 result (94.2%).

⁵ 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.

⁶ The monitored freight network is defined in the AT 2019 SOI Freight Network map.

⁷ 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 NZ Transport Agency guidelines. 2020/22 and 2022/23 targets are indicative estimates subject to confirmed 2020/21 post-COVID-19 public transport demand response.

⁸ As defined by AT's Asset Management Plans

MEASURE	2020/21 SOI TARGET	2020/21 ACTUAL	2019/20 RESULT	RESULT
Road maintenance standards (ride quality) as measured by smooth travel exposure (STE) for all urban and rural roads*	Rural 90% Urban 80% LTP target: 92% Rural, 81% Urban	Rural 90% Urban 86%	Rural 94% Urban 87%	Rural MET Urban EXCEEDED
The average quality of ride on a sealed local road network, measured by STE ⁹ .	N/A - not a performance measure in AT's SOI	86%		

Target met but below the 2019/20 result (94%). STE for rural roads decreased due to the re-assignment of 442 kilometres of roads from Urban, to Rural based on current land use instead of speed limit.

Percentage of footpaths in acceptable condition*	94% LTP target: 95%	97.4%	97.6%	EXCEEDED
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Target exceeded and consistent with the 2019/20 result (97.6%)

Percentage of the sealed local road network that is resurfaced* ¹⁰	4.6% LTP target: 6.5%	4.86%	5.6%	EXCEEDED
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AT completed 5.8 kilometres of pavement rehabilitation, and 323.2 kilometres of resurfacing, totalling 329 kilometres.

Excellent customer experience - Providing an excellent customer experience for all services and customers				
The percentage of passengers satisfied with public transport services*	85% - 87% LTP target: 85%	92%	July-March 90.50% April-June 86%* ¹¹	EXCEEDED

Passenger satisfaction is measured through quarterly face-to-face interviews. Satisfaction was 1.1 percentage points above last year's result.

Percentage of customer service requests relating to roads and footpaths which receive a response within specified time frame* ¹²	85% LTP target: 85%	92%	86.4%	EXCEEDED
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The result has increased by 5.6 percentage points on the previous financial year.

Collaborative Partnering with our Funders, Partners, Mana Whenua, Stakeholders and Customers				
Percentage of Local Board members satisfied with AT engagement – reporting to Local Board*	70%	Not surveyed this year		

Auckland Council is currently reviewing their Elected Representative Survey, and no results have been produced this year.

Percentage of Local Board members satisfied with AT engagement – consulting with Local Board*	70%	Not surveyed this year		
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⁹ This is a Department of Internal Affairs mandatory performance measure. There is no target associated with this measure.

¹⁰ As defined by AT's Asset Management Plans

¹¹ Online surveys undertaken during the fourth quarter, and the various COVID-19 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%.

¹² Specified time frames are defined in AT's customer service standards: 2 days for incident investigation as a high priority; 3 days for an incident investigation as a normal priority; 1-hour emergency response time.



Governance

Partnerships and accountability

Strategic partnership approach

Auckland Council and Auckland Transport 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 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 2021-2031 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 recently adopted \$34 billion 10-year programme is being delivered by Waka Kotahi NZ Transport Agency, KiwiRail, City Rail Link Limited 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.

Board of Directors

Auckland Transport's activities are directed and guided at a strategic level by the Board of Directors. Between six and eight voting directors are appointed by Auckland Council, will generally serve a term of one to three years, and then may be re-appointed by Auckland Council for a further three years. Two of those directors may be members of Auckland Council, and one non-voting member is nominated by Waka Kotahi.

AT currently has nine board members and two CCO liaison councillors.

The AT Board has overall responsibility for delivering transport in Auckland, specifically to:

- Negotiate Statements of Intent 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 AT 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.

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 and 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, Queenstown Airport Corporation Limited; Director, Cornwall Park Trust Board Incorporated; Chair, Sir John Logan Campbell Residuary Trust and Medical Trust; Deputy Chair, New Plymouth District Council Risk and Audit Committee.



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, Waitematā District Health Board; Director, Sport New Zealand; Director, High Performance Sport New Zealand; Trustee, Well Foundation.

continued »

Director's profiles continued



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. She has held a number of governance roles across the public and private sector; her 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; Director, Fonterra Shareholders Fund.



Darren Linton
BCom

Darren Linton's executive roles have seen him lead organisational change, marketing and communications, and digital transformations across a number of industries within large international companies, including Johnson & Johnson, Disney and NBC Universal. He is passionate about customer engagement and building diverse and inclusive cultures. Darren returned to Auckland five years ago after spending 19 years in the UK.

Current roles and general disclosure of interests: Chair, Hype & Dexter; Chief Executive Officer and Director, Online Republic; Director Search Republic.



Nicole Rosie
BA/LLB, LL.M, MPH

Nicole Rosie has led Waka Kotahi NZ Transport Agency as Chief Executive since February 2020. She has extensive Chief Executive and senior executive experience across both the public and private sectors working in transport and commercial sectors, for companies including Toll NZ, KiwiRail, Fonterra and WorkSafe NZ. Nicole is experienced in system-based thinking and using levers across behavioural change, regulatory and investment to achieve outcomes at a system level.

Current roles and general disclosure of interests: Chief Executive Officer of Waka Kotahi NZ Transport Agency; Director and shareholder, Puck Limited; Steering group member, Construction Accord; Member, Auckland Light Rail Establishment 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 been a past 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; Member, Te Puni Kōkiri Audit and Risk Management Committee.



Abbie Reynolds
BA/LLB

Abbie Reynolds is a nationally respected advocate for climate change response and sustainability in business. In August 2021 she finished up as Chief Executive of Predator Free 2050 Ltd and prior to that she was Executive Director of the Sustainable Business Council. Her other roles have included being part of the New Zealand Government's Electric Vehicle Leadership Group, and a member of the Prime Minister's Chief Science Advisor's Rethinking Plastics panel.

In 2018, Abbie co-founded the New Zealand Leaders' Climate Coalition. The following year she won the Board and Management Award in the 2019 New Zealand Women of Influence Awards.

Current roles and general disclosure of interests: Chief Executive Officer, Predator Free 2050 Ltd; Trustee, Sustainable Coastlines Board; Chair, Westpac Sustainability Panel; Member, Future of Auckland - Reference Group.



Tommy Parker
MSc

Tommy Parker is widely considered one of New Zealand's pre-eminent infrastructure leaders. He has nearly 30 years of experience in transport, urban planning and engineering in New Zealand and the United Kingdom. His previous roles include General Manager Infrastructure at Fletcher Construction, and 13 years working at Waka Kotahi New Zealand Transport Agency including as Group Manager for Highway and Network Operations.

At Waka Kotahi, Tommy led the delivery of the Roads of National Significance, New Zealand's biggest transport infrastructure programme. He led the review of Highway Maintenance Practice and the introduction of Transport Operations Centres in Auckland, Wellington and Christchurch, and initiated and chaired the Northern Canterbury Transport.

