

Financial Results for the Eight Months Ended 29 February 2016

Recommendation

That the Board:

- i. Receives the report.

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Executive Summary

Financial results for the eight months ended 29 February 2016:

	Current month variance to revised budget \$m	Year to date variance to revised budget \$m	Year to date results	Year to date Actual \$m	Year to date revised budget \$m	Full Year revised budget \$m
Total operating income	0.0	2.8	↑ ●	448.1	445.3	668.8
Total operating expenditure	2.0	0.6	↓ ●	631.8	632.4	981.0
Surplus/(deficit) from operations	2.1	3.4	↓ ●	(183.7)	(187.1)	(312.2)
Income for capital projects	(11.7)	(3.4)	↓ ●	401.2	404.5	714.2
Net surplus/(deficit) before tax	(9.6)	0.0	↑ ●	217.5	217.4	402.1
Total direct capital	22.0	51.9	↓ ●	296.2	348.1	607.7

Key to symbols used:

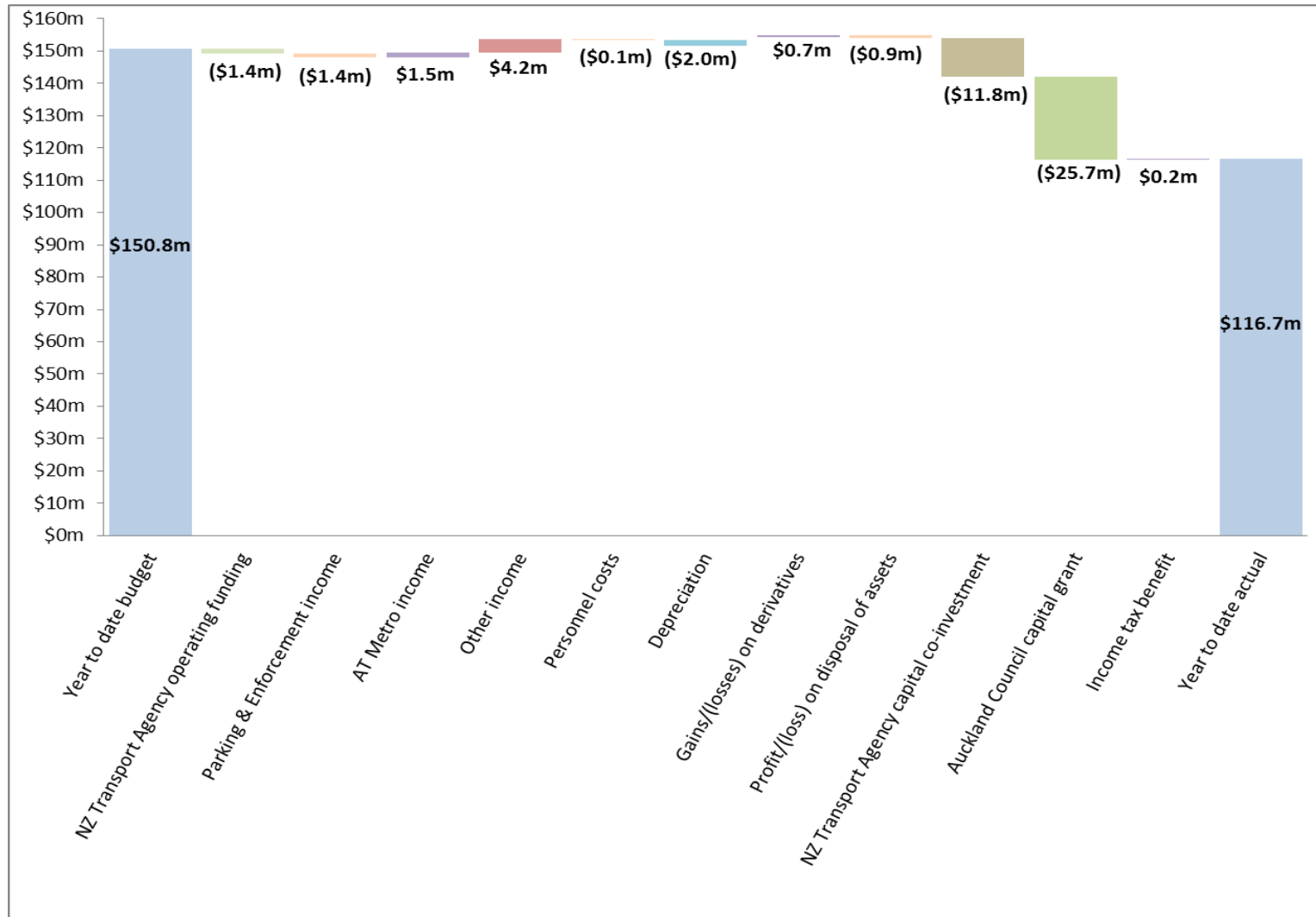
↔	: Within tolerable range	↑	: Above budget, favourable variance.
↓	: Below budget, unfavourable variance.	●	: Largely on track
↓	: Below budget, favourable variance.	●	: Monitoring, some action taken
↑	: Above budget, unfavourable variance.	●	: Action required

Section 2a – Financial results for the eight months ended 29 February 2016

	Current month			Year to date			Results achieved	Full year Revised Budget \$000
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000		
Income								
<u>Operating income</u>								
Auckland Council funding	20,813	20,813	-	166,503	166,503	-	●	249,755
NZ Transport Agency operating funding	18,740	20,209	(1,469)	157,916	159,348	(1,432)	●	235,303
Parking and enforcement income	6,182	6,268	(86)	49,289	50,695	(1,406)	●	79,258
AT Metro income	7,389	7,000	389	52,309	50,806	1,503	●	78,931
Other revenue incl. other grants and subsidies	3,046	1,839	1,207	22,077	17,904	4,173	●	25,592
Total operating income	56,170	56,129	41	448,094	445,256	2,838	●	668,839
Expenditure								
Personnel costs	11,562	12,081	519	91,584	93,636	2,052	●	145,233
Capitalised personnel costs	(3,158)	(3,060)	98	(20,801)	(22,923)	(2,122)	●	(37,645)
Depreciation and amortisation	27,400	26,683	(717)	209,402	207,396	(2,006)	●	316,939
Other expenditure	42,898	45,039	2,141	332,036	334,729	2,693	●	526,916
Finance costs (Electric Trains)	2,375	2,373	(2)	19,580	19,545	(35)	●	29,553
Total operating expenditure	81,077	83,116	2,039	631,801	632,383	582	●	980,996
Surplus/(deficit) from operations	(24,907)	(26,987)	2,080	(183,707)	(187,127)	3,420	●	(312,157)
<u>Income for capital projects</u>								
NZ Transport Agency capital co-investment	12,548	20,093	(7,545)	85,999	97,812	(11,813)	●	154,036
Auckland Council capital grant	35,445	45,130	(9,685)	214,568	240,264	(25,696)	●	435,705
Other Capital Grants	-	-	-	-	-	-	●	8,000
Vested asset income	5,575	-	5,575	100,594	66,473	34,121	●	116,473
	53,568	65,223	(11,655)	401,161	404,549	(3,388)	●	714,214
Net surplus/(deficit) before tax and derivatives	28,661	38,236	(9,575)	217,454	217,422	32	●	402,057
Gains/(losses) on derivatives	(466)	-	(466)	507	(193)	700		(193)
Profit/(loss) on disposal of assets	(67)	-	(67)	(893)	36	(929)		(722)
Income tax benefit/(expense)	-	-	-	198	-	198		-
Net surplus/(deficit) after tax and derivatives	28,128	38,236	(10,108)	217,266	217,265	1	●	401,142

