

Draft Financial Results for the Twelve Months Ended 30 June 2016

Recommendation

That the Board:

- i. Receives the report.

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Executive Summary

Draft financial results for the twelve months ended 30 June 2016:

	Current month variance to revised budget	Full year variance to revised budget	Full year results	Full year Actual Full year Actual	Full year revised budget
	\$m	\$m		\$m	\$m
Total operating income	2.6	2.8	↑ ●	671.6	668.8
Total operating expenditure	(4.0)	9.8	↓ ●	971.2	981.0
Surplus/(deficit) from operations	(1.4)	12.5	↓ ●	(299.6)	(312.2)
Income for capital projects	(17.5)	(17.6)	↔ ●	696.7	714.2
Net surplus/(deficit) before tax	(19.0)	(5.0)	↔ ●	397.0	402.1
Total direct capital	(9.2)	52.6	↓ ●	555.2	607.7

Key to symbols used:

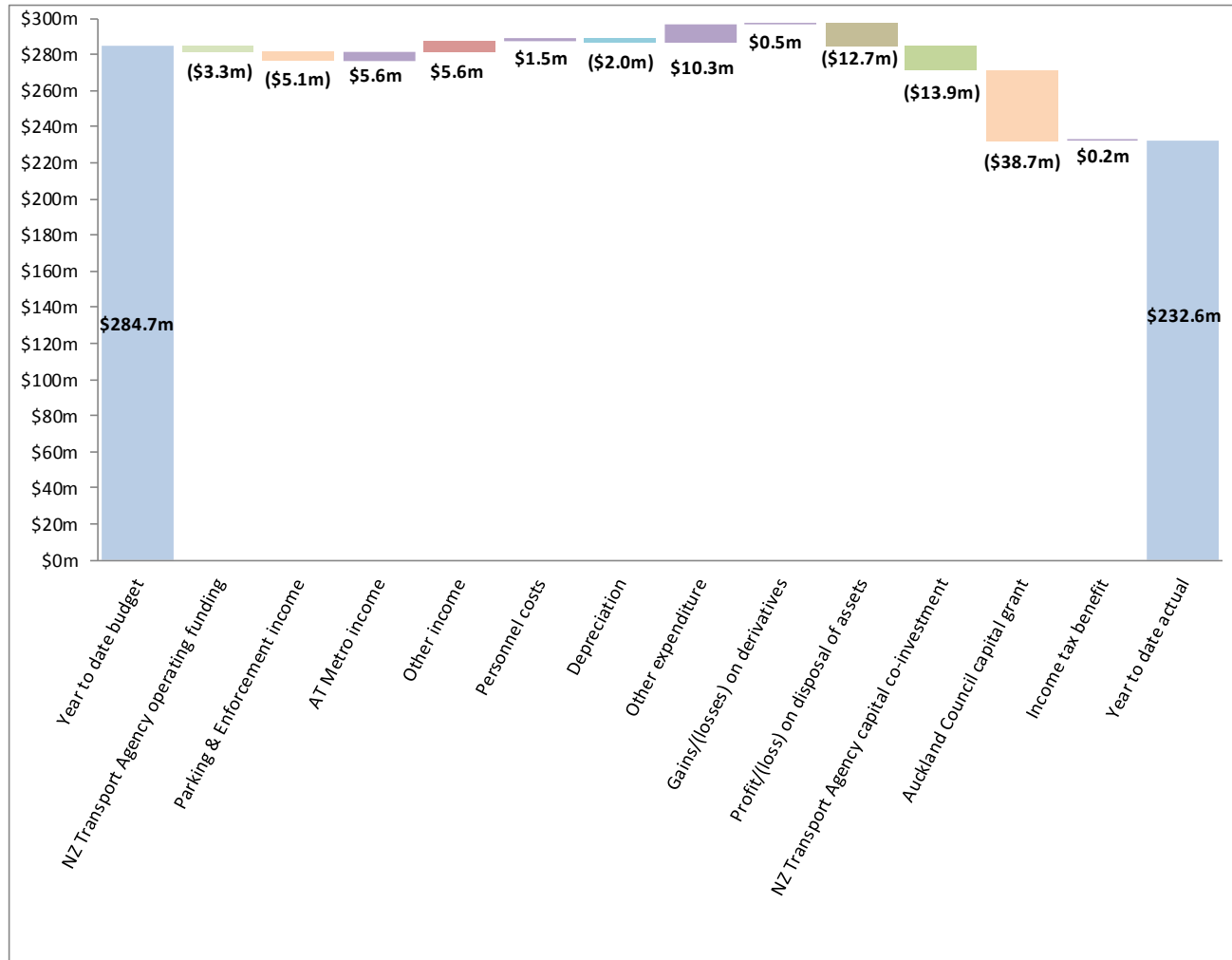
↔	: Within tolerable range	↑	: Above budget, favourable variance.
↓	: Below budget, unfavourable variance.	●	: Largely on track
↓	: Below budget, favourable variance.	●	: Monitoring, some action taken
↑	: Above budget, unfavourable variance.	●	: Action required

Section 2a – Financial results for the twelve months ended 30 June 2016

	Current month			Full year			
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Results achieved
Income							
<u>Operating income</u>							
Auckland Council funding	20,813	20,813	-	249,755	249,755	-	●
NZ Transport Agency operating funding	18,415	15,603	2,812	231,967	235,303	(3,336)	●
Parking and enforcement income	5,876	7,505	(1,629)	74,167	79,258	(5,091)	●
AT Metro income	8,209	6,556	1,653	84,543	78,931	5,612	●
Other revenue incl. other grants and subsidies	1,696	1,967	(271)	31,164	25,592	5,572	●
Total operating income	55,009	52,444	2,565	671,596	668,839	2,757	●
Expenditure							
Personnel costs	12,344	12,656	312	140,767	145,233	4,466	●
Capitalised personnel costs	(4,526)	(5,339)	(813)	(34,642)	(37,645)	(3,003)	●
Depreciation and amortisation	27,585	27,807	222	318,954	316,939	(2,015)	●
Other expenditure	52,343	48,607	(3,736)	516,615	526,916	10,301	●
Finance costs (Electric Trains)	2,449	2,478	29	29,551	29,553	2	●
Total operating expenditure	90,195	86,209	(3,986)	971,245	980,996	9,751	●
Surplus/(deficit) from operations	(35,186)	(33,765)	(1,421)	(299,649)	(312,157)	12,508	●
<u>Income for capital projects</u>							
NZ Transport Agency capital co-investment	20,709	13,476	7,233	140,188	154,036	(13,848)	●
Auckland Council capital grant	58,905	50,896	8,009	403,026	435,705	(32,679)	●
Other Capital Grants	1,954	8,000	(6,046)	1,954	8,000	(6,046)	●
Vested asset income	(1,734)	25,000	(26,734)	151,495	116,473	35,022	●
	79,834	97,372	(17,538)	696,663	714,214	(17,551)	●
Net surplus/(deficit) before tax and derivatives	44,648	63,607	(18,959)	397,014	402,057	(5,043)	●
Gains/(losses) on derivatives	(399)	-	(399)	305	(193)	498	
Profit/(loss) on disposal of assets	(3,276)	(758)	(2,518)	(13,369)	(722)	(12,647)	
Income tax benefit/(expense)	-	-	-	198	-	198	
Net surplus/(deficit) after tax and derivatives	40,973	62,849	(21,876)	384,148	401,142	(16,994)	●

