

Financial Results for the Two Months Ended 31 August 2015

Recommendation

That the Board:

- i. Receives the report.

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Executive Summary

Financial results for the two months ended 31 August 2015:

	Current month variance to revised budget \$m	Year to date variance to budget \$m	Year to date results	Year to date Actual \$m	Year to date budget \$m	Full year budget \$m
Total operating income	(0.2)	(1.1)	↔ ●	110.5	111.5	669.4
Total operating expenditure	0.1	0.6	↓ ●	155.5	156.2	975.0
Surplus/(deficit) from operations	(0.1)	(0.4)	↔ ●	(45.1)	(44.6)	(305.6)
Income for capital projects	(15.5)	(14.1)	↓ ●	62.2	76.3	710.3
Net surplus/(deficit) before tax	(15.6)	(14.5)	↓ ●	17.2	31.7	404.7
Total direct capital	10.7	24.2	↓ ●	52.2	76.3	620.3

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

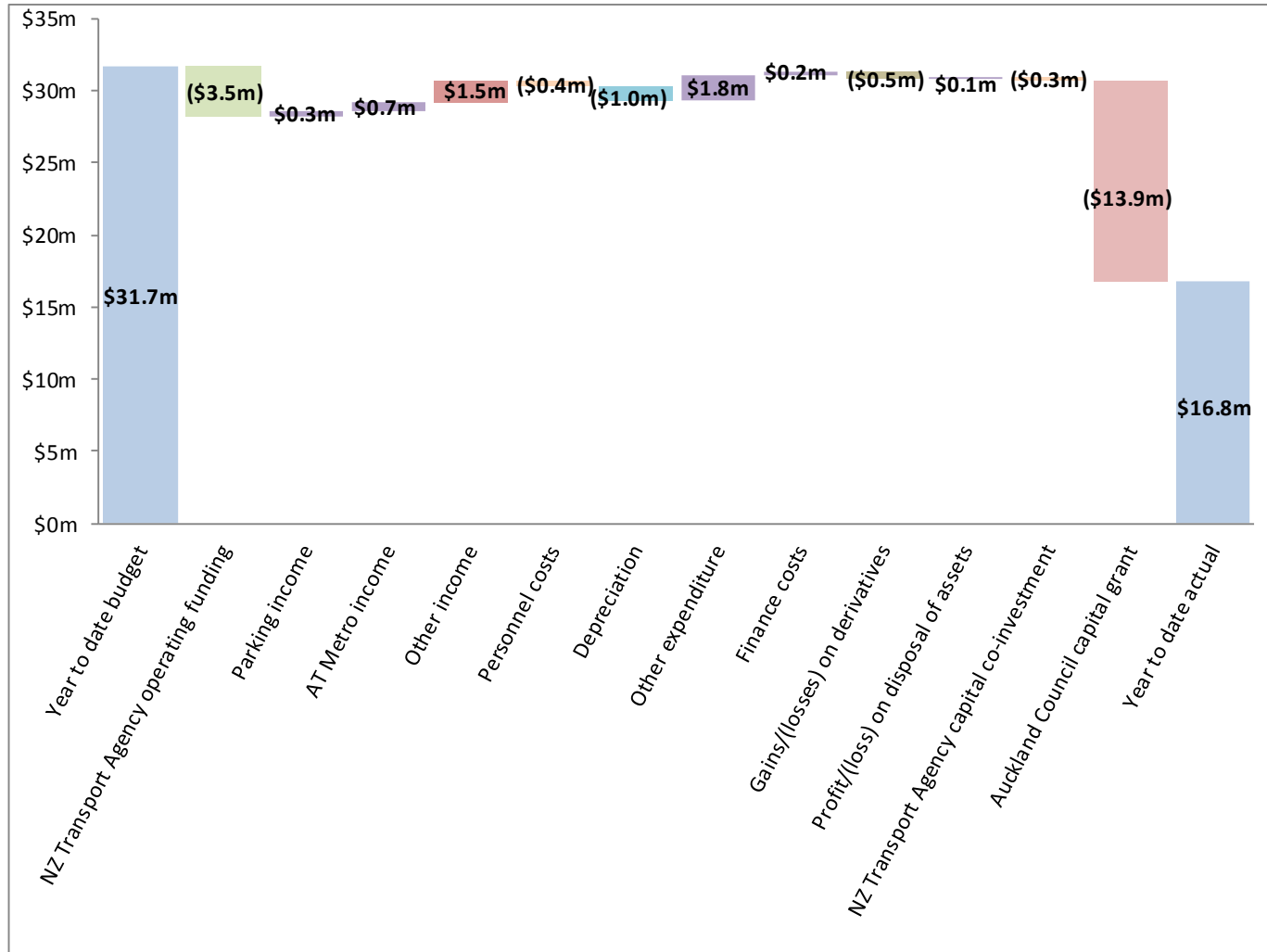
Section 2a – Financial results for the two months ended 31 August 2015

	Current month			Year to date				Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Results achieved	Budget \$000
Income								
<u>Operating income</u>								
Auckland Council funding	20,813	20,813	-	41,626	41,626	-	●	249,755
NZ Transport Agency operating funding	17,968	20,146	(2,178)	36,923	40,380	(3,457)	●	238,008
Parking and enforcement income	6,575	6,380	195	13,287	13,022	265	●	80,106
AT Metro income	6,864	6,427	437	13,318	12,646	672	●	77,471
Other revenue including other grants and subsidies	3,327	1,972	1,355	5,326	3,869	1,457	●	24,089
Total operating income	55,547	55,738	(191)	110,480	111,543	(1,063)	●	669,429
Expenditure								
Personnel costs	11,209	11,291	82	22,675	23,295	620	●	141,063
Capitalised personnel costs	(2,197)	(2,922)	(725)	(4,679)	(5,687)	(1,008)	●	(39,066)
Depreciation and amortisation expense	25,577	25,062	(515)	50,886	49,936	(950)	●	310,932
Other expenses	40,670	41,807	1,137	81,724	83,514	1,790	●	531,372
Finance costs (Electric Trains)	2,463	2,559	96	4,929	5,126	197	●	30,741
Total operating expenditure	77,722	77,797	75	155,535	156,184	649	●	975,042
Surplus/(deficit) from operations	(22,175)	(22,059)	(116)	(45,055)	(44,641)	(414)	●	(305,613)
<u>Income for capital projects</u>								
NZ Transport Agency capital co-investment	6,828	6,368	460	14,667	14,940	(273)	●	170,966
Auckland Council capital grant	19,116	35,050	(15,934)	47,550	61,400	(13,850)	●	439,314
Other capital grants	-	-	-	-	-	-	●	-
Vested asset income	-	-	-	-	-	-	●	100,000
	25,944	41,418	(15,474)	62,217	76,340	(14,123)	●	710,280
Net surplus/(deficit) before tax and derivatives	3,769	19,359	(15,590)	17,162	31,699	(14,537)	●	404,667
Gains/(losses) on derivatives	(71)	-	(71)	(460)	-	(460)	-	-
Profit/(loss) on disposal of assets	-	-	-	62	-	62	-	-
Income tax benefit/(expense)	-	-	-	-	-	-	-	-
Net surplus/(deficit) after tax and derivatives	3,698	19,359	(15,661)	16,764	31,699	(14,935)	●	404,667

