

Financial Results for the Seven Months Ended 31 January 2016

Recommendation

That the Board:

- i. Receives the report.

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Executive Summary

Financial results for the seven months ended 31 January 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	0.7	2.8	↑ ●	391.9	389.1	668.8
Total operating expenditure	0.0	(1.5)	↔ ●	550.7	549.3	981.0
Surplus/(deficit) from operations	0.7	1.3	↓ ●	(158.8)	(160.1)	(312.2)
Income for capital projects	(3.7)	8.3	↑ ●	347.6	339.3	714.2
Net surplus/(deficit) before tax	(3.0)	9.6	↑ ●	188.8	179.2	402.1
Total direct capital	18.1	30.0	↓ ●	252.9	282.9	607.7

Key to symbols used:

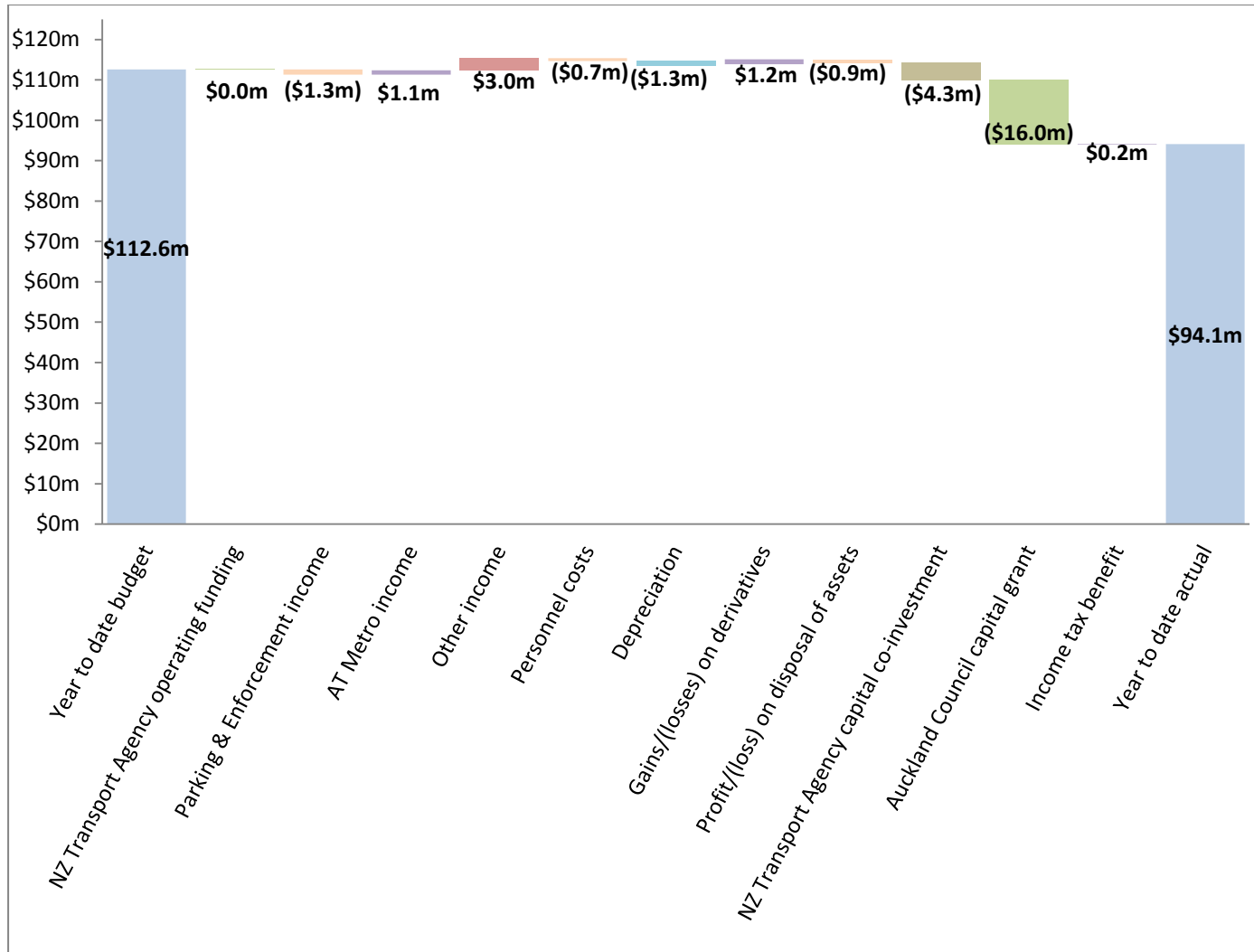
↔	: Within tolerable range	↑	: Above budget, favourable variance.
↓	: Below budget, unfavourable variance.	●	: Largely on track
↓	: Below budget, favourable variance.	●	: Monitoring, some action taken
↑	: Above budget, unfavourable variance.	●	: Action required

