

Financial Results for the Three Months Ended 30 September 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 for the first quarter is \$71.4 million, which is \$8.8 million favourable to budget.

- Total operating income year to date is higher than budget. Items to note are:
 - NZ Transport Agency operating funding is higher than budget but full year funding is still expected to be on budget.
 - Enforcement revenue is higher than budget mainly due to an increase in enforcement tickets issued and reduction of exemptions in traffic infringements as a result of system enhancement.
 - Rail activity income continues to be behind budget mainly due to two major incidents in July and average yield lower than budget.
 - Other revenue is above budget mainly due to income from transitional services provided to City Rail Link Limited.
- Total operating expenditure year to date is within budget and is expected to remain on budget.

The overall capital programme year to date is \$11.2 million below budget. This is mainly driven by delays in the property acquisition programme. Detailed analysis is currently underway including a review of project milestones, associated spend risks, potential deferrals and identifying projects that can be accelerated from outer year plans.

Vested assets amounting to \$23.9 million were received in September mainly coming from the ongoing property development activities in Albany, Silverdale and Totara Heights, taking the year to date amount to \$66.7 million.

A budget reforecast will be completed in October and reported to the December Board meeting.

Section 2a – Executive Summary

Financial results for the three months ended 30 September 2017:

	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	0.9	2.2	↑ ●	203.2	200.9	808.7
Total operating expenditure	3.4	6.6	↓ ●	274.6	281.2	1,165.9
Surplus/(deficit) from operations	4.3	8.8	↑ ●	(71.4)	(80.2)	(357.2)
Income for capital projects	0.3	36.8	↑ ●	192.0	155.2	868.9
Net surplus/(deficit) before tax	4.6	45.6	↑ ●	120.6	75.0	511.7
Total direct capital	43.3	57.6	↔ ●	125.3	136.5	765.9

Key to symbols used:

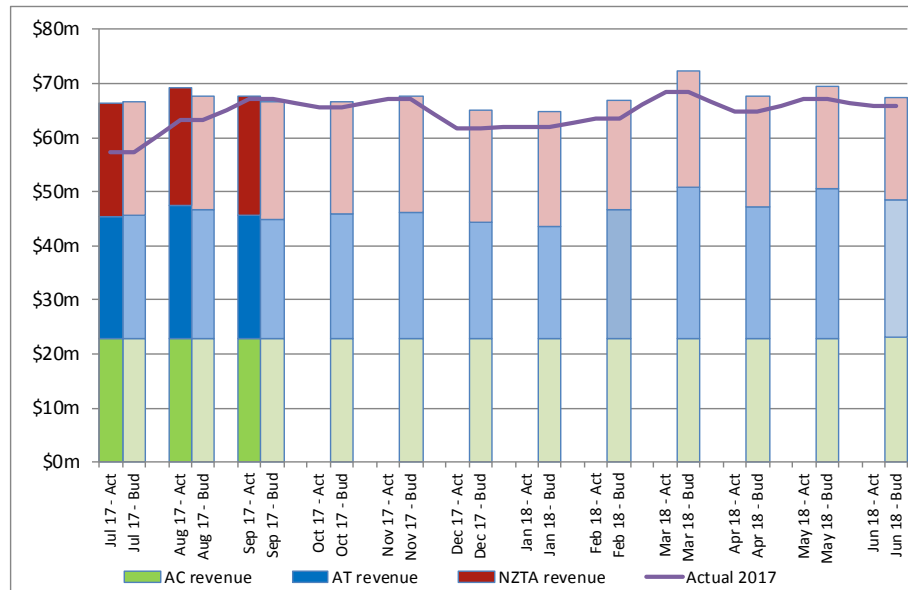
↔	: Within tolerable range	↑	: Above budget, favourable variance.
↓	: Below budget, unfavourable variance.	●	: Largely on track
↓	: Below budget, favourable variance.	●	: Monitoring, some action taken
↑	: Above budget, unfavourable variance.	●	: Action required

Section 2b – Financial results for the three months ended 30 September 2017

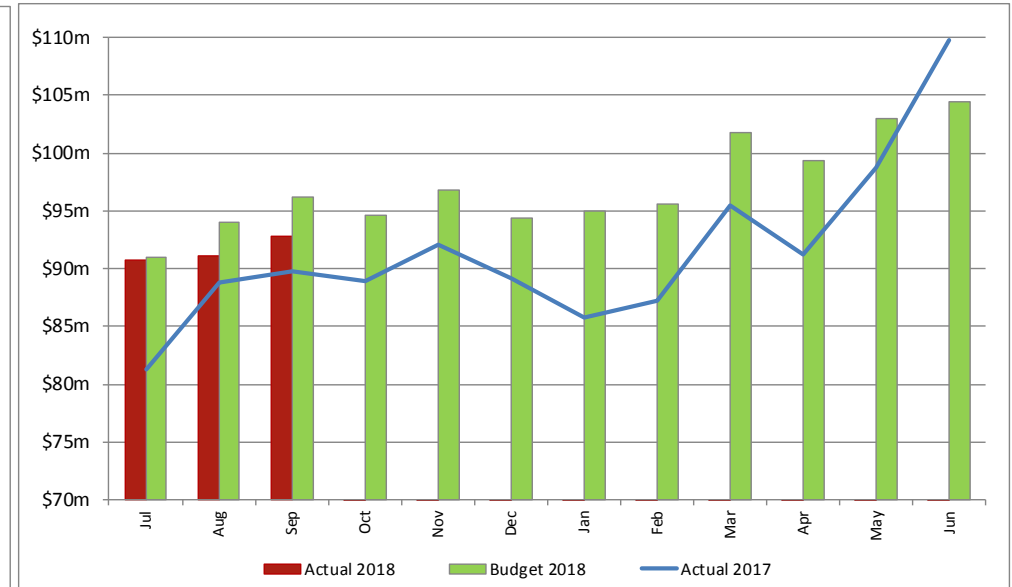
	Current month			Year to date			Results achieved	Budget \$000
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000		
Income								
<u>Operating income</u>								
Auckland Council funding	22,924	22,924	-	68,771	68,771	-	●	275,179
NZ Transport Agency operating funding	21,860	21,885	(25)	64,586	63,902	684	●	248,061
Parking and enforcement income	7,055	6,612	443	20,934	20,247	687	●	82,210
AT Metro income	13,476	13,659	(183)	41,816	42,325	(509)	●	183,174
Other revenue incl. other grants and subsidies	2,316	1,618	698	7,088	5,703	1,385	●	20,111
Total operating income	67,631	66,698	933	203,195	200,948	2,247	●	808,735
Expenditure								
Personnel costs	13,231	12,943	(288)	38,780	39,338	558	●	159,334
Capitalised personnel costs	(2,864)	(3,446)	(582)	(7,505)	(10,440)	(2,935)	●	(42,324)
Depreciation and amortisation	26,306	28,636	2,330	78,389	84,526	6,137	●	362,975
Other expenditure	53,570	55,519	1,949	157,200	160,022	2,822	●	655,510
Finance costs (Electric Trains)	2,513	2,513	-	7,714	7,714	-	●	30,452
Total operating expenditure	92,756	96,165	3,409	274,578	281,160	6,582	●	1,165,947
Surplus/(deficit) from operations	(25,125)	(29,467)	4,342	(71,383)	(80,212)	8,829	●	(357,212)
<u>Income for capital projects</u>								
NZ Transport Agency capital co-investment	12,774	14,060	(1,286)	34,263	33,991	272	●	174,008
Auckland Council capital grant	29,906	43,494	(13,588)	90,890	102,474	(11,584)	●	591,888
Other Capital Grants	649	-	649	138	-	138	●	-
Vested asset income	23,874	9,366	14,508	66,705	18,731	47,974	●	103,023
Total income for capital projects	67,203	66,920	283	191,996	155,196	36,800	●	868,919
Net surplus/(deficit) before tax and derivatives	42,078	37,453	4,625	120,613	74,984	45,629	●	511,707
Gains/(losses) on derivatives	266	-	266	817	-	817	-	-
Gain/(loss) on disposal of assets	(147)	-	(147)	(396)	-	(396)	-	-
Income tax benefit/(expense)	-	-	-	-	-	-	-	-
Net surplus/(deficit) after tax and derivatives	42,197	37,453	4,744	121,034	74,984	46,050	●	511,707

