

Financial Results for the Four Months Ended 31 October 2015

Recommendation

That the Board:

- i. Receives the report.

Table of Contents

1. Executive Summary
2. Auckland Transport Financial Results
 - a. Split by category (section 2a)
 - b. Net surplus/(deficit) waterfall (section 2b)
 - c. Split by activity (section 2c)
3. Capital expenditure results
 - a. Split by activity (section 3a)
 - b. Split by category (section 3b)
 - c. Funding (section 3c)
4. Statement of Financial Position
 - a. Statement of Financial Position (section 4a)
 - b. Notes to the financial statements (section 4b)
5. Cash flow
 - a. Cash flow (section 5a)
 - b. Cash flow waterfall (section 5b)
6. Accounts receivable (section 6)
7. AT HOP stakeholder report (section 7)

Executive Summary

Financial results for the four months ended 31 October 2015:

	Current month variance to 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	3.1	2.0	↔ ●	226.2	224.1	669.4
Total operating expenditure	2.9	3.2	↓ ●	313.1	316.3	975.0
Surplus/(deficit) from operations	6.0	5.2	↔ ●	(86.9)	(92.2)	(305.6)
Income for capital projects	30.8	(21.8)	↓ ●	179.9	201.6	710.3
Net surplus/(deficit) before tax	36.8	(16.5)	↓ ●	93.0	109.5	404.7
Total direct capital	8.2	49.3	↓ ●	137.3	186.6	620.3

Key to symbols used:

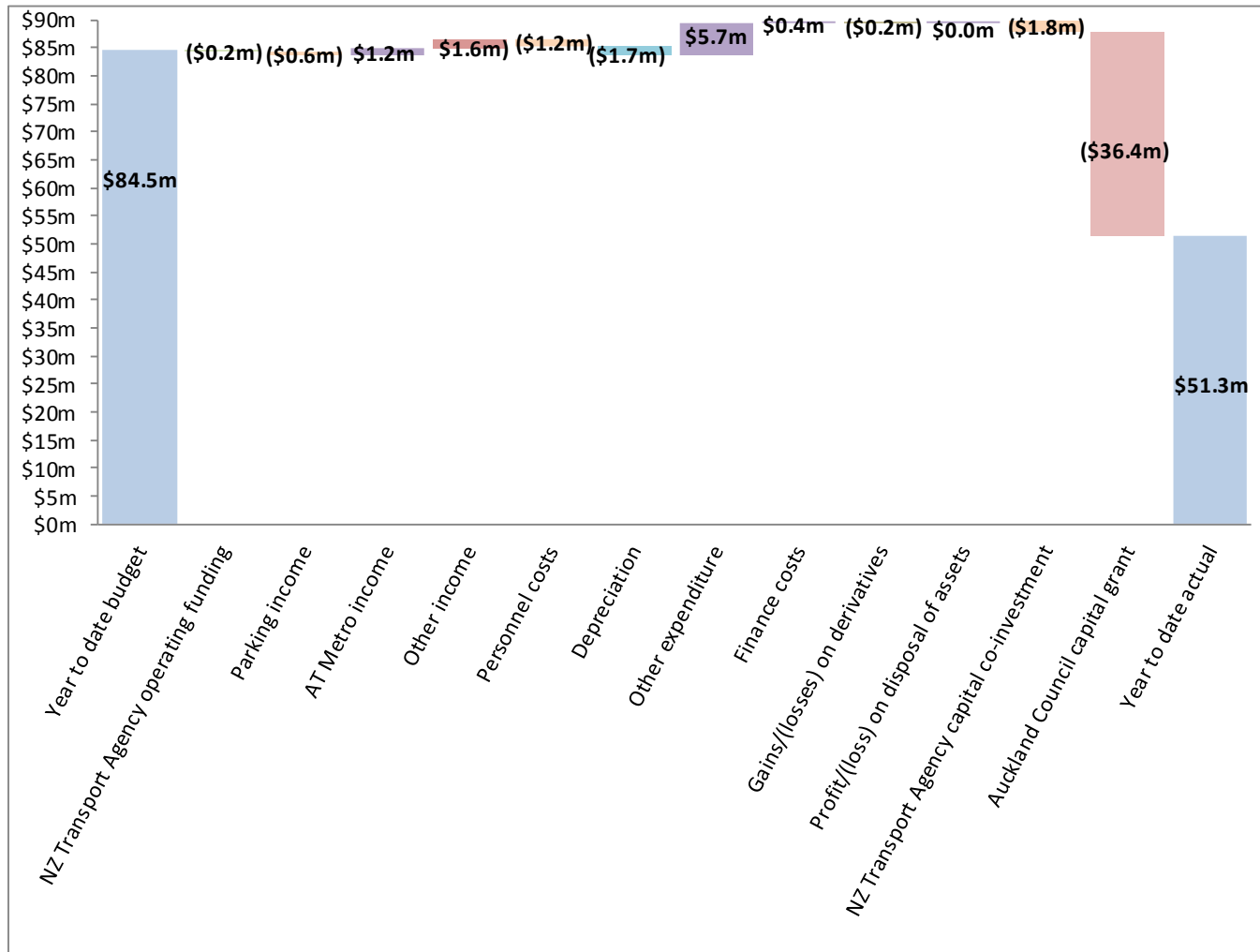
↔	: Within tolerable range	↑	: Above budget, favourable variance.
↓	: Below budget, unfavourable variance.	●	: Largely on track
↓	: Below budget, favourable variance.	●	: Monitoring, some action taken
↑	: Above budget, unfavourable variance.	●	: Action required

Section 2a – Financial results for the four months ended 31 October 2015

	Current month			Year to date			Full year	
	Actual	Budget	Variance	Actual	Budget	Variance	Results	
	\$000	\$000	\$000	\$000	\$000	\$000	achieved	
Income								
<u>Operating income</u>								
Auckland Council funding	20,813	20,813	0	83,252	83,252	0	●	249,755
NZ Transport Agency operating funding	22,615	19,702	2,913	80,251	80,406	(155)	●	238,008
Parking and enforcement income	6,335	6,957	(622)	26,047	26,662	(615)	●	80,106
AT Metro income	6,964	6,649	315	26,507	25,302	1,205	●	77,469
Other revenue incl. other grants and subsidies	2,441	1,907	534	10,124	8,514	1,610	●	24,091
Total operating income	59,168	56,028	3,140	226,181	224,136	2,045	●	669,429
Expenditure								
Personnel costs	11,792	11,789	(3)	46,417	47,255	838	●	141,063
Capitalised personnel costs	(2,738)	(3,072)	(334)	(9,947)	(11,943)	(1,996)	●	(39,066)
Depreciation and amortisation	25,815	25,440	(375)	102,350	100,627	(1,723)	●	310,932
Other expenditure	40,315	43,784	3,469	164,501	170,197	5,696	●	531,373
Finance costs (Electric Trains)	2,464	2,561	97	9,775	10,160	385	●	30,741
Total operating expenditure	77,648	80,502	2,854	313,096	316,296	3,200	●	975,043
Surplus/(deficit) from operations	(18,480)	(24,474)	5,994	(86,915)	(92,160)	5,245	●	(305,614)
<u>Income for capital projects</u>								
NZ Transport Agency capital co-investment	13,507	14,922	(1,415)	38,025	39,868	(1,843)	●	170,967
Auckland Council capital grant	29,237	38,528	(9,291)	100,375	136,771	(36,396)	●	439,314
Vested asset income	41,473	0	41,473	41,473	25,000	16,473	●	100,000
	84,217	53,450	30,767	179,873	201,639	(21,766)	●	710,281
Net surplus/(deficit) before tax and derivatives	65,737	28,976	36,761	92,958	109,479	(16,521)	●	404,667
Gains/(losses) on derivatives	220	0	220	(193)	0	(193)		0
Profit/(loss) on disposal of assets	26	0	26	36	0	36		0
Income tax benefit/(expense)	0	0	0	0	0	0		0
Net surplus/(deficit) after tax and derivatives	65,983	28,976	37,007	92,801	109,479	(16,678)	●	404,667

