

# Financial Results for the Nine Months Ended 31 March 2017

## 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
6. Accounts receivable (section 6)
7. AT HOP stakeholder report (section 7)

## Section 1 – Overview

- **Deficit from operations** year to date is \$222.4 million against the budget of \$237.3 million. The year-end deficit from operations is expected to be \$321.9 million. This is \$9.7 million or 3% favourable to the budget and a \$3.8 million improvement on the projected full year deficit reported last month. This is due to a further reduction in core operating expenditure. The following items of financial performance are noteworthy:
  - **Total operating income** year to date is \$0.5 million lower than budget due to NZ Transport Agency operating funding below budget partially offset by higher than budgeted third party income. The Transport Agency full year operating funding is still expected to be on budget. The full year total operating income is expected to be \$777.1 million. This is \$2.8 million higher than budget and unchanged from the figure reported last month.
  - **Total operating expenditure** year to date is \$15.4 million lower than budget mainly due to underspends in major investment projects such as Light Rail Transit, Rail Security (SaFE) and Rail Alignment. The full year total operating expenditure is expected to be \$1,099 million, \$6.9 million lower than budget mainly due to underspends in the major investment projects mentioned above.
- **Capital expenditure** year to date is \$476 million, \$58.5 million behind budget. This represents 65% of the full year budget. Half of the underspend is coming from CRL and renewals. The full year expectation remains unchanged at \$700 million. Key items to note this month:
  - Warkworth Western Collector, a \$6.4 million project, was opened in March. This project provides an alternative link for the residents in the north of Warkworth.
  - Half Moon Bay ferry pier was opened in April 2017. The new pier ensures better connections between bus and ferry services.
  - Manukau Bus Interchange construction programme is on track to be completed by April 2018.
  - CRL is \$14.7 million behind budget due to delays caused by asbestos discovered in the Downtown Shopping Centre and delays in the Fletchers main works, which AT does not have control over. These delays have no impact on the overall delivery of the CRL programme. Delayed payment for elements of the project should therefore be seen as positive for ratepayers.
  - Renewals are tracking behind budget by \$17.3 million mainly in pavement rehabilitation and the resurfacing programme across the region. The renewals delivery for the month of March was impacted by the Tasman Tempest which struck Auckland in the second week of March. This resulted in numerous slips and dropouts in the south/east particularly Hunua, Clevedon, Kawakawa Bay and on Waiheke Island. It is expected that the cost of the initial response and the subsequent permanent reinstatement works will exceed \$5 million. This does not include any costs associated with the replacement of the Great North Road culvert which is being undertaken by Auckland Council. Subject to normal weather conditions it is still expected that this can be caught up over the remaining months.

- **Capital funding** from the Transport Agency and Auckland Council is \$33 million below budget due to delay in underlying delivery. This will flow through to the full year result. The combination of lower requirement for capital funding and higher third party revenue means the funding requirement is reduced for the year.
- **Vested assets** amounting to \$8.1 million were received in February, taking the total year to date amount to \$152.7 million compared with the full year budget of \$141 million.
- **Work in progress (WIP)** balance year to date is \$768 million. Refer to note 3 in section 4b of this report for a list of high value programmes currently in WIP. We are continuing to work on ways to bring this balance down but that there remain some big items likely to remain in WIP for some time.

## Section 2a – Executive Summary

Financial results for the nine months ended 31 March 2017:

	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)	(0.5)	↔ ●	576.0	576.6	774.3
Total operating expenditure	4.2	15.4	↓ ●	798.5	813.9	1,105.9
Surplus/(deficit) from operations	3.1	14.9	↑ ●	(222.4)	(237.3)	(331.6)
Income for capital projects	(18.5)	16.7	↑ ●	628.7	611.9	824.5
Net surplus/(deficit) before tax	(15.4)	31.6	↑ ●	406.2	374.6	493.0
Total direct capital	24.8	58.5	↓ ●	476.0	534.5	737.1

### Key to symbols used:

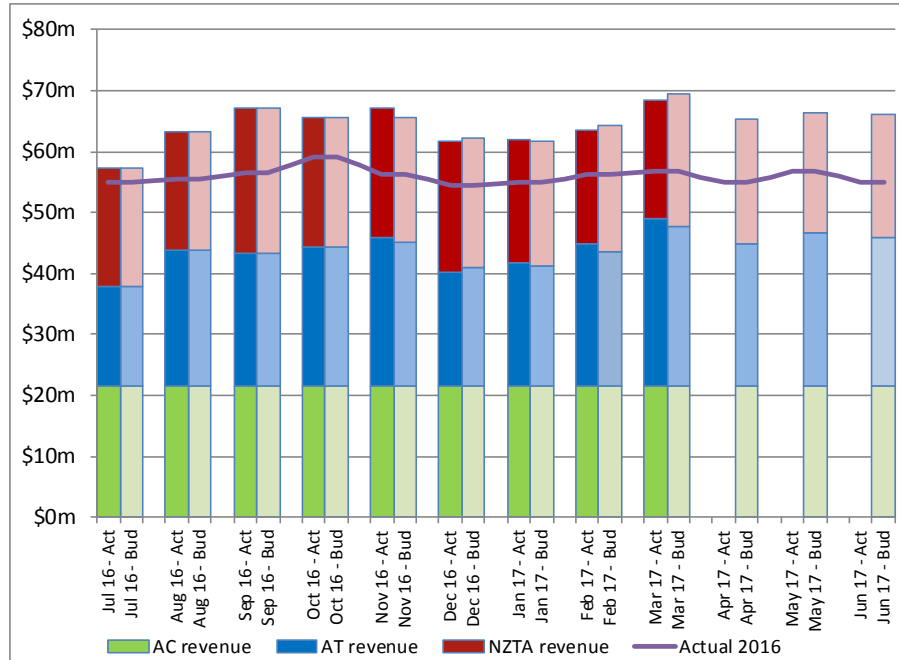
↔	: Within tolerable range	↑	: Above budget, favourable variance.
↓	: Below budget, unfavourable variance.	●	: Largely on track
↓	: Below budget, favourable variance.	●	: Monitoring, some action taken
↑	: Above budget, unfavourable variance.	●	: Action required

