

# Financial Results for the Nine Months Ended 31 March 2018

## Recommendation

That the Board:

- i. Receives the report.

## Table of Contents

1. Overview (section 1)
2. Auckland Transport Financial Results
  - a. Executive summary (section 2a)
  - b. Split by category (section 2b)
  - c. Summary by activity (section 2c)
  - d. Split by activity (section 2d)
  - e. Operational funding requirement (section 2e)
3. Capital expenditure results
  - a. Summary of capital expenditure (section 3a)
  - b. Funding (section 3b)
  - c. Major capital projects whole of life forecast (section 3c)
4. Statement of Financial Position
  - a. Statement of Financial Position (section 4a)
  - b. Notes to the financial statements (section 4b)
5. Cash flow
6. Accounts receivable (section 6)
7. AT HOP stakeholder report (section 7)

## 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 \$229.8 million, which is \$2.2 million favourable to budget. Continuing pressure on the public transport average yield presents a risk to achievement of the full year budgeted operating result. In response, a number of cost reduction initiatives over the remainder of the year including a moratorium on overseas travel and review of all proposed recruitment 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. 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 & 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. Onstreet parking pricing is being re-assessed against occupancy for potential price movements.
  - 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 \$2.5 million, miscellaneous income (e.g. permit fee, application fee, reimbursements) of \$1.0 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 \$3.7 million or 0.4% higher than budget mainly due to delays in the recovery of current and prior year costs associated with rental properties of \$3.1 million, lower capitalised personnel costs of \$1.5 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 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 overall **capital programme** year to date is lower than budget by \$66.3 million or 13.2% mainly driven by delays in land acquisition and lower than budgeted renewal 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
- The 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
- 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 Maritime 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 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 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 which is higher than the \$588 million excluding CRL delivered last year.

**Vested assets** amounting to \$30.5 million were received in March, taking the total year to date to \$144.2 million. This is mainly from property development in Albany, Silverdale and Totara Heights.

## Section 2a – Executive Summary

Financial results for the nine months ended 31 March 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	(0.9)	4.9	●	614.4	609.5	817.3
Total operating expenditure	1.7	(2.7)	●	844.1	841.5	1,135.6
Surplus/(deficit) from operations	0.9	2.2	●	(229.8)	(232.0)	(318.3)
Income for capital projects	(20.6)	(46.3)	●	580.4	626.7	880.3
Net surplus/(deficit) before tax	(19.8)	(44.0)	●	350.7	394.7	562.0
Total direct capital	41.3	66.3	●	436.2	502.5	729.3

### Key to symbols used

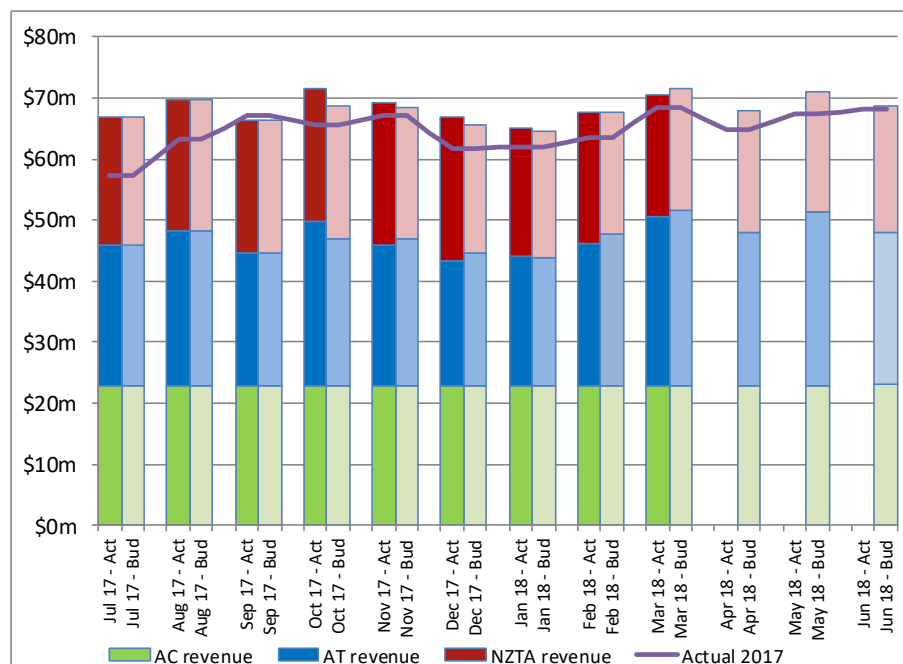
●	Favourable budget variance
●	Unfavourable budget variance less than 5%
●	Unfavourable budget variance greater than 5%

## Section 2b – Financial results for the nine months ended 31 March 2018

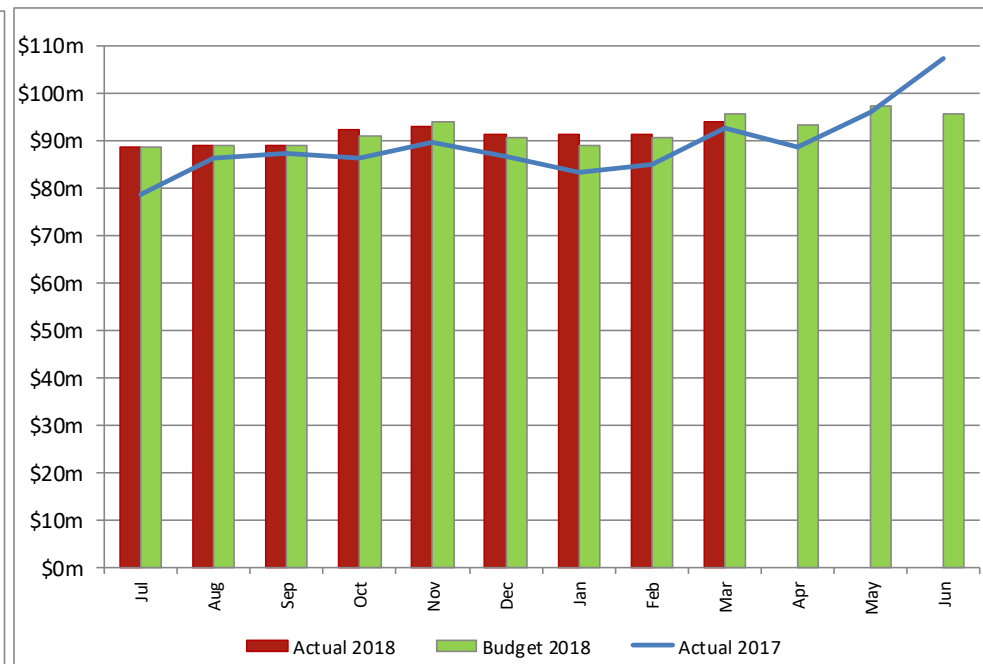
	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
<b>Income</b>							
<u>Operating income</u>							
Auckland Council funding	22,924	22,924	-	206,313	206,312	1	275,179
NZ Transport Agency operating funding	19,913	19,903	10	195,648	189,292	6,356	249,869
Parking and enforcement income	7,355	7,933	(578)	60,487	61,583	(1,096)	83,450
Public transport income	17,554	18,237	(683)	126,630	130,680	(4,050)	180,187
Other revenue incl. other grants and subsidies	2,814	2,436	378	25,279	21,620	3,659	28,578
<b>Total operating income</b>	<b>70,560</b>	<b>71,433</b>	<b>(873)</b>	<b>614,357</b>	<b>609,487</b>	<b>4,870</b>	<b>817,263</b>
<b>Expenditure</b>							
Personnel costs	14,100	13,723	(377)	118,975	119,473	498	162,211
Capitalised personnel costs	(5,110)	(3,432)	1,678	(26,068)	(27,518)	(1,450)	(37,972)
Depreciation and amortisation	27,547	27,352	(195)	240,174	241,194	1,020	324,081
Other expenditure	57,495	58,135	640	487,492	485,391	(2,101)	656,807
Finance costs	2,582	2,582	-	23,537	22,912	(625)	30,452
<b>Total operating expenditure</b>	<b>96,614</b>	<b>98,360</b>	<b>1,746</b>	<b>844,110</b>	<b>841,452</b>	<b>(2,658)</b>	<b>1,135,579</b>
<b>Surplus/(deficit) from operations</b>	<b>(26,054)</b>	<b>(26,927)</b>	<b>873</b>	<b>(229,753)</b>	<b>(231,965)</b>	<b>2,212</b>	<b>(318,316)</b>
<u>Income for capital projects</u>							
NZ Transport Agency capital co-investment	14,222	19,791	(5,569)	142,836	145,879	(3,043)	190,360
Auckland Council capital grant	35,403	71,677	(36,274)	292,839	357,097	(64,258)	538,175
Other capital grants	115	-	115	585	783	(198)	783
Vested asset income	30,468	9,366	21,102	144,145	122,899	21,246	150,996
<b>Total income for capital projects</b>	<b>80,208</b>	<b>100,834</b>	<b>(20,626)</b>	<b>580,405</b>	<b>626,658</b>	<b>(46,253)</b>	<b>880,314</b>
<b>Net surplus/(deficit) before tax and derivatives</b>	<b>54,154</b>	<b>73,907</b>	<b>(19,753)</b>	<b>350,652</b>	<b>394,693</b>	<b>(44,041)</b>	<b>561,998</b>
Gains/(losses) on derivatives	1,596	-	1,596	595	817	(222)	817
Gain/(loss) on disposal of assets	(66)	-	(66)	(1,209)	(396)	(813)	(396)
Income tax benefit/(expense)	-	-	-	257	-	257	-
<b>Net surplus/(deficit) after tax and derivatives</b>	<b>55,684</b>	<b>73,907</b>	<b>(18,223)</b>	<b>350,295</b>	<b>395,114</b>	<b>(44,819)</b>	<b>562,419</b>

