

Financial Results for the Eleven Months Ended 31 May 2016

Recommendation

That the Board:

- i. Receives the report.

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Executive Summary

Financial results for the eleven months ended 31 May 2016:

	Current month variance to revised budget \$m	Year to date variance to revised budget \$m	Year to date results	Year to date Actual \$m	Year to date revised budget \$m	Full Year revised budget \$m
Total operating income	1.0	0.2		616.6	616.4	668.8
Total operating expenditure	1.5	13.7		881.1	894.8	981.0
Surplus/(deficit) from operations	2.5	13.9		(264.5)	(278.4)	(312.2)
Income for capital projects	38.0	0.0		616.8	616.8	714.2
Net surplus/(deficit) before tax	40.6	13.9		352.4	338.5	402.1
Total direct capital	(10.4)	61.8		473.6	535.4	607.7

Key to symbols used:

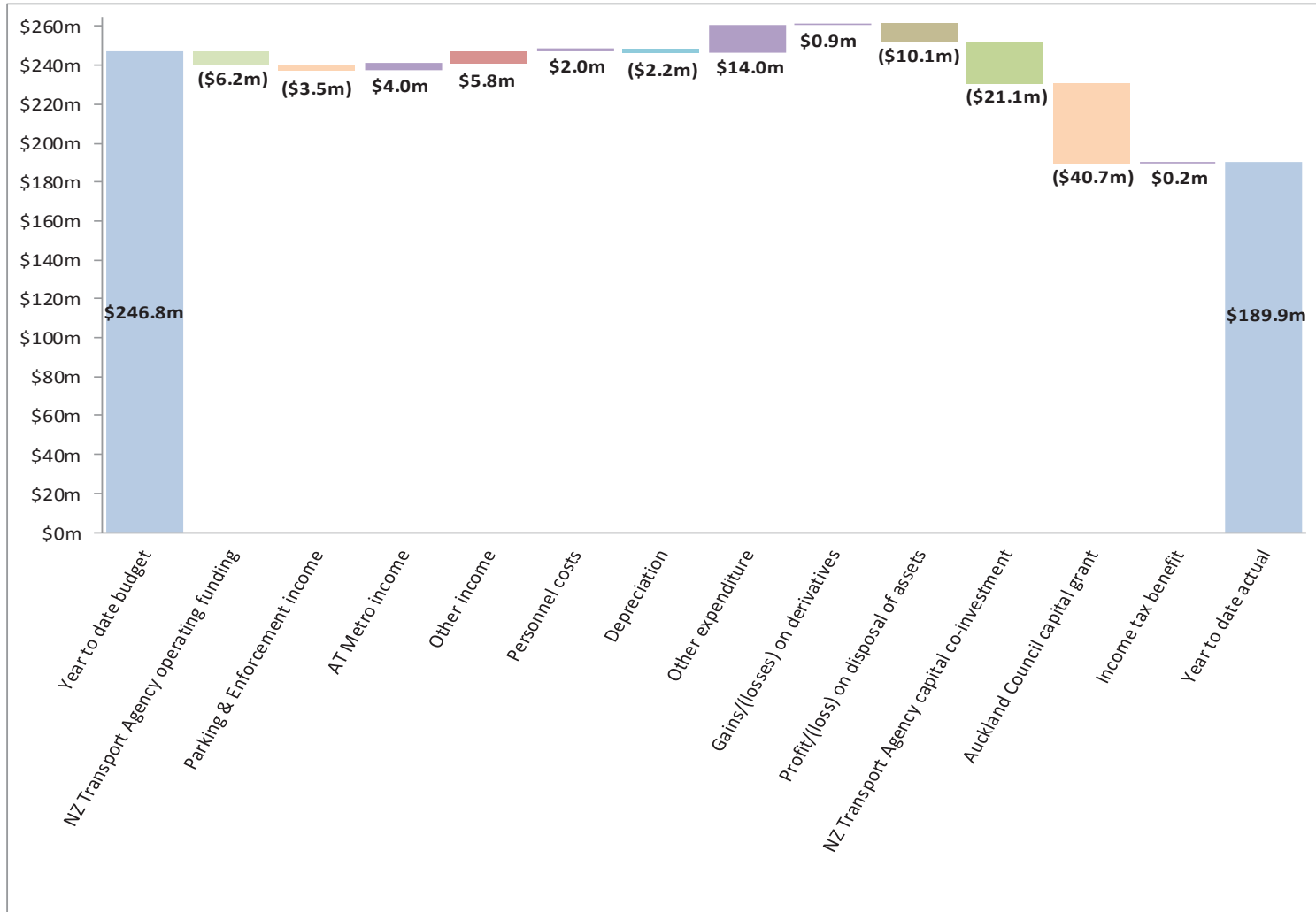
	: Within tolerable range		: Above budget, favourable variance.
	: Below budget, unfavourable variance.		: Largely on track
	: Below budget, favourable variance.		: Monitoring, some action taken
	: Above budget, unfavourable variance.		: Action required

Section 2a – Financial results for the eleven months ended 31 May 2016

	Current month			Year to date			Full year	
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Results achieved	
	\$000	\$000	\$000	\$000	\$000	\$000	Revised Budget \$000	
Income								
<u>Operating income</u>								
Auckland Council funding	20,813	20,813	-	228,942	228,942	-	●	249,755
NZ Transport Agency operating funding	18,690	19,401	(711)	213,553	219,700	(6,147)	●	235,303
Parking and enforcement income	6,443	6,687	(244)	68,291	71,752	(3,461)	●	79,258
AT Metro income	8,119	7,103	1,016	76,334	72,375	3,959	●	78,931
Other revenue incl. other grants and subsidies	2,752	1,798	954	29,468	23,626	5,842	●	25,592
Total operating income	56,817	55,802	1,015	616,588	616,395	193	●	668,839
Expenditure								
Personnel costs	12,413	12,635	222	128,423	132,577	4,154	●	145,233
Capitalised personnel costs	(3,564)	(3,128)	436	(30,116)	(32,307)	(2,191)	●	(37,645)
Depreciation and amortisation	27,415	27,526	111	291,369	289,132	(2,237)	●	316,939
Other expenditure	46,516	47,261	745	464,272	478,309	14,037	●	526,916
Finance costs (Electric Trains)	2,532	2,536	4	27,103	27,075	(28)	●	29,553
Total operating expenditure	85,312	86,830	1,518	881,051	894,786	13,735	●	980,996
Surplus/(deficit) from operations	(28,495)	(31,028)	2,533	(264,463)	(278,391)	13,928	●	(312,157)
<u>Income for capital projects</u>								
NZ Transport Agency capital co-investment	9,331	11,638	(2,307)	119,479	140,560	(21,081)	●	154,036
Auckland Council capital grant	64,115	51,233	12,882	344,121	384,809	(40,688)	●	435,705
Other Capital Grants	(173)	-	(173)	-	-	-	●	8,000
Vested asset income	27,643	-	27,643	153,229	91,473	61,756	●	116,473
	100,916	62,871	38,045	616,829	616,842	(13)	●	714,214
Net surplus/(deficit) before tax and derivatives	72,421	31,843	40,578	352,366	338,451	13,915	●	402,057
Gains/(losses) on derivatives	486	-	486	704	(193)	897		(193)
Profit/(loss) on disposal of assets	666	-	666	(10,092)	36	(10,128)		(722)
Income tax benefit/(expense)	-	-	-	198	-	198		-
Net surplus/(deficit) after tax and derivatives	73,573	31,843	41,730	343,176	338,294	4,882	●	401,142