## Section 2b – Financial results for the nine months ended 31 March 2017

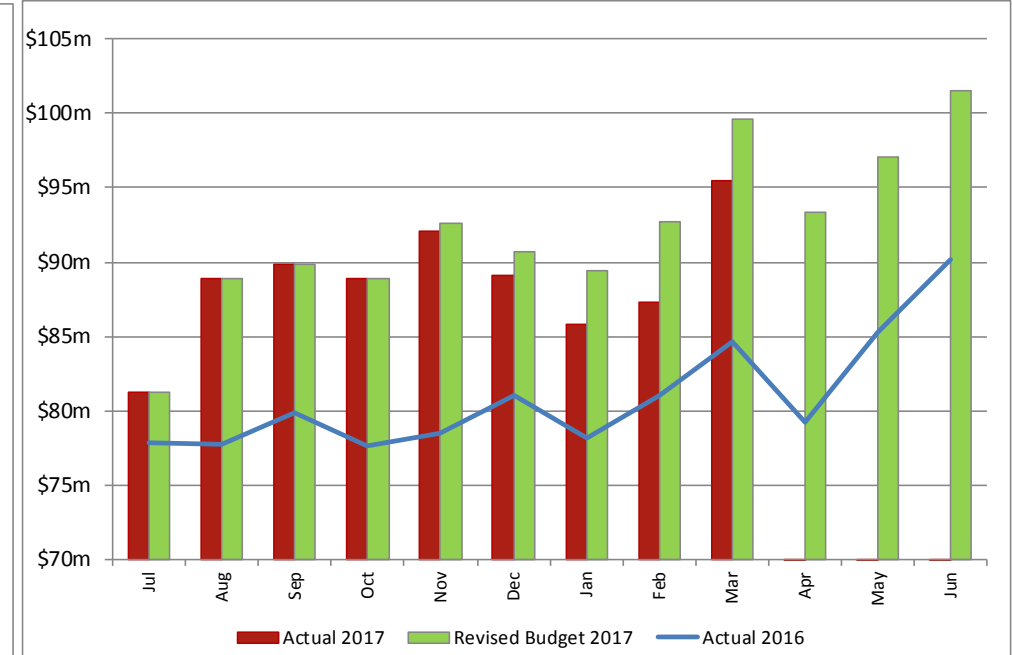
	Current month			Year to date			Full year	
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Results achieved	Revised Budget \$000
<b>Income</b>								
<u>Operating income</u>								
Auckland Council funding	21,681	21,681	-	195,125	195,125	-	●	260,167
NZ Transport Agency operating funding	19,600	21,749	(2,149)	184,602	188,300	(3,698)	●	248,380
Parking and enforcement income	7,328	7,183	145	58,091	57,413	678	●	78,412
AT Metro income	16,799	16,396	403	112,436	112,221	215	●	156,882
Other revenue incl. other grants and subsidies	3,132	2,565	567	25,779	23,516	2,263	●	30,466
<b>Total operating income</b>	<b>68,540</b>	<b>69,574</b>	<b>(1,034)</b>	<b>576,033</b>	<b>576,575</b>	<b>(542)</b>	●	<b>774,307</b>
<b>Expenditure</b>								
Personnel costs	13,570	14,147	577	110,838	112,387	1,549	●	151,834
Capitalised personnel costs	(3,664)	(3,896)	(232)	(27,402)	(30,902)	(3,500)	●	(42,140)
Depreciation and amortisation	27,865	28,821	956	244,131	248,926	4,795	●	336,813
Other expenditure	55,091	58,019	2,928	448,493	461,174	12,681	●	629,625
Finance costs (Electric Trains)	2,567	2,520	(47)	22,399	22,280	(119)	●	29,735
<b>Total operating expenditure</b>	<b>95,429</b>	<b>99,611</b>	<b>4,182</b>	<b>798,459</b>	<b>813,865</b>	<b>15,406</b>	●	<b>1,105,867</b>
<b>Surplus/(deficit) from operations</b>	<b>(26,889)</b>	<b>(30,037)</b>	<b>3,148</b>	<b>(222,426)</b>	<b>(237,290)</b>	<b>14,864</b>	●	<b>(331,560)</b>
<u>Income for capital projects</u>								
NZ Transport Agency capital co-investment	18,512	16,001	2,511	129,141	134,093	(4,952)	●	168,435
Auckland Council capital grant	44,085	61,488	(17,403)	340,835	368,928	(28,093)	●	507,310
Other Capital Grants	1,764	1,040	724	6,017	5,389	628	●	7,774
Vested asset income	8,119	12,500	(4,381)	152,680	103,525	49,155	●	141,025
<b>Total income for capital projects</b>	<b>72,480</b>	<b>91,029</b>	<b>(18,549)</b>	<b>628,673</b>	<b>611,935</b>	<b>16,738</b>	●	<b>824,544</b>
<b>Net surplus/(deficit) before tax and derivatives</b>	<b>45,591</b>	<b>60,992</b>	<b>(15,401)</b>	<b>406,247</b>	<b>374,645</b>	<b>31,602</b>	●	<b>492,984</b>
Gains/(losses) on derivatives	228	-	228	3,103	1,144	1,959		1,144
Gain/(loss) on disposal of assets	(135)	-	(135)	(1,656)	-	(1,656)		-
Income tax benefit/(expense)	-	-	-	69	-	69		-
<b>Net surplus/(deficit) after tax and derivatives</b>	<b>45,684</b>	<b>60,992</b>	<b>(15,308)</b>	<b>407,763</b>	<b>375,789</b>	<b>31,974</b>	●	<b>494,128</b>

## Section 2b – Financial results for the nine months ended 31 March 2017 (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	Revised Budget	Variance	Actual	Revised Budget	Variance	Revised Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operating Income</b>							
Rail	10,340	10,059	281	87,112	86,475	637	116,973
Bus	17,235	17,479	(244)	125,665	127,541	(1,876)	175,757
Ferry	1,401	1,492	(91)	10,681	11,034	(353)	14,878
Other public transport	2,928	2,951	(23)	22,816	22,838	(22)	30,648
Parking	4,122	4,472	(350)	35,051	35,464	(413)	48,718
Enforcement	3,206	2,711	495	23,040	21,950	1,090	29,694
Roading and footpaths	5,054	5,509	(455)	43,411	44,788	(1,377)	57,619
Internal support	2,572	3,220	(648)	33,132	31,360	1,772	39,852
Auckland Council operating funding	21,681	21,681	-	195,125	195,125	-	260,167
<b>Total operating income</b>	<b>68,539</b>	<b>69,574</b>	<b>(1,035)</b>	<b>576,033</b>	<b>576,575</b>	<b>(542)</b>	<b>774,306</b>
<b>Operating Expenditure</b>							
Rail	13,843	13,343	(500)	123,298	122,661	(637)	165,257
Bus	23,598	24,156	558	181,243	183,558	2,315	250,162
Ferry	1,685	1,840	155	13,806	14,533	727	19,579
Other public transport	4,004	4,729	725	31,465	33,276	1,811	45,867
Parking	986	989	3	9,237	8,913	(324)	11,806
Enforcement	1,699	1,924	225	15,000	15,010	10	20,245
Roading and footpaths	12,231	11,953	(278)	94,748	94,376	(372)	128,730
Internal support	9,516	11,856	2,340	85,531	92,613	7,082	127,409
Depreciation and amortisation	27,865	28,821	956	244,131	248,926	4,795	336,813
<b>Total operating expenditure</b>	<b>95,427</b>	<b>99,611</b>	<b>4,184</b>	<b>798,459</b>	<b>813,866</b>	<b>15,407</b>	<b>1,105,868</b>
<b>Surplus/(deficit) from Operations</b>	<b>(26,888)</b>	<b>(30,037)</b>	<b>3,149</b>	<b>(222,426)</b>	<b>(237,291)</b>	<b>14,865</b>	<b>(331,562)</b>

## Section 2d – Rail 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
<b>Operating Income</b>							
Activity Income	4,992	5,119	(127)	36,354	36,352	2	49,955
Other income	156	77	79	510	360	150	680
NZ Transport Agency operating funding	3,423	3,127	296	35,742	35,333	409	47,094
NZ Transport Agency operating funding - Electric Trains	1,769	1,736	33	14,506	14,430	76	19,244
<b>Total operating income</b>	<b>10,340</b>	<b>10,059</b>	<b>281</b>	<b>87,112</b>	<b>86,475</b>	<b>637</b>	<b>116,973</b>
<b>Operating Expenditure</b>							
Personnel costs	245	208	(37)	1,857	1,717	(140)	2,302
Capitalised personnel costs	(67)	-	67	(75)	24	99	24
Service delivery costs and professional services	7,487	7,609	122	71,848	72,283	435	97,139
Occupancy costs	305	275	(30)	2,560	2,522	(38)	3,332
Track access charges	2,665	2,150	(515)	19,035	18,484	(551)	25,583
Other expenditure	641	581	(60)	5,674	5,351	(323)	7,142
Finance costs (Electric Trains)	2,567	2,520	(47)	22,399	22,280	(119)	29,735
<b>Total operating expenditure</b>	<b>13,843</b>	<b>13,343</b>	<b>(500)</b>	<b>123,298</b>	<b>122,661</b>	<b>(637)</b>	<b>165,257</b>
Depreciation	3,371	3,206	(165)	28,401	28,466	65	38,139
<b>Surplus/(deficit) from Operations</b>	<b>(6,874)</b>	<b>(6,490)</b>	<b>(384)</b>	<b>(64,587)</b>	<b>(64,652)</b>	<b>65</b>	<b>(86,423)</b>
Internal support costs	2,204	2,868	664	17,097	20,325	3,228	29,219
<b>Surplus/(deficit)</b>	<b>(9,078)</b>	<b>(9,358)</b>	<b>280</b>	<b>(81,684)</b>	<b>(84,977)</b>	<b>3,293</b>	<b>(115,642)</b>



## Section 2d – 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
<b>Operating Income</b>							
Activity Income	9,566	9,506	60	58,616	59,706	(1,090)	85,118
Other income	328	124	204	3,540	3,546	(6)	4,833
NZ Transport Agency operating funding	7,341	7,849	(508)	63,509	64,289	(780)	85,806
<b>Total operating income</b>	<b>17,235</b>	<b>17,479</b>	<b>(244)</b>	<b>125,665</b>	<b>127,541</b>	<b>(1,876)</b>	<b>175,757</b>
<b>Operating Expenditure</b>							
Personnel costs	316	322	6	2,599	2,659	60	3,565
Capitalised personnel costs	38	86	48	105	323	218	551
Service delivery costs and professional services	23,105	23,526	421	176,947	178,825	1,878	243,550
Occupancy costs	119	109	(10)	672	738	66	1,088
Other expenditure	20	113	93	920	1,013	93	1,408
<b>Total operating expenditure</b>	<b>23,598</b>	<b>24,156</b>	<b>558</b>	<b>181,243</b>	<b>183,558</b>	<b>2,315</b>	<b>250,162</b>
Depreciation	455	340	(115)	2,628	2,697	69	3,762
<b>Surplus/(deficit) from Operations</b>	<b>(6,818)</b>	<b>(7,017)</b>	<b>199</b>	<b>(58,206)</b>	<b>(58,714)</b>	<b>508</b>	<b>(78,167)</b>
Internal support costs	3,337	4,342	1,005	25,881	30,768	4,887	44,231
<b>Surplus/(deficit)</b>	<b>(10,155)</b>	<b>(11,359)</b>	<b>1,204</b>	<b>(84,087)</b>	<b>(89,482)</b>	<b>5,395</b>	<b>(122,398)</b>

