

# Financial Results for the Eight Months Ended 28 February 2017

## Recommendation

That the Board:

- i. Receives the report.

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## Section 1 – Overview

- **Deficit from operations** year to date is \$195.5 million against the budget of \$207.3 million. The year-end deficit from operations is expected to be \$325.7 million, favourable to the budget by \$5.9 million or 2%. The following items of financial performance are noteworthy:
  - **Total operating income** year to date is \$0.5 million higher than budget mainly due to higher than budgeted rental income. The full year total operating income is expected to be \$777.1 million, \$2.8 million higher than the budget. This is due to \$1.7 million additional rental income and \$1.1 million income from rail, ferry, enforcement and AT Hop card sales.
  - **Total operating expenditure** year to date is \$11.2 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 core operating expenditure is expected to be \$766.0 million, \$3.1 million lower than budget mainly due to underspends in the major investment projects mentioned above.
  - **Bus patronage** is below the level forecast. As a result bus revenue is also below forecast. Reduced spending means the bus activity overall is on budget.
- **Capital expenditure** year to date is \$411.8 million, \$33.6 million behind budget. This represents 56% of the full year budget. The full year expectation is currently \$700 million, which is 95% of budget. Key items to note this month:
  - **CRL** is \$10.9 million behind the 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 rest of the CRL programme.
  - **Renewals** are tracking behind budget by \$12.2 million mainly in pavement rehabilitation and the resurfacing programme across the region. The renewals delivery is affected and will continue to be impacted by various factors such as resourcing and quality issues. AT is working closely with the suppliers to ensure the delivery of the planned renewals programme. In spite of this, there is a risk of a relatively modest underspend but measures are in place to minimise this.
- **Capital funding** from NZ Transport Agency and AC is \$18 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 from AT's two funders is reduced for the year.
- **Vested assets** amounting to \$18.8 million were received in February, taking the total year to date amount to \$144.6 million compared with the full year budget of \$141 million.

## Section 2a – Executive Summary

Financial results for the eight months ended 28 February 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	(0.7)	0.5	↑ ●	507.5	507.0	774.3
Total operating expenditure	5.5	11.2	↓ ●	703.0	714.3	1,105.9
Surplus/(deficit) from operations	4.8	11.7	↑ ●	(195.5)	(207.3)	(331.6)
Income for capital projects	(2.2)	35.3	↑ ●	556.2	520.9	824.5
Net surplus/(deficit) before tax	2.6	47.0	↑ ●	360.7	313.7	493.0
Total direct capital	20.2	33.6	↓ ●	411.8	445.5	737.1

### Key to symbols used:

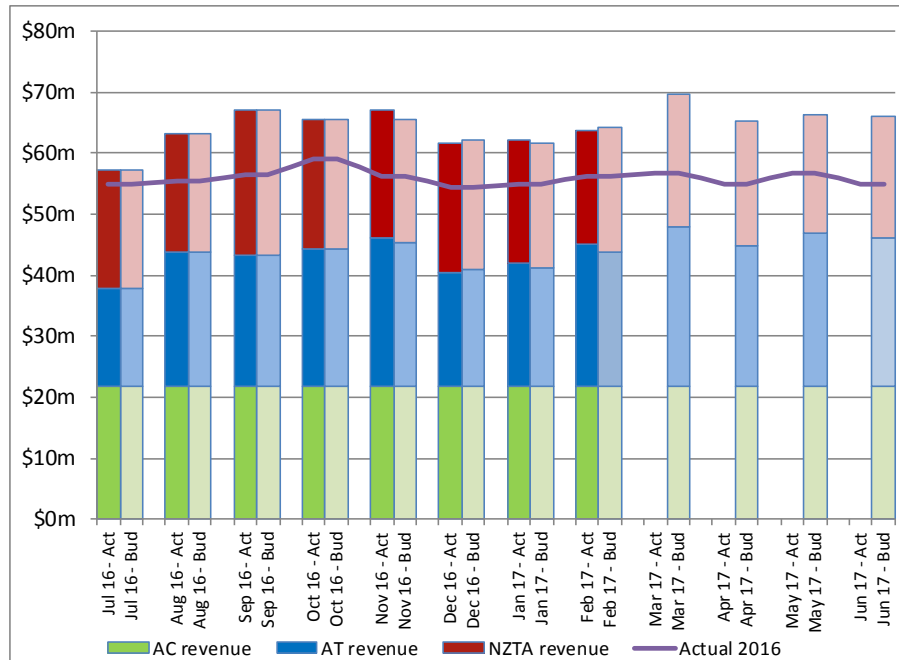
	: Within tolerable range		: Above budget, favourable variance.
	: Below budget, unfavourable variance.		: Largely on track
	: Below budget, favourable variance.		: Monitoring, some action taken
	: Above budget, unfavourable variance.		: Action required

## Section 2b – Financial results for the eight months ended 28 February 2017

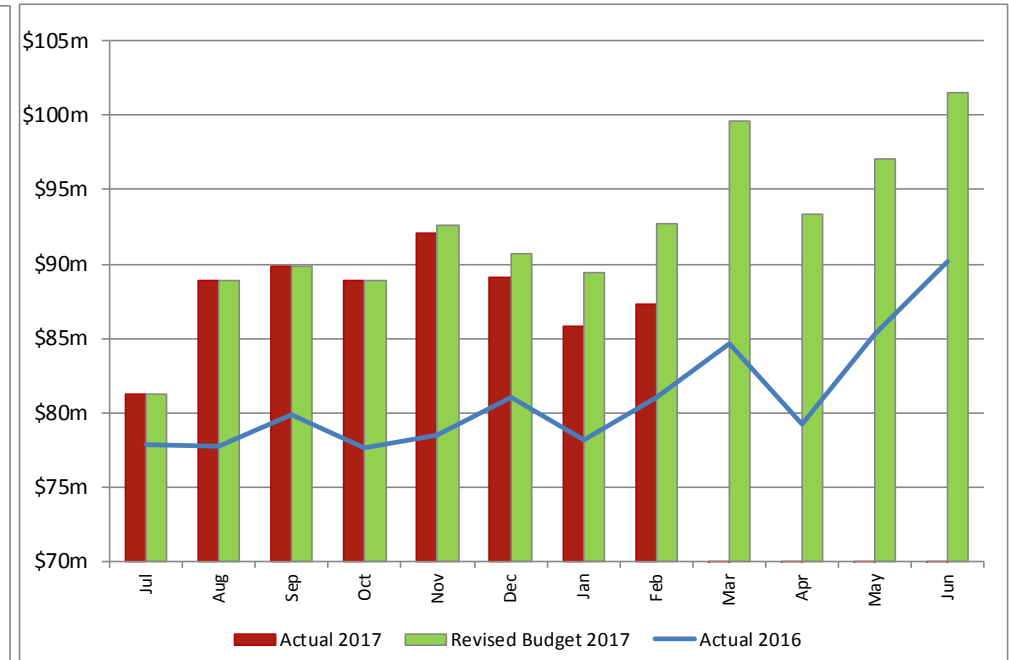
	Current month			Year to date			Full year	
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Results achieved	Revised Budget \$000
<b>Income</b>								
<u>Operating income</u>								
Auckland Council funding	21,681	21,681	-	173,445	173,445	-	●	260,167
NZ Transport Agency operating funding	18,643	20,610	(1,967)	165,003	166,551	(1,548)	●	248,380
Parking and enforcement income	6,671	6,276	395	50,763	50,230	533	●	78,412
AT Metro income	13,846	13,536	310	95,636	95,825	(189)	●	156,882
Other revenue incl. other grants and subsidies	2,797	2,199	598	22,648	20,951	1,697	●	30,466
<b>Total operating income</b>	<b>63,638</b>	<b>64,302</b>	<b>(664)</b>	<b>507,495</b>	<b>507,002</b>	<b>493</b>	●	<b>774,307</b>
<b>Expenditure</b>								
Personnel costs	11,810	12,093	283	97,269	98,240	971	●	151,834
Capitalised personnel costs	(3,132)	(3,721)	(589)	(23,738)	(27,005)	(3,267)	●	(42,140)
Depreciation and amortisation	27,573	28,584	1,011	216,267	220,105	3,838	●	336,813
Other expenditure	48,692	53,496	4,804	393,402	403,155	9,753	●	629,625
Finance costs (Electric Trains)	2,321	2,270	(51)	19,833	19,761	(72)	●	29,735
<b>Total operating expenditure</b>	<b>87,264</b>	<b>92,722</b>	<b>5,458</b>	<b>703,033</b>	<b>714,256</b>	<b>11,223</b>	●	<b>1,105,867</b>
<b>Surplus/(deficit) from operations</b>	<b>(23,626)</b>	<b>(28,420)</b>	<b>4,794</b>	<b>(195,538)</b>	<b>(207,254)</b>	<b>11,716</b>	●	<b>(331,560)</b>
<u>Income for capital projects</u>								
NZ Transport Agency capital co-investment	16,210	17,044	(834)	110,630	118,092	(7,462)	●	168,435
Auckland Council capital grant	36,575	43,875	(7,300)	296,750	307,440	(10,690)	●	507,310
Other Capital Grants	686	1,054	(368)	4,253	4,349	(96)	●	7,774
Vested asset income	18,843	12,500	6,343	144,560	91,025	53,535	●	141,025
<b>Total income for capital projects</b>	<b>72,314</b>	<b>74,473</b>	<b>(2,159)</b>	<b>556,193</b>	<b>520,906</b>	<b>35,287</b>	●	<b>824,544</b>
<b>Net surplus/(deficit) before tax and derivatives</b>	<b>48,688</b>	<b>46,053</b>	<b>2,635</b>	<b>360,655</b>	<b>313,652</b>	<b>47,003</b>	●	<b>492,984</b>
Gains/(losses) on derivatives	167	-	167	2,875	1,144	1,731		1,144
Gain/(loss) on disposal of assets	(907)	-	(907)	(1,521)	-	(1,521)		-
Income tax benefit/(expense)	-	-	-	69	-	69		-
<b>Net surplus/(deficit) after tax and derivatives</b>	<b>47,948</b>	<b>46,053</b>	<b>1,895</b>	<b>362,078</b>	<b>314,796</b>	<b>47,282</b>	●	<b>494,128</b>

