

# Financial Results for the Six Months Ended 31 December 2016

## Recommendation

That the Board:

- i. Receives the report.

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## Section 1 – Overview

- **Deficit from operations** year to date is \$148.2 million against the revised budget of \$151.1 million. Full year result is expected to be in line with the revised budget. The following items of financial performance are noteworthy:
  - **AT Metro income** is slightly behind the revised budget (1%) mainly due to bus patronage below expectation. Bus patronage is expected to increase in the coming months as students head back to school with both demand and yield driving a recovery. The price elasticity associated with reduced fares (“no-losers” decision around simpler fares has reduced average cost per trip to customer) has yet to be seen. The impact of lower bus income is partially offset by higher than budgeted rail patronage, which is driven by rail services operating throughout the Christmas/New year period, with an increase of 5,000 passengers just on Christmas and Boxing days compared to last year.
  - **Other revenue** (approximately 74% is coming from petrol tax income and rental income) is higher than budget mainly due to higher rental income received than expected. Full year other revenue is expected to be slightly higher than the revised budget.
  - **Core operating expenditure** year to date (i.e. excluding depreciation and amortisation) is in line the revised budget and is expected to remain on budget for the full year.
- **Capital expenditure programme** is slow in December with spend behind budget by \$9.2 million. The current expectation is unchanged on past months in that the full year capital spend will be around 95% of the full year budget. AMETI had a good month in December with property purchases settled as a result of closing negotiations. The underspend in December is mainly due to:
  - \$3.5 million underspend in CRL was largely due to the timing of accrual which will be resolved in the following month.
  - \$2.2 million underspend in Street lighting LED upgrade mainly due to delay in the delivery of luminaires and product quality issues. AT is closely coordinating with the supplier to ensure delivery of the programme.
- **NZ Transport Agency capital co-investment** is below budget mainly due to:
  - Otahuhu Bus Interchange (\$1.9 million) – This will be recovered once the cost scope adjustment submitted to NZ Transport Agency is approved.
  - SMART (\$2.0 million) – This variance is related to the timing of AT’s contribution to HNO for the Kirkbride Road trench extension. Once this payment is made AT will be able to claim for this in full.
- **Auckland Council capital grant** is below budget due to underspend in the capital programme. This funding item is beneficial to the Council Group although AT’s focus remains on delivering the full programme for the year.
- **Vested assets** amounting to \$3.4 million were received in December, taking the total year to date to \$62.4 million (44% of the \$141.0 million expected vested assets to be received this year).

## Section 2a – Executive Summary

Financial results for the six months ended 31 December 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	(0.6)	0.8	↑ ●	381.8	381.0	774.3
Total operating expenditure	1.6	2.1	↓ ●	530.0	532.1	1,105.9
Surplus/(deficit) from operations	1.0	3.0	↑ ●	(148.2)	(151.1)	(331.6)
Income for capital projects	(18.3)	(13.0)	↓ ●	368.1	381.0	824.5
Net surplus/(deficit) before tax	(17.3)	(10.0)	↓ ●	219.9	229.9	493.0
Total direct capital	9.2	9.3	↓ ●	305.7	315.0	737.1

### Key to symbols used:

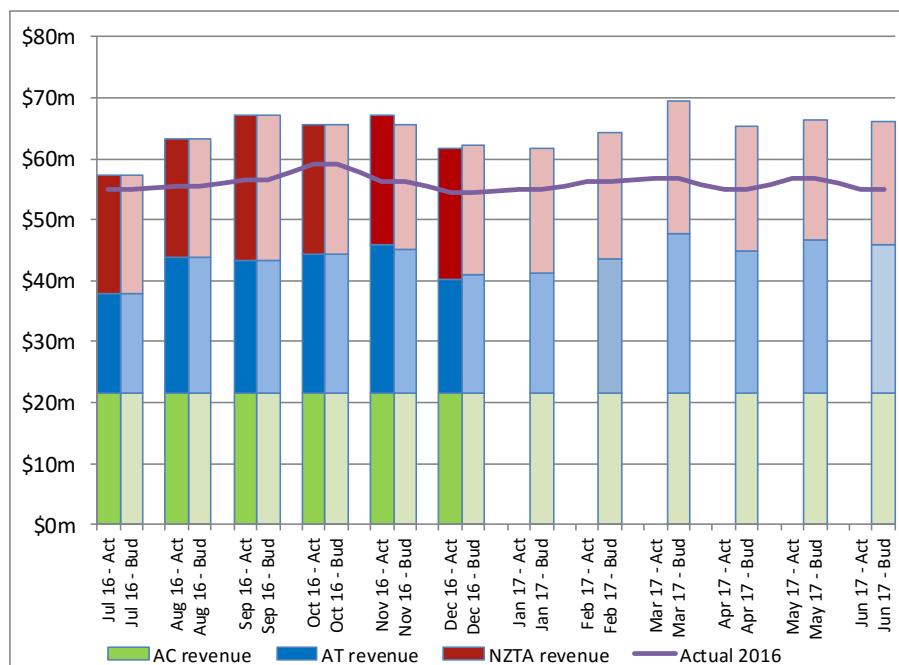
↔	: Within tolerable range	↑	: Above budget, favourable variance.
↓	: Below budget, unfavourable variance.	●	: Largely on track
↓	: Below budget, favourable variance.	●	: Monitoring, some action taken
↑	: Above budget, unfavourable variance.	●	: Action required

## Section 2b – Financial results for the six months ended 31 December 2016

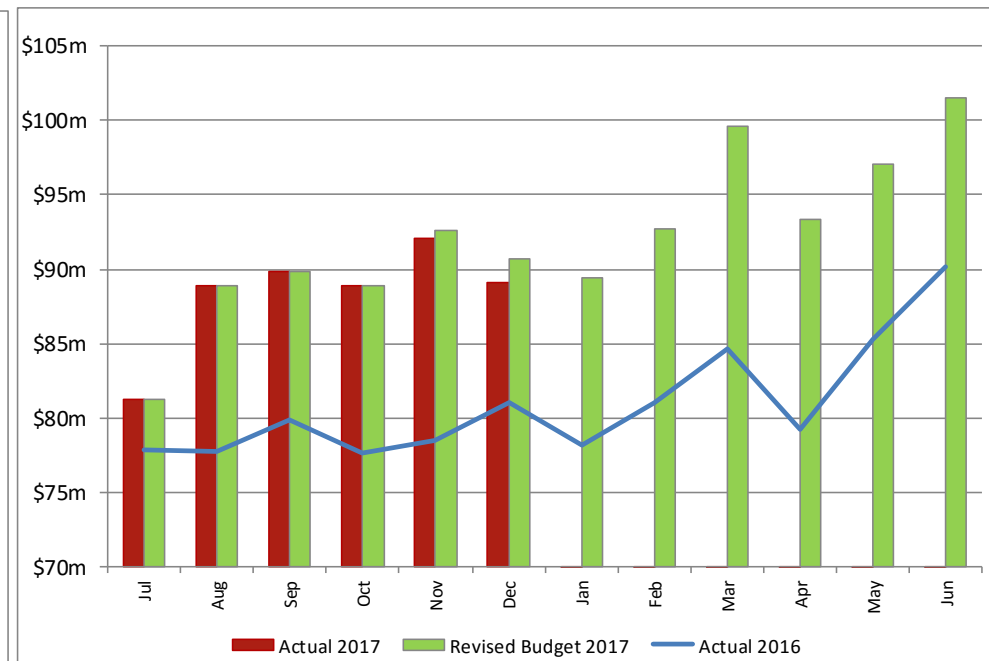
	Current month			Year to date			Full year	
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Results achieved	
	\$000	\$000	\$000	\$000	\$000	\$000	Revised Budget \$000	
<b>Income</b>								
<u>Operating income</u>								
Auckland Council funding	21,681	21,681	-	130,083	130,083	-	●	260,167
NZ Transport Agency operating funding	21,361	21,314	47	126,170	125,510	660	●	248,380
Parking and enforcement income	4,987	5,595	(608)	37,839	37,832	7	●	78,412
AT Metro income	11,070	11,225	(155)	70,382	70,992	(610)	●	156,882
Other revenue incl. other grants and subsidies	2,563	2,449	114	17,335	16,561	774	●	30,466
<b>Total operating income</b>	<b>61,662</b>	<b>62,264</b>	<b>(602)</b>	<b>381,809</b>	<b>380,978</b>	<b>831</b>	●	<b>774,307</b>
<b>Expenditure</b>								
Personnel costs	11,787	12,061	274	74,065	73,716	(349)	●	151,834
Capitalised personnel costs	(3,264)	(3,885)	(621)	(18,250)	(19,306)	(1,056)	●	(42,140)
Depreciation and amortisation	26,937	28,110	1,173	161,278	163,173	1,895	●	336,813
Other expenditure	51,137	51,904	767	297,905	299,537	1,632	●	629,625
Finance costs (Electric Trains)	2,518	2,518	-	14,975	14,975	-	●	29,735
<b>Total operating expenditure</b>	<b>89,115</b>	<b>90,708</b>	<b>1,593</b>	<b>529,973</b>	<b>532,095</b>	<b>2,122</b>	●	<b>1,105,867</b>
<b>Surplus/(deficit) from operations</b>	<b>(27,453)</b>	<b>(28,444)</b>	<b>991</b>	<b>(148,164)</b>	<b>(151,117)</b>	<b>2,953</b>	●	<b>(331,560)</b>
<u>Income for capital projects</u>								
NZ Transport Agency capital co-investment	14,578	16,128	(1,550)	77,661	80,318	(2,657)	●	168,435
Auckland Council capital grant	37,619	45,511	(7,892)	224,803	231,992	(7,189)	●	507,310
Other Capital Grants	811	573	238	3,196	2,698	498	●	7,774
Vested asset income	3,437	12,500	(9,063)	62,406	66,025	(3,619)	●	141,025
<b>Total income for capital projects</b>	<b>56,445</b>	<b>74,712</b>	<b>(18,267)</b>	<b>368,066</b>	<b>381,033</b>	<b>(12,967)</b>	●	<b>824,544</b>
<b>Net surplus/(deficit) before tax and derivatives</b>	<b>28,992</b>	<b>46,268</b>	<b>(17,276)</b>	<b>219,902</b>	<b>229,916</b>	<b>(10,014)</b>	●	<b>492,984</b>
Gains/(losses) on derivatives	667	-	667	2,456	1,144	1,312		1,144
Gain/(loss) on disposal of assets	(614)	-	(614)	(614)	-	(614)		-
Income tax benefit/(expense)	69	-	69	69	-	69		-
<b>Net surplus/(deficit) after tax and derivatives</b>	<b>29,114</b>	<b>46,268</b>	<b>(17,154)</b>	<b>221,813</b>	<b>231,060</b>	<b>(9,247)</b>	●	<b>494,128</b>