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

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	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating Income							
Rail	9,848	9,995	(147)	19,893	19,858	35	115,857
Bus	8,136	8,266	(130)	16,222	16,466	(244)	101,903
Ferry	966	1,062	(96)	2,017	2,015	2	13,313
Other public transport	2,106	2,127	(21)	4,217	4,256	(39)	29,848
Parking	3,816	3,681	135	7,547	7,099	448	48,172
Enforcement	2,759	2,699	60	5,740	5,923	(183)	31,934
Roading and footpaths	5,357	5,341	16	10,013	10,813	(800)	56,592
Internal support	1,746	1,754	(8)	3,205	3,487	(282)	22,055
Auckland Council operating funding	20,813	20,813	-	41,626	41,626	-	249,755
Total operating income	55,547	55,738	(191)	110,480	111,543	(1,063)	669,429
Operating Expenditure							
Rail	13,804	13,911	107	28,412	28,378	(34)	163,425
Bus	13,444	13,684	240	26,816	27,101	285	167,075
Ferry	1,302	1,480	178	2,618	2,850	232	19,262
Other public transport	3,100	3,107	7	6,320	6,288	(32)	46,999
Parking	1,077	1,102	25	2,169	2,255	86	13,677
Enforcement	1,730	1,800	70	3,678	3,545	(133)	21,312
Roading and footpaths	9,475	9,816	341	19,349	19,958	609	120,674
Internal support	8,213	7,835	(378)	15,287	15,873	586	111,686
Depreciation	25,577	25,062	(515)	50,886	49,936	(950)	310,932
Total operating expenditure	77,722	77,797	75	155,535	156,184	649	975,042
Surplus/(deficit) from Operations	(22,175)	(22,059)	(116)	(45,055)	(44,641)	(414)	(305,613)

Section 2c – Rail operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating Income							
Activity Income	4,140	3,877	263	7,638	7,305	333	43,500
Other income	95	133	(38)	187	219	(32)	838
NZ Transport Agency operating funding	4,042	4,119	(77)	8,878	8,597	281	49,101
NZ Transport Agency operating funding - Electric Trains	1,571	1,866	(295)	3,190	3,737	(547)	22,418
Total operating income	9,848	9,995	(147)	19,893	19,858	35	115,857
Operating Expenditure							
Personnel costs	219	210	(9)	442	439	(3)	2,658
Capitalised personnel costs	(9)	(1)	8	(3)	(1)	2	-
Service delivery costs and professional services	9,144	8,564	(580)	18,555	17,579	(976)	98,295
Occupancy costs	224	315	91	472	632	160	4,070
Track access charges	986	1,644	658	2,697	3,364	667	19,750
Other expenditure	776	620	(156)	1,320	1,239	(81)	7,911
Finance costs (Electric Trains)	2,464	2,559	95	4,929	5,126	197	30,741
Total operating expenditure	13,804	13,911	107	28,412	28,378	(34)	163,425
Depreciation	3,161	2,715	(446)	6,323	5,391	(932)	34,750
Surplus/(deficit) from Operations	(7,117)	(6,631)	(486)	(14,842)	(13,911)	(931)	(82,318)
Internal support costs	2,294	2,131	(163)	4,310	4,304	(6)	31,780
Surplus/(deficit)	(9,411)	(8,762)	(649)	(19,152)	(18,215)	(937)	(114,098)

Section 2c – Bus operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating Income							
Activity Income	1,413	1,231	182	2,516	2,460	56	15,946
Other income	219	292	(73)	1,034	856	178	4,223
NZ Transport Agency operating funding	6,504	6,743	(239)	12,672	13,150	(478)	81,734
Total operating income	8,136	8,266	(130)	16,222	16,466	(244)	101,903
Operating Expenditure							
Personnel costs	254	280	26	524	563	39	3,296
Capitalised personnel costs	21	15	(6)	21	10	(11)	14
Service delivery costs and professional services	12,958	13,174	216	25,892	26,106	214	161,277
Occupancy costs	134	114	(20)	240	228	(12)	1,368
Other expenditure	77	101	24	139	194	55	1,120
Total operating expenditure	13,444	13,684	240	26,816	27,101	285	167,075
Depreciation	163	166	3	325	327	2	2,262
Surplus/(deficit) from Operations	(5,471)	(5,584)	113	(10,919)	(10,962)	43	(67,434)
Internal support costs	2,345	2,178	(167)	4,406	4,400	(6)	32,490
Surplus/(deficit)	(7,816)	(7,762)	(54)	(15,325)	(15,362)	37	(99,924)

Section 2c – Ferry operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating Income							
Operator access fees	271	253	18	518	491	27	3,996
Activity Income	81	49	32	148	105	43	798
Other Income	55	56	(1)	114	115	(1)	831
NZ Transport Agency operating funding	559	704	(145)	1,237	1,304	(67)	7,688
Total operating income	966	1,062	(96)	2,017	2,015	2	13,313
Operating Expenditure							
Personnel costs	74	76	2	154	154	-	1,133
Capitalised personnel costs	-	-	-	-	-	-	-
Service delivery costs and professional services	1,094	1,199	105	2,179	2,287	108	15,497
Other expenditure	134	205	71	285	409	124	2,632
Total operating expenditure	1,302	1,480	178	2,618	2,850	232	19,262
Depreciation	248	238	(10)	495	476	(19)	2,874
Surplus/(deficit) from Operations	(584)	(656)	72	(1,096)	(1,311)	215	(8,823)
Internal support costs	270	251	(19)	508	507	(1)	3,746
Surplus/(deficit)	(854)	(907)	53	(1,604)	(1,818)	214	(12,569)

Section 2c – Other public transport operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating Income							
Other Income	590	536	54	1,163	1,095	68	7,339
NZ Transport Agency operating funding	1,516	1,591	(75)	3,054	3,161	(107)	22,509
Total operating income	2,106	2,127	(21)	4,217	4,256	(39)	29,848
Operating Expenditure							
Personnel costs	1,069	1,076	7	2,147	2,177	30	13,666
Capitalised personnel costs	57	(90)	(147)	83	(100)	(183)	(487)
Service delivery costs and professional services	1,055	1,240	185	2,218	2,395	177	22,484
IT costs	255	204	(51)	443	408	(35)	2,489
Other expenditure	664	677	13	1,429	1,408	(21)	8,847
Total operating expenditure	3,100	3,107	7	6,320	6,288	(32)	46,999
Depreciation	1,348	1,299	(49)	2,694	2,609	(85)	14,900
Surplus/(deficit) from Operations	(2,342)	(2,279)	(63)	(4,797)	(4,641)	(156)	(32,051)
Internal support costs	660	613	(47)	1,239	1,238	(1)	9,140
Surplus/(deficit)	(3,002)	(2,892)	(110)	(6,036)	(5,879)	(157)	(41,191)

Other Public Transport includes HOP Card operations, community transport, customer experience, network management and AT Metro commercial operations.

