

Financial Results for the Eight Months Ended 28 February 2018

Recommendation

That the Board:

- i. Receives the report.

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Section 1 – Overview

This report is prepared referencing the budget reforecast and approved at the 1 February 2018 Board meeting.

Deficit from operations year to date is \$203.7 million, which is \$1.4 million favourable to budget. Continuing pressure on the public transport average yield presents a risk to achievement of the full year budgeted operating result. AT's Executive Leadership Team has responded by agreeing a number of cost reduction initiatives over the remainder of the year including a moratorium on overseas travel.

- Total operating income year to date is higher than budget but at risk from lower public transport yields. Items to note are:
 - NZ Transport Agency operating funding is higher than budget mainly due to earlier utilisation of the administration subsidy than planned. As the administration subsidy is capped, full year funding is expected to be on budget.
 - Parking income is lower than budget due to CRL construction unfavourably impacting on pay and display parking revenue in the city centre, delays in implementing revenue generating initiatives in new parking areas and reduced average yield per parking ticket with increasing usage of the AT Park app. An initiative to recover lost parking revenue is planned and onstreet parking pricing is being re-assessed against occupancy for potential price movements.
 - Enforcement revenue is on budget and is forecast to remain so. Gains made in previous months have been absorbed due to delays in implementing new enforcement initiatives, which are now in place.
 - Public transport fare income is lower than budget. The target full year patronage of 93 million is expected to be achieved. The average yield has declined due to a number of factors, most notably the impact of continued customer migration from cash to lower AT HOP fares and the success of the new network in migrating customers onto feeder services.
 - Other revenue exceeds budget due to higher than expected rental income on properties acquired for roading projects of \$2.4 million, miscellaneous income (e.g. permit fee, application fee, reimbursements) of \$0.7 million and petrol tax income of \$0.2 million. The rental income trend is not expected to continue for the full year as projects progress to the construction phase, particularly AMETI.
- Total operating expenditure excluding depreciation and amortisation year to date is \$5.6 million or 1% higher than budget mainly due to a delay in the recovery of current and prior year costs associated with rental properties of \$3.0 million, lower capitalised personnel costs of \$3.1 million and an expected Penlink property acquisition legal settlement of \$1.2 million recognised in December. This is offset primarily by an underspend against budget in personnel costs and service delivery and professional services costs. Full year operating expenditure is being monitored to mitigate ongoing risks and to ensure the savings initiatives deliver intended results.

The overall **capital programme** year to date is lower than budget by \$25.0 million or 6% mainly driven by delays in land acquisition and lower than budgeted renewal spend. Items to note are:

- AMETI land acquisitions are ahead of forecast but non-land expenditure is behind budget due to delays in archaeological investigations requiring resolution.
- The Red Hills land acquisition (Special Housing Area) is delayed with negotiations expected to conclude in May 2018.
- Road renewals were impacted by adverse weather in January and February but activity is expected to catch-up in the balance of the year.

The capital programme for the year is facing a significant (\$70 million) underspend.

This is of less concern than it appears at first sight because:







- Underlying delivery of most of our key projects is on track
- The resultant carry forward into next year is likely to be approved, smoothing the flow of project delivery between the current three year plan and the next
- The major area of underspending relates to land acquisitions. For example, the Light Rail Project (LRT) had a budget of \$30 million in the original AC budget, reduced to \$17.3 million in the reforecast. This is now unlikely to be spent. The failure to purchase the proposed site for the LRT depot will have no impact on the project and will save AC cash flow in the interim.

The likely full year outturn is \$660 million. Last year AT delivered \$588 million excluding CRL.




Vested assets amounting to \$15.0 million were received in February, taking the total year to date to \$113.7 million. This is mainly from property development in Albany, Silverdale and Totara Heights.

Section 2a – Executive Summary

Financial results for the eight months ended 28 February 2018:

	Current month variance to revised budget	Year to date variance to revised budget	Year to date results	Year to date Actual	Year to date revised budget	Full year revised budget
	\$m	\$m		\$m	\$m	\$m
Total operating income	0.2	5.7		543.8	538.1	817.3
Total operating expenditure	(0.5)	(4.4)		747.5	743.1	1,135.6
Surplus/(deficit) from operations	(0.3)	1.4		(203.7)	(205.0)	(318.3)
Income for capital projects	(11.8)	(25.6)		500.2	525.8	880.3
Net surplus/(deficit) before tax	(12.1)	(24.3)		296.5	320.8	562.0
Total direct capital	16.1	25.0		386.5	411.5	729.3

Key to symbols used

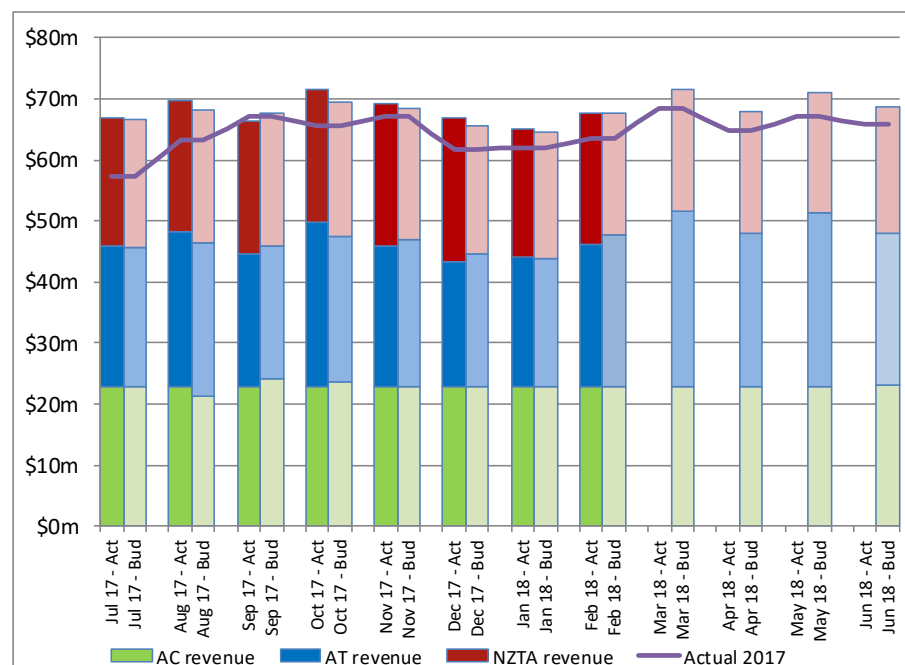
	Favourable budget variance
	Unfavourable budget variance less than 5%
	Unfavourable budget variance greater than 5%

