Financial Results for the Twelve Months Ended 30 June 2013

This report summarises the Auckland Transport financial results for the twelve months ended 30 June 2013.

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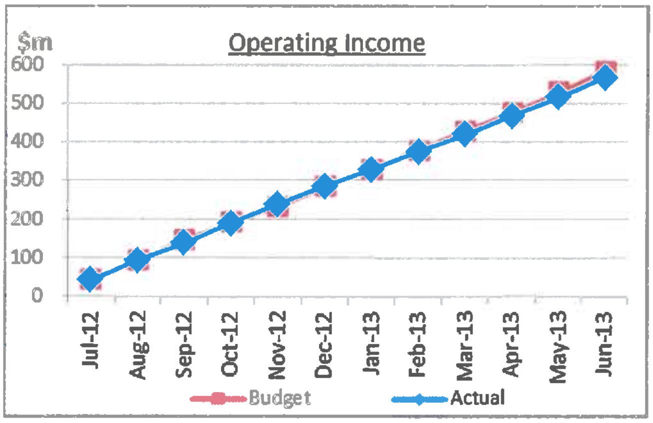
Executive Summary

Financial Results for the twelve months ended 30 June 2013:

	Current month variance to Forecast $m	Year to date variance to Forecast $million	Year to date results	Year to date Actual $million	Year to date Forecast $million	Full Year Budget $million
Total operating income	(1.4)	(10.6)	⇩ 🟡	566.4	577.0	583.6
Total operating expenditure	(0.1)	13.3	⇩ 🟢	815.3	828.6	824.2
Surplus/(deficit) from operations	(1.5)	2.7	⇧ 🟢	(248.9)	(251.6)	(240.6)
Income for capital projects	10.9	22.9	⇧ 🟢	716.6	693.7	243.0
Net surplus/(deficit) before tax	9.4	25.6	⇧ 🟢	467.7	442.1	2.4
Total capital expenditure	(12.8)	34.0	⇩ 🟡	1,069.5	1,103.5	719.8

Key to symbols used:

⇔	: Within tolerable range	⇧	: Above forecast, favourable variance
⇩	: Below forecast, unfavourable variance	🟢	: Achieved forecast or better
⇩	: Below forecast, favourable variance	🟡	: Monitoring, some action taken
⇧	: Above forecast, unfavourable variance	🔴	: Action required

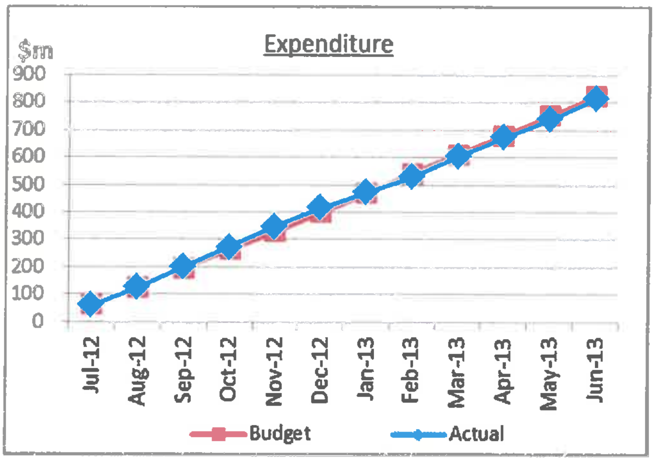


Total operating income is $10.6m net unfavourable to forecast. This is mainly due to:

- lower than forecast NZTA operational income $12.0m due to lower expenditure than forecast

partly offset by:

- higher than forecast activity income from bus, ferry and rail $0.8m
- higher than forecast parking revenue of $0.4m.



Total operating expenditure is below forecast by net $13.3m mainly due to:

- $20.0m favourable variance for derivatives, due to unrealised interest rate swap gain of $22.6m, partly offset by higher than forecast realised interest rate swap loss of $2.6m
- $9.8 favourable variance on professional services

Partly offset by:

- $4.9m higher than forecast depreciation and amortisation expense
- $9.8m rolling stock valuation decrement.

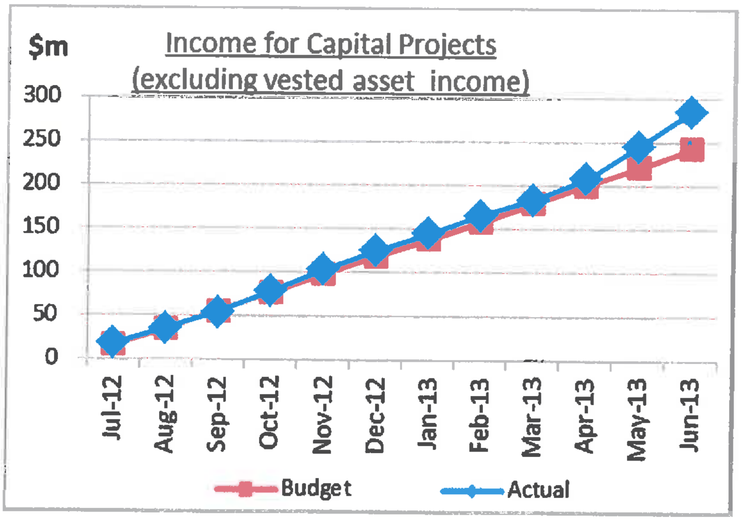
Net surplus before tax is $467.7m, which includes unbudgeted vested asset income of $430.9m. The net surplus is $25.6m favourable to forecast and includes a $22.9m favourable variance for income for capital projects.

The net surplus excluding income for capital projects is $2.7m favourable to forecast. This includes a $20.0m favourable variance from derivatives which are in place for capital programmes partly offset by $4.9m higher than forecast depreciation and amortisation expense and $9.8m rolling stock valuation decrement.

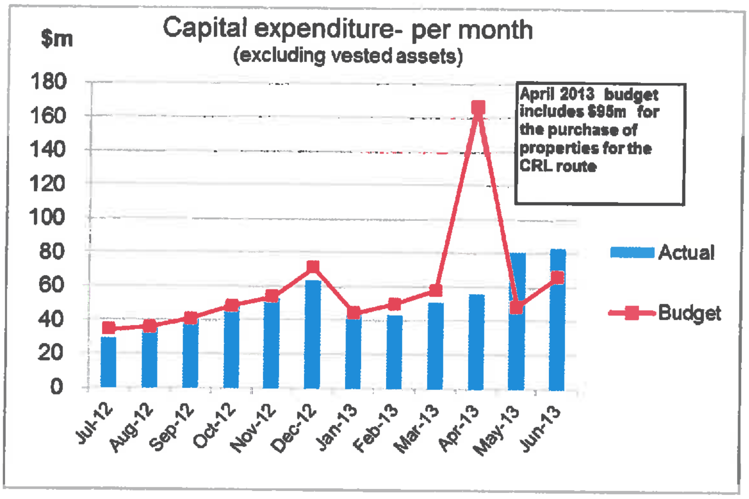
The operational result surplus before tax of $467.7m, is $465.3m above the budget of $2.4m. However, a number of non-cash and abnormal items have impacted the operating result. The main items being:

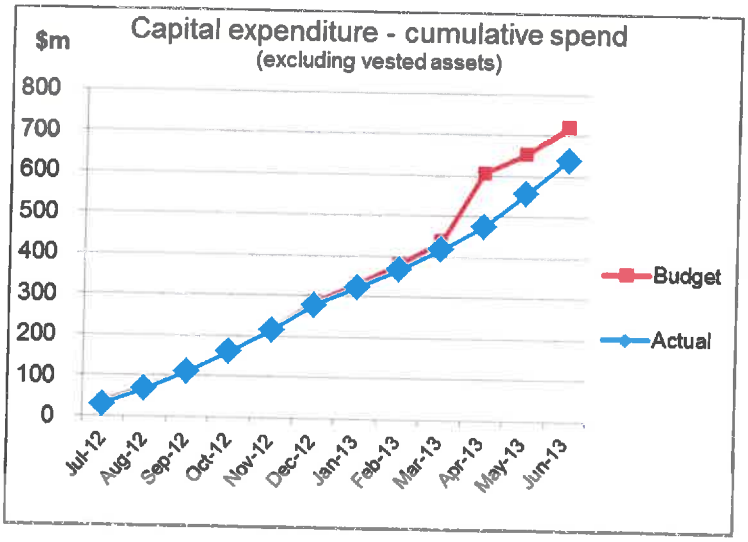
- $430.9m of unbudgeted vested assets income
- $22.6m unrealised gain on interest rate swaps hedge revaluation, partly off-set by a $9.1m realised loss on close out costs of interest rate swaps
- $39.4m additional funding from NZTA
- $10.1 m additional depreciation and amortisation exepditure than budgeted

After adjusting for these items , Auckland Transport has operated within its agreed operational funding envelope. Net funds applied to operations were $2.8m more than original budgets. When funding was determined it was identified that a $6.2m funding shortfall existed, which was to be managed through the year, and as a precaution the renewals spending was adjusted to ensure that the organisation remained within the toal Council funding provided. After allowing for the $6.2m the operational funding shortfall is $3.4m less than originally anticipated and is offset by additional capital funding from other sources.