Section 2b – Net surplus/(deficit) waterfall

Net surplus/ (deficit) – Year to date budget to actual (excluding vested asset income)



Section 2c – Summary of financial results by activity

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Rail	10,262	9,358	904	105,064	104,045	1,019	114,559
Bus	8,482	9,342	(860)	89,385	92,872	(3,487)	101,621
Ferry	1,077	944	133	11,734	11,968	(234)	13,433
Other public transport	2,656	3,212	(556)	25,727	26,714	(987)	28,479
Parking	3,781	4,213	(432)	40,667	42,959	(2,292)	47,170
Enforcement	2,662	2,474	188	27,625	28,793	(1,168)	32,088
Roading and footpaths	4,725	4,469	256	54,110	53,074	1,036	56,972
Internal support	2,358	977	1,381	33,333	27,026	6,307	24,762
Auckland Council operating funding	20,813	20,813	-	228,942	228,942	-	249,755
Total operating income	56,816	55,802	1,014	616,587	616,393	194	668,839
Operating Expenditure							
Rail	14,157	12,815	(1,342)	148,168	148,355	187	163,768
Bus	13,750	15,475	1,725	146,474	152,044	5,570	167,116
Ferry	1,452	1,469	17	15,387	16,609	1,222	18,109
Other public transport	3,872	4,406	534	37,835	39,592	1,757	44,104
Parking	940	1,146	206	11,724	11,935	211	13,062
Enforcement	1,863	1,783	(80)	18,483	19,085	602	20,617
Roading and footpaths	10,775	11,846	1,071	110,478	115,515	5,037	124,837
Internal support	11,088	10,365	(723)	101,134	102,519	1,385	112,444
Depreciation	27,415	27,526	111	291,369	289,132	(2,237)	316,939
Total operating expenditure	85,312	86,831	1,519	881,052	894,786	13,734	980,996
Surplus/(deficit) from Operations	(28,496)	(31,029)	2,533	(264,465)	(278,393)	13,928	(312,157)

Section 2c – Rail operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Activity Income	4,851	4,356	495	42,991	41,314	1,677	45,253
Other income	22	43	(21)	731	829	(98)	838
NZ Transport Agency operating funding	3,727	3,298	429	43,717	44,285	(568)	49,238
NZ Transport Agency operating funding - Electric Trains	1,662	1,661	1	17,625	17,617	8	19,230
Total operating income	10,262	9,358	904	105,064	104,045	1,019	114,559
Operating Expenditure							
Personnel costs	235	222	(13)	2,377	2,292	(85)	2,515
Capitalised personnel costs	4	3	(1)	(18)	(3)	15	-
Service delivery costs and professional services	8,169	7,309	(860)	89,012	89,485	473	99,345
Occupancy costs	331	278	(53)	2,968	2,865	(103)	3,143
Track access charges	2,403	1,805	(598)	19,588	18,904	(684)	20,749
Other expenditure	483	662	179	7,139	7,737	598	8,463
Finance costs (Electric Trains)	2,532	2,536	4	27,102	27,075	(27)	29,553
Total operating expenditure	14,157	12,815	(1,342)	148,168	148,355	187	163,768
Depreciation	3,434	3,248	(186)	37,481	35,341	(2,140)	38,597
Surplus/(deficit) from Operations	(7,329)	(6,705)	(624)	(80,585)	(79,651)	(934)	(87,806)
Internal support costs	2,983	3,300	316	23,951	26,873	2,921	31,021
Surplus/(deficit)	(10,312)	(10,005)	(308)	(104,536)	(106,524)	1,987	(118,827)

Section 2c – Bus operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Activity Income	1,841	1,447	394	15,809	14,691	1,118	16,166
Other income	110	197	(87)	3,945	3,860	85	3,957
NZ Transport Agency operating funding	6,531	7,698	(1,167)	69,631	74,321	(4,690)	81,498
Total operating income	8,482	9,342	(860)	89,385	92,872	(3,487)	101,621
Operating Expenditure							
Personnel costs	347	282	(65)	3,136	2,964	(172)	3,244
Capitalised personnel costs	(78)	5	83	(85)	94	179	100
Service delivery costs and professional services	13,346	15,052	1,706	141,763	147,333	5,570	161,966
Occupancy costs	85	88	3	868	1,009	141	1,097
Other expenditure	50	48	(2)	792	644	(148)	709
Total operating expenditure	13,750	15,475	1,725	146,474	152,044	5,570	167,116
Depreciation	265	273	8	2,691	2,703	12	2,978
Surplus/(deficit) from Operations	(5,533)	(6,406)	873	(59,780)	(61,875)	2,095	(68,473)
Internal support costs	3,050	3,373	323	24,486	27,473	2,987	31,714
Surplus/(deficit)	(8,583)	(9,779)	1,196	(84,266)	(89,348)	5,082	(100,187)

Section 2c – Ferry operations

	Current month			Year to date			Full year
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Revised Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating Income							
Operator access fees	328	301	27	4,168	3,612	556	3,894
Activity Income	117	85	32	970	906	64	987
Other income	119	62	57	651	586	65	649
NZ Transport Agency operating funding	513	496	17	5,945	6,864	(919)	7,903
Total operating income	1,077	944	133	11,734	11,968	(234)	13,433
Operating Expenditure							
Personnel costs	88	91	3	970	995	25	1,090
Capitalised personnel costs	-	-	-	(2)	(5)	(3)	(5)
Service delivery costs and professional services	1,206	1,109	(97)	12,408	13,156	748	14,292
Occupancy costs	35	66	31	609	710	101	776
Other expenditure	123	203	80	1,402	1,753	351	1,956
Total operating expenditure	1,452	1,469	17	15,387	16,609	1,222	18,109
Depreciation	246	249	3	2,727	2,733	6	2,983
Surplus/(deficit) from Operations	(621)	(774)	153	(6,380)	(7,374)	994	(7,659)
Internal support costs	352	389	37	2,823	3,167	344	3,656
Surplus/(deficit)	(973)	(1,163)	190	(9,203)	(10,541)	1,338	(11,315)

Section 2c – Other public transport operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Other income	732	612	120	7,069	6,577	492	7,187
NZ Transport Agency operating funding	1,924	2,600	(676)	18,658	20,137	(1,479)	21,292
Total operating income	2,656	3,212	(556)	25,727	26,714	(987)	28,479
Operating Expenditure							
Personnel costs	1,158	1,182	24	11,410	11,951	541	13,129
Capitalised personnel costs	300	100	(200)	1,850	726	(1,124)	834
Service delivery costs and professional services	1,191	2,002	811	13,210	16,576	3,366	18,773
IT costs	262	205	(57)	1,963	2,287	324	2,491
Other expenditure	961	917	(44)	9,402	8,052	(1,350)	8,877
Total operating expenditure	3,872	4,406	534	37,835	39,592	1,757	44,104
Depreciation	1,231	1,709	478	13,801	15,701	1,900	17,479
Surplus/(deficit) from Operations	(2,447)	(2,903)	456	(25,909)	(28,579)	2,670	(33,104)
Internal support costs	858	949	91	6,888	7,728	840	8,921
Surplus/(deficit)	(3,305)	(3,852)	547	(32,797)	(36,307)	3,510	(42,025)

