

Financial Results for the Ten Months Ended 30 April 2018

Recommendation

That the Board:

- i. Receives the report.

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Section 1 – Overview

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

Deficit from operations year to date is \$255.6 million, which is \$4.5 million favourable to budget. Continuing pressure on the public transport average yield presents a risk to achievement of the full year budgeted operating result. To secure the full year position, a number of cost reduction initiatives are being applied.

- 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. Whilst Transport Agency funding is capped we have applied for an adjustment to reflect changes in bus services. A decision is expected in May.
 - Parking income is lower than budget due to CRL construction unfavourably impacting on Pay & 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 onstreet parking proactive demand based pricing strategy is being evaluated for future implementation.
 - 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 \$2.8 million, miscellaneous income (e.g. permit fee, application fee, reimbursements) of \$1.1 million and petrol tax income of \$100,000. 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 \$1.7 million or 0.2% higher than budget mainly due to delays in the recovery of current and prior year costs associated with rental properties of \$3.3 million, lower capitalised personnel costs of \$1.4 million and an expected Penlink property acquisition legal settlement recognised in December. This is offset primarily by an underspend against budget in personnel costs and other service delivery and contractor maintenance costs. Full year operating expenditure is being monitored to mitigate ongoing risks, ensure savings initiatives, deliver intended results and set the right starting position for the next financial year.

The **capital programme** year to date is lower than budget by \$94.8 million or 16% mainly driven by delays in land acquisition and lower than budgeted renewal, safety and Walking & Cycling programmes spend. Items to note are:

- Land purchases for the LRT project are delayed awaiting decisions and re-prioritisation in the next LTP
- AMETI land acquisitions are ahead of forecast but non-land expenditure is behind budget due to delays in archaeological investigations requiring resolution
- Red Hills land acquisition (Special Housing Area) is delayed with negotiations expected to conclude in May 2018

- Other land purchases are behind budget primarily relating to Lincoln Road, Daldy Street upgrade and Ormiston Town Centre Main Street Link projects
- The EMU project is lower than budget due to a timing difference of payments to CAF. Full year EMU spend is expected to be on budget.
- Walking & Cycling programme has been delayed pending decisions in the next LTP/RLTP
- Public transport is lower than budget primarily due to:
 - The airport access study being delayed due to the LTP re-prioritisation and ongoing discussion around LRT
 - The start of the Pukekohe station project was delayed as the tendering process required more time than planned. This is on track to be completed by year end.
 - The Parnell station project started later than planned due to negotiations with land owners taking longer than anticipated
 - Driver Door Operations project was deferred due to ongoing Rail and Maritime Transport Union negotiations
- 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 (\$80 million) underspend. This is of less concern than it initially appears as:







- Underlying delivery of most of our key projects are 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 future years
- The major area of underspending relates to land acquisitions. For example, the 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 \$650 million which is higher than the \$588 million excluding CRL delivered last year.




Vested assets amounting to \$50.7 million were received in April, taking the total year to date to \$194.9 million. This is mainly from property development in Albany, Silverdale and Totara Heights.

Section 2a – Executive Summary

Financial results for the ten months ended 30 April 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	1.1	6.0		683.4	677.4	817.3
Total operating expenditure	1.2	(1.5)		938.9	937.5	1,135.6
Surplus/(deficit) from operations	2.3	4.5		(255.6)	(260.1)	(318.3)
Income for capital projects	12.3	(33.9)		691.6	725.5	880.3
Net surplus/(deficit) before tax	14.7	(29.4)		436.0	465.4	562.0
Total direct capital	28.5	94.8		497.3	592.2	729.3

Key to symbols used

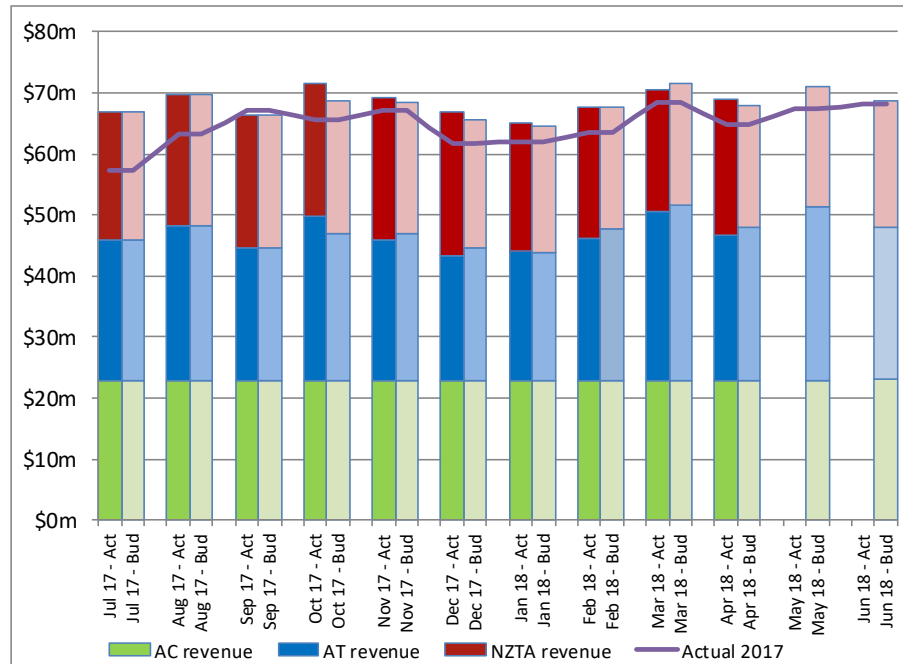
	Favourable budget variance
	Unfavourable budget variance less than 5%
	Unfavourable budget variance greater than 5%

