

Financial Results for the Nine Months Ended 31 March 2015

This report summarises the Auckland Transport financial results for the nine months ended 31 March 2015.

Recommendation

That the Board:

- i. Receive the report.

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Executive Summary

Financial Results for the nine months ended 31 March 2015:

	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	1.5	4.0	↑ ●	473.6	469.6	627.2
Total operating expenditure	(0.7)	2.8	↓ ●	676.5	679.3	916.7
Surplus/(deficit) from operations	0.8	6.8	↑ ●	(202.9)	(209.7)	(289.5)
Income for capital projects	17.9	29.1	↑ ●	300.5	271.4	359.4
Net surplus/(deficit) before tax	18.7	35.9	↑ ●	97.6	61.7	69.9
Total direct capital	(8.2)	29.9	↓ ●	516.0	545.9	751.1

Key to symbols used:

	: Within tolerable range		: Above budget, favourable variance.
	: Below budget, unfavourable variance.		: Achieved budget or better
	: Below budget, favourable variance.		: Monitoring, some action taken
	: Above budget, unfavourable variance.		: Action required

Section 2a – Financial Results for the nine months ended 31 March 2015

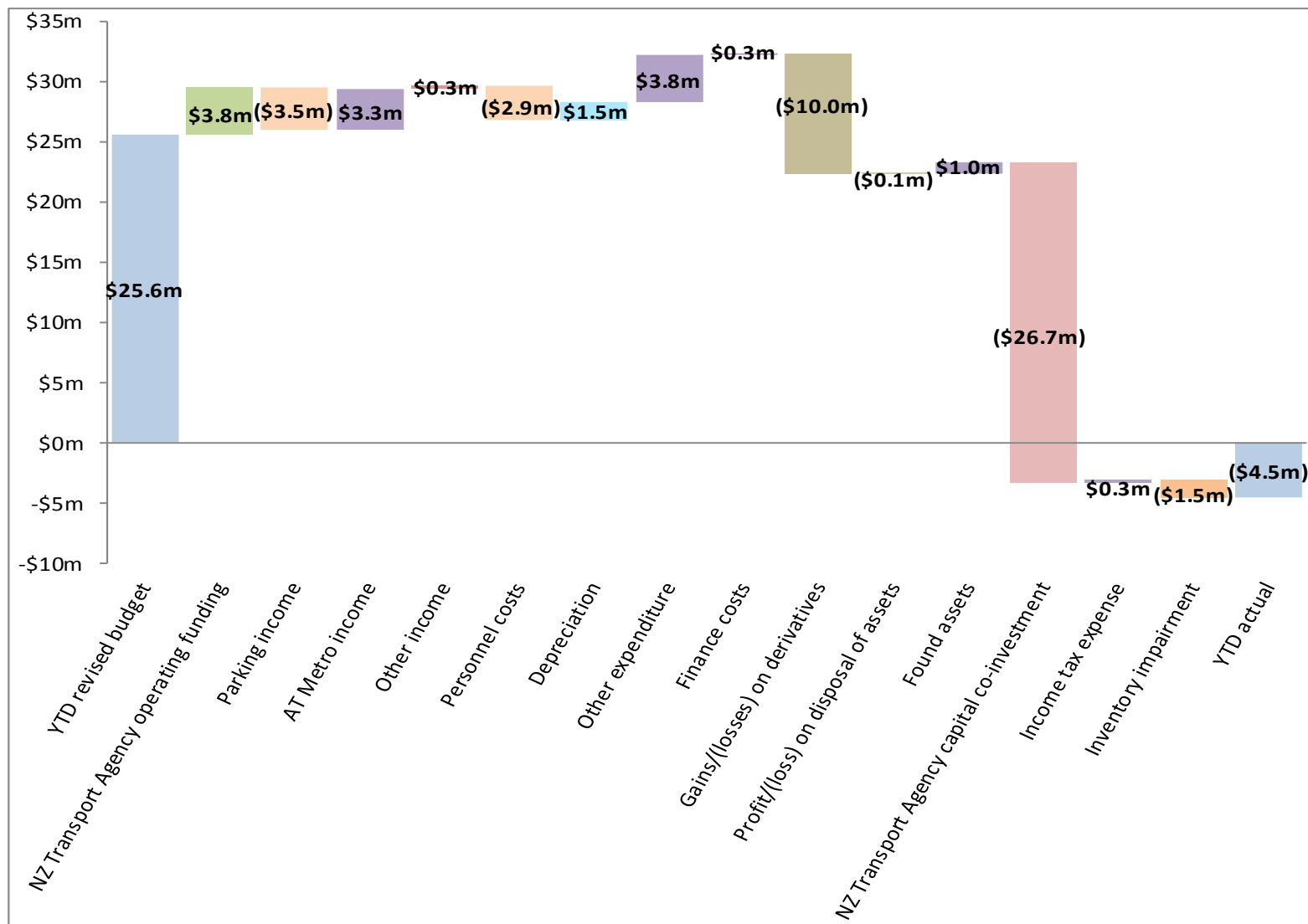
	Current month			Year to date			Results achieved	Full year Revised Budget \$000
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000		
Income								
<u>Operating income</u>								
Auckland Council funding	19,632	19,632	-	176,687	176,687	-	●	235,583
NZ Transport Agency operating funding	18,942	19,109	(167)	171,874	168,034	3,840	●	223,242
Parking and enforcement income	7,053	6,355	698	55,034	58,479	(3,445)	●	78,008
AT Metro income	7,098	6,037	1,061	50,056	46,720	3,336	●	64,511
Other revenue including other grants and subsidies	2,158	2,294	(136)	19,954	19,673	281	●	25,853
Total operating income	54,883	53,427	1,456	473,605	469,593	4,012	●	627,197
Expenditure								
Personnel costs	11,386	11,383	(3)	94,534	93,871	(663)	●	127,190
Capitalised personnel costs	(3,351)	(3,333)	18	(21,775)	(23,958)	(2,183)	●	(31,821)
Depreciation and amortisation expense *	25,277	24,849	(428)	216,930	218,474	1,544	●	293,020
Other expenses	43,027	42,680	(347)	368,452	372,285	3,833	●	501,612
Finance costs (Electric Trains)	2,460	2,541	81	18,353	18,600	247	●	26,706
Total operating expenditure	78,799	78,120	(679)	676,494	679,272	2,778	●	916,707
Surplus/(deficit) from operations	(23,916)	(24,693)	777	(202,889)	(209,679)	6,790	●	(289,510)
<u>Income for capital projects</u>								
NZ Transport Agency capital co-investment	15,070	18,386	(3,316)	100,857	127,524	(26,667)	●	181,918
Auckland Council capital grant	11,208	11,208	-	100,876	100,876	-	●	134,501
Other capital grants	-	-	-	-	-	-	●	-
Vested asset income	21,202	-	21,202	98,760	43,003	55,757	●	43,003
	47,480	29,594	17,886	300,493	271,403	29,090	●	359,422
Net surplus/(deficit) before tax and derivatives	23,564	4,901	18,663	97,604	61,724	35,880	●	69,912
Gains/(losses) on derivatives	72	128	(56)	(11,745)	(1,739)	(10,006)		(1,363)
Income tax benefit/(expense)	-	-	-	344	-	344		-
Found assets	271	-	271	15,785	14,775	1,010		14,775
Profit/(loss) on disposal of assets	-	-	-	(6,249)	(6,146)	(103)		(6,146)
Rolling Stock Inventory impairment	-	-	-	(1,500)	-	(1,500)		-
Net surplus/(deficit) after tax and derivatives	23,907	5,029	18,878	94,239	68,614	25,625	●	77,178

● : Largely on track
 ● : Monitoring/some action
 ● : Action required/taken

* The budget for depreciation and amortisation expense is based on AT's current assumptions, and differs from the SOI planned depreciation and amortisation expense of \$266m.