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	Budget	Variance	Actual	Budget	Variance	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating Income							
Rail	9,335	9,303	32	39,364	39,000	364	115,856
Bus	8,715	8,262	453	32,994	32,703	291	101,902
Ferry	964	1,176	(212)	3,965	4,307	(342)	13,313
Other public transport	2,098	2,350	(252)	8,584	8,873	(289)	29,848
Parking	3,799	3,978	(179)	15,048	14,856	192	48,172
Enforcement	2,536	2,979	(443)	10,999	11,806	(807)	31,934
Roading and footpaths	4,955	5,494	(539)	19,847	22,746	(2,899)	57,978
Internal support	5,953	1,673	4,280	12,130	6,594	5,536	20,670
Auckland Council operating funding	20,813	20,813	0	83,252	83,252	0	249,755
Total operating income	59,168	56,028	3,140	226,183	224,137	2,046	669,428
Operating Expenditure							
Rail	13,222	12,904	(318)	56,274	55,165	(1,109)	163,426
Bus	14,141	14,068	(73)	54,348	54,674	326	167,075
Ferry	1,346	1,615	269	5,393	6,039	646	19,262
Other public transport	2,878	3,582	704	12,601	13,280	679	47,000
Parking	1,032	1,167	135	4,276	4,532	256	13,676
Enforcement	1,701	1,757	56	7,171	7,083	(88)	21,312
Roading and footpaths	9,911	10,530	619	39,994	41,626	1,632	124,916
Internal support	7,606	9,438	1,832	30,691	33,267	2,576	107,445
Depreciation	25,815	25,440	(375)	102,350	100,627	(1,723)	310,932
Total operating expenditure	77,652	80,501	2,849	313,098	316,293	3,195	975,044
Surplus/(deficit) from Operations	(18,484)	(24,473)	5,989	(86,915)	(92,156)	5,241	(305,616)

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	3,785	3,675	110	15,248	14,625	623	43,500
Other income	77	109	(32)	370	425	(55)	837
NZ Transport Agency operating funding	3,856	3,651	205	17,413	16,533	880	49,101
NZ Transport Agency operating funding - Electric Trains	1,617	1,868	(251)	6,333	7,417	(1,084)	22,418
Total operating income	9,335	9,303	32	39,364	39,000	364	115,856
Operating Expenditure							
Personnel costs	210	216	6	867	874	7	2,658
Capitalised personnel costs	1	(1)	(2)	1	(3)	(4)	0
Service delivery costs and professional services	7,750	7,509	(241)	35,293	33,691	(1,602)	98,295
Occupancy costs	258	353	95	910	1,308	398	4,070
Track access charges	1,643	1,644	1	6,299	6,653	354	19,750
Other expenditure	896	622	(274)	3,129	2,483	(646)	7,912
Finance costs (Electric Trains)	2,464	2,561	97	9,775	10,159	384	30,741
Total operating expenditure	13,222	12,904	(318)	56,274	55,165	(1,109)	163,426
Depreciation	3,231	2,796	(435)	12,784	10,942	(1,842)	34,750
Surplus/(deficit) from Operations	(7,118)	(6,397)	(721)	(29,694)	(27,107)	(2,587)	(82,320)
Internal support costs	876	2,736	1,860	7,121	9,472	2,351	31,626
Surplus/(deficit)	(7,994)	(9,133)	1,139	(36,815)	(36,579)	(236)	(113,946)

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	1,412	1,242	170	5,150	4,930	220	15,946
Other income	746	608	138	1,903	1,599	304	4,222
NZ Transport Agency operating funding	6,557	6,412	145	25,941	26,174	(233)	81,734
Total operating income	8,715	8,262	453	32,994	32,703	291	101,902
Operating Expenditure							
Personnel costs	289	278	(11)	1,091	1,116	25	3,296
Capitalised personnel costs	20	(16)	(36)	55	25	(30)	14
Service delivery costs and professional services	13,692	13,607	(85)	52,524	52,689	165	161,277
Occupancy costs	76	114	38	391	456	65	1,368
Other expenditure	64	85	21	287	388	101	1,120
Total operating expenditure	14,141	14,068	(73)	54,348	54,674	326	167,075
Depreciation	261	176	(85)	830	674	(156)	2,262
Surplus/(deficit) from Operations	(5,687)	(5,982)	295	(22,184)	(22,645)	461	(67,435)
Internal support costs	868	2,712	1,843	7,058	9,388	2,331	31,345
Surplus/(deficit)	(6,555)	(8,694)	2,138	(29,242)	(32,033)	2,792	(98,780)

Section 2c – Ferry operations

	Current month			Year to date			Full year
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating Income							
Operator access fees	244	322	(78)	1,033	1,079	(46)	3,996
Activity Income	88	54	34	304	210	94	798
Other income	58	58	0	228	228	0	831
NZ Transport Agency operating funding	574	742	(168)	2,400	2,790	(390)	7,688
Total operating income	964	1,176	(212)	3,965	4,307	(342)	13,313
Operating Expenditure							
Personnel costs	87	93	6	345	346	1	1,133
Capitalised personnel costs	0	0	0	(2)	0	2	0
Service delivery costs and professional services	1,118	1,313	195	4,417	4,843	426	15,497
Occupancy costs	51	62	11	220	258	38	861
Other expenditure	90	147	57	413	592	179	1,771
Total operating expenditure	1,346	1,615	269	5,393	6,039	646	19,262
Depreciation	250	239	(11)	994	953	(41)	2,874
Surplus/(deficit) from Operations	(632)	(678)	46	(2,422)	(2,685)	263	(8,823)
Internal support costs	96	300	204	780	1,037	257	3,462
Surplus/(deficit)	(728)	(978)	250	(3,202)	(3,722)	520	(12,285)

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	554	581	(27)	2,271	2,206	65	7,339
NZ Transport Agency operating funding	1,544	1,769	(225)	6,313	6,667	(354)	22,509
Total operating income	2,098	2,350	(252)	8,584	8,873	(289)	29,848
Operating Expenditure							
Personnel costs	924	1,129	205	4,132	4,464	332	13,667
Capitalised personnel costs	184	(25)	(209)	390	(212)	(602)	(487)
Service delivery costs and professional services	887	1,524	637	4,368	5,358	990	22,484
IT costs	212	204	(8)	878	834	(44)	2,489
Other expenditure	671	750	79	2,833	2,836	3	8,847
Total operating expenditure	2,878	3,582	704	12,601	13,280	679	47,000
Depreciation	1,242	1,273	31	5,178	5,168	(10)	14,900
Surplus/(deficit) from Operations	(2,022)	(2,505)	483	(9,195)	(9,575)	380	(32,052)
Internal support costs	211	659	448	1,714	2,280	566	7,613
Surplus/(deficit)	(2,233)	(3,164)	931	(10,909)	(11,855)	946	(39,665)

