



Pūrongo ā-tau 2023

Auckland Transport Annual Report 2023





Mihi

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

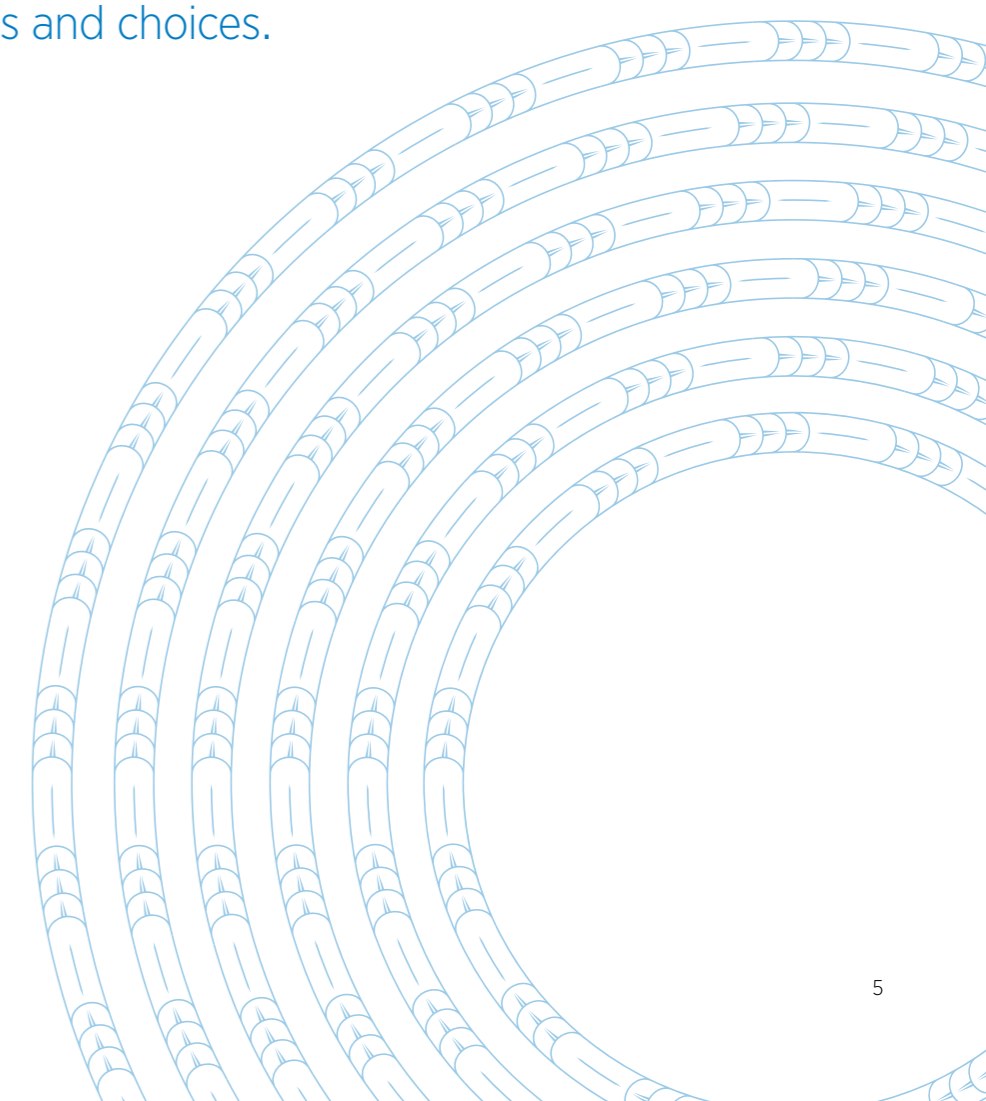
To the wider people to the ends
of Auckland,
A heartening greeting to you all.
Topuni to the North,
Rakitu to the East.
Puketutu to the South,
Oaia to the West,
Tamaki the meeting place of all canoes!
Life essence to the world,
to the world of light.



Welcome to Auckland Transport's 2023 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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Tirohanga whānui Overview



Foreword from the Chair and Chief Executive

Kia ora koutou,
2022/2023 has been a year of significant change in the ecosystem Auckland Transport sits within. The weather events in early 2023 have challenged Aucklanders and will take years to recover from. Our leadership has changed and community expectations have too. Our governance has changed and the financial environment for Auckland Council and central government has impacted what we can and can't deliver.

Considering the extraordinary circumstances, AT's positive financial result is remarkable. While we have not achieved everything we set out to do, there has been strong performance across many facets of the organisation. We have ended the 2022/23 financial year with a strong and balanced financial result and delivered on the capital programme, while managing the transport network through unprecedented weather events.

Auckland Transport impacts the lives of Aucklanders every day, and 2022/2023 has made it clear that we need to do better to truly understand the communities and customers we serve. As we step into a new financial year, we have set out how we will change to meet these needs, now and into the future. Our new Statement of Intent, our commitment to Auckland Council, sets out how we will do this.

We look forward to reaching our target of 80 million public transport boardings a year and growing this to 100 million and beyond. We are progressing a more focussed capital programme to support more people catching buses and trains, and delivering new infrastructure and technology to reduce emissions and make places safer, including for those who walk and ride.

To achieve this, and to support growth while ensuring continuity of services and maintenance and renewal of the transport network, AT's long-term funding model requires review and certainty.

We aspire to a future where all Aucklanders, and all who are visiting or doing business here, are truly thriving. And we believe this future is one that can be advanced through connected, safe and sustainable transport. We know we can and must play an integral role in making this vision for Auckland's transport a reality. We aspire to a future where all Aucklanders, and all who are visiting or doing business here, are truly thriving. And we believe this future is one that can be advanced through connected, safe and sustainable transport system and services. At Auckland Transport we know and understand the stewardship role we have and that it is integral to making this vision for Auckland's transport a reality.

This document reports on our activities, highlights and challenges over the 2022/23 financial year. We also share with you our efforts to pursue a different approach to serve the people of Auckland and those who visit our city. Our focus now is on how we, as an organisation, change, get the basics right, deeply understand our customers and communities, and deliver what we say we are going to.

Wayne Donnelly
Acting Chair, Auckland Transport

Dean Kimpton
Chief Executive, Auckland Transport



Wayne Donnelly
Acting Chair, Auckland Transport



2022-23 Snapshot



June 2022

New Lynn to Avondale shared path opens

July

Auckland Council funds AT to boost bus drivers' wages

Quality Partnership Agreement signed with Fullers360

August

Last diesel trains run between Papakura and Pukekohe ahead of electrification

Total Mobility Card holders granted free Plus One companion on AT Metro buses

Ngā Hau Māngere Bridge opened

Phase 2 speed limit changes implemented

September

Warkworth Community Transport Hub opens

Early work begins on Eastern Busway from Pakuranga to Botany

Bi-lingual audio announcements introduced on AT Metro buses

Trains and ferries get te reo audio announcements

October

AT signs the Project Alliance Agreement for Eastern Busway, marking the next step toward the project's completion

The Pakuranga to Botany section of the busway is being delivered by the Eastern Busway Alliance, made up of AT, Fletcher Construction, Acciona, AECOM and Jacobs, working in partnership with mana whenua

November

AT and NZ Bus unveil 35 new electric buses – 8 for TāmakiLink and 27 to serve Eastern Bays

Mission Electric customer marketing launched to tell AT's electric story in line with Eastern Bays bus launch

New bus service connects new Milldale subdivision with Hibiscus Coast Station

Orewa Boulevard extension completed

Tāmaki Drive raised crossings and separated cycleway through Mission Bay village completed

AT's releases its first Environment Scorecard

New cloud-based contact centre platform and automated live bus departure information introduced

December

Government awards another \$200 million to completed Eastern Busway

Small domestic pets allowed on buses

January

Rail Network Rebuild begins

NZ first fully electric bus depot opened in Panmure

Permanent Pine Harbour to Downtown Auckland weekend ferry service sets sail

Auckland Civil Defence emergency declared following 27 January floods

February

AT waives infringement notices during flood period

Cyclone Gabrielle causes widespread damage

AT Board approves GHG emission target of 50% reduction by 2031

March

AT Board appoints new Chief Executive

Phase 3 speed limit changes introduced on 1418 kilometres of local roads

April

Start of construction for next stages of Eastern Busway

Nearly 100 roads reopened since flooding and Cyclone Gabrielle closed 130 roads across the region

May

AT allows large dogs on Auckland buses

Interim Loading and Servicing Plan for city centre developed

June 2023

Te Honohono ki Tai Road (Matakana link road) opens

Working Together programme launched with Auckland Council, Watercare and Kāinga Ora

Room to Move: Tāmaki Makaurau Auckland's Parking Strategy 2023 approved by Auckland Council

First two Bike Hubs delivered

AT confirms construction of fourth low emission ferry

Half-price public transport fares removed

Nine new safety cameras introduced on the transport network in conjunction with Waka Kotahi

Road safety works in Devonport town centre begin

Who we are and what we do

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.

Auckland Council has delegated the following additional 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.

The Government has also granted airport authority status to AT to manage and operate the aerodromes Auckland Council owns on Great Barrier Island. This came into effect on 1 April 2020.

Auckland Transport is a Council Controlled Organisation (CCO) of Auckland Council and the regional guardian of \$27billion of publicly owned assets.

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

Our day-to-day activities keep Auckland’s transport systems moving

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



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



Managing on-street 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 7,500 kilometres of arterial and local roads, 370 kilometres of cycleways and 7,600 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 \$27 billion of publicly-owned assets.

Our purpose, promise, values and principles

Our purpose – Why we exist

Easy Journeys

Connecting people and communities

Customer value proposition & brand – Promise to our customers

Let's go there - enabling Aucklanders to move freely with confidence

- Safe & Liveable
- Enabling & Efficient
- Protects & Restores

AT business objectives – What we have committed to deliver

- Make Auckland's transport system safe
- Provide excellent customer experiences
- Provide better travel choices
- Connect people, places, goods and services
- Support Auckland's growth
- Improve the resilience and sustainability of the transport system and reduce emissions
- Support Māori wellbeing outcomes, expectations and aspirations
- Collaborate with funders, partners, stakeholders and communities
- Ensure our operating model is adaptive, financially sustainable and delivers value
- Enable and enhance our culture and capability

Our values & leadership tohu – Who we are

Auhatanga – Better, bolder, together

I am an innovator, strategic thinker, champion of excellence

Tiakitanga – Safe with us

I am a culture builder, guardian, influencer

Whanaungatanga – We connect

I am a trusted partner, collaborator, connector

Manaakitanga – We care... Full stop

I am an enabler, developer, part of the community

Our strategic spotlights – How we'll transform Tāmaki Makaurau

Whirinaki

Building trust, confidence and mana

Climate Change

Reducing emissions to protect our environment

Safety & Wellbeing

In life, work and travel

Strategic context

AT's strategic priorities are largely defined by, and aligned with, priorities and expectations set out in the following suite of documents.

At the top of the strategic transport planning framework for Auckland is the Auckland Plan 2050 (owned by Auckland Council). It sets the high-level direction for all facets of Auckland, including transport. It has a counterpart in the Government Policy Statement for Land Transport (GPS), which sets the Government's direction for transport.

In Auckland, local and central government come together to agree on transport priorities via the Auckland Transport Alignment Project (ATAP). This, together with our network plan, Future Connect, helps shape our investment plan, the Regional Land Transport Plan (RLTP). The RLTP then generates projects which (if capital investments) are taken through the Roads and Streets Framework, business case process and design and delivery process via the Transport Design Manual (TDM).

Council and Government plans

- 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 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 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: Auckland's 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 accounted for about 38.5% of Auckland's total emissions in 2018, of which about 86% relates to travel by road.

- The Transport Emissions Reduction Pathway (TERP) sets out a plan to reduce Auckland's transport emissions by 64% by 2030. The TERP goals were endorsed by AT and Auckland Council in August 2022.

- 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.

- The Auckland Long-Term Plan (LTP) underpins AT's RLTP

programme by providing committed funding and enabling AT to secure support from Waka Kotahi.

- 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.

Auckland Transport plans

- 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.

- Future Connect – Auckland Transport's Network Plan identifies the most important parts of the transport network, the most critical issues, and opportunities. This informs our 10-year investment programme, the RLTP.

- The Asset Management Plan sets out how AT manages and maintains transport assets that are essential to connect people and move goods across Auckland.

- The Roads and Streets Framework is a strategic planning tool used to guide the future planning and development of Auckland roads, streets, and places.

- The Auckland Network Operating Plan uses Future Connect and the Roads and Streets Framework to identify levels of service for each mode and scan the network to identify immediate deficiencies needing intervention.

- 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.
- Delivering the Goods – the Auckland Freight Plan identifies the critical challenges for freight movement, desired outcomes, and provides an action plan to achieve those outcomes.
- Room to Move – Tāmaki Makaurau Auckland's Parking Strategy sets AT's approach to the management of car parking in Auckland (both on-street and off-street) and explains how parking management can deliver on wider transport objectives.
- 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 Auckland Rapid Transit Plan sets out the next thirty years of rapid transit network delivery, identifying corridors, modes, and sequencing to guide business case work.
- The City Centre Bus Plan is guided by the Bus Reference Case document. The purpose of the Bus Reference Case (BRC) is to provide a 'single point of reference' on the future of the bus network in the Auckland city centre in 2021, 2025 (post-CRL opening) and 2028 horizon years.

- The Accessibility Action Plan aims to ensure that AT provides a transport system that caters to all members of the community. This plan focuses primarily on delivering actions that ensures transport facilities, vehicles, information, and services are easy to find out about, to understand, to reach, and to use, for people with accessibility requirements and therefore for everyone, as part of their day-to-day lives.
- The Waiheke 10 Year Transport Plan is a living document that envisions Waiheke's ideal transport network for its people, character, environment, and community. It is a plan for now and for the future.

Auckland Transport corporate plans

AT's corporate plans outline and guide how the organisation broadly operates, including the context provided by the transport plans. Each year, Council sends AT a Letter of Expectation. This letter sets out the direction the Council wants AT to follow for the next financial year. In response to the Letter of Expectation, AT prepares the Statement of Intent (SOI), which is endorsed by the Board and approved by Council. The SOI provides a forward work programme and set of targets for performance by the organisation. These targets are tracked monthly, reported to the AT Board via a Monthly Indicators Report at each Board meeting, within AT's quarterly reports to Council, and the Annual Report. AT also prepares the AT Business Plan.

- 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.
- The AT Business Plan sets the corporate objectives of AT and is used to drive the organisation to meet performance targets and measure success.
- The 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.
- The Diversity and Inclusion Strategy is dedicated to creating a thriving, inclusive and high performing culture where AT people feel a sense of belonging and connection with each other.
- The Safety, Health and Wellbeing Strategy is focused on keeping people safe is at the heart of everything AT does. It signals our belief and our intentions in road and transport safety, community and workforce safety and wellbeing.
- The Pasifika Strategy aims to create an equitable and inclusive workplace representative of Tāmaki Makaurau. AT is moving to develop, grow and inspire Pasifika to step up and create an environment where they have a seat at the table.

Plans in progress

AT has been working with ATAP partners over the past six months on the development of the Tāmaki Makaurau Integrated Transport Plan (TMITP), which will set the agreed capital investment priorities for the next three, 10 and 30 years. This work will form the basis for the development of the next Regional Land Transport Plan (RLTP), which will be developed over the next six months and taken to public consultation in early 2024, ahead of adoption in June 2024.

AT has started work on a Transport Emissions Reduction Pathway (TERP) Implementation Plan. The first stage of this work will be undertaken in the second half of 2023 via collaborative work with Waka Kotahi on a Vehicle Kilometres Travelled Reduction Programme for the Auckland region. This work will give AT a good understanding of the TERP delivery task, and will inform conversations with Government about funding. On 30 May 2023, the Auckland Regional Transport Committee adopted the draft version of Katoa, Ka Ora: Auckland Speed Management Plan 2024-2027 for public consultation. The draft document proposes safe speeds for school zones, neighbourhood zones and rural areas.



Financials at a glance

A summary of Auckland Transport's financial performance for the year ended 30 June 2023

The operating environment in 2022/23 continued to be challenging with multiple extreme weather events, disruption to public transport services from track closures, and resource shortages due to a lack of bus drivers and ferry captains. We have operated under significant inflationary pressures, supply chain constraints and the continuing impact of hybrid working (post Covid-19) on public transport patronage.

The flooding over the Auckland Anniversary weekend, followed a fortnight later by Cyclone Gabrielle and further flooding in May, caused extensive disruption and damage to Auckland's transport network.

AT's surplus before tax of \$682 million is \$10.8 million lower than budget but \$1.1 million higher than budget after excluding depreciation and non-operational items. This is a solid result given the increasing inflationary pressures and extreme weather events. Significant non-operational items include higher depreciation (\$80 million), lower capital funding (\$14.5 million) and unbudgeted loss on asset disposals/write-offs (\$14.8 million) offset by higher vested asset revenue (\$91.2 million) and gain on derivatives (\$6.2 million).

AT's primary sources of funding are from Auckland Council (35%) and Waka Kotahi New Zealand Transport Agency (Waka Kotahi) (39%), however, 26% of revenue was received from various other sources including public transport fares, user charges and fees, rental, other subsidies and vested assets.

Total revenue for the year of \$2,392 million was \$100.9 million higher than budget, primarily due to higher vested asset revenue of \$91.2 million and \$28.2 million additional funding from Waka Kotahi relating to the January/February adverse weather events at 91% of the Funding Assistance Rate (FAR), offset by lower parking and enforcement revenue (\$36.5 million) than budgeted.

Public transport revenue is lower than budget as the budget was set with the 50% fare discount ending in August 2022, which was subsequently extended to the end of June 2023 with the resultant top-up recognised as additional Waka Kotahi revenue. Public transport patronage has continued to recover, increasing from around 60% of pre-Covid levels at the beginning of the year to over 80% of the pre-Covid levels for the month of June. Patronage in March increased to the highest monthly patronage since before Covid in March 2020. While the recovery in patronage is positive, ongoing service disruptions caused by adverse weather, driver shortage, ferry skipper and crew shortages and KiwiRail's Rail Network Rebuild impacts on patronage and continue to be of concern and are areas we are working hard to address. AT has set an aspirational target to grow public transport patronage back to 100 million boardings on an annualised basis.

Total expenditure is \$1,710 million, against a budget of \$1,598.3 million. This unfavourable result is primarily due to higher depreciation of (\$80 million) due to the June 2022 roading revaluation and \$38.2 million extreme weather events related costs. This is offset by savings delivered in public transport contract

costs of \$7.4 million, track and ferry access charges of \$5.2 million and other expenditure of \$11.5 million.

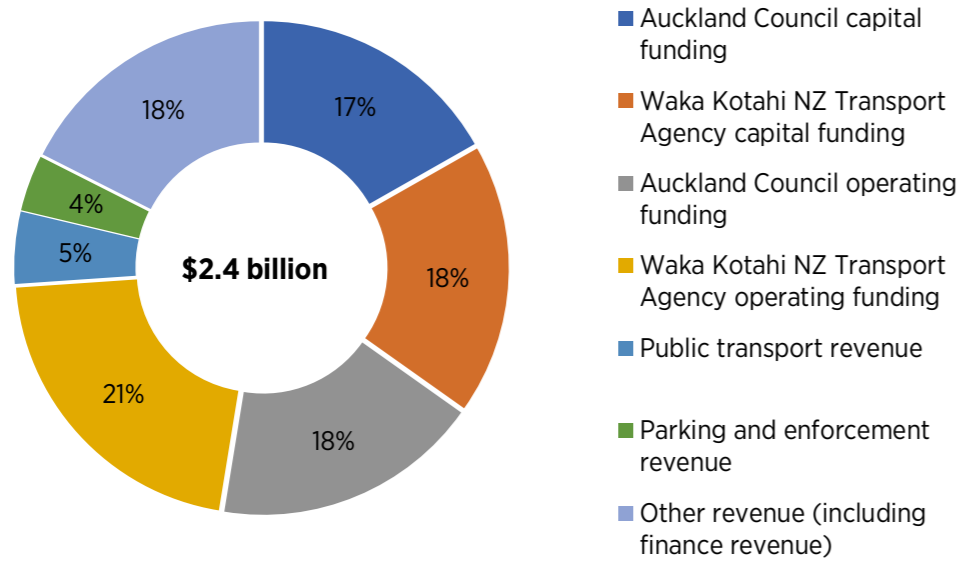
AT's net asset position is \$27 billion, up \$0.8 billion from last year primarily due to a valuation increase of bus stations, train stations, wharves, finance lease land of \$53.13 million and new capital investment of \$846.3 million. Despite the sustained and significant adverse weather, we have progressed the delivery of asset renewals and new capital infrastructure achieving 99% of the full year budget. This includes continuing to progress large projects including Eastern Busway, Ferries decarbonisation and new electric trains.

Revenue and expenditure summary For the year ended 30 June 2023

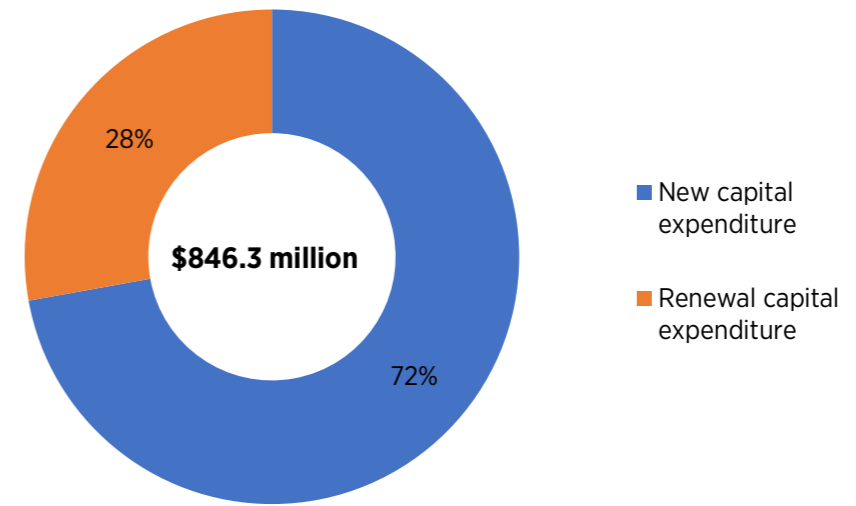
All in \$000's	Actual 2023	Budget 2023	Actual 2022
WHAT WAS RECEIVED? WHAT WAS SPENT?			
Capital funding	842,190	856,729	635,475
Operating funding	935,348	849,195	766,302
Other revenue (including finance revenue)	614,475	585,223	444,706
Total revenue	2,392,013	2,291,147	1,846,483
Expenditure on activities	1,709,975	1,598,346	1,451,842
Surplus before tax	682,038	692,801	394,641
Income tax benefit/(expense)	-	-	-
Other comprehensive revenue and expenditure	53,076	-	3,780,049
Total comprehensive revenue	735,114	692,801	4,174,690
NEW CAPITAL EXPENDITURE			
Roads	277,032	312,695	250,440
Public transport	283,388	306,979	146,661
Other	50,223	25,984	42,864
Total new capital expenditure	610,643	645,658	439,965
RENEWAL CAPITAL EXPENDITURE			
Roads	211,256	187,980	190,982
Other	24,378	23,091	25,244
Total renewal capital expenditure	235,634	211,071	216,226
Total capital expenditure	846,277	856,729	656,191
FUNDING OF CAPITAL EXPENDITURE			
NZ Transport Agency capital funding - new	326,352	329,125	160,907
Waka Kotahi NZ Transport Agency capital funding - renewal	104,934	105,335	99,283
Auckland Council capital funding	401,394	416,042	375,285
Other capital grants	9,510	6,227	20,716
Auckland Council capital funding through equity	4,087	-	-
Total funding of capital expenditure	846,277	856,729	656,191

Financials at a glance (continued)
for the year ended 30 June 2023

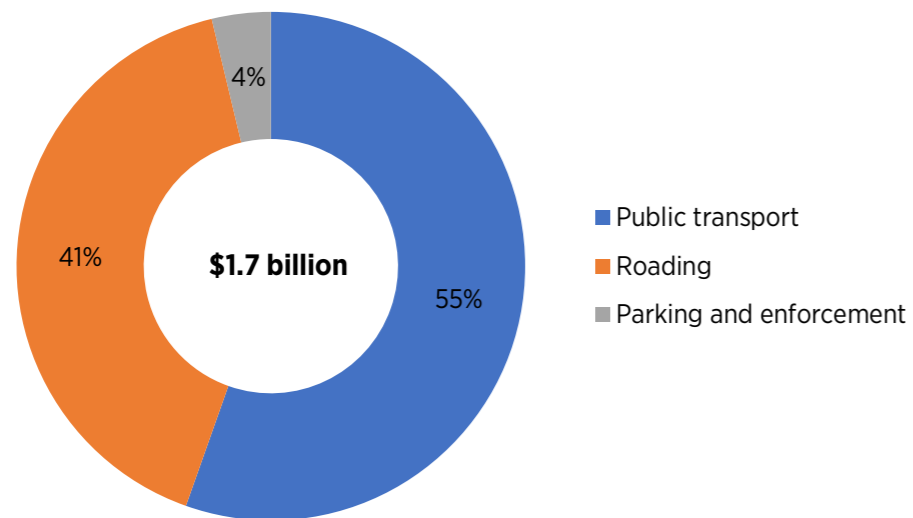
Revenue percentages



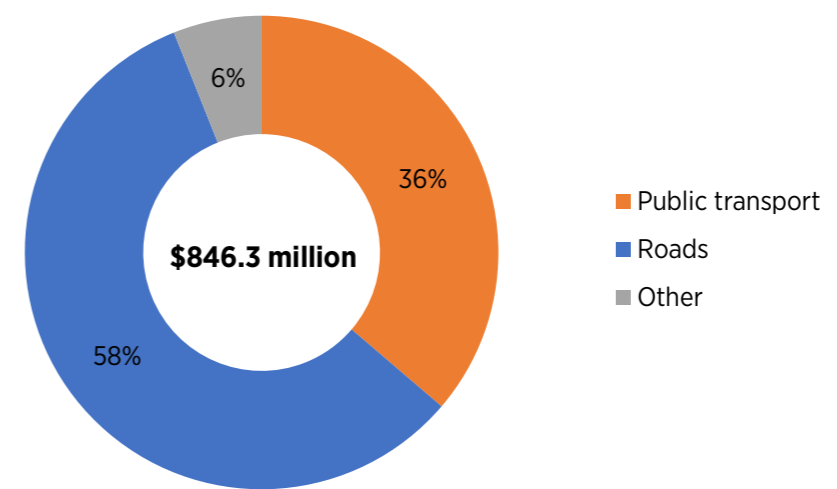
Capital expenditure percentages



Expense percentages



Capital expenditure percentages



Key performance measures and results for the year ended 30 June 2023

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

Of the 31 key performance measures outlined in AT's Statement of Intent 2022/23-2024/25, 15 are also Long-Term Plan (LTP) measures (*indicated). In addition, there are two Department of Internal Affairs mandatory performance measure which are not in AT's Statement of Intent.