Section 2b – Net surplus/(deficit) waterfall

Net surplus/ (deficit) - Year to date revised 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	10,279	9,649	630	81,804	80,686	1,118	108,532
Bus	8,857	8,302	555	69,958	69,381	577	93,467
Ferry	1,056	1,120	(64)	9,427	9,424	3	12,643
Other public transport	2,369	2,619	(250)	19,810	20,782	(972)	27,727
Parking	4,049	3,537	512	31,351	30,697	654	41,089
Enforcement	3,004	2,818	186	23,683	27,782	(4,099)	36,919
Roading and footpaths	3,410	3,641	(231)	35,796	36,849	(1,053)	44,196
Internal support	2,227	2,109	118	25,089	17,305	7,784	27,041
Auckland Council operating funding	19,632	19,632	-	176,687	176,687	-	235,583
Total operating income	54,883	53,427	1,456	473,605	469,593	4,012	627,197
Operating Expenditure							
Rail	14,232	13,554	(678)	119,265	118,603	(662)	158,668
Bus	14,957	14,395	(562)	117,946	118,357	411	159,782
Ferry	1,484	1,623	139	12,972	13,268	296	18,010
Other public transport	3,063	4,057	994	28,666	29,713	1,047	41,660
Parking	1,073	1,182	109	9,106	9,625	519	13,689
Enforcement	1,779	1,784	5	14,289	14,378	89	19,669
Roading and footpaths	8,186	8,461	275	84,222	85,035	813	116,419
Internal support	8,748	8,215	(533)	73,098	71,818	(1,280)	95,790
Depreciation *	25,277	24,849	(428)	216,930	218,475	1,545	293,020
Total operating expenditure	78,799	78,120	(679)	676,494	679,272	2,778	916,707
Profit/(loss) from Operations	(23,916)	(24,693)	777	(202,889)	(209,679)	6,790	(289,510)

* The budget for depreciation and amortisation expense is based on AT's current assumptions, and differs from the SOI planned depreciation and amortisation expense of \$266m.

Section 2c – Rail operations

	Current month			Year to date			Full year
	Actual \$000	Revised	Variance \$000	Actual \$000	Revised	Variance \$000	Revised
		Budget \$000			Budget \$000		Budget \$000
Operating Income							
Activity Income	4,339	3,619	720	27,658	25,742	1,916	35,607
Other income	98	87	11	798	799	(1)	1,061
NZ Transport Agency operating funding	4,144	4,208	(64)	41,479	42,137	(658)	54,641
NZ Transport Agency operating funding - Electric Trains	1,698	1,735	(37)	11,869	12,008	(139)	17,223
Total operating income	10,279	9,649	630	81,804	80,686	1,118	108,532
Operating Expenditure							
Personnel costs	273	209	(64)	2,084	1,880	(204)	2,499
Capitalised personnel costs	5	(21)	(26)	11	(97)	(108)	(148)
Service delivery costs and professional services	8,655	8,114	(541)	76,339	75,509	(830)	98,978
Occupancy costs	289	289	-	3,193	3,002	(191)	3,948
Track access charges	1,976	1,820	(156)	13,383	13,972	589	19,428
Other expenditure	574	602	28	5,921	5,738	(183)	7,258
Finance costs (Electric Trains)	2,460	2,541	81	18,334	18,599	265	26,705
Total operating expenditure	14,232	13,554	(678)	119,265	118,603	(662)	158,668
Depreciation	2,794	2,534	(260)	21,126	21,512	386	29,116
Surplus/(deficit) from Operations	(6,747)	(6,439)	(308)	(58,587)	(59,429)	842	(79,252)
Internal support costs	2,273	2,213	(60)	16,747	19,223	2,476	24,637
Surplus/(deficit)	(9,020)	(8,652)	(368)	(75,334)	(78,652)	3,318	(103,889)

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	1,473	1,129	344	10,348	9,634	714	13,356
Other income	212	209	3	2,734	2,203	531	3,293
NZ Transport Agency operating funding	7,172	6,964	208	56,876	57,544	(668)	76,818
Total operating income	8,857	8,302	555	69,958	69,381	577	93,467
Operating Expenditure							
Personnel costs	249	266	17	2,074	2,231	157	3,018
Capitalised personnel costs	(7)	-	7	63	14	(49)	14
Service delivery costs and professional services	14,478	13,982	(496)	113,956	114,622	666	154,665
Occupancy costs	78	85	7	810	836	26	1,190
Other expenditure	159	62	(97)	1,043	654	(389)	895
Total operating expenditure	14,957	14,395	(562)	117,946	118,357	411	159,782
Depreciation	185	170	(15)	1,379	1,464	85	1,975
Surplus/(deficit) from Operations	(6,285)	(6,263)	(22)	(49,367)	(50,440)	1,073	(68,290)
Internal support costs	2,289	2,229	(60)	16,865	19,358	2,493	24,809
Surplus/(deficit)	(8,574)	(8,492)	(82)	(66,232)	(69,798)	3,566	(93,099)

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	372	255	117	2,642	2,367	275	3,184
Activity Income	89	58	31	532	515	17	686
Other Income	-	50	(50)	421	444	(23)	593
NZ Transport Agency operating funding	595	757	(162)	5,832	6,098	(266)	8,180
Total operating income	1,056	1,120	(64)	9,427	9,424	3	12,643
Operating Expenditure							
Personnel costs	85	88	3	875	808	(67)	1,067
Capitalised personnel costs	(4)	(2)	2	(8)	(13)	(5)	(20)
Service delivery costs and professional services	1,243	1,313	70	10,175	10,257	82	14,016
Other expenditure	160	224	64	1,930	2,216	286	2,947
Total operating expenditure	1,484	1,623	139	12,972	13,268	296	18,010
Depreciation	255	240	(15)	2,119	2,137	18	2,856
Surplus/(deficit) from Operations	(683)	(743)	60	(5,664)	(5,981)	317	(8,223)
Internal support costs	258	251	(7)	1,901	2,182	281	2,796
Surplus/(deficit)	(941)	(994)	53	(7,565)	(8,163)	598	(11,019)

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	515	630	(115)	4,923	5,016	(93)	6,616
NZ Transport Agency operating funding	1,854	1,989	(135)	14,887	15,766	(879)	21,111
Total operating income	2,369	2,619	(250)	19,810	20,782	(972)	27,727
Operating Expenditure							
Personnel costs	977	1,086	109	9,341	9,215	(126)	12,397
Capitalised personnel costs	87	323	236	435	(672)	(1,107)	286
Service delivery costs and professional services	967	1,719	752	10,376	12,322	1,946	16,739
IT costs	197	133	(64)	1,587	1,176	(411)	1,564
Other expenditure	835	796	(39)	6,927	7,672	745	10,674
Total operating expenditure	3,063	4,057	994	28,666	29,713	1,047	41,660
Surplus/(deficit) from Operations	(1,991)	(2,780)	789	(20,688)	(20,960)	272	(29,988)
Internal support costs	597	581	(16)	4,397	5,047	650	6,469
Surplus/(deficit)	(2,588)	(3,361)	773	(25,085)	(26,007)	922	(36,457)