Section 2b – Financial results for the three months ended 30 September 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 \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating Income							
Rail	9,466	9,685	(219)	29,210	29,433	(223)	121,008
Bus	16,434	16,331	103	49,391	49,441	(50)	202,138
Ferry	1,041	1,368	(327)	3,426	4,007	(581)	17,267
Other public transport	2,547	2,796	(249)	7,426	7,998	(572)	32,118
Parking	4,202	4,052	150	12,227	12,356	(129)	50,575
Enforcement	2,853	2,560	293	8,707	7,891	816	31,635
Roading and footpaths	4,866	4,871	(5)	15,618	14,955	663	56,121
Internal support	3,298	2,112	1,186	8,418	6,098	2,320	22,694
Auckland Council operating funding	22,924	22,924	-	68,771	68,771	-	275,179
Total operating income	67,631	66,699	932	203,194	200,950	2,244	808,735
Operating Expenditure							
Rail	13,318	13,748	430	41,142	41,219	77	171,111
Bus	23,821	23,645	(176)	71,282	70,759	(523)	282,115
Ferry	1,595	1,856	261	4,655	5,331	676	21,945
Other public transport	3,741	4,120	379	10,476	11,563	1,087	46,653
Parking	1,117	1,062	(55)	3,040	3,245	205	12,334
Enforcement	1,709	1,707	(2)	5,138	5,171	33	20,547
Roading and footpaths	10,779	10,573	(206)	33,819	30,485	(3,334)	135,266
Internal support	10,368	10,815	447	26,639	28,864	2,225	112,999
Depreciation and amortisation	26,306	28,636	2,330	78,389	84,526	6,137	362,975
Total operating expenditure	92,754	96,162	3,408	274,580	281,163	6,583	1,165,945
Surplus/(deficit) from Operations	(25,123)	(29,463)	4,340	(71,386)	(80,213)	8,827	(357,210)

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
Operating Income							
Activity Income	4,001	4,313	(312)	12,751	13,382	(631)	55,041
Other income	129	118	11	396	280	116	1,437
NZ Transport Agency operating funding	3,750	3,668	82	11,171	10,879	292	44,973
NZ Transport Agency operating funding - Electric Trains	1,586	1,586	-	4,892	4,892	-	19,557
Total operating income	9,466	9,685	(219)	29,210	29,433	(223)	121,008
Operating Expenditure							
Personnel costs	251	334	83	733	795	62	5,346
Capitalised personnel costs	7	-	(7)	58	-	(58)	-
Service delivery costs and professional services	7,405	7,723	318	23,108	23,175	67	95,859
Occupancy costs	271	275	4	861	823	(38)	3,363
Track access charges	2,204	2,246	42	6,672	6,738	66	27,686
Other expenditure	667	657	(10)	1,996	1,974	(22)	8,405
Finance costs (Electric Trains)	2,513	2,513	-	7,714	7,714	-	30,452
Total operating expenditure	13,318	13,748	430	41,142	41,219	77	171,111
Depreciation	3,466	3,256	(210)	10,393	9,688	(705)	40,163
Surplus/(deficit) from Operations	(7,318)	(7,319)	1	(22,325)	(21,474)	(851)	(90,266)
Internal support costs	2,170	2,691	521	5,774	7,085	1,311	30,989
Surplus/(deficit)	(9,488)	(10,010)	522	(28,099)	(28,559)	460	(121,255)

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
Operating Income							
Activity Income	7,558	7,571	(13)	23,320	23,434	(114)	103,429
Other income	323	320	3	1,070	1,089	(19)	5,388
NZ Transport Agency operating funding	8,553	8,440	113	25,001	24,918	83	93,321
Total operating income	16,434	16,331	103	49,391	49,441	(50)	202,138
Operating Expenditure							
Personnel costs	372	307	(65)	1,079	841	(238)	4,310
Capitalised personnel costs	(23)	(28)	(5)	(84)	(66)	18	(250)
Service delivery costs and professional services	23,293	23,182	(111)	69,729	69,405	(324)	275,660
Occupancy costs	87	91	4	261	272	11	1,118
Other expenditure	92	93	1	297	307	10	1,277
Total operating expenditure	23,821	23,645	(176)	71,282	70,759	(523)	282,115
Depreciation	262	318	56	784	947	163	3,907
Surplus/(deficit) from Operations	(7,649)	(7,632)	(17)	(22,675)	(22,265)	(410)	(83,884)
Internal support costs	3,578	4,436	858	9,519	11,681	2,162	51,092
Surplus/(deficit)	(11,227)	(12,068)	841	(32,194)	(33,946)	1,752	(134,976)

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
Operating Income							
Operator access fees	486	419	67	1,246	1,258	(12)	5,819
Activity Income	147	203	(56)	551	642	(91)	3,004
Other income	69	80	(11)	213	247	(34)	1,037
NZ Transport Agency operating funding	339	666	(327)	1,416	1,860	(444)	7,407
Total operating income	1,041	1,368	(327)	3,426	4,007	(581)	17,267
Operating Expenditure							
Personnel costs	211	102	(109)	431	315	(116)	1,268
Capitalised personnel costs	(33)	(21)	12	(55)	(65)	(10)	(262)
Service delivery costs and professional services	1,202	1,514	312	3,808	4,280	472	17,800
Occupancy costs	76	88	12	136	254	118	973
Other expenditure	139	173	34	335	547	212	2,166
Total operating expenditure	1,595	1,856	261	4,655	5,331	676	21,945
Depreciation	326	258	(68)	979	769	(210)	3,150
Surplus/(deficit) from Operations	(880)	(746)	(134)	(2,208)	(2,093)	(115)	(7,828)
Internal support costs	278	345	67	740	909	168	3,974
Surplus/(deficit)	(1,158)	(1,091)	(67)	(2,948)	(3,002)	53	(11,802)

