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Adoption of the Auckland Transport Annual Report for the Year Ended 30 June 2022

For decision: For noting:

Ngā tūtohunga / Recommendations

That the Auckland Transport Board (board):

- a) Adopts the Annual Report which includes Auckland Transport's (AT's) non-financial performance, Statements of Comprehensive Revenue and Expenditure, Statement of Financial Position, Statements of Cash Flow and supporting statements including the Notes to the Financial Statements.
- b) Authorises the board chair and the Finance and Assurance Committee (committee) chair to sign the Letter of Representation (LoR) to Audit New Zealand (Audit NZ).

Te whakarāpopototanga matua / Executive summary

1. AT is required by the Local Government Act 2002 to produce an Annual Report by the 30 September. The Annual Report (Attachment 1) has been audited and is submitted for adoption.
2. The Annual Report is expected to be released to the public on 30 August 2022.
3. The Annual Report is audited by Audit NZ, who at the time of submitting this paper, are still completing their audit but have indicated that they expect to issue an unqualified audit report (Attachment 2), subject to satisfactory conclusion of the following outstanding workstreams:
 - a) Audit of the roading and operational land and building revaluations
 - b) Audit of AT's greenhouse gas emissions (GHG) reduction results
4. As part of the Annual Report process the board is required to provide a number of attestations contained within a LoR. The LoR (Attachment 3) attests to the accuracy of the Annual Report and is provided to the auditors before they provide their audit report.
5. There have been no significant changes, with the exception of the inclusion of the finalised chair and interim chief executive reports, since the committee's last review of the Annual Report at its 9 August meeting.

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Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
May 2022 (committee)	2021/2022 Annual Report Process and Timelines	The committee received and provided feedback on the 2021/22 Annual Report process and timelines.
July 2022 (committee)	Draft Annual Report and Auckland Council (AC) Reporting Pack	<ul style="list-style-type: none"> The committee reviewed and provided feedback on the Draft 2021/22 Annual Report and Draft AC Reporting Pack. The approved AC Reporting Pack was released to AC on 29 July 2022. The committee approved the signing and release of the AC Reporting Pack LoR's to AC and Audit NZ.
August 2022 (committee)	Updated Draft 2021/2022 Annual Report	The committee reviewed and provided feedback on the updated Draft 2021/22 Annual Report.

Te horopaki me te tīaroaro rautaki / Context and strategic alignment

- AT is required by section 67 of the Local Government Act 2002 to produce an Annual Report within three months after the end of the financial year. The Annual Report includes AT's non-financial performance, Statements of Comprehensive Revenue and Expenditure, Statement of Financial Position, Statements of Cash Flow and supporting statements including the Notes to the Financial Statements.

Ngā matapakinga me ngā tātaritanga / Discussion and analysis

- AT's Annual Report (Attachment 1) is required to be audited, adopted and published before 30 September each year. AT prepares its Annual Report significantly earlier than the legislative deadline at the request of AC to allow the AC Group Annual Report to be completed in compliance with the AC Group reporting requirements as an issuer of securities.
- The Annual Report is audited by Audit NZ, who have advised that the Annual Report, as presented, will receive a standard, unqualified audit report (Attachment 2), subject to the following items which were still being completed at the time this paper was submitted:
 - Audit of the roading and operational land and building revaluations:
Valuation audit is ongoing due to the significant complexity and use of judgement and estimation within the valuation.
 - Audit of AT's GHG reduction results:

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The Office of the Auditor General and Audit NZ have placed greater audit emphasis on GHG emissions targets across the public sector this year and Audit NZ are still completing their audit of AT's GHG emissions reduction result. As AT are one of the first entities to prepare the 2021/22 Annual Report which includes a GHG emissions reduction target, Audit NZ are also consulting their Opinion Review Committee as a test case. The review meeting, held on 18 August 2022, is to discuss the impact of estimation uncertainty regarding the measurement of GHG emissions on the audit opinion (potential emphasis of matter paragraph to highlight uncertainties disclosed by management in the Annual Report) and the additional disclosures discussed with the audit team (subsequent to the committee) and included in the Annual Report.