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 2022/23 financial year 11 target measures have been exceeded, one was met, 16 were not met, one measure (PT punctuality) was met based on historical calculation methodology but not met if cancelled trips are included, one did not have a target and one was not surveyed this financial year. A number of these targets have been impacted by Covid-19 (either positively or negatively) and some are returning to BAU status.

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
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Making Auckland's transport system safe by eliminating harm to people

Number of high-risk intersections and sections of road addressed by AT's safety programme	8	7	8	NOT MET
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Seven high risk corridors and intersections were addressed by the safety programme. A further two targeted intersections have been delayed due to storms and flooding.

Change from the previous financial year in the number of deaths and serious injuries on the local road network , expressed as a number ¹	Between January and December 2022, DSI reduce by at least 42 compared to the baseline (no more than 473)	January to December 2022: 554 DSI (Increased by 39 compared to previous year)	515	NOT MET
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The death and serious injuries (DSI) reduction to zero by 2050 is an aspirational target in the Vision Zero Strategy and is a joint responsibility of central and local government as well as partners like Police, WorkSafe and ACC, and all three agencies' SOI are aligned accordingly.

The 554 DSI result for the 2022 calendar year is higher than the five-year average (2018 to 2022) of 521 DSI and we have not met the target of holding local road DSI below 473. The last quarter of 2022 reported the worst DSI for the SOI reporting period. Drivers and motorcyclists continue to represent the largest road user groups in these DSIs (35% and 20% respectively). A sharply growing trend in motorcyclist fatalities has been observed over the last six months (January-June 2023).

¹ Target and result relate to the preceding calendar year (as opposed to financial year).

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
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Making Auckland's transport system safe by eliminating harm to people (continued)

A steady reduction in the number of deaths and serious injuries on Tāmaki Makaurau's road network (including state highways) , in line with Vision Zero Strategy, expressed as a number of DSI saved compared to baseline (2016-18) of 716	From January to December 2022, reduce DSI by 179 compared to the baseline (no more than 537)	January to December 2022: 649 DSI	590	NOT MET
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The 649 DSI result for the 2022 calendar year is higher than the five-year average (2018 to 2022) of 585 DSI and we have not met the target of holding total DSI below 537. The last quarter of 2022 reported the worst DSI for the SOI reporting period, led by the highest total DSI (203) and driver DSI (74) for a quarter since 2018. The largest road user groups represented in all roads DSIs follow the same trends to local road DSIs outlined above.

Number of vulnerable road user deaths and serious injuries on Tāmaki Makaurau's road network (including state highways), in line with Vision Zero Strategy, expressed as a number of DSI saved compared to the baseline (2016-18) of 320.	From January to December 2022, reduce vulnerable users DSI by 80 compared to the baseline (no more than 240)	January to December 2022: 290 DSI	263	NOT MET
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The 290 DSI result for the 2022 calendar year is higher than the five-year average (2018 to 2022) of 282 DSI and we have not met the target of holding vulnerable user DSI below 240. The last quarter of 2022 reported the worst DSI (87) for the SOI reporting period. A sharply growing trend in motorcyclist fatalities has been observed over the last six months (January-June 2023).

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	N/A - not a performance measure in AT's SOI ²	January to December 2022: 510 DSI crashes	462	N/A
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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.

Key performance measures and results (continued) for the year ended 30 June 2023

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
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Improving the resilience and sustainability of the transport system

Estimated transport related greenhouse gas emissions (tCO ₂ e) ³	N/A Target to be developed	4.15 mega tonnes	No result reported	N/A New measure
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³ Based on petrol and diesel fuel sales data which may overestimate transport related emissions as some fuel consumption is used for non-transport related purposes.

Estimated greenhouse gas emissions is a new SOI measure for 2022/23.

Transport related greenhouse gas emissions is estimated from petrol and diesel fuel sales data and multiplied by 2.45kg CO₂e/L and 2.69kg CO₂e/L for petrol and diesel respectively.

Petrol and diesel fuel sales data is from Local Authority Fuel Tax information provided by wholesale distributors.

The 2.45kg CO₂e/L petrol and 2.69kg CO₂e/L diesel emissions factors are from the Ministry for the Environment (MfE) 'Measuring emissions: A guide for organisations' 2020 detailed guide, which was the latest guide available at the time the Auckland Transport Statement of Intent 2022/23-2024/25 was drafted. The difference to the 2023 MfE guidance is not material.

This measure uses fuel sales as a proxy for transport emissions with the intention of tracking the wider progress of transport related greenhouse gas emissions reduction in the Auckland region, noting that some fuel consumption maybe used for non-transport related purposes.

This measure only considers emissions associated with fuel usage and not from other transport related activities, such as construction of transport infrastructure or emissions from electric vehicles.

Number of buses in the Auckland bus fleet classified as low emission	75	90	37	EXCEEDED
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Auckland's low emission bus fleet consisted of 89 electric buses and 1 hydrogen powered bus.

Percentage of AT streetlights that are energy efficient LED	92.5%	97.8%	87.3%	EXCEEDED
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Out of 125,167 streetlights on the network, 122,367 are now energy efficient LEDs. Project Retrofit is now substantially complete. Over the last five years approximately 14,000 lights have been added to the streetlight network from organic growth in Auckland.

Percentage reduction of greenhouse gas emissions from AT's corporate activities and assets (baseline 2018/19)	17%	54%	38% *	EXCEEDED
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A 54% reduction against baseline to 6,838t CO₂e in FY22/23.

*Restated based on latest MfE guidance.

Measurement of greenhouse gases from AT's corporate emissions. In measuring AT's emissions, we have considered the principles and requirements of ISO 14064-1:2018 standards, the GHG Protocol Corporate Standard, the GHG Protocol Scope 2 Guidance, and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard as necessary, and have taken an operational control approach to determining AT's organisational boundary. AT is on a journey towards continuously improving and measuring organisational-wide emissions. The emissions included in this SOI measure are as follows.

Included emissions. Corporate activities include electricity, natural gas, refrigerants used in office space, staff travel, fuel used in AT's corporate fleet, work from home* (87.75t CO₂e), water* (1.82t CO₂e), wastewater* (23.79t CO₂e), harbourmaster boat* (63.89t CO₂e) and waste from office space. Assets include electricity and energy used in public transport facilities and electric trains, diesel for trains, on-demand* (19.05t CO₂e) and hydrogen buses* (3.03t CO₂e), streetlights and traffic lights, and landfill waste from these assets. *Indicates new operational emissions sources measured and included in 2022/23. Previously, the information about these emissions sources was not available either due to non-existence of these emissions sources (hydrogen bus, work from home, on demand bus) or unavailability of reliable information (water, wastewater, harbourmaster boat) in prior years. The impact of adding these new sources has been assessed not material to the comparability of the result.

Excluded emissions. This measure does not include emissions related to:

- AT's infrastructure maintenance and construction activities, however, we measure these as part of AT's organisation wide inventory and monitor their performance separately as part of AT's embodied emissions target.
- Emissions from ferries and bus services delivered by third-party operators, however, we continue to measure these internally as AT is committed to reducing emissions across all its activities.
- Upstream emissions associated with fuel and electricity that we use to provide operational or public transport services.
- Operational or upstream emissions related to private and commercial vehicle use on Auckland's roading network, a significant contributor to Auckland's total emissions. We report on estimated transport related emissions from fuel usage in a separate measure and continue to progress strategies to reduce car dependency in the region.
- Emissions associated with employees commuting to the office, which is work in progress.

There may be several other sources of emissions excluded from the measure, either because these are not considered material at this time or because AT has yet to understand the size of the emissions and establish a robust system to measure them.

Estimation uncertainty in greenhouse gas measurement. There is a level of inherent uncertainty in reporting greenhouse gas emissions due to inherent scientific uncertainty in measuring emissions factors and estimation uncertainty in the measurement of activity quantity data. AT has used the published emissions factors from the Ministry for the Environment (MfE) 2023 guidance document issued on 12 July 2023, and obtained quantity data directly from the energy (electricity and gas) account and invoice management system, travel (air, taxi, rental car, corporate AT-HOP card) management systems and corporate and facilities waste management system. For emissions sources such as waste at facilities, work-from-home, on-demand buses, and hydrogen buses, harbourmaster boats, there is a greater degree of uncertainty because of either conversion and assumption applied for estimation or non-availability of the primary evidence such as invoices. The level of uncertainty could be significant given the sources that have been included in the current year.

AT's emissions from corporate assets and activities are predominantly (more than 80%) emissions associated with electricity. AT reduced electricity consumption by 24% (80 GWH in FY 2022/23 compared to 105 GWH in 2018/19) for its operational activities. This was mostly due to energy-efficiency activities in streetlights, traffic lights and facilities. Also, the grid electricity has become less carbon intense (33% reduction in emissions factor of electricity in 2022/23 compared to 2018/19). These aspects together contributed the significant reduction in emissions from corporate activities and assets for the year 2022/23. Emissions associated with electricity are measured by applying quarterly electricity emissions factors to the appropriate period of the inventory as a priority, as this results in less uncertainty in the estimation. However, the quarterly electricity emissions factors are not available for the third and fourth quarters of FY23. The average annual electricity factor of the latest calendar year 2022 is considered the next most appropriate factor and applied accordingly. We have also updated our FY2021/22 factors for the MfE guidance issued in July 2023. This resulted in a revised disclosure of 38% emissions reduction, compared to 23% against the baseline previously reported in FY2021/22.

2018/19 baseline. The annual electricity factor of the calendar years 2018 and 2019 (published by MfE in August 2022) is applied for the measured electricity quantity for the appropriate period of the 2018/19 Fiscal Year. Due to time lags in industry data publication, these updated factors are expected to be more accurate than those available when we established our baseline.

Key performance measures and results (continued) for the year ended 30 June 2023

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
Providing and accelerating better travel choices for Aucklanders				
Total public transport boardings (millions)	59	71	41	EXCEEDED
Total rail boardings (millions)	13.1	11.9	7.12	NOT MET
Total annual boardings on Rapid or Frequent public transport networks	Increase at faster rate than total boardings	Increased at a slower rate than total boardings (50.3% on the RFN vs. 72.3% for total boardings)	Decreased at faster rate than total boardings	NOT MET

Overall public transport boardings have performed well this financial year unaffected by Covid-19 lockdowns and returning to more BAU patterns. However, KiwiRail's Rail Network Rebuild (RNR) programme has meant portions of the southern and eastern lines have been closed for a number of months during the year. Rail buses at impacted stations only carried about 50% of expected passengers. This affected annual rail boardings and the rate of Rapid and Frequent Network boardings.

The percentage of public transport trips that are punctual	96.0%	96.2%	97.8%	MET based on historical calculation methodology. NOT MET When cancelled trips are taken into account - see below for details.
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The percentage of public transport trips that are punctual is measured by the percentage of total scheduled services leaving their first stop no more than one minute early or five minutes late. Cancelled services are excluded from this measure as they do not leave their first stop. During 2022/23 19% of the total 4.3 million scheduled PT services (includes contracted commuter and school services) were cancelled due to bus driver, train manager and ferry crew shortages, rail disruption and severe weather events. We are now progressively reinstating services and are working with operators to ensure more bus drivers and ferry crews are hired and trained. Rail disruption will continue into subsequent financial years due to the ongoing Rail Network Rebuild. Cancelled services breakdown: 19.6% bus (9% actual cancellations and 10.6% assumed cancelled based on buses not sighted in the system due to equipment failure or driver logging route incorrectly), 8.7% train (actual cancellations) and 7.5% ferry (self-reported by operator).

The PT punctuality performance measure and target has been consistently measured based on services leaving their first stop (excluding cancelled services) from the introduction of this measure in 2014/15. We have introduced a complementary measure for PT reliability (cancellations and services otherwise not starting their route within reasonable timeframes) in the 2023/24 SOI which will capture cancelled services going forward.

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
Providing and accelerating better travel choices for Aucklanders (continued)				
Kilometres of safe cycling facilities added or upgraded that is located on the Cycle & Micromobility Strategic Network ⁴	2021-2024: 44.1km Trajectory measures: 2022/23: 17.1km (3.1 new + 14 upgrades)	7.9kms	13.9km	NOT MET 2022/23 Trajectory To Target

Performance against the target of 44.1 km for the 2021-24 period is not considered until 2024. The trajectory to target for additions or upgraded safe facilities to the Cycling and Micromobility network has not been achieved.

The Minor Cycling Programme delivered 5.5km of cycleway improvements through six projects across the region at Clark Street, Ian McKinnon Drive, Manukau Station Road, Lambie Drive, Noel Burnside Drive and a section of Cavendish Drive. Works have been undertaken to improve Upper Harbour Drive concrete separators, these replacing with rubber versions based on feedback from the local community. In addition, viaduct enhancements (Project WAVE) added 0.8kms in December 2022, and Glen Innes to Tamaki Drive upgrades to safety improvements and separation from Orakei Station and connecting to Tamaki Drive - 1km - in March 2023.

Cycleway projects currently underway (e.g., Hendry Ave, Taniwha Street) are not counted in this year's performance.

⁴Relates to cycle facilities which meet AT's Transport Design Manual standards or have been approved via the approved departures process.

Number of cycle movements past 26 selected count sites (millions) ⁵	3.854	3.043	2.98	NOT MET
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Cycle counts of 3,043,444 is 21% lower than the trajectory to meet the target, but 2.1% above the same period last year, despite the wet weather over the summer months. Overall, recorded counts at the 26 sites are lower than pre-Covid-19 levels. This is due in part to the lower number of overall trips into the city centre post-Covid-19, which is a key driver of reported counts. Delays in the delivery of cycle projects in recent years has resulted in a lack of sustained growth in cycle counts. Going forward, scaled up investment and delivery of safe and connected cycle facilities and customer growth initiatives are required to support larger scale uplifts in cycle movements.

Micromobility, estimated at less than 1% of cycle movements, is excluded from the result as current count equipment does not have the capability to record micromobility movements.

⁵Measurement includes cycling and micromobility. 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, Māngere Bridge, Northwestern cycleway - Kingsland, Northwestern cycleway - Te Atatū, Orewa shared path, Quay Street (Vector Arena), SH20 shared path (near Dominion Road), Symonds Street, Tāmaki 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.

Key performance measures and results (continued) for the year ended 30 June 2023

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
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Providing and accelerating better travel choices for Aucklanders (continued)

Active and sustainable mode share at schools where Travelwise programme is implemented	47%	43%	44%	NOT MET
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A safety survey conducted by AT reveals that parents have an increasing level of concern about the safety of their children getting to and from school which is leading to parents/whanau choosing to drive their children to school. Perceptions around safety in wake of Covid-19 may also have had an indirect impact even if there were no lockdowns this financial year (e.g., staff and student absences). The annual survey conducted during school Term 1 was unfortunately severely affected by severe weather events impacting on response rates.

Sustainable mode share (including active modes, public transport and working from home) for morning peak commuters where a Travelwise Choices programme is implemented	47%	51%	79%	EXCEEDED
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Sustainable mode share for morning peak commuters has exceeded its target. In 2022/23 the focus was on onboarding new businesses to Travelwise, with 10 surveys completed. Completing surveys bi-annually means we are in a gap year for the follow-up surveys the SOI targets are based on. Therefore only two surveys of staff at Travelwise businesses contributed to the 51% mode share. Although 51% is above the target of 47%, it is a significant reduction on previous years. This is partly due to the public transport disruptions experienced throughout the year.

Percentage of key signalised intersections in urban centres where pedestrian delays are reduced during the interpeak period ⁶	60%	49%	62%	NOT MET
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Increased travel demands on the roading network post-Covid resulted in increased traffic signal cycle times. This increased the average pedestrian delays marginally beyond 40 secs at various intersections across the network during the between peak periods resulting in the target not being met. With increased focus through the Routine Traffic Signal Optimisation programme in the coming year, closer alignment to the target is expected.

⁶The benchmark for pedestrian delay is no more than 40 seconds wait time in the City Centre, Metropolitan areas and Town Centres, as defined by Council.

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
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Access and connectivity - Better connecting people, places, goods and services

Average AM peak period lane productivity across 32 monitored arterial routes ⁷	33,000	27,882	30,931	NOT MET
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Road productivity is a measure of the efficiency of the road in moving people during the peak hour. Productivity of peak lanes on arterials have been significantly affected by lower bus patronage, but also lower travel speeds due to increasing traffic volumes.

⁷The 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 per lane in one hour, irrespective of what vehicle people are travelling in.

Proportion of level 1A and 1B freight network operating at Level of Service C or better during the inter-peak ⁸	90%	87%	90%	NOT MET
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We are looking to better align the monitored network with AT's Network Plan for freight, and several projects are in the pipeline that will better optimise freight movements.

⁸Level of service is measured by median speed as a percentage of the posted speed limit. The monitored freight network is linked to AT's Network Plan for strategic freight (as shown in Future Connect).

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
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Supporting Māori wellbeing outcomes, expectations and aspirations under Te Tiriti o Waitangi

Percentage of regional buses with te reo bilingual announcements	80%	97%	New measure	EXCEEDED
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1332 buses out of a total fleet of 1371 now have bilingual service announcements.

Number of mana whenua hui held	33	28	New measure	NOT MET
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Hui are typically held each month with mana whenua in North/West, Central and Southern/Eastern sub-regions. Strategic programmes present at all three hui.

Key performance measures and results (continued) for the year ended 30 June 2023

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
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Our operating model is adaptive, financially sustainable and delivers value

The percentage of the total PT operating cost recovered through fares ⁹	30-34%	22%	23%	NOT MET
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The farebox ratio of 22%, does not consider the half-price fares incentive provided by government. Revenue from net and commercial contract has been estimated based on number of commercial ferry patronage and average ferry fare prices, as AT does not receive the revenue directly.

⁹ The 2021/22 result for public transport farebox recovery has been restated to better align with the Waka Kotahi NZ Transport Agency calculation guidelines. The previous result of 15.9% reported in last year's annual report was based on a different interpretation of Waka Kotahi's calculation guidelines, which exaggerated public transport services operating costs. The revised calculation also includes a change in assumptions, which better reflects the actual operating costs of providing public transport services.

Proportion of road assets in acceptable condition (as defined by AT's Asset Management Plans)	92%	95%	94.6%	EXCEEDED
Road maintenance standards (ride quality) as measured by smooth travel exposure (STE) ¹⁰ for all sealed urban and rural roads	Rural: 88% Urban: 78%	Rural: 92% Urban: 84%	Rural: 92% Urban: 84%	EXCEEDED
The average quality of ride on a sealed local road network, measured by STE ¹¹	N/A - not a performance measure in AT's SOI	85%	85%	N/A

¹⁰ Smooth Travel Exposure (STE) is a customer outcome measure indicating 'ride quality'. It is an indication of the percentage of vehicle kilometres travelled on a road network with roughness below a defined upper threshold level. The threshold varies depending on the traffic volume band and urban/rural environment of the road.

¹¹ This is a Department of Internal Affairs mandatory performance measure. There is no target associated with this measure.

Percentage of footpaths in acceptable condition (as defined by AT's AMP)	95%	98%	96%	EXCEEDED
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MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
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Our operating model is adaptive, financially sustainable and delivers value (continued)

Percentage of the sealed local road network that is resurfaced ¹²	5.5%	4.6%	5.1%	NOT MET
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Resurfacing achievement for 2022/23 was badly affected by the poor weather, which limited opportunities particularly for chip sealing. The primary focus for 6 weeks over January/February and the remainder of the year was responding to the serious weather events that occurred over Auckland Anniversary weekend and subsequently Cyclone Gabrielle.

¹² Includes road rehabilitation.

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
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Providing excellent customer experiences

The percentage of passengers satisfied with public transport services	85%-87%	91%	91% ¹³	EXCEEDED
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¹³ (In-person surveys: Jul-Sep 2021 and Apr-Jun 2022) Online surveys (not included in the final result) 79% Oct-Dec 2021 and 73% Jan-Mar 2022

Total minimum sample size of 8,300 with a minimum of 1,300 bus, 475 ferry and 300 train surveys completed each quarter. Maximum margin of error is 1.1% at the 95% confidence level.

Percentage of customer service requests relating to roads and footpaths which receive a response within specific timeframes ¹⁴	85%	78%	89%	NOT MET
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Multiple extreme weather events over the financial year significantly increased customer requests at times, which undermined response timeframes.

¹⁴ Roads and footpaths customer service requests jobs that are dispatched to our maintenance contractors by the call centre. 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; one hour emergency response time.

Percentage of total AT case volume resulting in a formal complaint (baseline of 0.77% for 2020 calendar year)	Less than 0.7%	0.3%	0.38%	EXCEEDED
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Key performance measures and results (continued) for the year ended 30 June 2023

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
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Providing excellent customer experiences (continued)

Percentage of formal complaints that are resolved within 20 working days (baseline of 79% for 2020/21) ¹⁵	85%	87%	89%	MET
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806 formal complaints were received, less than half a percent of the almost 260,000 cases Auckland Transport handled this financial year.

¹⁵ Includes complaints that require further detailed investigation (such as traffic counts, engineering assessments, vibration reports, etc.).

MEASURE	2022/23 SOI TARGET	2022/23 ACTUAL	2021/22 RESULT	RESULT
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Collaborating with funders, partners, stakeholders and communities

Elected Member perception measures	Measure, timing and targets to be established (based on agreed approach, baseline and frequency) ¹⁶	Not reported this financial year	Percentage of Governing Body members satisfied with engagement with AT	61%	N/A
			Percentage of Governing Body members satisfied with the quality of advice provided by AT	46%	
			Percentage of Local board members satisfied with engagement with AT	47%	
			Percentage of Local board members satisfied with their ability to influence AT projects and decisions relevant to their areas	39%	

The Elected Member perception measures are surveyed every 18 months. No survey was conducted in 2022/23.

¹⁶ Targets will only be set once the new approach has been implemented and a baseline has been set as per FY21/22 (AT SOI 2022-2025).



Flood and cyclone response, repair and recovery

In January and February 2023, the Auckland region suffered the effects of several flooding events and Cyclone Gabrielle. Considerable damage was caused to the transport network and put public transport services, supporting infrastructure and communities under severe stress.

During 27 January to 31 January 2023, Auckland experienced a severe storm resulting in extensive flooding and widespread damage across the region. A Local State of Emergency was declared on 27 January.

On the eve of Auckland Anniversary Weekend, Friday 27 January 2023, the Incident Management Team (IMT) at the Auckland Transport Operations Centre (ATOC) set up to oversee and manage transport arrangements for the Elton John concert at Mt Smart Stadium and immediately pivoted to provide a transport network significant weather response when the weather rapidly deteriorated. The team coordinated with the Auckland Emergency Management (AEM) Controller according to the Coordinated Incident Management System (CIMS) and at 9.40pm a Local State of Emergency was announced.

The Auckland road network sustained major road infrastructure damage and flooding. Multiple traffic light intersections lost power, public transport services were disrupted, and 60 cycleways were interrupted. The lower floors of the Civic Carpark in the CBD were flooded along with Britomart and Newmarket train stations, multiple rail underpasses and four bus depots. Twenty buses were stranded and several ferries collided with floating debris in the Waitematā Harbour.

More than 1,300 slips were reported. At Tahekeroa a major slip took out the road and the main railway line between Auckland and Whangarei. Major landslides occurred on Great North Road (Waterview), Karekare Road and Scenic Drive (Waitakere), Glenvar Road (East Coast Bays), East Street (Pukekohe), Ahuroa Road (Puhoi), Tahekeroa Road (Rodney) and Cape Barrier Road (Great Barrier Island). The Mill Flat Road bridge was destroyed and the Sherwood Drive bridge abutments were washed out.

AT customers and stakeholders were advised of public transport service disruptions, road deviations and closures, across multiple media and social media communication channels. This included setting up a dedicated real-time webpage, social media posts, media releases, marketing and elected member engagement.

Over the following week more than 550 road maintenance crew members worked across the region to respond to the closure of more than 130 roads. The Mill Flat Road bridge was replaced with a temporary Bailey Bridge and the Sherwood Drive bridge was reinstated.

The west coast beach communities of Karekare, Piha, Bethell's Beach and Muriwai were especially affected. AT's Customer Experience team arranged welfare deliveries by helicopter.

AT then prepared to transition from emergency 'response' to 'recovery' and the IMT was stood down on 7 February 2023. Five days later it was re-established to prepare for Cyclone Gabrielle, which resulted in even more damage to the road network. A National State of Emergency was declared on 14 February.

AT teams, partners, and suppliers worked around the clock to restore and recover Auckland's transport network and to help Aucklanders reconnect and recover from these two serious events. Our contractors towed more than 8,000 damaged or abandoned vehicles and removed four large barge loads (40-60 tonnes) of debris from the harbour.

Four months later at the end of June, nine full road closures remained in place because they had either fallen away in part or were significant over-slips which will take time to repair. To keep communities updated we created a dedicated road closure webpage - at.govt.nz/roadrepairs.

AT is now in the recovery stage of the emergency response and has carried out detailed site assessments across the transport network to identify and prioritise the risk of flooding and landslides. These severe weather events highlight the risks of climate change and the need to respond to create more resilient assets. We now need to secure enough funding to build back better and introduce early warning systems.

The initial clean-up and response cost approximately \$38 million with a further \$11 million of rebuild costs in FY23. The cost of the permanent repairs is estimated to be up to \$400 million over the next three years. In June 2023 Auckland Council allowed for an additional storm recovery capital expenditure of \$125 million to \$150 million over the next financial year to June 2024.





Whakatutukitanga
Performance

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

Keeping Aucklanders safe as they walk, cycle, bus, train, ferry or drive is one of AT's top priorities. How we design our transport infrastructure, and how we set speed limits, also plays a direct role in strengthening the connections between people and the places we share.

In 2019 AT adopted the Vision Zero Safe System for Tāmaki Makaurau with the goal of no deaths or serious injuries (DSI) on our roads by 2050. Over the last year we have made safety improvements to seven high-risk roads and intersections, delivered new and improved crossing facilities, continued to roll-out CCTV cameras and promoted positive changes to road safety behaviour. Despite this we continue to see too many people die or get seriously injured on Auckland roads.

During the year to December 2022 there were 649 deaths and serious injuries (DSI) on Tāmaki Makaurau

roads. This is a 10% increase on the year before (590) before and we are not on track to meet our SOI target of no more than 537 DSI by end of 2023.

Drivers and motorcyclists remain the largest groups harmed on our roads, representing 59% of DSI. Motorcyclist fatalities are growing fastest, while drivers represent the largest proportion. In the five months January to May 2023, there were 245 people killed or seriously injured, four less than the same time in 2022.

Speed is involved in more than 70% of crashes causing injury in New Zealand.

Safe speeds are just one piece of the puzzle in creating safe roads, but they are the main factor in determining whether a crash is survivable. It's also less costly to set safe speed limits than to change the road environment.

AT has set safe speed limits on 3000 local roads, or almost 40% of the total Auckland road network. This year we introduced speed limit

changes on more than 1600 local roads: At Waiheke Island, town centres (Takapuna, Devonport, Glen Innes, Manurewa) roads, outside rural marae, and around 75 schools.

