

Financial Results – 12 months to 30 June 2014

This report summarises the Auckland Transport financial results for the twelve months ended 30 June 2014.

Recommendation

That the board:






- i. Receive the report

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Executive Summary

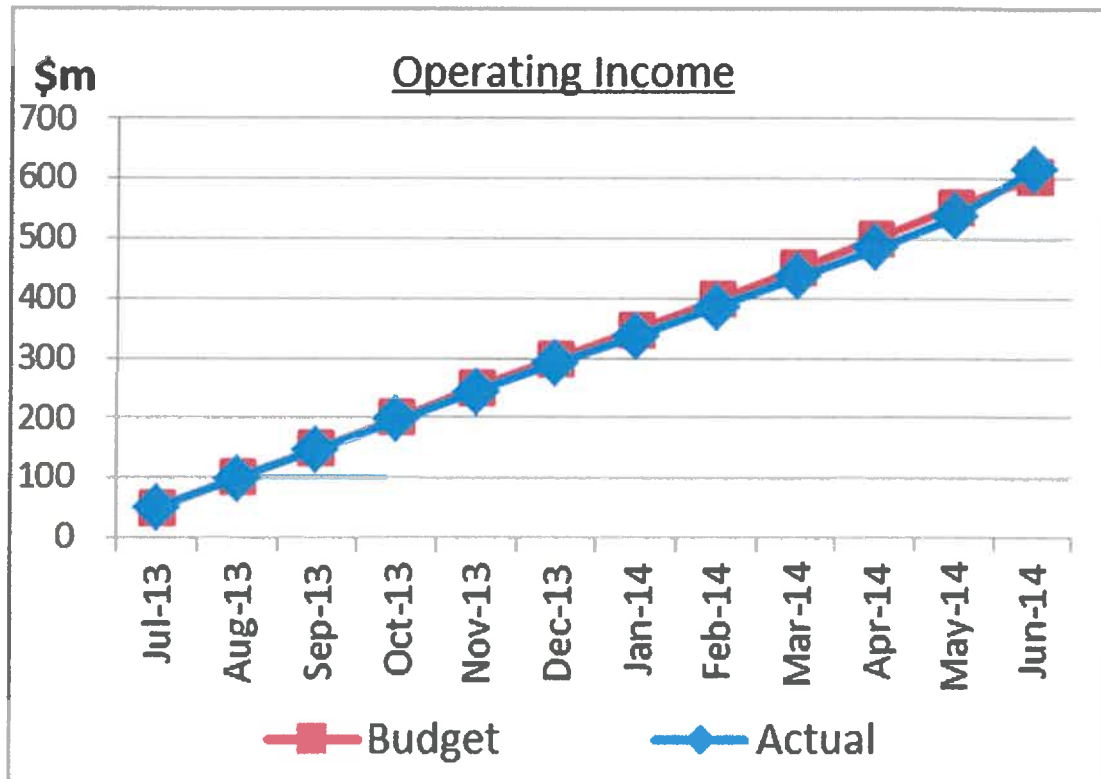
Financial Results for the twelve months ended 30 June 2014:

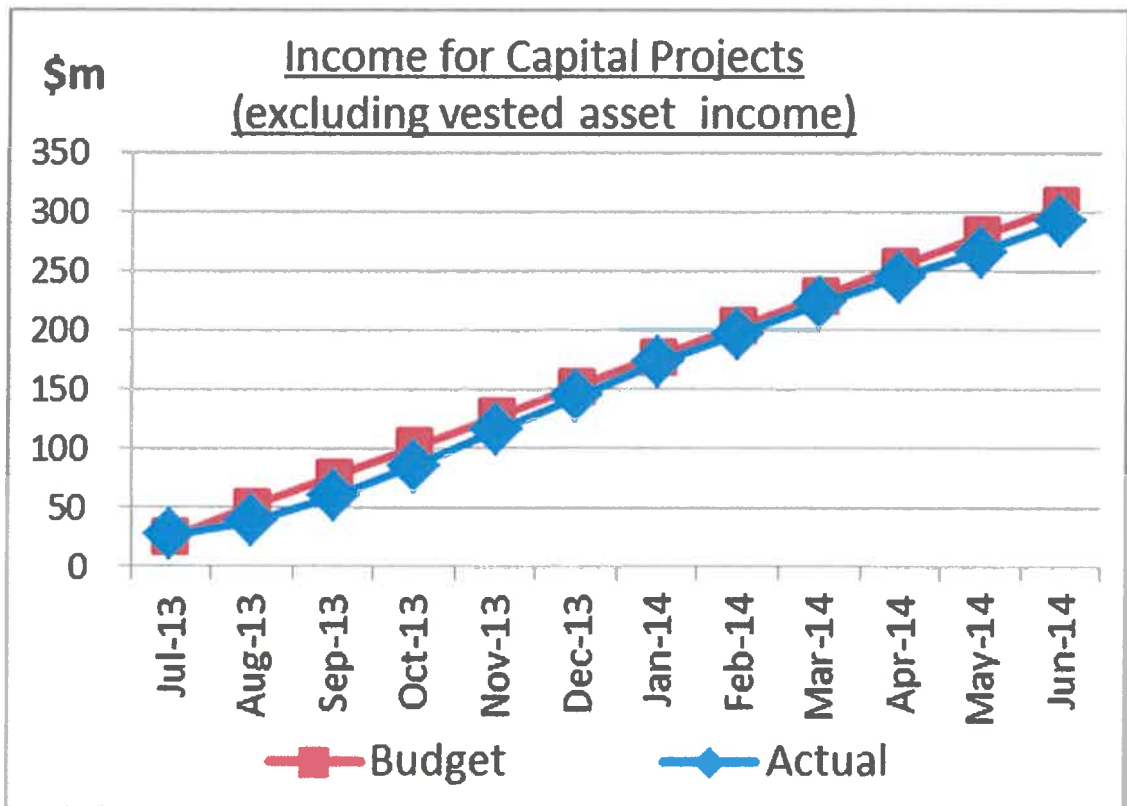
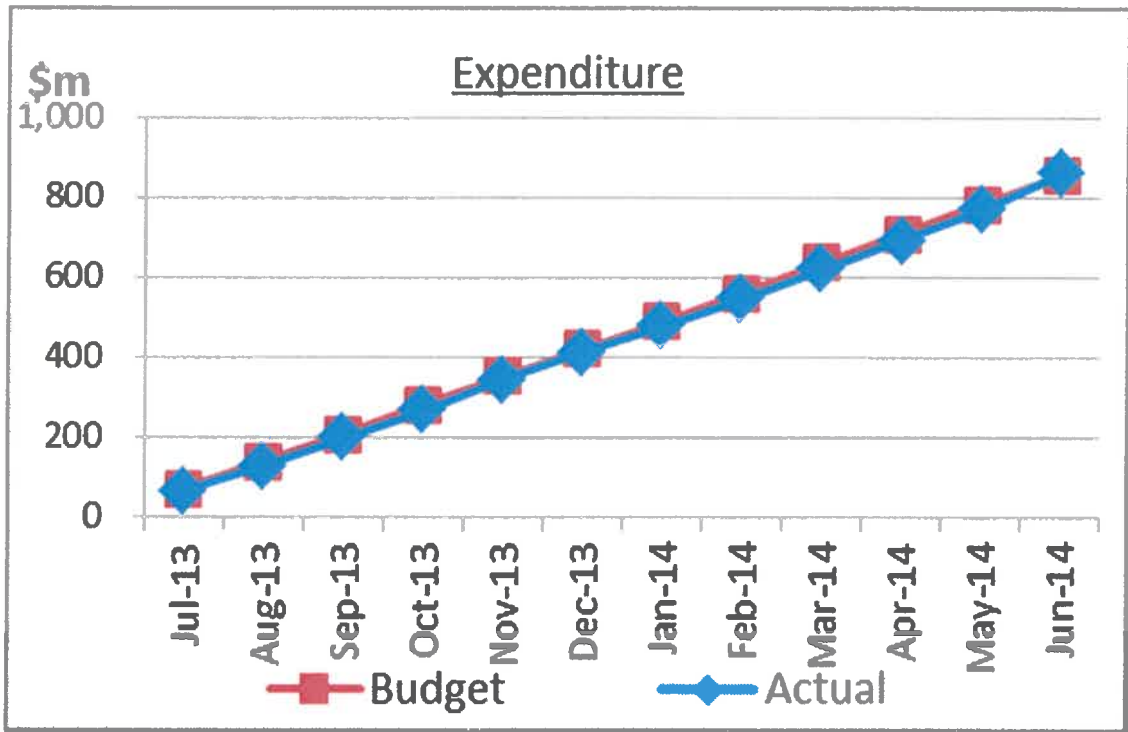
	Current month variance to Budget \$m	Full year variance to Budget \$m	Full year results	Full year Actual \$m	Full year Budget \$m
Total operating income	27.9	12.8	↑ 	616.8	604.0
Total operating expenditure	(18.3)	(4.0)	↑ 	860.7	856.7
Surplus/(deficit) from operations	9.6	8.7	↑ 	(244.0)	(252.7)
Income for capital projects	19.9	81.4	↑ 	387.1	305.8
Net surplus/(deficit) before tax	29.6	90.1	↑ 	143.2	53.1