Section 2c – Parking operations

	Current month			Year to date			Full year
	Actual	Revised	Variance	Actual	Revised	Variance	Revised
	\$000	Budget \$000		\$000	Budget \$000		Budget \$000
Operating Income							
Other income	121	87	34	871	734	137	946
Parking fees	3,928	3,450	478	30,480	29,963	517	40,143
Total operating income	4,049	3,537	512	31,351	30,697	654	41,089
Operating Expenditure							
Personnel costs	258	244	(14)	2,205	2,197	(8)	2,983
Capitalised personnel costs	71	(17)	(88)	40	(125)	(165)	(176)
Service delivery costs and professional services	277	398	121	2,196	2,327	131	3,334
Occupancy costs	400	472	72	4,144	4,538	394	6,486
Other expenditure	67	85	18	521	688	167	1,062
Total operating expenditure	1,073	1,182	109	9,106	9,625	519	13,689
Depreciation	542	531	(11)	4,863	4,830	(33)	6,422
Surplus/(deficit) from Operations	2,434	1,824	610	17,382	16,242	1,140	20,978
Internal support costs	196	191	(5)	1,445	1,658	213	2,126
Surplus/(deficit)	2,238	1,633	605	15,937	14,584	1,353	18,852

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							
Infringement income	3,004	2,818	186	23,683	27,782	(4,099)	36,919
Total operating income	3,004	2,818	186	23,683	27,782	(4,099)	36,919
Operating Expenditure							
Personnel costs	891	892	1	7,496	7,337	(159)	10,067
Capitalised personnel costs	41	-	(41)	176	34	(142)	34
Service delivery costs and professional services	253	142	(111)	1,316	1,198	(118)	1,600
Other expenditure	594	750	156	5,301	5,809	508	7,968
Total operating expenditure	1,779	1,784	5	14,289	14,378	89	19,669
Depreciation	3	19	16	23	119	96	174
Surplus/(deficit) from Operations	1,222	1,015	207	9,371	13,285	(3,914)	17,076
Internal support costs	282	274	(8)	2,076	2,383	307	3,054
Surplus/(deficit)	940	741	199	7,295	10,902	(3,607)	14,022

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	714	815	(101)	6,590	6,664	(74)	8,720
Other income	325	425	(100)	3,799	4,104	(305)	5,310
NZ Transport Agency operating funding	2,371	2,401	(30)	25,407	26,081	(674)	30,166
Total operating income	3,410	3,641	(231)	35,796	36,849	(1,053)	44,196
Operating Expenditure							
Personnel costs	2,077	2,381	304	16,929	17,149	220	23,716
Capitalised personnel costs	(819)	(1,521)	(702)	(3,881)	(4,862)	(981)	(7,311)
Service delivery costs and professional services	5,671	6,084	413	56,561	58,416	1,855	80,090
Occupancy costs	1,026	1,261	235	11,747	11,400	(347)	15,379
IT costs	(6)	165	171	93	788	695	1,267
Other expenditure	237	91	(146)	2,773	2,144	(629)	3,278
Total operating expenditure	8,186	8,461	275	84,222	85,035	813	116,419
Depreciation	19,161	18,755	(406)	167,534	166,940	(594)	223,204
Surplus/(deficit) from Operations	(23,937)	(23,575)	(362)	(215,960)	(215,126)	(834)	(295,427)
Internal support costs	1,667	1,624	(43)	12,288	14,105	1,817	18,076
Surplus/(deficit)	(25,604)	(25,199)	(405)	(228,248)	(229,231)	983	(313,503)

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							
Other income	1,119	1,054	65	9,564	8,905	659	11,938
NZ Transport Agency operating funding	1,108	1,055	53	15,525	8,400	7,125	15,103
Total operating income	2,227	2,109	118	25,089	17,305	7,784	27,041
Operating Expenditure							
Personnel costs	6,578	6,217	(361)	53,530	53,054	(476)	71,444
Capitalised personnel costs	(2,725)	(2,094)	631	(18,612)	(18,237)	375	(24,501)
Directors Fees	42	65	23	395	420	25	594
Service delivery costs and professional services	1,978	2,030	52	18,101	18,621	520	24,392
Other expenditure	2,875	1,997	(878)	19,684	17,960	(1,724)	23,861
Total operating expenditure	8,748	8,215	(533)	73,098	71,818	(1,280)	95,790
Depreciation	1,040	1,258	218	8,054	9,444	1,390	13,218
Taxation	-	-	-	(344)	-	344	-
Surplus/(deficit) before allocation of costs	(7,561)	(7,364)	(197)	(55,719)	(63,957)	8,238	(81,967)
Internal support allocation	(7,561)	(7,364)	197	(55,719)	(63,957)	(8,238)	(81,967)
Total internal support allocation	(7,561)	(7,364)	197	(55,719)	(63,957)	(8,238)	(81,967)
Surplus/(deficit)	-	-	-	-	-	-	-

Section 3a – Summary of Capital Expenditure Split by activity

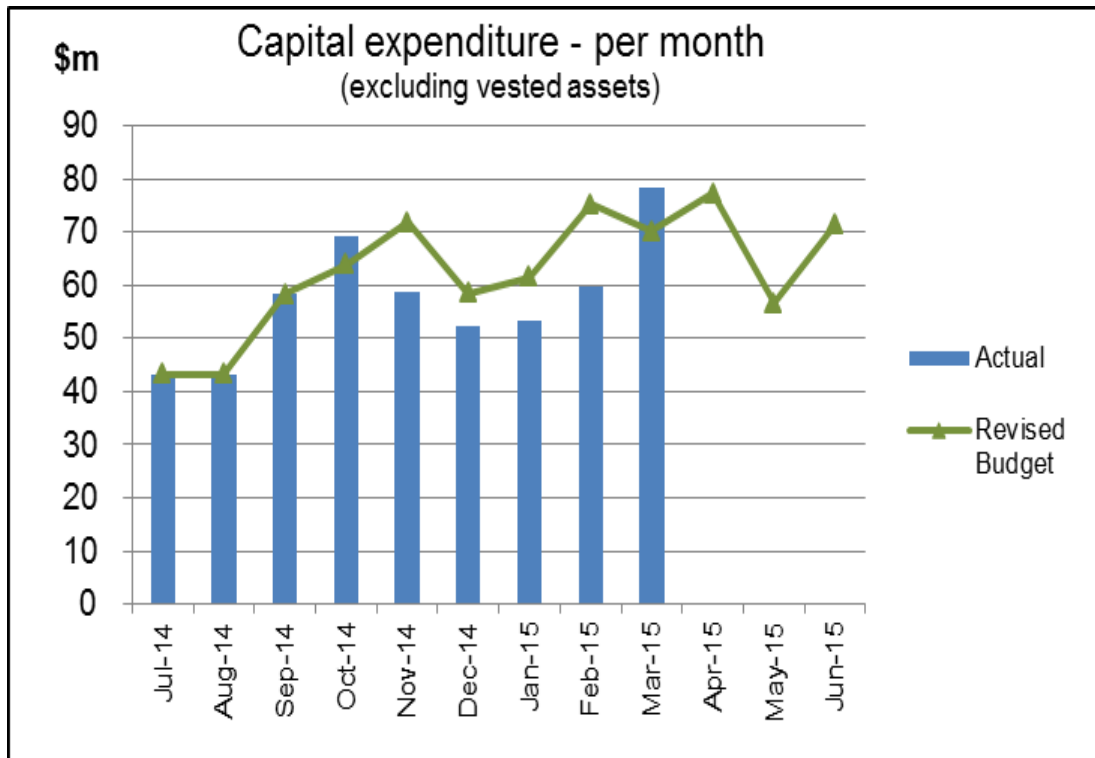
	Current month			Year to date			Full year	
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Results Achieved	Revised Budget \$000
New capital expenditure								
Roads and footpaths	12,128	16,254	4,126	91,965	124,193	32,228	●	171,305
AT Metro (includes CRL)	17,691	11,922	(5,769)	91,711	89,488	(2,223)	●	148,619
Parking operations	54	2,630	2,576	486	3,475	2,989	●	8,229
Internal support	1,232	463	(769)	17,803	11,812	(5,991)	●	12,392
Total new capital	31,105	31,269	164	201,965	228,968	27,003	●	340,545
Renewal capital expenditure								
Roads and footpaths	23,714	11,759	(11,955)	142,611	139,543	(3,068)	●	188,271
AT Metro	5	1,022	1,017	1,649	3,575	1,926	●	4,850
Parking operations	80	273	193	519	1,215	696	●	2,200
Total renewal	23,799	13,054	(10,745)	144,779	144,333	(446)	●	195,321
Electric multiple units (EMUs)								
Procurement	23,434	25,838	2,404	168,669	172,266	3,597	●	214,237
Depot	5	-	(5)	623	321	(302)	●	997
Total EMUs	23,439	25,838	2,399	169,292	172,587	3,295	●	215,234
Total direct capital	78,343	70,161	(8,182)	516,036	545,888	29,852	●	751,100
Vested assets	21,202	-	(21,202)	98,760	43,003	(55,757)	●	43,003
Total capital	99,545	70,161	(29,384)	614,796	588,891	(25,905)	●	794,103