Section 2b – Net surplus/(deficit) waterfall

Net surplus/ (deficit) – Year to date budget to actual (excluding vested asset income)



Section 2c – Summary of financial results by activity

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Rail	9,639	9,575	64	76,153	75,339	814	114,559
Bus	8,145	8,288	(143)	64,654	64,889	(235)	101,621
Ferry	996	1,252	(256)	8,275	8,725	(450)	13,433
Other public transport	2,416	2,571	(155)	17,934	18,152	(218)	28,479
Parking	3,637	3,848	(211)	29,366	30,048	(682)	47,170
Enforcement	2,545	2,420	125	19,923	20,648	(725)	32,088
Roading and footpaths	4,668	4,935	(267)	39,181	38,367	814	56,972
Internal support	3,312	2,427	885	26,105	22,585	3,520	24,762
Auckland Council operating funding	20,813	20,813	-	166,503	166,503	-	249,755
Total operating income	56,171	56,129	42	448,094	445,256	2,838	668,839
Operating Expenditure							
Rail	13,688	13,457	(231)	108,539	108,177	(362)	163,768
Bus	13,483	13,815	332	106,332	107,243	911	167,116
Ferry	1,221	1,761	540	11,001	11,820	819	18,109
Other public transport	3,539	3,675	136	26,393	26,621	228	44,104
Parking	1,199	1,053	(146)	8,738	8,566	(172)	13,062
Enforcement	1,705	1,655	(50)	13,226	13,531	305	20,617
Roading and footpaths	9,658	11,154	1,496	78,789	80,014	1,225	124,837
Internal support	9,181	9,862	681	69,383	69,014	(369)	112,444
Depreciation	27,400	26,683	(717)	209,402	207,396	(2,006)	316,939
Total operating expenditure	81,074	83,115	2,041	631,803	632,382	579	980,996
Surplus/(deficit) from Operations	(24,903)	(26,986)	2,083	(183,709)	(187,126)	3,417	(312,157)

Section 2c – Rail operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Activity Income	4,006	4,080	(74)	29,215	28,380	835	45,253
Other income	46	57	(11)	639	690	(51)	838
NZ Transport Agency operating funding	4,057	3,902	155	33,641	33,615	26	49,238
NZ Transport Agency operating funding - Electric Trains	1,530	1,536	(6)	12,658	12,654	4	19,230
Total operating income	9,639	9,575	64	76,153	75,339	814	114,559
Operating Expenditure							
Personnel costs	222	206	(16)	1,693	1,625	(68)	2,515
Capitalised personnel costs	1	(1)	(2)	7	(4)	(11)	-
Service delivery costs and professional services	7,913	8,002	89	66,673	66,219	(454)	99,345
Occupancy costs	287	283	(4)	1,988	2,026	38	3,143
Track access charges	2,143	1,880	(263)	12,791	12,920	129	20,749
Other expenditure	747	714	(33)	5,807	5,846	39	8,463
Finance costs (Electric Trains)	2,375	2,373	(2)	19,580	19,545	(35)	29,553
Total operating expenditure	13,688	13,457	(231)	108,539	108,177	(362)	163,768
Depreciation	3,508	3,222	(286)	27,180	25,623	(1,557)	38,597
Surplus/(deficit) from Operations	(7,557)	(7,104)	(453)	(59,566)	(58,461)	(1,105)	(87,806)
Internal support costs	2,089	2,647	558	15,571	16,790	1,219	31,021
Surplus/(deficit)	(9,646)	(9,751)	105	(75,137)	(75,251)	114	(118,827)

Section 2c – Bus operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Activity Income	1,452	1,413	39	10,610	10,334	276	16,166
Other income	291	197	94	3,091	3,038	53	3,957
NZ Transport Agency operating funding	6,402	6,678	(276)	50,953	51,517	(564)	81,498
Total operating income	8,145	8,288	(143)	64,654	64,889	(235)	101,621
Operating Expenditure							
Personnel costs	284	259	(25)	2,191	2,127	(64)	3,244
Capitalised personnel costs	(25)	6	31	33	78	45	100
Service delivery costs and professional services	13,073	13,412	339	102,791	103,807	1,016	161,966
Occupancy costs	98	88	(10)	749	744	(5)	1,097
Other expenditure	53	50	(3)	568	487	(81)	709
Total operating expenditure	13,483	13,815	332	106,332	107,243	911	167,116
Depreciation	264	268	4	1,897	1,889	(8)	2,978
Surplus/(deficit) from Operations	(5,602)	(5,795)	193	(43,575)	(44,243)	668	(68,473)
Internal support costs	2,135	2,706	570	15,919	17,164	1,246	31,714
Surplus/(deficit)	(7,737)	(8,501)	763	(59,494)	(61,407)	1,914	(100,187)

Section 2c – Ferry operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Operator access fees	667	389	278	2,808	2,580	228	3,894
Activity Income	85	89	(4)	621	647	(26)	987
Other income	59	58	1	460	456	4	649
NZ Transport Agency operating funding	185	716	(531)	4,386	5,042	(656)	7,903
Total operating income	996	1,252	(256)	8,275	8,725	(450)	13,433
Operating Expenditure							
Personnel costs	87	85	(2)	703	714	11	1,090
Capitalised personnel costs	-	-	-	(2)	(4)	(2)	(5)
Service delivery costs and professional services	922	1,414	492	8,829	9,511	682	14,292
Occupancy costs	68	67	(1)	470	512	42	776
Other expenditure	144	195	51	1,001	1,087	86	1,956
Total operating expenditure	1,221	1,761	540	11,001	11,820	819	18,109
Depreciation	250	248	(2)	1,988	1,986	(2)	2,983
Surplus/(deficit) from Operations	(475)	(757)	282	(4,714)	(5,081)	367	(7,659)
Internal support costs	246	312	66	1,835	1,979	144	3,656
Surplus/(deficit)	(721)	(1,069)	348	(6,549)	(7,060)	511	(11,315)

Section 2c – Other public transport operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Other income	783	716	67	4,865	4,681	184	7,187
NZ Transport Agency operating funding	1,633	1,855	(222)	13,069	13,471	(402)	21,292
Total operating income	2,416	2,571	(155)	17,934	18,152	(218)	28,479
Operating Expenditure							
Personnel costs	1,066	1,121	55	8,066	8,365	299	13,129
Capitalised personnel costs	212	74	(138)	1,149	428	(721)	834
Service delivery costs and professional services	1,336	1,737	401	9,377	10,617	1,240	18,773
IT costs	190	205	15	1,443	1,655	212	2,491
Other expenditure	735	538	(197)	6,358	5,556	(802)	8,877
Total operating expenditure	3,539	3,675	136	26,393	26,621	228	44,104
Depreciation	1,231	1,503	272	10,108	10,780	672	17,479
Surplus/(deficit) from Operations	(2,354)	(2,607)	253	(18,567)	(19,249)	682	(33,104)
Internal support costs	601	761	160	4,478	4,828	350	8,921
Surplus/(deficit)	(2,955)	(3,368)	413	(23,045)	(24,077)	1,032	(42,025)