Current roles and general disclosure of interests: Director, Arup New Zealand Limited; Interim Mobilisation Leader, Auckland Light Rail Project.

CCO Liaison Councillors



Bill Cashmore
Deputy Mayor, Auckland Council
Franklin Ward
CCO Liaison Councillor
Non-voting member



Chris Darby
Auckland Council
North Shore Ward
CCO Liaison Councillor
Non-voting member

Board meetings and committees

Governance board meetings

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).

Director attendance at board meetings and committees during 2020/21

DIRECTOR/MEETING	BOARD	FCRC ¹	FAC	RTC	DDC	PCC
Adrienne Young-Cooper	9	1	2	5	8	3
Wayne Donnelly	9	1	1	6	10	2
Mary Jane Daly	9	1	3	5	3	-
Dr. Jim Mather	8	1	-	5	1	3
Dame Paula Rebstock (to October 2020)	4	1	-	1	2	-
Darren Linton	7	1	-	4	8	-
Kylie Clegg	8	1	3	6	10	-
Nicole Rosie	6	-	-	1	-	-
Perry Fon Sing (KiwiRail representative)		-	-	2	-	-
Abbie Reynolds (from December 2020)	4	-	1	4	-	-
Tommy Parker (from December 2020)	5	-	-	4	3	-
Gwyneth McLeod		-	-	2	-	-
Steve Mutton (delegate for Nicole Rosie)	2	-	-	3	-	-

¹ Following a reorganisation of board committees the primary activities of FCRC were assumed by FAC

Auckland Transport committees

Finance and Assurance Committee (FAC)

Chair Mary-Jane Daly

Members Adrienne Young-Cooper (ex officio), Kylie Clegg, Abbie Reynolds

The Finance and Assurance Committee (FAC) assists the AT Board to fulfil its responsibilities for financial reporting, audit and risk management. It provides assurance regarding compliance with internal controls, accounting policy and practice, has oversight of AT's financial performance and monitors financial risks and opportunities.

The FAC reviews AT's fraud prevention policies and controls, systems and processes for monitoring compliance with relevant legislation and regulations, and is 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.

People and Culture Committee (PCC)

Chair Dr. Jim Mather

Members Adrienne Young-Cooper (ex officio), Wayne Donnelly

The People and Culture Committee (PCC) assists the AT Board to carry out its governance function as it relates to remuneration policy leadership and capability, succession, employee development, inclusion and diversity, employee engagement and culture. It provides support and mentorship for the personal development of the Chief Executive, supports the Board to ensure AT's legal obligations in relation to its people are met, and ensures that AT fulfils its Treaty of Waitangi responsibilities through implementation of its Māori Engagement Plan and other related initiatives.

Design and Delivery Committee (DCC)

Chair Wayne Donnelly

Members Adrienne Young-Cooper (ex officio), Kylie Clegg, Darren Linton, Tommy Parker

The Design and Delivery Committee (DCC) monitors the performance of the of the transport system, provides oversight and direction to strategy and tactical planning of change and development of the system, approve change and development within Delegated Financial Authorities (DFA), and monitors change programmes across the organisation, including benefit realisation.

Regional Transport Committee (RTC)

Chair Adrienne Young-Cooper

Members Wayne Donnelly, Kylie Clegg, Mary-Jane Daly, Dr Jim Mather, Darren Linton, Tommy Parker, Abbie Reynolds, Nicole Rosie

Non-voting member

Gwyneth McLeod (KiwiRail representative)

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 AT Board of Directors 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.

Executive Leadership Team



Shane Ellison

Chief Executive Officer
BBS, MPublnfra

Shane Ellison has more than 20 years of global transport industry experience and held 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. He was Group Manager of the former Auckland City Council Transport Asset Group until his appointment to AT in 2010. Andrew has chaired the ATOC Management Board since its formation in 2011.



Jenny Chetwynd

Executive GM, Planning and Investment
BRP (Hons), MBA

Jenny Chetwynd has more than 30 years private and public sector experience. Before joining AT in 2019, Jenny held senior roles at Waka Kotahi NZ Transport Agency, Transpower, 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 focused on customer insights and analytics, product and marketing, community transport, sustainable mobility, human-centred design, customer services, digital channels and customer experience strategy.



Roger Jones

Executive GM, Business Technology
BSc

Roger Jones has extensive experience in the IT industry, 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 Lambert

Executive GM, Integrated Networks
BSc (Hons)

Mark Lambert's career spans 25 years working 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 roles.



Mark Laing

Executive GM, Finance
CA, MAF, BBS

Mark Laing is a Chartered Accountant with a broad financial background including commercial and operational, corporate finance, treasury, investor relations and M&A experience. Prior to joining AT in 2018, Mark worked at Spark NZ, Telecom NZ, UBS Warburg and KPMG.



Rodger Murphy

Executive GM, Risk & Assurance
B.Acc

Rodger Murphy's career has spanned professional services, banking and risk management. He has previously been a partner at Deloitte and held senior management roles in the BNZ. Rodger has 25 years' experience in governance, risk management and business process improvement.



Bryan Sherritt

Executive GM, Safety
B.Eng

Bryan established and led the Vicroads Safe System Road Infrastructure Programme team in Australia, delivering the largest road safety programme in Victoria's history. He is a member of the 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.



Natasha Whiting

Executive GM, Culture & Transformation
BA, LLB, MBS

Natasha Whiting has a wealth of senior HR experience across multiple sectors including telecommunications, manufacturing, banking and building. She has worked for DB Breweries, NZ Post, Westpac, Telecom New Zealand, Fletcher Building, TelstraClear and the Ford Motor Company.

Risk and Assurance

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 Assurance 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.
- Implements of the Organisational Risk Management Framework
- Facilitates risk assessment workshops, provides advice and coaches the organisation on risk and control, and promotes 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
- Acts as the central point for coordinating, monitoring and reporting on risks
- Interacts regularly with other business areas such as Internal Audit, Finance, Health, and Safety and Legal
- Supports managers to identify the best strategies to mitigate risks.



Risk management

Risk management activities in 2020/21 focused on:

- Rolling out 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
- Collaborating 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
- Leading the organisation's response to COVID-19.

Special investigations

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

An independently managed whistle-blower service operates as a contact point for AT people 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.

Internal and probity audits

AT's Internal Audit Team provides independent assurance to the AT 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 processes
- Legislative compliance
- Conflict of interest management
- Business technology
- Projects management compliance with good practice.

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.

Reviews this year included several lessons learned focusing on how to carry forward good practice and opportunities for process improvement.

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 Assurance Committee and the Chief Executive.