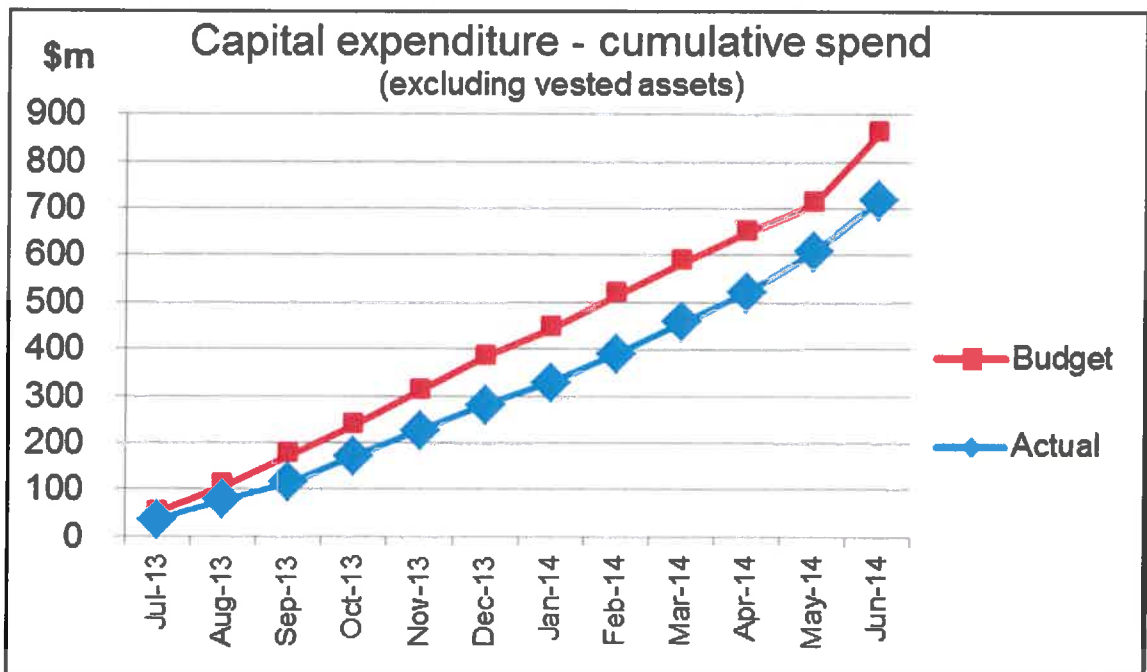
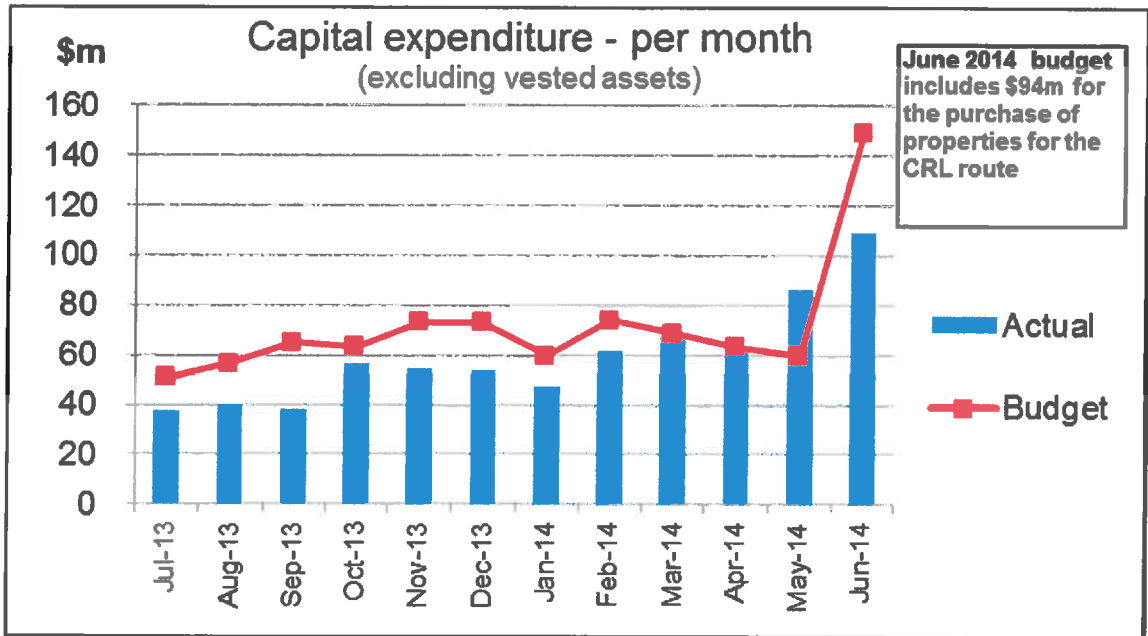
Total direct capital	40.3	141.4	↓ 	718.1	859.5
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Key to symbols used:

	: Within tolerable range		: Above budget, favourable variance
	: Below budget, unfavourable variance.		: Achieved budget or better
	: Below budget, favourable variance		: Monitoring, some action taken
	: Above budget, unfavourable variance		: Action required



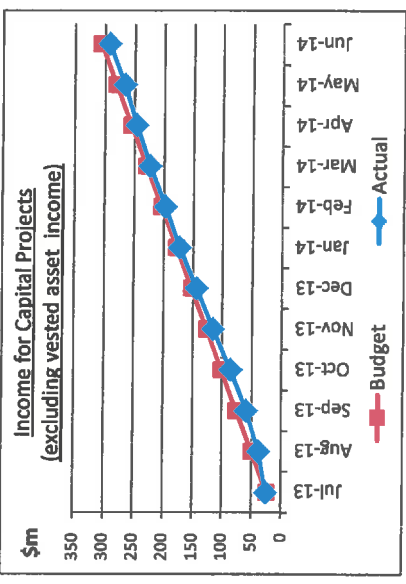
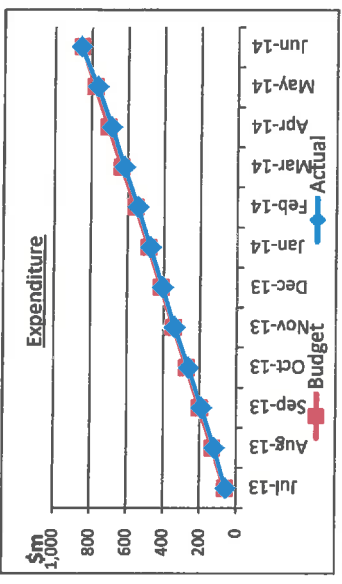
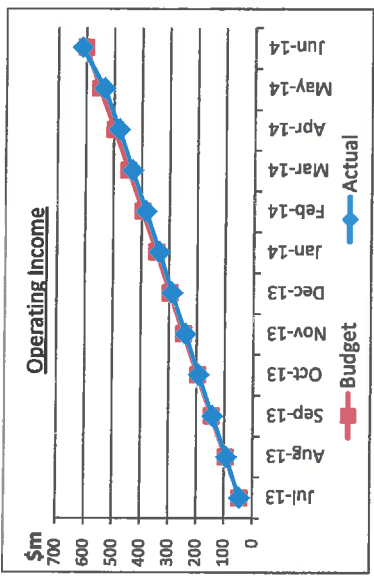




Section 2a - Auckland Transport Financial Results for the twelve months ended 30 June 2014

