

Draft Financial Results for the Twelve Months Ended 30 June 2015

Recommendation

That the Board:

- i. Receives the report.

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Executive Summary

Financial Results for the twelve months ended 30 June 2015:

	Current month variance to revised budget \$m	Full year variance to revised budget \$m	Full year results	Full year Actual \$m	Full year revised budget \$m	Full year revised budget \$m
Total operating income	2.0	43.7	↑ ●	670.9	627.2	627.2
Total operating expenditure	(2.6)	(3.8)	↔ ●	920.5	916.7	916.7
Surplus/(deficit) from operations	(0.5)	39.9	↑ ●	(249.6)	(289.5)	(289.5)
Income for capital projects	(11.0)	69.1	↑ ●	428.5	359.4	359.4
Net surplus/(deficit) before tax	(11.5)	109.0	↑ ●	178.9	69.9	69.9
Total direct capital	(20.0)	21.6	↓ ●	729.5	751.1	751.1

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 2a – Financial Results for the twelve months ended 30 June 2015

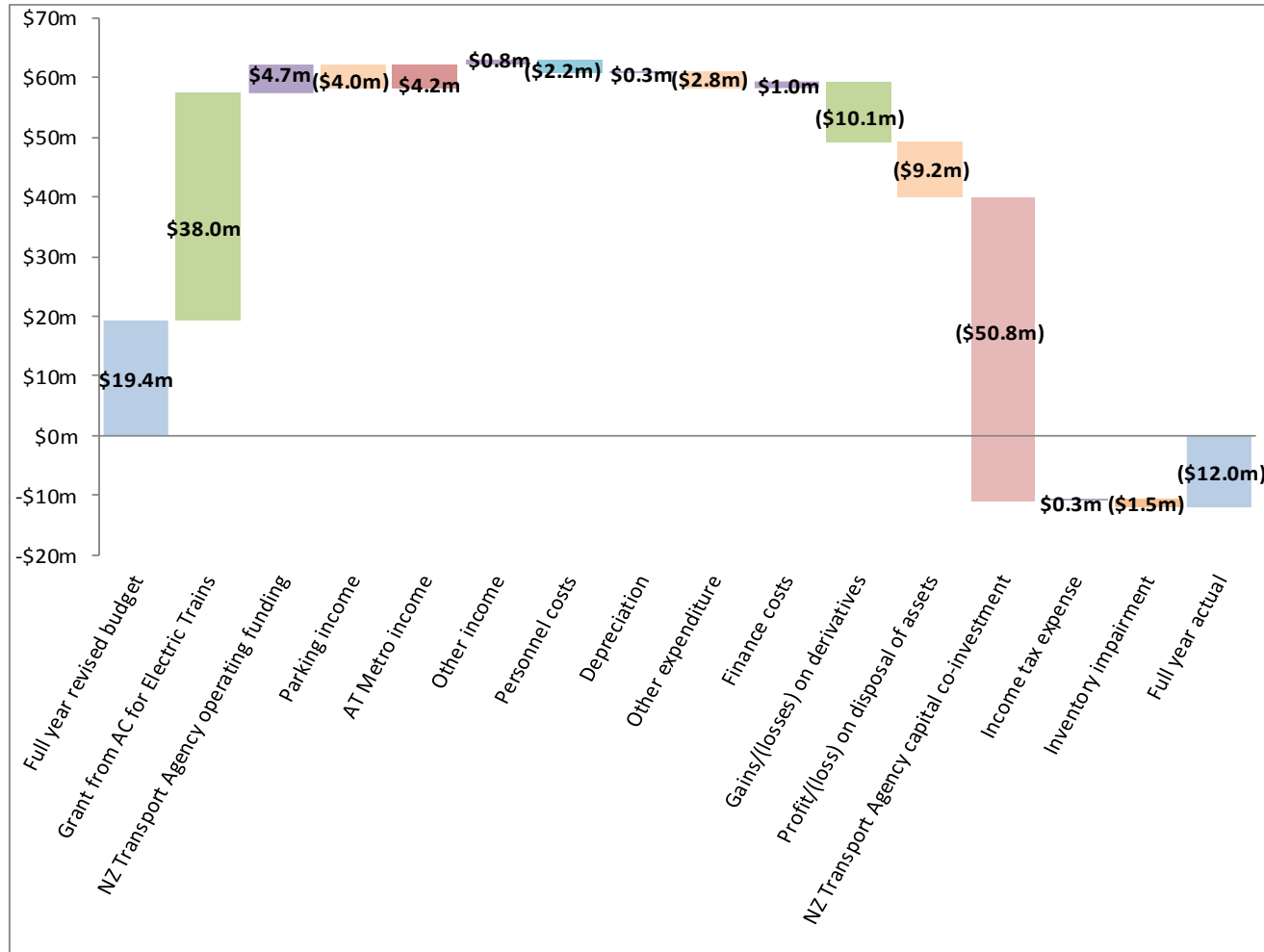
	Current month			Full year			Results achieved
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	
Income							
<u>Operating income</u>							
Auckland Council funding	19,632	19,632	-	235,583	235,583	-	●
Grant from Auckland Council for Electric Trains	-	-	-	38,000	-	38,000	●
NZ Transport Agency operating funding	19,030	16,970	2,060	227,947	223,242	4,705	●
Parking and enforcement income	5,896	6,454	(558)	74,048	78,008	(3,960)	●
AT Metro income	5,919	5,851	68	68,552	64,396	4,156	●
Other revenue including other grants and subsidies	2,334	1,873	461	26,731	25,968	763	●
Total operating income	52,811	50,780	2,031	670,861	627,197	43,664	●
Expenditure							
Personnel costs	11,707	11,438	(269)	128,439	127,190	(1,249)	●
Capitalised personnel costs	(3,763)	(2,393)	1,370	(30,841)	(31,821)	(980)	●
Depreciation and amortisation expense *	25,500	24,849	(651)	292,759	293,020	261	●
Other expenses	48,715	45,310	(3,405)	504,384	501,612	(2,772)	●
Finance costs (Electric Trains)	2,387	2,780	393	25,758	26,706	948	●
Total operating expenditure	84,546	81,984	(2,562)	920,499	916,707	(3,792)	●
Surplus/(deficit) from operations	(31,735)	(31,204)	(531)	(249,638)	(289,510)	39,872	●
<u>Income for capital projects</u>							
NZ Transport Agency capital co-investment	6,075	24,488	(18,413)	131,077	181,918	(50,841)	●
Auckland Council capital grant	11,208	11,208	-	134,501	134,501	-	●
Other capital grants	-	-	-	-	-	-	●
Vested asset income	7,427	-	7,427	162,926	43,003	119,923	●
	24,710	35,696	(10,986)	428,504	359,422	69,082	●
Net surplus/(deficit) before tax and derivatives	(7,025)	4,492	(11,517)	178,866	69,912	108,954	●
Gains/(losses) on derivatives	83	124	(41)	(11,464)	(1,363)	(10,101)	●
Income tax benefit/(expense)	-	-	-	344	-	344	●
Profit/(loss) on disposal of assets	(3,783)	-	(3,783)	(15,335)	(6,146)	(9,189)	●
Rolling Stock Inventory impairment	-	-	-	(1,500)	-	(1,500)	●
Net surplus/(deficit) after tax and derivatives	(10,725)	4,616	(15,341)	150,911	62,403	88,508	●

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

* The budget for depreciation and amortisation expense is based on AT's current assumptions, and differs from the SOI planned depreciation and amortisation expense of \$266m.

