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# Financial Results for the Two Months Ended 31 August 2018

## Recommendation

That the Board:

- i. Receives the report.

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## Section 1 – Overview

The year to date **Deficit from operations** is \$52.4 million, which is \$2.1 million or 4% unfavourable to budget, a positive movement of \$2.0 million versus July. Items to note are:

- Total **operating income** year to date is \$1.3 million higher than budget. Items to note are:
  - The new National Land Transport Fund 2018-21 was approved resulting in a catch up in August in NZ Transport Agency operating funding
  - Bus and rail activity incomes are \$713,000 higher than budget as a result of higher than budgeted patronage. This was partially offset by a decline in the average yield arising from increases in transfers across the network
  - Other bus and public transport operations income is \$533,000 higher than budget due to one off advertising income
  - Enforcement income is \$595,000 higher than budget due to an increase in special vehicle lane and parking enforcement tickets issued mainly due to increased monitoring enabled by technology enhancements
- Total **operating expenditure** excluding depreciation and amortisation is \$2.6 million or 2% higher than budget. Items to note are:
  - Personnel cost is \$850,000 higher than budget due to higher contractor cost. Tight management of personnel costs remains a key area of focus.
  - Capitalised personnel cost is \$985,000 lower than budget. The variation is because the budget is flat phased during the year and has a higher level of capitalised labour than prior years reflecting the larger capital programme
  - Other expenditure is higher than budget primarily due to new ferry services for Stanley Bay, Gulf Harbour and Hobsonville. The full year costs for the new services are approximately \$2.5 million.
- **Depreciation and amortisation** is higher than budget primarily due to amortisation of software assets phases over the full year but reaching the end of their useful life during the year. Additionally, depreciation on vested assets is a risk to the full year budget of approximately \$500,000 based on higher than planned levels of vested assets in the prior year.

The **capital programme** year to date is \$77.2 million, which is \$11.8 million or 18% higher than budget. Items to note are:

- **Renewals** are \$5.4 million ahead of the work programme. An early start has been made to the delivery of road resurfacing and road rehabilitation projects. There has also been good progress on the delivery of the kerb and channel and footpath programmes in the Central area.
- **Rapid Transit Network (RTN)** is higher than budget due to property acquisition of \$5.6 million in August for the Eastern Busway 1 project.

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- **Deferrals** of \$7.5 million include the Dominion Road upgrade, Half Moon Bay passenger facility upgrade, Newmarket Crossing, Park & Ride Silverdale Stage 2 and Parnell Train Station.

**Vested assets** amounting to \$56.2 million were received in August resulting in a year to date variance of \$22 million higher than budget. This is mainly from property development in Long Bay, Redvale, and Kaukapakapa.

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## Section 2a – Executive Summary

Financial results for the two months ended 31 August 2018:

	Current month variance to budget \$m	Year to date variance to budget \$m	Year to date results	Year to date actual \$m	Year to date budget \$m	Full year budget \$m
Total operating income	2.7	1.3	●	146.8	145.5	866.6
Total operating expenditure	(0.7)	(3.5)	●	199.3	195.8	1,214.4
<b>Surplus/(deficit) from operations</b>	<b>2.0</b>	<b>(2.1)</b>	●	<b>(52.4)</b>	<b>(50.3)</b>	<b>(347.8)</b>
Income for capital projects	34.1	33.8	●	133.4	99.6	924.3
Net surplus/(deficit) before tax	36.1	31.6	●	80.9	49.3	576.6
<b>Total direct capital</b>	<b>(12.1)</b>	<b>(11.8)</b>	●	<b>77.2</b>	<b>65.4</b>	<b>744.3</b>

### Key to symbols used

●	Favourable budget variance
●	Unfavourable budget variance less than 5%
●	Unfavourable budget variance greater than 5%

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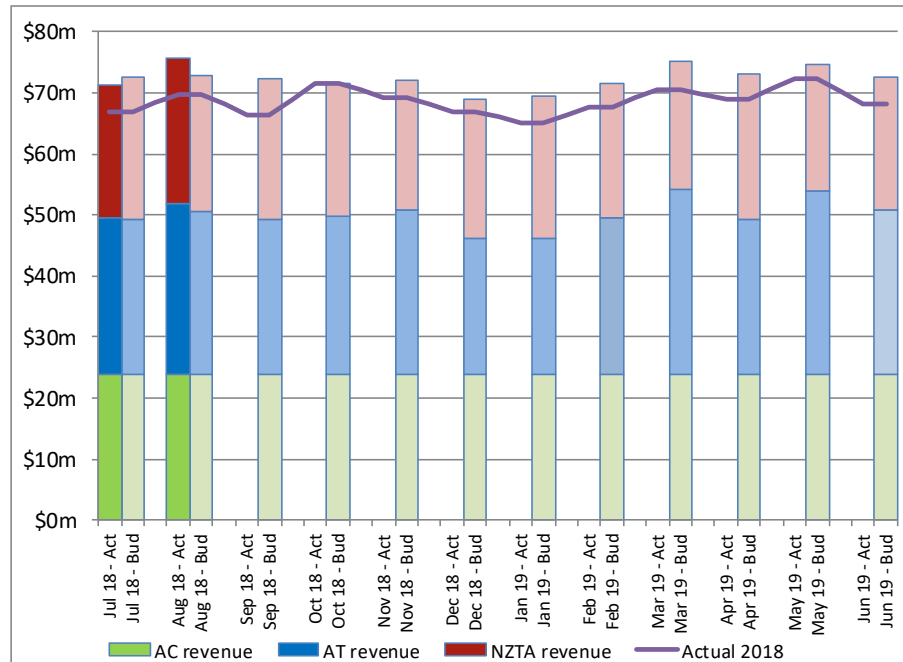
## Section 2b – Financial results for the two months ended 31 August 2018

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating income</b>							
Auckland Council funding	24,030	24,030	-	48,060	48,060	-	288,360
NZ Transport Agency operating funding	23,783	22,420	1,363	45,339	45,636	(297)	266,800
Parking and enforcement income	7,636	7,458	178	14,849	14,436	413	85,876
Public transport income	17,728	16,666	1,062	32,958	31,820	1,138	197,634
Other revenue incl. other grants and subsidies	2,423	2,353	70	5,615	5,528	87	27,973
<b>Total operating income</b>	<b>75,600</b>	<b>72,927</b>	<b>2,673</b>	<b>146,821</b>	<b>145,480</b>	<b>1,341</b>	<b>866,643</b>
<b>Operating expenditure</b>							
Personnel costs	14,539	14,180	(359)	28,915	28,065	(850)	164,615
Capitalised personnel costs	(3,834)	(3,602)	232	(6,110)	(7,095)	(985)	(41,981)
Depreciation and amortisation	27,670	27,551	(119)	55,100	54,239	(861)	353,904
Other expenditure	57,982	57,531	(451)	116,213	115,429	(784)	707,186
Finance costs	2,569	2,569	-	5,141	5,139	(2)	30,700
<b>Total operating expenditure</b>	<b>98,926</b>	<b>98,229</b>	<b>(697)</b>	<b>199,259</b>	<b>195,777</b>	<b>(3,482)</b>	<b>1,214,424</b>
<b>Surplus/(deficit) from operations</b>	<b>(23,326)</b>	<b>(25,302)</b>	<b>1,976</b>	<b>(52,438)</b>	<b>(50,297)</b>	<b>(2,141)</b>	<b>(347,781)</b>
<b>Income for capital projects</b>							
NZ Transport Agency capital co-investment	14,644	12,456	2,188	26,399	23,644	2,755	359,268
Auckland Council capital grant	33,587	23,966	9,621	50,485	41,753	8,732	385,075
Other capital grants	311	-	311	291	-	291	-
Vested asset income	56,194	34,200	21,994	56,194	34,200	21,994	180,000
<b>Total income for capital projects</b>	<b>104,736</b>	<b>70,622</b>	<b>34,114</b>	<b>133,369</b>	<b>99,597</b>	<b>33,772</b>	<b>924,343</b>
<b>Net surplus/(deficit) before tax and derivatives</b>	<b>81,410</b>	<b>45,320</b>	<b>36,090</b>	<b>80,931</b>	<b>49,300</b>	<b>31,631</b>	<b>576,562</b>
Gains/(losses) on derivatives	2,297	-	2,297	2,119	-	2,119	-
Gain/(loss) on disposal of assets	(59)	-	(59)	(125)	-	(125)	-
<b>Net surplus/(deficit) after tax and derivatives</b>	<b>83,648</b>	<b>45,320</b>	<b>38,328</b>	<b>82,925</b>	<b>49,300</b>	<b>33,625</b>	<b>576,562</b>