## Section 2b – Financial results for the six months ended 31 December 2016 (continued)

### Operating revenue



### Operating expenditure (excl. disposals and derivatives)



## 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
<b>Operating Income</b>							
Rail	9,514	9,415	99	58,361	58,267	94	116,973
Bus	14,046	14,282	(236)	80,134	80,706	(572)	175,757
Ferry	1,265	1,357	(92)	6,506	6,832	(326)	14,878
Other public transport	2,206	2,370	(164)	14,938	15,111	(173)	30,648
Parking	3,027	3,566	(539)	22,900	23,163	(263)	48,718
Enforcement	1,960	2,029	(69)	14,939	14,670	269	29,694
Roading and footpaths	4,464	4,537	(73)	29,656	29,614	42	57,619
Internal support	3,498	3,027	471	24,291	22,532	1,759	39,852
Auckland Council operating funding	21,681	21,681	-	130,083	130,083	-	260,167
<b>Total operating income</b>	<b>61,661</b>	<b>62,264</b>	<b>(603)</b>	<b>381,808</b>	<b>380,978</b>	<b>830</b>	<b>774,306</b>
<b>Operating Expenditure</b>							
Rail	13,818	13,905	87	82,938	83,239	301	165,257
Bus	21,107	21,114	7	117,355	117,157	(198)	250,162
Ferry	1,661	1,769	108	8,907	9,204	297	19,579
Other public transport	2,918	3,529	611	20,786	21,388	602	45,867
Parking	1,094	905	(189)	6,344	6,086	(258)	11,806
Enforcement	1,597	1,487	(110)	9,866	9,775	(91)	20,245
Roading and footpaths	10,513	9,536	(977)	62,681	61,652	(1,029)	128,730
Internal support	9,470	10,354	884	59,818	60,422	604	127,409
Depreciation	26,937	28,110	1,173	161,278	163,173	1,895	336,813
<b>Total operating expenditure</b>	<b>89,115</b>	<b>90,709</b>	<b>1,594</b>	<b>529,973</b>	<b>532,096</b>	<b>2,123</b>	<b>1,105,868</b>
<b>Surplus/(deficit) from Operations</b>	<b>(27,454)</b>	<b>(28,445)</b>	<b>991</b>	<b>(148,165)</b>	<b>(151,118)</b>	<b>2,953</b>	<b>(331,562)</b>

## Section 2d – 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
<b>Operating Income</b>							
Activity Income	3,446	3,263	183	24,183	23,982	201	49,955
Other income	59	27	32	273	196	77	680
NZ Transport Agency operating funding	4,367	4,483	(116)	24,273	24,457	(184)	47,094
NZ Transport Agency operating funding - Electric Trains	1,642	1,642	-	9,632	9,632	-	19,244
<b>Total operating income</b>	<b>9,514</b>	<b>9,415</b>	<b>99</b>	<b>58,361</b>	<b>58,267</b>	<b>94</b>	<b>116,973</b>
<b>Operating Expenditure</b>							
Personnel costs	230	182	(48)	1,204	1,148	(56)	2,302
Capitalised personnel costs	-	-	-	26	24	(2)	24
Service delivery costs and professional services	8,045	8,285	240	49,558	49,695	137	97,139
Occupancy costs	235	265	30	1,679	1,707	28	3,332
Track access charges	2,147	2,064	(83)	11,833	12,102	269	25,583
Other expenditure	643	591	(52)	3,663	3,588	(75)	7,142
Finance costs (Electric Trains)	2,518	2,518	-	14,975	14,975	-	29,735
<b>Total operating expenditure</b>	<b>13,818</b>	<b>13,905</b>	<b>87</b>	<b>82,938</b>	<b>83,239</b>	<b>301</b>	<b>165,257</b>
Depreciation	3,125	3,179	54	18,773	18,873	100	38,139
<b>Surplus/(deficit) from Operations</b>	<b>(7,429)</b>	<b>(7,669)</b>	<b>240</b>	<b>(43,350)</b>	<b>(43,845)</b>	<b>495</b>	<b>(86,423)</b>
Internal support costs	1,905	2,438	533	11,542	12,469	927	29,219
<b>Surplus/(deficit)</b>	<b>(9,334)</b>	<b>(10,107)</b>	<b>773</b>	<b>(54,892)</b>	<b>(56,314)</b>	<b>1,422</b>	<b>(115,642)</b>

## Section 2d – Bus operations

	Current month			Year to date			Full year
	Actual	Revised	Variance	Actual	Revised	Variance	Revised
	\$000	\$000	\$000	\$000	\$000	\$000	Budget \$000
<b>Operating Income</b>							
Activity Income	6,009	6,475	(466)	35,656	36,765	(1,109)	85,118
Other income	79	138	(59)	1,967	2,090	(123)	4,833
NZ Transport Agency operating funding	7,958	7,669	289	42,511	41,851	660	85,806
<b>Total operating income</b>	<b>14,046</b>	<b>14,282</b>	<b>(236)</b>	<b>80,134</b>	<b>80,706</b>	<b>(572)</b>	<b>175,757</b>
<b>Operating Expenditure</b>							
Personnel costs	260	298	38	1,747	1,763	16	3,565
Capitalised personnel costs	26	38	12	74	91	17	551
Service delivery costs and professional services	20,588	20,556	(32)	114,513	114,219	(294)	243,550
Occupancy costs	84	109	25	369	412	43	1,088
Other expenditure	149	113	(36)	652	672	20	1,408
<b>Total operating expenditure</b>	<b>21,107</b>	<b>21,114</b>	<b>7</b>	<b>117,355</b>	<b>117,157</b>	<b>(198)</b>	<b>250,162</b>
<b>Surplus/(deficit) from Operations</b>	<b>(7,335)</b>	<b>(7,150)</b>	<b>(185)</b>	<b>(38,838)</b>	<b>(38,150)</b>	<b>(688)</b>	<b>(78,167)</b>
Internal support costs	2,883	3,691	807	17,473	18,875	1,403	44,231
<b>Surplus/(deficit)</b>	<b>(10,218)</b>	<b>(10,841)</b>	<b>622</b>	<b>(56,311)</b>	<b>(57,025)</b>	<b>715</b>	<b>(122,398)</b>