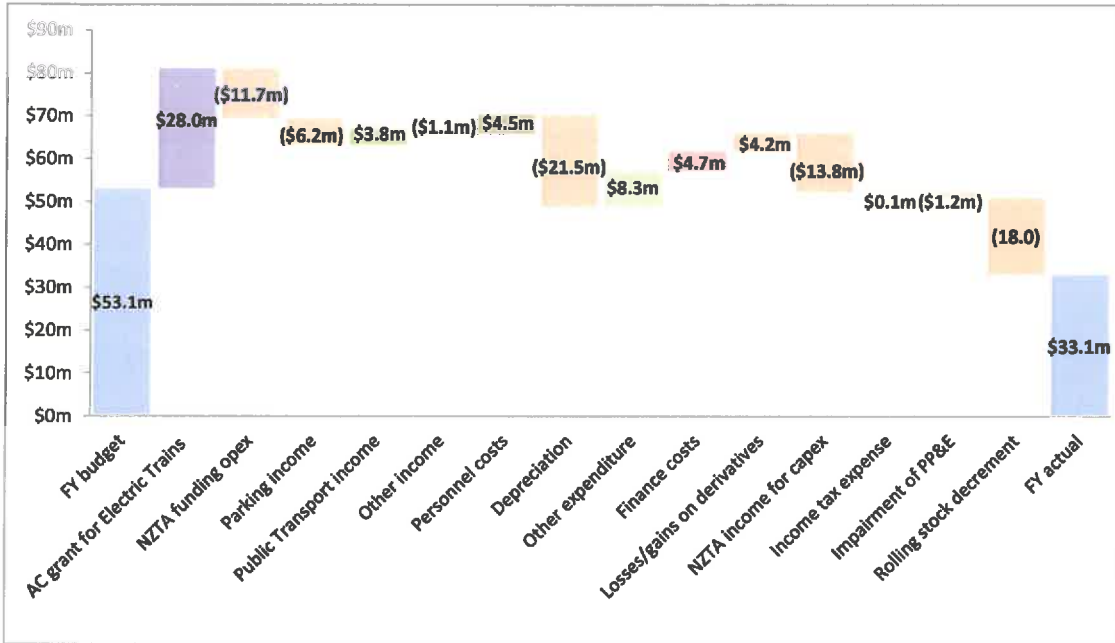
	Current month			Full year			Results achieved
	Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000	
Income							
<u>Operating income</u>							
Auckland Council funding	19,178	19,178	-	230,138	230,138	-	●
Auckland Council grant for Electric Trains project	28,000	-	28,000	28,000	-	28,000	●
NZ Transport Agency	18,797	18,326	471	208,208	219,917	(11,709)	●
Parking and enforcement income	6,827	7,080	(253)	72,758	78,932	(6,174)	●
Public transport income	5,069	4,493	576	55,157	51,379	3,778	●
Other revenue including other grants and subsidies	1,627	2,501	(874)	22,492	23,620	(1,128)	●
Total operating income	79,498	51,578	27,920	616,753	603,986	12,767	●
Expenditure							
Personnel costs	10,141	9,089	(1,052)	110,289	108,471	(1,818)	●
Capitalised personnel costs	(3,674)	(1,901)	1,773	(30,645)	(24,355)	6,290	●
Depreciation and amortisation expense	23,684	21,118	(2,566)	274,917	253,422	(21,495)	●
Other expenses	59,428	42,656	(16,772)	492,529	500,865	8,336	●
Finance costs (Electric Trains)	1,452	1,790	338	13,817	18,285	4,668	●
Total operating expenditure	91,031	72,752	(18,279)	860,707	856,688	(4,019)	●
Profit/(loss) from Operations	(11,533)	(21,174)	9,641	(243,954)	(252,702)	8,748	●
<u>Income for capital projects</u>							
NZ Transport Agency	15,353	14,803	550	163,822	177,639	(13,817)	●
Auckland Council capital grant	10,678	10,678	-	128,140	128,140	-	●
Other capital grants	-	-	-	-	-	-	●
Vested asset income	19,359	-	19,359	95,186	-	95,186	●
Net surplus/(deficit) before tax and derivatives	33,857	4,307	29,550	143,194	305,779	81,369	●
Gains/(losses) on derivatives	2,729	-	2,729	4,198	-	4,198	●
Income tax benefit/(expense)	-	-	-	52	-	52	●
Revaluation decrement	(1,180)	-	(1,180)	(1,180)	-	(1,180)	●
Rolling stock impairment	(17,981)	-	(17,981)	(17,981)	-	(17,981)	●
Net surplus/(deficit) after tax and derivatives	17,425	4,307	13,118	128,283	53,077	75,206	●

● : Largely on track
● : Monitoring/some action
● : Action required/taiken



Section 2b - Net surplus/(deficit) waterfall

Net surplus/(deficit) - Full year budget to actual (excluding vested asset income)



Section 2c - Summary of financial results by activity for the twelve months ended 30 June 2014

	Current month			Full year		
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
Operating Income						
Rail	10,880	8,919	1,961	95,601	105,077	(9,476)
Bus	7,591	7,685	(94)	90,321	93,188	(2,867)
Ferry	1,112	909	203	9,649	9,832	(183)
Other Public Transport	2,860	2,094	766	27,268	24,640	2,628
Parking	3,326	3,410	(84)	38,091	37,942	149
Enforcement	3,501	3,670	(169)	34,667	40,990	(6,323)
Roading and footpaths	867	3,835	(2,968)	40,432	46,034	(5,602)
Internal support	2,183	1,878	305	22,586	16,145	6,441
Auckland Council operating funding	19,178	19,178	-	230,138	230,138	-
Auckland Council Electric Train grant	28,000	-	28,000	28,000	-	28,000
Total operating income	79,498	51,578	27,920	616,753	603,986	12,767
Operating Expenditure						
Rail	16,296	13,392	(2,904)	139,285	147,095	7,810
Bus	13,378	13,255	(123)	151,978	157,836	5,858
Ferry	1,695	1,283	(412)	14,674	14,915	241
Other Public Transport	5,323	4,088	(1,235)	43,578	44,025	447
Parking	1,807	1,252	(355)	13,234	14,566	1,332
Enforcement	2,091	1,738	(353)	20,385	20,976	591
Roading and footpaths	12,696	8,382	(4,314)	114,995	115,997	1,002
Internal support	14,261	8,243	(6,018)	87,661	87,857	196
Depreciation	23,684	21,119	(2,565)	274,917	253,421	(21,496)
Total operating expenditure	91,031	72,752	(18,279)	860,707	856,688	(4,019)
Profit/(loss) from Operations	(11,533)	(21,174)	9,641	(243,954)	(252,702)	8,748

Section 2c - Rail Operations for the twelve months ended 30 June 2014

	Current month			Full year		
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
Operating Income						
Activity Income	2,839	2,621	218	30,636	29,715	921
Other income	72	139	(67)	1,043	1,460	(417)
NZTA operating subsidy	6,983	5,192	1,791	54,456	62,305	(7,849)
NZTA operating subsidy - Electric Trains	986	967	19	9,466	11,597	(2,131)
Total operating income	10,880	8,919	1,961	95,601	105,077	(9,476)
Operating Expenditure						
Personnel costs	214	215	1	2,616	2,343	(273)
Capitalised personnel costs	8	-	(8)	(74)	-	74
Service delivery costs and professional services	10,018	9,135	(883)	98,608	101,554	2,946
Occupancy costs	562	506	(56)	4,211	4,660	449
Track access charges	3,800	1,314	(2,486)	16,216	15,258	(958)
Other expenditure	242	432	190	4,091	4,995	904
Finance costs (Electric Trains)	1,452	1,790	338	13,617	18,285	4,668
Total operating expenditure	16,296	13,392	(2,904)	139,285	147,095	7,810
Depreciation	4,256	2,825	(1,431)	40,790	33,897	(6,893)
Surplus/(deficit) from Operations	(9,672)	(7,298)	(2,374)	(84,474)	(75,915)	(8,559)
Internal support costs	3,288	1,922	(1,366)	20,151	21,727	1,576
Surplus/(deficit)	(12,960)	(9,220)	(3,740)	(104,625)	(97,642)	(6,983)

