

Financial Results for the Six Months Ended 31 December 2013

This report summarises the Auckland Transport financial results for the six months ended 31 December 2013.

Table of Contents

1. Executive Summary
2. Auckland Transport Financial Results
 - a. Split by category ([section 2a](#))
 - b. Net surplus/(deficit) waterfall ([section 2b](#))
 - c. Split by activity ([section 2c](#))
3. Capital expenditure results
 - a. Split by activity ([section 3a](#))
 - b. Funding ([section 3b](#))
4. Statement of Financial Position
 - a. Statement of Financial Position ([section 4a](#))
 - b. Notes to the financial statements ([section 4b](#))
5. Cash flow
 - a. Cash flow rolling forecast ([section 5a](#))
 - b. Cash flow waterfall ([section 5b](#))
6. Accounts receivable/payable ([section 6](#))
7. AIFS stakeholder report ([section 7](#))

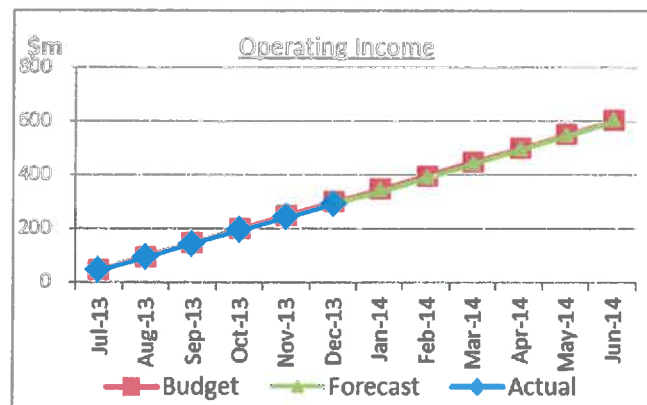
Executive Summary

Financial Results for the six months ended 31 December 2013:

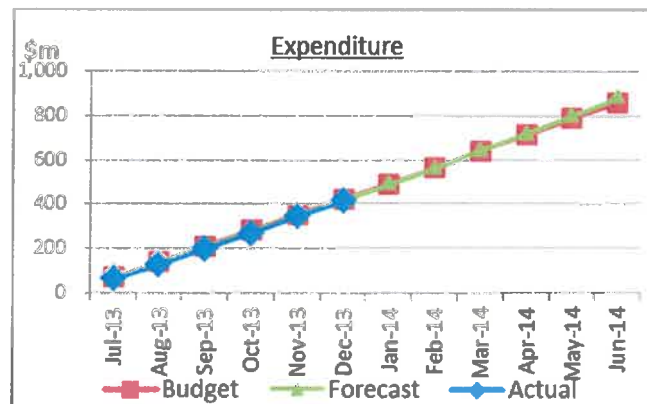
	Current month variance to Forecast \$m	Year to date variance to Forecast \$m	Year to date results	Year to date Actual \$m	Year to date Forecast \$m	Full year Forecast \$m	Full Year Budget \$m
Total operating income	(0.6)	(0.9)	↓ ●	292.1	293.0	601.2	604.0
Total operating expenditure	2.3	6.0	↓ ●	412.1	418.1	875.8	856.7
Surplus/(deficit) from operations	1.7	5.1	↑ ●	(120.0)	(125.1)	(274.6)	(252.7)
Income for capital projects	36.2	37.2	↑ ●	177.9	140.8	295.7	305.8
Net surplus/(deficit) before tax	37.9	42.3	↑ ●	57.9	15.7	21.1	53.1
Total direct capital	(0.9)	3.6	↓ ●	281.8	285.4	741.8	859.5

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



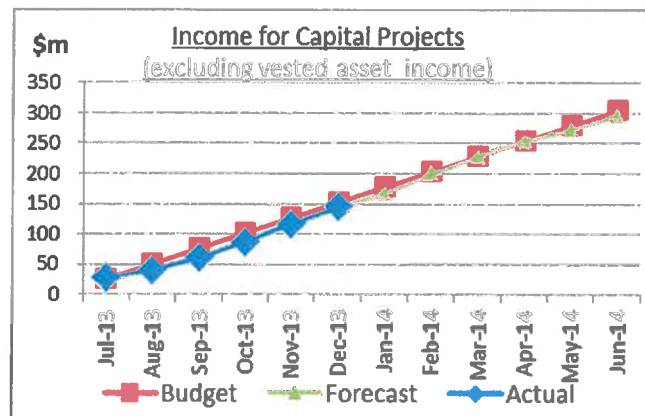
Total operating income year to date is below forecast by \$0.9m mainly due to lower than forecast legacy court receipts of \$0.8m received in November.



Total operating expenditure year to date is below forecast by \$6.0m mainly due to:

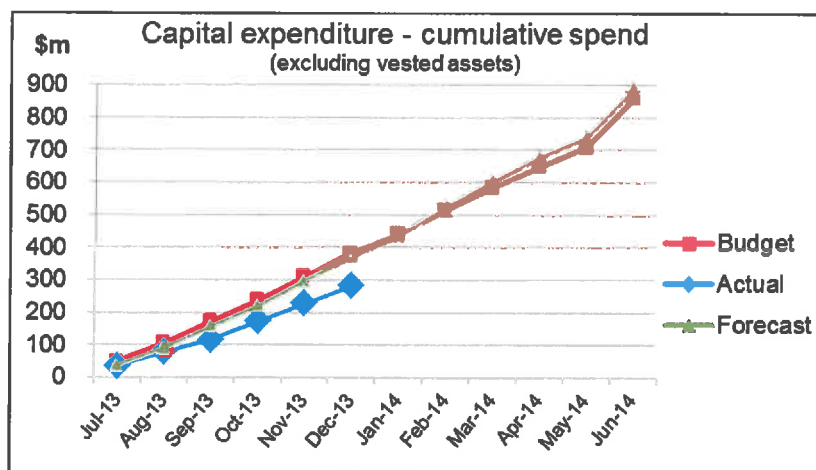
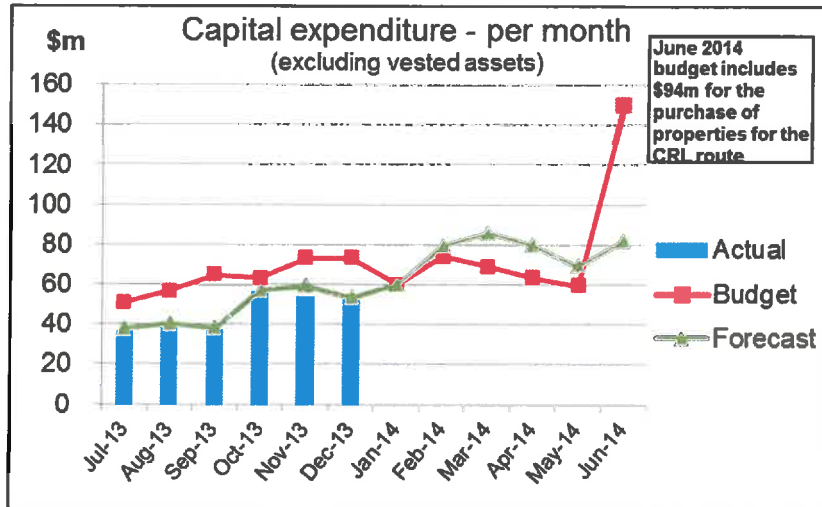
- \$1.4m delayed roading expenditure
- \$1.1m reduced costs for internal support
- \$0.7m delayed maintenance cost and reduced lease cost for parking
- \$0.8m lower expenditure for public transport
- \$2.0m favourable variance for depreciation.

Net surplus before tax and derivatives is \$42.3m favourable to forecast, due to higher than forecast operational result of \$5.1m and income for capital projects of \$37.2m.



Income for capital projects year to date excluding vested asset is \$3.6m favourable to forecast due to higher than forecast NZTA capital funding of \$3.6m.

Income for capital projects year to date including vested asset income of \$33.5m is higher than forecast by \$37.1m.



Capital expenditure year to date excluding vested assets, was \$281.8m, which is \$3.6m lower than forecast due to EMU project \$8.0m, partly offset by higher than forecast new capital of \$2.0m and renewal capital of \$2.4m.