Section 2b – Financial results for the ten months ended 30 April 2018

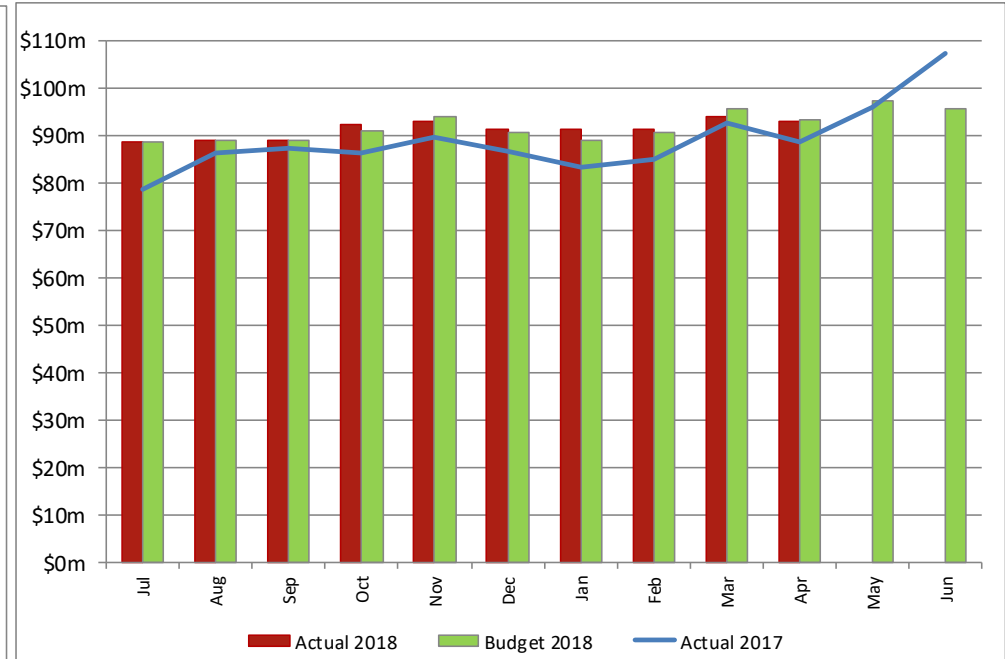
	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
Income							
<u>Operating income</u>							
Auckland Council funding	22,924	22,924	-	229,236	229,236	-	275,179
NZ Transport Agency operating funding	22,286	19,918	2,368	217,934	209,210	8,724	249,869
Parking and enforcement income	6,833	6,942	(109)	67,320	68,525	(1,205)	83,450
Public transport income	14,261	15,778	(1,517)	140,891	146,458	(5,567)	180,187
Other revenue incl. other grants and subsidies	2,720	2,349	371	27,999	23,969	4,030	28,578
Total operating income	69,024	67,911	1,113	683,380	677,398	5,982	817,263
Expenditure							
Personnel costs	13,545	13,600	55	132,520	133,073	553	162,211
Capitalised personnel costs	(3,491)	(3,424)	67	(29,558)	(30,942)	(1,384)	(37,972)
Depreciation and amortisation	28,286	27,491	(795)	268,459	268,685	226	324,081
Other expenditure	54,627	55,883	1,256	542,119	541,274	(845)	656,807
Finance costs	1,871	2,496	625	25,408	25,408	-	30,452
Total operating expenditure	94,838	96,046	1,208	938,948	937,498	(1,450)	1,135,579
Surplus/(deficit) from operations	(25,814)	(28,135)	2,321	(255,568)	(260,100)	4,532	(318,316)
<u>Income for capital projects</u>							
NZ Transport Agency capital co-investment	11,545	15,351	(3,806)	154,381	161,230	(6,849)	190,360
Auckland Council capital grant	48,892	74,143	(25,251)	341,731	431,240	(89,509)	538,175
Other capital grants	20	-	20	605	783	(178)	783
Vested asset income	50,748	9,366	41,382	194,893	132,265	62,628	150,996
Total income for capital projects	111,205	98,860	12,345	691,610	725,518	(33,908)	880,314
Net surplus/(deficit) before tax and derivatives	85,391	70,725	14,666	436,042	465,418	(29,376)	561,998
Gains/(losses) on derivatives	(29)	-	(29)	567	817	(250)	817
Gain/(loss) on disposal of assets	(100)	-	(100)	(1,310)	(396)	(914)	(396)
Income tax benefit/(expense)	-	-	-	257	-	257	-
Net surplus/(deficit) after tax and derivatives	85,262	70,725	14,537	435,556	465,839	(30,283)	562,419

Section 2b – Financial results for the ten months ended 30 April 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	10,017	9,860	157	98,014	98,070	(56)	118,473
Bus	16,746	17,162	(416)	166,574	167,967	(1,393)	205,607
Ferry	1,540	1,449	91	13,057	13,673	(616)	16,663
Other public transport	2,493	2,816	(323)	24,985	26,432	(1,447)	32,261
Parking	3,985	4,238	(253)	40,415	41,591	(1,176)	50,701
Enforcement	2,848	2,704	144	26,904	26,934	(30)	32,749
Roading and footpaths	5,895	4,946	949	54,712	52,906	1,806	60,563
Internal support	2,576	1,811	765	29,483	20,589	8,894	25,067
Auckland Council operating funding	22,924	22,924	-	229,236	229,236	-	275,179
Total operating income	69,024	67,910	1,114	683,380	677,398	5,982	817,263
Operating Expenditure							
Rail	14,367	14,288	(79)	139,725	139,582	(143)	168,187
Bus	23,593	23,364	(229)	237,945	236,501	(1,444)	287,212
Ferry	1,969	1,770	(199)	16,949	17,227	278	20,947
Other public transport	3,711	3,973	262	35,434	37,162	1,728	45,564
Parking	1,770	953	(817)	10,992	10,383	(609)	12,489
Enforcement	1,289	1,717	428	16,990	17,206	216	21,152
Roading and footpaths	12,405	13,006	601	117,239	119,687	2,448	144,121
Internal support	7,449	9,487	2,038	95,214	91,063	(4,151)	111,826
Depreciation and amortisation	28,286	27,491	(795)	268,459	268,685	226	324,081
Total operating expenditure	94,839	96,049	1,210	938,947	937,496	(1,451)	1,135,579
Surplus/(deficit) from Operations	(25,815)	(28,139)	2,324	(255,567)	(260,098)	4,531	(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	3,924	4,294	(370)	40,454	42,106	(1,652)	51,957
Other income	220	150	70	1,381	1,377	4	1,787
NZ Transport Agency operating funding	4,297	3,840	457	39,881	38,289	1,592	45,172
NZ Transport Agency operating funding - Electric Trains	1,576	1,576	-	16,298	16,298	-	19,557
Total operating income	10,017	9,860	157	98,014	98,070	(56)	118,473
Operating Expenditure							
Personnel costs	431	600	169	3,280	3,429	149	4,691
Capitalised personnel costs	24	-	(24)	104	58	(46)	58
Service delivery costs and professional services	8,164	7,971	(193)	78,820	78,915	95	94,025
Occupancy costs	340	288	(52)	2,895	2,850	(45)	3,422
Track access charges	2,140	2,259	119	22,239	22,296	57	27,549
Other expenditure	772	674	(98)	6,979	6,626	(353)	7,990
Finance costs	2,496	2,496	-	25,408	25,408	-	30,452
Total operating expenditure	14,367	14,288	(79)	139,725	139,582	(143)	168,187
Depreciation	3,481	3,492	11	34,715	34,801	86	41,793
Surplus/(deficit) from Operations	(7,831)	(7,920)	89	(76,426)	(76,313)	(113)	(91,507)
Internal support costs	1,748	2,377	630	20,486	21,637	1,151	26,657
Surplus/(deficit)	(9,579)	(10,297)	719	(96,912)	(97,950)	1,038	(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	8,462	9,346	(884)	80,359	83,577	(3,218)	103,429
Other income	204	442	(238)	3,925	4,425	(500)	5,082
NZ Transport Agency operating funding	8,080	7,374	706	82,290	79,965	2,325	97,096
Total operating income	16,746	17,162	(416)	166,574	167,967	(1,393)	205,607
Operating Expenditure							
Personnel costs	452	417	(35)	3,782	3,903	121	4,755
Capitalised personnel costs	(7)	(77)	(70)	(351)	(660)	(309)	(816)
Service delivery costs and professional services	22,944	22,840	(104)	232,617	231,484	(1,133)	281,081
Occupancy costs	96	95	(1)	828	797	(31)	987
Other expenditure	108	89	(19)	1,069	977	(92)	1,205
Total operating expenditure	23,593	23,364	(229)	237,945	236,501	(1,444)	287,212
Depreciation	328	329	1	2,934	2,984	50	3,661
Surplus/(deficit) from Operations	(7,175)	(6,531)	(644)	(74,305)	(71,518)	(2,787)	(85,266)
Internal support costs	2,984	4,059	1,075	34,984	36,950	1,966	45,523
Surplus/(deficit)	(10,159)	(10,590)	431	(109,289)	(108,468)	(821)	(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	531	500	31	4,903	4,931	(28)	5,873
Activity income	215	271	(56)	2,052	2,138	(86)	2,680
Other income	52	75	(23)	648	736	(88)	886
NZ Transport Agency operating funding	742	603	139	5,454	5,868	(414)	7,224
Total operating income	1,540	1,449	91	13,057	13,673	(616)	16,663
Operating Expenditure							
Personnel costs	111	124	13	1,174	1,201	27	1,443
Capitalised personnel costs	(3)	(41)	(38)	(275)	(345)	(70)	(428)
Service delivery costs and professional services	1,646	1,416	(230)	13,831	14,005	174	17,035
Occupancy costs	117	73	(44)	800	786	(14)	922
Other expenditure	98	198	100	1,419	1,580	161	1,975
Total operating expenditure	1,969	1,770	(199)	16,949	17,227	278	20,947
Depreciation	333	328	(5)	3,278	3,269	(9)	3,925
Surplus/(deficit) from Operations	(762)	(649)	(113)	(7,170)	(6,823)	(347)	(8,209)
Internal support costs	218	296	78	2,551	2,695	143	3,320
Surplus/(deficit)	(980)	(945)	(35)	(9,721)	(9,518)	(204)	(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	653	700	(47)	7,169	7,168	1	8,492
NZ Transport Agency operating funding	1,840	2,116	(276)	17,816	19,264	(1,448)	23,769
Total operating income	2,493	2,816	(323)	24,985	26,432	(1,447)	32,261
Operating Expenditure							
Personnel costs	1,395	1,476	81	14,164	14,490	326	17,601
Capitalised personnel costs	(53)	(70)	(17)	(792)	(884)	(92)	(996)
Service delivery costs and professional services	1,171	1,489	318	11,333	12,599	1,266	15,712
IT costs	133	182	49	1,794	1,856	62	2,218
Other expenditure	1,065	896	(169)	8,935	9,101	166	11,029
Total operating expenditure	3,711	3,973	262	35,434	37,162	1,728	45,564
Depreciation	1,462	1,406	(56)	14,149	13,998	(151)	16,815
Surplus/(deficit) from Operations	(2,680)	(2,563)	(117)	(24,598)	(24,728)	130	(30,118)
Internal support costs	473	644	171	5,550	5,862	312	7,222
Surplus/(deficit)	(3,153)	(3,207)	54	(30,148)	(30,590)	442	(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	141	121	20	1,264	1,234	30	1,478
Parking Fees	3,844	4,117	(273)	39,151	40,357	(1,206)	49,223
Total operating income	3,985	4,238	(253)	40,415	41,591	(1,176)	50,701
Operating Expenditure							
Personnel costs	260	271	11	2,649	2,708	59	3,267
Capitalised personnel costs	(19)	(4)	15	18	(32)	(50)	(40)
Service delivery costs and professional services	347	234	(113)	3,162	3,146	(16)	3,796
Occupancy Costs	687	403	(284)	4,140	4,088	(52)	4,894
Other expenditure	495	49	(446)	1,023	473	(550)	572
Total operating expenditure	1,770	953	(817)	10,992	10,383	(609)	12,489
Depreciation	635	638	3	6,407	6,378	(29)	7,654
Surplus/(deficit) from Operations	1,580	2,647	(1,067)	23,016	24,830	(1,814)	30,558
Internal support costs	130	177	47	1,521	1,607	86	1,979
Surplus/(deficit)	1,450	2,470	(1,020)	21,495	23,223	(1,728)	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	-	-	-	(1)	-	(1)	(38)
Infringement income	2,848	2,704	144	26,905	26,934	(29)	32,787
Total operating income	2,848	2,704	144	26,904	26,934	(30)	32,749
Operating Expenditure							
Personnel costs	855	860	5	8,689	8,822	133	11,058
Capitalised personnel costs	35	7	(28)	136	40	(96)	155
Service delivery costs and professional services	215	150	(65)	1,837	1,607	(230)	1,909
Occupancy Costs	-	-	-	-	-	-	-
Other expenditure	184	700	516	6,328	6,737	409	8,030
Total operating expenditure	1,289	1,717	428	16,990	17,206	216	21,152
Depreciation	76	50	(26)	587	495	(92)	595
Surplus/(deficit) from Operations	1,483	937	546	9,327	9,233	94	11,002
Internal support costs	220	299	79	2,576	2,721	145	3,353
Surplus/(deficit)	1,263	638	625	6,751	6,512	239	7,649