## Section 2d – 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
<b>Operating Income</b>							
Operator access fees	484	515	(31)	3,921	3,796	125	5,036
Activity Income	285	278	7	1,552	1,452	100	2,117
Other income	81	75	6	616	598	18	824
NZ Transport Agency operating funding	551	624	(73)	4,592	5,188	(596)	6,901
<b>Total operating income</b>	<b>1,401</b>	<b>1,492</b>	<b>(91)</b>	<b>10,681</b>	<b>11,034</b>	<b>(353)</b>	<b>14,878</b>
<b>Operating Expenditure</b>							
Personnel costs	75	103	28	762	830	68	1,123
Capitalised personnel costs	2	-	(2)	9	2	(7)	2
Service delivery costs and professional services	1,407	1,524	117	11,141	11,695	554	15,818
Occupancy costs	50	56	6	602	626	24	804
Other expenditure	151	157	6	1,292	1,380	88	1,832
<b>Total operating expenditure</b>	<b>1,685</b>	<b>1,840</b>	<b>155</b>	<b>13,806</b>	<b>14,533</b>	<b>727</b>	<b>19,579</b>
Depreciation	254	254	-	2,276	2,280	4	3,043
<b>Surplus/(deficit) from Operations</b>	<b>(538)</b>	<b>(602)</b>	<b>64</b>	<b>(5,401)</b>	<b>(5,779)</b>	<b>378</b>	<b>(7,744)</b>
Internal support costs	261	340	79	2,026	2,408	382	3,462
<b>Surplus/(deficit)</b>	<b>(799)</b>	<b>(942)</b>	<b>143</b>	<b>(7,427)</b>	<b>(8,187)</b>	<b>760</b>	<b>(11,206)</b>

## Section 2d – 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
<b>Operating Income</b>							
Other income	907	702	205	7,327	6,411	916	8,319
NZ Transport Agency operating funding	2,021	2,249	(228)	15,489	16,427	(938)	22,329
<b>Total operating income</b>	<b>2,928</b>	<b>2,951</b>	<b>(23)</b>	<b>22,816</b>	<b>22,838</b>	<b>(22)</b>	<b>30,648</b>
<b>Operating Expenditure</b>							
Personnel costs	1,424	1,417	(7)	11,782	11,926	144	15,938
Capitalised personnel costs	(17)	6	23	62	31	(31)	109
Service delivery costs and professional services	1,126	2,041	915	9,970	12,048	2,078	17,276
IT costs	170	176	6	1,623	1,636	13	2,173
Other expenditure	1,301	1,089	(212)	8,028	7,635	(393)	10,371
<b>Total operating expenditure</b>	<b>4,004</b>	<b>4,729</b>	<b>725</b>	<b>31,465</b>	<b>33,276</b>	<b>1,811</b>	<b>45,867</b>
Depreciation	1,363	1,374	11	11,857	11,741	(116)	15,937
<b>Surplus/(deficit) from Operations</b>	<b>(2,439)</b>	<b>(3,152)</b>	<b>713</b>	<b>(20,506)</b>	<b>(22,179)</b>	<b>1,673</b>	<b>(31,156)</b>
Internal support costs	612	796	184	4,745	5,641	896	8,110
<b>Surplus/(deficit)</b>	<b>(3,051)</b>	<b>(3,948)</b>	<b>897</b>	<b>(25,251)</b>	<b>(27,820)</b>	<b>2,569</b>	<b>(39,266)</b>

## Section 2d – 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
<b>Operating Income</b>							
Other income	153	107	46	941	900	41	1,204
Parking Fees	3,969	4,365	(396)	34,110	34,564	(454)	47,514
<b>Total operating income</b>	<b>4,122</b>	<b>4,472</b>	<b>(350)</b>	<b>35,051</b>	<b>35,464</b>	<b>(413)</b>	<b>48,718</b>
<b>Operating Expenditure</b>							
Personnel costs	237	226	(11)	2,093	1,884	(209)	2,475
Capitalised personnel costs	4	(3)	(7)	1	(39)	(40)	(49)
Service delivery costs and professional services	223	245	22	2,049	2,110	61	2,845
Occupancy Costs	459	453	(6)	4,495	4,309	(186)	5,676
Other expenditure	63	68	5	599	649	50	859
<b>Total operating expenditure</b>	<b>986</b>	<b>989</b>	<b>3</b>	<b>9,237</b>	<b>8,913</b>	<b>(324)</b>	<b>11,806</b>
Depreciation	643	641	(2)	5,815	5,810	(5)	7,733
<b>Surplus/(deficit) from Operations</b>	<b>2,493</b>	<b>2,842</b>	<b>(349)</b>	<b>19,999</b>	<b>20,741</b>	<b>(742)</b>	<b>29,179</b>
Internal support costs	157	205	47	1,221	1,452	231	2,087
<b>Surplus/(deficit)</b>	<b>2,336</b>	<b>2,637</b>	<b>(302)</b>	<b>18,778</b>	<b>19,289</b>	<b>(511)</b>	<b>27,092</b>

## Section 2d – 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
<b>Operating Income</b>							
Other income	-	-	-	-	-	-	-
Infringement income	3,206	2,711	495	23,040	21,950	1,090	29,694
<b>Total operating income</b>	<b>3,206</b>	<b>2,711</b>	<b>495</b>	<b>23,040</b>	<b>21,950</b>	<b>1,090</b>	<b>29,694</b>
<b>Operating Expenditure</b>							
Personnel costs	981	1,004	23	7,947	7,687	(260)	10,371
Capitalised personnel costs	(16)	5	21	39	73	34	87
Service delivery costs and professional services	139	200	61	1,572	1,488	(84)	1,924
Occupancy Costs	-	-	-	5	3	(2)	3
Other expenditure	595	715	120	5,437	5,759	322	7,860
<b>Total operating expenditure</b>	<b>1,699</b>	<b>1,924</b>	<b>225</b>	<b>15,000</b>	<b>15,010</b>	<b>10</b>	<b>20,245</b>
Depreciation	20	17	(3)	152	115	(37)	172
<b>Surplus/(deficit) from Operations</b>	<b>1,487</b>	<b>770</b>	<b>717</b>	<b>7,888</b>	<b>6,825</b>	<b>1,063</b>	<b>9,277</b>
Internal support costs	270	351	81	2,094	2,490	396	3,579
<b>Surplus/(deficit)</b>	<b>1,217</b>	<b>419</b>	<b>798</b>	<b>5,794</b>	<b>4,335</b>	<b>1,459</b>	<b>5,698</b>

