

# Financial Results for the Four Months Ended 31 October 2016

## Recommendation

That the Board:

- i. Receives the report.

## Table of Contents

1. Overview (section 1)
2. Auckland Transport Financial Results
  - a. Executive summary (section 2a)
  - b. Split by category (section 2b)
  - c. Summary by activity (section 2c)
  - d. Split by activity (section 2d)
  - e. Operational funding requirement (section 2e)
3. Capital expenditure results
  - a. Summary of capital expenditure (section 3a)
  - b. Funding (section 3b)
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)

## Section 1 – Overview

**Deficit from operations** year to date is favourable to budget by \$6 million. The full year expectation remains unchanged from what was previously reported. Pressure on operating costs over the year is being managed and AT's ability to live within the current operating budget is expected to be confirmed in the mid-year budget refresh currently underway.

Revenue from third parties remains a significant risk:

- **AT Metro income** (in bus and rail) continues to be behind budget. Simpler Fares has reduced the fares on many routes as projected in the proposal and, along with other initiatives, has driven more people to use HOP (lower than equivalent cash fares), resulting in a lower average yield per passenger journey. Significant behaviour change on multi-trip journeys has not been seen yet as this is tied also to the introduction of the bus New Network. Patronage is also below budget contributing to lower income. The impact of lower fares has yet to be seen in increased patronage, which would expect to be seen over a six to eighteen month period. Following the successful introduction of Simpler Fares and Phase 1 of the communications campaign predominantly targeted existing users, Phase 2 has commenced to broaden the communication to potential new users with localised messaging of fare prices. In addition to the focus on patronage and revenue acquisition AT Metro is also reviewing expenditure forecasts to offset expected year-end revenue deficit through cost savings. The annual fare review will partially off-set current revenue reductions.
- **Parking and enforcement income** is behind budget mainly as a result of lower than budget parking infringement notice issuances, delays in the roll-out of new paid parking areas and higher than anticipated paid parking spaces removed to make way for the CRL and Wynyard Quarter projects. Mitigating measures (e.g. special vehicle lane enforcement, license plate recognition and roll-out of new paid parking areas) are in place to reduce the impact of the reduced income. The full effects of these measures will be seen in the coming months, however, income is still expected to be lower than budget by the end of the year. Cost savings within the parking and enforcement area will be identified to offset the expected decline in income.
- **NZ Transport Agency operating funding** is above budget mainly due to a one-off \$2.7 million of unbudgeted revenue discussed previously. Bus and Rail operations subsidy is more than budget for the year to date. Revenue shortfalls noted above result in a higher fare subsidy although this factor is likely to result in the capped budget being reached later in the year.
- **Operating expenditure** is below budget by \$8 million or 2%. Personnel cost is slightly above budget in October mainly due to staffing changes in the Infrastructure Division.

- **Capital expenditure programme** is 9% or \$19 million under budget year to date mainly due to \$10 million underspent in renewals. Items to note are:
  - Renewals programme for the month of October was impacted by wet weather. Plans are in place for road and pavement resurfacing works and pavement rehabilitation works to catch-up in the coming months.
  - At the end of the first quarter, a number of risks have been identified mainly within the Growth Infrastructure Fund land acquisition programme. Steps have been undertaken to ramp up delivery.
  - Albany Highway and Otahuhu bus interchange were opened to the public in October. The construction project for Manukau Interchange has been let and Te Atatu Road construction is well underway. Parnell Station will open early in 2017. AT is set to deliver a significant programme of work in 2016/17.
  - Over-all, property acquisition programme and CRL are tracking ahead of budget. CRL is expected to be within budget by the end of the year.
  - AC has yet to approve projects against the Special Housing Area ring-fenced funding.

## Section 2a – Executive Summary

Financial results for the four months ended 31 October 2016:

	Current month variance to budget	Year to date variance to budget	Year to date results	Year to date Actual	Year to date budget	Full Year budget
	\$m	\$m		\$m	\$m	\$m
Total operating income	(0.1)	(1.6)	↔ ●	253.1	254.7	786.1
Total operating expenditure	1.8	7.5	↓ ●	348.8	356.3	1,118.7
Surplus/(deficit) from operations	1.7	6.0	↓ ●	(95.7)	(101.6)	(332.6)
Income for capital projects	(15.1)	(4.2)	↓ ●	230.9	235.1	866.1
Net surplus/(deficit) before tax	(13.3)	1.8	↑ ●	135.2	133.4	533.5
Total direct capital	15.7	18.8	↓ ●	189.9	208.7	764.6

### Key to symbols used:

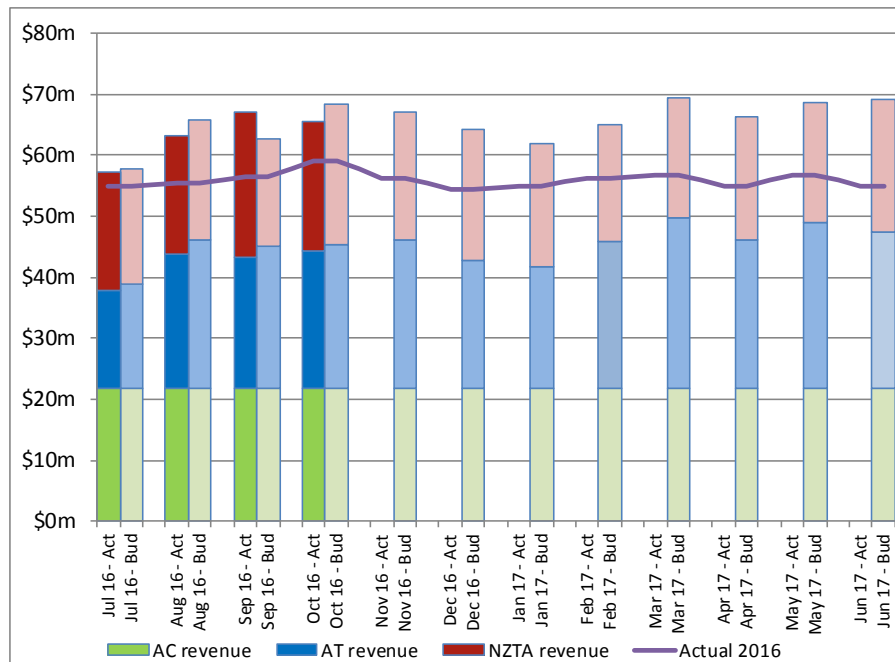
↔	: Within tolerable range	↑	: Above budget, favourable variance.
↓	: Below budget, unfavourable variance.	●	: Largely on track
↓	: Below budget, favourable variance.	●	: Monitoring, some action taken
↑	: Above budget, unfavourable variance.	●	: Action required