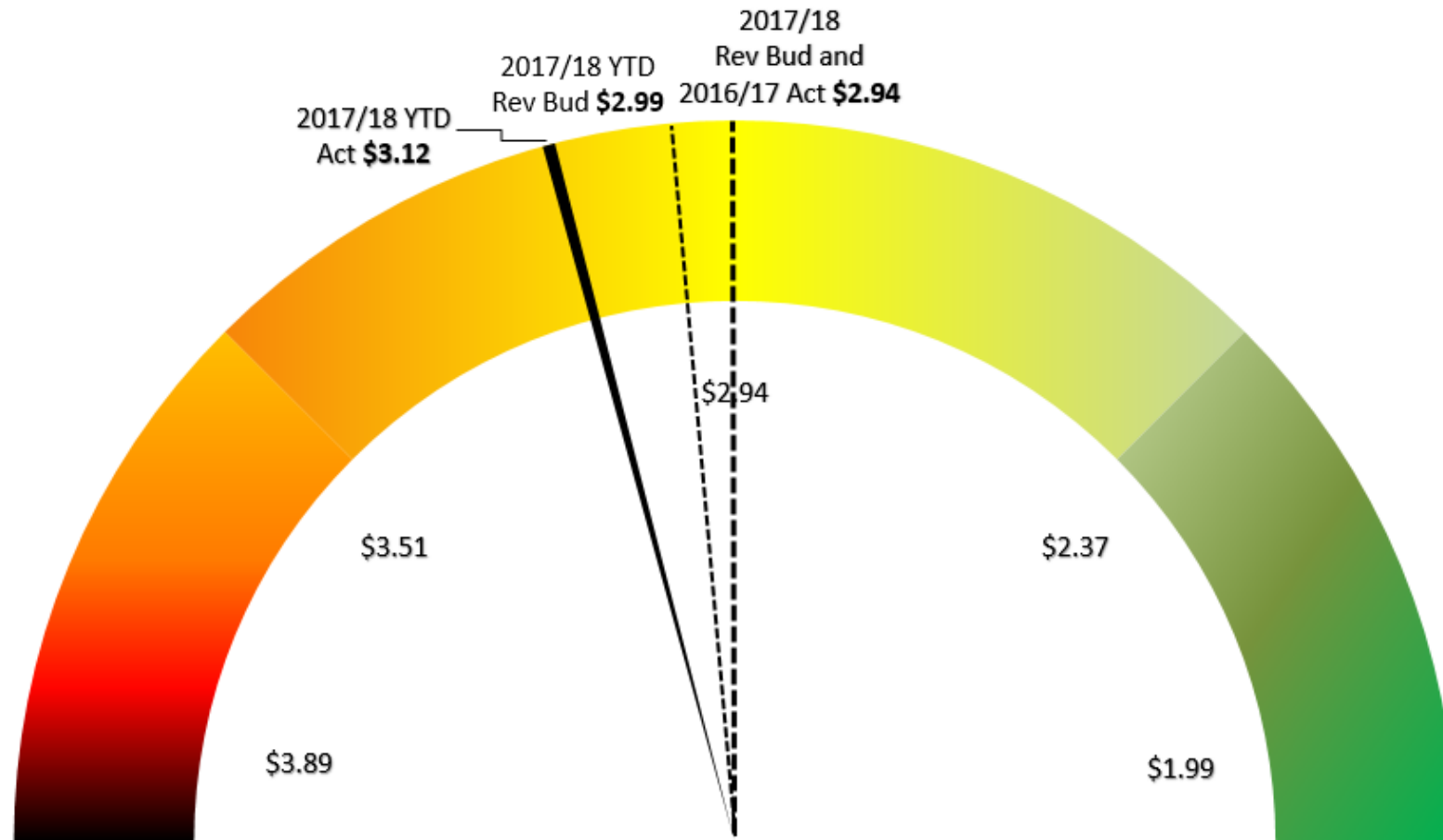
Section 2d – Roading and Footpaths Operations