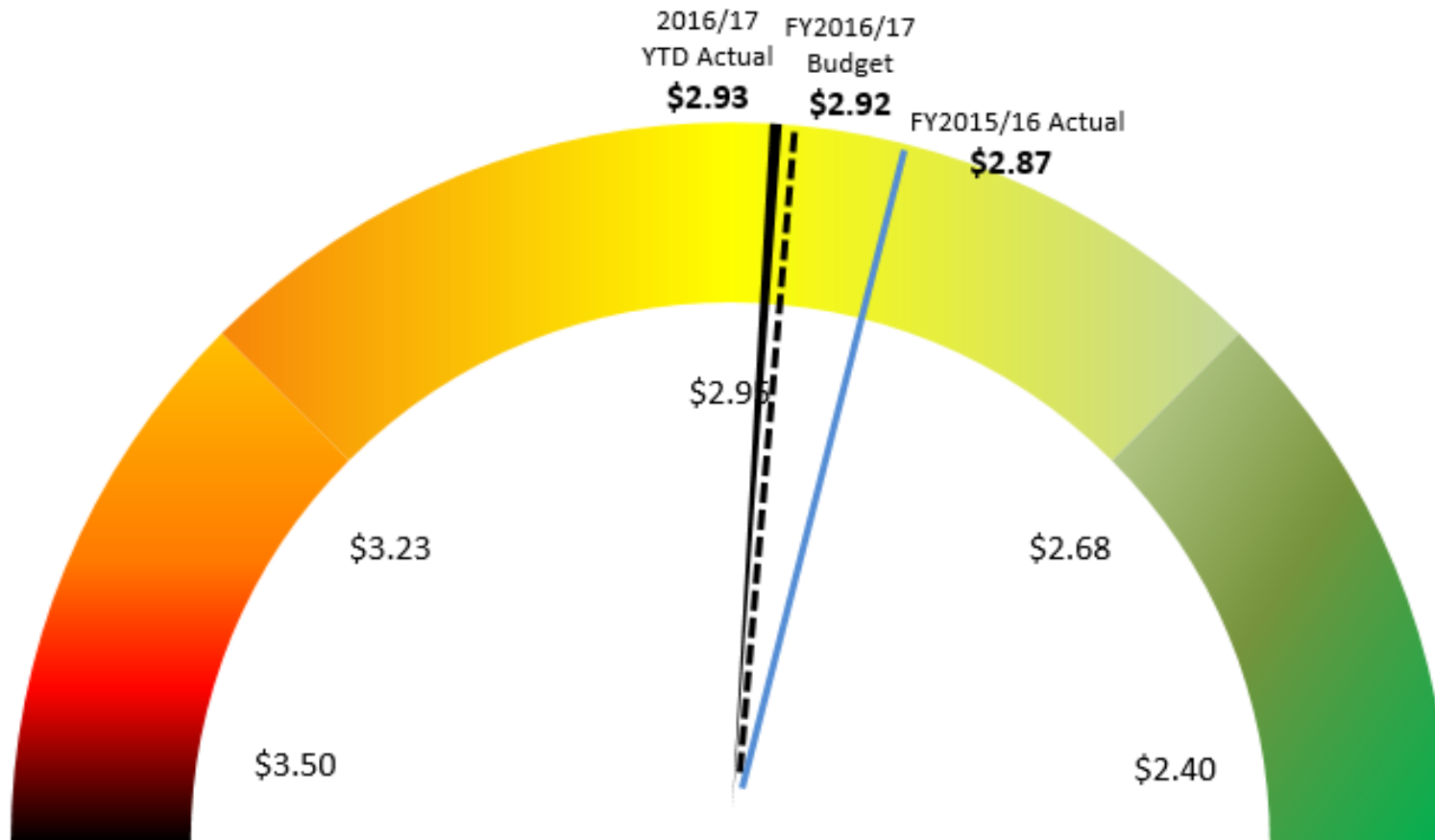
## Section 2d – Roading and footpaths operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
<b>Operating Income</b>							
Petrol tax	741	727	14	6,997	6,739	258	8,919
Other income	927	541	386	5,502	4,870	632	6,077
NZ Transport Agency operating funding	3,386	4,241	(855)	30,912	33,179	(2,267)	42,623
<b>Total operating income</b>	<b>5,054</b>	<b>5,509</b>	<b>(455)</b>	<b>43,411</b>	<b>44,788</b>	<b>(1,377)</b>	<b>57,619</b>
<b>Operating Expenditure</b>							
Personnel costs	2,727	2,921	194	22,481	22,618	137	30,683
Capitalised personnel costs	(603)	(882)	(279)	(4,872)	(6,719)	(1,847)	(9,486)
Service delivery costs and professional services	8,376	7,831	(545)	60,708	60,966	258	83,605
Occupancy Costs	1,226	1,300	74	12,022	12,200	178	16,308
IT Costs	4	17	13	19	120	101	294
Other expenditure	501	766	265	4,390	5,191	801	7,326
<b>Total operating expenditure</b>	<b>12,231</b>	<b>11,953</b>	<b>(278)</b>	<b>94,748</b>	<b>94,376</b>	<b>(372)</b>	<b>128,730</b>
Depreciation	20,146	20,487	341	179,018	180,153	1,135	242,137
<b>Surplus/(deficit) from Operations</b>	<b>(27,323)</b>	<b>(26,931)</b>	<b>(392)</b>	<b>(230,355)</b>	<b>(229,741)</b>	<b>(614)</b>	<b>(313,248)</b>
Internal support costs	1,717	2,234	517	13,318	15,833	2,515	22,760
<b>Surplus/(deficit)</b>	<b>(29,040)</b>	<b>(29,165)</b>	<b>125</b>	<b>(243,673)</b>	<b>(245,574)</b>	<b>1,901</b>	<b>(336,008)</b>

## Section 2d – 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
<b>Operating Income</b>							
Rental income	1,379	1,129	250	12,447	11,030	1,417	14,416
Other income	84	168	(84)	833	876	(43)	1,053
NZ Transport Agency operating funding	1,109	1,923	(814)	19,852	19,454	398	24,383
<b>Total operating income</b>	<b>2,572</b>	<b>3,220</b>	<b>(648)</b>	<b>33,132</b>	<b>31,360</b>	<b>1,772</b>	<b>39,852</b>
<b>Operating Expenditure</b>							
Personnel costs	7,566	7,947	381	61,316	63,066	1,750	85,377
Capitalised personnel costs	(3,006)	(3,108)	(102)	(22,671)	(24,597)	(1,926)	(33,378)
Directors Fees	32	43	11	315	382	67	510
Service delivery costs and professional services	2,690	4,414	1,724	22,816	30,469	7,653	41,865
Other expenditure	2,234	2,560	326	23,755	23,293	(462)	33,035
<b>Total operating expenditure</b>	<b>9,516</b>	<b>11,856</b>	<b>2,340</b>	<b>85,531</b>	<b>92,613</b>	<b>7,082</b>	<b>127,409</b>
Depreciation	1,614	2,501	887	13,984	17,665	3,681	25,891
<b>Surplus/(deficit) from Operations</b>	<b>(8,558)</b>	<b>(11,137)</b>	<b>2,579</b>	<b>(66,383)</b>	<b>(78,918)</b>	<b>12,535</b>	<b>(113,448)</b>
Internal support allocated	8,558	11,137	2,579	66,383	78,918	12,535	113,448
<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 nine months to March 2017





## Section 3a – Summary of Capital Expenditure

	Current month			Year to date			Results achieved	Full year
	Actual	Revised	Variance	Actual	Revised	Variance		Revised
		Budget			Budget			Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Land</b>								
CRL	531	574	43	6,691	7,585	894	●	10,625
AMETI	625	120	(505)	12,825	6,462	(6,363)	●	8,390
Special Housing Areas (SHAs)	1	-	(1)	13	29	16	●	1,772
Other	2,113	4,288	2,175	31,972	31,770	(202)	●	33,985
<b>Total land</b>	<b>3,270</b>	<b>4,982</b>	<b>1,712</b>	<b>51,501</b>	<b>45,846</b>	<b>(5,655)</b>	●	<b>54,772</b>
<b>Major new capital projects</b>								
CRL	9,473	13,324	3,851	89,194	103,927	14,733	●	139,057
Albany Highway Upgrade	701	180	(521)	6,221	6,108	(113)	●	6,127
Otahuhu Bus Interchange	(326)	19	345	8,261	10,386	2,125	●	10,786
Te Atatu Road Corridor Improvements	1,641	1,096	(545)	7,946	9,631	1,685	●	11,392
NorthWest Transformation	53	318	265	1,285	1,756	471	●	3,151
AMETI	958	748	(210)	4,953	5,949	996	●	8,041
Manukau Bus Interchange	1,561	1,687	126	6,655	7,566	911	●	17,002
<b>Total major new capital projects</b>	<b>14,061</b>	<b>17,372</b>	<b>3,311</b>	<b>124,515</b>	<b>145,323</b>	<b>20,808</b>	●	<b>195,556</b>
<b>Other ring-fenced projects</b>								
EMU	554	1,372	818	1,882	3,618	1,736	●	4,964
Local Board initiatives	1,287	1,538	251	12,969	14,650	1,681	●	17,603
Special Housing Areas (SHAs)	149	606	457	987	2,050	1,063	●	3,938
Other	3,434	10,020	6,586	13,826	13,296	(530)	●	23,971
<b>Total other ring-fenced projects</b>	<b>5,424</b>	<b>13,536</b>	<b>8,112</b>	<b>29,664</b>	<b>33,614</b>	<b>3,950</b>	●	<b>50,476</b>
<b>Other</b>								
Roads and footpaths	12,361	13,037	676	75,422	85,482	10,060	●	127,042
AT Metro	2,581	7,816	5,235	23,759	34,812	11,053	●	60,088
Parking operations	293	1,053	760	2,429	3,799	1,370	●	4,701
Internal support - BT	1,580	703	(877)	13,428	11,485	(1,943)	●	13,978
Internal support - Accomodation	47	497	450	1,420	2,021	601	●	3,737
Internal support - Other	130	577	447	800	1,741	941	●	3,385
<b>Total other</b>	<b>16,992</b>	<b>23,683</b>	<b>6,691</b>	<b>117,258</b>	<b>139,340</b>	<b>22,082</b>	●	<b>212,931</b>
<b>Renewals</b>	<b>24,413</b>	<b>29,436</b>	<b>5,023</b>	<b>153,055</b>	<b>170,366</b>	<b>17,311</b>	●	<b>223,319</b>
<b>Total direct capital</b>	<b>64,160</b>	<b>89,009</b>	<b>24,849</b>	<b>475,993</b>	<b>534,489</b>	<b>58,496</b>	●	<b>737,054</b>