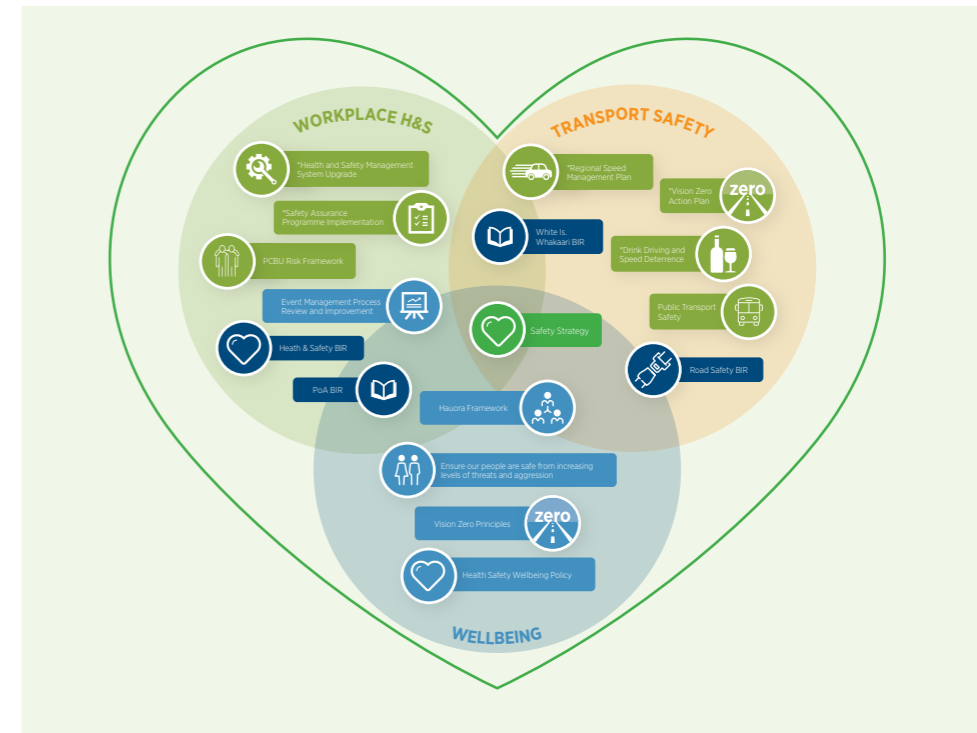
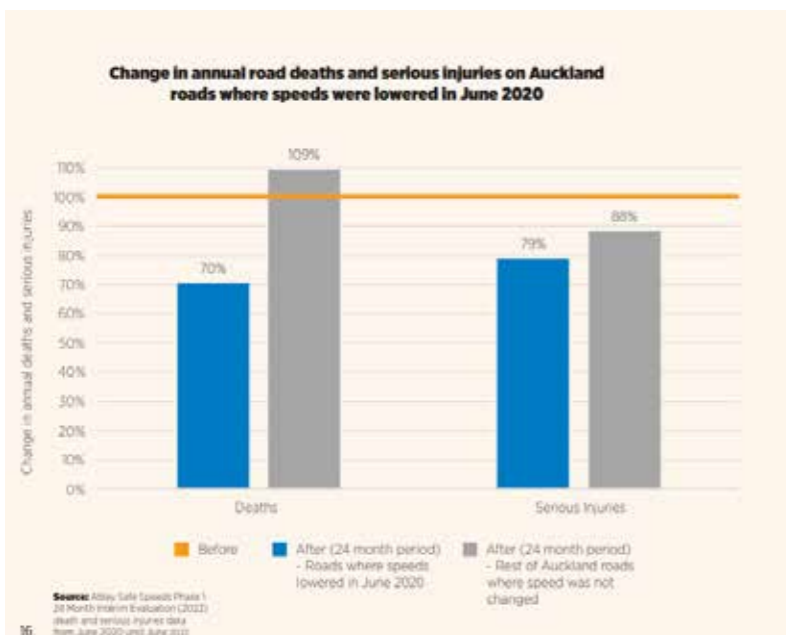
The evidence is clear that safe speeds save lives. Data from the first phase of speed limit changes in Auckland shows a 30% reduction in deaths and a 20% reduction in serious injuries in the 24 months after safer speeds were introduced in June 2020. In comparison, across Auckland roads where speed limits were unchanged, road deaths increased by 9% in the same period.

On 30 May 2023 the Auckland Regional Transport Committee adopted the draft version of Katoa, Ka Ora: Auckland Speed Management Plan 2024-2027 for public consultation. Katoa, Ka Ora proposes permanent speed changes for just over 1800 kilometres of roads, and variable speed changes for another 196 kilometres in safe school zones, safe neighbourhood zones and safe rural areas.

Changing our approach

In August 2022 Auckland Transport launched an overarching Safety, Health and Wellbeing Strategy (SHW Strategy) encompassing the organisation's cohesive approach to transport safety, workplace health, safety, and wellbeing. Its purpose is to set the overarching strategic direction and to present ways to achieve the highest standards of safety and wellbeing in life, work, and travel for the people we employ and work with, and those who use the transport infrastructure and services we provide.

AT employs more than 1700 people and has a responsibility to keep



nearly 20,000 people employed to deliver and fulfil our services – from parking and transport officers, bus drivers and rain managers, ferry crew and construction workers – safe on the job. At any one time, AT may have approximately 450 construction projects on the go with thousands of people working on and maintaining our transport network.

All these operational and project activities have an inherent degree of risk to a person's safety, health and wellbeing – from catastrophic to hazardous. In addition, many maintenance and refurbishment projects occur in areas that can't be closed off to the public, where workers are exposed to risks created by public activities, and vice versa. Keeping people safe is at the heart of everything we do.

During the last year there was an escalation in the number of reported acts of violence, threats and aggression directed at AT's people and public transport operators, along with damage to property. This behaviour makes staff retention and recruitment difficult.

In response we have made improvements to health and safety reporting to better capture data, analyse, and respond to adverse events. We have also worked with public transport operators to trial and review the use of bus driver safety screens.

Partnering with schools and communities

AT works with schools, mana whenua, mātāwaka and community groups to assist young drivers with the Graduated Driver Licensing System (GLS), to increase road safety awareness, and promote active travel and public transport use. We also highlight the risks of driver distraction and advocate for the use of child restraints.

Over the last year AT has delivered 729 road safety initiatives, including community-based interventions, checkpoints with NZ Police and regional campaigns and Travelwise, Safe Scootering, Safe Cycling, Walking School Bus and Safe Speeds project interventions or Te Ara Haepapa.

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 749 Travelwise activities including 49 cycling workshops, 51 scooter training sessions and 30 rural school engagements.

Te Ara Haepapa: Māori Road Safety Education Programme delivered 2,228 initiatives with 20,800 engagements across Tāmaki Makaurau in marae and Kura Kaupapa Māori and Hāpori Māori (communities). These included speed engagements, child restraint activations and events, Ara Haerenga promotions, Pahikara activations, Whānau Hiko events, Kaihoutu Rihana Akonga (Learner Licence) and Rāihana Whītiki/ Tūturu, (Restricted and Full Licence) Papamahi and Marae Wānanga.

Te Ara Haepapa work alongside mana whenua and matawaka māori in an effort to reduce Māori DSI in Tāmaki Makaurau.

AT supports 201 active Walking School Buses, some of which have more than 50 children participating, with dedicated parents and volunteers contributing to their safe and sustainable travel to and from school.

Cycle skills training was delivered to 11,000 children through the schools-based Bike Ready programme (AT is responsible for 20% of the national programme, which delivers to 50,000 children) and the community-based Kids Learn to Ride sessions. Over 5,000 adults took part in cycle skills training.

Eleven schools have built new cycling tracks as part of the national Bikes in Schools programme, taking the total to 80 schools. In Auckland 30,000 students now have access to bikes and a safe bike track to ride on, and 67 events and activations have been delivered in partnership with communities to activate the cycle network and promote safe cycling.

Safety on the water

The Auckland Harbourmaster team is responsible for maritime safety for the environment, harbours, and users navigating in or on the water of the Auckland region. This includes the Waitematā, Manukau and Kaipara (southern half) Harbours and extends to the 12-mile territorial limit.

Over the last year the Harbourmaster has declared 22 vessels wrecked and 44 abandoned and has been dealing with the effects of major flood and storm events.

The number of derelict or abandoned vessels around the region continues to increase along with the cost of disposal. There is no boat registration system in New Zealand and tracking down owners often proves futile, at which point the Harbourmaster's

Office has to step in and commence the process of disposing of abandoned vessels as required by the Maritime Transport Act. In at least two cases vessel disposal has proved expensive (\$60,000 and \$150,000), and the Harbourmaster is considering proposing a boat amnesty to manage the problem.

The Harbourmaster's Office had 3,556 licenced moorings in its management regime at the end of the year.

Major flooding in Auckland caused coastal land slips resulting in a large number of trees entering the water and posing a significant navigation hazard. Three barge loads of debris were removed from the Upper Waitematā Harbour and the Harbourmaster's Office issued a Local Notice to Mariners and used social media to notify the public of the danger.

The Harbourmaster engaged with both the Ports of Auckland and Devonport Naval Base in the lead up to and during Cyclone Gabrielle to manage safe vessel movements. The weather caused a number of recreational boats to sink on their moorings, several to break their moorings and come ashore, and seven Category C navigation aids were either destroyed or came ashore. The wrecks have been salvaged and contractors have replaced the destroyed navigational aids. The clean-up operation cost the Harbourmaster's Office approximately \$100,000.

The Harbourmaster continues to engage with FENZ District Managers with a view to building an enhanced marine firefighting capability in the Auckland region.



Providing excellent customer experiences

Auckland Transport is committed to improving the overall experience people have when moving around or delivering goods and services, confidently and safely on Auckland's transport network. However, we acknowledge the previous year has been tough on our customers as we strive to recover from the impacts Covid-19 and address changes in travel behaviour associated with hybrid working arrangements.

There have been issues with public transport across all three modes: bus, train and ferry. After cancelling 19.6% of bus services due to driver shortages, we are now reinstating services as Aucklanders return to the office, and we work with operators to ensure more bus drivers are hired and trained.

KiwiRail's Rail Network Rebuild (RNR) has affected our customers and we have done our best to help them navigate the network around staged disruptions. Building the region's ferry capacity will take some time as new staff are trained and we wait for new electric ferries to be built.

To help customers navigate the impacts of this disruption, we have continued to make high quality updates to the AT Mobile app and our website, enhanced the Journey Planner, improved wayfinding, introduced the use of te reo across the transport network and worked with our customers, local boards and stakeholders to improve customer travel experience.

As a result the average monthly AT Mobile users grew 51% in FY23 to 289,000. In March 2023, we recorded 347,000 active users, surpassing the pre-Covid-19 peak figure; 4.7 million journeys were planned and four million stops viewed.

Over the last year we've launched a cloud-based, next generation contact centre technology platform, introduced an automated over-the-phone live bus departure service, and installed real time screens at 100 high patronage bus stops serving an extra 8,500 customers each day. We introduced an innovative "airport orange" Airport Link wayfinding design, developed a purpose-built HOP card vending machine that customers can easily access at the domestic terminal, produced an instructional brochure for international airport visitors, and promoted the route's ease and affordability with an integrated marketing campaign.

We have made parking technology improvements and reached an agreement with Google to improve AT's bus location real-time travel information. Google Maps is currently answering around 450,000 transit queries a week with AT.

We introduced the new Community Connect Concession providing a 50% discount on most buses, trains and ferries in Auckland for Community Service Cardholders, and launched the Plus One Concession enabling holders of a Total Mobility Card to take a support person at no charge when travelling on an AT Bus.

At ATOC we responded to more than 34,000 incidents/disruptions (planned and unplanned) across the Auckland regional transport network with real-time customer communications digital channels, and supported Aucklanders during the flood and cyclone response with proactive network status information.

Quick facts

- AT Mobile continues to be the leading public transport app in Australia and New Zealand, with iOS and Android customer satisfaction App Store ratings of 4.5/5 stars out of 5.
- The percentage of registered AT HOP customers using AT Mobile increased by 5%, rising from 64% to 69% of customer.
- More than 600,000 users access AT's website each month.
- We issued over 1.08 million AT Mobile app customer notifications during the January floods.
- The AT Contact Centre received 184,423 phone calls, responded to 51,202 web/written queries and 25,781 social media requests.
- AT Service Centres supported 6,332,998 face-to-face customer interactions and, combined with our retail network, generated more than \$23 million in revenue.

Supporting Aucklanders during the Flood and Cyclone Response

Due to the accuracy, timeliness, and frequency of updates, AT Mobile and AT's website became critical channels of information about weather and transport network status (including public transport, disruptions, and road closures).

Critical logistics, operations, welfare support, and other emergency service expertise within our Customer Experience teams was deployed in ATOC and Auckland Emergency Management, and we are continuing

to supply and support cut off communities such as Karekare and Muriwai.

The prior establishment of an all-modes travel information advisory team within the AT Operations Centre (incubated within our CX teams) also enabled proactive, real-time information on network status, disruption and response to Aucklanders.

We leveraged our recently launched cloud-based contact centre platform to quickly update automated messages over the phone, direct customers to the best sources of information, and use real time

analytics to identify and prioritise reported roading issues based on safety. Given the call demands on Auckland Council's contact centre during the event, we were also able to direct lower priority roading cases to our online channels freeing them up for higher priority welfare calls.

We achieved a media first. We called on our media partners who manage our advertising assets, to stop all digital screen advertising across bus shelters, billboards and screens in the peak of Cyclone Gabrielle, and instead place an emergency cyclone warning message across the network.



Providing and accelerating better travel choices for Aucklanders

For Auckland to be a prosperous and attractive place to work and do business, with easy access to employment, education, shopping, business, recreation and other activities is essential.

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, Eastern Busway and Devonport Ferry) supported by frequent transit bus routes connected directly to major transport hubs (bus, train and ferry stations).

Public transport is critical to reducing congestion, addressing climate change and providing access for goods and services to support Aucklanders. But even with these actions, significant uncertainty and financial constraints are expected over the next three years.

Since Covid and its impact on travel behaviour, we have responded quickly and successfully to change. Changes to customer behaviour

and the move to hybrid working options led to a 'Network Recast' to reallocate city centre service resources away from peak times to invest freed up resources into additional off-peak and evening services. However, chronic driver public transport operations shortages have affected our ability to make improvements across the network.

AT has continued to work with KiwiRail and other agencies to support the Rail Network Rebuild (RNR), City Rail Link, and electrification between Papakura and Pukekohe.

Public transport patronage is increasing

While patronage performance and satisfaction is positive, reliability issues continue to erode customer trust and confidence. Ongoing service disruptions caused by driver shortages, ferry skipper and crew shortages, and KiwiRail's Rail Network Rebuild impacts on PT patronage continue to be of concern and are areas AT is working hard to address. Our aspiration is to grow

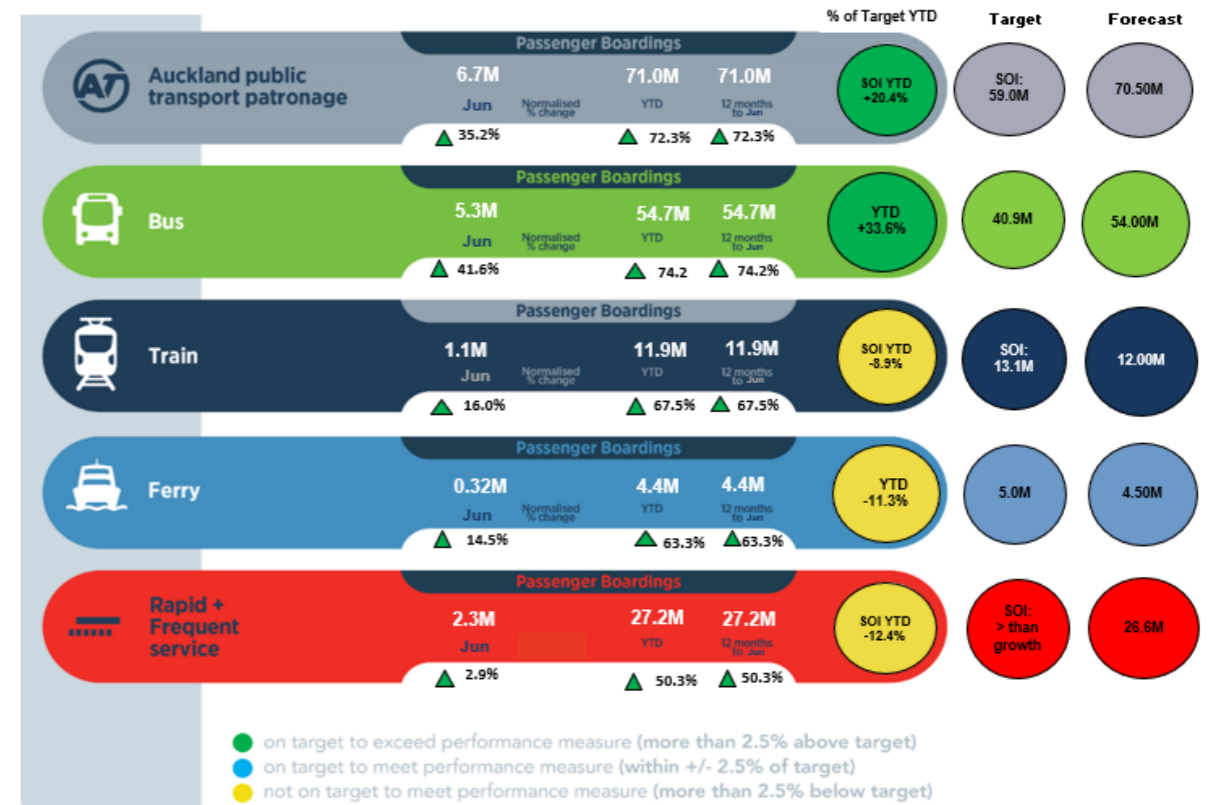
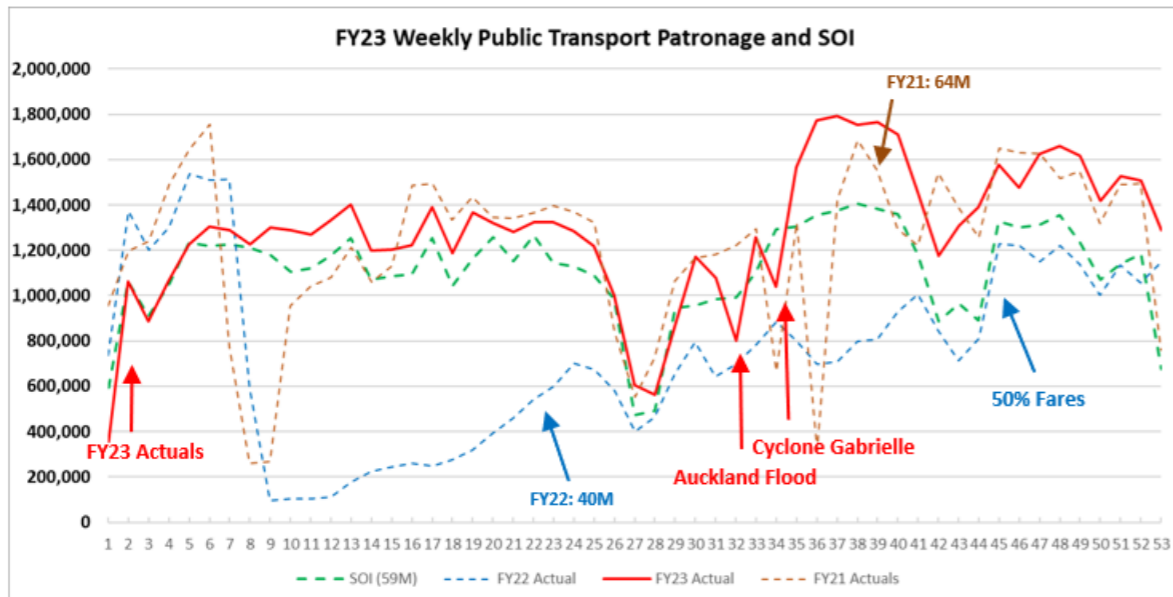
PT patronage back to 100 million boardings on an annual basis. Public transport (PT) patronage has continued to recover since the Covid pandemic, increasing to between 79-84% of pre Covid levels for June 2023. Provisional coverage for 2022/23 was 70.5 million passenger trips against an SOI target of 59 million.

The chart below shows the actual 2022/23 patronage performance (red line) against the required SOI patronage profile (dotted green line) for 59 million trips and actuals in the last year 2021/22 (dotted blue line).

Patronage for 2022/23 exceeded the SOI target of 59 million boardings.

Public Transport reliability measures the number of services operated against schedule. All modes continue to be impacted by PT service cancellations due to staff shortages or infrastructure closures.

Service punctuality fell in May compared to April as a result of poor weather, KiwiRail faults on the rail network or ferry vessel breakdowns.



Bus network improvements

Mission Electric Tāmaki Link

In November AT launched a new advertising platform to promote the introduction of electric buses, train and ferries. Mission Electric was first used to promote 35 new electric buses that went into service in the Eastern Bays, including seven buses on the Tāmaki Link service.

An extensive advertising promotion was run in the Eastern Bays during December, supported by bus backs, three full bus 'skins', bus shelter take-overs, Adshels, press ads and street posters. Research conducted by Purpose Business said, "Mission Electric makes existing users feel good, and makes public transport a more appealing choice. It's a campaign that challenges perceptions of AT and shifts how people feel about the organisation".

Tāmaki Link goes green

The TāmakiLink is the easiest way to get to and from the Eastern Bays. It operates along Tāmaki Drive from Britomart, to Spark Arena, Okahu Bay, Sea Life Kelly Tarlton's, Mission Bay, Kohimarama Beach, St Heliers Bay, and Glen Innes.

In November AT launched eight new electric buses for the TāmakiLink bus service, inviting elected members and media to a 'ride-along' event.

Rail network improvements

AT is working with KiwiRail to keep Aucklanders moving during its Rail Network Rebuild (RNR) one stage (1-8) at a time over the next three years, to be completed by the time the CRL opens. The RNR involves lifting rails and sleepers, replacing foundations and improving drainage before putting the sleepers and rail back down again.

Six train stations were closed during Stage 1 (16 January to 19 March) from Remuera to Onehunga. During Stage 2, five stations on the Eastern Line are closed between Britomart and Otahuhu until January 2024, and rail replacement buses are operating. The remaining stages will be completed one section at a time over the next three years.

The electrification of Auckland's rail network has also continued this year with major upgrades carried out on the Papakura to Pukekohe railway line from August 2022.

Driving modal shift - Airport Link

AT continues to roll out wayfinding to promote the use of public transport. Strong cross-function collaboration and a sing-minded customer focus has resulted in strong Airport Link patronage growth.

The Airport Link connects the airport to the city centre via train and bus linking at Puhinui Station. An innovative "airport orange" wayfinding design was introduced through every stage of the journey from Britomart to the airport, an instructional brochure was produced for international airport visitors, and a supporting marketing campaign promoted the route's ease and affordability.

Ferry service improvements

This year a new Waiheke AT HOP monthly pass was introduced to encourage Waiheke commuters to take advantage of the benefits of joining the integrated network.

Active modes

AT's active modes-focused teams work with communities, elected members, and project partners to plan, attract funding, and deliver projects that improve safety for all road users.

Examples of shared and cycle paths completed over the year include:

- The Ngā Hau Māngere bridge, opened in August 2022, which offers a stunning traffic-free crossing of the Manukau Harbour
- Raised crossings and a separated cycleway on Tāmaki Drive through the busy Mission Bay village, which was completed in November 2022
- Te Ara Ki Uta Ki Tai (the path of land and sea) - a four-stage, seven kilometre shared path from Glen Innes to Tāmaki drive. The third section of the path, near Orakei basin to the railway station, was completed by Waka Kotahi in February 2023.



Better connecting people, places, goods and services

A safe, efficient and connected transport network is critical to shape land use, get everyone where they want to go, deal with freight and encourage more sustainable travel mode choices. 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 will need to be accommodated within existing corridors, increasing the number of people using key routes.

AT's programme includes 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. We also work alongside Waka Kotahi, Auckland Council, City Rail Link Ltd (CRL) and Auckland Light Rail Ltd (ALRL) to deliver new rapid transit connections across the region.

Significant increases in construction costs, fiscal constraints and additional infrastructure budget priorities resulting from the January and February extreme weather events meant that AT's capital programme has been reviewed, with roading renewals, storm response and existing committed projects such as Eastern Busway and CRL related projects being prioritised. Due to these constraints along with the high level of already committed spend, significantly less funding is available for new projects. As a result, the Connected Communities corridor improvement programme has been disbanded with the focus shifting to how best to optimise existing networks through the better use of technology. The AT Board has approved the continuation of the

Point Chevalier to Westmere and Great North Road Urban Cycleway Projects, subject to funding availability.

Road renewals and maintenance

Road maintenance and renewals account for 25% of AT's total capital expenditure, the largest share of which is spent on road rehabilitation. We have seen large increases in construction costs this year and, along with a renewal backlog (a hangover from Covid delays), are facing major funding challenges as we deal with increased renewal requirements relating to climate resilience, seismic retrofit and slip remediation. The wet weather also resulted in extensive potholing on both the sealed and unsealed network.

The annual target for road resurfacing and rehabilitation (400 kilometres combined length) has not been met; 318.1 kilometres of resurfacing was completed June 2023 - 84% of the year-to-date target. During the same period 28 kilometres of kerb and channels were replaced for the eleven months ending May 2023.

Over the next 10 years we estimate we will require nearly \$5.5 billion to renew our assets to an acceptable standard.

Te Honohono ki Tai – Matakana link road

The construction of Te Honohono ki Tai Road – Matakana link road was completed in April and the road opened to the public in June in conjunction with Ara Tūhono – Pūhoi to Warkworth, the extension of SH1 north of Pūhoi. Te Honohono ki Tai Road is 1.35 kilometres long and connects Matakana Road and SH1 just north of Warkworth in North Rodney.

It features a stream crossing (bridge), walking and cycling facilities, three wetlands and landscaping elements. It also accommodates access and utility connections to new housing developments on both sides of the new road at two signalised intersections.

The road cost \$62.2 million to complete (design, land acquisition and construction) and was jointly funded by AT (\$30.5 million) and Waka Kotahi NZ Transport Agency (\$31.7 million). Wellsford based Wharehine Construction managed the build, with 86% of the total contract value being spent with local business (including Wharehine itself as well as local subcontractors).

Network Optimisation

The \$300 million Network Optimisation programme is designed to improve traffic flow and address deficiencies on the transport network for multi-modal travel.

Maioro Street Corridor

The design for the Maioro Street Corridor is being updated following public consultation. The project is targeted at improving bus efficiency, pedestrian improvements, and safety.

Medallion Drive

The Medallion Drive Link involves the construction of 170 metres of new road between an existing roundabout on Oteha Valley Road and Fairview Avenue to enable the development north of Oteha Valley Road and to provide a safe and effective route for vehicles, cyclists, and pedestrians.