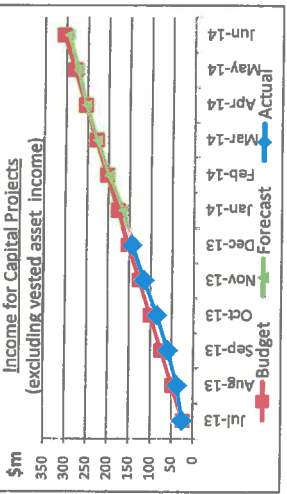
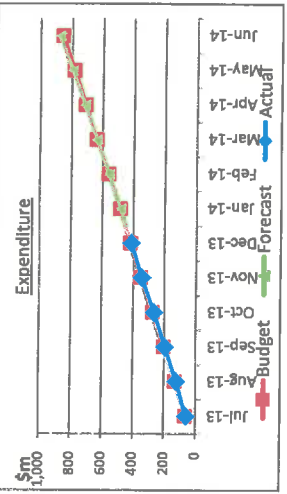
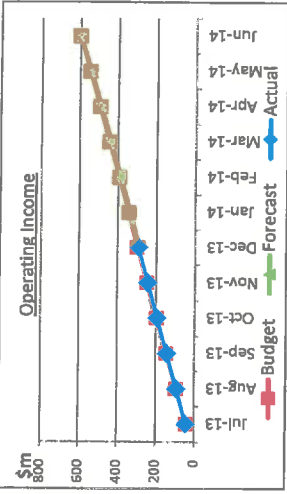
Capital expenditure year to date including vested assets of \$33.5m, was \$315.3m, which is \$30.0m higher than forecast. Further details on the variances are in section 3a.

The **asset position** is sound with net assets of \$14.5 billion at the end of December and cash flow funding arrangements in place to ensure all liabilities can be met.

Section 2a - Auckland Transport Financial Results for the six months ended 31 December 2013

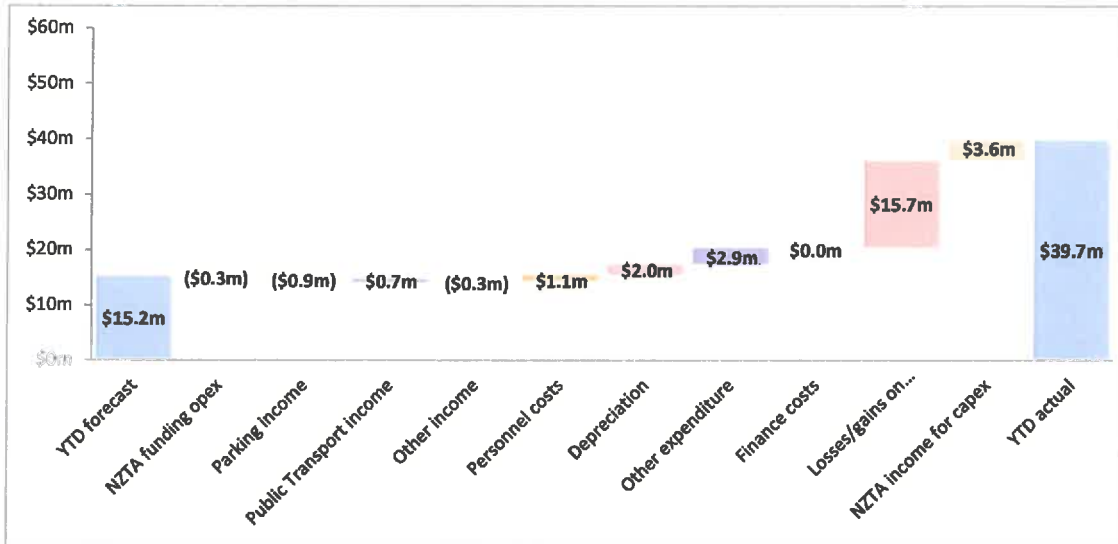
	Current month			Year to date			Full year		
	Actual \$'000	Variance \$'000	Forecast \$'000	Actual \$'000	Variance \$'000	Forecast \$'000	Budget \$'000	Variance \$'000	Results achieved
Income									
Operating income									
Auckland Council funding	19,178	-	19,178	115,069	115,069	115,069	230,138	-	●
NZ Transport Agency	17,403	(533)	17,936	103,718	(336)	104,054	216,548	(3,369)	●
Parking and enforcement income	5,417	(225)	5,642	36,524	(903)	37,427	78,932	(687)	●
Public transport income	4,186	575	3,611	26,183	648	25,535	52,247	868	●
Other revenue including other grants and subsidies	1,474	(384)	1,858	10,579	(341)	10,920	24,033	413	●
Total operating income	47,658	(567)	48,225	262,073	(932)	263,005	601,241	(2,745)	●
Expenditure									
Personnel costs	8,067	356	8,423	52,315	906	53,221	113,386	(4,925)	●
Capitalised personnel costs	(2,090)	(143)	(2,233)	(14,173)	172	(14,001)	(25,244)	889	●
Depreciation and amortisation expense	22,465	988	23,453	134,449	1,982	136,441	277,160	(23,738)	●
Other expenses	38,129	1,089	39,218	233,445	2,944	236,389	495,822	5,043	●
Finance costs (Electric Trains)	1,093	25	1,118	6,037	24	6,061	14,707	3,578	●
Total operating expenditure	67,664	2,315	69,979	412,073	6,038	418,111	875,841	(19,153)	●
Profit/(loss) from Operations	(20,006)	1,748	(21,754)	(120,000)	5,106	(125,106)	(252,702)	(21,886)	●
Income for capital projects									
NZ Transport Agency	17,285	2,634	14,651	80,333	3,639	76,694	167,525	(10,114)	●
Auckland Council capital grant	10,678	-	10,678	64,070	-	64,070	128,140	-	●
Other capital grants	-	-	-	-	-	-	-	-	●
Vested asset income	33,530	33,530	-	33,530	33,530	-	-	-	●
Net surplus/(deficit) before tax and derivatives	61,493	36,164	25,329	177,933	37,189	140,764	285,665	(10,114)	●
Losses/(gains) on derivatives	(2,163)	-	-	(15,279)	15,737	458	458	(458)	●
Income tax expense	(52)	52	-	(52)	52	-	-	-	●
Net surplus/(deficit) after tax and derivatives	43,702	40,127	3,575	73,264	58,064	16,200	20,807	(32,470)	●

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

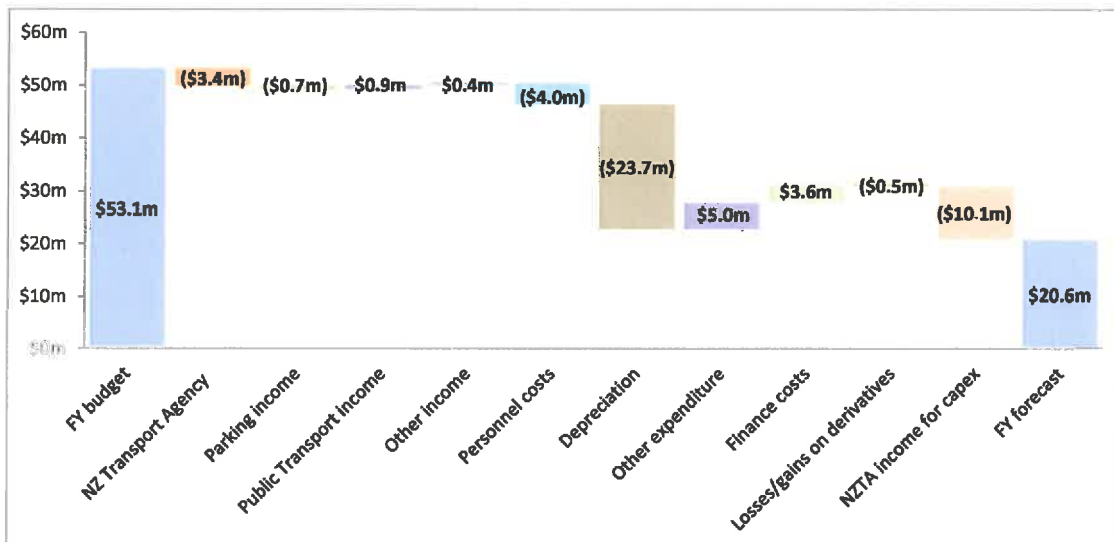


Section 2b - Net surplus/(deficit) waterfall

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



Net surplus/(deficit) - Full year budget to forecast (excluding vested asset income)