## Section 2b – Financial results for the four months ended 31 October 2016

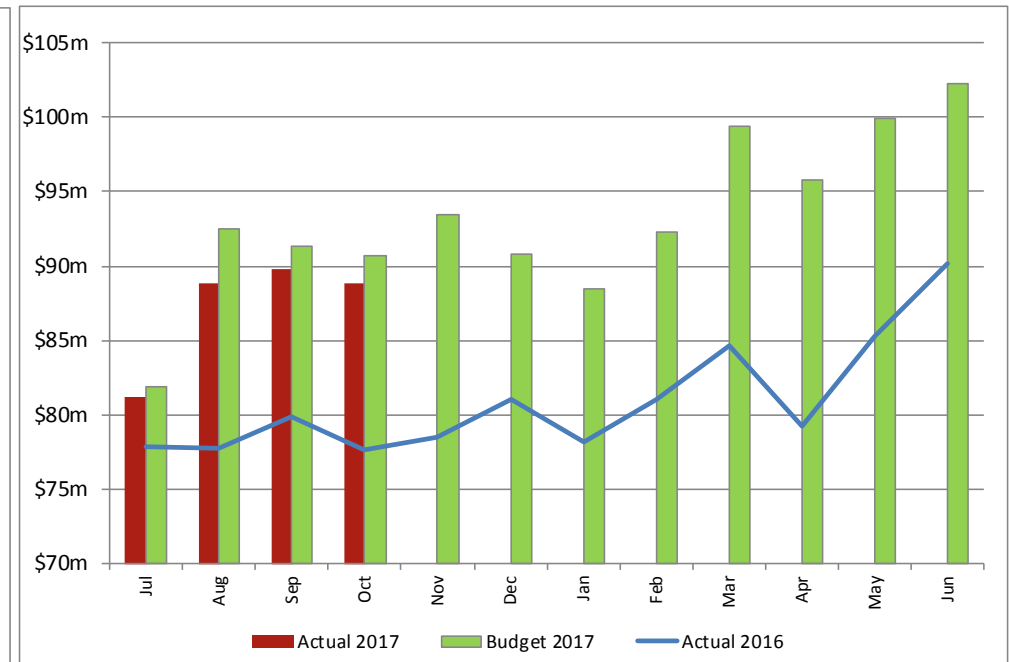
	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Results achieved Budget \$000
<b>Income</b>							
<u>Operating income</u>							
Auckland Council funding	21,681	21,681	-	86,722	86,722	-	● 260,167
NZ Transport Agency operating funding	21,368	20,468	900	83,796	79,453	4,343	● 242,676
Parking and enforcement income	6,161	7,088	(927)	25,590	27,682	(2,092)	● 84,564
AT Metro income	13,660	13,958	(298)	45,474	50,177	(4,703)	● 169,042
Other revenue incl. other grants and subsidies	2,758	2,483	275	11,532	10,646	886	● 29,698
<b>Total operating income</b>	<b>65,628</b>	<b>65,678</b>	<b>(50)</b>	<b>253,114</b>	<b>254,680</b>	<b>(1,566)</b>	<b>● 786,147</b>
<b>Expenditure</b>							
Personnel costs	12,378	11,983	(395)	49,281	49,880	599	● 149,298
Capitalised personnel costs	(3,335)	(3,176)	159	(11,714)	(12,981)	(1,267)	● (39,713)
Depreciation and amortisation	26,784	27,097	313	107,189	107,398	209	● 337,978
Other expenditure	50,543	52,186	1,643	194,021	201,862	7,841	● 640,651
Finance costs (Electric Trains)	2,522	2,574	52	10,019	10,157	138	● 30,511
<b>Total operating expenditure</b>	<b>88,892</b>	<b>90,664</b>	<b>1,772</b>	<b>348,796</b>	<b>356,316</b>	<b>7,520</b>	<b>● 1,118,725</b>
<b>Surplus/(deficit) from operations</b>	<b>(23,264)</b>	<b>(24,986)</b>	<b>1,722</b>	<b>(95,682)</b>	<b>(101,636)</b>	<b>5,954</b>	<b>● (332,578)</b>
<u>Income for capital projects</u>							
NZ Transport Agency capital co-investment	14,673	19,629	(4,956)	45,128	56,684	(11,556)	● 216,602
Auckland Council capital grant	31,993	43,268	(11,275)	142,954	153,009	(10,055)	● 548,009
Other Capital Grants	489	-	489	1,810	-	1,810	● -
Vested asset income	686	-	686	41,025	25,375	15,650	● 101,500
	47,841	62,897	(15,056)	230,917	235,068	(4,151)	● 866,111
<b>Net surplus/(deficit) before tax and derivatives</b>	<b>24,577</b>	<b>37,911</b>	<b>(13,334)</b>	<b>135,235</b>	<b>133,432</b>	<b>1,803</b>	<b>● 533,533</b>
Gains/(losses) on derivatives	721	-	721	1,144	-	1,144	-
Profit/(loss) on disposal of assets	-	-	-	-	-	-	(758)
Income tax benefit/(expense)	-	-	-	-	-	-	-
<b>Net surplus/(deficit) after tax and derivatives</b>	<b>25,298</b>	<b>37,911</b>	<b>(12,613)</b>	<b>136,379</b>	<b>133,432</b>	<b>2,947</b>	<b>● 532,775</b>

## Section 2b – Financial results for the four months ended 31 October 2016 (continued)

### Operating revenue



### Operating expenditure (excl. disposals and derivatives)



## 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
<b>Operating Income</b>							
Rail	9,747	10,028	(281)	39,567	40,596	(1,029)	122,497
Bus	15,098	14,849	249	50,102	52,503	(2,401)	180,655
Ferry	1,052	1,304	(252)	4,056	4,861	(805)	15,094
Other public transport	2,685	2,712	(27)	10,310	10,021	289	32,138
Parking	3,763	4,303	(540)	15,664	16,018	(354)	52,991
Enforcement	2,398	2,784	(386)	9,925	11,665	(1,740)	31,573
Roading and footpaths	5,422	4,657	765	20,194	19,974	220	57,159
Internal support	3,783	3,359	424	16,574	12,320	4,254	33,872
Auckland Council operating funding	21,681	21,681	-	86,722	86,722	-	260,167
<b>Total operating income</b>	<b>65,629</b>	<b>65,677</b>	<b>(48)</b>	<b>253,114</b>	<b>254,680</b>	<b>(1,566)</b>	<b>786,146</b>
<b>Operating Expenditure</b>							
Rail	13,910	14,011	101	56,272	56,758	486	171,304
Bus	20,853	20,352	(501)	73,460	74,241	781	249,541
Ferry	1,379	1,826	447	5,695	6,709	1,014	20,475
Other public transport	3,823	4,210	387	14,703	15,895	1,192	51,478
Parking	940	1,006	66	4,132	4,146	14	12,371
Enforcement	1,720	1,649	(71)	6,624	7,247	623	21,471
Roading and footpaths	10,722	10,097	(625)	41,340	42,112	772	127,790
Internal support	8,762	10,413	1,651	39,382	41,808	2,426	126,317
Depreciation	26,784	27,097	313	107,189	107,398	209	337,978
<b>Total operating expenditure</b>	<b>88,893</b>	<b>90,661</b>	<b>1,768</b>	<b>348,797</b>	<b>356,314</b>	<b>7,517</b>	<b>1,118,725</b>
<b>Surplus/(deficit) from Operations</b>	<b>(23,264)</b>	<b>(24,984)</b>	<b>1,720</b>	<b>(95,683)</b>	<b>(101,634)</b>	<b>5,951</b>	<b>(332,579)</b>

## Section 2d – Rail operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Activity Income	3,935	4,462	(527)	16,602	18,212	(1,610)	54,700
Other income	44	94	(50)	139	402	(263)	1,210
NZ Transport Agency operating funding	4,125	3,795	330	16,390	15,457	933	46,837
NZ Transport Agency operating funding - Electric Trains	1,643	1,677	(34)	6,436	6,525	(89)	19,750
<b>Total operating income</b>	<b>9,747</b>	<b>10,028</b>	<b>(281)</b>	<b>39,567</b>	<b>40,596</b>	<b>(1,029)</b>	<b>122,497</b>
<b>Operating Expenditure</b>							
Personnel costs	192	184	(8)	785	748	(37)	2,284
Capitalised personnel costs	6	-	(6)	24	-	(24)	45
Service delivery costs and professional services	8,309	8,238	(71)	33,728	33,708	(20)	100,722
Occupancy costs	333	288	(45)	1,167	1,172	5	3,478
Track access charges	1,981	2,067	86	8,133	8,446	313	26,085
Other expenditure	567	660	93	2,416	2,528	112	8,179
Finance costs (Electric Trains)	2,522	2,574	52	10,019	10,156	137	30,511
<b>Total operating expenditure</b>	<b>13,910</b>	<b>14,011</b>	<b>101</b>	<b>56,272</b>	<b>56,758</b>	<b>486</b>	<b>171,304</b>
Depreciation	3,125	3,147	22	12,524	12,465	(59)	37,695
<b>Surplus/(deficit) from Operations</b>	<b>(7,288)</b>	<b>(7,130)</b>	<b>(158)</b>	<b>(29,229)</b>	<b>(28,627)</b>	<b>(602)</b>	<b>(86,502)</b>
Internal support costs	1,707	2,255	547	7,637	9,338	1,701	31,227
<b>Surplus/(deficit)</b>	<b>(8,995)</b>	<b>(9,385)</b>	<b>389</b>	<b>(36,866)</b>	<b>(37,965)</b>	<b>1,099</b>	<b>(117,729)</b>