## Section 2b – Financial results for the eight months ended 28 February 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	9,509	9,219	290	76,772	76,415	357	116,973
Bus	14,038	15,076	(1,038)	108,431	110,062	(1,631)	175,757
Ferry	1,368	1,363	5	9,280	9,543	(263)	14,878
Other public transport	2,981	2,543	438	19,888	19,886	2	30,648
Parking	4,143	3,912	231	30,929	30,992	(63)	48,718
Enforcement	2,527	2,364	163	19,834	19,239	595	29,694
Roading and footpaths	4,472	5,193	(721)	38,356	39,279	(923)	57,619
Internal support	2,917	2,950	(33)	30,560	28,140	2,420	39,852
Auckland Council operating funding	21,681	21,681	-	173,445	173,445	-	260,167
<b>Total operating income</b>	<b>63,636</b>	<b>64,301</b>	<b>(665)</b>	<b>507,495</b>	<b>507,001</b>	<b>494</b>	<b>774,306</b>
<b>Operating Expenditure</b>							
Rail	13,304	12,830	(474)	109,458	109,319	(139)	165,257
Bus	19,408	21,394	1,986	157,645	159,401	1,756	250,162
Ferry	1,614	1,737	123	12,119	12,694	575	19,579
Other public transport	4,116	3,849	(267)	27,461	28,546	1,085	45,867
Parking	941	932	(9)	8,251	7,925	(326)	11,806
Enforcement	1,663	1,669	6	13,299	13,087	(212)	20,245
Roading and footpaths	10,496	11,342	846	82,518	82,421	(97)	128,730
Internal support	8,148	10,386	2,238	76,015	80,756	4,741	127,409
Depreciation and amortisation	27,573	28,584	1,011	216,267	220,105	3,838	336,813
<b>Total operating expenditure</b>	<b>87,263</b>	<b>92,723</b>	<b>5,460</b>	<b>703,033</b>	<b>714,254</b>	<b>11,221</b>	<b>1,105,868</b>
<b>Surplus/(deficit) from Operations</b>	<b>(23,627)</b>	<b>(28,422)</b>	<b>4,795</b>	<b>(195,538)</b>	<b>(207,253)</b>	<b>11,715</b>	<b>(331,562)</b>

## Section 2d – Rail operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
<b>Operating Income</b>							
Activity Income	4,148	4,175	(27)	31,362	31,233	129	49,955
Other income	93	77	16	353	282	71	680
NZ Transport Agency operating funding	3,763	3,493	270	32,320	32,206	114	47,094
NZ Transport Agency operating funding - Electric Trains	1,505	1,474	31	12,737	12,694	43	19,244
<b>Total operating income</b>	<b>9,509</b>	<b>9,219</b>	<b>290</b>	<b>76,772</b>	<b>76,415</b>	<b>357</b>	<b>116,973</b>
<b>Operating Expenditure</b>							
Personnel costs	204	180	(24)	1,613	1,509	(104)	2,302
Capitalised personnel costs	(16)	-	16	(8)	24	32	24
Service delivery costs and professional services	7,596	7,395	(201)	64,361	64,674	313	97,139
Occupancy costs	303	275	(28)	2,255	2,247	(8)	3,332
Track access charges	2,199	2,119	(80)	16,370	16,334	(36)	25,583
Other expenditure	697	591	(106)	5,034	4,770	(264)	7,142
Finance costs (Electric Trains)	2,321	2,270	(51)	19,833	19,761	(72)	29,735
<b>Total operating expenditure</b>	<b>13,304</b>	<b>12,830</b>	<b>(474)</b>	<b>109,458</b>	<b>109,319</b>	<b>(139)</b>	<b>165,257</b>
Depreciation	3,130	3,197	67	25,030	25,259	229	38,139
<b>Surplus/(deficit) from Operations</b>	<b>(6,925)</b>	<b>(6,808)</b>	<b>(117)</b>	<b>(57,716)</b>	<b>(58,163)</b>	<b>447</b>	<b>(86,423)</b>
Internal support costs	1,739	2,528	789	14,875	17,457	2,582	29,219
<b>Surplus/(deficit)</b>	<b>(8,664)</b>	<b>(9,336)</b>	<b>672</b>	<b>(72,591)</b>	<b>(75,620)</b>	<b>3,029</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	7,550	7,567	(17)	49,050	50,200	(1,150)	85,118
Other income	239	279	(40)	3,212	3,422	(210)	4,833
NZ Transport Agency operating funding	6,249	7,230	(981)	56,169	56,440	(271)	85,806
<b>Total operating income</b>	<b>14,038</b>	<b>15,076</b>	<b>(1,038)</b>	<b>108,431</b>	<b>110,062</b>	<b>(1,631)</b>	<b>175,757</b>
<b>Operating Expenditure</b>							
Personnel costs	264	275	11	2,283	2,337	54	3,565
Capitalised personnel costs	(22)	71	93	67	237	170	551
Service delivery costs and professional services	18,952	20,826	1,874	153,843	155,299	1,456	243,550
Occupancy costs	84	109	25	552	629	77	1,088
Other expenditure	130	113	(17)	900	899	(1)	1,408
<b>Total operating expenditure</b>	<b>19,408</b>	<b>21,394</b>	<b>1,986</b>	<b>157,645</b>	<b>159,401</b>	<b>1,756</b>	<b>250,162</b>
Depreciation	279	333	54	2,173	2,357	184	3,762
<b>Surplus/(deficit) from Operations</b>	<b>(5,649)</b>	<b>(6,651)</b>	<b>1,002</b>	<b>(51,387)</b>	<b>(51,696)</b>	<b>309</b>	<b>(78,167)</b>
Internal support costs	2,633	3,827	1,194	22,518	26,426	3,908	44,231
<b>Surplus/(deficit)</b>	<b>(8,282)</b>	<b>(10,478)</b>	<b>2,196</b>	<b>(73,905)</b>	<b>(78,122)</b>	<b>4,217</b>	<b>(122,398)</b>