The Strand

The joint Waka Kotahi and AT Strand Optimisation project involves creating a safe, separated shared path from Alten Rd to Tāmaki Drive for people who walk and cycle,

improving efficiency for freight and high-occupancy vehicles. It aims to provide for another 25,000 to 30,000 additional freight tonnes per day, attract a 50% increase in people who bike, and reduce serious injuries.

Road technology

This year AT investigated 180 possible locations for dynamic lane solutions. Out of 24 potential sites, seven were considered to have the best combination of travel time benefits, ease of constructability and delivery. In March, bus priority was introduced at eight traffic intersections.

In May 2023, we trialled vehicle-enhanced detection technology to optimise the operation of the traffic signals and increase safety for more vulnerable modes at Mount Wellington/Sylvia Park, cycling detection at Nelson Street/Wellesley Street, Auckland Central and Victoria Street/Halsey Street, and pedestrian detection technology at Symonds Street, outside Auckland University.

Pedestrian detection sensors to improve traffic flow were installed on Northcote Road/Onewa Domain, Symonds Street outside Auckland University in mid-May and Halsey Street/Fanshawe street staged crossing.

Bus network Eastern Busway

The Eastern Busway project has made significant progress this financial year and is currently on budget and scheduled to be operational by October 2027. This year marked the signing of the Project Alliance Agreement between Eastern Busway Alliance (EBA) members, the start of physical works, resource consent hearings, and approval of the target

cost approval for the next phase of works. The Eastern Busway is expected to carry more than 30,000 people daily between the rapidly growing south-eastern suburbs and the rail network in Panmure. Safe cycling facilities are included.

Northwestern Bus Improvements

The Northwestern Bus Improvements is a joint Auckland Transport (AT) and Waka Kotahi NZ Transport Agency project to deliver a range of short-term bus improvements over the next five years to support growth. The improvements will provide more reliable bus journeys, with improved connections both locally and into the city centre.

The design for a new Westgate Bus Station 50% developed design milestone was reached in October 2022 and the construction of temporary bus stops began in July 2023. The new northwest network bus go-live date is expected at the end of 2023.

Airport to Botany Rapid Transit

This project is about delivering fast, frequent, high-capacity public transport between Auckland Airport, Manukau and Botany, with connections to the rail network at Puhinui and Manukau stations and the Eastern Busway at Botany interchange. Te Tupu Ngātahi Supporting Growth is preparing the Notices of Requirement under the Resource Management Act 1991, to protect the land needed by Auckland Transport and Waka Kotahi.

Bus network recast

In March we completed the implementation of a bus network recast across the region. This project reviewed the demand and capacity

on all bus routes and assessed change in travel behaviour as a result of the Covid pandemic. Bus resources were moved as necessary to ensure that the bus network would meet any new travel demand and capacity would match demand within existing overall network resources. The project also saved \$5 million in operational costs through a reduction in lower patronised bus services.

Rail network City Rail Link

The construction of Auckland's City Rail Link (CRL) is well underway and AT is supporting City Rail Link Ltd (CRL), a crown entity owned by the New Zealand Government and Auckland Council to deliver it while keeping Aucklanders moving. The project involves building a 3.45 kilometre long tunnel underneath Auckland's city centre, between Waitemātā (Britomart) and Maungawhau (Mt Eden) stations, new central city train stations (Te Waihorotiu and Karanga-a-Hape) and other works designed to increase the efficiency, reliability, and frequency of Auckland's passenger rail network. When completed the new CRL infrastructure will be handed over to AT to test, resource and manage. CRL Services will be operated in conjunction with KiwiRail and AT's contracted rail operator, Auckland One Rail.

Construction of the CRL has progressed rapidly this year; Aotea Station and most of the major civil engineering works are completed and the fitout of tunnels and three new stations has begun. Systems testing has started and a new budget and timeline has been agreed by CRL and the project sponsors.

KiwiRail Rail Network rebuild

KiwiRail has commenced a three-year programme (currently funded at \$349 million) to rebuild the rail track and below track infrastructure in Auckland to provide for improved customer ride, reduce temporary speed restrictions and provide a more resilient track infrastructure prior to the opening of the City Rail Link. While this is a significant disruption to rail customers through the closures of sections of the network, it is critical to renew and upgrade the track to provide for safe, resilient and faster train travel in the future.

The first stage was completed in early 2023 between Newmarket and Otahuhu on the Southern Line including the Onehunga Line with a closure from November 2022. The second stage on the Eastern Line between Britomart and Otahuhu commenced in March 2023 and is due for completion in January 2024. Planning is underway for stages 3 (Papakura to Pukekohe) and 4 (Otahuhu to Papakura on the Southern Line).

Other rail improvements

AT has placed an order for an additional 23 electric trains or Electric Multiple Units (EMUs) to add to the existing fleet of 72 in preparation for the opening of the City Rail Link. We are also progressing with an expansion of the Wiri EMU Depot to accommodate this fleet expansion.

AT is also supporting KiwiRail on a number of other rail network improvements in Auckland, including the electrification of the Papakura to Pukekohe line, third main between Wiri and Quay Park and the development of a new Integrated Train Management and Control Centre to be opened at the new Mt Eden station in 2024.

Light Rail

AT is currently supporting Auckland Light Rail Limited (ALRL) on the investigation and design development for potential light rail or light metro between the City Centre and Māngere. We have also supported Waka Kotahi to investigate and analyse the Waitematā Harbour Crossing and North-West Rapid Transit projects in their early stages.

Ferry services

In 2022 AT announced a new public-private partnership with Fullers360 to secure a long-term investment and commitment to Auckland’s ferry network.

AT has also commissioned two new electric ferries from EV Maritime and McMullan & Wing. The 24-metre-long carbon composite vessels will have a passenger capacity of approximately 200. The first fully electric ferry is expected to be launched early 2024, with the second vessel available early 2025. These vessels are substantially funded by central government.

The agreement with Fullers360 Group Ltd to operate ferry services across a number of ferry routes includes the project management of the build of up to five new electric-hybrid ferries. The build and equipment supply contracts have been placed for the first two of the five ferries using the Q-West boatbuilding yard in Whanganui and Hamilton Jet.

Procurement of landside charging infrastructure for the new electric and electric-hybrid ferries is progressing.

Active modes

In the financial year, 7.94 kilometres of safe cycling facilities located on the cycle and micromobility strategic network were added or upgraded. This comprises 5.5 kilometres of

cycleway improvements delivered by the Minor Cycling Programme, which incorporated six projects across the region at Clark Street, Ian McKinnon Drive, Manukau Station Road, Lambie Drive, Noel Burnside Drive and a section of Cavendish Drive.

We have installed 1950 metres of new footpaths, plus another 191 metres delivered on behalf of the Rodney Local Board Transport funded by its Transport Targeted Rate.

Temporary Traffic Management trials in Auckland

AT is committed to transforming the practice of Temporary Traffic Management (TTM) in Auckland and has established a programme of work to minimise disruptions caused by roadworks, keep workers and Aucklanders safe around work sites, and facilitate efficient and cost effective TTM solutions. A key initiative is trialling a risk-based approach to TTM, in line with New Zealand Guide to TTM (NZGTTM).

Aotea Great Barrier Airfields

During May 2023, Claris Airfield recorded 569 aircraft movements and ten helicopter movements, whereby a movement is either a take-off or a landing. For the last 12 months there were 8,866 movements, which is a 16% increase for the same period in the previous year. Nine Notice to Airmen were issued in May to temporarily close the grass runways due to heavy rain. Grass runways were closed for a total of 17 days during May.



Enabling and supporting Auckland's growth, particularly in brownfield areas

AT is the regional guardian of \$27 billion publicly-owned assets including more than 7,500 kilometres of arterial and local roads, over 7,600 kilometres of footpaths, more than 370 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, especially when they're increasing around 1.5% year-on-year.

It's expected Auckland's population will grow to around two million people in the next decade, reaching 2.5 million by 2050 and putting increasing pressure on our transport infrastructure and services.

The south (Takaanini, Ōpāheke, Pukekohe, Paerata and South Drury) is the largest future urban growth area in Auckland with around 5,300 hectares of land identified for urban development and significant new transport infrastructure will be needed. Other growth areas are in the north (Warkworth, Silverdale, Orewa, Wainui and Dairy Flat), and North West (Kumeū-Huapai, Riverhead, and Redhills North).

Growth at this level requires additional capacity on the transport network. Where the growth is in greenfield areas (future urban areas) new roads, new stations, public transport, walking and cycling infrastructure and new services will be needed.

In brownfield areas (existing urban areas), population growth puts pressure on the roading network adding to congestion, as well as creating Public Transport capacity constraints. Population growth also increases the rate of deterioration of roads and other transport assets which, in turn, increase the cost of

maintenance and renewals.

AT is working with Auckland Council and other partners to better understand the long-term transport impacts of new government directions. Our approach has focussed on aligning, where possible, with major developers and agencies to plan and deliver together to ensure that major development areas are served by public transport and active modes to influence travel behaviour from the outset.

AT supports Auckland Council, local boards and the wider council group to facilitate urban regeneration and placemaking, and 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, progressing to route protection for key arterials
- Worked with Eke Panuku Development Auckland and other agencies to masterplan development opportunities in key town centre locations
- Worked with and supported Auckland Council on key growth, spatial planning and urban development programmes and projects
- Supported CRL to continue planning for the delivery of the City Rail Link and supported Auckland Light Rail in place-based planning integration opportunities.

We have also worked with Auckland Council and other CCOs on the preparing and responding to the following strategies and proposed legislative changes:

- Auckland Council's 30-year Infrastructure Strategy - updated every 3 years as part of Council's Long-Term Plan (LTP). Transport System Investment Planning
- The Tāmaki Makaurau (Joint) Transport Plan (JTP): The primary focus has been on short term (3 year) plans, but also to outline a 10-year plan and longer-term direction. The JTP is now in final stages and is landing on an agreed approach to a period of big investments, high costs and constrained funding (FY25-FY27).
- The Natural and Built Environments Bill (NBE Bill)
- The Spatial Planning Bill (SP Bill)
- A Review into the Future for Local Government
- The Water Services Legislation Bill
- The Funding Infrastructure for Growth discussion document
- AC's Submission on the Land Transport Management (Regulation of PT) Amendment Bill
- The Ministry of Transport draft EV Charging Strategy.

Responding to growth and development

AT provides subject matter expertise to AC on resource consent applications that are considered of relevance to or have a potential effect on Auckland's transport network. Over the 2022/23 financial year, AT received 1,068 requests from AC for analysis. This year, AT was involved in 61 fast-track consent applications that utilised the Covid-19 Recovery (Fast Track Consenting) Act.

There are currently 12 active plan changes across Auckland that have implications for our transport system.

This includes several significant greenfield proposals including Beachlands South (with associated work supporting Auckland Council on PC78 regarding the Transport Qualifying Matter additional to this) as well as smaller scale brownfield developments.

Auckland is growing

A total of 19,539 dwellings were consented in the region in the year ending in May 2023, with 1,438 dwellings consented in May 2023, significantly fewer than the 1,928 dwellings consented in May 2022.

In May 2023, 400 dwellings (28% of total dwellings consented) were consented inside the rapid transit network's (RTN) 1,500 metre walking catchments. In the last 12 months to May 2023, 5,327 dwellings were consented inside the 1,500 metre RTN walking catchments.

Supporting Growth Alliance Te Tupu Ngātahi

Te Tupu Ngātahi Supporting Growth is an alliance and partnership between Auckland Transport and Waka Kotahi NZ Transport Agency to deliver a transport planning programme that supports Auckland's greenfield growth areas, by clearly identifying future transport networks and choices.

Since the Alliance's inception Te Tupu Ngātahi has confirmed 10 designations, lodged 43 Notices of Requirement (NoR) with Auckland Council and another 26 are being developed and expect to be lodged with Council this calendar year. NoR's seek to designate land for future strategic transport corridors and associated infrastructure to enable the future construction, operation and maintenance of transport

infrastructure.

Of the NoR's lodged this year, hearings for A2B began in August, and it's anticipated hearings for Warkworth and the North West will happen later in the year.

Room to Move: Tāmaki Makaurau Auckland's Parking Strategy 2023

This year AT developed Room to Move: Tāmaki Makaurau Auckland's Parking Strategy 2023. The Strategy is a revision of the 2015 AT Parking Strategy to ensure that it responds to what Aucklanders want out of the transport system, meets current (and emerging) challenges, and aligns with Auckland Council's direction. It sets out principles for how road space and parking will be managed, polices detailing how AT will plan, provide and manage public parking, and how we will engage with the public on changes to parking.

The significant forecast growth, removal of parking requirements for all development growing pressures on local communities by excess parking demand in local streets, and the increased demand for movement on constrained key corridors means that Auckland Transport (AT) needs to manage the transport network so that people can travel easily and safely, with minimal impediment. Parking is a key part of this system; enabling access, but also creating issues if not managed effectively.

Auckland Council endorsed the strategic direction and draft strategy in November 2021 and February 2022, and public consultation took place from April to May 2022. AT listened to feedback, changed its approach and made changes to address public concern about

Park and Ride charging, parking management and impacts on local businesses, and the role of local boards in the development of parking management plans. Council approved the Strategy on 30 May 2023.

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

Auckland Transport’s ambition is for a resilient and low emissions transport system that supports the city’s future vision. With every trip, every project, and every choice, we aim to improve the sustainability, resilience and inclusivity of Auckland’s transport system.

As the custodian of \$27 billion of publicly-owned transport assets, the travel choices AT provide affect access to social and economic opportunities and impact the environment. Transport is currently the greatest source of greenhouse gas (GHG) emissions in Auckland. AT recognises that one of the biggest impacts it can have on lowering car dependency and reducing transport related emissions, is to provide excellent public transport services and a transport network that encourages users to shift to public transport and active modes, such as walking and cycling.

Reducing our impact

AT is committed to reducing GHG emissions. We started by focusing on our own operations, extended this to the services we provide, and we are now turning attention to how we can influence our significant supply chain.

We have measured our GHG emissions since 2018, and in 2020 we signed up to Toitū’s carbon reduction programme, Carbon Reduce, to receive third party verification of our efforts. We have a target to reduce our emissions from corporate activities and assets by 50% by 2030 against our FY18/19 baseline. This is outlined as one of our performance measures in the Statement of Intent, and includes reductions in emissions across public transport facilities, parking facilities, traffic and streetlights, and public trains, as well as corporate business activities like office power and gas, office waste, and staff travel using AT vehicle fleet, taxis, rental cars and air travel.

In the 2022-23 financial year we reduced emissions from corporate activities and assets by 54% (to 6,838t CO₂e) - surpassing our 2030 target. While electrification of train services, retrofitting of streetlights to more energy-efficient LED bulbs, and changing office norms post-Covid requiring less energy consumption and work travel played a role in reducing energy consumption and meeting this target, the latest electricity emission factors also played a role. AT’s corporate activities and assets emission reduction target is highly sensitive to electricity generation and higher rainfall during the year allowed for greater hydro-electricity generation reducing the use of coal, which significantly decreased the GHG emissions from electricity use. Dry weather in the future may result in higher coal use for electricity generation increasing GHG emissions.

However, as we grow our AT owned assets - City Rail Link stations, our new ferries, signalised traffic lights intersections, more streetlights, electric trains, etc. - there will be significant additions to our operating emissions. This adds to the challenge of maintaining our carbon reduction target. These challenges also bring opportunities to explore new avenues such as:

- exploring alternative energy and resource efficiency for AT facilities
- accelerating electrification - improving electrical efficiency with better technologies so more can be done with the same amount of electricity
- switching from using fossil fuels (diesel, petrol and gas) to electricity wherever possible.

Beyond our emissions from corporate activities and assets, AT has been working closely with public transport providers to ensure the transition to a low emission fleet. We currently have 89 electric buses operating in Tāmaki Makaurau and expect to have 134 by December 2023. The latest Low Emission Bus Roadmap, approved by the AT Board in June 2023, aims to transition AT’s entire bus fleet to zero-emissions by 2035. This would mean a 64% reduction in bus-related GHGs by 2031.

At the end of 2022, AT purchased four ferries from Fullers360. These are being upgraded to operate more efficiently and reliably. These upgrades include more efficient engines that will lower the carbon emissions and reduce harmful gases and particulate matter. In addition, the first two fully electric vessels are being built and are set to be on the water in 2024. One electric-hybrid

vessel is also being built and we anticipate that this will be on the water by 2025.

In early 2023 the AT Board approved a new emissions target: an embodied GHG emission target of 50% reduction by 2031 (against a baseline of 156,000t CO₂e set in February 2023). Embodied emissions covered by this target come from construction, renewals and maintenance works and the materials we choose to use. In the year ended June 2023, embodied emissions increased relative to the 2021/22 value, because of the additional maintenance and renewal works associated with the flood and cyclone recovery work. However, embodied emissions still decreased by 16% below the baseline of 156,000t CO₂e.

Looking ahead at ways to reduce embodied emissions, AT is trialling low-carbon concrete on the footpath network, looking at opportunities to use more electrical equipment (instead of diesel powered) in our maintenance programmes, and how we can reuse and recycle materials better. AT is also working with Ports of Auckland Ltd to investigate the reuse of dredged sediment for erosion control around our coastlines. Through its supply chain, AT spends significant public funding to deliver projects and services, and recognises that this must be done responsibly, with a focus on delivering positive climate change, environment, and social and economic outcomes for Auckland and its people.

Implementation of AT’s 2021-24 Sustainable Procurement Action Plan to embed sustainability into procurement systems, processes, and culture gained significant traction this financial year.

Preparing for future impacts

Unprecedented weather events, including flooding in January, February and May 2023, showed that climate change is already severely impacting Aotearoa. Beyond merely reducing our impact, we must also prepare for future climate impacts on the transport network.

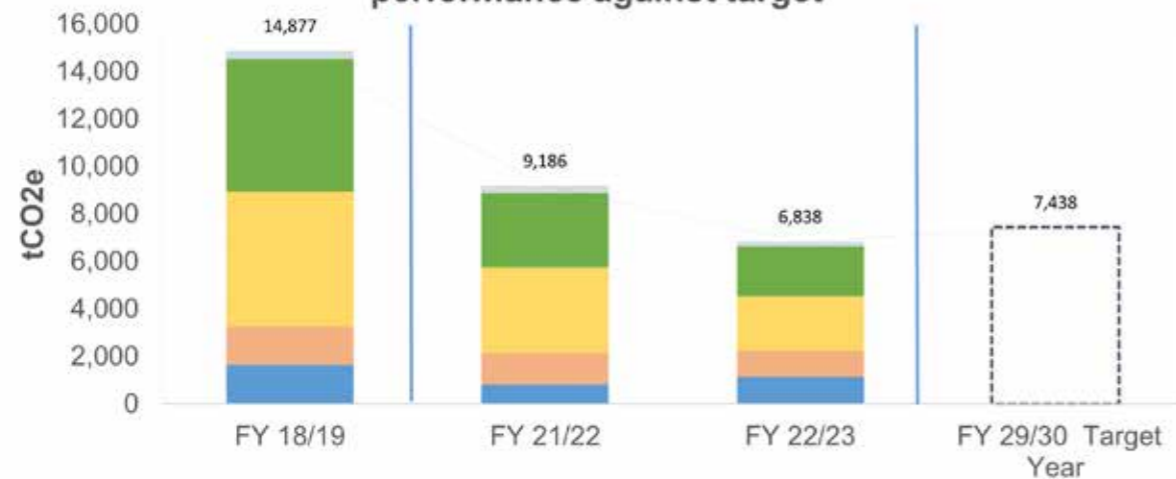
Identifying, assessing and managing the climate-related risks to AT and the transport network has been a focus for the past two years, leading to a climate risk appetite being endorsed by the AT Board. Measures to manage and mitigate against the impacts of climate change have been integrated within our risk management framework and our internal systems and processes. More information on this can be found in our voluntary FY22/23 Climate-related Financial Disclosure.

As temperatures increase, extreme weather events such as storm surges and drought will become more common and severe. Auckland must change the way it operates to stop the irreversible and catastrophic consequences of climate change.

To increase the resilience of the transport network to climate hazards, AT has identified significant risks to our network and has developed a series of indicators (called signals) which will be monitored as an early risk warning. This work has focussed on our coastal assets to date and will move into inland hazards (landslips) in the next year.

In December 2022, the AT Board endorsed an internal Climate Change Adaptation Policy. This directs staff and contractors to take future climatic conditions into

Emissions from corporate activities & assets and performance against target



*Numbers have been restated using the latest MfE emission factors released in July 2023



account when planning, designing, renewing, and maintaining AT's physical infrastructure, or making procurement decisions. The policy will help us:

- make robust decisions during planning and design, build resilient assets, and ensure services can continue if disruption occurs.
- use AT's renewals programme to introduce adaptive capacity.
- protect and restore our environment and indigenous biodiversity.

Environment

This year AT produced its first Environment Scorecard to present progress against Hīkina te Wero: Environment Action Plan Targets. The scorecard showed strong progress in the reduction and diversion of waste from landfill on our construction and maintenance projects, a reduction in the use of potable water at our transport facilities and a small increase in the number of street trees planted. It also showed us where we can make improvements.

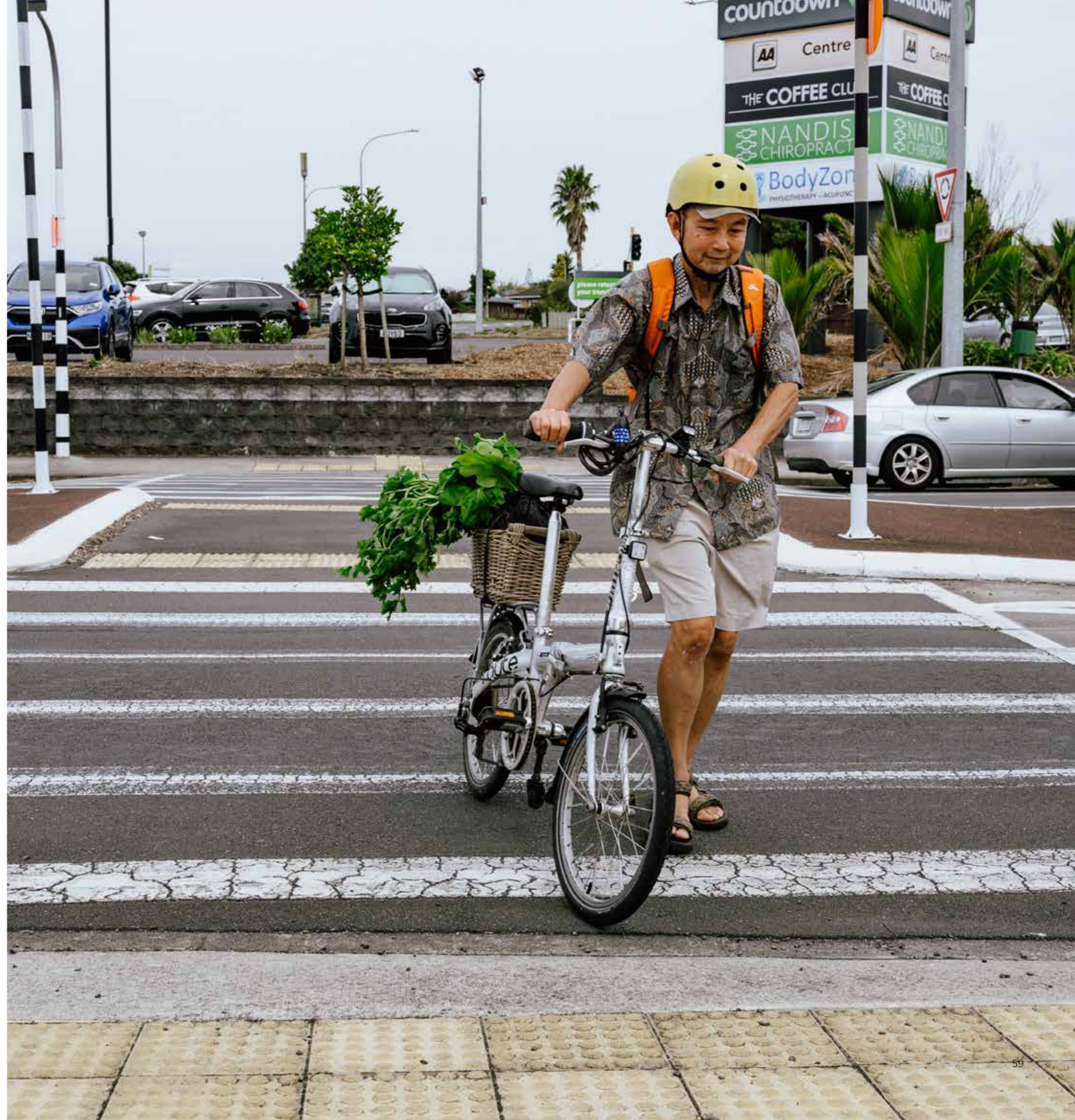
Initiatives in the environment programme serve dual purposes of reducing our impacts and bolstering resilience to help us prepare for future climate impacts.

AT is collaborating with Auckland Council Parks and Community Facilities to increase the number of street trees planted and reduce the number of mature trees being removed, by understanding the longer-term benefits of trees. Together we have identified a series of potential ecological corridors within the road network, where more trees will improve air quality, increase biodiversity and habitat, reduce stormwater runoff and provide shade for pedestrians.

Recently AT upgraded Northcote Wharf and this included disturbing the seabed and marine biota to replace some of the piles. To help the biota return to the area more quickly, AT has piloted a series of 3-D printed concrete wraps. These have been positioned around the piles to support recolonisation of marine life. AT will be monitoring these over the next year to see what difference these wraps make.

The living bus shelters, installed in late 2021 at the Panmure bus station and on a shelter in Diorella Drive, are well established. These shelters have both living roofs and wall systems, designed to provide habitat and pollination pathways, reduce stormwater runoff and increase cooling and air quality. Monitoring has identified some challenges with vandalism and maintenance, which has informed the design of new living roofs. The work on these living bus shelters saw AT placed as a finalist in the Regeneration category of the Sustainable Business Network Awards in 2022.

In October 2022 AT was also the recipient of a Toitū Brighter Future Award for Climate Action (biggest reduction) in the greater than 50,000 tonnes CO₂e Organisation category. Organisations in this category demonstrated the most significant reductions during 2021-22, with at least two years of comparable emissions. In addition, AT was also a finalist in the Climate Action: Top Reducer (by volume) award category.



Supporting Māori wellbeing outcomes, expectations and aspirations under Te Tiriti o Waitangi

AT is committed to meeting its statutory obligations under Te Tiriti o Waitangi by partnering with the 19 Mana Whenua of Tāmaki Makaurau to deliver effective transport policy and positive outcomes for Māori, and to improve relationships with mataawaka to ensure Māori voices are represented during community engagement.

AT's Māori Responsiveness Plan (MRP) has been the key to turning this commitment into clearly defined actions and results which:

- empower AT people with the resources and confidence to respond more effectively to Māori
- ensure effective Māori participation in democracy, and
- contribute to strong Māori communities and better outcomes for Māori.

The MRP's initiatives follow the expectations established in AT's Statement of Intent, and are guided by the overarching goals of the Auckland Plan and Kia Ora Tāmaki Makaurau.