Section 2b – Net surplus/(deficit) waterfall

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



Section 2c – Summary of financial results by activity

	Current month			Year to date		
	Actual	Revised	Variance	Actual	Revised	Variance
	\$000	\$000	\$000	\$000	\$000	\$000
Operating Income						
Rail	11,835	10,102	1,733	113,817	108,532	5,285
Bus	8,131	7,744	387	94,434	93,467	967
Ferry	608	1,089	(481)	12,146	12,643	(497)
Other public transport	3,225	2,194	1,031	28,423	27,727	696
Parking	3,699	3,406	293	42,266	41,089	1,177
Enforcement	2,197	3,048	(851)	31,782	36,919	(5,137)
Roading and footpaths	1,865	1,719	146	43,114	44,196	(1,082)
Internal support	1,618	1,846	(228)	31,295	27,041	4,254
Auckland Council operating funding	19,632	19,632	-	235,583	235,583	-
Grant from Auckland Council for Electric Trains	-	-	-	38,000	-	38,000
Total operating income	52,810	50,780	2,030	670,860	627,197	43,663
Operating Expenditure						
Rail	17,230	14,861	(2,369)	164,820	158,668	(6,152)
Bus	13,235	13,623	388	157,681	159,782	2,101
Ferry	851	1,644	793	16,782	18,010	1,228
Other public transport	4,322	3,814	(508)	40,027	41,660	1,633
Parking	1,409	1,790	381	13,075	13,689	614
Enforcement	1,605	1,850	245	20,261	19,669	(592)
Roading and footpaths	10,965	11,189	224	116,168	116,419	251
Internal support	9,429	8,364	(1,065)	98,926	95,790	(3,136)
Depreciation *	25,500	24,849	(651)	292,759	293,020	261
Total operating expenditure	84,546	81,984	(2,562)	920,499	916,707	(3,792)
Surplus/(deficit) from Operations	(31,736)	(31,204)	(532)	(249,639)	(289,510)	39,871

* The budget for depreciation and amortisation expense is based on AT's current assumptions, and differs from the SOI planned depreciation and amortisation expense of \$266m.

Section 2c – Rail operations

	Current month			Year to date		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Activity Income	3,630	3,302	328	38,088	35,607	2,481
Other income	49	87	(38)	1,008	1,061	(53)
NZ Transport Agency operating funding	6,608	4,945	1,663	58,027	54,641	3,386
NZ Transport Agency operating funding - Electric Trains	1,548	1,768	(220)	16,694	17,223	(529)
Total operating income	11,835	10,102	1,733	113,817	108,532	5,285
Operating Expenditure						
Personnel costs	248	209	(39)	2,796	2,499	(297)
Capitalised personnel costs	(3)	(21)	(18)	(21)	(148)	(127)
Service delivery costs and professional services	10,320	8,856	(1,464)	102,487	98,978	(3,509)
Occupancy costs	206	350	144	4,121	3,948	(173)
Track access charges	3,535	2,188	(1,347)	21,640	19,428	(2,212)
Other expenditure	537	499	(38)	8,058	7,258	(800)
Finance costs (Electric Trains)	2,387	2,780	393	25,739	26,705	966
Total operating expenditure	17,230	14,861	(2,369)	164,820	158,668	(6,152)
Depreciation	2,761	2,534	(227)	29,252	29,116	(136)
Surplus/(deficit) from Operations	(8,156)	(7,293)	(863)	(80,255)	(79,252)	(1,003)
Internal support costs	2,685	2,337	(348)	23,631	24,637	1,006
Surplus/(deficit)	(10,841)	(9,630)	(1,211)	(103,886)	(103,889)	3

Section 2c – Bus operations

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Activity Income	1,251	1,300	(49)	14,125	13,356	769
Other income	151	209	(58)	4,005	3,293	712
NZ Transport Agency operating funding	6,729	6,235	494	76,304	76,818	(514)
Total operating income	8,131	7,744	387	94,434	93,467	967
Operating Expenditure						
Personnel costs	274	266	(8)	2,870	3,018	148
Capitalised personnel costs	18	-	(18)	109	14	(95)
Service delivery costs and professional services	12,556	13,143	587	152,554	154,665	2,111
Occupancy costs	101	122	21	971	1,190	219
Other expenditure	286	92	(194)	1,177	895	(282)
Total operating expenditure	13,235	13,623	388	157,681	159,782	2,101
Depreciation	163	170	7	1,878	1,975	97
Surplus/(deficit) from Operations	(5,267)	(6,049)	782	(65,125)	(68,290)	3,165
Internal support costs	2,706	2,354	(352)	23,799	24,809	1,010
Surplus/(deficit)	(7,973)	(8,403)	430	(88,924)	(93,099)	4,175

Section 2c – Ferry operations

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Operator access fees	228	317	(89)	3,437	3,184	253
Activity Income	77	57	20	765	686	79
Other Income	(1)	50	(51)	594	593	1
NZ Transport Agency operating funding	304	665	(361)	7,350	8,180	(830)
Total operating income	608	1,089	(481)	12,146	12,643	(497)
Operating Expenditure						
Personnel costs	81	88	7	1,121	1,067	(54)
Capitalised personnel costs	-	(2)	(2)	1	(20)	(21)
Service delivery costs and professional services	626	1,300	674	13,195	14,016	821
Other expenditure	144	258	114	2,465	2,947	482
Total operating expenditure	851	1,644	793	16,782	18,010	1,228
Depreciation	239	240	1	2,850	2,856	6
Surplus/(deficit) from Operations	(482)	(795)	313	(7,486)	(8,223)	737
Internal support costs	305	265	(40)	2,683	2,796	113
Surplus/(deficit)	(787)	(1,060)	273	(10,169)	(11,019)	850

Section 2c – Other public transport operations

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Other Income	534	529	5	6,530	6,616	(86)
NZ Transport Agency operating funding	2,691	1,665	1,026	21,893	21,111	782
Total operating income	3,225	2,194	1,031	28,423	27,727	696
Operating Expenditure						
Personnel costs	1,108	1,078	(30)	12,596	12,397	(199)
Capitalised personnel costs	86	296	210	617	286	(331)
Service delivery costs and professional services	1,674	1,387	(287)	14,599	16,739	2,140
IT costs	65	132	67	2,115	1,564	(551)
Other expenditure	1,389	921	(468)	10,100	10,674	574
Total operating expenditure	4,322	3,814	(508)	40,027	41,660	1,633
Depreciation	1,348	1,342	(6)	15,900	16,055	155
Surplus/(deficit) from Operations	(2,445)	(2,962)	517	(27,504)	(29,988)	2,484
Internal support costs	706	614	(92)	6,205	6,469	264
Surplus/(deficit)	(3,151)	(3,576)	425	(33,709)	(36,457)	2,748

Section 2c – Parking operations

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Other income	78	72	6	1,157	946	211
Parking fees	3,621	3,334	287	41,109	40,143	966
Total operating income	3,699	3,406	293	42,266	41,089	1,177
Operating Expenditure						
Personnel costs	244	260	16	2,944	2,983	39
Capitalised personnel costs	39	(17)	(56)	117	(176)	(293)
Service delivery costs and professional services	313	460	147	3,343	3,334	(9)
Occupancy costs	538	913	375	5,749	6,486	737
Other expenditure	275	174	(101)	922	1,062	140
Total operating expenditure	1,409	1,790	381	13,075	13,689	614
Depreciation	603	531	(72)	6,558	6,422	(136)
Surplus/(deficit) from Operations	1,687	1,085	602	22,633	20,978	1,655
Internal support costs	232	202	(30)	2,039	2,126	87
Surplus/(deficit)	1,455	883	572	20,594	18,852	1,742