Section 2c - Bus Operations for the twelve months ended 30 June 2014

	Current month			Full year		
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
Operating Income						
Activity Income	1,091	836	255	12,108	10,620	1,488
Other income	5	155	(150)	2,007	2,238	(231)
NZTA operating subsidy	6,495	6,694	(199)	76,206	80,330	(4,124)
Total operating Income	7,591	7,685	(94)	90,321	93,188	(2,867)
Operating Expenditure						
Personnel costs	271	238	(33)	2,312	2,605	293
Capitalised personnel costs	14	-	(14)	124	-	(124)
Service delivery costs and professional services	12,861	12,757	(104)	147,792	151,861	4,069
Occupancy costs	82	163	81	874	2,463	1,589
Other expenditure	150	97	(53)	876	907	31
Total operating expenditure	13,378	13,255	(123)	151,978	157,836	5,858
Depreciation	167	55	(112)	1,521	658	(863)
Surplus/(deficit) from Operations	(5,954)	(5,625)	(329)	(63,178)	(65,306)	2,128
Internal support costs	3,528	2,062	(1,466)	21,622	23,314	1,692
Surplus/(deficit)	(9,482)	(7,687)	(1,795)	(84,800)	(88,620)	3,820

Section 2c - Ferry Operations for the twelve months ended 30 June 2014

	Current month			Full year		
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
Operating Income						
Operator access fees	220	272	(52)	3,203	3,075	128
Activity Income	180	97	83	686	500	186
Other Income	59	84	(25)	769	787	(18)
NZTA operating subsidy	653	456	197	4,991	5,470	(479)
Total operating income	1,112	909	203	9,649	9,832	(183)
Operating Expenditure						
Personnel costs	83	72	(11)	745	781	36
Capitalised personnel costs	-	12	12	36	(22)	(58)
Service delivery costs and professional services	1,352	925	(427)	11,214	10,940	(274)
Other expenditure	260	274	14	2,679	3,216	537
Total operating expenditure	1,695	1,283	(412)	14,674	14,915	241
Depreciation	177	173	(4)	2,108	2,074	(34)
Surplus/(deficit) from Operations	(760)	(547)	(213)	(7,133)	(7,157)	24
Internal support costs	333	195	(138)	2,043	2,203	160
Surplus/(deficit)	(1,093)	(742)	(351)	(9,176)	(9,360)	184

Section 2c - Other Public Transport Operations for the twelve months ended 30 June 2014

	Current month			Full year		
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
Operating Income						
Other Income	603	289	314	4,705	2,984	1,721
NZTA operating subsidy	2,257	1,805	452	22,563	21,656	907
Total operating income	2,860	2,094	766	27,268	24,640	2,628
Operating Expenditure						
Personnel costs	1,274	1,293	19	14,187	14,838	651
Capitalised personnel costs	(38)	85	123	(658)	(636)	22
Service delivery costs and professional services	1,995	2,235	240	18,181	23,618	5,437
IT costs	141	131	(10)	2,013	1,635	(378)
Other expenditure	1,951	344	(1,607)	9,855	4,570	(5,285)
Total operating expenditure	5,323	4,088	(1,235)	43,578	44,025	447
Depreciation	1,120	725	(395)	9,450	8,698	(752)
Surplus/(deficit) from Operations	(3,583)	(2,719)	(864)	(25,760)	(28,083)	2,323
Internal support costs	984	575	(409)	6,031	6,503	472
Surplus/(deficit)	(4,567)	(3,294)	(1,273)	(31,791)	(34,586)	2,795

Section 2c - Parking Operations for the twelve months ended 30 June 2014

	Current month			Full year		
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
Operating Income						
Other income	80	64	16	903	771	132
Parking fees	3,246	3,346	(100)	37,188	37,171	17
Total operating income	3,326	3,410	(84)	38,091	37,942	149
Operating Expenditure						
Personnel costs	252	157	(95)	3,095	1,870	(1,225)
Capitalised personnel costs	(42)	(17)	25	(253)	(202)	51
Service delivery costs and professional services	351	366	15	2,896	4,315	1,419
Occupancy costs	914	551	(363)	6,290	6,518	228
(Profit)/loss on disposal of assets	-	-	-	406	-	(406)
Other expenditure	132	195	63	800	2,065	1,265
Total operating expenditure	1,607	1,252	(355)	13,234	14,566	1,332
Depreciation	600	537	(63)	7,114	6,442	(672)
Surplus/(deficit) from Operations	1,119	1,621	(502)	17,743	16,934	809
Internal support costs	326	190	(136)	1,995	2,152	157
Surplus/(deficit)	793	1,431	(638)	15,748	14,782	966

Section 2c - Enforcement Operations for the twelve months ended 30 June 2014

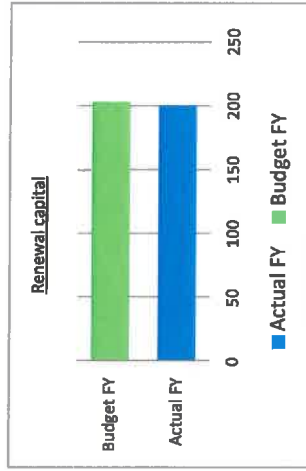
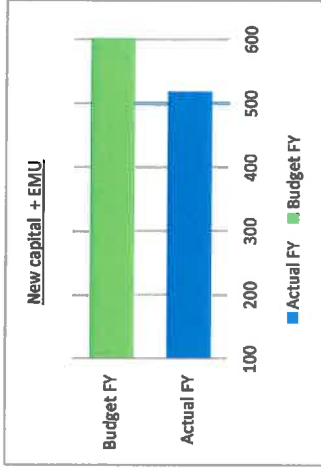
	Current month			Full year		
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
Operating Income						
Infringement income	3,501	3,670	(169)	34,667	40,990	(6,323)
Total operating income	3,501	3,670	(169)	34,667	40,990	(6,323)
Operating Expenditure						
Personnel costs	1,315	986	(329)	11,164	11,906	742
Capitalised personnel costs	(4)	-	4	126	-	(126)
Service delivery costs and professional services	151	130	(21)	1,819	1,607	(212)
Other expenditure	629	622	(7)	7,276	7,463	187
Total operating expenditure	2,091	1,738	(353)	20,385	20,976	591
Depreciation	16	91	75	287	1,091	804
Surplus/(deficit) from Operations	1,394	1,841	(447)	13,995	18,923	(4,928)
Internal support costs	469	274	(195)	2,874	3,098	224
Surplus/(deficit)	925	1,567	(642)	11,121	15,825	(4,704)

Section 2c - Roading and Footpaths Operations for the twelve months ended 30 June 2014

	Current month			Full year		
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
Operating Income						
Petrol tax	712	723	(11)	8,519	8,677	(158)
Other income	(17)	232	(249)	3,670	2,795	875
NZTA operating subsidy	172	2,880	(2,708)	28,243	34,562	(6,319)
Total operating income	867	3,835	(2,968)	40,432	46,034	(5,602)
Operating Expenditure						
Personnel costs	1,437	1,421	(16)	16,979	17,154	175
Capitalised personnel costs	(865)	(524)	341	(4,961)	(5,459)	(498)
Service delivery costs and professional services	9,765	5,282	(4,483)	83,378	84,300	922
Occupancy costs	1,618	1,844	226	15,301	15,347	46
IT costs	42	164	122	205	2,249	2,044
(Profit)/loss on disposal of assets	290	-	(290)	(59)	-	59
Other expenditure	409	195	(214)	4,152	2,406	(1,746)
Total operating expenditure	12,696	8,382	(4,314)	114,995	115,997	1,002
Depreciation	17,904	16,345	(1,559)	208,064	196,142	(11,922)
Surplus/(deficit) from Operations	(29,733)	(20,892)	(8,841)	(282,627)	(266,105)	(16,522)
Internal support costs	2,593	1,515	(1,078)	15,890	17,134	1,244
Surplus/(deficit)	(32,326)	(22,407)	(9,919)	(298,517)	(283,239)	(15,278)

Section 3a - Summary of Capital Expenditure for the twelve months ended 30 June 2014 Split by activity