Income for capital projects year to date is higher than forecast by $22.9m mainly due to higher than forecast vested asset income of $16.5m and NZTA capital funding $3.2m.





Capital expenditure, excluding vested assets, was $638.6m, which is $50.5m lower than forecast due to less expenditure on new capital of $43.2m and EMU project $9.8m partly offset by higher than forecast renewal capital of $2.5m. These were mainly timing issues with regard to property acquisition. Further detail of the variances is in section 3a.

It is worth noting that capital spend compared to budget and excluding vested assets, was below budget by $81.2m. Specific non transferable funding for EMU and depot, CRL, and the Local Board capital fund, accounts for $102.9m of budget variations. Those funds will remain available only to those specific projects in future years.

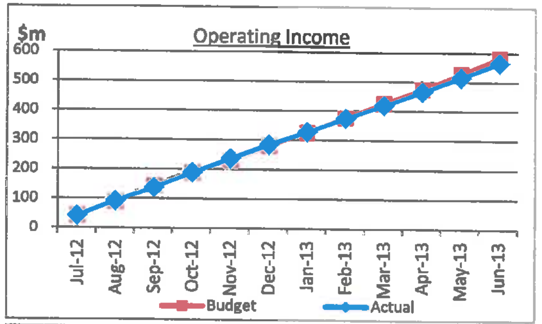
AT also has a dynamic funding pool to ensure that the 10 year capital programme is able to be delivered. The process used allows funds from projects which are delayed to be applied to another prioritised project from the agreed long term plan. Under this funding pool AT adjusts the project list to account for delays and also to changes in NZTA funding. Spending within the dynamic funding pool was higher than budgeted as more funding was available from NZTA and other capital subsidy ($44.2m). This was used to fund $22m of additional work in the dynamic programme, to offset the operational funding shortfall, and the remaining $20m is a favourable capital funding variance for Auckland Council.

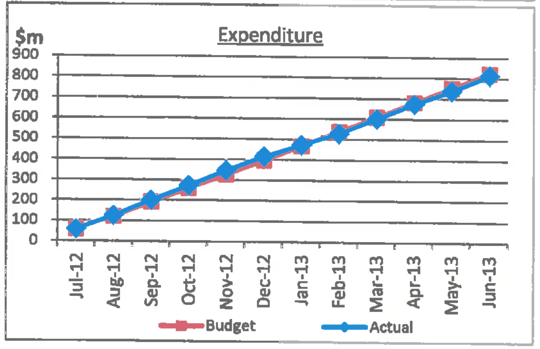
The **asset position** is sound with net assets of $14.4 billion at the end of June and cash flow funding arrangements in place to ensure all liabilities can be met.

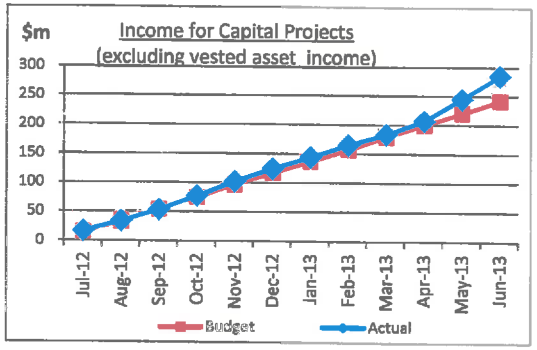
Section 2a - Statement of Financial Performance for the twelve months ended 30 June 2013

	Current month			Year to date - Forecast				Year to date - Budget			
	Actual $000	Forecast $000	Variance $000	Actual $000	Forecast $000	Variance $000	Results achieved	Actual $000	Budget $000	Variance $000	Results achieved
Income											
Operating income											
Auckland Council funding	18,569	21,486	(2,917)	222,832	222,832	-	🟢	222,832	215,347	7,485	🟢
NZ Transport Agency	18,319	18,292	27	197,718	209,723	(12,005)	🟡	197,718	209,075	(11,357)	🟡
Parking and enforcement income	7,568	6,938	630	73,191	72,766	425	🟢	73,191	79,946	(6,755)	🟡
Public transport income	3,996	3,502	494	47,098	46,153	945	🟢	47,098	53,184	(6,086)	🟡
Other revenue including other grants and subsidies	2,122	1,767	355	25,579	25,529	50	🟢	25,579	26,074	(495)	🟡
Total operating income	50,574	51,985	(1,411)	566,418	577,003	(10,585)	🟡	566,418	583,626	(17,208)	🟡
Expenditure											
Personnel costs	8,381	8,495	114	96,464	97,604	1,140	🟢	96,464	95,710	(754)	🟡
Capitalised personnel costs	(3,084)	(2,051)	1,033	(24,756)	(22,609)	2,147	🟢	(24,756)	(26,310)	(1,554)	🟡
Depreciation and amortisation expense	22,877	20,984	(1,893)	250,723	245,822	(4,901)	🟡	250,723	240,615	(10,108)	🟡
Other expenses	58,350	46,774	(11,576)	497,866	492,700	(5,166)	🟢	497,866	501,965	4,099	🟢
Finance costs (Electric Trains)	831	847	16	8,378	8,425	47	🟢	8,378	12,261	3,883	🟢
Losses/(gains) on derivatives	(12,210)	-	12,210	(13,354)	6,652	20,006	🟢	(13,354)	-	13,354	🟢
Total operating expenditure	75,145	75,049	(96)	815,321	828,594	13,273	🟢	815,321	824,241	8,920	🟢
Profit/(loss) from Operations	(24,571)	(23,064)	(1,507)	(248,903)	(251,591)	2,688	🟢	(248,903)	(240,615)	(8,288)	🟢
Income for capital projects											
NZ Transport Agency	26,373	35,110	(8,737)	158,505	155,290	3,215	🟢	158,505	119,076	39,429	🟢
Auckland Council capital grant	10,329	10,329	-	123,949	123,949	-		123,949	123,949	-	
Other capital grants	3,197	-	3,197	3,207	10	3,197		3,207	-	3,207	🟢
Vested asset income	16,471	-	16,471	430,914	414,443	16,471	🟢	430,914	-	430,914	🟢
	56,370	45,439	10,931	716,575	693,692	22,883	🟢	716,575	243,025	473,550	🟢
Net surplus/(deficit) before tax	31,799	22,375	9,424	467,672	442,101	25,571	🟢	467,672	2,410	465,262	🟢
Income tax expense	(2,972)	-	2,972	(1,848)	1,125	2,973		(1,848)	-	1,848	
Net surplus/(deficit) after tax	34,771	22,375	12,396	469,520	440,976	28,544	🟢	469,520	2,410	467,110	🟢