Section 2c – Enforcement operations

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Operating Income						
Infringement income	2,197	3,048	(851)	31,782	36,919	(5,137)
Total operating income	2,197	3,048	(851)	31,782	36,919	(5,137)
Operating Expenditure						
Personnel costs	911	1,002	91	10,037	10,067	30
Capitalised personnel costs	49	-	(49)	261	34	(227)
Service delivery costs and professional services	127	126	(1)	1,713	1,600	(113)
Other expenditure	518	722	204	8,250	7,968	(282)
Total operating expenditure	1,605	1,850	245	20,261	19,669	(592)
Depreciation	3	19	16	32	174	142
Surplus/(deficit) from Operations	589	1,179	(590)	11,489	17,076	(5,587)
Internal support costs	333	290	(43)	2,930	3,054	124
Surplus/(deficit)	256	889	(633)	8,559	14,022	(5,463)

Section 2c – Roading and footpaths operations

	Current month			Full year		
		Revised			Revised	
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
Operating Income						
Petrol tax	722	495	227	8,809	8,720	89
Other income	440	377	63	4,937	5,310	(373)
NZ Transport Agency operating funding	703	847	(144)	29,368	30,166	(798)
Total operating income	1,865	1,719	146	43,114	44,196	(1,082)
Operating Expenditure						
Personnel costs	2,150	2,366	216	23,324	23,716	392
Capitalised personnel costs	(1,004)	(557)	447	(5,686)	(7,311)	(1,625)
Service delivery costs and professional services	6,922	7,483	561	76,945	80,090	3,145
Occupancy costs	1,996	1,176	(820)	16,492	15,379	(1,113)
IT costs	58	160	102	236	1,267	1,031
Other expenditure	843	561	(282)	4,857	3,278	(1,579)
Total operating expenditure	10,965	11,189	224	116,168	116,419	251
Depreciation	19,262	18,755	(507)	224,955	223,204	(1,751)
Surplus/(deficit) from Operations	(28,362)	(28,225)	(137)	(298,009)	(295,427)	(2,582)
Internal support costs	1,972	1,715	(257)	17,341	18,076	735
Surplus/(deficit)	(30,334)	(29,940)	(394)	(315,350)	(313,503)	(1,847)

Section 2c – Internal support

	Current month			Full year		
	Actual \$000	Revised	Variance \$000	Actual \$000	Revised	Variance \$000
		Budget \$000			Budget \$000	
Operating Income						
Other income	1,171	999	172	12,984	11,938	1,046
NZ Transport Agency operating funding	438	847	(409)	18,302	15,103	3,199
Total operating income	1,609	1,846	(237)	31,286	27,041	4,245
Operating Expenditure						
Personnel costs	6,690	6,167	(523)	72,753	71,444	(1,309)
Capitalised personnel costs	(2,947)	(2,093)	854	(26,240)	(24,501)	1,739
Directors Fees	42	68	26	522	594	72
Service delivery costs and professional services	3,674	2,263	(1,411)	25,855	24,392	(1,463)
Other expenditure	1,970	1,959	(11)	26,036	23,861	(2,175)
Total operating expenditure	9,429	8,364	(1,065)	98,926	95,790	(3,136)
Depreciation	1,121	1,258	137	11,334	13,218	1,884
Taxation	-	-	-	(344)	-	344
Surplus/(deficit) before allocation of costs	(8,941)	(7,776)	(1,165)	(78,630)	(81,967)	3,337
Internal support allocation	(8,941)	(7,776)	1,165	(78,630)	(81,967)	(3,337)
Total internal support allocation	(8,941)	(7,776)	1,165	(78,630)	(81,967)	(3,337)
Surplus/(deficit)	-	-	-	-	-	-

Section 3a – Summary of Capital Expenditure

Split by activity

	Current month			Full year			Results Achieved
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	
New capital expenditure							
Roads and footpaths	36,645	17,057	(19,588)	163,570	171,305	7,735	●
AT Metro (includes CRL)	19,927	26,251	6,324	137,360	148,619	11,259	●
Parking operations	870	413	(457)	3,521	8,229	4,708	●
Internal support	3,865	137	(3,728)	25,043	12,393	(12,650)	●
Total new capital	61,307	43,858	(17,449)	329,494	340,546	11,052	●
Renewal capital expenditure							
Roads and footpaths	13,956	14,636	680	189,947	188,271	(1,676)	●
AT Metro	1,076	349	(727)	3,441	4,850	1,409	●
Parking operations	863	292	(571)	1,684	2,200	516	●
Total renewal	15,895	15,277	(618)	195,072	195,321	249	●
Electric multiple units (EMUs)							
Procurement	14,442	11,493	(2,949)	204,627	214,237	9,610	●
Depot	(347)	676	1,023	304	997	693	●
Total EMUs	14,095	12,169	(1,926)	204,931	215,234	10,303	●
Total direct capital	91,297	71,304	(19,993)	729,497	751,101	21,604	●
Vested assets	7,427	-	(7,427)	162,926	43,003	(119,923)	●
Total capital	98,724	71,304	(27,420)	892,423	794,104	(98,319)	●

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

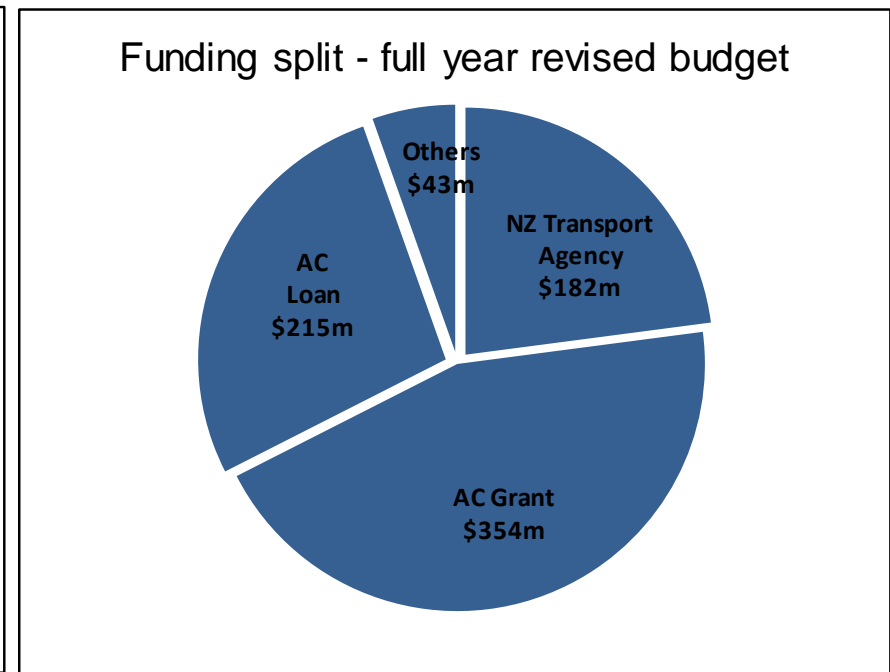
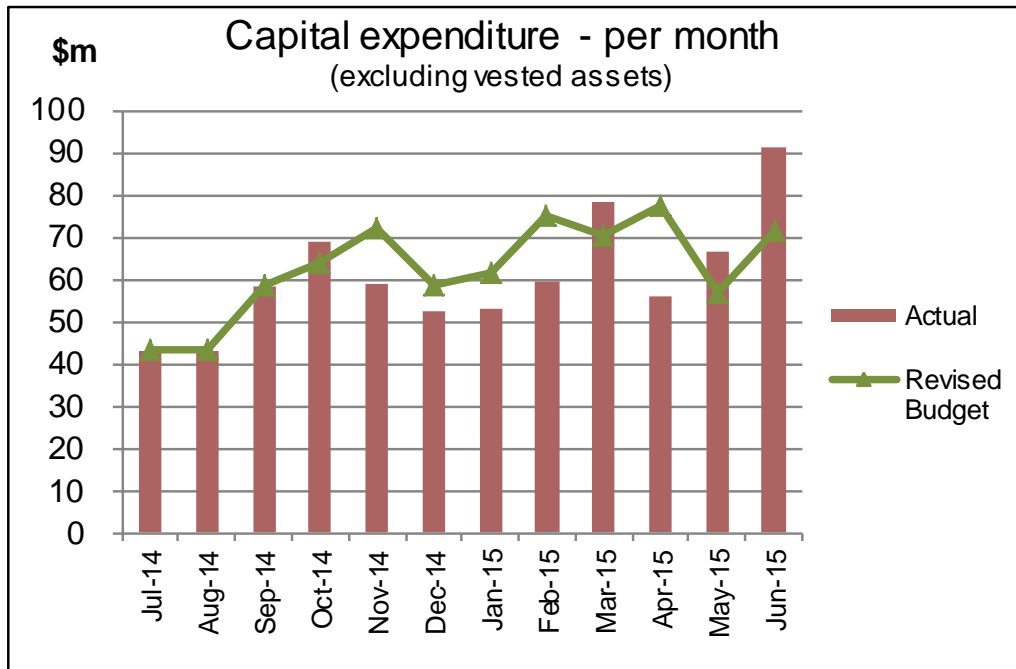
Section 3b – Summary of Capital Expenditure

