

Draft Financial Results for the Twelve Months Ended 30 June 2012

Introduction

This report summarises for Auckland Transport the draft financial results for the twelve months ended 30 June 2012.

Abbreviations used in this report

Please note that the following abbreviations are used in this report:

FY = 12 month financial period, from 1 July 2011 to 30 June 2012

\$m = Millions of dollars

Budget = Approved budget for the 12 month period 1 July 2011 to 30 June 2012









Forecast = The forecast financial results following Auckland Transport review of the budgets.

Full year variance = This is comparison of actual results compared to budget.

Surplus/(deficit) from operations = Operating income less operating expenditure

Net Surplus (Deficit) before tax = Surplus/(deficit) from operations plus income for capital projects

Key to symbols used:

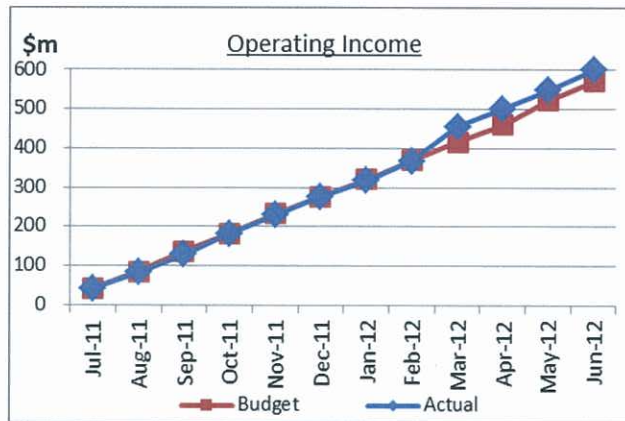
	: Within tolerable range
	: Below budget, unfavourable variance.
	: Below budget, favourable variance.
	: Above budget, unfavourable variance.
	: Above budget, favourable variance.
	: Achieved budget or better
	: Monitoring, some action taken
	: Action required

Executive Summary

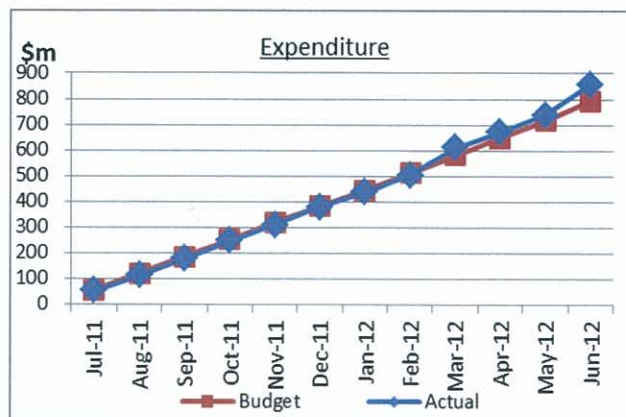
Draft Financial Results for the 12 months ended 30 June 2012:

	Current month variance to Budget \$m	Full year variance to Budget \$m	Full year results	Full year Actual \$m	Full Year Budget \$m	Full year Forecast \$m
Total operating income	4.3	30.4	↑ ●	600.2	569.8	593.9
Total operating expenditure	(53.7)	(67.3)	↑ ●	860.0	792.8	818.8
Surplus/(deficit) from operations	(49.4)	(36.8)	↓ ●	(259.8)	(223.0)	(224.9)
Income for capital projects	(0.1)	(36.9)	↓ ●	169.0	205.8	193.2
Net surplus/(deficit) before tax	(49.4)	(73.7)	↓ ●	(90.8)	(17.1)	(31.7)
Capital expenditure	(14.6)	(45.5)	↑ ●	591.7	546.2	613.2

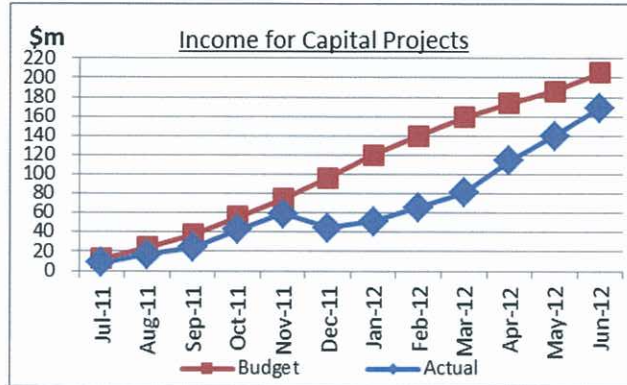
The Surplus /(deficit) from operations for the full year has an unfavourable variance to Budget of \$36.8m, of which \$34m is due to unrealised interest rate hedges and a further \$3.8 million to higher depreciation, both of which are non-cash costs. After adjusting for these two items the result is AT's operational spend is \$1m below the operating funding provided.