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
Operating Income							
Other income	763	636	127	2,268	1,993	275	8,019
NZ Transport Agency operating funding	1,784	2,160	(376)	5,158	6,005	(847)	24,099
Total operating income	2,547	2,796	(249)	7,426	7,998	(572)	32,118
Operating Expenditure							
Personnel costs	1,390	1,579	189	3,991	4,632	641	18,408
Capitalised personnel costs	(162)	(48)	114	(340)	(128)	212	(892)
Service delivery costs and professional services	522	1,546	1,024	2,844	4,031	1,187	16,458
IT costs	275	179	(96)	540	538	(2)	2,300
Other expenditure	1,716	864	(852)	3,441	2,490	(951)	10,379
Total operating expenditure	3,741	4,120	379	10,476	11,563	1,087	46,653
Depreciation	1,392	1,377	(15)	4,179	4,108	(71)	16,835
Surplus/(deficit) from Operations	(2,586)	(2,701)	115	(7,229)	(7,673)	444	(31,370)
Internal support costs	592	734	142	1,574	1,932	357	8,449
Surplus/(deficit)	(3,178)	(3,435)	257	(8,803)	(9,605)	801	(39,819)

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
Operating Income							
Other income	169	112	57	378	330	48	1,412
Parking Fees	4,033	3,940	93	11,849	12,026	(177)	49,163
Total operating income	4,202	4,052	150	12,227	12,356	(129)	50,575
Operating Expenditure							
Personnel costs	272	248	(24)	775	768	(7)	3,071
Capitalised personnel costs	3	(14)	(17)	(3)	(43)	(40)	(173)
Service delivery costs and professional services	324	345	21	876	1,070	194	3,637
Occupancy Costs	451	397	(54)	1,267	1,192	(75)	4,768
Other expenditure	67	86	19	125	258	133	1,031
Total operating expenditure	1,117	1,062	(55)	3,040	3,245	205	12,334
Depreciation	640	645	5	1,920	1,929	9	7,809
Surplus/(deficit) from Operations	2,445	2,345	100	7,267	7,182	85	30,432
Internal support costs	156	194	38	416	511	95	2,234
Surplus/(deficit)	2,289	2,151	138	6,851	6,671	180	28,198

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
Operating Income							
Other income	-	-	-	-	-	-	-
Infringement income	2,853	2,560	293	8,707	7,891	816	31,635
Total operating income	2,853	2,560	293	8,707	7,891	816	31,635
Operating Expenditure							
Personnel costs	756	848	92	2,621	2,621	-	10,486
Capitalised personnel costs	14	7	(7)	(11)	22	33	87
Service delivery costs and professional services	170	160	(10)	555	481	(74)	1,924
Occupancy Costs	-	-	-	-	-	-	-
Other expenditure	769	692	(77)	1,973	2,047	74	8,050
Total operating expenditure	1,709	1,707	(2)	5,138	5,171	33	20,547
Depreciation	51	25	(26)	126	69	(57)	363
Surplus/(deficit) from Operations	1,093	828	265	3,443	2,651	792	10,725
Internal support costs	261	323	63	693	851	157	3,721
Surplus/(deficit)	832	505	328	2,750	1,800	949	7,004

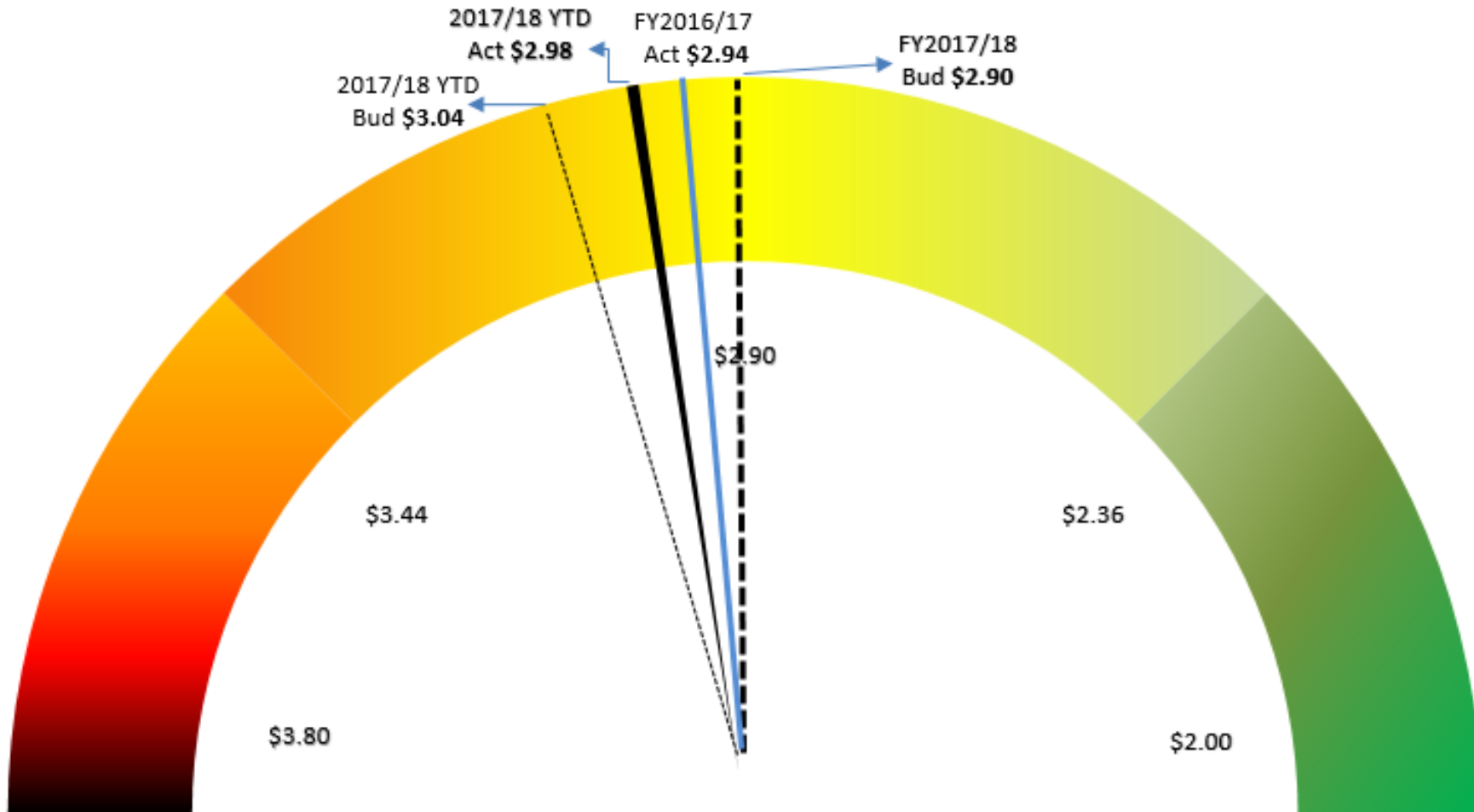
Section 2d – Roading and footpaths operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating Income							
Petrol tax	773	743	30	2,334	2,230	104	8,919
Other income	391	479	(88)	2,063	2,179	(116)	6,361
NZ Transport Agency operating funding	3,702	3,649	53	11,221	10,546	675	40,841
Total operating income	4,866	4,871	(5)	15,618	14,955	663	56,121
Operating Expenditure							
Personnel costs	2,867	2,730	(137)	8,226	8,444	218	34,515
Capitalised personnel costs	(762)	(913)	(151)	(1,671)	(2,771)	(1,100)	(10,981)
Service delivery costs and professional services	6,750	6,833	83	21,772	18,641	(3,131)	87,572
Occupancy Costs	1,444	1,323	(121)	4,010	4,321	311	15,286
IT Costs	6	12	6	61	42	(19)	326
Other expenditure	474	588	114	1,421	1,808	387	8,548
Total operating expenditure	10,779	10,573	(206)	33,819	30,485	(3,334)	135,266
Depreciation	18,489	20,613	2,124	54,949	61,214	6,265	256,097
Surplus/(deficit) from Operations	(24,402)	(26,315)	1,913	(73,150)	(76,744)	3,594	(335,242)
Internal support costs	1,715	2,127	412	4,564	5,601	1,036	24,497
Surplus/(deficit)	(26,117)	(28,442)	2,325	(77,714)	(82,345)	4,630	(359,739)