Split by category

	Current month			Full year		
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000
Core capital expenditure						
New capital						
Capital land acquisition	13,589	3,021	(10,568)	39,778	35,391	(4,387)
Roads and footpaths	23,701	12,289	(11,412)	121,014	125,131	4,117
AT Metro	10,393	15,278	4,885	41,479	52,146	10,667
Parking operations	870	413	(457)	3,521	8,229	4,708
Internal support	3,824	151	(3,673)	24,418	12,346	(12,072)
Total new capital core expenditure	52,377	31,152	(21,225)	230,210	233,243	3,033
Renewal						
Roads and footpaths	13,956	12,133	(1,823)	189,947	185,768	(4,179)
AT Metro	1,076	349	(727)	3,441	4,850	1,409
Parking operations	863	292	(571)	1,684	2,200	516
Total renewal core expenditure	15,895	12,774	(3,121)	195,072	192,818	(2,254)
Total core capital expenditure	68,272	43,926	(24,346)	425,282	426,061	779
Ring fenced capital expenditure						
City Rail Link- others	6,869	10,652	3,783	37,174	32,463	(4,711)
City Rail Link- land	566	148	(418)	55,282	62,299	7,017
EMU depot	(347)	676	1,023	304	997	693
EMU procurement	14,442	11,493	(2,949)	204,627	214,237	9,610
Local Board initiatives	1,111	1,538	427	5,177	9,973	4,796
Others	384	2,871	2,487	1,651	5,071	3,420
Total ring fenced capital expenditure	23,025	27,378	4,353	304,215	325,040	20,825
Total direct capital excluding vested assets	91,297	71,304	(19,993)	729,497	751,101	21,604
Vested assets	7,427	-	(7,427)	162,926	43,003	(119,923)
Total capital	98,724	71,304	(27,420)	892,423	794,104	(98,319)

Section 3c – Capital Expenditure Funding

	Current month			Full year		
		Revised			Revised	
	Actual	Budget	Variance	Actual	Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000
Funding						
NZ Transport Agency - new capital co-investment	4,215	20,713	(16,498)	52,194	101,395	(49,201)
NZ Transport Agency - renewal capital co-investment	1,860	3,775	(1,915)	78,883	80,523	(1,640)
AC funding (Non EMU)	11,208	11,208	-	134,501	134,501	-
Investment by AC	59,919	23,439	36,480	258,988	252,682	6,306
AC loan (EMU)	-	-	-	182,000	182,000	-
Grant from Auckland Council for Electric Trains project	14,095	12,169	1,926	22,931	-	22,931
Vested assets	7,427	-	7,427	162,926	43,003	119,923
Total funding	98,724	71,304	27,420	892,423	794,104	98,319



Section 4a – Statement of Financial Position

As at 30 June 2015

	Note	Actual 30 June 2015 \$000	Actual 31 May 2015 \$000
Assets			
Current assets			
Cash and cash equivalents	1	7,496	12,561
Trade and other receivables	2	237,572	192,120
Inventories		2,552	2,855
Other assets		2,003	6,953
Non-current asset held for sale		4,400	5,000
Derivative financial instruments	3	584	-
Total current assets		254,607	219,489
Non-current assets			
Property, plant and equipment		16,096,744	15,918,487
Property, plant and equipment - work-in-progress		440,326	424,119
Intangible assets		113,488	112,307
Derivative financial instruments	3	12	-
Total non-current assets		16,650,570	16,454,913
Total assets		16,905,177	16,674,402

Section 4a – Statement of Financial Position

As at 30 June 2015

	Note	Actual 30 June 2015 \$000	Actual 31 May 2015 \$000
Liabilities			
Current liabilities			
Derivative financial instruments	3	-	1,092
Trade and other payables	4	186,885	154,420
Employee benefit liabilities	5	11,911	10,586
Borrow ings	6	4,697	4,650
Total current liabilities		203,493	170,748
Non-current liabilities			
Derivative financial instruments	3	3,596	3,460
Trade and other payables	4	20,684	20,905
Employee benefit liabilities	5	675	675
Borrow ings	6	479,033	479,413
Deferred tax liability	7	10,544	10,544
Total non-current liabilities		514,532	514,997
Total liabilities		718,025	685,745
Net assets		16,187,152	15,988,657
Equity			
Contributed equity		13,482,059	13,400,180
Retained earnings/(losses)		588,979	599,183
Reserves		2,116,114	1,989,294
Total equity		16,187,152	15,988,657

Section 4b – Notes to the Financial Statements

As at 30 June 2015

	Actual 30 June 2015 \$000	Actual 31 May 2015 \$000
1 Cash and cash equivalents		
Cash at bank - Trading	7,222	12,285
Till floats	274	276
Total cash and cash equivalents	7,496	12,561

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

2 Trade and other receivables

Trade debtors	4,591	4,329
Finance lease receivable	82	84
Infringements receivable	30,856	32,484
Amounts due from related parties	190,182	137,742
Accrued income	25,865	32,650
Goods and services tax	114	-
	251,690	207,289
Less provision for impairment of receivables	(14,118)	(15,169)
Total trade and other receivables	237,572	192,120

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 2015 is detailed below :

Section 4b – Notes to the Financial Statements

As at 30 June 2015

	Gross	Impaired	Net
	\$000	\$000	\$000
Not past due	219,827	-	219,827
Past due 1 - 30 days	2,801	-	2,801
Past due 31 - 60 days	1,381	-	1,381
Past due 61 - 90 days	1,354	-	1,354
Past due > 90 days	26,327	(14,118)	12,209
	251,690	(14,118)	237,572

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 2014	12,289
Additional provisions made	2,033
Provisions reversed	(116)
Receivables written-off	(88)
At 30 June 2015	14,118

Section 4b – Notes to the Financial Statements

As at 30 June 2015

	Actual 30 June 2015 \$000	Actual 31 May 2015 \$000
3 Derivative financial instruments		
Current asset portion		
Forward foreign exchange contracts - cash flow hedges	584	-
Current derivative financial instruments	584	-
Non-current asset portion		
Forward foreign exchange contracts - cash flow hedges	12	-
Non-current derivative financial instruments	12	-
Total derivative financial instrument assets	596	0
Current liability portion		
Forward foreign exchange contracts - cash flow hedges	-	1,092
Current derivative financial instruments	-	1,092
Non-current liability portion		
Interest rate swaps - cash flow hedges	3,596	3,457
Forward foreign exchange contracts - cash flow hedges	-	3
Non-current derivative financial instruments	3,596	3,460
Total derivative financial instrument liabilities	3,596	4,552

Forward foreign exchange contracts

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

Forward foreign exchange contracts - hedge accounted

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$31m. The foreign currency principal amount was USD \$21m. These cash flow hedges have been accounted for as effective and the gain of \$42m 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 \$35m. At 30 June 2015 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.35% to 5.41%. The gain on their revaluation of \$1.4m has been recorded in the Statement of Financial Performance.