## Section 3b – Capital Expenditure Funding

	Current month			Year to date			Full year
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Revised Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Direct capital funding</b>							
NZ Transport Agency new capital co-investment	12,909	11,790	1,119	67,654	74,010	(6,356)	104,123
NZ Transport Agency renewal co-investment	5,603	4,211	1,392	61,487	60,084	1,403	64,312
Other Capital grants	1,764	1,040	724	6,017	5,389	628	7,774
Auckland Council capital grant	43,884	61,488	(17,604)	340,835	368,928	(28,093)	507,310
Funding shortfall for core capital expenditure	-	10,480	(10,480)	-	26,078	(26,078)	53,535
<b>Total direct capital funding</b>	<b>64,160</b>	<b>89,009</b>	<b>(24,849)</b>	<b>475,993</b>	<b>534,489</b>	<b>(58,496)</b>	<b>737,054</b>

## Section 4a – Statement of Financial Position

As at 31 March 2017

	Note	Actual 31 March 2017 \$000	Actual 28 February 2017 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	6,076	7,429
Trade and other receivables	2	246,744	245,360
Inventories		11,310	9,657
Other assets		19,747	9,805
Non-current asset held for sale		6,000	6,000
Total current assets		289,877	278,251
<b>Non-current assets</b>			
Property, plant and equipment (PPE)		16,510,107	16,495,260
Intangible assets		102,047	100,975
Work in progress (PPE and intangible assets)	3	768,385	767,854
Total non-current assets		17,380,539	17,364,089
<b>Total assets</b>		<b>17,670,416</b>	<b>17,642,340</b>

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

As at 31 March 2017

	Note	Actual 31 March 2017 \$000	Actual 28 February 2017 \$000
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5	165,119	152,308
Employee benefit liabilities	6	11,483	14,732
Borrowings	7	5,588	5,562
Total current liabilities		182,190	172,602
<b>Non-current liabilities</b>			
Derivative financial instruments	4	1,303	1,268
Trade and other payables	5	19,174	19,436
Employee benefit liabilities	6	624	624
Borrowings	7	496,379	497,055
Deferred tax liability	8	11,356	11,356
Total non-current liabilities		528,836	529,739
<b>Total liabilities</b>		<b>711,026</b>	<b>702,341</b>
<b>Net assets</b>		<b>16,959,390</b>	<b>16,939,999</b>
<b>Equity</b>			
Contributed capital		13,436,936	13,463,228
Accumulated surplus/(deficit)		1,415,134	1,359,313
Other reserves		2,107,320	2,117,458
<b>Total equity</b>		<b>16,959,390</b>	<b>16,939,999</b>

## Section 4b – Notes to the Financial Statements

As at 31 March 2017

	Actual 31 March 2017 \$000	Actual 28 February 2017 \$000
<b>1 Cash and cash equivalents</b>		
Cash at bank - Trading	5,779	7,132
Till floats	297	297
<b>Total cash and cash equivalents</b>	<b>6,076</b>	<b>7,429</b>
The carrying value of cash and cash equivalents approximates their fair value.		
<b>2 Trade and other receivables</b>		
Trade debtors	2,741	3,156
Finance lease receivable	38	40
Infringements receivable	34,074	33,877
Amounts due from related parties	178,315	176,463
Accrued income	45,083	41,485
Goods and services tax	987	4,711
	<b>261,238</b>	<b>259,732</b>
Less provision for impairment of receivables	(14,494)	(14,372)
<b>Total trade and other receivables</b>	<b>246,744</b>	<b>245,360</b>

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

### As at 31 March 2017

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 March 2017 is detailed below:

	<b>Gross</b>	<b>Impaired</b>	<b>Net</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Not past due	229,022	-	229,022
Past due 1 - 30 days	1,865	-	1,865
Past due 31 - 60 days	1,031	-	1,031
Past due 61 - 90 days	784	-	784
Past due > 90 days	28,536	(14,494)	14,042
	<b>261,238</b>	<b>(14,494)</b>	<b>246,744</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</b>
	<b>\$000</b>
At 1 July 2016	13,618
Additional provisions made	893
Provisions reversed	(17)
Receivables written-off	-
At 31 March 2017	14,494

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

As at 31 March 2017

	Opening balance 1 July 2016 \$000	Acquisition YTD 31 March 2017 \$000	Capitalisation YTD 31 March 2017 \$000	Closing balance 31 March 2017 \$000
<b>3 Work in Progress (WIP)</b>				
<b>WIP by activity</b>				
Roads and footpaths	316,891	153,108	(78,692)	391,307
AT Metro	262,850	151,491	(62,728)	351,612
Parking operations	4,550	2,429	(644)	6,336
Internal support	14,893	14,630	(10,391)	19,130
<b>Total WIP</b>	<b>599,184</b>	<b>321,658</b>	<b>(152,455)</b>	<b>768,385</b>
<b>WIP by status</b>				
Current WIP (completion in future)				664,397
Forecast completed - awaiting confirmation for capitalisation / writeoff / new forecast finish date				99,958
Forecast completion date not yet provided (new projects)				4,030
<b>Total WIP</b>				<b>768,385</b>
<b>Top 10 Programmes</b>				<b>WIP Closing balance 31 March 2017 \$000</b>
City Rail Link				259,407
Albany Highway Upgrade (North)				56,869
North West Transformation				47,348
AMETI				43,484
Minor Safety				23,499
Waterview W/C connection				22,306
Te Atatu Road - Corridor Improvements				21,151
Wynyard Quarter Integrated Road Programme				18,254
Local Board Initiative				16,645
East West Connections				15,298
<b>Total</b>				<b>524,261</b>

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

As at 31 March 2017

	Actual 31 March 2017 \$000	Actual 28 February 2017 \$000
<b>4 Derivative financial instruments</b>		
<b>Non-current liability portion</b>		
Interest rate swaps - not hedge accounted	1,303	1,268
Non-current derivative financial instruments	<b>1,303</b>	<b>1,268</b>
<b>Total derivative financial instrument liabilities</b>	<b>1,303</b>	<b>1,268</b>

### 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 \$8 million. At 31 March 2017 the fixed interest rate of cash flow hedge interest rate swaps was 6.19%. The gain on their revaluation of \$2.275m has been recorded in the Statement of Financial Performance.



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

As at 31 March 2017

	Actual 31 March 2017 \$000	Actual 28 February 2017 \$000
<b>5 Trade and other payables</b>		
<b>Current portion</b>		
Creditors	43,166	35,484
Accrued expenses	101,504	94,823
Retentions	11,126	11,145
Amounts due to related parties	4,864	4,681
Income in advance	4,459	6,175
<b>Total current trade and other payables</b>	<b>165,119</b>	<b>152,308</b>
<b>Non-current portion</b>		
Amounts due to related parties	19,174	19,436
<b>Total non-current trade and other payables</b>	<b>19,174</b>	<b>19,436</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>6 Employee benefit liabilities</b>		
<b>Current portion</b>		
Accrued salaries and wages	2,606	6,328
Accrued leave	8,877	8,404
<b>Current employee benefit liabilities</b>	<b>11,483</b>	<b>14,732</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 March 2017

	Actual 31 March 2017 \$000	Actual 28 February 2017 \$000
<b>7 Borrowings</b>		
<b>Current portion</b>		
Loans from Auckland Council	5,588	5,562
<b>Current borrowings</b>	<b>5,588</b>	<b>5,562</b>
<b>Non-current portion</b>		
Loans from Auckland Council	496,379	497,055
<b>Non-current borrowings</b>	<b>496,379</b>	<b>497,055</b>
Weighted average cost of funds on total borrowings	6.01%	6.01%

Auckland Transport's loan debt of \$502 million is issued at fixed rates of interest ranging from 5.55% to 6.56%.