## Section 2d – Ferry operations

	Current month			Year to date			Full year
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Revised Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operating Income</b>							
Operator access fees	500	500	-	2,379	2,323	56	5,036
Activity Income	188	174	14	787	802	(15)	2,117
Other income	91	67	24	404	385	19	824
NZ Transport Agency operating funding	486	616	(130)	2,936	3,322	(386)	6,901
<b>Total operating income</b>	<b>1,265</b>	<b>1,357</b>	<b>(92)</b>	<b>6,506</b>	<b>6,832</b>	<b>(326)</b>	<b>14,878</b>
<b>Operating Expenditure</b>							
Personnel costs	91	100	9	523	532	9	1,123
Capitalised personnel costs	-	-	-	2	2	-	2
Service delivery costs and professional services	1,375	1,462	87	7,059	7,307	248	15,818
Occupancy costs	49	56	7	442	458	16	804
Other expenditure	146	151	5	881	905	24	1,832
<b>Total operating expenditure</b>	<b>1,661</b>	<b>1,769</b>	<b>108</b>	<b>8,907</b>	<b>9,204</b>	<b>297</b>	<b>19,579</b>
Depreciation	253	254	1	1,516	1,518	2	3,043
<b>Surplus/(deficit) from Operations</b>	<b>(649)</b>	<b>(666)</b>	<b>17</b>	<b>(3,917)</b>	<b>(3,890)</b>	<b>(27)</b>	<b>(7,744)</b>
Internal support costs	226	289	63	1,368	1,477	110	3,462
<b>Surplus/(deficit)</b>	<b>(875)</b>	<b>(955)</b>	<b>80</b>	<b>(5,285)</b>	<b>(5,367)</b>	<b>83</b>	<b>(11,206)</b>

## Section 2d – 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
<b>Operating Income</b>							
Other income	698	582	116	4,733	4,448	285	8,319
NZ Transport Agency operating funding	1,508	1,788	(280)	10,205	10,663	(458)	22,329
<b>Total operating income</b>	<b>2,206</b>	<b>2,370</b>	<b>(164)</b>	<b>14,938</b>	<b>15,111</b>	<b>(173)</b>	<b>30,648</b>
<b>Operating Expenditure</b>							
Personnel costs	1,150	1,247	97	8,032	8,004	(28)	15,938
Capitalised personnel costs	11	19	8	27	85	58	109
Service delivery costs and professional services	690	1,257	567	6,623	7,270	647	17,276
IT costs	221	173	(48)	1,162	1,108	(54)	2,173
Other expenditure	846	833	(13)	4,942	4,921	(21)	10,371
<b>Total operating expenditure</b>	<b>2,918</b>	<b>3,529</b>	<b>611</b>	<b>20,786</b>	<b>21,388</b>	<b>602</b>	<b>45,867</b>
Depreciation	1,363	1,337	(26)	7,768	7,655	(113)	15,937
<b>Surplus/(deficit) from Operations</b>	<b>(2,075)</b>	<b>(2,496)</b>	<b>421</b>	<b>(13,616)</b>	<b>(13,932)</b>	<b>316</b>	<b>(31,156)</b>
Internal support costs	529	677	148	3,204	3,461	257	8,110
<b>Surplus/(deficit)</b>	<b>(2,604)</b>	<b>(3,173)</b>	<b>569</b>	<b>(16,820)</b>	<b>(17,393)</b>	<b>573</b>	<b>(39,266)</b>

## Section 2d – 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
<b>Operating Income</b>							
Other income	39	108	(69)	518	566	(48)	1,204
Parking Fees	2,988	3,458	(470)	22,382	22,597	(215)	47,514
<b>Total operating income</b>	<b>3,027</b>	<b>3,566</b>	<b>(539)</b>	<b>22,900</b>	<b>23,163</b>	<b>(263)</b>	<b>48,718</b>
<b>Operating Expenditure</b>							
Personnel costs	214	147	(67)	1,432	1,324	(108)	2,475
Capitalised personnel costs	6	(3)	(9)	(15)	(28)	(13)	(49)
Service delivery costs and professional services	292	246	(46)	1,434	1,373	(61)	2,845
Occupancy Costs	445	446	1	3,038	2,964	(74)	5,676
Other expenditure	137	69	(68)	455	453	(2)	859
<b>Total operating expenditure</b>	<b>1,094</b>	<b>905</b>	<b>(189)</b>	<b>6,344</b>	<b>6,086</b>	<b>(258)</b>	<b>11,806</b>
Depreciation	641	641	-	3,889	3,887	(2)	7,733
<b>Surplus/(deficit) from Operations</b>	<b>1,292</b>	<b>2,020</b>	<b>(728)</b>	<b>12,667</b>	<b>13,190</b>	<b>(523)</b>	<b>29,179</b>
Internal support costs	136	174	38	825	891	66	2,087
<b>Surplus/(deficit)</b>	<b>1,156</b>	<b>1,846</b>	<b>(690)</b>	<b>11,842</b>	<b>12,299</b>	<b>(457)</b>	<b>27,092</b>

## Section 2d – 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
<b>Operating Income</b>							
Other income	-	-	-	-	-	-	-
Infringement income	1,960	2,029	(69)	14,939	14,670	269	29,694
<b>Total operating income</b>	<b>1,960</b>	<b>2,029</b>	<b>(69)</b>	<b>14,939</b>	<b>14,670</b>	<b>269</b>	<b>29,694</b>
<b>Operating Expenditure</b>							
Personnel costs	860	766	(94)	5,183	5,094	(89)	10,371
Capitalised personnel costs	2	5	3	59	60	1	87
Service delivery costs and professional services	201	145	(56)	1,136	1,045	(91)	1,924
Occupancy Costs	-	-	-	4	3	(1)	3
Other expenditure	534	571	37	3,484	3,573	89	7,860
<b>Total operating expenditure</b>	<b>1,597</b>	<b>1,487</b>	<b>(110)</b>	<b>9,866</b>	<b>9,775</b>	<b>(91)</b>	<b>20,245</b>
Depreciation	20	15	(5)	93	66	(27)	172
<b>Surplus/(deficit) from Operations</b>	<b>343</b>	<b>527</b>	<b>(184)</b>	<b>4,980</b>	<b>4,829</b>	<b>151</b>	<b>9,277</b>
Internal support costs	233	299	65	1,414	1,528	114	3,579
<b>Surplus/(deficit)</b>	<b>110</b>	<b>228</b>	<b>(119)</b>	<b>3,566</b>	<b>3,301</b>	<b>265</b>	<b>5,698</b>