Section 2a – Financial results for the Seven months ended 31 January 2016

	Current month			Year to date			Full year	
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Results achieved	Revised Budget \$000
Income								
<u>Operating income</u>								
Auckland Council funding	20,813	20,813	-	145,690	145,690	-	●	249,755
NZ Transport Agency operating funding	19,027	19,538	(511)	139,176	139,140	36	●	235,303
Parking and enforcement income	5,363	6,356	(993)	43,107	44,427	(1,320)	●	79,258
AT Metro income	5,847	5,769	78	44,920	43,806	1,114	●	78,931
Other revenue incl. other grants and subsidies	3,959	1,867	2,092	19,030	16,064	2,966	●	25,592
Total operating income	55,009	54,343	666	391,923	389,127	2,796	●	668,839
Expenditure								
Personnel costs	10,244	11,335	1,091	80,023	81,555	1,532	●	145,233
Capitalised personnel costs	(2,051)	(3,333)	(1,282)	(17,643)	(19,862)	(2,219)	●	(37,645)
Depreciation and amortisation	26,721	26,402	(319)	182,002	180,713	(1,289)	●	316,939
Other expenditure	40,672	41,243	571	289,138	289,690	552	●	526,916
Finance costs (Electric Trains)	2,541	2,514	(27)	17,205	17,172	(33)	●	29,553
Total operating expenditure	78,127	78,161	34	550,725	549,268	(1,457)	●	980,996
Surplus/(deficit) from operations	(23,118)	(23,818)	700	(158,802)	(160,141)	1,339	●	(312,157)
<u>Income for capital projects</u>								
NZ Transport Agency capital co-investment	10,177	14,319	(4,142)	73,451	77,719	(4,268)	●	154,036
Auckland Council capital grant	20,937	33,775	(12,838)	179,123	195,134	(16,011)	●	435,705
Other Capital Grants	-	-	-	-	-	-	●	8,000
Vested asset income	13,301	-	13,301	95,020	66,473	28,547	●	116,473
	44,415	48,094	(3,679)	347,594	339,326	8,268	●	714,214
Net surplus/(deficit) before tax and derivatives	21,297	24,276	(2,979)	188,792	179,185	9,607	●	402,057
Gains/(losses) on derivatives	419	-	419	972	(193)	1,165		(193)
Profit/(loss) on disposal of assets	(89)	-	(89)	(826)	36	(862)		(722)
Income tax benefit/(expense)	-	-	-	198	-	198		-
Net surplus/(deficit) after tax and derivatives	21,627	24,276	(2,649)	189,136	179,028	10,108	●	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	8,843	8,837	6	66,514	65,764	750	114,559
Bus	7,495	7,685	(190)	56,509	56,601	(92)	101,621
Ferry	1,218	1,323	(105)	7,279	7,472	(193)	13,433
Other public transport	2,049	2,284	(235)	15,518	15,581	(63)	28,479
Parking	3,530	3,945	(415)	25,729	26,200	(471)	47,170
Enforcement	1,833	2,411	(578)	17,378	18,228	(850)	32,088
Roading and footpaths	4,394	4,421	(27)	34,513	33,433	1,080	56,972
Internal support	4,834	2,626	2,208	22,793	20,159	2,634	24,762
Auckland Council operating funding	20,813	20,813	-	145,690	145,690	-	249,755
Total operating income	55,009	54,345	664	391,923	389,128	2,795	668,839
Operating Expenditure							
Rail	13,411	13,294	(117)	94,850	94,719	(131)	163,768
Bus	11,900	12,370	470	92,848	93,428	580	167,116
Ferry	1,539	1,726	187	9,778	10,060	282	18,109
Other public transport	2,928	3,308	380	22,854	22,945	91	44,104
Parking	955	1,063	108	7,539	7,513	(26)	13,062
Enforcement	1,535	1,754	219	11,521	11,878	357	20,617
Roading and footpaths	8,800	9,254	454	69,131	68,859	(272)	124,837
Internal support	10,339	8,988	(1,351)	60,200	59,152	(1,048)	112,444
Depreciation	26,721	26,402	(319)	182,002	180,713	(1,289)	316,939
Total operating expenditure	78,128	78,159	31	550,723	549,267	(1,456)	980,996
Surplus/(deficit) from Operations	(23,119)	(23,814)	695	(158,800)	(160,139)	1,339	(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	2,592	2,544	48	25,209	24,300	909	45,253
Other income	72	95	(23)	593	633	(40)	838
NZ Transport Agency operating funding	4,556	4,587	(31)	29,584	29,713	(129)	49,238
NZ Transport Agency operating funding - Electric Trains	1,623	1,611	12	11,128	11,118	10	19,230
Total operating income	8,843	8,837	6	66,514	65,764	750	114,559
Operating Expenditure							
Personnel costs	196	176	(20)	1,471	1,419	(52)	2,515
Capitalised personnel costs	3	(1)	(4)	6	(3)	(9)	-
Service delivery costs and professional services	8,305	7,824	(481)	58,761	58,217	(544)	99,345
Occupancy costs	199	278	79	1,702	1,744	42	3,143
Track access charges	1,541	1,850	309	10,648	11,040	392	20,749
Other expenditure	626	653	27	5,057	5,131	74	8,463
Finance costs (Electric Trains)	2,541	2,514	(27)	17,205	17,171	(34)	29,553
Total operating expenditure	13,411	13,294	(117)	94,850	94,719	(131)	163,768
Depreciation	3,589	3,214	(375)	23,672	22,400	(1,272)	38,597
Surplus/(deficit) from Operations	(8,157)	(7,671)	(486)	(52,008)	(51,355)	(653)	(87,806)
Internal support costs	1,976	2,305	329	13,482	14,143	661	31,021
Surplus/(deficit)	(10,133)	(9,976)	(157)	(65,490)	(65,498)	8	(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	1,237	1,180	57	9,158	8,920	238	16,166
Other income	749	713	36	2,800	2,842	(42)	3,957
NZ Transport Agency operating funding	5,509	5,792	(283)	44,551	44,839	(288)	81,498
Total operating income	7,495	7,685	(190)	56,509	56,601	(92)	101,621
Operating Expenditure							
Personnel costs	267	248	(19)	1,906	1,869	(37)	3,244
Capitalised personnel costs	(4)	6	10	58	72	14	100
Service delivery costs and professional services	11,491	11,979	488	89,718	90,396	678	161,966
Occupancy costs	92	88	(4)	651	656	5	1,097
Other expenditure	54	49	(5)	515	435	(80)	709
Total operating expenditure	11,900	12,370	470	92,848	93,428	580	167,116
Depreciation	264	266	2	1,633	1,622	(11)	2,978
Surplus/(deficit) from Operations	(4,669)	(4,951)	282	(37,972)	(38,449)	477	(68,473)
Internal support costs	2,020	2,356	336	13,783	14,458	676	31,714
Surplus/(deficit)	(6,689)	(7,307)	618	(51,755)	(52,907)	1,153	(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	432	450	(18)	2,141	2,191	(50)	3,894
Activity Income	66	85	(19)	536	558	(22)	987
Other income	59	58	1	400	397	3	649
NZ Transport Agency operating funding	661	730	(69)	4,202	4,326	(124)	7,903
Total operating income	1,218	1,323	(105)	7,279	7,472	(193)	13,433
Operating Expenditure							
Personnel costs	89	94	5	615	630	15	1,090
Capitalised personnel costs	-	-	-	(2)	(3)	(1)	(5)
Service delivery costs and professional services	1,245	1,401	156	7,907	8,097	190	14,292
Occupancy costs	59	69	10	402	445	43	776
Other expenditure	146	162	16	856	891	35	1,956
Total operating expenditure	1,539	1,726	187	9,778	10,060	282	18,109
Depreciation	247	248	1	1,738	1,737	(1)	2,983
Surplus/(deficit) from Operations	(568)	(651)	83	(4,237)	(4,325)	88	(7,659)
Internal support costs	233	272	39	1,589	1,667	78	3,656
Surplus/(deficit)	(801)	(923)	122	(5,826)	(5,992)	166	(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	640	645	(5)	4,082	3,965	117	7,187
NZ Transport Agency operating funding	1,409	1,639	(230)	11,436	11,616	(180)	21,292
Total operating income	2,049	2,284	(235)	15,518	15,581	(63)	28,479
Operating Expenditure							
Personnel costs	910	1,024	114	7,000	7,244	244	13,129
Capitalised personnel costs	124	(48)	(172)	937	353	(584)	834
Service delivery costs and professional services	1,145	1,453	308	8,041	8,881	840	18,773
IT costs	199	225	26	1,253	1,451	198	2,491
Other expenditure	550	654	104	5,623	5,016	(607)	8,877
Total operating expenditure	2,928	3,308	380	22,854	22,945	91	44,104
Depreciation	1,231	1,435	204	8,877	9,277	400	17,479
Surplus/(deficit) from Operations	(2,110)	(2,459)	349	(16,213)	(16,641)	428	(33,104)
Internal support costs	568	663	95	3,877	4,067	190	8,921
Surplus/(deficit)	(2,678)	(3,122)	444	(20,090)	(20,708)	618	(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	76	110	(34)	730	741	(11)	1,487
Parking Fees	3,454	3,835	(381)	24,999	25,459	(460)	45,683
Total operating income	3,530	3,945	(415)	25,729	26,200	(471)	47,170
Operating Expenditure							
Personnel costs	230	238	8	1,911	1,778	(133)	3,113
Capitalised personnel costs	(18)	5	23	19	34	15	58
Service delivery costs and professional services	327	308	(19)	2,230	2,198	(32)	3,766
Occupancy Costs	383	452	69	3,073	3,161	88	5,506
Other expenditure	33	60	27	306	342	36	619
Total operating expenditure	955	1,063	108	7,539	7,513	(26)	13,062
Depreciation	561	557	(4)	3,931	3,875	(56)	6,701
Surplus/(deficit) from Operations	2,014	2,325	(311)	14,259	14,812	(553)	27,407
Internal support costs	165	193	28	1,128	1,184	55	2,596
Surplus/(deficit)	1,849	2,132	(283)	13,131	13,628	(498)	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)	-	86	(86)	515
Infringement income	1,833	2,325	(492)	17,378	18,142	(764)	31,573
Total operating income	1,833	2,411	(578)	17,378	18,228	(850)	32,088
Operating Expenditure							
Personnel costs	768	796	28	6,149	6,183	34	10,734
Capitalised personnel costs	6	2	(4)	16	11	(5)	22
Service delivery costs and professional services	(9)	121	130	864	938	74	1,713
Occupancy Costs	-	-	-	-	-	-	-
Other expenditure	770	835	65	4,492	4,746	254	8,148
Total operating expenditure	1,535	1,754	219	11,521	11,878	357	20,617
Depreciation	9	10	1	61	62	1	115
Surplus/(deficit) from Operations	289	647	(358)	5,796	6,288	(492)	11,356
Internal support costs	258	301	43	1,758	1,844	86	4,045
Surplus/(deficit)	31	346	(315)	4,038	4,444	(406)	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	778	727	51	5,183	5,104	79	8,737
Other income	205	317	(112)	3,423	3,167	256	4,760
NZ Transport Agency operating funding	3,411	3,377	34	25,907	25,162	745	43,475
Total operating income	4,394	4,421	(27)	34,513	33,433	1,080	56,972
Operating Expenditure							
Personnel costs	2,157	2,114	(43)	16,217	15,959	(258)	28,487
Capitalised personnel costs	(510)	(637)	(127)	(3,427)	(3,441)	(14)	(8,259)
Service delivery costs and professional services	5,939	6,189	250	44,082	44,608	526	83,152
Occupancy Costs	707	1,156	449	8,833	8,484	(349)	15,075
IT Costs	3	82	79	112	353	241	825
Other expenditure	504	350	(154)	3,314	2,896	(418)	5,557
Total operating expenditure	8,800	9,254	454	69,131	68,859	(272)	124,837
Depreciation	19,594	19,184	(410)	133,378	132,560	(818)	230,103
Surplus/(deficit) from Operations	(24,000)	(24,017)	17	(167,996)	(167,986)	(10)	(297,968)
Internal support costs	1,510	1,762	251	10,305	10,810	505	23,711
Surplus/(deficit)	(25,510)	(25,779)	268	(178,301)	(178,796)	495	(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	2,923	796	2,127	9,328	6,800	2,528	10,646
Other income	53	28	25	1,097	993	104	1,449
NZ Transport Agency operating funding	1,858	1,802	56	12,368	12,366	2	12,667
Total operating income	4,834	2,626	2,208	22,793	20,159	2,634	24,762
Operating Expenditure							
Personnel costs	5,627	6,644	1,017	44,753	46,474	1,721	82,921
Capitalised personnel costs	(1,652)	(2,660)	(1,008)	(15,250)	(16,886)	(1,636)	(30,395)
Directors Fees	42	43	1	297	372	75	585
Service delivery costs and professional services	1,598	2,623	1,025	11,947	13,418	1,471	32,147
Other expenditure	4,724	2,338	(2,386)	18,453	15,774	(2,679)	27,186
Total operating expenditure	10,339	8,988	(1,351)	60,200	59,152	(1,048)	112,444
Depreciation	1,226	1,489	263	8,713	9,180	467	17,984
Income tax benefit/(expense)	-	-	-	198	-	(198)	-
Surplus/(deficit) from Operations	(6,731)	(7,851)	1,120	(45,922)	(48,173)	2,251	(105,666)
Internal support allocated	6,731	7,851	1,120	45,922	48,173	2,251	105,666
Surplus/(deficit)	-	-	-	-	-	-	-