### 8 Deferred tax liability

	Property, Plant and Equipment \$000	Other Provisions \$000	Tax Losses \$000	Actual 31 March 2017 Total \$000
<b>Deferred tax liability</b>				
Balance at 1 July 2016	(11,425)	-	-	(11,425)
Charged to profit and loss	69	-	-	69
Charged to equity	-	-	-	-
<b>Balance at 31 March 2017</b>	<b>(11,356)</b>	<b>-</b>	<b>-</b>	<b>(11,356)</b>

## Section 5 – Cash Flow

	Year to date	Full year	
	Actual \$000	Revised Budget \$000	Revised Budget \$000
<b>Cash flows from operating activities</b>			
<b>Total cash provided</b>	<b>1,070,302</b>	<b>1,110,322</b>	<b>1,457,825</b>
<b>Cash applied to:</b>			
Payments to suppliers, employees and directors	559,792	523,498	739,173
Interest paid	20,074	22,280	29,735
Goods and services tax (net)	3,293	-	-
<b>Total cash applied</b>	<b>583,159</b>	<b>545,778</b>	<b>768,908</b>
<b>Net cash from operating activities</b>	<b>487,143</b>	<b>564,544</b>	<b>688,917</b>
<b>Cash flows from investing activities</b>			
<b>Cash provided from:</b>			
Sale of property, plant and equipment	1,636	-	-
<b>Total cash provided</b>	<b>1,636</b>	<b>-</b>	<b>-</b>
<b>Cash applied to:</b>			
Capital expenditure projects	491,733	560,489	737,053
<b>Total cash applied</b>	<b>491,733</b>	<b>560,489</b>	<b>737,053</b>
<b>Net cash from investing activities</b>	<b>(490,097)</b>	<b>(560,489)</b>	<b>(737,053)</b>
<b>Cash flows from financing activities</b>			
<b>Cash provided from:</b>			
Loan from Auckland Council - EMU	10,000	-	-
<b>Total cash provided</b>	<b>10,000</b>	<b>-</b>	<b>-</b>
<b>Cash applied to:</b>			
Repayments of EMU loan from Auckland Council	3,975	4,055	5,399
<b>Total cash applied</b>	<b>3,975</b>	<b>4,055</b>	<b>5,399</b>
<b>Net cash from financing activities</b>	<b>6,025</b>	<b>(4,055)</b>	<b>(5,399)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>3,071</b>	<b>-</b>	<b>(53,535)</b>
Opening cash balance	3,005	-	-
<b>Closing cash balance</b>	<b>6,076</b>	<b>-</b>	<b>(53,535)</b>

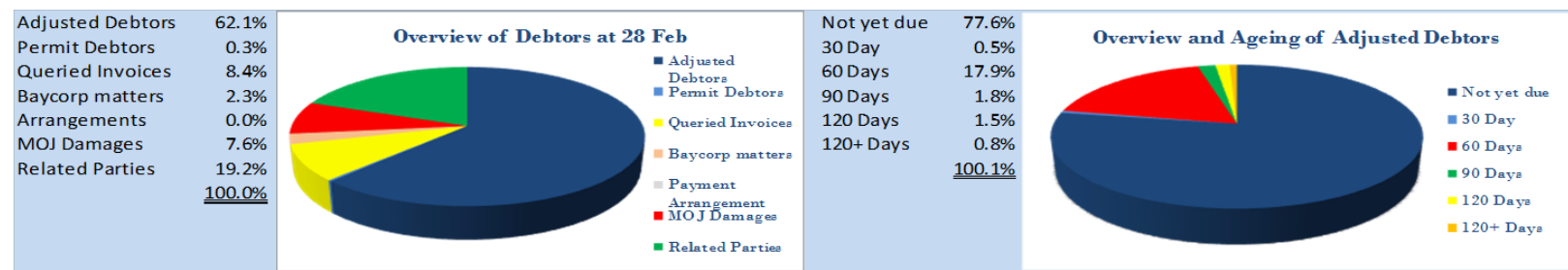
<b>Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities</b>	
	<b>Actual \$000</b>
<b>Surplus/(deficit) after tax</b>	<b>407,763</b>
<b>Add/(less) non cash items</b>	
Depreciation and amortisation	244,131
Vested assets	(152,680)
Loss on disposal of property, plant and equipment	1,656
(Gains)/losses on forward foreign exchange contracts	(242)
(Gains)/losses on interest rate swaps	(2,275)
Income tax	(69)
	<b>90,521</b>
<b>Add/(less) movements in working capital</b>	
Decrease/(Increase) in debtors and other receivables	22,614
Decrease/(Increase) in inventories	(1,564)
(Decrease)/Increase in creditors and other payables	(11,973)
(Decrease)/Increase in employee benefits payable	(2,100)
(Decrease)/Increase in other assets	(18,118)
(Decrease)/Increase in non current asset held for sale	-
	<b>(11,141)</b>
<b>Net cash flow from operating activities</b>	<b>487,143</b>

## Section 6 – Accounts Receivable Report

### Accounts Receivable

An overview of the Debtors as at 31 March has 92.4% (96.0% February) of adjusted Debtors in 30 and 60 days, or not yet due.

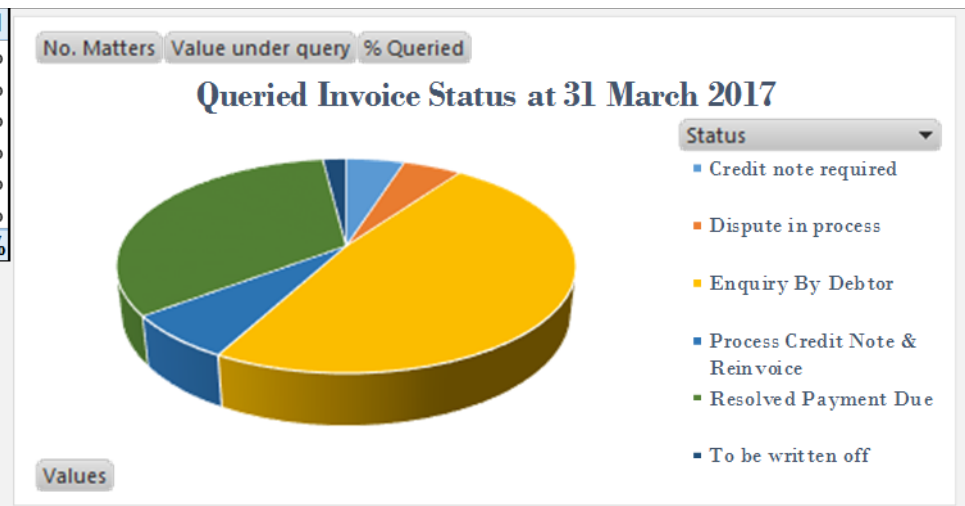
<u>Debtors Ageing Analysis as at 31 March 2017</u>									
<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</u>	<u>Not Yet Due</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>120+ Days</u>	<u>Notes</u>
Debtors Ageing 31 Mar	257	3,448,728	2,239,931	217,858	95,963	162,873	85,533	646,570	1
Parking Permit Debtors	18	8,380	0	200	4,400	0	3,780	0	2
<b>Total Debtors</b>		<b>3,457,108</b>	<b>2,239,931</b>	<b>218,058</b>	<b>100,363</b>	<b>162,873</b>	<b>89,313</b>	<b>646,570</b>	
		100.0%	64.8%	6.3%	2.9%	4.7%	2.6%	18.7%	
O/s Related Parties	27	732,944	617,969	6,792	13,294	17,449	12,649	64,792	3
<b>Trade Debtors</b>	<b>151</b>	<b>2,724,164</b>	<b>1,621,962</b>	<b>211,266</b>	<b>87,069</b>	<b>145,424</b>	<b>76,664</b>	<b>581,778</b>	
		100.0%	59.5%	7.8%	3.2%	5.3%	2.8%	21.4%	
Queried Invoices	127	346,633	6,185	8,024	55,025	93,639	23,266	160,494	4
To Baycorp (Collection)	438	91,107	0	120	1,012	319	470	89,186	5
Payment Arrangement	226	1,555	0	0	0	0	0	1,555	6
Lodged Courts (Damages)	372	291,740	431	0	8,161	11,388	13,599	258,160	7
<b>Adjusted Debtors</b>		<b>1,993,129</b>	<b>1,615,346</b>	<b>203,122</b>	<b>22,871</b>	<b>40,078</b>	<b>39,328</b>	<b>72,383</b>	
		100.0%	81.0%	10.2%	1.1%	2.0%	2.0%	3.6%	