## Section 2d – Ferry 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>							
Operator access fees	519	464	55	3,437	3,281	156	5,036
Activity Income	322	208	114	1,267	1,174	93	2,117
Other income	67	75	(8)	535	524	11	824
NZ Transport Agency operating funding	460	616	(156)	4,041	4,564	(523)	6,901
<b>Total operating income</b>	<b>1,368</b>	<b>1,363</b>	<b>5</b>	<b>9,280</b>	<b>9,543</b>	<b>(263)</b>	<b>14,878</b>
<b>Operating Expenditure</b>							
Personnel costs	77	94	17	687	728	41	1,123
Capitalised personnel costs	5	-	(5)	6	2	(4)	2
Service delivery costs and professional services	1,333	1,427	94	9,734	10,172	438	15,818
Occupancy costs	42	56	14	551	570	19	804
Other expenditure	157	160	3	1,141	1,222	81	1,832
<b>Total operating expenditure</b>	<b>1,614</b>	<b>1,737</b>	<b>123</b>	<b>12,119</b>	<b>12,694</b>	<b>575</b>	<b>19,579</b>
Depreciation	253	254	1	2,022	2,026	4	3,043
<b>Surplus/(deficit) from Operations</b>	<b>(499)</b>	<b>(628)</b>	<b>129</b>	<b>(4,861)</b>	<b>(5,177)</b>	<b>316</b>	<b>(7,744)</b>
Internal support costs	206	300	93	1,762	2,068	306	3,462
<b>Surplus/(deficit)</b>	<b>(705)</b>	<b>(928)</b>	<b>222</b>	<b>(6,623)</b>	<b>(7,245)</b>	<b>622</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	908	691	217	6,420	5,709	711	8,319
NZ Transport Agency operating funding	2,073	1,852	221	13,468	14,177	(709)	22,329
<b>Total operating income</b>	<b>2,981</b>	<b>2,543</b>	<b>438</b>	<b>19,888</b>	<b>19,886</b>	<b>2</b>	<b>30,648</b>
<b>Operating Expenditure</b>							
Personnel costs	1,217	1,266	49	10,358	10,508	150	15,938
Capitalised personnel costs	10	(8)	(18)	79	25	(54)	109
Service delivery costs and professional services	1,552	1,533	(19)	8,844	10,007	1,163	17,276
IT costs	238	176	(62)	1,453	1,460	7	2,173
Other expenditure	1,099	882	(217)	6,727	6,546	(181)	10,371
<b>Total operating expenditure</b>	<b>4,116</b>	<b>3,849</b>	<b>(267)</b>	<b>27,461</b>	<b>28,546</b>	<b>1,085</b>	<b>45,867</b>
Depreciation	1,363	1,362	(1)	10,494	10,367	(127)	15,937
<b>Surplus/(deficit) from Operations</b>	<b>(2,498)</b>	<b>(2,668)</b>	<b>170</b>	<b>(18,067)</b>	<b>(19,027)</b>	<b>960</b>	<b>(31,156)</b>
Internal support costs	483	702	219	4,129	4,845	717	8,110
<b>Surplus/(deficit)</b>	<b>(2,981)</b>	<b>(3,370)</b>	<b>389</b>	<b>(22,196)</b>	<b>(23,872)</b>	<b>1,677</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	183	129	54	788	794	(6)	1,204
Parking Fees	3,960	3,783	177	30,141	30,198	(57)	47,514
<b>Total operating income</b>	<b>4,143</b>	<b>3,912</b>	<b>231</b>	<b>30,929</b>	<b>30,992</b>	<b>(63)</b>	<b>48,718</b>
<b>Operating Expenditure</b>							
Personnel costs	210	183	(27)	1,856	1,658	(198)	2,475
Capitalised personnel costs	6	(3)	(9)	(3)	(35)	(32)	(49)
Service delivery costs and professional services	155	245	90	1,826	1,864	38	2,845
Occupancy Costs	517	443	(74)	4,036	3,855	(181)	5,676
Other expenditure	53	64	11	536	583	47	859
<b>Total operating expenditure</b>	<b>941</b>	<b>932</b>	<b>(9)</b>	<b>8,251</b>	<b>7,925</b>	<b>(326)</b>	<b>11,806</b>
Depreciation	642	641	(1)	5,173	5,169	(4)	7,733
<b>Surplus/(deficit) from Operations</b>	<b>2,560</b>	<b>2,339</b>	<b>221</b>	<b>17,505</b>	<b>17,898</b>	<b>(393)</b>	<b>29,179</b>
Internal support costs	124	181	56	1,063	1,247	184	2,087
<b>Surplus/(deficit)</b>	<b>2,436</b>	<b>2,158</b>	<b>277</b>	<b>16,442</b>	<b>16,651</b>	<b>(209)</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	2,527	2,364	163	19,834	19,239	595	29,694
<b>Total operating income</b>	<b>2,527</b>	<b>2,364</b>	<b>163</b>	<b>19,834</b>	<b>19,239</b>	<b>595</b>	<b>29,694</b>
<b>Operating Expenditure</b>							
Personnel costs	863	821	(42)	6,966	6,683	(283)	10,371
Capitalised personnel costs	(4)	5	9	54	69	15	87
Service delivery costs and professional services	99	150	51	1,433	1,288	(145)	1,924
Occupancy Costs	-	-	-	5	3	(2)	3
Other expenditure	705	693	(12)	4,841	5,044	203	7,860
<b>Total operating expenditure</b>	<b>1,663</b>	<b>1,669</b>	<b>6</b>	<b>13,299</b>	<b>13,087</b>	<b>(212)</b>	<b>20,245</b>
Depreciation	20	16	(4)	132	98	(34)	172
<b>Surplus/(deficit) from Operations</b>	<b>844</b>	<b>679</b>	<b>165</b>	<b>6,403</b>	<b>6,054</b>	<b>349</b>	<b>9,277</b>
Internal support costs	213	310	97	1,822	2,139	316	3,579
<b>Surplus/(deficit)</b>	<b>631</b>	<b>369</b>	<b>262</b>	<b>4,581</b>	<b>3,915</b>	<b>665</b>	<b>5,698</b>

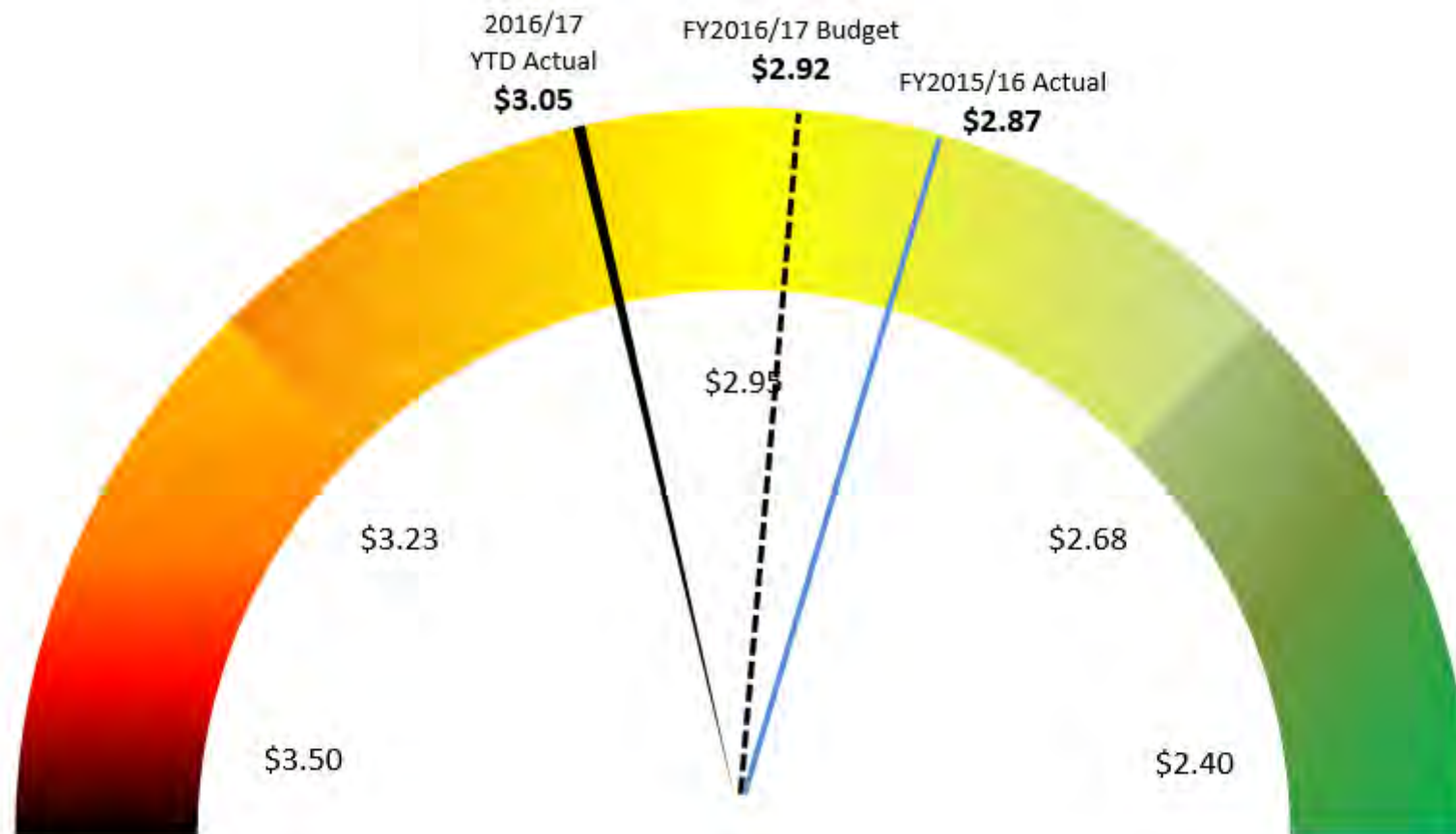
## Section 2d – Roading and footpaths operations