AT's dedicated Māori Policy and Engagement team lead the implementation of the plan, and AT works closely with Auckland Council group and the Independent Māori Statutory Board to ensure transparency and accountability in meeting the MRP's objectives.

Mana whenua engagement

Mana whenua are iwi or hapū that exercise historical and continuing mana whenua over part of Tāmaki Makaurau. They are our partners whose representation in decision-making is critical to the success of Auckland Transport's infrastructure projects.

AT's dedicated Māori Policy and Engagement team continue to facilitate monthly co-governance hui between mana whenua and AT project leads. Over the past year the team has held 100 hui with Mana Whenua – more than three times the number recorded the year before. They engaged on 55 projects, notably the Point Chevalier to Westmere infrastructural improvements, the Mahia train-station upgrade and Ngāpipi Bridge Widening.

AT regularly engages with mana whenua to ensure the application of te ao Māori values in stormwater management. For example, Mana Whenua have been engaged on East Coast Road flood repairs following extensive damage to Glenvar Road during the Auckland Anniversary Weekend flood event, and also with regard to removing silt and vegetation from the Portland Stream.

AT has also engaged with the Tāmaki Makaurau Mana Whenua Forum on the Regional Land Transport Plan and the Auckland Transport Equity Framework.

Māori business and employment

AT's Sustainable Procurement Action Plan 2021 identifies supplier diversity as a vehicle to improve outcomes for Māori by creating opportunities for Māori-owned businesses to enter into contracts with AT.

AT has partnered with 20 Māori-owned businesses over the last financial year, procuring \$18.9 million worth of services and activities. These include contracts for streetlight maintenance, te reo Māori translation, facilities management, construction, archaeological assessment, creative

design and marketing, mahi toi, coach services, and EV charging supply.

We also know that more than \$6 million was spent with Māori-owned businesses through the supply chain on Road Corridor Maintenance contracts and some of our other major physical works projects, including the Eastern Busway. In total, spend with Māori-owned businesses constitutes at least 1.7% of AT's total influenceable spend this financial year.

Hūtia Kia Wana Māori: AT's Māori Employment Strategy

Hūtia Kia Wana Māori (AT's Māori Employment Strategy) launched at the end of the 2021/22 financial year has this year been promoted and incorporated into the internal culture and transformation leadership programmes at AT. All AT hiring managers have graduated from Ngā Kete Kīwai and unconscious bias training, a Māori Outcomes Specialist has been appointed, and clear pathways have been established for Ngā Kaihoe graduates (the paddlers) to land future roles with career support.

- 4% of kaimahi at Auckland Transport are Māori versus 12% of the Tāmaki Makaurau population
- 1.5% of applicants to AT positions identified as Māori between 1 July and 31 December 2022 and 21 Māori accepted a position.
- Kaimahi Māori have been given the opportunity to achieve up to Level 4 te reo Māori and the equity pay gap between Māori and Tāngata Tiriti remains within +/-2% variation.

Marae safety programme

Safety improvements are underway on Whatapaka Road to provide better access to Whatakapa Marae, and to the carpark and roading at Te Kia Ora Marae. Both projects are expected to be completed in September 2023.

Te Ara Haepapa

AT's Te Ara Haepapa education programme addresses the high rate of death and serious injury (DSI) among Māori on Auckland roads. Māori were involved in 15% of all death and serious injury (DSI) during 2017 while making up only 10% of the resident population; the number of Māori DSI also increased by over 100% from 60 in 2014, to 125 in 2017.

AT people work alongside hāpori and whānau Māori to deliver kaihautū (driver licensing training), whītiki (child restraint activations), āta haere (safe speed engagements), whānau hīkoi (pedestrian safety) and pahikara (safe cycling) education, raise Waipiro me ngā Tarukino (drug and alcohol awareness) and ara haerenga (promote active modes in schools)

In the 2022/23 financial year, Te Ara Haepapa delivered 336 activations, events, hui and educational workshops.

Te reo Māori across PT network

Kia Kaha te reo Māori

AT is committed to installing bilingual wayfinding for new infrastructure projects. Of note this year was the NZ Geographic Board accepting CRL and AT's proposal to give four Auckland train stations te reo Māori names: Maungawhau (Mt Eden), Karanga a Hape (Karangahape), Te Waihorotiu (Aotea) and Waitematā (Britomart).

Te Wiki o te reo Māori was celebrated across the transport network and within AT using social media and posters. Kiwaha (Māori slang phrases/colloquialisms) were posted on Instagram, a HopCast was run by the Māori Policy Engagement Team, and te reo Māori messages were showcased across 170 digital bus shelter panels.

Matariki

AT celebrated the second official public holiday of Matariki, by again rotating "Mānawatia a Matariki" artwork on screens across the transport network including at Britomart Train Station, Newmarket Atrium and digital panels within 15 kilometres of Auckland's city centre.

In February Te Matatini, the national Māori kapa haka performing arts festival, was held in Auckland for the first time in 20 years. AT supported the event with free transport on scheduled buses and trains for Te Matatini ticket holders, by wrapping five double-decker buses with a 'Waka to the Haka' graphic, issuing 10,000 Te Matatini Limited Edition AT HOP cards, promoting the event on the AT Journey Planner and installing Kapa Haka pedestrian lights on Karangahape Road rainbow crossings.

AT's Josy Peita wins NZPI's Alfred O. Glasse Award

In May AT Māori Engagement Specialist Josy Peita won the 2023 New Zealand Planning Institute's Alfred O. Glasse Award, "Mahia te mahi, hei painga mo te iwi – work for the betterment of the people". The award is made annually by the Institute in recognition of outstanding services to planning by non-planners.

In her role as Te Kaiārahi o te Whai Wāhi ki te Māori (Mana Whenua Integration Manager) Josy helped the Te Tupu Ngātahi (Supporting Growth) Alliance deliver effective and successful partner engagement with Mana Whenua.

The Te Tupu Ngātahi programme of work comprises around 80 separate projects across Tāmaki Makaurau, that identify and protect the strategic transport network to support Auckland's future urban environments.

Chris Scrafton, the Te Tupu Ngātahi Strategic Planning Discipline Lead, says that through this partnership, there were a number of challenging conversations to traverse.

"With Josy's guidance, these discussions have always been undertaken in a respectful, collaborative, safe and constructive manner. She is critical to our success in planning future transport networks for Tāmaki Makaurau."



Collaborating with funders, partners, stakeholders and communities

AT works closely with a range of stakeholders including ward councillors, local boards, the Auckland Council whānau, customers, funders and the wider community to deliver programmes, projects and activities in its RLTP programme and SOI.

This year we've worked hard to establish more meaningful and transparent relationships with local boards and communities, promoting genuine engagement and consultation opportunities as we deliver local transport projects.

The structure of AT's Stakeholder, Communities and Communications department - split into local communications and engagement 'hubs' in the north, west, centre and south last year - has been upgraded. Two north/west and central/south engagement and communication teams have been formed, supported by a regional elected member representative team working alongside existing strategic communications, engagement and media teams. Our Elected Member Relationships team engages with Auckland councillors, 149 local board members across 21 local boards, and members of Parliament.

AT people have worked closely with our shareholder, Auckland Council, and other CCOs on regional and cross-functional projects according to a 'no surprises' approach. Our relationship and co-operation with Watercare and Eke Panuku is largely centred on minimising disruption to communities during project delivery, and maximising opportunities for cost savings, proactive, responsive and transparent communication with stakeholders.

Our people have attended joint

strategy workshops with the Auckland Council whānau, and regularly attend and report to the Transport & Infrastructure Committee (TIC) meeting. We also take a 'joined-up' approach when it comes to planning, delivering and advocating for services and funding.

We are committed to working alongside Auckland Council Group and the Independent Māori Statutory Board to meet the requirements of the tri-annual Treaty of Waitangi Audit. The Māori Policy and Engagement team facilitate AT-resourced engagement forums with Mana Whenua on operational matters, projects, programmes, strategies and plans, and we engage with Mana Whenua at the Tāmaki Makaurau Mana Whenua forum and with individual iwi. We are an active member of the Council's Māori Outcomes Steering Group and are guided by Kia Ora Tāmaki Makaurau - Council's Māori Outcomes Performance Measurement Framework.

Successful project engagement examples

Ōrewa Town Centre improvements

AT worked with local board members, Destination Ōrewa Beach and affected businesses to design and upgrade Ōrewa Boulevard to make it safer and easier for people to move between the beach, reserve and shops. The improvements were designed to increase foot traffic between the beach, reserve and shops, and create a vibrant, and safe environment for pedestrians, people on bikes and drivers.

The improvements included extending Ōrewa Boulevard to connect the beach, shops and reserve by constructing a shared walking and cycling path, a new brick-paved footpath, replacing parallel parking with angled parking, and upgrading two pedestrian crossings to raised crossings catering for people walking and cyclists.

Recognising the challenges small businesses had been navigating post-Covid, ensuring affected businesses could operate effectively throughout construction was a key focus. The improvements were funded from the Local Board Transport Capital Fund and completed in November 2022.

Upper Harbour Drive cycle lane redesign

In 2022 concrete cycle lane separators were installed on Upper Harbour as a part of the Minor Cycling Improvement Programme (pop-up cycleways). Following public feedback, AT decided to look at alternative options and launched a consultation and engagement process designed to include users of Upper Harbour Drive.

We invited representative community members to two independently facilitated community participation sessions in September to give the community an opportunity to express their concerns and contribute ideas. Five potential schemes were presented with the desire the community land on a preferred or mix of schemes considered safe for motorists, and people cycling and walking. The feedback from these sessions helped shape the preferred option for Upper Harbour Drive, before wider community consultation.

Henderson cycleway scheme

In September AT consulted on a proposed design for the new Henderson Cycleway scheme. In addition to traditional community engagement and consultation activities, AT worked closely with Henderson Intermediate and Liston College throughout the consultation period to ensure that the student voice was heard, incorporating the work into their school curriculum for Terms 3 and 4.

We engaged with over 100 Henderson intermediate students asking for their feedback on design features they would like to see on the cycleway alongside their views on bikes and cycleways. This information helped to understand the appetite for cycling and details about the preferred facilities.

We also worked extensively with Liston College directly involving six Year 13 Geography students whose work was incorporated into the National Certificate of Educational Achievement (NCEA) assessment titled "Conduct geographic research with consultation" worth five NCEA Level 3 credits. Their work was presented at the NZ IAP2 in March 2023 as an example of a highly meaningful engagement method with high school students.

More than 600 students were engaged through school-based activities, over 50 pieces of feedback were received from stakeholders and at community engagement activities, and 330 online submissions were received. As a result, changes were made to the proposed design and a pedestrian crossing was moved.

Mission Bay Town Centre safety improvements

Mission Bay was prioritised under its town centre safe speeds programme due to high numbers of vulnerable users – children, senior citizens, people walking and people on bikes or motorcycles interacting with motorists. Speed was reduced to 30 kilometres, and speed tables and crossings installed to slow vehicles and create a more pleasant experience for people enjoying the area. AT people engaged with members of the public and businesses to talk through the works happening in real time.

Katoa, Ka Ora: Auckland speed management plan

AT held two early workshops in June and December to work with stakeholders to develop the draft principles to be used for the Katoa, Ka Ora public consultation. Our people attended multiple hui to kōrero with Mana Whenua partners about requests for safer speeds near Kura and Marae, and local board workshops to hear feedback on the three key approaches of the speed management plan:

- An easy to understand approach for speed management
 - Inclusion of requests from the public, key stakeholders and Mana Whenua
 - Cost-benefit of proposed changes
- Public consultation on DRAFT Katoa, Ka Ora: Auckland speed management plan 2024-2027 began in July 2023.

Regional Public Transport Plan

The update of the Auckland Regional Public Transport Plan (RPTP) saw AT run two rounds of key stakeholder workshops in December and April seeking feedback and input into the draft plan, and multiple engagement opportunities with local board workshops, Auckland Council's Transport and Infrastructure Committee (TIC), and the Local Board Chairs' Forum. The draft RPTP includes data collected from a customer survey in late 2022 and a public survey via AT newsletter in April, and the focus has moved from a future focused 10-year approach to include immediate goals over one to three years. Public consultation began in July 2023.

Our ATOC partnership

The Auckland Transport Operation Centre (ATOC) is a joint venture between Auckland Transport and Waka Kotahi NZ Transport Agency working behind the scenes to help keep people and freight moving.

The centre helps manage the transport network in real-time, and uses CCTV cameras and other sources to identify risks and issues on the roads and in public transport facilities such as bus stations. It optimises traffic signals in real-time to help improve safety and efficiency, provides travel information to help ensure customers are informed before and during their journey and helps manage the impact of planned activity such as roadworks and public events. ATOC is also responsible for incident management, such as coordinating the response to crashes, breakdowns, storms and other unplanned events.

Customer complaints and information requests

ATOC serves a customer base ranging from the public to organisations seeking information. Between July and April, ATOC received more than 3,600 CCTV footage requests: 77% by NZ Police and 20% in response to requests made under Local Government Information Management Act (LGOIMA) and Official Information Act (OIA). This figure is 21% up from the same period the year before.

Over 2,400 complaints and queries related to traffic signals. This figure is 13% up from the same period last year.

Traffic signals optimisation

ATOC is responsible for optimising traffic signals on behalf of Auckland Transport and Waka Kotahi. There are two levels of signals optimisation:

- 24/7 realtime optimisation involves monitoring the network through CCTV cameras and making interventions to the traffic signals through the Sydney Co-ordinated Adaptive Traffic System (SCATS)
- Pro-active optimisation involves investigating and reviewing various facets of signalised intersections design, safety, and signal timings. Over the period July 2022 to April 2023, over 300 signalised sites had been optimised.

Managing planned and unplanned events

The ATOC Special Events team approves traffic management plans and arranges special event transport services for approximately 75 major event dates each year.



Our operating model is adaptive, financially sustainable and delivers value

The operating environment is becoming increasingly difficult with travel behaviour changes, labour market pressures and a high inflationary period creating significant pressure on the existing operating and funding model. While the cumulative impacts of Covid-19 have been managed to date with short term funding top-ups and cost control measures, the long-term funding model needs to be reviewed to ensure it supports continuity of services and maintenance, and renewal of the transport network used by our customers.

The long-term funding model needs certainty to support increasing costs for existing public transport services and to respond to the growth in services required to provide travel choices and help address climate change. We also face ongoing challenges to maintain our existing transport network and assets which will continue to deteriorate to unacceptable levels without additional support.

The 2022/23 year presented a number of challenges with multiple extreme weather events, disruption to public transport services from track closures and resource shortages, inflationary pressures, supply chain constraints, and the continuing impact of hybrid working (post-Covid) on public transport patronage. Despite these challenges we were able to adapt and deliver a solid financial result with a surplus before tax \$1.1 million higher than budget, after excluding depreciation and non-operational items. This was only achieved with ongoing support from our funders and cost-saving programmes focussed on delivering value for our customers and funders.

Looking forward, AT has responded to a \$56.5 million challenge in funding available to deliver our 2023/24 annual budget. Various options were considered to achieve value for money and reduce costs to Auckland Council, while ensuring we deliver core services and embed sustainable changes.

As a component of this, AT embarked on a major internal restructure, with tight timelines and significant savings targeted. The restructure reduced full time equivalent (FTE) staff across the business by 142.

To realise additional savings, work continues to identify further operational efficiencies, increase currently under-charged service charges, and identify and overcome project and ongoing funding barriers.

AT also continues to seek alternative funding sources and has successfully obtained funding from the Infrastructure Acceleration Fund, Climate Emergency Response Fund, and the Energy Efficiency & Conservation Authority.

To deliver value for money, AT continues to critically review operations to ensure:

- Capital and maintenance programmes are timed to fit Auckland Council priorities within the funding envelope. This includes aligning renewals and maintenance timings alongside improvements in the road corridor to achieve a 'plan once, dig once' approach. For example, on the recently opened Te Honohono ki Tai (Matakana link road) project, work culminated with the team finalising betterment costs (contributions from Vector and Watercare) for utility services installation, resulting in cost savings.

- Project management and governance is improved to ensure all projects are completed on time and within budget.
- Cost savings are realised through the use of shared Auckland Council services, where service levels can be maintained or improved and risks can be managed.
- Programmes that continue maintaining, renewing, and optimising existing assets to minimise lifecycle costs while optimising levels of service.
- Technology initiatives are leveraged to enable efficient and effective use and management of Auckland's transport network. For example, we continue to investigate the feasibility of dynamic lanes at various locations, and to plan and roll out bus priority routes using bus transponders to activate traffic signals. Other technology solutions on the road include trialling vehicle queue detection to improve efficiency at intersections that have a shared through or right turn lane, and exclusive right turn lanes that affect upstream congestion.

Sustainable Procurement Delivering positive climate change, environment, and social and economic outcomes for Auckland

Auckland Transport spends significant public funding to deliver projects and services, and recognises that this must be done responsibly and in a way that generates broader value for Aucklanders. The focus is on delivering positive climate change, environment, and social and economic outcomes for Auckland and its people through our contracts, supplier relationships and supply chain activities.

Through our procurements, we ask our suppliers to commit to partnering with us to support the achievement of goals and targets in Hikina Te Wero: AT's Environment Action Plan, the Transport Emissions Reduction Pathway, and Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, including to consider adaptation to the physical impacts of the changing climate in the planning, design and construction of Auckland Transport's new assets and renewals.

Our procurement activities also aim to identify and manage the impacts of AT on people and society, and strive for equitable and inclusive access for Aucklanders to social and economic opportunity.

Implementation of AT's 2021-24 Sustainable Procurement Action Plan to embed sustainability into procurement systems, processes, and culture gained significant traction this financial year.

Partnering to deliver social and economic outcomes

To help us deliver the Quality Employment and Supplier Diversity outcomes identified in the Sustainable Procurement Action Plan, we have established partnerships with organisations able to match supplier needs with the right businesses, people and skills for the job.

On quality employment we have joined a partnership between Auckland Council Group and Ministry of Social Development; the Ngā Puna Pūkenga Programme supports people into sustainable, full-time employment with our suppliers and contractors.

AT has a long-standing partnership with Amotai, an organisation which connects buyers with verified Māori and Pasifika-owned businesses and provides matchmaking support for buyers, such as AT and many of our large contractors.

In the financial year 2022-23, AT spent over \$20 million directly with diverse suppliers. We also know that more than \$7.5 million was spent with diverse suppliers through the supply chain on Road Corridor Maintenance contracts and some of our other major physical works projects, including the Eastern Busway. In total, spend with diverse suppliers constitutes at least 1.9% of AT's total influenceable spend this financial year.

Sourcing and Due Diligence

Our commitment to sustainability through procurement is not only about delivering positive outcomes through our direct supplier relationships; it is also vital that the decisions AT makes to buy goods and services consider the impact on people and the environment through the entire supply chain. All of AT's procurement activity is underpinned by principles of ethical & responsible sourcing. We are working to understand, prevent, mitigate and remedy human rights and environmental abuses in our supply chains, and ensure suppliers comply with the best practice principles in the AT Supplier Code of Conduct.

Since the publication of the Code in 2019, we have been progressively onboarding our suppliers, asking them to acknowledge the principles of the Supplier Code of Conduct and advise if they are committed to these principles. At 30 June 2023, 77.6% of Auckland Transport's previous 12 months' spend was with suppliers that have acknowledged that they are committed to the principles in the Code.

AT reviews the Supplier Code of Conduct annually to ensure that it accurately reflects best practice. It has been updated to include standards that are expected to be required as part of the new proposed legislation in New Zealand around modern slavery and worker exploitation.



CASE STUDY

Supporting local economies through the Te Honohono ki Tai - Matakana link road project

The Te Honohono ki Tai 'Matakana link road' project facilitated the construction of a new 1.35 kilometre greenfields road in Warkworth providing an east/west connection between SH1 (to the east) and Matakana Road (to the west). The project aimed to facilitate projected growth and provide additional transport resilience in the Warkworth area by providing an alternative route to the congested Hill Street intersection.

The procurement process used a supplier panel delivery model to select the contractor partner. To become a member of AT's Physical Works Supplier Panels, contractors are required to demonstrate their commitment to and evidence of their ability to achieve sustainable outcomes. There is also an expectation that the chosen supplier will partner on an ongoing basis with AT to deliver our sustainability goals and continue to improve sustainability practices.

Following the procurement process, local company, Wharehine Construction was awarded the contract in 2019 to build the new road. Wharehine is a 100% New Zealand owned and operated civil infrastructure business established over 65 years ago. The company is based in Wellsford and all 110 staff within the business live locally.

As part of the tender, there were numerous environmental and social sustainability requirements that Wharehine had to pass in order to be awarded the contract. AT required that the successful supplier commit to spending approximately 5-7% (or more) of the contract supply chain value with local small-to-medium businesses, Māori-owned and/or Pasifika-owned businesses, and/or Social Enterprises that met the pre-set criteria.

Wharehine reported that approximately 86% of the total contract value was spent with local business (including Wharehine itself, as well as local subcontractors). This strengthened local employment and economic resilience. 73% of the Wharehine employees working on the project were Māori and/or Pasifika and 11.6% of the total project value was with Māori and/or Pasifika-owned subcontractors (equating to \$3.7 million). The development of a local supply chain within the project also minimised transport emissions, as suppliers were located within close proximity to the project site. For example, the concrete used to construct the Te Honohono ki Tai Road had aggregate sourced from Rodney Aggregates Whangaripo Quarry, which was transported to Silverdale to be blended into asphalt, retaining local spend and minimising fuel for transportation.

In 2022, representatives from Wharehine visited two local high schools, Rodney College and Mahurangi College, to give a presentation about the project and what it intended to achieve. The students were then taken on a site visit to inspire those interested in pursuing engineering or geological science-related fields at a tertiary level. Some students are now at Wharehine on various apprenticeships and this has reinforced Wharehine's commitment to investing at a local level.

To meet one of the goals within both Hikina Te Wero and the Sustainable Procurement Action Plan (water conservation), Wharehine placed several large rainwater tanks on site and recycled water where possible. To minimise waste, a considerable amount of planning took place to ensure that materials would not be overproduced. In the early stages of the project, large amounts of materials (predominately clay) needed to be cleared from the construction site. Wharehine worked alongside other projects in the area to find opportunities where waste could be repurposed and much of the unwanted clay was repurposed within the construction of a nearby supermarket.

Summary:

Through AT's partnership with Wharehine, the MLR project delivered positive sustainability outcomes by reducing fuel use, adopting waste management procedures, and supporting the local community through business opportunities, youth training and employment. The project acts as a great example of the positive impacts that sustainable procurement can deliver at a local level.

Enabling a high performing, value-based, delivery-focused culture

Auckland Transport strives to understand the needs of our customers and communities and turn this information into the effective delivery of high performance outcomes for Auckland. In terms of our people and practices, our aim is to create a great place to work and serve Auckland. This focuses on creating a safe environment where our people understand their role within AT, and how it connects with our purpose and strategy.

Our People and Performance (P&P) Strategy is being refreshed to recognise the challenges we have faced in 2023, the loss of talent we incurred with our cost-savings programme, and the need to focus on the retention and development of talent to keep strengthening our ability to deliver on our commitment of being a high-performing, value-based, delivery-focused organisation. Our values continue to provide strong guidance for our decisions, plans and behaviours, including those related to our people and practices:

- Auahatanga – Better Bolder Together
- Tiakitanga – Safe with Us
- Whanaungatanga – We Connect
- Manaakitanga – We Care, Full Stop.

Auahatanga - Better, Bolder, Together

AT continues to focus on building a high-performing, value-based, delivery-focused organisation that enables us to meet the needs of Auckland. Following an organisational restructure in April, we explored how best to ensure we have the right capabilities, systems and processes

to better deliver on our purpose and performance expectations.

Using Human Centred Design methodology, our future structure will be the result of engaging the collective thinking of our people, key stakeholders and communities we serve to create bolder outcomes together. We are well on the pathway to improving our ability to deliver in a fundamentally different way fully inclusive of our stakeholders and committed to being better in all that we do.

Leadership development and living our leadership tohu

We have continued to invest in the development of leadership capability through the deployment of our flagship leadership development programme, Hōtaka Whakatipu. This year 180 people graduated from this programme, with a further 30 from our Women in Leadership programme, Te kaupapa mō te wahine hautū.

Tiakitanga - Safe With Us

Threats of Violence and Aggression

One of AT's most concerning critical risks is the threat of violence and aggression towards our people and members of the public across the transport network. We have invested heavily in training our frontline team members to ensure they know their priority is 'safety always', and they are well-equipped with the skills needed to de-escalate situations and create safe outcomes. The use of body cameras and emergency buttons provide more layers of communication and assistance, and our work schedules are designed to ensure our team members work together to stay safe.

Whanaungatanga - We Connect

Connecting our people across AT is critical to our organisational success. With such a wide operational footprint, comprehensive business plan and diverse workforce, an extensive range of communication mediums, tools and programmes are utilised to ensure we connect with and understand our people's needs. These include daily stand-ups, weekly 'All Hands' learning sessions, fortnightly 'Let's Talk AT' sessions, monthly 'Hopcasts' and other more targeted forums to share and exchange information on what's happening across AT.

We have also continued to utilise our team check-in survey to monitor the experience our people have of working across AT. It is evident from the results that this year has taken a toll on our people with our net promoter score falling from 3.5 at the start of the financial year to negative 0.1 in April 2023. We are focused on leveraging the insights from this survey to rebuild the employment experience our people are having across AT to ensure we enable a high performing, value-based and delivery-focused culture.

Manaakitanga – We Care, Full Stop.

In April 2023, AT embarked on a major internal restructure to reduce operating expenditure and the level of funding provided by Auckland Council in 2023/24. This programme had very tight timelines and significant target savings. The restructure reduced full time equivalent (FTE) staff across the business by 142.

Throughout this process, our people's wellbeing was a key priority and both internal and external counselling support services were extended to those affected directly, or indirectly, by the changes implemented.

Targeted training was developed and rolled out to strengthen our people leaders' psychological resilience and leadership capability for change. In addition, CV preparation and interview skills training was deployed to help our people most affected by the change to identify the many transferable skills and talents they had to thrive in the external employment market. Through a very challenging process, our commitment to care and our desire for our people to leave AT with pride in their hearts was unwavering. It is acknowledged that this was not always achieved, and we are grateful for the contributions they made during their time with us.



