

# Financial Results for the two Months Ended 31 August 2013

This report summarises the Auckland Transport financial results for the two months ended 31 August 2013.

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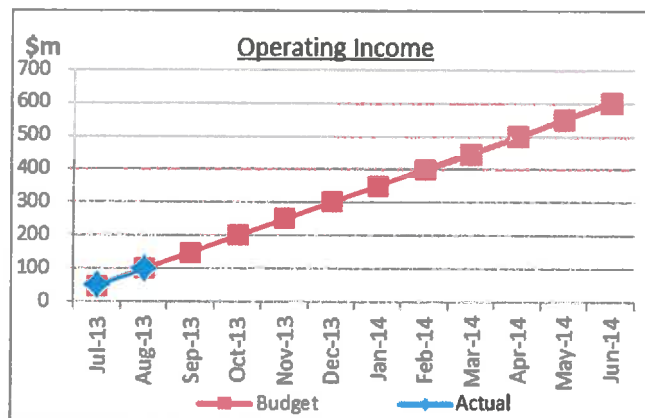
## Executive Summary

### Financial Results for the two months ended 31 August 2013:

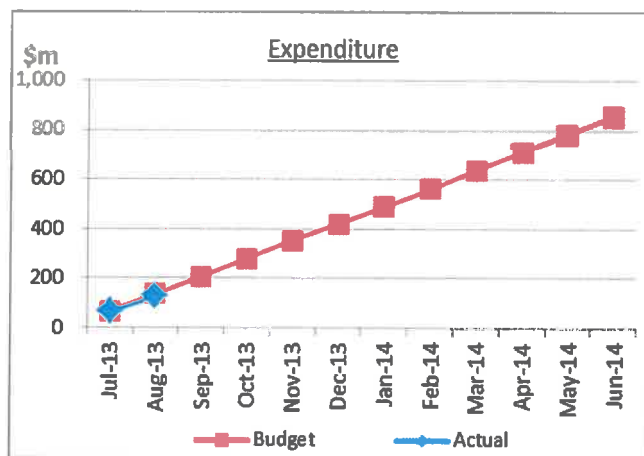
	Current month variance to Budget \$m	Year to date variance to Budget \$m	Year to date results	Year to date Actual \$m	Year to date Budget \$m	Full Year Budget \$m
Total operating income	(2.1)	(2.5)	↓ ●	97.0	99.5	604.0
Total operating expenditure	6.4	10.7	↓ ●	126.5	137.2	856.7
Surplus/(deficit) from operations	4.3	8.2	↑ ●	(29.5)	(37.6)	(252.7)
Income for capital projects	(9.7)	(3.8)	↓ ●	39.0	42.8	305.8
Net surplus/(deficit) before tax	(5.4)	4.4	↑ ●	9.5	5.1	53.1
Total capital expenditure	16.6	30.3	↓ ●	77.9	108.2	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 is \$2.5m unfavourable to budget mainly due to actual NZTA renewal subsidy that was budgeted for under operating subsidy.



**Total operating expenditure** is below budget by net \$10.7m mainly due to:

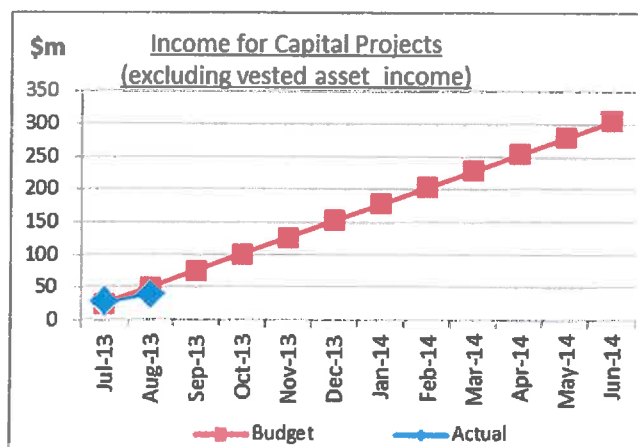
- \$10.1m favourable variance for derivatives, due to unrealised interest rate swap gain of \$10.5m, partly offset by realised interest rate swap loss of \$0.4m
- \$0.5m lower than budget finance costs
- \$1.8m favourable variance due to lower than budgeted expenditure for public transport operations \$3.5m and internal support \$1.3m, partly offset by unfavourable variance for roading of \$3.0m.