Section 2c – Parking operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating Income							
Other income	116	100	16	217	182	35	2,810
Parking fees	3,700	3,581	119	7,330	6,917	413	45,362
Total operating income	3,816	3,681	135	7,547	7,099	448	48,172
Operating Expenditure							
Personnel costs	261	234	(27)	521	476	(45)	2,806
Capitalised personnel costs	9	-	(9)	12	-	(12)	-
Service delivery costs and professional services	354	312	(42)	714	628	(86)	3,817
Occupancy costs	454	466	12	883	960	77	5,706
Other expenditure	(1)	90	91	39	191	152	1,348
Total operating expenditure	1,077	1,102	25	2,169	2,255	86	13,677
Depreciation	558	536	(22)	1,105	1,072	(33)	6,443
Surplus/(deficit) from Operations	2,181	2,043	138	4,273	3,772	501	28,052
Internal support costs	192	178	(14)	361	360	(1)	2,660
Surplus/(deficit)	1,989	1,865	124	3,912	3,412	500	25,392

Section 2c – Enforcement operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating Income							
Infringement income	2,759	2,699	60	5,740	5,923	(183)	31,934
Total operating income	2,759	2,699	60	5,740	5,923	(183)	31,934
Operating Expenditure							
Personnel costs	864	891	27	1,801	1,848	47	11,036
Capitalised personnel costs	(5)	-	5	5	-	(5)	-
Service delivery costs and professional services	150	141	(9)	266	281	15	1,686
Other expenditure	721	768	47	1,606	1,416	(190)	8,590
Total operating expenditure	1,730	1,800	70	3,678	3,545	(133)	21,312
Depreciation	9	21	12	17	33	16	740
Surplus/(deficit) from Operations	1,020	878	142	2,045	2,345	(300)	9,882
Internal support costs	299	278	(21)	562	561	(1)	4,144
Surplus/(deficit)	721	600	121	1,483	1,784	(301)	5,738

Section 2c – Roading and footpaths operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating Income							
Petrol tax	728	727	1	1,458	1,453	5	8,720
Other income	1,324	379	945	1,520	683	837	4,980
NZ Transport Agency operating funding	3,305	4,235	(930)	7,035	8,677	(1,642)	42,892
Total operating income	5,357	5,341	16	10,013	10,813	(800)	56,592
Operating Expenditure							
Personnel costs	2,116	2,074	(42)	4,261	4,340	79	26,217
Capitalised personnel costs	(100)	(485)	(385)	(493)	(966)	(473)	(8,646)
Service delivery costs and professional services	5,495	6,419	924	11,927	12,652	725	83,434
Occupancy costs	1,439	1,488	49	2,841	3,054	213	15,983
IT costs	8	121	113	23	260	237	1,658
Other expenditure	517	199	(318)	790	618	(172)	2,028
Total operating expenditure	9,475	9,816	341	19,349	19,958	609	120,674
Depreciation	18,803	18,966	163	37,440	37,865	425	231,167
Surplus/(deficit) from Operations	(22,921)	(23,441)	520	(46,776)	(47,010)	234	(295,249)
Internal support costs	1,694	1,573	(121)	3,183	3,178	(5)	23,467
Surplus/(deficit)	(24,615)	(25,014)	399	(49,959)	(50,188)	229	(318,716)

Section 2c – Internal support

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating Income							
Rental income	1,050	847	203	2,117	1,693	424	10,158
Other income	225	21	204	232	40	192	230
NZ Transport Agency operating funding	471	886	(415)	856	1,754	(898)	11,667
Total operating income	1,746	1,754	(8)	3,205	3,487	(282)	22,055
Operating Expenditure							
Personnel costs	6,351	6,450	99	12,826	13,298	472	80,251
Capitalised personnel costs	(2,169)	(2,363)	(194)	(4,304)	(4,632)	(328)	(29,946)
Directors Fees	42	54	12	85	99	14	594
Service delivery costs and professional services	1,601	1,722	121	2,651	3,281	630	37,623
Other expenditure	2,388	1,972	(416)	4,029	3,827	(202)	23,164
Total operating expenditure	8,213	7,835	(378)	15,287	15,873	586	111,686
Depreciation	1,287	1,121	(166)	2,487	2,163	(324)	17,796
Taxation	-	-	-	-	-	-	-
Surplus/(deficit) before allocation of costs	(7,754)	(7,202)	(552)	(14,569)	(14,549)	(20)	(107,427)
Internal support allocation	(7,754)	(7,202)	552	(14,569)	(14,549)	20	(107,427)
Total internal support allocation	(7,754)	(7,202)	552	(14,569)	(14,549)	20	(107,427)
Surplus/(deficit)	-	-	-	-	-	-	-

Section 3a – Summary of Capital Expenditure

Split by activity

	Current month			Year to date			Results	Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Achieved	Budget \$000
New capital expenditure								
Roads and footpaths	10,793	13,058	2,265	16,807	22,376	5,569	●	196,503
AT Metro (includes CRL)	6,149	12,526	6,377	12,054	22,398	10,344	●	188,287
Parking operations	25	622	597	32	1,245	1,213	●	6,245
Internal support	301	232	(69)	601	396	(205)	●	4,472
Total new capital	17,268	26,438	9,170	29,494	46,415	16,921	●	395,507
Renewal capital expenditure								
Roads and footpaths	10,985	9,258	(1,727)	18,816	17,622	(1,194)	●	189,826
AT Metro	293	304	11	558	609	51	●	5,915
Parking operations	78	99	21	94	104	10	●	2,234
Total renewal	11,356	9,661	(1,695)	19,468	18,335	(1,133)	●	197,975
Electric multiple units (EMUs)								
Procurement	2,070	5,317	3,247	3,217	11,589	8,372	●	26,798
Depot	-	-	-	6	-	(6)	●	-
Total EMUs	2,070	5,317	3,247	3,223	11,589	8,366	●	26,798
Total direct capital	30,694	41,416	10,722	52,185	76,339	24,154	●	620,280
Vested assets	-	-	-	-	-	-		-
Total capital	30,694	41,416	10,722	52,185	76,339	24,154	●	620,280

● : Largely on track
 ● : Some issues or risks
 ● : Project issues or risks

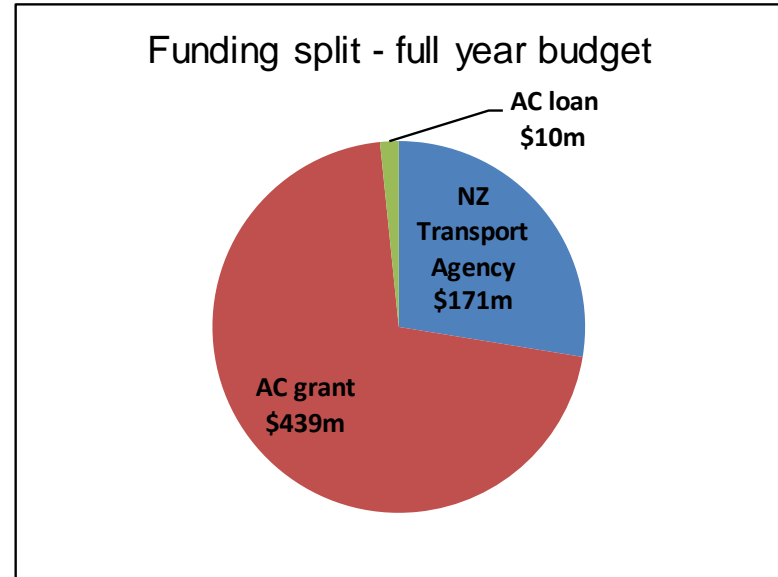
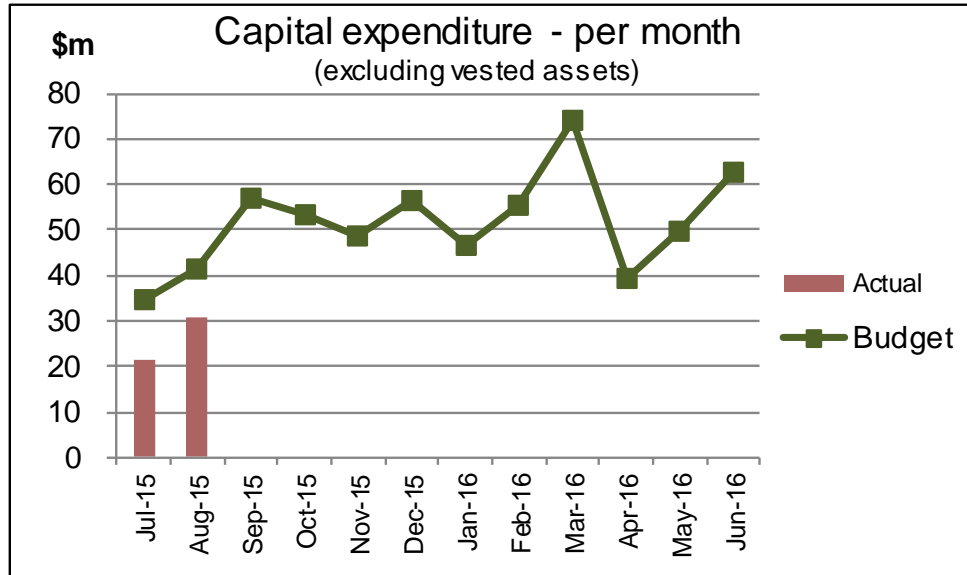
Section 3b – Summary of Capital Expenditure