	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	791	793	(2)	7,903	7,737	166	9,219
Other income	657	416	241	6,716	5,566	1,150	6,446
NZ Transport Agency operating funding	4,447	3,737	710	40,093	39,603	490	44,898
Total operating income	5,895	4,946	949	54,712	52,906	1,806	60,563
Operating Expenditure							
Personnel costs	2,984	2,982	(2)	29,320	30,180	860	36,754
Capitalised personnel costs	(846)	(883)	(37)	(8,161)	(8,145)	16	(10,237)
Service delivery costs and professional services	8,092	9,010	918	76,776	78,584	1,808	93,918
Occupancy Costs	1,395	1,201	(194)	12,581	12,235	(346)	15,356
IT Costs	106	47	(59)	486	249	(237)	306
Other expenditure	674	649	(25)	6,237	6,584	347	8,024
Total operating expenditure	12,405	13,006	601	117,239	119,687	2,448	144,121
Depreciation	19,574	19,035	(539)	186,898	187,220	322	225,500
Surplus/(deficit) from Operations	(26,084)	(27,095)	1,011	(249,425)	(254,001)	4,576	(309,058)
Internal support costs	1,498	2,037	539	17,555	18,541	987	22,843
Surplus/(deficit)	(27,582)	(29,132)	1,550	(266,980)	(272,542)	5,563	(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	1,143	888	255	10,639	7,531	3,108	9,252
Other income	130	252	(122)	2,742	3,135	(393)	3,661
NZ Transport Agency operating funding	1,303	671	632	16,102	9,923	6,179	12,154
Total operating income	2,576	1,811	765	29,483	20,589	8,894	25,067
Operating Expenditure							
Personnel costs	7,058	6,871	(187)	69,464	68,339	(1,125)	82,642
Capitalised personnel costs	(2,621)	(2,354)	267	(20,238)	(20,975)	(737)	(25,667)
Directors Fees	39	42	3	401	425	24	510
Service delivery costs and professional services	1,389	2,508	1,119	19,033	20,688	1,655	27,210
Other expenditure	2,209	2,420	211	26,554	22,586	(3,968)	27,131
Finance costs	(625)	-	625	-	-	-	-
Total operating expenditure	7,449	9,487	2,038	95,214	91,063	(4,151)	111,826
Depreciation	2,397	2,213	(184)	19,492	19,539	47	24,138
Surplus/(deficit) from Operations	(7,270)	(9,889)	2,619	(85,223)	(90,013)	4,790	(110,897)
Internal support allocated	7,270	9,889	2,619	85,223	90,013	4,790	110,897
Surplus/(deficit)	-	-	-	-	-	-	-

Section 2e – Operational funding requirement per passenger for the ten months ended 30 April 2018



The operational cost (net of third party revenue) of \$3.12 per passenger on the Public Transport Network is higher than the budget of \$2.99 and prior year of \$2.94 per passenger. With annual patronage now at 92 million, each one cent change in operational cost per passenger represents up to \$920,000 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	(9)	9,000	9,009	-	12,300	12,300	17,300
AMETI	1,114	-	(1,114)	16,585	11,377	(5,208)	11,514
Mill Road improvements	1,433	-	(1,433)	25,786	25,632	(154)	33,897
Growth Infrastructure Fund	446	712	266	629	2,212	1,583	2,212
Drury South	-	-	-	3	16	13	16
Special Housing Areas (SHAs)	10	-	(10)	42	6,007	5,965	6,007
Other	3,254	4,919	1,665	13,912	30,748	16,836	31,275
Total land	6,248	14,631	8,383	56,957	88,292	31,335	102,221
Major new capital projects							
AMETI	1,672	2,345	673	9,991	13,668	3,677	18,061
Manukau Bus Interchange	619	678	59	19,177	20,188	1,011	20,188
EMU	523	15,556	15,033	7,922	25,652	17,730	28,091
NorthWest Transformation	(134)	153	287	160	653	493	882
Dominion Road bus lane improvements	4	353	349	909	1,624	715	3,080
Franklin Road enhancements	513	864	351	3,064	3,974	910	5,572
Murphys Road upgrade	217	530	313	3,366	2,317	(1,049)	2,967
Total major new capital projects	3,414	20,479	17,065	44,589	68,076	23,487	78,841
Other ring-fenced projects							
Local Board initiatives	171	1,415	1,244	3,663	6,842	3,179	9,134
Special Housing Areas (SHAs)	584	732	148	4,760	4,292	(468)	5,427
Other	991	829	(162)	7,243	5,517	(1,726)	8,473
Total other ring-fenced projects	1,746	2,976	1,230	15,666	16,651	985	23,034
Other							
Roads and footpaths	13,169	15,793	2,624	95,624	106,932	11,308	139,911
Public transport	12,242	16,515	4,273	77,092	97,778	20,686	132,740
Parking operations	366	16	(350)	4,585	2,054	(2,531)	3,545
Internal support - BT	1,004	345	(659)	10,887	5,266	(5,621)	5,847
Internal support - Accomodation	25	55	30	3,774	4,342	568	4,553
Internal support - Other	107	398	291	1,904	5,879	3,975	8,927
Total other	26,913	33,122	6,209	193,866	222,251	28,385	295,523
Renewals	22,760	18,422	(4,338)	186,251	196,883	10,632	229,700
Total direct capital	61,081	89,630	28,549	497,329	592,153	94,824	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	9,008	13,406	(4,398)	86,043	94,033	(7,990)	120,264
NZ Transport Agency renewal co-investment	2,536	1,945	591	68,338	67,197	1,141	70,096
Other capital grants	20	-	20	605	783	(178)	783
Auckland Council capital grant	49,517	74,143	(24,626)	342,356	431,240	(88,884)	538,175
Total direct capital funding	61,081	89,494	(28,413)	497,342	593,253	(95,911)	729,318

Section 3c – 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 Jun 2017 \$000	YTD Apr 2018 \$000	Total to date \$000	Forecast remaining \$000	Estimate at completion (EAC) \$000	Approved funding \$000	% spend to date	Variance to EAC \$000
Manukau Station		18,647	19,177	37,824	2,031	39,855	41,316	92%	(1,461)
Pukekohe Station		5,955	8,997	14,952	825	15,777	14,150	106%	1,627
East West (FN32 Bus, Cycle, Truck Imps)	1	8,277	2,579	10,856	33,721	44,577	54,000	20%	(9,423)
Mill Road Improvements	2	26,587	26,284	52,871	415,819	468,690	144,440	37%	324,250
Lincoln Road - Corridor Improvements	3	8,355	5,994	14,349	73,076	87,425	56,590	25%	30,835
Murphys Rd Upgrade Bridge Imp (PC20)		2,176	3,376	5,552	18,874	24,426	20,700	27%	3,726
Tamaki Ngapipi Intersection Safety Imp		2,654	6,161	8,815	5,917	14,732	14,581	60%	151
Franklin Road Enhancements		1,273	3,064	4,337	10,463	14,800	16,266	27%	(1,466)
EMU (Rolling stock Tranche 2017)			6,844	6,844	126,470	146,681	133,000	5%	314
Northcote safe route C/Way		2,180	5,518	7,698	10,996	18,694	17,751	43%	943
Nelson Str Downtown C/way		3,686	2,587	6,273	53	6,326	6,965	90%	(639)

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 the latest higher February 2018 cost estimates. The project is currently being included in the reprioritisation of the draft LTP/RLTP and approvals for the cost variation will be managed within the planning process. The proposed Draft RLTP includes \$507 million for the Mill Road project. This will be confirmed as part of the LTP process.
3. Post public consultation the Lincoln Road project foot print has changed compared with the original scope. The cost increases are a combination of scope/design changes and prices increase related to land take and construction costs.