Section 2b – Financial results for the eight months ended 28 February 2018

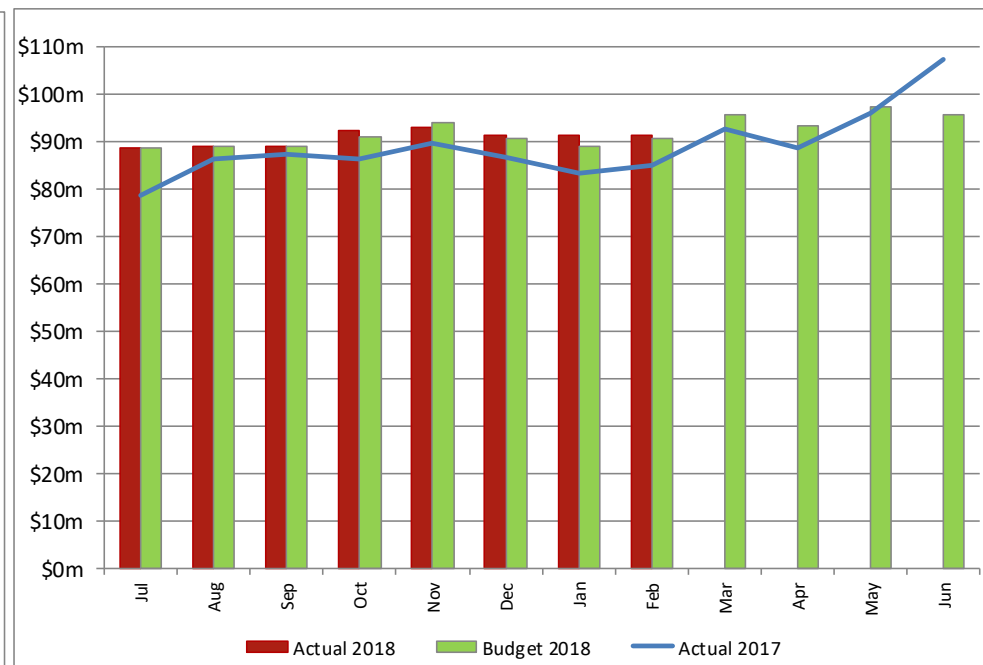
	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Income							
<u>Operating income</u>							
Auckland Council funding	22,924	22,924	-	183,389	183,389	-	275,179
NZ Transport Agency operating funding	21,534	19,933	1,601	175,735	169,389	6,346	249,869
Parking and enforcement income	6,226	7,039	(813)	53,132	53,649	(517)	83,450
Public transport income	14,589	15,278	(689)	109,076	112,443	(3,367)	180,187
Other revenue incl. other grants and subsidies	2,465	2,403	62	22,465	19,184	3,281	28,578
Total operating income	67,738	67,577	161	543,797	538,054	5,743	817,263
Expenditure							
Personnel costs	12,904	12,526	(378)	104,875	105,750	875	162,211
Capitalised personnel costs	(2,545)	(3,282)	(737)	(20,970)	(24,086)	(3,116)	(37,972)
Depreciation and amortisation	26,749	27,214	465	212,627	213,842	1,215	324,081
Other expenditure	54,199	54,347	148	429,997	427,256	(2,741)	656,807
Finance costs	2,335	2,335	-	20,954	20,329	(625)	30,452
Total operating expenditure	93,642	93,140	(502)	747,483	743,091	(4,392)	1,135,579
Surplus/(deficit) from operations	(25,904)	(25,563)	(341)	(203,686)	(205,037)	1,351	(318,316)
<u>Income for capital projects</u>							
NZ Transport Agency capital co-investment	21,827	20,110	1,717	128,614	126,088	2,526	190,360
Auckland Council capital grant	29,363	48,467	(19,104)	257,436	285,420	(27,984)	538,175
Other capital grants	183	-	183	470	783	(313)	783
Vested asset income	14,799	9,366	5,433	113,678	113,533	145	150,996
Total income for capital projects	66,172	77,943	(11,771)	500,198	525,824	(25,626)	880,314
Net surplus/(deficit) before tax and derivatives	40,268	52,380	(12,112)	296,512	320,787	(24,275)	561,998
Gains/(losses) on derivatives	658	-	658	(1,001)	817	(1,818)	817
Gain/(loss) on disposal of assets	(208)	-	(208)	(1,143)	(396)	(747)	(396)
Income tax benefit/(expense)	-	-	-	257	-	257	-
Net surplus/(deficit) after tax and derivatives	40,718	52,380	(11,662)	294,625	321,208	(26,583)	562,419

Section 2b – Financial results for the eight months ended 28 February 2018 (continued)

Operating revenue



Operating expenditure (excl. disposals and derivatives)



Note: Operating revenue and expenditure reflect the phased introduction of the new bus network and Public Transport Operating Model (PTOM) contracts between October 2016 and September 2018.

Section 2c – Summary of financial results by activity

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Rail	9,504	9,578	(74)	77,440	77,716	(276)	118,473
Bus	16,849	16,795	54	131,169	132,130	(961)	205,607
Ferry	1,289	1,512	(223)	9,985	10,669	(684)	16,663
Other public transport	2,630	2,712	(82)	19,804	20,690	(886)	32,261
Parking	3,748	4,230	(482)	32,098	32,683	(585)	50,701
Enforcement	2,477	2,808	(331)	21,034	20,967	67	32,749
Roading and footpaths	4,372	5,457	(1,085)	42,881	42,759	122	60,563
Internal support	3,945	1,562	2,383	25,996	17,051	8,945	25,067
Auckland Council operating funding	22,924	22,924	-	183,389	183,389	-	275,179
Total operating income	67,738	67,578	160	543,796	538,054	5,742	817,263
Operating Expenditure							
Rail	13,766	13,497	(269)	111,214	111,202	(12)	168,187
Bus	23,872	23,389	(483)	188,949	187,878	(1,071)	287,212
Ferry	1,610	1,858	248	13,005	13,595	590	20,947
Other public transport	3,733	3,671	(62)	27,481	29,054	1,573	45,564
Parking	946	961	15	8,251	8,460	209	12,489
Enforcement	1,792	1,654	(138)	13,993	13,726	(267)	21,152
Roading and footpaths	12,886	12,251	(635)	94,888	93,849	(1,039)	144,121
Internal support	8,287	8,642	355	77,075	71,487	(5,588)	111,826
Depreciation and amortisation	26,749	27,214	465	212,627	213,842	1,215	324,081
Total operating expenditure	93,641	93,137	(504)	747,483	743,093	(4,390)	1,135,579
Surplus/(deficit) from Operations	(25,903)	(25,559)	(344)	(203,687)	(205,039)	1,352	(318,316)

Section 2d – Rail Operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Activity income	4,030	4,329	(299)	31,606	32,460	(854)	51,957
Other income	119	165	(46)	1,018	1,063	(45)	1,787
NZ Transport Agency operating funding	3,854	3,583	271	31,860	31,237	623	45,172
NZ Transport Agency operating funding - Electric Trains	1,501	1,501	-	12,956	12,956	-	19,557
Total operating income	9,504	9,578	(74)	77,440	77,716	(276)	118,473
Operating Expenditure							
Personnel costs	436	371	(65)	2,442	2,416	(26)	4,691
Capitalised personnel costs	66	-	(66)	80	58	(22)	58
Service delivery costs and professional services	7,545	7,652	107	62,831	63,008	177	94,025
Occupancy costs	288	285	(3)	2,293	2,276	(17)	3,422
Track access charges	2,417	2,259	(158)	17,841	17,777	(64)	27,549
Other expenditure	679	595	(84)	5,398	5,338	(60)	7,990
Finance costs	2,335	2,335	-	20,329	20,329	-	30,452
Total operating expenditure	13,766	13,497	(269)	111,214	111,202	(12)	168,187
Depreciation	3,480	3,487	7	27,752	27,820	68	41,793
Surplus/(deficit) from Operations	(7,742)	(7,406)	(336)	(61,526)	(61,306)	(220)	(91,507)
Internal support costs	1,469	2,206	737	15,848	16,732	884	26,657
Surplus/(deficit)	(9,211)	(9,612)	401	(77,374)	(78,038)	664	(118,164)

Section 2d – Bus Operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Activity income	8,456	8,710	(254)	61,422	63,646	(2,224)	103,429
Other income	409	460	(51)	3,311	3,522	(211)	5,082
NZ Transport Agency operating funding	7,984	7,625	359	66,436	64,962	1,474	97,096
Total operating income	16,849	16,795	54	131,169	132,130	(961)	205,607
Operating Expenditure							
Personnel costs	407	393	(14)	2,909	3,050	141	4,755
Capitalised personnel costs	(38)	(77)	(39)	(260)	(504)	(244)	(816)
Service delivery costs and professional services	23,269	22,922	(347)	184,794	183,915	(879)	281,081
Occupancy costs	118	88	(30)	634	615	(19)	987
Other expenditure	116	63	(53)	872	802	(70)	1,205
Total operating expenditure	23,872	23,389	(483)	188,949	187,878	(1,071)	287,212
Depreciation	296	315	19	2,302	2,334	32	3,661
Surplus/(deficit) from Operations	(7,319)	(6,909)	(410)	(60,082)	(58,082)	(2,000)	(85,266)
Internal support costs	2,509	3,768	1,258	27,064	28,573	1,509	45,523
Surplus/(deficit)	(9,828)	(10,677)	848	(87,146)	(86,655)	(491)	(130,789)