## Section 2b – Financial results for the nine months ended 31 March 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
<b>Operating Income</b>							
Rail	10,557	10,494	63	87,997	88,210	(213)	118,473
Bus	18,659	18,674	(15)	149,828	150,805	(977)	205,607
Ferry	1,532	1,555	(23)	11,517	12,224	(707)	16,663
Other public transport	2,687	2,926	(239)	22,491	23,615	(1,124)	32,261
Parking	4,333	4,670	(337)	36,431	37,353	(922)	50,701
Enforcement	3,023	3,263	(240)	24,056	24,230	(174)	32,749
Roading and footpaths	5,936	5,201	735	48,816	47,960	856	60,563
Internal support	909	1,727	(818)	26,906	18,778	8,128	25,067
Auckland Council operating funding	22,924	22,924	-	206,313	206,312	1	275,179
<b>Total operating income</b>	<b>70,560</b>	<b>71,434</b>	<b>(874)</b>	<b>614,355</b>	<b>609,487</b>	<b>4,868</b>	<b>817,263</b>
<b>Operating Expenditure</b>							
Rail	14,143	14,092	(51)	125,359	125,294	(65)	168,187
Bus	25,404	25,261	(143)	214,353	213,138	(1,215)	287,212
Ferry	1,974	1,862	(112)	14,980	15,457	477	20,947
Other public transport	4,242	4,138	(104)	31,723	33,190	1,467	45,564
Parking	972	969	(3)	9,221	9,429	208	12,489
Enforcement	1,708	1,765	57	15,700	15,491	(209)	21,152
Roading and footpaths	9,947	12,833	2,886	104,834	106,681	1,847	144,121
Internal support	10,677	10,090	(587)	87,763	81,576	(6,187)	111,826
Depreciation and amortisation	27,547	27,352	(195)	240,174	241,194	1,020	324,081
<b>Total operating expenditure</b>	<b>96,614</b>	<b>98,362</b>	<b>1,748</b>	<b>844,107</b>	<b>841,450</b>	<b>(2,657)</b>	<b>1,135,579</b>
<b>Surplus/(deficit) from Operations</b>	<b>(26,054)</b>	<b>(26,928)</b>	<b>874</b>	<b>(229,752)</b>	<b>(231,963)</b>	<b>2,211</b>	<b>(318,316)</b>

## 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
<b>Operating Income</b>							
Activity income	4,924	5,351	(427)	36,530	37,812	(1,282)	51,957
Other income	143	165	(22)	1,161	1,227	(66)	1,787
NZ Transport Agency operating funding	3,724	3,212	512	35,584	34,449	1,135	45,172
NZ Transport Agency operating funding - Electric Trains	1,766	1,766	-	14,722	14,722	-	19,557
<b>Total operating income</b>	<b>10,557</b>	<b>10,494</b>	<b>63</b>	<b>87,997</b>	<b>88,210</b>	<b>(213)</b>	<b>118,473</b>
<b>Operating Expenditure</b>							
Personnel costs	407	414	7	2,849	2,829	(20)	4,691
Capitalised personnel costs	-	-	-	81	58	(23)	58
Service delivery costs and professional services	7,825	7,936	111	70,656	70,944	288	94,025
Occupancy costs	262	285	23	2,554	2,562	8	3,422
Track access charges	2,258	2,259	1	20,099	20,037	(62)	27,549
Other expenditure	809	616	(193)	6,208	5,952	(256)	7,990
Finance costs	2,582	2,582	-	22,912	22,912	-	30,452
<b>Total operating expenditure</b>	<b>14,143</b>	<b>14,092</b>	<b>(51)</b>	<b>125,359</b>	<b>125,294</b>	<b>(65)</b>	<b>168,187</b>
Depreciation	3,481	3,489	8	31,233	31,310	77	41,793
<b>Surplus/(deficit) from Operations</b>	<b>(7,067)</b>	<b>(7,087)</b>	<b>20</b>	<b>(68,595)</b>	<b>(68,394)</b>	<b>(201)</b>	<b>(91,507)</b>
Internal support costs	2,888	2,529	(359)	18,738	19,260	522	26,657
<b>Surplus/(deficit)</b>	<b>(9,955)</b>	<b>(9,616)</b>	<b>(339)</b>	<b>(87,333)</b>	<b>(87,654)</b>	<b>321</b>	<b>(118,164)</b>



## 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
<b>Operating Income</b>							
Activity income	10,475	10,586	(111)	71,897	74,232	(2,335)	103,429
Other income	410	459	(49)	3,721	3,982	(261)	5,082
NZ Transport Agency operating funding	7,774	7,629	145	74,210	72,591	1,619	97,096
<b>Total operating income</b>	<b>18,659</b>	<b>18,674</b>	<b>(15)</b>	<b>149,828</b>	<b>150,805</b>	<b>(977)</b>	<b>205,607</b>
<b>Operating Expenditure</b>							
Personnel costs	421	436	15	3,330	3,486	156	4,755
Capitalised personnel costs	(83)	(78)	5	(343)	(582)	(239)	(816)
Service delivery costs and professional services	24,879	24,728	(151)	209,674	208,644	(1,030)	281,081
Occupancy costs	98	87	(11)	732	702	(30)	987
Other expenditure	89	88	(1)	960	888	(72)	1,205
<b>Total operating expenditure</b>	<b>25,404</b>	<b>25,261</b>	<b>(143)</b>	<b>214,353</b>	<b>213,138</b>	<b>(1,215)</b>	<b>287,212</b>
Depreciation	305	322	17	2,606	2,655	49	3,661
<b>Surplus/(deficit) from Operations</b>	<b>(7,050)</b>	<b>(6,909)</b>	<b>(141)</b>	<b>(67,131)</b>	<b>(64,988)</b>	<b>(2,143)</b>	<b>(85,266)</b>
Internal support costs	4,931	4,318	(613)	31,999	32,891	892	45,523
<b>Surplus/(deficit)</b>	<b>(11,981)</b>	<b>(11,227)</b>	<b>(754)</b>	<b>(99,130)</b>	<b>(97,879)</b>	<b>(1,251)</b>	<b>(130,789)</b>