Section 2c – Parking operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Other income	106	131	(25)	836	872	(36)	1,487
Parking Fees	3,531	3,717	(186)	28,530	29,176	(646)	45,683
Total operating income	3,637	3,848	(211)	29,366	30,048	(682)	47,170
Operating Expenditure							
Personnel costs	334	252	(82)	2,245	2,031	(214)	3,113
Capitalised personnel costs	-	5	5	19	39	20	58
Service delivery costs and professional services	357	305	(52)	2,586	2,503	(83)	3,766
Occupancy Costs	428	444	16	3,501	3,604	103	5,506
Other expenditure	80	47	(33)	387	389	2	619
Total operating expenditure	1,199	1,053	(146)	8,738	8,566	(172)	13,062
Depreciation	562	560	(2)	4,493	4,434	(59)	6,701
Surplus/(deficit) from Operations	1,876	2,235	(359)	16,135	17,048	(913)	27,407
Internal support costs	175	221	47	1,303	1,405	102	2,596
Surplus/(deficit)	1,701	2,014	(312)	14,832	15,643	(811)	24,811

Section 2c – Enforcement operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Other income	-	86	(86)	-	172	(172)	515
Infringement income	2,545	2,334	211	19,923	20,476	(553)	31,573
Total operating income	2,545	2,420	125	19,923	20,648	(725)	32,088
Operating Expenditure							
Personnel costs	874	874	-	7,023	7,056	33	10,734
Capitalised personnel costs	10	2	(8)	26	13	(13)	22
Service delivery costs and professional services	302	130	(172)	1,167	1,068	(99)	1,713
Occupancy Costs	-	-	-	-	-	-	-
Other expenditure	519	649	130	5,010	5,394	384	8,148
Total operating expenditure	1,705	1,655	(50)	13,226	13,531	305	20,617
Depreciation	9	10	1	70	71	1	115
Surplus/(deficit) from Operations	831	755	76	6,627	7,046	(419)	11,356
Internal support costs	272	345	73	2,031	2,189	159	4,045
Surplus/(deficit)	559	410	149	4,596	4,857	(260)	7,311

Section 2c – Roading and footpaths operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Petrol tax	769	727	42	5,952	5,830	122	8,737
Other income	417	322	95	3,840	3,489	351	4,760
NZ Transport Agency operating funding	3,482	3,886	(404)	29,389	29,048	341	43,475
Total operating income	4,668	4,935	(267)	39,181	38,367	814	56,972
Operating Expenditure							
Personnel costs	2,373	2,393	20	18,590	18,352	(238)	28,487
Capitalised personnel costs	(1,170)	(491)	679	(4,597)	(3,932)	665	(8,259)
Service delivery costs and professional services	6,673	7,532	859	50,755	52,140	1,385	83,152
Occupancy Costs	1,197	1,196	(1)	10,030	9,680	(350)	15,075
IT Costs	79	82	3	191	435	244	825
Other expenditure	506	442	(64)	3,820	3,339	(481)	5,557
Total operating expenditure	9,658	11,154	1,496	78,789	80,014	1,225	124,837
Depreciation	20,329	19,292	(1,037)	153,707	151,852	(1,855)	230,103
Surplus/(deficit) from Operations	(25,319)	(25,511)	192	(193,315)	(193,499)	184	(297,968)
Internal support costs	1,597	2,023	426	11,902	12,833	931	23,711
Surplus/(deficit)	(26,916)	(27,534)	618	(205,217)	(206,332)	1,115	(321,679)

Section 2c – Internal support

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Rental income	1,452	764	688	10,779	7,564	3,215	10,646
Other income	408	27	381	1,506	1,020	486	1,449
NZ Transport Agency operating funding	1,452	1,636	(184)	13,820	14,001	(181)	12,667
Total operating income	3,312	2,427	885	26,105	22,585	3,520	24,762
Operating Expenditure							
Personnel costs	6,321	6,891	570	51,075	53,365	2,290	82,921
Capitalised personnel costs	(2,186)	(2,655)	(469)	(17,436)	(19,541)	(2,105)	(30,395)
Directors Fees	42	43	1	339	415	76	585
Service delivery costs and professional services	2,926	3,332	406	14,873	16,750	1,877	32,147
Other expenditure	2,078	2,251	173	20,532	18,025	(2,507)	27,186
Total operating expenditure	9,181	9,862	681	69,383	69,014	(369)	112,444
Depreciation	1,246	1,580	334	9,958	10,760	802	17,984
Income tax benefit/(expense)	-	-	-	198	-	(198)	-
Surplus/(deficit) from Operations	(7,115)	(9,015)	1,900	(53,038)	(57,189)	4,151	(105,666)
Internal support allocated	7,115	9,015	1,900	53,038	57,189	4,151	105,666
Surplus/(deficit)	-	-	-	-	-	-	-

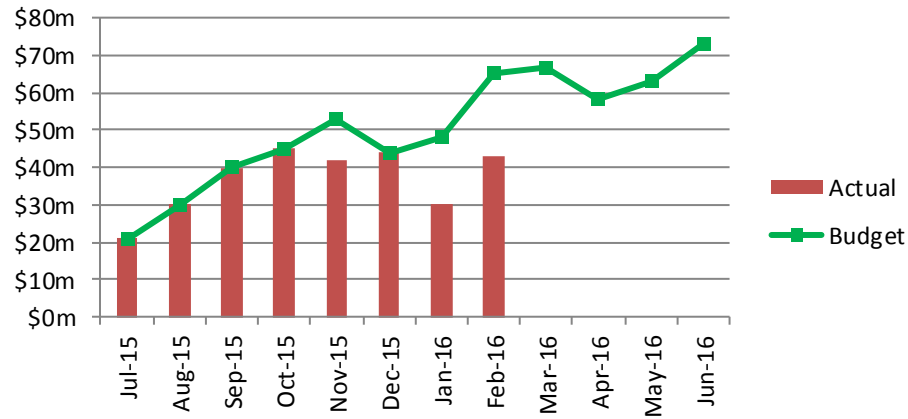
Section 3a – Summary of Capital Expenditure

	Current month			Year to date			Results achieved	Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000		Budget \$000
Land								
CRL	695	855	160	10,452	6,913	(3,539)	●	30,063
AMETI	793	300	(493)	(1,146)	(956)	190	●	3,994
Special Housing Areas (SHAs)	8	4	(4)	12	14	2	●	5,228
Other	554	3,260	2,706	4,605	16,338	11,733	●	33,206
Total land	2,050	4,419	2,369	13,923	22,309	8,386	●	72,491
Major new capital projects								
CRL	6,104	4,755	(1,349)	31,567	30,922	(645)	●	49,822
Albany Highway Upgrade	1,306	2,112	806	20,243	19,773	(470)	●	25,609
Otahuhu Bus Interchange	1,536	2,600	1,064	5,558	7,545	1,987	●	16,975
Te Atatu Road Corridor Improvements	998	1,371	373	5,380	7,173	1,793	●	12,531
NorthWest Trasformation	509	968	459	8,072	8,308	236	●	11,165
AMETI	(157)	1,002	1,159	3,089	5,233	2,144	●	8,944
Manukau Bus Interchange	175	634	459	1,000	1,530	530	●	4,935
Total major new capital projects	10,471	13,442	2,971	74,909	80,484	5,575	●	129,981
Other ring-fenced projects								
EMU	1,205	893	(312)	13,942	15,523	1,581	●	21,298
Local Board initiatives	1,327	3,234	1,907	6,396	10,021	3,625	●	22,984
Special Housing Areas (SHAs)	10	50	40	53	129	76	●	2,700
Other	723	823	100	3,143	3,711	568	●	6,549
Total other ring-fenced projects	3,265	5,000	1,735	23,534	29,384	5,850	●	53,531
Other								
Roads and footpaths	8,273	8,493	220	40,431	43,022	2,591	●	89,475
AT Metro	1,692	3,227	1,535	17,341	21,883	4,542	●	46,214
Parking operations	146	1,035	889	850	2,394	1,544	●	5,361
Internal support - BT	468	1,564	1,096	3,665	5,707	2,042	●	9,302
Internal support - Accomodation	33	-	(33)	283	297	14	●	297
Internal support - Other	25	66	41	755	702	(53)	●	2,977
Total other	10,637	14,385	3,748	63,325	74,005	10,680	●	153,626
Renewals	16,850	27,977	11,127	120,470	141,894	21,424	●	198,111
Total direct capital	43,273	65,223	21,950	296,161	348,076	51,915	●	607,740