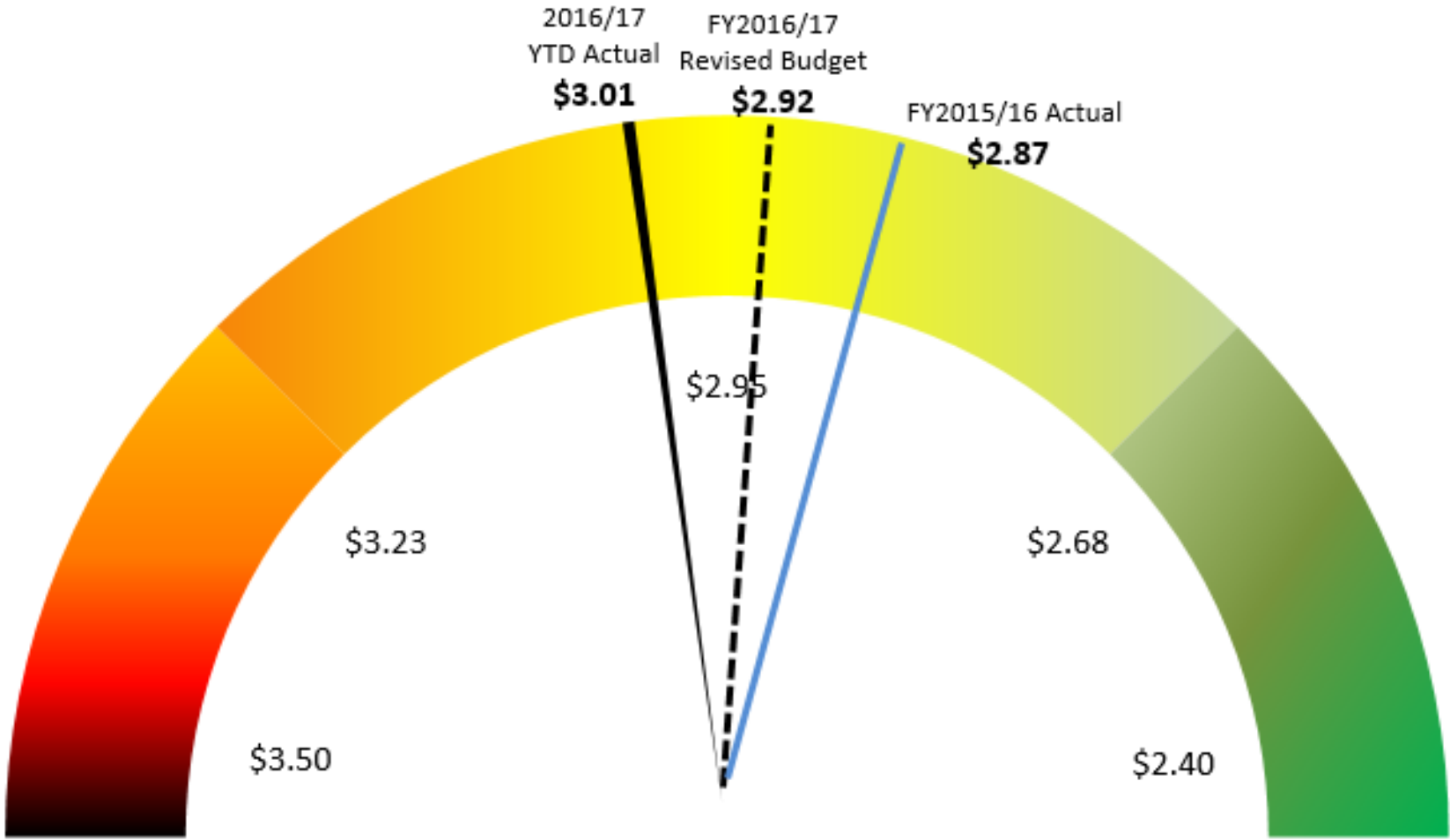
## Section 2d – Roading and footpaths operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
<b>Operating Income</b>							
Petrol tax	779	727	52	4,655	4,558	97	8,919
Other income	434	425	9	3,742	3,665	77	6,077
NZ Transport Agency operating funding	3,251	3,385	(134)	21,259	21,391	(132)	42,623
<b>Total operating income</b>	<b>4,464</b>	<b>4,537</b>	<b>(73)</b>	<b>29,656</b>	<b>29,614</b>	<b>42</b>	<b>57,619</b>
<b>Operating Expenditure</b>							
Personnel costs	2,986	2,270	(716)	14,937	14,825	(112)	30,683
Capitalised personnel costs	(722)	(949)	(227)	(3,150)	(4,043)	(893)	(9,486)
Service delivery costs and professional services	6,521	6,426	(95)	39,385	39,187	(198)	83,605
Occupancy Costs	1,125	1,139	14	8,512	8,538	26	16,308
IT Costs	2	12	10	13	52	39	294
Other expenditure	601	638	37	2,984	3,093	109	7,326
<b>Total operating expenditure</b>	<b>10,513</b>	<b>9,536</b>	<b>(977)</b>	<b>62,681</b>	<b>61,652</b>	<b>(1,029)</b>	<b>128,730</b>
Depreciation	19,770	20,227	457	118,264	118,951	687	242,137
<b>Surplus/(deficit) from Operations</b>	<b>(25,819)</b>	<b>(25,226)</b>	<b>(593)</b>	<b>(151,289)</b>	<b>(150,989)</b>	<b>(300)</b>	<b>(313,248)</b>
Internal support costs	1,484	1,899	415	8,991	9,713	722	22,760
<b>Surplus/(deficit)</b>	<b>(27,303)</b>	<b>(27,125)</b>	<b>(178)</b>	<b>(160,280)</b>	<b>(160,702)</b>	<b>422</b>	<b>(336,008)</b>

## Section 2d – 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
<b>Operating Income</b>							
Rental income	1,372	1,129	243	8,242	7,643	599	14,416
Other income	(23)	168	(191)	695	695	-	1,053
NZ Transport Agency operating funding	2,149	1,730	419	15,354	14,194	1,160	24,383
<b>Total operating income</b>	<b>3,498</b>	<b>3,027</b>	<b>471</b>	<b>24,291</b>	<b>22,532</b>	<b>1,759</b>	<b>39,852</b>
<b>Operating Expenditure</b>							
Personnel costs	5,996	7,051	1,055	41,007	41,026	19	85,377
Capitalised personnel costs	(2,587)	(2,994)	(407)	(15,273)	(15,496)	(223)	(33,378)
Directors Fees	34	43	9	227	255	28	510
Service delivery costs and professional services	2,825	3,725	900	17,246	19,042	1,796	41,865
Other expenditure	3,202	2,529	(673)	16,611	15,595	(1,016)	33,035
<b>Total operating expenditure</b>	<b>9,470</b>	<b>10,354</b>	<b>884</b>	<b>59,818</b>	<b>60,422</b>	<b>604</b>	<b>127,409</b>
Depreciation	1,492	2,139	647	9,358	10,524	1,166	25,891
Income tax benefit/(expense)	69	-	(69)	69	-	(69)	-
<b>Surplus/(deficit) from Operations</b>	<b>(7,395)</b>	<b>(9,466)</b>	<b>2,071</b>	<b>(44,816)</b>	<b>(48,414)</b>	<b>3,598</b>	<b>(113,448)</b>
Internal support allocated	7,395	9,466	2,071	44,816	48,414	3,598	113,448
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Section 2e – Operational funding requirement per passenger for the six months to December 2016



## Section 3a – Summary of Capital Expenditure

	Current month			Year to date			Results achieved	Full year Revised Budget \$000
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance		
	\$000	\$000	\$000	\$000	\$000	\$000		
<b>Land</b>								
CRL	176	1,317	1,141	4,688	5,829	1,141	●	10,625
AMETI	6,101	872	(5,229)	11,501	6,272	(5,229)	●	8,390
Special Housing Areas (SHAs)	1	6	5	11	16	5	●	1,772
Other	977	1,534	557	24,372	24,929	557	●	33,985
<b>Total land</b>	<b>7,255</b>	<b>3,729</b>	<b>(3,526)</b>	<b>40,572</b>	<b>37,046</b>	<b>(3,526)</b>	●	<b>54,772</b>
<b>Major new capital projects</b>								
CRL	10,583	14,114	3,531	61,451	64,981	3,530	●	139,057
Albany Highway Upgrade	801	800	(1)	4,670	4,669	(1)	●	6,127
Otahuhu Bus Interchange	(371)	-	371	9,986	10,357	371	●	10,786
Te Atatu Road Corridor Improvements	1,092	1,933	841	4,756	5,598	842	●	11,392
NorthWest Transformation	149	71	(78)	1,258	1,180	(78)	●	3,151
AMETI	730	1,057	327	3,045	3,372	327	●	8,041
Manukau Bus Interchange	917	885	(32)	2,343	2,312	(31)	●	17,002
<b>Total major new capital projects</b>	<b>13,901</b>	<b>18,860</b>	<b>4,959</b>	<b>87,509</b>	<b>92,469</b>	<b>4,960</b>	●	<b>195,556</b>
<b>Other ring-fenced projects</b>								
EMU	127	96	(31)	1,127	1,096	(31)	●	4,964
Local Board initiatives	979	1,229	250	10,342	10,591	249	●	17,603
Special Housing Areas (SHAs)	81	101	20	622	643	21	●	3,938
Other	684	1,012	328	2,103	2,431	328	●	23,971
<b>Total other ring-fenced projects</b>	<b>1,871</b>	<b>2,438</b>	<b>567</b>	<b>14,194</b>	<b>14,761</b>	<b>567</b>	●	<b>50,476</b>
<b>Other</b>								
Roads and footpaths	7,859	10,904	3,045	49,249	52,292	3,043	●	127,042
AT Metro	3,722	5,765	2,043	15,053	17,096	2,043	●	60,088
Parking operations	142	464	322	1,776	2,094	318	●	4,701
Internal support - BT	1,348	2,072	724	8,741	9,464	723	●	13,978
Internal support - Accomodation	(131)	92	223	791	1,015	224	●	3,737
Internal support - Other	78	361	283	162	444	282	●	3,385
<b>Total other</b>	<b>13,018</b>	<b>19,658</b>	<b>6,640</b>	<b>75,772</b>	<b>82,405</b>	<b>6,633</b>	●	<b>212,931</b>
<b>Renewals</b>	<b>16,963</b>	<b>17,526</b>	<b>563</b>	<b>87,614</b>	<b>88,327</b>	<b>713</b>	●	<b>223,319</b>
<b>Total direct capital</b>	<b>53,008</b>	<b>62,211</b>	<b>9,203</b>	<b>305,661</b>	<b>315,008</b>	<b>9,347</b>	●	<b>737,054</b>