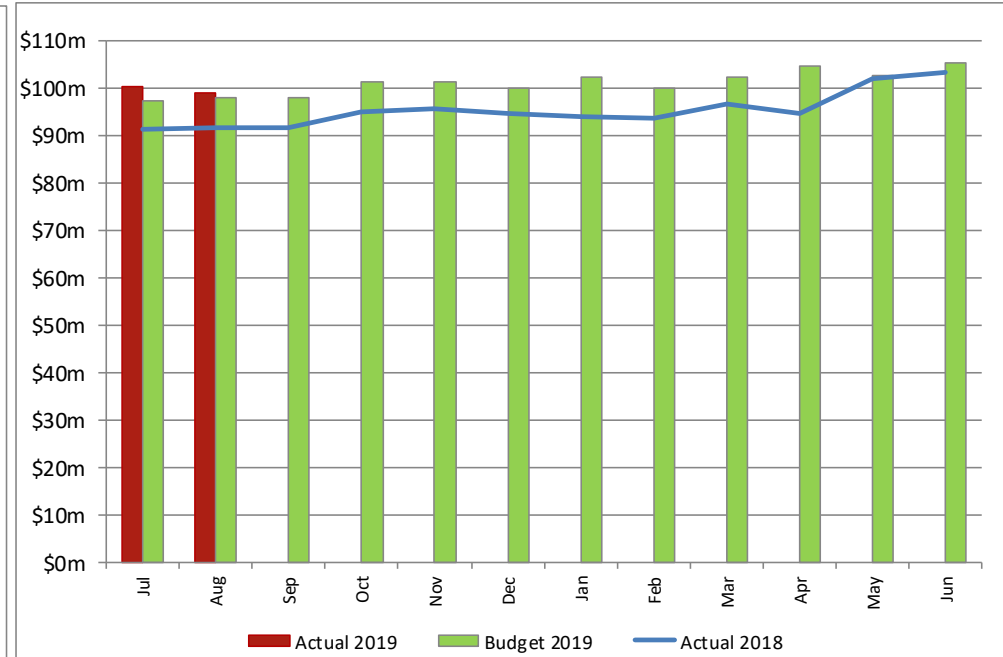
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## Section 2b – Financial results for the two months ended 31 August 2018 (continued)

### Operating revenue



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



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**Section 2c – Summary of financial results by activity**

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Rail	10,897	10,358	539	21,395	20,877	518	124,563
Bus	20,500	19,078	1,422	37,785	37,378	407	234,899
Ferry	1,527	1,591	(64)	2,870	3,163	(293)	20,443
Other public transport	2,344	2,298	46	4,366	4,507	(141)	27,726
Parking	4,327	4,390	(63)	8,450	8,631	(181)	52,312
Enforcement	3,309	3,068	241	6,400	5,805	595	33,564
Roading and footpaths	5,029	5,018	11	10,701	11,126	(425)	64,000
Internal support	3,638	3,097	541	6,795	5,936	859	20,775
Auckland Council operating funding	24,030	24,030	-	48,060	48,060	-	288,360
<b>Total operating income</b>	<b>75,601</b>	<b>72,928</b>	<b>2,673</b>	<b>146,822</b>	<b>145,483</b>	<b>1,339</b>	<b>866,642</b>
<b>Operating Expenditure</b>							
Rail	14,476	14,598	122	30,231	29,976	(255)	178,073
Bus	26,501	26,710	209	52,582	52,819	237	323,964
Ferry	2,254	1,882	(372)	4,241	3,754	(487)	23,553
Other public transport	2,864	3,163	299	5,861	6,088	227	37,475
Parking	888	1,000	112	1,907	1,982	75	11,892
Enforcement	2,028	1,785	(243)	3,686	3,503	(183)	21,751
Roading and footpaths	12,521	11,772	(749)	24,925	23,828	(1,097)	147,164
Internal support	9,725	9,766	41	20,724	19,589	(1,135)	116,647
Depreciation and amortisation	27,670	27,551	(119)	55,100	54,239	(861)	353,904
<b>Total operating expenditure</b>	<b>98,927</b>	<b>98,227</b>	<b>(700)</b>	<b>199,257</b>	<b>195,778</b>	<b>(3,479)</b>	<b>1,214,423</b>
<b>Surplus/(deficit) from Operations</b>	<b>(23,326)</b>	<b>(25,299)</b>	<b>1,973</b>	<b>(52,435)</b>	<b>(50,295)</b>	<b>(2,140)</b>	<b>(347,781)</b>

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## Section 2d – Rail Operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Activity income	4,939	4,792	147	9,353	9,001	352	53,855
Other income	146	171	(25)	205	342	(137)	2,053
NZ Transport Agency operating funding	4,202	3,785	417	8,592	8,290	302	49,139
NZ Transport Agency operating funding - Electric Trains	1,610	1,610	-	3,245	3,244	1	19,516
<b>Total operating income</b>	<b>10,897</b>	<b>10,358</b>	<b>539</b>	<b>21,395</b>	<b>20,877</b>	<b>518</b>	<b>124,563</b>
<b>Operating Expenditure</b>							
Personnel costs	694	581	(113)	1,260	1,140	(120)	7,930
Capitalised personnel costs	(3)	-	3	7	-	(7)	-
Service delivery costs and professional services	7,651	8,279	628	16,802	17,428	626	100,377
Utilities and facilities costs	374	316	(58)	675	632	(43)	3,716
Track access charges	2,316	2,392	76	4,712	4,753	41	29,063
Other expenditure	875	461	(414)	1,634	884	(750)	6,287
Finance costs	2,569	2,569	-	5,141	5,139	(2)	30,700
<b>Total operating expenditure</b>	<b>14,476</b>	<b>14,598</b>	<b>122</b>	<b>30,231</b>	<b>29,976</b>	<b>(255)</b>	<b>178,073</b>
Depreciation	3,541	3,501	(40)	7,081	6,977	(104)	42,671
<b>Surplus/(deficit) from Operations</b>	<b>(7,120)</b>	<b>(7,741)</b>	<b>621</b>	<b>(15,917)</b>	<b>(16,076)</b>	<b>159</b>	<b>(96,181)</b>
Internal support costs	1,996	2,068	71	4,361	4,144	(217)	30,429
<b>Surplus/(deficit)</b>	<b>(9,116)</b>	<b>(9,809)</b>	<b>692</b>	<b>(20,278)</b>	<b>(20,220)</b>	<b>(58)</b>	<b>(126,610)</b>



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**Section 2d – Bus Operations**

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Activity income	10,270	9,872	398	19,245	18,884	361	117,401
Other income	697	420	277	1,022	792	230	5,817
NZ Transport Agency operating funding	9,533	8,786	747	17,518	17,702	(184)	111,681
Total operating income	20,500	19,078	1,422	37,785	37,378	407	234,899
<b>Operating Expenditure</b>							
Personnel costs	543	453	(90)	1,059	887	(172)	5,162
Capitalised personnel costs	(48)	(36)	12	(68)	(66)	2	(716)
Service delivery costs and professional services	25,573	25,879	306	50,831	51,237	406	316,907
Utilities and facilities costs	137	111	(26)	243	220	(23)	1,838
Other expenditure	296	303	7	517	541	24	773
Total operating expenditure	26,501	26,710	209	52,582	52,819	237	323,964
Depreciation	401	330	(71)	803	636	(167)	4,594
<b>Surplus/(deficit) from Operations</b>	(6,402)	(7,962)	1,560	(15,600)	(16,077)	477	(93,659)
Internal support costs	3,632	3,762	130	7,933	7,538	(395)	55,358
<b>Surplus/(deficit)</b>	(10,034)	(11,724)	1,690	(23,533)	(23,615)	82	(149,017)