Section 3a – Summary of Capital Expenditure

Split by activity

	Current month			Year to date			Full year
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Revised Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
New capital expenditure							
Roads and footpaths	8,869	13,557	4,688	75,756	88,734	12,978	216,954
AT Metro (includes CRL)	5,476	10,441	4,965	55,843	58,527	2,684	152,239
Parking operations	90	510	420	704	1,359	655	5,361
Internal support	441	781	340	4,229	5,685	1,456	13,776
Total new capital	14,876	25,289	10,413	136,532	154,305	17,773	388,330
Renewal capital expenditure							
Roads and footpaths	13,175	19,462	6,287	100,649	109,304	8,655	189,122
AT Metro	(149)	652	801	2,479	3,145	666	6,755
Parking operations	26	599	573	491	1,467	976	2,234
Total renewal	13,052	20,713	7,661	103,619	113,916	10,297	198,111
Electric multiple units (EMUs)							
Procurement	2,055	2,092	37	12,741	14,634	1,893	21,302
Depot	-	-	-	(3)	(3)	-	(3)
Total EMUs	2,055	2,092	37	12,738	14,631	1,893	21,299
Total direct capital	29,983	48,094	18,111	252,889	282,852	29,963	607,740
Vested assets	13,301	-	(13,301)	95,020	66,473	(28,547)	116,473
Total capital	43,284	48,094	4,810	347,909	349,325	1,416	724,213