Section 2c - Summary of financial results by activity for the six months ended 31 December 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Rail	7,261	7,273	(12)	44,921	45,221	(300)	98,959	105,077	(6,118)
Bus	7,586	7,271	315	45,789	45,329	460	93,062	93,188	(126)
Ferry	834	791	43	4,614	4,591	23	9,890	9,832	58
Other Public Transport	2,705	2,572	133	12,482	12,015	467	24,669	24,640	29
Parking	2,797	3,018	(221)	18,909	19,025	(116)	37,741	37,942	(201)
Enforcement	2,620	2,624	(4)	17,615	18,402	(787)	40,534	40,990	(456)
Roading and footpaths	3,475	3,979	(504)	23,484	24,139	(655)	45,532	46,034	(502)
Internal support	1,202	1,519	(317)	9,190	9,214	(24)	20,716	16,145	4,571
Auckland Council operating funding	19,178	19,178	-	115,069	115,069	-	230,138	230,138	-
Total operating income	47,658	48,225	(567)	292,073	293,005	(932)	601,241	603,988	(2,745)
Operating Expenditure									
Rail	10,709	10,821	112	65,014	65,452	438	142,695	147,095	4,400
Bus	12,424	12,489	65	76,872	76,962	90	158,979	157,836	(1,143)
Ferry	1,229	1,179	(50)	6,920	6,897	(23)	15,127	14,915	(212)
Other Public Transport	3,379	3,360	(19)	19,450	19,810	360	43,424	44,025	601
Parking	846	1,355	509	6,171	6,919	748	14,899	14,566	(333)
Enforcement	1,655	1,598	(57)	9,876	9,809	(67)	20,109	20,976	867
Roading and footpaths	8,064	8,907	843	55,184	56,579	1,395	115,691	115,997	306
Internal support	6,892	6,817	(75)	38,136	39,242	1,106	87,729	87,857	128
Depreciation	22,466	23,453	987	134,450	136,441	1,991	277,162	253,421	(23,741)
Total operating expenditure	67,664	69,979	2,315	412,073	418,111	6,038	875,815	856,688	(19,127)
Profit/(loss) from Operations	(20,006)	(21,754)	1,748	(120,000)	(125,106)	5,106	(274,574)	(252,702)	(21,872)

Section 2c - Rail Operations for the six months ended 31 December 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Activity Income	2,246	1,866	380	15,245	15,051	194	29,503	29,715	(212)
Other income	79	145	(66)	504	596	(92)	1,461	1,460	1
NZTA operating subsidy	4,197	4,501	(304)	25,019	25,398	(379)	57,951	62,305	(4,354)
NZTA operating subsidy - Electric Trains	739	761	(22)	4,153	4,176	(23)	10,044	11,597	(1,553)
Total operating income	7,261	7,273	(12)	44,921	45,221	(300)	98,959	105,077	(6,118)
Operating Expenditure									
Personnel costs	128	162	34	800	858	58	2,185	2,343	158
Capitalised personnel costs	(6)	(39)	(33)	(80)	(137)	(57)	-	-	-
Service delivery costs and professional services	7,224	7,512	288	47,807	48,309	502	100,788	101,554	766
Occupancy costs	320	389	69	2,044	2,203	159	4,800	4,660	(140)
Track access charges	1,304	1,314	10	6,105	6,115	10	15,199	15,258	59
Other expenditure	647	365	(282)	2,301	2,043	(258)	5,015	4,996	(20)
Finance costs (Electric Trains)	1,092	1,118	26	6,037	6,061	24	14,708	18,285	3,577
Total operating expenditure	10,709	10,821	112	65,014	65,452	438	142,695	147,095	4,400
Depreciation	3,208	4,047	839	19,246	20,924	1,678	45,208	33,897	(11,311)
Surplus/(deficit) from Operations	(6,656)	(7,595)	939	(39,339)	(41,155)	1,816	(88,944)	(75,915)	(13,029)
Internal support costs	1,741	1,680	(61)	8,972	9,378	406	20,942	21,727	785
Surplus/(deficit)	(8,397)	(9,275)	878	(48,311)	(50,533)	2,222	(109,886)	(97,642)	(12,244)

Major variance explanations:

Operating Income

Full year forecast for NZTA subsidy is lower than budget due to subsidy that was budgeted as operating but is actually renewal.

Full year forecast for NZTA subsidy for Electric Trains is lower than budget due to lower than budgeted interest costs, resulting from lower than planned borrowings.

Operating Expenditure

Lower than forecast year to date expenditure due to fuel costs savings and lower driver hire costs, and delayed occupancy costs.

Full year finance costs have been forecast down due to lower than planned borrowings.

Section 2c - Bus Operations for the six months ended 31 December 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Activity income	1,027	888	139	5,987	5,664	323	10,917	10,620	297
Other income	5	11	(6)	848	855	(7)	2,162	2,238	(76)
NZTA operating subsidy	6,554	6,372	182	38,954	38,810	144	79,983	80,330	(347)
Total operating income	7,586	7,271	315	45,789	45,329	460	93,062	93,188	(126)
Operating Expenditure									
Personnel costs	178	194	16	988	993	5	2,579	2,605	26
Capitalised personnel costs	26	(5)	(31)	169	103	(66)	73	-	(73)
Service delivery costs and professional services	12,084	12,139	55	74,849	75,029	180	154,436	151,861	(2,575)
Occupancy costs	83	93	10	522	484	(38)	1,121	2,463	1,342
Other expenditure	53	68	15	344	353	9	770	907	137
Total operating expenditure	12,424	12,489	65	76,872	76,962	90	158,979	157,836	(1,143)
Depreciation	119	119	-	713	713	-	1,426	658	(768)
Surplus/(deficit) from Operations	(4,957)	(5,337)	380	(31,796)	(32,346)	550	(67,343)	(65,306)	(2,037)
Internal support costs	1,869	1,803	(66)	9,627	10,063	436	22,471	23,314	843
Surplus/(deficit)	(6,826)	(7,140)	314	(41,423)	(42,409)	986	(89,814)	(88,620)	(1,194)

Section 2c - Ferry Operations for the six months ended 31 December 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Operator access fees	311	267	44	1,537	1,470	67	3,059	3,075	(16)
Activity Income	46	47	(1)	335	335	-	500	500	-
Other Income	65	63	2	390	385	5	802	787	15
NZTA operating subsidy	412	414	(2)	2,352	2,401	(49)	5,529	5,470	59
Total operating income	834	791	43	4,614	4,591	23	9,890	9,832	58
Operating Expenditure									
Personnel costs	54	64	10	302	312	10	853	781	(72)
Capitalised personnel costs	(18)	-	18	(71)	(52)	19	-	(22)	(22)
Service delivery costs and professional services	987	896	(91)	5,408	5,337	(71)	11,582	10,940	(642)
Other expenditure	206	219	13	1,281	1,300	19	2,692	3,216	524
Total operating expenditure	1,229	1,179	(50)	6,920	6,897	(23)	15,127	14,915	(212)
Depreciation	177	174	(3)	1,046	1,043	(3)	2,087	2,074	(13)
Surplus/(deficit) from Operations	(572)	(562)	(10)	(3,352)	(3,349)	(3)	(7,324)	(7,157)	(167)
Internal support costs	177	170	(7)	910	951	41	2,123	2,203	80
Surplus/(deficit)	(749)	(732)	(17)	(4,262)	(4,300)	38	(9,447)	(9,360)	(87)

Section 2c - Other Public Transport Operations for the six months ended 31 December 2013

	Current month			Year to date			Full Year		
	Actual	Forecast	Variance	Actual	Forecast	Variance	Forecast	Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000	30 Jun 2014 \$000	30 Jun 2014 \$000	\$000
Operating Income									
Other income	407	324	83	1,337	1,179	158	3,843	2,984	859
NZTA operating subsidy	2,298	2,248	50	11,145	10,836	309	20,826	21,656	(830)
Total operating income	2,705	2,572	133	12,482	12,015	467	24,669	24,640	29
Operating Expenditure									
Personnel costs	1,061	1,158	97	6,634	6,770	136	14,887	14,838	(49)
Capitalised personnel costs	(35)	(100)	(65)	(311)	(432)	(121)	(331)	(636)	(305)
Service delivery costs and professional services	1,334	1,519	185	8,119	8,850	731	18,727	23,618	4,891
IT costs	228	177	(51)	1,002	1,058	56	1,778	1,635	(143)
Other expenditure	791	606	(185)	4,006	3,564	(442)	8,363	4,570	(3,793)
Total operating expenditure	3,379	3,360	(19)	19,450	19,810	360	43,424	44,025	601
Depreciation	747	772	25	4,581	4,631	50	9,261	8,698	(563)
Surplus/(deficit) from Operations	(1,421)	(1,560)	139	(11,549)	(12,426)	877	(28,016)	(28,083)	67
Internal support costs	521	503	(18)	2,685	2,807	122	6,268	6,503	235
Surplus/(deficit)	(1,942)	(2,063)	121	(14,234)	(15,233)	999	(34,284)	(34,586)	302

Major variance explanations:

Operating Expenditure

Year to date favourable variance mainly due to delayed service delivery costs. Unfavourable variance for other expenditure is offset by savings within service delivery costs.