## 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
<b>Operating Income</b>							
Operator access fees	500	565	(65)	4,372	4,431	(59)	5,873
Activity income	279	300	(21)	1,837	1,868	(31)	2,680
Other income	96	74	22	596	660	(64)	886
NZ Transport Agency operating funding	657	616	41	4,712	5,265	(553)	7,224
<b>Total operating income</b>	<b>1,532</b>	<b>1,555</b>	<b>(23)</b>	<b>11,517</b>	<b>12,224</b>	<b>(707)</b>	<b>16,663</b>
<b>Operating Expenditure</b>							
Personnel costs	93	122	29	1,063	1,077	14	1,443
Capitalised personnel costs	(45)	(42)	3	(273)	(304)	(31)	(428)
Service delivery costs and professional services	1,679	1,517	(162)	12,185	12,589	404	17,035
Occupancy costs	87	70	(17)	682	713	31	922
Other expenditure	160	195	35	1,323	1,382	59	1,975
<b>Total operating expenditure</b>	<b>1,974</b>	<b>1,862</b>	<b>(112)</b>	<b>14,980</b>	<b>15,457</b>	<b>477</b>	<b>20,947</b>
Depreciation	330	327	(3)	2,945	2,941	(4)	3,925
<b>Surplus/(deficit) from Operations</b>	<b>(772)</b>	<b>(634)</b>	<b>(138)</b>	<b>(6,408)</b>	<b>(6,174)</b>	<b>(234)</b>	<b>(8,209)</b>
Internal support costs	360	315	(45)	2,334	2,399	65	3,320
<b>Surplus/(deficit)</b>	<b>(1,132)</b>	<b>(949)</b>	<b>(183)</b>	<b>(8,742)</b>	<b>(8,573)</b>	<b>(169)</b>	<b>(11,529)</b>

## 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
<b>Operating Income</b>							
Other income	727	737	(10)	6,516	6,468	48	8,492
NZ Transport Agency operating funding	1,960	2,189	(229)	15,975	17,147	(1,172)	23,769
<b>Total operating income</b>	<b>2,687</b>	<b>2,926</b>	<b>(239)</b>	<b>22,491</b>	<b>23,615</b>	<b>(1,124)</b>	<b>32,261</b>
<b>Operating Expenditure</b>							
Personnel costs	1,566	1,518	(48)	12,769	13,014	245	17,601
Capitalised personnel costs	(6)	(70)	(64)	(738)	(813)	(75)	(996)
Service delivery costs and professional services	1,683	1,577	(106)	10,162	11,110	948	15,712
IT costs	161	232	71	1,661	1,674	13	2,218
Other expenditure	838	881	43	7,869	8,205	336	11,029
<b>Total operating expenditure</b>	<b>4,242</b>	<b>4,138</b>	<b>(104)</b>	<b>31,723</b>	<b>33,190</b>	<b>1,467</b>	<b>45,564</b>
Depreciation	1,498	1,405	(93)	12,686	12,592	(94)	16,815
<b>Surplus/(deficit) from Operations</b>	<b>(3,053)</b>	<b>(2,617)</b>	<b>(436)</b>	<b>(21,918)</b>	<b>(22,167)</b>	<b>249</b>	<b>(30,118)</b>
Internal support costs	782	685	(97)	5,076	5,218	141	7,222
<b>Surplus/(deficit)</b>	<b>(3,835)</b>	<b>(3,302)</b>	<b>(533)</b>	<b>(26,994)</b>	<b>(27,385)</b>	<b>390</b>	<b>(37,340)</b>

## 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
<b>Operating Income</b>							
Other income	68	125	(57)	1,124	1,113	11	1,478
Parking Fees	4,265	4,545	(280)	35,307	36,240	(933)	49,223
<b>Total operating income</b>	<b>4,333</b>	<b>4,670</b>	<b>(337)</b>	<b>36,431</b>	<b>37,353</b>	<b>(922)</b>	<b>50,701</b>
<b>Operating Expenditure</b>							
Personnel costs	282	281	(1)	2,388	2,437	49	3,267
Capitalised personnel costs	12	(4)	(16)	37	(28)	(65)	(40)
Service delivery costs and professional services	229	240	11	2,815	2,912	97	3,796
Occupancy Costs	395	403	8	3,453	3,685	232	4,894
Other expenditure	54	49	(5)	528	423	(105)	572
<b>Total operating expenditure</b>	<b>972</b>	<b>969</b>	<b>(3)</b>	<b>9,221</b>	<b>9,429</b>	<b>208</b>	<b>12,489</b>
Depreciation	642	638	(4)	5,772	5,741	(31)	7,654
<b>Surplus/(deficit) from Operations</b>	<b>2,719</b>	<b>3,063</b>	<b>(344)</b>	<b>21,438</b>	<b>22,183</b>	<b>(745)</b>	<b>30,558</b>
Internal support costs	214	188	(27)	1,391	1,430	39	1,979
<b>Surplus/(deficit)</b>	<b>2,505</b>	<b>2,875</b>	<b>(371)</b>	<b>20,047</b>	<b>20,753</b>	<b>(706)</b>	<b>28,579</b>

## 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
<b>Operating Income</b>							
Other income	-	-	-	(1)	-	(1)	(38)
Infringement income	3,023	3,263	(240)	24,057	24,230	(173)	32,787
<b>Total operating income</b>	<b>3,023</b>	<b>3,263</b>	<b>(240)</b>	<b>24,056</b>	<b>24,230</b>	<b>(174)</b>	<b>32,749</b>
<b>Operating Expenditure</b>							
Personnel costs	913	900	(13)	7,834	7,963	129	11,058
Capitalised personnel costs	12	7	(5)	100	33	(67)	155
Service delivery costs and professional services	220	150	(70)	1,622	1,457	(165)	1,909
Occupancy Costs	-	-	-	-	-	-	-
Other expenditure	563	708	145	6,144	6,038	(106)	8,030
<b>Total operating expenditure</b>	<b>1,708</b>	<b>1,765</b>	<b>57</b>	<b>15,700</b>	<b>15,491</b>	<b>(209)</b>	<b>21,152</b>
Depreciation	87	50	(37)	511	446	(65)	595
<b>Surplus/(deficit) from Operations</b>	<b>1,228</b>	<b>1,448</b>	<b>(220)</b>	<b>7,845</b>	<b>8,293</b>	<b>(448)</b>	<b>11,002</b>
Internal support costs	363	318	(45)	2,357	2,422	66	3,353
<b>Surplus/(deficit)</b>	<b>865</b>	<b>1,130</b>	<b>(265)</b>	<b>5,488</b>	<b>5,871</b>	<b>(382)</b>	<b>7,649</b>

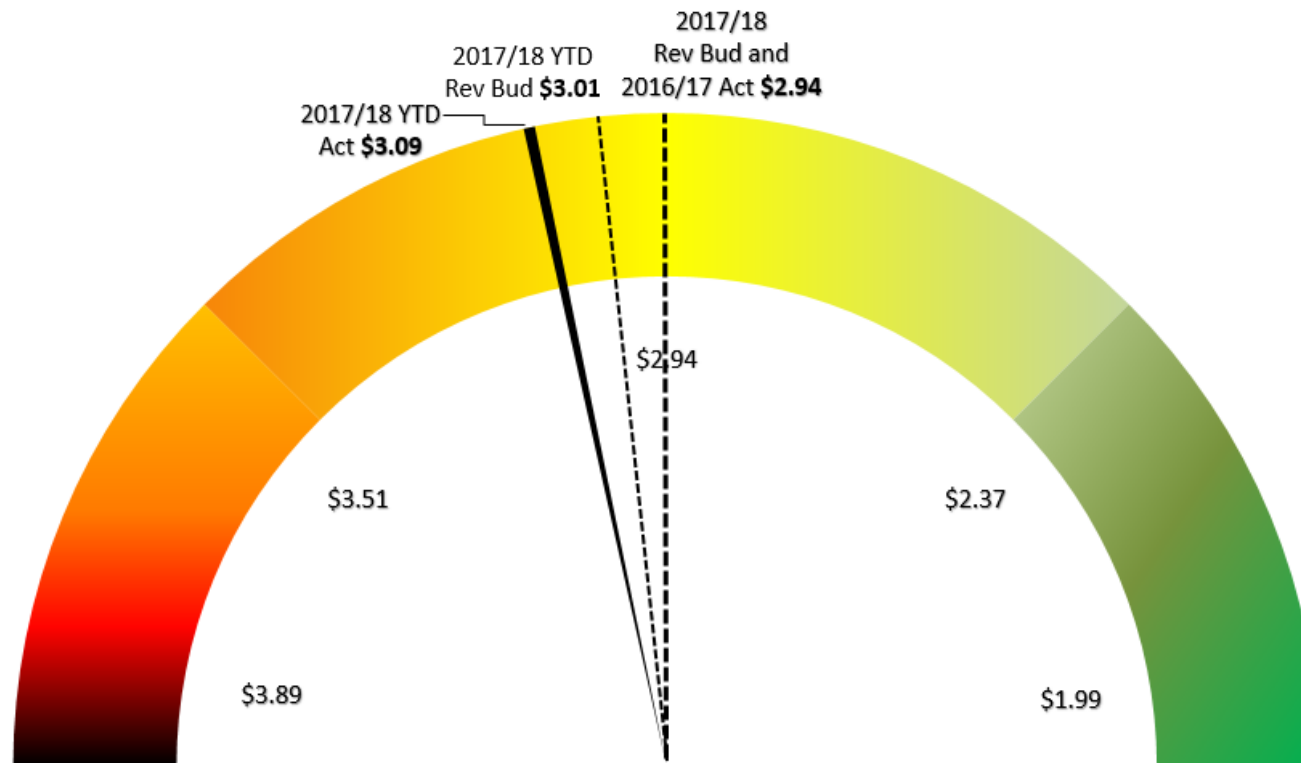
## Section 2d – Roading and Footpaths Operations