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## Section 2d – Ferry Operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Operator access fees	495	489	6	885	983	(98)	6,638
Activity income	239	251	(12)	465	480	(15)	3,167
Other income	32	34	(2)	207	65	142	1,061
NZ Transport Agency operating funding	761	817	(56)	1,313	1,635	(322)	9,577
<b>Total operating income</b>	<b>1,527</b>	<b>1,591</b>	<b>(64)</b>	<b>2,870</b>	<b>3,163</b>	<b>(293)</b>	<b>20,443</b>
<b>Operating Expenditure</b>							
Personnel costs	112	146	34	215	286	71	1,683
Capitalised personnel costs	(31)	(24)	7	(10)	(47)	(37)	(271)
Service delivery costs and professional services	1,917	1,513	(404)	3,626	3,021	(605)	18,967
Utilities and facilities costs	98	71	(27)	118	145	27	979
Other expenditure	158	176	18	292	349	57	2,195
<b>Total operating expenditure</b>	<b>2,254</b>	<b>1,882</b>	<b>(372)</b>	<b>4,241</b>	<b>3,754</b>	<b>(487)</b>	<b>23,553</b>
Depreciation	332	332	-	665	663	(2)	4,014
<b>Surplus/(deficit) from Operations</b>	<b>(1,059)</b>	<b>(623)</b>	<b>(436)</b>	<b>(2,036)</b>	<b>(1,254)</b>	<b>(782)</b>	<b>(7,124)</b>
Internal support costs	264	274	9	577	548	(29)	4,025
<b>Surplus/(deficit)</b>	<b>(1,323)</b>	<b>(897)</b>	<b>(427)</b>	<b>(2,613)</b>	<b>(1,802)</b>	<b>(811)</b>	<b>(11,149)</b>

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**Section 2d – Other Public Transport Operations**

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Other income	910	637	273	1,577	1,274	303	7,642
NZ Transport Agency operating funding	1,434	1,661	(227)	2,789	3,233	(444)	20,084
<b>Total operating income</b>	<b>2,344</b>	<b>2,298</b>	<b>46</b>	<b>4,366</b>	<b>4,507</b>	<b>(141)</b>	<b>27,726</b>
<b>Operating Expenditure</b>							
Personnel costs	1,045	1,057	12	2,165	2,057	(108)	12,495
Capitalised personnel costs	(97)	(77)	20	(126)	(160)	(34)	(923)
Service delivery costs and professional services	1,311	1,405	94	2,783	2,668	(115)	16,224
IT costs	202	192	(10)	304	384	80	2,305
Other expenditure	403	586	183	735	1,139	404	7,374
<b>Total operating expenditure</b>	<b>2,864</b>	<b>3,163</b>	<b>299</b>	<b>5,861</b>	<b>6,088</b>	<b>227</b>	<b>37,475</b>
Depreciation	1,474	1,310	(164)	2,948	2,585	(363)	16,641
<b>Surplus/(deficit) from Operations</b>	<b>(1,994)</b>	<b>(2,175)</b>	<b>181</b>	<b>(4,443)</b>	<b>(4,166)</b>	<b>(277)</b>	<b>(26,390)</b>
Internal support costs	420	435	15	918	872	(46)	6,404
<b>Surplus/(deficit)</b>	<b>(2,414)</b>	<b>(2,610)</b>	<b>196</b>	<b>(5,361)</b>	<b>(5,038)</b>	<b>(323)</b>	<b>(32,794)</b>

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**Section 2d – Parking Operations**

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Other income	101	125	(24)	223	251	(28)	1,509
Parking Fees	4,226	4,265	(39)	8,227	8,380	(153)	50,803
Total operating income	4,327	4,390	(63)	8,450	8,631	(181)	52,312
<b>Operating Expenditure</b>							
Personnel costs	296	296	-	578	579	1	3,440
Capitalised personnel costs	(37)	(56)	(19)	(67)	(110)	(43)	(436)
Service delivery costs and professional services	87	254	167	447	509	62	3,645
Utilities and facilities costs	454	381	(73)	791	754	(37)	4,555
Other expenditure	88	125	37	158	250	92	688
Total operating expenditure	888	1,000	112	1,907	1,982	75	11,892
Depreciation	529	636	107	1,058	1,269	211	7,696
<b>Surplus/(deficit) from Operations</b>	2,910	2,754	156	5,485	5,380	105	32,724
Internal support costs	133	138	5	291	277	(14)	2,032
<b>Surplus/(deficit)</b>	2,777	2,616	161	5,194	5,103	91	30,692

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**Section 2d – Enforcement Operations**

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Other income	-	-	-	-	-	-	-
Infringement income	3,309	3,068	241	6,400	5,805	595	33,564
<b>Total operating income</b>	<b>3,309</b>	<b>3,068</b>	<b>241</b>	<b>6,400</b>	<b>5,805</b>	<b>595</b>	<b>33,564</b>
<b>Operating Expenditure</b>							
Personnel costs	1,031	948	(83)	1,943	1,856	(87)	10,784
Capitalised personnel costs	23	14	(9)	34	28	(6)	228
Service delivery costs and professional services	221	190	(31)	429	362	(67)	2,285
Utilities and facilities costs	-	-	-	-	-	-	-
Other expenditure	753	633	(120)	1,280	1,257	(23)	8,454
<b>Total operating expenditure</b>	<b>2,028</b>	<b>1,785</b>	<b>(243)</b>	<b>3,686</b>	<b>3,503</b>	<b>(183)</b>	<b>21,751</b>
Depreciation	72	89	17	143	165	22	1,428
<b>Surplus/(deficit) from Operations</b>	<b>1,209</b>	<b>1,194</b>	<b>15</b>	<b>2,571</b>	<b>2,137</b>	<b>434</b>	<b>10,385</b>
Internal support costs	244	253	9	533	506	(27)	3,717
<b>Surplus/(deficit)</b>	<b>965</b>	<b>941</b>	<b>24</b>	<b>2,038</b>	<b>1,631</b>	<b>407</b>	<b>6,668</b>

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## Section 2d – Roading and Footpaths Operations

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Petrol tax	766	785	(19)	1,578	1,570	8	9,419
Other income	558	441	117	1,570	1,674	(104)	6,447
NZ Transport Agency operating funding	3,705	3,792	(87)	7,553	7,882	(329)	48,134
<b>Total operating income</b>	<b>5,029</b>	<b>5,018</b>	<b>11</b>	<b>10,701</b>	<b>11,126</b>	<b>(425)</b>	<b>64,000</b>
<b>Operating Expenditure</b>							
Personnel costs	3,292	3,100	(192)	6,097	6,067	(30)	35,136
Capitalised personnel costs	(895)	(958)	(63)	(1,372)	(1,891)	(519)	(9,935)
Service delivery costs and professional services	8,278	7,546	(732)	16,110	15,381	(729)	98,229
Utilities and facilities costs	1,398	1,405	7	3,287	2,893	(394)	14,874
IT Costs	160	44	(116)	189	79	(110)	436
Other expenditure	288	635	347	614	1,299	685	8,424
<b>Total operating expenditure</b>	<b>12,521</b>	<b>11,772</b>	<b>(749)</b>	<b>24,925</b>	<b>23,828</b>	<b>(1,097)</b>	<b>147,164</b>
Depreciation	19,069	19,385	316	38,115	38,289	174	245,621
<b>Surplus/(deficit) from Operations</b>	<b>(26,561)</b>	<b>(26,139)</b>	<b>(422)</b>	<b>(52,339)</b>	<b>(50,991)</b>	<b>(1,348)</b>	<b>(328,785)</b>
Internal support costs	1,650	1,709	59	3,604	3,424	(179)	25,147
<b>Surplus/(deficit)</b>	<b>(28,211)</b>	<b>(27,848)</b>	<b>(363)</b>	<b>(55,943)</b>	<b>(54,415)</b>	<b>(1,527)</b>	<b>(353,932)</b>