Section 4b – Notes to the Financial Statements As at 30 June 2015

	Actual 30 June 2015 \$000	Actual 31 May 2015 \$000
4 Trade and other payables		
Current portion		
Creditors	21,553	15,960
Goods and services tax	-	1,810
Accrued expenses	150,952	123,727
Retentions	7,474	7,457
Amounts due to related parties	5,494	4,689
Income in advance	1,412	777
Total current trade and other payables	186,885	154,420
Non-current portion		
Amounts due to related parties	20,684	20,905
Total non-current trade and other payables	20,684	20,905
<p>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.</p>		
5 Employee benefit liabilities		
Current portion		
Accrued salaries and wages	3,272	2,318
Accrued leave	8,639	8,268
Current employee benefit liabilities	11,911	10,586
Non-current portion		
Retirement gratuities	383	383
Long service leave	292	292
Non-current employee benefit liabilities	675	675

Section 4b – Notes to the Financial Statements

As at 30 June 2015

	Actual 30 June 2015 \$000	Actual 31 May 2015 \$000
6 Borrowings		
Current portion		
Loans from Auckland Council	4,674	4,622
Finance Leases	23	28
Current borrow ings	4,697	4,650
Non-current portion		
Loans from Auckland Council	479,033	479,413
Finance Leases	-	-
Non-current borrow ings	479,033	479,413
Weighted average cost of funds on total borrow ings	6.00%	5.78%

Auckland Transport's loan debt of \$484m is issued at fixed rates of interest ranging from 5.55% to 6.22%. The interest rate on finance leases is 3%.

7 Deferred tax liability

	Property, Plant and Equipment \$000	Other Provisions \$000	Tax Losses \$000	Actual 30 June 2015 Total \$000
Deferred tax liability				
Balance at 1 July 2014	(10,888)	-	-	(10,888)
Charged to profit and loss	344	-	-	344
Charged to equity	-	-	-	-
Balance at 30 June 2015	(10,544)	-	-	(10,544)

Section 5a – Cash Flow

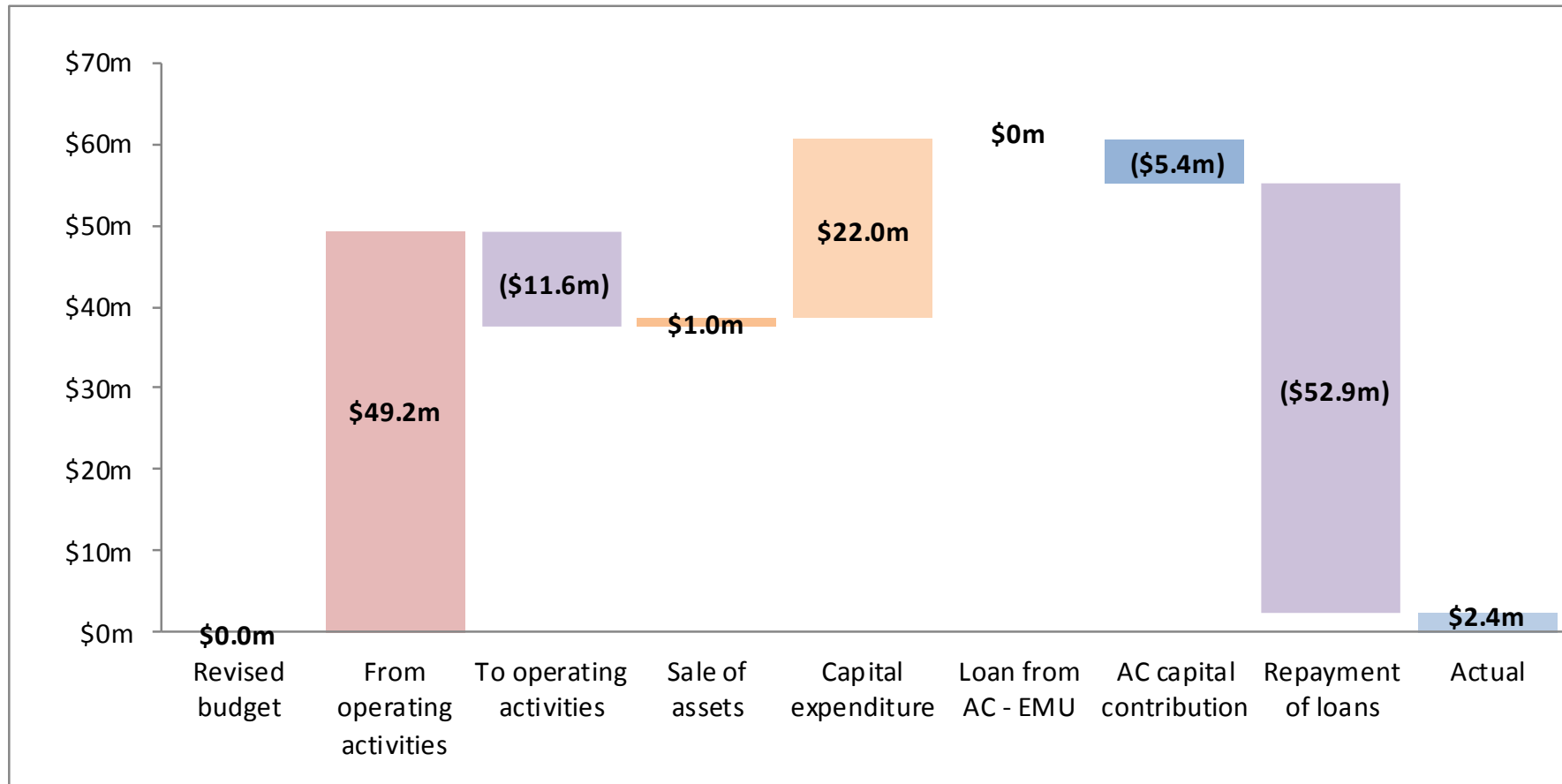
	Full year	
	Actual \$000	Revised Budget \$000
Cash flows from operating activities		
Total cash provided	992,830	943,616
Cash applied to:		
Payments to suppliers, employees and directors	610,681	596,931
Interest paid	24,596	26,706
Total cash applied	635,277	623,637
Net cash from operating activities	357,553	319,979
Cash flows from investing activities		
Cash provided from:		
Sale of property, plant and equipment	1,006	-
Total cash provided	1,006	-
Cash applied to:		
Capital expenditure projects	729,078	751,101
Total cash applied	729,078	751,101
Net cash from investing activities	(728,072)	(751,101)
Cash flows from financing activities		
Cash provided from:		
Loan from Auckland Council - EMU	182,000	182,000
Capital contribution from Auckland Council (Note 1)	247,316	252,682
Total cash provided	429,316	434,682
Cash applied to:		
Repayments of EMU loan from Auckland Council	56,322	3,510
Repayments of finance lease principal	59	50
Total cash applied	56,381	3,560
Net cash from financing activities	372,935	431,122
Net (decrease)/increase in cash and cash equivalents	2,416	-
Opening cash balance	5,080	-
Closing cash balance	7,496	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	
	Actual \$000
Surplus/(deficit) after tax	150,911
Add/(less) non cash items	
Depreciation and amortisation	292,759
Vested assets	(162,926)
Loss on disposal of property, plant and equipment	15,335
Loss on asset write off	-
Revaluation decrement	-
Foreign exchange gains	-
Loss on interest rate sw aps	(1,368)
Income tax	(344)
	143,456
Add/(less) movements in working capital	
Decrease/(Increase) in debtors and other receivables	51,973
Decrease/(Increase) in inventories	1,648
(Decrease)/Increase in creditors and other payables	7,501
(Decrease)/Increase in employee benefits payable	2,064
	63,186
Net cash flow from operating activities	357,553

Note 1 - Actual capital contribution from AC includes cash received in the current year for prior year capital expenditure.