Split by category

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Core capital expenditure							
New capital							
Capital land acquisition	(1,040)	1,510	2,550	(2,135)	2,282	4,417	28,691
Roads and footpaths	11,128	10,842	(286)	17,870	18,779	909	155,723
AT Metro	1,524	5,475	3,951	4,268	9,558	5,290	64,817
Parking operations	25	622	597	32	1,245	1,213	6,245
Internal support	1,058	628	(430)	1,475	1,156	(319)	10,577
Total new capital core expenditure	12,695	19,077	6,382	21,510	33,020	11,510	266,053
Renewal							
Roads and footpaths	10,985	9,258	(1,727)	18,816	17,622	(1,194)	189,826
AT Metro	293	304	11	558	609	51	5,915
Parking operations	78	99	21	94	104	10	2,234
Total renewal core expenditure	11,356	9,661	(1,695)	19,468	18,335	(1,133)	197,975
Total core capital expenditure	24,051	28,738	4,687	40,978	51,355	10,377	464,028
Ring fenced capital expenditure							
City Rail Link- others	3,237	4,125	888	6,065	8,891	2,826	49,903
City Rail Link- land	617	2,346	1,729	863	2,873	2,010	63,906
EMU depot	-	-	-	6	-	(6)	-
EMU procurement	2,070	5,317	3,247	3,217	11,589	8,372	26,798
Local Board initiatives	653	550	(103)	1,046	951	(95)	10,260
Others	66	340	274	10	680	670	5,385
Total ring fenced capital expenditure	6,643	12,678	6,035	11,207	24,984	13,777	156,252
Total direct capital excluding vested assets	30,694	41,416	10,722	52,185	76,339	24,154	620,280
Vested assets	-	-	-	-	-	-	-
Total capital	30,694	41,416	10,722	52,185	76,339	24,154	620,280

Section 3c – Capital Expenditure Funding

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Funding							
NZ Transport Agency - new capital co-investment	2,418	2,739	(321)	6,953	7,844	(891)	101,427
NZ Transport Agency - renewal capital co-investment	4,410	3,629	781	7,714	7,096	618	69,539
Auckland Council capital grant	20,643	35,048	(14,405)	34,295	61,399	(27,104)	439,314
Auckland Council loan (EMU)	3,223	-	3,223	3,223	-	3,223	10,000
Total funding	30,694	41,416	(10,722)	52,185	76,339	(24,154)	620,280



Section 4a – Statement of Financial Position

As at 31 August 2015

	Note	Actual 31 August 2015 \$000	Actual 31 July 2015 \$000
Assets			
Current assets			
Cash and cash equivalents	1	5,494	14,024
Trade and other receivables	2	189,000	193,152
Inventories		2,450	2,383
Other assets		9,079	15,688
Non-current asset held for sale		4,400	4,400
Derivative financial instruments	3	1,511	998
Total current assets		211,934	230,645
Non-current assets			
Property, plant and equipment		16,103,171	16,092,948
Property, plant and equipment - w ork-in-progress		441,568	437,824
Intangible assets		115,172	115,546
Total non-current assets		16,659,911	16,646,318
Total assets		16,871,845	16,876,963

Section 4a – Statement of Financial Position

As at 31 August 2015

	Note	Actual 31 August 2015 \$000	Actual 31 July 2015 \$000
Liabilities			
Current liabilities			
Trade and other payables	4	125,406	143,894
Employee benefit liabilities	5	13,993	13,262
Borrow ings	6	4,717	4,705
Total current liabilities		144,116	161,861
Non-current liabilities			
Derivative financial instruments	3	4,514	4,214
Trade and other payables	4	20,225	20,454
Employee benefit liabilities	5	675	675
Borrow ings	6	478,237	478,592
Deferred tax liability	7	11,665	11,665
Total non-current liabilities		515,316	515,600
Total liabilities		659,432	677,461
Net assets		16,212,413	16,199,502
Equity			
Contributed equity		13,482,059	13,482,059
Retained earnings/(losses)		613,388	600,990
Reserves		2,116,966	2,116,453
Total equity		16,212,413	16,199,502

Section 4b – Notes to the Financial Statements

As at 31 August 2015

	Actual 31 August 2015 \$000	Actual 31 July 2015 \$000
1 Cash and cash equivalents		
Cash at bank - Trading	5,220	13,750
Till floats	274	274
Total cash and cash equivalents	5,494	14,024
The carrying value of cash and cash equivalents approximates their fair value.		
2 Trade and other receivables		
Trade debtors	4,172	12,291
Finance lease receivable	78	80
Infringements receivable	31,604	31,318
Amounts due from related parties	135,419	127,459
Accrued income	26,681	25,453
Goods and services tax	5,385	10,889
	203,339	207,490
Less provision for impairment of receivables	(14,339)	(14,338)
Total trade and other receivables	189,000	193,152

Section 4b – Notes to the Financial Statements

As at 31 August 2015

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 August 2015 is detailed below :

	Gross	Impaired	Net
	\$000	\$000	\$000
Not past due	171,779	-	171,779
Past due 1 - 30 days	1,987	-	1,987
Past due 31 - 60 days	1,611	-	1,611
Past due 61 - 90 days	1,172	-	1,172
Past due > 90 days	26,790	(14,339)	12,451
	203,339	(14,339)	189,000

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	221
Provisions reversed	-
Receivables written-off	-
At 31 August 2015	14,339

Section 4b – Notes to the Financial Statements

As at 31 August 2015

	Actual 31 August 2015 \$000	Actual 31 July 2015 \$000
3 Derivative financial instruments		
Current asset portion		
Forward foreign exchange contracts - cash flow hedges	1,511	998
Current derivative financial instruments	1,511	998
Total derivative financial instrument assets	1,511	998
Non-current liability portion		
Interest rate swaps - cash flow hedges	4,514	4,214
Non-current derivative financial instruments	4,514	4,214
Total derivative financial instrument liabilities	4,514	4,214

Forward foreign exchange contracts

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from forward foreign exchange contract prices.

Forward foreign exchange contracts - hedge accounted

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$20m. The foreign currency principal amount was USD \$14m. These cash flow hedges have been accounted for as effective and the gain of \$914K on their revaluation has been transferred to the cash flow hedge reserve within equity.

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 \$35m. At 31 August 2015 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.35% to 5.41%. The loss on their revaluation of \$919K has been recorded in the Statement of Financial Performance.