Financials

Financial statements

Statement of comprehensive revenue and expenditure

Statement of financial position

Statement of changes in equity

Statement of cash flows

Summary of capital expenditure

Notes to the financial statements

Statement of comprehensive revenue and expenditure for the year ended 30 June 2021

	Note	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
REVENUE				
Auckland Council operating funding	1	389,062	388,962	298,993
Auckland Council capital funding	1	354,687	417,057	465,594
Waka Kotahi NZ Transport Agency operating funding	1	415,230	386,034	350,916
Waka Kotahi NZ Transport Agency capital funding	1	318,341	305,104	395,812
Other revenue	1	526,843	559,322	565,898
Finance revenue	2	2,813	171	4,862
Total revenue		2,006,976	2,056,650	2,082,075
EXPENDITURE				
Personnel costs	3	142,230	137,744	135,917
Depreciation and amortisation	6, 7	387,962	418,299	350,717
Finance costs	2	26,123	29,339	26,570
Other expenses	4	802,752	850,498	808,820
Total expenditure		1,359,067	1,435,880	1,322,024
SURPLUS BEFORE TAX				
Income tax benefit/(expense)	5	-	-	6,540
Surplus after tax		647,909	620,770	766,591
OTHER COMPREHENSIVE REVENUE AND EXPENDITURE				
Revaluation gain/(impairment) on property, plant and equipment	16	112,824	-	655,803
Deferred tax on revaluation	5	-	-	2,062
Other comprehensive revenue and expenditure		112,824	-	657,865
Total comprehensive revenue and expenditure		760,733	620,770	1,424,456



Adrienne Young-Cooper

CHAIR
15 September 2021



Wayne Donnelly

DEPUTY CHAIR
15 September 2021

Statement of financial position as at 30 June 2021

	Note	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
ASSETS				
Current assets				
Cash and cash equivalents	11	5,697	3,952	3,952
Receivables	12	661,146	435,950	435,950
Inventories	13	10,726	10,519	10,519
Other assets		4,492	6,318	6,318
Non-current assets held for sale	8	-	78,351	78,351
Total current assets		682,061	535,090	535,090
Non-current assets				
Property, plant and equipment	6	21,809,132	21,805,137	21,191,275
Intangible assets	7	204,125	185,491	185,491
Total non-current assets		22,013,257	21,990,628	21,376,766
Total assets		22,695,318	22,525,718	21,911,856
LIABILITIES				
Current liabilities				
Payables and accruals	14	325,993	296,774	296,774
Employee entitlements	15	17,091	22,539	22,539
Derivative financial instruments	10	516	3,124	3,124
Borrowings	9	8,381	7,866	7,866
Total current liabilities		351,981	330,303	330,303
Non-current liabilities				
Payables and accruals	14	6,745	9,986	9,986
Employee entitlements	15	328	383	383
Derivative financial instruments	10	-	138	138
Borrowings	9	480,069	480,926	487,834
Total non-current liabilities		487,142	491,433	498,341
Total liabilities		839,123	821,736	828,644
Net assets		21,856,195	21,703,982	21,083,212
EQUITY				
Contributed capital		12,955,323	12,943,073	12,943,073
Accumulated funds		4,444,004	4,414,245	3,793,475
Other reserves		4,456,868	4,346,664	4,346,664
Total equity	16	21,856,195	21,703,982	21,083,212

Statement of changes in equity for the year ended 30 June 2021

	Note	Contributed capital \$000	Accumulated funds \$000	Other reserves \$000	Total equity \$000	Budget \$000
Balance as at 1 July 2020						
Surplus after tax		-	647,909	-	647,909	620,770
Other comprehensive revenue		-	-	112,824	112,824	-
Total comprehensive revenue and expenditure		-	647,909	112,824	760,733	620,770
Returned capital to Auckland Council		12,250	-	-	12,250	-
Transfer from asset revaluation reserve on disposal of property		-	2,620	(2,620)	-	-
Balance as at 30 June 2021	16	12,955,323	4,444,004	4,456,868	21,856,195	21,703,982
Balance as at 1 July 2019						
Surplus after tax		-	766,591	-	766,591	732,500
Other comprehensive revenue		-	-	657,865	657,865	-
Total comprehensive revenue and expenditure		-	766,591	657,865	1,424,456	732,500
Returned capital to Auckland Council		(47,708)	-	-	(47,708)	-
Transfer from asset revaluation reserve on disposal of property		-	25,548	(25,548)	-	-
Balance as at 30 June 2020	16	12,943,073	3,793,475	4,346,664	21,083,212	20,438,964

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2021

	Note	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash provided from				
Revenue from activities		164,773	249,493	280,166
Auckland Council operating funding		389,062	388,962	298,993
Auckland Council capital funding		217,938	417,057	441,507
Waka Kotahi NZ Transport Agency operating funding		401,803	386,034	338,759
Waka Kotahi NZ Transport Agency capital funding		344,893	305,104	372,554
Crown Infrastructure Partners capital funding		55,345	35,000	-
Interest received		68	-	214
Goods and services tax (net)		2,243	-	3,631
Total cash provided		1,576,125	1,781,650	1,735,824
Cash applied to				
Payments to suppliers and employees		862,007	988,242	877,049
Interest paid		26,125	29,339	26,590
Total cash applied		888,132	1,017,581	903,639
Net cash from operating activities	26	687,993	764,069	832,185
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash provided from				
Sale of property, plant and equipment		98,885	-	758
Cash applied to				
Purchase of property, plant and equipment and intangibles		777,883	757,161	832,084
Net cash applied to investing activities		(678,998)	(757,161)	(831,326)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash applied to				
Repayment of loan from Auckland Council		6,910	6,908	6,412
Payment of finance leases		340	-	-
Total cash applied		7,250	6,908	6,412
Net cash from financing activities		(7,250)	(6,908)	(6,412)
Net increase/(decrease) in cash and cash equivalents		1,745	-	(5,553)
Opening cash and cash equivalents		3,952	3,952	9,505
Closing cash and cash equivalents	11	5,697	3,952	3,952

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.

No new equipment (2020: \$5.3 million) 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 2021

	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
NEW CAPITAL EXPENDITURE			
Roads	291,142	318,006	342,263
Public transport	231,549	241,705	293,225
Parking	2,760	6,376	5,911
Other	24,165	19,074	26,305
Total new capital expenditure	549,616	585,161	667,704
RENEWAL CAPITAL EXPENDITURE			
Roads	161,863	155,504	184,308
Public transport	17,048	15,336	9,144
Parking	744	1,160	896
Total renewal capital expenditure	179,655	172,000	194,348
Total capital expenditure	729,271	757,161	862,052
FUNDING			
Auckland Council capital funding	354,687	417,057	465,594
Waka Kotahi NZ Transport Agency capital funding - new	227,826	222,050	301,813
Waka Kotahi NZ Transport Agency capital funding - renewal	90,515	83,054	93,999
Other capital grants	55,463	35,000	646
Auckland Council capital funding through equity	780	-	-
Total funding	729,271	757,161	862,052

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2021

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 2021 and were authorised for issue by the Board of Auckland Transport on 15 September 2021. Neither Auckland Council nor Auckland Transport's Board have 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 due to COVID-19. During this period Waka Kotahi NZ Transport Agency, funded lost public transport fare revenue and

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 2020/2021-2022/2023, adopted by Auckland Transport's Board on 21 July 2020.