Awards

Puhinui Station Interchange

- New Zealand Institute of Architects' 2022 Local Architecture Awards - Public Architecture Award (July 2022)
- NZ Property Council Awards - the Warren & Mahoney Civic, Health & Arts Property Excellence Award (August 2022)
- NZ Civil Engineers and Contractors National - NZ finalist for \$50m - \$100m project category (August 2022)
- NZ Civil Engineers and Contractors Auckland - Highly commended in category (September 2022)
- Steel Construction New Zealand - Excellence in Steel Awards 2022 (Aurecon)

The Downtown Infrastructure Development Programme

- NZ Commercial Project Awards - Gold Award for Te Wananga (new Downtown public space) and Te Ngau o Horotiu (Ferry Basin Redevelopment) in the Civic category (May 2022)
- Engineering NZ Awards - Arthur Mead Award for the Te Wananga project (June 2022)
- Auckland Architecture Awards - the Te Wananga project won the Planning & Urban Design category and the Te Ngau o Horotiu project won the Public Architecture category (July 2022)
- NZ Civil Engineers and Contractors National Awards - NZ finalist for \$100m + project category (August 2022)
- NZ Civil Engineers and Contractors Auckland - Finalist for \$100m +

category (September 2022)

- ACE National Awards - Association of Consulting and Engineering Gold Award (September 2022)

New Zealand Institute of Landscape Architecture

- Award of Excellence - Civic and Urban Design Category: Quay Street Upgrade. LandLab, as part of the City Centre Design Collective, in partnership with Mana Whenua and the Downtown Programme
- Category Winner - Civic and Urban Design Category: Te Wānanga. Isthmus, as part of the City Centre Design Collective, in partnership with Mana Whenua and the Downtown Programme
- Award of Excellence - Master Planning and Urban Design Strategy: City Centre Design Collective. Auckland Council, in partnership with Mana Whenua and the Downtown Programme
- Supreme Award - George Malcolm Award: Te Wānanga. Isthmus, as part of the City Centre Design Collective, in partnership with Mana Whenua and the Downtown Programme

Streetlighting LED Retrofit

- Engineering NZ Awards - Highly Commended and Finalist for Arthur Mead award, June 2022

Ameti Eastern Busway EB1

- NZ Civil Engineers and Contractors National Awards - NZ finalist for \$100m + project category (August 2022)
- NZ Civil Engineers and Contractors Auckland - Winner of \$100m + category (September 2022)

AT Metro Hydrogen Fuel Cell Bus Trial

- New Zealand Energy Excellence Awards- finalist for Low Carbon Future Award (June 2022)

Manukau and Panmure stations Living Bus Shelter trials

- 2022 Sustainable Business Awards - Finalist in the Regenerating Nature category alongside partner organisations (Pattle Delamore Partners, Koru Environmental, Manaaki Whenua, Natural Habitats, Aireys Consultants & PDP) for the Living Bus Shelter trials at Manukau and Panmure stations

Airport to Botany (A2B) and 20Connect Single Stage Business Case

- Association of Consulting and Engineering NZ (ACE) Awards (September 2022)

New Lynn to Avondale Share Use Pathway

The following two awards were won by D&H Steel, contracted to Dempsey Wood for St Judes Bridge and the boardwalks, from 57 entries and 21 finalists:

- New Zealand Excellence in Steel Awards - Excellence in Steel Construction in the Over \$1.5 million to \$3 million category
- New Zealand Excellence in Steel Awards - Overall Supreme Winner 2022 (for account innovation, design, sustainability, manufacturing and safety)

Climate Action

- Toitū Brighter Future Award 2022 - Climate Action (biggest reduction) in the >50,000 tonnes tCO₂e Organisation category for demonstrating the most significant reductions during 2021-22 (with at least two years of comparable emissions)
- Toitū Brighter Future Award 2022 - Climate Action in the Top Reducer (by volume) award category

Our People

- New Zealand Planning Institute Alfred O. Glasse Award - AT Māori Engagement Specialist Josy Peita (May 2023).
- NZ Commercial Communications Council Beacon Awards 2023 - Silver Award in the Social Marketing/Public Service Category for the "Getting Aucklanders On Board" campaign (MBM for AT)



Climate-related financial disclosure

As a lifeline utility and an Auckland Council controlled organisation, Auckland Transport produces a Climate-related Financial Disclosure (CFD). This is included here on a voluntary basis. This information provides clarity to investors on how climate change risks are being considered throughout the organisation and our aim to make sound, climate, conscious decisions on capital allocation. AT's full CFD is available as part of the Auckland Council disclosure.

Governance

Governing body oversight

The Auckland Transport (AT) Board meets at least eight times each year and provides overall governance and strategic direction on climate change and sustainability related risks and opportunities, including leadership and oversight of management. Climate change is discussed and will be a standing agenda item at Board meetings. Here the board is informed about climate-related risks and opportunities by relevant subject matter experts within AT.

In December 2022 a board paper was endorsed that would ensure certain climate-related roles and responsibilities be included in the Board and Committee Charters at the next Governance review.

The AT Board will ensure integration of climate change into AT's core strategy and operating model, and lead and oversee AT's transformation to a fit-for-purpose operating model, culture, capability and partnerships to enable progress on delivering the climate strategy and Transport Emission Reduction Pathway (TERP), to the extent possible within available funding.

The Board's Finance and Assurance Committee (FAC) meets at least five times each year. The climate-related roles and responsibilities of this committee include overseeing reporting of climate-related risks in line with relevant regulation and standards, and overseeing climate-related risk management and controls. This committee will also conduct a regular review of climate-related risk management processes and controls to reflect material changes in AT's business strategy, external environment and knowledge about climate-related risks, and will oversee compliance with climate legislation and climate-related litigation risk.

The Board's Design and Delivery Committee (DDC) meets at least eight times each year. This committee will ensure that climate change mitigation, adaptation and resilience are embedded in the design of AT's plans, programmes, projects and services.

The Board's People and Culture Committee (PCC) meets at least four times each year. This committee will provide leadership and oversight of the human capital, capability, expertise and training needs required to execute climate-related plans.

As things are evolving rapidly in the climate change landscape, training and workshops on climate-related risks and opportunities with the board and Executive Leadership Team (ELT) currently take place when the need is identified

Management's role

Management and board have a joint responsibility for providing a clear vision for transport sustainability in Auckland.

A Climate Change and Sustainability Enterprise Portfolio Steering Group (EPSG) has been established at the ELT level to provide governance on climate change and sustainability projects. Chaired jointly by the Executive General Managers for Planning and Investment and Integrated Networks, the EPSG meets monthly and is informed about, makes decisions on, and monitors climate, environment, and social and economic projects. It is the key conduit to reporting to the board and committees, and the EPSG Chair provides them and the ELT with updates from this steering group. The EPSG comprises general managers from the following divisions which undertake climate-related work: Planning & Investment, Integrated Networks, Risk & Assurance, Finance and Governance.

Strategy

Current climate-related impacts

With \$27 billion of publicly-owned transport assets under its care, AT is exposed and vulnerable to many climate change-related hazards. The extreme weather events experienced in January and February 2023 are an example of the climate-related impacts AT is already dealing with. Detailed information on AT's flood and cyclone response, repair and recovery earlier in this report provides more insight.

Risk identification and assessment

AT's climate-related physical risks were assessed in 2019, aligned with the Ministry for the Environment guidelines with three time-horizons

(present, 2050, 2100), and for two Representative Concentration Pathway's (RCP), namely RCP8.5 and RCP4.5.

A further assessment of climate-related transition risks took place in 2022 with time horizons aligned with AT's planning processes (2022-2025, 2026-2030 and 2031-2050). Transition risks were tested against three Integrated Climate Scenarios

based on domestic and international guidance:

- An Orderly, Net Zero scenario based on RCP2.6
 - A Disorderly delayed transition scenario, based on RCP4.5; and
 - A Hot House World, current policies scenario, based on RCP6.
- AT's risk management and planning is

based on the Disorderly scenario.

Climate-related risks and opportunities

Through AT's Risk identification and assessment processes, 170 physical risks and over 40 transition risks were identified. The following top 10 prioritised physical risks are listed below.

Top ten physical risks: summary

Risk #	Risk statement	Risk summary
1	Risk to road formations due to increasing landslides.	Increased rainfall increases the occurrence of landslides that damage road formations due to evacuation and inundation.
2	Risk to bridges due to coastal hazards.	Sea level rise exacerbates coastal hazards causing damage to bridges.
3	Risk to road surfaces due to coastal hazards.	Sea level rise exacerbates coastal hazards causing damage to road surfaces.
4	Risk to seawalls and causeways due to coastal hazards.	Sea level rise exacerbates coastal hazards causing damage to seawalls and causeways.
5	Risk to bus services due to coastal flooding.	Coastal flooding inundates main bus routes (e.g., Northern Busway) disrupting bus services.
6	Risk to road surfaces due to higher temperature.	Extreme temperatures melt bitumen causing damage to sealed road surfaces.
7	Risk to bus services due to extreme weather events.	High wind gusts and extreme weather close the harbour bridge and results in debris on the network which disrupts bus services.
8	Risk to rail services due to extreme weather events.	Extreme weather events cause debris to block the tracks resulting in disruption to services.
9	Risk to rail customers due to higher temperature.	Extreme temperatures buckle rail lines causing train derailment and risk to health & safety.
10	Risk to road surfaces and levels of service due to increased rainfall.	Higher intensity rainfall exceeds capacity of drainage system which results in damage to the road surface and impacts on level of service.

Critical transition risks identified	
Risk category	Risk description
Overarching risks	The risk that peripheral decisions made by government (e.g. property zoning policies or plans) will effectively prevent AT from achieving its emissions targets.
	The risk that AT will not have the financial resources required to implement transition plans or provide low-emissions (low-e) transport services in-line with Council's vision for the future.
	The risk that AT will not have the financial resources required to transform its operating model and become 'future-fit.'
Risks to core functions	The risk that AT will make costly mistakes in its policy, planning and/or technology choices due to limited data, the wrong kind of data, or limited diversity of thought.
	The risk that low-e infrastructure and transport service solutions will be unavailable or unaffordable in time to meet government's climate-related goals.
	The risk that AT's customers will adjust their transport preferences and behaviours too slowly for AT to meet emissions reduction targets (noting that customers' resistance to mode shift, etc. could also create incentives for elected officials to scale back emissions targets).
	The risk that key stakeholders will blame AT for decarbonising Auckland's transport system too slowly... or too quickly.
Enabling Conditions	Partnerships: Failure to secure a 'voice at the table' where government makes critical decisions about the intersection between climate change and transport related goals/funding; failure to establish critical partnerships with suppliers, iwi/mana whenua, and communities.
	Culture and capability: Failure to establish an internal culture that encourages risk taking, cross-team and cross-sectoral collaboration and accountability; failure to recruit or retain critical talent due to internal and/or external conditions.
	Operating model: Failure to consistently align decisions with emissions reduction targets due to weak governance structures, systems and setting; inability to make informed decisions due to a lack of climate-related data.

AT's current business model and strategy

Connecting people and communities is AT's purpose. AT designs, builds, operates and maintains the roads, cycleways and footpaths comprising Auckland's transport network. AT also works with third parties to provide public transport services on this network. This is funded through revenue generated from services, and funding from Auckland Council and Waka Kotahi NZ Transport Agency.

An AT Sustainability Strategy is also being developed which will include objectives and targets related to sustainability. Four action plans will sit under the strategy to provide detail on how the objectives and targets will be met – these are Hīkina te Wero: Environment Action Plan 2020-2030, the AT Sustainable Procurement Action Plan 2021-2024, an Equity Framework and a Climate Change Transition Plan.

A Climate Change Adaptation Policy was adopted by the Board in December 2022 and will drive change through planning, design, construction, maintenance and renewals. This policy requires that AT consider the environmental and biodiversity impacts of products, services or actions, as well as reduction in greenhouse gas emissions.

Risk management

Risk management process

Work is underway to incorporate physical and transition risks into the organisation's risk management framework for ongoing monitoring, management, and reporting. While some controls and mitigations are in place, there is ongoing work to improve and expand these. The board has endorsed an overall climate-related risk, identified as the "failure to appropriately respond to or prepare for the impacts of climate change including lack of planning for network resilience", with an overall risk appetite of 'cautious'.

Three subcategories of climate-related risk appetite have also been endorsed:

Subcategory 1: Adaptation
Defined as "Adapting AT's assets to the physical impacts of climate change".
Risk appetite: Cautious
This risk appetite is defined as "Activities undertaken in the achievement of key deliverables or initiatives will only be taken where they have a low degree of residual risk. The associated potential for reward/pursuit of opportunity is not a key driver in selecting activities".

Subcategory 2: Mitigation

Defined as "Reducing greenhouse gases from users of the transport system and from AT's operations".
Risk appetite: Averse
This risk appetite is defined as "Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is paramount. Activities undertaken will only be those considered to carry virtually no residual risk".

Subcategory 3: Transition:

Defined as "Responding to the non-physical impacts of climate change during the transition to a low-carbon and climate-resilient future".
Risk appetite: Neutral
This risk appetite is defined as "Willing to accept / tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant reward and/or realise an opportunity. Activities undertaken may carry a high degree of residual risk that is deemed controllable to a large extent".

Metrics and targets

AT greenhouse gas Inventory summary (Table 1)

GHG Protocol classification	ISO classification	Category (ISO 14064-1:2018)	FY 2018/19	FY 2021/22	FY 2022/23	Related Target
Scope 1	Category 1 Direct emissions	Corporate (office gas, AT owned vehicles and boat, on-demand buses)	2319	1574	655	Target 1
		Refrigerants	0	6	1	Target 1
		Stationary energy (diesel generators)	268	194	213	Target 1
		Total Category 1	2587	1775	869	
Scope 2	Category 2: Indirect emissions from imported energy (location-based method*)	Purchased electricity (corporate head office, Public Transport facilities, streetlights, traffic signals, on-demand buses & public trains)	10,702	6488	4745	Target 1
		Total Category 2	10,702	6488	4745	
Scope 3	Category 3: Indirect emissions from transportation	Work related employee travel (Air travel, Public transport, Taxis, mileage claims and taxis)	306	66	223	Target 1
		Working from home	Not measured	Not measured	87	Target 1
		Total Category 3	306	66	310	
	Category 4: Indirect emissions from products and services used by AT	Waste produced in AT office and water use, wastewater & waste disposal in AT Facilities	146	144	216	Target 1
		Transmission of energy (T&D losses) from our operational activities (office gas and electricity, Public Transport facilities, streetlights, traffic signals, on-demand buses & public trains)	1136	714	695	Target 1
		Purchased fuel and energy related activities of AT owned Hydrogen buses			3	Target 1
		Transmission of energy (T&D losses) from our outsourced services (electric buses)		20	31	
		Purchased fuel and energy related activities (bus and ferry diesel use and electricity use from buses)	128,145	91,407	93,318	
		Capital goods (construction related embodied emissions)	Not measured	121,217	131,771	Target 2
	Total Category 4	129,427	213,502	226,034		
Category 5: Indirect emissions associated with the use of products from the		0	0	0		
Category 6: Indirect emissions from other sources		0	0	0		
Total direct emissions			2,588	1,775	869	
Total indirect emissions*			140,435	220,055	231,087	
Total gross emissions*			143,021	221,830	231,956	
Total Target 1 emissions from corporate & assets (captured in SOI)			14,877	9186	6,838	Target 1 total
Total Target 2 construction related embodied emissions (board endorsed)				121,217	131,771	Target 2 total
Purchased emission reductions			0	0	0	
Total net emissions			143,021	221,830	231,956	

KEY:
 Target 1: 50% reduction by 2030 (against 2018/19 baseline) of emissions from corporate activities & assets (SOI performance target), refer to p.27 for measurement methodology and estimation uncertainty.
 Target 2: 50% reduction by 2031 (against baseline of 156,000t CO₂e set in February 2023) of construction related embodied emissions (board endorsed target).

In 2022/23 AT's greenhouse gas (GHG) emissions have been measured against the requirements of the ISO 14064-1:2018 standard. This information is retrieved from the AT emissions inventories reports that have been verified by Toitū Envirocare. The inventories used the latest emissions factors available from MfE published in July 2023.

This year is the first time embodied emissions associated with infrastructure construction and maintenance have been reported under category 4, Scope 3 of our inventory. These embodied emissions were first measured in 2021-22 to establish the baseline. Before that, in 2019-20, the bulk of the emissions within Category 4 were attributed to emissions from transport services (ie. bus and ferry diesel usage).

This corresponds with our emission reduction targets. As we gather more data and learn more about our emissions profile, we strive to find ways to reduce emissions. In the year under review, AT had two emission reduction targets.

Target 1:

In 2020, the AT Board adopted a target to reduce 50% of its emissions from corporate activities and assets by 2030 (against FY 2018-19). Emissions from corporate activities include those from electricity, natural gas, refrigerants used in office space, staff travel, fuel used in AT's corporate fleet, work from home, water, wastewater, harbourmaster boat and waste from office space. Emissions from assets include those from electricity and energy used in public transport facilities and electric trains, diesel for trains, on-demand and hydrogen buses, streetlights and traffic lights, and landfill waste from these assets.

The target excludes PT bus and ferry services emissions. This target is aligned with science, does not currently rely on offsets, and progress is validated by Toitū Envirocare.

By the end of the 2022/23 financial year, we reduced emissions from corporate activities and assets by 54% - surpassing our 2030 target. While electrification of train services, retrofitting of streetlights to more energy-efficient LED bulbs, and changing office norms post-Covid - requiring less energy consumption and work travel - played a role in reducing energy consumption and meeting this target, the latest electricity emission factors also played a role. AT's corporate activities and assets emission reduction target is highly sensitive to electricity generation and higher rainfall during the year allowed for greater hydro electricity generation, reducing the use of coal, which significantly decreased the GHG emissions from electricity use. Dry weather in the future may result in higher coal use for electricity generation increasing GHG emissions.

Target 2:

In February 2023, the AT Board adopted an additional target, to reduce 50% of its embodied greenhouse gas emissions by 2031 (against a baseline of 156,000t CO₂e set in February 2023). Embodied emissions covered by this target come from construction, renewals and maintenance works and the materials used, and are shown in Table 1 under Category 4 emissions. This target is aligned with science, does not currently rely on offsets and progress will be validated going forward.

In the year ended June 2023, embodied emissions increased relative to the 2021/22 value because of the additional maintenance and renewal works associated with the flood and cyclone recovery work. However, embodied emissions in both 2021/22 and 2022/23 showed reductions against the baseline of 156,000t CO₂e.

Mahi whakahaere
Governance



Partnerships and accountability

Strategic partnership approach

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

Accountability to Auckland Council and ratepayers

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

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 and 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. In addition, one non-voting member is nominated by Waka Kotahi NZ Transport Agency.

AT currently has eight board members, two of whom are members of Auckland Council.

The Board has overall responsibility for delivering transport in Auckland; this includes managing and controlling public transport and local roads, and preparing the Auckland Regional Land Transport Plan.

The legislation giving authority to the Board is the Local Government (Tāmaki Makaurau Reorganisation) Amendment Act 2009, the Local Government (Auckland Council) Amendment Act 2010, and the Local Government (Auckland Transitional

Provisions) Act 2010.

The directors are responsible for monitoring the performance of AT, including the health and safety of employees and contractors, and for monitoring the performance of the Chief Executive. The Chief Executive has responsibility for managing AT on a day-to-day basis.

The current AT Board members are:

- Wayne Donnelly, Acting Chair (appointed 26 September 2016)
- Mark Darrow, Acting Deputy Chair (appointed 1 November 2021)
- Kylie Clegg (appointed 1 May 2017)
- Raveen Jaduram (appointed 1 May 2023)
- Henare Clarke (appointed 1 June 2023)
- Councillor Andy Baker (appointed 17 November 2022)
- Nicole Rosie (appointed 1 January 2020), non-voting member, Waka Kotahi NZ Transport Agency representative

The following Board members left the Board in the year under review.

- Adrienne Young-Cooper (appointed 1 January 2020, resigned 8 October 2022)
- Tommy Parker (appointed 2 December 2020, resigned 4 November 2022)
- Dr Jim Mather (appointed 1 November 2018, resigned 28 November 2022)
- Abbie Reynolds (appointed 2 December 2020, resigned 31 May 2023)
- Darren Linton (appointed 1 January 2020, resigned 31 May 2023)
- Councillor Mike Lee (appointed 17 November 2022, resigned 27 July 2023).



Directors' profiles



Wayne Donnelly,
Acting Chair
BE, JP

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.



Mark Darrow,
Acting Deputy Chair
BBus, FAC, CInstD, JP

Mark Darrow lives in Auckland and is an experienced Independent Board Chair and Director with extensive knowledge across many sectors. Previous Board roles have included Waka Kotahi NZ Transport Agency, Counties Manukau DHB, The Lines Company, Leighs Construction, Primary ITO, Sime Darby NZ, Charlies Group Ltd, Trustees Executors, MTA and VTNZ, and was seconded to Eke Panuku's Audit and Risk Committee during 2020-21.

Current roles and general disclosure of interests:

- Chair of the Advisory Board of Armstrong's
- Member (Chair from March 2023) of the Risk and Assurance Committee of Inland Revenue Department (Te Tari Taake)
- Chair of Invivo & Co Limited
- Chair of Motor Trade Finance
- Chair of Riverton Farms
- Chair of TSB Bank
- Shareholder of Signum Holdings
- Shareholder and Director of MCD Capital
- Trustee for Tudor Park Trustees Limited
- Trustee and Executor for Interests of Rick Armstrong
- Executor for Estate of Robert Lerner
- Fellow of the Chartered Accountants Australia and New Zealand
- Fellow of the New Zealand Institute of Directors
- Justice of the Peace of New Zealand.



Kylie Clegg
LLB, BCom

Kylie Clegg has a corporate legal background having specialised in mergers, acquisition and corporate governance advice across a range of industries.

Her previous governance roles include Counties Manukau DHB, Sport New Zealand, High Performance Sport New Zealand, the New Zealand Olympic Committee and the Halberg Foundation. Kylie has also been an AT Board observer.

Current roles and general disclosure of interests:

- Trustee and Beneficiary of Mickyla Trust
- Member of the Waitematā Health New Zealand Capital Advisory Group
- Director of Napier Port.



Nicole Rosie
BA/LLB, LLM, 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 of Puck Limited
- Steering group member of Construction Accord
- Previous Chief Executive of WorkSafe NZ.



Directors' profiles (continued)



Councillor Andrew Baker
Dip Pol

(appointed 17 November 2022)

Andy Baker is the Auckland Councillor for the Franklin Ward. He has extensive governance experience having been the Chair of Franklin Local Board of Auckland Council for three terms and Deputy Chair for one. He previously Chaired Regional Civil Defence and Rural Fire Committees, was a Chair of the Auckland District Licensing Committee and is involved in numerous community and sporting organisations.

Current roles and general disclosure of interests:

- Franklin Ward Councillor at Auckland Council
- Ground announcer on a casual basis at Chiefs Rugby Franchise
- Ground announcer on a casual basis at NZ Cricket
- District Licensing Committee Chair and Commissioner at Waikato District Council
- Director of the Counties Manukau Rugby Football Union
- Chair of the CMRFU Council of Delegates
- Chair of the Franklin Localities Leadership Group
- Life Member of the King's College Old Collegians' Association
- Member of the Papakura Freemasons Lodge
- Patron of the Counties Special Olympics
- Life Member of the Karaka Rugby Football Club.



Councillor Mike Lee
MSc

(appointed 17 November 2022, resigned 27 July 2023)

Mike Lee is the Auckland Councillor for the Waitemata and Gulf Ward. He was previously a member of the Auckland Regional Council, first elected in 1992, and serving as Chair from 2004-2010. In his time on the ARC, Mike was heavily involved in transport issues, advocating for the electrification of Auckland's rail network and the construction of the City Rail Link. Mike holds a MSc in biological sciences from the University of Auckland.

Current roles and general disclosure of interests:

- Waitemata and Gulf Ward Councillor at Auckland Council.



Councillor Chris Darby

(appointed 27 July 2023)

Chris Darby is a Councillor for the North Shore Ward. He is focused on public transport, urban regeneration and environmental issues.

Chris has been a strong advocate for public transport, cycling and road safety throughout his 19 years as an elected representative. He has advocated for light rail to the North Shore and the elevation of ferry transport.

Councillor Darby chaired the Auckland Council Planning Committee (2016 – 2022) and is currently a council sponsor for the Auckland Light Rail (ALR) project, having been an inaugural director of the ALR Establishment Board. Prior to becoming an Auckland Councillor, he was chair of the Devonport – Takapuna Local Board (2010 -2013) and a North Shore City Councillor (2004 – 2010), where he was deputy chair of the Infrastructure Committee and North Shore City Council's representative on the Regional Transport Committee and Northern Corridor Steering Group, overseeing the delivery of the Northern Busway.



Raveen Jaduram
BE(Hons) ME FEngNZ CMIInstD

(appointed 1 May 2023)

Raveen Jaduram is a dedicated infrastructure leader, with over 38 years of experience in the water environment and infrastructure, and has Bachelors, Honours and Master's degrees in Civil Engineering. He has also held chief executive and senior roles in private and public sectors in Australia and in New Zealand, most recently Chief Executive of Watercare Services Limited. He has extensive experience in transforming organisations, creating customer value and contributing to community outcomes.

Current roles and general disclosure of interests:

- Board Member of the New Zealand Infrastructure Commission
- Board member of the Institute of Public Works Engineers Australasia
- Advisory Board member of the Institute of Strategic Leadership
- Director of Jaduram Limited
- Director of Jaduram Investments Limited
- Director of JN Jaduram Corporation Pte Limited (Fiji)
- Director of Jaduram Properties Pte Limited (Fiji)
- Director of Mayim Limited.



Henare Clarke
NZCE

(appointed 1 June 2023)

Henare Clarke is an experienced general manager with over 40 years' experience in roading construction, road and infrastructure maintenance, and rail infrastructure, more than 30 of which were spent working across the Auckland region. He is a past General Manager of Higgins Contractors, has held several general management roles at KiwiRail including General Manager Operations and Group General Manager, and spent nine years with Downer Construction in senior regional roles. Henare was on the Board of the Kaikoura Earthquake Rebuild and not for profit organisations.

Current roles and general disclosure of interests:

- Consultant at Martinus Rail NZ
- Consultant at Ministry for Social Development Trade Training (Carpentry)
- Trustee at Somerville Intermediate.

Auckland Transport committees & board meetings

Regional Transport Committee (RTC)

Acting Chair: Wayne Donnelly

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.

Design and Delivery Committee (DCC)

Chair: Wayne Donnelly

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

Finance and Assurance Committee (FAC)

Chair: Mark Darrow

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. It is charged with ensuring the successful delivery of AT's capital programme through project identification, project sequencing and programming, risk management, capital planning and project reporting.

People and Culture Committee (PCC)

Chair: Kylie Clegg

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. The PCC provides support and mentorship to the Chief Executive, supports the Board to ensure AT's legal obligations in relation to its people are met, and ensures AT fulfils its Treaty of Waitangi responsibilities by implementing its Māori Engagement Plan and other related initiatives.

Safety Committee (SC)

Chair: Kylie Clegg

The Safety Committee assists the Board in discharging its responsibility to exercise due care, diligence and skill in relation to oversight of all matters related to safety. This includes safety on the transport network, safety in public transport services and safety in construction and other AT activities. The Safety Committee focuses on ensuring safety in delivery of AT activities and health, safety and well-being of AT staff, partners and customers.

Governance Board meetings

The AT Board holds publicly open monthly meetings according to 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).