	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	783	727	56	6,255	6,012	243	8,919
Other income	517	336	181	4,575	4,329	246	6,077
NZ Transport Agency operating funding	3,172	4,130	(958)	27,526	28,938	(1,412)	42,623
<b>Total operating income</b>	<b>4,472</b>	<b>5,193</b>	<b>(721)</b>	<b>38,356</b>	<b>39,279</b>	<b>(923)</b>	<b>57,619</b>
<b>Operating Expenditure</b>							
Personnel costs	2,419	2,465	46	19,755	19,697	(58)	30,683
Capitalised personnel costs	(541)	(845)	(304)	(4,269)	(5,838)	(1,569)	(9,486)
Service delivery costs and professional services	7,058	7,670	612	52,332	53,135	803	83,605
Occupancy Costs	1,186	1,172	(14)	10,796	10,901	105	16,308
IT Costs	-	19	19	15	103	88	294
Other expenditure	374	861	487	3,889	4,423	534	7,326
<b>Total operating expenditure</b>	<b>10,496</b>	<b>11,342</b>	<b>846</b>	<b>82,518</b>	<b>82,421</b>	<b>(97)</b>	<b>128,730</b>
Depreciation	20,364	20,401	37	158,872	159,665	793	242,137
<b>Surplus/(deficit) from Operations</b>	<b>(26,388)</b>	<b>(26,550)</b>	<b>162</b>	<b>(203,034)</b>	<b>(202,807)</b>	<b>(227)</b>	<b>(313,248)</b>
Internal support costs	1,355	1,969	615	11,587	13,598	2,011	22,760
<b>Surplus/(deficit)</b>	<b>(27,743)</b>	<b>(28,519)</b>	<b>777</b>	<b>(214,621)</b>	<b>(216,405)</b>	<b>1,784</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	1,286	1,129	157	11,068	9,901	1,167	14,416
Other income	211	7	204	749	708	41	1,053
NZ Transport Agency operating funding	1,420	1,814	(394)	18,743	17,531	1,212	24,383
<b>Total operating income</b>	<b>2,917</b>	<b>2,950</b>	<b>(33)</b>	<b>30,560</b>	<b>28,140</b>	<b>2,420</b>	<b>39,852</b>
<b>Operating Expenditure</b>							
Personnel costs	6,556	6,809	253	53,750	55,119	1,369	85,377
Capitalised personnel costs	(2,570)	(2,940)	(370)	(19,665)	(21,489)	(1,824)	(33,378)
Directors Fees	34	43	9	283	340	57	510
Service delivery costs and professional services	1,454	3,900	2,446	20,126	26,055	5,929	41,865
Other expenditure	2,674	2,574	(100)	21,521	20,731	(790)	33,035
<b>Total operating expenditure</b>	<b>8,148</b>	<b>10,386</b>	<b>2,238</b>	<b>76,015</b>	<b>80,756</b>	<b>4,741</b>	<b>127,409</b>
Depreciation	1,522	2,380	858	12,370	15,164	2,794	25,891
<b>Surplus/(deficit) from Operations</b>	<b>(6,753)</b>	<b>(9,816)</b>	<b>3,063</b>	<b>(57,825)</b>	<b>(67,780)</b>	<b>9,955</b>	<b>(113,448)</b>
Internal support allocated	6,753	9,816	3,063	57,825	67,780	9,955	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 eight months to February 2017



## Section 3a – Summary of Capital Expenditure

	Current month			Year to date			Results achieved	Full year Revised Budget \$000
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000		
<b>Land</b>								
CRL	987	587	(400)	6,160	7,011	851	●	10,625
AMETI	2,263	58	(2,205)	12,199	6,342	(5,857)	●	8,390
Special Housing Areas (SHAs)	-	6	6	12	29	17	●	1,772
Other	1,564	2,237	673	29,860	27,482	(2,378)	●	33,985
<b>Total land</b>	<b>4,814</b>	<b>2,888</b>	<b>(1,926)</b>	<b>48,231</b>	<b>40,864</b>	<b>(7,367)</b>	●	<b>54,772</b>
<b>Major new capital projects</b>								
CRL	9,993	12,163	2,170	79,721	90,603	10,882	●	139,057
Albany Highway Upgrade	95	160	65	5,520	5,928	408	●	6,127
Otahuhu Bus Interchange	(895)	9	904	8,588	10,367	1,779	●	10,786
Te Atatu Road Corridor Improvements	463	1,234	771	6,304	8,535	2,231	●	11,392
NorthWest Transformation	(64)	192	256	1,232	1,438	206	●	3,151
AMETI	463	1,004	541	3,996	5,201	1,205	●	8,041
Manukau Bus Interchange	1,793	1,742	(51)	5,094	5,879	785	●	17,002
<b>Total major new capital projects</b>	<b>11,848</b>	<b>16,504</b>	<b>4,656</b>	<b>110,455</b>	<b>127,951</b>	<b>17,496</b>	●	<b>195,556</b>
<b>Other ring-fenced projects</b>								
EMU	195	181	(14)	1,328	2,245	917	●	4,964
Local Board initiatives	1,185	1,687	502	11,682	13,112	1,430	●	17,603
Special Housing Areas (SHAs)	123	508	385	838	1,444	606	●	3,938
Other	4,107	443	(3,664)	10,392	3,277	(7,115)	●	23,971
<b>Total other ring-fenced projects</b>	<b>5,610</b>	<b>2,819</b>	<b>(2,791)</b>	<b>24,240</b>	<b>20,078</b>	<b>(4,162)</b>	●	<b>50,476</b>
<b>Other</b>								
Roads and footpaths	6,585	13,461	6,876	63,796	72,444	8,648	●	127,042
AT Metro	3,834	5,495	1,661	20,865	26,996	6,131	●	60,088
Parking operations	287	376	89	2,136	2,746	610	●	4,701
Internal support - BT	1,808	891	(917)	11,848	10,782	(1,066)	●	13,978
Internal support - Accomodation	435	413	(22)	1,373	1,523	150	●	3,737
Internal support - Other	10	390	380	247	1,165	918	●	3,385
<b>Total other</b>	<b>12,959</b>	<b>21,026</b>	<b>8,067</b>	<b>100,265</b>	<b>115,656</b>	<b>15,391</b>	●	<b>212,931</b>
<b>Renewals</b>	<b>18,240</b>	<b>30,434</b>	<b>12,194</b>	<b>128,642</b>	<b>140,930</b>	<b>12,288</b>	●	<b>223,319</b>
<b>Total direct capital</b>	<b>53,471</b>	<b>73,671</b>	<b>20,200</b>	<b>411,833</b>	<b>445,479</b>	<b>33,646</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	8,209	10,399	(2,190)	54,745	62,220	(7,475)	104,123
NZ Transport Agency renewal co-investment	8,001	6,645	1,356	55,885	55,873	12	64,312
Other Capital grants	686	1,054	(368)	4,253	4,349	(96)	7,774
Auckland Council capital grant	36,575	43,875	(7,300)	296,950	307,440	(10,490)	507,310
Funding shortfall for core capital expenditure	-	11,698	(11,698)	-	15,597	(15,597)	53,535
<b>Total direct capital funding</b>	<b>53,471</b>	<b>73,671</b>	<b>(20,200)</b>	<b>411,833</b>	<b>445,479</b>	<b>(33,646)</b>	<b>737,054</b>