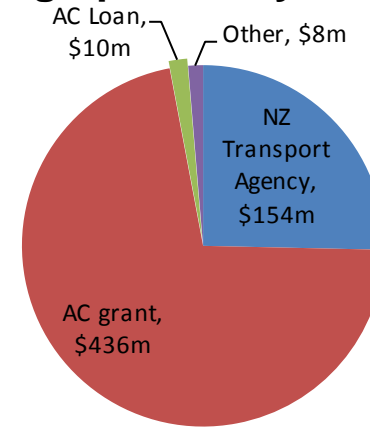
Section 3b – Capital Expenditure Funding

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Funding							
NZ Transport Agency new capital co-investment	5,116	11,377	(6,261)	33,249	43,607	(10,358)	90,777
NZ Transport Agency renewal co-investment	7,431	8,716	(1,285)	52,750	54,206	(1,456)	63,258
Other Capital Grants	-	-	-	-	-	-	8,000
Auckland Council capital grant	30,727	45,130	(14,403)	200,162	240,263	(40,101)	435,705
Auckland Council loan (EMU)	-	-	-	10,000	10,000	-	10,000
Total direct capital funding	43,274	65,223	(21,949)	296,161	348,076	(51,915)	607,740

Capital expenditure - per month (excluding vested assets)



Funding split - full year budget



Section 4a – Statement of Financial Position

As at 29 February 2016

	Note	Actual 29 February 2016 \$000	Actual 31 January 2016 \$000
Assets			
Current assets			
Cash and cash equivalents	1	6,209	10,270
Trade and other receivables	2	225,874	197,276
Inventories		6,864	6,837
Other assets		9,578	15,675
Non-current asset held for sale		4,400	4,400
Derivative financial instruments	3	373	643
Total current assets		253,298	235,101
Non-current assets			
Property, plant and equipment		16,225,414	16,201,241
Property, plant and equipment - work-in-progress		477,450	470,992
Intangible assets		115,740	116,012
Total non-current assets		16,818,604	16,788,245
Total assets		17,071,902	17,023,346

Section 4a – Statement of Financial Position

As at 29 February 2016

	Note	Actual 29 February 2016 \$000	Actual 31 January 2016 \$000
Liabilities			
Current liabilities			
Trade and other payables	4	135,195	124,548
Employee benefit liabilities	5	13,397	12,589
Borrowings	6	5,061	5,008
Total current liabilities		153,653	142,145
Non-current liabilities			
Derivative financial instruments	3	3,012	2,583
Trade and other payables	4	20,903	21,136
Employee benefit liabilities	5	675	675
Borrowings	6	492,624	493,034
Deferred tax liability	7	11,467	11,467
Total non-current liabilities		528,681	528,895
Total liabilities		682,334	671,040
Net assets		16,389,568	16,352,306
Equity			
Contributed equity		13,460,223	13,451,091
Retained earnings/(losses)		820,649	792,519
Reserves		2,108,696	2,108,696
Total equity		16,389,568	16,352,306

Section 4b – Notes to the Financial Statements

As at 29 February 2016

	Actual 29 February 2016 \$000	Actual 31 January 2016 \$000
1 Cash and cash equivalents		
Cash at bank - Trading	5,934	9,995
Till floats	275	275
Total cash and cash equivalents	6,209	10,270
The carrying value of cash and cash equivalents approximates their fair value.		
2 Trade and other receivables		
Trade debtors	5,313	3,329
Finance lease receivable	65	67
Infringements receivable	31,522	31,213
Amounts due from related parties	170,962	145,984
Accrued income	32,665	31,382
Goods and services tax	-	-
	240,527	211,975
Less provision for impairment of receivables	(14,653)	(14,699)
Total trade and other receivables	225,874	197,276

Section 4b – Notes to the Financial Statements

As at 29 February 2016

The carrying value of debtors and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables as there are a large number of customers.

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

The ageing profile of receivables at 29 February 2016 is detailed below:

	Gross	Impaired	Net
	\$000	\$000	\$000
Not past due	208,683	-	208,683
Past due 1 - 30 days	2,024	-	2,024
Past due 31 - 60 days	979	-	979
Past due 61 - 90 days	1,481	-	1,481
Past due > 90 days	27,360	(14,653)	12,707
	240,527	(14,653)	225,874

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

The provision for impairment of receivables has been calculated on an individual basis. The provision is based on a review of significant debtor balances. Receivables are assessed as impaired due to significant financial difficulties being experienced by the debtor, and Auckland Transport management concluding that it is remote that the overdue

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

	Actual
	\$000
At 1 July 2015	14,118
Additional provisions made	1,204
Provisions reversed	(92)
Receivables written-off	(577)
At 29 February 2016	14,653

Section 4b – Notes to the Financial Statements

As at 29 February 2016

	Actual 29 February 2016 \$000	Actual 31 January 2016 \$000
3 Derivative financial instruments		
Current asset portion		
Forward foreign exchange contracts - cash flow hedges	373	643
Current derivative financial instruments	373	643
Total derivative financial instrument assets	373	643
Non-current liability portion		
Interest rate swaps - cash flow hedges	3,012	2,583
Non-current derivative financial instruments	3,012	2,583
Total derivative financial instrument liabilities	3,012	2,583

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.

Forward foreign exchange contracts - hedge accounted

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$9.6m. The foreign currency principal amount was USD \$6.5m. The cash flow hedge gain of \$373K on the revaluation has been recorded in the Statement of Financial Performance.

Interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument

The notional principal amount of the outstanding interest rate swap contracts was \$18m. At 29 February 2016 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.41% to 5.55%. The gain on their revaluation of \$584K has been recorded in the Statement of Financial Performance.

Section 4b – Notes to the Financial Statements

As at 29 February 2016

	Actual 29 February 2016 \$000	Actual 31 January 2016 \$000
4 Trade and other payables		
Current portion		
Creditors	8,417	12,281
Goods and services tax	884	376
Accrued expenses	111,639	97,280
Retentions	8,410	8,387
Amounts due to related parties	4,995	5,178
Income in advance	850	1,046
Total current trade and other payables	135,195	124,548
Non-current portion		
Amounts due to related parties	20,903	21,136
Total non-current trade and other payables	20,903	21,136
<p>Creditors and other payables are non-interest bearing and are normally settled on 20-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.</p>		
5 Employee benefit liabilities		
Current portion		
Accrued salaries and wages	5,473	4,906
Accrued leave	7,924	7,683
Current employee benefit liabilities	13,397	12,589

Section 4b – Notes to the Financial Statements

As at 29 February 2016

	Actual 29 February 2016 \$000	Actual 31 January 2016 \$000
6 Borrowings		
Current portion		
Loans from Auckland Council	5,060	5,006
Finance Leases	1	2
Current borrowings	5,061	5,008
Non-current portion		
Loans from Auckland Council	492,624	493,034
Non-current borrowings	492,624	493,034
Weighted average cost of funds on total borrowings	6.01%	6.01%

Auckland Transport's loan debt of \$498m is issued at fixed rates of interest ranging from 5.55% to 6.22%. The interest rate on finance leases is 3%.