🟢 : Largely on track
🟡 : Monitoring/some action
🔴 : Action required/taken

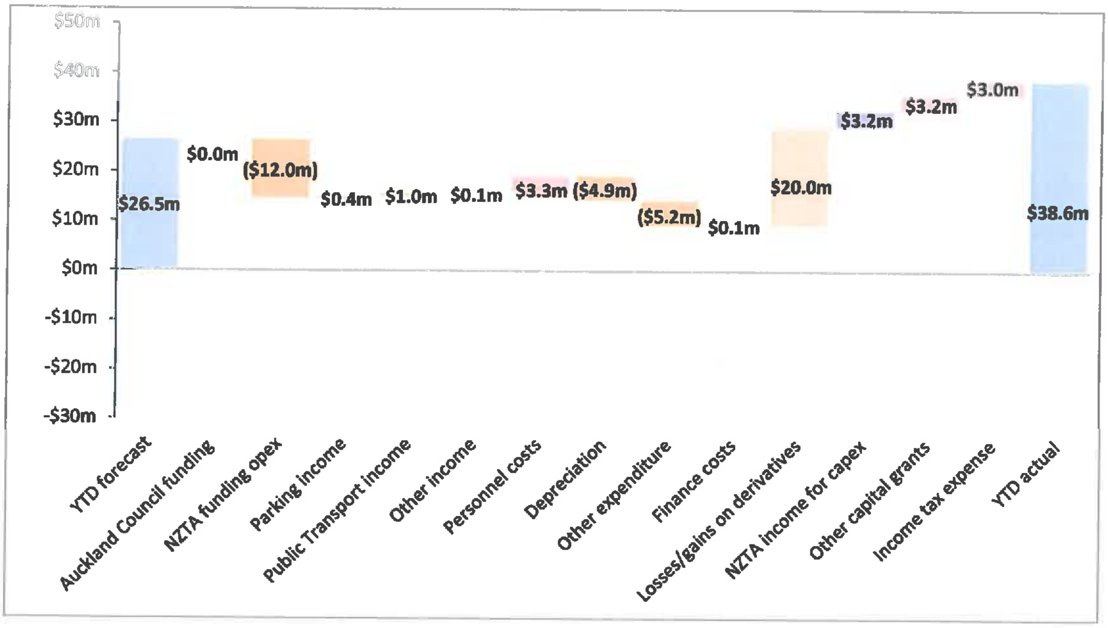




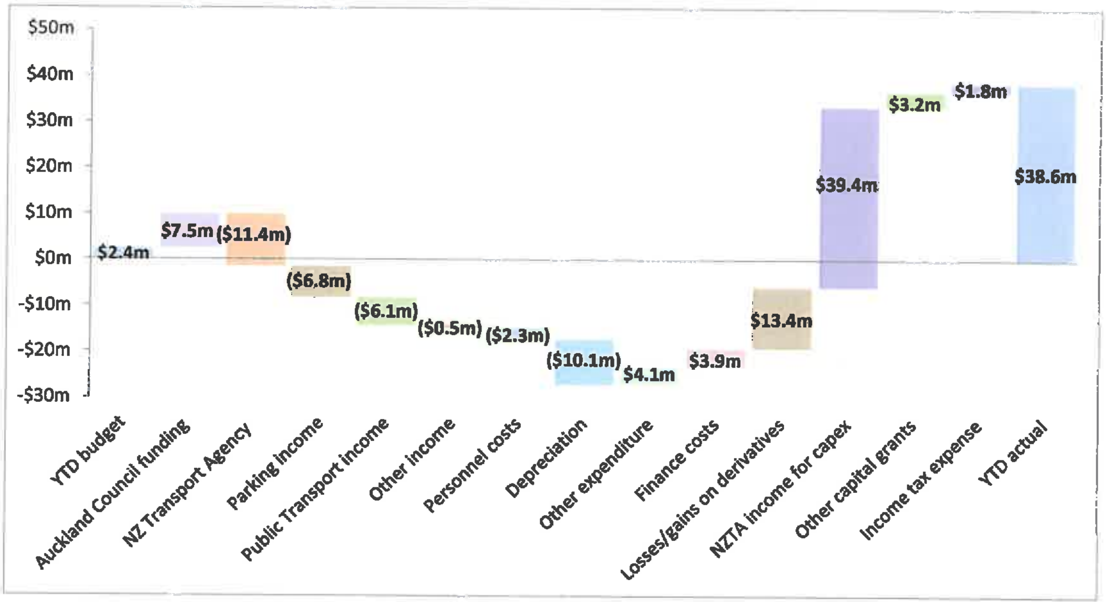


Section 2b - Net suplus/(deficit) waterfall

Net surplus/(deficit) - Year to date forecast to actual (excluding vested asset income)



Net surplus/(deficit) - Year to date budget to actual (excluding vested asset income)



Section 2c - Rail Operations for the twelve months ended 30 June 2013

	Current month			Full Year - Forecast			Year to date - Budget		
	Actual $000	Forecast $000	Variance $000	Actual $000	Forecast $000	Variance $000	Actual $000	Budget $000	Variance $000
Operating Income									
Activity income	2,543	2,143	400	27,129	26,945	184	27,129	33,882	(6,753)
Rental income	34	36	(2)	492	480	12	492	760	(268)
Other income	72	43	29	1,602	1,538	64	1,602	604	998
NZTA operating subsidy	3,772	8,590	(4,818)	49,624	57,488	(7,864)	49,624	58,443	(8,819)
NZTA operating subsidy - Electric Trains	636	582	54	5,818	5,743	75	5,818	7,234	(1,416)
Total operating income	7,057	11,394	(4,337)	84,665	92,194	(7,529)	84,665	100,923	(16,258)
Operating Expenditure									
Personnel costs	87	80	(7)	1,060	1,023	(37)	1,060	1,135	75
Capitalised personnel costs	(67)	(58)	9	(529)	(543)	(14)	(529)	-	529
Service delivery costs and professional services	8,583	11,179	2,596	93,260	95,288	2,028	93,260	102,339	9,079
Occupancy costs	580	314	(266)	3,981	3,638	(343)	3,981	4,652	671
Track access charges	(578)	1,157	1,735	10,536	14,004	3,468	10,536	14,359	3,823
Other expenditure	426	353	(73)	4,380	4,239	(141)	4,380	4,104	(276)
Total operating expenditure	9,031	13,025	3,994	112,688	117,649	4,961	112,688	126,589	13,901
Depreciation	2,972	2,965	(7)	31,672	31,817	145	31,672	27,471	(4,201)
Surplus/(deficit) from Operations	(4,946)	(4,596)	(350)	(59,695)	(57,272)	(2,423)	(59,695)	(53,137)	(6,558)
Internal support costs									
Electric Trains and Depot operating costs	(11,583)	852	12,435	(6,465)	14,099	20,564	(6,465)	12,261	18,726
Other internal support	2,292	2,295	3	17,089	18,144	1,055	17,089	18,453	1,364
Total internal support costs	(9,291)	3,147	12,438	10,624	32,243	21,619	10,624	30,714	20,090
Surplus/(deficit)	4,345	(7,743)	12,088	(70,319)	(89,515)	19,196	(70,319)	(83,851)	13,532

Operating income
Full year rail income is lower than budget due to lower than planned patronage numbers and additional services included in the plan that have not been implemented. This is offset by lower than planned expenditure which was also based on similar assumptions.

NZTA operating subsidy
Reduced NZTA subsidy due to lower than forecast operating expenditure combined with some NZTA subsidy that was forecast as operating but is actually renewals subsidy.

Total operating expenditure
Operating costs year to date show a positive variance, the main contributor being reduced track access charges and lower than forecast Veolia contract costs.

Internal support costs
Favourable Electric Trains variance due to unrealised gain on interest rate swaps of $22.6m partly offset by unforecast realised loss on close out of swap of $2.6m.

Section 2c - Bus Operations for the twelve months ended 30 June 2013

	Current month			Full Year - Forecast			Year to date - Budget		
	Actual $000	Forecast $000	Variance $000	Actual $000	Forecast $000	Variance $000	Actual $000	Budget $000	Variance $000
Operating Income									
Activity Income	1,088	786	302	10,516	10,037	479	10,516	10,184	332
Other income	1	11	(10)	572	563	9	572	124	448
NZTA operating subsidy	5,160	5,089	71	58,002	59,549	(1,547)	58,002	61,620	(3,618)
Total operating income	6,249	5,886	363	69,090	70,149	(1,059)	69,090	71,928	(2,838)
Operating Expenditure									
Personnel costs	124	45	(79)	958	553	(405)	958	454	(504)
Capitalised personnel costs	(116)	(30)	86	(442)	(149)	293	(442)	-	442
Service delivery costs and professional services	11,351	10,758	(593)	124,362	126,796	2,434	124,362	134,041	9,679
Occupancy costs	7	37	30	1,084	1,111	27	1,084	606	(478)
Other expenditure	33	37	4	411	401	(10)	411	832	421
Total operating expenditure	11,399	10,847	(552)	126,373	128,712	2,339	126,373	135,933	9,560
Depreciation	26	23	(3)	279	264	(15)	279	228	(51)
Surplus/(deficit) from Operations	(5,176)	(4,984)	(192)	(57,562)	(58,827)	1,265	(57,562)	(64,233)	6,671
Internal support costs	2,461	2,463	2	18,350	19,484	1,134	18,350	19,815	1,465
Surplus/(deficit)	(7,637)	(7,447)	(190)	(75,912)	(78,311)	2,399	(75,912)	(84,048)	8,136

NZTA operating subsidy
Reduced NZTA subsidy due to lower than forecast operating expenditure.