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
Operating Income							
Rental income	444	316	128	1,325	1,056	269	3,879
Other income	708	80	628	1,366	239	1,127	952
NZ Transport Agency operating funding	2,146	1,716	430	5,727	4,803	924	17,863
Total operating income	3,298	2,112	1,186	8,418	6,098	2,320	22,694
Operating Expenditure							
Personnel costs	7,111	6,794	(317)	20,926	20,921	(5)	81,930
Capitalised personnel costs	(1,909)	(2,429)	(520)	(5,399)	(7,387)	(1,988)	(29,854)
Directors Fees	42	42	-	127	127	-	510
Service delivery costs and professional services	3,567	3,101	(466)	5,903	8,534	2,631	35,344
Other expenditure	1,557	3,307	1,750	5,082	6,669	1,587	25,069
Total operating expenditure	10,368	10,815	447	26,639	28,864	2,225	112,999
Depreciation	1,680	2,146	466	5,060	5,802	742	34,651
Surplus/(deficit) from Operations	(8,750)	(10,849)	2,099	(23,281)	(28,568)	5,287	(124,956)
Internal support allocated	8,750	10,849	2,099	23,281	28,568	5,287	124,956
Surplus/(deficit)	-	-	-	-	-	-	-

Section 2e – Operational funding requirement per passenger for the three months ended 30 September 2017



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		
Land								
Mass Transit	-	-	-	-	-	-	●	33,823
AMETI	327	2,333	2,006	6,472	4,498	(1,974)	●	27,874
Mill Road improvements	1,823	7,048	5,225	7,920	16,210	8,290	●	40,830
Growth Infrastructure Fund	14	-	(14)	61	-	(61)	●	15,260
Drury South	8	-	(8)	13	-	(13)	●	14,000
Special Housing Areas (SHAs)	4	-	(4)	6	-	(6)	●	19,500
Other	1,154	5,968	4,814	4,357	12,154	7,797	●	24,178
Total land	3,330	15,349	12,019	18,829	32,862	14,033	●	175,465
Major new capital projects								
Mass Transit	-	-	-	-	-	-	●	10,500
Manukau Bus Interchange	2,486	2,791	305	8,295	8,282	(13)	●	16,108
AMETI	438	710	272	1,318	1,915	597	●	6,727
NorthWest Transformation	31	103	72	54	282	228	●	8,974
Dominion Road bus lane improvements	134	175	41	537	591	54	●	13,907
Franklin Road enhancements	42	405	363	660	1,065	405	●	6,200
Murphys Road upgrade	126	120	(6)	336	160	(176)	●	9,840
Total major new capital projects	3,257	4,304	1,047	11,200	12,295	1,095	●	72,256
Other ring-fenced projects								
EMU	33	-	(33)	273	-	(273)	●	-
Local Board initiatives	366	511	145	1,210	927	(283)	●	13,942
Special Housing Areas (SHAs)	539	270	(269)	1,044	848	(196)	●	19,651
Other	866	406	(460)	1,327	993	(334)	●	7,364
Total other ring-fenced projects	1,804	1,187	(617)	3,854	2,768	(1,086)	●	40,957
Other								
Roads and footpaths	6,897	10,037	3,140	23,802	24,154	352	●	139,545
AT Metro	6,878	8,296	1,418	17,979	22,960	4,981	●	96,503
Parking operations	366	515	149	819	1,262	443	●	3,520
Internal support - BT	975	224	(751)	2,934	607	(2,327)	●	700
Internal support - Accomodation	1,958	220	(1,738)	1,942	514	(1,428)	●	7,000
Internal support - Other	630	-	(630)	1,313	-	(1,313)	●	250
Total other	17,704	19,292	1,588	48,789	49,497	708	●	247,518
Renewals	17,234	17,422	188	42,619	39,044	(3,575)	●	229,700
Total direct capital	43,329	57,554	14,225	125,291	136,466	11,175	●	765,896

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
Direct capital funding							
NZ Transport Agency new capital co-investment	5,534	7,866	(2,332)	17,452	20,662	(3,210)	108,759
NZ Transport Agency renewal co-investment	7,240	6,193	1,047	16,810	13,329	3,481	65,249
Other Capital grants	649	-	649	138	-	138	-
Auckland Council capital grant	29,906	43,494	(13,588)	90,890	102,474	(11,584)	591,888
Total direct capital funding	43,329	57,553	(14,224)	125,290	136,465	(11,175)	765,896

Section 4a – Statement of Financial Position

As at 30 September 2017

	Note	Actual 30 September 2017 \$000	Actual 31 August 2017 \$000
Assets			
Current assets			
Cash and cash equivalents	1	22,051	16,729
Receivables	2	253,274	255,300
Inventories		11,294	11,300
Other assets		25,516	13,538
Non-current assets held for sale		4,753	4,753
Total current assets		316,888	301,620
Non-current assets			
Receivables		1,801	1,801
Property, plant and equipment (PPE)		18,148,376	18,105,904
Intangible assets		101,329	103,243
Work in progress (PPE and intangible assets)	3	479,332	479,001
Total non-current assets		18,730,838	18,689,949
Total assets		19,047,726	18,991,569

Section 4a – Statement of Financial Position (continued)