Section 2c – Parking operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Other income	34	122	(88)	977	1,391	(414)	1,487
Parking Fees	3,747	4,091	(344)	39,690	41,568	(1,878)	45,683
Total operating income	3,781	4,213	(432)	40,667	42,959	(2,292)	47,170
Operating Expenditure							
Personnel costs	309	264	(45)	3,109	2,847	(262)	3,113
Capitalised personnel costs	(15)	5	20	(14)	53	67	58
Service delivery costs and professional services	233	331	98	3,405	3,439	34	3,766
Occupancy Costs	407	482	75	4,741	5,026	285	5,506
Other expenditure	6	64	58	483	570	87	619
Total operating expenditure	940	1,146	206	11,724	11,935	211	13,062
Depreciation	572	568	(4)	6,201	6,130	(71)	6,701
Surplus/(deficit) from Operations	2,269	2,499	(230)	22,742	24,894	(2,152)	27,407
Internal support costs	250	276	26	2,004	2,249	244	2,596
Surplus/(deficit)	2,019	2,223	(204)	20,738	22,645	(1,908)	24,811

Section 2c – Enforcement operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Other income	-	85	(85)	-	429	(429)	515
Infringement income	2,662	2,389	273	27,625	28,364	(739)	31,573
Total operating income	2,662	2,474	188	27,625	28,793	(1,168)	32,088
Operating Expenditure							
Personnel costs	846	908	62	9,641	9,822	181	10,734
Capitalised personnel costs	7	2	(5)	49	20	(29)	22
Service delivery costs and professional services	190	129	(61)	1,779	1,553	(226)	1,713
Occupancy Costs	-	-	-	-	-	-	-
Other expenditure	820	744	(76)	7,014	7,690	676	8,148
Total operating expenditure	1,863	1,783	(80)	18,483	19,085	602	20,617
Depreciation	9	11	2	96	103	7	115
Surplus/(deficit) from Operations	790	680	110	9,046	9,605	(559)	11,356
Internal support costs	389	430	41	3,123	3,504	381	4,045
Surplus/(deficit)	401	250	151	5,923	6,101	(178)	7,311

Section 2c – Roading and footpaths operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Petrol tax	910	727	183	8,347	8,010	337	8,737
Other income	363	299	64	4,805	4,451	354	4,760
NZ Transport Agency operating funding	3,452	3,443	9	40,958	40,613	345	43,475
Total operating income	4,725	4,469	256	54,110	53,074	1,036	56,972
Operating Expenditure							
Personnel costs	2,571	2,534	(37)	26,136	25,939	(197)	28,487
Capitalised personnel costs	(938)	(575)	363	(7,065)	(5,636)	1,429	(8,259)
Service delivery costs and professional services	6,283	7,813	1,530	71,372	75,829	4,457	83,152
Occupancy Costs	2,316	1,372	(944)	14,373	13,690	(683)	15,075
IT Costs	34	143	109	246	742	496	825
Other expenditure	509	559	50	5,416	4,951	(465)	5,557
Total operating expenditure	10,775	11,846	1,071	110,478	115,515	5,037	124,837
Depreciation	20,226	19,617	(609)	214,390	210,378	(4,012)	230,103
Surplus/(deficit) from Operations	(26,276)	(26,994)	718	(270,758)	(272,819)	2,061	(297,968)
Internal support costs	2,280	2,522	242	18,307	20,540	2,233	23,711
Surplus/(deficit)	(28,556)	(29,516)	960	(289,065)	(293,359)	4,294	(321,679)

Section 2c – Internal support

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Rental income	1,398	744	654	14,838	9,903	4,935	10,646
Other income	80	28	52	1,477	1,262	215	1,449
NZ Transport Agency operating funding	880	205	675	17,018	15,861	1,157	12,667
Total operating income	2,358	977	1,381	33,333	27,026	6,307	24,762
Operating Expenditure							
Personnel costs	6,860	7,152	292	71,643	75,768	4,125	82,921
Capitalised personnel costs	(2,845)	(2,668)	177	(24,831)	(27,556)	(2,725)	(30,395)
Directors Fees	42	43	1	467	542	75	585
Service delivery costs and professional services	3,404	3,584	180	23,740	28,858	5,118	32,147
Other expenditure	3,627	2,254	(1,373)	30,115	24,907	(5,208)	27,186
Total operating expenditure	11,088	10,365	(723)	101,134	102,519	1,385	112,444
Depreciation	1,432	1,851	419	13,981	16,042	2,061	17,984
Income tax benefit/(expense)	-	-	-	198	-	(198)	-
Surplus/(deficit) from Operations	(10,162)	(11,239)	1,077	(81,584)	(91,535)	9,951	(105,666)
Internal support allocated	10,162	11,239	1,077	81,584	91,535	9,951	105,666
Surplus/(deficit)	-	-	-	-	-	-	-

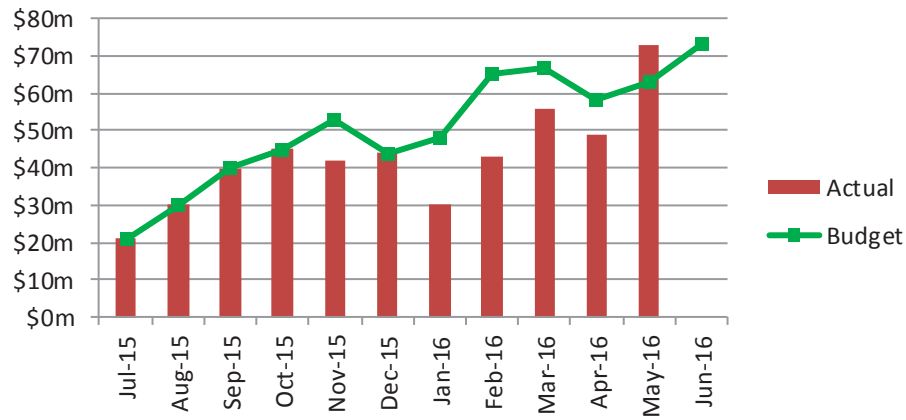
Section 3a – Summary of Capital Expenditure

	Current month			Year to date			Full year	
	Actual	Budget	Variance	Actual	Budget	Variance	Results	
	\$000	\$000	\$000	\$000	\$000	\$000	achieved	
Land								
CRL	28,489	14,288	(14,201)	39,948	27,590	(12,358)	●	30,063
AMETI	36	520	484	(1,048)	3,994	5,042	●	3,994
Special Housing Areas (SHAs)	1	4	3	13	25	12	●	5,228
Other	239	612	373	6,987	18,894	11,907	●	33,251
Total land	28,765	15,424	(13,341)	45,900	50,503	4,603	●	72,536
Major new capital projects								
CRL	3,045	4,516	1,471	48,467	44,566	(3,901)	●	49,822
Albany Highway Upgrade	789	1,382	593	25,728	24,321	(1,407)	●	25,609
Otahuhu Bus Interchange	3,034	2,040	(994)	12,106	14,475	2,369	●	16,975
Te Atatu Road Corridor Improvements	1,222	1,399	177	8,045	11,190	3,145	●	12,531
NorthWest Transformation	(2,337)	914	3,251	6,241	10,406	4,165	●	11,165
AMETI	410	839	429	(140)	8,050	8,190	●	8,944
Manukau Bus Interchange	535	486	(49)	2,743	4,347	1,604	●	4,935
Total major new capital projects	6,698	11,576	4,878	103,190	117,355	14,165	●	129,981
Other ring-fenced projects								
EMU	557	2,988	2,431	29,723	19,949	(9,774)	●	21,298
Local Board initiatives	2,185	2,918	733	10,977	20,471	9,494	●	22,984
Special Housing Areas (SHAs)	67	7	(60)	915	635	(280)	●	3,140
Other	558	678	120	3,875	5,896	2,021	●	6,549
Total other ring-fenced projects	3,367	6,591	3,224	45,490	46,951	1,461	●	53,971
Other								
Roads and footpaths	11,602	12,433	831	62,189	78,823	16,634	●	88,990
AT Metro	4,322	5,037	715	30,342	35,520	5,178	●	46,214
Parking operations	393	552	159	1,928	4,446	2,518	●	5,361
Internal support - BT	1,826	514	(1,312)	7,009	8,946	1,937	●	9,302
Internal support - Accomodation	7	-	(7)	344	297	(47)	●	297
Internal support - Other	59	512	453	925	2,270	1,345	●	2,977
Total other	18,209	19,048	839	102,737	130,302	27,565	●	153,141
Renewals	16,235	10,231	(6,004)	176,282	190,258	13,976	●	198,111
Total direct capital	73,274	62,870	(10,404)	473,599	535,369	61,770	●	607,740