Section 3b – Summary of Capital Expenditure

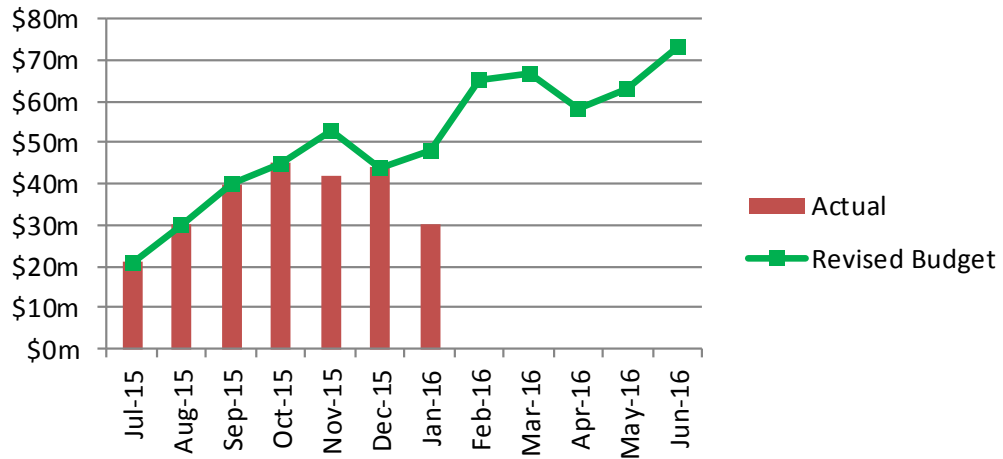
Split by category

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Core capital expenditure							
New capital							
Capital land acquisition	252	1,192	940	2,112	11,816	9,704	37,169
Roads and footpaths	7,422	10,293	2,871	66,287	69,563	3,276	147,724
AT Metro	2,254	5,354	3,100	20,496	24,497	4,001	68,124
Parking operations	90	510	420	704	1,359	655	5,361
Internal support	436	597	161	4,177	5,076	899	12,576
Total new capital core expenditure	10,454	17,946	7,492	93,776	112,311	18,535	270,954
Renewal							
Roads and footpaths	13,175	19,462	6,287	100,649	109,304	8,655	189,122
AT Metro	(149)	652	801	2,479	3,145	666	6,755
Parking operations	26	599	573	491	1,467	976	2,234
Total renewal core expenditure	13,052	20,713	7,661	103,619	113,916	10,297	198,111
Total core capital expenditure	23,506	38,659	15,153	197,395	226,227	28,832	469,065
Ring fenced capital expenditure							
City Rail Link - others	2,616	4,116	1,500	25,463	26,168	705	49,822
City Rail Link - land	585	650	65	9,757	6,058	(3,699)	30,063
EMU depot	-	-	-	(3)	(3)	-	(3)
EMU procurement	2,055	2,092	37	12,741	14,634	1,893	21,302
Local Board Initiatives	-	-	-	-	-	-	-
Local Residential Growth Fund - others	6	25	19	43	79	36	2,700
Local Residential Growth Fund - land	1	4	3	4	11	7	5,228
Others	1,215	2,547	1,332	7,489	9,679	2,190	29,563
Total ring fenced capital expenditure	6,478	9,434	2,956	55,494	56,626	1,132	138,675
Total direct capital excluding vested assets	29,984	48,093	18,109	252,889	282,853	29,964	607,740
Vested assets	13,301	-	(13,301)	95,020	66,473	(28,547)	116,473
Total capital	43,285	48,093	4,808	347,909	349,326	1,417	724,213

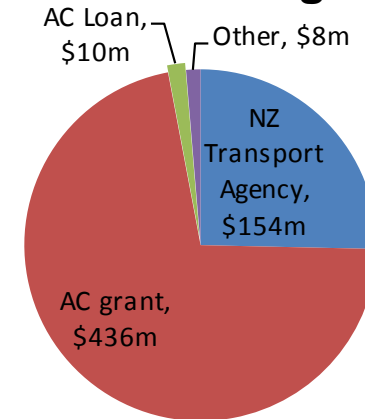
Section 3c – Capital Expenditure Funding

	Current month			Year to date			Full year
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Revised Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Funding							
NZ Transport Agency new capital co-investment	4,115	7,395	(3,280)	28,132	32,229	(4,097)	90,777
NZ Transport Agency renewal co-investment	6,062	6,924	(862)	45,319	45,490	(171)	63,258
Other Capital Grants	-	-	-	-	-	-	8,000
Auckland Council capital grant	19,807	33,774	(13,967)	169,438	195,134	(25,696)	435,705
Auckland Council loan (EMU)	-	-	-	10,000	10,000	-	10,000
Total direct capital funding	29,984	48,093	(18,109)	252,889	282,853	(29,964)	607,740

Capital expenditure - per month (excluding vested assets)



Funding split - full year revised budget



Section 4a – Statement of Financial Position

As at 31 January 2016

	Note	Actual 31 January 2016 \$000	Actual 31 December 2015 \$000
Assets			
Current assets			
Cash and cash equivalents	1	10,270	12,472
Trade and other receivables	2	197,276	187,754
Inventories		6,837	6,663
Other assets		15,675	22,788
Non-current asset held for sale		4,400	4,400
Derivative financial instruments	3	643	28
Total current assets		235,101	234,105
Non-current assets			
Property, plant and equipment		16,201,241	16,181,926
Property, plant and equipment - work-in-progress		470,992	473,304
Intangible assets		116,012	116,540
Total non-current assets		16,788,245	16,771,770
Total assets		17,023,346	17,005,875

Section 4a – Statement of Financial Position

As at 31 January 2016

	Note	Actual 31 January 2016 \$000	Actual 31 December 2015 \$000
Liabilities			
Current liabilities			
Trade and other payables	4	124,548	128,242
Employee benefit liabilities	5	12,589	12,889
Borrowings	6	5,008	4,996
Total current liabilities		142,145	146,127
Non-current liabilities			
Derivative financial instruments	3	2,583	2,138
Trade and other payables	4	21,136	21,385
Employee benefit liabilities	5	675	675
Borrowings	6	493,034	493,405
Deferred tax liability	7	11,467	11,467
Total non-current liabilities		528,895	529,070
Total liabilities		671,040	675,197
Net assets		16,352,306	16,330,678
Equity			
Contributed equity		13,451,091	13,451,091
Retained earnings/(losses)		792,519	770,891
Reserves		2,108,696	2,108,696
Total equity		16,352,306	16,330,678

Section 4b – Notes to the Financial Statements

As at 31 January 2016

	Actual 31 January 2016 \$000	Actual 31 December 2015 \$000
1 Cash and cash equivalents		
Cash at bank - Trading	9,995	12,197
Till floats	275	275
Total cash and cash equivalents	10,270	12,472
The carrying value of cash and cash equivalents approximates their fair value.		
2 Trade and other receivables		
Trade debtors	3,329	3,344
Finance lease receivable	67	69
Infringements receivable	31,213	31,697
Amounts due from related parties	145,984	130,942
Accrued income	31,382	32,176
Goods and services tax	-	4,559
	211,975	202,787
Less provision for impairment of receivables	(14,699)	(15,033)
Total trade and other receivables	197,276	187,754

Section 4b – Notes to the Financial Statements

As at 31 January 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 31 January 2016 is detailed below :

	Gross	Impaired	Net
	\$000	\$000	\$000
Not past due	180,041	-	180,041
Past due 1 - 30 days	1,572	-	1,572
Past due 31 - 60 days	1,674	-	1,674
Past due 61 - 90 days	1,369	-	1,369
Past due > 90 days	27,319	(14,699)	12,620
	211,975	(14,699)	197,276

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:

	Actual
	\$000
At 1 July 2015	14,118
Additional provisions made	1,250
Provisions reversed	(92)
Receivables written-off	(577)
At 31 January 2016	14,699

Section 4b – Notes to the Financial Statements

As at 31 January 2016

	Actual 31 January 2016 \$000	Actual 31 December 2015 \$000
3 Derivative financial instruments		
Current asset portion		
Forw ard foreign exchange contracts - cash flow hedges	643	28
Current derivative financial instruments	643	28
Total derivative financial instrument assets	643	28
Non-current liability portion		
Interest rate sw aps - cash flow hedges	2,583	2,138
Non-current derivative financial instruments	2,583	2,138
Total derivative financial instrument liabilities	2,583	2,138

Forward foreign exchange contracts

The fair values of forw ard foreign exchange contracts have been determined using a discounted cash flow s 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 forw ard foreign exchange contract prices.

Forward foreign exchange contracts - hedge accounted

The notional principal amount of outstanding forw ard foreign exchange contract cash flow hedges w as NZD \$11.5m. The foreign currency principal amount w as USD \$7.9m. The cash flow hedge gain of \$643K on the revaluation has been recorded in the Statement of Financial Performance.