## Section 4a – Statement of Financial Position

As at 28 February 2017

	Note	Actual 28 February 2017 \$000	Actual 31 January 2017 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	7,429	8,353
Trade and other receivables	2	245,360	240,338
Inventories		9,657	9,796
Other assets		9,805	15,485
Non-current asset held for sale		6,000	6,845
<b>Total current assets</b>		<b>278,251</b>	<b>280,817</b>
<b>Non-current assets</b>			
Property, plant and equipment (PPE)		16,495,260	16,470,085
Intangible assets		100,975	101,259
Work in progress (PPE and intangible assets)	3	767,854	749,000
<b>Total non-current assets</b>		<b>17,364,089</b>	<b>17,320,344</b>
<b>Total assets</b>		<b>17,642,340</b>	<b>17,601,161</b>

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

As at 28 February 2017

	Note	Actual 28 February 2017 \$000	Actual 31 January 2017 \$000
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5	152,308	157,860
Employee benefit liabilities	6	14,732	14,367
Borrowings	7	5,562	5,541
Total current liabilities		172,602	177,768
<b>Non-current liabilities</b>			
Derivative financial instruments	4	1,268	1,198
Trade and other payables	5	19,436	19,674
Employee benefit liabilities	6	624	624
Borrowings	7	497,055	497,492
Deferred tax liability	8	11,356	11,356
Total non-current liabilities		529,739	530,344
<b>Total liabilities</b>		<b>702,341</b>	<b>708,112</b>
<b>Net assets</b>		<b>16,939,999</b>	<b>16,893,049</b>
<b>Equity</b>			
Contributed capital		13,463,228	13,464,226
Accumulated surplus/(deficit)		1,359,313	1,311,365
Other reserves		2,117,458	2,117,458
<b>Total equity</b>		<b>16,939,999</b>	<b>16,893,049</b>

## Section 4b – Notes to the Financial Statements

As at 28 February 2017

	Actual 28 February 2017 \$000	Actual 31 January 2017 \$000
<b>1 Cash and cash equivalents</b>		
Cash at bank - Trading	7,132	8,056
Till floats	297	297
<b>Total cash and cash equivalents</b>	<b>7,429</b>	<b>8,353</b>
The carrying value of cash and cash equivalents approximates their fair value.		
<b>2 Trade and other receivables</b>		
Trade debtors	3,156	5,243
Finance lease receivable	40	42
Infringements receivable	33,877	32,961
Amounts due from related parties	176,463	164,599
Accrued income	41,485	41,971
Goods and services tax	4,711	9,843
	<b>259,732</b>	<b>254,659</b>
Less provision for impairment of receivables	(14,372)	(14,321)
<b>Total trade and other receivables</b>	<b>245,360</b>	<b>240,338</b>

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

### As at 28 February 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 28 February 2017 is detailed below:

	<b>Gross \$000</b>	<b>Impaired \$000</b>	<b>Net \$000</b>
Not past due	226,924	-	226,924
Past due 1 - 30 days	1,309	-	1,309
Past due 31 - 60 days	1,541	-	1,541
Past due 61 - 90 days	1,172	-	1,172
Past due > 90 days	28,786	(14,372)	14,414
	<b>259,732</b>	<b>(14,372)</b>	<b>245,360</b>

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

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

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

	<b>Actual \$000</b>
At 1 July 2016	13,618
Additional provisions made	771
Provisions reversed	(17)
Receivables written-off	-
At 28 February 2017	14,372

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

As at 28 February 2017

	Opening balance 1 July 2016 \$000	Acquisition YTD 28 February 2017 \$000	Capitalisation YTD 28 February 2017 \$000	Closing balance 28 February 2017 \$000
<b>3 Work in Progress (WIP)</b>				
<b>WIP by activity</b>				
Roads and footpaths	316,891	133,623	(74,637)	375,877
AT Metro	262,850	134,088	(28,818)	368,120
Parking operations	4,550	2,136	(644)	6,042
Internal support	14,893	13,496	(10,574)	17,815
<b>Total WIP</b>	<b>\$599,184</b>	<b>\$283,343</b>	<b>(114,673)</b>	<b>\$767,854</b>
<b>WIP by status</b>				
Current WIP (completion in future)				637,230
Forecast completed - awaiting confirmation for capitalisation / writeoff / new forecast finish date				128,889
Forecast completion date not yet provided (new projects)				1,735
<b>Total WIP</b>				<b>767,854</b>
<b>Top 10 Programmes</b>				<b>WIP Closing balance 28 February 2017 \$000</b>
City Rail Link				249,402
Albany Highway Upgrade (North)				56,168
North West Transformation				47,294
AMETI				41,901
Otahuhu Bus Interchange				27,685
Minor Safety				24,263
Te Atatu Road - Corridor Improvements				19,462
Wynyard Quarter Integrated Road Programme				17,507
Waterview Walking and Cycleway connection				17,002
Local Board Initiative				16,792
<b>Total</b>				<b>517,476</b>

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

As at 28 February 2017

	Actual 28 February 2017 \$000	Actual 31 January 2017 \$000
<b>4 Derivative financial instruments</b>		
<b>Non-current liability portion</b>		
Interest rate swaps - not hedge accounted	1,268	1,198
<b>Non-current derivative financial instruments</b>	<b>1,268</b>	<b>1,198</b>
<b>Total derivative financial instrument liabilities</b>	<b>1,268</b>	<b>1,198</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 28 February 2017 the fixed interest rate of cash flow hedge interest rate swaps was 5.99%. The gain on their revaluation of \$2.309m has been recorded in the Statement of Financial Performance.

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

As at 28 February 2017

	Actual 28 February 2017 \$000	Actual 31 January 2017 \$000
<b>5 Trade and other payables</b>		
<b>Current portion</b>		
Creditors	35,484	39,383
Accrued expenses	94,823	96,277
Retentions	11,145	10,692
Amounts due to related parties	4,681	4,600
Income in advance	6,175	6,908
<b>Total current trade and other payables</b>	<b>152,308</b>	<b>157,860</b>
<b>Non-current portion</b>		
Amounts due to related parties	19,436	19,674
<b>Total non-current trade and other payables</b>	<b>19,436</b>	<b>19,674</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	6,328	6,263
Accrued leave	8,404	8,104
<b>Current employee benefit liabilities</b>	<b>14,732</b>	<b>14,367</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 28 February 2017

	Actual 28 February 2017 \$000	Actual 31 January 2017 \$000
<b>7 Borrowings</b>		
<b>Current portion</b>		
Loans from Auckland Council	5,562	5,541
<b>Current borrowings</b>	<b>5,562</b>	<b>5,541</b>
<b>Non-current portion</b>		
Loans from Auckland Council	497,055	497,492
<b>Non-current borrowings</b>	<b>497,055</b>	<b>497,492</b>
Weighted average cost of funds on total borrowings	6.01%	6.01%

Auckland Transport's loan debt of \$503 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 28 February 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 28 February 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>944,258</b>	<b>960,735</b>	<b>1,457,825</b>
<b>Cash applied to:</b>			
Payments to suppliers, employees and directors	482,504	466,101	739,173
Interest paid	18,018	19,761	29,735
Goods and services tax (net)	7,017	-	-
<b>Total cash applied</b>	<b>507,539</b>	<b>485,862</b>	<b>768,908</b>
<b>Net cash from operating activities</b>	<b>436,719</b>	<b>474,873</b>	<b>688,917</b>
<b>Cash flows from investing activities</b>			
<b>Cash provided from:</b>			
Sale of property, plant and equipment	1,605	-	-
<b>Total cash provided</b>	<b>1,605</b>	-	-
<b>Cash applied to:</b>			
Capital expenditure projects	440,575	471,480	737,053
<b>Total cash applied</b>	<b>440,575</b>	<b>471,480</b>	<b>737,053</b>
<b>Net cash from investing activities</b>	<b>(438,970)</b>	<b>(471,480)</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>Cash applied to:</b>			
Repayments of EMU loan from Auckland Council	3,325	3,393	5,399
<b>Total cash applied</b>	<b>3,325</b>	<b>3,393</b>	<b>5,399</b>
<b>Net cash from financing activities</b>	<b>6,675</b>	<b>(3,393)</b>	<b>(5,399)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>4,424</b>	-	<b>(53,535)</b>
Opening cash balance	3,005	-	-
<b>Closing cash balance</b>	<b>7,429</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>362,078</b>
<b>Add/(less) non cash items</b>	
Depreciation and amortisation	216,267
Vested assets	(144,560)
Loss on disposal of property, plant and equipment	1,521
(Gains)/losses on forward foreign exchange contracts	(242)
(Gains)/losses on interest rate swaps	(2,309)
Income tax	(69)
	<b>70,608</b>
<b>Add/(less) movements in working capital</b>	
Decrease/(Increase) in debtors and other receivables	27,722
Decrease/(Increase) in inventories	90
(Decrease)/Increase in creditors and other payables	(16,753)
(Decrease)/Increase in employee benefits payable	1,150
(Decrease)/Increase in other assets	(8,176)
	<b>4,033</b>
<b>Net cash flow from operating activities</b>	<b>436,719</b>