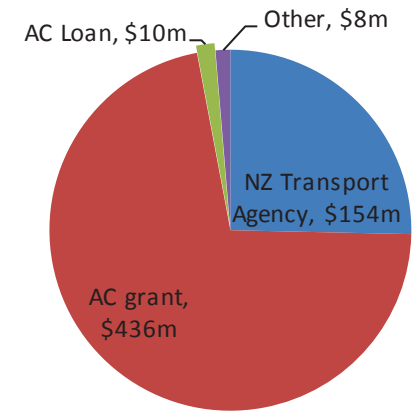
Section 3b – Capital Expenditure Funding

	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	8,769	10,151	(1,382)	57,020	78,685	(21,665)	90,777
NZ Transport Agency renewal co-investment	561	1,487	(926)	62,459	61,875	584	63,258
Other Capital Grants	(173)	-	(173)	-	-	-	8,000
Auckland Council capital grant	64,117	51,231	12,886	344,120	384,808	(40,688)	435,705
Auckland Council loan (EMU)	-	-	-	10,000	10,000	-	10,000
Total direct capital funding	73,274	62,869	10,405	473,599	535,368	(61,769)	607,740

Capital expenditure - per month (excluding vested assets)



Funding split - full year budget



Section 4a – Statement of Financial Position

As at 31 May 2016

	Note	Actual 31 May 2016 \$000	Actual 30 April 2016 \$000
Assets			
Current assets			
Cash and cash equivalents	1	4,875	10,157
Trade and other receivables	2	239,124	226,672
Inventories		10,099	10,206
Other assets		7,043	12,735
Non-current asset held for sale		6,085	5,707
Derivative financial instruments	3	69	-
Total current assets		267,295	265,477
Non-current assets			
Property, plant and equipment		16,229,223	16,254,033
Property, plant and equipment - work-in-progress		540,897	506,254
Intangible assets		120,724	120,383
Total non-current assets		16,890,844	16,880,670
Total assets		17,158,139	17,146,147

Section 4a – Statement of Financial Position

As at 31 May 2016

	Note	Actual 31 May 2016 \$000	Actual 30 April 2016 \$000
Liabilities			
Current liabilities			
Derivative financial instruments	3	-	198
Trade and other payables	4	162,472	160,578
Employee benefit liabilities	5	12,282	10,916
Borrowings	6	5,217	5,182
Total current liabilities		179,971	176,874
Non-current liabilities			
Derivative financial instruments	3	3,249	3,219
Trade and other payables	4	20,165	20,413
Employee benefit liabilities	5	624	675
Borrowings	6	491,119	491,590
Deferred tax liability	7	11,467	11,467
Total non-current liabilities		526,624	527,364
Total liabilities		706,595	704,238
Net assets		16,451,544	16,441,909
Equity			
Contributed equity		13,460,473	13,460,223
Retained earnings/(losses)		956,786	872,700
Reserves		2,034,285	2,108,986
Total equity		16,451,544	16,441,909

Section 4b – Notes to the Financial Statements

As at 31 May 2016

	Actual 31 May 2016 \$000	Actual 30 April 2016 \$000
1 Cash and cash equivalents		
Cash at bank - Trading	4,582	9,864
Till floats	293	293
Total cash and cash equivalents	4,875	10,157
The carrying value of cash and cash equivalents approximates their fair value.		
2 Trade and other receivables		
Trade debtors	2,651	3,640
Finance lease receivable	59	64
Infringements receivable	32,593	32,145
Amounts due from related parties	185,080	175,633
Accrued income	29,606	28,755
Goods and services tax	3,028	-
	253,017	240,237
Less provision for impairment of receivables	(13,893)	(13,565)
Total trade and other receivables	239,124	226,672

Section 4b – Notes to the Financial Statements

As at 31 May 2016

The carrying value of debtors and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables as there are a large number of customers.

The maximum exposure to credit risk at reporting date is the carrying value of each class of receivable mentioned above.

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

	Gross	Impaired	Net
	\$000	\$000	\$000
Not past due	221,256	-	221,256
Past due 1 - 30 days	1,804	-	1,804
Past due 31 - 60 days	1,409	-	1,409
Past due 61 - 90 days	1,773	-	1,773
Past due > 90 days	26,775	(13,893)	12,882
	253,017	(13,893)	239,124

All receivables greater than 30 days in age are considered to be past due.

The provision for impairment of receivables has been calculated on an individual basis. The provision is based on a review of significant debtor balances. Receivables are assessed as impaired due to significant financial difficulties being experienced by the debtor, and Auckland Transport management concluding that it is remote that the overdue amounts will be recovered.

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

	Actual
	\$000
At 1 July 2015	14,118
Additional provisions made	1,642
Provisions reversed	(92)
Receivables written-off	(1,775)
At 31 May 2016	13,893

Section 4b – Notes to the Financial Statements

As at 31 May 2016

	Actual 31 May 2016 \$000	Actual 30 April 2016 \$000
3 Derivative financial instruments		
Current asset portion		
Forward foreign exchange contracts - cash flow hedges	69	
Current derivative financial instruments	69	-
Total derivative financial instrument assets	69	-
Current liability portion		
Forward foreign exchange contracts - cash flow hedges	-	198
Forward foreign exchange contracts - not hedge accounted	-	-
Current derivative financial instruments	-	198
Non-current liability portion		
Interest rate swaps - cash flow hedges	3,249	3,219
Non-current derivative financial instruments	3,249	3,219
Total derivative financial instrument liabilities	3,249	3,417

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 \$7.4 million. The foreign currency principal amount was USD \$5 million. The cash flow hedge gain of \$69,000 on the revaluation has been recorded in the Statement of Financial Performance.

Interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices. The notional principal amount of the outstanding interest rate swap contracts was \$18 million. At 31 May 2016 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.58% to 5.96%. The gain on their revaluation of \$347,000 has been recorded in the Statement of Financial Performance.