Section 4a – Statement of Financial Position

As at 30 April 2018

	Note	Actual 30 April 2018 \$000	Actual 31 March 2018 \$000
Assets			
Current assets			
Cash and cash equivalents	1	7,582	4,792
Receivables	2	257,069	268,679
Inventories		11,361	11,592
Other assets		15,439	23,114
Non-current assets held for sale		2,021	2,021
Total current assets		293,472	310,198
Non-current assets			
Receivables		1,801	1,801
Property, plant and equipment (PPE)		18,373,777	18,291,209
Intangible assets		99,669	101,585
Work in progress (PPE and intangible assets)	3	529,085	529,765
Total non-current assets		19,004,332	18,924,360
Total assets		19,297,804	19,234,558

Section 4a – Statement of Financial Position (continued)

As at 30 April 2018

	Note	Actual 30 April 2018 \$000	Actual 31 March 2018 \$000
Liabilities			
Current liabilities			
Payables and accruals	4	162,792	181,588
Employee entitlements	5	13,918	13,165
Derivative financial instruments		194	174
Borrowings	6	6,071	6,031
Total current liabilities		182,975	200,958
Non-current liabilities			
Payables and accruals	4	17,018	17,284
Employee entitlements	5	494	494
Derivative financial instruments		1,939	1,664
Borrowings	6	497,817	498,280
Deferred tax	7	11,409	11,409
Total non-current liabilities		528,677	529,131
Total liabilities		711,652	730,089
Net assets		18,586,152	18,504,469
Equity			
Contributed capital		12,966,577	12,970,154
Accumulated funds		2,059,509	1,973,468
Other reserves		3,560,066	3,560,847
Total equity		18,586,152	18,504,469

Section 4b – Notes to the Financial Statements

As at 30 April 2018

	Actual 30 April 2018 \$000	Actual 31 March 2018 \$000
1 Cash and cash equivalents		
Cash at bank	7,248	4,473
Till floats	334	319
Total cash and cash equivalents	7,582	4,792

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

2 Receivables		
Trade and other debtors	5,806	6,183
Infringement receivable	36,551	36,215
Amounts due from related parties	190,408	202,175
Accrued revenue	37,085	39,921
Goods and services tax	3,117	-
	272,967	284,494
Less provision for impairment of receivables	(15,898)	(15,815)
Total current receivables	257,069	268,679

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

As at 30 April 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	236,453	-	236,453
Past due 1 - 30 days	3,566	-	3,566
Past due 31 - 60 days	1,446	-	1,446
Past due 61 - 90 days	895	-	895
Past due > 90 days	30,607	(15,898)	14,709
	272,967	(15,898)	257,069

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 30 April 2018 \$000
Balance at 1 July 2017	15,016
Additional provisions made	1,026
Provisions reversed	(144)
Provisions relating to receivables written-off	-
Balance at 30 April 2018	15,898

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

As at 30 April 2018

	Opening Balance 1 July 2017 \$000	Acquisition YTD 30 April 2018 \$000	Capitalisation YTD 30 April 2018 \$000	Closing Balance 30 April 2018 \$000
3 Work in Progress (WIP)				
WIP by activity				
Roads and footpaths	272,498	185,649	(150,075)	308,073
Public Transport	124,059	104,312	(36,080)	192,291
Parking operations	7,209	4,585	(2,077)	9,717
Internal support	28,445	16,593	(26,034)	19,004
Total WIP	\$432,212	\$311,139	(214,266)	529,085
WIP by status				
Current WIP (completion in future)				430,254
Due for capitalisation within policy				66,316
Due for capitalisation not within policy				29,868
Forecast completion date not yet provided (new projects)				2,646
Total WIP				529,085
Top 10 Programmes				WIP Closing Balance 30 April 2018 \$000
AMETI				56,520
Walking And Cycling				48,265
Bus Interchange				39,825
SMART				20,248
Mill Road Improvements				19,953
Minor Safety				16,503
Flat Bush				13,713
Double decker network mitigation works				13,389
Pukekohe Station Upgrade				13,302
Bus Stations & Shelters				12,824
Total				254,543

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

As at 30 April 2018

	Actual 30 April 2018 \$000	Actual 31 March 2018 \$000
4 Payables and accruals		
Current portion		
Creditors	14,288	41,900
Goods and services tax	-	1,994
Accrued expenses	128,494	115,329
Retentions	12,691	12,652
Amounts due to related parties	5,169	6,215
Revenue in advance	2,150	3,498
Total current payables	162,792	181,588
Non-current portion		
Amounts due to related parties	17,018	17,284
Total non-current payables	17,018	17,284

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 30 April 2018

	Actual 30 April 2018 \$000	Actual 31 March 2018 \$000
5 Employee entitlements		
Current portion		
Accrued salaries and wages	3,428	2,829
Accrued leave	10,490	10,336
Total current employee entitlements	13,918	13,165
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	6,071	6,031
Total current borrowings	6,071	6,031
Non-current portion		
Loans from Auckland Council	497,817	498,280
Total non-current borrowings	497,817	498,280
Weighted average cost of funds on total borrowings	6.02%	6.02%

Auckland Transport's loan debt of \$504 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 30 April 2018

	Actual
	30 April 2018
	\$000
7 Deferred tax liability	
Balance at 1 July 2017	11,667
Debited to surplus or deficit	(258)
Charged to equity	-
Balance 30 April 2018	11,409

Section 5 – Cashflow

	Year to date		Full year
	Actual \$000	Revised Budget \$000	Revised Budget \$000
Cash flows from operating activities			
Total cash provided	1,245,790	1,340,649	1,546,584
Cash applied to			
Payments to suppliers and employees	659,398	648,314	781,049
Interest paid	22,736	25,408	30,452
Total cash applied	682,134	673,722	811,501
Net cash from operating activities	563,656	666,927	735,083
Cash flows from investing activities			
Cash provided from			
Sale of property, plant and equipment	5,350	-	-
Cash applied to:			
Purchase of property, plant and equipment	562,341	662,153	729,319
Net cash from investing activities	(556,991)	(662,153)	(729,319)
Cash flows from financing activities			
Cash applied to			
Repayments of EMU loan from Auckland Council	4,775	4,774	5,764
Net cash from financing activities	(4,775)	(4,774)	(5,764)
Net (decrease)/increase in cash and cash equivalent	1,890	-	-
Opening cash and cash equivalents	5,692	-	-
Closing cash balance	7,582	-	-

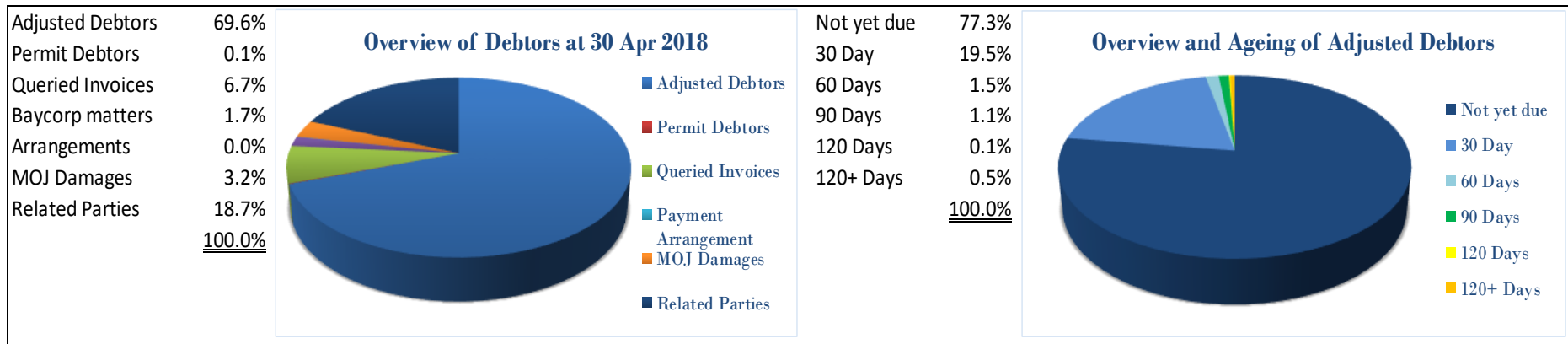
Reconciliation of surplus after tax to net cash from operating activities	Actual \$000
Surplus after tax	435,556
Add/(less) non-cash items	
Depreciation and amortisation	268,459
Vested asset income	(194,893)
Loss on disposal of property, plant and equipment	438
(Gains)/losses on derivatives	2,133
Income tax (benefit)/expense	(257)
	75,880
Add/(less) movements in balance sheet items	
Receivables	64,884
Inventories	82
Other assets	(12,071)
Non-current assets held for sale	58
Payables and accruals	609
Employee entitlements	(1,342)
	52,220
Net cash from operating activities	563,656