Section 2b – Net surplus/(deficit) waterfall

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



Section 2c – Summary of financial results by activity

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Rail	11,498	10,513	985	116,562	114,559	2,003
Bus	8,889	8,748	141	98,274	101,621	(3,347)
Ferry	1,364	1,465	(101)	13,098	13,433	(335)
Other public transport	3,428	1,765	1,663	29,155	28,479	676
Parking	4,021	4,211	(190)	44,687	47,170	(2,483)
Enforcement	1,855	3,295	(1,440)	29,480	32,088	(2,608)
Roading and footpaths	1,542	3,898	(2,356)	55,653	56,972	(1,319)
Internal support	1,599	(2,264)	3,863	34,932	24,762	10,170
Auckland Council operating funding	20,813	20,813	-	249,755	249,755	-
Total operating income	55,009	52,444	2,565	671,596	668,839	2,757
Operating Expenditure						
Rail	17,027	15,412	(1,615)	165,196	163,768	(1,428)
Bus	14,964	15,071	107	161,439	167,116	5,677
Ferry	1,724	1,501	(223)	17,111	18,109	998
Other public transport	4,374	4,512	138	42,208	44,104	1,896
Parking	1,238	1,127	(111)	12,962	13,062	100
Enforcement	1,486	1,532	46	19,970	20,617	647
Roading and footpaths	10,177	9,323	(854)	120,655	124,837	4,182
Internal support	11,617	9,924	(1,693)	112,751	112,444	(307)
Depreciation	27,585	27,807	222	318,954	316,939	(2,015)
Total operating expenditure	90,192	86,209	(3,983)	971,246	980,996	9,750
Surplus/(deficit) from Operations	(35,183)	(33,765)	(1,418)	(299,650)	(312,157)	12,507

Section 2c – Rail operations

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Activity Income	4,331	3,939	392	47,322	45,253	2,069
Other income	282	9	273	1,013	838	175
NZ Transport Agency operating funding	5,293	4,952	341	49,010	49,238	(228)
NZ Transport Agency operating funding - Electric Trains	1,592	1,613	(21)	19,217	19,230	(13)
Total operating income	11,498	10,513	985	116,562	114,559	2,003
Operating Expenditure						
Personnel costs	226	222	(4)	2,604	2,515	(89)
Capitalised personnel costs	-	3	3	(18)	-	18
Service delivery costs and professional services	10,725	9,860	(865)	99,738	99,345	(393)
Occupancy costs	250	278	28	3,218	3,143	(75)
Track access charges	2,824	1,845	(979)	22,412	20,749	(1,663)
Other expenditure	553	726	173	7,691	8,463	772
Finance costs (Electric Trains)	2,449	2,478	29	29,551	29,553	2
Total operating expenditure	17,027	15,412	(1,615)	165,196	163,768	(1,428)
Depreciation	3,260	3,256	(4)	40,742	38,597	(2,145)
Surplus/(deficit) from Operations	(8,789)	(8,155)	(634)	(89,376)	(87,806)	(1,570)
Internal support costs	3,380	4,148	769	27,331	31,021	3,690
Surplus/(deficit)	(12,169)	(12,303)	135	(116,707)	(118,827)	2,120

Section 2c – Bus operations

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Activity Income	1,595	1,475	120	17,404	16,166	1,238
Other income	211	97	114	4,156	3,957	199
NZ Transport Agency operating funding	7,083	7,176	(93)	76,714	81,498	(4,784)
Total operating income	8,889	8,748	141	98,274	101,621	(3,347)
Operating Expenditure						
Personnel costs	336	280	(56)	3,473	3,244	(229)
Capitalised personnel costs	(36)	5	41	(121)	100	221
Service delivery costs and professional services	14,578	14,633	55	156,341	161,966	5,625
Occupancy costs	7	88	81	875	1,097	222
Other expenditure	79	65	(14)	871	709	(162)
Total operating expenditure	14,964	15,071	107	161,439	167,116	5,677
Depreciation	268	275	7	2,959	2,978	19
Surplus/(deficit) from Operations	(6,343)	(6,598)	255	(66,124)	(68,473)	2,349
Internal support costs	3,455	4,241	786	27,941	31,714	3,773
Surplus/(deficit)	(9,798)	(10,839)	1,041	(94,065)	(100,187)	6,122

Section 2c – Ferry operations

	Current month			Full year		
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000
Operating Income						
Operator access fees	684	282	402	4,852	3,894	958
Activity Income	66	81	(15)	1,035	987	48
Other income	86	63	23	738	649	89
NZ Transport Agency operating funding	528	1,039	(511)	6,473	7,903	(1,430)
Total operating income	1,364	1,465	(101)	13,098	13,433	(335)
Operating Expenditure						
Personnel costs	101	96	(5)	1,072	1,090	18
Capitalised personnel costs	3	-	(3)	-	(5)	(5)
Service delivery costs and professional services	1,403	1,136	(267)	13,811	14,292	481
Occupancy costs	74	66	(8)	682	776	94
Other expenditure	143	203	60	1,546	1,956	410
Total operating expenditure	1,724	1,501	(223)	17,111	18,109	998
Depreciation	334	250	(84)	3,061	2,983	(78)
Surplus/(deficit) from Operations	(694)	(286)	(408)	(7,074)	(7,659)	585
Internal support costs	398	489	91	3,221	3,656	435
Surplus/(deficit)	(1,092)	(775)	(317)	(10,295)	(11,315)	1,020

Section 2c – Other public transport operations

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Other income	953	610	343	8,023	7,187	836
NZ Transport Agency operating funding	2,475	1,155	1,320	21,132	21,292	(160)
Total operating income	3,428	1,765	1,663	29,155	28,479	676
Operating Expenditure						
Personnel costs	1,234	1,178	(56)	12,644	13,129	485
Capitalised personnel costs	226	108	(118)	2,076	834	(1,242)
Service delivery costs and professional services	1,471	2,197	726	14,681	18,773	4,092
IT costs	172	205	33	2,135	2,491	356
Other expenditure	1,271	824	(447)	10,672	8,877	(1,795)
Total operating expenditure	4,374	4,512	138	42,208	44,104	1,896
Depreciation	1,231	1,777	546	15,032	17,479	2,447
Surplus/(deficit) from Operations	(2,177)	(4,524)	2,347	(28,085)	(33,104)	5,019
Internal support costs	972	1,193	221	7,860	8,921	1,061
Surplus/(deficit)	(3,149)	(5,717)	2,568	(35,945)	(42,025)	6,080