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

	Actual 31 August 2015 \$000	Actual 31 July 2015 \$000
4 Trade and other payables		
Current portion		
Creditors	10,640	19,344
Accrued expenses	99,886	101,933
Retentions	8,382	8,150
Amounts due to related parties	4,599	12,072
Income in advance	1,899	2,395
Total current trade and other payables	125,406	143,894
Non-current portion		
Amounts due to related parties	20,225	20,454
Total non-current trade and other payables	20,225	20,454

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	5,202	4,681
Accrued leave	8,791	8,581
Current employee benefit liabilities	13,993	13,262
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 August 2015

	Actual 31 August 2015 \$000	Actual 31 July 2015 \$000
6 Borrowings		
Current portion		
Loans from Auckland Council	4,702	4,687
Finance Leases	15	18
Current borrow ings	4,717	4,705
Non-current portion		
Loans from Auckland Council	478,237	478,592
Non-current borrow ings	478,237	478,592
Weighted average cost of funds on total borrow ings	6.00%	6.00%

Auckland Transport's loan debt of \$483m 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 August 2015 Total \$000
Deferred tax liability				
Balance at 1 July 2015	(11,665)	-	-	(11,665)
Charged to profit and loss	-	-	-	-
Charged to equity	-	-	-	-
Balance at 31 August 2015	(11,665)	-	-	(11,665)

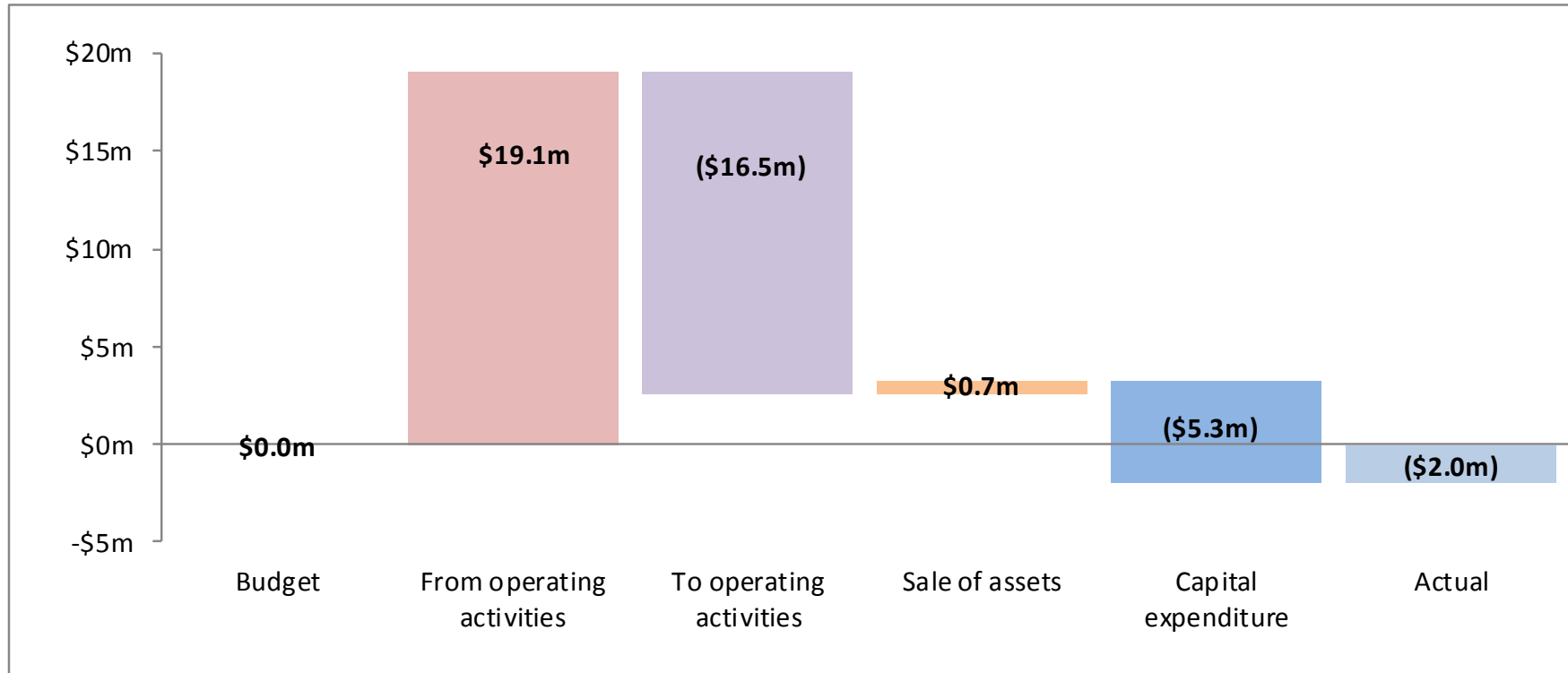
Section 5a – Cash Flow

	Year to date		Full year
	Actual \$000	Budget \$000	Budget \$000
Cash flows from operating activities			
Total cash provided	222,078	203,033	1,279,709
Cash applied to:			
Payments to suppliers, employees and directors	109,034	91,792	633,974
Interest paid	4,383	5,126	30,741
Total cash applied	113,417	96,918	664,715
Net cash from operating activities	108,661	106,115	614,994
Cash flows from investing activities			
Cash provided from:			
Sale of property, plant and equipment	712	-	-
Total cash provided	712	-	-
Cash applied to:			
Capital expenditure projects	110,600	105,339	620,280
Total cash applied	110,600	105,339	620,280
Net cash from investing activities	(109,888)	(105,339)	(620,280)
Cash flows from financing activities			
Cash provided from:			
Loan from Auckland Council - EMU	-	-	10,000
Capital contribution from Auckland Council	-	-	-
Total cash provided	-	-	10,000
Cash applied to:			
Repayments of EMU loan from Auckland Council	768	771	4,691
Repayments of finance lease principal	8	5	23
Total cash provided	776	776	4,714
Net cash from financing activities	(776)	(776)	5,286
Net (decrease)/increase in cash and cash equivalents	(2,003)	-	-
Opening cash balance	7,497	-	-
Closing cash balance	5,494	-	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	
	Actual \$000
Surplus/(deficit) after tax	16,764
Add/(less) non cash items	
Depreciation and amortisation	50,886
Vested assets	-
Loss on disposal of property, plant and equipment	(62)
Loss on asset write off	-
Revaluation decrement	-
Foreign exchange gains	-
Loss on interest rate sw aps	919
Income tax	-
	51,743
Add/(less) movements in working capital	
Decrease/(Increase) in debtors and other receivables	41,821
Decrease/(Increase) in inventories	103
(Decrease)/Increase in creditors and other payables	(3,852)
(Decrease)/Increase in employee benefits payable	2,082
	40,154
Net cash flow from operating activities	108,661

Section 5b – Cash Flow Waterfall

Cash flow – Year to date budget to actual



Section 6 – Accounts Receivable Report

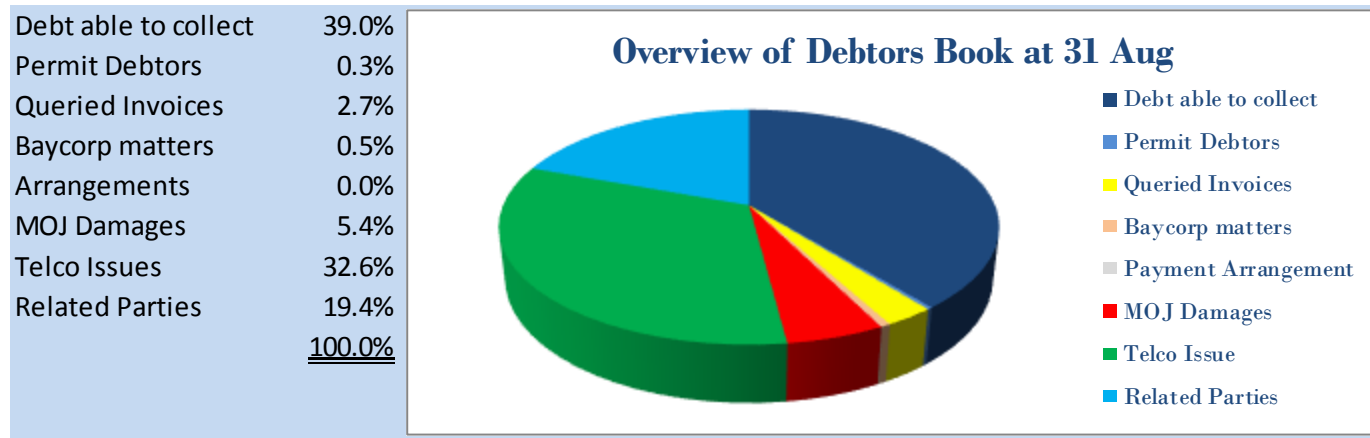
Accounts Receivable

An overview of the Debtors as at 31 August has 98.9% (98.7% July) of adjusted Debtors in 30 and 60 days, or not yet due.