	Property, Plant and Equipment \$000	Other Provisions \$000	Tax Losses \$000	Actual 29 February 2016 Total \$000
7 Deferred tax liability				
Deferred tax liability				
Balance at 1 July 2015	(11,665)	-	-	(11,665)
Charged to profit and loss	198	-	-	198
Charged to equity	-	-	-	-
Balance at 29 February 2016	(11,467)	-	-	(11,467)

Section 5a – Cash Flow

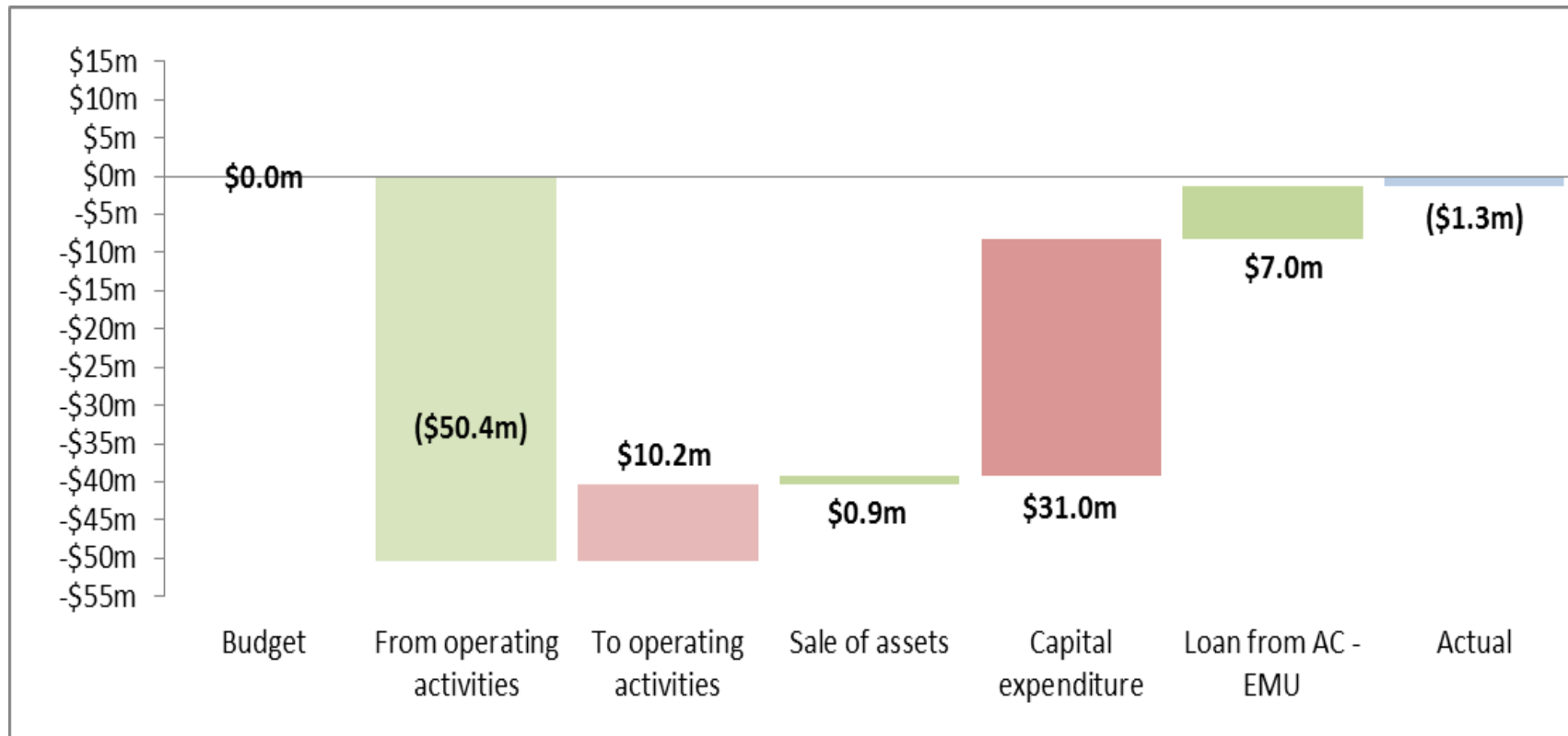
Statement of Cash Flows for the eight months ended 29 February 2016

	Year to date		Full year
	Actual \$000	Revised Budget \$000	Revised Budget \$000
Cash flows from operating activities			
Total cash provided	761,917	812,332	1,257,855
Cash applied to:			
Payments to suppliers, employees and directors	414,251	422,682	633,848
Interest paid	17,784	19,545	29,553
Goods and services tax (net)			
Total cash applied	432,035	442,227	663,401
Net cash from operating activities	329,882	370,105	594,454
Cash flows from investing activities			
Cash provided from:			
Sale of property, plant and equipment	916	-	-
Total cash provided	916	-	-
Cash applied to:			
Capital expenditure projects	346,039	377,076	607,740
Total cash applied	346,039	377,076	607,740
Net cash from investing activities	(345,123)	(377,076)	(607,740)
Cash flows from financing activities			
Cash provided from:			
Loan from Auckland Council - EMU	17,000	10,000	10,000
Other Capital Grants	-	-	8,000
Total cash provided	17,000	10,000	18,000
Cash applied to:			
Repayments of EMU loan from Auckland Council	3,024	3,014	4,691
Repayments of finance lease principal	22	15	23
Total cash provided	3,046	3,029	4,714
Net cash from financing activities	13,954	6,971	13,286
Net (decrease)/increase in cash and cash equivalents	(1,287)	-	-
Opening cash balance	7,496	-	-
Closing cash balance	6,209	-	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	
	Actual \$000
Surplus/(deficit) after tax	217,266
Add/(less) non cash items	
Depreciation and amortisation	209,402
Vested assets	(100,594)
Loss on disposal of property, plant and equipment	893
Loss on asset write off	-
Revaluation decrement	-
Foreign exchange gains	(373)
Loss on interest rate swaps	(584)
Income tax	(198)
	108,546
Add/(less) movements in working capital	
Decrease/(Increase) in debtors and other receivables	3,518
Decrease/(Increase) in inventories	(4,312)
(Decrease)/Increase in creditors and other payables	3,377
(Decrease)/Increase in employee benefits payable	1,487
	4,070
Net cash flow from operating activities	329,882