Section 5b – Cash Flow Waterfall

Cash flow – Full year revised budget to actual



Section 6 – Accounts Receivable Report

Accounts Receivable

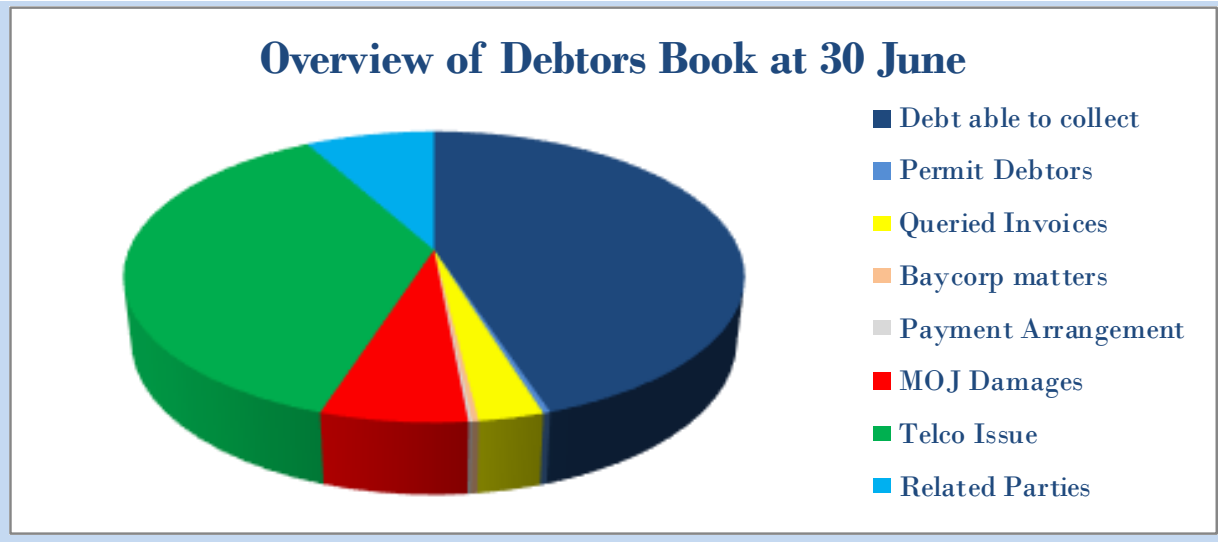
An overview of the Debtors as at 30 June has 98.7% (95.8% May) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 30 June 2015</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		4,977,895	1,543,593	1,130,452	94,389	177,408	30,607	2,001,446	1
Parking Permit Debtors		16,154	0	8,956	2,116	1,365	3,717	0	2
Total Debtors		4,994,049	1,543,593	1,139,408	96,505	178,773	34,324	2,001,446	
		100.0%	30.9%	22.8%	1.9%	3.6%	0.7%	40.1%	
O/s Related Parties	34	402,517	392,423	3,591	285	0	1,035	5,184	3
Trade Debtors	129	4,591,532	1,151,170	1,135,818	96,220	178,773	33,289	1,996,262	
		100.0%	25.1%	24.7%	2.1%	3.9%	0.7%	43.5%	
Queried Invoices	204	142,333	92	16,313	35,941	14,996	2,182	72,809	4
Cell Sites - Property	658	1,853,937	0	0	0	144,815	0	1,709,123	5
To Baycorp (Collection)	198	14,661	0	621	207	483	566	12,784	6
Payment Arrangement	38	7,584	1,356	675	0	3,373	2,179	0	7
Lodged Courts (Damages)	265	322,222	17,191	31,484	56,718	1,513	25,610	189,705	8
Adjusted Debtors		2,250,795	1,132,531	1,086,725	3,354	13,593	2,751	11,841	
		100.0%	50.3%	48.3%	0.1%	0.6%	0.1%	0.5%	

Notes relating to the Debtors Ageing Analysis:

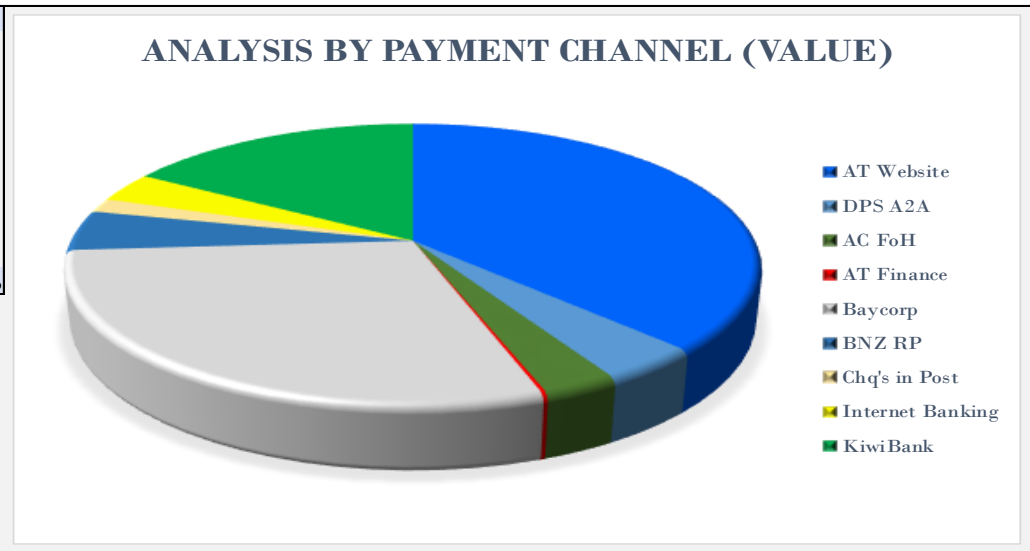
- 1 - Sundry Debtors administered in the SAP system.
- 2 - Parking Permit Debtors administered in the Pathway system. These permits are for on street permits issued. Amounts not collected within 60 days are lodged with Baycorp for collection.
- 3 - Inter-Council Group debts.
- 4 - Relates to invoices which have been queried or disputed by customers. The AR Team and various AT Departments are engaged in an effort to resolve these queries.
- 5 - Relates to the on-going cell sites dispute. The balance owing by the Telco's has been fully impaired as at 30 June 2015 and may be written off in the future. There is an agreed strategy for settling the current outstanding balances and AT are currently finalizing negotiations for an agreed process going forward. One of the parties have agreed in principal and negotiations continue with the other.
- 6 - 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.
- 7 - Relates to customers where an arrangement to pay has been agreed to. These are monitored until full payment has been received.
- 8 - 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.