Section 2c – Parking operations

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Other income	29	96	(67)	1,005	1,487	(482)
Parking Fees	3,992	4,115	(123)	43,682	45,683	(2,001)
Total operating income	4,021	4,211	(190)	44,687	47,170	(2,483)
Operating Expenditure						
Personnel costs	307	266	(41)	3,416	3,113	(303)
Capitalised personnel costs	(13)	5	18	(27)	58	85
Service delivery costs and professional services	390	326	(64)	3,795	3,766	(29)
Occupancy Costs	522	480	(42)	5,263	5,506	243
Other expenditure	32	50	18	515	619	104
Total operating expenditure	1,238	1,127	(111)	12,962	13,062	100
Depreciation	623	571	(52)	6,823	6,701	(122)
Surplus/(deficit) from Operations	2,160	2,513	(353)	24,902	27,407	(2,505)
Internal support costs	283	347	64	2,287	2,596	309
Surplus/(deficit)	1,877	2,166	(289)	22,615	24,811	(2,196)

Section 2c – Enforcement operations

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Other income	-	86	(86)	-	515	(515)
Infringement income	1,855	3,209	(1,354)	29,480	31,573	(2,093)
Total operating income	1,855	3,295	(1,440)	29,480	32,088	(2,608)
Operating Expenditure						
Personnel costs	865	912	47	10,506	10,734	228
Capitalised personnel costs	13	2	(11)	63	22	(41)
Service delivery costs and professional services	199	160	(39)	1,979	1,713	(266)
Occupancy Costs	-	-	-	-	-	-
Other expenditure	409	458	49	7,422	8,148	726
Total operating expenditure	1,486	1,532	46	19,970	20,617	647
Depreciation	9	11	2	105	115	10
Surplus/(deficit) from Operations	360	1,752	(1,392)	9,405	11,356	(1,951)
Internal support costs	441	541	100	3,564	4,045	481
Surplus/(deficit)	(81)	1,211	(1,292)	5,841	7,311	(1,470)

Section 2c – Roading and footpaths operations

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Petrol tax	624	727	(103)	8,971	8,737	234
Other income	334	309	25	5,140	4,760	380
NZ Transport Agency operating funding	584	2,862	(2,278)	41,542	43,475	(1,933)
Total operating income	1,542	3,898	(2,356)	55,653	56,972	(1,319)
Operating Expenditure						
Personnel costs	2,583	2,549	(34)	28,719	28,487	(232)
Capitalised personnel costs	(1,169)	(2,623)	(1,454)	(8,234)	(8,259)	(25)
Service delivery costs and professional services	6,731	7,323	592	78,103	83,152	5,049
Occupancy Costs	591	1,384	793	14,964	15,075	111
IT Costs	54	83	29	300	825	525
Other expenditure	1,387	607	(780)	6,803	5,557	(1,246)
Total operating expenditure	10,177	9,323	(854)	120,655	124,837	4,182
Depreciation	20,366	19,725	(641)	234,756	230,103	(4,653)
Surplus/(deficit) from Operations	(29,001)	(25,150)	(3,851)	(299,758)	(297,968)	(1,790)
Internal support costs	2,583	3,171	587	20,891	23,711	2,821
Surplus/(deficit)	(31,584)	(28,321)	(3,264)	(320,649)	(321,679)	1,031

Section 2c – Internal support

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Rental income	1,276	743	533	16,114	10,646	5,468
Other income	(538)	187	(725)	939	1,449	(510)
NZ Transport Agency operating funding	861	(3,194)	4,055	17,879	12,667	5,212
Total operating income	1,599	(2,264)	3,863	34,932	24,762	10,170
Operating Expenditure						
Personnel costs	6,690	7,152	462	78,334	82,921	4,587
Capitalised personnel costs	(3,550)	(2,839)	711	(28,381)	(30,395)	(2,014)
Directors Fees	42	43	1	509	585	76
Service delivery costs and professional services	6,495	3,289	(3,206)	30,234	32,147	1,913
Other expenditure	1,940	2,279	339	32,055	27,186	(4,869)
Total operating expenditure	11,617	9,924	(1,693)	112,751	112,444	(307)
Depreciation	1,494	1,942	448	15,475	17,984	2,509
Income tax benefit/(expense)	-	-	-	198	-	(198)
Surplus/(deficit) from Operations	(11,512)	(14,130)	2,618	(93,096)	(105,666)	12,570
Internal support allocated	11,512	14,130	2,618	93,096	105,666	12,570
Surplus/(deficit)	-	-	-	-	-	-

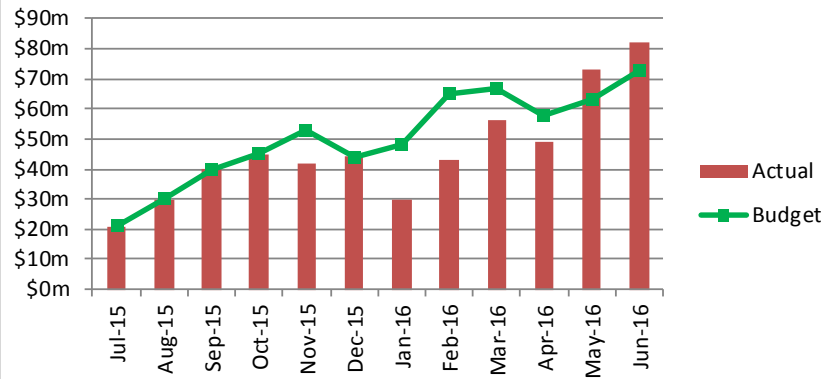
Section 3a – Summary of Capital Expenditure

	Current month			Full year			Results achieved
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	
Land							
CRL	9,258	2,473	(6,785)	49,206	30,063	(19,143)	●
AMETI	1,036	-	(1,036)	(11)	3,994	4,005	●
Special Housing Areas (SHAs)	1	5,204	5,203	15	5,228	5,213	●
Other	2,030	14,356	12,326	9,022	33,251	24,229	●
Total land	12,325	22,033	9,708	58,232	72,536	14,304	●
Major new capital projects							
CRL	9,457	5,256	(4,201)	57,924	49,822	(8,102)	●
Albany Highway Upgrade	719	1,288	569	26,447	25,609	(838)	●
Otahuhu Bus Interchange	2,446	2,500	54	14,552	16,975	2,423	●
Te Atatu Road Corridor Improvements	1,043	1,341	298	9,088	12,531	3,443	●
NorthWest Transformation	582	759	177	6,823	11,165	4,342	●
AMETI	391	894	503	251	8,944	8,693	●
Manukau Bus Interchange	380	588	208	3,124	4,935	1,811	●
Total major new capital projects	15,018	12,626	(2,392)	118,209	129,981	11,772	●
Other ring-fenced projects							
EMU	54	1,349	1,295	29,777	21,298	(8,479)	●
Local Board initiatives	2,987	2,513	(474)	13,964	22,984	9,020	●
Special Housing Areas (SHAs)	164	2,505	2,341	1,079	3,140	2,061	●
Other	182	653	471	4,058	6,549	2,491	●
Total other ring-fenced projects	3,387	7,020	3,633	48,878	53,971	5,093	●
Other							
Roads and footpaths	19,149	10,168	(8,981)	81,331	88,990	7,659	●
AT Metro	12,120	10,694	(1,426)	42,461	46,214	3,753	●
Parking operations	865	915	50	2,793	5,361	2,568	●
Internal support - BT	3,151	356	(2,795)	10,160	9,302	(858)	●
Internal support - Accomodation	-	-	-	344	297	(47)	●
Internal support - Other	(248)	707	955	678	2,977	2,299	●
Total other	35,037	22,840	(12,197)	137,767	153,141	15,374	●
Renewals	15,801	7,853	(7,948)	192,083	198,111	6,028	●
Total direct capital	81,568	72,372	(9,196)	555,169	607,740	52,571	●