	Current month			Full year			Results Achieved
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	
New capital expenditure							
Roads and footpaths	38,212	16,579	(21,633)	218,015	232,562	14,547	●
Public transport	16,538	102,131	85,593	113,455	256,838	143,383	●
Parking operations	217	319	102	939	8,299	7,360	●
Internal support	12,994	409	(12,585)	29,671	4,712	(24,959)	●
Total new capital	67,961	119,438	51,477	362,080	502,411	140,331	●
Renewal capital expenditure							
Roads and footpaths	16,238	14,154	(2,084)	189,751	188,200	(1,551)	●
Public transport	470	718	248	8,837	12,722	3,885	●
Parking operations	366	335	(31)	1,703	2,121	418	●
Internal support	-	-	-	-	-	-	●
Total renewal	17,074	15,207	(1,867)	200,291	203,043	2,752	●
Electric multiple units (EMUs)							
Procurement	23,086	14,787	(8,301)	145,341	135,589	(9,752)	●
Depot	1,043	42	(1,001)	10,397	18,429	8,032	●
Total EMUs	24,131	14,829	(9,302)	155,738	154,018	(1,720)	●
Total direct capital	109,166	149,474	40,308	718,109	859,472	141,363	●
Vested assets	19,359	-	(19,359)	95,186	-	(95,186)	●
Total capital	128,525	149,474	20,949	813,295	859,472	46,177	●



- : Largely on track
- : Some issues or risks
- : Project issues or risks

Section 3b - Summary of Capital Expenditure for the twelve months ended 30 June 2014
Split by category

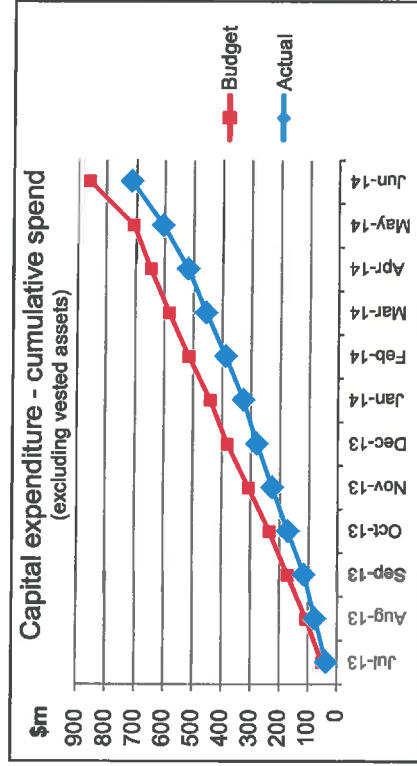
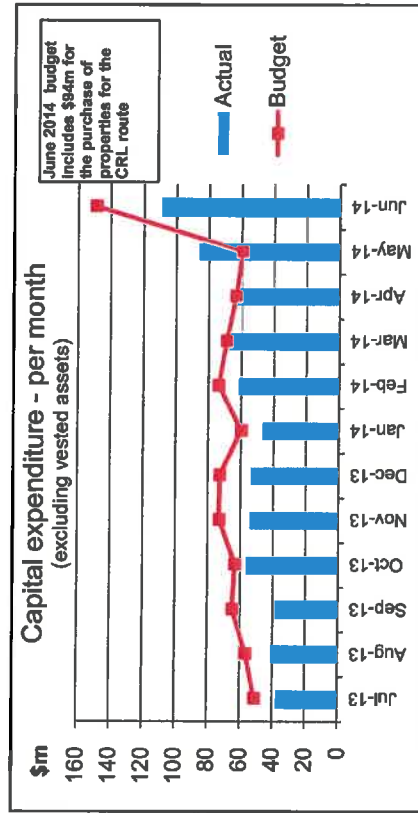
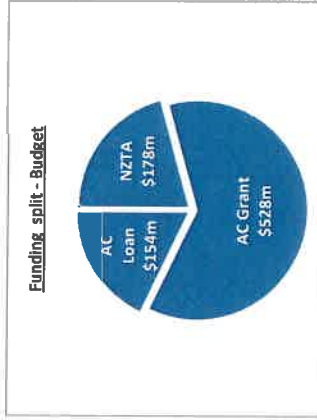
	Current month			Full year			Results Achieved
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	
Core capital expenditure							
New capital							
Capital land acquisition	9,658	4,023	(5,635)	41,931	43,789	1,858	●
Roads and footpaths	26,829	10,056	(16,773)	169,041	171,527	2,486	●
Public transport	6,466	3,795	(2,671)	49,211	84,462	35,251	●
Parking operations	217	319	102	939	8,299	7,360	●
Internal support	12,946	410	(12,536)	28,872	4,712	(24,160)	●
Total new capital core expenditure	56,116	18,603	(37,513)	289,994	312,789	22,795	●
Renewal							
Roads and footpaths	16,238	11,651	(4,587)	189,751	185,697	(4,054)	●
Public transport	470	718	248	8,837	12,722	3,885	●
Parking operations	366	335	(31)	1,703	2,121	418	●
Total renewal core expenditure	17,074	12,704	(4,370)	200,291	200,540	249	●
Total core capital expenditure	73,190	31,307	(41,883)	490,285	513,329	23,044	●
Ring fenced capital expenditure							
City Rail Link- others	2,460	3,402	942	19,686	30,163	10,477	●
City Rail Link- land	7,582	90,774	83,192	43,889	137,214	93,325	●
EMU depot	1,043	42	(1,001)	10,397	18,429	8,032	●
EMU procurement	23,088	14,787	(8,301)	145,341	135,589	(9,752)	●
Local Board Initiatives	1,408	1,154	(254)	7,100	15,900	8,800	●
Others	395	8,008	7,613	1,411	8,848	7,437	●
Total ring fenced capital expenditure	35,976	118,167	82,191	227,824	346,143	118,319	●
Total direct capital excluding vested assets	109,166	149,474	40,308	718,109	859,472	141,363	●
Vested assets	19,359	-	(19,359)	95,186	-	(95,186)	●
Total capital	128,525	149,474	20,949	813,295	859,472	46,177	●

● : Largely on track
● : Some issues or risks
● : Project issues or risks

Section 3c- Capital Expenditure Funding for the twelve months ended 30 June 2014

	Current month	Full year
--	---------------	-----------

Funding	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
NZTA - new capital	14,894	9,302	5,592	85,108	111,621	(26,513)
NZTA - renewal capital	459	5,502	(5,043)	78,714	66,019	12,695
Auckland Council funding (Non EMU)	10,678	10,678	-	128,140	128,140	-
Investment by Auckland Council	59,004	109,163	(50,159)	270,409	399,674	(129,265)
Auckland Council loan (EMU)	24,131	14,829	9,302	155,738	154,018	1,720
Vested assets	19,359	-	19,359	95,186	-	95,186
Total funding	128,525	149,474	(20,949)	813,295	859,472	(46,177)



**Section 4a - Statement of Financial Position
As at 30 June 2014**

	Note	Actual 30 June 2014 \$000	Actual 31 May 2014 \$000
Assets			
Current assets			
Cash and cash equivalents	1	74,364	44,751
Trade and other receivables	2	157,579	130,647
Inventories		4,200	4,246
Other assets		994	4,214
Non-current asset held for sale		15,000	-
Total current assets		252,137	183,858
Non-current assets			
Property, plant and equipment - assets		15,210,676	14,266,923
Property, plant and equipment - work-in-progress		603,176	640,007
Intangible assets		113,218	101,665
Amounts due from related parties		74,000	46,000
Total non-current assets		16,001,070	15,054,595
Total assets		16,253,207	15,238,453
Liabilities			
Current liabilities			
Derivative financial instruments	3	39,218	34,310
Trade and other payables	4	201,909	160,571
Employee benefit liabilities	5	9,777	8,965
Borrowings	6	2,678	2,416
Total current liabilities		253,582	206,262
Non-current liabilities			
Derivative financial instruments	3	7,100	12,152
Employee benefit liabilities	5	745	745
Borrowings	6	355,432	320,233
Deferred tax liability	7	9,121	9,121
Total non-current liabilities		372,398	342,251
Total liabilities		625,980	548,513
Net assets		15,627,227	14,689,940
Equity			
Contributed equity		13,223,033	13,151,952
Retained earnings/(losses)		446,989	429,563
Reserves		1,957,205	1,108,425
Total equity		15,627,227	14,689,940

**Section 4b - Notes to the Financial Statements
As at 30 June 2014**

	Actual 30 June 2014	Actual 31 May 2014
	\$000	\$000

1 Cash and cash equivalents

Cash at bank - Trading	4,798	4,259
Till floats	282	282
Cash investment with Auckland Council	69,284	40,210
Total cash and cash equivalents	74,364	44,751

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

2 Trade and other receivables

Trade debtors	3,414	5,164
Finance lease receivable	107	109
Infringements receivable	18,895	17,934
Amounts due from related parties	99,728	71,469
Accrued income	34,718	31,411
Goods and services tax	1,896	7,963
	158,758	134,050
Less provision for impairment of receivables	(1,179)	(3,403)
Total trade and other receivables	157,579	130,647

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 the reporting date is the carrying value of each class of receivable mentioned above.