	Current month			Year to date			Full year
	Actual \$000	Revised Budget \$000	Variance \$000	Actual \$000	Revised Budget \$000	Variance \$000	Revised Budget \$000
<b>Operating Income</b>							
Petrol tax	755	793	(38)	7,111	6,943	168	9,219
Other income	727	517	210	6,060	5,151	909	6,446
NZ Transport Agency operating funding	4,454	3,891	563	35,645	35,866	(221)	44,898
<b>Total operating income</b>	<b>5,936</b>	<b>5,201</b>	<b>735</b>	<b>48,816</b>	<b>47,960</b>	<b>856</b>	<b>60,563</b>
<b>Operating Expenditure</b>							
Personnel costs	3,016	3,096	80	26,336	27,198	862	36,754
Capitalised personnel costs	(2,362)	(904)	1,458	(7,315)	(7,262)	53	(10,237)
Service delivery costs and professional services	7,692	8,573	881	68,684	69,574	890	93,918
Occupancy Costs	1,005	1,192	187	11,186	11,034	(152)	15,356
IT Costs	88	23	(65)	380	201	(179)	306
Other expenditure	508	853	345	5,563	5,936	373	8,024
<b>Total operating expenditure</b>	<b>9,947</b>	<b>12,833</b>	<b>2,886</b>	<b>104,834</b>	<b>106,681</b>	<b>1,847</b>	<b>144,121</b>
Depreciation	18,959	18,966	7	167,324	168,184	860	225,500
<b>Surplus/(deficit) from Operations</b>	<b>(22,970)</b>	<b>(26,598)</b>	<b>3,628</b>	<b>(223,342)</b>	<b>(226,905)</b>	<b>3,563</b>	<b>(309,058)</b>
Internal support costs	2,474	2,167	(308)	16,057	16,504	447	22,843
<b>Surplus/(deficit)</b>	<b>(25,444)</b>	<b>(28,765)</b>	<b>3,320</b>	<b>(239,399)</b>	<b>(243,409)</b>	<b>4,010</b>	<b>(331,901)</b>

## 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
<b>Operating Income</b>							
Rental income	1,063	873	190	9,497	6,643	2,854	9,252
Other income	268	253	15	2,611	2,883	(272)	3,661
NZ Transport Agency operating funding	(422)	601	(1,023)	14,798	9,252	5,546	12,154
<b>Total operating income</b>	<b>909</b>	<b>1,727</b>	<b>(818)</b>	<b>26,906</b>	<b>18,778</b>	<b>8,128</b>	<b>25,067</b>
<b>Operating Expenditure</b>							
Personnel costs	7,402	6,958	(444)	62,405	61,468	(937)	82,642
Capitalised personnel costs	(2,638)	(2,342)	296	(17,618)	(18,620)	(1,002)	(25,667)
Directors Fees	39	42	3	362	382	20	510
Service delivery costs and professional services	3,212	2,925	(287)	17,644	18,180	536	27,210
Other expenditure	2,662	2,507	(155)	24,345	20,166	(4,179)	27,131
Finance costs	-	-	-	625	-	(625)	-
<b>Total operating expenditure</b>	<b>10,677</b>	<b>10,090</b>	<b>(587)</b>	<b>87,763</b>	<b>81,576</b>	<b>(6,187)</b>	<b>111,826</b>
Depreciation	2,245	2,156	(89)	17,095	17,326	231	24,138
<b>Surplus/(deficit) from Operations</b>	<b>(12,013)</b>	<b>(10,519)</b>	<b>(1,494)</b>	<b>(77,952)</b>	<b>(80,124)</b>	<b>2,172</b>	<b>(110,897)</b>
Internal support allocated	12,013	10,519	(1,494)	77,952	80,124	2,172	110,897
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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



The operational cost (net of third party revenue) of \$3.09 per passenger on the Public Transport Network is higher than the budget of \$3.01 and prior year of \$2.94 per passenger. With annual patronage now at 91.8 million, each one cent change in operational cost per passenger represents up to \$918,000 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
<b>Land</b>							
Mass Transit	9	3,300	3,291	9	3,300	3,291	17,300
AMETI	92	1,882	1,790	15,471	11,377	(4,094)	11,514
Mill Road improvements	1,241	-	(1,241)	24,353	25,632	1,279	33,897
Growth Infrastructure Fund	25	-	(25)	184	1,500	1,316	2,212
Drury South	-	-	-	3	16	13	16
Special Housing Areas (SHAs)	13	1,500	1,487	31	6,007	5,976	6,007
Other	2,303	15,134	12,831	10,656	25,830	15,174	31,275
<b>Total land</b>	<b>3,683</b>	<b>21,816</b>	<b>18,133</b>	<b>50,707</b>	<b>73,662</b>	<b>22,955</b>	<b>102,221</b>
<b>Major new capital projects</b>							
AMETI	1,984	2,401	417	8,320	11,324	3,004	18,061
Manukau Bus Interchange	627	1,120	493	18,557	19,510	953	20,188
EMU	104	939	835	7,397	10,096	2,699	28,091
NorthWest Transformation	18	149	131	293	500	207	882
Dominion Road bus lane improvements	5	103	98	904	1,271	367	3,080
Franklin Road enhancements	499	697	198	2,552	3,110	558	5,572
Murphys Road upgrade	427	655	228	3,149	1,787	(1,362)	2,967
<b>Total major new capital projects</b>	<b>3,664</b>	<b>6,064</b>	<b>2,400</b>	<b>41,172</b>	<b>47,598</b>	<b>6,426</b>	<b>78,841</b>
<b>Other ring-fenced projects</b>							
Local Board initiatives	590	1,426	836	3,492	5,427	1,935	9,134
Special Housing Areas (SHAs)	745	724	(21)	4,177	3,560	(617)	5,427
Other	1,464	816	(648)	6,251	4,688	(1,563)	8,473
<b>Total other ring-fenced projects</b>	<b>2,799</b>	<b>2,966</b>	<b>167</b>	<b>13,920</b>	<b>13,675</b>	<b>(245)</b>	<b>23,034</b>
<b>Other</b>							
Roads and footpaths	8,724	15,165	6,441	82,457	91,138	8,681	139,911
Public transport	6,562	18,903	12,341	64,854	81,263	16,409	132,740
Parking operations	1,733	136	(1,597)	4,219	2,038	(2,181)	3,545
Internal support - BT	2,113	250	(1,863)	9,883	4,922	(4,961)	5,847
Internal support - Accomodation	277	55	(222)	3,749	4,287	538	4,553
Internal support - Other	45	1,564	1,519	1,797	5,481	3,684	8,927
<b>Total other</b>	<b>19,454</b>	<b>36,073</b>	<b>16,619</b>	<b>166,959</b>	<b>189,129</b>	<b>22,170</b>	<b>295,523</b>
<b>Renewals</b>	<b>20,140</b>	<b>24,121</b>	<b>3,981</b>	<b>163,491</b>	<b>178,461</b>	<b>14,970</b>	<b>229,700</b>
<b>Total direct capital</b>	<b>49,740</b>	<b>91,040</b>	<b>41,300</b>	<b>436,249</b>	<b>502,525</b>	<b>66,276</b>	<b>729,319</b>