## Section 2d – Bus operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Activity Income	8,258	8,070	188	22,326	25,841	(3,515)	94,158
Other income	76	168	(92)	963	1,054	(91)	4,312
NZ Transport Agency operating funding	6,764	6,611	153	26,813	25,608	1,205	82,185
<b>Total operating income</b>	<b>15,098</b>	<b>14,849</b>	<b>249</b>	<b>50,102</b>	<b>52,503</b>	<b>(2,401)</b>	<b>180,655</b>
<b>Operating Expenditure</b>							
Personnel costs	294	301	7	1,167	1,247	80	4,003
Capitalised personnel costs	24	(13)	(37)	16	(64)	(80)	33
Service delivery costs and professional services	20,377	19,899	(478)	71,637	72,410	773	243,535
Occupancy costs	(58)	100	158	194	398	204	1,201
Other expenditure	216	65	(151)	446	250	(196)	769
<b>Total operating expenditure</b>	<b>20,853</b>	<b>20,352</b>	<b>(501)</b>	<b>73,460</b>	<b>74,241</b>	<b>781</b>	<b>249,541</b>
Depreciation	274	312	38	1,069	1,008	(61)	3,581
<b>Surplus/(deficit) from Operations</b>	<b>(6,029)</b>	<b>(5,815)</b>	<b>(214)</b>	<b>(24,427)</b>	<b>(22,746)</b>	<b>(1,681)</b>	<b>(72,467)</b>
Internal support costs	2,487	3,284	797	11,125	13,603	2,478	45,488
<b>Surplus/(deficit)</b>	<b>(8,516)</b>	<b>(9,099)</b>	<b>583</b>	<b>(35,552)</b>	<b>(36,349)</b>	<b>797</b>	<b>(117,955)</b>

## Section 2d – Ferry operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Operator access fees	412	352	60	1,516	1,406	110	4,857
Activity Income	110	102	8	376	399	(23)	1,210
Other income	65	72	(7)	254	268	(14)	948
NZ Transport Agency operating funding	465	778	(313)	1,910	2,788	(878)	8,079
<b>Total operating income</b>	<b>1,052</b>	<b>1,304</b>	<b>(252)</b>	<b>4,056</b>	<b>4,861</b>	<b>(805)</b>	<b>15,094</b>
<b>Operating Expenditure</b>							
Personnel costs	84	101	17	338	382	44	1,211
Capitalised personnel costs	-	-	-	2	-	(2)	-
Service delivery costs and professional services	1,096	1,463	367	4,531	5,420	889	16,491
Occupancy costs	62	63	1	257	253	(4)	777
Other expenditure	137	199	62	567	654	87	1,996
<b>Total operating expenditure</b>	<b>1,379</b>	<b>1,826</b>	<b>447</b>	<b>5,695</b>	<b>6,709</b>	<b>1,014</b>	<b>20,475</b>
Depreciation	253	251	(2)	1,010	999	(11)	2,995
<b>Surplus/(deficit) from Operations</b>	<b>(580)</b>	<b>(773)</b>	<b>193</b>	<b>(2,649)</b>	<b>(2,847)</b>	<b>198</b>	<b>(8,376)</b>
Internal support costs	204	269	65	913	1,116	203	3,732
<b>Surplus/(deficit)</b>	<b>(784)</b>	<b>(1,042)</b>	<b>258</b>	<b>(3,562)</b>	<b>(3,963)</b>	<b>401</b>	<b>(12,108)</b>

## Section 2d – 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
<b>Operating Income</b>							
Other income	760	638	122	3,299	2,594	705	7,646
NZ Transport Agency operating funding	1,925	2,074	(149)	7,011	7,427	(416)	24,492
<b>Total operating income</b>	<b>2,685</b>	<b>2,712</b>	<b>(27)</b>	<b>10,310</b>	<b>10,021</b>	<b>289</b>	<b>32,138</b>
<b>Operating Expenditure</b>							
Personnel costs	1,343	1,350	7	5,564	5,326	(238)	16,073
Capitalised personnel costs	9	43	34	43	201	158	344
Service delivery costs and professional services	1,553	1,777	224	5,092	6,422	1,330	22,571
IT costs	228	182	(46)	758	727	(31)	2,201
Other expenditure	690	858	168	3,246	3,219	(27)	10,289
<b>Total operating expenditure</b>	<b>3,823</b>	<b>4,210</b>	<b>387</b>	<b>14,703</b>	<b>15,895</b>	<b>1,192</b>	<b>51,478</b>
Depreciation	1,251	1,155	(96)	4,992	4,853	(139)	16,856
<b>Surplus/(deficit) from Operations</b>	<b>(2,389)</b>	<b>(2,653)</b>	<b>264</b>	<b>(9,385)</b>	<b>(10,727)</b>	<b>1,342</b>	<b>(36,196)</b>
Internal support costs	513	678	164	2,295	2,806	511	9,384
<b>Surplus/(deficit)</b>	<b>(2,902)</b>	<b>(3,331)</b>	<b>428</b>	<b>(11,680)</b>	<b>(13,533)</b>	<b>1,853</b>	<b>(45,580)</b>

## Section 2d – Parking operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Other income	41	177	(136)	414	472	(58)	4,188
Parking Fees	3,722	4,126	(404)	15,250	15,546	(296)	48,803
<b>Total operating income</b>	<b>3,763</b>	<b>4,303</b>	<b>(540)</b>	<b>15,664</b>	<b>16,018</b>	<b>(354)</b>	<b>52,991</b>
<b>Operating Expenditure</b>							
Personnel costs	233	223	(10)	975	1,020	45	3,002
Capitalised personnel costs	(8)	(1)	7	(21)	(5)	16	(14)
Service delivery costs and professional services	171	239	68	814	957	143	2,871
Occupancy Costs	479	507	28	2,049	2,029	(20)	6,088
Other expenditure	65	38	(27)	315	145	(170)	424
<b>Total operating expenditure</b>	<b>940</b>	<b>1,006</b>	<b>66</b>	<b>4,132</b>	<b>4,146</b>	<b>14</b>	<b>12,371</b>
Depreciation	653	583	(70)	2,606	2,333	(273)	7,000
<b>Surplus/(deficit) from Operations</b>	<b>2,170</b>	<b>2,714</b>	<b>(544)</b>	<b>8,926</b>	<b>9,539</b>	<b>(613)</b>	<b>33,620</b>
Internal support costs	123	163	40	552	674	123	2,255
<b>Surplus/(deficit)</b>	<b>2,047</b>	<b>2,551</b>	<b>(504)</b>	<b>8,374</b>	<b>8,865</b>	<b>(490)</b>	<b>31,365</b>

## Section 2d – Enforcement operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Other income	-	-	-	-	-	-	-
Infringement income	2,398	2,784	(386)	9,925	11,665	(1,740)	31,573
<b>Total operating income</b>	<b>2,398</b>	<b>2,784</b>	<b>(386)</b>	<b>9,925</b>	<b>11,665</b>	<b>(1,740)</b>	<b>31,573</b>
<b>Operating Expenditure</b>							
Personnel costs	833	804	(29)	3,397	3,660	263	10,793
Capitalised personnel costs	13	4	(9)	50	17	(33)	52
Service delivery costs and professional services	318	161	(157)	766	645	(121)	1,935
Occupancy Costs	3	-	(3)	3	-	(3)	-
Other expenditure	553	680	127	2,408	2,925	517	8,691
<b>Total operating expenditure</b>	<b>1,720</b>	<b>1,649</b>	<b>(71)</b>	<b>6,624</b>	<b>7,247</b>	<b>623</b>	<b>21,471</b>
Depreciation	10	20	10	37	80	43	241
<b>Surplus/(deficit) from Operations</b>	<b>668</b>	<b>1,115</b>	<b>(447)</b>	<b>3,264</b>	<b>4,338</b>	<b>(1,074)</b>	<b>9,861</b>
Internal support costs	214	283	69	957	1,170	213	3,914
<b>Surplus/(deficit)</b>	<b>454</b>	<b>832</b>	<b>(378)</b>	<b>2,307</b>	<b>3,168</b>	<b>(861)</b>	<b>5,947</b>