Section 6 – Accounts Receivable Report

Accounts Receivable

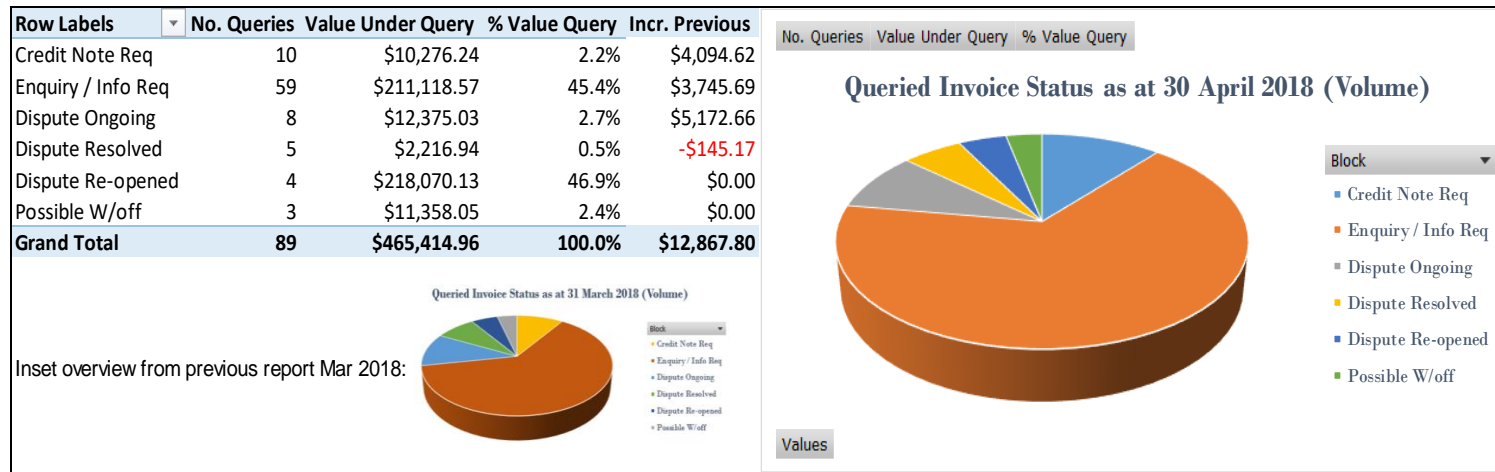
An overview of Debtors as at 30 April has 98.3% (95.9% March) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 30 April 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 30 Apr	137	6,969,241	4,401,472	1,155,063	137,940	100,877	258,582	915,307	1
Parking Permit Debtors	33	5,685	0	1,800	0	0	3,885	0	2
Total Debtors		6,974,926	4,401,472	1,156,863	137,940	100,877	262,467	915,307	
		100.0%	63.1%	16.6%	2.0%	1.4%	3.8%	13.1%	
O/s Related Parties	46	1,306,439	629,997	186,556	54,757	9,912	36,776	388,440	3
Trade Debtors	118	5,668,488	3,771,475	970,307	83,183	90,965	225,691	526,867	
		100.0%	66.5%	17.1%	1.5%	1.6%	4.0%	9.3%	
Queried Invoices	168	465,415	8,993	20,142	6,988	37,322	216,014	175,955	4
To Baycorp (Collection)	674	120,828	1,267	887	381	60	97	118,136	5
Payment Arrangement	187	3,058	0	0	0	0	2,300	758	6
Lodged Courts (Damages)	672	221,058	5,223	1,897	5,255	0	0	208,683	7
Adjusted Debtors		4,858,128	3,755,993	947,381	70,558	53,583	7,280	23,335	8
		100.0%	77.3%	19.5%	1.5%	1.1%	0.1%	0.5%	



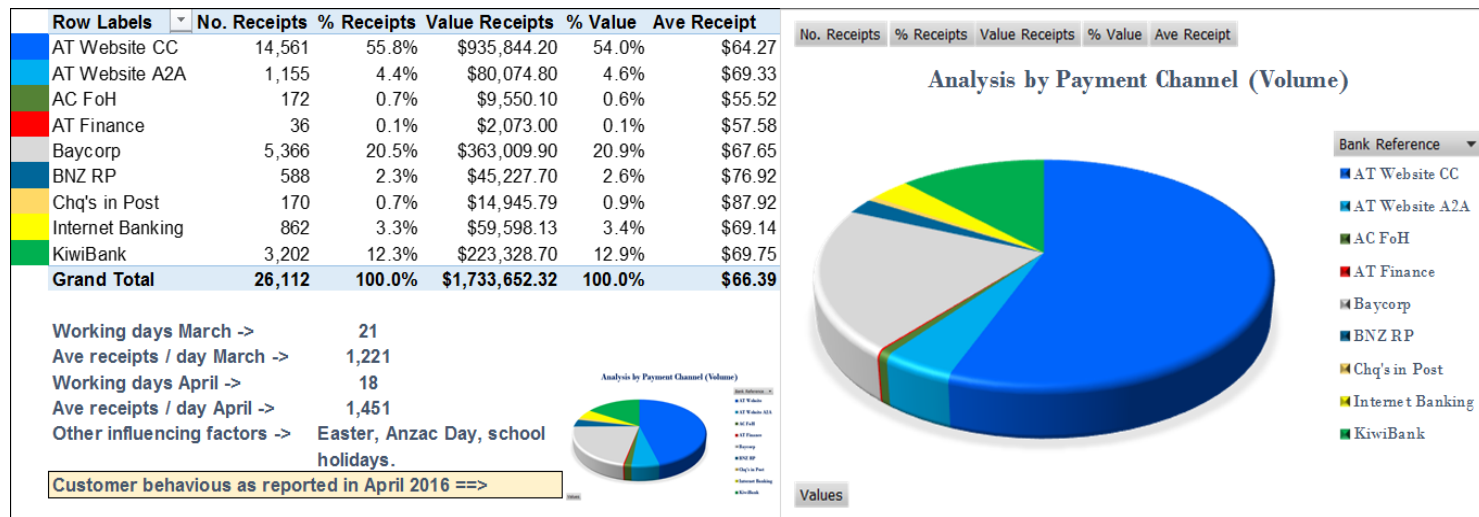
Notes relating to the Debtors Ageing Analysis:

1. Sundry Debtors administered in the SAP system.
2. Parking Permit Debtors administered in the Pathway system. These 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. A dispute (\$215,000) remains under investigation by Property and is expected to be resolved in May.
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 increased by \$1.527 million in April 2018 compared with March 2018 primarily as a result of an invoice for \$1.5 million raised against the Long Beach Communities project.