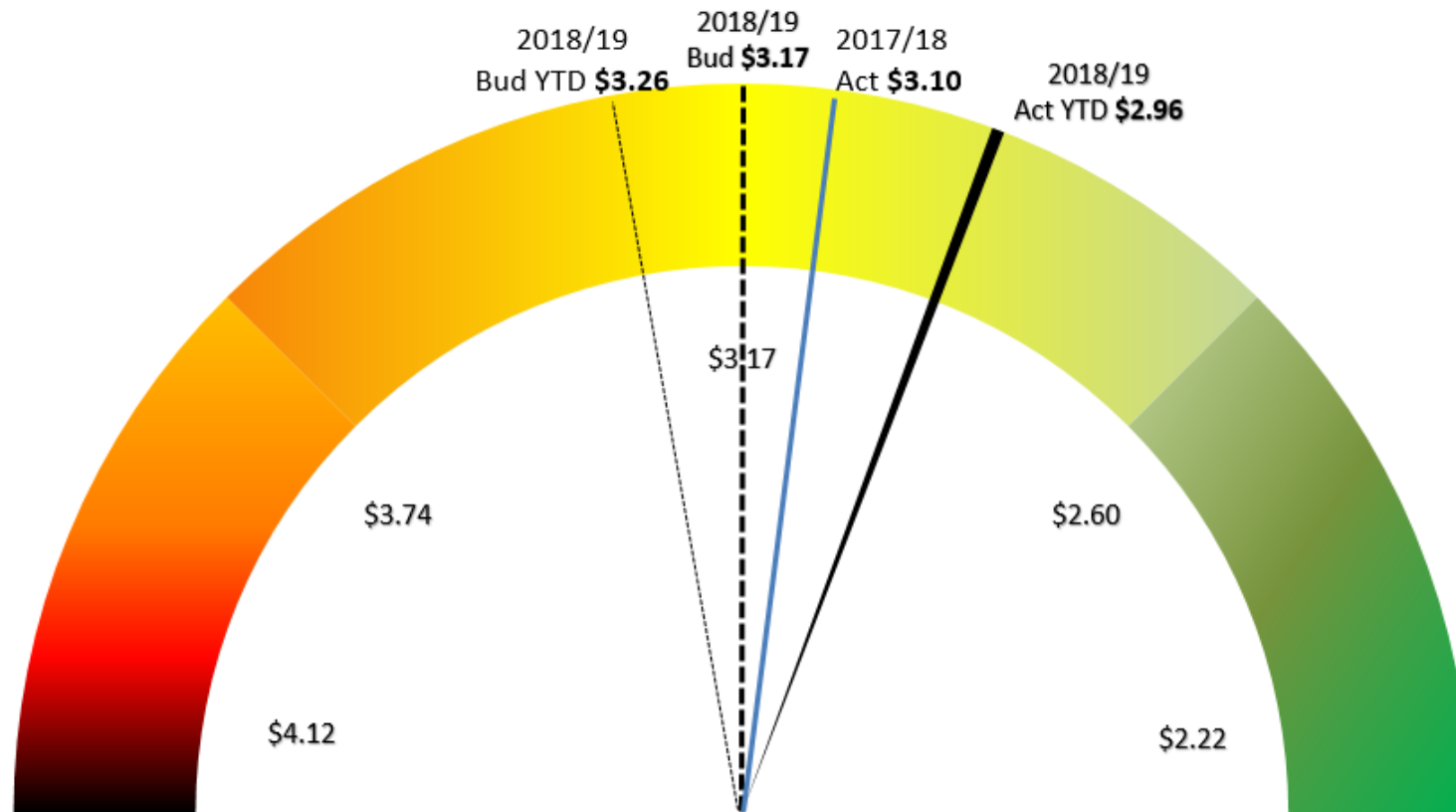
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**Section 2d – Internal Support**

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Operating Income</b>							
Rental income	793	1,013	(220)	1,871	2,054	(183)	10,445
Other income	306	115	191	595	230	365	1,662
NZ Transport Agency operating funding	2,539	1,969	570	4,329	3,652	677	8,668
<b>Total operating income</b>	<b>3,638</b>	<b>3,097</b>	<b>541</b>	<b>6,795</b>	<b>5,936</b>	<b>859</b>	<b>20,775</b>
<b>Operating Expenditure</b>							
Personnel costs	7,525	7,598	73	15,597	15,193	(404)	87,985
Capitalised personnel costs	(2,746)	(2,466)	280	(4,509)	(4,849)	(340)	(29,929)
Directors Fees	38	40	2	77	80	3	510
Service delivery costs and professional services	926	1,480	554	2,600	2,926	326	18,794
Other expenditure	3,982	3,114	(868)	6,959	6,239	(720)	39,287
Finance costs	-	-	-	-	-	-	-
<b>Total operating expenditure</b>	<b>9,725</b>	<b>9,766</b>	<b>41</b>	<b>20,724</b>	<b>19,589</b>	<b>(1,135)</b>	<b>116,647</b>
Depreciation	2,253	1,969	(284)	4,287	3,656	(631)	31,239
<b>Surplus/(deficit) from Operations</b>	<b>(8,340)</b>	<b>(8,638)</b>	<b>298</b>	<b>(18,216)</b>	<b>(17,309)</b>	<b>(907)</b>	<b>(127,111)</b>
Internal support allocated	8,340	8,638	298	18,216	17,309	(907)	127,111
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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## Section 2e – Operational funding requirement per passenger for the two months ended 31 August 2018



The operational cost (net of third party revenue) of \$2.96 per passenger on the Public Transport Network is lower than the budget of \$3.17 and prior year of \$3.10 per passenger, principally due to higher than expected patronage. With annual patronage now at 96 million, each one cent change in operational cost per passenger represents up to \$960,000 operational cost impact to Auckland Transport. This measure can fluctuate month on month.



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## Section 3a – Summary of Capital Expenditure

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
<b>Regional Land Transport Plan (RLTP) grouping</b>							
Renewals	13,843	11,292	(2,551)	24,460	19,018	(5,442)	188,161
Rapid Transit Network (RTN)	8,468	4,563	(3,905)	11,106	8,956	(2,150)	111,672
Committed projects and programmes	5,379	3,736	(1,643)	6,413	8,431	2,018	62,511
Corridor improvements	1,324	1,494	170	1,682	2,894	1,212	57,781
Active transport	3,330	2,903	(427)	4,679	6,111	1,432	55,848
Safety-related projects	1,695	1,017	(678)	2,574	1,648	(926)	52,723
City centre and waterfront projects supporting Americas Cup	2,530	1,694	(836)	3,906	3,584	(322)	41,489
Funds for Local Board priorities and to support housing growth	342	418	76	701	691	(10)	32,085
On-going operational programmes	2,604	3,993	1,389	3,315	5,578	2,263	31,682
Technology	3,230	3,052	(178)	5,316	4,870	(446)	29,175
Ring-fenced projects and programmes	968	1,001	33	1,978	1,634	(344)	26,800
Other bus network improvements	223	347	124	441	479	38	18,375
Network capacity and performance improvements	625	596	(29)	2,732	952	(1,780)	13,070
Environmental focus	198	31	(167)	401	51	(350)	10,229
Local Board projects	-	35	35	1	50	49	7,143
Park and ride programme	17	100	83	18	150	132	5,300
Rail improvements including bus-rail interchanges	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Deferrals	3,765	149	(3,616)	7,451	299	(7,152)	299
<b>Total direct capital</b>	<b>48,541</b>	<b>36,421</b>	<b>(12,120)</b>	<b>77,174</b>	<b>65,396</b>	<b>(11,778)</b>	<b>744,343</b>

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## 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
<b>Direct capital funding</b>							
NZ Transport Agency new capital co-investment	7,044	7,930	(886)	13,773	16,008	(2,235)	274,387
NZ Transport Agency renewal co-investment	7,601	4,526	3,075	12,626	7,636	4,990	84,881
Other capital grants	311	-	311	291	-	291	-
Auckland Council capital grant	33,587	23,966	9,621	50,485	41,753	8,732	385,075
<b>Total direct capital funding</b>	<b>48,543</b>	<b>36,422</b>	<b>12,121</b>	<b>77,175</b>	<b>65,397</b>	<b>11,778</b>	<b>744,343</b>

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**Section 3c – Major Capital Projects whole of life forecast**

		What we have spent so far			What we expect to spend in total		Approved funding		
		From Nov 2010 to Jun 2018	YTD Aug 2018	Total to date	Forecast remaining	Estimate at completion (EAC)	Approved funding	% spend to date	Variance to EAC
Project description	Notes	\$000	\$000	\$000	\$000	\$000	\$000		\$000
Manukau Station	1	39,339	237	39,576	306	39,882	41,316	96%	(1,434)
Pukekohe Station	2	16,172	(14)	16,158	450	16,608	14,150	114%	2,458
Mill Road Improvements	3	54,799	1,075	55,874	505,925	561,799	561,799	10%	-
Lincoln Road - Corridor Improvements		15,003	367	15,370	84,301	99,671	99,671	15%	-
Murphys Road Upgrade Bridge Improvements (PC20)		6,080	102	6,183	18,277	24,459	24,253	25%	206
Tamaki Ngapipi Intersection Safety Improvements		10,345	247	10,591	2,875	13,466	14,581	73%	(1,115)
Franklin Road Enhancements		5,873	1,862	7,735	7,817	15,552	16,266	48%	(714)
EMU (Rolling Stock Tranche 2017)		19,612	119	19,731	126,763	146,494	146,368	13%	126
Northcote Safe Route Cycleway		9,775	287	10,062	8,447	18,509	17,751	57%	758
Nelson Street Downtown Cycleway	4	6,182	4	6,186	5	6,191	6,965	89%	(774)

**Notes**

1. The Manukau Station was opened to the public in April 2018. However, there is remaining work on the Putney way streetscapes which is expected to be completed by September.
2. The Pukekohe Station upgrade is in the closeout stage and final work is expected to be completed by October.
3. The current Mill Road forecast reflects the latest LTP/RLTP figures approved as part of the planning process including spend to date. The project is expected to gain momentum in the later years of the LTP.
4. The Nelson Street Downtown Cycleway is in the completion phase. The remaining scope of work will be delivered under the Wynyard Quarter Integrated road programme.