As at 30 September 2017

	Note	Actual 30 September 2017 \$000	Actual 31 August 2017 \$000
Liabilities			
Current liabilities			
Payables and accruals	4	190,119	176,514
Employee entitlements	5	12,995	11,885
Borrowings	6	5,854	5,824
Total current liabilities		208,968	194,223
Non-current liabilities			
Payables and accruals	4	18,900	19,166
Employee entitlements	5	505	574
Borrowings	6	501,463	501,916
Deferred tax	7	11,667	11,667
Total non-current liabilities		532,535	533,323
Total liabilities		741,503	727,546
Net assets		18,306,223	18,264,023
Equity			
Contributed capital		13,001,953	13,001,953
Accumulated funds		1,744,203	1,702,003
Other reserves		3,560,067	3,560,067
Total equity		18,306,223	18,264,023

Section 4b – Notes to the Financial Statements

As at 30 September 2017

	Actual 30 September 2017 \$000	Actual 31 August 2017 \$000
1 Cash and cash equivalents		
Cash at bank	21,742	16,360
Till floats	309	369
Total cash and cash equivalents	22,051	16,729

The carrying value of cash and cash equivalents approximates their fair value.

2 Receivables		
Trade debtors	2,837	6,087
Infringement receivable	35,520	35,057
Amounts due from related parties	189,434	190,278
Accrued revenue	40,758	38,946
	268,549	270,368
Less provision for impairment of receivables	(15,275)	(15,068)
Total current receivables	253,274	255,300

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

As at 30 September 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 is detailed below:

	Gross \$000	Impaired \$000	Net \$000
Not past due	234,398	-	234,398
Past due 1 - 30 days	2,733	-	2,733
Past due 31 - 60 days	1,441	-	1,441
Past due 61 - 90 days	1,124	-	1,124
Past due > 90 days	28,853	(15,275)	13,578
	268,549	(15,275)	253,274

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 30 September 2017 \$000
Balance at 1 July 2017	15,016
Additional provisions made	259
Provisions reversed	-
Provisions relating to receivables written-off	-
Balance at 30 September 2017	15,275

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

As at 30 September 2017

	Opening balance 1 July 2017 \$000	Acquisition YTD 30 September 2017 \$000	Capitalisation YTD 30 September 2017 \$000	Closing balance 30 September 2017 \$000
3 Work in Progress (WIP)				
WIP by activity				
Roads and footpaths	270,896	49,092	(30,831)	289,156
AT Metro	123,657	26,555	(1,932)	148,280
Parking operations	7,209	819	(1,962)	6,066
Internal support	30,450	6,207	(827)	35,830
Total WIP	\$432,212	\$82,673	(35,552)	479,332
WIP by status				
Current WIP (completion in future)				324,190
Forecast completed - awaiting confirmation for capitalisation / writeoff / new forecast finish date				130,051
Forecast completion date not yet provided (new projects)				25,092
Total WIP				479,332
Top 10 Programmes				WIP Closing balance 30 September 2017 \$000
Walking And Cycling				64,073
AMETI				46,020
Bus Interchange				28,914
Te Atatu Rd : Corridor Improvements				25,136
SMART				20,248
Bus Infrastructure Improvement Programme				15,537
Mill Road Improvements				15,248
Double decker network mitigation works				14,586
Local Board Initiati				11,141
Penlink Toll Road				10,327
Total				251,233

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

As at 30 September 2017

	Actual 30 September 2017 \$000	Actual 31 August 2017 \$000
4 Payables and accruals		
Current portion		
Creditors	60,837	49,909
Goods and services tax	1,029	5,016
Accrued expenses	100,209	92,184
Retentions	12,671	12,205
Amounts due to related parties	4,876	5,947
Revenue in advance	10,497	11,253
Total current payables	190,119	176,514
Non-current portion		
Amounts due to related parties	18,900	19,166
Total non-current payables	18,900	19,166

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.

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

As at 30 September 2017

	Actual 30 September 2017 \$000	Actual 31 August 2017 \$000
5 Employee entitlements		
Current portion		
Accrued salaries and wages	2,674	2,033
Accrued leave	10,321	9,852
Total current employee entitlements	12,995	11,885
Non-current portion		
Retirement gratuities	314	383
Long service leave	191	191
Total non-current employee entitlements	505	574
6 Borrowings		
Current portion		
Loans from Auckland Council	5,854	5,824
Total current borrowings	5,854	5,824
Non-current portion		
Loans from Auckland Council	501,463	501,916
Total non-current borrowings	501,463	501,916
Weighted average cost of funds on total borrowings	6.02%	6.02%

Auckland Transport's loan debt of \$507 million is issued at fixed rates of interest ranging from 5.55% to 6.57%.

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

As at 30 September 2017

	Actual
	30 September 2017
	\$000
7 Deferred tax liability	
Balance at 1 July 2017	11,667
Credited to surplus or deficit	-
Charged to equity	-
Balance 30 September 2017	11,667

Section 5 – Cash Flow

	Year to date		Full year
	Actual \$000	Budget \$000	Budget \$000
Cash flows from operating activities			
Total cash provided	406,975	407,413	1,574,632
Cash applied to			
Payments to suppliers and employees	185,566	203,063	772,520
Interest paid	6,901	7,714	30,452
Total cash applied	192,467	210,777	802,972
Net cash from operating activities	214,508	196,636	771,660
Cash flows from investing activities			
Cash provided from			
Sale of property, plant and equipment	1,002	-	-
Cash applied to:			
Purchase of property, plant and equipment	197,805	195,291	765,896
Net cash from investing activities	(196,803)	(195,291)	(765,896)
Cash flows from financing activities			
Cash applied to			
Repayments of EMU loan from Auckland Council	1,346	1,345	5,764
Net cash from financing activities	(1,346)	(1,345)	(5,764)
Net (decrease)/increase in cash and cash equivalents	16,359	-	-
Opening cash and cash equivalents	5,692	-	-
Closing cash balance	22,051	-	-