Debt able to collect	31.2%
Permit Debtors	0.2%
Queried Invoices	2.0%
Baycorp matters	0.2%
Arrangements	0.1%
MOJ Damages	4.5%
Telco Issues	25.7%
Related Parties	5.6%
	<u>100.0%</u>



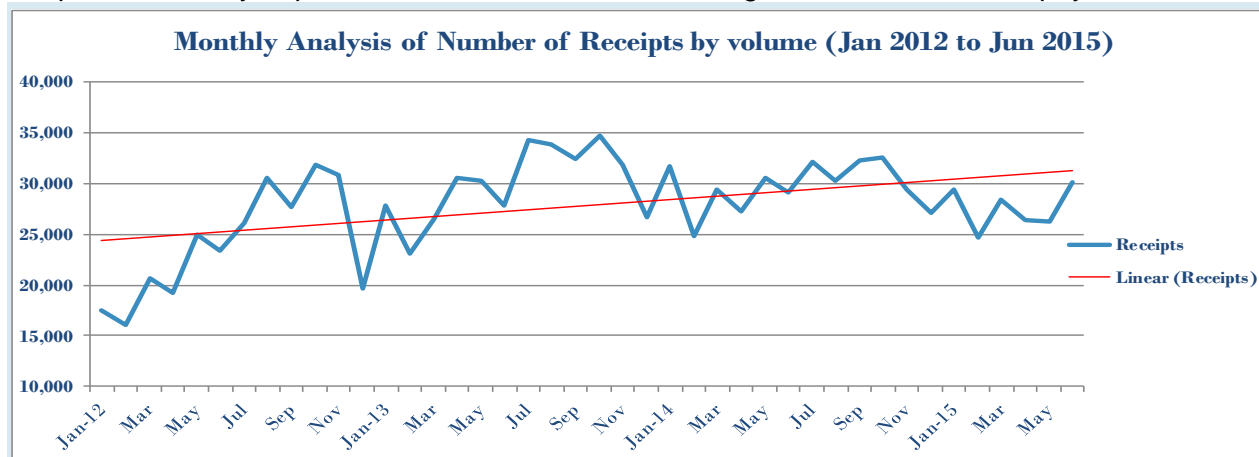
Infringement Overview:

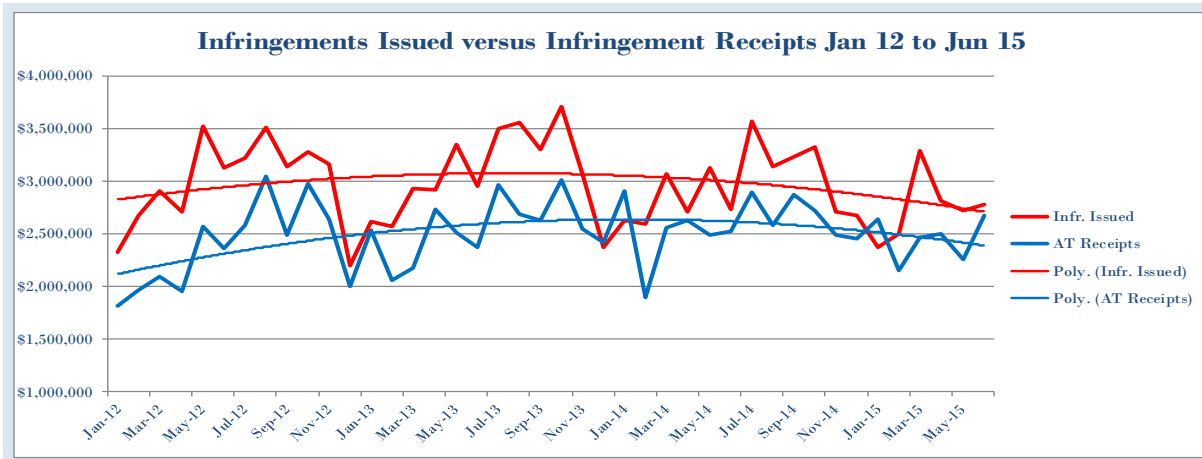
Row Labels	No. Receipts	% of Count	Value Receipts	% of Total
AT Website	11,942	39.7%	\$611,885.40	37.5%
DPS A2A	1,147	3.8%	\$66,036.20	4.0%
AC FoH	490	1.6%	\$49,679.40	3.0%
AT Finance	59	0.2%	\$2,969.30	0.2%
Baycorp	8,037	26.7%	\$475,450.42	29.1%
BNZ RP	1,332	4.4%	\$75,778.19	4.6%
Chq's in Post	276	0.9%	\$26,387.90	1.6%
Internet Banking	1,133	3.8%	\$55,906.50	3.4%
KiwiBank	5,687	18.9%	\$267,294.30	16.4%
Grand Total	30,103	100.0%	\$1,631,387.61	100.0%



Working days May -> 21
 Ave receipts / day May -> 1,250
 Working days June -> 21
 Ave receipts / day June -> 1,434
 Other influencing factors -> 1 long weekend in June

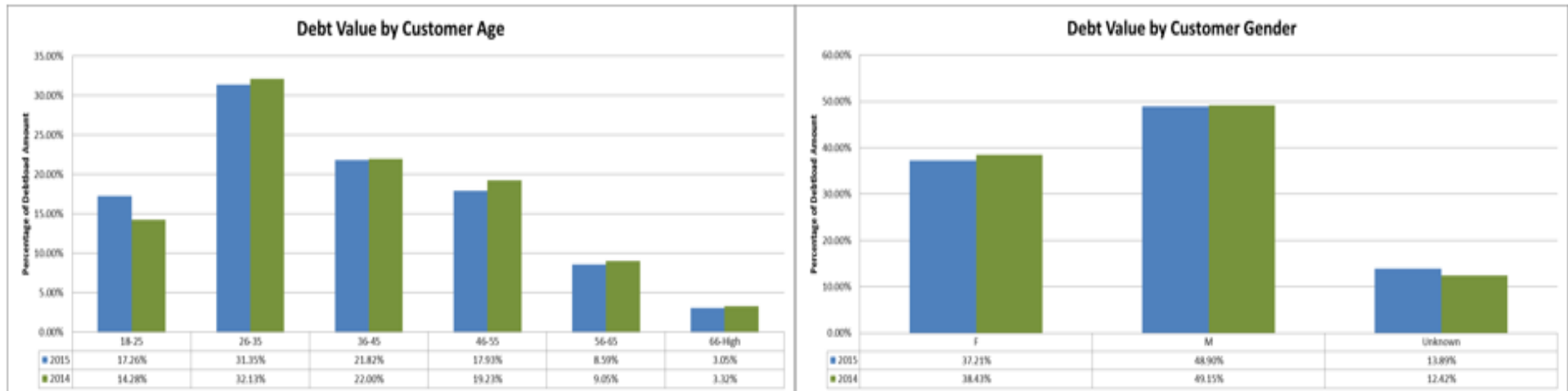
June's Infringement receipts by volume are 16.6% up on May (21 working days in June compared with 21 in May). While the contract with Baycorp has, over time, increased the number of infringements paid, ultimately, the comparison of infringements paid in a month is driven by the number of infringements issued in the preceding months. Collection rates in June following an increase in Infringements issued in April. Of the customers not paying in response to a Baycorp letter of demand, 64% are making use of our electronic payment methods (65% in May).





Analysis of receipts by value show that infringements issued over the past 18 months have decreased. While collections follow the issue trend a month or two later, the collection lines over time are moving closer. The infringements receipts peak in June was as a direct result of the infringements issued peak in April. Infringements are handed to Baycorp on day 63 and remain with them for 87 days.