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

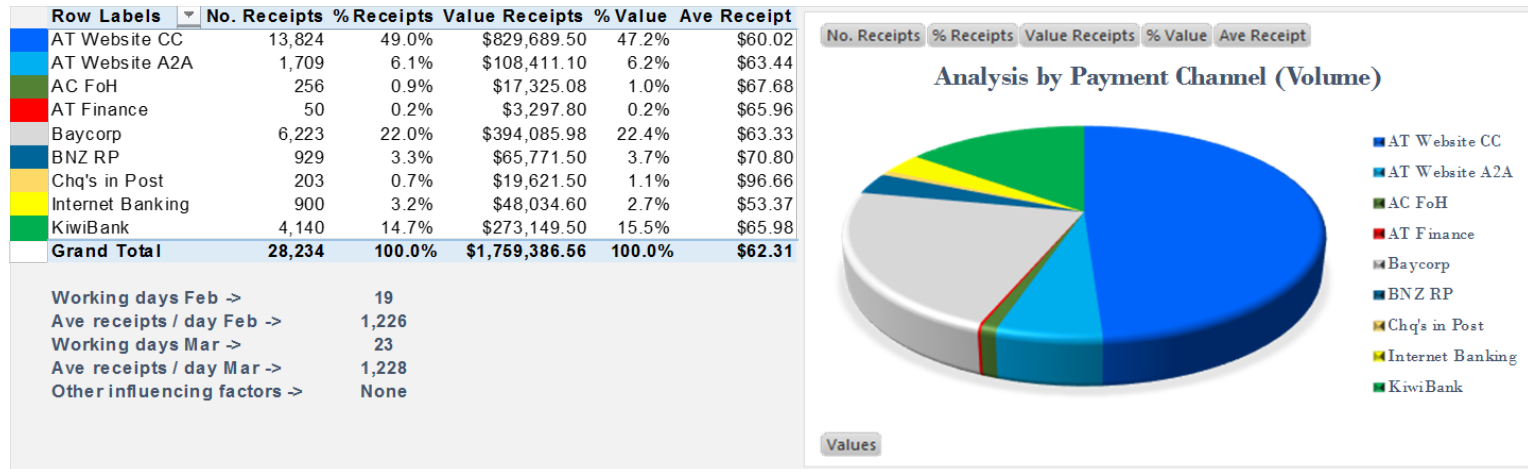
- 1 - Sundry Debtors administered in the SAP system.
- 2 - Parking Permit Debtors administered in the Pathway system. These invoices are for on street permits issued. Amounts not collected within 60 days are lodged with Baycorp for collection. Accounts not paying on time are blocked for further permits.
- 3 - Inter-Council Group debts.
- 4 - Relates to invoices which have been queried or disputed by customers. The \$76,000 matter mentioned in earlier reports has been referred to the Council Legal Team for assistance in resolving the dispute as Council have involvement. The new matter totalling \$86,000 (90 days) reported on last month's report, has highlighted some shortcomings from Investigation and Design Team. Additional information has been requested from them.
- 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.

Row Labels	No. Matters	Value under query	% Queried
Credit note required	5	\$5,745.64	1.7%
Dispute in process	5	\$9,582.87	2.8%
Enquiry By Debtor	49	\$254,522.64	73.4%
Process Credit Note & Reinvoice	7	\$1,826.79	0.5%
Resolved Payment Due	34	\$70,608.21	20.4%
To be written off	2	\$4,347.00	1.3%
<b>Grand Total</b>	<b>102</b>	<b>\$346,633.15</b>	<b>100.0%</b>

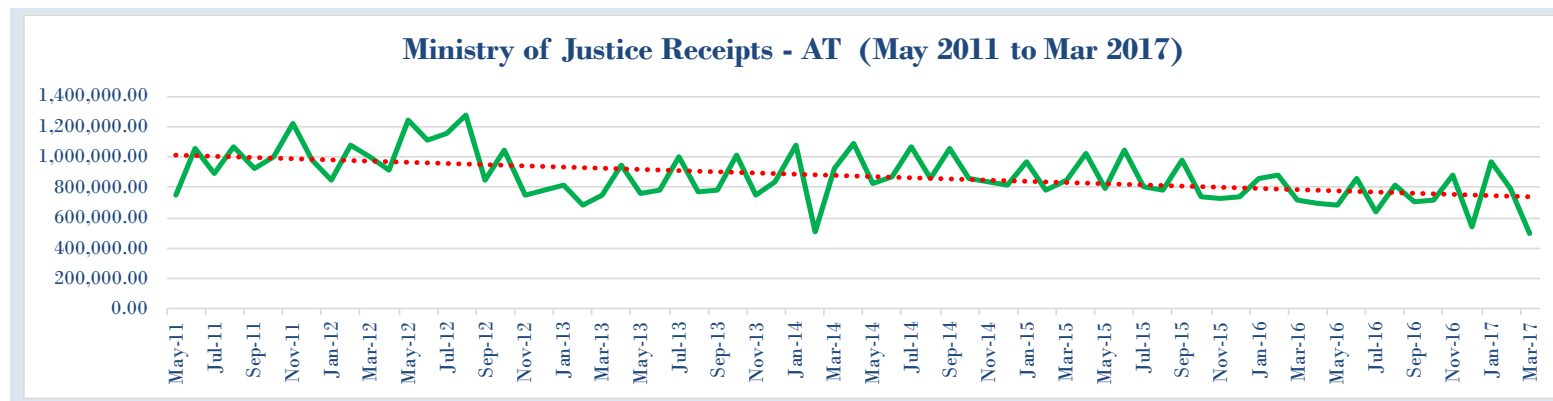


### Infringement Overview:

March's Infringement receipts by volume are up 21.2% on February (19 working days in February compared with 23 in March). Of the customers not paying in response to a Baycorp demand, 74.7% are making use of electronic payment methods (73.2% in February). The AT website recorded 55.0% of all receipts (48.5% in February). The highest average receipt by value was received via cheque payments.

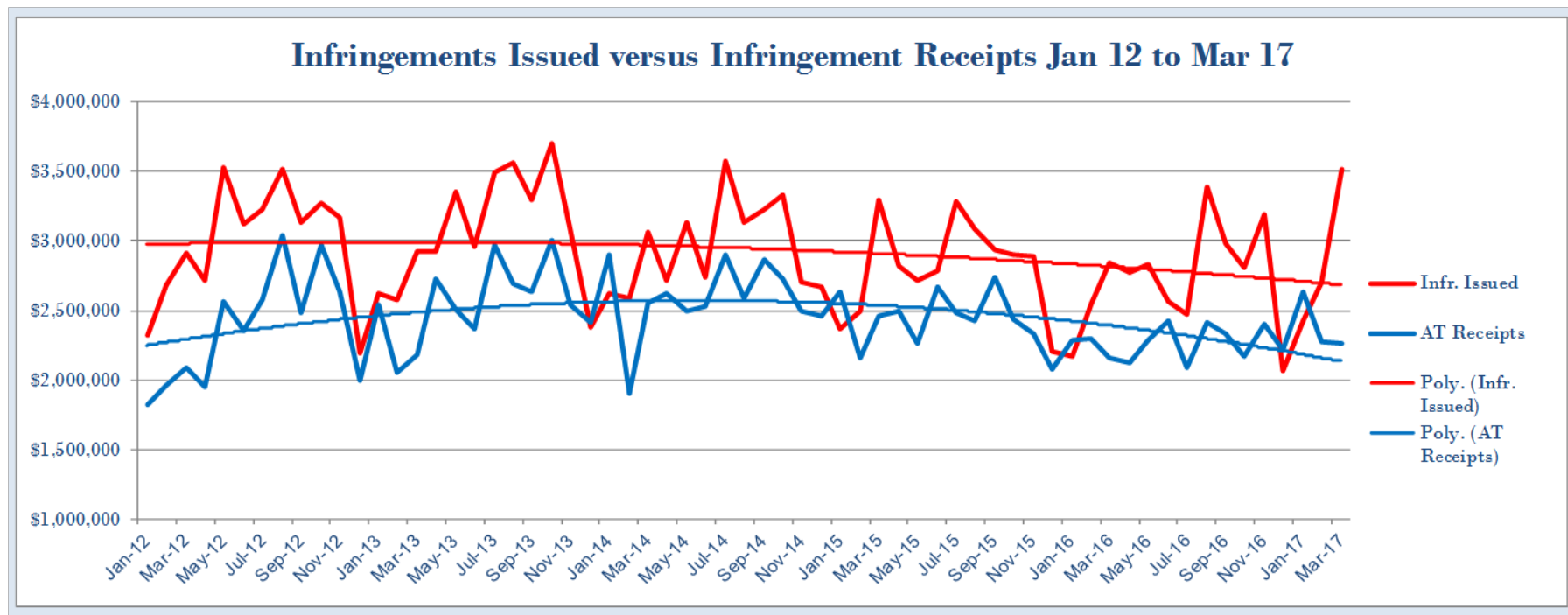


Analysis of Ministry of Justice (MoJ) receipts for the past six years shows a decline in collections. This is more prevalent over the past 12 to 18 months.