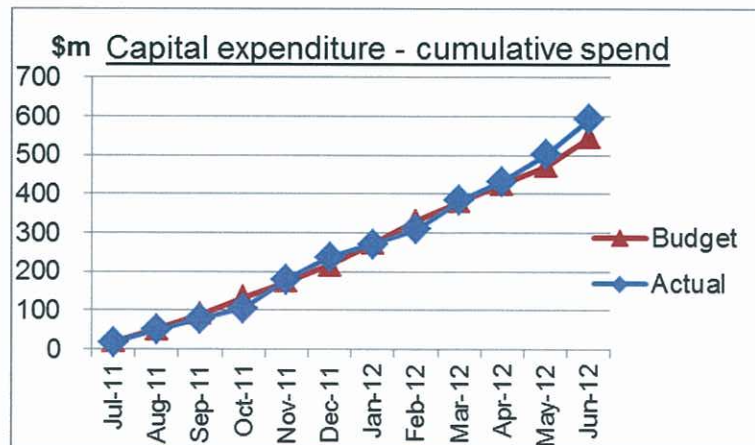
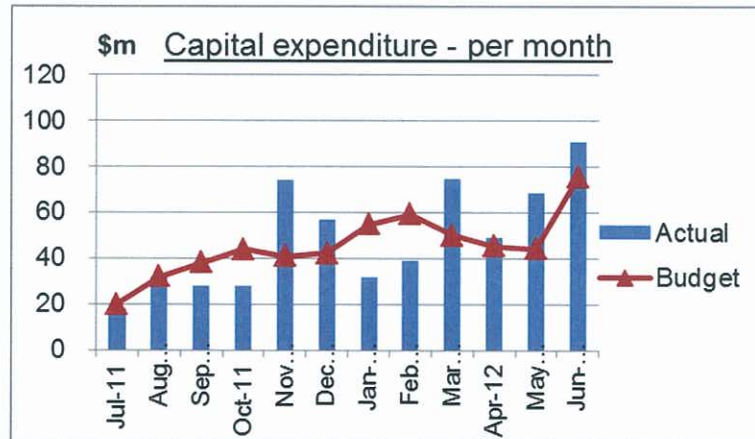
Total operating income is above budget by \$30.4m. This is primarily due to operating grant income for the Electric Multiple Units (EMUs) project amounting to \$41.9m recognised this year but actually receivable from the Crown in 2014/2015. This is partly offset by \$15.3m NZTA operational funding revenue below budget.



Total operating expenditure is above budget by \$67.3m. This is mainly due to \$41.9m reimbursement of the KiwiRail costs for EMUs procurement which is funded by operating grant income as mentioned above and \$34.0m unrealised interest rate swap loss relating to the EMU loans.



Income for capital projects is below budget by \$36.9m primarily due to \$79.5m reduced NZTA capital funding partly offset by \$18.1m capital grant for the EMU project and \$24.0m vested asset income.







Capital expenditure for the month was \$90.8m, an overspend to budget of \$14.6m. Full year capital expenditure was \$591.7m, a variance to budget of \$45.5m. The full year variance is mainly due to \$94.6m EMUs and \$24.0m vested assets not budgeted partly offset by \$67.4m underspend in Roads new capital expenditure. The capital programme has been delivered within 0.3% of the funding available. In the first quarter of the financial year the capital spend plan for roading was reduced to reflect a more realistic programme of work as well as to recognise the NZTA funding available and the impact of funding assistance agreement with NZTA.

The asset position is sound with net assets of \$13.5b at the end of June and cash flow funding arrangements in place to ensure all liabilities can be met.

Recommendation

That the Auckland Transport Board receive this report.

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