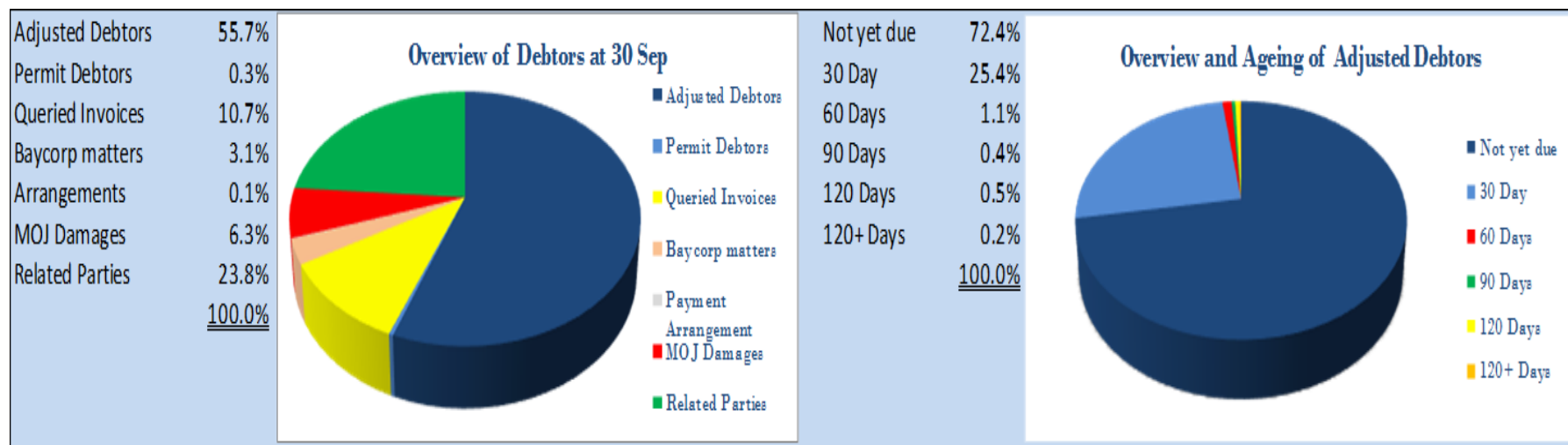
Reconciliation of surplus after tax to net cash from operating activities	
	Actual \$000
Surplus after tax	121,034
Add/(less) non-cash items	
Depreciation and amortisation	78,389
Vested asset income	(66,705)
Loss on disposal of property, plant and equipment	7
	11,691
Add/(less) movements in balance sheet items	
Receivables	68,679
Inventories	149
Other assets	(22,148)
Payables and accruals	37,357
Employee entitlements	(2,254)
	81,783
Net cash from operating activities	214,508

Section 6 – Accounts Receivable Report

Accounts Receivable

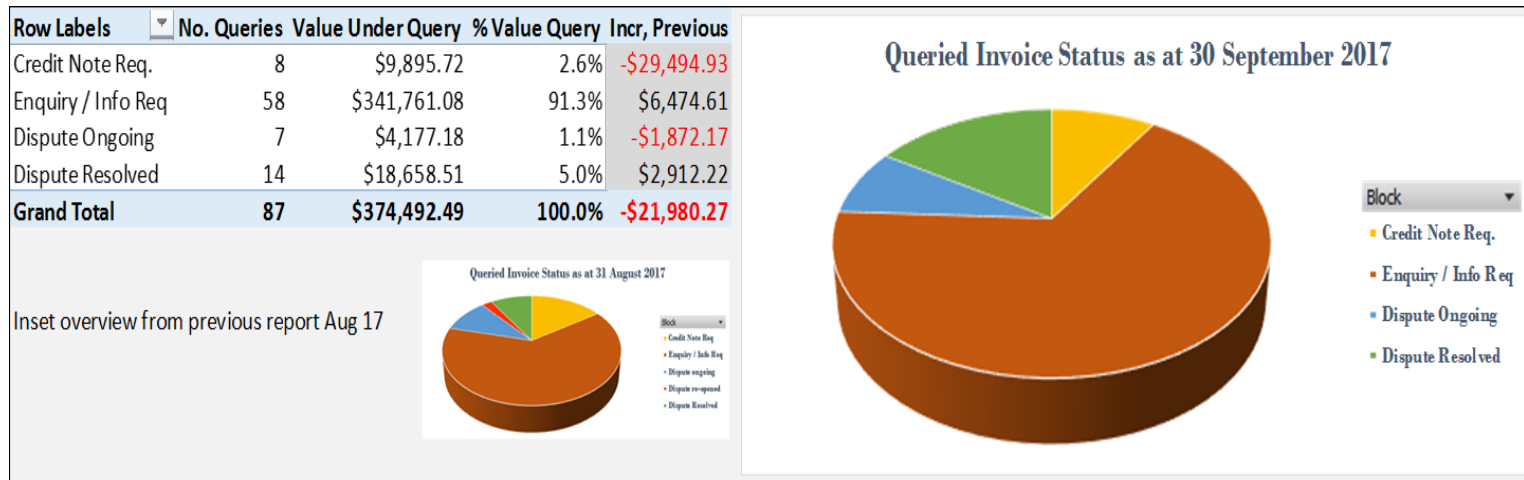
An overview of the Debtors as at 30 September has 98.9% (98.8% August) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 30 September 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 30 Sep	152	3,484,464	2,131,997	582,354	141,681	50,572	35,639	542,221	1
Parking Permit Debtors	22	11,710	0	1,240	0	6,480	3,990	0	2
Total Debtors		3,496,174	2,131,997	583,594	141,681	57,052	39,629	542,221	
		100.0%	61.0%	16.7%	4.1%	1.6%	1.1%	15.5%	
O/s Related Parties	28	833,818	705,463	61,274	18,852	34,956	930	12,344	3
Trade Debtors	97	2,662,355	1,426,534	522,320	122,828	22,096	38,699	529,878	
		100.0%	53.6%	19.6%	4.6%	0.8%	1.5%	19.9%	
Queried Invoices	159	374,492	10,841	22,823	90,006	13,052	19,643	218,127	4
To Baycorp (Collection)	572	109,892	913	0	1,461	537	1,304	105,676	5
Payment Arrangement	186	2,759	0	0	1,718	0	0	1,041	6
Lodged Courts (Damages)	512	221,260	0	2,840	8,879	110	8,178	201,253	7
<u>Adjusted Debtors</u>		<u>1,953,952</u>	<u>1,414,780</u>	<u>496,657</u>	<u>20,764</u>	<u>8,397</u>	<u>9,573</u>	<u>3,781</u>	
		100.0%	72.4%	25.4%	1.1%	0.4%	0.5%	0.2%	