Section 2d – Ferry Operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Operator access fees	517	523	(6)	3,872	3,865	7	5,873
Activity income	235	231	4	1,557	1,568	(11)	2,680
Other income	48	74	(26)	501	587	(86)	886
NZ Transport Agency operating funding	489	684	(195)	4,055	4,649	(594)	7,224
Total operating income	1,289	1,512	(223)	9,985	10,669	(684)	16,663
Operating Expenditure							
Personnel costs	121	113	(8)	969	955	(14)	1,443
Capitalised personnel costs	(16)	(41)	(25)	(228)	(262)	(34)	(428)
Service delivery costs and professional services	1,453	1,518	65	10,505	11,072	567	17,035
Occupancy costs	(129)	71	200	596	643	47	922
Other expenditure	181	197	16	1,163	1,187	24	1,975
Total operating expenditure	1,610	1,858	248	13,005	13,595	590	20,947
Depreciation	329	327	(2)	2,615	2,614	(1)	3,925
Surplus/(deficit) from Operations	(650)	(673)	23	(5,635)	(5,540)	(95)	(8,209)
Internal support costs	183	275	92	1,974	2,084	110	3,320
Surplus/(deficit)	(833)	(948)	115	(7,609)	(7,624)	15	(11,529)

Section 2d – Other Public Transport Operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Other income	774	787	(13)	5,789	5,731	58	8,492
NZ Transport Agency operating funding	1,856	1,925	(69)	14,015	14,959	(944)	23,769
Total operating income	2,630	2,712	(82)	19,804	20,690	(886)	32,261
Operating Expenditure							
Personnel costs	1,388	1,355	(33)	11,204	11,497	293	17,601
Capitalised personnel costs	(75)	(61)	14	(733)	(743)	(10)	(996)
Service delivery costs and professional services	1,141	1,297	156	8,478	9,534	1,056	15,712
IT costs	161	181	20	1,500	1,442	(58)	2,218
Other expenditure	1,118	899	(219)	7,032	7,324	292	11,029
Total operating expenditure	3,733	3,671	(62)	27,481	29,054	1,573	45,564
Depreciation	1,432	1,403	(29)	11,189	11,187	(2)	16,815
Surplus/(deficit) from Operations	(2,535)	(2,362)	(173)	(18,866)	(19,551)	685	(30,118)
Internal support costs	398	598	200	4,293	4,533	239	7,222
Surplus/(deficit)	(2,933)	(2,960)	27	(23,159)	(24,084)	924	(37,340)

Section 2d – Parking Operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Other income	131	124	7	1,056	988	68	1,478
Parking Fees	3,617	4,106	(489)	31,042	31,695	(653)	49,223
Total operating income	3,748	4,230	(482)	32,098	32,683	(585)	50,701
Operating Expenditure							
Personnel costs	241	260	19	2,106	2,156	50	3,267
Capitalised personnel costs	(3)	(4)	(1)	26	(24)	(50)	(40)
Service delivery costs and professional services	250	252	2	2,586	2,672	86	3,796
Occupancy Costs	363	403	40	3,058	3,282	224	4,894
Other expenditure	95	50	(45)	475	374	(101)	572
Total operating expenditure	946	961	15	8,251	8,460	209	12,489
Depreciation	642	638	(4)	5,130	5,103	(27)	7,654
Surplus/(deficit) from Operations	2,160	2,631	(471)	18,717	19,120	(403)	30,558
Internal support costs	109	164	55	1,177	1,242	66	1,979
Surplus/(deficit)	2,051	2,467	(416)	17,540	17,878	(337)	28,579

Section 2d – Enforcement Operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Other income	-	-	-	-	-	-	(38)
Infringement income	2,477	2,808	(331)	21,034	20,967	67	32,787
Total operating income	2,477	2,808	(331)	21,034	20,967	67	32,749
Operating Expenditure							
Personnel costs	846	818	(28)	6,921	7,063	142	11,058
Capitalised personnel costs	17	7	(10)	89	26	(63)	155
Service delivery costs and professional services	128	150	22	1,402	1,307	(95)	1,909
Occupancy Costs	-	-	-	-	-	-	-
Other expenditure	801	679	(122)	5,581	5,330	(251)	8,030
Total operating expenditure	1,792	1,654	(138)	13,993	13,726	(267)	21,152
Depreciation	80	50	(30)	425	396	(29)	595
Surplus/(deficit) from Operations	605	1,104	(499)	6,616	6,845	(229)	11,002
Internal support costs	185	277	93	1,993	2,104	111	3,353
Surplus/(deficit)	420	827	(406)	4,623	4,741	(118)	7,649

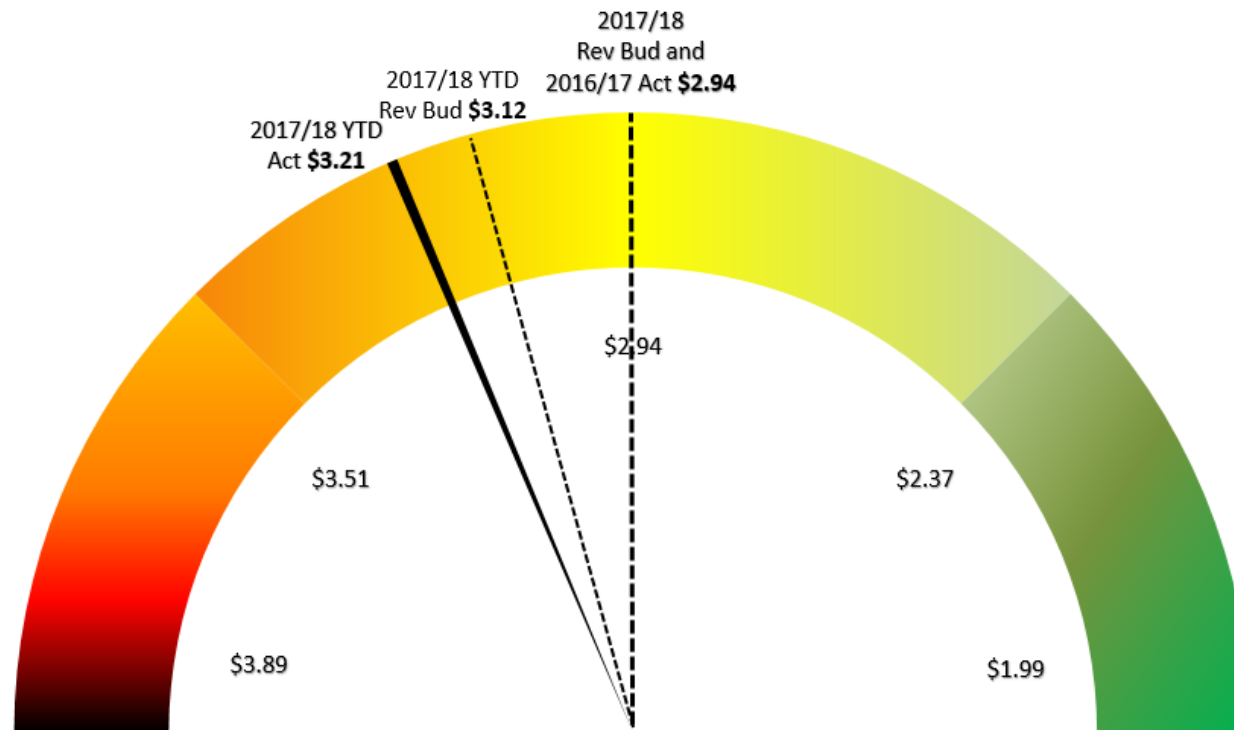
Section 2d – Roading and Footpaths Operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Petrol tax	797	793	4	6,357	6,150	207	9,219
Other income	477	486	(9)	5,332	4,634	698	6,446
NZ Transport Agency operating funding	3,098	4,178	(1,080)	31,192	31,975	(783)	44,898
Total operating income	4,372	5,457	(1,085)	42,881	42,759	122	60,563
Operating Expenditure							
Personnel costs	2,900	2,873	(27)	23,320	24,103	783	36,754
Capitalised personnel costs	(584)	(899)	(315)	(4,953)	(6,358)	(1,405)	(10,237)
Service delivery costs and professional services	8,511	8,272	(239)	60,992	61,001	9	93,918
Occupancy Costs	1,213	1,120	(93)	10,181	9,842	(339)	15,356
IT Costs	86	20	(66)	291	179	(112)	306
Other expenditure	760	865	105	5,057	5,082	25	8,024
Total operating expenditure	12,886	12,251	(635)	94,888	93,849	(1,039)	144,121
Depreciation	18,719	18,896	177	148,365	149,219	854	225,500
Surplus/(deficit) from Operations	(27,233)	(25,690)	(1,543)	(200,372)	(200,309)	(63)	(309,058)
Internal support costs	1,259	1,891	631	13,580	14,338	757	22,843
Surplus/(deficit)	(28,492)	(27,581)	(912)	(213,952)	(214,647)	694	(331,901)