The ageing profile of receivables at 30 June 2014 is detailed below:

	Gross \$000	Impaired \$000	Net \$000
Not past due	139,219	-	139,219
Past due 1 - 30 days	1,882	-	1,882
Past due 31 - 60 days	1,416	-	1,416
Past due 61 - 90 days	1,752	-	1,752
Past due > 90 days	14,489	(1,179)	13,310
	158,758	(1,179)	157,579

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 2013	1,754
Additional provisions made	731
Provisions reversed	(368)
Receivables written-off	(938)
At 30 June 2014	1,179

Section 4b - Notes to the Financial Statements
As at 30 June 2014

	Actual	Actual
	30 June 2014	31 May 2014
	\$000	\$000

3 Derivative financial instruments

Current liability portion

Forward foreign exchange contracts - cash flow hedges	39,218	34,310
Forward foreign exchange contracts - not hedge accounted	-	-
Current derivative financial instruments	39,218	34,310

Non-current liability portion

Interest rate swaps - cash flow hedges	4,963	8,612
Forward foreign exchange contracts - cash flow hedges	2,137	3,540
Non-current derivative financial instruments	7,100	12,152
Total derivative financial instrument liabilities	46,318	46,462

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 - not hedge accounted

The notional principal amount of outstanding forward foreign exchange contracts that were not hedge accounted was NZD \$Nil. The foreign currency principal amount was EUR €Nil.

Forward foreign exchange contracts - hedge accounted

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$235m. The foreign currency principal amount was USD \$165m. These cash flow hedges have been accounted for as effective and the loss of \$22.7m on their revaluation has been transferred to the cash flow hedge reserve within equity.

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 \$217m. At 30 June 2014 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.21% to 5.41%. The gain on their revaluation of \$6.5m has been recorded in the Statement of Financial Performance.

4 Trade and other payables

Creditors	34,876	27,707
Accrued expenses	141,524	110,862
Retentions	6,727	6,387
Amounts due to related parties	17,578	14,280
Income in advance	1,204	1,335
	201,909	160,571

Creditors and other payables are non-interest bearing and are normally settled on 20-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

**Section 4b - Notes to the Financial Statements
As at 30 June 2014**

Actual	Actual
30 June 2014	31 May 2014
\$000	\$000

5 Employee benefit liabilities

Current portion		
Accrued salaries and wages	2,483	2,039
Accrued leave	7,294	6,926
Current employee benefit liabilities	9,777	8,965
Non-current portion		
Retirement gratuities	383	383
Long service leave	362	362
Non-current employee benefit liabilities	745	745

6 Borrowings

Current portion		
Loans from Auckland Council	2,619	2,246
Finance Leases	59	170
Current borrowings	2,678	2,416
Non-current portion		
Loans from Auckland Council	355,409	319,923
Finance Leases	23	310
Non-current borrowings	355,432	320,233
 Weighted average cost of funds on total borrowings	 5.67%	 5.62%

Auckland Transport's loan debt of \$358m is issued at fixed rates of interest ranging from 4.20% to 6.09%. The interest rate on finance leases is 3%.

7 Deferred tax liability

	Property, plant and equipment	Other provisions	Tax losses	Actual 30 June 2014 Total
	\$000	\$000	\$000	\$000
Balance at 1 July 2013	(9,173)	-	-	(9,173)
Charged to profit and loss	52	-	-	52
Charged to equity	-	-	-	-
Balance at 30 June 2014	(9,121)	-	-	(9,121)

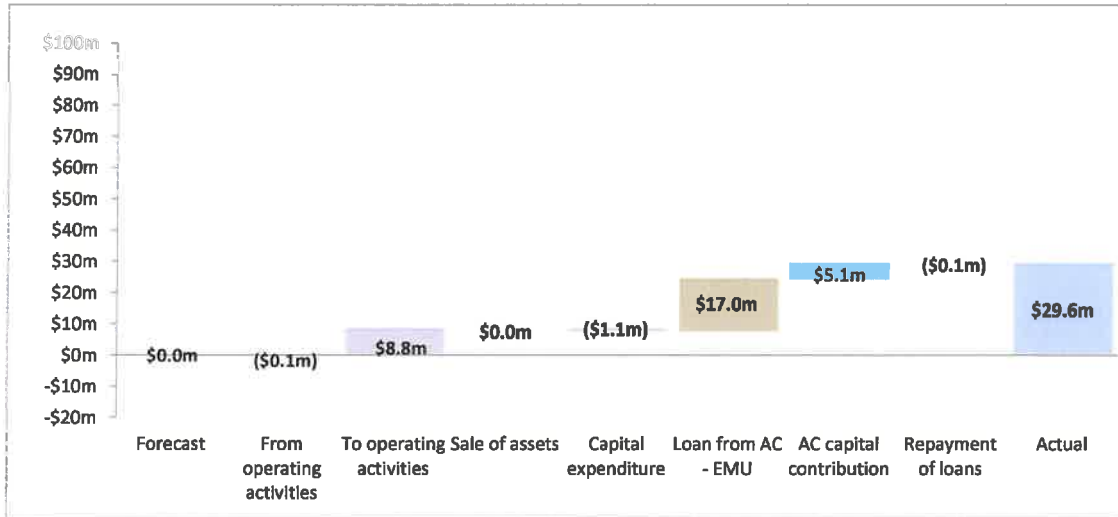
Section 5a - Cash Flow Rolling Forecast as at 30 June 2014

	Current month	Forecast	Jul 2014	Forecast
	Actual	Forecast	Actual	Forecast
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Total cash provided	76,999	77,059	77,166	
Cash applied to:				
Payments to suppliers, employees and directors	41,520	49,788	49,079	
Interest paid	1,259	1,790	1,485	
Goods and services tax (net)	-	-	-	
Total cash applied	42,779	51,578	50,564	
Net cash from operating activities	34,220	25,481	26,602	
Cash flows from investing activities				
Cash provided from:				
Sale of property, plant and equipment	23	-	-	
Total cash provided	23	-	-	
Cash applied to:				
Capital expenditure projects	85,208	84,078	89,420	
Total cash applied	85,208	84,078	89,420	
Net cash from investing activities	(85,185)	(84,078)	(89,420)	
Cash flows from financing activities				
Cash provided from:				
Loan from Auckland Council - EMU	36,000	19,000	17,000	
Capital contribution from Auckland Council	44,718	39,597	26,051	
Total cash provided	80,718	58,597	43,051	
Cash applied to:				
Repayments of EMU loan from Auckland Council	140	-	220	
Repayments of finance lease principal	-	-	14	
Total cash provided	140	-	234	
Net cash from financing activities	80,578	58,597	42,817	
Net (decrease)/increase in cash and cash equivalents	29,613	-	-	
Opening cash balance	44,751	-	-	
Closing cash balance	74,364	-	-	

	Current month
Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	
Surplus/(deficit) after tax	\$000
	17,425
Add/(less) non cash items	
Depreciation and amortisation	23,684
Vested assets	(19,356)
Loss on disposal of property, plant and equipment	5,119
Rolling stock impairment	17,981
Revaluation decrement	1,180
Foreign exchange gains	-
Loss on interest rate swaps	(3,649)
Income tax	-
	24,957
Add/(less) movements in working capital	
Decrease/(increase) in debtors and other receivables	18,270
Decrease/(increase) in inventories	47
(Decrease)/Increase in creditors and other payables	16,353
(Decrease)/Increase in employee benefits payable	812
(Decrease)/Increase in investment funding from AC	(43,644)
	(8,162)
Net cash flow from operating activities	34,220

Section 5b - Cash flow

Cash flow - Current month forecast to actual



Section 6 - Accounts Receivable and Accounts Payable Monthly Report.