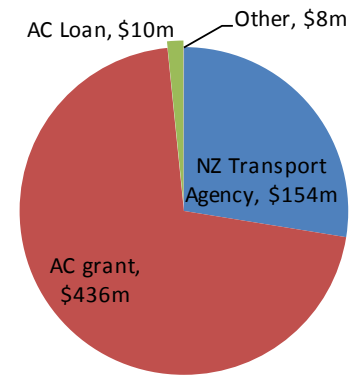
Section 3b – Capital Expenditure Funding

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Funding						
NZ Transport Agency new capital co-investment	19,743	12,092	7,651	76,763	90,777	(14,014)
NZ Transport Agency renewal co-investment	966	1,383	(417)	63,425	63,258	167
Other Capital Grants	1,954	8,000	(6,046)	1,954	8,000	(6,046)
Auckland Council capital grant	58,905	50,897	8,008	403,027	435,705	(32,678)
Auckland Council loan (EMU)	-	-	-	10,000	10,000	-
Total direct capital funding	81,568	72,372	9,196	555,169	607,740	(52,571)

Capital expenditure - per month (excluding vested assets)



Funding split - full year budget



Section 4a – Statement of Financial Position

As at 30 June 2016

	Note	Actual 30 June 2016 \$000	Actual 31 May 2016 \$000
Assets			
Current assets			
Cash and cash equivalents	1	10,263	4,875
Trade and other receivables	2	268,372	239,124
Inventories		9,747	10,099
Other assets		1,629	7,043
Non-current asset held for sale		6,000	6,085
Derivative financial instruments	3	-	69
Total current assets		296,011	267,295
Non-current assets			
Property, plant and equipment		16,330,638	16,229,223
Property, plant and equipment - work-in-progress		568,955	540,897
Intangible assets		127,315	120,724
Total non-current assets		17,026,908	16,890,844
Total assets		17,322,919	17,158,139

Section 4a – Statement of Financial Position

As at 30 June 2016

	Note	Actual 30 June 2016 \$000	Actual 31 May 2016 \$000
Liabilities			
Current liabilities			
Derivative financial instruments	3	242	-
Trade and other payables	4	199,040	162,472
Employee benefit liabilities	5	13,582	12,282
Borrowings	6	5,234	5,217
Total current liabilities		218,098	179,971
Non-current liabilities			
Derivative financial instruments	3	3,578	3,249
Trade and other payables	4	19,924	20,165
Employee benefit liabilities	5	624	624
Borrowings	6	490,708	491,119
Deferred tax liability	7	11,467	11,467
Total non-current liabilities		526,301	526,624
Total liabilities		744,399	706,595
Net assets		16,578,520	16,451,544
Equity			
Contributed equity		13,463,871	13,460,473
Retained earnings/(losses)		1,006,497	956,786
Reserves		2,108,152	2,034,285
Total equity		16,578,520	16,451,544

Section 4b – Notes to the Financial Statements

As at 30 June 2016

	Actual 30 June 2016 \$000	Actual 31 May 2016 \$000
1 Cash and cash equivalents		
Cash at bank - Trading	9,968	4,582
Till floats	295	293
Total cash and cash equivalents	10,263	4,875
The carrying value of cash and cash equivalents approximates their fair value.		
2 Trade and other receivables		
Trade debtors	2,278	2,651
Finance lease receivable	57	59
Infringements receivable	32,092	32,593
Amounts due from related parties	205,510	185,080
Accrued income	42,053	29,606
Goods and services tax	-	3,028
	281,990	253,017
Less provision for impairment of receivables	(13,618)	(13,893)
Total trade and other receivables	268,372	239,124

Section 4b – Notes to the Financial Statements

As at 30 June 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 30 June 2016 is detailed below:

	Gross	Impaired	Net
	\$000	\$000	\$000
Not past due	251,107	-	251,107
Past due 1 - 30 days	1,981	-	1,981
Past due 31 - 60 days	1,315	-	1,315
Past due 61 - 90 days	1,101	-	1,101
Past due > 90 days	26,486	(13,618)	12,868
	281,990	(13,618)	268,372

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

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

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

	Actual
	\$000
At 1 July 2015	14,118
Additional provisions made	1,427
Provisions reversed	(152)
Receivables written-off	(1,775)
At 30 June 2016	13,618

Section 4b – Notes to the Financial Statements

As at 30 June 2016

	Actual 30 June 2016 \$000	Actual 31 May 2016 \$000
3 Derivative financial instruments		
Current asset portion		
Forward foreign exchange contracts - cash flow hedges	-	69
Current derivative financial instruments	-	69
Total derivative financial instrument assets	-	69
Current liability portion		
Forward foreign exchange contracts - cash flow hedges	242	-
Forward foreign exchange contracts - not hedge accounted	-	-
Current derivative financial instruments	242	-
Non-current liability portion		
Interest rate swaps - cash flow hedges	3,578	3,249
Non-current derivative financial instruments	3,578	3,249
Total derivative financial instrument liabilities	3,820	3,249

Forward foreign exchange contracts

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from forward foreign exchange contract prices.

Forward foreign exchange contracts - hedge accounted

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$5.5 million. The foreign currency principal amount was USD \$3.7 million. The cash flow hedge loss of \$242,000 on the revaluation has been recorded in the Statement of Financial Performance.

Interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices. The notional principal amount of the outstanding interest rate swap contracts was \$18 million. At 30 June 2016 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.58% to 5.96%. The gain on their revaluation of \$18,000 has been recorded in the Statement of Financial Performance.