## Section 3b – Capital Expenditure Funding

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
<b>Direct capital funding</b>							
NZ Transport Agency new capital co-investment	7,245	9,234	(1,989)	40,473	44,374	(3,901)	104,123
NZ Transport Agency renewal co-investment	7,333	6,894	439	37,188	35,944	1,244	64,312
Other Capital grants	811	573	238	3,196	2,698	498	7,774
Auckland Council capital grant	37,619	45,510	(7,891)	224,804	231,992	(7,188)	507,310
Funding shortfall for core capital expenditure	-	-	-	-	-	-	53,535
<b>Total direct capital funding</b>	<b>53,008</b>	<b>62,211</b>	<b>(9,203)</b>	<b>305,661</b>	<b>315,008</b>	<b>(9,347)</b>	<b>737,054</b>

## Section 4a – Statement of Financial Position

As at 31 December 2016

	Note	Actual 31 December 2016 \$000	Actual 30 November 2016 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	19,182	5,189
Trade and other receivables	2	219,597	257,755
Inventories		9,617	9,633
Other assets		21,008	12,143
Non-current asset held for sale		6,737	6,473
<b>Total current assets</b>		<b>276,141</b>	<b>291,193</b>
<b>Non-current assets</b>			
Property, plant and equipment		16,395,257	16,389,541
Property, plant and equipment - work-in-progress		705,905	683,332
Intangible assets		130,607	129,675
<b>Total non-current assets</b>		<b>17,231,769</b>	<b>17,202,548</b>
<b>Total assets</b>		<b>17,507,910</b>	<b>17,493,741</b>

## Section 4a – Statement of Financial Position (continued)

As at 31 December 2016

	Note	Actual 31 December 2016 \$000	Actual 30 November 2016 \$000
<b>Liabilities</b>			
<b>Current liabilities</b>			
Derivative financial instruments	3	102	167
Trade and other payables	4	166,007	180,273
Employee benefit liabilities	5	14,497	14,326
Borrowings	6	5,394	5,367
Total current liabilities		186,000	200,133
<b>Non-current liabilities</b>			
Derivative financial instruments	3	2,739	3,093
Trade and other payables	4	18,447	18,696
Employee benefit liabilities	5	624	624
Borrowings	6	488,011	488,506
Deferred tax liability	7	11,356	11,425
Total non-current liabilities		521,177	522,344
<b>Total liabilities</b>		<b>707,177</b>	<b>722,477</b>
<b>Net assets</b>		<b>16,800,733</b>	<b>16,771,264</b>
<b>Equity</b>			
Contributed capital		13,464,226	13,463,871
Accumulated surplus/(deficit)		1,219,049	1,189,935
Other reserves		2,117,458	2,117,458
<b>Total equity</b>		<b>16,800,733</b>	<b>16,771,264</b>

## Section 4b – Notes to the Financial Statements

As at 31 December 2016

	Actual 31 December 2016 \$000	Actual 30 November 2016 \$000
<b>1 Cash and cash equivalents</b>		
Cash at bank - Trading	18,885	4,892
Till floats	297	297
<b>Total cash and cash equivalents</b>	<b>19,182</b>	<b>5,189</b>
The carrying value of cash and cash equivalents approximates their fair value.		
<b>2 Trade and other receivables</b>		
Trade debtors	4,035	3,524
Finance lease receivable	44	46
Infringements receivable	33,354	33,764
Amounts due from related parties	150,089	179,175
Accrued income	39,778	44,475
Goods and services tax	6,438	10,765
	<b>233,738</b>	<b>271,749</b>
Less provision for impairment of receivables	(14,141)	(13,994)
<b>Total trade and other receivables</b>	<b>219,597</b>	<b>257,755</b>

## Section 4b – Notes to the Financial Statements (continued)

### As at 31 December 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 reporting date is the carrying value of each class of receivable mentioned above.

The ageing profile of receivables at 31 December 2016 is detailed below:

	<b>Gross</b>	<b>Impaired</b>	<b>Net</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Not past due	200,700	-	200,700
Past due 1 - 30 days	2,333	-	2,333
Past due 31 - 60 days	1,727	-	1,727
Past due 61 - 90 days	1,162	-	1,162
Past due > 90 days	27,816	(14,141)	13,675
	<b>233,738</b>	<b>(14,141)</b>	<b>219,597</b>

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 amounts will be recovered.

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

	<b>Actual</b>
	<b>\$000</b>
At 1 July 2016	13,618
Additional provisions made	540
Provisions reversed	(17)
At 31 December 2016	14,141

## Section 4b – Notes to the Financial Statements (continued)

As at 31 December 2016

	Actual 31 December 2016 \$000	Actual 30 November 2016 \$000
<b>3 Derivative financial instruments</b>		
<b>Current liability portion</b>		
Forward foreign exchange contracts - not hedge accounted	102	167
Current derivative financial instruments	<b>102</b>	<b>167</b>
<b>Non-current liability portion</b>		
Interest rate swaps - not hedge accounted	2,739	3,093
Non-current derivative financial instruments	<b>2,739</b>	<b>3,093</b>
<b>Total derivative financial instrument liabilities</b>	<b>2,841</b>	<b>3,260</b>

### 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*

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$3.0 million. The foreign currency principal amount was USD \$2.0 million. The cash flow hedge gain of \$140,234 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 prices. The notional principal amount of the outstanding interest rate swap contracts was \$18 million. At 31 December 2016 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.88% to 6.02%. The gain on their revaluation of \$838,576 has been recorded in the Statement of Financial Performance.

## Section 4b – Notes to the Financial Statements (continued)

As at 31 December 2016

	Actual 31 December 2016 \$000	Actual 30 November 2016 \$000
<b>4 Trade and other payables</b>		
<b>Current portion</b>		
Creditors	30,127	23,775
Accrued expenses	112,743	130,036
Retentions	11,931	11,865
Amounts due to related parties	4,551	7,530
Income in advance	6,655	7,067
<b>Total current trade and other payables</b>	<b>166,007</b>	<b>180,273</b>
<b>Non-current portion</b>		
Amounts due to related parties	18,447	18,696
<b>Total non-current trade and other payables</b>	<b>18,447</b>	<b>18,696</b>
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.		
<b>5 Employee benefit liabilities</b>		
<b>Current portion</b>		
Accrued salaries and wages	5,324	4,193
Accrued leave	9,173	10,133
<b>Current employee benefit liabilities</b>	<b>14,497</b>	<b>14,326</b>
<b>Non-current portion</b>		
Retirement gratuities	383	383
Long service leave	241	241
<b>Non-current employee benefit liabilities</b>	<b>624</b>	<b>624</b>

## Section 4b – Notes to the Financial Statements (continued)

As at 31 December 2016

	Actual 31 December 2016 \$000	Actual 30 November 2016 \$000
<b>6 Borrowings</b>		
<b>Current portion</b>		
Loans from Auckland Council	5,394	5,367
<b>Current borrowings</b>	<b>5,394</b>	<b>5,367</b>
<b>Non-current portion</b>		
Loans from Auckland Council	488,011	488,506
<b>Non-current borrowings</b>	<b>488,011</b>	<b>488,506</b>
Weighted average cost of funds on total borrowings	6.01%	6.01%

Auckland Transport's loan debt of \$493 million is issued at fixed rates of interest ranging from 5.55% to 6.22%.