Section 4b – Notes to the Financial Statements

As at 31 May 2016

	Actual 31 May 2016 \$000	Actual 30 April 2016 \$000
4 Trade and other payables		
Current portion		
Creditors	22,805	20,636
Goods and services tax	-	4,132
Accrued expenses	123,838	120,786
Retentions	9,678	9,098
Amounts due to related parties	5,180	5,131
Income in advance	971	795
Total current trade and other payables	162,472	160,578
Non-current portion		
Amounts due to related parties	20,165	20,413
Total non-current trade and other payables	20,165	20,413
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	3,485	2,479
Accrued leave	8,797	8,437
Current employee benefit liabilities	12,282	10,916
Non-current portion		
Retirement gratuities	383	383
Long service leave	241	292
Non-current employee benefit liabilities	624	675

Section 4b – Notes to the Financial Statements

As at 31 May 2016

	Actual 31 May 2016 \$000	Actual 30 April 2016 \$000
6 Borrowings		
Current portion		
Loans from Auckland Council	5,217	5,182
Current borrowings	5,217	5,182
Non-current portion		
Loans from Auckland Council	491,119	491,590
Non-current borrowings	491,119	491,590
Weighted average cost of funds on total borrowings	6.01%	6.01%

Auckland Transport's loan debt of \$496 million is issued at fixed rates of interest ranging from 5.55% to 6.22%.

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

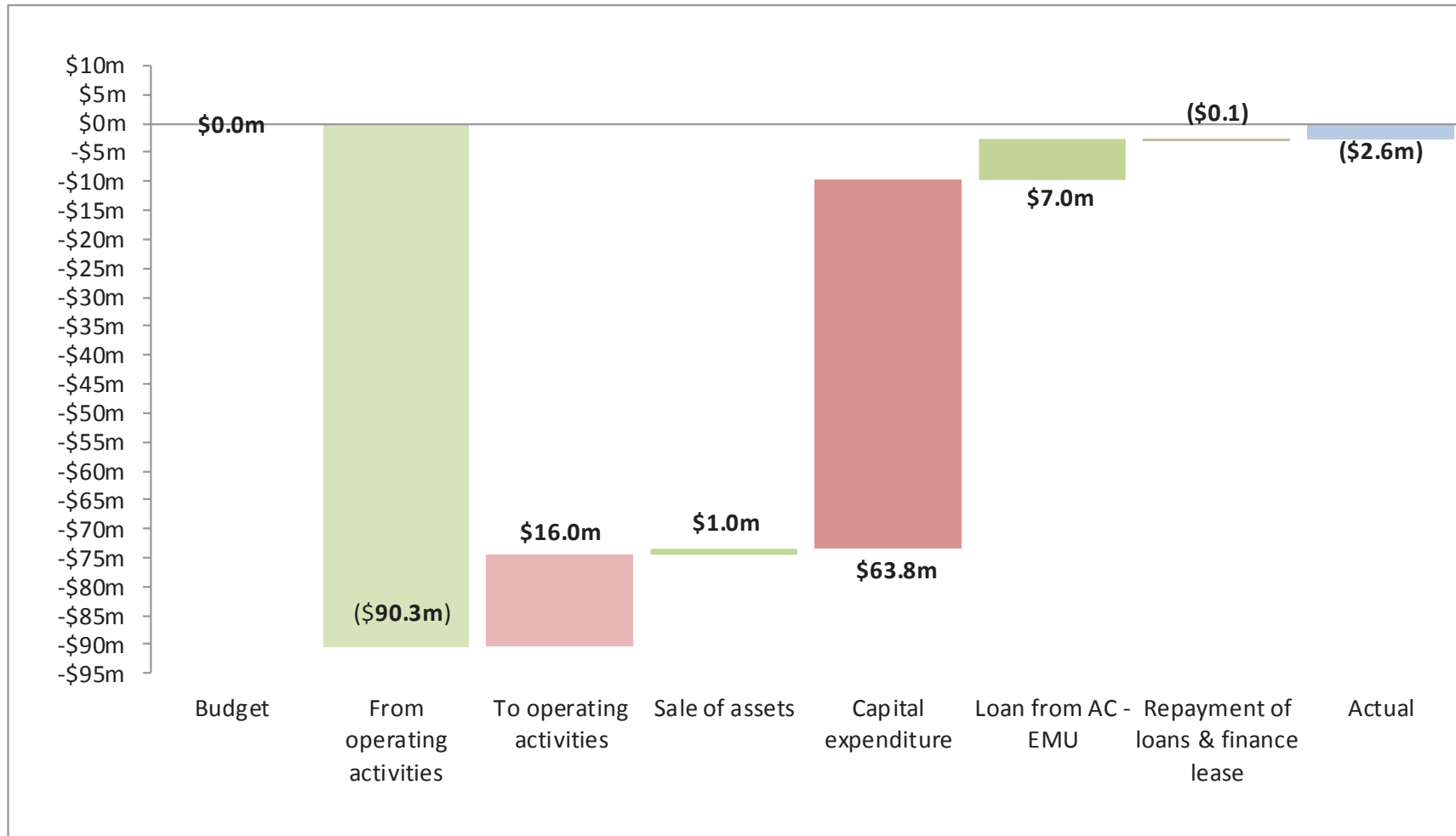
Section 5a – Cash Flow

	Year to date		Full year
	Actual \$000	Revised Budget \$000	Revised Budget \$000
Cash flows from operating activities			
Total cash provided	1,080,070	1,170,411	1,257,855
Cash applied to:			
Payments to suppliers, employees and directors	571,293	584,637	633,848
Interest paid	24,416	27,075	29,553
Total cash applied	595,709	611,712	663,401
Net cash from operating activities	484,361	558,699	594,454
Cash flows from investing activities			
Cash provided from:			
Sale of property, plant and equipment	1,012	-	-
Total cash provided	1,012	-	-
Cash applied to:			
Capital expenditure projects	500,600	564,369	607,740
Total cash applied	500,600	564,369	607,740
Net cash from investing activities	(499,588)	(564,369)	(607,740)
Cash flows from financing activities			
Cash provided from:			
Loan from Auckland Council - EMU	17,000	10,000	10,000
Other Capital Grants	-	-	8,000
Total cash provided	17,000	10,000	18,000
Cash applied to:			
Repayments of EMU loan from Auckland Council	4,371	4,309	4,691
Repayments of finance lease principal	23	21	23
Total cash applied	4,394	4,330	4,714
Net cash from financing activities	12,606	5,670	13,286
Net (decrease)/increase in cash and cash equivalents	(2,621)	-	-
Opening cash balance	7,496	-	-
Closing cash balance	4,875	-	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	
	Actual \$000
Surplus/(deficit) after tax	343,176
Add/(less) non cash items	
Depreciation and amortisation	291,369
Vested assets	(153,229)
Loss on disposal of property, plant and equipment	10,092
Loss on asset write off	-
Revaluation decrement	-
Foreign exchange gains	(69)
Gain on interest rate swaps	(347)
Income tax	(198)
	147,618
Add/(less) movements in working capital	
Decrease/(Increase) in debtors and other receivables	(1,551)
Decrease/(Increase) in inventories	(2,311)
(Decrease)/Increase in creditors and other payables	2,150
(Decrease)/Increase in employee benefits payable	320
(Decrease)/Increase in other assets	(5,041)
	(6,433)
Net cash flow from operating activities	484,361