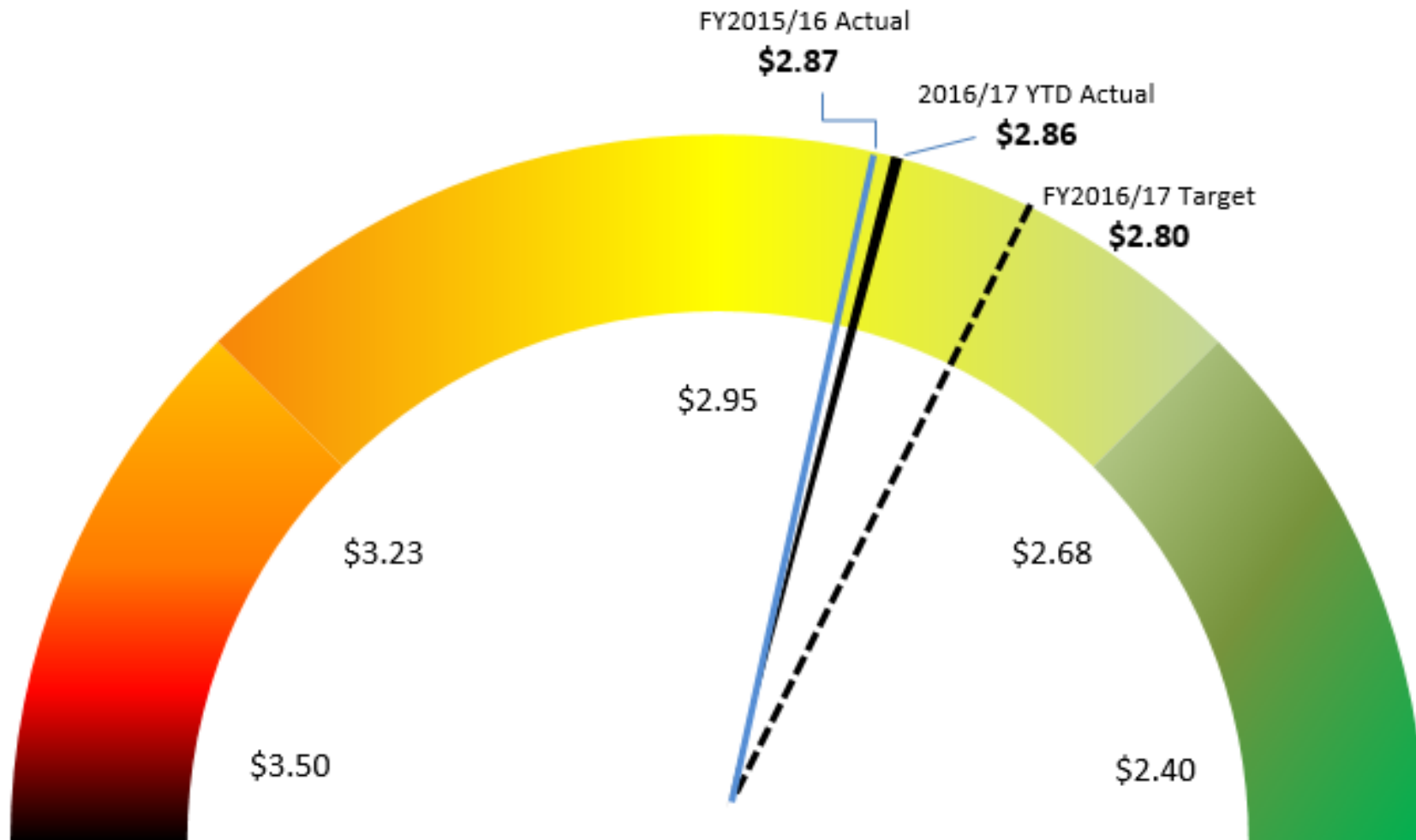
## Section 2d – Roading and footpaths operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Petrol tax	773	729	44	3,105	2,924	181	8,737
Other income	650	447	203	2,738	2,440	298	5,718
NZ Transport Agency operating funding	3,999	3,481	518	14,351	14,610	(259)	42,704
<b>Total operating income</b>	<b>5,422</b>	<b>4,657</b>	<b>765</b>	<b>20,194</b>	<b>19,974</b>	<b>220</b>	<b>57,159</b>
<b>Operating Expenditure</b>							
Personnel costs	2,339	2,324	(15)	9,470	9,807	337	28,874
Capitalised personnel costs	(396)	(774)	(378)	(1,888)	(2,775)	(887)	(8,699)
Service delivery costs and professional services	6,979	6,712	(267)	25,912	27,221	1,309	84,453
Occupancy Costs	1,592	1,261	(331)	6,210	5,671	(539)	15,933
IT Costs	(36)	32	68	10	123	113	316
Other expenditure	244	542	298	1,626	2,065	439	6,913
<b>Total operating expenditure</b>	<b>10,722</b>	<b>10,097</b>	<b>(625)</b>	<b>41,340</b>	<b>42,112</b>	<b>772</b>	<b>127,790</b>
Depreciation	19,676	20,070	394	78,584	79,473	889	242,760
<b>Surplus/(deficit) from Operations</b>	<b>(24,976)</b>	<b>(25,510)</b>	<b>534</b>	<b>(99,730)</b>	<b>(101,611)</b>	<b>1,881</b>	<b>(313,391)</b>
Internal support costs	1,274	1,682	408	5,697	6,966	1,269	23,295
<b>Surplus/(deficit)</b>	<b>(26,250)</b>	<b>(27,192)</b>	<b>942</b>	<b>(105,427)</b>	<b>(108,577)</b>	<b>3,150</b>	<b>(336,686)</b>

## Section 2d – Internal support

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Rental income	1,383	1,258	125	5,386	4,904	482	13,934
Other income	(47)	49	(96)	303	378	(75)	1,309
NZ Transport Agency operating funding	2,447	2,052	395	10,885	7,038	3,847	18,629
<b>Total operating income</b>	<b>3,783</b>	<b>3,359</b>	<b>424</b>	<b>16,574</b>	<b>12,320</b>	<b>4,254</b>	<b>33,872</b>
<b>Operating Expenditure</b>							
Personnel costs	7,061	6,695	(366)	27,585	27,691	106	83,057
Capitalised personnel costs	(2,982)	(2,435)	547	(9,939)	(10,356)	(417)	(31,473)
Directors Fees	42	43	1	170	170	-	510
Service delivery costs and professional services	2,123	3,662	1,539	11,247	14,243	2,996	41,822
Other expenditure	2,518	2,448	(70)	10,319	10,060	(259)	32,401
<b>Total operating expenditure</b>	<b>8,762</b>	<b>10,413</b>	<b>1,651</b>	<b>39,382</b>	<b>41,808</b>	<b>2,426</b>	<b>126,317</b>
Depreciation	1,544	1,559	15	6,367	6,186	(181)	26,850
Income tax benefit/(expense)	-	-	-	-	-	-	-
<b>Surplus/(deficit) from Operations</b>	<b>(6,523)</b>	<b>(8,613)</b>	<b>2,090</b>	<b>(29,175)</b>	<b>(35,674)</b>	<b>6,499</b>	<b>(119,295)</b>
Internal support allocated	6,523	8,613	2,090	29,175	35,674	6,499	119,295
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Section 2e – Operational funding requirement per passenger for the four months to October 2016