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	107	97	10	436	389	47	2,810
Parking Fees	3,692	3,881	(189)	14,612	14,467	145	45,362
Total operating income	3,799	3,978	(179)	15,048	14,856	192	48,172
Operating Expenditure							
Personnel costs	272	238	(34)	1,021	947	(74)	2,806
Capitalised personnel costs	(3)	0	3	21	0	(21)	0
Service delivery costs and professional services	326	311	(15)	1,283	1,256	(27)	3,817
Occupancy Costs	375	494	119	1,800	1,921	121	5,706
Other expenditure	62	124	62	151	408	257	1,347
Total operating expenditure	1,032	1,167	135	4,276	4,532	256	13,676
Depreciation	555	536	(19)	2,213	2,146	(67)	6,443
Surplus/(deficit) from Operations	2,212	2,275	(63)	8,559	8,178	381	28,053
Internal support costs	72	225	153	585	778	193	2,598
Surplus/(deficit)	2,140	2,050	90	7,974	7,400	574	25,455

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							
Other income	0	86	(86)	0	343	(343)	1,028
Infringement income	2,536	2,893	(357)	10,999	11,463	(464)	30,906
Total operating income	2,536	2,979	(443)	10,999	11,806	(807)	31,934
Operating Expenditure							
Personnel costs	752	926	174	3,568	3,707	139	11,036
Capitalised personnel costs	6	0	(6)	4	0	(4)	0
Service delivery costs and professional services	138	148	10	536	570	34	1,686
Occupancy Costs	0	0	0	0	0	0	0
Other expenditure	805	683	(122)	3,063	2,806	(257)	8,590
Total operating expenditure	1,701	1,757	56	7,171	7,083	(88)	21,312
Depreciation	8	39	31	34	102	68	740
Surplus/(deficit) from Operations	827	1,183	(356)	3,794	4,621	(827)	9,882
Internal support costs	112	351	239	914	1,216	302	4,061
Surplus/(deficit)	715	832	(117)	2,880	3,405	(525)	5,821

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	729	727	2	2,924	2,907	17	8,720
Other income	508	315	193	2,210	2,144	66	4,980
NZ Transport Agency operating funding	3,718	4,452	(734)	14,713	17,695	(2,982)	44,278
Total operating income	4,955	5,494	(539)	19,847	22,746	(2,899)	57,978
Operating Expenditure							
Personnel costs	2,497	2,261	(236)	9,292	9,217	(75)	27,036
Capitalised personnel costs	(670)	(489)	181	(1,614)	(2,077)	(463)	(8,602)
Service delivery costs and professional services	6,145	6,962	817	24,609	26,286	1,677	83,696
Occupancy Costs	1,274	1,264	(10)	5,515	5,692	177	15,983
IT Costs	73	134	61	106	524	418	1,658
Other expenditure	592	398	(194)	2,086	1,984	(102)	5,145
Total operating expenditure	9,911	10,530	619	39,994	41,626	1,632	124,916
Depreciation	19,025	19,098	73	75,332	75,995	663	231,167
Surplus/(deficit) from Operations	(23,981)	(24,134)	153	(95,479)	(94,875)	(604)	(298,105)
Internal support costs	661	2,065	1,404	5,373	7,148	1,774	23,864
Surplus/(deficit)	(24,642)	(26,199)	1,557	(100,852)	(102,023)	1,170	(321,969)

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	1,147	847	300	4,347	3,386	961	10,158
Other income	57	19	38	644	77	567	232
NZ Transport Agency operating funding	4,749	807	3,942	7,139	3,131	4,008	10,280
Total operating income	5,953	1,673	4,280	12,130	6,594	5,536	20,670
Operating Expenditure							
Personnel costs	6,762	6,648	(114)	26,102	26,582	480	79,432
Capitalised personnel costs	(2,276)	(2,542)	(266)	(8,802)	(9,677)	(875)	(29,990)
Directors Fees	42	32	(10)	245	176	(69)	594
Service delivery costs and professional services	1,251	3,617	2,366	5,250	9,348	4,098	37,361
Other expenditure	1,827	1,683	(144)	7,896	6,838	(1,058)	20,048
Total operating expenditure	7,606	9,438	1,832	30,691	33,267	2,576	107,445
Depreciation	1,244	1,282	38	4,984	4,647	(337)	17,795
Taxation	0	0	0	0	0	0	0
Surplus/(deficit) from Operations	(2,897)	(9,047)	6,150	(23,545)	(31,320)	7,775	(104,570)
Internal support allocated	2,897	9,047	6,150	23,545	31,320	7,775	104,570
Surplus/(deficit)	0	0	0	0	0	0	0

Section 3a – Summary of Capital Expenditure

Split by activity

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
New capital expenditure							
Roads and footpaths	11,001	16,080	5,079	43,863	61,573	17,710	201,040
AT Metro (includes CRL)	10,030	10,505	475	27,899	40,968	13,069	176,396
Parking operations	135	721	586	253	2,613	2,360	6,245
Internal support	384	994	610	2,613	3,512	899	11,828
Total new capital	21,550	28,300	6,750	74,628	108,666	34,038	395,509
Renewal capital expenditure							
Roads and footpaths	20,284	21,119	835	52,505	53,776	1,271	189,826
AT Metro	432	654	222	1,416	1,858	442	5,915
Parking operations	62	279	217	142	659	517	2,234
Total renewal	20,778	22,052	1,274	54,063	56,293	2,230	197,975
Electric multiple units (EMUs)							
Procurement	2,948	3,097	149	8,655	21,679	13,024	26,798
Depot	(11)	0	11	(3)	0	3	0
Total EMUs	2,937	3,097	160	8,652	21,679	13,027	26,798
Total direct capital	45,265	53,449	8,184	137,343	186,638	49,295	620,282
Vested assets	41,473	0	(41,473)	41,473	25,000	(16,473)	100,000
Total capital	86,738	53,449	(33,289)	178,816	211,638	32,822	720,282