## 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
<b>Direct capital funding</b>							
NZ Transport Agency new capital co-investment	9,014	14,947	(5,933)	77,034	80,627	(3,593)	120,264
NZ Transport Agency renewal co-investment	5,208	4,844	364	65,802	65,252	550	70,096
Other capital grants	115	-	115	585	783	(198)	783
Auckland Council capital grant	35,403	71,677	(36,274)	292,839	357,097	(64,258)	538,175
<b>Total direct capital funding</b>	<b>49,740</b>	<b>91,468</b>	<b>(41,728)</b>	<b>436,260</b>	<b>503,759</b>	<b>(67,499)</b>	<b>729,318</b>

## 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 June 2017 \$000	YTD March 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	18,557	37,204	2,735	39,939	41,316	90%	(1,377)
Pukekohe Station		5,955	7,739	13,694	2,975	16,669	14,150	97%	2,519
East West (FN32 Bus, Cycle, Truck Imps)	1	8,277	2,478	10,755	33,822	44,577	54,000	20%	(9,423)
Mill Road Improvements	2	26,587	24,786	51,373	328,024	379,397	144,440	36%	234,957
Lincoln Road - Corridor Improvements	3	8,355	5,902	14,257	75,189	89,446	56,590	25%	32,856
Murphys Road Upgrade Bridge Imp (PC20)		2,176	3,159	5,335	19,044	24,379	20,700	26%	3,679
Tamaki Ngapipi Intersection Safety Imp		2,654	5,370	8,024	6,415	14,439	14,581	55%	(142)
Franklin Road Enhancements		1,273	2,552	3,825	11,421	15,246	16,266	24%	(1,020)
EMU (Rolling stock Tranche 2017)			6,769	6,769	126,507	133,276	133,000	5%	276
Northcote safe route C/Way		2,180	5,082	7,262	11,462	18,724	17,751	41%	973
Nelson Street Downtown C/way		3,686	2,543	6,229	46	6,275	6,965	89%	(690)

### 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 project is yet to be confirmed as a commitment via the LTP process.
3. Post public consultation Lincoln road project foot print has changed compared to the original scope. The cost increases are combination of scope/design changes and prices increases related to Land take and construction costs.
3. Post public consultation the Lincoln Road project footprint has changed compared to the original scope. The cost increases are combination of scope/design changes and price increases related to land take and construction costs.

## Section 4a – Statement of Financial Position

As at 31 March 2018

	Note	Actual 31 March 2018 \$000	Actual 28 February 2018 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	4,792	7,397
Receivables	2	268,679	256,416
Inventories		11,592	11,616
Other assets		23,114	12,427
Non-current assets held for sale		2,021	2,096
<b>Total current assets</b>		<b>310,198</b>	<b>289,952</b>
<b>Non-current assets</b>			
Receivables		1,801	1,801
Property, plant and equipment (PPE)		18,291,209	18,244,463
Intangible assets		101,585	98,935
Work in progress (PPE and intangible assets)	3	529,765	526,751
<b>Total non-current assets</b>		<b>18,924,360</b>	<b>18,871,950</b>
<b>Total assets</b>		<b>19,234,558</b>	<b>19,161,902</b>

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

As at 31 March 2018

	Note	Actual 31 March 2018 \$000	Actual 28 February 2018 \$000
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables and accruals	4	181,588	162,289
Employee entitlements	5	13,165	13,196
Derivative financial instruments		174	301
Borrowings	6	6,031	6,003
<b>Total current liabilities</b>		<b>200,958</b>	<b>181,789</b>
<b>Non-current liabilities</b>			
Payables and accruals	4	17,284	17,559
Employee entitlements	5	494	494
Derivative financial instruments		1,664	2,857
Borrowings	6	498,280	498,995
Deferred tax	7	11,409	11,409
<b>Total non-current liabilities</b>		<b>529,131</b>	<b>531,314</b>
<b>Total liabilities</b>		<b>730,089</b>	<b>713,103</b>
<b>Net assets</b>		<b>18,504,469</b>	<b>18,448,799</b>
<b>Equity</b>			
Contributed capital		12,970,154	12,970,154
Accumulated funds		1,973,468	1,917,798
Other reserves		3,560,847	3,560,847
<b>Total equity</b>		<b>18,504,469</b>	<b>18,448,799</b>

## Section 4b – Notes to the Financial Statements

As at 31 March 2018

	Actual 31 March 2018 \$000	Actual 28 February 2018 \$000
<b>1 Cash and cash equivalents</b>		
Cash at bank	4,473	7,078
Till floats	319	319
<b>Total cash and cash equivalents</b>	<b>4,792</b>	<b>7,397</b>

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

<b>2 Receivables</b>		
Trade and other debtors	6,183	4,539
Infringement receivable	36,215	35,645
Amounts due from related parties	202,175	183,394
Accrued revenue	39,921	48,688
	<b>284,494</b>	<b>272,266</b>
Less provision for impairment of receivables	(15,815)	(15,850)
<b>Total current receivables</b>	<b>268,679</b>	<b>256,416</b>

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

As at 31 March 2018

The carrying value of debtors and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables as there are a large number of customers.

The maximum exposure to credit risk at reporting date is the carrying value of each class of receivable mentioned above.

The ageing profile of receivables at is detailed below:

	<b>Gross \$000</b>	<b>Impaired \$000</b>	<b>Net \$000</b>
Not past due	249,510	-	249,510
Past due 1 - 30 days	1,789	-	1,789
Past due 31 - 60 days	1,145	-	1,145
Past due 61 - 90 days	1,499	-	1,499
Past due > 90 days	30,551	(15,815)	14,736
	<b>284,494</b>	<b>(15,815)</b>	<b>268,679</b>

All receivables greater than 30 days in age are considered to be past due.

The provision for impairment of receivables has been calculated on an individual basis. The provision is based on a review of significant debtor balances. Receivables are assessed as impaired due to significant financial difficulties being experienced by the debtor, and Auckland Transport management concluding that it is remote that the overdue amounts will be recovered.

Movements in the provision for impairment of receivables are as follows:

	<b>Actual 31 March 2018 \$000</b>
Balance at 1 July 2017	15,016
Additional provisions made	909
Provisions reversed	(110)
Provisions relating to receivables written-off	-
<b>Balance at 31 March 2018</b>	<b>15,815</b>



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

As at 31 March 2018

	Opening Balance 1 July 2017 \$000	Acquisition YTD 31 March 2018 \$000	Capitalisation YTD 31 March 2018 \$000	Closing Balance 31 March 2018 \$000
<b>3 Work in Progress (WIP)</b>				
<b>WIP by activity</b>				
Roads and footpaths	272,498	162,208	(119,059)	315,647
Public Transport	124,059	90,944	(36,074)	178,929
Parking operations	7,209	4,219	(2,077)	9,351
Internal support	28,445	15,457	(18,065)	25,838
<b>Total WIP</b>	<b>\$432,212</b>	<b>\$272,828</b>	<b>(175,274)</b>	<b>529,765</b>
<b>WIP by status</b>				
Current WIP (completion in future)				476,599
Due for capitalisation within policy				29,503
Due for capitalisation not within policy				22,062
Forecast completion date not yet provided (new projects)				1,601
<b>Total WIP</b>				<b>529,765</b>
<b>Top 10 Programmes</b>				<b>WIP Closing Balance 31 March 2018 \$000</b>
AMETI				55,033
Walking And Cycling				45,649
Bus Interchange				39,206
Te Atatu Rd : Corridor Improvements				27,419
SMART				20,248
Mill Road Improvements				18,894
Minor Safety				15,647
Double decker network mitigation works				13,010
Flat Bush				10,940
East West FN32 Bus Network				10,756
<b>Total</b>				<b>256,802</b>