## Section 3a – Summary of Capital Expenditure

	Current month			Year to date			Results achieved	Full year Budget \$000
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000		
<b>Land</b>								
CRL	292	1,564	1,272	2,370	4,051	1,681	●	19,255
AMETI	953	1,000	47	5,394	2,693	(2,701)	●	13,700
Special Housing Areas (SHAs)	4	10	6	8	65	57	●	17,765
Other	694	583	(111)	19,965	14,306	(5,659)	●	29,987
<b>Total land</b>	<b>1,943</b>	<b>3,157</b>	<b>1,214</b>	<b>27,737</b>	<b>21,115</b>	<b>(6,622)</b>	●	<b>80,707</b>
<b>Major new capital projects</b>								
CRL	8,292	9,216	924	38,454	29,173	(9,281)	●	150,242
Albany Highway Upgrade	292	350	58	3,465	1,400	(2,065)	●	3,822
Otahuhu Bus Interchange	2,061	460	(1,601)	8,151	6,140	(2,011)	●	3,324
Te Atatu Road Corridor Improvements	1,031	891	(140)	2,684	3,323	639	●	9,509
NorthWest Transformation	(6)	228	234	1,083	1,253	170	●	6,317
AMETI	587	731	144	2,087	2,765	678	●	8,364
Manukau Bus Interchange	167	504	337	601	856	255	●	22,600
<b>Total major new capital projects</b>	<b>12,424</b>	<b>12,380</b>	<b>(44)</b>	<b>56,525</b>	<b>44,910</b>	<b>(11,615)</b>	●	<b>204,178</b>
<b>Other ring-fenced projects</b>								
EMU	192	875	683	597	3,500	2,903	●	10,499
Local Board initiatives	1,382	3,075	1,693	7,901	13,550	5,649	●	10,537
Special Housing Areas (SHAs)	51	66	15	434	317	(117)	●	18,135
Other	459	338	(121)	1,391	1,612	221	●	9,456
<b>Total other ring-fenced projects</b>	<b>2,084</b>	<b>4,354</b>	<b>2,270</b>	<b>10,323</b>	<b>18,979</b>	<b>8,656</b>	●	<b>48,627</b>
<b>Other</b>								
Roads and footpaths	9,838	12,557	2,719	30,819	42,783	11,964	●	125,524
AT Metro	2,443	3,794	1,351	7,779	13,196	5,417	●	56,006
Parking operations	341	491	150	1,061	1,831	770	●	3,686
Internal support - BT	1,746	1,605	(141)	5,362	4,852	(510)	●	11,825
Internal support - Accomodation	156	122	(34)	648	722	74	●	4,000
Internal support - Other	18	50	32	73	375	302	●	1,950
<b>Total other</b>	<b>14,542</b>	<b>18,619</b>	<b>4,077</b>	<b>45,742</b>	<b>63,759</b>	<b>18,017</b>	●	<b>202,991</b>
<b>Renewals</b>	<b>16,161</b>	<b>24,386</b>	<b>8,225</b>	<b>49,565</b>	<b>59,923</b>	<b>10,358</b>	●	<b>228,107</b>
<b>Total direct capital</b>	<b>47,154</b>	<b>62,896</b>	<b>15,742</b>	<b>189,892</b>	<b>208,686</b>	<b>18,794</b>	●	<b>764,610</b>

## Section 3b – Capital Expenditure Funding

	Current month			Year to date			Full year
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Funding</b>							
NZ Transport Agency new capital co-investment	7,819	9,095	(1,276)	24,623	32,041	(7,418)	153,310
NZ Transport Agency renewal co-investment	6,854	10,534	(3,680)	20,505	24,643	(4,138)	63,292
Other Capital Grants	489	-	489	1,810	-	1,810	-
Auckland Council capital grant	31,992	43,267	(11,275)	142,954	152,002	(9,048)	548,008
<b>Total direct capital funding</b>	<b>47,154</b>	<b>62,896</b>	<b>(15,742)</b>	<b>189,892</b>	<b>208,686</b>	<b>(18,794)</b>	<b>764,610</b>

## Section 4a – Statement of Financial Position

As at 31 October 2016

	Note	Actual 31 October 2016 \$000	Actual 30 September 2016 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	5,845	3,917
Trade and other receivables	2	248,665	258,442
Inventories		9,721	9,712
Other assets		17,334	23,869
Non-current asset held for sale		6,406	6,297
Total current assets		287,971	302,237
<b>Non-current assets</b>			
Property, plant and equipment		16,352,384	16,347,447
Property, plant and equipment - work-in-progress		672,678	654,875
Intangible assets		124,586	126,263
Total non-current assets		17,149,648	17,128,585
<b>Total assets</b>		<b>17,437,619</b>	<b>17,430,822</b>

## Section 4a – Statement of Financial Position (continued)

As at 31 October 2016

	Note	Actual 31 October 2016 \$000	Actual 30 September 2016 \$000
<b>Liabilities</b>			
<b>Current liabilities</b>			
Derivative financial instruments	3	181	263
Trade and other payables	4	180,930	198,970
Employee benefit liabilities	5	12,838	12,114
Borrowings	6	5,322	5,314
Total current liabilities		199,271	216,661
<b>Non-current liabilities</b>			
Derivative financial instruments	3	3,482	3,873
Trade and other payables	4	18,937	19,185
Employee benefit liabilities	5	624	624
Borrowings	6	488,937	489,410
Deferred tax liability	7	11,425	11,425
Total non-current liabilities		523,405	524,517
<b>Total liabilities</b>		<b>722,676</b>	<b>741,178</b>
<b>Net assets</b>		<b>16,714,943</b>	<b>16,689,644</b>
<b>Equity</b>			
Contributed capital		13,463,871	13,463,871
Accumulated surplus/(deficit)		1,133,614	1,108,315
Other reserves		2,117,458	2,117,458
<b>Total equity</b>		<b>16,714,943</b>	<b>16,689,644</b>

## Section 4b – Notes to the Financial Statements (continued)

As at 31 October 2016

	Actual 31 October 2016 \$000	Actual 30 September 2016 \$000
<b>1 Cash and cash equivalents</b>		
Cash at bank - Trading	5,551	3,623
Till floats	294	294
<b>Total cash and cash equivalents</b>	<b>5,845</b>	<b>3,917</b>
The carrying value of cash and cash equivalents approximates their fair value.		
<b>2 Trade and other receivables</b>		
Trade debtors	3,732	2,789
Finance lease receivable	49	51
Infringements receivable	33,371	33,068
Amounts due from related parties	180,544	196,336
Accrued income	40,598	38,631
Goods and services tax	4,385	1,430
	<b>262,679</b>	<b>272,305</b>
Less provision for impairment of receivables	(14,014)	(13,863)
<b>Total trade and other receivables</b>	<b>248,665</b>	<b>258,442</b>

## Section 4b – Notes to the Financial Statements

### As at 31 October 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 October 2016 is detailed below:

	<b>Gross \$000</b>	<b>Impaired \$000</b>	<b>Net \$000</b>
Not past due	230,127	-	230,127
Past due 1 - 30 days	2,084	-	2,084
Past due 31 - 60 days	1,884	-	1,884
Past due 61 - 90 days	1,201	-	1,201
Past due > 90 days	27,383	(14,014)	13,369
	<b>262,679</b>	<b>(14,014)</b>	<b>248,665</b>

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:

	<b>Actual \$000</b>
At 1 July 2016	13,618
Additional provisions made	396
Provisions reversed	-
Receivables written-off	-
At 31 October 2016	14,014

## Section 4b – Notes to the Financial Statements (continued)

As at 31 October 2016

	Actual 31 October 2016 \$000	Actual 30 September 2016 \$000
<b>3 Derivative financial instruments</b>		
<b>Current liability portion</b>		
Forward foreign exchange contracts - not hedge accounted	181	263
Current derivative financial instruments	<b>181</b>	<b>263</b>
<b>Non-current liability portion</b>		
Interest rate swaps - not hedge accounted	3,482	3,873
Non-current derivative financial instruments	<b>3,482</b>	<b>3,873</b>
<b>Total derivative financial instrument liabilities</b>	<b>3,663</b>	<b>4,136</b>

### 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*

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$3.1 million. The foreign currency principal amount was USD \$2.1 million. The cash flow hedge gain of \$61,240 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 October 2016 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.81% to 5.96%. The gain on their revaluation of \$95,327 has been recorded in the Statement of Financial Performance.

## Section 4b – Notes to the Financial Statements (continued)

As at 31 October 2016

	Actual 31 October 2016 \$000	Actual 30 September 2016 \$000
<b>4 Trade and other payables</b>		
<b>Current portion</b>		
Creditors	15,537	33,406
Accrued expenses	141,323	141,416
Retentions	11,532	10,947
Amounts due to related parties	4,897	5,167
Income in advance	7,641	8,034
<b>Total current trade and other payables</b>	<b>180,930</b>	<b>198,970</b>
<b>Non-current portion</b>		
Amounts due to related parties	18,937	19,185
<b>Total non-current trade and other payables</b>	<b>18,937</b>	<b>19,185</b>
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.		
<b>5 Employee benefit liabilities</b>		
<b>Current portion</b>		
Accrued salaries and wages	3,139	2,586
Accrued leave	9,699	9,528
<b>Current employee benefit liabilities</b>	<b>12,838</b>	<b>12,114</b>
<b>Non-current portion</b>		
Retirement gratuities	383	383
Long service leave	241	241
<b>Non-current employee benefit liabilities</b>	<b>624</b>	<b>624</b>



## Section 4b – Notes to the Financial Statements (continued)

As at 31 October 2016

	Actual 31 October 2016 \$000	Actual 30 September 2016 \$000
<b>6 Borrowings</b>		
<b>Current portion</b>		
Loans from Auckland Council	5,322	5,314
<b>Current borrowings</b>	<b>5,322</b>	<b>5,314</b>
<b>Non-current portion</b>		
Loans from Auckland Council	488,937	489,410
<b>Non-current borrowings</b>	<b>488,937</b>	<b>489,410</b>
Weighted average cost of funds on total borrowings	6.01%	6.01%

Auckland Transport's loan debt of \$494 million is issued at fixed rates of interest ranging from 5.55% to 6.22%.