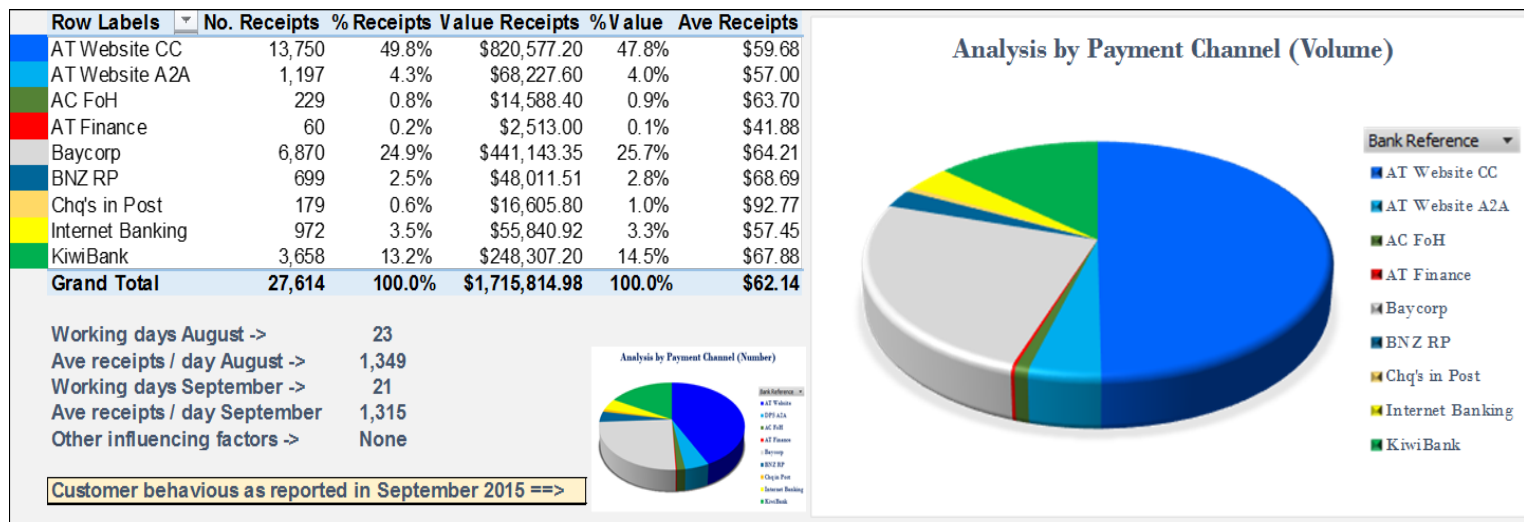
Notes relating to the Debtors Ageing Analysis:

- 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 Legal who are working on the matter. The matter with the Investigation and Design Team totalling \$86,000 has been resolved and a final payment of \$10,000 remains unpaid pending sign off. The dispute of \$49,000 passed across to Property for investigation has not yet been resolved.
- 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. A number of Harbourmaster infringements, administered in SAP have now been lodged with Baycorp for collection.
- 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.



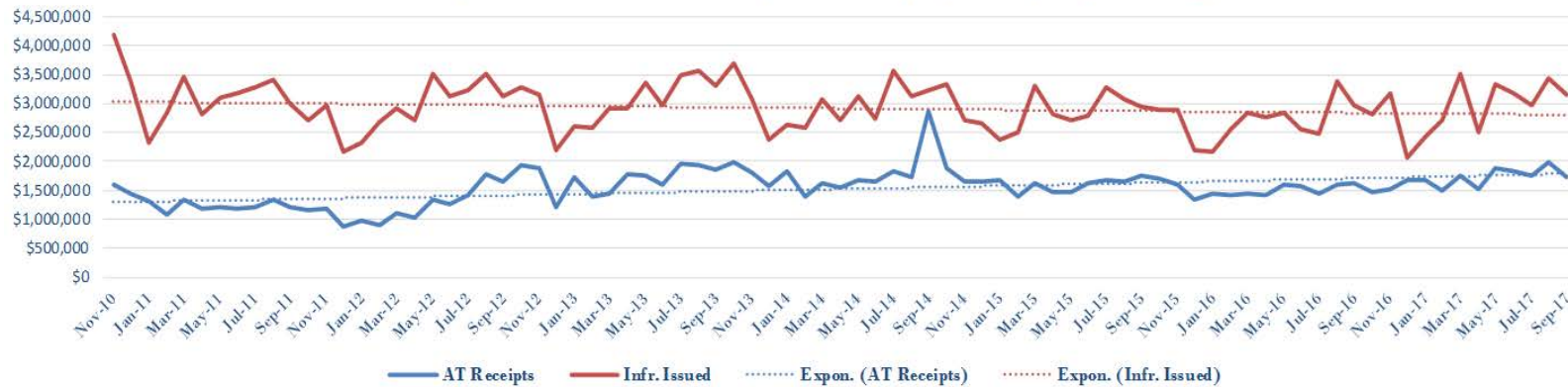
Infringement Overview:

September's Infringement receipts by volume are down 11.1% on August (21 working days in September compared with 23 in August). Of the customers not paying in response to a Baycorp demand, 76.7% are making use of electronic payment methods (76.1% in August). The AT website recorded 54.1% of all receipts (52.9% in August). The inset graph compares customer behaviour as reported in September 2015.



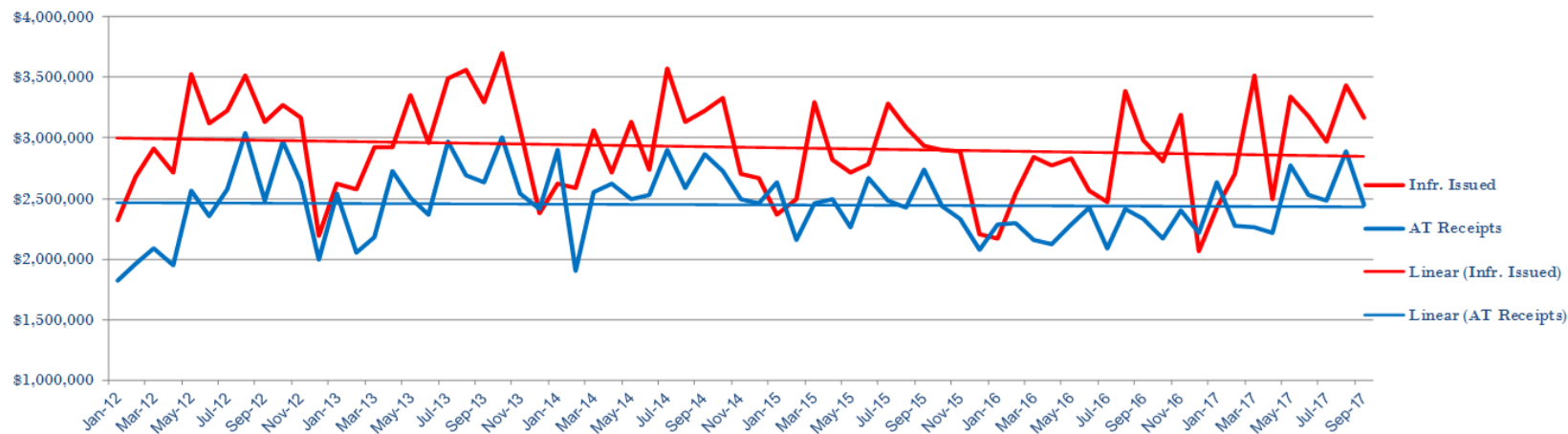
When comparing infringements issued against AT receipts (including Baycorp but excluding MoJ) over a 6 year period, the issued trend line is decreasing while the receipt trend line continues to increase.