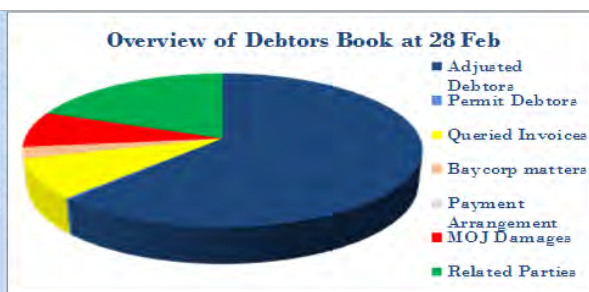
## Section 6 – Accounts Receivable Report

### Accounts Receivable

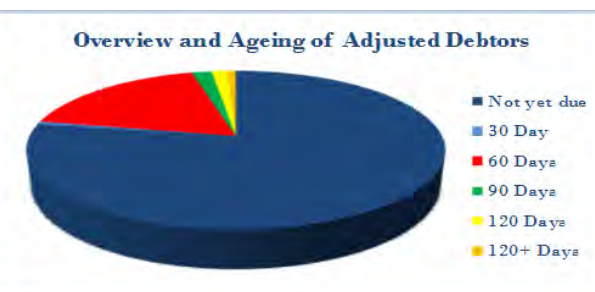
An overview of the Debtors as at 28 February has 96.0% (94.1% January) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 28 February 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 28 Feb	259	3,878,956	2,536,898	49,180	547,453	84,956	78,794	581,675	1
Parking Permit Debtors	25	10,320	0	5,200	1,000	340	3,780	0	2
<b>Total Debtors</b>		<b>3,889,276</b>	<b>2,536,898</b>	<b>54,380</b>	<b>548,453</b>	<b>85,296</b>	<b>82,574</b>	<b>581,675</b>	
		100.0%	65.2%	1.4%	14.1%	2.2%	2.1%	15.0%	
O/s Related Parties	24	749,425	655,087	6,199	7,336	2,497	13,913	64,393	3
<b>Trade Debtors</b>	<b>151</b>	<b>3,139,851</b>	<b>1,881,811</b>	<b>48,181</b>	<b>541,117</b>	<b>82,799</b>	<b>68,661</b>	<b>517,282</b>	
		100.0%	59.9%	1.5%	17.2%	2.6%	2.2%	16.5%	
Queried Invoices	136	328,597	410	35,811	96,156	24,848	30,845	140,526	4
To Baycorp (Collection)	418	91,189	0	107	373	0	2,300	88,410	5
Payment Arrangement	166	1,659	0	0	0	0	0	1,659	6
Lodged Courts (Damages)	368	294,896	1,324	0	11,388	13,743	0	268,441	7
<b>Adjusted Debtors</b>		<b>2,423,510</b>	<b>1,880,076</b>	<b>12,264</b>	<b>433,200</b>	<b>44,207</b>	<b>35,516</b>	<b>18,247</b>	
		100.0%	77.6%	0.5%	17.9%	1.8%	1.5%	0.8%	

Adjusted Debtors	62.1%
Permit Debtors	0.3%
Queried Invoices	8.4%
Baycorp matters	2.3%
Arrangements	0.0%
MOJ Damages	7.6%
Related Parties	19.2%
	<u>100.0%</u>



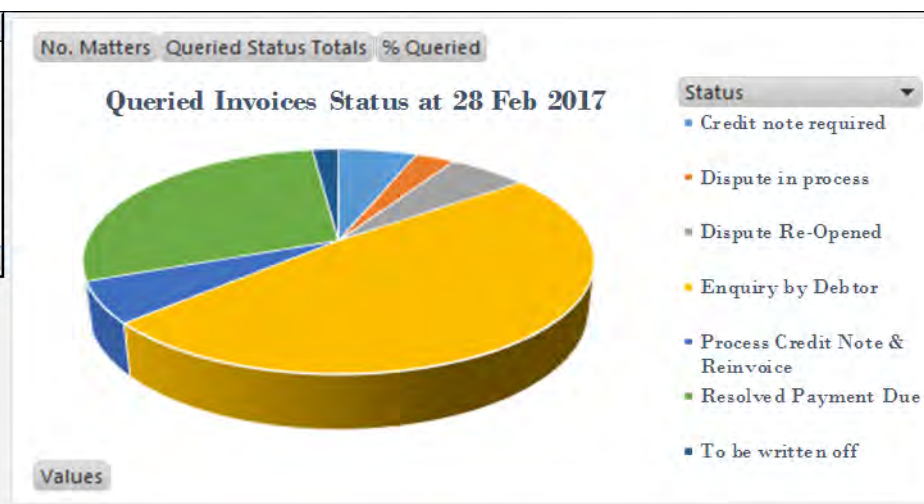
Not yet due	77.6%
30 Day	0.5%
60 Days	17.9%
90 Days	1.8%
120 Days	1.5%
120+ Days	0.8%
	<u>100.1%</u>



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

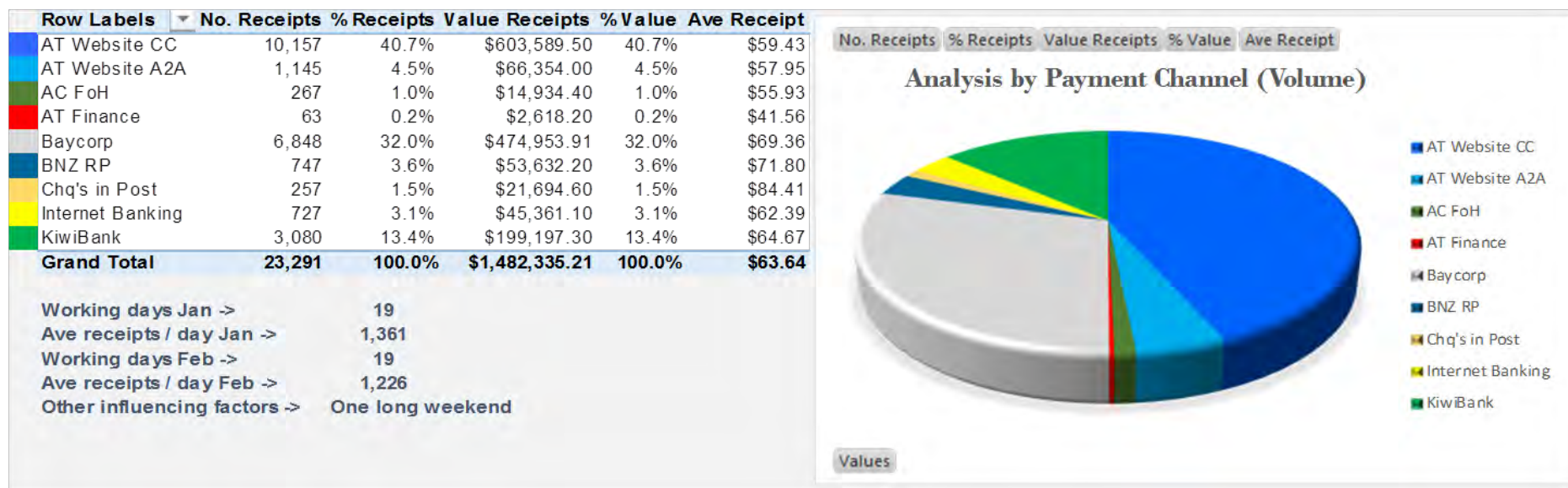
- 1 - Sundry Debtors administered in the SAP system.
- 2 - Parking Permit Debtors administered in the Pathway system. These invoices are for on street permits issued. Amounts not collected within 60 days are lodged with Baycorp for collection. Accounts not paying on time are blocked for further permits.
- 3 - Inter-Council Group debts.
- 4 - Relates to invoices which have been queried or disputed by customers. The \$76,000 matter referred to in earlier reports has been referred to Legal. A meeting is being set up with the debtor in an effort to resolve the dispute. A new matter totalling \$86,000 (60 days) has not yet been resolved. The matter is receiving urgent attention.
- 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	Queried Status Totals	% Queried
Credit note required	6	\$10,612.77	3.2%
Dispute in process	3	\$3,099.35	0.9%
Dispute Re-Opened	6	\$795.34	0.2%
Enquiry by Debtor	49	\$253,771.26	77.2%
Process Credit Note & Reinvoice	6	\$2,419.59	0.7%
Resolved Payment Due	29	\$53,551.34	16.3%
To be written off	2	\$4,347.00	1.3%
<b>Grand Total</b>	<b>101</b>	<b>\$328,596.65</b>	<b>100.0%</b>