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

As at 31 March 2018

	Actual 31 March 2018 \$000	Actual 28 February 2018 \$000
<b>4 Payables and accruals</b>		
<b>Current portion</b>		
Creditors	41,900	22,663
Goods and services tax	1,994	21
Accrued expenses	115,329	116,703
Retentions	12,652	12,566
Amounts due to related parties	6,215	5,871
Revenue in advance	3,498	4,465
<b>Total current payables</b>	<b>181,588</b>	<b>162,289</b>
<b>Non-current portion</b>		
Amounts due to related parties	17,284	17,559
<b>Total non-current payables</b>	<b>17,284</b>	<b>17,559</b>

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

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

As at 31 March 2018

	Actual 31 March 2018 \$000	Actual 28 February 2018 \$000
<b>5 Employee entitlements</b>		
<b>Current portion</b>		
Accrued salaries and wages	2,829	3,285
Accrued leave	10,336	9,911
<b>Total current employee entitlements</b>	<b>13,165</b>	<b>13,196</b>
<b>Non-current portion</b>		
Retirement gratuities	314	314
Long service leave	180	180
<b>Total non-current employee entitlements</b>	<b>494</b>	<b>494</b>
<b>6 Borrowings</b>		
<b>Current portion</b>		
Loans from Auckland Council	6,031	6,003
<b>Total current borrowings</b>	<b>6,031</b>	<b>6,003</b>
<b>Non-current portion</b>		
Loans from Auckland Council	498,280	498,995
<b>Total non-current borrowings</b>	<b>498,280</b>	<b>498,995</b>
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 31 March 2018

	<b>Actual</b>
	<b>31 March 2018</b>
	<b>\$000</b>
<b>7 Deferred tax liability</b>	
Balance at 1 July 2017	11,667
Debited to surplus or deficit	(258)
Charged to equity	-
<b>Balance 31 March 2018</b>	<b>11,409</b>

## Section 5 – Cashflow

	Year to date		Full year
	Actual \$000	Revised Budget \$000	Revised Budget \$000
<b>Cash flows from operating activities</b>			
<b>Total cash provided</b>	<b>1,107,975</b>	<b>1,183,245</b>	<b>1,546,584</b>
<b>Cash applied to</b>			
Payments to suppliers and employees	583,998	583,457	781,049
Interest paid	21,029	22,912	30,452
<b>Total cash applied</b>	<b>605,027</b>	<b>606,369</b>	<b>811,501</b>
<b>Net cash from operating activities</b>	<b>502,948</b>	<b>576,876</b>	<b>735,083</b>
<b>Cash flows from investing activities</b>			
<b>Cash provided from</b>			
Sale of property, plant and equipment	5,350	-	-
<b>Cash applied to:</b>			
Purchase of property, plant and equipment	504,846	572,525	729,319
<b>Net cash from investing activities</b>	<b>(499,496)</b>	<b>(572,525)</b>	<b>(729,319)</b>
<b>Cash flows from financing activities</b>			
<b>Cash applied to</b>			
Repayments of EMU loan from Auckland Council	4,352	4,351	5,764
<b>Net cash from financing activities</b>	<b>(4,352)</b>	<b>(4,351)</b>	<b>(5,764)</b>
<b>Net (decrease)/increase in cash and cash equivalent</b>	<b>(900)</b>	<b>-</b>	<b>-</b>
Opening cash and cash equivalents	5,692	-	-
<b>Closing cash balance</b>	<b>4,792</b>	<b>-</b>	<b>-</b>

### Reconciliation of surplus after tax to net cash from operating activities

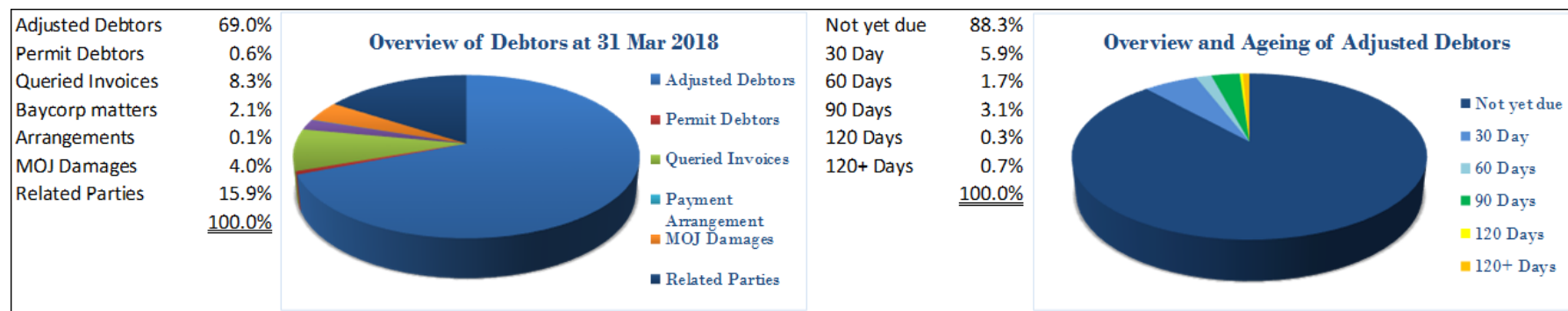
	Actual \$000
<b>Surplus after tax</b>	<b>350,295</b>
<b>Add/(less) non-cash items</b>	
Depreciation and amortisation	240,173
Vested asset income	(144,145)
Loss on disposal of property, plant and equipment	443
(Gains)/losses on derivatives	1,837
Income tax (benefit)/expense	(257)
	<b>98,051</b>
<b>Add/(less) movements in balance sheet items</b>	
Receivables	53,274
Inventories	(149)
Other assets	(19,746)
Non-current assets held for sale	60
Payables and accruals	23,258
Employee entitlements	(2,095)
	<b>54,602</b>
<b>Net cash from operating activities</b>	<b>502,948</b>

## Section 6 – Accounts Receivable Report

### Accounts Receivable

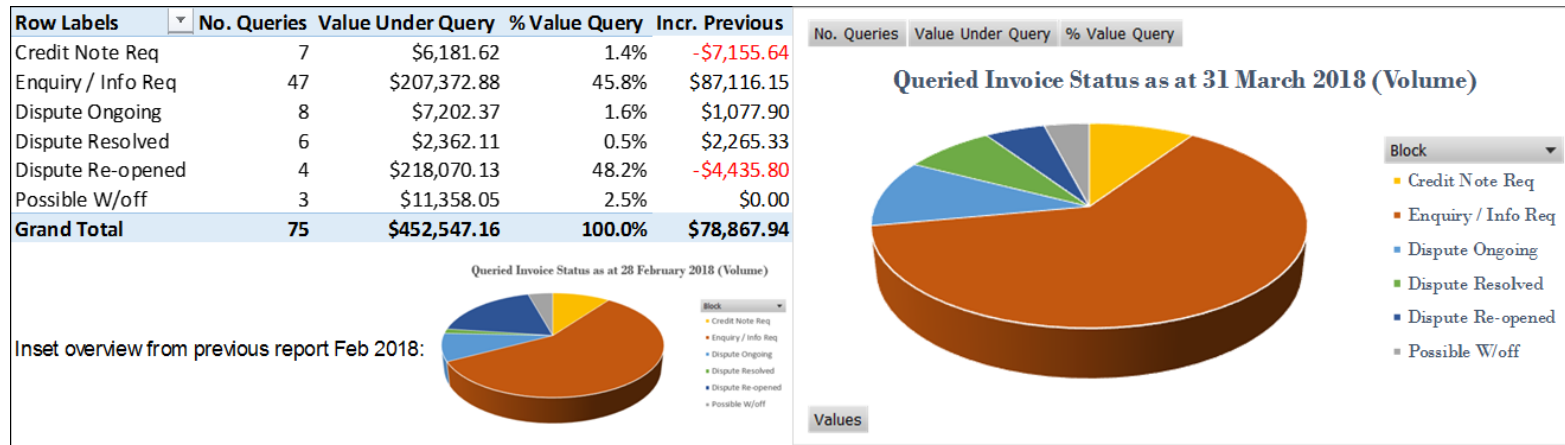
An overview of Debtors as at 31 March has 95.9% (97.0% February) of adjusted Debtors in 30 and 60 days, or not yet due.