Section 2c - Ferry Operations for the twelve months ended 30 June 2013

	Current month			Full Year - Forecast			Year to date - Budget		
	Actual $000	Forecast $000	Variance $000	Actual $000	Forecast $000	Variance $000	Actual $000	Budget $000	Variance $000
Operating Income									
Operator access fees	19	220	(201)	2,818	2,823	(5)	2,818	3,934	(1,116)
Rental income	63	63	-	757	751	6	757	506	251
Activity Income	52	33	19	506	382	124	506	724	(218)
Other Income	-	-	-	31	2	29	31	19	12
NZTA operating subsidy	583	464	119	5,369	6,141	(772)	5,369	5,841	(472)
Total operating income	717	780	(63)	9,481	10,099	(618)	9,481	11,024	(1,543)
Operating Expenditure									
Personnel costs	46	20	(26)	361	293	(68)	361	328	(33)
Capitalised personnel costs	-	-	-	-	2	2	-	-	-
Service delivery costs and professional services	769	872	103	11,234	10,889	(345)	11,234	13,884	2,650
Occupancy costs	128	57	(71)	892	754	(138)	892	653	(239)
Other expenditure	251	133	(118)	1,920	1,792	(128)	1,920	1,345	(575)
Total operating expenditure	1,194	1,082	(112)	14,407	13,730	(677)	14,407	16,210	1,803
Depreciation	173	171	(2)	2,004	1,977	(27)	2,004	1,605	(399)
Surplus/(deficit) from Operations	(650)	(473)	(177)	(6,930)	(5,608)	(1,322)	(6,930)	(6,791)	(139)
Internal support costs	293	294	1	2,188	2,324	136	2,188	2,363	175
Surplus/(deficit)	(943)	(767)	(176)	(9,118)	(7,932)	(1,186)	(9,118)	(9,154)	36

Total operating expenditure
Operating costs are ahead of year to date mainly due to higher than forecast spends on Downtown and Maitiatia wharves.

Section 2c - Other Public Transport Operations for the twelve months ended 30 June 2013

	Current month			Full Year - Forecast			Year to date - Budget		
	Actual $000	Forecast $000	Variance $000	Actual $000	Forecast $000	Variance $000	Actual $000	Budget $000	Variance $000
Operating Income									
Advertising & Sponsorships	-	-	-	1,491	1,279	212	1,491	1,394	97
Other Income	124	167	(43)	1,184	1,353	(169)	1,184	1,053	131
NZTA operating subsidy	5,482	2,506	2,976	35,803	37,320	(1,517)	35,803	33,846	1,957
Total operating income	5,606	2,673	2,933	38,478	39,952	(1,474)	38,478	36,293	2,185
Operating Expenditure									
Personnel costs	1,147	1,069	(78)	13,104	12,848	(256)	13,104	10,253	(2,851)
Capitalised personnel costs	62	(193)	(255)	49	(1,334)	(1,383)	49	(3,760)	(3,809)
Service delivery costs and professional services	4,232	4,117	(115)	34,482	38,856	4,374	34,482	35,690	1,208
IT costs	134	183	49	1,520	1,600	80	1,520	1,718	198
Occupancy costs	17	126	109	260	669	409	260	84	(176)
Other expenditure	959	711	(248)	10,210	9,579	(631)	10,210	9,600	(610)
Total operating expenditure	6,551	6,013	(538)	59,625	62,218	2,593	59,625	53,585	(6,040)
Depreciation	873	234	(639)	8,398	5,683	(2,715)	8,398	5,009	(3,389)
Surplus/(deficit) from Operations	(1,818)	(3,574)	1,756	(29,545)	(27,949)	(1,596)	(29,545)	(22,301)	(7,244)
Internal support costs	970	971	1	7,234	7,681	447	7,234	7,811	577
Surplus/(deficit)	(2,788)	(4,545)	1,757	(36,779)	(35,630)	(1,149)	(36,779)	(30,112)	(6,667)

NZTA operating subsidy
NZTA revenue is down year to date against forecast due to lower operating expenditure year to date resulting in reduced subsidy claimed.
The NZTA subsidy for June includes a claim for the AIFS of $3.3m.

Total operating expenditure
Reduced expenditure due to lower Thales operational contractor costs for AIFS project, and reduced HOP call centre costs and PT operations professional services.

Section 2c - Parking Operations for the twelve months ended 30 June 2013

	Current month			Full Year - Forecast			Year to date - Budget		
	Actual $000	Forecast $000	Variance $000	Actual $000	Forecast $000	Variance $000	Actual $000	Budget $000	Variance $000
Operating Income									
Parking fees	3,145	3,077	68	35,402	35,173	229	35,402	48,202	(12,800)
Total operating income	3,145	3,077	68	35,402	35,173	229	35,402	48,202	(12,800)
Operating Expenditure									
Personnel costs	157	156	(1)	2,055	1,984	(71)	2,055	2,819	764
Capitalised personnel costs	(37)	(17)	20	(98)	(67)	31	(98)	(198)	(100)
Service delivery costs and professional services	537	301	(236)	2,643	3,223	580	2,643	4,675	2,032
Occupancy costs	650	385	(265)	6,286	5,786	(500)	6,286	5,048	(1,238)
Other expenditure	122	188	66	513	1,151	638	513	3,496	2,983
Total operating expenditure	1,429	1,013	(416)	11,399	12,077	678	11,399	15,840	4,441
Depreciation	.678	569	(109)	6,261	5,845	(416)	6,261	6,493	232
Surplus/(deficit) from Operations	1,038	1,495	(457)	17,742	17,251	491	17,742	25,869	(8,127)
Internal support costs	287	287	-	2,138	2,270	132	2,138	2,309	171
Surplus/(deficit)	751	1,208	(457)	15,604	14,981	623	15,604	23,560	(7,956)

Total operating income
Parking fees were $12.8m lower than budget as planned revenue included higher tariffs and occupancy rates in comparison to those implemented in November 2012.

Total operating expenditure
Parking expenditure was $4.4m below budget due to savings in maintenance and contractor fees for parking operations.

Section 2c - Enforcement Operations for the twelve months ended 30 June 2013

	Current month			Full Year - Forecast			Year to date - Budget		
	Actual $000	Forecast $000	Variance $000	Actual $000	Forecast $000	Variance $000	Actual $000	Budget $000	Variance $000
Operating Income									
Infringement income	4,423	3,861	562	37,789	37,593	196	37,789	31,744	6,045
Total operating income	4,423	3,861	562	37,789	37,593	196	37,789	31,744	6,045
Operating Expenditure									
Personnel costs	918	995	77	11,491	11,569	78	11,491	12,615	1,124
Capitalised personnel costs	7	-	(7)	(139)	(124)	15	(139)	-	139
Service delivery costs and professional services	141	149	8	1,534	1,589	55	1,534	1,568	34
Other expenditure	523	940	417	7,067	8,381	1,314	7,067	9,044	1,977
Total operating expenditure	1,589	2,084	495	19,953	21,415	1,462	19,953	23,227	3,274
Depreciation	16	14	(2)	1,016	990	(26)	1,016	1,100	84
Surplus/(deficit) from Operations	2,818	1,763	1,055	16,820	15,188	1,632	16,820	7,417	9,403
Internal support costs	420	421	1	3,135	3,329	194	3,135	3,386	251
Surplus/(deficit)	2,398	1,342	1,056	13,685	11,859	1,826	13,685	4,031	9,654

Total operating income
Revenue is $6m above budget due to a change in the bus lane policy from the one assumed in the plan, extended enforcement hours in the CBD and improved Baycorp collections.

Total operating expenditure
Cost savings are mainly due to lower commissions and court lodgement fees.