Partly offset by:

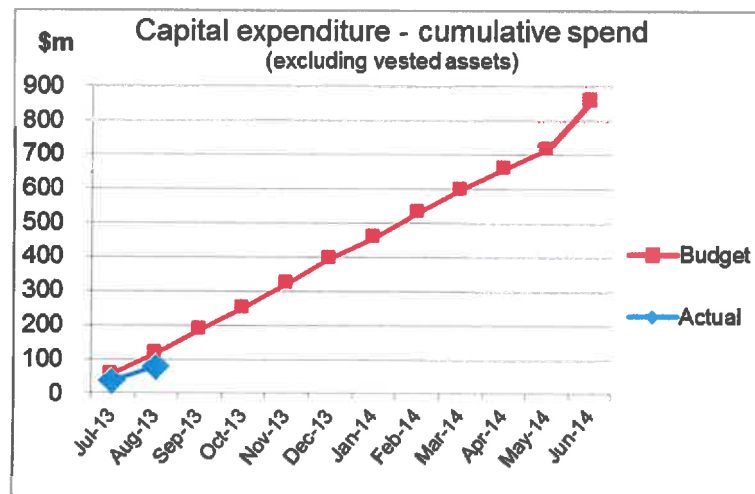
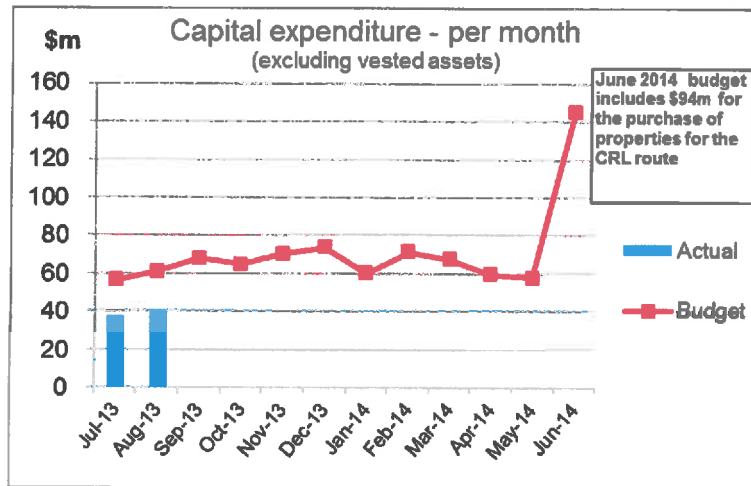
- \$1.8m higher than budget depreciation and amortisation expense.

**Net surplus before tax** is \$4.4m unfavourable to budget and includes a \$3.8m unfavourable variance for income for capital projects.

The operational result deficit, excluding income for capital projects of \$39.0m, is \$8.2m favourable to the budget deficit of \$37.6m. This includes a \$10.1m favourable variance from derivatives which are in place for capital programmes, partly offset by \$1.8m higher than budget depreciation and amortisation expense.



**Income for capital projects year to date** is lower than budget by \$3.8m mainly due to lower than budgeted NZTA funding as a result of new capital expenditure being lower than budget.