### 7 Deferred tax liability

	Property, Plant and Equipment \$000	Other Provisions \$000	Tax Losses \$000	Actual 31 October 2016 Total \$000
<b>Deferred tax liability</b>				
Balance at 1 July 2016	(11,425)	-	-	(11,425)
Charged to profit and loss	-	-	-	-
Charged to equity	-	-	-	-
<b>Balance at 31 October 2016</b>	<b>(11,425)</b>	<b>-</b>	<b>-</b>	<b>(11,425)</b>

## Section 5 – Cash Flow

	Year to date	Full year	
	Actual \$000	Budget \$000	Budget \$000
<b>Cash flows from operating activities</b>			
<b>Total cash provided</b>	466,193	495,853	1,550,758
<b>Cash applied to:</b>			
Payments to suppliers, employees and directors	248,692	249,302	750,237
Interest paid	8,953	10,157	30,511
Goods and services tax (net)	6,691	-	-
<b>Total cash applied</b>	<b>264,336</b>	<b>259,459</b>	<b>780,748</b>
<b>Net cash from operating activities</b>	<b>201,857</b>	<b>236,394</b>	<b>770,010</b>
<b>Cash flows from investing activities</b>			
<b>Cash provided from:</b>			
Sale of property, plant and equipment	995	-	-
<b>Total cash provided</b>	<b>995</b>	-	-
<b>Cash applied to:</b>			
Capital expenditure projects	198,329	234,687	764,611
<b>Total cash applied</b>	<b>198,329</b>	<b>234,687</b>	<b>764,611</b>
<b>Net cash from investing activities</b>	<b>(197,334)</b>	<b>(234,687)</b>	<b>(764,611)</b>
<b>Cash flows from financing activities</b>			
<b>Total cash provided</b>	-	-	-
<b>Cash applied to:</b>			
Repayments of EMU loan from Auckland Council	1,683	1,707	5,399
<b>Total cash applied</b>	<b>1,683</b>	<b>1,707</b>	<b>5,399</b>
<b>Net cash from financing activities</b>	<b>(1,683)</b>	<b>(1,707)</b>	<b>(5,399)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>2,840</b>	-	-
Opening cash balance	3,005	-	-
<b>Closing cash balance</b>	<b>5,845</b>	-	-

<b>Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities</b>		<b>Actual \$000</b>
<b>Surplus/(deficit) after tax</b>		<b>136,379</b>
<b>Add/(less) non cash items</b>		
Depreciation and amortisation	107,189	
Vested assets	(41,025)	
Foreign exchange loss	(61)	
Gain on interest rate swaps	(95)	
		<b>66,008</b>
<b>Add/(less) movements in working capital</b>		
Decrease/(Increase) in debtors and other receivables	24,092	
Decrease/(Increase) in inventories	26	
(Decrease)/Increase in creditors and other payables	(7,793)	
(Decrease)/Increase in employee benefits payable	(744)	
(Decrease)/Increase in other assets	(15,705)	
(Decrease)/Increase in non current asset held for sale	(406)	
		<b>(530)</b>
<b>Net cash flow from operating activities</b>		<b>201,857</b>

## Section 6 – Accounts Receivable Report

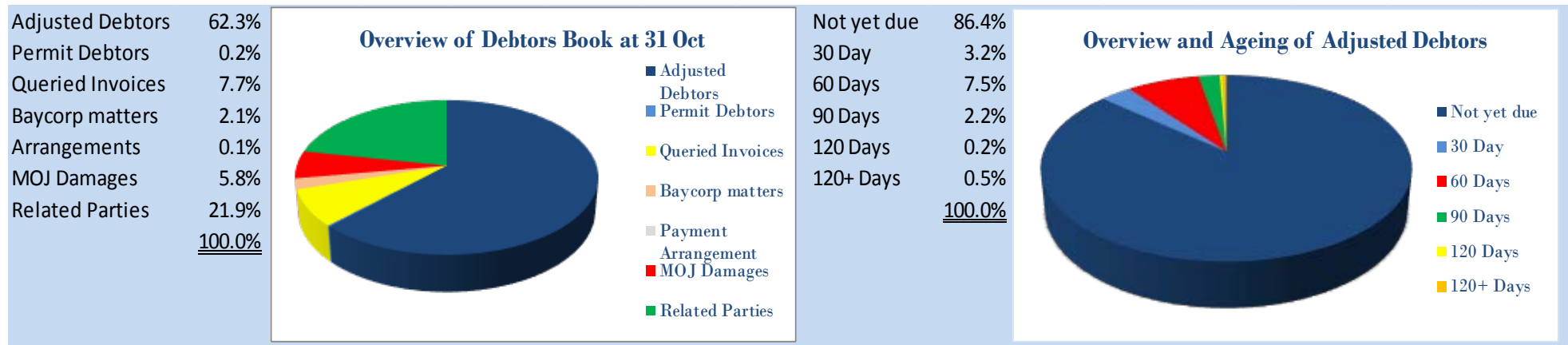
### Accounts Receivable

An overview of the Debtors as at 31 October has 97.1% (99.2% September) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 31 October 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 Oct	131	4,762,909	3,465,794	181,165	288,784	150,635	152,548	523,983	1
Parking Permit Debtors	20	8,795	0	2,100	0	2,280	4,415	0	2
<b>Total Debtors</b>		<b>4,771,704</b>	<b>3,465,794</b>	<b>183,265</b>	<b>288,784</b>	<b>152,915</b>	<b>156,963</b>	<b>523,983</b>	
		100.0%	72.6%	3.8%	6.1%	3.2%	3.3%	11.0%	
O/s Related Parties	21	1,045,623	889,562	62,246	30,991	47,180	3,323	12,321	3
<b>Trade Debtors</b>	<b>151</b>	<b>3,726,081</b>	<b>2,576,232</b>	<b>121,019</b>	<b>257,793</b>	<b>105,735</b>	<b>153,640</b>	<b>511,662</b>	
		100.0%	69.1%	3.2%	6.9%	2.8%	4.1%	13.7%	
Queried Invoices	124	366,936	1,645	14,562	26,314	17,694	139,906	166,814	4
To Baycorp (Collection)	353	101,699	2,300	0	0	21,677	1,581	76,140	5
Payment Arrangement	116	3,986	0	0	0	0	0	3,986	6
Lodged Courts (Damages)	289	275,281	218	10,206	8,333	0	6,344	250,180	7
<b>Adjusted Debtors</b>		<b>2,978,179</b>	<b>2,572,069</b>	<b>96,251</b>	<b>223,145</b>	<b>66,363</b>	<b>5,809</b>	<b>14,542</b>	
		100.0%	86.4%	3.2%	7.5%	2.2%	0.2%	0.5%	

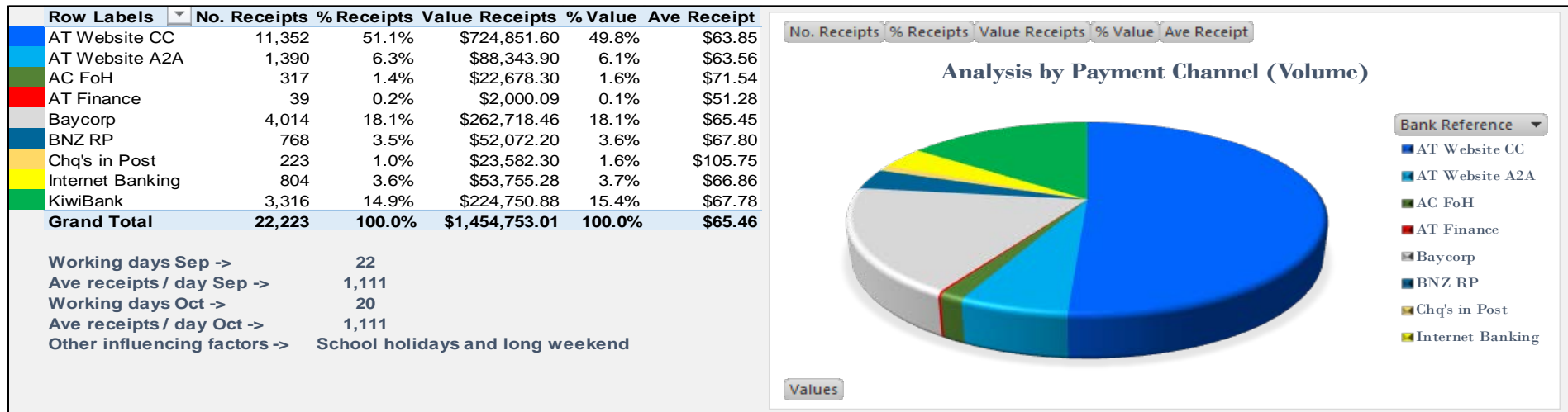
**Notes relating to the Debtors Ageing Analysis:**

- 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 continues to work with the business to resolve two large disputes totalling \$115,000 and \$76,000 respectively.
- 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.