Section 5b – Cash Flow Waterfall

Cash flow – Year to date budget to actual



Section 6 – Accounts Receivable Report

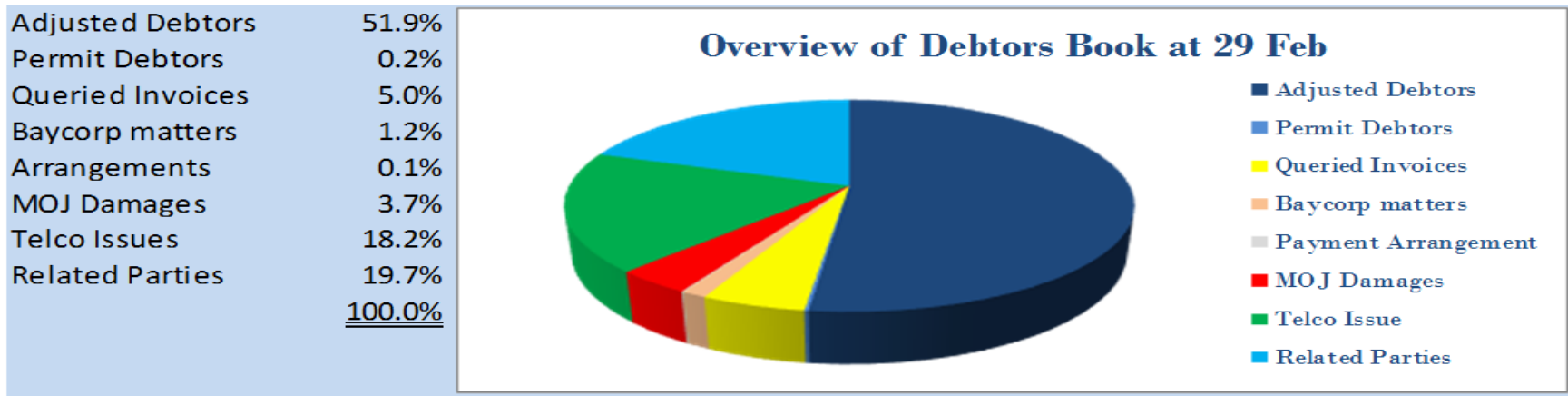
Accounts Receivable

An overview of the Debtors as at 29 February has 97.1% (98.9% January) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 29 February 2016</u>									
<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</u>	<u>Not Yet Due</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>120+ Days</u>	<u>Notes</u>
Debtors Ageing 29 Feb	174	6,602,057	3,893,701	613,971	58,337	279,868	49,276	1,706,903	1
Parking Permit Debtors	22	13,819	0	7,729	1,785	210	4,095	0	2
Total Debtors		6,615,876	3,893,701	621,700	60,122	280,078	53,371	1,706,903	
		100.0%	58.9%	9.4%	0.9%	4.2%	0.8%	25.8%	
O/s Related Parties	46	1,302,786	661,905	507,035	4,776	97,933	13,950	17,187	3
Trade Debtors	154	5,313,090	3,231,796	114,665	55,346	182,145	39,422	1,689,716	
		100.0%	60.8%	2.2%	1.0%	3.4%	0.7%	31.8%	
Queried Invoices	186	328,978	1,153	18,573	24,985	73,214	26,431	184,621	4
Cell Sites - Property	822	1,206,210	0	0	0	7,943	0	1,198,267	5
To Baycorp (Collection)	258	81,145	130	0	0	1,080	453	79,482	6
Payment Arrangement	131	4,820	0	0	0	0	0	4,820	7
Lodged Courts (Damages)	263	245,182	4,264	0	7,506	6,028	7,475	219,910	8
Adjusted Debtors		3,446,755	3,226,250	96,092	22,854	93,880	5,063	2,616	
		100.0%	93.6%	2.8%	0.7%	2.7%	0.1%	0.1%	

Notes relating to the Debtors Ageing Analysis:

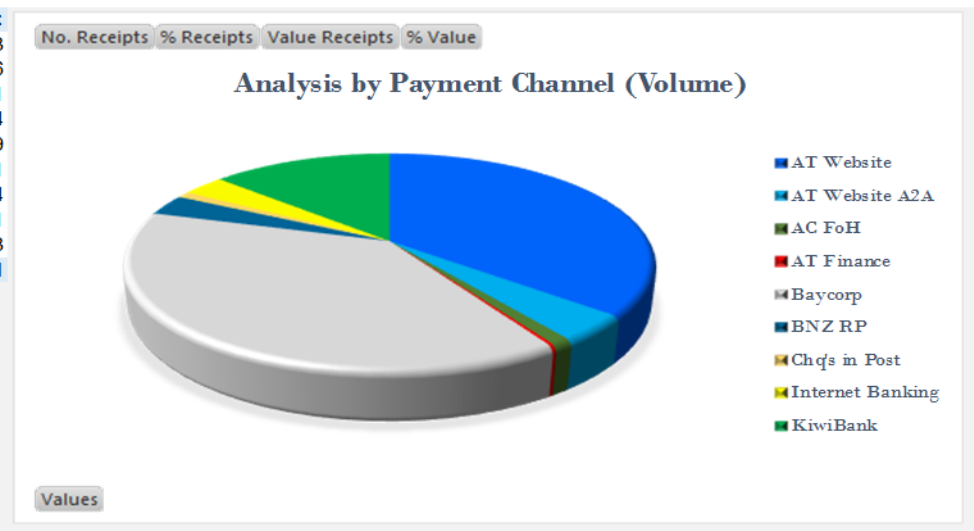
- 1 - Sundry Debtors administered in the SAP system.
- 2 - Parking Permit Debtors administered in the Pathway system. These invoices are for on street permits issued. Amounts not collected within 60 days are lodged with Baycorp for collection. Accounts not paying on time are blocked for further permits.
- 3 - Inter-Council Group debts.
- 4 - Relates to invoices which have been queried or disputed by customers. The AR Team and various AT Departments are engaged in an effort to resolve these queries.
- 5 - Relates to the cell sites dispute that has recently been resolved with Vodafone. Agreement on the outstanding amount is resolved which will entail the fully impaired balance being written off but final entries are yet to be made. The future invoicing basis has also been agreed.
- 6 - Relates to accounts lodged with Baycorp for collection. All these amounts have been impaired in full and some may be written off in the future. All amounts written off are approved by the CFO in accordance with policy.
- 7 - Relates to customers where an arrangement to pay has been agreed to. These are monitored until full payment has been received.
- 8 - Relates to matters where AT is recovering damages from road accidents investigated by the Police. Many of the matters are being paid off at a nominal amount per week as instructed by the Courts.



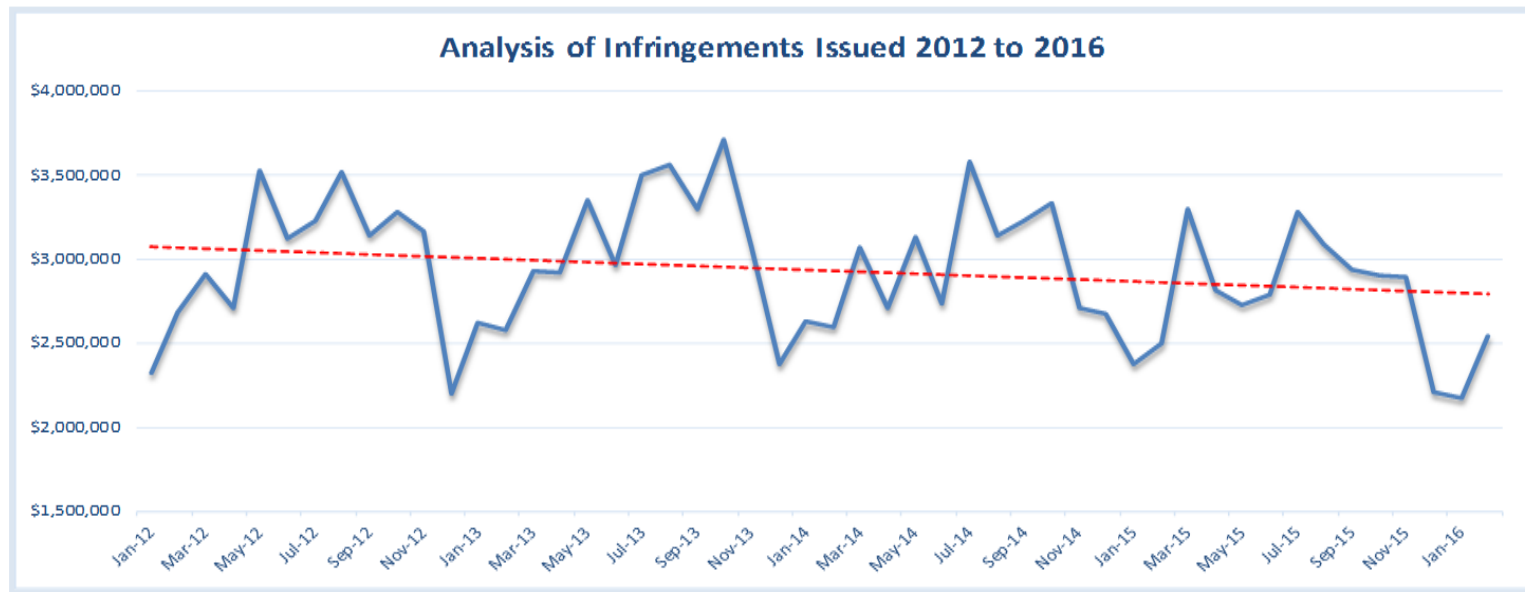
Infringement Overview:

February's Infringement receipts by volume are up 5.4% on January (19 working days in both January and February). Of the customers not paying in response to a Baycorp demand, 69.8% are making use of our electronic payment methods (70.1% in January). In February, Baycorp effected the most receipts by both volume and value. The highest average receipt by value were received through AC FoH and via cheque.

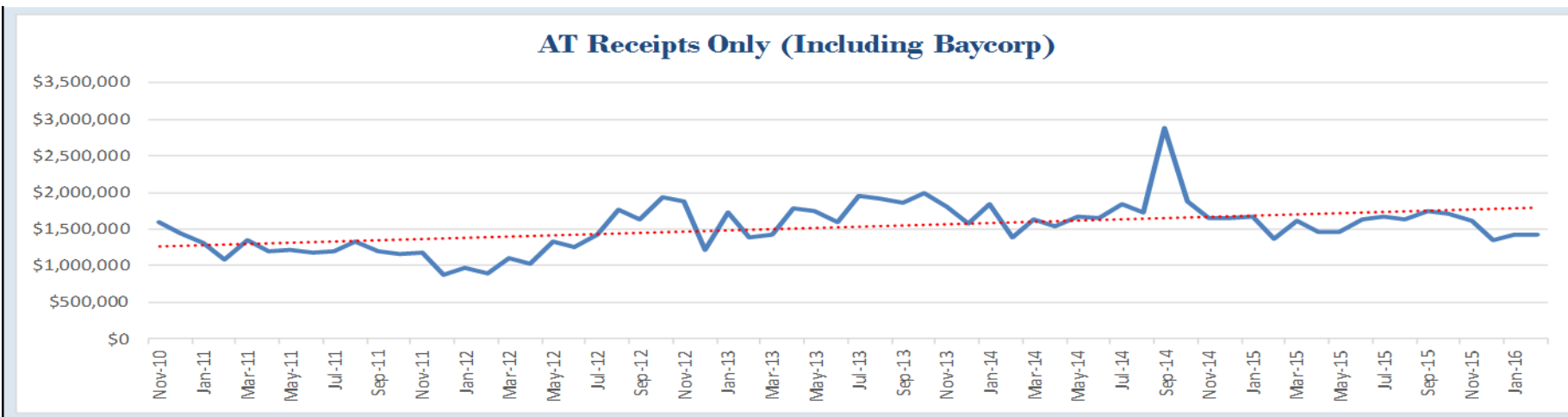
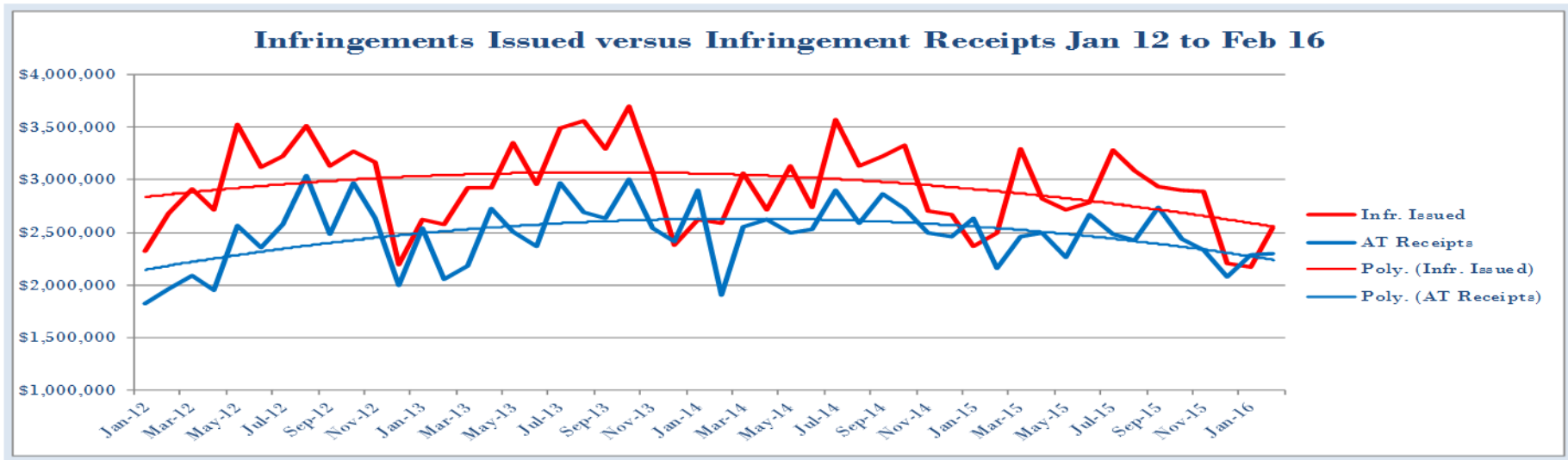
Row Labels	No. Receipts	% Receipts	Value Receipts	% Value	Ave Receipt
AT Website	8,786	35.9%	\$505,471.70	35.6%	\$57.53
AT Website A2A	973	4.0%	\$60,387.20	4.3%	\$62.06
AC FoH	253	1.0%	\$29,501.80	2.1%	\$116.61
AT Finance	52	0.2%	\$4,323.13	0.3%	\$83.14
Baycorp	9,377	38.4%	\$513,787.00	36.2%	\$54.79
BNZ RP	763	3.1%	\$48,687.30	3.4%	\$63.81
Chq's in Post	226	0.9%	\$25,547.20	1.8%	\$113.04
Internet Banking	762	3.1%	\$42,755.34	3.0%	\$56.11
KiwiBank	3,255	13.3%	\$190,196.30	13.4%	\$58.43
Grand Total	24,447	100.0%	\$1,420,656.97	100.0%	\$58.11
Working days January ->	19				
Ave receipts / day Jan. ->	1,221				
Working days February ->	19				
Ave receipts / day Feb. ->	1,287				
Other influencing factors ->	2 long weekends				



The following graph illustrates the seasonal issuance of infringements. Infringements issued in 2012 calendar year totalled \$35.8m, 2013 \$36.8M, 2014 \$35.5m and the issued total for 2015 is \$33.8m. While February is slightly up on 2015 totals, January & December are down.