Infringements Issued versus Infringement Receipts (Incl Baycorp Excl MoJ)



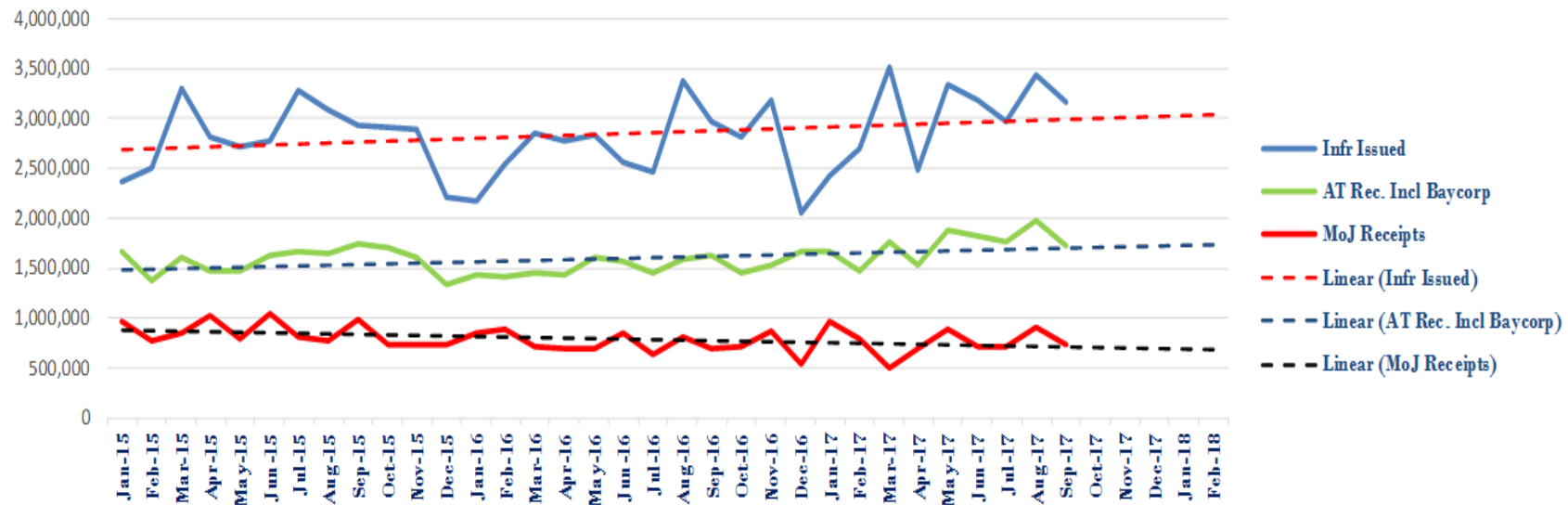
The following graph compares infringements issued against all receipts by AT (including both Baycorp and MoJ receipts).

Infringements Issued versus Infringement Receipts Jan 12 to Sep 17 (incl. Baycorp & MoJ)



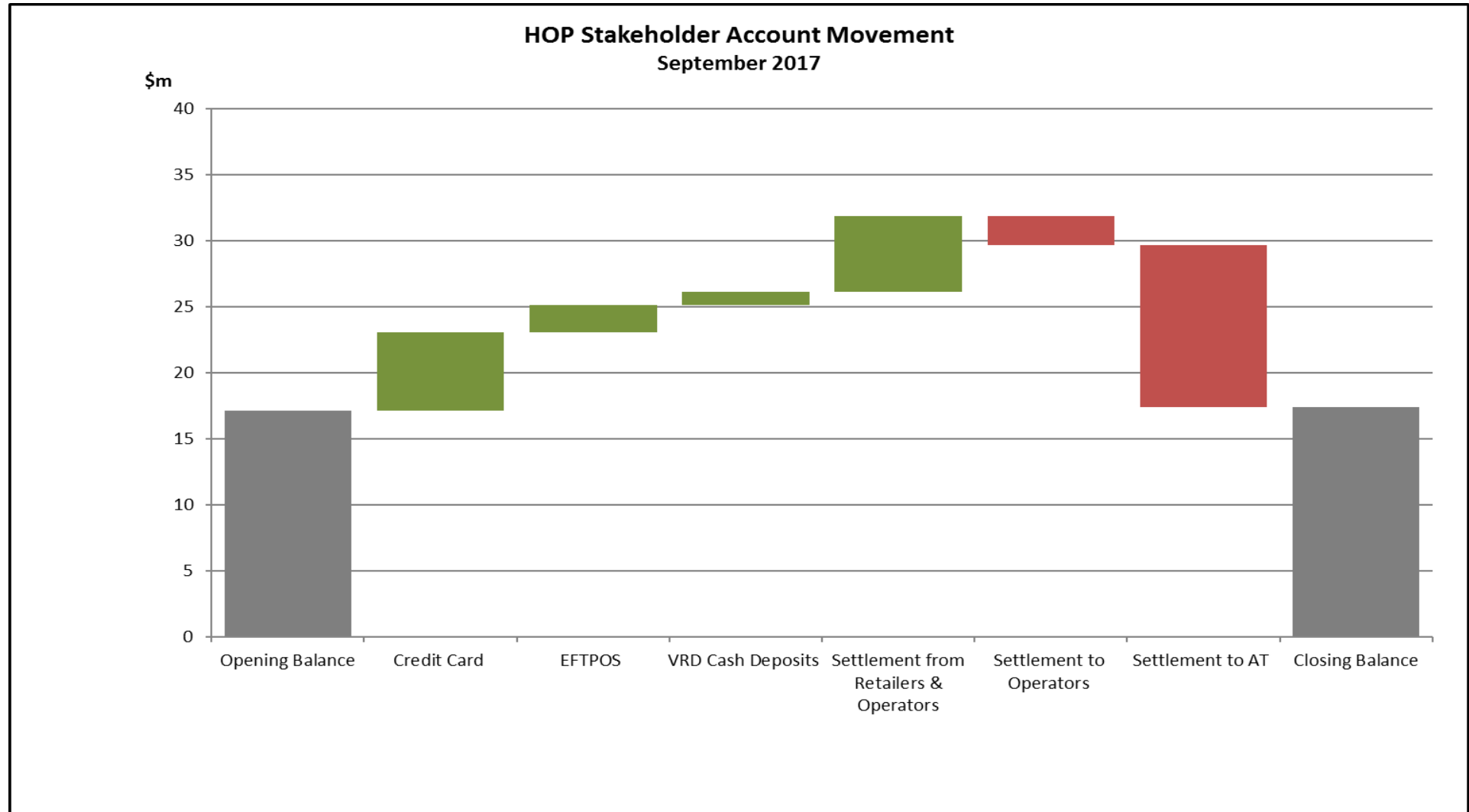
The following analysis compares infringements issued over a 33 month period (Jan 15 to Sep 17) and further compares receipts by AT (Incl. Baycorp) against receipts by MoJ. The trend lines within the analysis for the period clearly shows an increase in both issuance and AT receipts while MoJ continues to drop.

Monthly Infringement Issuance versus AT Receipts (incl. Baycorp) versus MoJ Receipts



Section 7 – AT HOP Stakeholder Monthly Report


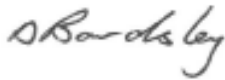
The AT HOP Stakeholder bank account as of September 2017 increased by 1.45% from previous month, i.e., from \$17.1 million to \$17.4 million.



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

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