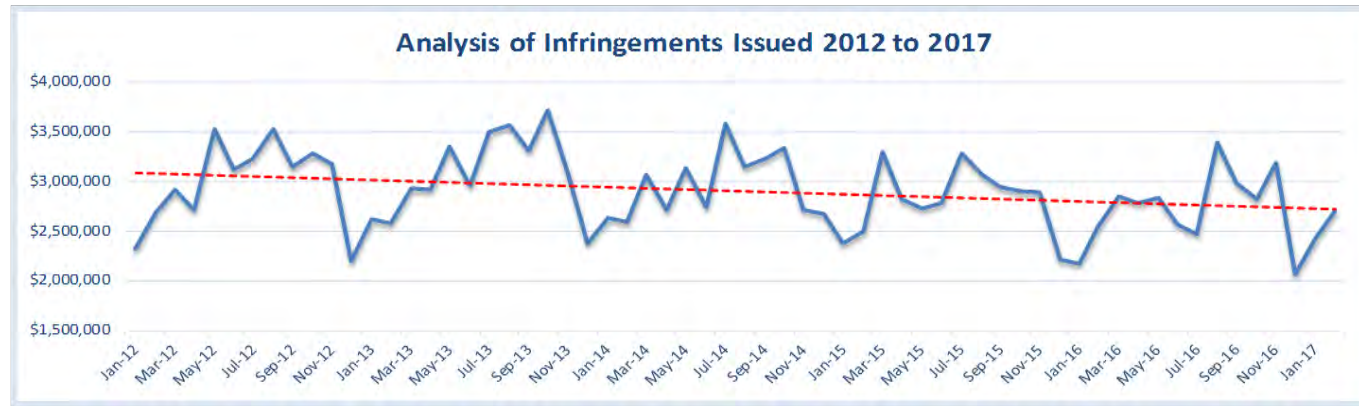


### Infringement Overview:

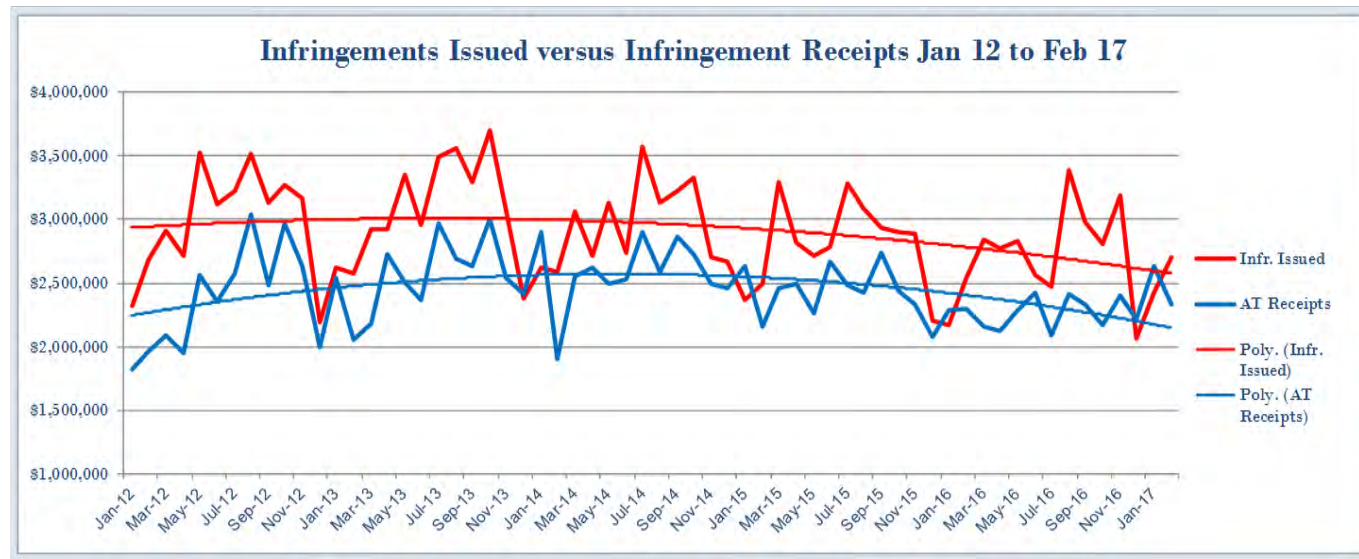
February's Infringement receipts by volume are down 9.9% on January (19 working days in both January and February). Of the customers not paying in response to a Baycorp demand, 73.2% are making use of electronic payment methods (75.1% in January). The AT website recorded 48.5% of all receipts (49.2% in January). The highest average receipt by value was received via cheque payments.



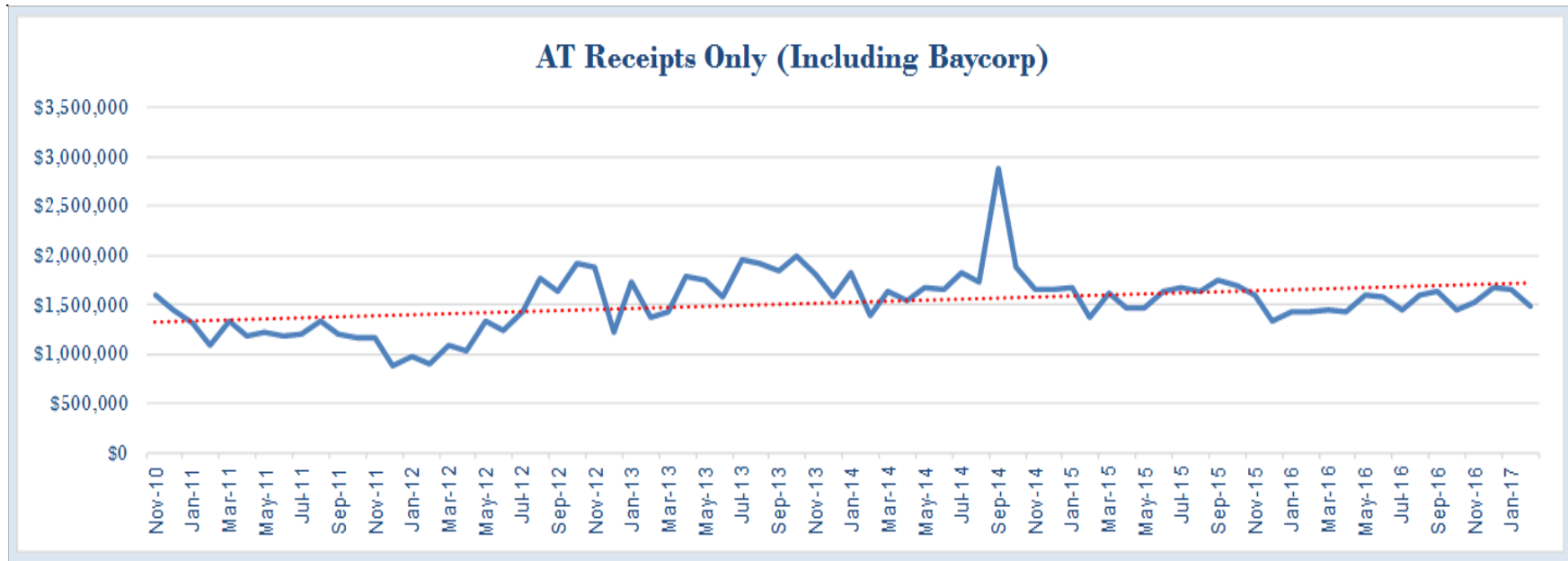
The following graph illustrates the seasonal issuance of infringements. The average monthly infringements issued over the past 3 years [displayed in \$ millions] is 2014 - \$2,958 / 2015 \$2,814 / 2016 - \$2,719. The average monthly infringements issued in January and February over the past 3 years is \$2,830million compared with the combined January and February 2017 average of \$2,562million.