Section 2c - Parking Operations for the six months ended 31 December 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Other income	38	60	(22)	439	458	(19)	879	771	108
Parking fees	2,759	2,958	(199)	18,470	18,567	(97)	36,862	37,171	(309)
Total operating income	2,797	3,018	(221)	18,909	19,025	(116)	37,741	37,942	(201)
Operating Expenditure									
Personnel costs	242	281	39	1,502	1,577	75	3,292	1,870	(1,422)
Capitalised personnel costs	(16)	(17)	(1)	(101)	(73)	28	(174)	(202)	(28)
Service delivery costs and professional services	169	334	165	1,316	1,580	264	3,630	4,315	685
Occupancy costs	400	505	105	3,051	3,222	171	6,329	6,518	189
(Profit)loss on disposal of assets	-	-	-	52	52	-	52	-	-
Other expenditure	51	252	201	351	561	210	1,770	2,065	295
Total operating expenditure	846	1,355	509	6,171	6,919	748	14,899	14,566	(281)
Depreciation	589	589	-	3,538	3,539	1	7,075	6,442	(633)
Surplus/(deficit) from Operations	1,362	1,074	288	9,200	8,567	633	15,767	16,934	(1,115)
Internal support costs	172	166	(6)	888	929	41	2,074	2,152	78
Surplus/(deficit)	1,190	908	282	8,312	7,638	674	13,693	14,782	(1,037)

Major variance explanations:

Operating Expenditure

Full year personnel costs higher than budget due to restructure moving personnel who were budgeted for under enforcement into parking.

Service delivery costs are favourable year to date due to delayed maintenance costs. Other expenditure is favourable year to date due to the forecast including an increase in lease costs that has not occurred.

Section 2c - Enforcement Operations for the six months ended 31 December 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Infringement income	2,620	2,624	(4)	17,615	18,402	(787)	40,534	40,990	(456)
Total operating income	2,620	2,624	(4)	17,615	18,402	(787)	40,534	40,990	(456)
Operating Expenditure									
Personnel costs	783	827	44	5,308	5,313	5	10,894	11,906	1,012
Capitalised personnel costs	13	-	(13)	59	23	(36)	23	-	(23)
Service delivery costs and professional services	187	124	(63)	885	800	(85)	1,648	1,607	(41)
Other expenditure	672	647	(25)	3,624	3,673	49	7,544	7,463	(81)
Total operating expenditure	1,655	1,598	(57)	9,876	9,809	(67)	20,109	20,976	867
Depreciation	45	20	(25)	147	122	(25)	245	1,091	846
Surplus/(deficit) from Operations	920	1,006	(86)	7,592	8,471	(879)	20,180	18,923	1,257
Internal support costs	248	240	(8)	1,279	1,337	58	2,986	3,098	112
Surplus/(deficit)	672	766	(94)	6,313	7,134	(821)	17,194	15,825	1,369

Major variance explanations:

Operating Income

Year to date infringement income is unfavourable to forecast due to lower than forecast legacy court receipts received in November.

Operating Expenditure

Full year personnel costs lower than budget due to restructure moving personnel who were budgeted for under enforcement into parking.

Section 2c - Roading and Footpaths Operations for the six months ended 31 December 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Petrol tax	683	723	(40)	4,174	4,246	(72)	8,585	8,677	(92)
Other income	308	255	53	1,963	1,742	221	3,283	2,795	488
NZTA operating subsidy	2,484	3,001	(517)	17,347	18,151	(804)	33,664	34,562	(898)
Total operating income	3,475	3,979	(504)	23,484	24,139	(655)	45,532	46,034	(502)
Operating Expenditure									
Personnel costs	1,247	1,172	(75)	8,499	8,481	(18)	17,821	17,154	(667)
Capitalised personnel costs	(294)	(590)	(296)	(2,250)	(2,750)	(500)	(5,550)	(5,459)	91
Service delivery costs and professional services	6,251	6,944	693	39,461	41,032	1,571	83,562	84,300	738
Occupancy costs	782	998	216	6,947	7,154	207	14,557	15,347	790
IT costs	15	48	33	71	176	105	832	2,249	1,417
(Profit)/loss on disposal of assets	(290)	-	290	(290)	-	290	-	-	-
Other expenditure	353	335	(18)	2,746	2,486	(260)	4,469	2,406	(2,063)
Total operating expenditure	8,064	8,907	843	55,184	56,579	1,395	115,691	115,997	306
Depreciation	17,169	17,143	(26)	102,687	102,637	(50)	205,495	196,142	(9,353)
Surplus/(deficit) from Operations	(21,758)	(22,071)	313	(134,387)	(135,077)	690	(275,654)	(266,105)	(9,549)
Internal support costs	1,373	1,325	(48)	7,075	7,395	320	16,514	17,134	620
Surplus/(deficit)	(23,131)	(23,396)	265	(141,462)	(142,472)	1,010	(292,168)	(283,239)	(8,929)

Operating Income

Lower than forecast year to date NZTA revenue due to lower than forecast expenditure.

Operating Expenditure

Favourable year to date expenditure due to delayed Road Corridor Maintenance contractor costs.

Gain on disposal of assets relates to release of revaluation reserve on transfer of property assets to Auckland Council.

Section 2c - Internal support for the six months ended 31 December 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Other income	484	881	(397)	4,442	4,932	(490)	12,167	12,149	18
NZTA operating subsidy	718	638	80	4,748	4,282	466	8,549	3,996	4,553
Total operating income	1,202	1,519	(317)	9,190	9,214	(24)	20,716	16,145	4,571
Operating Expenditure									
Personnel costs	4,374	4,565	191	28,283	28,918	635	60,885	56,973	(3,912)
Capitalised personnel costs	(1,760)	(1,482)	278	(11,587)	(10,684)	903	(19,286)	(18,036)	1,250
Directors Fees	42	33	(9)	233	216	(17)	416	399	(17)
Service delivery costs and professional services	1,971	2,142	171	11,127	11,329	202	26,251	21,062	(5,189)
Other expenditure	2,265	1,559	(706)	10,080	9,463	(617)	19,463	27,459	7,996
Total operating expenditure	6,892	6,817	(75)	38,136	39,242	1,106	87,729	87,857	128
Depreciation	412	589	177	2,492	2,832	340	6,365	4,419	(1,946)
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(deficit) before allocation of costs	(6,102)	(5,887)	(215)	(31,438)	(32,860)	1,422	(73,378)	(76,131)	2,753
Internal support costs	(6,102)	(5,887)	215	(31,438)	(32,860)	(1,422)	(73,378)	(76,131)	(2,753)
Total internal support allocation	(6,102)	(5,887)	215	(31,438)	(32,860)	(1,422)	(73,378)	(76,131)	(2,753)
Surplus/(deficit)	-	-	-	-	-	-	-	-	-

Operating Income

Unfavourable other income partly due to rental income forecast for December that will actually be received in January.

Operating Expenditure

Lower than forecast year to date personnel costs due to staff vacancies.

Higher than forecast year to date capitalised personnel costs for corporate support \$0.4m and CDD \$0.5m.

Year to date other expenditure for CDD is higher than forecast, this is offset by the higher than forecast capitalised personnel costs.

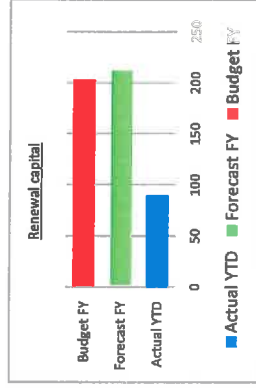
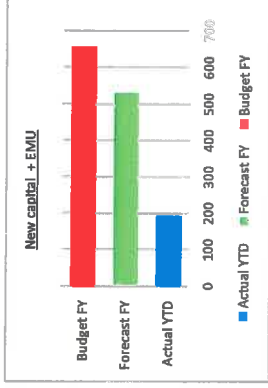
Other expenditure for the month includes provision for doubtful debts.