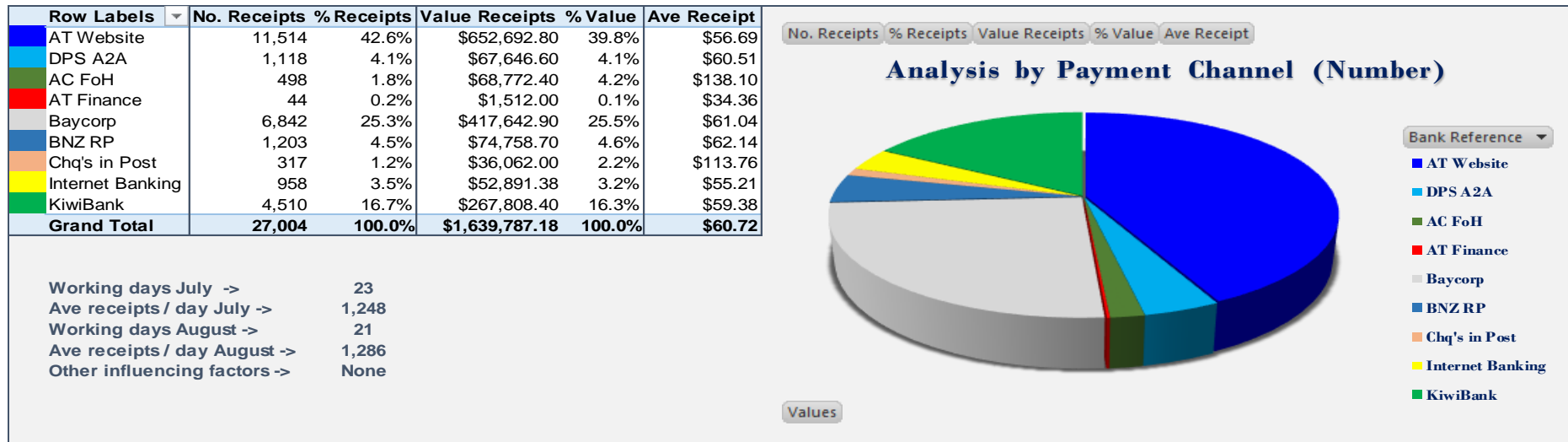
<u>Debtors Ageing Analysis as at 31 August 2015</u>									
<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</u>	<u>Not Yet Due</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>120+ Days</u>	<u>Notes</u>
Debtors Ageing 31 Aug	103	5,163,835	2,595,922	332,387	116,652	85,053	58,464	1,975,354	1
Parking Permit Debtors	34	15,245	288	7,180	4,211	1,046	2,520	0	2
Total Debtors		5,179,080	2,596,210	339,567	120,863	86,099	60,984	1,975,354	
		100.0%	50.1%	6.6%	2.3%	1.7%	1.2%	38.1%	
O/s Related Parties	28	1,007,260	950,245	48,448	0	2,271	78	6,219	3
Trade Debtors	129	4,171,819	1,645,965	291,119	120,863	83,829	60,907	1,969,136	
		100.0%	39.5%	7.0%	2.9%	2.0%	1.5%	47.2%	
Queried Invoices	211	141,081	6,946	5,517	1,796	22,808	19,623	84,392	4
Cell Sites - Property	689	1,695,555	0	1,166	988	7,371	2,756	1,683,273	5
To Baycorp (Collection)	325	26,268	0	0	69	521	207	25,471	6
Payment Arrangement	208	2,106	0	817	0	0	0	1,289	7
Lodged Courts (Damages)	248	279,478	8,742	160	26,724	37,136	33,570	173,145	8
Adjusted Debtors		2,027,332	1,630,277	283,459	91,286	15,993	4,750	1,565	
		100.0%	80.4%	14.0%	4.5%	0.8%	0.2%	0.1%	

Notes relating to the Debtors Ageing Analysis:

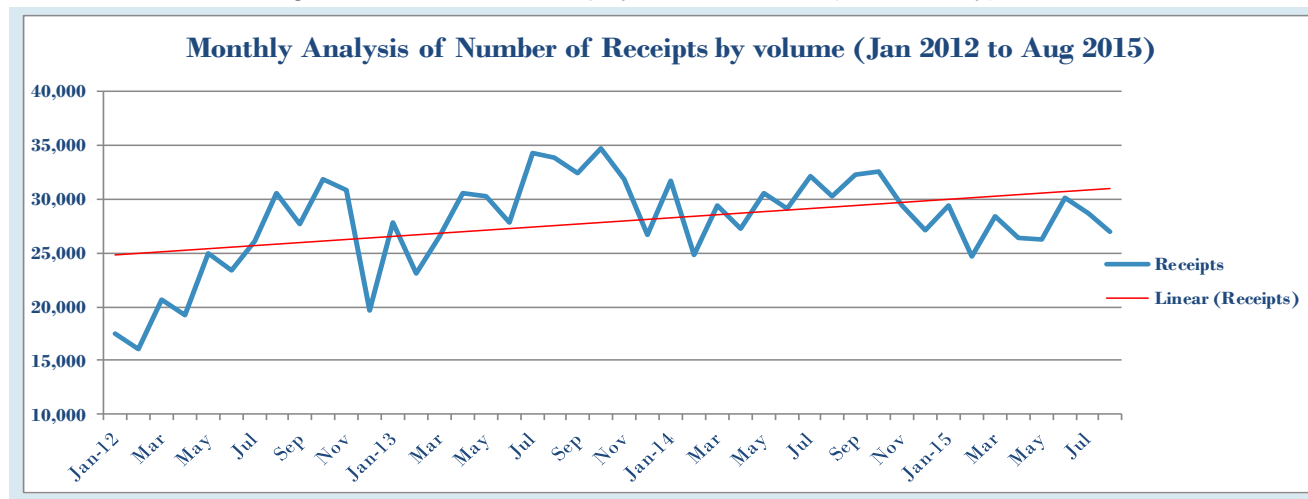
- 1 - Sundry Debtors administered in the SAP system.
- 2 - Parking Permit Debtors administered in the Pathway system. These permits are for on street permits issued. Amounts not collected within 60 days are lodged with Baycorp for collection.
- 3 - Inter-Council Group debts.
- 4 - Relates to invoices which have been queried or disputed by customers. The AR Team and various AT Departments are engaged in an effort to resolve these queries.
- 5 - Relates to the on-going cell sites dispute. The balance owing by the Telco's has been fully impaired as at 30 June 2015 and may be written off in the future. A draft settlement document has been supplied to Spark for their consideration following reaching an "in principle" agreement. We are awaiting their response. Once the agreement with Spark is finalised, both 2 Degrees and Spark will have a confirmed on-going charging basis.
- 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.