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).

Change in accounting policy

Change in frequency of revaluations of property, plant and equipment

From 1 July 2020, Auckland Transport changed its accounting policy to revalue its property, plant and equipment held at fair value, at least every five years. Management takes the view that this change in policy would provide the group with the flexibility to revalue when it is appropriate, or when there is a material movement given the need to manage our finances prudently. The policy has been applied prospectively from the beginning of this financial year because it was not practicable to estimate the effects of applying the policy either retrospectively or prospectively from any earlier date. Accordingly, the adoption of the new policy has no effect on prior periods.

Implementation of new and amended standards

Early adoption of PBE IPSAS 40 PBE Combinations

Auckland Transport adopted PBE IPSAS 40 early. In accordance with its transitional provisions, the standard was required to be applied prospectively from 1 July 2020. The new standard supersedes PBE IFRS 3 Business Combinations. PBE IPSAS 40 has a broader scope than PBE IFRS 3 since it establishes requirements for accounting for both acquisitions and amalgamations. A PBE combination is the bringing together of separate operations into one public benefit entity, which might occur by mutual agreement or by compulsion (for example, by legislation).

Identifying a PBE Combination

PBE IPSAS 40 requires an entity to determine whether a transaction or event is a PBE Combination, which requires that the assets and liabilities constitute an operation. PBE IPSAS 40's definition of an 'operation' is similar to the definition of a 'business' under PBE IFRS 3, which includes three elements: input, process and output. Similar to PBE IFRS 3, to qualify as an operation, two essential elements are required – inputs and processes applied to those inputs, which together are or will be used to create outputs.

Classification of a PBE Combination

A PBE Combination can be classified as an amalgamation or an acquisition.

An amalgamation is where no party to a PBE combination gains control of one or more operations as a result of the combination or, if one party gains control, the economic substance of the PBE combination based on evidence relating to the consideration, the decision-making process and other matters is that of an amalgamation. A 'resulting entity' shall account for the amalgamation by applying the modified pooling of interests method.

An acquisition is where one party to a PBE combination gains control of one or more operations as a result of the combination and the economic substance is not that of an amalgamation. The acquisition method of accounting is applied.

The modified pooling of interests method requires recognition and measurement of the assets, liabilities and non-controlling interests at their carrying amounts, recognition and measurement of any other adjustments (e.g. to align accounting policies) within net assets/equity. An amalgamation does not give rise to goodwill.

The acquisition method of accounting is consistent with PBE IFRS 3 and generally requires the recognition and measurement of assets and liabilities at fair value and the recognition of goodwill or gain or loss from acquisition.

Auckland Transport adopted this standard early to comply with the Auckland Council Group accounting policies. The adoption of PBE IPSAS 40 did not result in any significant impact on Auckland Transport's financial statements.

Standards issued and not yet effective

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although Auckland Transport has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022 following consultation that has been initiated by the External Reporting Board. Auckland Transport believe the application of PBE FRS 48 will not have any significant impact on its statement of performance as it has well established service performance reporting processes.



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 2021

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
Non-exchange revenue	
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 Transport 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.
Exchange revenue	
Parking revenue	Revenue is recognised when billed or earned on an accrual basis.

1 REVENUE (CONTINUED)

	Actual 2021 \$000	Actual 2020 \$000
Auckland Council operating funding	389,062	298,993
Auckland Council capital funding	354,687	465,594
Waka Kotahi NZ Transport Agency operating funding	415,230	350,916
Waka Kotahi NZ Transport Agency capital funding	318,341	395,812
Other revenue		
Revenue from non-exchange transactions		
Public transport revenue	144,977	177,415
Enforcement revenue	44,061	41,866
Other operating grants	11,406	9,299
Other capital grants	55,463	646
Vested asset revenue	188,996	271,174
Gain on disposal of property, plant and equipment	18,401	-
Other revenue	23,799	24,648
Total other revenue from non-exchange transactions	487,103	525,048
Revenue from exchange transactions		
Parking revenue	39,740	40,850
Total other revenue	526,843	565,898
Total revenue (excluding finance revenue)	2,004,163	2,077,213

Auckland Transport received additional operational funding from Auckland Council and Waka Kotahi NZ Transport Agency to underpin the shortfall in public transport revenues. The Covid-19 emergency budget also significantly reduced capital funding.

Other capital grants includes \$55 million (2019/20: \$nil) of Shovel Ready Projects capital funding from Crown Infrastructure Partners Limited.

Notes to the financial statements for the year ended 30 June 2021

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 2021 \$000	Actual 2020 \$000
Finance revenue		
Interest revenue	68	214
Unrealised forward foreign exchange contracts - not hedge accounted	2,745	4,648
Total finance revenue	2,813	4,862
Finance costs		
Interest expense	26,123	26,570
Unrealised (gain)/loss on forward foreign exchange contracts	-	-
Total finance costs	26,123	26,570

3 PERSONNEL COSTS

	Actual 2021 \$000	Actual 2020 \$000
Salaries and wages	175,138	166,541
Less salaries and wages capitalised to property, plant and equipment, and intangibles	(39,355)	(41,147)
Defined contribution plan employer contributions	4,447	4,111
Other employee related costs	3,965	3,971
Movement in employee entitlements	(1,965)	2,441
Total personnel costs	142,230	135,917

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

4 OTHER EXPENSES

	Actual 2021 \$000	Actual 2020 \$000
Fees to principal auditor		
Financial statements audit	616	608
Review engagement	48	47
Operating lease payments	91,956	90,327
Directors' fees	472	459
Write-off capital works	15,975	25,787
Impairment of receivables	620	3,017
Impairment of non-current asset held for sale	-	479
Impairment of property, plant and equipment	-	9,118
Public transport operations	520,118	492,404
Roading network	102,209	104,980
Loss on disposal of property, plant and equipment	-	2,288
Other operating expenses	70,738	79,306
Total other expenses	802,752	808,820

Write off of capital works

Auckland Transport wrote off \$16.0 million (2020: \$25.8 million) of capital expenditure for infrastructure projects that are not expected to progress. \$19.0 million was written off in 2020 for Penlink and Mill Rd non-property capital costs as Waka Kotahi NZ Transport Agency has taken over the Penlink and Mill Rd project.