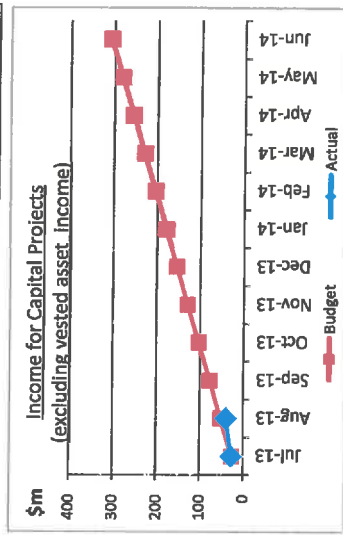
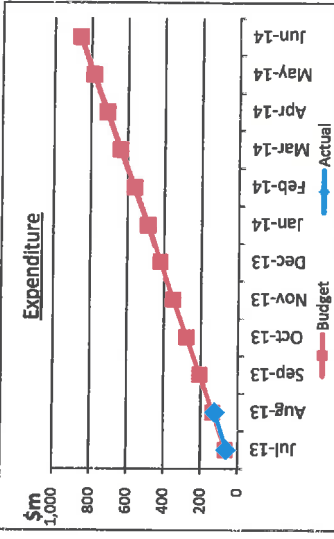
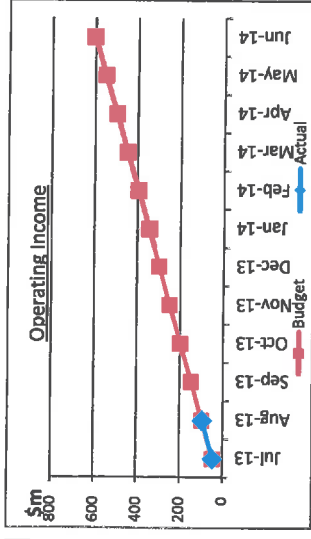
**Capital expenditure**, was \$77.9m, which is \$30.2m lower than budget due to less expenditure on new capital of \$19.4m, renewal capital of \$0.1m and EMU project \$10.7m. Further details on the variances are in section 3a.

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

## Section 2a - Statement of Financial Performance for the two months ended 31 August 2013

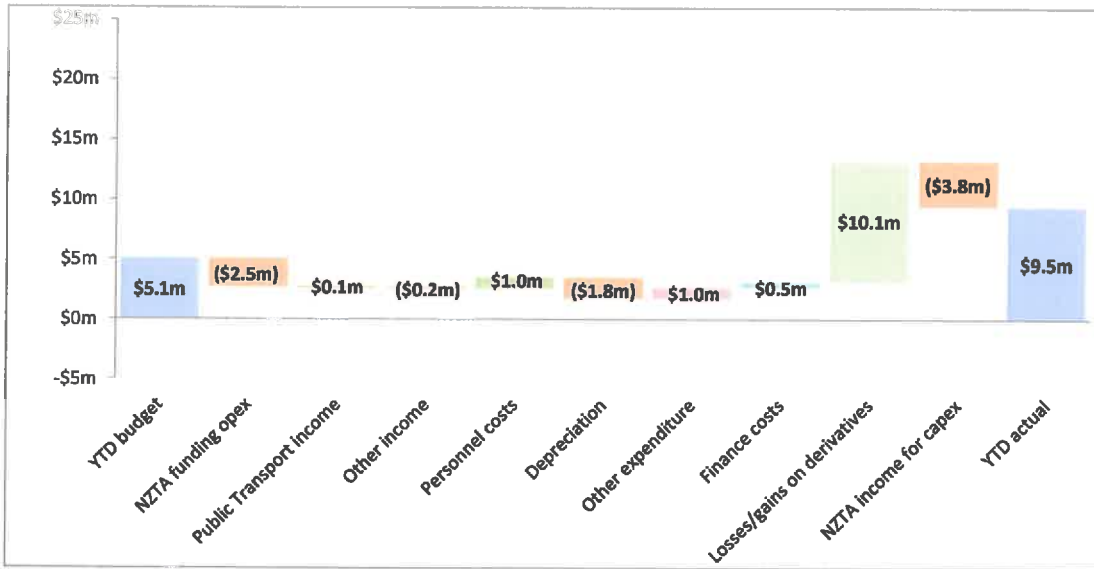
	Current month			Year to date			Full year	
	Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000	Results achieved	Budget \$'000
<b>Income</b>								
<b>Operating Income</b>								
Auckland Council funding	19,178	19,178	-	38,356	38,356	-	●	230,138
NZ Transport Agency	16,622	18,326	(1,704)	34,202	36,653	(2,451)	●	219,917
Parking and enforcement income	6,212	6,294	(82)	12,095	12,096	(41)	●	78,932
Public transport income	4,290	4,464	(174)	8,846	8,722	124	●	51,380
Other revenue including other grants and subsidies	1,714	1,861	(147)	3,551	3,721	(170)	●	23,619
<b>Total operating income</b>	<b>48,016</b>	<b>50,123</b>	<b>(2,107)</b>	<b>97,010</b>	<b>99,548</b>	<b>(2,538)</b>	●	<b>603,986</b>
<b>Expenditure</b>								
Personnel costs	8,515	8,994	479	17,443	18,271	828	●	108,471
Capitalised personnel costs	(2,354)	(2,177)	177	(4,610)	(4,464)	146	●	(24,355)
Depreciation and amortisation expense	22,012	21,118	(894)	44,022	42,237	(1,785)	●	253,422
Other expenses	40,395	40,338	(57)	77,814	78,765	951	●	500,865
Finance costs (Electric Trains)	976	1,188	212	1,926	2,376	450	●	18,285
Losses/(gains) on derivatives	(8,475)	-	8,475	(10,116)	-	10,116	●	-
<b>Total operating expenditure</b>	<b>63,069</b>	<b>69,461</b>	<b>6,392</b>	<b>126,479</b>	<b>137,185</b>	<b>10,706</b>	●	<b>856,688</b>
<b>Profit/(loss) from Operations</b>	<b>(15,053)</b>	<b>(19,338)</b>	<b>4,285</b>	<b>(29,469)</b>	<b>(37,637)</b>	<b>8,168</b>	●	<b>(252,702)</b>
<b>Income for capital projects</b>								
NZ Transport Agency	2,128	11,855	(9,727)	17,615	21,428	(3,813)	●	177,639
Auckland Council capital grant	10,678	10,678	-	21,357	21,357	-	●	128,140
Other capital grants	-	-	-	-	-	-	●	-
Vested asset income	-	-	-	-	-	-	●	-
<b>Net surplus/(deficit) before tax</b>	<b>12,806</b>	<b>22,533</b>	<b>(9,727)</b>	<b>38,972</b>	<b>42,785</b>	<b>(3,813)</b>	●	<b>305,779</b>
Income tax expense	(2,247)	3,195	(5,442)	9,503	5,148	4,355	●	53,077
<b>Net surplus/(deficit) after tax</b>	<b>(2,247)</b>	<b>3,195</b>	<b>(5,442)</b>	<b>9,503</b>	<b>5,148</b>	<b>4,355</b>	●	<b>53,077</b>