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## Section 4a – Statement of Financial Position

As at 31 August 2018

	Note	Actual 31 August 2018 \$000	Actual 31 July 2018 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	6,331	9,059
Receivables	2	278,248	263,760
Inventories		11,538	11,816
Other assets		12,346	18,575
Non-current assets held for sale		1,952	1,952
<b>Total current assets</b>		<b>310,415</b>	<b>305,162</b>
<b>Non-current assets</b>			
Receivables		801	801
Property, plant and equipment (PPE)		18,879,502	18,826,659
Intangible assets		108,769	107,388
Work in progress (PPE and intangible assets)	3	587,438	564,643
<b>Total non-current assets</b>		<b>19,576,510</b>	<b>19,499,491</b>
<b>Total assets</b>		<b>19,886,925</b>	<b>19,804,653</b>

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

As at 31 August 2018

	Note	Actual 31 August 2018 \$000	Actual 31 July 2018 \$000
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables and accruals	4	185,911	180,627
Employee entitlements	5	14,158	18,054
Derivative financial instruments		19	120
Borrowings	6	6,185	6,163
Total current liabilities		206,273	204,964
<b>Non-current liabilities</b>			
Payables and accruals	4	15,926	16,201
Employee entitlements	5	427	427
Derivative financial instruments		816	2,736
Borrowings	6	495,732	496,222
Deferred tax	7	10,070	10,070
Total non-current liabilities		522,971	525,656
<b>Total liabilities</b>		<b>729,244</b>	<b>730,620</b>
<b>Net assets</b>		<b>19,157,681</b>	<b>19,074,033</b>
<b>Equity</b>			
Contributed capital		12,998,417	12,998,417
Accumulated funds		2,433,103	2,349,455
Other reserves		3,726,161	3,726,161
<b>Total equity</b>		<b>19,157,681</b>	<b>19,074,033</b>

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## Section 4b – Notes to the Financial Statements

As at 31 August 2018

	Actual 31 August 2018 \$000	Actual 31 July 2018 \$000
<b>1 Cash and cash equivalents</b>		
Cash at bank	6,029	8,757
Till floats	302	302
<b>Total cash and cash equivalents</b>	<b>6,331</b>	<b>9,059</b>

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

### 2 Receivables

Trade and other debtors	19,877	4,435
Infringement receivable	37,734	37,431
Amounts due from related parties	194,228	199,865
Accrued revenue	42,593	38,085
	<b>294,432</b>	<b>279,816</b>
Less provision for impairment of receivables	(16,184)	(16,056)
<b>Total current receivables</b>	<b>278,248</b>	<b>263,760</b>

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**Section 4b – Notes to the Financial Statements (continued)****As at 31 August 2018**

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:

	<b>Gross \$000</b>	<b>Impaired \$000</b>	<b>Net \$000</b>
Not past due	257,212	-	257,212
Past due 1 - 30 days	2,622	-	2,622
Past due 31 - 60 days	2,191	-	2,191
Past due 61 - 90 days	1,433	-	1,433
Past due > 90 days	30,974	(16,184)	14,790
	<b>294,432</b>	<b>(16,184)</b>	<b>278,248</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 31 August 2018 \$000</b>
Balance at 1 July 2018	15,998
Additional provisions made	186
Provisions reversed	-
Provisions relating to receivables written-off	-
<b>Balance at 31 August 2018</b>	<b>16,184</b>

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

As at 31 August 2018

	Opening balance 1 July 2018 \$000	Acquisition YTD 31 August 2018 \$000	Capitalisation YTD 31 August 2018 \$000	Closing balance 31 August 2018 \$000
<b>3 Work in Progress (WIP)</b>				
<b>WIP by activity</b>				
Roads and footpaths	342,892	33,480	(9,247)	367,125
Public Transport	178,318	16,924	(2,667)	192,575
Parking operations	9,743	684	-	10,427
Internal support	17,178	2,321	(2,187)	17,311
<b>Total WIP</b>	<b>\$548,131</b>	<b>\$53,408</b>	<b>(14,101)</b>	<b>587,438</b>
<b>WIP by status</b>				
Current WIP (completion in future)				479,019
Due for capitalisation within policy				51,255
Due for capitalisation not within policy				50,943
Forecast completion date not yet provided (new projects)				6,221
<b>Total WIP</b>				<b>587,438</b>
<b>Top 10 Programmes</b>				<b>WIP Closing balance 31 August 2018 \$000</b>
AMETI				78,318
Walking And Cycling				23,000
SMART				20,248
Wynyard Quarter Programme				15,484
MMEWS				15,208
Penlink Toll Road				13,894
Growth Infrastructure Fund				12,160
Minor Improvements				11,659
Tamaki Ngapipi Intersection Safety Implementation				10,591
Technology -ITS Programme				10,590
<b>Total</b>				<b>211,152</b>



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

As at 31 August 2018

	Actual 31 August 2018 \$000	Actual 31 July 2018 \$000
<b>4 Payables and accruals</b>		
<b>Current portion</b>		
Creditors	22,848	16,585
Goods and services tax	6,376	9,338
Accrued expenses	126,087	133,282
Retentions	11,672	12,827
Amounts due to related parties	7,218	7,327
Revenue in advance	11,710	1,268
<b>Total current payables</b>	<b>185,911</b>	<b>180,627</b>
<b>Non-current portion</b>		
Amounts due to related parties	15,926	16,201
<b>Total non-current payables</b>	<b>15,926</b>	<b>16,201</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.

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

As at 31 August 2018

	Actual 31 August 2018 \$000	Actual 31 July 2018 \$000
<b>5 Employee entitlements</b>		
<b>Current portion</b>		
Accrued salaries and wages	2,917	6,935
Accrued leave	11,241	11,119
<b>Total current employee entitlements</b>	<b>14,158</b>	<b>18,054</b>
<b>Non-current portion</b>		
Retirement gratuities	314	314
Long service leave	113	113
<b>Total non-current employee entitlements</b>	<b>427</b>	<b>427</b>
<b>6 Borrowings</b>		
<b>Current portion</b>		
Loans from Auckland Council	6,185	6,163
<b>Total current borrowings</b>	<b>6,185</b>	<b>6,163</b>
<b>Non-current portion</b>		
Loans from Auckland Council	495,732	496,222
<b>Total non-current borrowings</b>	<b>495,732</b>	<b>496,222</b>
Weighted average cost of funds on total borrowings	6.02%	6.02%

Auckland Transport's loan debt of \$502 million is issued at fixed rates of interest ranging from 5.55% to 6.57%.

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

As at 31 August 2018

	<b>Actual</b>
	<b>31 August 2018</b>
	<b>\$000</b>
<b>7 Deferred tax liability</b>	
Balance at 1 July 2017	10,070
Debited to surplus or deficit	-
Charged to equity	-
<b>Balance 31 August 2018</b>	<b>10,070</b>

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## Section 5 – Cashflow

	Year to date		Full year
	Actual \$000	Budget \$000	Budget \$000
<b>Cash flows from operating activities</b>			
<b>Total cash provided</b>	<b>282,303</b>	<b>260,879</b>	<b>1,610,986</b>
<b>Cash applied to</b>			
Payments to suppliers and employees	151,711	139,362	834,961
Interest paid	4,510	5,139	30,700
<b>Total cash applied</b>	<b>156,221</b>	<b>144,501</b>	<b>865,661</b>
<b>Net cash from operating activities</b>	<b>126,082</b>	<b>116,378</b>	<b>745,325</b>
<b>Cash flows from investing activities</b>			
<b>Cash provided from</b>			
Sale of property, plant and equipment	45	-	-
<b>Cash applied to:</b>			
Purchase of property, plant and equipment	123,382	115,396	744,343
<b>Net cash from investing activities</b>	<b>(123,337)</b>	<b>(115,396)</b>	<b>(744,343)</b>
<b>Cash flows from financing activities</b>			
<b>Cash applied to</b>			
Repayments of EMU loan from Auckland Council	981	982	982
<b>Net cash from financing activities</b>	<b>(981)</b>	<b>(982)</b>	<b>(982)</b>
<b>Net (decrease)/increase in cash and cash equivalent</b>	<b>1,764</b>	<b>-</b>	<b>-</b>
Opening cash and cash equivalents	4,567	-	-
<b>Closing cash balance</b>	<b>6,331</b>	<b>-</b>	<b>-</b>