Section 2c - Roading and Footpaths Operations for the twelve months ended 30 June 2013

	Current month			Full Year - Forecast			Year to date - Budget		
	Actual $000	Forecast $000	Variance $000	Actual $000	Forecast $000	Variance $000	Actual $000	Budget $000	Variance $000
Operating Income									
Petrol tax	1,271	740	531	8,823	8,726	97	8,823	8,677	146
Other income	250	508	(258)	6,584	7,030	(446)	6,584	2,795	3,789
NZTA operating subsidy	861	204	657	33,161	33,143	18	33,161	32,396	765
Total operating income	2,382	1,452	930	48,568	48,899	(331)	48,568	43,868	4,700
Operating Expenditure									
Personnel costs	1,344	1,610	266	16,234	17,232	998	16,234	14,676	(1,558)
Capitalised personnel costs	(657)	(43)	614	(4,035)	(2,240)	1,795	(4,035)	(5,063)	(1,028)
Service delivery costs and professional services	9,840	10,291	451	105,715	111,051	5,336	105,715	102,989	(2,726)
Occupancy costs	1,390	1,063	(327)	13,482	12,688	(794)	13,482	14,075	593
IT costs	-	28	28	537	620	83	537	124	(413)
Other expenditure	130	377	247	3,295	3,706	411	3,295	1,879	(1,416)
Efficiency target	-	(4,000)	(4,000)	-	(16,000)	(16,000)	-	(16,000)	(16,000)
(Profit)/loss on disposal of assets	14	-	(14)	1,227	1,232	5	1,227	-	(1,227)
Total operating expenditure	12,061	9,326	(2,735)	136,455	128,289	(8,166)	136,455	112,680	(23,775)
Depreciation	17,764	16,682	(1,082)	197,140	195,458	(1,682)	197,140	191,150	(5,990)
Surplus/(deficit) from Operations	(27,443)	(24,556)	(2,887)	(285,027)	(274,848)	(10,179)	(285,027)	(259,962)	(25,065)
Internal support costs	2,040	2,042	2	15,211	16,151	940	15,211	16,426	1,215
Surplus/(deficit)	(29,483)	(26,598)	(2,885)	(300,238)	(290,999)	(9,239)	(300,238)	(276,388)	(23,850)

Capitalised personnel costs
The $1.8m favourable year to date variance to forecast is mainly in the Road Corridor Operations area and is due to a reduction in the use of external consultants and an increase in internal recoveries for employees.

Service delivery costs and professional services
The $5.3m favourable variance against forecast is due to a reduction in operational spend in Road Corridor Maintenance to support the unfunded streetscapes work and also reflects a reduction in professional services.

Section 2c - Internal support for the twelve months ended 30 June 2013

	Current month			Full Year - Forecast			Year to date - Budget		
	Actual $000	Forecast $000	Variance $000	Actual $000	Forecast $000	Variance $000	Actual $000	Budget $000	Variance $000
Operating Income									
Other income	604	520	84	10,174	9,772	402	10,174	14,606	(4,432)
NZTA operating subsidy	1,825	856	969	9,940	10,339	(399)	9,940	9,694	246
Total operating income	2,429	1,376	1,053	20,114	20,111	3	20,114	24,300	(4,186)
Operating Expenditure									
Personnel costs	4,558	4,520	(38)	51,201	52,102	901	51,201	53,430	2,229
Capitalised personnel costs	(2,276)	(1,710)	566	(19,562)	(18,154)	1,408	(19,562)	(17,289)	2,273
Directors Fees	43	33	(10)	481	430	(51)	481	392	(89)
Service delivery costs and professional services	4,778	5,266	488	25,852	30,878	5,026	25,852	23,914	(1,938)
Other expenditure	3,709	1,716	(1,993)	21,392	19,087	(2,305)	21,392	32,053	10,661
Finance costs (Electric Trains)	832	847	15	8,378	8,425	47	8,378	12,261	3,883
Losses/(gains) on derivatives	(12,210)	-	12,210	(14,102)	5,904	20,006	(14,102)	-	14,102
Efficiency target	-	2	2	-	10	10	-	(5,196)	(5,196)
(Profit)/loss on disposal of assets	(201)	-	201	276	-	(276)	276	-	(276)
Total operating expenditure	(767)	10,674	11,441	73,916	98,682	24,766	73,916	99,565	25,649
Depreciation	376	326	(50)	3,953	3,788	(165)	3,953	7,559	3,606
Taxation	-	-	-	1,125	1,125	-	1,125	-	(1,125)
Surplus/(deficit) before allocation of costs	2,820	(9,624)	12,444	(58,880)	(83,484)	24,604	(58,880)	(82,824)	23,944
Allocation of internal support costs									
Electric Trains and Depot operating costs	11,583	(852)	(12,435)	6,465	(14,099)	(20,564)	6,465	(12,261)	(18,726)
Other internal support	(8,763)	(8,772)	(9)	(65,345)	(69,385)	(4,040)	(65,345)	(70,563)	(5,218)
Total internal support allocation	2,820	(9,624)	(12,444)	(58,880)	(83,484)	(24,604)	(58,880)	(82,824)	(23,944)
Surplus/(deficit)	-	-	-	-	-	-	-	-	-

Total operating expenditure

Personnel Costs are favourable to forecast due to a delay in filling vacancies in IT, these vacancies were covered using professional services budget but have now mostly been filled. Capitalised personnel costs are favourable due to capturing higher than forecast labour recoveries against capital projects.

Service delivery cost and professional services are favourable mainly due to lower than forecast professional fees for Strategy & Planning and Asset Management projects.

Derivatives are favourable due to unrealised gain on interest rate swaps of $22.6m partly offset by unforecast realised loss on close out of swap of $2.6m.

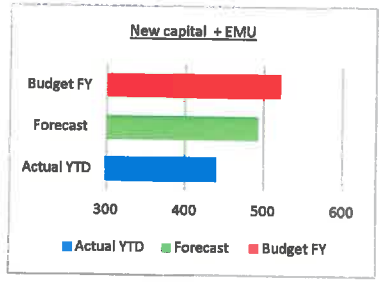
Section 2c - Summary of financial results by activity for the twelve months ended 30 June 2013

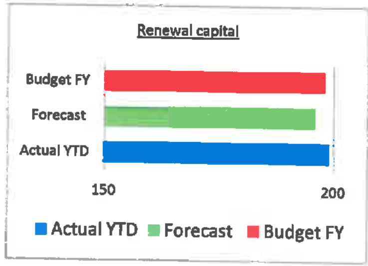
	Current month			Full Year - Forecast			Year to date - Budget		
	Actual $000	Forecast $000	Variance $000	Actual $000	Forecast $000	Variance $000	Actual $000	Budget $000	Variance $000
Rail	4,345	(7,743)	12,088	(70,319)	(89,515)	19,196	(70,319)	(83,851)	13,532
Bus	(7,637)	(7,447)	(190)	(75,912)	(78,311)	2,399	(75,912)	(84,048)	8,136
Ferry	(943)	(767)	(176)	(9,118)	(7,932)	(1,186)	(9,118)	(9,154)	36
Other Public Transport	(2,788)	(4,545)	1,757	(36,779)	(35,630)	(1,149)	(36,779)	(30,112)	(6,667)
Roading	(29,483)	(26,598)	(2,885)	(300,238)	(290,999)	(9,239)	(300,238)	(276,388)	(23,850)
Parking	751	1,208	(457)	15,604	14,981	623	15,604	23,560	(7,956)
Enforcement	2,398	1,342	1,056	13,685	11,859	1,826	13,685	4,031	9,654
Internal support	-	-	-	-	-	-	-	-	-
Revaluation decrement	(9,782)	-	(9,782)	(9,782)	-	(9,782)	(9,782)	-	(9,782)
Auckland Council operating funding	18,569	21,486	(2,917)	222,832	222,832	-	222,832	215,347	7,485
Income for capital projects	56,369	45,439	10,930	716,574	693,691	22,883	716,574	243,025	473,549
Net surplus/(deficit) after tax	31,799	22,375	9,424	466,547	440,976	25,571	466,547	2,410	464,137

Section 3a - Summary of Capital Expenditure for the twelve months ended 30 June 2013

Split by activity

	Note	Current month Actual $000	Current month Forecast $000	Current month Variance $000	Full Year - Forecast Actual $000	Full Year - Forecast Forecast $000	Full Year - Forecast Variance $000	Full Year - Forecast Results Achieved	Full Year - Budget Actual $000	Full Year - Budget Budget $000	Full Year - Budget Variance $000	Full Year - Budget Results Achieved
New capital expenditure												
Parking operations	1	225	105	(120)	2,256	3,695	1,439		2,256	4,814	2,558	
Public transport	2	16,136	17,532	1,396	107,287	129,892	22,605		107,287	165,293	58,006	
Roads	3	36,010	40,756	4,746	238,112	258,930	20,818		238,112	248,110	9,998	
Other	4	3,333	991	(2,342)	7,241	5,544	(1,697)		7,241	7,107	(134)	
Total new capital		**55,704**	**59,384**	**3,680**	**354,896**	**398,061**	**43,165**		**354,896**	**425,324**	**70,428**	
Renewal capital expenditure												
Parking operations	5	1,163	3,127	1,964	1,884	4,626	2,742		1,884	6,225	4,341	
Public transport	6	2,152	4,028	1,876	8,054	11,328	3,274		8,054	10,223	2,169	
Roads	7	21,346	8,173	(13,173)	188,621	180,137	(8,484)		188,621	181,662	(6,959)	
Other		-	-	-	-	-	-		-	-	-	
Total renewal		**24,661**	**15,328**	**(9,333)**	**198,559**	**196,091**	**(2,468)**		**198,559**	**198,110**	**(449)**	
Electric motor units (EMUs)												
Procurement		371	4,967	4,596	30,979	43,829	12,850		30,979	44,080	13,101	
Depot		3,209	7,939	4,730	54,158	51,110	(3,048)		54,158	52,263	(1,895)	
Total EMUs	8	**3,580**	**12,906**	**9,326**	**85,137**	**94,939**	**9,802**		**85,137**	**96,343**	**11,206**	
Total direct capital		**83,945**	**87,618**	**3,673**	**638,592**	**689,091**	**50,499**		**638,592**	**719,777**	**81,185**	
Vested assets		16,471	-	(16,471)	430,914	414,443	(16,471)		430,914	-	(430,914)	
Total capital		**100,416**	**87,618**	**(12,798)**	**1,069,506**	**1,103,534**	**34,028**		**1,069,506**	**719,777**	**(349,729)**	