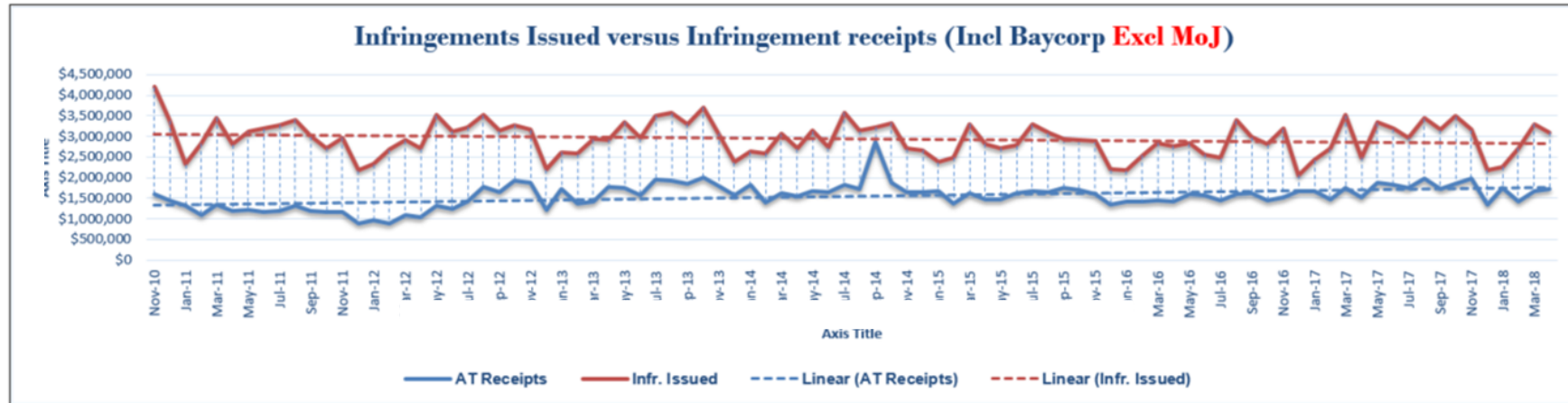


Infringement Overview:

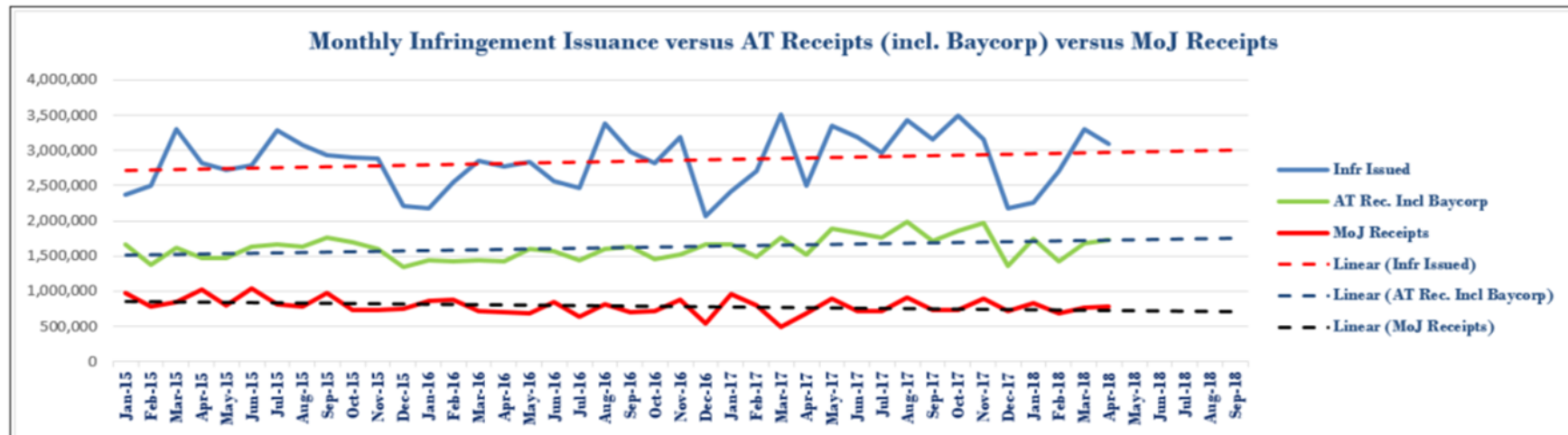
April's Infringement receipts by volume are up 1.8% on March primarily as a result of increased infringement issuance in February, March and April. Of the customers not paying in response to a Baycorp demand, 79.9% are making use of electronic payment methods (80.8% in March). The AT website recorded 60.2% of all receipts (59.6% in March). The inset graph compares customer behaviour as reported in April 2016.



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.

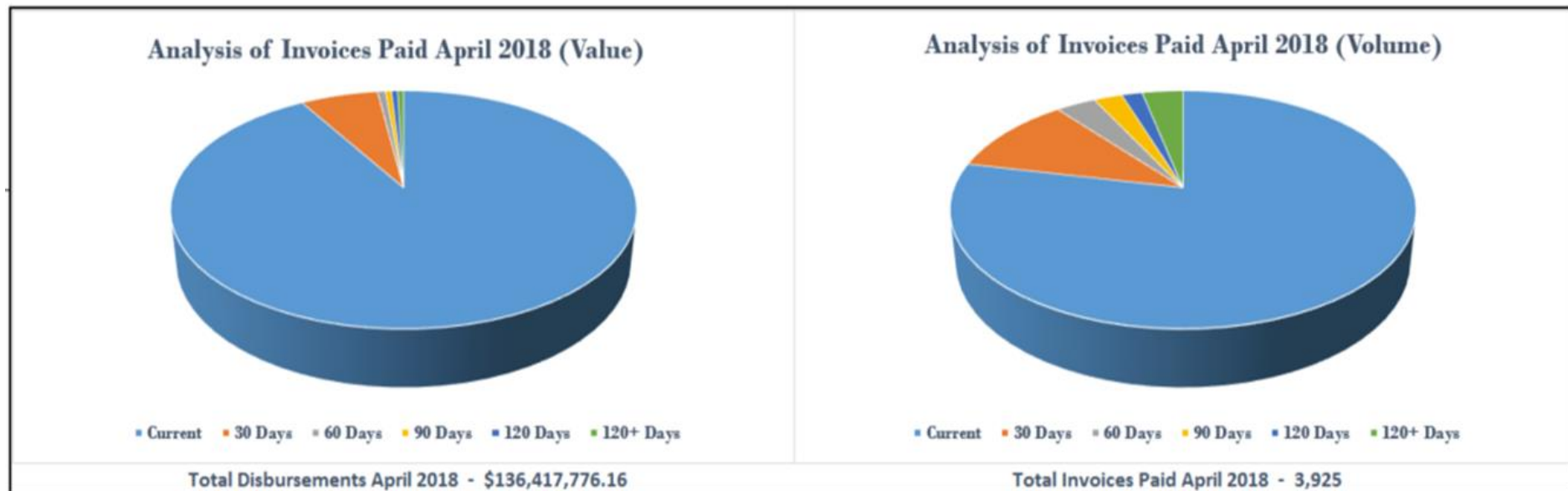


Over a shorter period, 40 months (January 2015 to April 2018), the trend for both infringements issued and received (incl. Baycorp) is positive while the trend for receipts by MoJ has remained relatively static.