<b>Reconciliation of surplus after tax to net cash from operating activities</b>	
	<b>Actual \$000</b>
<b>Surplus after tax</b>	<b>82,925</b>
<b>Add/(less) non-cash items</b>	
Depreciation and amortisation	55,100
Vested asset income	(56,194)
(Gains)/losses on derivatives	(1,568)
	<b>(2,662)</b>
<b>Add/(less) movements in balance sheet items</b>	
Receivables	41,306
Inventories	202
Other assets	(8,028)
Payables and accruals	15,201
Employee entitlements	(2,862)
	<b>45,819</b>
<b>Net cash from operating activities</b>	<b>126,082</b>

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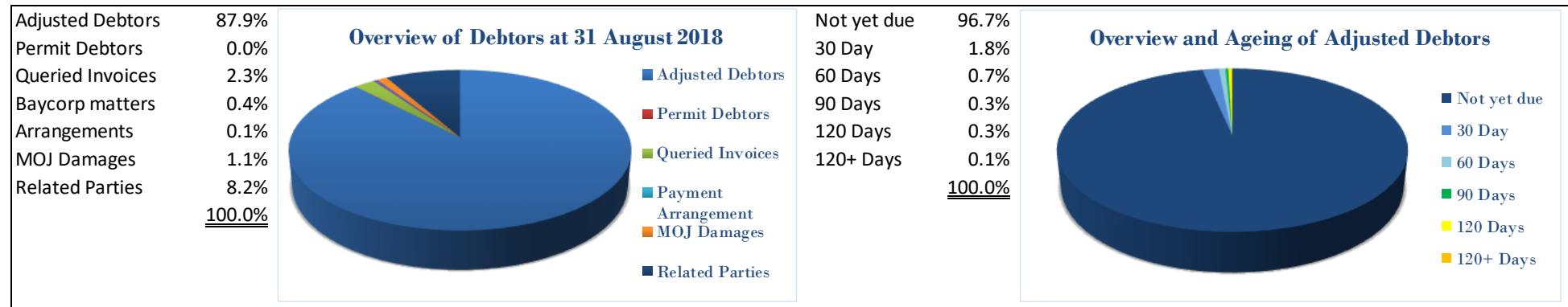
## Section 6 – Accounts Receivable Report

### Accounts Receivable

An overview of Debtors as at 31 August has 99.3% (95.2% July) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 31 August 2018</u>									
<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</u>	<u>Not Yet Due</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>120+ Days</u>	<u>Notes</u>
Debtors Ageing 31 Aug	127	20,299,126	17,900,088	430,965	872,034	173,952	234,764	687,323	1
Parking Permit Debtors	16	8,585	4,100	200	0	400	3,885	0	2
<b>Total Debtors</b>		<b>20,307,711</b>	<b>17,904,188</b>	<b>431,165</b>	<b>872,034</b>	<b>174,352</b>	<b>238,649</b>	<b>687,323</b>	
		100.0%	88.2%	2.1%	4.3%	0.9%	1.2%	3.4%	
O/s Related Parties	52	1,674,581	626,905	13,649	615,184	49,510	2,043	367,289	3
<b>Trade Debtors</b>	<b>129</b>	<b>18,633,130</b>	<b>17,277,283</b>	<b>417,516</b>	<b>256,849</b>	<b>124,842</b>	<b>236,606</b>	<b>320,034</b>	
		100.0%	92.7%	2.2%	1.4%	0.7%	1.3%	1.7%	
Queried Invoices	154	461,790	14,548	83,595	124,424	20,995	163,343	54,886	4
To Baycorp (Collection)	616	90,418	0	1,831	378	4,681	8,281	75,247	5
Payment Arrangement	54	11,655	0	10,266	0	0	0	1,389	6
Lodged Courts (Damages)	766	220,039	0	538	0	45,865	5,150	168,487	7
<b>Adjusted Debtors</b>		<b>17,849,229</b>	<b>17,262,736</b>	<b>321,287</b>	<b>132,047</b>	<b>53,302</b>	<b>59,831</b>	<b>20,025</b>	8
		100.0%	96.7%	1.8%	0.7%	0.3%	0.3%	0.1%	

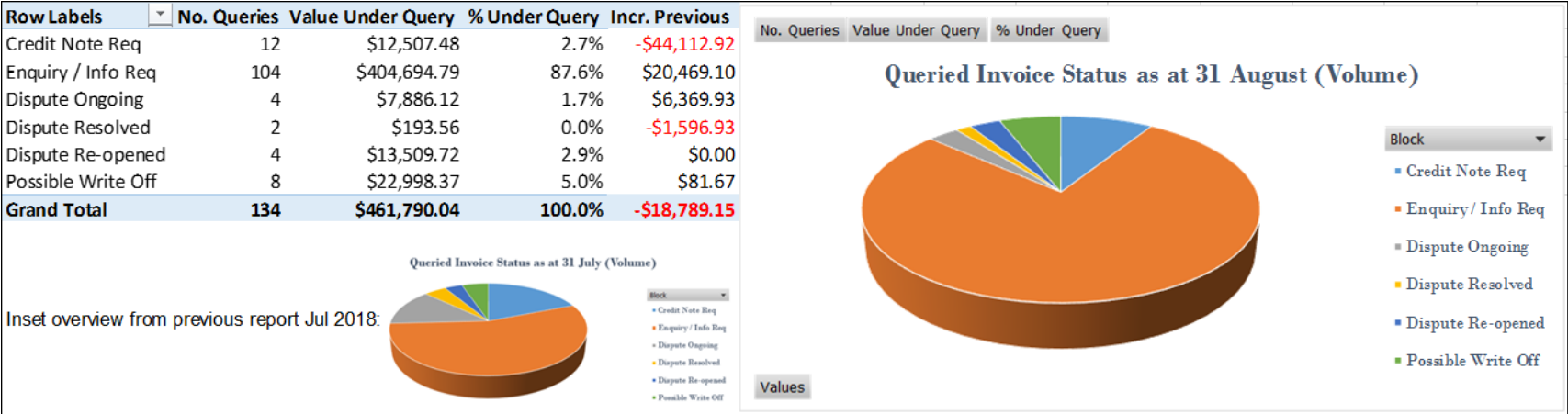
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**Notes relating to the Debtors Ageing Analysis:**

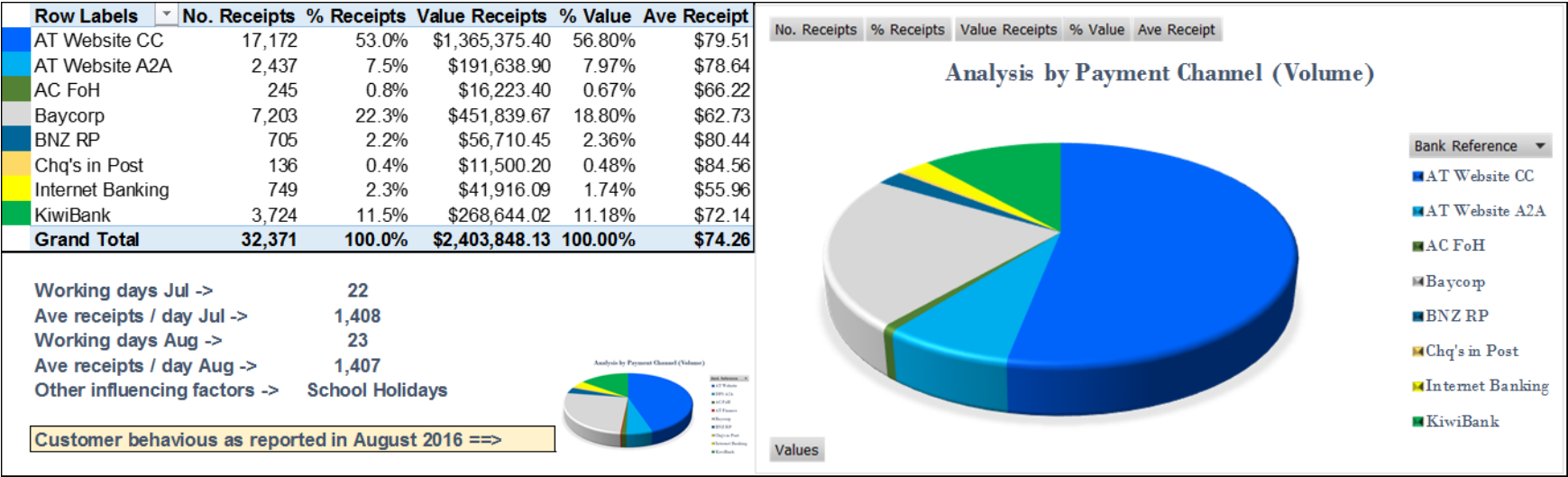
1. Sundry Debtors administered in the SAP system.
2. Parking Permit Debtors administered in the Pathway system. These invoices are for on street permits issued. Amounts not collected within 60 days are lodged with Baycorp for collection. Debtors not paying on time are blocked for further permits.
3. Inter-Council Group debts.
4. Relates to invoices which have been queried or disputed by customers. The \$76,000 matter mentioned in earlier reports has been referred to the internal legal team who continue to investigate the matter. A dispute over sand royalties access (\$89,000), is being coordinated with Council and is expected to be resolved shortly.
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 Executive General Manager Finance 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.
8. Debtors in total have increased by \$15.4 million in August 2018 compared with July 2018 as a result of SuperGold bulk funding due from the NZ Transport Agency.