Impairment of property, plant and equipment

Impairment of property, plant and equipment of \$nil (2020:\$9.1million) due to the change to Covid-19 Alert level 4 directly relate to the locked down construction sites and costs 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 2021

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 2021 \$000	Actual 2020 \$000
Components of income tax benefit/(expense)		
Current tax	-	-
Deferred tax	-	6,540
Income tax benefit/(expense)	-	6,540

Relationship between tax benefit/(expense) and accounting profit

Surplus before tax	647,909	760,051
Tax at 28%	181,415	212,814
Plus/(less) tax effects of:		
Non-taxable revenue	(181,415)	(212,814)
Group loss offset	-	-
Deferred tax adjustment	-	6,540
Income tax benefit/(expense)	-	6,540

	Property plant and equipment \$000	Total \$000
Deferred tax liability		
Balance at 1 July 2020	-	-
Credited to surplus or deficit	-	-
Charged to equity	-	-
Balance at 30 June 2021	-	-
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
Balance at 30 June 2020	-	-

Deferred tax liability

In 2019/20 Auckland Transport reversed tax on income from Port Related Commercial Undertaking (PRCU) as Auckland Transport's public transport 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 2021

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 car park buildings and bus depots
Rolling stock	Diesel and electric trains and other onboard train equipment (e.g. signalling and communication equipment)
Motor vehicles	Fleet vehicles, electric and hydrogen buses and trailers
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 five 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)
Operational assets	
Buildings	13-75
Leasehold improvements	9-15
Rolling stock	5-35
Motor vehicles	5-16
Boats and engines	3-15
Computer hardware	4-15
Furniture and fittings	2-15
Plant and equipment	3-50
Wharves	10-100
Bus stations and shelters	10-60
Train stations	7-60
Computer Hardware – finance lease	5
Infrastructure assets	
Roading	2-100
Street gardens	8-28

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 \$4.8 million (2020: \$5.3 million). Note 22 provides further information about finance leases.

Notes to the financial statements for the year ended 30 June 2021

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Cost/ revaluation 1 July 2020	Accumulated depreciation and impairment charges 1 July 2020	Carrying amount 1 July 2020	Current year additions	Current year disposals
2021	\$000	\$000	\$000	\$000	\$000
Operational assets					
Land	658,414	-	658,414	-	(9,475)
Land - finance lease*	25,800	-	25,800	-	-
Properties held for roading purposes	372,411	-	372,411	-	(15,045)
Buildings	163,928	(7,712)	156,216	-	(23)
Leasehold improvements	11,527	(3,820)	7,707	-	-
Rolling stock	494,886	(31,977)	462,909	-	-
Motor vehicles	2,239	(502)	1,737	-	-
Boats and engines	1,010	(441)	569	24	(20)
Computer hardware	66,025	(45,447)	20,578	-	(403)
Furniture and fittings	9,114	(3,093)	6,021	-	-
Plant and equipment	67,160	(42,564)	24,596	-	-
Wharves	90,295	(281)	90,014	-	-
Bus stations and shelters	108,517	-	108,517	-	-
Train stations	621,665	(117)	621,548	11,569	-
Computer hardware - finance lease	5,336	-	5,336	-	-
	2,698,327	(135,954)	2,562,373	11,593	(24,966)
Infrastructural assets					
Land	6,811,687	-	6,811,687	-	(1,455)
Roading	10,821,611	(412)	10,821,199	21,930	(777)
Street gardens	50,487	(17,624)	32,863	345	-
	17,683,785	(18,036)	17,665,749	22,275	(2,232)
Work in progress	963,153	-	963,153	868,931	-
Total property, plant and equipment	21,345,265	(153,990)	21,191,275	902,799	(27,198)

*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/ write-off charges	Current year depreciation	Revaluation surplus/(loss)	Cost/ revaluation 30 June 2021	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021
\$000	\$000	\$000	\$000	\$000	\$000	\$000
19,507	-	-	61,139	729,585	-	729,585
-	-	-	-	25,800	-	25,800
2,921	-	-	-	360,287	-	360,287
4,397	-	(3,935)	51,685	208,339	1	208,340
3,552	-	(649)	-	14,743	(4,132)	10,611
83,878	-	(19,296)	-	578,321	(50,830)	527,491
2,021	-	(336)	-	4,260	(838)	3,422
551	-	(194)	-	1,460	(532)	928
5,036	-	(10,327)	-	70,425	(55,540)	14,885
757	-	(836)	-	9,455	(3,513)	5,942
9,131	-	(5,575)	-	76,380	(48,228)	28,152
1,245	-	(4,147)	-	91,261	(4,149)	87,112
8,396	-	(5,398)	-	116,913	(5,398)	111,515
10,575	(229)	(28,932)	-	643,581	(29,049)	614,532
-	-	(516)	-	5,336	(516)	4,820
151,967	(229)	(80,141)	112,824	2,936,146	(202,724)	2,733,422
135,626	(15,708)	-	-	6,930,150	-	6,930,150
433,087	(38)	(270,014)	-	11,275,534	(270,148)	11,005,386
2,726	-	(4,437)	-	53,557	(22,061)	31,496
571,439	(15,746)	(274,451)	-	18,259,241	(292,209)	17,967,032
(723,406)	-	-	-	1,108,678	-	1,108,678
-	(15,975)	(354,592)	112,824	22,304,065	(494,933)	21,809,132

Notes to the financial statements for the year ended 30 June 2021

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2020	Cost/ revaluation 1 July 2019	Accumulated depreciation and impairment charges 1 July 2019	Carrying amount 1 July 2019	Current year additions	Current year disposals
	\$000	\$000	\$000	\$000	\$000
Operational assets					
Land	693,579	-	693,579	-	(46,550)
Land - finance lease*	25,800	-	25,800	-	-
Properties held for roading purposes	439,605	-	439,605	-	(96,343)
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	-	-
Wharves	87,549	(7,864)	79,685	-	-
Bus stations and shelters	143,667	(8,388)	135,279	-	-
Train stations	611,680	(52,443)	559,237	-	-
Computer hardware - finance lease	-	-	-	-	-
	2,751,379	(174,423)	2,576,956	14	(142,893)
Infrastructural assets					
Land	6,639,512	-	6,639,512	-	(4,401)
Roading	10,493,701	(456,116)	10,037,585	5,914	(1,111)
Street gardens	47,733	(13,547)	34,186	145	-
	17,180,946	(469,663)	16,711,283	6,059	(5,512)
Work in progress	650,950	-	650,950	1,091,145	-
Total property, plant and equipment	20,583,275	(644,086)	19,939,189	1,097,218	(148,405)

*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/ write-off charges	Current year depreciation	Revaluation surplus/(loss)	Cost/ revaluation 30 June 2020	Accumulated depreciation and impairment charges 30 June 2020	Carrying amount 30 June 2020
\$000	\$000	\$000	\$000	\$000	\$000	\$000
11,384	-	-	-	658,414	-	658,414
-	-	-	-	25,800	-	25,800
29,260	(111)	-	-	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	(2,398)	(7,146)	-	67,160	(42,564)	24,596
9,672	(682)	(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
146,573	(3,207)	(74,162)	59,092	2,698,327	(135,954)	2,562,373
176,576	-	-	-	6,811,687	-	6,811,687
453,183	(29,304)	(241,780)	596,711	10,821,611	(412)	10,821,199
2,609	-	(4,077)	-	50,487	(17,624)	32,863
632,368	(29,304)	(245,857)	596,711	17,683,785	(18,036)	17,665,749
(778,941)	-	-	-	963,153	-	963,153
-	(32,511)	(320,019)	655,803	21,345,265	(153,990)	21,191,275

Notes to the financial statements for the year ended 30 June 2021

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

No property, plant and equipment is pledged as security for liabilities (2020: 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 assets 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.