Section 4b – Notes to the Financial Statements

As at 30 June 2016

	Actual 30 June 2016 \$000	Actual 31 May 2016 \$000
4 Trade and other payables		
Current portion		
Creditors	30,570	22,805
Goods and services tax	2,306	-
Accrued expenses	139,195	123,838
Retentions	10,502	9,678
Amounts due to related parties	7,280	5,180
Income in advance	9,187	971
Total current trade and other payables	199,040	162,472
Non-current portion		
Amounts due to related parties	19,924	20,165
Total non-current trade and other payables	19,924	20,165
Creditors and other payables are non-interest bearing and are normally settled on 20-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.		
5 Employee benefit liabilities		
Current portion		
Accrued salaries and wages	4,463	3,485
Accrued leave	9,119	8,797
Current employee benefit liabilities	13,582	12,282
Non-current portion		
Retirement gratuities	383	383
Long service leave	241	241
Non-current employee benefit liabilities	624	624

Section 4b – Notes to the Financial Statements

As at 30 June 2016

	Actual 30 June 2016 \$000	Actual 31 May 2016 \$000
6 Borrowings		
Current portion		
Loans from Auckland Council	5,234	5,217
Current borrowings	5,234	5,217
Non-current portion		
Loans from Auckland Council	490,708	491,119
Non-current borrowings	490,708	491,119
Weighted average cost of funds on total borrowings	6.01%	6.01%

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

Deferred tax liability	Property, Plant and Equipment	Other Provisions	Tax Losses	Actual 30 June 2016 Total
	\$000	\$000	\$000	\$000
Balance at 1 July 2015	(11,665)	-	-	(11,665)
Charged to profit and loss	198	-	-	198
Charged to equity	-	-	-	-
Balance at 30 June 2016	(11,467)	-	-	(11,467)

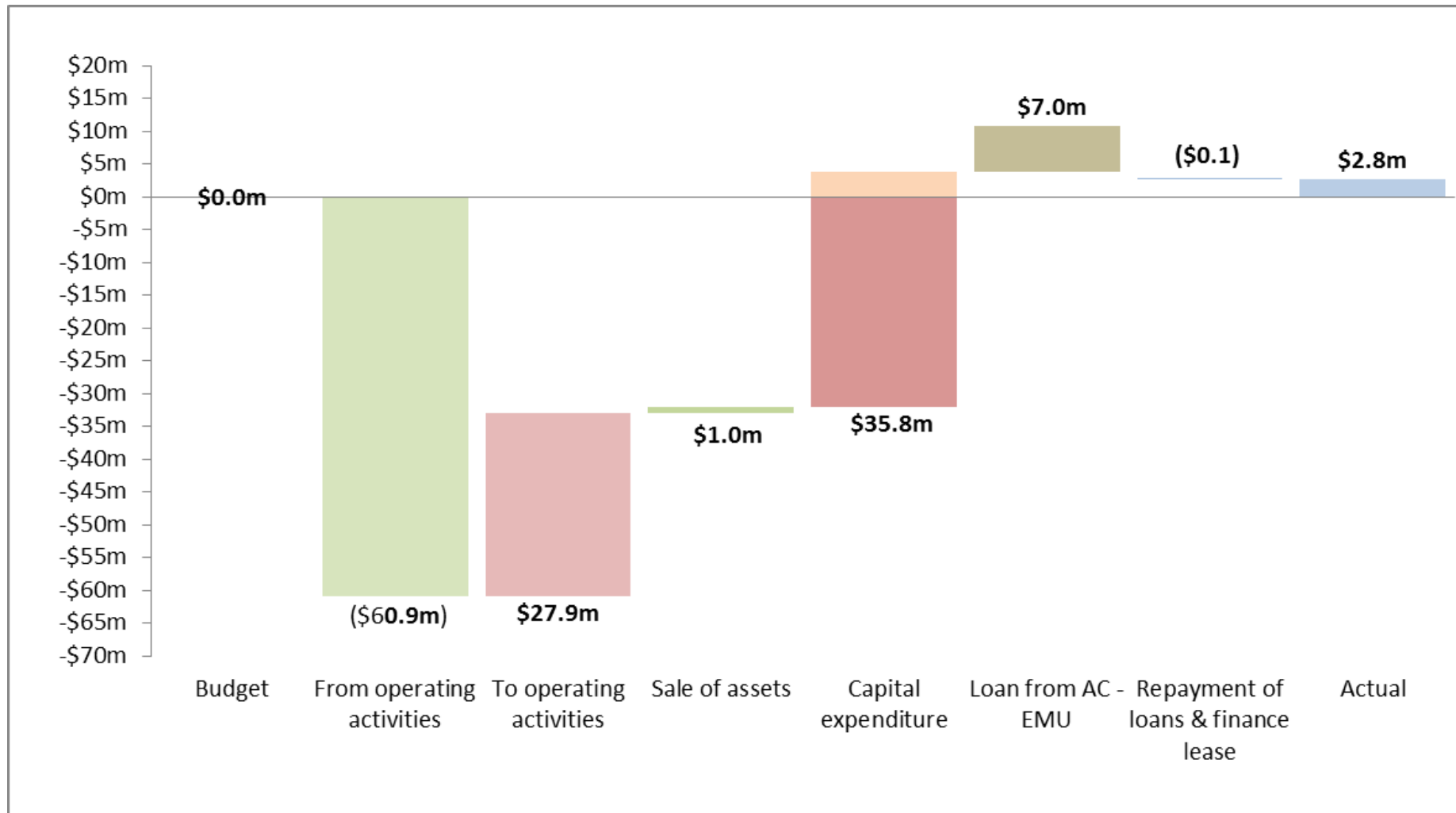
Section 5a – Cash Flow

	Year to date		Full year
	Actual \$000	Revised Budget \$000	Revised Budget \$000
Cash flows from operating activities			
Total cash provided	1,197,008	1,257,855	1,257,855
Cash applied to:			
Payments to suppliers, employees and directors	608,814	633,848	633,848
Interest paid	26,687	29,553	29,553
Total cash applied	635,501	663,401	663,401
Net cash from operating activities	561,507	594,454	594,454
Cash flows from investing activities			
Cash provided from:			
Sale of property, plant and equipment	1,012	-	-
Total cash provided	1,012	-	-
Cash applied to:			
Capital expenditure projects	571,965	607,740	607,740
Total cash applied	571,965	607,740	607,740
Net cash from investing activities	(570,953)	(607,740)	(607,740)
Cash flows from financing activities			
Cash provided from:			
Loan from Auckland Council - EMU	17,000	10,000	10,000
Other Capital Grants	-	8,000	8,000
Total cash provided	17,000	18,000	18,000
Cash applied to:			
Repayments of EMU loan from Auckland Council	4,764	4,691	4,691
Repayments of finance lease principal	23	23	23
Total cash applied	4,787	4,714	4,714
Net cash from financing activities	12,213	13,286	13,286
Net (decrease)/increase in cash and cash equivalents	2,767	-	-
Opening cash balance	7,496	-	-
Closing cash balance	10,263	-	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	
	Actual \$000
Surplus/(deficit) after tax	384,148
Add/(less) non cash items	
Depreciation and amortisation	318,954
Vested assets	(151,495)
Loss on disposal of property, plant and equipment	11,180
Loss on asset write off	-
Revaluation decrement	2,188
Foreign exchange loss	242
Gain on interest rate swaps	(18)
Income tax	(198)
	180,853
Add/(less) movements in working capital	
Decrease/(Increase) in debtors and other receivables	(30,798)
Decrease/(Increase) in inventories	(1,959)
(Decrease)/Increase in creditors and other payables	28,870
(Decrease)/Increase in employee benefits payable	1,620
(Decrease)/Increase in other assets	373
(Decrease)/Increase in non current asset held for sale	(1,600)
	(3,494)
Net cash flow from operating activities	561,507