Section 3b – Summary of Capital Expenditure

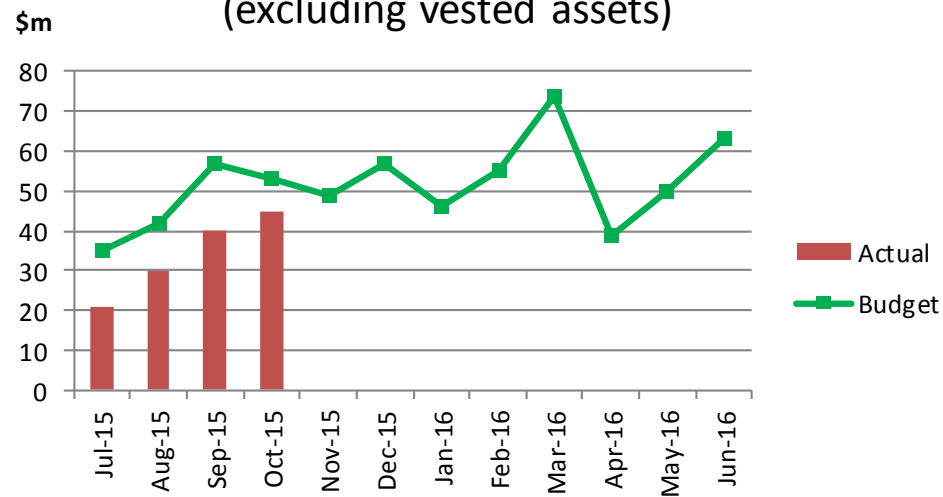
Split by category

	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	673	3,348	2,675	808	6,401	5,593	16,441
Roads and footpaths	8,914	11,553	2,639	39,370	43,112	3,742	138,411
AT Metro	3,423	4,295	872	9,831	16,995	7,164	59,379
Parking operations	135	721	586	253	2,613	2,360	6,245
Internal support	292	836	544	2,480	2,813	333	10,580
Total new capital core expenditure	13,437	20,753	7,316	52,742	71,934	19,192	231,056
Renewal							
Roads and footpaths	20,284	21,119	835	52,505	53,776	1,271	189,826
AT Metro	432	654	222	1,416	1,858	442	5,915
Parking operations	62	279	217	142	659	517	2,234
Total renewal core expenditure	20,778	22,052	1,274	54,063	56,293	2,230	197,975
Total core capital expenditure	34,215	42,805	8,590	106,805	128,227	21,422	429,031
Ring fenced capital expenditure							
City Rail Link - Others	4,252	4,969	717	14,441	18,674	4,233	49,903
City Rail Link - land	2,340	951	(1,389)	3,590	4,687	1,097	63,906
EMU depot	(11)	0	11	(3)	0	3	0
EMU procurement	2,948	3,097	149	8,655	21,679	13,024	26,798
Local Board initiatives	933	1,083	150	2,723	2,851	128	10,260
Local Residential Growth Fund	4	0	(4)	4	8,750	8,746	35,000
Others	584	544	(40)	1,128	1,770	642	5,384
Total ring fenced capital expenditure	11,050	10,644	(406)	30,538	58,411	27,873	191,251
Total direct capital excluding vested assets	45,265	53,449	8,184	137,343	186,638	49,295	620,282
Vested assets	41,473	0	(41,473)	41,473	25,000	(16,473)	100,000
Total capital	86,738	53,449	(33,289)	178,816	211,638	32,822	720,282

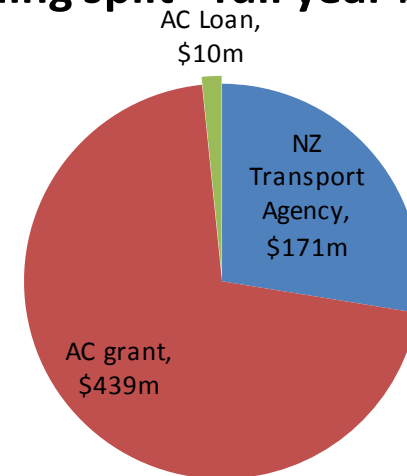
Section 3c – Capital Expenditure Funding

	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	4,226	5,111	(885)	15,060	16,312	(1,252)	101,427
NZ Transport Agency renewal co-investment	9,281	9,811	(530)	22,965	23,556	(591)	69,540
Auckland Council capital grant	28,821	38,527	(9,706)	90,666	136,770	(46,104)	439,315
Auckland Council loan (EMU)	2,937	0	2,937	8,652	10,000	(1,348)	10,000
Total new capital	45,265	53,449	(8,184)	137,343	186,638	(49,295)	620,282

Capital expenditure - per month (excluding vested assets)



Funding split - full year budget



Section 4a – Statement of Financial Position

As at 31 October 2015

	Note	Actual 31 October 2015 \$000	Actual 30 September 2015 \$000
Assets			
Current assets			
Cash and cash equivalents	1	8,624	7,377
Trade and other receivables	2	194,562	198,709
Inventories		6,751	2,270
Other assets		13,278	18,263
Non-current asset held for sale		4,400	4,400
Derivative financial instruments	3	298	1,687
Total current assets		227,913	232,706
Non-current assets			
Property, plant and equipment		16,148,010	16,107,484
Property, plant and equipment - work-in-progress		460,835	445,121
Intangible assets		113,921	113,623
Total non-current assets		16,722,766	16,666,228
Total assets		16,950,679	16,898,934

Section 4a – Statement of Financial Position

As at 31 October 2015

	Note	Actual 31 October 2015 \$000	Actual 30 September 2015 \$000
Liabilities			
Current liabilities			
Trade and other payables	4	138,886	154,128
Employee benefit liabilities	5	11,470	10,398
Borrowings	6	4,790	4,747
Total current liabilities		155,146	169,273
Non-current liabilities			
Derivative financial instruments	3	4,411	4,689
Trade and other payables	4	20,033	20,003
Employee benefit liabilities	5	675	675
Borrowings	6	479,392	477,861
Deferred tax liability	7	11,665	11,665
Total non-current liabilities		516,176	514,893
Total liabilities		671,322	684,166
Net assets		16,279,357	16,214,768
Equity			
Contributed equity		13,474,183	13,474,183
Retained earnings/(losses)		690,716	624,738
Reserves		2,114,458	2,115,847
Total equity		16,279,357	16,214,768

Section 4b – Notes to the Financial Statements

As at 31 October 2015

	Actual 31 October 2015 \$000	Actual 30 September 2015 \$000
1 Cash and cash equivalents		
Cash at bank - Trading	8,350	7,103
Till floats	274	274
Total cash and cash equivalents	8,624	7,377
The carrying value of cash and cash equivalents approximates their fair value.		
2 Trade and other receivables		
Trade debtors	4,721	3,771
Finance lease receivable	73	76
Infringements receivable	31,634	31,537
Amounts due from related parties	134,263	146,491
Accrued income	34,442	31,179
Goods and services tax	3,978	-
	209,111	213,054
Less provision for impairment of receivables	(14,549)	(14,345)
Total trade and other receivables	194,562	198,709

Section 4b – Notes to the Financial Statements

As at 31 October 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 October 2015 is detailed below :

	Gross	Impaired	Net
	\$000	\$000	\$000
Not past due	176,842	-	176,842
Past due 1 - 30 days	2,290	-	2,290
Past due 31 - 60 days	1,901	-	1,901
Past due 61 - 90 days	787	-	787
Past due > 90 days	27,291	(14,549)	12,742
	209,111	(14,549)	194,562

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	431
Provisions reversed	-
Receivables written-off	-
At 31 October 2015	14,549

Section 4b – Notes to the Financial Statements

As at 31 October 2015

	Actual 31 October 2015 \$000	Actual 30 September 2015 \$000
3 Derivative financial instruments		
Current asset portion		
Forward foreign exchange contracts - cash flow hedges	298	1,687
Current derivative financial instruments	298	1,687
Total derivative financial instrument assets	298	1,687
Non-current liability portion		
Interest rate sw aps - cash flow hedges	4,411	4,689
Non-current derivative financial instruments	4,411	4,689
Total derivative financial instrument liabilities	4,411	4,689

Forward foreign exchange contracts

The fair values of forward 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 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 \$15.9m. The foreign currency principal amount was USD \$10.9m. These cash flow hedges have been accounted for as effective and the loss of \$298K on their revaluation has been transferred to the cash flow hedge reserve within 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 was \$33m. At 31 October 2015 the fixed interest rates of cash flow hedge interest rate sw aps were 5.41%. The loss on their revaluation of \$815K has been recorded in the Statement of Financial Performance.