Assets transferred from City Rail Link Limited

As City Rail Link Limited progress the City Rail Link project it intends to transfer separable assets to the Sponsors or their subsidiaries. City Rail Link Limited transferred C8 Otahuhu Station works (\$12 million) and C2 Albert Street Works (\$18 million) to Auckland Transport in 2020/21 (2020: nil). City Rail Link Limited intends to transfer C1 SP3 Britomart station including the Chief Post Office to Auckland Transport in 2021/22.

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 2021	725,623	Fair Value with the approaches being Market and Income	Bayleys Valuations Limited Quotable Value Limited Beca, Projects NZ Ltd	Jessica McKenzie Maria McHugh Nick Funnell
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 2021	208,340	Fair Value with the approaches being Market and Income	Bayleys Valuations Limited Quotable Value Limited Beca, Projects NZ Ltd	Jessica McKenzie Maria McHugh Nick Funnell
Train stations	30 June 2020	264,145	Depreciated replacement cost	WSP	Thrainn Viggoosson
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 Viggoosson
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 Viggoosson
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 2021

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 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.

All other asset classes are measured at depreciated historical cost.

Work in progress

	Actual 2021 \$000	Actual 2020 \$000
Operational assets		
Land	24,638	39,413
Rolling stock	18,664	61,193
Wharves	9,697	1,625
Bus stations and shelters	127,426	52,096
Train stations	10,751	25,377
Infrastructural assets		
Roading	917,502	793,567
Total work in progress	1,108,678	973,271

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 rail 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 has the rights to use the assets under agreement with KiwiRail.

Access rights also includes public transport options within SH20a land and licences for access to Gulf Harbour Ferry Terminal.

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 ten 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.

IFRIC's agenda decisions on accounting for Software-as-a-Service (SaaS)

The IASB's Interpretations Committee issued an agenda decision during April 2021 that clarifies the accounting treatment expected under International Financial Reporting Standards for customisation and configuration costs associated with software as a service (SAAS) arrangements. The PBE IPSAS-based standards do not provide specific guidance on SAAS arrangements. However, PBE IPSAS 3 explains that in the absence of a PBE standard specifically dealing with a transaction, management may consider the most recent pronouncements of other standard setting bodies. An example of such pronouncements include interpretations issued by the IASB's Interpretations Committee.

The IFRIC's agenda decisions clarifying the accounting treatment for SaaS has not been incorporated into Auckland Transport's financial statements for the year ended 30 June 2021 as there has not been sufficient time to implement the decision. Auckland Transport is currently assessing how the principals of the agenda decision could be applied to its SAAS arrangements. The financial impact of the agenda decision is not known. The accounting impact is expected to be reflected in the subsequent reporting period – 31 December 2021.

Notes to the financial statements for the year ended 30 June 2021

7 INTANGIBLE ASSETS (CONTINUED)

	Cost 1 July 2020	Accumulated amortisation and impairment charges 1 July 2020	Carrying amount 1 July 2020	Current year additions
2021	\$000	\$000	\$000	\$000
Software	250,175	(153,935)	96,240	-
Designations	399	-	399	-
Access rights	44,793	(4,684)	40,109	2,900
	295,367	(158,619)	136,748	2,900
Work in progress	48,743	-	48,743	49,336
Total intangible assets	344,110	(158,619)	185,491	52,236

	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	-
	262,355	(127,921)	134,434	-
Work in progress	42,068	-	42,068	42,081
Total intangible assets	304,423	(127,921)	176,502	42,081

Software includes AT HOP 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 2021	Accumulated amortisation and impairment charges 30 June 2021	Carrying amount 30 June 2021
\$000	\$000	\$000	\$000	\$000	\$000	\$000
(233)	34,146	-	(32,678)	283,883	(186,407)	97,476
-	-	-	-	399	-	399
-	20,248	-	(692)	67,942	(5,377)	62,565
(233)	54,394	-	(33,370)	352,224	(191,784)	160,440
-	(54,394)	-	-	43,685	-	43,685
(233)	-	-	(33,370)	395,909	(191,784)	204,125

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
(2,394)	35,406	-	(30,698)	295,367	(158,619)	136,748
-	(35,406)	-	-	48,743	-	48,743
(2,394)	-	-	(30,698)	344,110	(158,619)	185,491

Notes to the financial statements for the year ended 30 June 2021

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 2021 \$000	Actual 2020 \$000
Land held for sale	-	78,351
Total non-current asset held for sale	-	78,351

Assets transferred to Waka Kotahi NZ Transport Agency

Waka Kotahi NZ Transport Agency took over the Penlink and Mill Rd projects under the NZ Upgrade transport package. Auckland Transport had purchase \$78.4 million of properties for the Penlink and Mill Rd projects. These properties were classified as 'non-current assets held for sale' in 2019/20 and were transferred to Waka Kotahi NZ Transport Agency in 2020/21 for \$95.7 million resulting in a gain on sale of \$17.4 million.

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 2021

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 2021 \$000	Actual 2020 \$000
Current portion		
Finance lease	1,051	956
Loans from Auckland Council	7,330	6,910
Total current borrowings	8,381	7,866
Non-current portion		
Finance lease	3,946	4,381
Loans from Auckland Council	476,123	483,453
Total non-current borrowings	480,069	487,834
Total borrowings	488,450	495,700

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 \$483.5 million (2020: \$490.4 million) are issued at fixed rates of interest ranging from 5.55% to 6.57% (2020: 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 \$397.0 million (2020: \$403.4 million) has a final repayment date of 21 November 2046 and the second loan of \$86.4 million (2020: \$86.9 million) has a final repayment date of 27 March 2062.

The fair value of these loans is \$520.4 million (2020: \$550.0 million). The fair value is based on cash flows discounted using a rate based on the borrowing rate of 1.75% (2020: 1.56%).

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 \$5.0 million (2020: \$5.3 million). Fair value has been determined using contractual cash flows discounted using a rate based on the market borrowing rate at balance date of 1% (2020: 1%).

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 2021 \$000	Actual 2020 \$000
Current liability portion		
Forward foreign exchange contracts	516	3,124
Non-current liability portion		
Forward foreign exchange contracts	-	138

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 \$4.6 million (2020: \$54.6 million). The foreign currency principal amount was EUR 2.7 million (2020: EUR \$29.2 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 2021 \$000	Actual 2020 \$000
Cash at bank	5,414	3,671
Till floats	283	281
Total cash and cash equivalents	5,697	3,952

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% (2020: 0.25%).