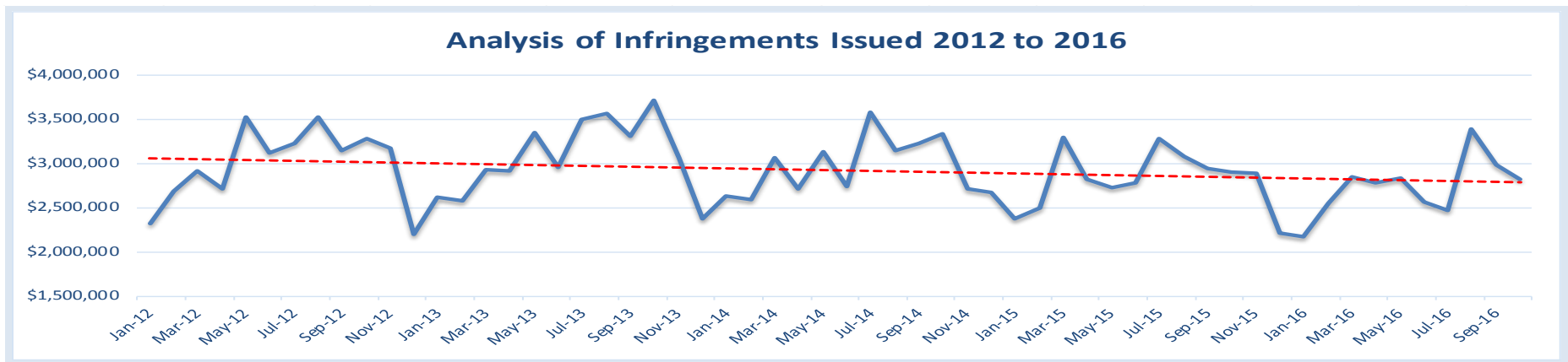


### Infringement Overview:

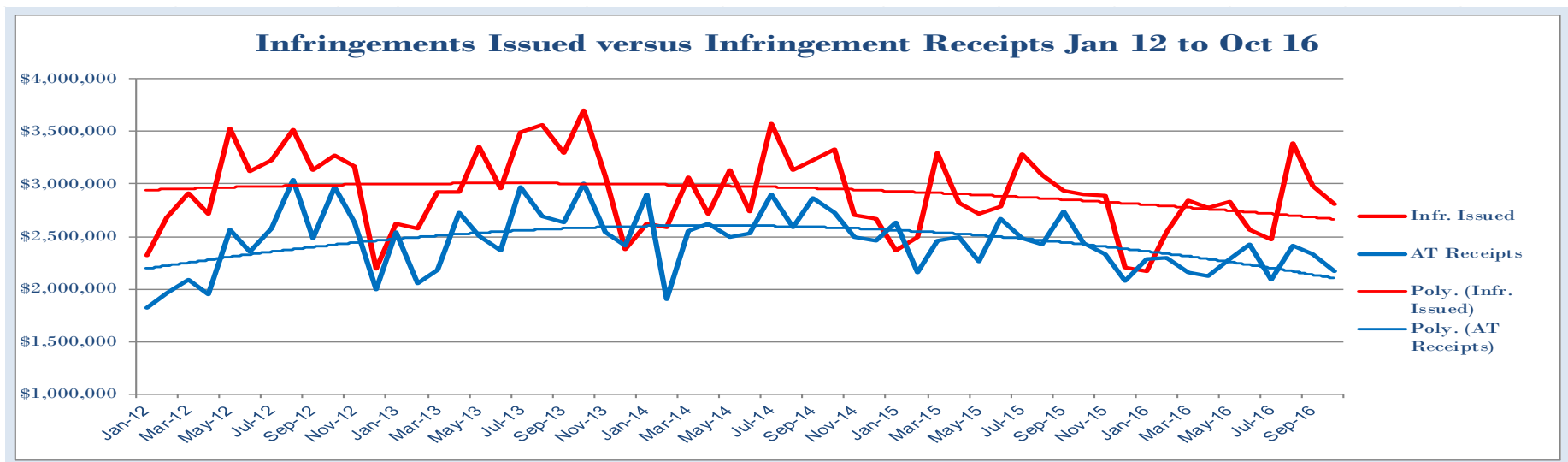
October's Infringement receipts by volume are down 9.1% on September (20 working days in October compared with 22 in September). Of the customers not paying in response to a Baycorp demand, 74.4% are making use of electronic payment methods (72.7% in September). The AT website recorded 57.3% of all receipts (52.1% in September). The highest average receipt by value was received via cheque payments.



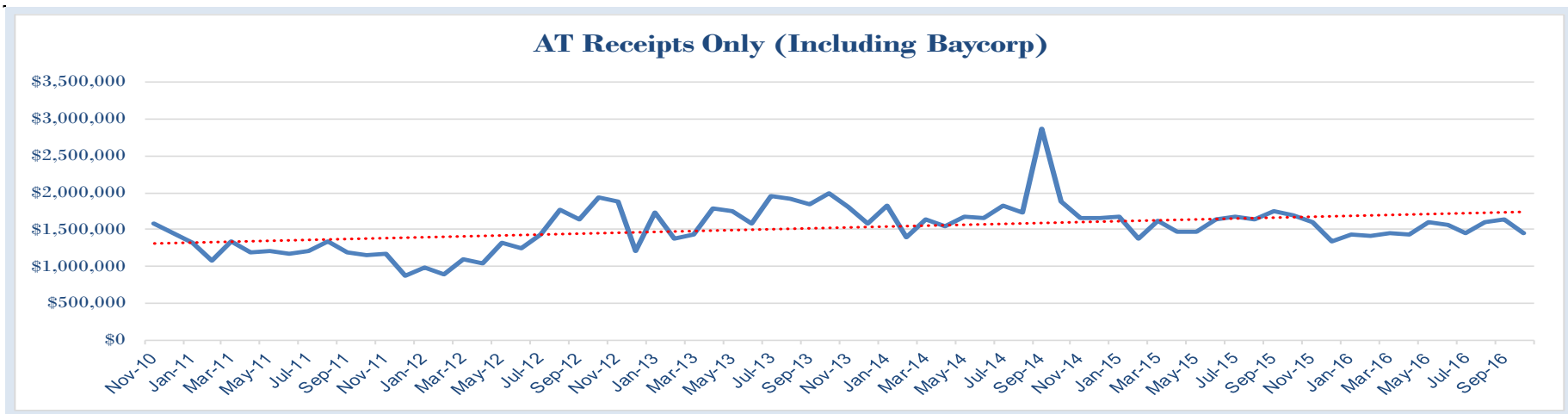
The following graph illustrates the seasonal issuance of infringements. Average infringements issued per month from January to October over the last 4 years is \$3.015 million, while the average issued to 31 October 2016 is \$2.737 million. The average infringements issued January to June is \$2.622 million compared with \$2.912 million for July to October 2016.



Analysis of receipts by value show that infringements issued over the past 24 months have decreased. Analysis of MoJ's collection statistics show that average receipts in 2016 are down 14.4% on 2015. AT's receipts (January to October 2016 average) are down 4.8% compared with the same period in 2015. This is in line with the 4.4% decrease in infringements issued for the same periods. The trend lines in the graph below have started moving apart slightly as a result of lower MoJ collections and two months of record infringements issued (August and September).