Interest rate sw aps

The fair values of interest rate sw aps have been determined by calculating the expected cash flow s under the terms of the sw aps 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 sw ap contracts w as \$18m. At 31 January 2016 the fixed interest rates of cash flow hedge interest rate sw aps varied from 5.41% to 5.55%. The gain on their revaluation of \$1m has been recorded in the Statement of Financial Performance.

Section 4b – Notes to the Financial Statements

As at 31 January 2016

	Actual 31 January 2016 \$000	Actual 31 December 2015 \$000
4 Trade and other payables		
Current portion		
Creditors	12,281	11,963
Goods and services tax	376	-
Accrued expenses	97,280	100,813
Retentions	8,387	8,290
Amounts due to related parties	5,178	5,834
Income in advance	1,046	1,342
Total current trade and other payables	124,548	128,242
Non-current portion		
Amounts due to related parties	21,136	21,385
Total non-current trade and other payables	21,136	21,385
<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	4,906	4,468
Accrued leave	7,683	8,421
Current employee benefit liabilities	12,589	12,889
Non-current portion		
Retirement gratuities	383	383
Long service leave	292	292
Non-current employee benefit liabilities	675	675

Section 4b – Notes to the Financial Statements

As at 31 January 2016

	Actual 31 January 2016 \$000	Actual 31 December 2015 \$000
6 Borrowings		
Current portion		
Loans from Auckland Council	5,006	4,992
Finance Leases	2	4
Current borrowings	5,008	4,996
Non-current portion		
Loans from Auckland Council	493,034	493,405
Non-current borrowings	493,034	493,405
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%.

7 Deferred tax liability

	Property, Plant and Equipment \$000	Other Provisions \$000	Tax Losses \$000	Actual 31 January 2016 Total \$000
Deferred tax liability				
Balance at 1 July 2015	(11,665)	-	-	(11,665)
Charged to profit and loss	198	-	-	198
Charged to equity	-	-	-	-
Balance at 31 January 2016	(11,467)	-	-	(11,467)

Section 5a – Cash Flow

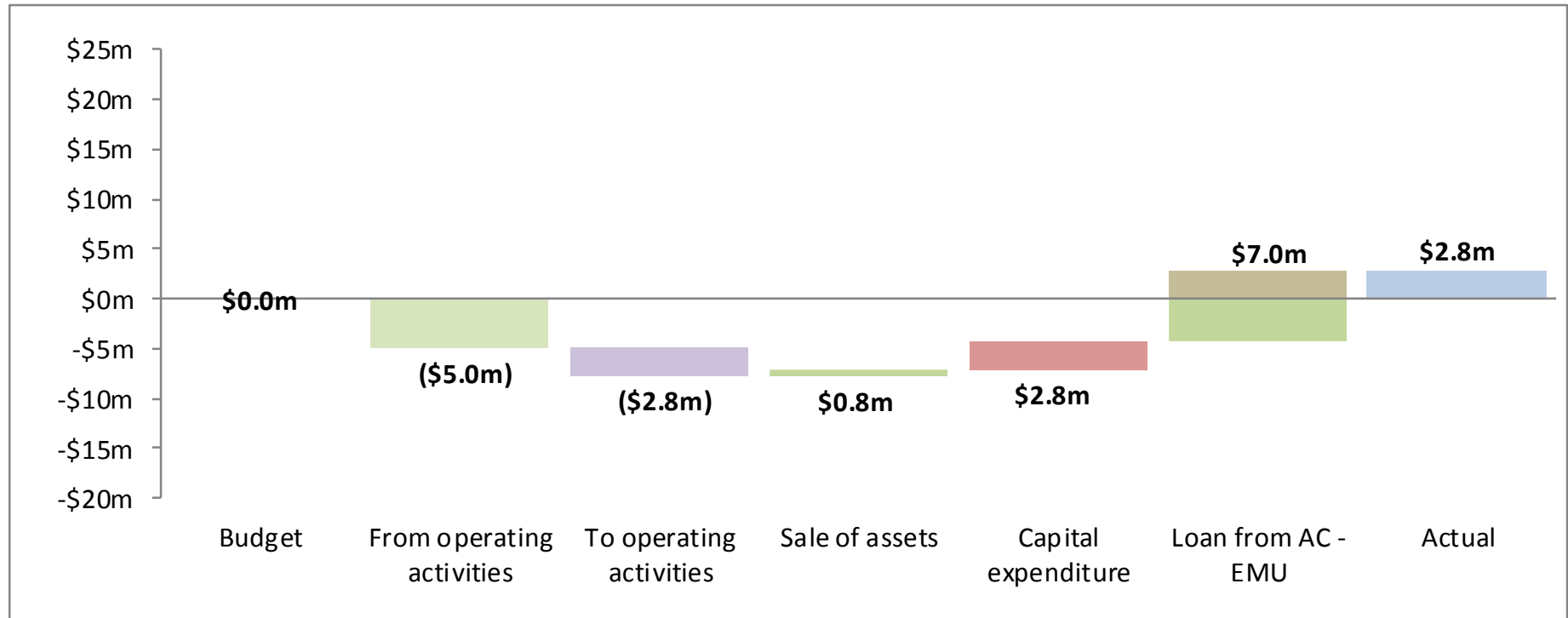
Statement of Cash Flows for the seven months ended 31 January 2016

	Year to date		Full year
	Actual \$000	Revised Budget \$000	Revised Budget \$000
Cash flows from operating activities			
Total cash provided	685,938	690,980	1,257,855
Cash applied to:			
Payments to suppliers, employees and directors	373,726	369,273	633,848
Interest paid	15,468	17,172	29,553
Goods and services tax (net)			
Total cash applied	389,194	386,445	663,401
Net cash from operating activities	296,744	304,535	594,454
Cash flows from investing activities			
Cash provided from:			
Sale of property, plant and equipment	763	-	-
Total cash provided	763	-	-
Cash applied to:			
Capital expenditure projects	309,045	311,853	607,740
Total cash applied	309,045	311,853	607,740
Net cash from investing activities	(308,282)	(311,853)	(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	2,667	2,669	4,691
Repayments of finance lease principal	21	13	23
Total cash provided	2,688	2,682	4,714
Net cash from financing activities	14,312	7,318	13,286
Net (decrease)/increase in cash and cash equivalents	2,774	-	-
Opening cash balance	7,496	-	-
Closing cash balance	10,270	-	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	
	Actual \$000
Surplus/(deficit) after tax	189,136
Add/(less) non cash items	
Depreciation and amortisation	182,002
Vested assets	(95,020)
Loss on disposal of property, plant and equipment	826
Loss on asset write off	-
Revaluation decrement	-
Foreign exchange gains	(643)
Loss on interest rate swaps	(1,012)
Income tax	(198)
	85,955
Add/(less) movements in working capital	
Decrease/(Increase) in debtors and other receivables	26,710
Decrease/(Increase) in inventories	(4,285)
(Decrease)/Increase in creditors and other payables	(1,450)
(Decrease)/Increase in employee benefits payable	678
	21,653
Net cash flow from operating activities	296,744