Section 3a - Summary of Capital Expenditure for the six months ended 31 December 2013
Split by activity

	Current month			Year to date			Full year	
	Actual \$'000	Forecast \$'000	Variance \$'000	Actual \$'000	Forecast \$'000	Variance \$'000	Forecast \$'000	Budget \$'000
New capital expenditure								
Roads and footpaths	19,338	19,033	(1,305)	100,026	98,059	(1,967)	225,751	232,562
Public transport	7,804	8,852	1,048	39,335	41,323	2,188	127,540	256,898
Parking operations	38	14	(24)	177	128	(49)	6,328	8,289
Internal support	1,766	978	(788)	6,585	4,378	(2,217)	21,487	4,712
Total new capital	28,946	27,877	(1,069)	146,133	144,088	(2,045)	381,106	502,411
Renewal capital expenditure								
Roads and footpaths	15,132	13,305	(1,827)	82,383	79,899	(2,484)	196,668	188,200
Public transport	280	467	187	5,680	5,769	79	13,103	12,722
Parking operations	154	130	(24)	537	533	(4)	2,159	2,121
Internal support	-	-	-	-	-	-	-	-
Total renewal	15,546	13,892	(1,654)	88,600	86,191	(2,409)	211,930	203,043
Electric multiple units (EMUs)								
Procurement	9,506	11,583	2,087	41,119	49,467	8,348	135,514	135,589
Depot	268	45	(223)	5,943	5,607	(336)	13,208	18,429
Total EMUs	9,774	11,638	1,864	47,062	55,074	8,012	148,722	154,018
Total direct capital	54,266	53,407	(859)	281,795	285,353	3,558	741,768	859,472
Vested assets	33,530	-	(33,530)	33,530	-	(33,530)	-	-
Total capital	87,796	53,407	(34,389)	315,325	285,353	(29,972)	741,768	859,472

Notes: (Year to date)

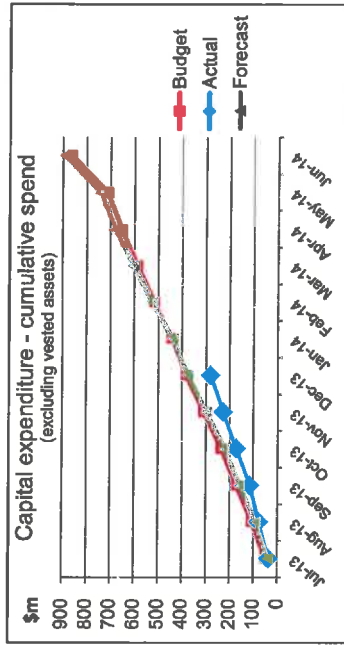
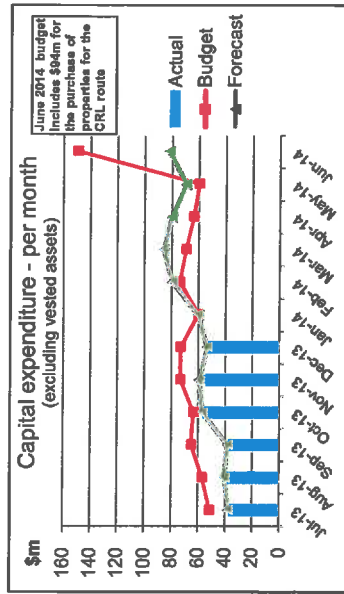
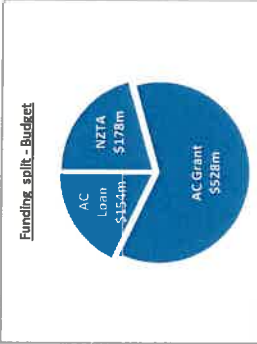
- New - Road and footpaths:** \$2.0m overspend in roads is mainly due to AMETI (\$1.2m, advanced land acquisition for package 4 (Panmure to Pakuranga); Te Atatu Road Improvement (\$0.5m, advanced land purchase); Tiverton-Wolverton Stage 2 (\$0.2m, accelerated construction).
- New - Public transport:** \$2.2m underspend in public transport is mainly due to Manukau City Rail Link (\$1.4m, under accrual); New Lynn Rail Station Electronic Gates (\$0.4m, Deferred to next year); AIFS (\$0.5m, due to high NZ dollar which has reduced the overseas component of Thames contract costs).
- New - Internal support:** \$2.2m overspend in internal support is mainly due to IT projects (\$3.0m, a number of IT works will be funded by other activities across the organisation. Business Technology Group (BTG) will reallocate the capital expenditure to the appropriate activities with associated budgets) partly offset by underspend in Fleet vehicle replacement (\$0.4m, invoices have been processed in Jan) and Building fitout (\$0.4m, AT will relocate from Bledisloe House by April 2014 and the spend on new premises will occur prior to that).
- Renewal - Road and footpaths:** \$2.5m renewals overspend in roads is mainly due to Road deferral renewal (\$1.4m, deferral project yet to be realised); the balance is spread over a number of activities with the main variance relating to Road Resurfacing across the region due to favourable weather conditions and contractor resource availability and the overspend will not affect the year-end forecast.
- EMU:** \$8.0m underspend on EMU project due to agreed timing resupply of units.
- Vested assets:** \$15.8m land under roads, \$11.6m infrastructure assets and \$0.1m street trees and gardens.



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

Section 3b - Capital Expenditure Funding for the six months ended 31 December 2013

Funding	Current month			Year to date			Full year		
	Actual	Forecast	Variance	Actual	Forecast	Variance	Forecast	Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
NZTA - new capital	9,480	8,139	1,351	40,116	37,985	2,131	91,558	111,521	(20,063)
NZTA - renewal capital	7,795	6,512	1,283	40,217	38,709	1,508	75,967	66,019	9,948
Other grants and subsidies	-	-	-	-	-	-	-	-	-
Auckland Council funding (Non EMU)	27,207	27,118	89	154,400	153,585	815	425,511	527,514	(102,303)
Auckland Council loan (EMU)	9,774	11,638	(1,864)	47,062	55,074	(8,012)	148,722	154,018	(5,296)
Vested assets	33,530	-	33,530	33,530	-	33,530	-	-	-
Total funding	87,796	53,407	34,389	315,325	285,353	29,972	741,758	859,472	(117,714)



**Section 4a - Statement of Financial Position
As at 31 December 2013**

	Note	Actual 31 December 2013 \$000	Actual 30 November 2013 \$000
Assets			
Current assets			
Cash and cash equivalents	1	45,281	65,341
Trade and other receivables	2	131,613	129,238
Inventories		4,377	4,499
Other assets		15,139	6,189
Total current assets		196,410	205,267
Non-current assets			
Property, plant and equipment - assets		13,989,704	13,942,921
Property, plant and equipment - work-in-progress		701,964	667,779
Intangible assets		74,336	74,189
Derivative financial instruments	3	4,131	2,074
Amounts due from related parties		46,000	46,000
Total non-current assets		14,816,135	14,732,963
Total assets		15,012,545	14,938,230
Liabilities			
Current liabilities			
Derivative financial instruments	3	20,617	17,217
Trade and other payables	4	123,010	149,442
Employee benefit liabilities	5	8,915	9,169
Borrowings	6	1,766	1,539
Total current liabilities		154,308	177,367
Non-current liabilities			
Derivative financial instruments	3	14,706	14,343
Employee benefit liabilities	5	851	851
Borrowings	6	261,735	242,190
Deferred tax liability	7	9,121	9,173
Total non-current liabilities		286,413	266,557
Total liabilities		440,721	443,924
Net assets		14,571,824	14,494,306
Equity			
Contributed equity		13,068,902	13,031,324
Retained earnings/(losses)		391,970	348,267
Reserves		1,110,952	1,114,715
Total equity		14,571,824	14,494,306

**Section 4b - Notes to the Financial Statements
As at 31 December 2013**

	Actual 31 December 2013	Actual 30 November 2013
	\$000	\$000

1 Cash and cash equivalents

Cash at bank - Trading	13,298	16,342
Till floats	275	275
Cash investment with Auckland Council	31,708	48,724
Total cash and cash equivalents	45,281	65,341