<u>Debtors Ageing Analysis as at 31 March 2018</u>									
<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</u>	<u>Not Yet Due</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>120+ Days</u>	<u>Notes</u>
Debtors Ageing 31 Mar	148	5,396,327	3,608,713	248,788	149,680	481,915	15,659	891,573	1
Parking Permit Debtors	19	34,885	0	200	30,000	600	4,085	0	2
<b>Total Debtors</b>		<b>5,431,212</b>	<b>3,608,713</b>	<b>248,988</b>	<b>179,680</b>	<b>482,515</b>	<b>19,744</b>	<b>891,573</b>	
		100.0%	66.4%	4.6%	3.3%	8.9%	0.4%	16.4%	
O/s Related Parties	27	868,152	272,916	20,938	111,252	74,606	6,488	381,952	3
<b>Trade Debtors</b>	<b>118</b>	<b>4,563,060</b>	<b>3,335,797</b>	<b>228,050</b>	<b>68,428</b>	<b>407,908</b>	<b>13,256</b>	<b>509,620</b>	
		100.0%	73.1%	5.0%	1.5%	8.9%	0.3%	11.2%	
Queried Invoices	157	452,547	2,502	1,203	4,826	288,777	15	155,225	4
To Baycorp (Collection)	652	114,910	0	0	110	212	360	114,228	5
Payment Arrangement	168	3,952	0	0	0	2,875	0	1,077	6
Lodged Courts (Damages)	650	219,049	1,088	5,595	0	0	0	212,365	7
<b>Adjusted Debtors</b>		<b>3,772,602</b>	<b>3,332,207</b>	<b>221,252</b>	<b>63,492</b>	<b>116,044</b>	<b>12,881</b>	<b>26,724</b>	8
		100.0%	88.3%	5.9%	1.7%	3.1%	0.3%	0.7%	



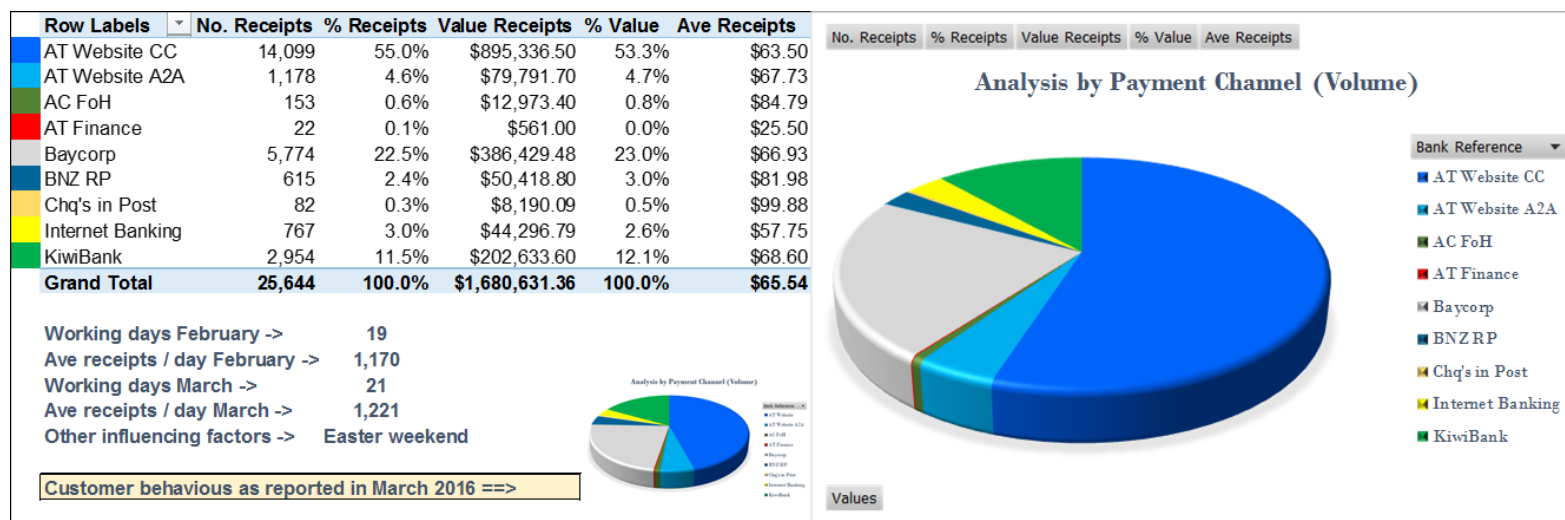
### Notes relating to the Debtors Ageing Analysis:

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.
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 \$11,000 in March 2018 compared with February 2018.



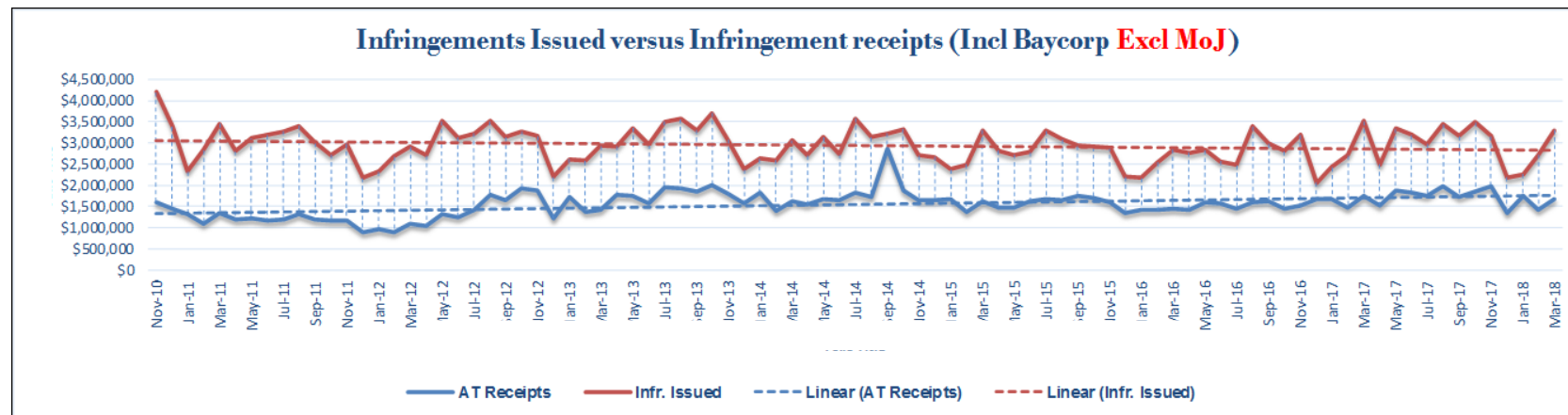
### Infringement Overview:

March's Infringement receipts by volume are up 15.3% on February primarily as a result of increased infringement issuance in February and March. Of the customers not paying in response to a Baycorp demand, 80.8% are making use of electronic payment methods (79.2% in February). The AT website recorded 59.6% of all receipts (51.3% in February). The inset graph compares customer behaviour as reported in February 2016.

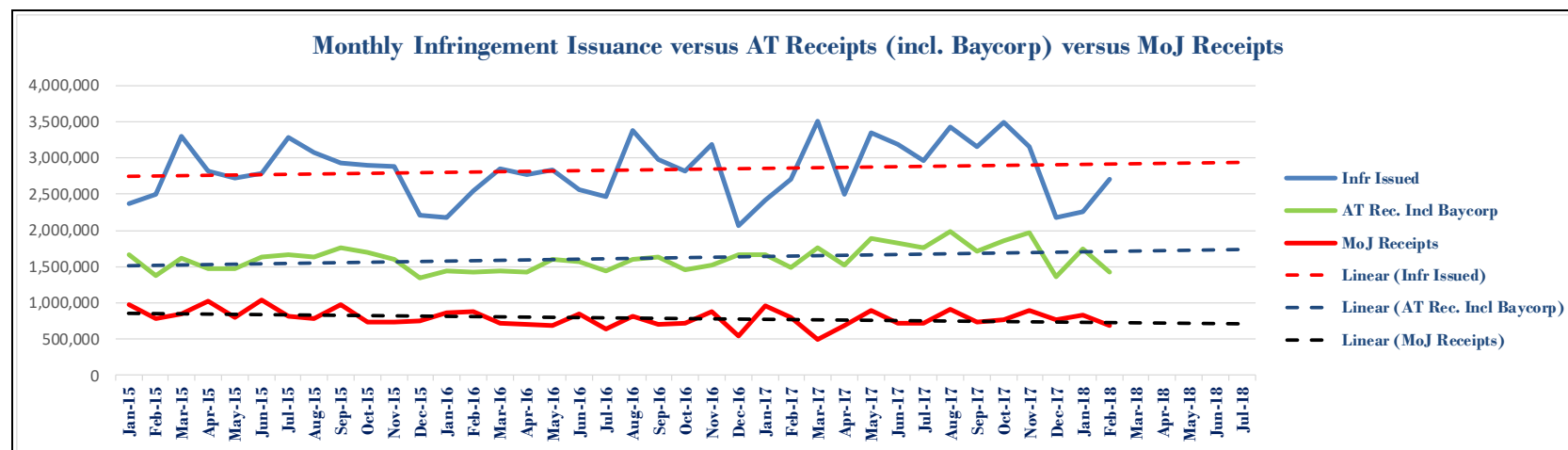




When comparing infringements issued against AT receipts (including Baycorp but excluding MoJ) over the long term (seven year period), the trend for receipts is increasing while the trend for infringements issued is decreasing.