Accounts Receivable

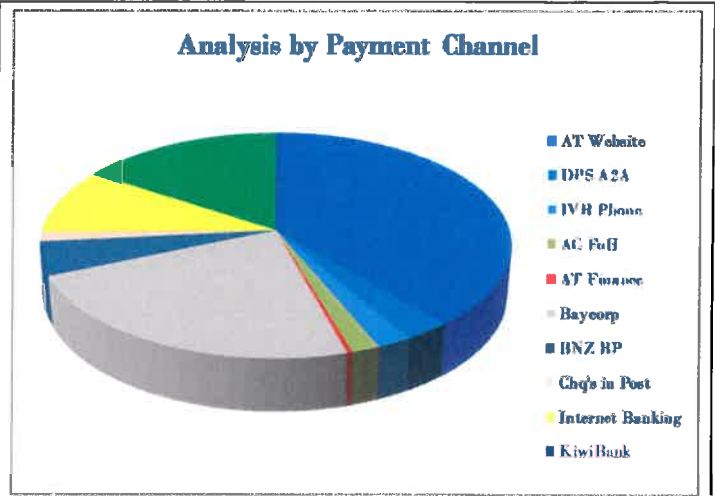
An overview of the Debtors as at 30 June has 97.4% (88.2% May) of adjusted Debtors in 30, 60 days or not yet due. Changes to our Debtor's report now gives us the ability to determine amounts not yet due for payment.

<u>Debtors Ageing Analysis as at 30 June 2014</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 Jun		3,863,086	924,190	1,081,242	28,940	43,883	581,745	1,203,087	
		63.9%	15.3%	17.9%	0.5%	0.7%	9.6%	19.9%	
O/s Related Parties	12	448,157	268,434	162,255	-155	313	3,330	13,980	1
Trade Debtors	116	3,414,929	655,756	918,987	29,095	43,570	578,415	1,189,107	
		100.0%	19.2%	26.9%	0.9%	1.3%	16.9%	34.8%	
Queried Invoices	300	168,843	460	9,877	8,549	15,596	9,856	124,504	2
Cell Sites - Property	367	1,532,270	307	0	0	7,102	549,001	975,860	3
To Baycorp (Collection)	495	18,838	0	0	0	104	360	18,374	4
Parking Access Blocked	30	230	0	230	0	0	0	0	5
Lodged Courts (Damages)	148	178,529	50,666	38,599	17,947	19,363	7,425	44,529	6
Adjusted Debtors	N/a	1,516,219	604,323	870,280	2,599	1,405	11,772	25,839	
		100.0%	39.9%	57.4%	0.2%	0.1%	0.8%	1.7%	

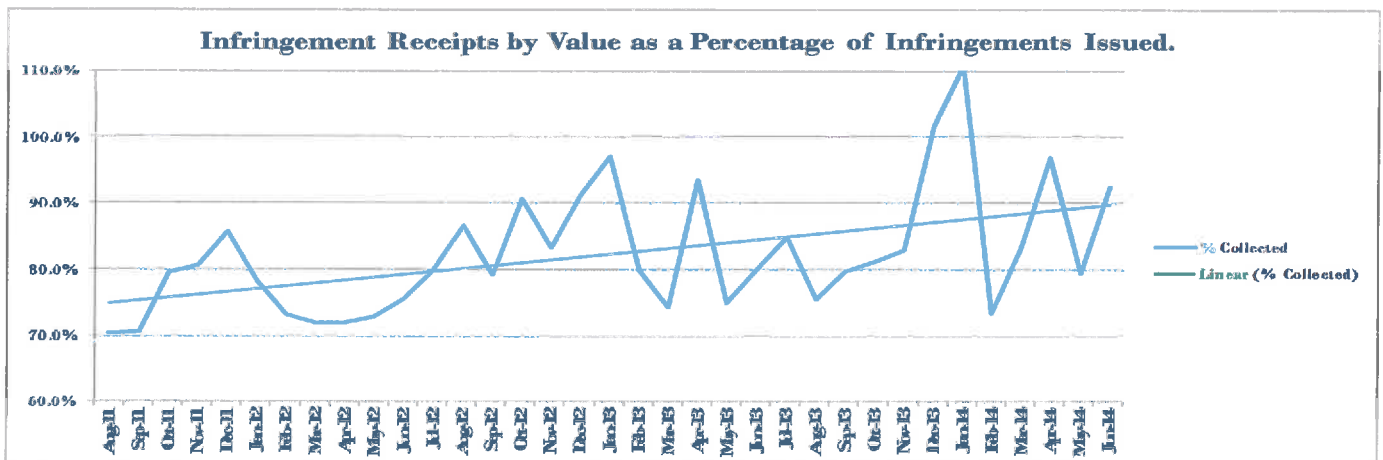
- 1 - Relates to amounts owed by related parties (inter-company).
- 2 - This comprises invoices which have been queried or disputed by customers. The AR Team and various AT Departments are engaged in an effort to resolve these queries. An amount of \$136k, outstanding from a group of apartment owners relating to increased parking charges under dispute, is with the Property Department who have demanded payment. Three of the four Body Corporates have now agreed to the debt and settlement of the arrears will be effected within a few weeks. An amount of \$117k was provided as doubtful in June 2014 in respect of these matters.
- 3 - The outstanding amount relates to ongoing cell sites dispute. While the total owing by the Telco's has been impaired and may be written off in the future, legal opinion has been sought and negotiations continue.
- 4 - This section comprises accounts lodged with Baycorp for collection. All these amounts have been impaired and some may be written off in the future. All amounts written off are approved by the CFO in accordance with policy.
- 5 - Parking Access Blocked comprises monthly parking leases who have had their access to the various car parks blocked due to non-payment.
- 6 - Lodged at Court 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

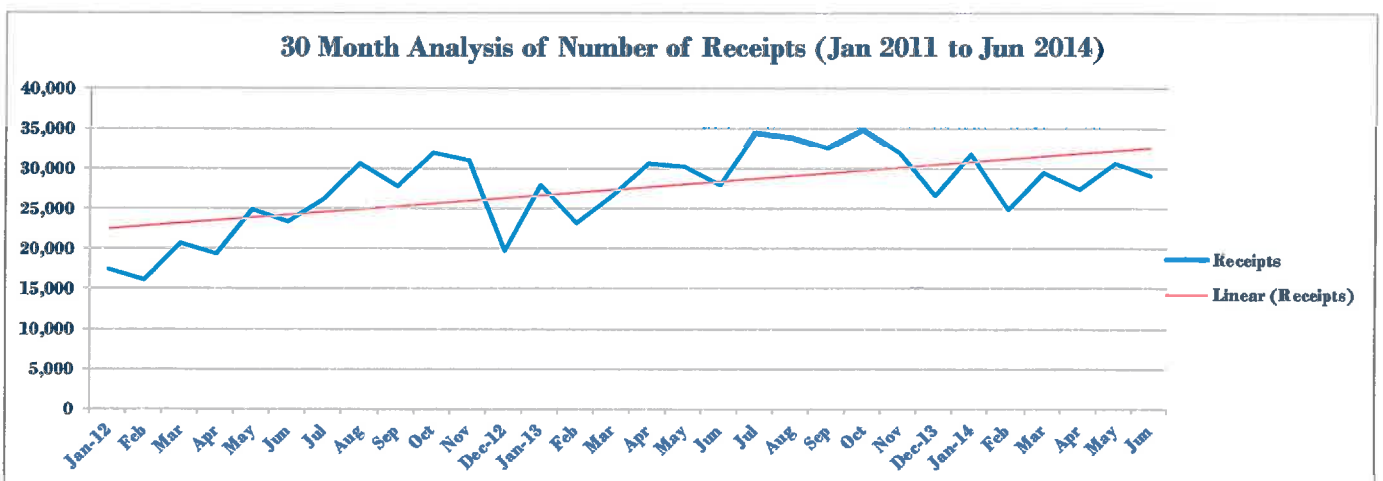
Payment Method	No. Receipts	% Receipts	Value Receipts	% Value
AT Website	11,257	38.7%	\$552,675.00	33.4%
DPS A2A	832	2.9%	\$47,645.50	2.9%
IVR Phone	611	2.1%	\$36,676.10	2.2%
AC FoH	501	1.7%	\$60,328.70	3.6%
AT Finance	90	0.3%	\$3,708.27	0.2%
Baycorp	6,657	22.9%	\$399,784.52	24.1%
BNZ RP	1,419	4.9%	\$72,000.60	4.3%
Chq's in Post	414	1.4%	\$62,417.70	3.8%
Internet Banking	2,736	9.4%	\$171,735.41	10.4%
KiwiBank	4,592	15.8%	\$248,944.70	15.0%
Grand Total	29,109	100.0%	\$1,655,916.50	100.0%



June's Infringement receipts by volume are 4.6% down on May (20 working days in June compared with 22 in May). Last month we reported that the IVR payment channel would end in May, but following discussions with Customer Services, it was decided to extend this to the end of July. The new Account2Account payment channel has not attracted as many clients as was hoped, but we will be amending the infringement notice to include this channel and we are hoping for a greater uptake. This is one of our most cost effective payment methods.