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 2021

12 RECEIVABLES (CONTINUED)

	Actual 2021 \$000	Actual 2020 \$000
Receivables from non-exchange transactions		
Current portion		
Trade debtors	7,009	3,649
Infringements receivable	45,806	42,205
Amounts due from related parties	488,055	311,002
Accrued revenue	141,825	101,637
	682,695	458,493
Less provision for impairment of receivables	(21,549)	(22,543)
Total current receivables	661,146	435,950

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.

12 RECEIVABLES (CONTINUED)

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

	Gross \$000	Impaired \$000	Net \$000
2021			
Not past due	634,905	-	634,905
Past due 1-30 days	7,570	-	7,570
Past due 31-60 days	2,135	-	2,135
Past due 61-90 days	2,035	-	2,035
Past due > 90 days	36,050	(21,549)	14,501
	682,695	(21,549)	661,146
2020			
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
	458,493	(22,543)	435,950

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 2021 \$000	Actual 2020 \$000
Balance at 1 July	22,543	20,113
Additional provisions made	620	3,017
Provisions reversed	(1,518)	(576)
Provisions relating to receivables written-off	(96)	(11)
Balance at 30 June	21,549	22,543

Notes to the financial statements for the year ended 30 June 2021

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 2021 \$000	Actual 2020 \$000
Spare parts for diesel rolling stock	1,704	1,770
Spare parts for electric trains	9,022	8,749
Total inventories	10,726	10,519

No inventories are pledged as security for liabilities.

There has been no write down of inventory during the year (2020: \$nil).

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 2021 \$000	Actual 2020 \$000
Current portion		
Payables under exchange transactions		
Creditors	53,752	69,099
Accrued expenses	248,158	207,905
Total payables under exchange transactions	301,910	277,004
Payables under non-exchange transactions		
Amounts due to related parties	15,658	13,536
Revenue in advance	1,253	1,306
Goods and services tax	7,172	4,928
Total payables under non-exchange transactions	24,083	19,770
Total current payables	325,993	296,774
Non-current portion		
Payables under non-exchange transactions		
Amounts due to related parties	6,745	9,986
Total non-current payables	6,745	9,986

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 2021 \$000	Actual 2020 \$000
Current portion		
Accrued salaries and wages	3,962	7,500
Annual leave	12,861	14,773
Sick leave	266	266
Long service leave	2	-
Total current employee entitlements	17,091	22,539
Non-current portion		
Retirement gratuities	253	314
Long service leave	75	69
Total non-current employee entitlements	328	383

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.
Other reserves	
• 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 2021

16 EQUITY (CONTINUED)

	Actual 2021 \$000	Actual 2020 \$000
Contributed capital	12,955,323	12,943,073
Accumulated funds	4,444,004	3,793,475
Asset revaluation reserve		
Balance at 1 July	4,346,664	3,714,348
Change in fair value recognised during the year	112,824	655,803
Transfer to accumulated funds on disposal of property	(2,620)	(25,548)
Deferred tax on revaluation	-	2,062
Asset revaluation reserve	4,456,868	4,346,664
Asset revaluation reserve for each asset class consists of:		
Operational assets		
Land	411,146	352,561
Land - finance lease	13,269	13,269
Buildings	64,323	12,703
Rolling stock	3,708	3,708
Wharves	9,739	9,739
Bus stations and shelters	9,600	9,600
Train stations	331,280	331,280
Infrastructural assets		
Roading	3,613,804	3,613,804
Total asset revaluation reserve	4,456,868	4,346,664
Total equity	21,856,195	21,083,212

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 2021

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
Financial assets			
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
Financial liabilities			
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 2021 \$000	Actual 2020 \$000
Financial assets		
Amortised cost		
Cash and cash equivalents	5,697	3,952
Receivables (excluding goods and services tax)	661,146	435,950
Total	666,843	439,902
Financial liabilities		
Fair value through surplus or deficit		
Forward foreign exchange contracts	516	3,262
Total	516	3,262
Amortised cost		
Payables and accruals	325,566	301,832
Borrowings	488,450	495,700
Total	814,016	797,532

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
2021				
Financial liabilities				
Forward foreign exchange contracts	516	-	516	-
2020				
Financial liabilities				
Forward foreign exchange contracts	3,261	-	3,261	-

2021

Financial liabilities

Forward foreign exchange contracts	516	-	516	-
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2020

Financial liabilities

Forward foreign exchange contracts	3,261	-	3,261	-
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There were no transfers between the different levels of the fair value hierarchy during the year (2020: nil).

Notes to the financial statements for the year ended 30 June 2021

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
2021				
Forward foreign exchange contracts	(220)	-	243	-
2020				
Forward foreign exchange contracts	2,698	-	(2,444)	-

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 2021 \$000	Actual 2020 \$000
Counterparties with credit ratings			
Cash at bank	AA-	5,414	3,671
Counterparties without credit ratings			
Receivables			
Existing counterparty with no defaults in the past		661,146	435,950
Total receivables		661,146	435,950

Notes to the financial statements for the year ended 30 June 2021

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.

	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
2021					
Trade and other payables	332,738	332,738	332,738	-	-
Forward foreign exchange contracts					
- outflow	-	5,143	4,822	321	-
- inflow	-	4,619	4,298	321	-
Net settled derivative liabilities	516	524	524	-	-
2020					
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

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
2021							
Finance leases	4,997	5,112	5,112	-	-	-	-
Loans from Auckland Council	483,453	1,007,608	362,512	362,512	222,012	56,015	4,557
Total borrowings	488,450	1,012,720	367,624	362,512	222,012	56,015	4,557
2020							
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
Total borrowings	495,700	1,049,337	367,990	362,512	252,662	56,015	10,158

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 and finance 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 2021

22 CAPITAL COMMITMENTS AND OPERATING AND FINANCE 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 2021 \$000	Actual 2020 \$000
Operational assets		
Land	-	-
Buildings	4,279	2,134
Rolling stock	6,350	57,950
Motor vehicles	-	-
Boats and engines	-	328
Computer hardware	-	-
Furniture and fittings	218	251
Plant and equipment	-	-
Wharves	3,242	2,221
Bus stations and shelters	91,361	157,050
Train stations	15,605	15,226
Infrastructural assets		
Roading	332,780	598,597
Intangible assets		
Software	18,429	29,566
Total capital commitments	472,263	863,322

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

22 CAPITAL COMMITMENTS AND OPERATING AND FINANCE LEASES (CONTINUED)

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 2021 \$000	Actual 2020 \$000
Not later than one year	92,924	92,945
Later than one year and not later than five years	320,369	352,274
Later than five years	181,374	246,662
Total operating leases	594,667	691,881

Operating leases as lessor

Auckland Transport leases property under operating leases. These leases have a term of between 1 and 783 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual 2021 \$000	Actual 2020 \$000
Not later than one year	10,506	8,694
Later than one year and not later than five years	30,209	26,350
Later than five years	40,283	32,792
Total operating leases	80,998	67,836

Notes to the financial statements for the year ended 30 June 2021

22 CAPITAL COMMITMENTS AND OPERATING AND FINANCE 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 \$5.0 million (2020: \$5.3 million).