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

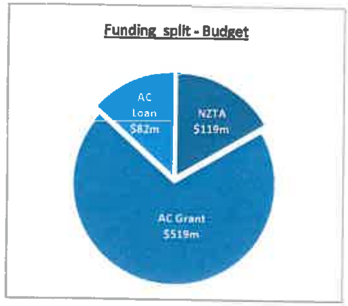
Notes: (Year to date)

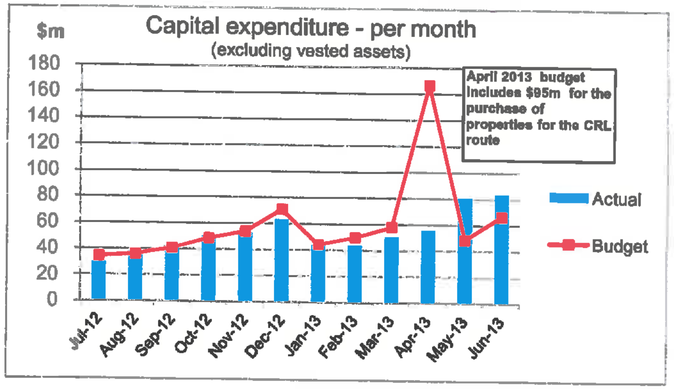
1. The delay in receiving the assessment reports for the Block work and Earthquake Strengthening projects has resulted in lower than anticipated spend. These projects have been carried forward into the next financial year.
2. $22.6m favourable variance against forecast in public transport is mainly due to City Rail Link ($16.9m, delay from property purchase), AIFS ($5.8m, project delay and the implementation of the bus station). $58.0m favourable variance against budget in public transport is mainly due to City Rail Link ($83.0m, delay from property purchase), AIFS ($26.6m, zero budget as the project was assumed to have been completed and the scope of the project at the time also excluded the bus solution).
3. $20.8m new capital under forecast in roads is mainly due to AMETI ($7.3m, delays in properties acquisition; settlement earmarked for package 4 and Sylvia Park are expected to be settled in 2013-14); NORSGA ($3.6m, construction delay); Walking & Cycling ($2.0m, delays on agreeing programme) and Local Board intiatives ($2.3m, delays in project allocations from the local boards to AT). $10.0m favourable variance against budget in roads is mainly due to Local Board intiatives ($9.1m, delays in project allocations from the local boards to AT).
4. $1.7m unfavourable variance in others is mainly due to Intelligent Transport Programme ($1m, Bus Automatic Vehicle Location units) and Core Capability Programme ($0.8m, IT Disaster Recovery Solution). The overspending was approved by the Project Optimisation Steering Group subsequent to last quarter's reforecast and thus does not appear in SAP.
5. The delayed purchase of the Pay and Display machines has affected the commencement of the project.
6. Rolling stock renewals full year variances against forecast and budget are $3.2m and $2.2m, respectively. This is due to issues with the tender. Majority of the costs will be incurred within 2013-14 year.
7. Renewals overspending on roads is due to the movement of preseal repairs from opex to capex and in addition, the Project Optimisation Steering Group approved an additional spending based on the revised forecast from Capital Development Devision.
8. EMU full year variance is due to the reschedule of manufacturing payments (no effect on overall programme) offset by acceleration of construction costs on depot.

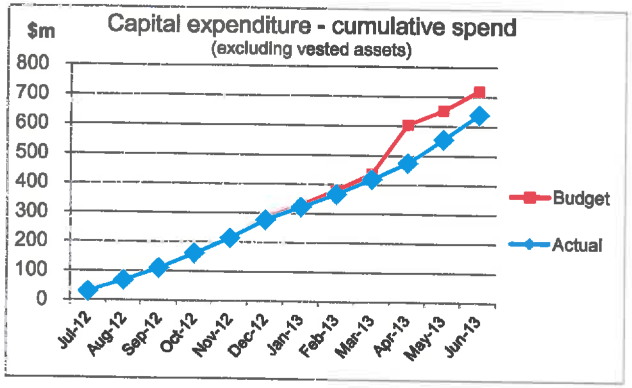
Section 3b - Capital Expenditure Funding for the twelve months ended 30 June 2013

	Current month			Full Year - Forecast			Full Year - Budget		
	Actual $000	Forecast $000	Variance $000	Actual $000	Forecast $000	Variance $000	Actual $000	Budget $000	Variance $000
Funding									
NZTA - new capital 1	26,074	34,606	(8,532)	108,999	109,120	(121)	108,999	89,875	19,124
NZTA - renewal capital	2,053	504	1,549	51,261	46,170	5,091	51,261	29,201	22,060
Other grants and subsidies	3,197	-	3,197	3,207	10	3,197	3,207	-	3,207
Auckland Council funding (Non EMU)	49,041	39,602	9,439	389,758	438,852	(49,094)	389,758	504,358	(114,600)
Auckland Council loan (EMU)	3,580	12,906	(9,326)	85,137	94,939	(9,802)	85,137	96,343	(11,206)
Vested assets	16,471	-	16,471	430,914	414,443	16,471	430,914	-	430,914
Funding from sale of assets	-	-	-						
Unfunded				230	-	230	230	-	230
Total funding	**100,416**	**87,618**	**12,798**	**1,069,506**	**1,103,534**	**(34,028)**	**1,069,506**	**719,777**	**349,729**

1. Includes $1.8m of NZTA funding for the central system of the AIFS project which has been transferred to the balance sheet.







Section 4a - Statement of Financial Position
As at 30 June 2013

	Note	Actual 30 June 2013 $000	Actual 31 May 2013 $000
Assets			
Current assets			
Cash and cash equivalents	1	52,107	12,888
Trade and other receivables	2	171,844	132,616
Inventories		4,496	4,730
Other assets		867	4,833
Total current assets		229,314	155,067
Non-current assets			
Property, plant and equipment - assets		13,942,040	13,705,177
Property, plant and equipment - work-in-progress		555,338	578,368
Intangible assets		72,990	68,550
Amounts due from related parties		46,000	46,000
Other non-current assets		-	28,456
Total non-current assets		14,616,368	14,426,551
Total assets		14,845,682	14,581,618
Liabilities			
Current liabilities			
Derivative financial instruments	3	7,423	10,293
Trade and other payables	4	181,689	149,878
Employee benefit liabilities	5	8,618	8,264
Borrowings	6	1,351	1,068
Total current liabilities		199,081	169,503
Non-current liabilities			
Derivative financial instruments	3	22,917	44,010
Employee benefit liabilities	5	851	851
Borrowings	6	220,962	199,331
Deferred tax liability	7	9,173	12,145
Total non-current liabilities		253,903	256,337
Total liabilities		452,984	425,840
Net assets		**14,392,698**	**14,155,778**
Equity			
Contributed equity		12,945,914	12,754,793
Retained earnings/(losses)		319,136	283,936
Reserves		1,127,648	1,117,049
Total equity		**14,392,698**	**14,155,778**

	Actual 30 June 2013 $000	Actual 31 May 2013 $000

1 Cash and cash equivalents

	Actual 30 June 2013 $000	Actual 31 May 2013 $000
Cash at bank - Trading	8,843	7,664
Cash at bank - AIFS	1,754	1,575
Till floats	265	191
Cash investment with Auckland Council	41,245	3,458
Total cash and cash equivalents	**52,107**	**12,888**

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

Auckland Transport operates a restricted bank account for Auckland Integrated Fares System (AIFS). This account is used for the deposit of unused stored value on AT HOP cards and is therefore considered restricted funds. This account does not form part of the assets or liabilities of Auckland Transport (see also note 4).