Section 5b – Cash Flow Waterfall

Cash flow – Year to date budget to actual



Section 6 – Accounts Receivable Report

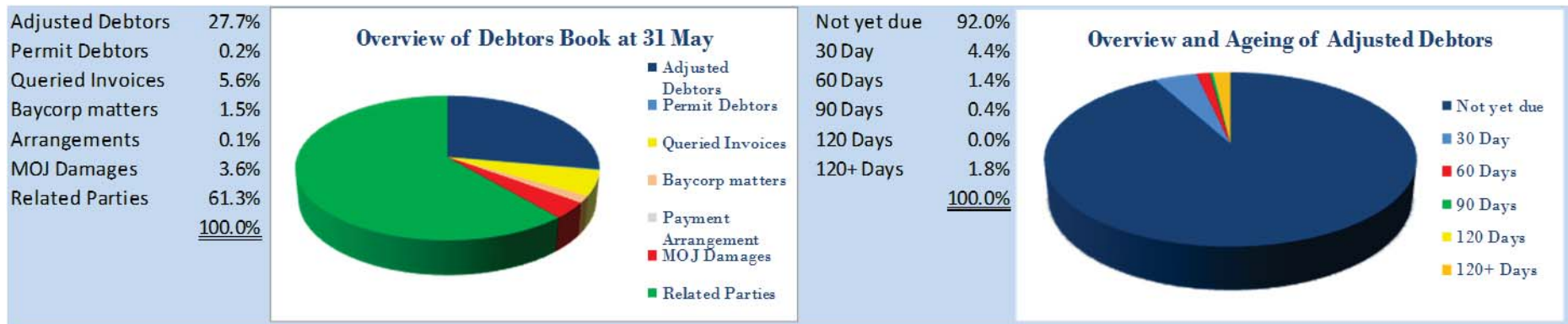
Accounts Receivable

An overview of the Debtors as at 31 May has 97.8% (99.6% April) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 31 May 2016</u>									
<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</u>	<u>Not Yet Due</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>120+ Days</u>	<u>Notes</u>
Debtors Ageing 31 May	169	6,848,886	5,342,307	182,747	91,524	731,688	30,165	470,457	1
Parking Permit Debtors	27	14,801	5,560	1,525	1,155	1,941	4,620	0	2
Total Debtors		6,863,687	5,347,867	184,272	92,679	733,629	34,785	470,457	
		100.0%	77.9%	2.7%	1.4%	10.7%	0.5%	6.9%	
O/s Related Parties	32	4,219,320	3,560,358	27,421	11,014	518,775	0	101,752	3
Trade Debtors	151	2,644,368	1,787,509	156,852	81,664	214,854	34,785	368,704	
		100.0%	67.6%	5.9%	3.1%	8.1%	1.3%	13.9%	
Queried Invoices	177	385,703	24,705	13,680	50,754	203,477	14,954	78,133	4
To Baycorp (Collection)	289	104,903	0	0	0	694	17,891	86,317	5
Payment Arrangement	142	4,110	0	0	0	0	0	4,620	6
Lodged Courts (Damages)	242	247,377	11,483	59,637	5,162	3,610	1,310	166,175	7
Adjusted Debtors		1,902,275	1,751,321	83,535	25,748	7,073	630	33,459	
		100.0%	92.1%	4.4%	1.4%	0.4%	0.0%	1.8%	

Notes relating to the Debtors Ageing Analysis:

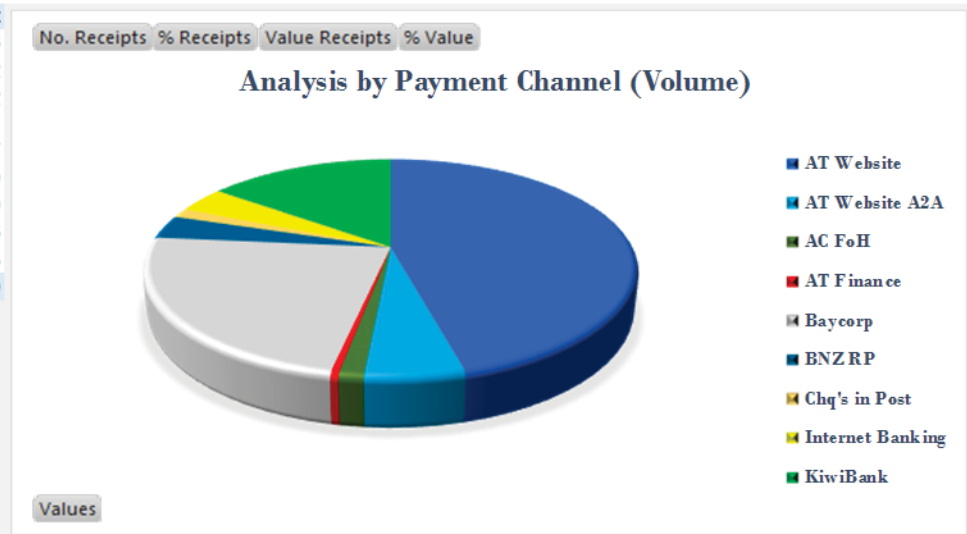
1. Sundry Debtors administered in the SAP system.
2. Parking Permit Debtors administered in the Pathway system. These invoices are for on street permits issued. Amounts not collected within 60 days are lodged with Baycorp for collection. Accounts not paying on time are blocked for further permits.
3. Inter-Council Group debts.
4. Relates to invoices which have been queried or disputed by customers. The AR Team and various AT Departments are engaged in an effort to resolve these queries.
5. Relates to accounts lodged with Baycorp for collection. All these amounts have been impaired in full and some may be written off in the future. All amounts written off are approved by the CFO in accordance with policy.
6. Relates to customers where an arrangement to pay has been agreed to. These are monitored until full payment has been received.
7. Relates to matters where AT is recovering damages from road accidents investigated by the Police. Many of the matters are being paid off at a nominal amount per week as instructed by the Courts.



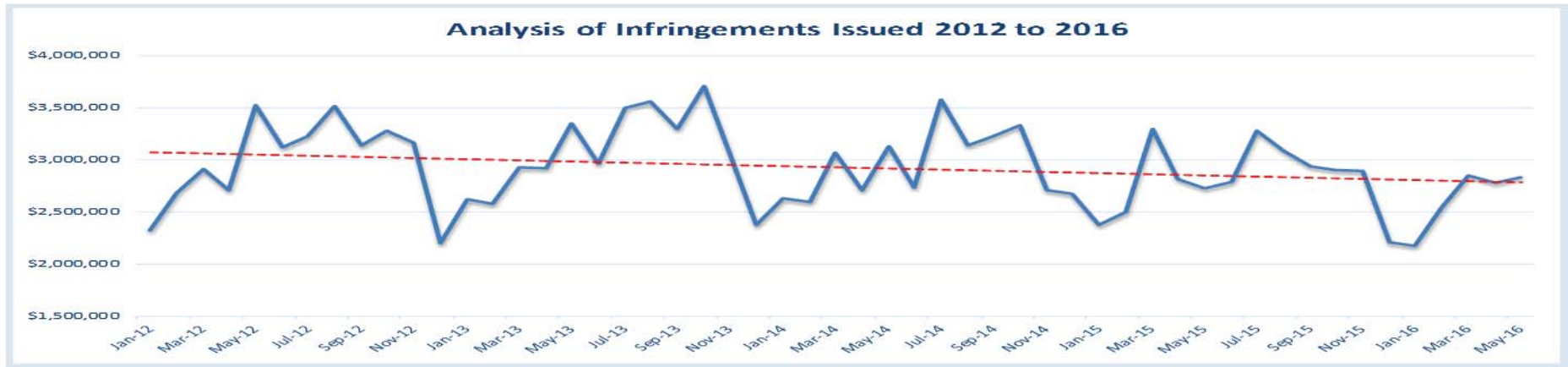
Infringement Overview:

May's Infringement receipts by volume are up 10.9% on April (22 working days in May compared with 20 in April). Of the customers not paying in response to a Baycorp demand, 71.9% are making use of our electronic payment methods (71.4% in April). The AT website recorded 51.5% of all receipts. The highest average receipt by value was once again received through AC FoH and via cheque payments in the post.