	Property, Plant and Equipment \$000	Other Provisions \$000	Tax Losses \$000	Actual 31 December 2016 Total \$000
<b>7 Deferred tax liability</b>				
Balance at 1 July 2016	(11,425)	-	-	(11,425)
Charged to profit and loss	69	-	-	69
Charged to equity	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>(11,356)</b>	<b>-</b>	<b>-</b>	<b>(11,356)</b>



## Section 5 – Cash Flow

	Year to date	Full year	
	Actual \$000	Revised Budget \$000	Revised Budget \$000
<b>Cash flows from operating activities</b>			
<b>Total cash provided</b>	740,688	721,986	1,457,825
<b>Cash applied to:</b>			
Payments to suppliers, employees and directors	379,763	363,424	739,173
Interest paid	13,421	14,975	29,735
Goods and services tax (net)	8,744	-	-
<b>Total cash applied</b>	<b>401,928</b>	<b>378,399</b>	<b>768,908</b>
<b>Net cash from operating activities</b>	<b>338,760</b>	<b>343,587</b>	<b>688,917</b>
<b>Cash flows from investing activities</b>			
<b>Cash provided from:</b>			
Sale of property, plant and equipment	1,581	-	-
<b>Total cash provided</b>	<b>1,581</b>	<b>-</b>	<b>-</b>
<b>Cash applied to:</b>			
Capital expenditure projects	321,627	341,007	737,053
<b>Total cash applied</b>	<b>321,627</b>	<b>341,007</b>	<b>737,053</b>
<b>Net cash from investing activities</b>	<b>(320,046)</b>	<b>(341,007)</b>	<b>(737,053)</b>
<b>Cash flows from financing activities</b>			
<b>Total cash provided</b>	-	-	-
<b>Cash applied to:</b>			
Repayments of EMU loan from Auckland Council	2,537	2,580	5,399
<b>Total cash applied</b>	<b>2,537</b>	<b>2,580</b>	<b>5,399</b>
<b>Net cash from financing activities</b>	<b>(2,537)</b>	<b>(2,580)</b>	<b>(5,399)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>16,177</b>	<b>-</b>	<b>(53,535)</b>
Opening cash balance	3,005	-	-
<b>Closing cash balance</b>	<b>19,182</b>	<b>-</b>	<b>(53,535)</b>

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	Actual \$000
<b>Surplus/(deficit) after tax</b>	<b>221,813</b>
<b>Add/(less) non cash items</b>	
Depreciation and amortisation	161,278
Vested assets	(62,406)
Loss on disposal of property, plant and equipment	614
(Gains)/losses on forward foreign exchange contracts	(140)
(Gains)/losses on interest rate swaps	(839)
Income tax	(69)
	<b>98,438</b>
<b>Add/(less) movements in working capital</b>	
Decrease/(Increase) in debtors and other receivables	55,212
Decrease/(Increase) in inventories	130
(Decrease)/Increase in creditors and other payables	(17,632)
(Decrease)/Increase in employee benefits payable	915
(Decrease)/Increase in other assets	(19,379)
(Decrease)/Increase in non current asset held for sale	(737)
	<b>18,509</b>
<b>Net cash flow from operating activities</b>	<b>338,760</b>

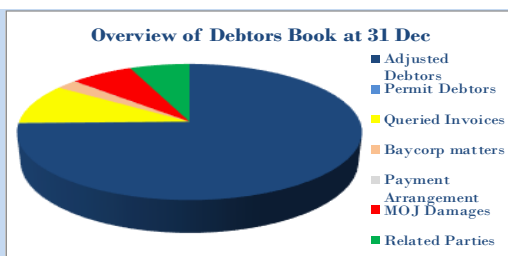
## Section 6 – Accounts Receivable Report

### Accounts Receivable

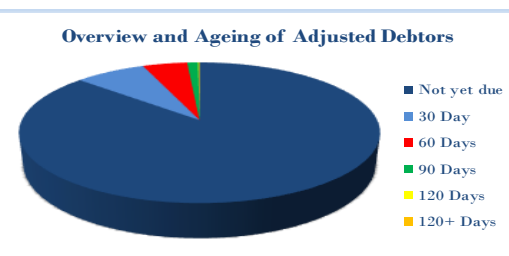
An overview of the Debtors as at 31 December has 98.7% (99.5% November) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 31 December 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 31 Dec	171	4,297,973	2,943,594	315,924	371,313	96,633	49,021	521,488	1
Parking Permit Debtors	28	4,970	950	240	0	0	3,780	0	2
<b>Total Debtors</b>		<b>4,302,943</b>	<b>2,944,544</b>	<b>316,164</b>	<b>371,313</b>	<b>96,633</b>	<b>52,801</b>	<b>521,488</b>	
		100.0%	68.4%	7.3%	8.6%	2.2%	1.2%	12.1%	
O/s Related Parties	24	280,367	151,600	2,772	71,100	32,581	22,315	0	3
<b>Trade Debtors</b>	<b>151</b>	<b>4,022,576</b>	<b>2,792,944</b>	<b>313,392</b>	<b>300,213</b>	<b>64,052</b>	<b>30,486</b>	<b>521,488</b>	
		100.0%	69.4%	7.8%	7.5%	1.6%	0.8%	13.0%	
Queried Invoices	119	416,252	5,787	57,304	145,305	11,027	18,122	178,707	4
To Baycorp (Collection)	384	95,813	0	0	1,994	66	811	92,942	5
Payment Arrangement	86	4,216	0	0	0	4,216	0	0	6
Lodged Courts (Damages)	328	293,578	11,558	13,959	204	11,091	8,458	248,308	7
<b>Adjusted Debtors</b>		<b>3,212,718</b>	<b>2,775,599</b>	<b>242,130</b>	<b>152,710</b>	<b>37,653</b>	<b>3,095</b>	<b>1,531</b>	
		100.0%	86.4%	7.5%	4.8%	1.2%	0.1%	0.0%	

Adjusted Debtors	74.6%
Permit Debtors	0.1%
Queried Invoices	9.7%
Baycorp matters	2.2%
Arrangements	0.1%
MOJ Damages	6.8%
Related Parties	6.5%
	<u>100.0%</u>

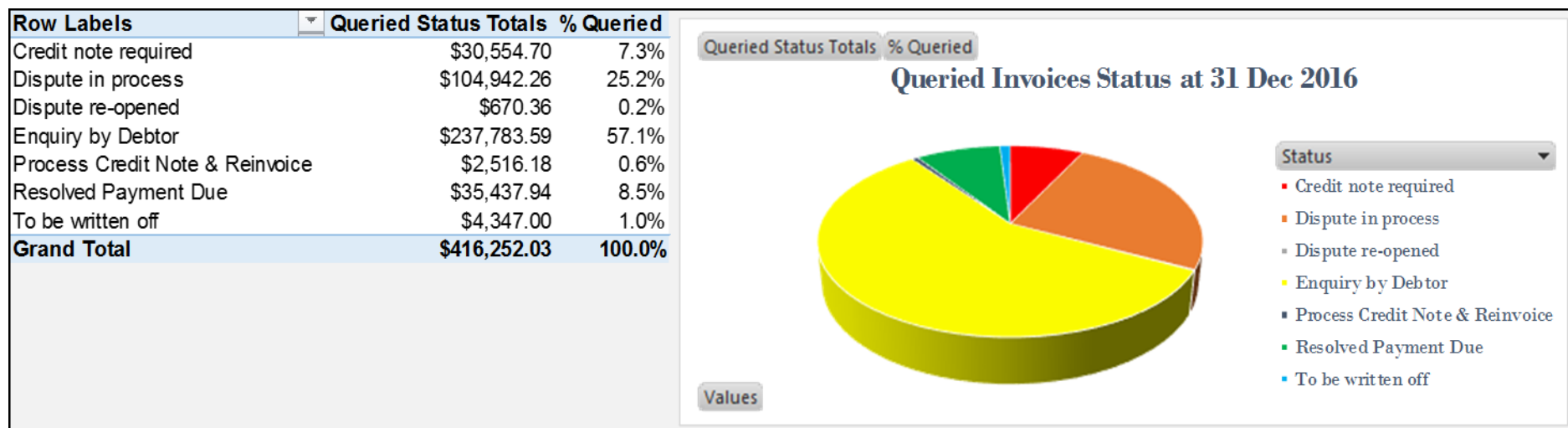


Not yet due	86.4%
30 Day	7.5%
60 Days	4.8%
90 Days	1.2%
120 Days	0.1%
120+ Days	0.0%
	<u>100.0%</u>