Section 5b – Cash Flow Waterfall

Cash flow – Year to date budget to actual



Section 6 – Accounts Receivable Report

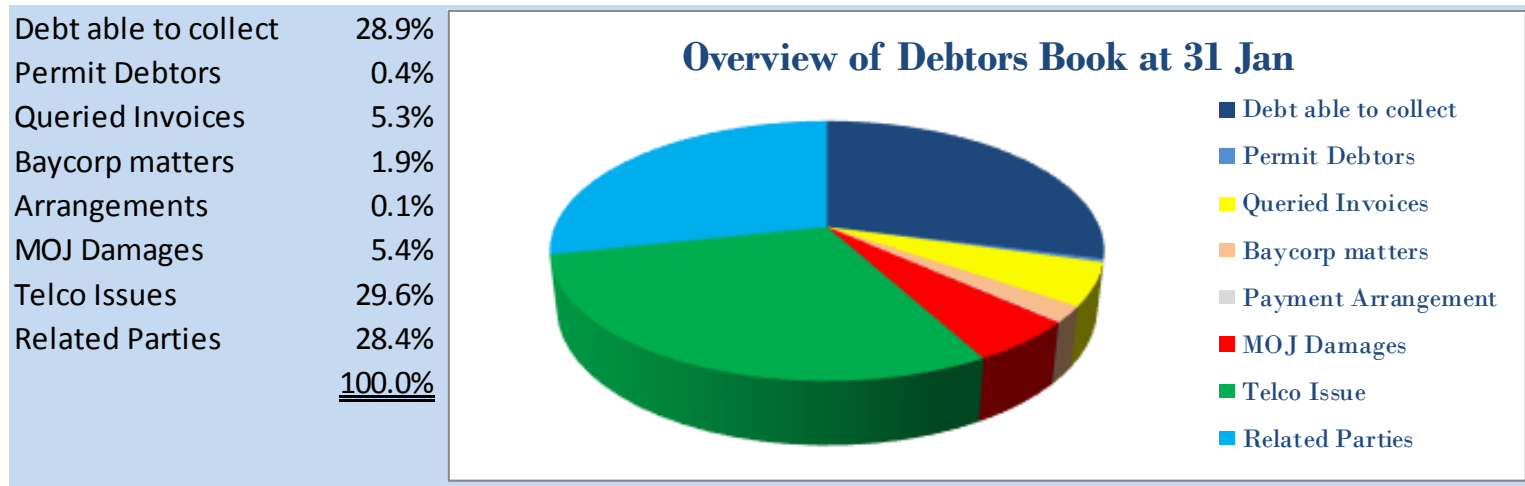
Accounts Receivable

An overview of the Debtors as at 31 January has 98.9% (98.0% December) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 31 January 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 Jan	167	4,638,683	2,101,138	421,222	209,611	238,599	49,490	1,618,623	1
Parking Permit Debtors	25	18,914	5,695	8,914	1,155	630	2,520	0	2
Total Debtors		4,657,597	2,106,833	430,136	210,766	239,229	52,010	1,618,623	
		100.0%	45.2%	9.2%	4.5%	5.1%	1.1%	34.8%	
O/s Related Parties	54	1,328,636	1,191,335	8,063	92,572	17,740	13,027	5,900	3
Trade Debtors	154	3,328,961	915,499	422,073	118,194	221,489	38,984	1,612,723	
		100.0%	27.5%	12.7%	3.6%	6.7%	1.2%	48.4%	
Queried Invoices	268	247,831	7,147	11,049	77,129	26,574	34,139	91,792	4
Cell Sites - Property	769	1,382,919	0	78	7,943	176,632	0	1,198,267	5
To Baycorp (Collection)	249	88,075	639	576	1,819	839	3,438	80,764	6
Payment Arrangement	117	6,183	0	0	0	0	0	6,183	7
Lodged Courts (Damages)	248	251,981	1,286	6,169	3,790	7,155	0	233,581	8
Adjusted Debtors		1,351,971	906,426	404,201	27,513	10,289	1,407	2,135	
		100.0%	67.0%	29.9%	2.0%	0.8%	0.1%	0.2%	

Notes relating to the Debtors Ageing Analysis:

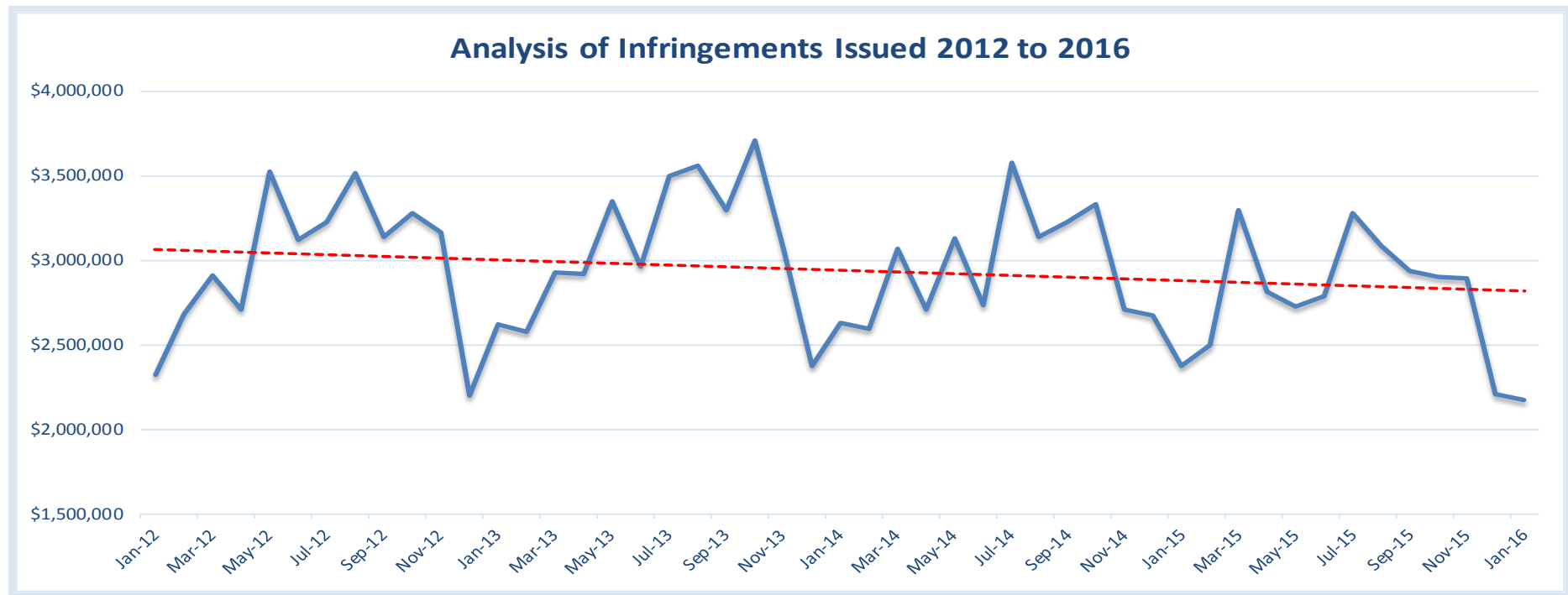
- 1 - Sundry Debtors administered in the SAP system.
- 2 - Parking Permit Debtors administered in the Pathway system. These invoices are for on street permits issued. Amounts not collected within 60 days are lodged with Baycorp for collection.
- 3 - Inter-Council Group debts.
- 4 - Relates to invoices 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.