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

2 Trade and other receivables

Trade debtors	4,873	4,679
Finance lease receivable	55	56
Infringements receivable	17,295	17,214
Amounts due from related parties	67,410	66,820
Accrued income	36,853	38,546
Goods and services tax	7,393	3,677
	133,879	130,992
Less provision for impairment of receivables	(2,266)	(1,754)
Total trade and other receivables	131,613	129,238

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 31 December 2013 is detailed below:

	Gross \$000	Impaired \$000	Net \$000
Not past due	111,669	-	111,669
Past due 1 - 30 days	2,382	-	2,382
Past due 31 - 60 days	2,027	-	2,027
Past due 61 - 90 days	1,656	-	1,656
Past due > 90 days	16,145	(2,266)	13,879
	133,879	(2,266)	131,613

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 2013	1,754
Additional provisions made	515
Provisions reversed	(3)
Receivables written-off	-
At 31 December 2013	2,266

**Section 4b - Notes to the Financial Statements
As at 31 December 2013**

	Actual 31 December 2013	Actual 30 November 2013
	\$000	\$000

3 Derivative financial instruments

Non-current asset portion

Interest rate swaps - cash flow hedges	4,131	2,074
Total derivative financial instrument assets	4,131	2,074

Current liability portion

Forward foreign exchange contracts - cash flow hedges	20,617	17,217
Forward foreign exchange contracts - not hedge accounted	-	-
Current derivative financial instruments	20,617	17,217

Non-current liability portion

Interest rate swaps - cash flow hedges	-	-
Forward foreign exchange contracts - cash flow hedges	14,706	14,343
Non-current derivative financial instruments	14,706	14,343
Total derivative financial instrument liabilities	35,323	31,560

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 \$Nil. The foreign currency principal amount was EUR €Nil.

Forward foreign exchange contracts - hedge accounted

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$314m. The foreign currency principal amount was USD \$223m. These cash flow hedges have been accounted for as effective and the loss of \$17m 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 \$313m. At 31 December 2013 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.13% to 5.41%. The gain on their revaluation of \$15.6m has been recorded in the Statement of Financial Performance.

4 Trade and other payables

Creditors	11,388	17,832
Accrued expenses	87,483	105,590
Retentions	6,220	6,827
Amounts due to related parties	16,452	18,279
Income in advance	1,467	914
	123,010	149,442

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
As at 31 December 2013**

	Actual 31 December 2013	Actual 30 November 2013
	\$000	\$000

5 Employee benefit liabilities

Current portion		
Accrued salaries and wages	2,665	1,867
Accrued leave	6,250	7,302
Current employee benefit liabilities	8,915	9,169
Non-current portion		
Retirement gratuities	383	383
Long service leave	468	468
Non-current employee benefit liabilities	851	851

6 Borrowings

Current portion		
Loans from Auckland Council	1,599	1,386
Finance Leases	167	153
Current borrowings	1,766	1,539
Non-current portion		
Loans from Auckland Council	261,354	241,780
Finance Leases	381	410
Non-current borrowings	261,735	242,190
 Weighted average cost of funds on total borrowings	 5.53%	 5.48%

Auckland Transport's loan debt of \$262,953,293 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 31 December 2013
	Property, plant and equipment	Other provisions	Tax losses	Total
	\$000	\$000	\$000	\$000
Deferred tax liability				
Balance at 1 July 2013	(9,173)	-	-	(9,173)
Charged to profit and loss	52	-	-	52
Charged to equity	-	-	-	-
Balance at 31 December 2013	(9,121)	-	-	(9,121)

Section 5a - Cash Flow Rolling Forecast as at 31 December 2013

	Current month		Forecast rolling 3 months		
	Actual \$000	Forecast \$000	Forecast Jan 2014 \$000	Forecast Feb 2014 \$000	Forecast Mar 2014 \$000
Cash flows from operating activities					
Total cash provided	77,156	72,238	72,135	82,377	81,132
Cash applied to:					
Payments to suppliers, employees and directors	63,896	47,347	45,462	48,420	50,714
Interest paid	856	1,118	1,267	1,227	1,437
Goods and services tax (net)	3,716	-	-	-	-
Total cash applied	68,468	48,465	46,729	49,647	52,151
Net cash from operating activities	8,688	23,773	25,406	32,730	28,981

Cash flows from investing activities					
Cash provided from:					
Sale of property, plant and equipment	4	-	-	-	-
Total cash provided	4	-	-	-	-
Cash applied to:					
Capital expenditure projects	68,057	53,408	60,235	79,368	85,850
Total cash applied	68,057	53,408	60,235	79,368	85,850
Net cash from investing activities	(68,053)	(53,408)	(60,235)	(79,368)	(85,850)

Cash flows from financing activities					
Cash provided from:					
Loan from Auckland Council - EMU	20,000	-	13,000	-	28,000
Capital contribution from Auckland Council	22,128	29,635	21,829	46,638	28,869
Total cash provided	42,128	29,635	34,829	46,638	56,869
Cash applied to:					
Repayments of EMU loan from Auckland Council	213	-	-	-	-
Repayments of finance lease principal	13	-	-	-	-
Total cash provided	226	-	-	-	-
Net cash from financing activities	41,902	29,635	34,829	46,638	56,869

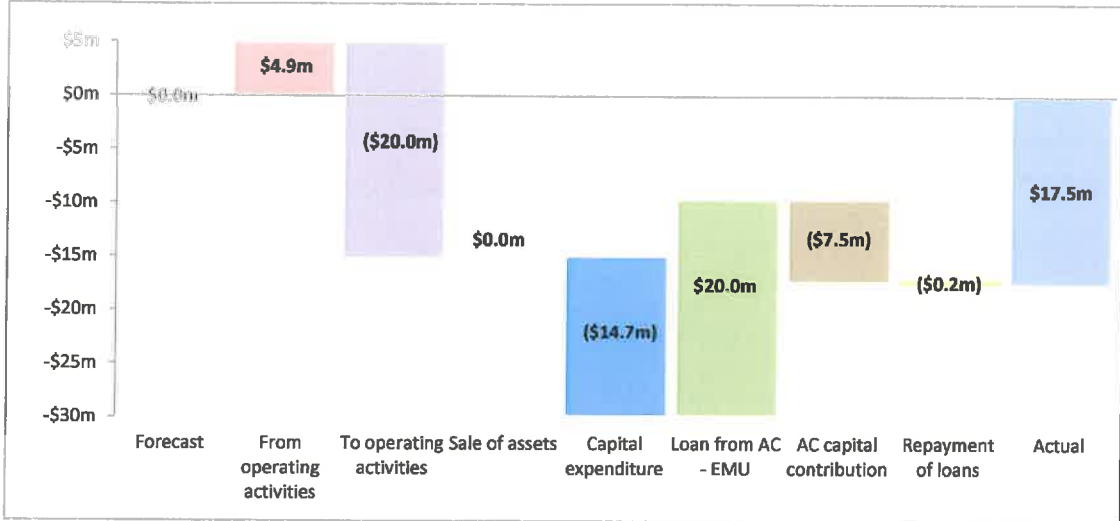
Net (decrease)/increase in cash and cash equivalents	(17,463)	-	-	-	-
Opening cash balance	68,408	-	-	-	-
Closing cash balance	50,945	-	-	-	-

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

Surplus/(deficit) after tax	\$000	43,702
Add/(less) non cash items		
Depreciation and amortisation		22,465
Vested assets		(33,530)
Loss on disposal of property, plant and equipment		(337)
Loss on asset write off		-
Revaluation decrement		-
Foreign exchange gains		-
Loss on interest rate swaps		(2,058)
Income tax		(13,460)
Add/(less) movements in working capital		
Decrease/(Increase) in debtors and other receivables		30,598
Decrease/(Increase) in Inventories		122
(Decrease)/Increase in creditors and other payables		(12,824)
(Decrease)/Increase in employee benefits payable		(254)
(Decrease)/Increase in investment funding from AC		(39,144)
		(21,502)
Net cash flow from operating activities		8,740

Section 5b - Cash flow

Cash flow - Current month forecast to actual



Section 6 - Accounts Receivable and Accounts Payable Monthly Report.