Section 3b – Summary of Capital Expenditure Split by category

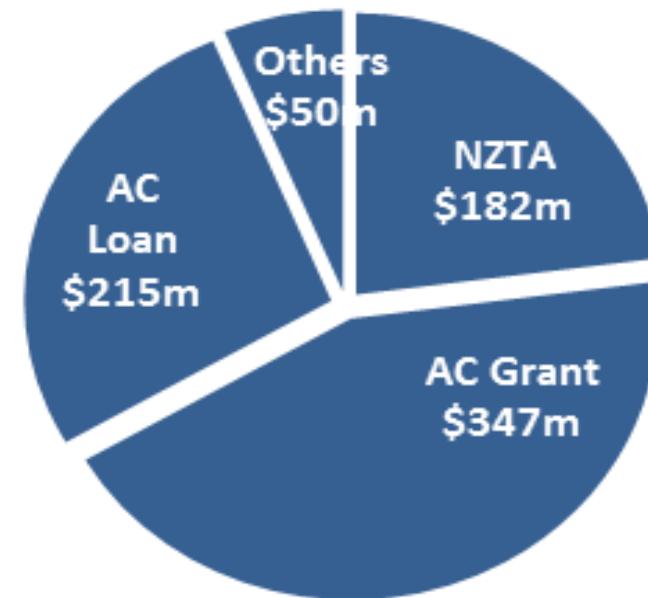
	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Core capital expenditure							
New capital							
Capital land acquisition	1,392	400	(992)	17,897	29,812	11,915	35,391
Roads and footpaths	9,975	13,341	3,366	71,937	89,201	17,264	125,131
AT Metro	2,988	3,000	12	22,182	24,512	2,330	52,146
Parking operations	54	2,630	2,576	486	3,475	2,989	8,229
Internal support	1,105	463	(642)	17,341	11,754	(5,587)	12,344
Total new capital core expenditure	15,514	19,834	4,320	129,843	158,754	28,911	233,241
Renewal							
Roads and footpaths	23,714	11,759	(11,955)	142,611	139,543	(3,068)	185,768
AT Metro	5	1,022	1,017	1,649	3,575	1,926	4,850
Parking operations	80	273	193	519	1,215	696	2,200
Total renewal core expenditure	23,799	13,054	(10,745)	144,779	144,333	(446)	192,818
Total core capital expenditure	39,313	32,888	(6,425)	274,622	303,087	28,465	426,059
Ring fenced capital expenditure							
City Rail Link- others	1,870	632	(1,238)	23,827	20,809	(3,018)	32,463
City Rail Link- land	12,454	8,205	(4,249)	44,513	42,797	(1,716)	62,299
EMU depot	5	-	(5)	623	321	(302)	997
EMU procurement	23,434	25,838	2,404	168,669	172,266	3,597	214,237
Local Board initiatives	1,208	2,069	861	2,711	5,188	2,477	9,973
Others	59	529	470	1,071	1,420	349	5,072
Total ring fenced capital expenditure	39,030	37,273	(1,757)	241,414	242,801	1,387	325,041
Total direct capital excluding vested assets	78,343	70,161	(8,182)	516,036	545,888	29,852	751,100
Vested assets	21,202	-	(21,202)	98,760	43,003	(55,757)	43,003
Total capital	99,545	70,161	(29,384)	614,796	588,891	(25,905)	794,103

Section 3c – Capital Expenditure Funding

	Current month			Year to date			Full year
	Actual	Revised	Variance	Actual	Revised	Variance	Revised
		Budget			Budget		Budget
\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Funding							
NZ Transport Agency - new capital co-investment	3,696	9,560	(5,864)	35,973	59,739	(23,766)	101,395
NZ Transport Agency - renewal capital co-investment	11,374	8,826	2,548	64,884	67,785	(2,901)	80,523
AC funding (Non EMU)	11,208	11,208	-	100,876	100,876	-	134,501
Investment by AC	28,626	14,729	13,897	137,975	137,865	110	212,411
AC loan (EMU)	23,439	25,838	(2,399)	169,292	172,587	(3,295)	215,234
Vested assets	21,202	-	21,202	98,760	43,003	55,757	43,003
Sale of assets	-	-	-	7,036	7,036	-	7,036
Total funding	99,545	70,161	29,384	614,796	588,891	25,905	794,103



Funding split - revised budget



Section 4a – Statement of Financial Position As at 31 March 2015

	Note	Actual 31 March 2015 \$000	Actual 28 February 2015 \$000
Assets			
Current assets			
Cash and cash equivalents	1	10,754	13,652
Trade and other receivables	2	149,800	165,069
Inventories		2,517	2,585
Other assets		17,253	9,089
Non-current asset held for sale		5,000	5,000
Total current assets		185,324	195,395
Non-current assets			
Property, plant and equipment - assets		15,791,511	15,705,845
Property, plant and equipment - work-in-progress		415,552	424,729
Intangible assets		112,377	111,976
Amounts due from related parties		52,000	52,000
Total non-current assets		16,371,440	16,294,550
Total assets		16,556,764	16,489,945

Section 4a – Statement of Financial Position As at 31 March 2015

	Note	Actual 31 March 2015 \$000	Actual 28 February 2015 \$000
Liabilities			
Current liabilities			
Derivative financial instruments	3	4,908	6,518
Trade and other payables	4	184,607	154,342
Employee benefit liabilities	5	13,279	11,988
Borrowings	6	4,284	4,326
Total current liabilities		207,078	177,174
Non-current liabilities			
Derivative financial instruments	3	7,343	7,223
Employee benefit liabilities	5	745	745
Borrowings	6	498,294	498,776
Deferred tax liability	7	10,544	10,544
Total non-current liabilities		516,926	517,288
Total liabilities		724,004	694,462
Net assets		15,832,760	15,795,483
Equity			
Contributed equity		13,333,986	13,324,579
Retained earnings/(losses)		513,310	489,402
Reserves		1,985,464	1,981,502
Total equity		15,832,760	15,795,483

Section 4b – Notes to the Financial Statements As at 31 March 2015

	Actual 31 March 2015 \$000	Actual 28 February 2015 \$000
1 Cash and cash equivalents		
Cash at bank - Trading	10,479	13,377
Till floats	275	275
Total cash and cash equivalents	10,754	13,652

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

2 Trade and other receivables

Trade debtors	3,760	3,601
Finance lease receivable	88	90
Infringements receivable	19,282	18,724
Amounts due from related parties	86,484	106,107
Accrued income	35,151	34,002
Goods and services tax	6,504	4,014
	151,269	166,538
Less provision for impairment of receivables	(1,469)	(1,469)
Total trade and other receivables	149,800	165,069

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 March 2015 is detailed below :

Section 4b – Notes to the Financial Statements As at 31 March 2015

	Gross	Impaired	Net
	\$000	\$000	\$000
Not past due	131,696	-	131,696
Past due 1 - 30 days	2,061	-	2,061
Past due 31 - 60 days	1,691	-	1,691
Past due 61 - 90 days	913	-	913
Past due > 90 days	14,908	(1,469)	13,439
	151,269	(1,469)	149,800

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 2014	1,179
Additional provisions made	376
Provisions reversed	(86)
Receivables written-off	-
At 31 March 2015	1,469

Section 4b – Notes to the Financial Statements As at 31 March 2015

	Actual 31 March 2015	Actual 28 February 2015
	\$000	\$000

3 Derivative financial instruments

Current liability portion

Forw ard foreign exchange contracts - cash flow hedges	4,908	6,518
Current derivative financial instruments	4,908	6,518

Non-current liability portion

Interest rate sw aps - cash flow hedges	7,326	7,203
Forw ard foreign exchange contracts - cash flow hedges	17	20
Non-current derivative financial instruments	7,343	7,223
Total derivative financial instrument liabilities	12,251	13,741

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 \$75m. The foreign currency principal amount w as USD \$52m. These cash flow hedges have been accounted for as effective and the gain of \$36.4m on their revaluation has been transferred to the cash flow hedge reserve w ithin equity.