Section 4b – Notes to the Financial Statements

As at 31 October 2015

	Actual 31 October 2015	Actual 30 September 2015
	\$000	\$000
4 Trade and other payables		
Current portion		
Creditors	13,266	30,779
Goods and services tax	-	256
Accrued expenses	109,962	107,841
Retentions	8,773	8,739
Amounts due to related parties	5,623	4,647
Income in advance	1,262	1,866
Total current trade and other payables	138,886	154,128
Non-current portion		
Amounts due to related parties	20,033	20,003
Total non-current trade and other payables	20,033	20,003
<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	2,414	1,359
Accrued leave	9,056	9,039
Current employee benefit liabilities	11,470	10,398
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 October 2015

	Actual 31 October 2015 \$000	Actual 30 September 2015 \$000
6 Borrowings		
Current portion		
Loans from Auckland Council	4,782	4,735
Finance Leases	8	12
Current borrowings	4,790	4,747
Non-current portion		
Loans from Auckland Council	479,392	477,861
Non-current borrowings	479,392	477,861
Weighted average cost of funds on total borrowings	6.00%	6.00%

Auckland Transport's loan debt of \$484m 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 October 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 October 2015	(11,665)	-	-	(11,665)

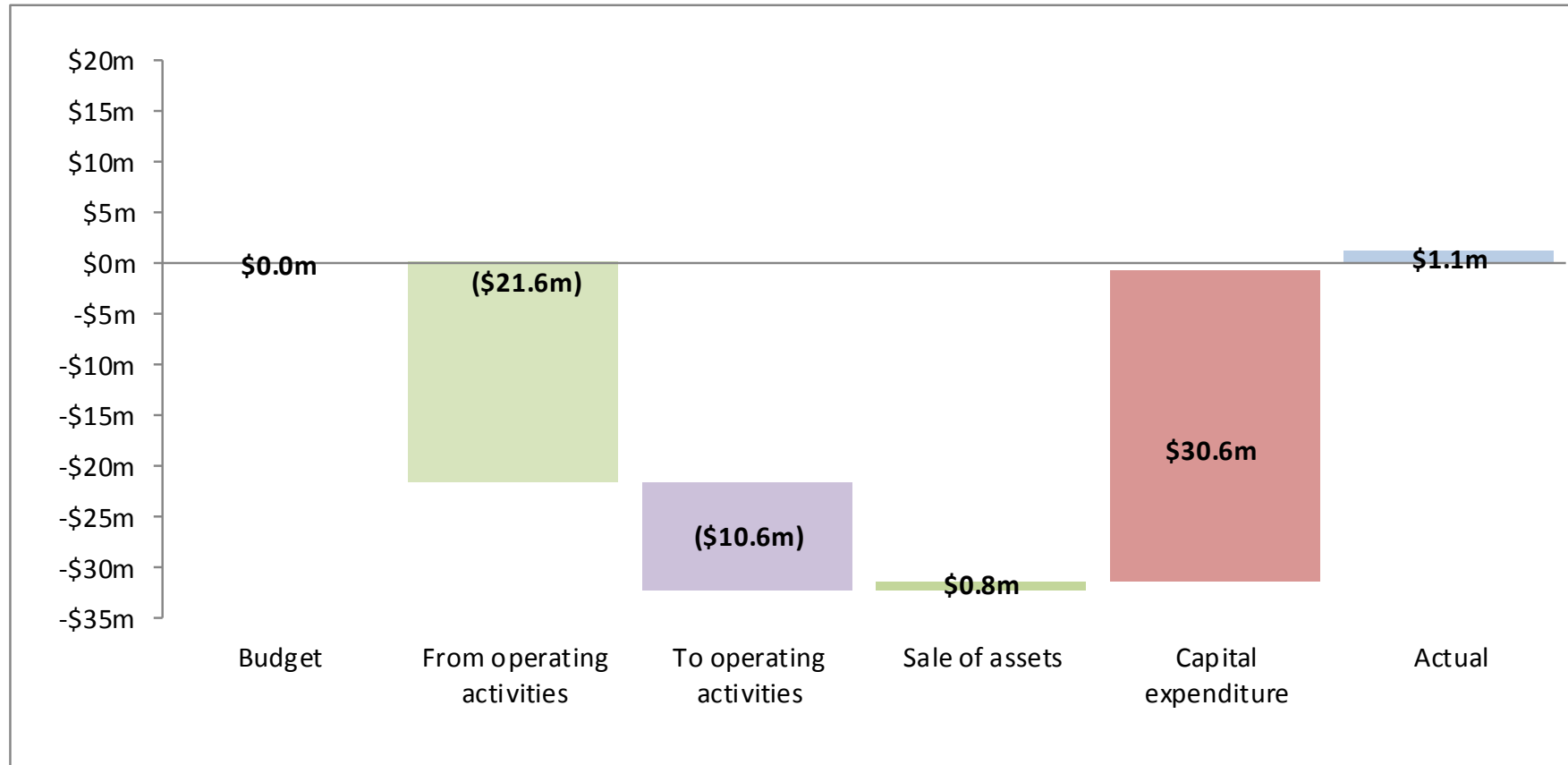
Section 5a – Cash Flow

	Year to date		Full year
	Actual \$000	Budget \$000	Budget \$000
Cash flows from operating activities			
Total cash provided	408,132	429,775	1,279,709
Cash applied to:			
Payments to suppliers, employees and directors	214,435	202,429	633,973
Interest paid	8,775	10,160	30,741
Total cash applied	223,210	212,589	664,714
Net cash from operating activities	184,922	217,186	614,995
Cash flows from investing activities			
Cash provided from:			
Sale of property, plant and equipment	755	-	-
Total cash provided	755	-	-
Cash applied to:			
Capital expenditure projects	185,002	215,638	620,281
Total cash applied	185,002	215,638	620,281
Net cash from investing activities	(184,247)	(215,638)	(620,281)
Cash flows from financing activities			
Cash provided from:			
Loan from Auckland Council - EMU	2,000	-	10,000
Capital contribution from Auckland Council	-	-	-
Total cash provided	2,000	-	10,000
Cash applied to:			
Repayments of EMU loan from Auckland Council	1,533	1,540	4,691
Repayments of finance lease principal	15	8	23
Total cash applied	1,548	1,548	4,714
Net cash from financing activities	452	(1,548)	5,286
Net (decrease)/increase in cash and cash equivalents	1,127	-	-
Opening cash balance	7,497	-	-
Closing cash balance	8,624	-	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	
	Actual \$000
Surplus/(deficit) after tax	92,801
Add/(less) non cash items	
Depreciation and amortisation	102,350
Vested assets	(41,473)
Gain on disposal of property, plant and equipment	(36)
Loss on asset write off	-
Revaluation decrement	-
Foreign exchange gains	-
Loss on interest rate sw aps	815
Income tax	-
	61,656
Add/(less) movements in working capital	
Decrease/(Increase) in debtors and other receivables	31,607
Decrease/(Increase) in inventories	(4,199)
(Decrease)/Increase in creditors and other payables	3,497
(Decrease)/Increase in employee benefits payable	(440)
	30,465
Net cash flow from operating activities	184,922