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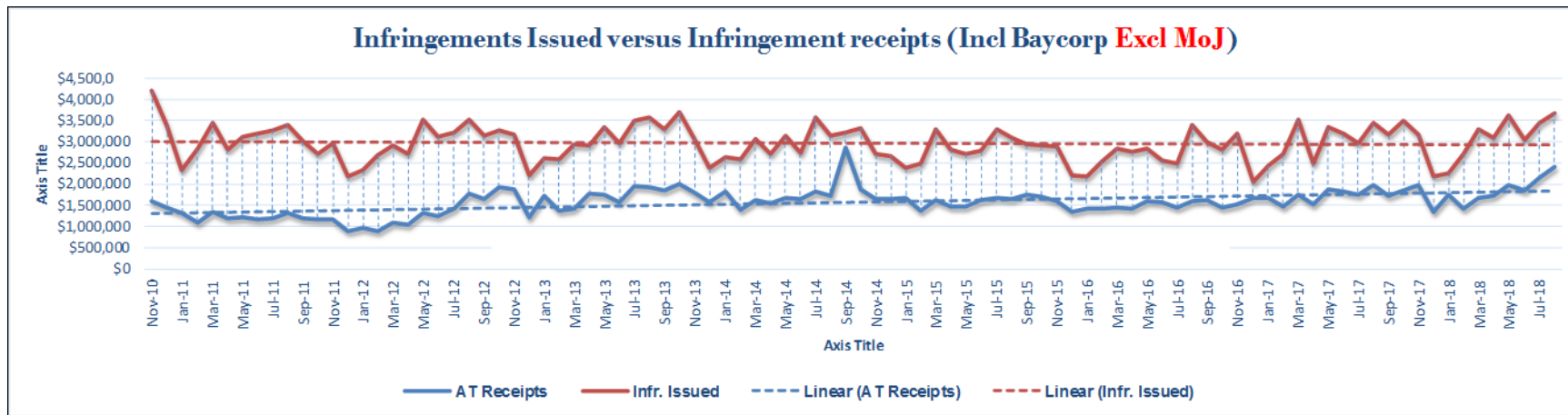
**Infringement Overview:**

August’s infringement receipts by volume are up 4.5% on July primarily as a result of additional working days. Of the customers not paying in response to a Baycorp demand, 80.9% are making use of electronic payment methods (80.8% in July). The AT website recorded 60.6% of all receipts (60.8% in July). The inset graph compares customer behaviour as reported in August 2016.

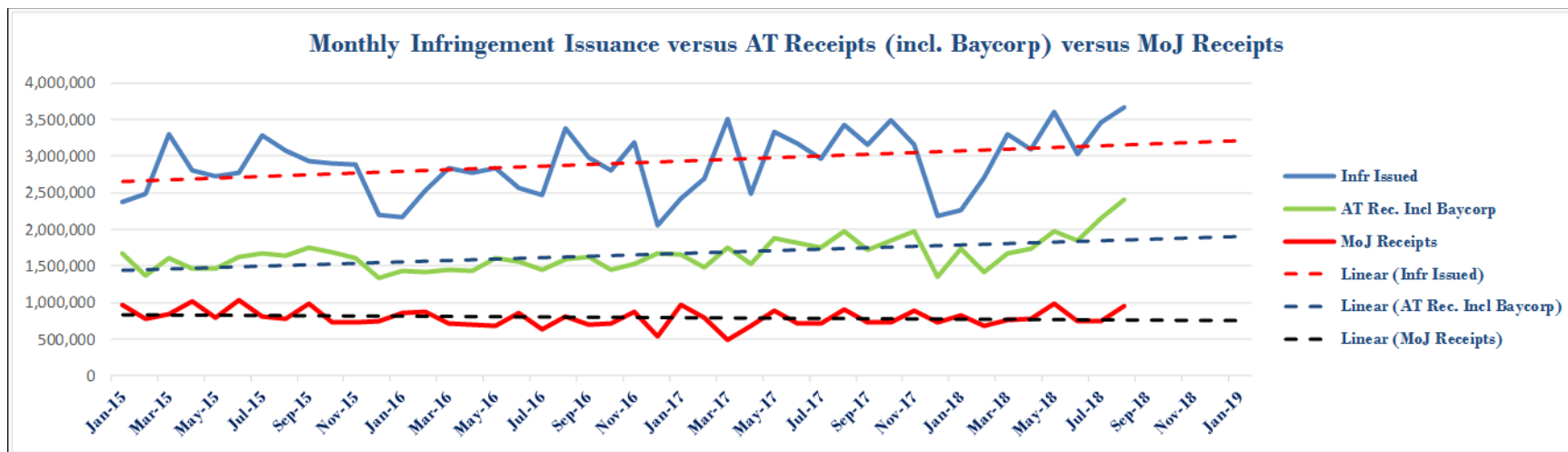


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When comparing infringements issued against AT receipts (including Baycorp but excluding MoJ) over the long term (seven year period), the trend for receipts is increasing while the trend for infringements issued is decreasing.



Over a shorter period, 44 months (January 2015 to August 2018), the trend for both infringements issues and receipted (incl. Baycorp) is positive while the trend for receipts by MoJ has remained relatively static.