	DDC Total	FAC Total	PCC Total	Safety Total	RTC Total	Total Committee Attendance	Total Board Attendance	TOTAL MEETING ATTENDANCE
Adrienne Young-Cooper (Board Chair)	1	2	1	1	0	5	2	7
Wayne Donnelly (Board Chair)	8	4	3	4	2	21	8	29
Mark Darrow (Deputy Board Chair)	6	5	0	1	2	14	8	22
Cr Chris Darby	0	0	0	0	0	0	1	1
Cr Andrew Baker	5	2	0	0	2	9	5	14
Henare Clarke	1	0	1	1	1	4	1	5
Kylie Clegg	8	5	2	4	2	21	8	29
Cr Mike Lee	5	2	0	0	2	9	5	14
Darren Linton	7	2	0	0	1	10	8	18
Dr Jim Mather	0	0	1	1	0	2	3	5
Tommy Parker	1	0	0	0	0	1	3	4
Abbie Reynolds	7	5	0	0	1	13	8	21
Nicole Rosie	0	0	0	0	1	1	7	8
Raveen Jaduram	1	0	0	1	1	3	1	4

Executive Leadership Team

Led by the Chief Executive, the ELT is comprised of 10 Executive General Managers (EGMs) who oversee the day-to-day operation of the organisation.

Chief Executive:

Dean Kimpton
(appointed April 2023)

EGM Integrated Networks:

Mark Lambert (Interim Chief Executive June 2022 – March 2023)

EGM Service Delivery:

Andrew Allen

EGM Planning & Investment:

Jenny Chetwynd

EGM Finance:

Mark Laing

EGM Risk & Assurance:

Rodger Murphy

EGM Safety:

Stacey van der Putten

EGM Customer Experience:

Vanessa Ellis

EGM Business Technology:

Roger Jones

EGM Stakeholder & Community Relations:

Dan Lambert

EGM Culture & Transformation:

Karen Duffy



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 organisation to evaluate and improve the effectiveness of governance, risk management and control processes using a systematic approach and 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 processes and controls are operating in an efficient, effective, and ethical manner
- Co-ordinates the implementation of the Risk Management Framework across the organisation
- Facilitates risk assessment workshops, providing advice, and coaching the organisation on risk and control. This includes the development of a common language and risk management approach based on international risk management standards, principles and guidelines
- Acts as the central point for coordinating, monitoring, and reporting on risks

- Supports managers and business areas to identify the best strategies to mitigate risks
- Leads the planning and response for business continuity and crisis management activities.

Risk Management

Risk management activities in 2022/23 focused on:

- Updating Auckland Transport's 18 Key Risk Areas
- Conducting deep dives into 18 Key Risk Area on a 12 to 18-month cycle
- Delivering ongoing risk management training and providing support to Risk Champions and Risk Owners
- Collaborating with Auckland Council Group Risk and providing updates for the Auckland Council Audit and Risk Committee
- Providing updates and risk reports for the Executive Leadership Team and Finance and Assurance Committee
- Updating the organisation's Crisis Management Plan, Pandemic Plan and progressing updates on Business Continuity plans for each business area.

Special Investigations

An independently managed whistleblower service (0800 AT REPORT/ at.report@pwc.com) operates as a contact point for AT people and suppliers on any compliance or probity concerns. AT's people are required to complete relevant training modules, and in 2022/23 additional anti-corruption training was developed. This training continues to be rolled out to AT's people.

AT's 'Speak Up' platform which was developed in 2021/22 is also being

updated and improved, to help encourage and empower AT's people to raise any concerns across a range of channels.

AT's Protected Disclosures Policy and Procedure has also been updated to align with the new Protected Disclosures (Protection of Whistleblowers) Act 2022.

Compliance

The Compliance Team is responsible for overseeing compliance within AT. It provides support to AT's business units to help ensure compliance with laws, regulatory requirements, contractual matters, policies, and procedures, as well as identifying, preventing, and correcting non-compliance. The team also provides support to the business on:

- Policy development and updates
- Risk champion support to key business areas, and
- Regulatory requirements.

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
- Project management compliance with good practice.

Internal Audit also monitors the implementation of recommendations and provides assurance to the AT Board and Chief Executive that actions agreed by management are implemented correctly in the timescale agreed, and that the actions undertaken have effectively mitigated the risks identified.

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.



Āhua o te pūtea
Financials



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

For the year ended 30 June 2023

	Note	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
REVENUE				
Auckland Council operating funding	1	424,909	424,909	379,855
Auckland Council capital funding	1	401,394	416,042	375,285
Waka Kotahi NZ Transport Agency operating funding	1	510,439	424,286	386,447
Waka Kotahi NZ Transport Agency capital funding	1	431,286	434,460	260,190
Other revenue	1	619,885	591,282	444,504
Finance revenue	2	4,100	168	202
Total revenue		2,392,013	2,291,147	1,846,483
EXPENDITURE				
Personnel costs	3	177,142	171,483	155,346
Depreciation and amortisation	6,7	526,689	446,714	407,615
Finance costs	2	25,056	28,495	27,640
Other expenses	4	981,088	951,654	861,241
Total expenditure		1,709,975	1,598,346	1,451,842
SURPLUS BEFORE TAX				
Income tax benefit/(expense)	5	-	-	-
Surplus after tax		682,038	692,801	394,641
OTHER COMPREHENSIVE REVENUE AND EXPENDITURE				
Revaluation gain/(impairment) on property, plant and equipment	17	53,076	-	3,780,049
Deferred tax on revaluation	5	-	-	-
Other comprehensive revenue and expenditure		53,076	-	3,780,049
Total comprehensive revenue and expenditure		735,114	692,801	4,174,690



Wayne Donnelly, Acting Chairman
5 September 2023



**Mark Darrow, Finance and Assurance
Committee Chair**
5 September 2023

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
ASSETS				
Current assets				
Cash and cash equivalents	12	4,978	4,390	4,390
Receivables	13	643,379	586,353	586,353
Inventories	14	12,040	13,356	13,356
Other assets		13,537	10,276	10,276
Non-current assets held for sale	8	1,451	157	157
Derivative financial instruments	9	514	-	-
Total current assets		675,899	614,532	614,532
Non-current assets				
Property, plant and equipment	6	27,035,284	26,954,058	26,269,043
Intangible assets	7	164,829	163,741	163,741
Derivative financial instruments	9	372	-	-
Total non-current assets		27,200,485	27,117,799	26,432,784
Total assets		27,876,384	27,732,331	27,047,316
LIABILITIES				
Current liabilities				
Payables and accruals	15	331,248	281,566	281,566
Employee entitlements	16	19,051	17,487	17,487
Derivative financial instruments	9	-	401	401
Provisions	10	5,229	-	-
Borrowings	11	11,243	8,847	8,847
Total current liabilities		366,771	308,301	308,301
Non-current liabilities				
Payables and accruals	15	264	3,505	3,505
Employee entitlements	16	290	289	289
Derivative financial instruments	9	294	2,043	2,043
Borrowings	11	459,974	463,436	471,222
Total non-current liabilities		460,822	469,273	477,059
Total liabilities		827,593	777,574	785,360
Net assets		27,048,791	26,954,757	26,261,956
EQUITY				
Contributed capital		13,272,241	13,220,520	13,220,520
Accumulated funds		5,525,768	5,528,974	4,836,173
Other reserves		8,250,782	8,205,263	8,205,263
Total equity	17	27,048,791	26,954,757	26,261,956

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Note	Contributed capital \$000	Accumulated funds \$000	Other reserves \$000	Total equity \$000	Budget \$000
Balance as at 1 July 2022		13,220,520	4,836,173	8,205,263	26,261,956	26,261,956
Surplus after tax		-	682,038	-	682,038	692,801
Other comprehensive revenue and expenditure		-	-	53,076	53,076	-
Total comprehensive revenue and expenditure		-	682,038	53,076	735,114	692,801
Returned capital to Auckland Council		51,721	-	-	51,721	-
Found assets		-	-	-	-	-
Transfer from asset revaluation reserve on disposal of property		-	7,557	(7,557)	-	-
Balance as at 30 June 2023	17	13,272,241	5,525,768	8,250,782	27,048,791	26,954,757
Balance as at 1 July 2021		12,955,323	4,409,878	4,456,868	21,822,069	21,822,069
Surplus after tax		-	394,641	-	394,641	676,524
Other comprehensive revenue and expenditure		-	-	3,780,049	3,780,049	-
Total comprehensive revenue and expenditure		-	394,641	3,780,049	4,174,690	676,524
Returned capital to Auckland Council		265,197	-	-	265,197	-
Transfer from asset revaluation reserve on disposal of property		-	31,654	(31,654)	-	-
Balance as at 30 June 2022	17	13,220,520	4,836,173	8,205,263	26,261,956	22,498,593

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash provided from				
Revenue from activities		254,011	310,223	271,844
Auckland Council operating funding		424,909	424,909	379,855
Auckland Council capital funding		389,591	416,042	361,145
Waka Kotahi NZ Transport Agency operating funding		508,484	424,286	384,608
Waka Kotahi NZ Transport Agency capital funding		383,234	434,460	270,510
Crown Infrastructure Partners capital funding		1,219	6,227	11,564
Energy Efficiency Conservation Authority capital funding		-	-	7,091
Interest received		1,065	-	202
Total cash provided		1,962,513	2,016,147	1,686,819
Cash applied to				
Payments to suppliers and employees		1,104,424	1,123,137	1,019,011
Interest paid		25,259	28,495	25,725
Goods and services tax (net)		295	-	4,984
Total cash applied		1,129,978	1,151,632	1,049,720
Net cash from operating activities	27	832,535	864,515	637,099
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash provided from				
Sale of property, plant and equipment		1,283	-	3,758
Cash applied to				
Purchase of property, plant and equipment and intangibles		824,376	856,729	633,783
Net cash applied to investing activities		(823,093)	(856,729)	(630,025)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash applied to				
Repayment of loan from Auckland Council		7,789	7,786	7,330
Payment of finance leases		1,063	-	1,051
Total cash applied		8,852	7,786	8,381
Net cash from financing activities		(8,852)	(7,786)	(8,381)
Net increase/(decrease) in cash and cash equivalents		590	-	(1,307)
Opening cash and cash equivalents		4,390	4,390	5,697
Closing cash and cash equivalents	12	4,980	4,390	4,390

The accompanying notes form part of these financial statements.

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 (2022: nil) was acquired by means of finance leases during the year.

SUMMARY OF CAPITAL EXPENDITURE

For the year ended 30 June 2023

	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
NEW CAPITAL EXPENDITURE			
Roads	277,032	312,695	250,440
Public transport	283,388	306,979	146,661
Parking	1,692	1,544	2,159
Other	48,531	24,440	40,705
Total new capital expenditure	610,643	645,658	439,965
RENEWAL CAPITAL EXPENDITURE			
Roads	211,256	187,980	190,982
Public transport	23,473	20,887	24,381
Parking	905	2,204	863
Total renewal capital expenditure	235,634	211,071	216,226
Total capital expenditure	846,277	856,729	656,191
FUNDING			
Auckland Council capital funding	401,394	416,042	375,285
Waka Kotahi NZ Transport Agency capital funding - new	326,352	329,125	160,907
Waka Kotahi NZ Transport Agency capital funding - renewal	104,934	105,335	99,283
Other capital grants	9,510	6,227	20,716
Auckland Council capital funding through equity	4,087	-	-
Total funding	846,277	856,729	656,191

NOTES TO THE FINANCIAL STATEMENTS

Part 1: Financial results

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 2023 and were authorised for issue by the board of Auckland Transport on 5 September 2023. 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, Waka Kotahi and other government organisations in order to deliver the agreed annual operational and capital programmes within Auckland Transport's Statement of Intent and Auckland Council's Long Term Plan. Borrowings from Auckland Council are set out in Note 11 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 continue to be impacted with recovery not back to pre-COVID-19 levels as of yet. During the year Auckland Transport undertook significant cost reduction activities to mitigate the impact of reduced revenues.

A significant portion of Auckland Transport's forward capital programme is committed to projects underway including Eastern Busway asset renewals and adverse weather remediation.

Auckland Council 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. Central government has also provided additional funding to support public transport recovery and adverse weather events.

NOTES TO THE FINANCIAL STATEMENTS

Part 1: Financial results

Based on the funding set out in the recently approved Auckland Council Annual Plan, and for subsequent years, the approved Long Term Plan (LTP) and New Zealand Transport Agency Waka Kotahi's National Land Transport Programme (NLTP), AT receives sufficient revenue to meet operating and capital costs. 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 derived from Auckland Transport's Statement of Intent 2022/2023-2024/2025, adopted by Auckland Transport's Board on 30 June 2022.

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 13).

Change in accounting policy

There had been no change in accounting policy during the year.

NOTES TO THE FINANCIAL STATEMENTS

Part 1: Financial results

Implementation of new and amended standards

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. Auckland Transport has adopted PBE IPSAS 41 Financial Instruments, and the adoption did not result in any significant impact on Auckland Transport's financial statements.

Standards issued and not yet effective

Auckland Transport will adopt the following accounting standards in the reporting period after the effective date.

2022 Omnibus Amendments to PBE Standards, issued June 2022

The 2022 Omnibus Amendments include several general updates and amendments to a number of Tier 1 and Tier 2 PBE accounting standards. The revised PBE standards are effective from the year ending 30 June 2024. These are not expected to have any significant impact on Auckland Transport's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Part 1: Financial results

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 in-part 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 rail, 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.

NOTES TO THE FINANCIAL STATEMENTS

Part 1: Financial results

1 Revenue (continued)

Type	Recognition and measurement		
Non-exchange revenue (continued)			
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.		
		Actual	Actual
		2023	2022
		\$000	\$000
Auckland Council operating funding		424,909	379,855
Auckland Council capital funding		401,394	375,285
NZ Transport Agency operating funding		510,439	386,447
NZ Transport Agency capital funding		431,286	260,190
Other revenue			
Revenue from non-exchange transactions			
Public transport revenue		114,757	92,803
Enforcement revenue		48,557	36,252
Other operating grants		8,332	7,500
Other capital grants		9,510	20,715
Vested asset revenue		366,171	232,031
Gain on disposal of property, plant and equipment		1,097	3,053
Other revenue		30,567	23,893
Total other revenue from non-exchange transactions		578,991	416,247
Revenue from exchange transactions			
Parking revenue		40,894	28,257
Total other revenue		619,885	444,504
Total revenue (excluding finance revenue)		2,387,913	1,846,281

Other capital grants includes \$9.2 million (2022: \$12.8 million) of Shovel Ready Projects capital funding from Crown Infrastructure Partners Limited.

NOTES TO THE FINANCIAL STATEMENTS

Part 1: Financial results

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	Actual
	2023	2022
	\$000	\$000
Finance revenue		
Interest revenue	1,065	202
Unrealised gain on forward foreign exchange contracts - not hedge accounted	3,035	-
Total finance revenue	4,100	202
Finance costs		
Interest expense	25,056	25,713
Unrealised loss on forward foreign exchange contracts - not hedge accounted	-	1,927
Total finance costs	25,056	27,640

3 Personnel costs

	Actual	Actual
	2023	2022
	\$000	\$000
Salaries and wages	208,476	187,388
Less salaries and wages capitalised to property, plant and equipment, and intangibles	(47,950)	(42,472)
Defined contribution plan employer contributions	5,425	4,765
Other employee related costs	10,735	4,165
Movement in employee entitlements	456	1,500
Total personnel costs	177,142	155,346

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

NOTES TO THE FINANCIAL STATEMENTS

Part 1: Financial results

4 Other expenses

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.

	Actual 2023 \$000	Actual 2022 \$000
Fees to principal auditor		
Financial statements audit	729	637
Review engagement	54	60
Operating lease payments	105,738	98,304
Directors' fees	468	501
Write-off of capital works	15,543	30,169
Impairment of receivables	3,880	654
Loss on disposal of property, plant and equipment	3,567	41,172
Public transport operations	605,730	495,681
Roading network	151,572	110,803
Other operating expenses	93,807	83,260
Total other expenses	981,088	861,241

NOTES TO THE FINANCIAL STATEMENTS

Part 1: Financial results

4 Other expenses (continued)

Adverse weather events

The flooding that occurred in late January 2023 and Cyclone Gabrielle in February 2023 had the following impact on AT's financial results:

- \$38.2 million of costs included within Roding network expenditure relating to the immediate response to the weather events. This includes clearing over slips (e.g., fallen trees and other debris), emergency works to restore the current levels of service and allow the road to reopen, traffic management for partial or complete closure of roads, worksites, etc.
- \$10.9 million of costs included within Roding capital expenditure.
- \$28.2 million of funding from Waka Kotahi based on an enhanced funding assistance rates applied to adverse weather events emergency response works.
- Property, plant and equipment with a carrying value of \$3.6 million was disposed of recognising the damage to AT's infrastructure assets.

NOTES TO THE FINANCIAL STATEMENTS

Part 1: Financial results

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 2023 \$000	Actual 2022 \$000
Components of income tax benefit/(expense)		
Current tax	-	-
Deferred tax	-	-
Income tax benefit/(expense)	-	-
Relationship between tax benefit/(expense) and accounting profit		
Surplus before tax	682,038	394,641
Tax at 28 per cent	190,971	110,499
Plus/(less) tax effects of:		
Non-taxable revenue	(190,971)	(110,499)
Group loss offset	-	-
Deferred tax adjustment	-	-
Income tax benefit/(expense)	-	-

	Property, plant and equipment \$000	Total \$000
Deferred tax liability		
Balance at 1 July 2022	-	-
Credited to surplus or deficit	-	-
Charged to equity	-	-
Balance at 30 June 2023	-	-
Balance at 1 July 2021	-	-
Credited to surplus or deficit	-	-
Charged to equity	-	-
Balance at 30 June 2022	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

Part 2: Long-term assets

6 Property, plant and equipment

Accounting policy

Property, plant and equipment consists of:

a. Operational assets

Type	Description
Land	Land held for rail purposes and land under carparks, park and ride, wharves and train stations.
Land - finance lease	Finance lease 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 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

NOTES TO THE FINANCIAL STATEMENTS

Part 2: Long-term assets

6 Property, plant and equipment (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Part 2: Long-term assets

6 Property, plant and equipment (continued)

Class of asset depreciated	Estimated useful life (years)
Operational assets	
Buildings	11-85
Leasehold improvements	9-15
Rolling stock	14-35
Motor vehicles	2-16
Boats and engines	7-15
Computer hardware	4-15
Furniture and fittings	8-15
Plant and equipment	1-50
Wharves	5-100
Bus stations and shelters	10-60
Train stations	7-100
Computer Hardware – finance lease	5
Infrastructure assets	
Roading	5-100
Street gardens	10-28

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 \$2.9 million (2022: \$3.8 million). Note 23 provides further information about finance leases.

NOTES TO THE FINANCIAL STATEMENTS

Part 2: Long-term assets

6 Property, plant and equipment (continued)

No property, plant and equipment is pledged as security for liabilities (2022: nil).

Auckland Council-owned Property, plant and equipment

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

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

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

Restrictions on Auckland Council-owned property, plant and equipment

Disposal

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

Acquisition

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

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 NAL Separable Portion 2 Porters Footbridge for \$38 million through Auckland Council to Auckland Transport (2022: \$196.1 million).

Weather damaged assets

Flooding in late January 2023 and Cyclone Gabrielle in February 2023 caused damage to Auckland Transport's infrastructure assets. Property, plant and equipment with a carrying value of \$3.6 million was written off recognising the loss in future service potential for significantly damaged assets. An impairment assessment was performed to determine if the carrying value of the assets exceeds its recoverable service amount. The recoverable service amount was based on value in use using the restoration cost approach, which was determined by reference to the 'depreciated replacement cost' of the asset less the 'costs to repair' the damage. Subsequent asset remediation resulted in any further impairment being immaterial. Asset remediation to 30 June 2023 was \$10.9 million and is included within roading work in progress. Refer to note 4 full impact of damage caused by the adverse weather events.

NOTES TO THE FINANCIAL STATEMENTS

Part 2: Long-term assets

6 Property, plant and equipment (continued)

	Cost/ revaluation 1 July 2022	Accumulated depreciation and impairment charges 1 July 2022	Carrying amount 1 July 2022	Current year additions	Current year disposals	Current year transfers	Current year impairment/ write-off charges	Current year depreciation	Revaluation surplus/ (loss)	Cost/ revaluation 30 June 2023	Accumulated depreciation and impairment charges 30 June 2023	Carrying amount 30 June 2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2023												
Operational assets												
Land	757,327	-	757,327	-	(6,543)	7	-	-	-	750,791	-	750,791
Land - finance lease	25,800	-	25,800	-	-	-	-	-	3,640	29,440	-	29,440
Properties held for roading purposes	365,613	-	365,613	-	(1,924)	71,502	-	-	-	435,191	-	435,191
Buildings	193,339	-	193,339	-	-	560	-	(6,532)	-	193,899	(6,532)	187,367
Leasehold improvements	14,743	(4,813)	9,930	-	-	-	-	(681)	-	14,743	(5,494)	9,249
Rolling stock	592,159	-	592,159	-	-	265	-	(20,938)	-	592,218	(20,732)	571,486
Motor vehicles	5,272	(1,302)	3,970	157	(28)	-	-	(448)	-	5,099	(1,447)	3,652
Boats and engines	1,460	(761)	699	-	(22)	87	-	(197)	-	1,215	(649)	566
Computer hardware	85,814	(66,830)	18,984	-	8	19,995	-	(13,042)	-	49,967	(24,022)	25,945
Furniture and fittings	9,455	(4,346)	5,109	-	-	-	-	(822)	-	9,168	(4,881)	4,287
Plant and equipment	75,809	(53,402)	22,407	-	-	1,059	-	(4,240)	-	41,326	(22,099)	19,227
Wharves	214,118	(10,189)	203,929	-	-	15,695	-	(5,753)	37,042	250,913	-	250,913
Bus stations and shelters	135,074	(11,008)	124,066	-	-	12,341	-	(6,196)	17,819	148,030	-	148,030
Train stations	864,596	(45,485)	819,111	-	-	5,606	-	(24,066)	(5,425)	795,227	-	795,227
Computer hardware - finance lease	5,336	(1,549)	3,787	-	-	-	-	(1,033)	-	5,336	(2,582)	2,754
	3,345,915	(199,685)	3,146,230	157	(8,509)	127,117	-	(83,948)	53,076	3,322,563	(88,438)	3,234,125
Infrastructural assets												
Land	7,090,528	-	7,090,528	-	(160)	289,817	-	-	-	7,380,184	-	7,380,184
Roading	15,267,964	(13,034)	15,254,930	56,095	(3,552)	528,823	-	(411,329)	-	15,849,014	(424,048)	15,424,966
Street gardens	59,953	(26,816)	33,137	6	-	1,080	-	(5,196)	-	60,768	(31,741)	29,027
	22,418,445	(39,850)	22,378,595	56,101	(3,712)	819,720	-	(416,525)	-	23,289,966	(455,789)	22,834,177
Work in progress	744,218	-	744,218	1,184,563	-	(946,837)	(14,960)	-	-	966,982	-	966,982
Total property, plant and equipment	26,508,578	(239,535)	26,269,043	1,240,821	(12,221)	-	(14,960)	(500,473)	53,076	27,579,511	(544,227)	27,035,284

The land – finance lease relates to Ferry Terminal water space 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.

NOTES TO THE FINANCIAL STATEMENTS

Part 2: Long-term assets

6 Property, plant and equipment (continued)

	Cost/ revaluation 1 July 2021	Accumulated depreciation and impairment charges 1 July 2021	Carrying amount 1 July 2021	Current year additions	Current year disposals	Current year transfers	Current year impairment/ write-off charges	Current year depreciation	Revaluation surplus/ (loss)	Cost/ revaluation 30 June 2022	Accumulated depreciation and impairment charges 30 June 2022	Carrying amount 30 June 2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2022												
Operational assets												
Land	729,585	-	729,585	11,020	(1,815)	5	-	-	18,532	757,327	-	757,327
Land - finance lease	25,800	-	25,800	-	-	-	-	-	-	25,800	-	25,800
Properties held for roading purposes	360,287	-	360,287	-	(5,337)	10,663	-	-	-	365,613	-	365,613
Buildings	208,339	1	208,340	-	-	3,705	-	(5,908)	(12,798)	193,339	-	193,339
Leasehold improvements	14,743	(4,132)	10,611	-	-	-	-	(681)	-	14,743	(4,813)	9,930
Rolling stock	578,321	(50,830)	527,491	-	(157)	21,935	-	(21,024)	63,914	592,159	-	592,159
Motor vehicles	4,260	(838)	3,422	-	-	1,012	-	(464)	-	5,272	(1,302)	3,970
Boats and engines	1,460	(532)	928	-	-	-	-	(229)	-	1,460	(761)	699
Computer hardware	70,425	(55,540)	14,885	-	(5)	15,397	-	(11,294)	-	85,814	(66,830)	18,984
Furniture and fittings	9,455	(3,513)	5,942	-	-	-	-	(833)	-	9,455	(4,346)	5,109
Plant and equipment	76,380	(48,228)	28,152	2	-	101	-	(5,848)	-	75,809	(53,402)	22,407
Wharves	91,261	(4,149)	87,112	-	-	122,857	-	(6,041)	-	214,118	(10,189)	203,929
Bus stations and shelters	116,913	(5,398)	111,515	-	-	18,160	-	(5,610)	-	135,074	(11,008)	124,066
Train stations	643,581	(29,049)	614,532	179,978	(36,461)	85,872	-	(24,810)	-	864,596	(45,485)	819,111
Computer hardware - finance lease	5,336	(516)	4,820	-	-	-	-	(1,033)	-	5,336	(1,549)	3,787
	2,936,146	(202,724)	2,733,422	191,000	(43,775)	279,707	-	(83,775)	69,648	3,345,915	(199,685)	3,146,230
Infrastructural assets												
Land	6,930,150	-	6,930,150	69	(1,065)	161,375	-	-	-	7,090,528	-	7,090,528
Roading	11,275,534	(270,148)	11,005,386	88,204	(6,578)	748,122	-	(290,607)	3,710,401	15,267,964	(13,034)	15,254,930
Street gardens	53,557	(22,061)	31,496	2	-	6,394	-	(4,755)	-	59,953	(26,816)	33,137
	18,259,241	(292,209)	17,967,032	88,275	(7,643)	915,891	-	(295,362)	3,710,401	22,418,445	(39,850)	22,378,595
Work in progress	1,108,678	-	1,108,678	860,974	-	(1,195,598)	(29,835)	-	-	744,218	-	744,218
Total property, plant and equipment	22,304,065	(494,933)	21,809,132	1,140,249	(51,418)	-	(29,835)	(379,137)	3,780,049	26,508,578	(239,535)	26,269,043

NOTES TO THE FINANCIAL STATEMENTS

Part 2: Long-term assets

6 Property, plant and equipment (continued)

Asset class	Date of revaluation	Valuation Amount \$000	Basis of revaluation	Valuation Company	Valuer name
Rolling stock	30 June 2022	592,159	Depreciated replacement cost	KPMG	Sean Collins
Land	30 June 2022	757,327	Fair Value with the approaches being Market and Income	Bayleys Valuations Limited Quotable Value Limited Beca Projects NZ Ltd.	Jessica McKenzie Andrew Parkyn Marvin Clough
Land - finance lease	30 June 2023	29,440	Fair Value with the approaches being Market and Income	Telfer Young (Auckland) Limited	Evan Gamby
Buildings	30 June 2022	193,339	Fair Value with the approaches being Market and Income	Bayleys Valuations Limited Quotable Value Limited Beca Projects NZ Ltd.	Jessica McKenzie Andrew Parkyn Marvin Clough
Train stations	30 June 2023	795,202	Depreciated replacement cost	Beca Projects NZ Ltd.	Marvin Clough
Train stations	30 June 2023	25	Depreciated replacement cost	Auckland Transport	Karalee Squire
Wharves	30 June 2023	250,913	Depreciated replacement cost	Beca Projects NZ Ltd.	Marvin Clough
Roads and parking (excluding land and buildings)	30 June 2022	14,823,553	Depreciated replacement cost	PEACS Limited	Amar Singh
Bus stations and shelters	30 June 2023	148,030	Depreciated replacement cost	Beca Projects NZ Ltd.	Marvin Clough

NOTES TO THE FINANCIAL STATEMENTS

Part 2: Long-term assets

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:

- A hybrid valuation was performed on operational land and buildings for the year ended 30 June 2022. The hybrid valuation approach is a detailed assessment beyond simple market movement assessments, however not a full revaluation. This is an assessment of value change over the past 12 months supported by a 5% inspection sample of key property types and geographies. For the desktop assessment a confirmed percentage change was applied to each property based on the current market activities in each location and by zoning category. The percentage change was cross checked against the market movement of the 5% of individual inspected sampled properties.
- Useful lives for operational land and buildings were sourced from International Infrastructure Management and New Zealand Asset Management Support Manuals.
- Railway station assets with unlimited engineering lives have been adjusted to have a typical useful life appropriate to the rate of change and obsolescence in the environment for each elemental value
- Wharf assets' typical useful life has been based on current condition and environmental factors such as reflecting the marine environment, rate of change and obsolescence, loadings, and the predominance of concrete and steel structural elements
- Estimating the unit rate for construction of roading assets: The most current contracted unit rates for road construction have been used. Where there is no current contracted unit rate information available, the most recent rates are used indexed for the impact of inflation
- Assumptions on the remaining useful life over which the asset will be depreciated: These assumptions are based on the age, condition information held on these assets and the asset's future service potential. For roading assets these assumptions can be affected by local conditions such as ground type, weather patterns and road usage
- Rolling stock consists of electric trains and diesel motor units operating from Papakura to Pukekohe
- Assumptions on rail rolling stock useful lives have been based on an expected vehicle replacement programme. The programme defines the expected economic and/or physical lives of the different vehicle types.