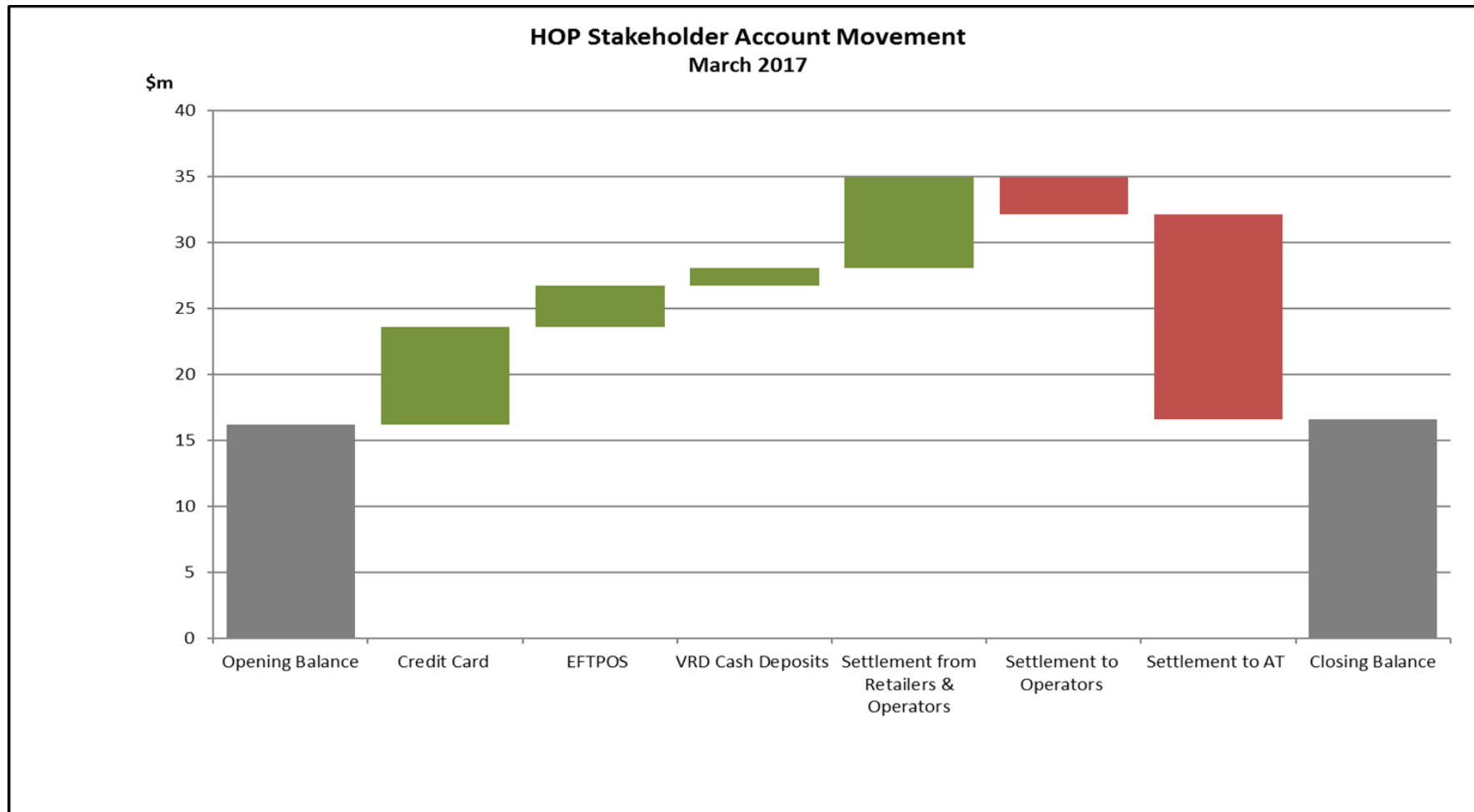
Analysis of receipts by value show that infringements issued over the past 24 months have decreased. Analysis of MoJ's collection statistics show that average receipts in 2016 were down 12.3% on 2015. AT's receipts (January to December 2016 average) were down 3.8% compared with the same period in 2015. This is in line with the 3.4% 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. Infringements issued in January, February and March 2017 are on average 7.9% higher than the average issued for the same periods in 2016.

The trend lines in the overview below have moved apart slightly as a result of the time of the year and lower than usual MoJ collections. The low issuance of infringements in December, January and February has resulted in lower than normal collections directly through AT as well as lower than normal Baycorp lodgements and collections.



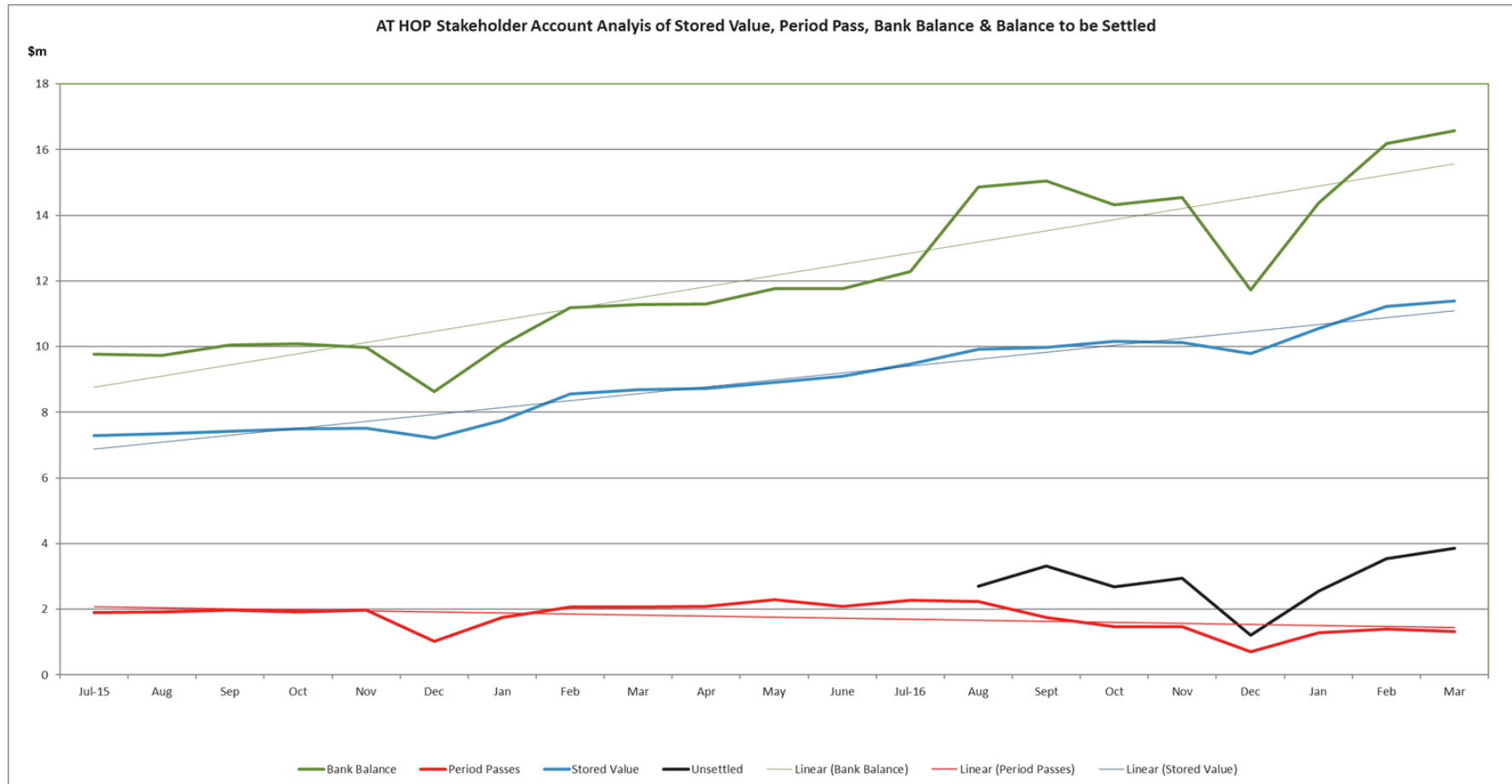
## Section 7 – AT HOP Stakeholder Monthly Report

The AT HOP Stakeholder bank account increased by 2.42%, from \$16.1 million to \$16.5 million.







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. The unsettled HOP money reflects the seven-day delay with the introduction of Simpler Fares.



## Document ownership

Submitted by	Edmond Wong <b>Financial Reporting Manager</b>	
Recommended by	Julian Michael <b>Group Manager, Finance</b>	
Approved for submission	Richard Morris <b>Chief Financial Officer</b>	