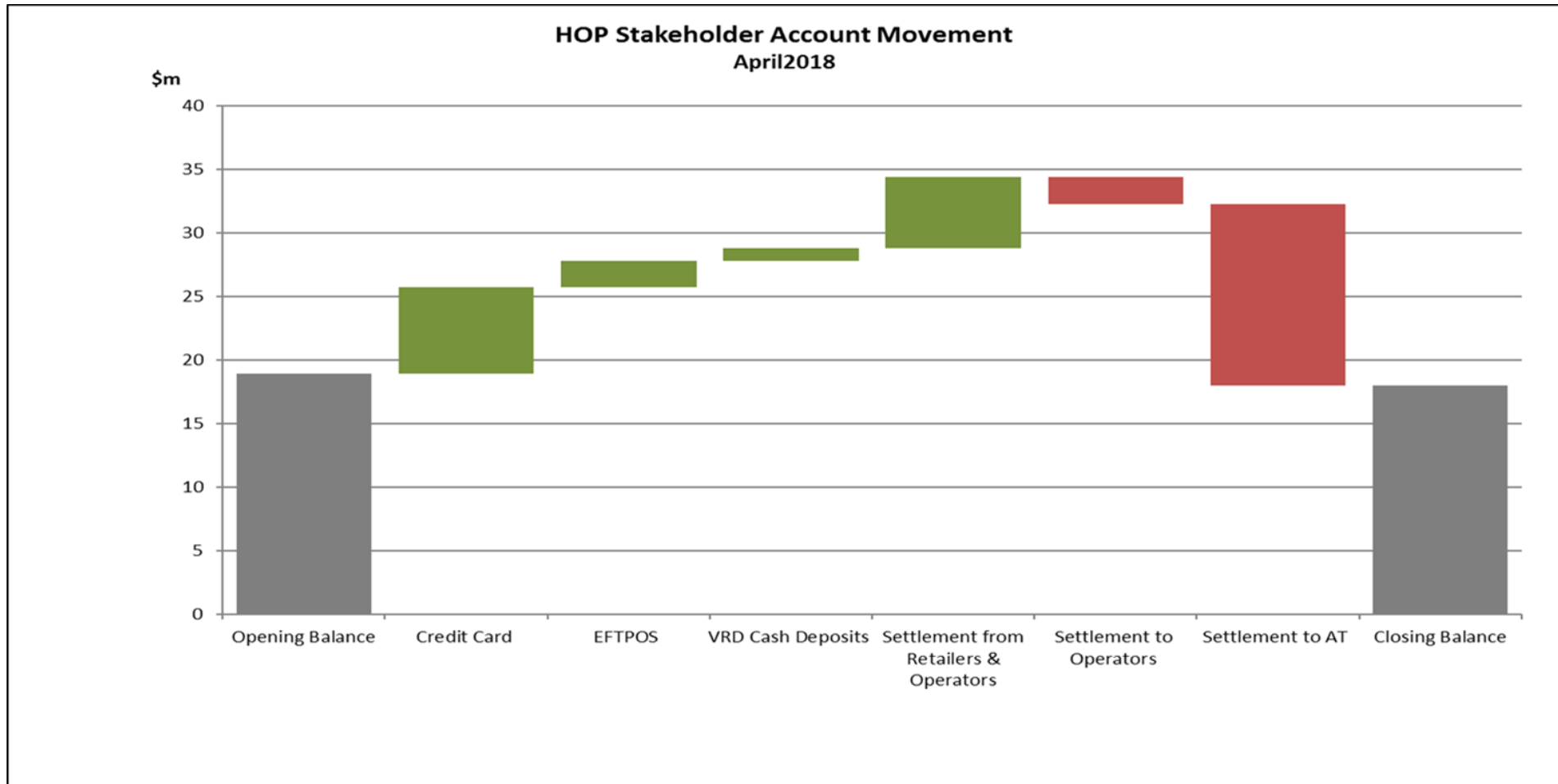
Accounts Payable:

The following analysis of all invoices disbursed in April with the focus on the age of the invoice at time of payment. The graph comparing value by age shows that AT has paid 97% of invoices on time or within 30 days of due date (92% March). The invoices by volume shows that 89% of invoices have been paid on time or within 30 days of due date (86% March). Value comparison April \$136 million / March \$107 million. Volume comparison April 3,925 invoices / March 3,376 invoices.

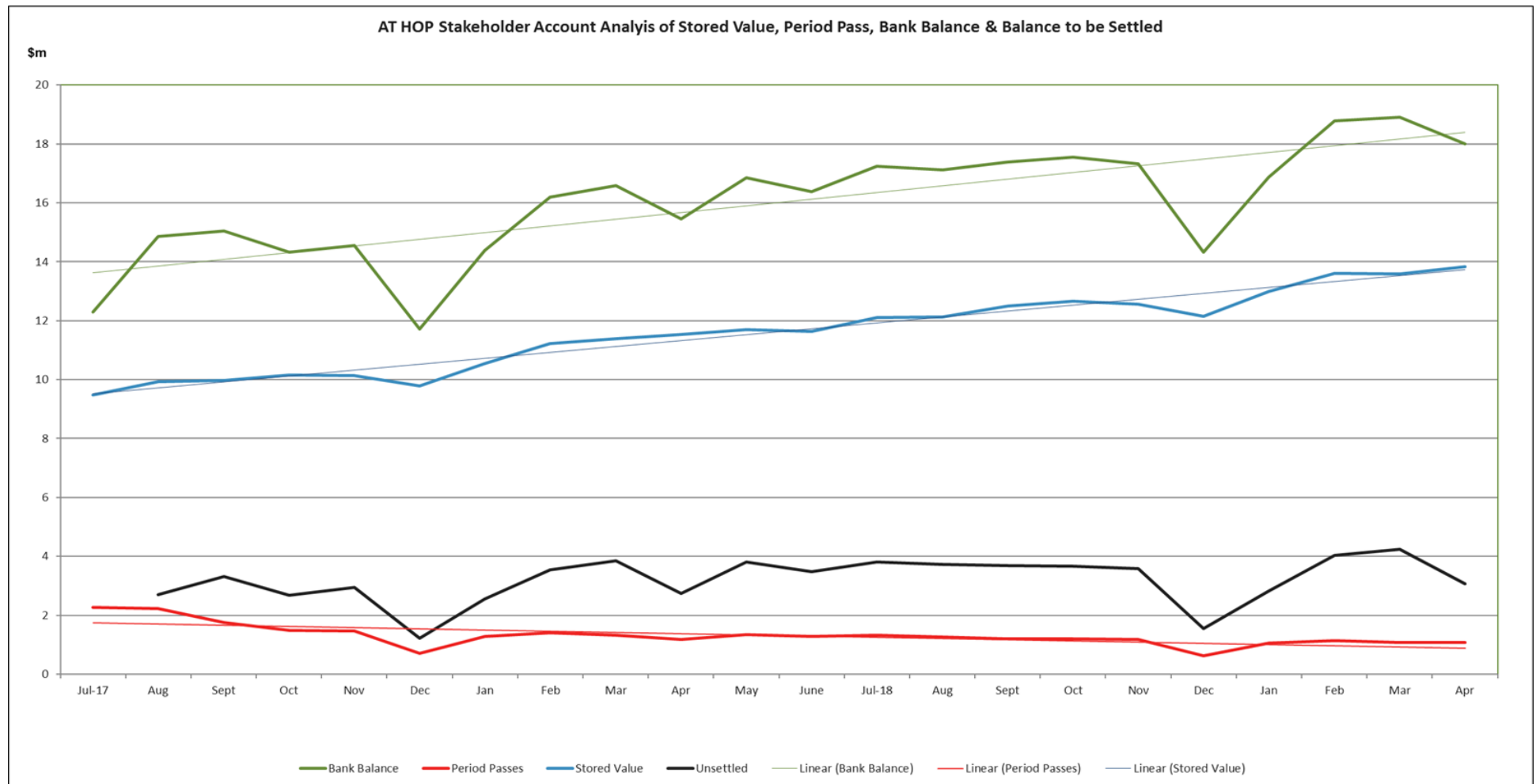


Section 7 – AT HOP Stakeholder Monthly Report


The AT HOP Stakeholder bank account as of April 2018 decreased by 5% from \$18.9 million in March to \$17.9 million due to the reduced stored value top-ups because of ANZAC Day, Easter and school holidays.



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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