Section 2d – Internal Support

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Operating Income							
Rental income	898	871	27	8,433	5,770	2,663	9,252
Other income	293	253	40	2,343	2,630	(287)	3,661
NZ Transport Agency operating funding	2,754	438	2,316	15,220	8,651	6,569	12,154
Total operating income	3,945	1,562	2,383	25,996	17,051	8,945	25,067
Operating Expenditure							
Personnel costs	6,564	6,340	(224)	55,003	54,511	(492)	82,642
Capitalised personnel costs	(1,911)	(2,207)	(296)	(14,991)	(16,279)	(1,288)	(25,667)
Directors Fees	25	42	17	323	340	17	510
Service delivery costs and professional services	1,517	1,970	453	14,432	15,255	823	27,210
Other expenditure	2,092	2,497	405	21,683	17,660	(4,023)	27,131
Finance costs	-	-	-	625	-	(625)	-
Total operating expenditure	8,287	8,642	355	77,075	71,487	(5,588)	111,826
Depreciation	1,771	2,098	327	14,850	15,170	320	24,138
Surplus/(deficit) from Operations	(6,113)	(9,178)	3,065	(65,929)	(69,606)	3,677	(110,897)
Internal support allocated	6,113	9,178	3,065	65,929	69,606	3,677	110,897
Surplus/(deficit)	-	-	-	-	-	-	-

Section 2e – Operational funding requirement per passenger for the eight months ended 28 February 2018



The operational cost (net of third party revenue) of \$3.21 per passenger on the Public Transport Network is higher than the budget of \$3.12 and prior year of \$2.94 per passenger. With annual patronage now at 91.6 million, each one cent change in operational cost per passenger represents up to \$916,000 operational cost impact to Auckland Transport.

Section 3a – Summary of Capital Expenditure

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Land							
Mass Transit	(21)	-	21	-	-	-	17,300
AMETI	5,381	115	(5,266)	15,379	9,495	(5,884)	11,514
Mill Road improvements	3,060	3,140	80	23,112	25,632	2,520	33,897
Growth Infrastructure Fund	19	726	707	159	1,500	1,341	2,212
Drury South	-	-	-	3	16	13	16
Special Housing Areas (SHAs)	6	4,500	4,494	18	4,507	4,489	6,007
Other	106	988	882	8,354	10,696	2,342	31,275
Total land	8,551	9,469	918	47,025	51,846	4,821	102,221
Major new capital projects							
AMETI	1,097	2,019	922	6,336	8,923	2,587	18,061
Manukau Bus Interchange	536	1,870	1,334	17,930	18,390	460	20,188
EMU	97	813	716	7,293	9,157	1,864	28,091
NorthWest Transformation	83	78	(5)	276	351	75	882
Dominion Road bus lane improvements	25	103	78	899	1,168	269	3,080
Franklin Road enhancements	372	445	73	2,052	2,413	361	5,572
Murphys Road upgrade	406	6	(400)	2,722	1,132	(1,590)	2,967
Total major new capital projects	2,616	5,334	2,718	37,508	41,534	4,026	78,841
Other ring-fenced projects							
Local Board initiatives	261	1,055	794	2,903	4,001	1,098	9,134
Special Housing Areas (SHAs)	268	560	292	3,431	2,836	(595)	5,427
Other	1,728	917	(811)	4,787	3,872	(915)	8,473
Total other ring-fenced projects	2,257	2,532	275	11,121	10,709	(412)	23,034
Other							
Roads and footpaths	10,035	13,765	3,730	72,470	75,973	3,503	139,911
Public transport	9,099	10,906	1,807	56,952	62,360	5,408	132,740
Parking operations	367	24	(343)	2,485	1,902	(583)	3,545
Internal support - BT	928	285	(643)	7,782	4,671	(3,111)	5,847
Internal support - Accomodation	(736)	55	791	3,472	4,230	758	4,553
Internal support - Other	493	473	(20)	4,354	3,919	(435)	8,927
Total other	20,186	25,508	5,322	147,515	153,055	5,540	295,523
Renewals	17,763	24,678	6,915	143,351	154,339	10,988	229,700
Total direct capital	51,373	67,521	16,148	386,520	411,483	24,963	729,319

Section 3b – Capital Expenditure Funding

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Direct capital funding							
NZ Transport Agency new capital co-investment	11,728	11,193	535	68,020	65,680	2,340	120,264
NZ Transport Agency renewal co-investment	10,099	8,916	1,183	60,594	60,408	186	70,096
Other capital grants	183	-	183	470	783	(313)	783
Auckland Council capital grant	29,363	48,467	(19,104)	257,436	285,420	(27,984)	538,175
Total direct capital funding	51,373	68,576	(17,203)	386,520	412,291	(25,771)	729,318

Section 3c – Major capital projects whole of life forecast

Major Capital Projects Whole of Life Forecast

Project description	Notes	What we have spent so far			What we expect to spend in total		Approved funding		
		from Nov 2010 to June 2017	YTD February 2018	Total to date	Forecast remaining	Estimate at completion (EAC)	Approved funding	% spend to date	Variance to EAC
		\$000	\$000	\$000	\$000	\$000	\$000		\$000
Manukau Station		18,647	17,930	36,577	2,663	39,240	41,316	89%	(2,076)
Pukekohe Station		5,955	6,395	12,350	4,280	16,630	14,150	87%	2,480
East West (FN32 Bus, Cycle, Truck Imps)	1	8,277	2,417	10,694	34,299	44,993	54,000	20%	(9,007)
Mill Road Improvements	2	26,587	23,442	50,029	331,809	381,838	144,440	35%	237,398
Lincoln Road - Corridor Improvements	3	8,355	4,442	12,797	74,824	87,621	56,590	23%	31,031
Murphys Rd Upgrade Bridge Imp (PC20)		2,176	2,729	4,905	19,366	24,271	20,700	24%	3,571
Tamaki Ngapipi Intersection Safety Imp		2,654	4,547	7,201	7,325	14,526	14,581	49%	(55)
Franklin Road Enhancements		1,273	2,052	3,325	10,658	13,983	16,266	20%	(2,283)
EMU (Rolling stock Tranche 2017)			6,679	6,679	126,894	133,573	133,000	5%	573
Northcote safe route C/Way		2,180	4,313	6,493	12,210	18,703	17,751	37%	952
Nelson Str Downtown C/way		3,686	2,397	6,083	55	6,138	6,965	87%	(827)

Notes

1. East West Link was originally planned as a single initiative covering roading and PT elements at an estimated cost of \$135 million. Subsequently this was split into two projects and \$54 million was allocated to the FN32 project as a planned spend.
2. Mill road was budgeted at \$144 million in the last LTP to deliver the Northern section of Mill road improvements. The current forecast reflects latest cost estimates which are higher and the project is currently being included in reprioritisation of the 2018 LTP/RLTP. Approvals to the cost variation will be managed within the planning process, however the project is yet to be confirmed as a commitment via the 2018 LTP.
3. Post public consultation, Lincoln road project foot print has changed compared to the original scope. The cost increases are a combination of scope/design changes and prices increases related to Land take and construction costs.