2 Trade and other receivables

	Actual 30 June 2013 $000	Actual 31 May 2013 $000
Trade debtors	35,649	3,395
Infringements receivable	16,680	15,403
Amounts due from related parties	73,072	65,165
Accrued income	48,197	47,952
Goods and services tax	-	1,980
	173,598	**133,895**
Less provision for impairment of receivables	(1,754)	(1,279)
Total trade and other receivables	**171,844**	**132,616**

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

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

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

The ageing profile of receivables at 30 June 2013 is detailed below:

	Gross $000	Impaired $000	Net $000
Not past due	157,264	-	157,264
Past due 1 - 30 days	2,219	-	2,219
Past due 31 - 60 days	1,558	-	1,558
Past due 61 - 90 days	1,812	-	1,812
Past due > 90 days	10,745	(1,754)	8,991
	173,598	**(1,754)**	**171,844**

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

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

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

	Actual $000
At 1 July 2012	792
Additional provisions made	972
Provisions reversed	(10)
Receivables written-off	-
At 30 June 2013	1,754

	Actual 30 June 2013 $000	Actual 31 May 2013 $000

3 Derivative financial instruments

	Actual 30 June 2013 $000	Actual 31 May 2013 $000
Current liability portion		
Forward foreign exchange contracts - cash flow hedges	7,187	10,036
Forward foreign exchange contracts - not hedge accounted	236	257
Current derivative financial instruments	**7,423**	**10,293**
Non-current liability portion		
Interest rate swaps - cash flow hedges	11,477	24,819
Forward foreign exchange contracts - cash flow hedges	11,440	19,191
Non-current derivative financial instruments	**22,917**	**44,010**

Forward foreign exchange contracts

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

Forward foreign exchange contracts - not hedge accounted

The notional principal amount of outstanding forward foreign exchange contracts that were not hedge accounted was NZD $866k. The foreign currency principal amount was EUR 375k. The gain on their revaluation of $0.7m has been recorded in the Statement of Financial Performance.

Forward foreign exchange contracts - hedge accounted

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD $338m. The foreign currency principal amount was USD $241m. These cash flow hedges have been accounted for as effective and the gain of $0.8m on their revaluation has been transferred to the cash flow hedge reserve within equity.

Interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

The notional principal amount of the outstanding interest rate swap contracts was $355m. At 30 June 2013 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.04% to 5.4%. The gain on their revaluation of $22.6m has been recorded in the Statement of Financial Performance.

4 Trade and other payables

	Actual 30 June 2013 $000	Actual 31 May 2013 $000
Creditors	20,823	23,985
Goods and services tax	8,968	-
Accrued expenses	125,996	102,855
Retentions	7,521	7,224
Amounts due to related parties	15,364	12,819
Income in advance	1,263	1,420
AIFS Hop Card unsecured obligation	1,754	1,575
	181,689	**149,878**

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.
The AIFS Hop Card unsecured obligation represents card holder deposits held in trust in a separate bank account for the benefit of the holders. Accordingly, the balance does not form part of the assets or liabilities of Auckland Transport (See note 1).

	Actual 30 June 2013 $000	Actual 31 May 2013 $000

5 Employee benefit liabilities

	Actual 30 June 2013 $000	Actual 31 May 2013 $000
Current portion		
Accrued salaries and wages	1,806	1,736
Accrued leave	6,812	6,528
Current employee benefit liabilities	8,618	8,264
Non-current portion		
Retirement gratuities	383	383
Long service leave	468	468
Non-current employee benefit liabilities	851	851

6 Borrowings

	Actual 30 June 2013 $000	Actual 31 May 2013 $000
Current portion		
Loans from Auckland Council	1,186	1,068
Finance Leases	165	-
Current borrowings	1,351	1,068
Non-current portion		
Loans from Auckland Council	220,496	198,687
Finance Leases	466	644
Non-current borrowings	220,962	199,331
Weighted average cost of funds on total borrowings	5.43%	5.38%

Auckland Transport's loan debt of $221,681,983 is issued at fixed rates of interest ranging from 4.20% to 6.06%. The interest rate on finance leases is 3%.

7 Deferred tax liability

				Actual 30 June 2013
	Property, plant and equipment	Other provisions	Tax losses	Total
Deferred tax liability	$000	$000	$000	$000
Balance at 1 July 2012	(11,020)	-	-	(11,020)
Charged to profit and loss	1,847	-	-	1,847
Charged to equity	-	-	-	-
Balance at 30 June 2013	(9,173)	-	-	(9,173)

Section 5a - Cash Flow Rolling Forecast as at 30 June 2013

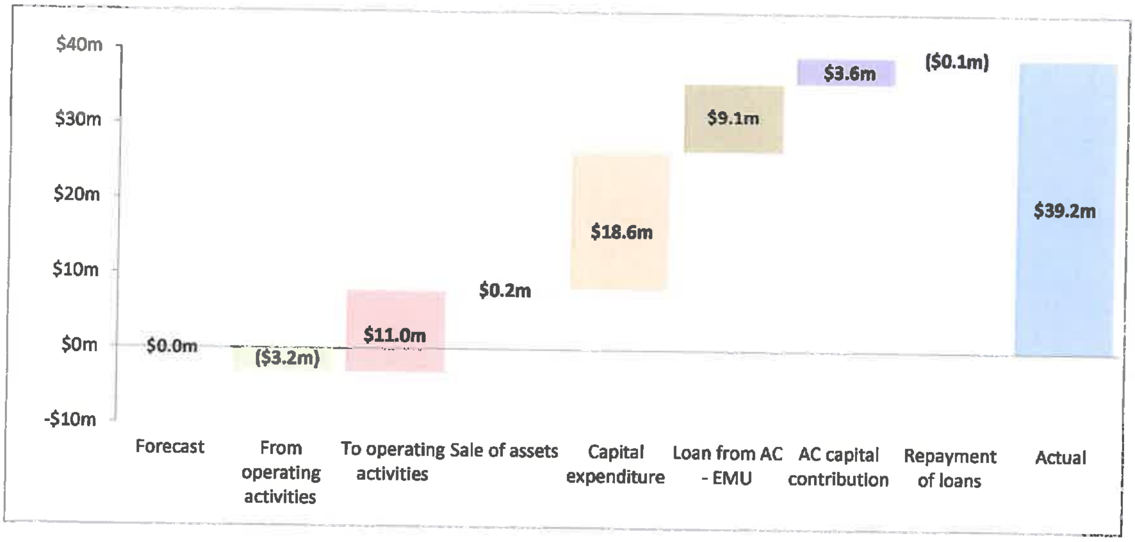
	Current month		Forecast rolling 3 months		
	Actual	Forecast	Forecast Jul 2013	Forecast Aug 2013	Forecast Sep 2013
	$000	$000	$000	$000	$000
Cash flows from operating activities					
Total cash provided	94,244	97,424	74,905	74,905	74,905
Cash applied to:					
Payments to suppliers, employees and directors	40,347	51,138	48,236	48,935	48,346
Interest paid	652	847	1,188	1,188	1,306
Total cash applied	**40,999**	**51,985**	**49,424**	**50,123**	**49,652**
Net cash from operating activities	**53,245**	**45,439**	**25,481**	**25,481**	**25,481**
Cash flows from investing activities					
Cash provided from:					
Sale of property, plant and equipment	205	-			
Total cash provided	**205**	**-**	**-**	**-**	**-**
Cash applied to:					
Capital expenditure projects	69,035	87,618	56,540	61,410	63,503
Total cash applied	**69,035**	**87,618**	**56,540**	**61,410**	**63,503**
Net cash from investing activities	**(68,830)**	**(87,618)**	**(56,540)**	**(61,410)**	**(63,503)**
Cash flows from financing activities					
Cash provided from:					
Loan from Auckland Council - EMU	22,000	12,906	8,000	-	14,000
Capital contribution from Auckland Council	32,889	29,273	23,059	35,929	24,022
Total cash provided	**54,889**	**42,179**	**31,059**	**35,929**	**38,022**
Cash applied to:					
Repayments of EMU loan from Auckland Council	73	-	-	-	-
Repayments of finance lease principal	13				
Total cash provided	**86**	**-**	**-**	**-**	**-**
Net cash from financing activities	**54,803**	**42,179**	**31,059**	**35,929**	**38,022**
Net (decrease)/increase in cash and cash equivalents	**39,218**	-	-	-	-
Opening cash balance	12,889	-	-	-	-
Closing cash balance	**52,107**	-	-	-	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	Current month
	$000
Surplus/(deficit) after tax	**34,771**
Add/(less) non cash items	
Depreciation and amortisation	22,877
Vested assets	(16,471)
Loss on disposal of property, plant and equipment	(187)
Loss on asset write off	-
Revaluation decrement	9,782
Foreign exchange gains	(20)
Loss on interest rate swaps	(13,342)
Income tax	(2,973)
	(334)
Add/(less) movements in working capital	
Decrease/(Increase) in debtors and other receivables	2,824
Decrease/(Increase) in inventories	234
(Decrease)/Increase in creditors and other payables	10,498
(Decrease)/Increase in employee benefits payable	354
(Decrease)/Increase in investment funding from AC	4,898
	18,808
Net cash flow from operating activities	**53,245**

Section 5b - Cash flow

Cash flow - Current month forecast to actual



Section 6 - Accounts Receivable and Accounts Payable Monthly Report.