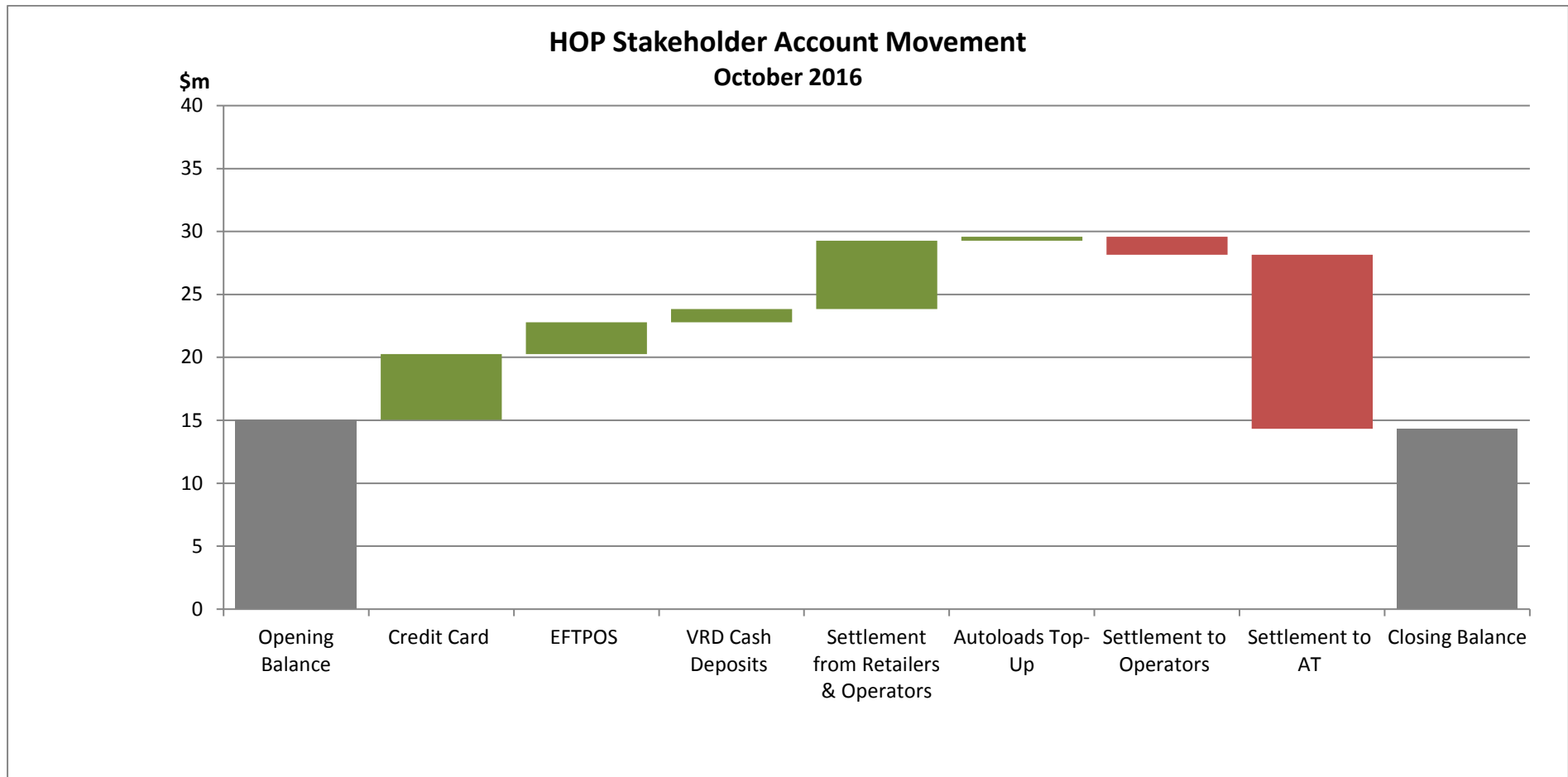
Direct receipts prior to lodging with MoJ continue to show an upward trend as a result of the Baycorp arrangement.



## Section 7 – AT HOP Stakeholder Monthly Report

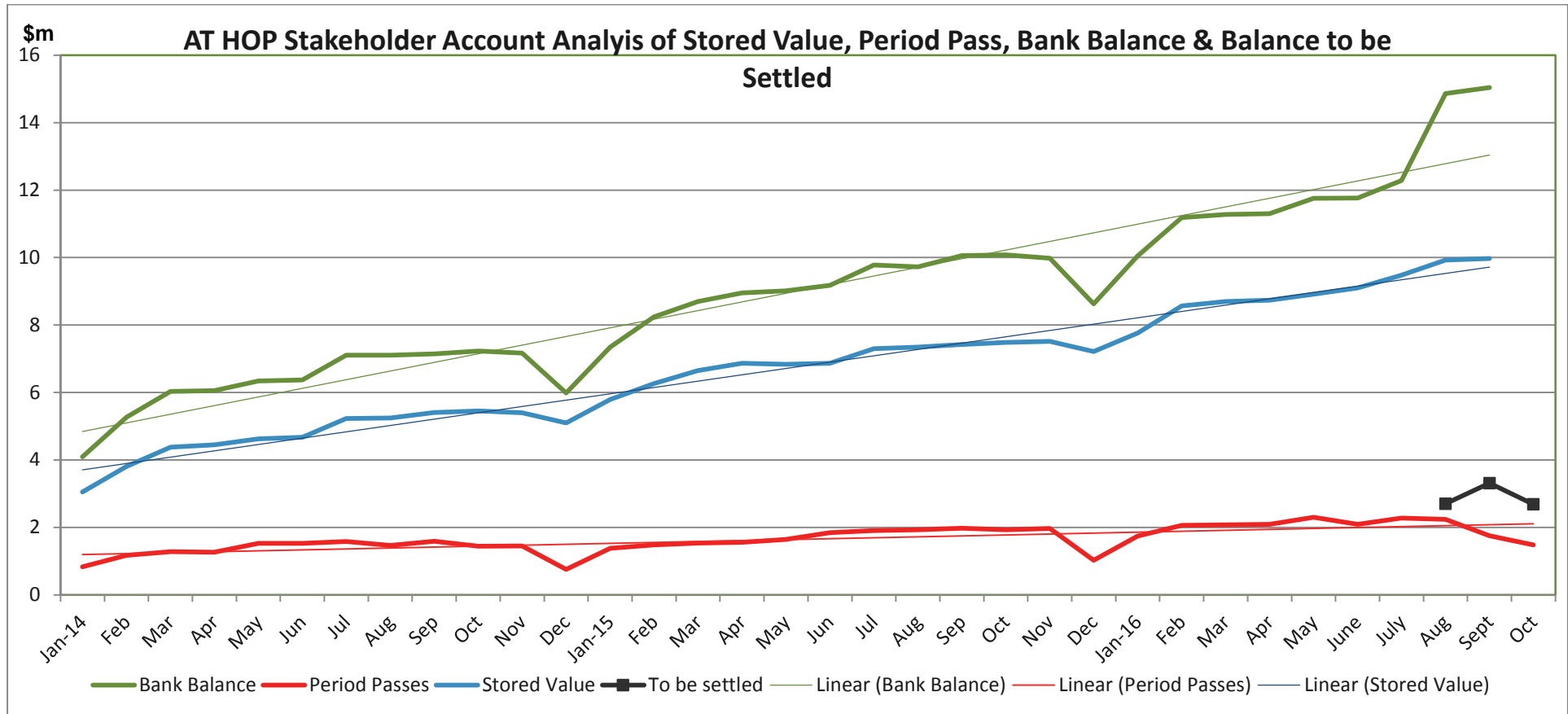
(Does not form part of AT results)

The AT HOP Stakeholder bank account decreased by 4.78%, from \$15.03 million to \$14.32 million. During the month, Introductory Monthly Pass was fully settled and apportioned to AT and operators.








The following graph provides an overview of monthly balances for Stored Value, Period Passes, the AT HOP Stakeholder Account and the amount yet to be settled to operators and AT. A new value has been added to the graph to show the unsettled HOP money due to the seven day delay with the introduction of Simpler Fares.



## Document ownership

<b>Submitted by</b>	Harlem Cabuhat <b>Senior Financial Reporting Accountant</b>  Glenys Gray <b>Financial Accountant</b>  Julian Michael <b>Group Manager, Finance</b>	  
<b>Recommended by</b>	Richard Morris <b>Chief Financial Officer</b>	
<b>Approved for submission</b>	David Warburton <b>Chief Executive</b>	