NOTES TO THE FINANCIAL STATEMENTS

Part 2: Long-term assets

6 Property, plant and equipment (continued)

- 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.
- The replacement costs for bus stations and shelters, wharves and train stations are calculated in situ and may exclude initial site preparation cost, planning, site management costs and other pre-construction costs that won't be repeated to replace the current asset.

All other asset classes are measured at depreciated historical cost.

Work in progress

	Actual 2023 \$000	Actual 2022 \$000
Operational assets		
Land	68,250	30,150
Rolling stock	51,539	13,848
Wharves	57,749	29,158
Bus stations and shelters	54,965	58,178
Train stations	23,199	8,695
Infrastructural assets		
Roading	711,280	604,189
Total work in progress	966,982	744,218

NOTES TO THE FINANCIAL STATEMENTS

Part 2: Long-term assets

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 have the rights to use the assets under agreement with KiwiRail. Access rights also includes public transport option within SH20a land and licenses 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.

NOTES TO THE FINANCIAL STATEMENTS

Part 2: Long-term assets

7 Intangible assets (continued)

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.

	Cost 1 July 2022	Accumulated amortisation and impairment charges 1 July 2022	Carrying amount 1 July 2022	Current year additions	Current year disposals	Current year transfers	Current year impairment write-off charges	Current year amortisation	Cost 30 June 2023	Accumulated amortisation and impairment charges 30 June 2023	Carrying amount 30 June 2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2023											
Software	258,097	(196,969)	61,128	-	-	23,896	-	(25,484)	149,341	(89,800)	59,541
Designations	399	-	399	-	-	-	-	-	399	-	399
Access rights	67,941	(6,109)	61,832	-	-	-	-	(732)	67,942	(6,841)	61,101
	326,437	(203,078)	123,359	-	-	23,896	-	(26,216)	217,682	(96,641)	121,041
Work in progress	40,382	-	40,382	27,885	-	(23,896)	(583)	-	43,788	-	43,788
Total intangible assets	366,819	(203,078)	163,741	27,885	-	-	(583)	(26,216)	261,470	(96,641)	164,829
	Cost 1 July 2021	Accumulated amortisation and impairment charges 1 July 2021	Carrying amount 1 July 2021	Current year additions	Current year disposals	Current year transfers	Current year impairment charges	Current year amortisation	Cost 30 June 2022	Accumulated amortisation and impairment charges 30 June 2022	Carrying amount 30 June 2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2022											
Software	247,674	(173,633)	74,041	-	(4,695)	19,527	-	(27,745)	258,097	(196,969)	61,128
Designations	399	-	399	-	-	-	-	-	399	-	399
Access rights	67,942	(5,377)	62,565	-	-	-	-	(733)	67,941	(6,109)	61,832
	316,015	(179,010)	137,005	-	(4,695)	19,527	-	(28,478)	326,437	(203,078)	123,359
Work in progress	32,994	-	32,994	27,248	-	(19,527)	(334)	-	40,382	-	40,382
Total intangible assets	349,009	(179,010)	169,999	27,248	(4,695)	-	(334)	(28,478)	366,819	(203,078)	163,741

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.

NOTES TO THE FINANCIAL STATEMENTS

Part 2: Long-term assets

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 2023 \$000	Actual 2022 \$000
Vehicle held for sale	-	157
Deisel train spare parts held for sale	1,451	-
Total non-current asset held for sale	1,451	157

NOTES TO THE FINANCIAL STATEMENTS

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 Derivative financial instruments
- 10 Provisions
- 11 Borrowings and other financial liabilities

NOTES TO THE FINANCIAL STATEMENTS

Part 3: Borrowings and derivative financial instruments

9 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 2023 \$000	Actual 2022 \$000
Current asset portion		
Forward foreign exchange contracts	514	-
Non-current asset portion		
Forward foreign exchange contracts	372	-
Current liability portion		
Forward foreign exchange contracts	-	401
Non-current liability portion		
Forward foreign exchange contracts	294	2,043

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 \$204.5 million (2022: \$219.1 million). The foreign currency principal amount was EUR 114.8 million (2022: EUR \$130.5 million).

NOTES TO THE FINANCIAL STATEMENTS

Part 3: Borrowings and derivative financial instruments

10 Provision

Accounting policy

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

	Restructuring provision \$000	Total \$000
Balance as at 1 July 2022	-	-
Additional provisions made	5,229	5,229
Provision used	-	-
Provision amounts reversed	-	-
Discount unwind	-	-
Balance as at 30 June 2023	5,229	5,229
Balance as at 1 July 2021	-	-
Additional provisions made	-	-
Provision used	-	-
Provision amounts reversed	-	-
Discount unwind	-	-
Balance as at 30 June 2022	-	-

Restructuring provision

Auckland Transport approved a detailed and formal restructuring plan, which was announced in April 2023 and confirmed in May 2023. The restructuring will result in a reduction in full-time staff employed by Auckland Transport. The restructuring plan and associated payments are expected to be completed in July 2023.

NOTES TO THE FINANCIAL STATEMENTS

Part 3: Borrowings and derivative financial instruments

11 Borrowings and other financial liabilities

Accounting policy

Borrowings

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 2023 \$000	Actual 2022 \$000
Current portion		
Finance lease	1,072	1,062
Loans from Auckland Council	10,171	7,785
Total current borrowings	11,243	8,847
Non-current portion		
Finance lease	1,811	2,884
Loans from Auckland Council	458,163	468,338
Total non-current borrowings	459,974	471,222
Total borrowings	471,217	480,069

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 \$468.3 million (2022: \$476.1 million) are issued at fixed rate of 4.54% (2022: 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 \$383.0 million (2022: \$390.2 million) has a final repayment date of 21 November 2046 and the second loan of \$85.4 million (2022: \$85.9 million) has a final repayment date of 27 March 2062.

The fair value of these loans is \$460.8 million (2022: \$482.3 million). The fair value is based on cash flows discounted using a rate based on the borrowing rate of 6.22% (2022: 4.55%).

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 \$2.8 million (2022: \$3.9 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% (2022: 1%).

NOTES TO THE FINANCIAL STATEMENTS

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:

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

NOTES TO THE FINANCIAL STATEMENTS

Part 4: Working capital and equity

12 Cash and cash equivalents

Accounting policy

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

	Actual 2023 \$000	Actual 2022 \$000
Cash at bank	4,763	4,155
Till floats	215	235
Total cash and cash equivalents	4,978	4,390

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

The weighted average effective interest rate for cash and cash equivalents is 5.5% (2022: 2.0%).

NOTES TO THE FINANCIAL STATEMENTS

Part 4: Working capital and equity

13 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.

ECL for short term infringement receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Receivables are written off when there is no reasonable expectation of recovery.

	Actual 2023 \$000	Actual 2022 \$000
Receivables from non-exchange transactions		
Current portion		
Trade debtors	16,967	4,774
Infringements receivable	52,500	45,782
Amounts due from related parties	462,003	481,277
Accrued revenue	137,444	76,364
	668,914	608,197
Less provision for impairment of receivables	(25,535)	(21,844)
Total current receivables	643,379	586,353

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.

NOTES TO THE FINANCIAL STATEMENTS

Part 4: Working capital and equity

13 Receivables (continued)

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

	Gross \$000	Impaired \$000	Net \$000
2023			
Not past due	611,631	-	611,631
Past due 1 - 30 days	6,234	-	6,234
Past due 31 - 60 days	5,212	-	5,212
Past due 61 - 90 days	3,247	-	3,247
Past due > 90 days	42,590	(25,535)	17,055
	668,914	(25,535)	643,379
2022			
Not past due	563,190	-	563,190
Past due 1 - 30 days	3,637	-	3,637
Past due 31 - 60 days	2,497	-	2,497
Past due 61 - 90 days	1,934	-	1,934
Past due > 90 days	36,939	(21,844)	15,095
	608,197	(21,844)	586,353

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

The expected credit loss rates for receivables are based on the payment profile of revenue at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the recoverability of receivables. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

There have been no changes during the reporting in the estimation techniques or significant assumptions used in measuring the loss allowance.

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

	Actual 2023 \$000	Actual 2022 \$000
Balance at 1 July	21,844	21,549
Additional provisions made	3,880	654
Provisions reversed	(125)	(232)
Provisions relating to receivables written-off	(64)	(127)
Balance at 30 June	25,535	21,844

NOTES TO THE FINANCIAL STATEMENTS

Part 4: Working capital and equity

14 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 2023 \$000	Actual 2022 \$000
Spare parts for diesel rolling stock	-	1,745
Spare parts for electric trains	12,022	11,593
Others	18	18
Total inventories	12,040	13,356

No inventories are pledged as security for liabilities.

There has been no write down of inventory during the year (2022: \$nil).

There have been no reversal of write downs of inventories.

NOTES TO THE FINANCIAL STATEMENTS

Part 4: Working capital and equity

15 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 2023 \$000	Actual 2022 \$000
Current portion		
Payables under exchange transactions		
Creditors	107,340	91,786
Accrued expenses	206,619	164,020
Total payables under exchange transactions	313,959	255,806
Payables under non-exchange transactions		
Amounts due to related parties	14,775	22,445
Revenue in advance	622	1,129
Goods and services tax	1,892	2,186
Total payables under non-exchange transactions	17,289	25,760
Total current payables	331,248	281,566
Non-current portion		
Payables under non-exchange transactions		
Amounts due to related parties	264	3,505
Total non-current payables	264	3,505

NOTES TO THE FINANCIAL STATEMENTS

Part 4: Working capital and equity

16 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 2023 \$000	Actual 2022 \$000
Current portion		
Accrued salaries and wages	3,928	2,819
Annual leave	14,856	14,402
Sick leave	266	266
Long service leave	1	-
Total current employee entitlements	19,051	17,487
Non-current portion		
Retirement gratuities	253	253
Long service leave	37	36
Total non-current employee entitlements	290	289

17 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.

NOTES TO THE FINANCIAL STATEMENTS

Part 4: Working capital and equity

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.

	Actual 2023 \$000	Actual 2022 \$000
Contributed capital	13,272,241	13,220,520
Accumulated funds	5,525,768	4,836,173
Asset revaluation reserve		
Balance at 1 July	8,205,263	4,456,868
Change in fair value recognised during the year	53,076	3,780,049
Transfer to accumulated funds on disposal of property	(7,557)	(31,654)
Deferred tax on revaluation	-	-
Asset revaluation reserve	8,250,782	8,205,263
Asset revaluation reserve for each asset class consist of:		
Operational assets		
Land	424,702	429,678
Land - finance lease	16,909	13,269
Buildings	51,525	51,525
Rolling stock	67,622	67,622
Wharves	46,781	9,739
Bus stations and shelters	27,419	9,600
Train stations	294,201	299,626
Infrastructural assets		
Roading	7,321,623	7,324,205
Total asset revaluation reserve	8,250,782	8,205,263
Total equity	27,048,791	26,261,956

NOTES TO THE FINANCIAL STATEMENTS

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:

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

NOTES TO THE FINANCIAL STATEMENTS

Part 5: Financial instruments and risk management

18 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 2023 \$000	Actual 2022 \$000
Financial assets		
Amortised cost		
Cash and cash equivalents	4,978	4,390
Receivables (excluding goods and services tax)	643,379	586,353
Total	648,357	590,743
Fair value through surplus or deficit		
Forward foreign exchange contracts	886	-
Total	886	-
Financial liabilities		
Fair value through surplus or deficit		
Forward foreign exchange contracts	294	2,444
Total	294	2,444
Amortised cost		
Payables and accruals	329,620	282,885
Borrowings	471,217	480,069
Total	800,837	762,954

NOTES TO THE FINANCIAL STATEMENTS

Part 5: Financial instruments and risk management

18 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.

	Total \$000	Valuation technique		
		Level 1 Quoted market price \$000	Level 2 Observable inputs \$000	Level 3 Significant non- observable inputs \$000
2023				
Financial assets				
Forward foreign exchange contracts	886	-	886	-
Financial liabilities				
Forward foreign exchange contracts	294	-	294	-
2022				
Financial liabilities				
Forward foreign exchange contracts	2,444	-	2,444	-

There were no transfers between the different levels of the fair value hierarchy during the year (2022: nil).

NOTES TO THE FINANCIAL STATEMENTS

Part 5: Financial instruments and risk management

19 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.

20 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
2023				
Forward foreign exchange contracts	(9,255)	-	10,229	-
2022				
Forward foreign exchange contracts	(10,209)	-	11,284	-

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%.

NOTES TO THE FINANCIAL STATEMENTS

Part 5: Financial instruments and risk management

21 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 2023 \$000	Actual 2022 \$000
Counterparties with credit ratings			
Cash at bank	AA-	4,763	4,155
Counterparties without credit ratings			
Receivables			
Existing counterparty with no defaults in the past		643,379	586,353
Total receivables		643,379	586,353

22 Liquidity risk

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

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

Contractual maturity analysis of financial liabilities, excluding borrowings

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

NOTES TO THE FINANCIAL STATEMENTS

Part 5: Financial instruments and risk management

22 Liquidity risk (Continued)

	Carrying amount NZ\$000	Contractual cash flows NZ\$000	Less than 6 months NZ\$000	6-12 months NZ\$000	Later than 1 year NZ\$000
2023					
Trade and other payables	331,512	331,512	331,512	-	-
Forward foreign exchange contracts					
- outflow	-	209,519	516	43,695	165,308
- inflow	-	204,515	541	43,492	160,482
Net settled derivative liabilities	294	5,004	(25)	203	4,826

2022

Trade and other payables	285,071	285,071	285,071	-	-
Forward foreign exchange contracts					
- outflow	-	236,603	26,187	-	210,416
- inflow	-	219,122	25,478	-	193,644
Net settled derivative liabilities	2,444	17,481	709	-	16,772

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
2023							
Finance leases	2,883	2,920	2,920	-	-	-	-
Loans from Auckland Council	468,334	804,718	312,819	312,819	137,711	41,369	0
Total borrowings	471,217	807,638	315,739	312,819	137,711	41,369	0
2022							
Finance leases	3,946	4,015	4,015	-	-	-	-
Loans from Auckland Council	476,123	971,357	362,512	362,512	191,363	54,970	0
Total borrowings	480,069	975,372	366,527	362,512	191,363	54,970	0

NOTES TO THE FINANCIAL STATEMENTS

Part 6: Other financial disclosures

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:

23 Capital commitments and operating and finance leases

24 Contingencies

25 Related party transactions

a. Key management personnel remuneration

b. Board member remuneration

c. Employee remuneration

d. Severance payments

26 Major budget variances

27 Reconciliation of surplus after tax to net cash from operating activities

28 Auckland integrated fares system funds

29 Events after the reporting period

NOTES TO THE FINANCIAL STATEMENTS

Part 6: Other financial disclosures

23 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 2023 \$000	Actual 2022 \$000
Operational assets		
Land	60	658
Buildings	210	666
Rolling stock	221,332	239,284
Motor vehicles	-	426
Boats and engines	32,066	13
Computer hardware	12,886	6,860
Furniture and fittings	-	-
Plant and equipment	7,021	1,933
Wharves	37,726	40,714
Bus stations and shelters	41,490	49,308
Train stations	20,327	11,957
Infrastructural assets		
Roading	1,612,412	537,891
Intangible assets		
Software	14,254	24,983
Total capital commitments	1,999,784	914,692

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

NOTES TO THE FINANCIAL STATEMENTS

Part 6: Other financial disclosures

23 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 23 and 1,799 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 contacts. There are no restrictions placed on Auckland Transport by any of the leasing arrangements.

	Actual 2023 \$000	Actual 2022 \$000
Not later than one year	110,204	101,395
Later than one year and not later than five years	299,035	315,448
Later than five years	109,306	155,871
Total operating leases	518,545	572,714

Operating leases as lessor

Auckland Transport leases property under operating leases. These leases have a term of between 1 and 759 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual 2023 \$000	Actual 2022 \$000
Not later than one year	11,070	9,303
Later than one year and not later than five years	25,546	24,840
Later than five years	32,533	34,250
Total operating leases	69,149	68,393

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 \$2.9 million (2022: \$3.8 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.

NOTES TO THE FINANCIAL STATEMENTS

Part 6: Other financial disclosures

23 Capital commitments and operating and finance leases (continued)

	Actual 2023 \$000	Actual 2022 \$000
Mimum lease payments		
Not later than one year	548	1,095
Later than one year and not later than five years	2,372	2,920
Later than five years	-	-
Total mimum lease payments	2,920	4,015
Future finance charges	37	71
Present value of minimun lease payments	2,815	3,890
	Actual 2023 \$000	Actual 2022 \$000
Present value of minimum lease payments payable		
Not later than one year	1,064	881
Later than one year and not later than five years	1,751	3,009
Later than five years	-	-
Total present value of minimum lease payments payable	2,815	3,890

NOTES TO THE FINANCIAL STATEMENTS

Part 6: Other financial disclosures

24 Contingencies

Contingent liabilities

Westgate Town Centre NZRPG claim

A damages claim has been brought in the Auckland High Court by Westgate Town Centre Limited and 5 related companies (together NZRPG) relating to several agreements between the former Waitakere City Council (WCC) and NZRPG to facilitate the development and provision of the infrastructure for the proposed town centre at NZRPG's Westgate retail centre. NZRPG allege the contracts obligated WCC (and its successors Auckland Council and AT) to design, construct and fund certain identified infrastructure including roads and community facilities. NZRPG also alleges breaches of those agreements which have resulted in reduced income and a reduction in the value of NZRPG's assets in the Westgate retail centre. A decision was delivered on 19 June 2023 with the Judge in the matter not upholding any of the plaintiffs' claims. The plaintiffs have subsequently filed an appeal. A judgement had not been delivered on the appeal at the time the Financial Statements were authorised for issue.

There are no material contingent liabilities as at 30 June 2023 (2022: \$nil).

Contingent assets

There are no material contingent assets as at 30 June 2023 (2022: \$nil).

NOTES TO THE FINANCIAL STATEMENTS

Part 6: Other financial disclosures

25 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 2023 \$	Actual 2022 \$
Board members		
Remuneration	467,879	501,300
Full-time equivalent members	1.3	1.2
Leadership team		
Remuneration	4,170,686	4,714,355
Full-time equivalent members	10.2	11.3
Total key management personnel remuneration	4,638,565	5,215,655
Total full time equivalent personnel	11.5	12.5

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.

NOTES TO THE FINANCIAL STATEMENTS

Part 6: Other financial disclosures

25 Related party transactions (continued)

b. Board member remuneration

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

	Actual 2023 \$	Actual 2022 \$
Wayne Donnelly - Acting Chair (from October 2022)	97,088	67,500
Mark Darrow - Acting Deputy Chair (from December 2022)	65,061	41,400
Kylie Clegg - Committee Chair	62,100	62,100
Michael Lee (from 17 November 2022)	33,600	-
Andrew Baker (from 17 November 2022)	33,600	-
Raveen Jaduram (from 1 May 2023)	9,000	-
Henare Clarke (from 1 June 2023)	4,500	-
Darren Linton (to 31 May 2023)	49,500	54,000
Abbie Reynolds - Committee Chair (to 31 May 2023)	54,000	54,000
Dr James Mather - Committee Chair (to November 2022)	25,530	62,100
Adrienne Young Cooper - Chair (to 8 October 2022)	29,400	108,000
Thomas Parker (to 4 November 2022)	4,500	31,500
Mary-Jane Daly - Committee Chair (to October 2021)	-	20,700
Total Board member remuneration	467,879	501,300

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 (2022: \$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.

NOTES TO THE FINANCIAL STATEMENTS

Part 6: Other financial disclosures

25 Related party transactions (continued)

c. Employee remuneration

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

	Number of employees	
	2023	2022
\$0 - \$59,999	322	385
\$60,000 - \$79,999	387	386
\$80,000 - \$99,999	315	322
\$100,000 - \$119,999	278	285
\$120,000 - \$139,999	249	213
\$140,000 - \$159,999	152	129
\$160,000 - \$179,999	83	59
\$180,000 - \$199,999	41	32
\$200,000 - \$219,999	20	16
\$220,000 - \$239,999	10	13
\$240,000 - \$259,999	10	7
\$260,000 - \$319,999	5	6
\$320,000 - \$379,999	7	6
\$380,000 - \$419,999	4	4
\$420,000 - \$439,999	1	-
\$600,000 - \$639,999	1	-
Number of employees	1,885	1,863
Number of full-time employees	1,798	1,763
Full-time equivalent number of all other employees	56	66

d. Severance payments

For the year ended 30 June 2023, Auckland Transport made six (2022: thirteen) severance payments to employees totalling \$206,551 (2022: \$405,246). The value of each of the severance payments was \$103,161, \$45,874, \$35,000, \$15,000, \$4,708, \$2,808.

NOTES TO THE FINANCIAL STATEMENTS

Part 6: Other financial disclosures

26 Major budget variances

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

	Actual 2023 \$000	Budget 2023 \$000	Variance \$000
Auckland Council capital funding Lower than budgeted funding mainly due to lower than expected capital expenditure	401,394	416,042	(14,648)
Waka Kotai NZ Transport Agency operating funding Higher than budgeted funding mainly due to the unbudgeted public transport fare funding for the extension of half price fares to the end of June 2023 and unbudgeted January/February 2023 adverse weather events immediate response cost co-funding at 91% funding assistance rate (FAR).	510,439	424,286	86,153
Other revenue Higher other revenue mainly due to higher than expected vested assets revenue received. This is partly offset by lower than budgeted public transport, parking and enforcement revenue.	619,885	591,282	28,603
Other expenses Higher than budget mainly due to January/February 2023 extreme weather events immediate response cost.	981,088	951,654	(29,434)
Depreciation and amortisation Higher than budget due to the impact of the June 2022 roading revaluation.	526,689	446,714	(79,975)
Receivables Mainly due to higher than expected accrued revenue.	643,379	586,353	57,026
Capital expenditure Capital expenditure of \$847 million is 99% of planned spend. Despite the continuing adverse weather, Auckland Transport progressed the delivery of asset renewals and new capital infrastructure achieving over 99% of the full year budget. This includes continuing to progress large projects including Eastern Busway, Ferry decarbonisation and new Electric Trains.	846,277	856,729	10,452

NOTES TO THE FINANCIAL STATEMENTS

Part 6: Other financial disclosures

27 Reconciliation of surplus after tax to net cash from operating activities

	Actual 2023 \$000	Actual 2022 \$000
Surplus after tax	682,038	394,641
Add/(less) non-cash items		
Depreciation and amortisation	526,688	407,615
Vested asset revenue	(366,171)	(232,031)
Loss on disposal of property, plant and equipment	3,567	41,172
Gain on disposal of property, plant and equipment	(1,097)	(3,053)
Write-off of capital works	15,543	30,169
Foreign exchange (gains)/losses	(3,035)	1,927
Add/(less) movements in balance sheet items		
Receivables	(57,026)	74,793
Inventories	1,316	(2,630)
Other assets	(3,261)	(5,784)
Non-current assets held for sale	(1,451)	-
Payables and accruals	28,630	(70,077)
Employee entitlements	1,565	357
Provisions	5,229	-
Net cash from operating activities	832,535	637,099

28 Auckland integrated fare system funds

Auckland Transport operates a restricted bank account for Auckland Integrated Fares System (AIFS) with a balance of \$26.0 million at 30 June 2023 (2022: \$22.0 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.

29 Events after the reporting period

Auckland Transport approved a restructuring plan, which was announced in April 2023 and confirmed in May 2023. The restructuring resulted in a reduction of 37 employees before 30 June 2023 and an expected reduction in 123 employees after 30 June 2023. The restructuring plan and associated payments have been completed in July 2023.





Independent Auditor's Report

To the readers of Auckland Transport's financial statements and performance information for the year ended 30 June 2023

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 96 to 154, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expenditure, statement of changes in equity, statement of cash flows, and summary of capital expenditure 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 24 to 34.

In our opinion:

- the financial statements of Auckland Transport on pages 96 to 154:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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 Entity Reporting Standards; and
- the performance information of Auckland Transport on pages 24 to 34 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 2023.

Our audit was completed on 5 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to inherent uncertainties in the measurement of greenhouse gas emissions. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of Matter - inherent uncertainties in the measurement of greenhouse gas emissions

Auckland Transport has chosen to include measures of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion, and considering the public interest in climate change related information, we draw attention to pages 26 and 27 of the Annual report, which outline the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources is still evolving, as are GHG reporting and assurance standards.

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.

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 is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to Auckland Transport's budget derived from the 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.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of

Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Auckland Transport's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Auckland Transport to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 23 and 35 to 95 and 155, 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 (including International Independence Standards) (New Zealand) (PES 1), issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out a review engagement of Auckland Transport's 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