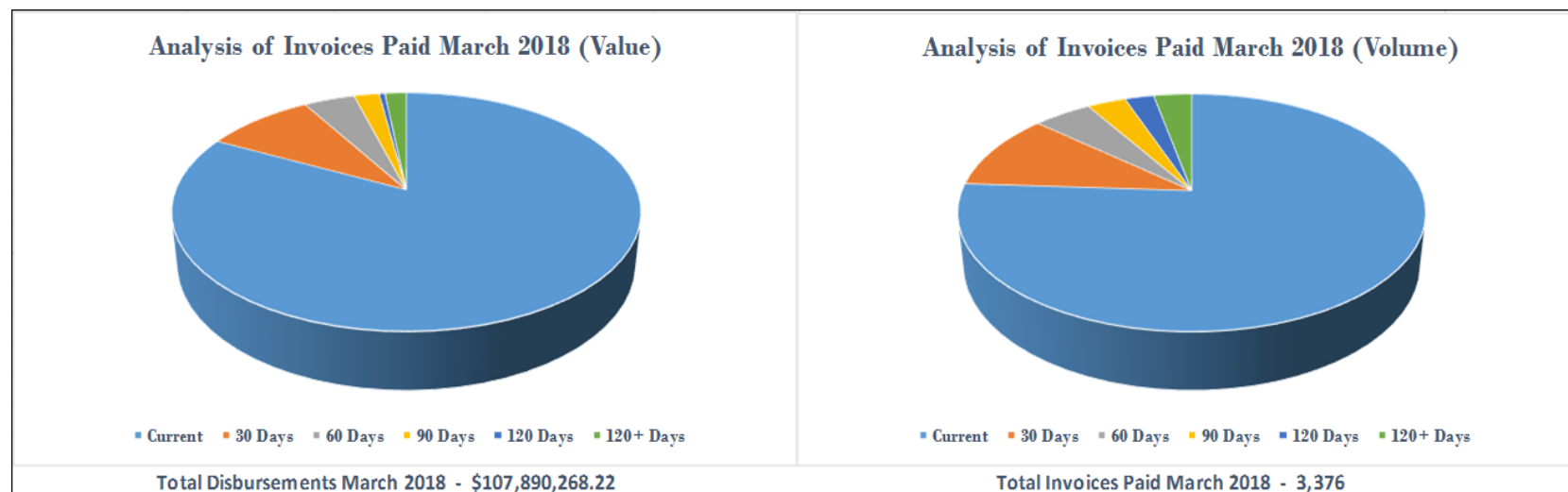


Over a shorter period, 39 months (January 2015 to March 2018), the trend for both infringements issued and received (incl. Baycorp) is positive while the trend for receipts by MoJ has remained relatively static.



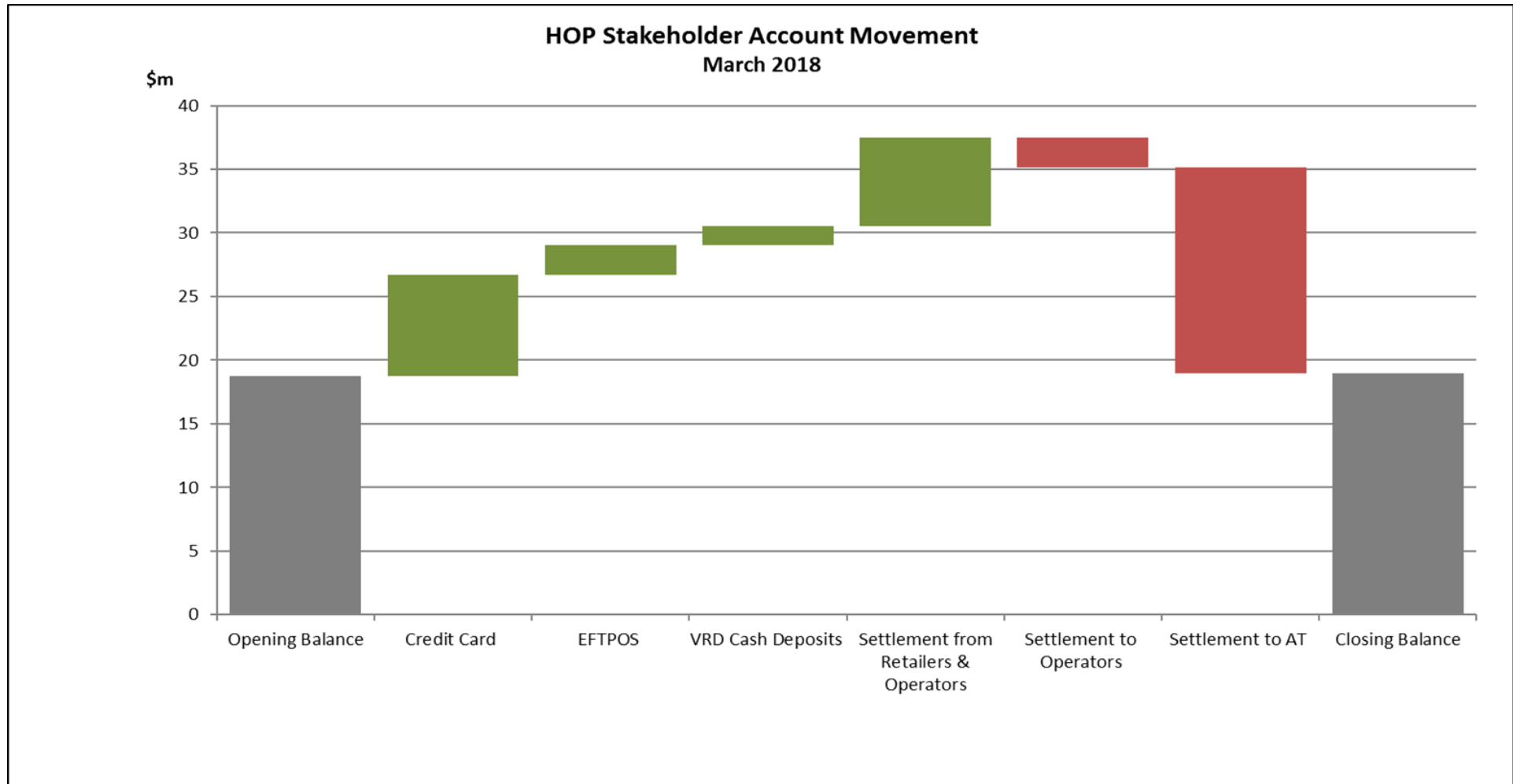
## Accounts Payable:

The following analysis of all invoices disbursed in March with the focus on the age of the invoice at time of payment. The graph comparing value by age shows that AT has paid 92% of invoices on time or within 30 days of due date. The invoices by volume shows that 86% of invoices have been paid on time or within 30 days of due date. Value comparison March \$107 million / February \$103 million. Volume comparison March 3,376 invoices / February 3,000 invoices.



## Section 7 – AT HOP Stakeholder Monthly Report


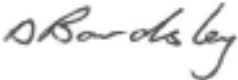
The AT HOP Stakeholder bank account as of March 2018 slightly increased by less than 1% from previous month, i.e., from \$18.7 million to \$18.9 million.



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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