Section 4a – Statement of Financial Position

As at 28 February 2018

	Note	Actual 28 February 2018 \$000	Actual 31 January 2018 \$000
Assets			
Current assets			
Cash and cash equivalents	1	7,397	12,070
Receivables	2	256,416	245,698
Inventories		11,616	11,386
Other assets		12,427	18,328
Non-current assets held for sale		2,096	2,146
Total current assets		289,952	289,628
Non-current assets			
Receivables		1,801	1,801
Property, plant and equipment (PPE)		18,244,463	18,266,024
Intangible assets		98,935	100,118
Work in progress (PPE and intangible assets)	3	526,751	500,239
Total non-current assets		18,871,950	18,868,182
Total assets		19,161,902	19,157,810

Section 4a – Statement of Financial Position (continued)

As at 28 February 2018

	Note	Actual 28 February 2018 \$000	Actual 31 January 2018 \$000
Liabilities			
Current liabilities			
Payables and accruals	4	162,289	158,711
Employee entitlements	5	13,196	16,765
Derivative financial instruments		301	328
Borrowings	6	6,003	5,982
Total current liabilities		181,789	181,786
Non-current liabilities			
Payables and accruals	4	17,559	17,808
Employee entitlements	5	494	494
Derivative financial instruments		2,857	3,240
Borrowings	6	498,995	499,461
Deferred tax	7	11,410	11,410
Total non-current liabilities		531,315	532,413
Total liabilities		713,104	714,199
Net assets		18,448,798	18,443,611
Equity			
Contributed capital		12,970,154	13,005,682
Accumulated funds		1,917,797	1,877,082
Other reserves		3,560,847	3,560,847
Total equity		18,448,798	18,443,611

Section 4b – Notes to the Financial Statements

As at 28 February 2018

	Actual 28 February 2018 \$000	Actual 31 January 2018 \$000
1 Cash and cash equivalents		
Cash at bank	7,078	11,751
Till floats	319	319
Total cash and cash equivalents	7,397	12,070

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

2 Receivables		
Trade and other debtors	4,539	10,712
Infringement receivable	35,645	35,290
Amounts due from related parties	183,394	174,090
Accrued revenue	48,688	41,321
Goods and services tax	-	1
	272,266	261,414
Less provision for impairment of receivables	(15,850)	(15,716)
Total current receivables	256,416	245,698

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

As at 28 February 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:

	Gross \$000	Impaired \$000	Net \$000
Not past due	236,834	-	236,834
Past due 1 - 30 days	1,171	-	1,171
Past due 31 - 60 days	2,692	-	2,692
Past due 61 - 90 days	1,338	-	1,338
Past due > 90 days	30,231	(15,850)	14,381
	272,266	(15,850)	256,416

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 28 February 2018 \$000
Balance at 1 July 2017	15,016
Additional provisions made	834
Provisions reversed	-
Provisions relating to receivables written-off	-
Balance at 28 February 2018	15,850

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

As at 28 February 2018

	Opening Balance 1 July 2017 \$000	Acquisition YTD 28 February 2018 \$000	Capitalisation YTD 28 February 2018 \$000	Closing Balance 28 February 2018 \$000
3 Work in Progress (WIP)				
WIP by activity				
Roads and footpaths	270,896	142,825	(106,251)	307,469
Public Transport	123,657	82,244	(28,255)	177,646
Parking operations	7,209	2,485	(2,077)	7,618
Internal support	30,450	15,636	(12,069)	34,017
Total WIP	\$432,212	\$243,191	(148,651)	526,751
WIP by status				
Current WIP (completion in future)				465,517
Due for capitalisation within policy				20,448
Due for capitalisation not within policy				35,442
Forecast completion date not yet provided (new projects)				5,344
Total WIP				526,751
Top 10 Programmes				WIP Closing Balance 28 February 2018 \$000
AMETI				53,962
Walking And Cycling				44,775
Bus Interchange				38,575
Te Atatu Rd : Corridor Improvements				27,356
SMART				20,248
Mill Road Improvements				17,550
Minor Safety				14,434
Double decker network mitigation works				12,411
Pukekohe Station Upgrade				12,350
Bus Stations & Shelt				10,942
Total				252,603

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

As at 28 February 2018

	Actual 28 February 2018 \$000	Actual 31 January 2018 \$000
4 Payables and accruals		
Current portion		
Creditors	22,663	23,688
Goods and services tax	21	4,187
Accrued expenses	116,703	106,587
Retentions	12,566	12,341
Amounts due to related parties	5,871	6,183
Revenue in advance	4,465	5,725
Total current payables	162,289	158,711
Non-current portion		
Amounts due to related parties	17,559	17,808
Total non-current payables	17,559	17,808

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 (continued)

As at 28 February 2018

	Actual 28 February 2018 \$000	Actual 31 January 2018 \$000
5 Employee entitlements		
Current portion		
Accrued salaries and wages	3,285	7,067
Accrued leave	9,911	9,698
Total current employee entitlements	13,196	16,765
Non-current portion		
Retirement gratuities	314	314
Long service leave	180	180
Total non-current employee entitlements	494	494
6 Borrowings		
Current portion		
Loans from Auckland Council	6,003	5,982
Total current borrowings	6,003	5,982
Non-current portion		
Loans from Auckland Council	498,995	499,461
Total non-current borrowings	498,995	499,461
Weighted average cost of funds on total borrowings	6.02%	6.02%

Auckland Transport's loan debt of \$505 million is issued at fixed rates of interest ranging from 5.55% to 6.57%.

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

As at 28 February 2018

	Actual
	28 February 2018
	\$000
7 Deferred tax liability	
Balance at 1 July 2017	11,667
Debited to surplus or deficit	(257)
Charged to equity	-
Balance 28 February 2018	11,410

Section 5 – Cashflow

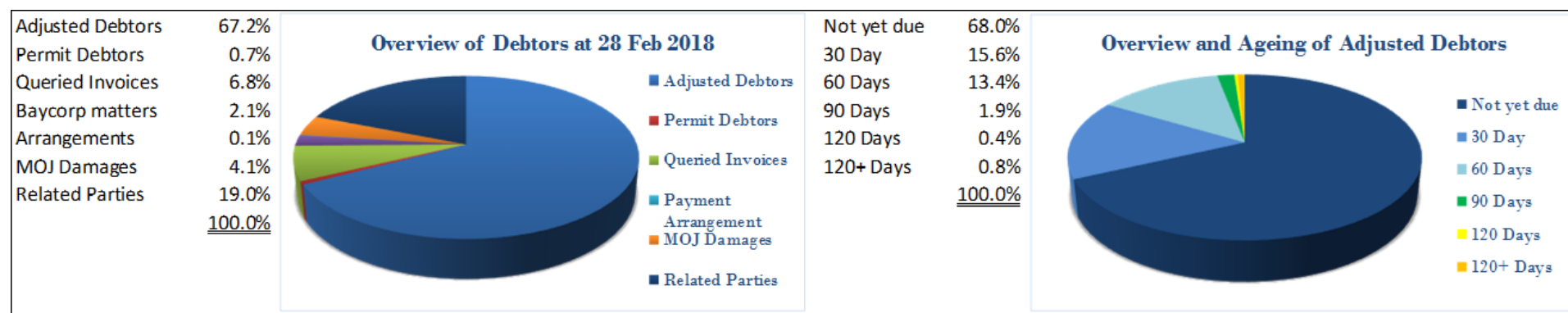
	Year to date		Full year	
	Actual \$000	Revised Budget \$000	Revised Budget \$000	
Cash flows from operating activities				
Total cash provided	998,754	1,020,343	1,546,584	Reconciliation of surplus after tax to net cash from operating activities
Cash applied to				Actual \$000
Payments to suppliers and employees	524,487	514,867	781,049	
Interest paid	18,970	20,329	30,452	
Total cash applied	543,457	535,196	811,501	Surplus after tax
Net cash from operating activities	455,297	485,147	735,083	294,625
Cash flows from investing activities				Add/(less) non-cash items
Cash provided from				Depreciation and amortisation
Sale of property, plant and equipment	5,036	-	-	212,626
Cash applied to:				Vested asset income
Purchase of property, plant and equipment	454,963	481,483	729,319	(113,678)
Net cash from investing activities	(449,927)	(481,483)	(729,319)	Loss on disposal of property, plant and equipment
				444
				(Gains)/losses on derivatives
				3,158
				Income tax (benefit)/expense
				(257)
				102,293
Cash flows from financing activities				Add/(less) movements in balance sheet items
Cash applied to				Receivables
Repayments of EMU loan from Auckland Council	3,665	3,664	5,764	65,536
Net cash from financing activities	(3,665)	(3,664)	(5,764)	Inventories
				(173)
				Other assets
				(9,059)
				Non-current assets held for sale
				60
				Payables and accruals
				4,079
				Employee entitlements
				(2,064)
				58,379
Net (decrease)/increase in cash and cash equivalents	1,705	-	-	Net cash from operating activities
Opening cash and cash equivalents	5,692	-	-	455,297
Closing cash balance	7,397	-	-	