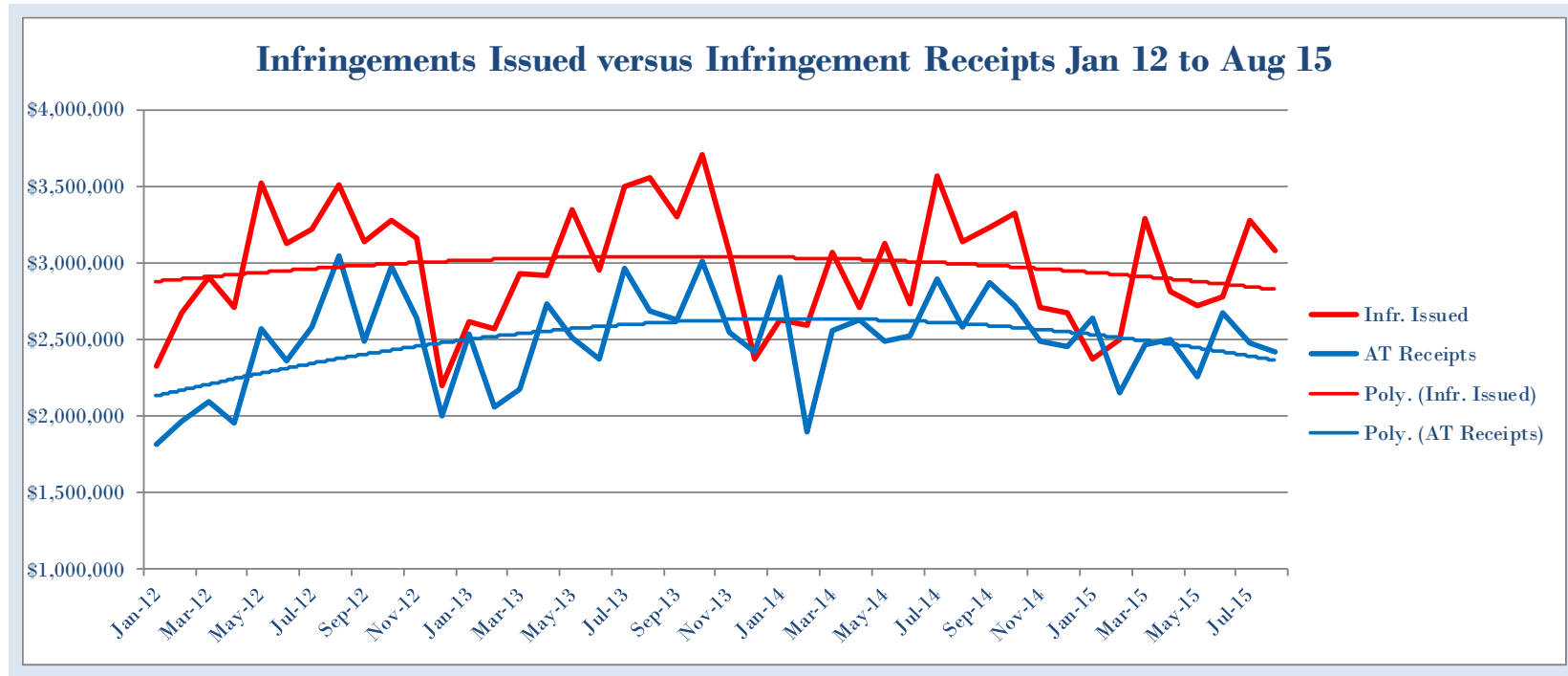
Infringement Overview:



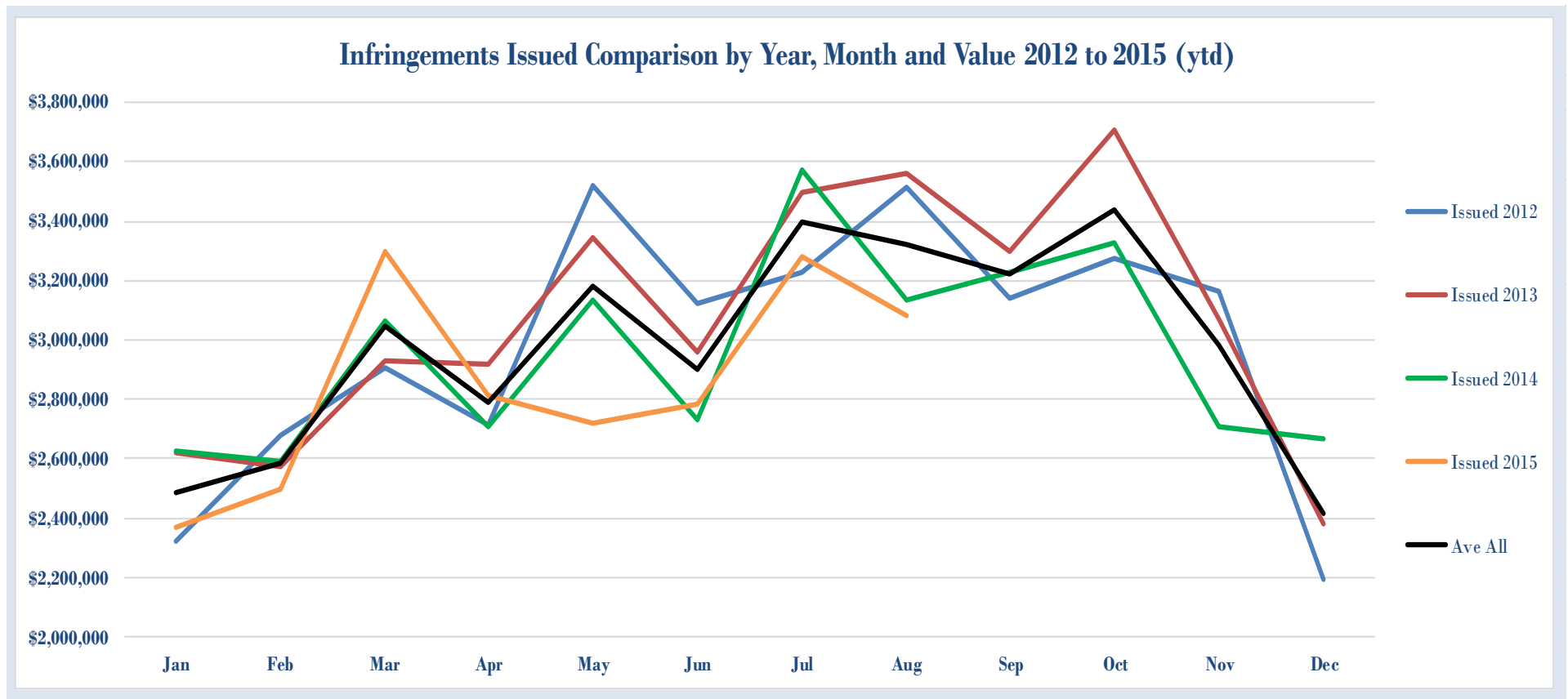
August's Infringement receipts by volume are 5.9% down on July (21 working days in August compared with 23 in July). The decrease is a direct result of lower volumes of infringements issued in May and June which has had an effect on receipts. Of the customers not paying in response to a Baycorp letter of demand, 67% are making use of our electronic payment methods (67% in July).



Analysis of receipts by value show that infringements issued over the past 18 months have decreased. While collections follow the issue trend two to three months later, the collection lines over time are moving closer. The infringements receipts dip in July is a direct result of the infringements issued troughs in April, May and June. Infringements are handed to Baycorp on day 63 and remain with them for 87 days.