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 2021 \$000	Actual 2020 \$000
Minimum lease payments		
Not later than one year	1,095	1,004
Later than one year and not later than five years	4,017	4,382
Later than five years	-	91
Total minimum lease payments	5,112	5,478
Future finance charges	115	141
Present value of minimum lease charges	4,977	5,336
	Actual 2021 \$000	Actual 2020 \$000
Present value of minimum lease payments payable		
Not later than one year	1,086	998
Later than one year and not later than five years	3,891	4,251
Later than five years	-	87
Total present value of minimum lease payments payable	4,977	5,336

23 CONTINGENT LIABILITIES

Contingent liabilities

There are no material contingent liabilities as at 30 June 2021 (2020: \$nil).

Contingent assets

There are no material contingent assets as at 30 June 2021 (2020: \$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 2021 \$	Actual 2020 \$
Board members		
Remuneration	472,140	458,955
Full-time equivalent members	1.3	1.3
Leadership team		
Remuneration	3,849,719	4,124,728
Full-time equivalent members	11.0	11.8
Total key management personnel remuneration	4,321,859	4,583,683
Total full-time equivalent personnel	12.3	13.1

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 2021 \$	Actual 2020 \$
Adrienne Young Cooper – Chair (from January 2020)	100,800	50,400
Dr Lester Levy – Chair (to October 2019)	-	36,000
Wayne Donnelly – Deputy Chair	65,250	73,125
Kylie Clegg	52,200	53,100
Mary-Jane Daly – Sub-committee Chair	60,030	58,365
Dame Paula Rebstock (to October 2020)	18,630	61,065
Dr James Mather – Sub-committee Chair	60,030	53,100
Darren Linton (from January 2020)	52,200	26,100
Abbie Reynolds (from December 2020)	31,500	-
Thomas Parker (from December 2020)	31,500	-
Sir Michael Cullen (to December 2019)	-	27,000
Mark Gilbert (to October 2019)	-	20,700
Total Board member remuneration	472,140	458,955

Notes to the financial statements for the year ended 30 June 2021

24 RELATED PARTY TRANSACTIONS (CONTINUED)

b. Board member remuneration 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.

There have been no payments made to committee members appointed by the Board who are not board members during the financial year (2020: \$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 2021	Number of Employees 2020
\$0 - \$59,999	439	467
\$60,000 - \$79,999	401	425
\$80,000 - \$99,999	326	342
\$100,000 - \$119,999	259	219
\$120,000 - \$139,999	176	154
\$140,000 - \$159,999	127	110
\$160,000 - \$179,999	36	34
\$180,000 - \$199,999	22	19
\$200,000 - \$219,999	14	10
\$220,000 - \$239,999	11	7
\$240,000 - \$259,999	8	8
\$260,000 - \$319,999	6	7
\$320,000 - \$379,999	6	6
\$380,000 - \$399,999	3	3
\$600,000 - \$619,999	1	1

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

Number of employees	1,835	1,812
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Number of full-time employees 1,727 1,690

Full-time equivalent number of all other employees 69 77

77% of all employees remunerated over \$100,000 took voluntary salary reductions between May 2020 and November 2020 of up to 20%.

24 RELATED PARTY TRANSACTIONS (CONTINUED)

d. Severance payments

For the year ended 30 June 2021, Auckland Transport made fourteen (2020: two) severance payments to employees totalling \$292,965 (2020: \$10,487). The value of each of the severance payments was \$65,656, \$55,278, \$40,600, \$25,943, \$20,000, \$17,934, \$14,000, \$13,000, \$10,000, \$10,000, \$8,213, \$6,122, \$4,419 and \$3,543.

25 MAJOR BUDGET VARIANCES

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

	Actual 2021 \$000	Budget 2021 \$000	Variance \$000
Auckland Council capital funding	354,687	417,057	(62,370)
Lower than budgeted funding mainly due to lower than expected capital expenditure.			
Waka Kotahi NZ Transport Agency operating funding	415,230	386,034	29,196
Higher than budgeted funding mainly due to higher than expected Covid-19 fare top up and funding for the impact of KiwiRail track repairs.			
Other revenue	526,843	559,322	(32,479)
Lower vested asset revenue received from Auckland Council, partly offset by higher than expected other capital grants and parking and enforcement revenue.			
Other expenses	802,752	850,498	(47,746)
Lower than budget mainly due to good cost control, lower than expected Covid-19 related cleaning and safety equipment costs, special event, and public transport contract costs.			
Depreciation and amortisation	387,962	418,299	30,337
Lower depreciation as a result of lower than planned asset capitalisation.			
Receivables	661,146	435,950	225,196
Mainly due to higher than expected amounts due from related parties.			
Capital expenditure	729,271	757,161	27,890
The underspend reflects the late release of the emergency budget, timing differences on larger projects (EB1, Puhinui & North Western Interim Bus Improvements) and cost savings (Matakana Link Road, Murphys Road).			

Notes to the financial statements for the year ended 30 June 2021

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

	Actual 2021 \$000	Actual 2020 \$000
Surplus after tax	647,909	766,591
Add/(less) non-cash items		
Depreciation and amortisation	387,963	350,717
Vested asset revenue	(188,996)	(271,174)
(Gain)/loss on disposal of property, plant and equipment	(18,401)	2,288
Write-off of capital works	15,975	25,787
Impairment of non current asset held for sale	-	479
Impairment of property, plant and equipment	-	9,118
Foreign exchange (gains)/losses	(2,745)	(4,648)
Income tax (benefit)/expense	-	(6,540)
Add/(less) movements in balance sheet items		
Receivables	(225,197)	(73,250)
Inventories	(207)	450
Other assets	1,826	686
Non-current assets held for sale	-	479
Payables and accruals	75,364	27,195
Employee entitlements	(5,503)	4,223
Provisions	-	(216)
Net cash from operating activities	687,993	832,185

27 AUCKLAND INTEGRATED FARES SYSTEM FUNDS

Auckland Transport operates a restricted bank account for Auckland Integrated Fares System (AIFS) with a balance of \$23.2 million at 30 June 2021 (2020: \$21.5 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

Auckland Transport continues to be impacted by Covid-19 lockdowns with the largest impacts on public transport and parking revenues and the closure of Auckland Transport's construction sites. The post 30 June 2021 changes in the COVID-19 alert levels had no impact on the financial statements for the year ended 30 June 2021.

There were no other significant events after the balance date.

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Auckland Transport's financial statements and performance information for the year ended 30 June 2021

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 70 to 122, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of Auckland Transport on pages 52 to 55.

In our opinion:

- the financial statements of Auckland Transport on pages 70 to 122:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; 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 Reporting Standards; and
- the performance information of Auckland Transport on pages 52 to 55 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 2021.

Our audit was completed on 15 September 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. 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.

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

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 they determine what 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 Boards of Director's 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

- 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 are responsible for the other information. The other information comprises the information included on pages 1 to 51 and 56 to 69, 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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An Auckland Council Organisation