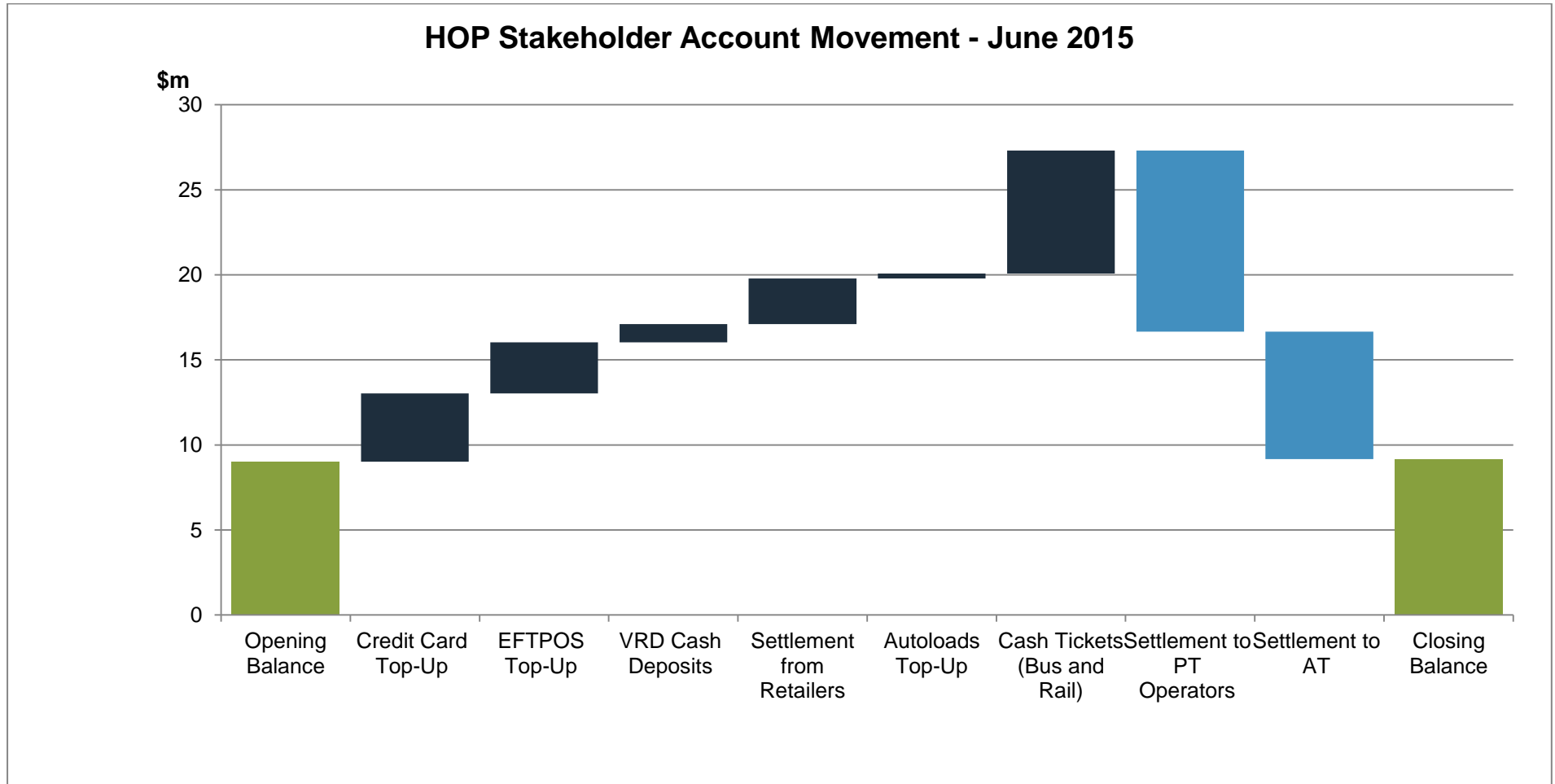
Baycorp have recently started providing deeper analysis of infringement debt lodged with them. The following graphs compare debt lodged with them by age and gender.



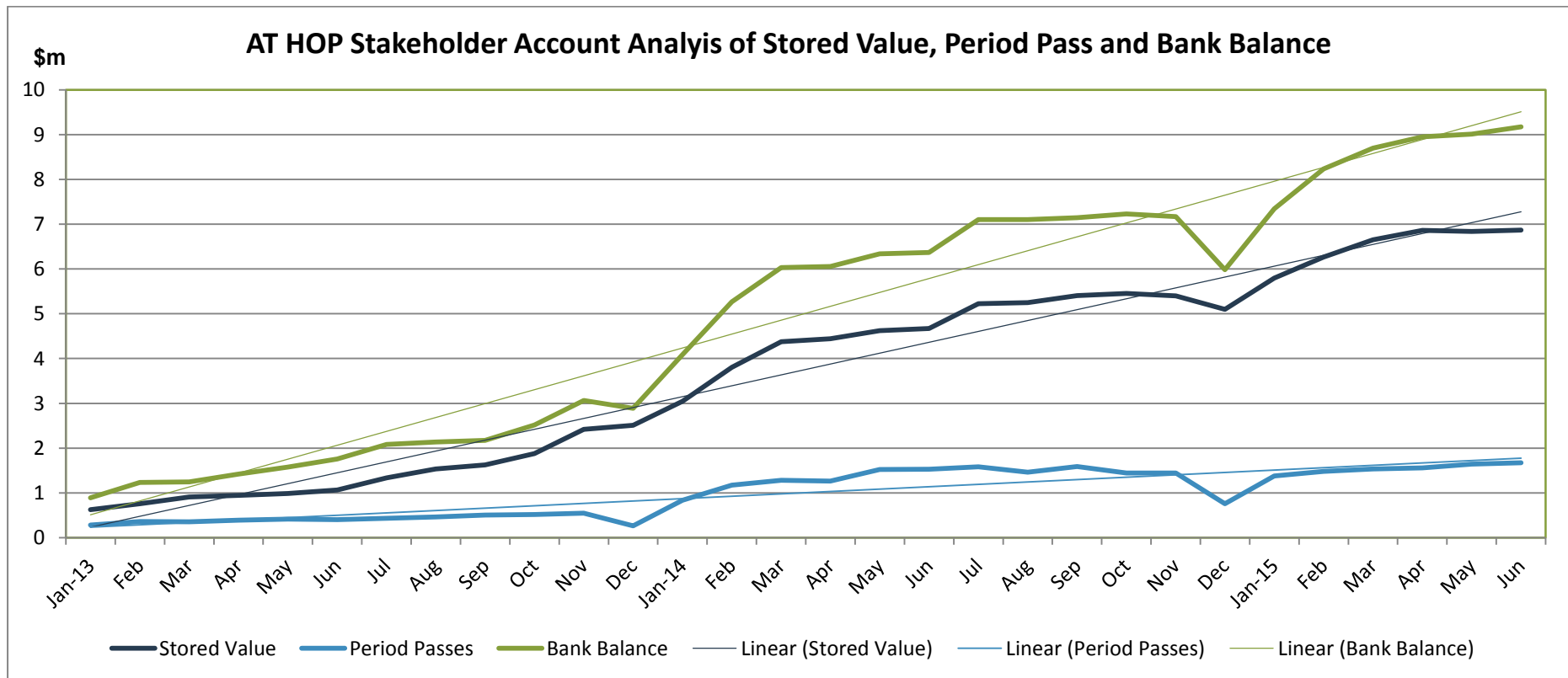
Section 7 – AT HOP Stakeholder Monthly Report

(Does not form part of AT results)





The AT HOP Stakeholder bank account has increased by 1.8% in June 2015, from \$9.0 million to \$9.2 million



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



Document ownership

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