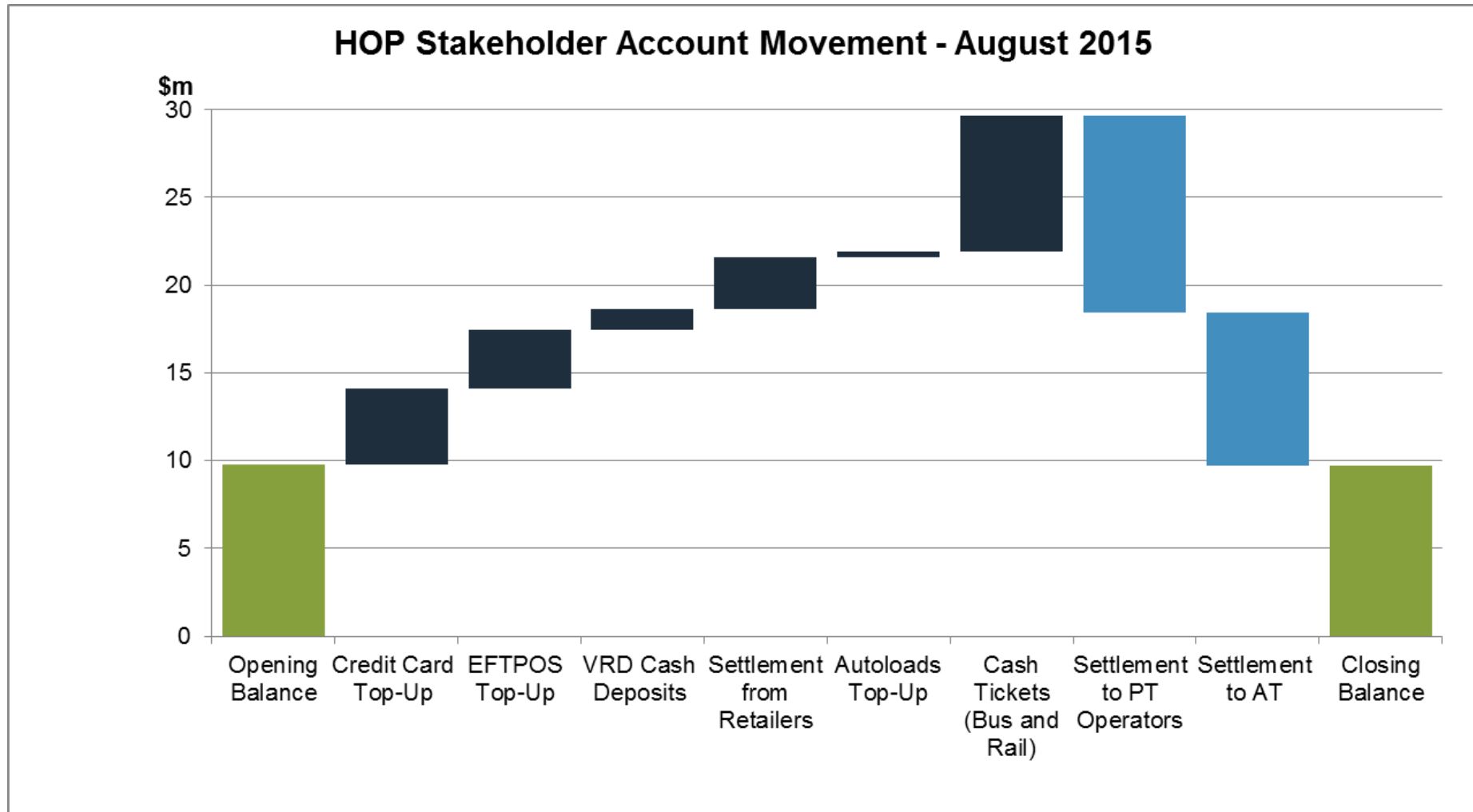
The following graph illustrates the seasonal issuance of infringements.



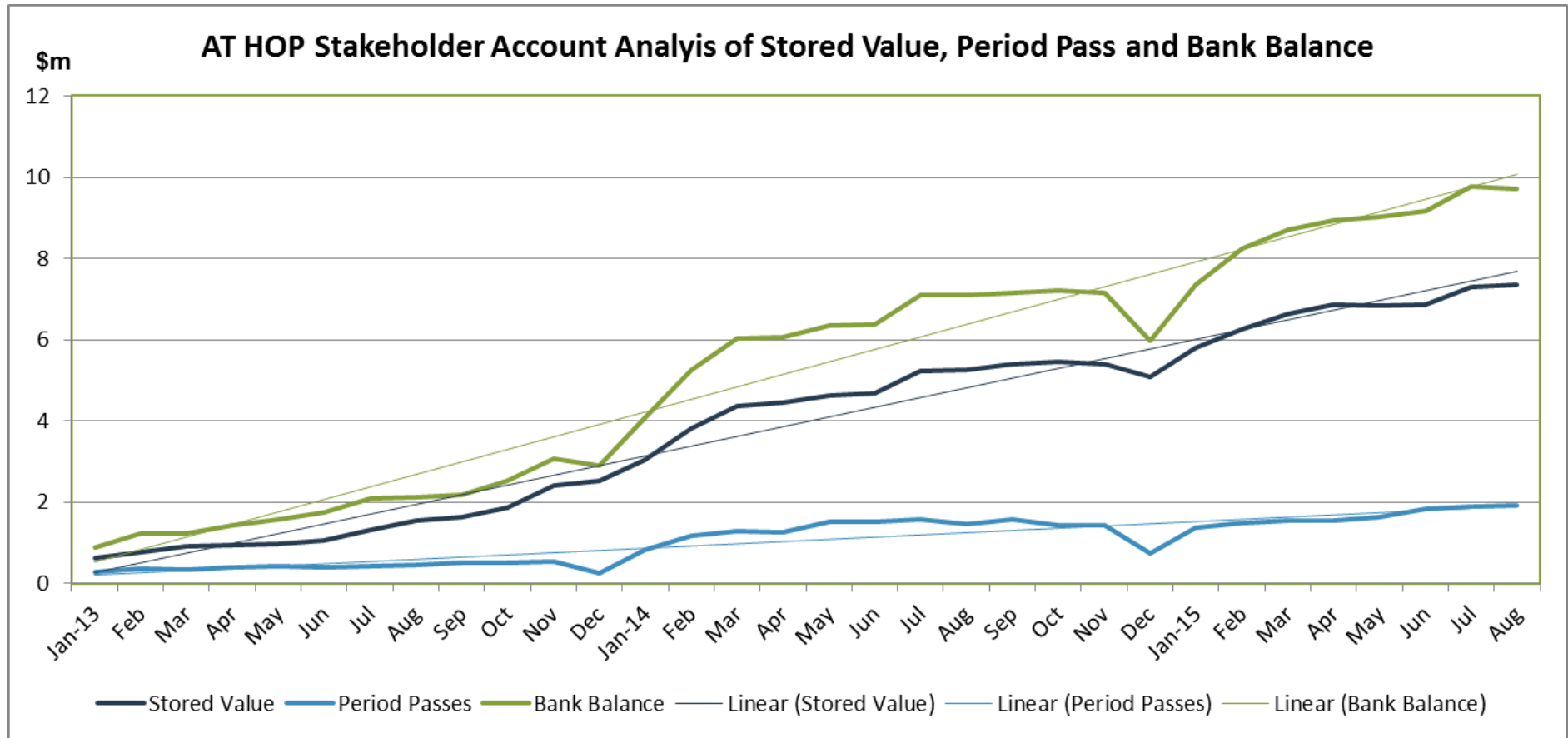
Section 7 – AT HOP Stakeholder Monthly Report

(Does not form part of AT results)




The AT HOP Stakeholder bank account has reached the highest mark of \$10.0 million during the middle of the month but finished off at \$9.7 million, which is 0.5% lower than the previous month's \$9.8 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	