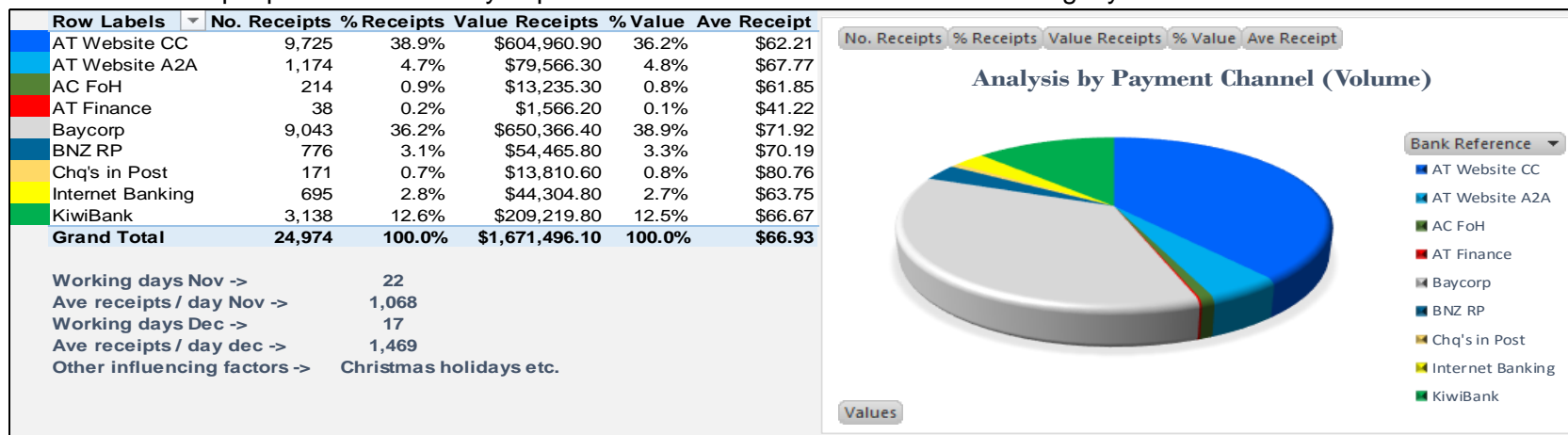
**Notes relating to the Debtors Ageing Analysis:**

- 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 \$76,000 matter has been referred to Legal in an effort to recover. A new enquiry of \$110,000 is being investigated in an effort to resolve before 31 January.
- 5 - 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.
- 6 - Relates to customers where an arrangement to pay has been agreed to. These are monitored until full payment has been received.
- 7 - 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.

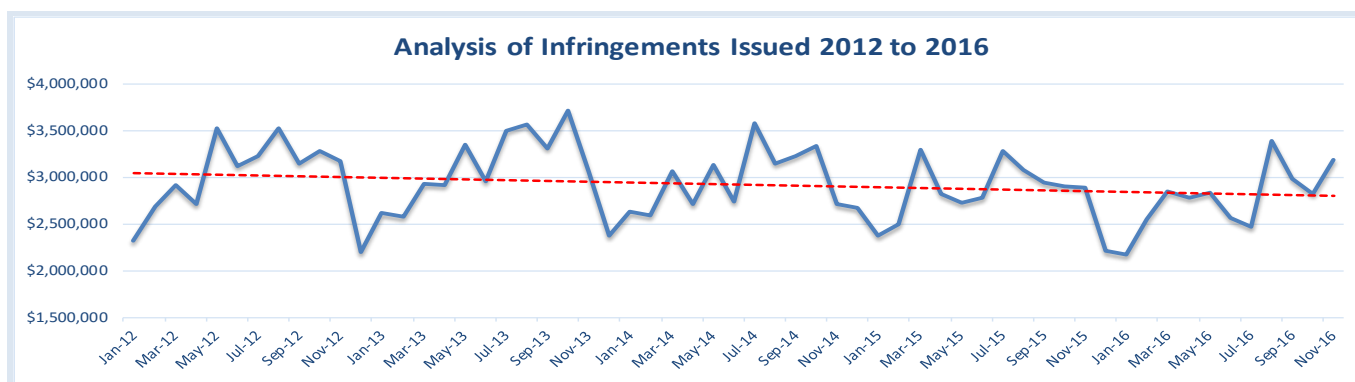


### Infringement Overview:

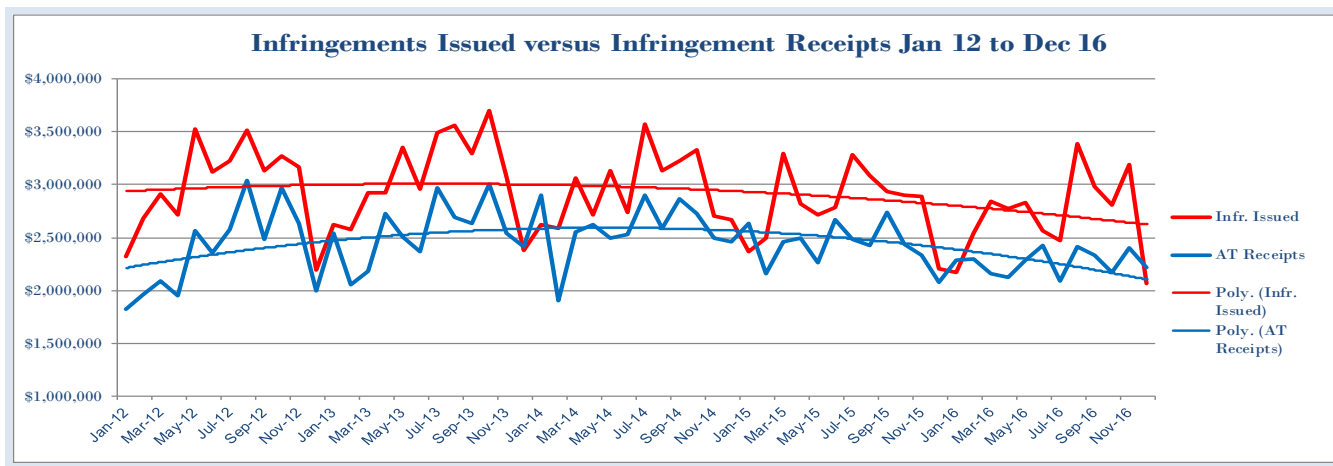
December's Infringement receipts by volume are up 6.3% on November (17 working days in December compared with 22 in November). Of the customers not paying in response to a Baycorp demand, 72.8% are making use of electronic payment methods (72.9% in November). The AT website recorded 43.6% of all receipts (58.1% in November). The highest average receipt by value was received via cheque payments. The higher than normal receipts predicted from Baycorp under the new contract has resulted in slightly skewed results in December.



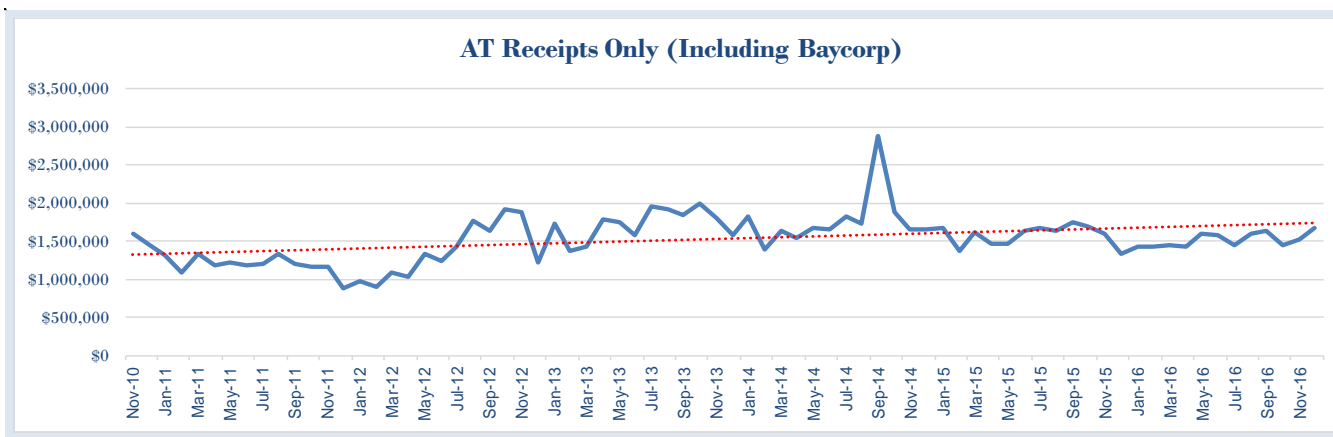
The following graph illustrates the seasonal issuance of infringements. Average infringements issued per month from January to December over the last 4 years is \$2.956 million, while the average issued to 31 December 2016 is \$2.719 million. The average infringements issued January to June 2016 is \$2.622 million compared with \$2.816 million for July to December 2016.



Analysis of receipts by value show that infringements issued over the past 24 months have decreased. Analysis of MoJ's collection statistics show that average receipts in 2016 are down 12.3% on 2015. AT's receipts (January to December 2016 average) are down 3.8% compared with the same period in 2015. This is in line with the 3.4% decrease in infringements issued for the same periods. The trend lines in the graph below have started moving apart slightly as a result of lower MoJ collections and three months of record infringements issued (August, September and November).