Section 6 – Accounts Receivable Report

Accounts Receivable

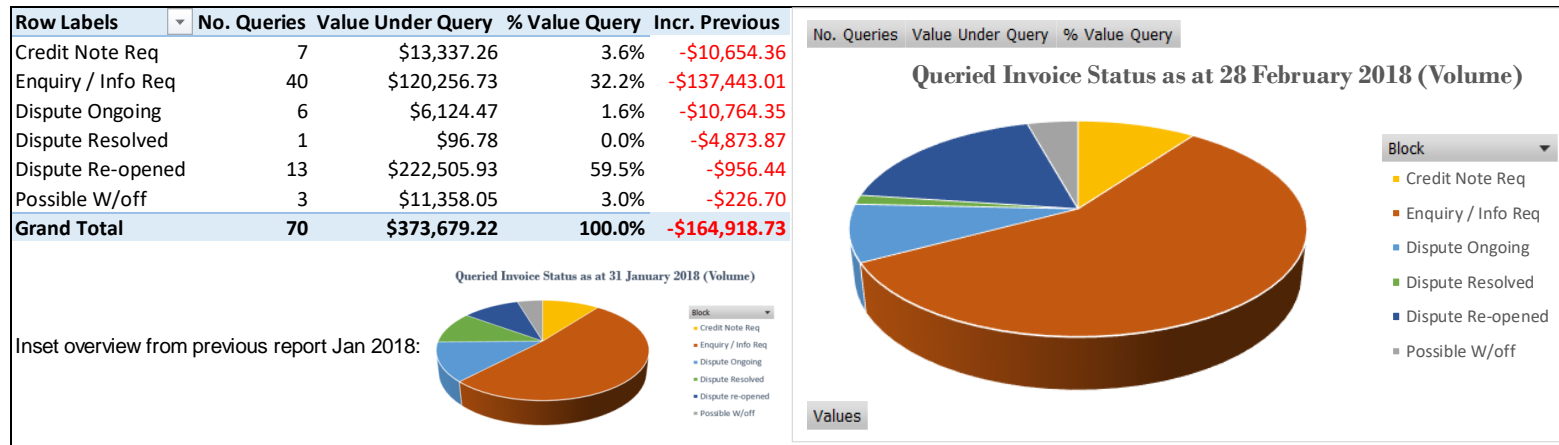
An overview of the Debtors as at 28 February has 97.0% (99.2% January) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 28 February 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 28 Feb	141	5,385,817	2,982,453	630,122	798,370	87,681	364,134	523,057	1
Parking Permit Debtors	16	36,485	30,800	1,600	200	0	3,885	0	2
Total Debtors		5,422,302	3,013,253	631,722	798,570	87,681	368,019	523,057	
		100.0%	55.6%	11.7%	14.7%	1.6%	6.8%	9.6%	
O/s Related Parties	35	1,036,577	509,182	60,201	77,846	6,488	338,239	44,621	3
Trade Debtors	118	4,385,725	2,504,071	571,521	720,724	81,193	29,780	478,436	
		100.0%	57.1%	13.0%	16.4%	1.9%	0.7%	10.9%	
Queried Invoices	143	373,679	1,300	268	224,902	12,876	3,957	130,376	4
To Baycorp (Collection)	635	115,942	0	75	55	360	94	115,359	5
Payment Arrangement	168	4,227	0	0	2,875	0	0	1,352	6
Lodged Courts (Damages)	627	221,716	5,928	0	0	0	11,991	203,797	7
Adjusted Debtors		3,670,160	2,496,843	571,178	492,892	67,957	13,738	27,552	8
		100.0%	68.0%	15.6%	13.4%	1.9%	0.4%	0.8%	



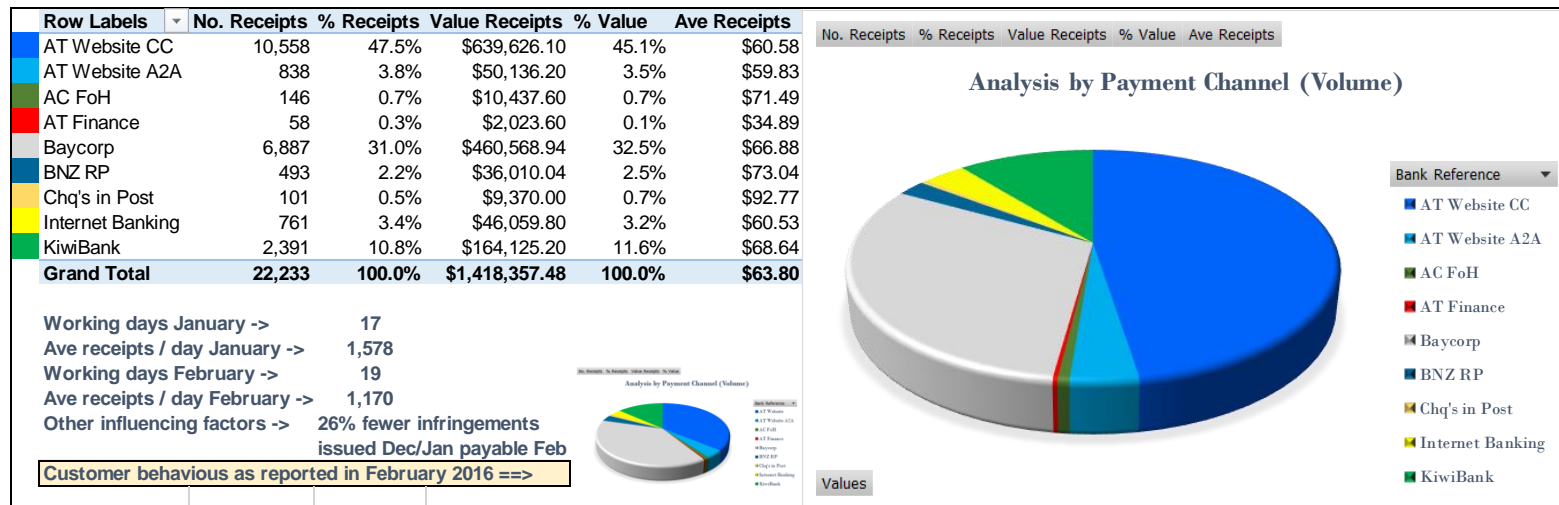
Notes relating to the Debtors Ageing Analysis:

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 that 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. The dispute around damage to HOP equipment has been resolved and paid in early March. A dispute (\$215,000) is still under investigation by Property.
5. Relates to accounts lodged with Baycorp for collection. All these amounts have been impaired in full and some may be written off in the future. All amounts written off are approved by the CFO in accordance with policy. 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 decreased by \$1.9 million in February 2018 compared with January 2018 following the sale of trains in January, which was paid in early February.