Interest rate swaps

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 \$70m. At 31 March 2015 the fixed interest rates of cash flow hedge interest rate sw aps varied from 5.35% to 5.41%. The loss on their revaluation of \$2m has been recorded in the Statement of Financial Performance.

Section 4b – Notes to the Financial Statements

As at 31 March 2015

	Actual 31 March 2015 \$000	Actual 28 February 2015 \$000
4 Trade and other payables		
Creditors	34,102	14,921
Accrued expenses	120,369	109,675
Retentions	7,220	6,811
Amounts due to related parties	22,178	22,115
Income in advance	738	820
	184,607	154,342

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.

5 Employee benefit liabilities

Current portion

Accrued salaries and wages	5,520	4,583
Accrued leave	7,759	7,405
Current employee benefit liabilities	13,279	11,988

Non-current portion

Retirement gratuities	383	383
Long service leave	362	362
Non-current employee benefit liabilities	745	745

Section 4b – Notes to the Financial Statements

As at 31 March 2015

	Actual 31 March 2015 \$000	Actual 28 February 2015 \$000
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6 Borrowings

Current portion

Loans from Auckland Council	4,246	4,284
Finance Leases	38	42
Current borrowings	4,284	4,326

Non-current portion

Loans from Auckland Council	498,294	498,775
Finance Leases	-	1
Non-current borrowings	498,294	498,776

Weighted average cost of funds on total borrowings	5.76%	5.76%
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Auckland Transport's loan debt of \$503m is issued at fixed rates of interest ranging from 3.78% 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 March 2015 Total \$000
Balance at 1 July 2014	(10,888)	-	-	(10,888)
Charged to profit and loss	344	-	-	344
Charged to equity	-	-	-	-
Balance at 31 March 2015	(10,544)	-	-	(10,544)

Section 5a – Cash Flow

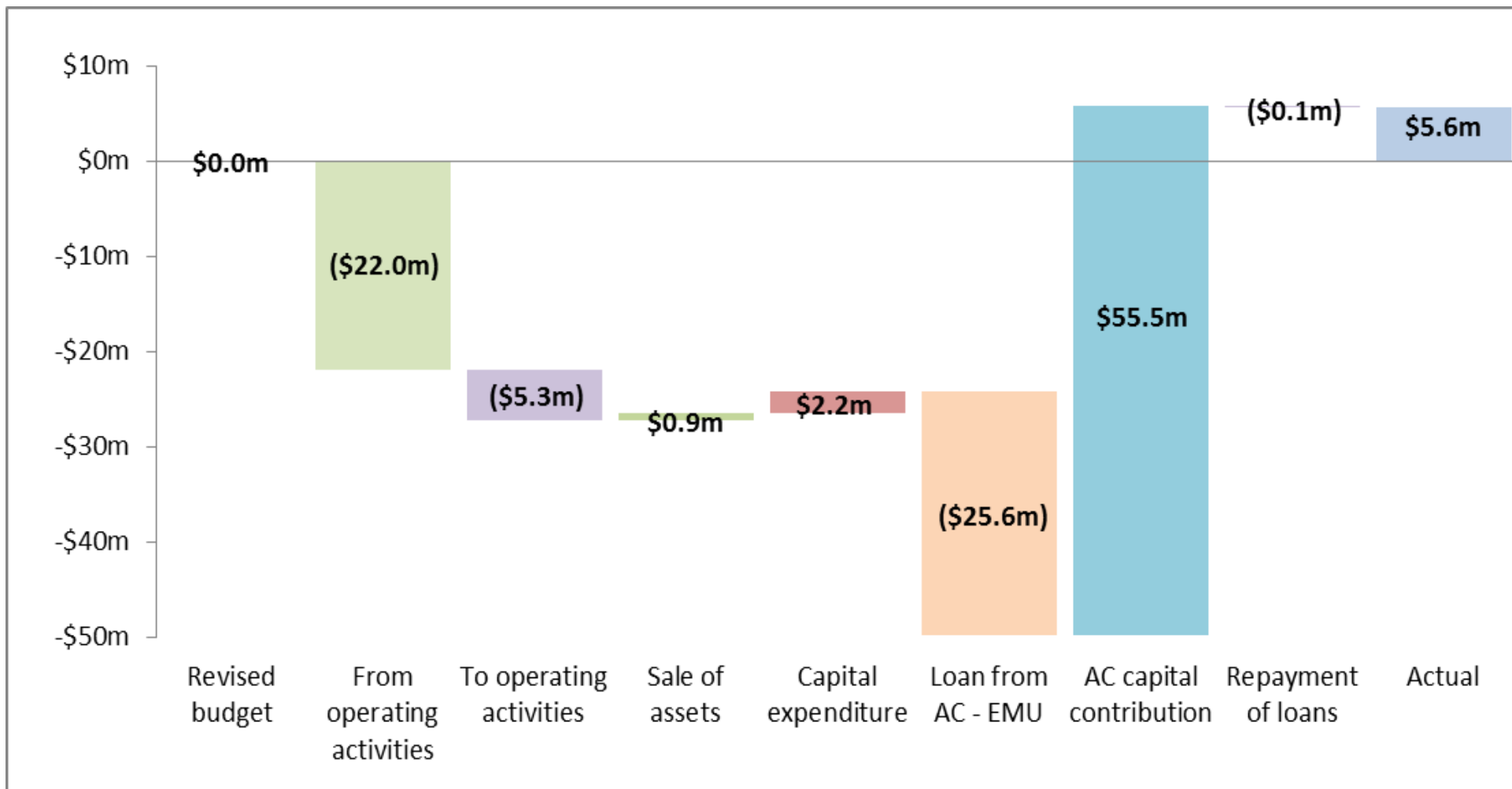
	Year to date		Full year
	Actual \$000	Revised Budget \$000	Revised Budget \$000
Cash flows from operating activities			
Total cash provided	676,019	697,993	943,616
Cash applied to:			
Payments to suppliers, employees and directors	453,711	447,233	596,931
Interest paid	17,446	18,600	26,706
Goods and services tax (net)			
Total cash applied	471,157	465,833	623,637
Net cash from operating activities	204,862	232,160	319,979
Cash flows from investing activities			
Cash provided from:			
Sale of property, plant and equipment	863	-	-
Total cash provided	863	-	-
Cash applied to:			
Capital expenditure projects	543,656	545,888	751,100
Total cash applied	543,656	545,888	751,100
Net cash from investing activities	(542,793)	(545,888)	(751,100)
Cash flows from financing activities			
Cash provided from:			
Loan from Auckland Council - EMU	147,000	172,587	215,234
Capital contribution from Auckland Council (Note 1)	199,137	143,642	219,447
Total cash provided	346,137	316,229	434,681
Cash applied to:			
Repayments of EMU loan from Auckland Council	2,488	2,467	3,510
Repayments of finance lease principal	44	34	50
Total cash applied	2,532	2,501	3,560
Net cash from financing activities	343,605	313,728	431,121
Net (decrease)/increase in cash and cash equivalents	5,674	-	-
Opening cash balance	5,080	-	-
Closing cash balance	10,754	-	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	
	Actual \$000
Surplus/(deficit) after tax	94,239
Add/(less) non cash items	
Depreciation and amortisation	216,930
Vested assets	(98,760)
Found assets	(15,785)
Loss on disposal of property, plant and equipment	6,249
Loss on asset write off	-
Revaluation decrement	-
Foreign exchange gains	-
Loss on interest rate sw aps	2,363
Income tax	(344)
	110,653
Add/(less) movements in working capital	
Decrease/(Increase) in debtors and other receivables	(17,870)
Decrease/(Increase) in inventories	1,683
(Decrease)/Increase in creditors and other payables	12,655
(Decrease)/Increase in employee benefits payable	3,502
	(30)
Net cash flow from operating activities	204,862

Note 1 - Actual capital contribution from AC includes cash received in the current year for prior year capital expenditure.