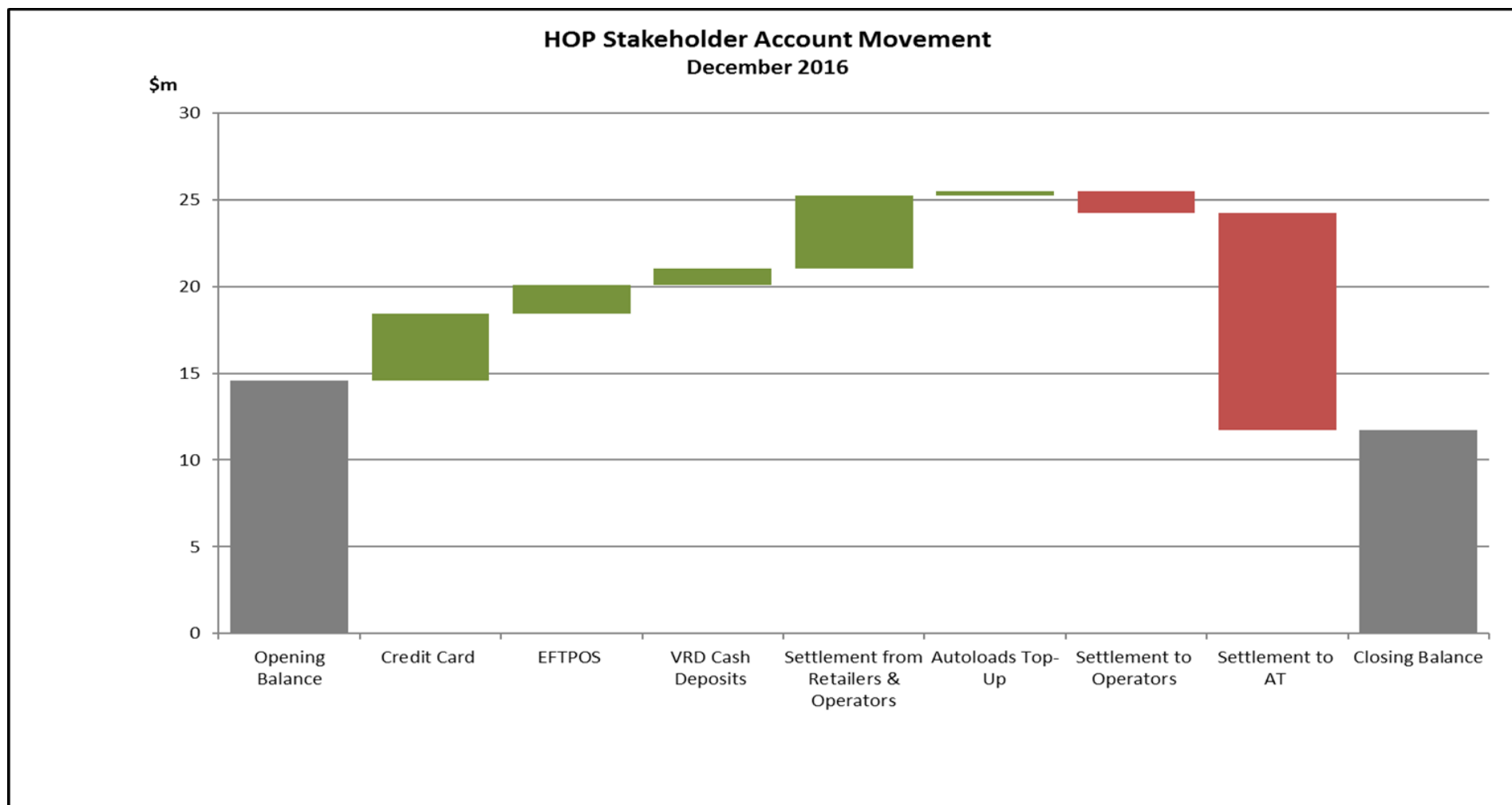


Direct receipts prior to lodging with MoJ continue to show an upward trend as a result of the Baycorp arrangement.

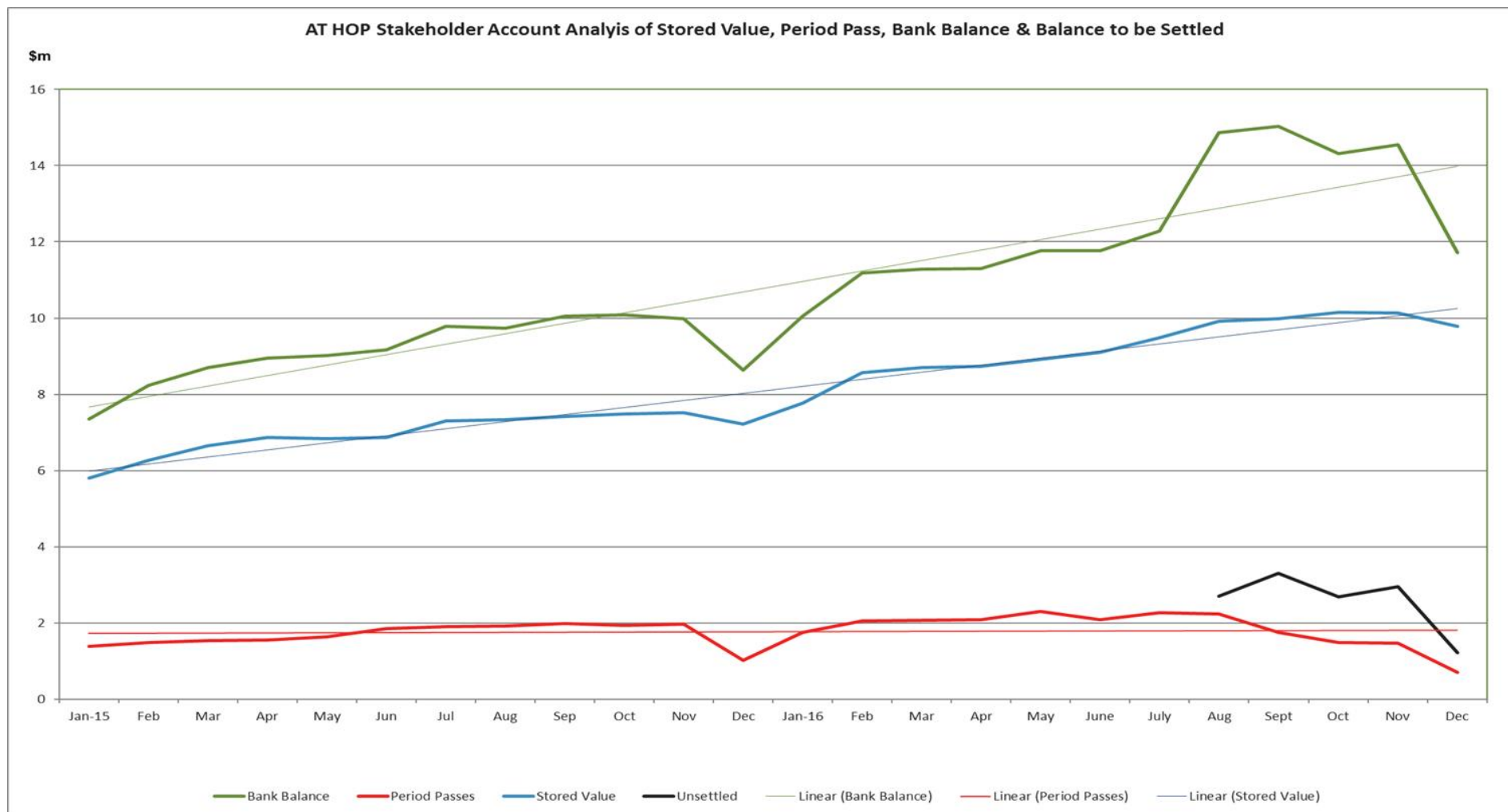


## Section 7 – AT HOP Stakeholder Monthly Report



As expected due to the holiday season, the AT HOP Stakeholder bank account decreased by 19%, from \$14.6 million to \$11.7 million.



The following graph provides an overview of monthly balances for Stored Value, Period Passes, the AT HOP Stakeholder Account and the amount yet to be settled to operators and AT. A new value has been added to the graph to show the unsettled HOP money due to the seven-day delay with the introduction of Simpler Fares.



## Document ownership

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