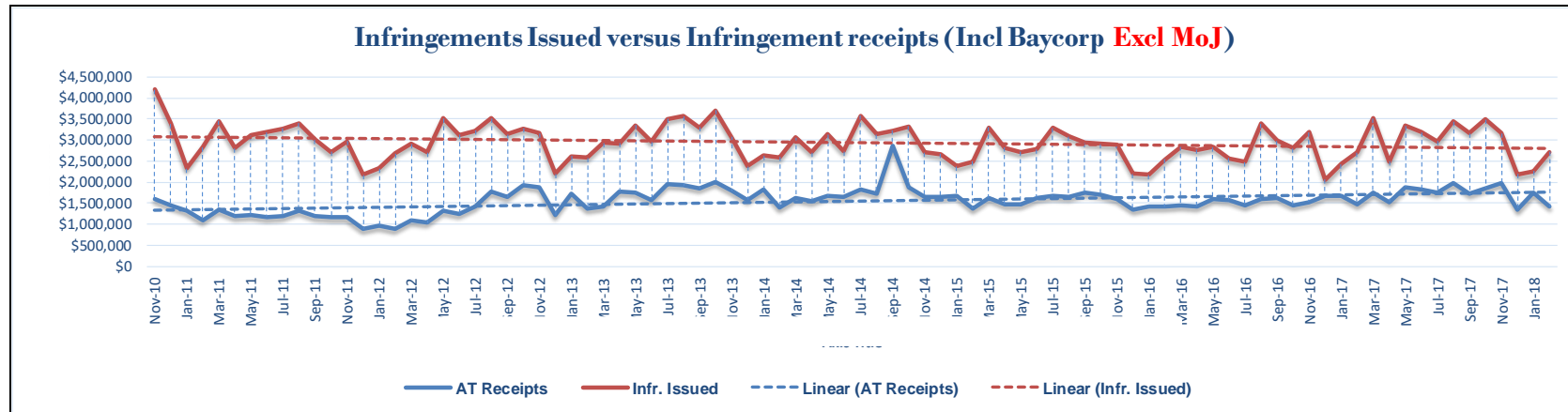


Infringement Overview:

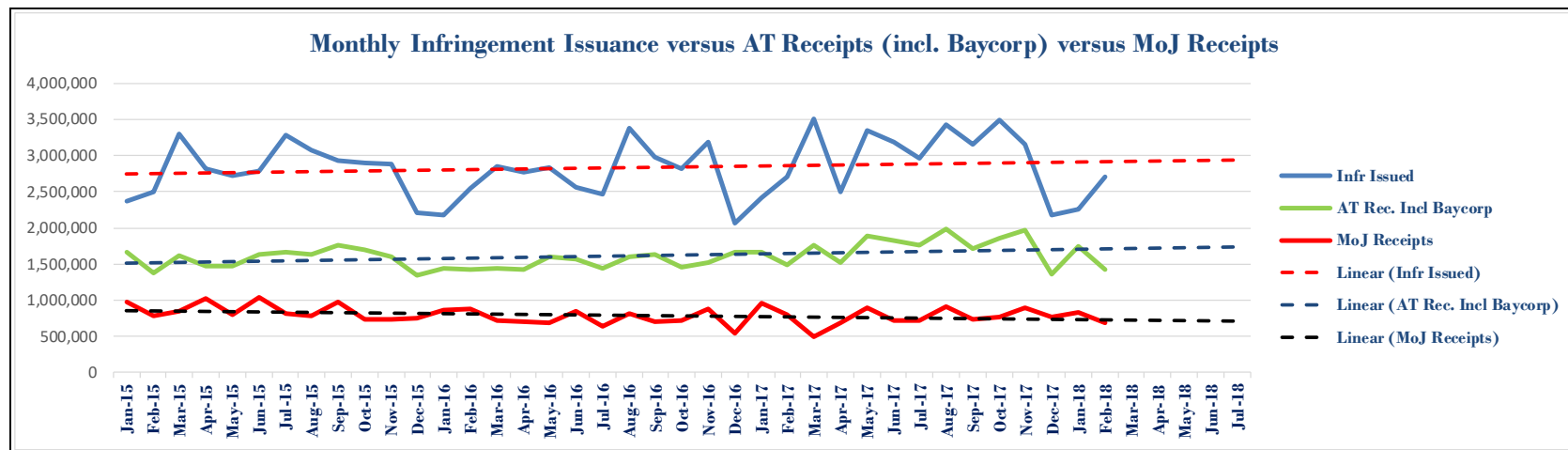
February's Infringement receipts by volume are down 17.2% on January primarily as a result of 26% fewer fines issued over December and January and payable in February and March. Of the customers not paying in response to a Baycorp demand, 79.2% are making use of electronic payment methods (79.3% in January). The AT website recorded 51.3% of all receipts (50.2% in January). The inset graph compares customer behaviour as reported in February 2018.



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.

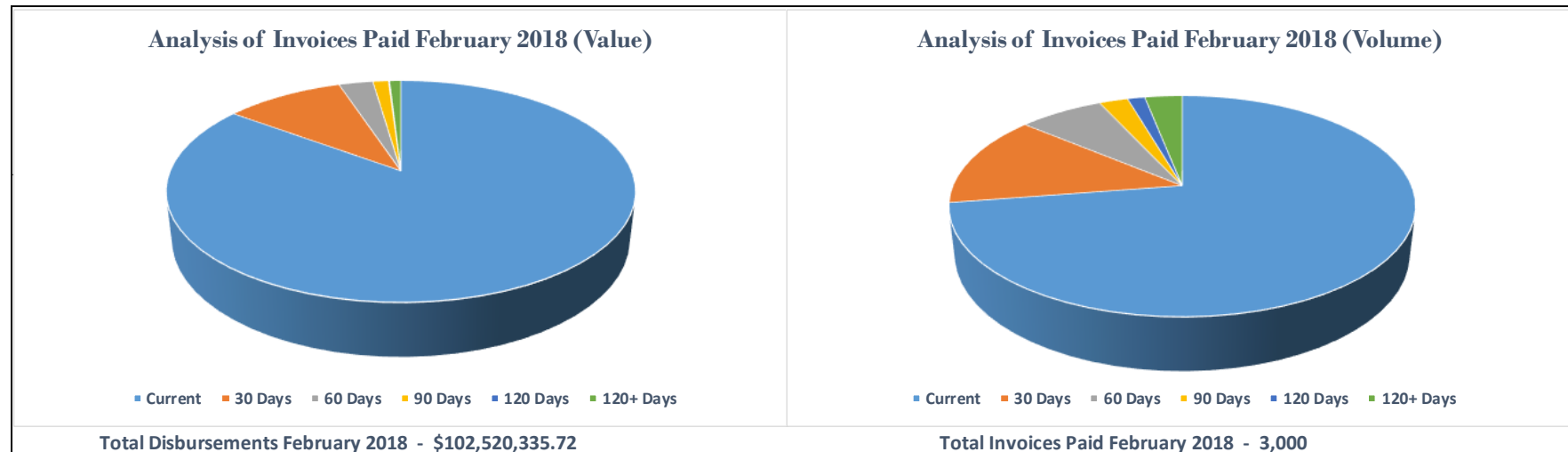


Over a shorter period, 38 months (January 2015 to February 2018), the trend for both infringements issued and received (incl. Baycorp) is positive while the trend for receipts by MoJ has remained relatively static.