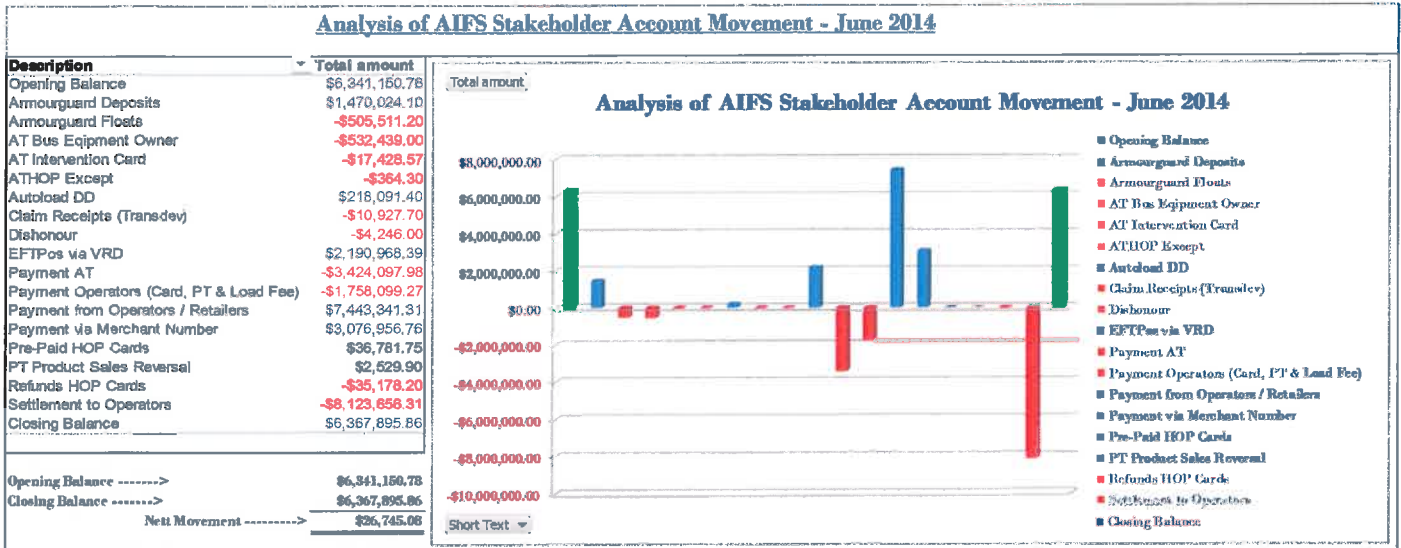


The graph above includes all receipts through AT, Baycorp and MOJ but excludes legacy receipts. The trend line clearly shows improved collection rates over the 3 year period.

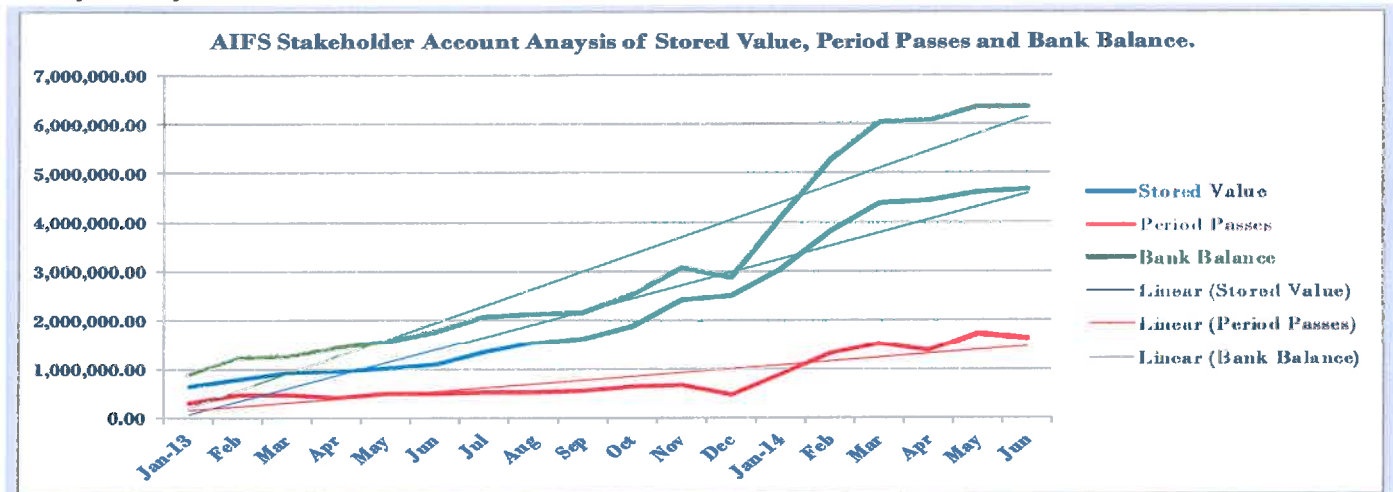


Section 7 - AIFS Stakeholder Monthly Report (Does not form part of AT results)

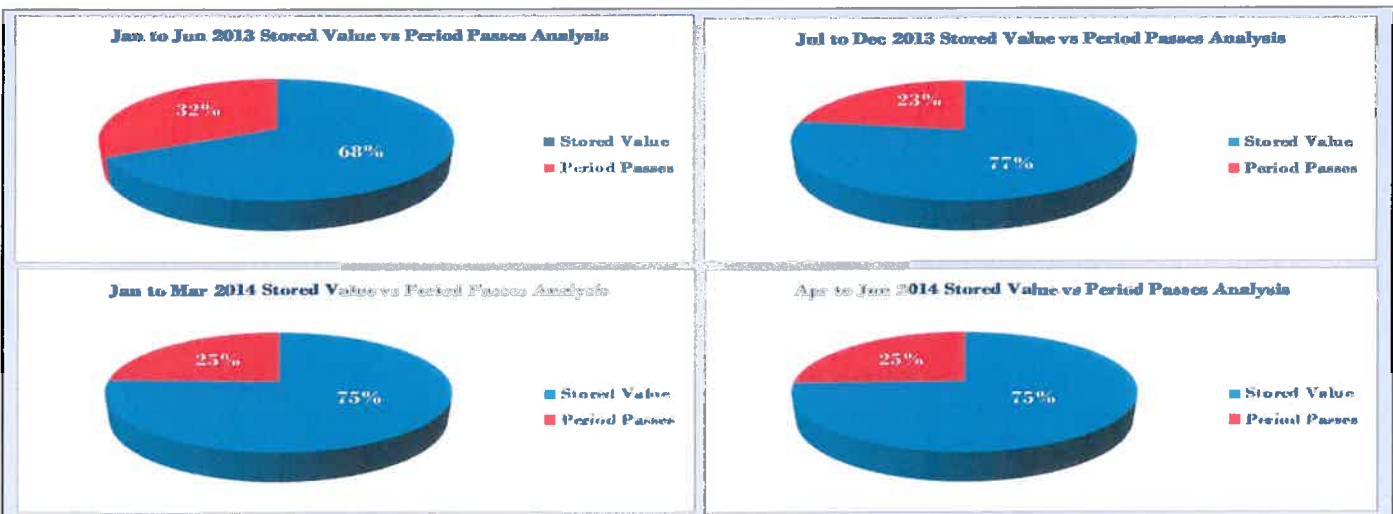
The AIFS Stakeholder bank account increased by 0.4% in June, following an increase of 4.7% in the bank balance in May.







The following graph provides an overview of monthly balances for Stored Value, Period Passes and the AIFS Stakeholder account together with trend lines. The Stakeholder account and Stored Value increased by 0.4% and 1.0% respectively while the Period Pass balance decreased by 5.1% we expect as a result of the upcoming school holidays in July.



The graphs below illustrate the split between stored value and period passes. Period Passes over the past 6 months have maintained a share of 25% of the Stakeholder Account.



Document ownership

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Approved for Submission	Richard Morris Chief Financial Officer	