Accounts Receivable

An overview of the Debtors as at 31 May has 99.9% of adjusted Debtors in 30 and 60 days. An amount of $32.6m from NZTA is included in the 30 day figure.

Debtors Ageing Analysis as at 30 June 2013

Description	Ave Days	Total O/s	30 Days	60 Days	90 Days	120 Days	120+ Days	Notes
Debtors Ageing 30 Jun	138	37,481,627	35,309,233	141,095	533,966	20,592	1,476,741	
		100.0%	94.2%	0.4%	1.4%	0.1%	3.9%	
O/s Related Parties	na	1,835,779	1,794,309	6,219	35,251	0	0	1
Trade Debtors	88	35,645,849	33,514,924	134,876	498,714	20,592	1,476,741	
		100.0%	94.0%	0.4%	1.4%	0.1%	4.1%	
Queried Invoices	202	286,408	10,551	45,513	32,050	17,399	180,894	2
Cell Sites - Property	361	1,704,548	11,278	11,430	445,014	0	1,236,826	3
To Baycorp (Collection)	456	13,299	0	0	0	0	13,299	4
Payment Arrangement	52	2,984	0	2,973	0	11	0	5
Lodged Courts (Damages)	94	101,232	47,778	16,400	2,450	2,900	31,705	6
Adjusted Debtors	N/a	33,537,377	33,445,317	58,561	19,200	282	14,018	
		100.0%	99.7%	0.2%	0.1%	0.0%	0.0%	

1 - This section relates to amounts owed by related parties (inter-company).

2 - A number of invoices have been queried by customers and we are working with them and the relevant Departments in an effort to resolve these queries. The bulk of the outstanding amount is made up of one debtor with a number of invoices totalling $104k. Finance are in constant contact with the business in an effort to resolve these queries.

3 - Property are currently working to resolve on-going issues around outstanding amounts relating to rental of cell sites. An amount of $1,681,840 was impaired at 30 June as they were considered doubtful. This has been revised from $788k last year. The additional invoices have been included as doubtful as they remain unpaid while the issue of whether AT can recover rentals of cell sites is resolved. This matter is receiving urgent attention by Property.

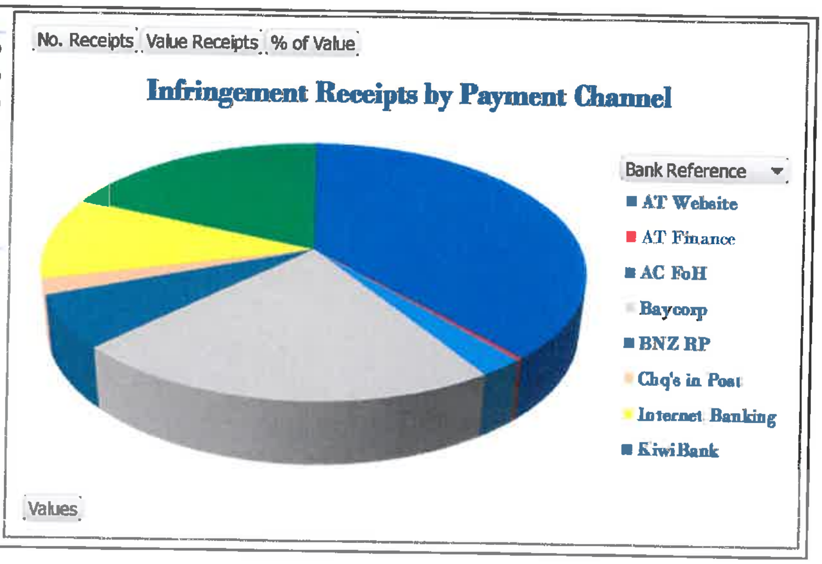
4 - These are amounts which may be written off in the future. All amounts written off are approved by the CFO in accordance with accepted practice. A number of Debtors have been handed over to Baycorp for collection.

5 - Slow payers with payment arrangements.

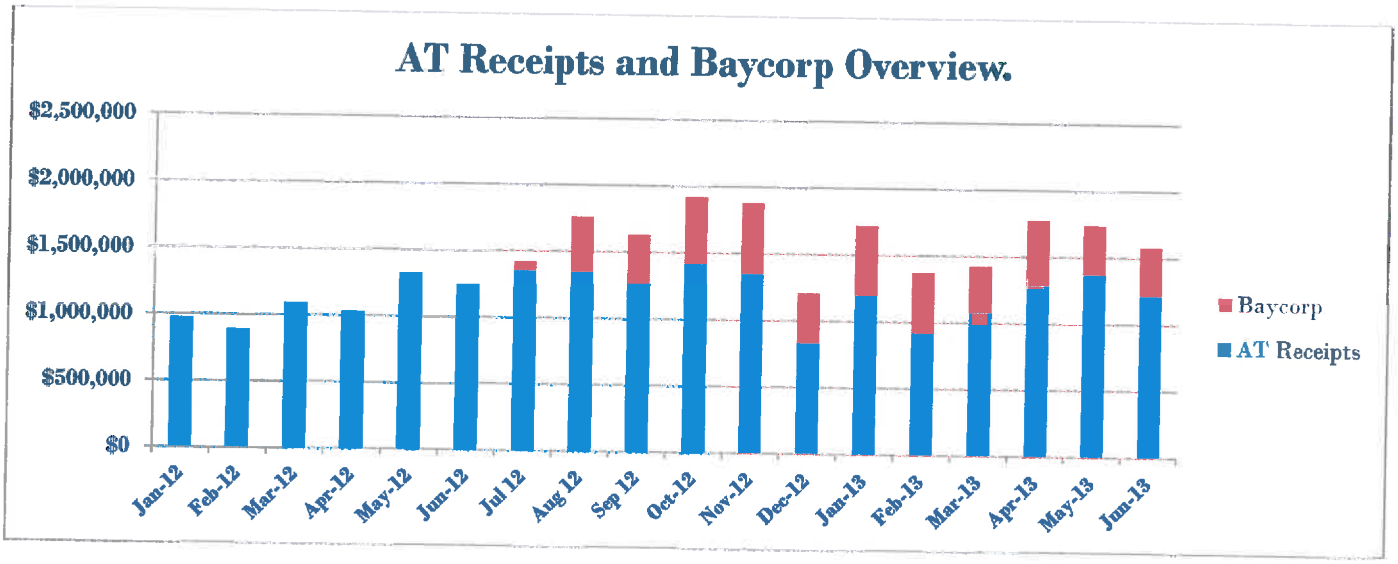
6 - Lodged at Court relates to matters where AT is recovering damages from road accidents investigated by the Police. Many of the matters are being paid off at a nominal amount per week as instructed by the Courts.

Infringement Overview

Row Labels	No. Receipts	Value Receipts	% of Value
AT Website	10,632	$538,636	33.98%
AT Finance	71	$2,932	0.18%
AC FoH	659	$52,613	3.32%
Baycorp	6,032	$364,725	23.01%
BNZ RP	1,806	$98,361	6.20%
Chq's in Post	542	$50,625	3.19%
Internet Banking	2,907	$184,068	11.61%
KiwiBank	5,182	$293,249	18.50%
Grand Total	**27,831**	**$1,585,208**	**100.00%**



June receipts are slightly down on May mainly due to the fact that there are only 19 business days in June, compared with 23 in May. The overview of payments through the different channels is almost identical, with the only significant change being Baycorp up 2% while AC FoH is down 2%.



Recommendation

It is recommended that the Auckland Transport Board receive the report.

Prepared by	Katy Wang **Planning and Reporting Accountant** Susan Cairns **Senior Financial Reporting Accountant**	
Recommended by	Julian Michael **Financial Reporting Manager** Stephen Smith **Finance Manager**	
Approved for submission	David Foster **Chief Financial Officer**	DJ Foster