Section 5b – Cash Flow Waterfall

Cash flow – Year to date revised budget to actual



Section 6 – Accounts Receivable Report

Accounts Receivable

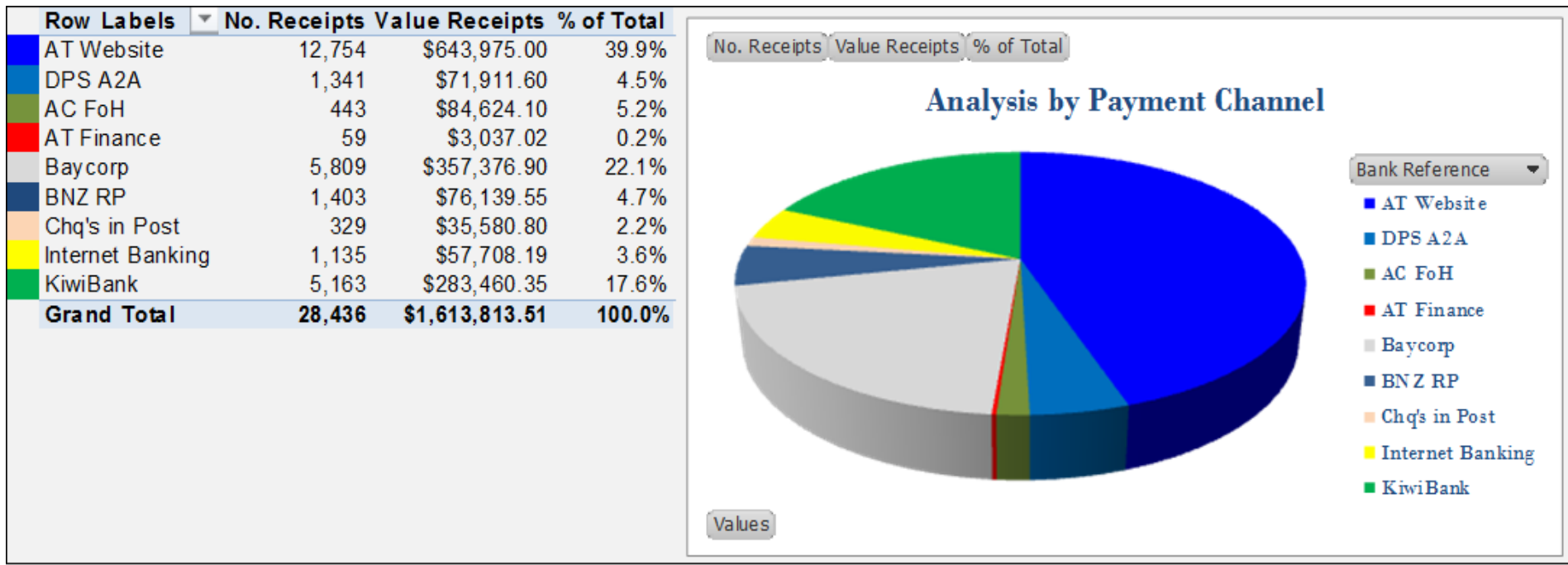
An overview of the Debtors as at 31 March has 99.5% (99.3% February) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 31 March 2015</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 March		5,320,462	2,542,662	481,507	356,224	27,146	4,516	1,908,407	1
Parking Permit Debtors		30,570	0	20,514	4,513	2,310	3,233	0	2
Total Debtors		5,351,032	2,542,662	502,021	360,737	29,456	7,749	1,908,407	
		100.0%	47.5%	9.4%	6.7%	0.6%	0.1%	35.7%	
O/s Related Parties	22	1,591,049	1,540,047	46,703	0	0	689	3,609	3
Trade Debtors	119	3,759,983	1,002,615	455,317	360,737	29,456	7,059	1,904,798	
		100.0%	26.7%	12.1%	9.6%	0.8%	0.2%	50.7%	
Queried Invoices	343	198,716	13,397	32,174	3,566	18,490	6,779	124,310	4
Cell Sites - Property	583	1,709,123	0	0	189,900	541	0	1,518,681	5
To Baycorp (Collection)	569	30,760	0	280	280	280	280	29,640	6
Payment Arrangement	29	26,375	902	24,942	530	0	0	0	7
Lodged Courts (Damages)	263	289,822	22,644	25,154	7,841	2,017	0	232,166	8
Adjusted Debtors		1,505,186	965,671	372,767	158,620	8,128	0	0	
		100.0%	64.2%	24.8%	10.5%	0.5%	0.0%	0.0%	

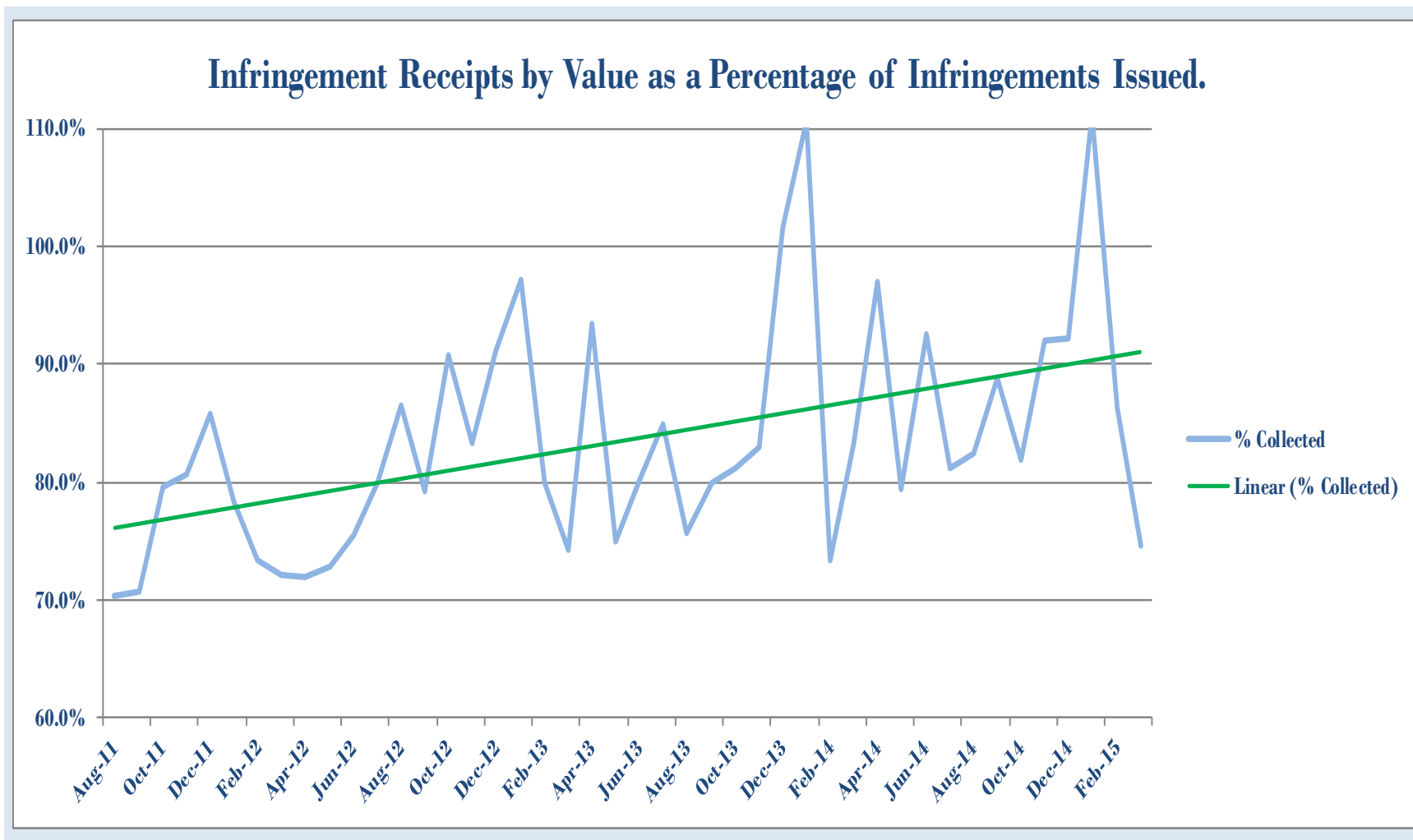
Notes relating to the Debtors Ageing Analysis:

- 1 - Sundry Debtors administered in the SAP system.
- 2 - Parking Permit Debtors administered in the Pathway system. These permits 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. Of the total \$61k relates to the issues previously reported on a group of apartments disputing parking charges. Property has now advised that this long outstanding debt is now unlikely to be recovered and should, therefore, be written off. This debt has previously been fully provided for.
- 5 - Relates to the ongoing cell sites dispute. Two of the four accounts in dispute have been resolved and discussions have started to achieve resolution on the remaining Telco's. The balance owing by the Telco's has been fully impaired as at 31 December 2014 and may be written off in the future. Legal opinion has been sought and negotiations continue with both Telco's. Invoices continue to be raised against these Telco's, pending clarity on whether AT can legally charge them. The Finance Team are engaged with the two companies to reconcile the accounts in an effort to sort out the older debt under query.
- 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. Two debtors, with which AT has payment arrangements in place and are receiving \$250 per day in arrears, are also lodged with Baycorp for collection but have been deducted from the Baycorp figure above while they continue to meet the payment arrangement.
- 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.

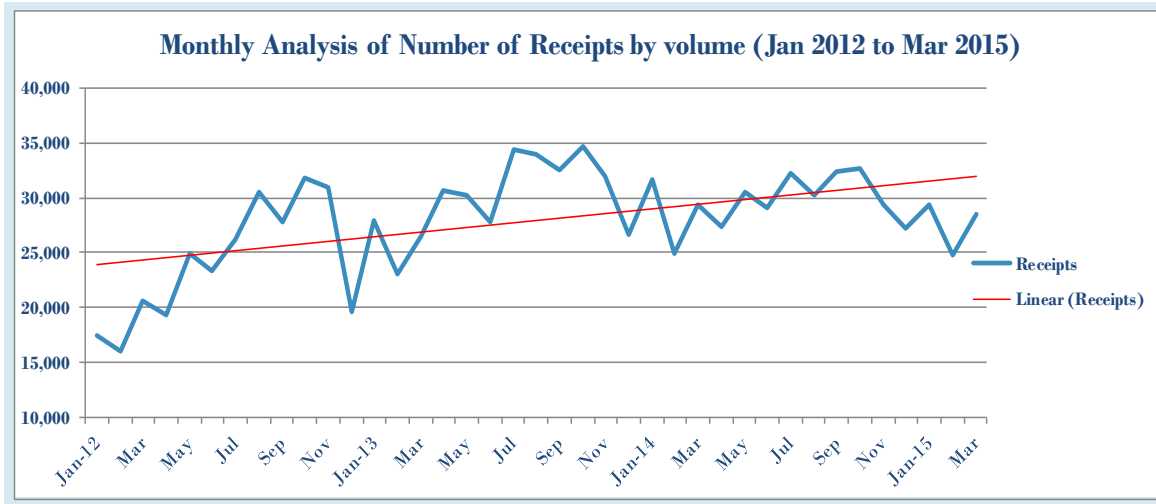
Infringement Overview:



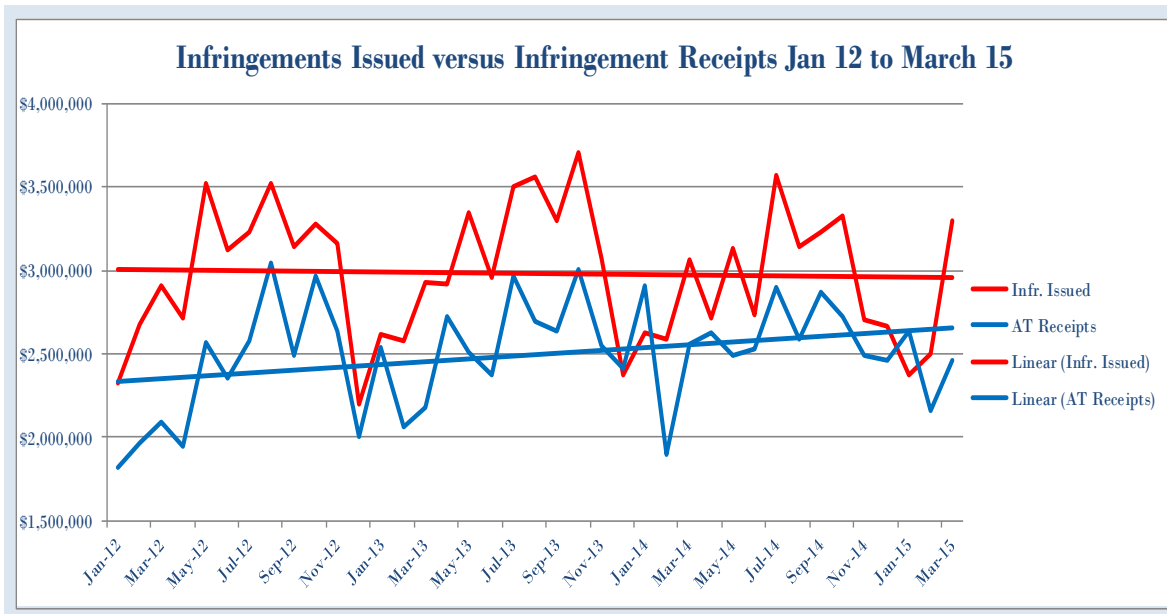
March's Infringement receipts by volume are 14.9% up on February (22 working days in March compared with 19 in February). The ongoing contract with Baycorp has, over time, increased the number of infringements paid but, ultimately, the comparison of infringements paid in a month is driven by the number of infringements issued in the preceding months. Of the customers not paying in response to a Baycorp letter of demand, 67% are making use of our electronic payment methods (62% in February).



The graph includes all receipts through AT, Baycorp and MOJ but excludes MOJ legacy receipts. While the spike in December and January is normal, as it compares collection rates with infringements issued in a month (infringements issued is low in both months), the opposite happens in February and March as issues return to normal and collections drop due to the low issues in the two previous months. Infringements issued during March was 13% higher than the average infringements issued monthly since January 2014. Overall, the trend line clearly shows improved collection rates over the three year period.