Section 5b – Cash Flow Waterfall

Cash flow – Year to date budget to actual



Section 6 – Accounts Receivable Report

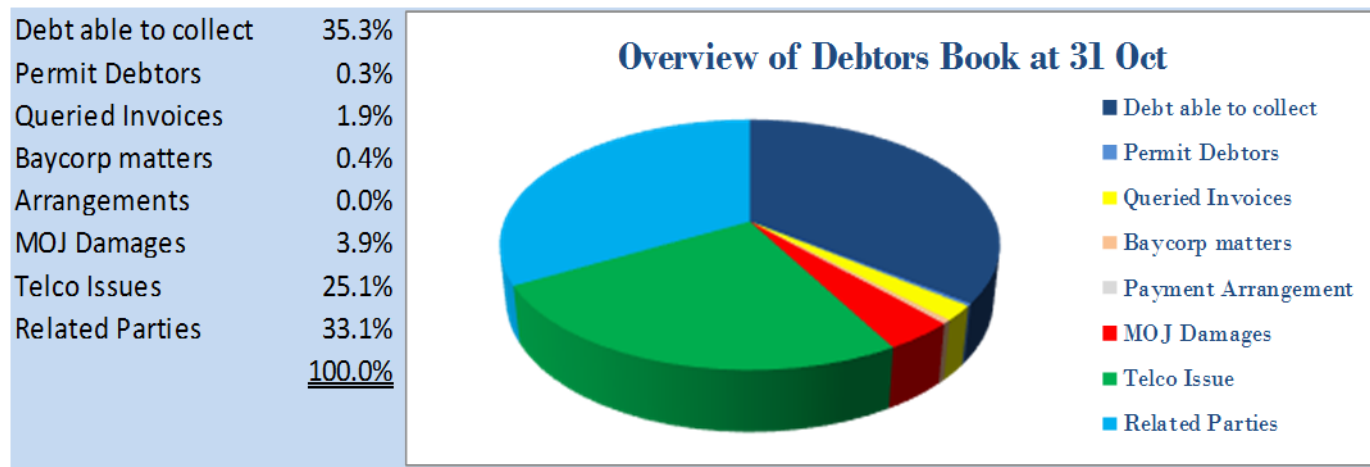
Accounts Receivable

An overview of the Debtors as at 31 October has 96.1% (98.5% September) of adjusted Debtors in 30 and 60 days, or not yet due.

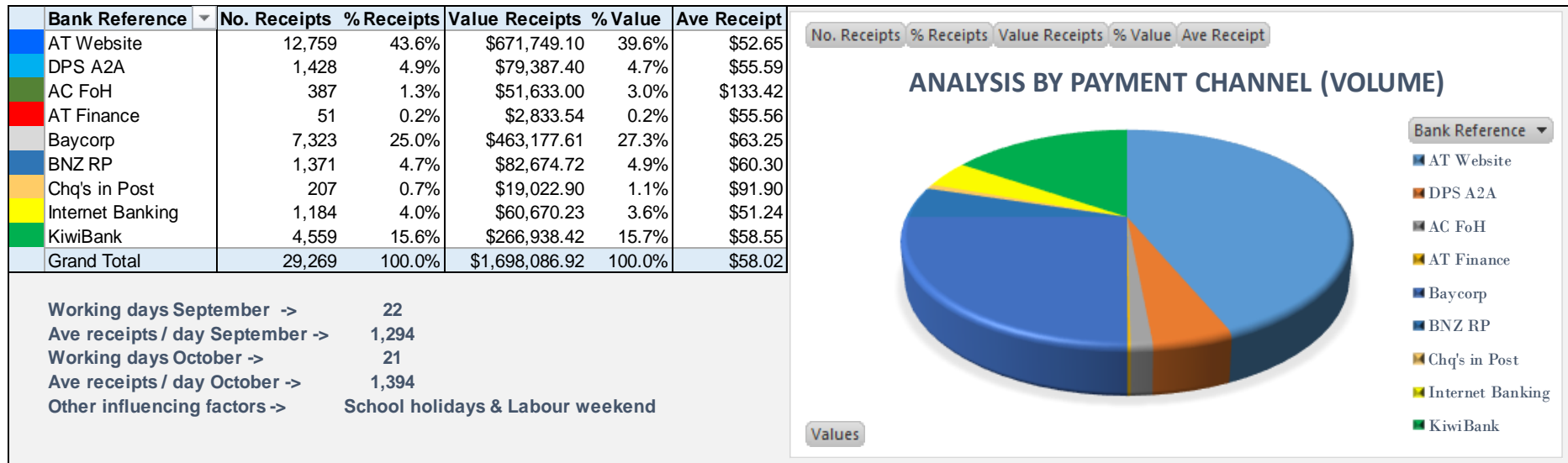
<u>Debtors Ageing Analysis as at 30 October 2015</u>									
<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</u>	<u>Not Yet Due</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>120+ Days</u>	<u>Notes</u>
Debtors Ageing 31 Oct	159	7,041,539	4,069,797	433,704	319,360	50,632	21,262	2,146,783	1
Parking Permit Debtors	27	21,563	0	7,641	9,029	1,254	3,639	0	2
Total Debtors		7,063,102	4,069,797	441,345	328,389	51,886	24,901	2,146,783	
		100.0%	57.6%	6.2%	4.6%	0.7%	0.4%	30.4%	
O/s Related Parties	32	2,341,639	2,017,981	224,909	89,085	644	453	8,567	3
Trade Debtors	154	4,721,463	2,051,816	216,437	239,304	51,242	24,448	2,138,216	
		100.0%	43.5%	4.6%	5.1%	1.1%	0.5%	45.3%	
Queried Invoices	263	135,569	968	1,756	3,556	4,993	1,870	122,426	4
Cell Sites - Property	734	1,775,365	0	0	79,810	7,625	2,530	1,685,401	5
To Baycorp (Collection)	276	31,272	161	183	1,014	2,408	349	27,157	6
Payment Arrangement	130	2,857	0	0	1,188	0	115	1,554	7
Lodged Courts (Damages)	268	273,737	8,061	0	6,086	9,987	17,065	232,538	8
Adjusted Debtors		2,502,663	2,042,626	214,497	147,651	26,229	2,520	69,141	
		100.0%	81.6%	8.6%	5.9%	1.0%	0.1%	2.8%	

Notes relating to the Debtors Ageing Analysis:

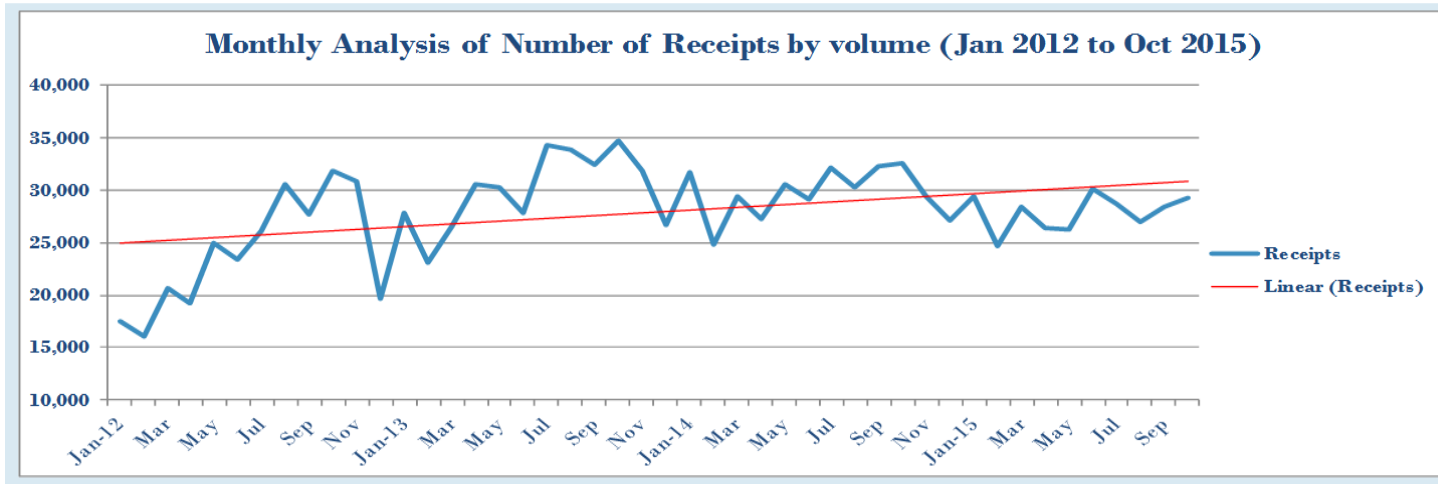
- 1 - Sundry Debtors administered in the SAP system.
- 2 - Parking Permit Debtors administered in the Pathway system. These permits are for on street permits issued. Amounts not collected within 60 days are lodged with Baycorp for collection.
- 3 - Inter-Council Group debts.
- 4 - Relates to invoices 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 cell sites dispute that has recently been resolved with both Spark and 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.



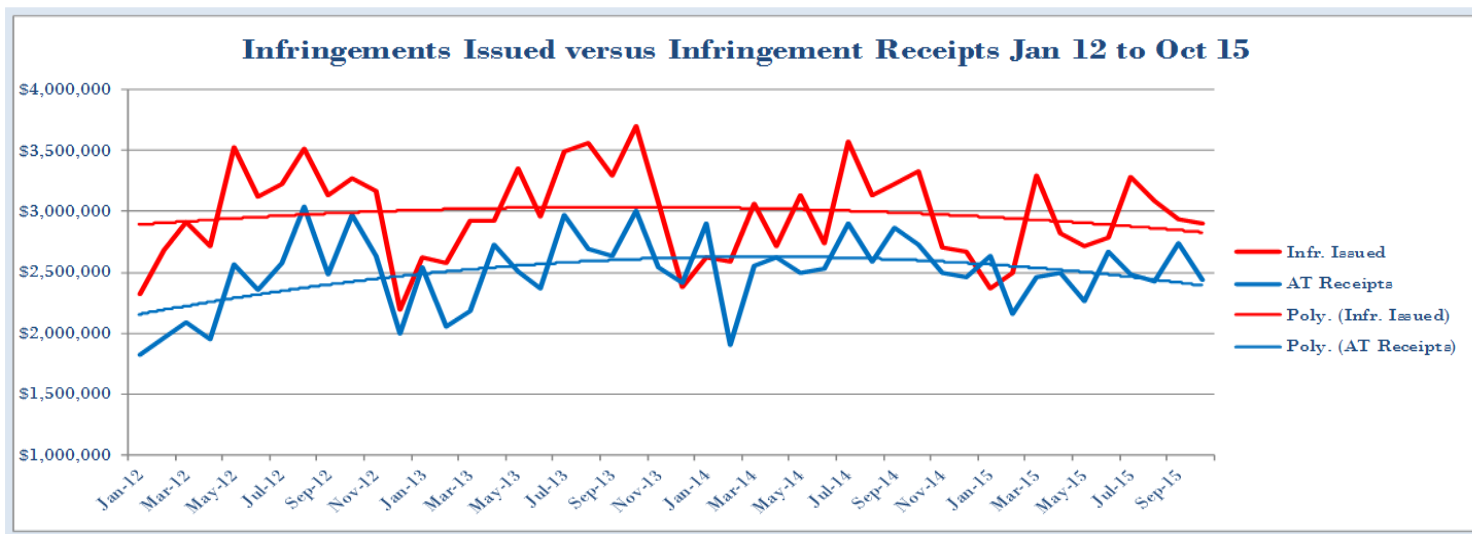
Infringement Overview:



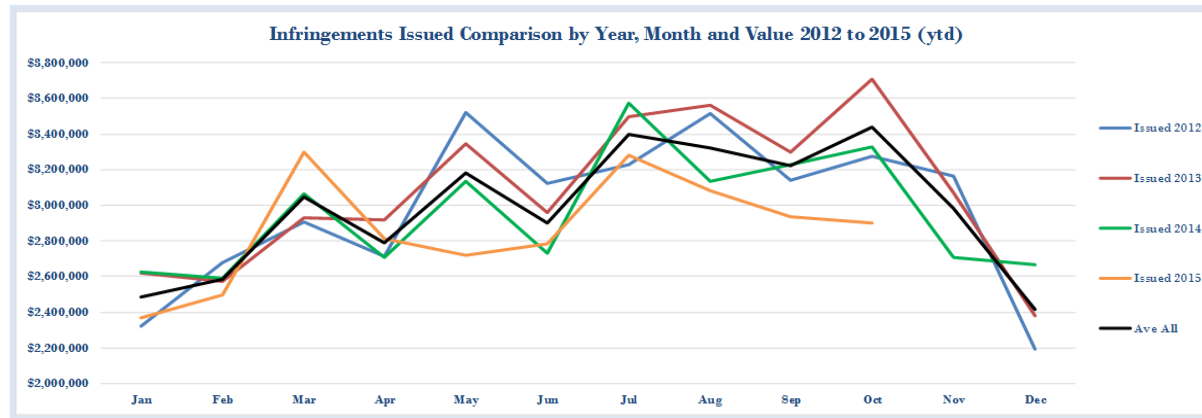
October's Infringement receipts by volume are up 2.8% on August (21 working days in October compared with 22 in September). The increase is a direct result of higher volumes of infringements issued in August which has had an effect on receipts. Of the customers not paying in response to a Baycorp letter of demand, 70% are making use of our electronic payment methods (69% in September).



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 and August is a direct result of the infringements issued in May and June. Infringements are handed to Baycorp on day 63 and remain with them for 87 days.