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 and February 2017 are on average 8.7% and 5.8% higher than the averages issued for the same periods in 2016 and 2015 respectively.

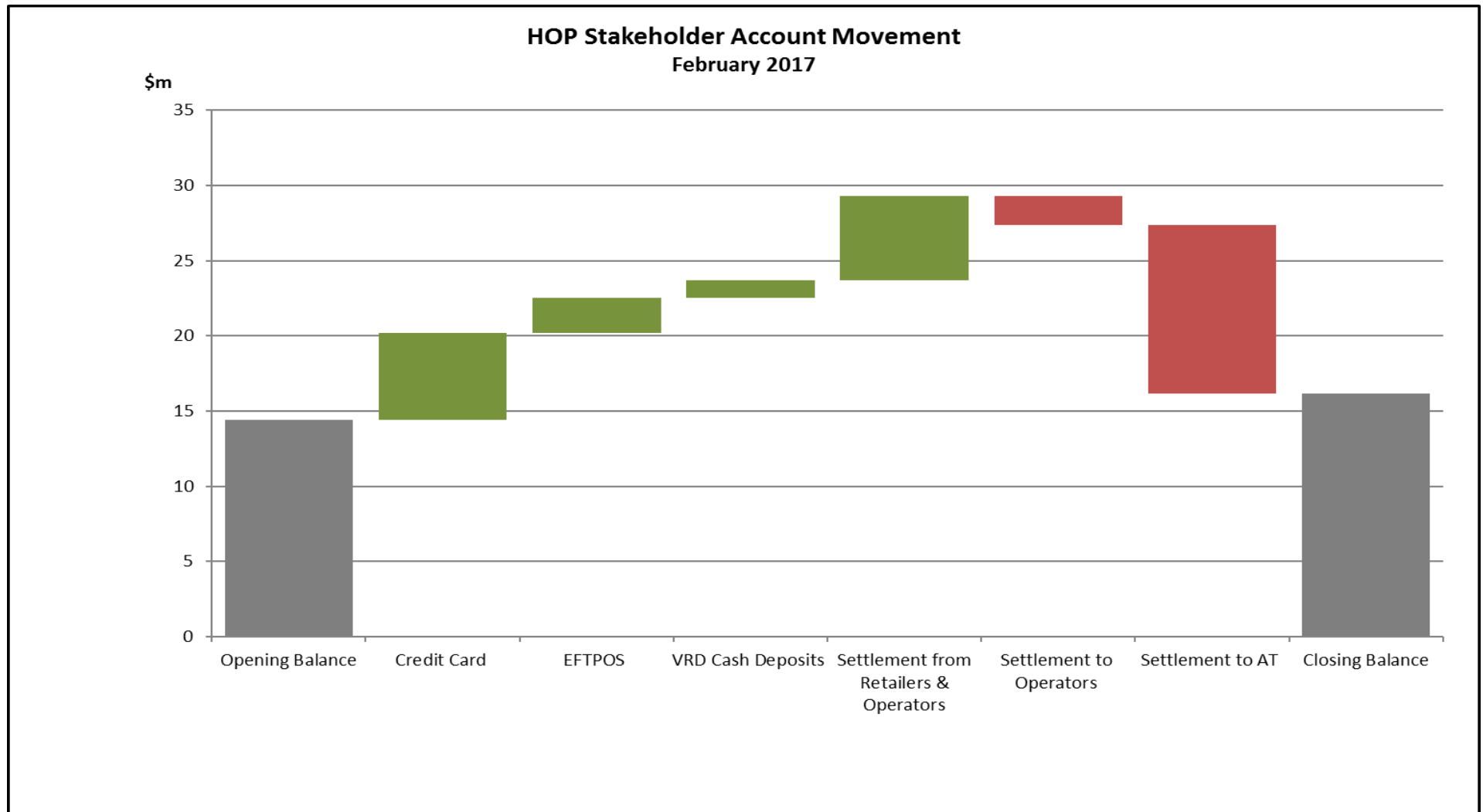


Direct receipts prior to lodging with MoJ continue to show an upward trend as a result of the Baycorp arrangement.



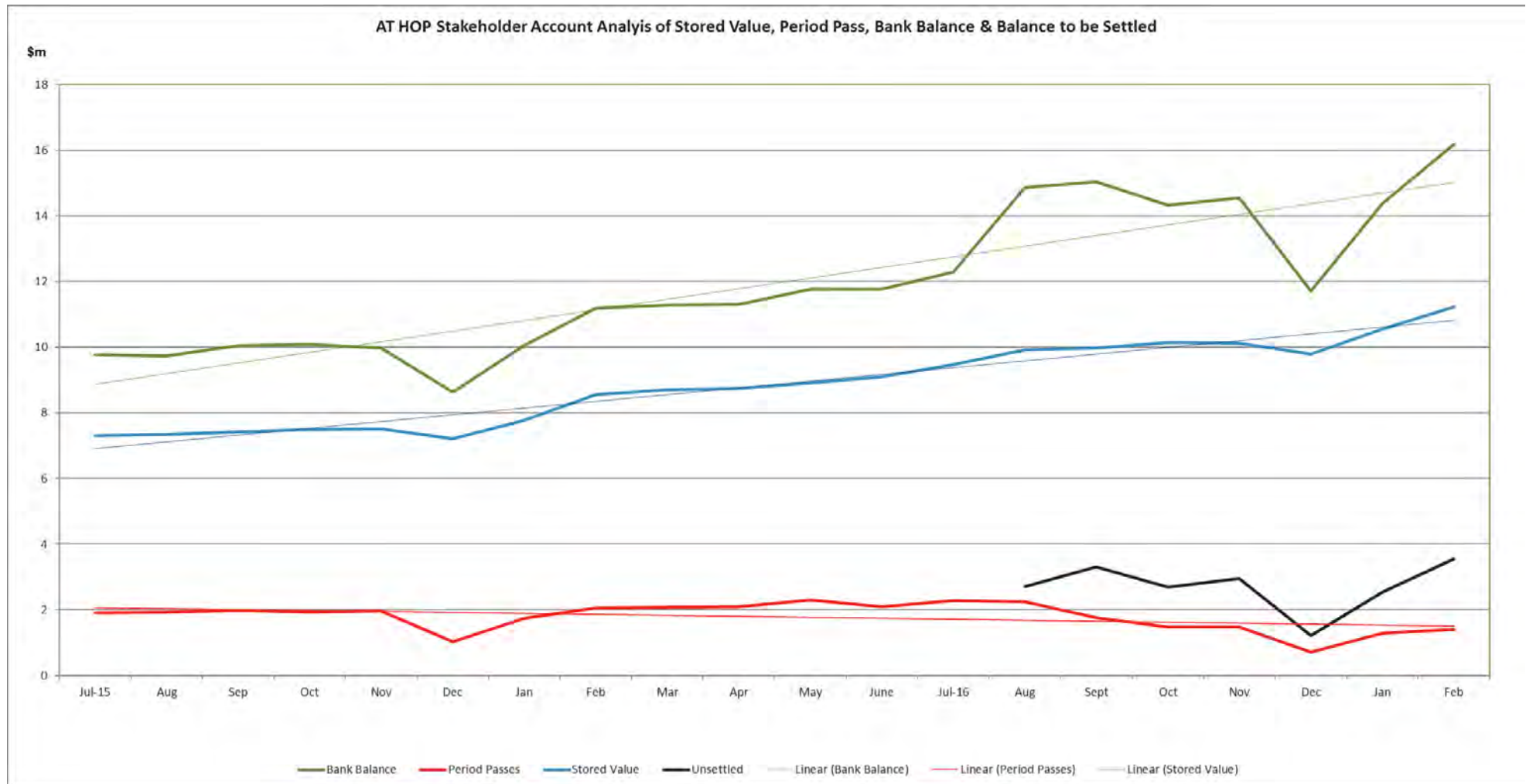
## Section 7 – AT HOP Stakeholder Monthly Report

The AT HOP Stakeholder bank account ended the month of February with \$16.2 million, which is an increase of 12% up from the previous month.







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



## Document ownership

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