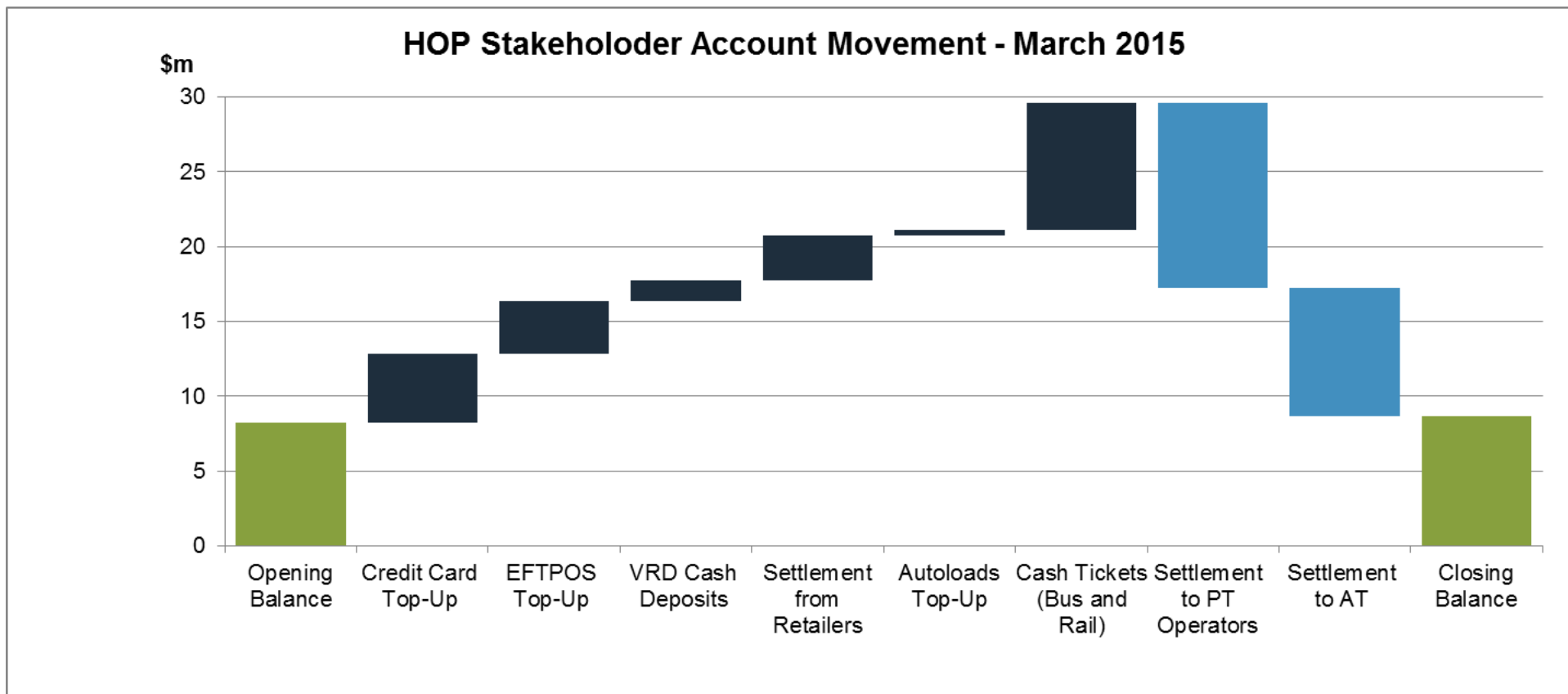
The analysis of receipts by volume shows an increase of 14.9% in March compared with February. The comparison below of infringements issued against infringement receipts clearly demonstrates how infringements issued drives receipts a month or two later.



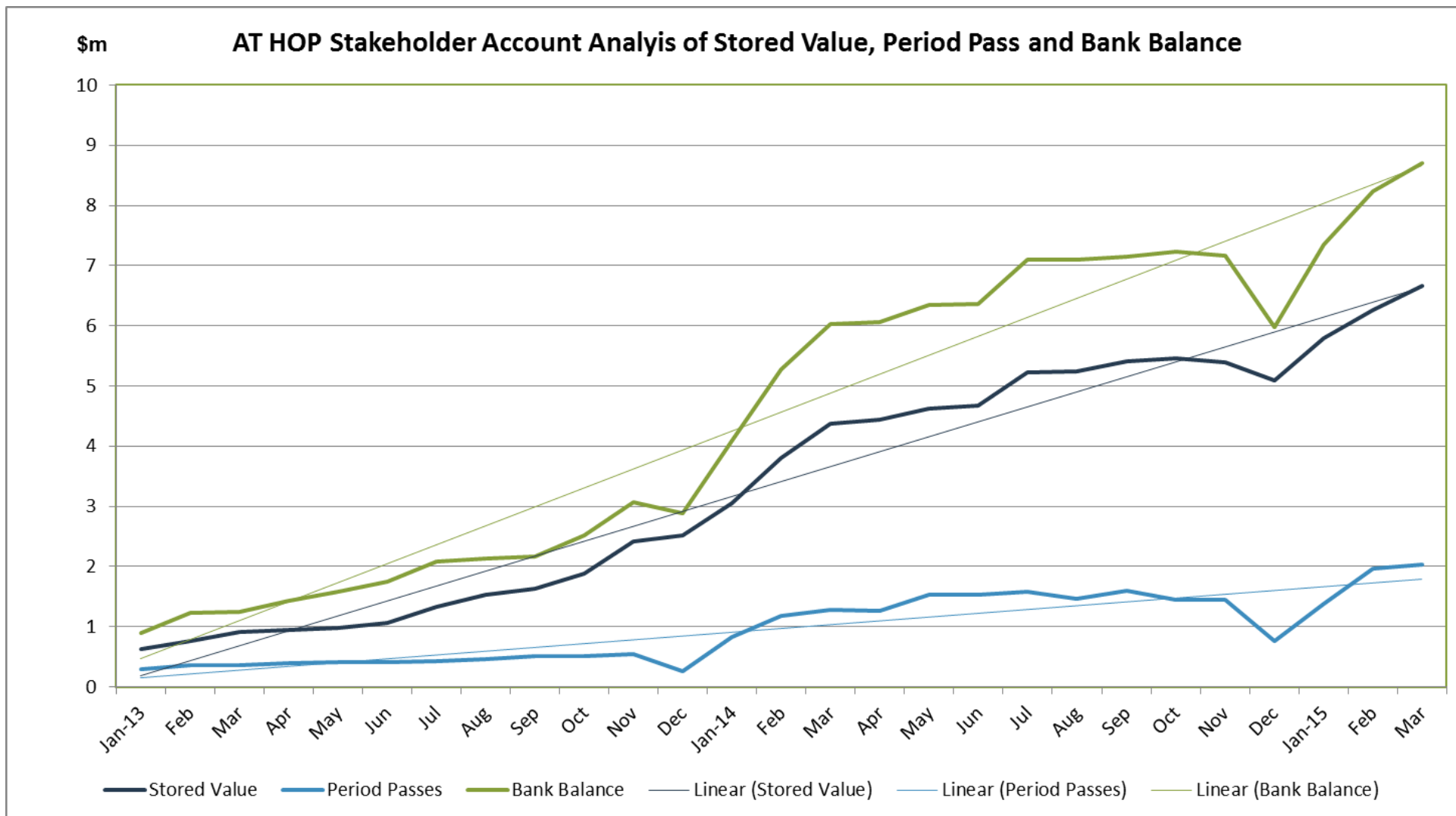
Section 7 – AT HOP Stakeholder Monthly Report

(Does not form part of AT results)





The AT HOP Stakeholder bank account has increased by 5.6% in March 2015, from \$8.24 million to \$8.69 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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Approved for Submission	Richard Morris Chief Financial Officer	