Section 5b – Cash Flow Waterfall

Cash flow – Year to date budget to actual



Section 6 – Accounts Receivable Report

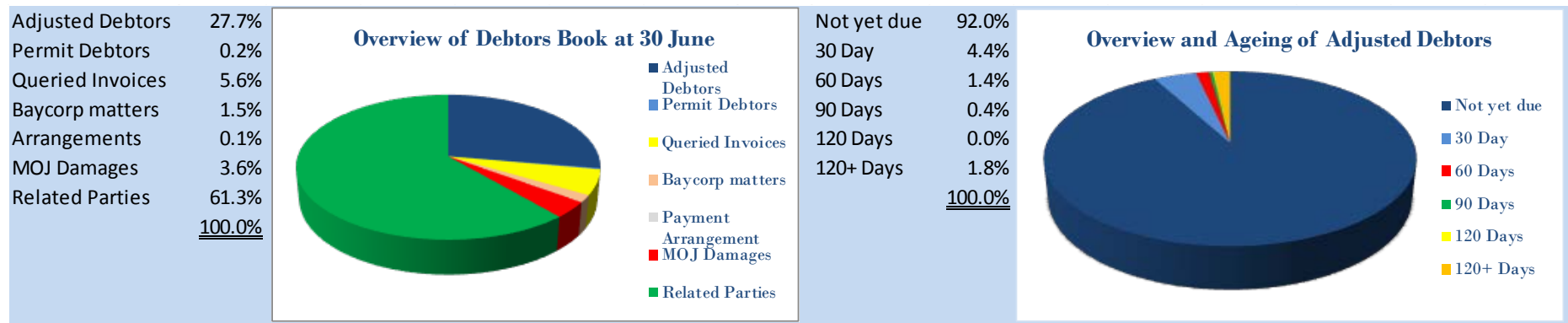
Accounts Receivable

An overview of the Debtors as at 30 June has 99.1% (97.8% May) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 30 June 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 30 June	144	4,718,161	3,591,663	506,239	73,336	46,149	113,048	387,726	1
Parking Permit Debtors	25	16,670	1,470	3,867	5,297	630	5,406	0	2
Total Debtors		4,734,831	3,593,133	510,106	78,633	46,779	118,454	387,726	
		100.0%	75.9%	10.8%	1.7%	1.0%	2.5%	8.2%	
O/s Related Parties	34	2,460,916	2,006,479	446,203	1,469	1,294	0	5,471	3
Trade Debtors	151	2,273,916	1,586,653	63,903	77,164	45,486	118,454	382,255	
		100.0%	69.8%	2.8%	3.4%	2.0%	5.2%	16.8%	
Queried Invoices	135	287,521	4,997	31,114	35,672	38,534	108,817	68,387	4
To Baycorp (Collection)	313	110,283	4,707	0	0	0	595	104,981	5
Payment Arrangement	138	3,663	0	0	0	0	0	3,663	6
Lodged Courts (Damages)	251	243,542	7,083	4,714	25,173	5,162	3,590	197,820	7
Adjusted Debtors		1,628,907	1,569,866	28,075	16,319	1,790	5,452	7,405	
		100.0%	96.4%	1.7%	1.0%	0.1%	0.3%	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 and various AT Departments are engaged in an effort to resolve these queries.
- 5 - Relates to accounts lodged with Baycorp for collection. All these amounts have been impaired in full and some may be written off in the future. All amounts written off are approved by the CFO in accordance with policy.
- 6 - Relates to customers where an arrangement to pay has been agreed to. These are monitored until full payment has been received.
- 7 - Relates to matters where AT is recovering damages from road accidents investigated by the Police. Many of the matters are being paid off at a nominal amount per week as instructed by the Courts.

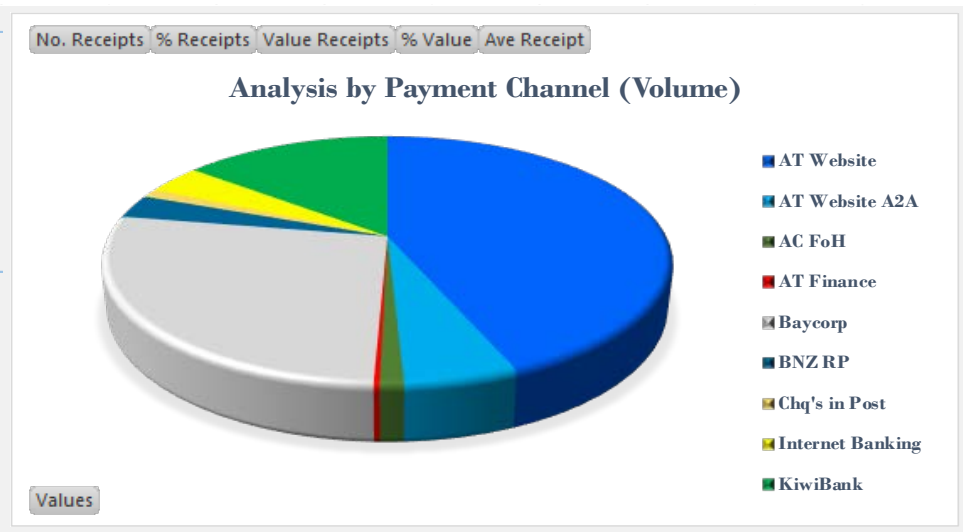


Infringement Overview:

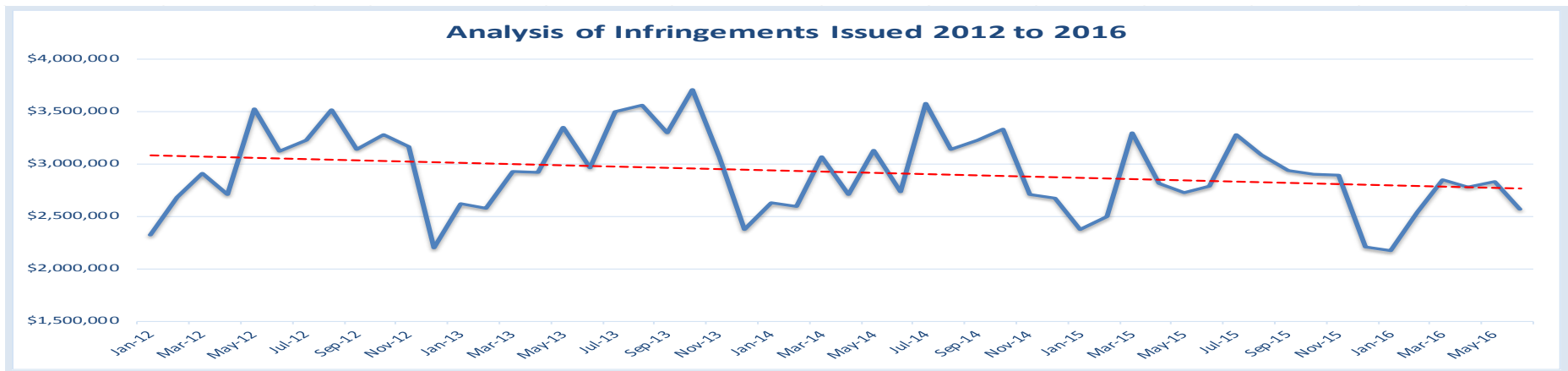
June's Infringement receipts by volume are down 5.4% on May (21 working days in June compared with 22 in May). Of the customers not paying in response to a Baycorp demand, 72.7% are making use of our electronic payment methods (71.9% in May). The AT website recorded 49.2% of all receipts. The highest average receipt by value was once again received through AC FoH and via cheque payments in the post.