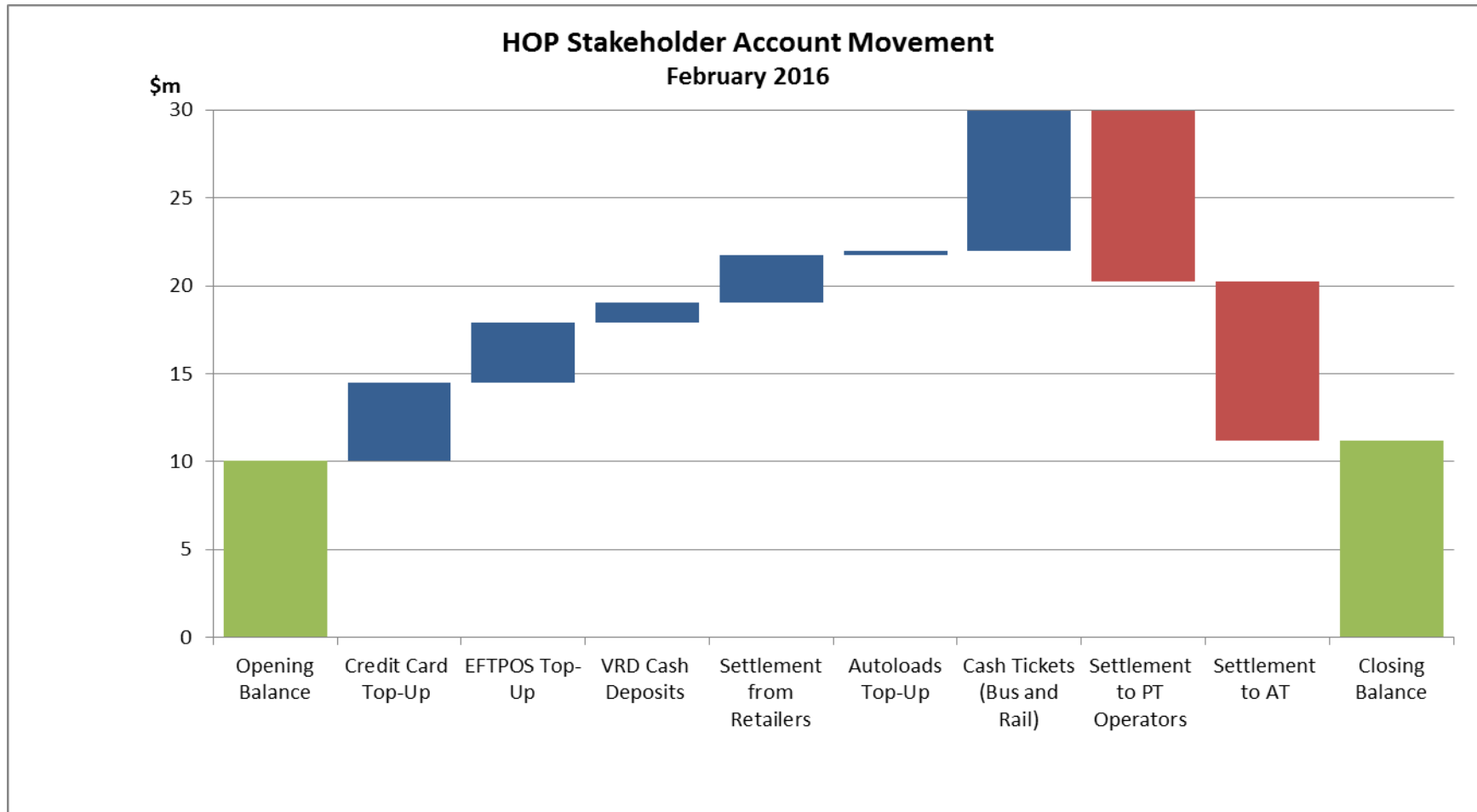
Analysis of receipts by value show that infringements issued over the past 24 months have decreased. While collections follow the issue trend two to three months later, the collection lines over time are moving closer as a result of improved collection rates. The infringements issued and receipts drop in December and January is a direct result of the time of year and the closed period between Christmas and New Year. There has been an improvement in collections in February primarily as a result of a bumper month from Baycorp. Infringements are handed to Baycorp on day 63 and remain with them for 87 days.



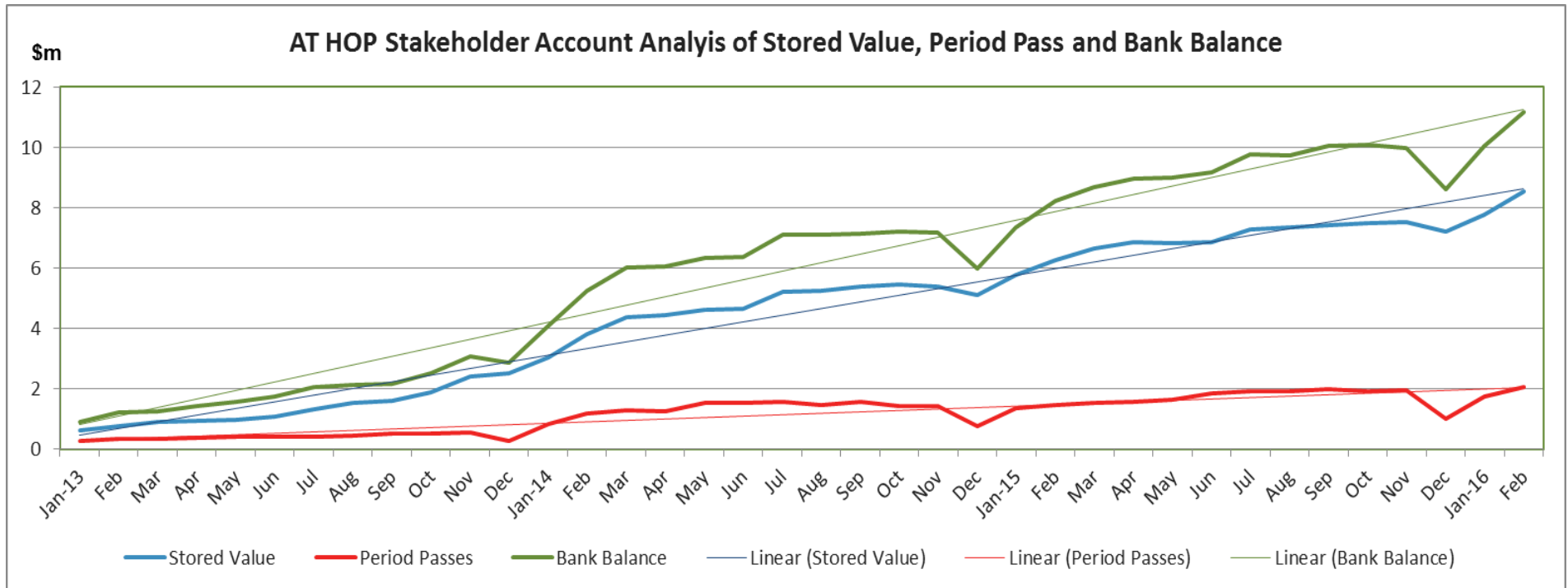
Section 7 – AT HOP Stakeholder Monthly Report

(Does not form part of AT results)





The AT HOP Stakeholder bank account finished off at \$11.1 million, which is 11% higher than the previous month.



The following graph provides an overview of monthly balances for Stored Value, Period Passes, and the AT HOP Stakeholder Account together with trend lines.



Document ownership

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