9. Before Audit NZ issue their audit report, they require a LoR which is signed by the board chair and committee chair (Attachment 3). The letter provides assurance to Audit NZ that the Annual Report is prepared in accordance with applicable accounting standards and fairly reflects AT's financial position and performance for the year. On adoption of the Annual Report and receipt of the LoR from the board, Audit NZ will issue the final Audit Report for inclusion in the Annual Report.
10. The 2021/22 Annual Report is scheduled to be released to the public on 30 August 2022. AT cannot release any financial results to the public due to the AC Group New Zealand Stock Exchange (NZX) obligations which restrict the public release of financial results before the announcement of the Group results to the NZX on this date.
11. Events after the reporting date (i.e. 30 June 2022) have been reviewed and assessed if additional subsequent events disclosures are required. No additional events have been identified that existed at the reporting date or that arose after the reporting date that required an adjustment or disclosure in AT's financial statements.

Ngā tūraru matua / Key risks and mitigations

Key risk	Mitigation
Delay in the preparation or audit of the Annual Report resulting in a breach in the legislative deadline.	Timeline in place with key deliverables clearly understood to ensure that the Annual Report will be completed within the required deadline. AT works closely with Audit NZ to resolve any issues and ensure timely completion of the audit.
The Annual Report does not sufficiently report on AT's performance for 2021/22.	AT's Executive Leadership Team and senior management are consulted throughout the Annual Report process, from planning to reviewing the final draft. The draft Annual Report has also been provided to the committee for review and comment.

Ngā ritenga-ā-pūtea me ngā rauemi / Financial and resource impacts

12. AT produces a 'no frills' Annual Report which focuses on minimising costs and meeting compliance standards whilst effectively communicating AT's performance story (i.e. challenges and achievements) for the year. Cost of preparing the Annual Report include:

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- a) Audit of \$637,022.
- b) Annual Report writer and proofreader is approximately \$80,000.
- c) Printing is completed by the AC Print Studio and is approximately \$2,000.
- d) Graphics, photography and layout is completed by AT's Design team.
- e) Financial statements are completed by AT's Finance team.
- f) Non-financial Performance Measures are collated by AT's Integrated Network Planning team.

Ngā whaiwhakaaro ō te taiao me te panonitanga o te āhuarangi / Environment and climate change considerations

13. AT's progress in addressing climate change which include the following key performance measures is included in the Annual Report:
 - Number of buses in the Auckland bus fleet classified as low emission.
 - Reduction in carbon dioxide emissions generated annually by AT corporate operations (from 2017/18 baseline).
 - Percentage of AT streetlights that have energy efficient light emitting diodes.
 - Number of cycle movements past selected count sites and total public transport boardings.
14. The Government plans to make climate-related financial disclosures mandatory for all publicly listed companies and large financial services organisations. Impacted organisations could be required to make disclosures, under the Task Force on Climate-related Financial Disclosures (TCFD) reporting standards, as early as 2023. Although these requirements are not applicable to AT, it will apply to the AC Group as it is a debt issuer on the NZX.
15. AT is assessing the core elements required for TCFD reporting (i.e. governance, strategy, risk management and metrics and targets) with the aim of progressively implementing TCFD climate change risk reporting in AT's Annual Report once these structures are in place.

Ngā whakaaweawe me ngā whakaaro / Impacts and perspectives

Mana whenua, Ngā mema pōti / Elected members, Ngā rōpū kei raro i te Kaunihera / Council Controlled Organisations (CCOs) and Ngā kiritaki / Customers

16. AT's Annual Report describes how AT, has engaged, consulted and worked in collaboration with mana whenua, elected members, CCOs, customers and communities.

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Ngā whaiwhakaaro haumaruru me ngā whaiwhakaaro hauora / Health, safety and wellbeing considerations

17. The Annual Report includes AT's progress against Vision Zero targets.




Ā muri ake nei / Next steps

18. Subject to board approval, the Annual Report will be made available to the public on 30 August 2022.

Ngā whakapiringa / Attachments

Attachment number	Description
1	Annual Report for the Year Ended 30 June 2022
2	Draft Audit NZ audit report - subject to audit completion
3	Letter of Representation from board chair and committee chair to Audit NZ

Te pou whenua tuhinga / Document ownership

Submitted by	Sam Ho Financial Reporting Manager David Bardsley Group Manager, Finance	 
Recommended by	Mark Laing Executive General Manager Finance	
Approved by	Mark Lambert Interim Chief Executive	