Row Labels	No. Receipts	% Receipts	Value Receipts	% Value	Ave Receipt
AT Website	11,113	43.8%	\$672,114.20	42.8%	\$60.48
AT Website A2A	1,390	5.5%	\$84,875.30	5.4%	\$61.06
AC FoH	290	1.1%	\$25,408.20	1.6%	\$87.61
AT Finance	69	0.3%	\$2,356.20	0.2%	\$34.15
Baycorp	6,879	27.1%	\$432,743.26	27.6%	\$62.91
BNZ RP	784	3.1%	\$40,562.90	2.6%	\$51.74
Chq's in Post	283	1.1%	\$34,782.60	2.2%	\$122.91
Internet Banking	963	3.8%	\$65,201.12	4.2%	\$67.71
KiwiBank	3,627	14.3%	\$211,268.30	13.5%	\$58.25
Grand Total	25,398	100.0%	\$1,569,312.08	100.0%	\$61.79

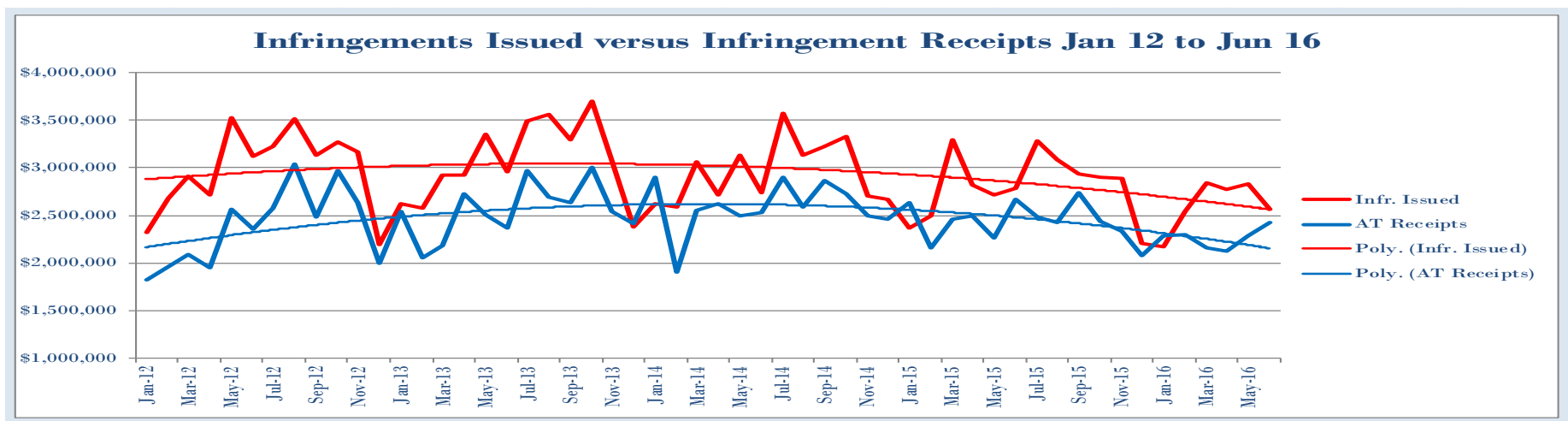
Working days May ->	22
Ave receipts / day May ->	1,221
Working days Jun ->	21
Ave receipts / day Jun ->	1,209
Other influencing factors ->	Queen's Birthday Weekend



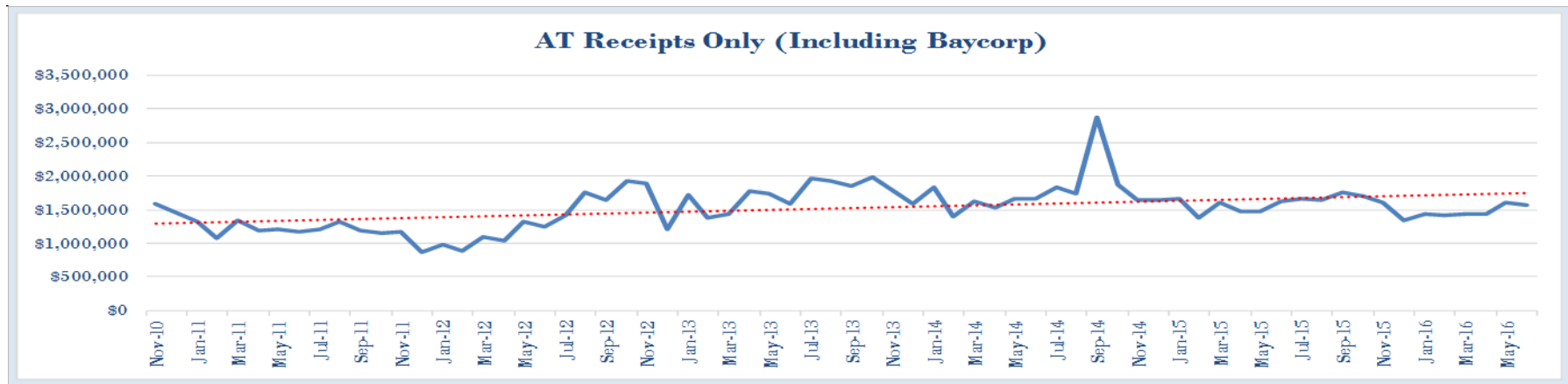
The following graph illustrates the seasonal issuance of infringements. While the graph is still trending downwards, there has been a recovery over the past 4 months. Average issued Nov 2015 to Feb 2016 is \$2.3 million. Average issued Mar to Jun 2016 is \$2.7 million.



Analysis of receipts by value show that infringements issued over the past 24 months have decreased. While collections follow the issue trend two to three months later, the collection lines over time continue to move closer as a result of improved collection rates. Average Infringements issued Jan to Jun for the past four years (2012 \$17.3 million / 2013 \$17.3 million / 2014 \$16.8 million / 2015 \$16.5 million) is \$16.98 million compared with \$15.7 million so far in 2016. Analysis of MoJ’s collection statistics show that recovery in 2016 is down 8.4% on the 2015 average. AT’s receipts (Jan to Jun 2016 average) are down 3.5% compared with the same period in 2015. This is in line with the 4.5% decrease in infringements issued for the same periods.