Accounts Receivable

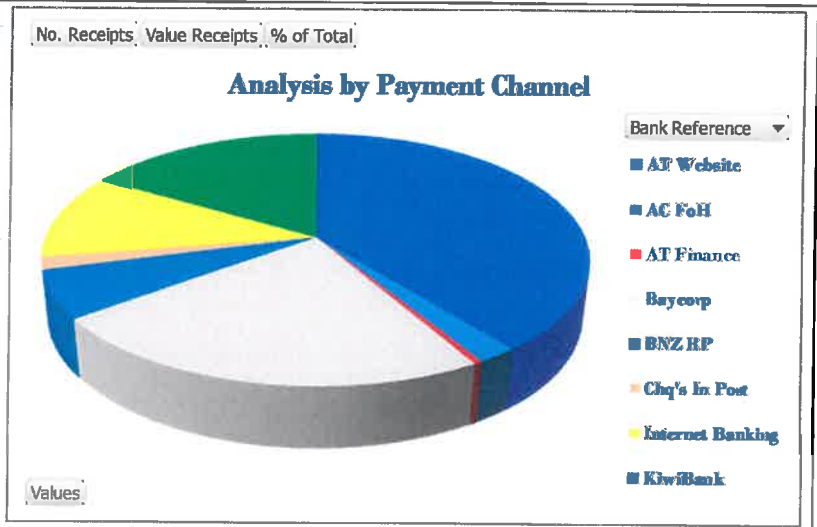
An overview of the Debtors as at 31 December has 98.9% (95.1% November) of adjusted Debtors in 30 and 60 days.

<u>Debtors Ageing Analysis as at 31 December 2013</u>								
<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</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 Dec	93	5,493,150	2,673,357	231,851	74,591	150,130	2,363,220	
		100.0%	48.7%	4.2%	1.4%	2.7%	43.0%	
O/s Related Parties	42	623,080	394,282	2,261	51,474	124,525	50,538	1
Trade Debtors	119	4,870,070	2,279,075	229,590	23,117	25,605	2,312,682	
		100.0%	46.8%	4.7%	0.5%	0.5%	47.5%	
Queried Invoices	202	320,745	7,404	7,996	9,871	19,804	275,670	2
Cell Sites - Property	393	2,603,915	632,390	5,689	0	0	1,965,836	3
To Baycorp (Collection)	436	29,084	0	345	5,074	360	23,305	4
Payment Arrangement	28	9,042	4,696	4,345	0	0	0	5
Lodged Courts (Damages)	113	115,457	58,685	14,155	-400	0	43,016	6
<u>Adjusted Debtors</u>	<u>N/a</u>	<u>1,791,827</u>	<u>1,575,901</u>	<u>197,059</u>	<u>8,573</u>	<u>5,441</u>	<u>4,854</u>	
		100.0%	87.9%	11.0%	0.5%	0.3%	0.3%	

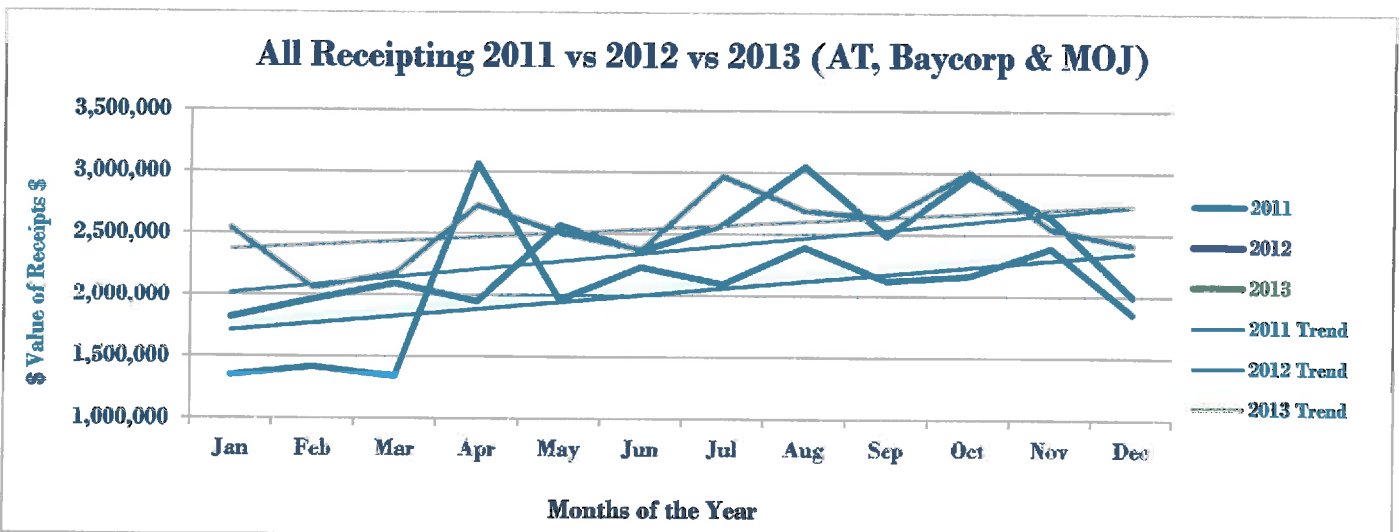
- 1 - Relates to amounts owed by related parties (inter-company).
- 2 - This comprises invoices which have been queried or disputed by customers. The debtors and the relevant Departments are engaged in an effort to resolve these queries. PT Ops have previously indicated that recovery of \$152k under query is unlikely but are continuing to pursue the matter. This outstanding amount has been provided as doubtful at the half year audit. An amount of \$97k outstanding from a group of apartments with increased parking charges under dispute are with the Property Group. These amounts have been provided as doubtful at the half year audit. Property is continuing to pursue the matter and have indicated that a formal response is being sent early in January.
- 3 - The outstanding amount relates to the ongoing cell sites dispute. The COO Team recently met with one of the Telco's with an offer, which was rejected. There is a good chance that the matter may require legal intervention to resolve. The total outstanding has increased substantially this month after certain contracts were invoiced annually for the year. An amount of \$1.9m was provided as doubtful as at December in respect of these matters.
- 4 - This section comprises accounts lodged with Baycorp for collection. Some of these outstanding amounts may be written off in the future. All amounts written off are approved by the CFO in compliance with accepted policy.
- 5 - Slow payers with payment arrangements. These Debtors are being monitored to ensure that arrangement terms are met.
- 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

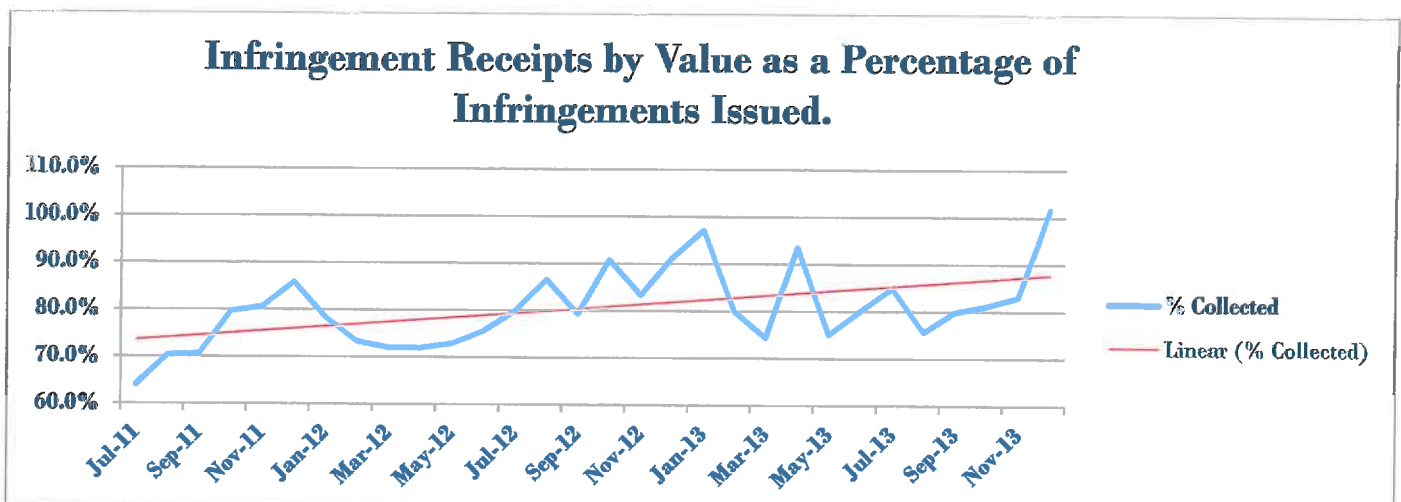
Row Labels	No. Receipts	Value Receipts	% of Total
AT Website	10,446	\$532,866	33.69%
AC FoH	565	\$116,804	7.38%
AT Finance	102	\$4,097	0.26%
Baycorp	6,119	\$382,466	24.18%
BNZ RP	1,627	\$88,044	5.57%
Chq's In Post	430	\$45,963	2.91%
Internet Banking	2,942	\$172,967	10.94%
KiwiBank	4,440	\$238,433	15.08%
Grand Total	26,671	\$1,581,640	100.00%



December's Infringement receipts by volume are down on November by 16% (17 working days in December compared with 21 in November). While this is normal in December, when compared with 2011 and 2012, December 2013 is 68% and 36% higher over those respective years. Approximately 8,500 receipts relating to December have been received in January and will be reflected in January's results.