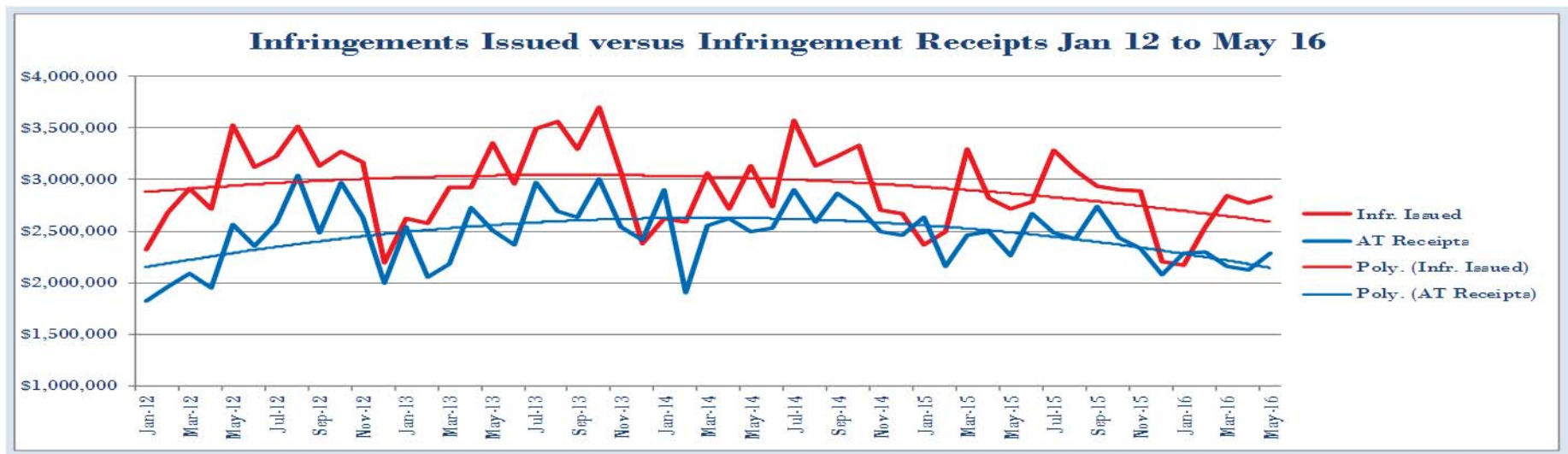
Row Labels	No. Receipts	% Receipts	Value Receipts	% Value	Ave Receipt
AT Website	12,331	45.9%	\$701,112.00	43.7%	\$56.86
AT Website A2A	1,486	5.5%	\$85,331.50	5.3%	\$57.42
AC FoH	372	1.4%	\$28,652.60	1.8%	\$77.02
AT Finance	120	0.4%	\$8,485.20	0.5%	\$70.71
Baycorp	6,234	23.2%	\$400,005.18	24.9%	\$64.17
BNZ RP	932	3.5%	\$52,282.15	3.3%	\$56.10
Chq's in Post	388	1.4%	\$38,333.10	2.4%	\$98.80
Internet Banking	1,020	3.8%	\$68,505.34	4.3%	\$67.16
KiwiBank	3,971	14.8%	\$220,582.32	13.8%	\$55.55
Grand Total	26,854	100.0%	\$1,603,289.39	100.0%	\$59.70
Working days April ->	20				
Ave receipts / day Apr. ->	1,210				
Working days May ->	22				
Ave receipts / day May ->	1,221				
Other influencing factors ->	None				



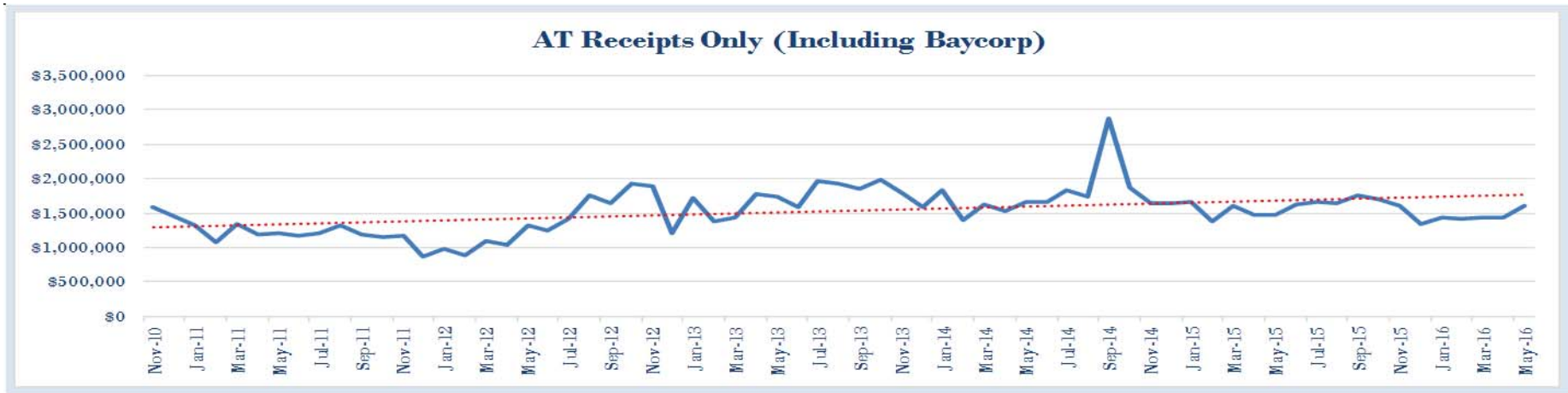
The following graph illustrates the seasonal issuance of infringements. While the graph is still trending downwards, there has been a significant recovery over the past 3 months. Average issued Nov 15 to Feb 16 \$2.3 million. Average issued Mar to May 16 \$2.8 million.



Analysis of receipts by value show that infringements issued over the past 24 months have decreased. While collections follow the issue trend two to three months later, the collection lines over time continue to move closer as a result of improved collection rates. Overall receipts are down 11.2%, however, overall collection rates are better. Analysis of the past 12 months shows that MoJ Legacy collections down 44.1% over the preceding 12 months, MoJ's AT receipts down 9.6% and AT's receipts down 12%. This is in line with the 7% decrease in infringements issued for the same periods.