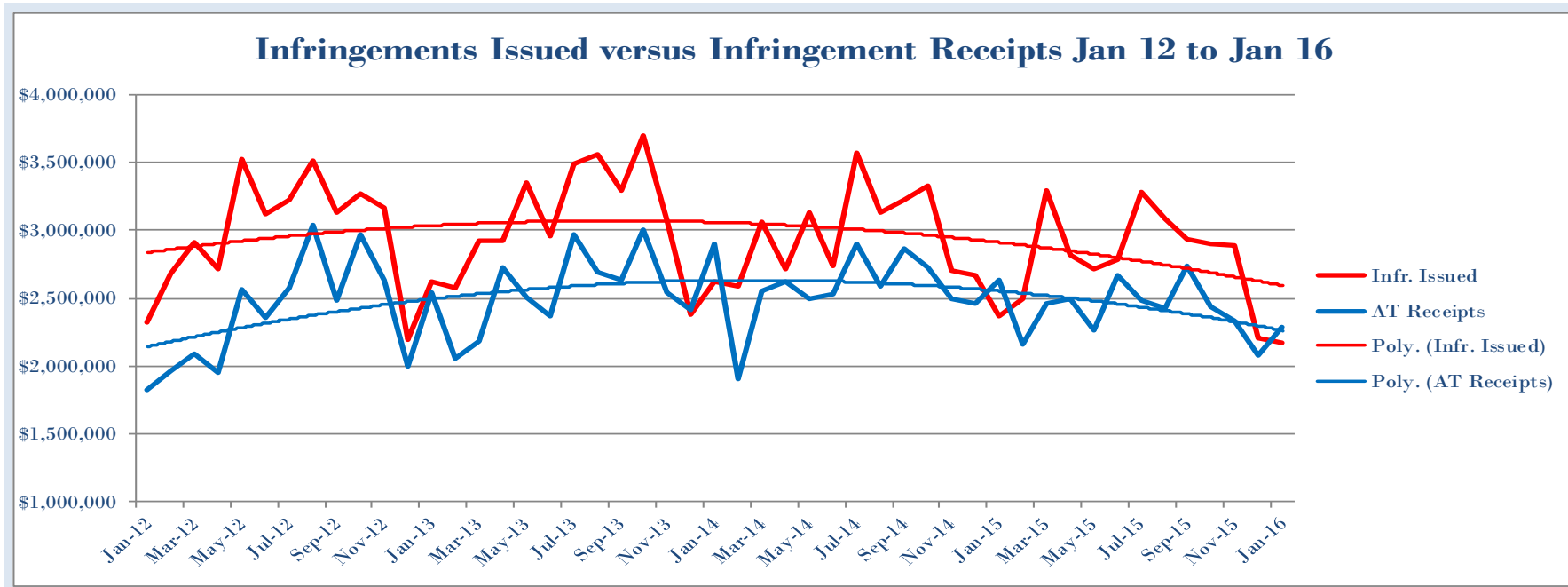
Infringement Overview:

January's Infringement receipts by volume are up 1.6% on December (19 working days in January compared with 18 in December). Of the customers not paying in response to a Baycorp demand, 70.1% are making use of our electronic payment methods (69.5% in December).

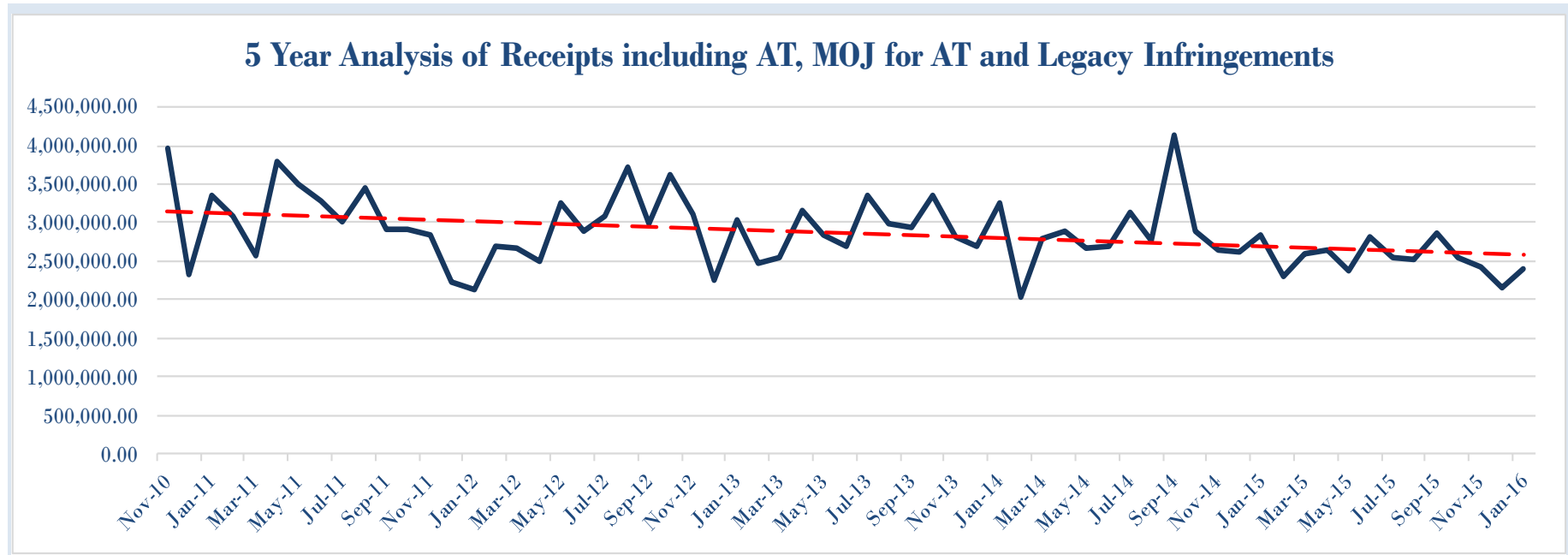
The following graph illustrates the seasonal issuance of infringements. Infringements issued in 2012 totalled \$35.8m, 2013 \$36.8M, 2014 \$35.5m and the issued total for 2015 is \$33.8m. Issued infringements are down 8.4% on 2013 totals and 6.3% down on the 3 year average.



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. 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. Infringements paid during this time will reflect in the January results. Infringements are handed to Baycorp on day 63 and remain with them for 87 days.