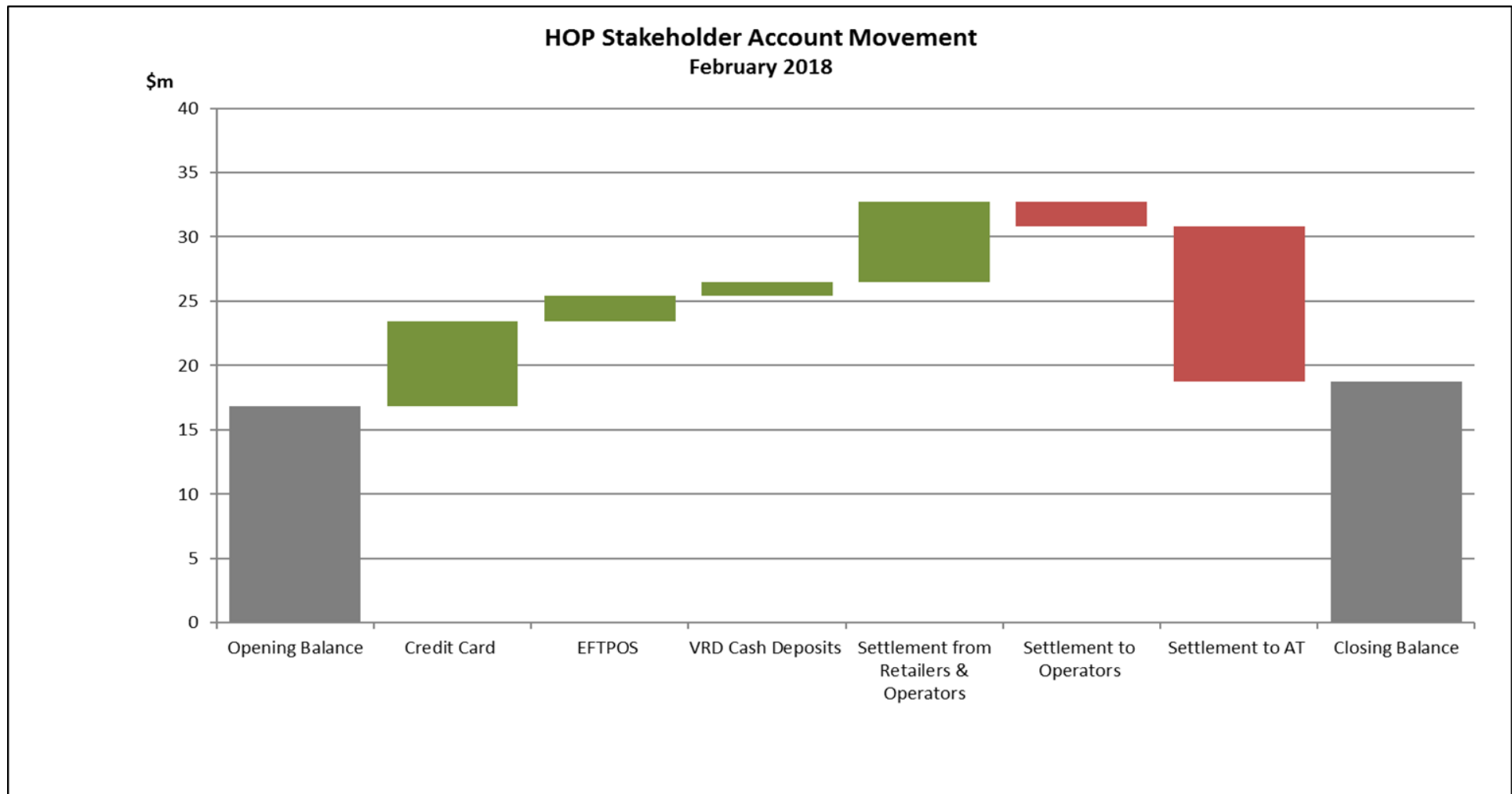
Accounts Payable:

The following analysis of all invoices disbursed in February focuses on the age of the invoice at time of payment. The graph comparing value by age, shows that AT has paid 95% of invoices on time or within 30 days of due date. The invoices by volume shows that 87% of invoices have been paid on time or within 30 days of due date. Value comparison February \$103 million / January \$115 million. Volume comparison February 3,000 invoices / January 2,692 invoices.

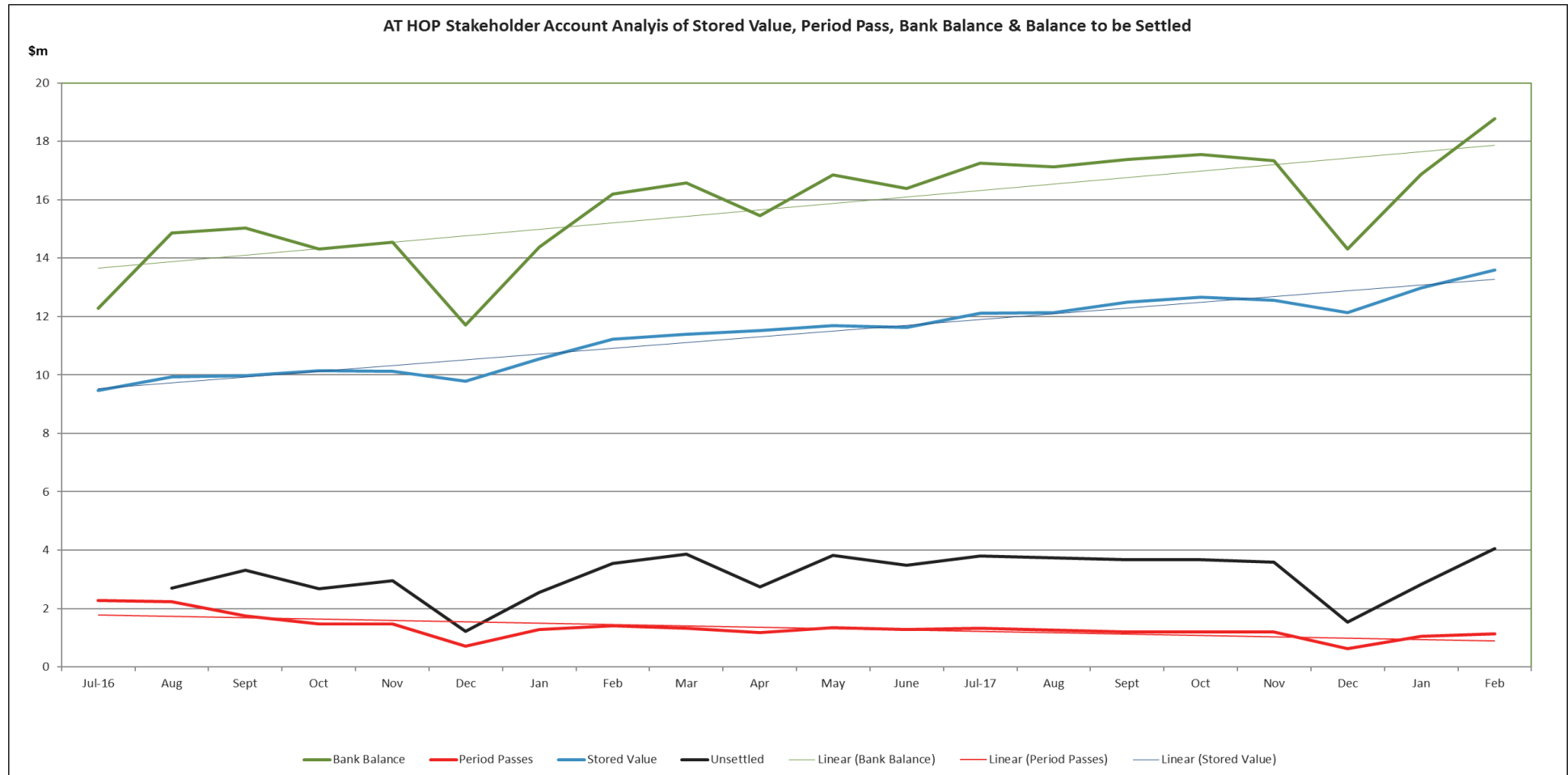


Section 7 – AT HOP Stakeholder Monthly Report


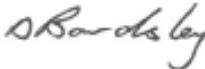
The AT HOP Stakeholder bank account as of February 2018 increased by 11.3% from previous month (from \$16.8 million to \$18.7 million). This is due to return of commuters (including secondary and tertiary students) from holiday.



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.



Document Ownership

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