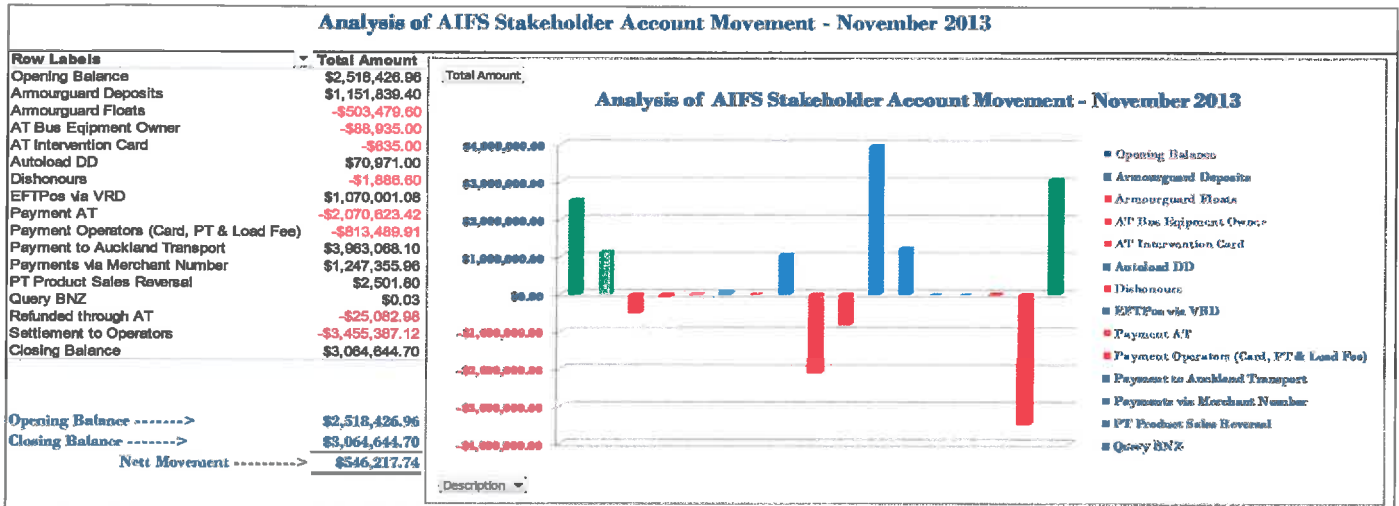


The graph above includes all receipts through AT, Baycorp and MOJ but excludes Legacy receipts. The 2013 trend line has lowered at year end due to a lower than normal collection rate from MOJ.

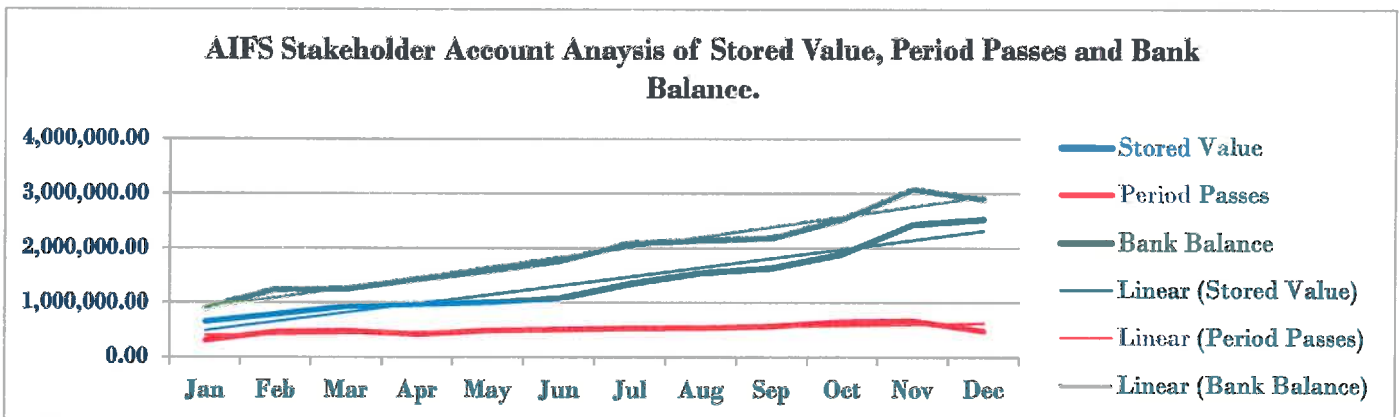


Section 7 - AIFS Stakeholder Monthly Report (Does not form part of AT results)

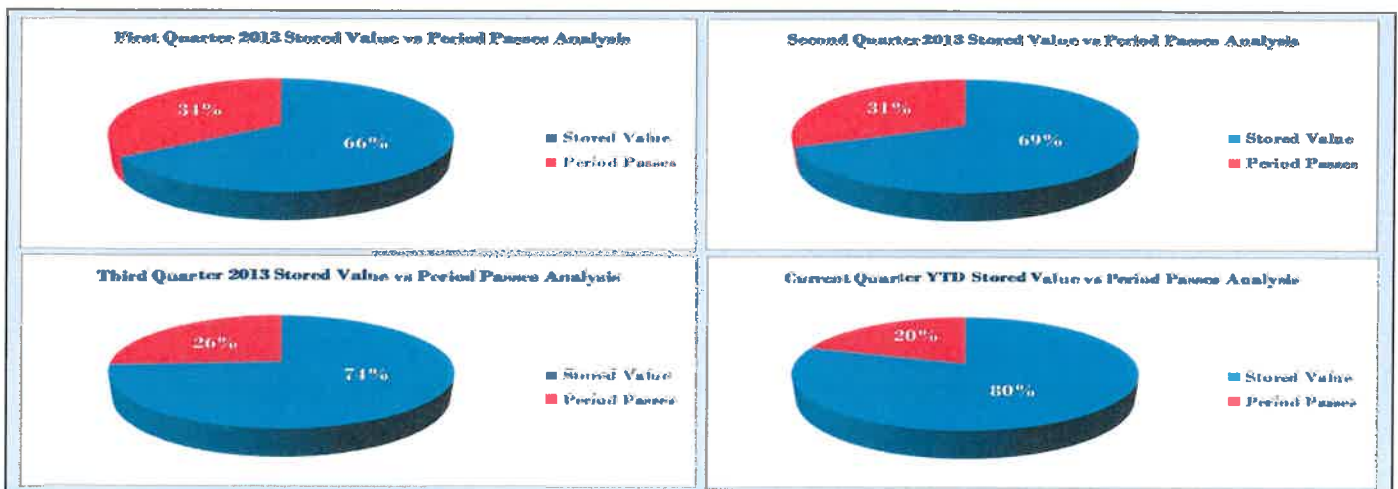
The analysis of the AIFS Stakeholder account below is for November, however, it should be noted that there was a decrease of 5.8% in the bank balance by December (November 21.7% increase), which is expected due to the holiday period.



The following graph provides an overview of monthly balances for Stored Value, Period Passes and the AIFS Stakeholder account together with trend lines. The increase in the Stakeholder account is mainly as a result of the Stored Value portion of the account (as can be seen from the line movement in the bank balance and stored value balance below). As expected, the bank balance fell in December along with Period Passes, while Stored Value increased.





The pie graphs below illustrate the split between stored value and period passes. The constant increase of the blue (stored value) component clearly demonstrates how customers have opted to manage the cost of public transport through Stored Value, rather than buy Period Passes. The split between the two options has changed from 2/3 and 1/3 in the first quarter to 4/5 and 1/5 in the last quarter of 2013.



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 Warburton Acting Chief Financial Officer	