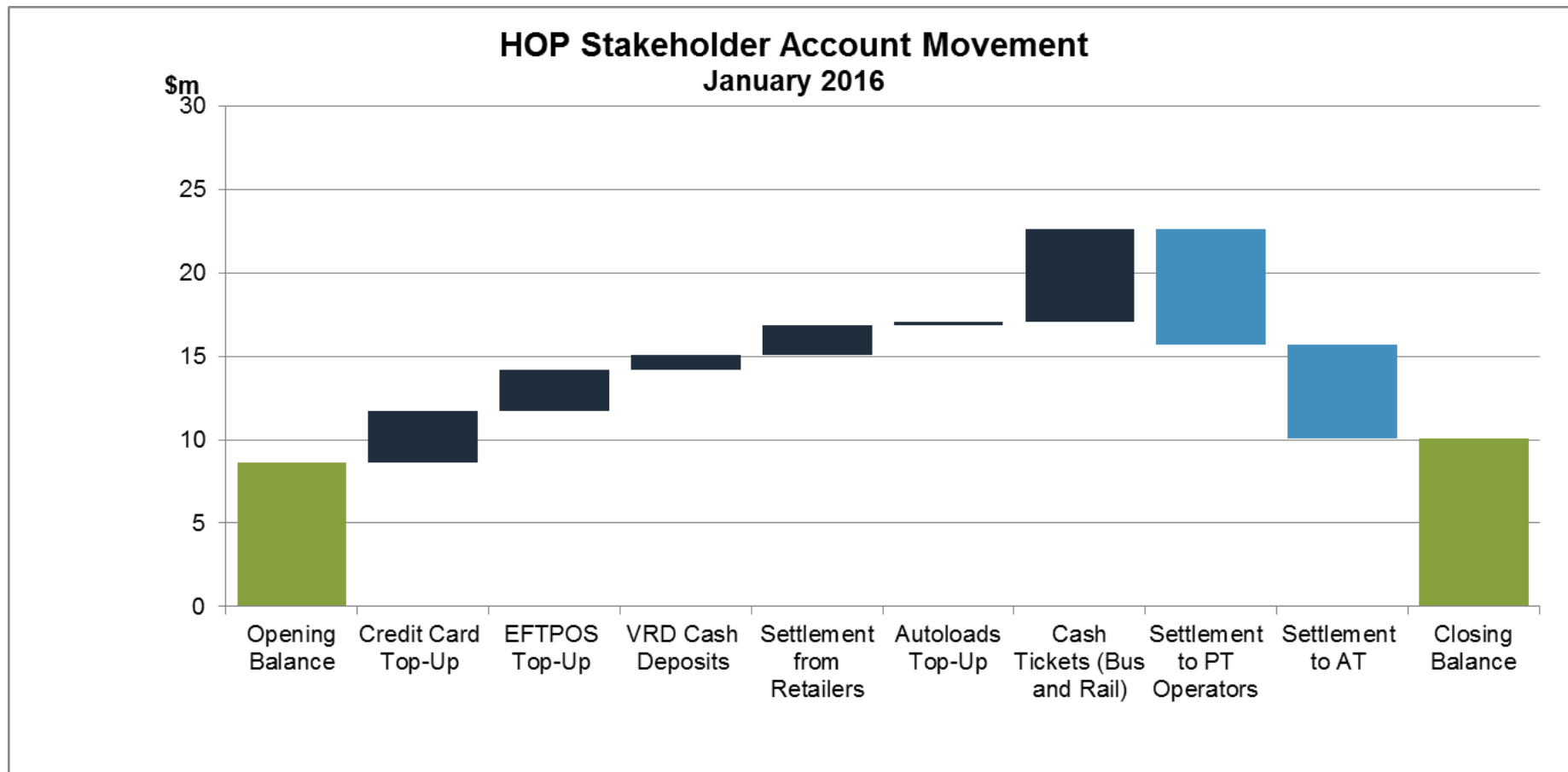
The following graph illustrates a gradual downward trend in total revenue from infringements received by AT (AT and Baycorp) and receipts from those lodged with the Ministry of Justice (MoJ). The graph includes AT's direct receipts as well as the income from MOJ for AT and Legacy. As expected, the Legacy receipts have gone down while the AT and MOJ AT receipts have shown a gradual increase.



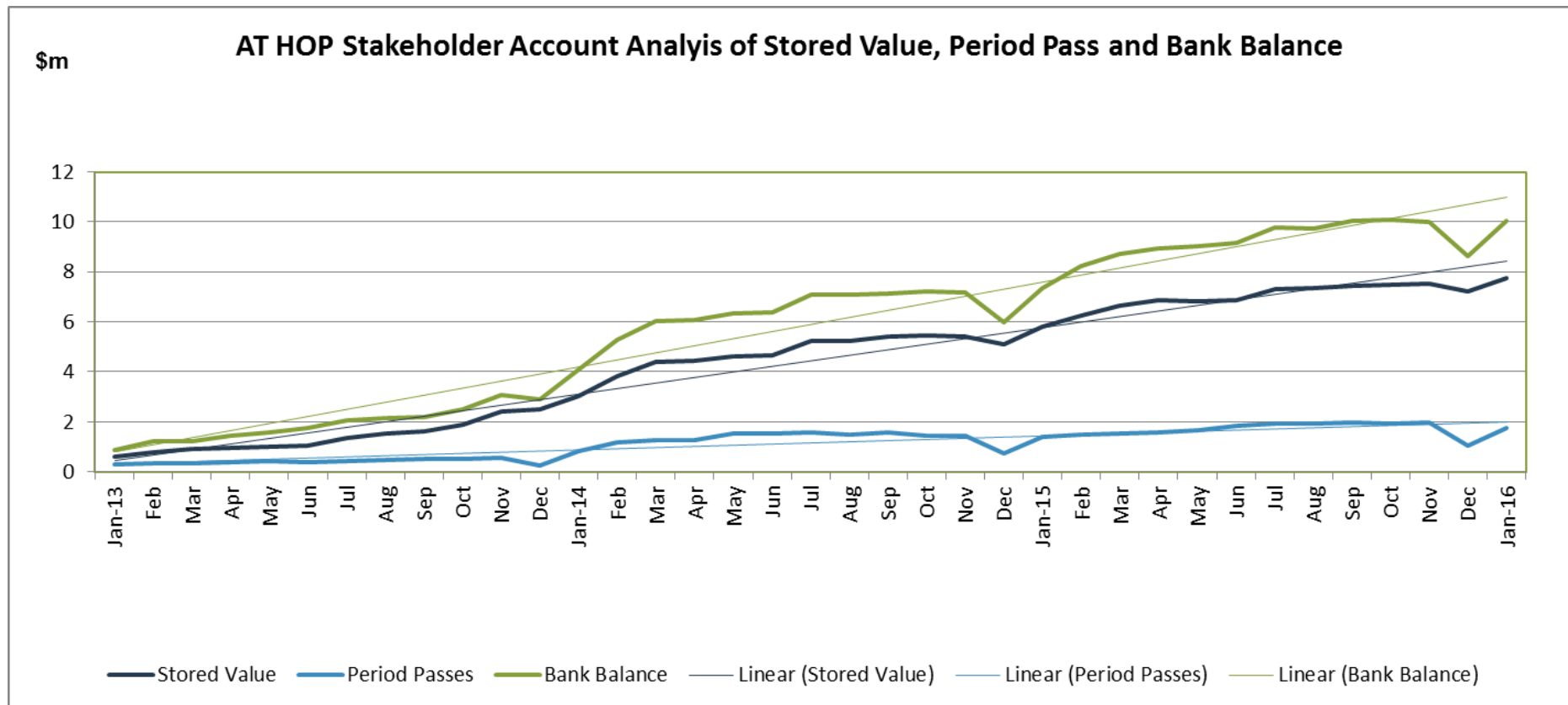
Section 7 – AT HOP Stakeholder Monthly Report

(Does not form part of AT results)





The AT HOP Stakeholder bank account has increased by 16% in January 2016, from \$8.6 million to \$10 million.



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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