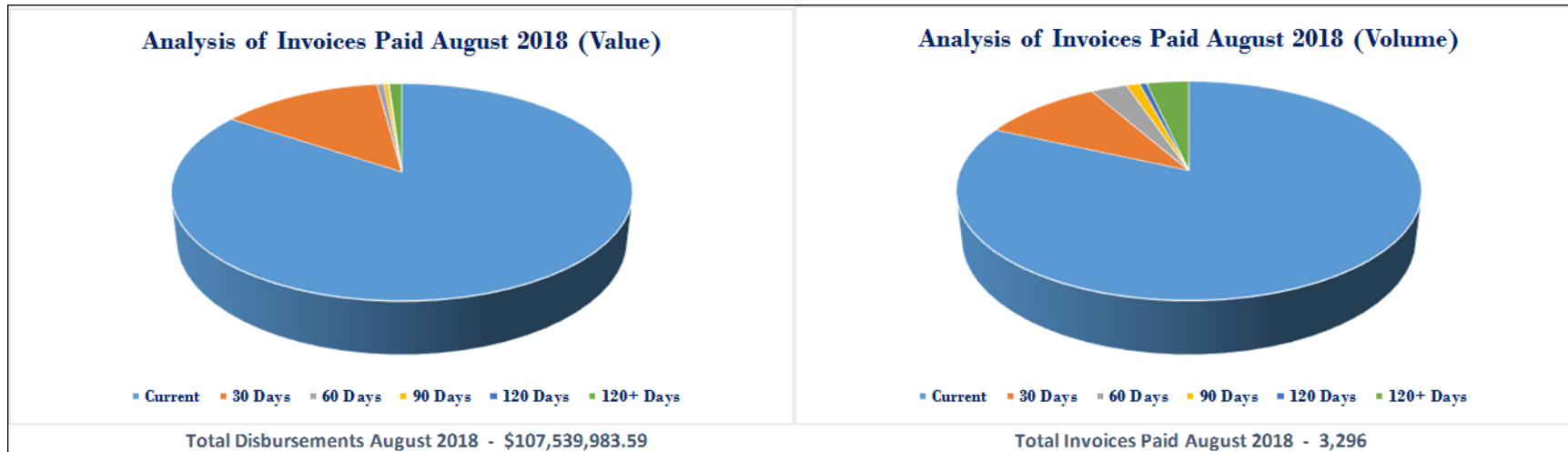




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**Accounts Payable:**

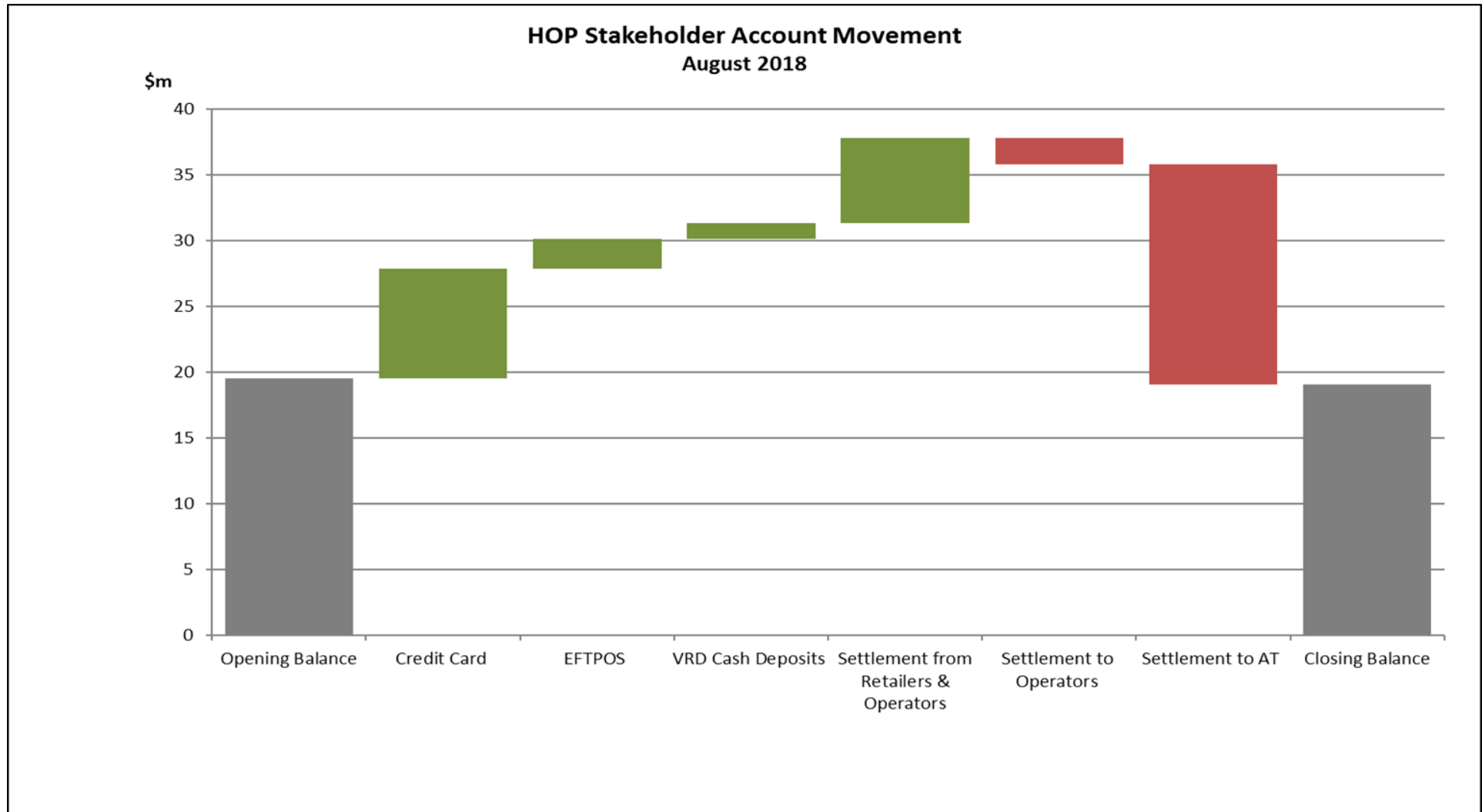
The following analysis is of all invoices disbursed in August with a focus on the age of the invoice at the time of payment. The graph comparing value by age, shows that AT has paid 98% of invoices on time or within 30 days of due date (97% July). The invoices by volume shows that 92% of invoices have been paid on time or within 30 days of due date (94% July). Value comparison August \$108 million / July \$167 million. Volume comparison August 3,296 / July 3,628 invoices.



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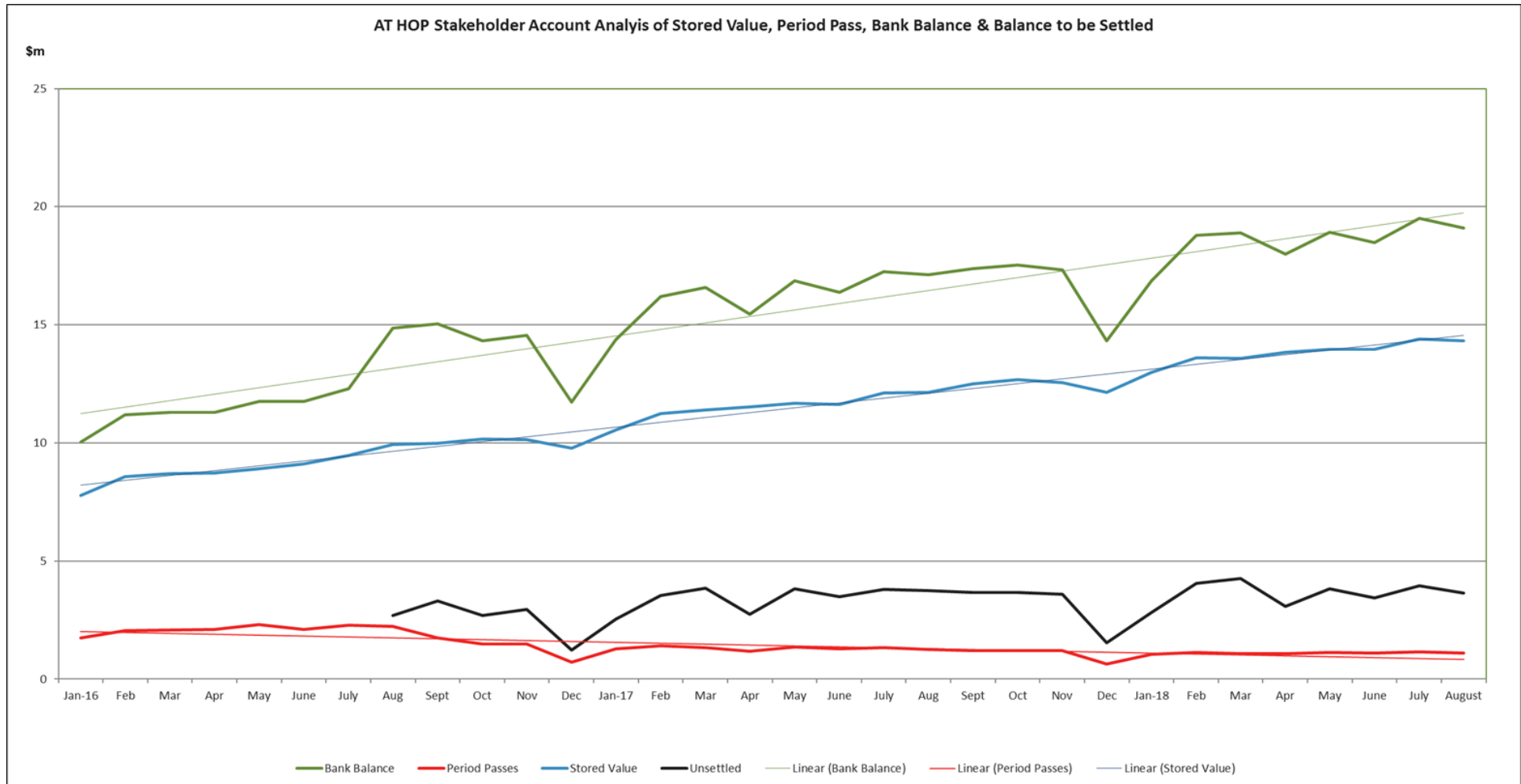
## Section 7 – AT HOP Stakeholder Monthly Report

The AT HOP Stakeholder bank account as of August 2018 decreased by 2.2% from \$19.5 million to \$19.0 million.




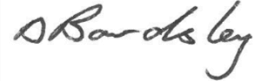
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The following graph provides an overview of monthly balances for Stored Value, Period Passes, the AT HOP Stakeholder Account and the amount yet to be settled to operators and AT. The unsettled HOP money reflects the seven-day delay with the introduction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



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## Document Ownership

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