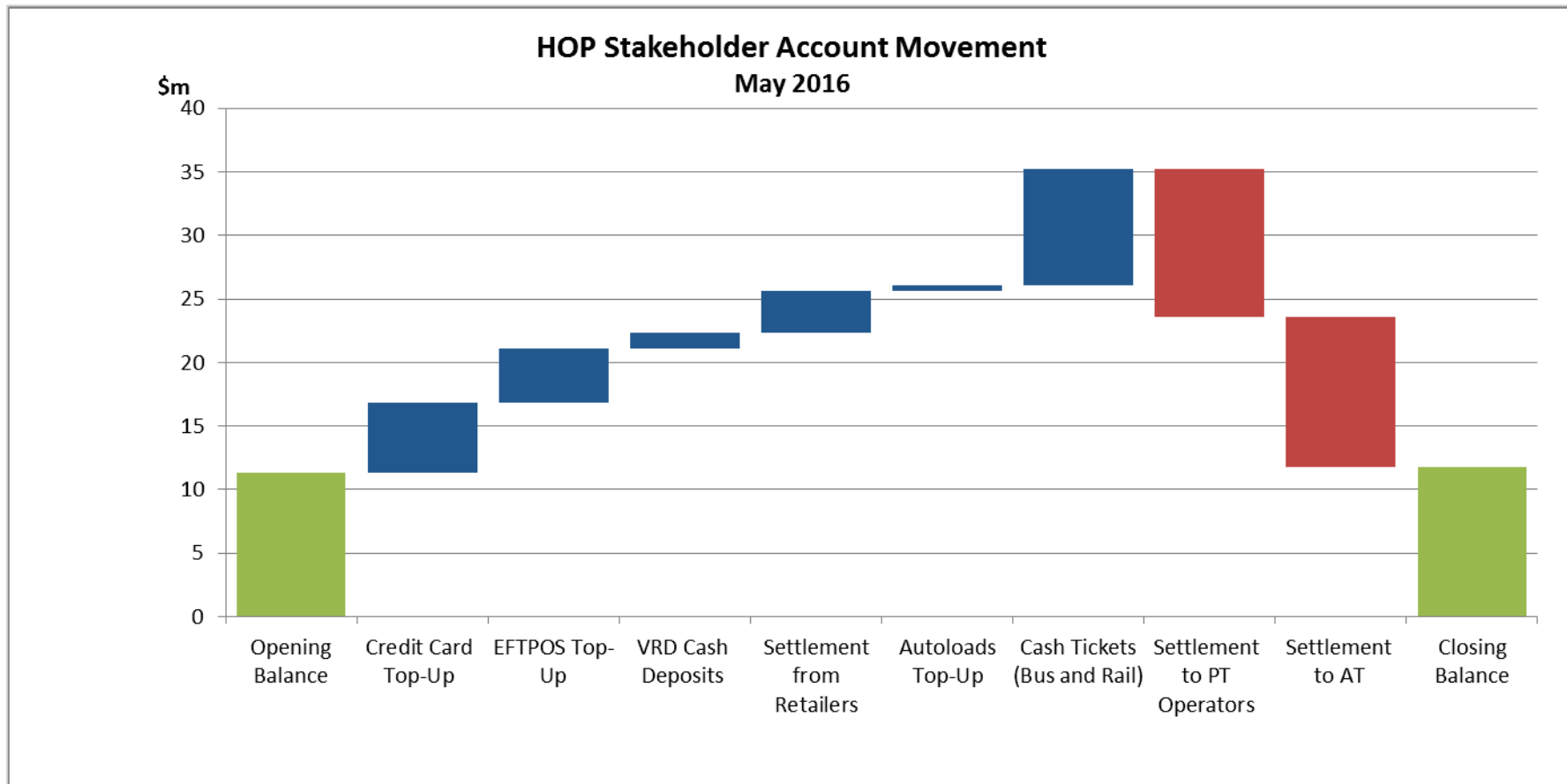
Direct receipts prior to lodging with MoJ continue to show an upward trend as a result of the Baycorp arrangement.



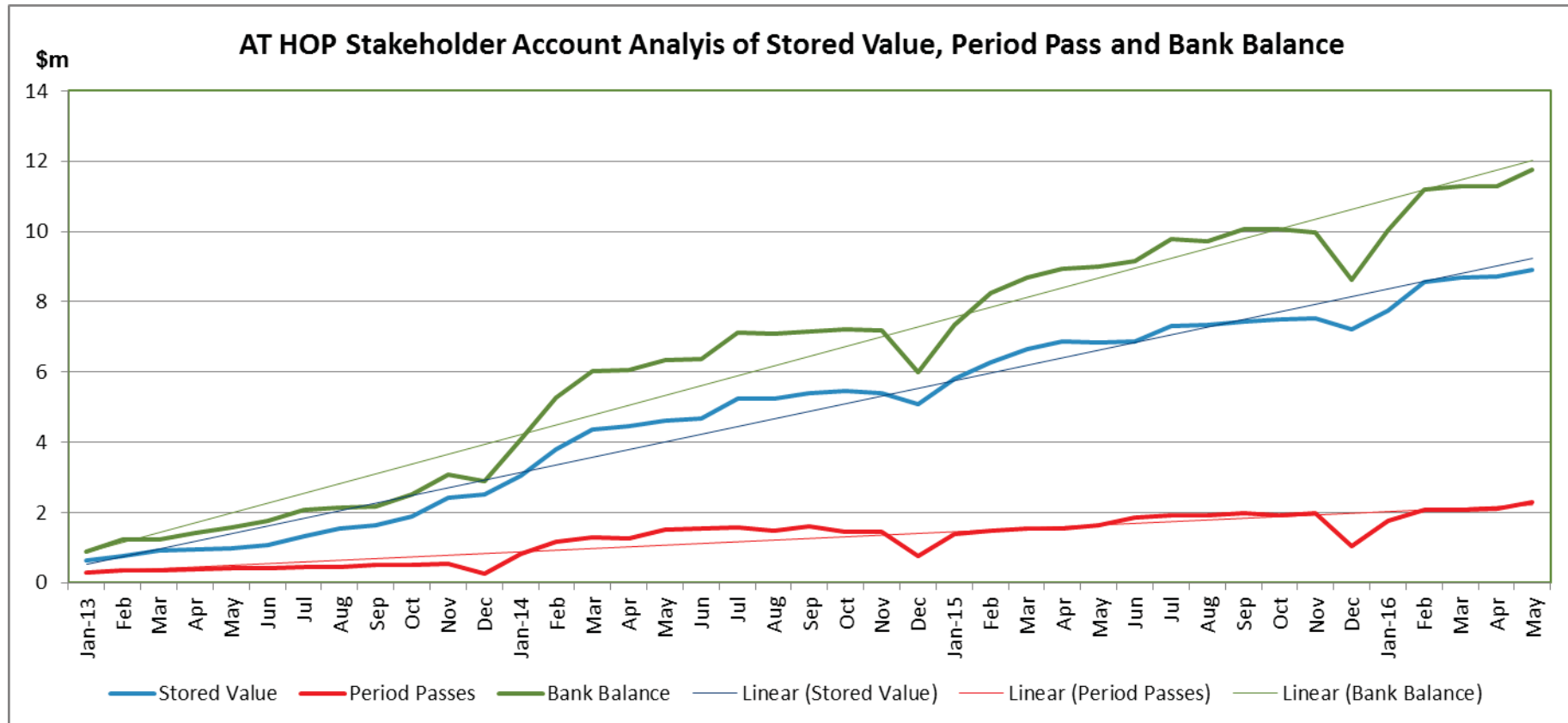
Section 7 – AT HOP Stakeholder Monthly Report

(Does not form part of AT results)

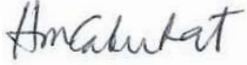


The AT HOP Stakeholder bank account finished off this month at \$11.7 million, which is 0.2% slightly higher than the previous month's \$11.3 million.



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 Senior Financial Reporting Accountant	
	Glenys Gray Financial Accountant	
Recommended by	Julian Michael Financial Reporting Manager	
Approved for submission	Richard Morris Chief Financial Officer	