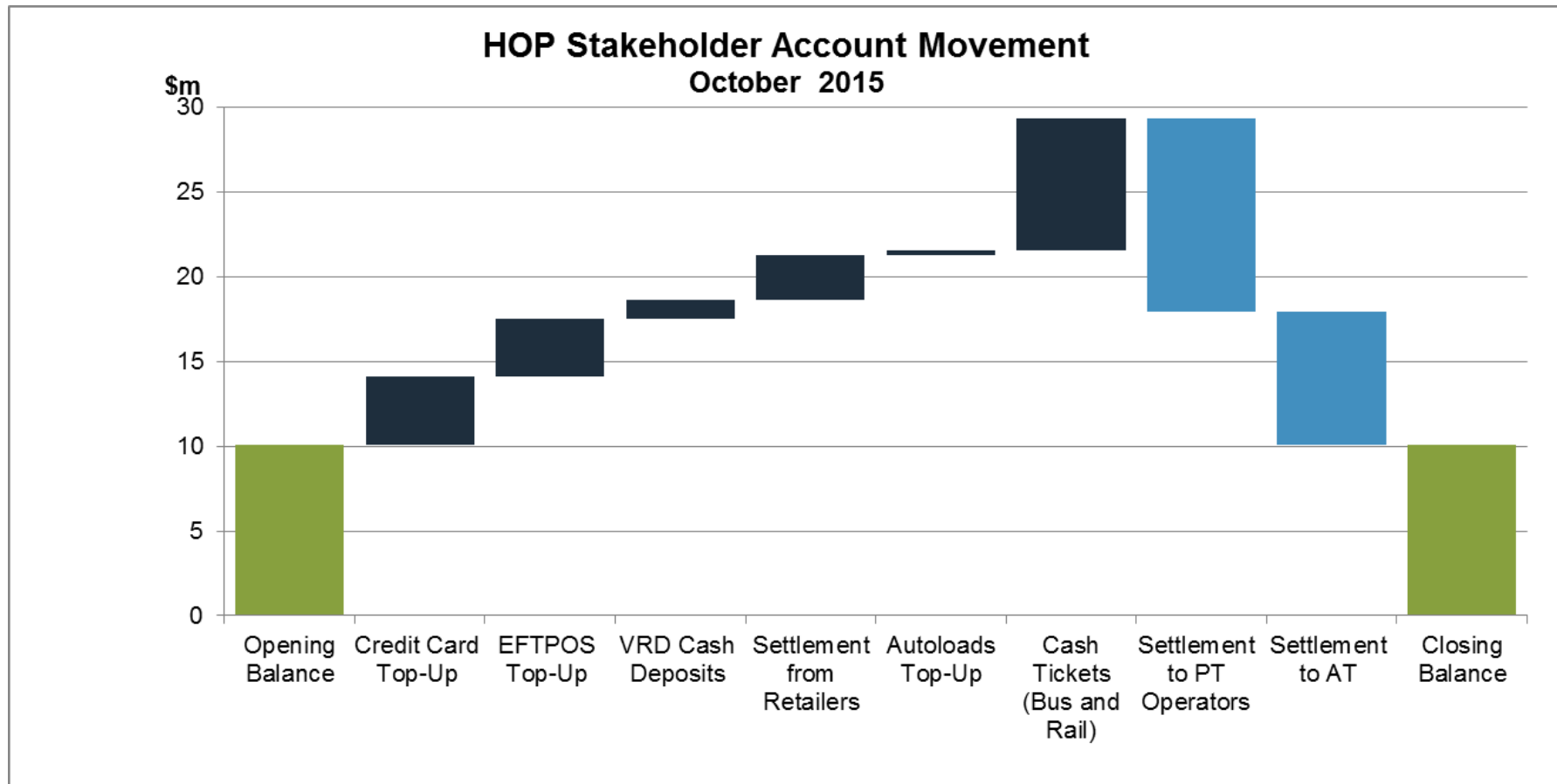
The following graph illustrates the seasonal issuance of infringements. Infringements issued in 2012 totalled \$35.8m, 2013 \$36.8M, 2014 \$35.5m and current 10 month total for 2015 is \$28.7m.



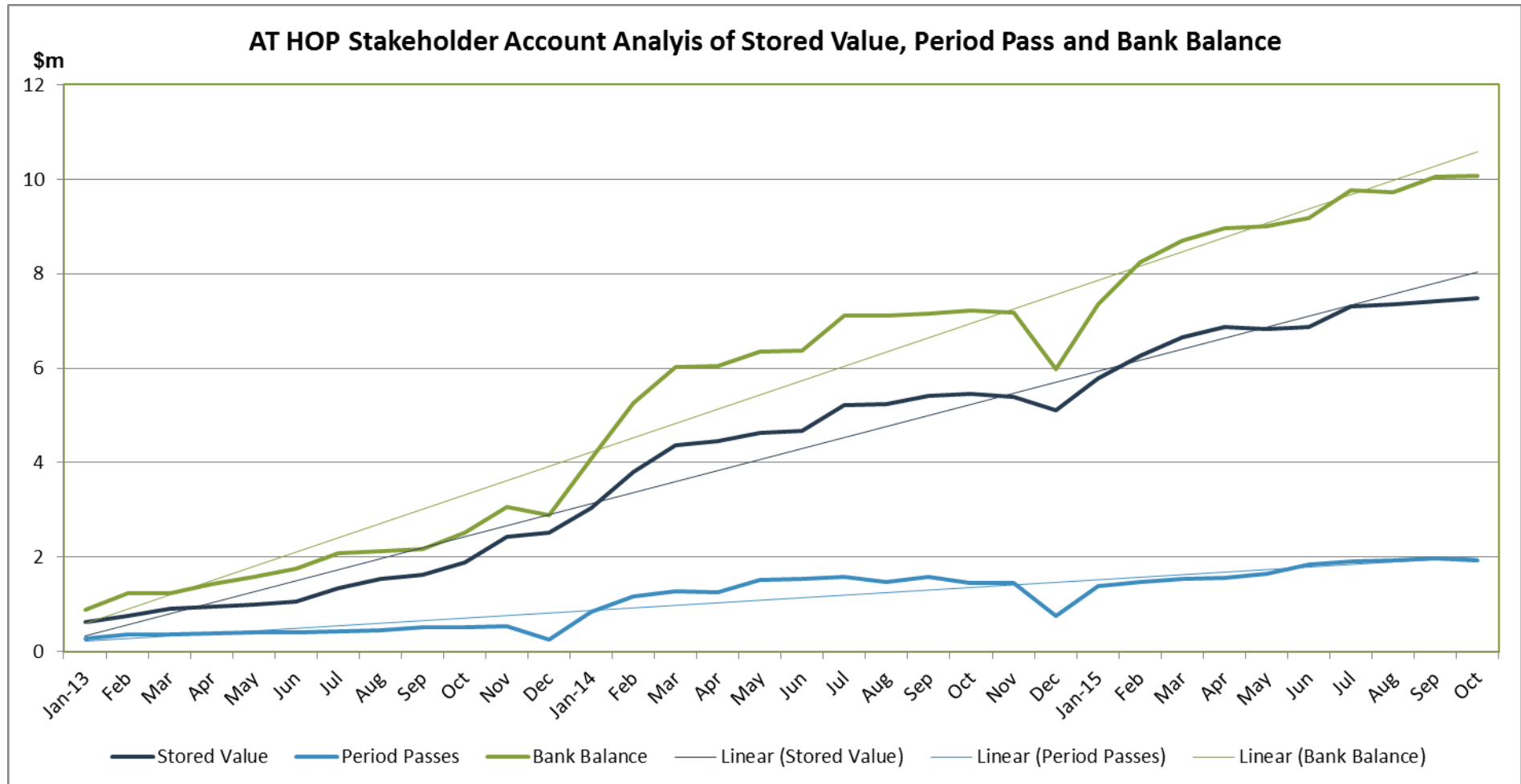
Section 7 – AT HOP Stakeholder Monthly Report

(Does not form part of AT results)


The AT HOP Stakeholder bank account has increased by 0.2% in October 2015, from \$10.05 million to \$10.08 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

Submitted by	Harlem Cabuhat Reporting Accountant	
	Fiona Rees Financial Planning Accountant	
Recommended by	Julian Michael Financial Reporting Manager	
	Stephen Smith Group Manager, Finance	
Approved for submission	Richard Morris Chief Financial Officer	