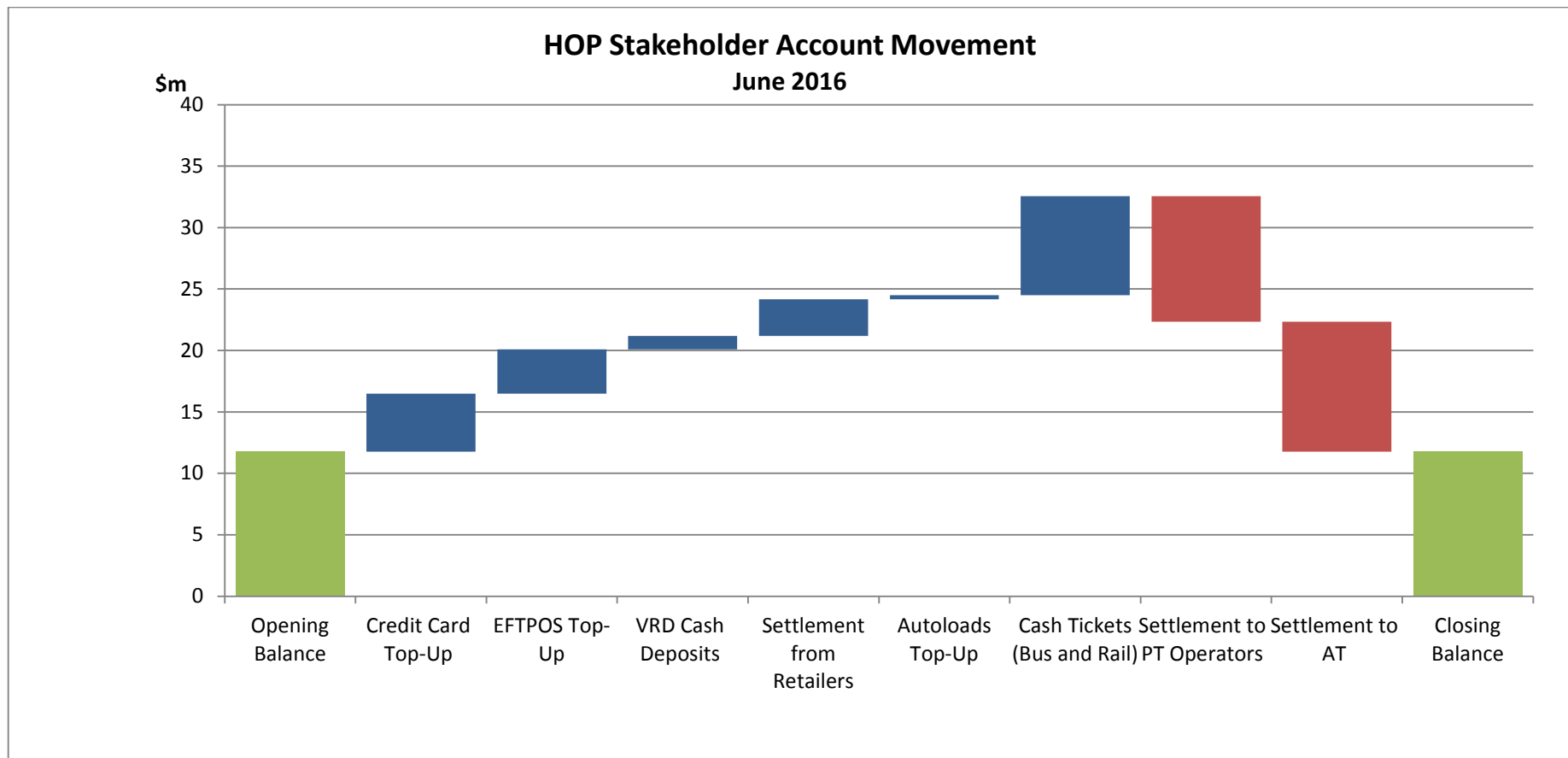
Direct receipts prior to lodging with MoJ continue to show an upward trend as a result of the Baycorp arrangement.



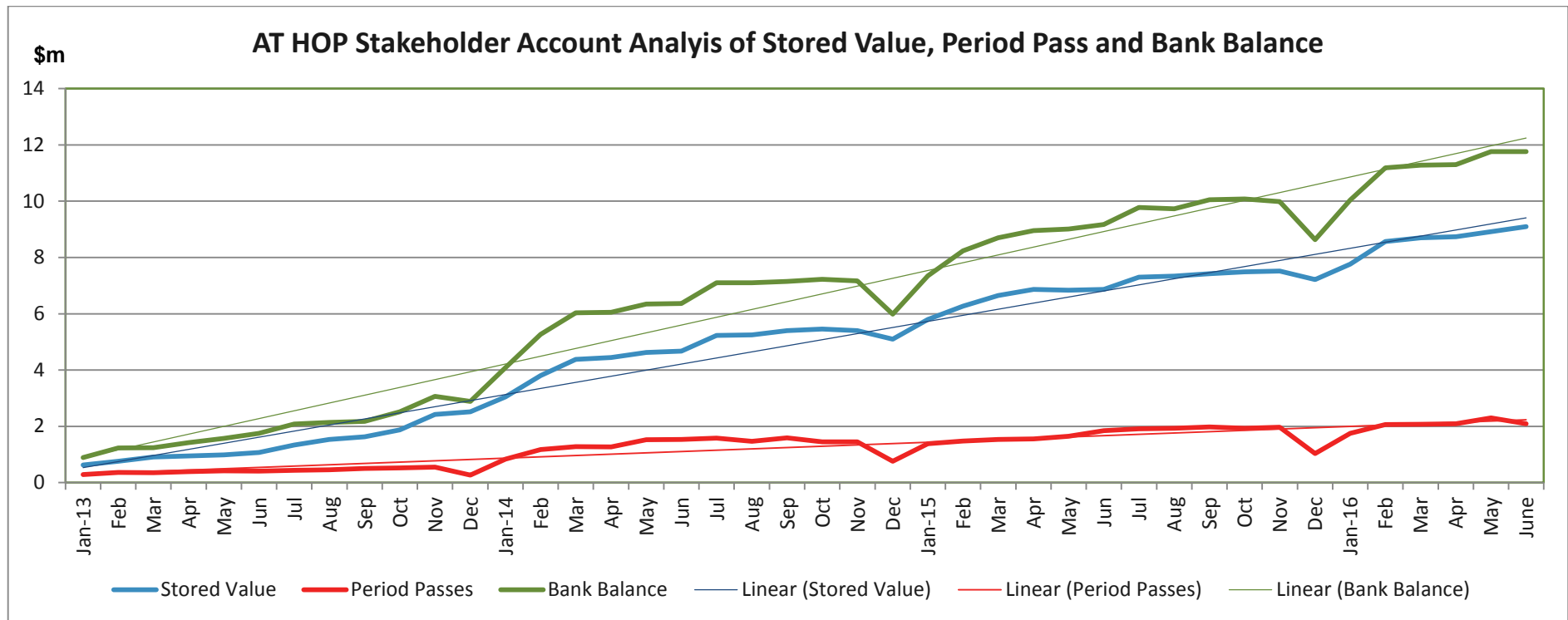
Section 7 – AT HOP Stakeholder Monthly Report

(Does not form part of AT results)





The AT HOP Stakeholder bank account finished off the 2016 financial year at \$11.8 million.



The following graph provides an overview of monthly balances for Stored Value, Period Passes, and the AT HOP Stakeholder Account together with trend lines.



Document ownership

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