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



**Section 2b - Net surplus/(deficit) waterfall**

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



**Section 2c - Rail Operations for the two months ended 31 August 2013**

	Current month			Year to date			Full Year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget 30 Jun 2014 \$000
<b>Operating Income</b>							
Activity Income	2,683	2,807	(124)	5,374	5,443	(69)	29,715
Rental income	41	34	7	68	67	1	535
Other income	51	69	(18)	103	137	(34)	925
NZTA operating subsidy	3,938	5,192	(1,254)	8,678	10,384	(1,706)	62,305
NZTA operating subsidy - Electric Trains	660	967	(307)	1,336	1,933	(597)	11,597
<b>Total operating income</b>	<b>7,373</b>	<b>9,069</b>	<b>(1,696)</b>	<b>15,559</b>	<b>17,964</b>	<b>(2,405)</b>	<b>105,077</b>
<b>Operating Expenditure</b>							
Personnel costs	115	177	62	260	353	93	2,343
Capitalised personnel costs	-	-	-	-	-	-	-
Service delivery costs and professional services	8,363	9,316	953	16,804	18,163	1,359	101,554
Occupancy costs	200	377	177	821	702	(119)	4,660
Track access charges	1,144	1,144	-	2,170	2,289	119	15,258
Other expenditure	(83)	425	508	609	794	185	4,995
Finance costs (Electric Trains)	976	1,188	212	1,926	2,376	450	18,285
Losses/(gains) on derivatives	(6,475)	-	6,475	(10,116)	-	10,116	-
<b>Total operating expenditure</b>	<b>4,240</b>	<b>12,627</b>	<b>8,387</b>	<b>12,474</b>	<b>24,677</b>	<b>12,203</b>	<b>147,095</b>
Depreciation	2,932	2,825	(107)	5,864	5,649	(215)	33,897
<b>Surplus/(deficit) from Operations</b>	<b>201</b>	<b>(6,383)</b>	<b>6,584</b>	<b>(2,779)</b>	<b>(12,362)</b>	<b>9,583</b>	<b>(75,915)</b>
Internal support costs	1,351	1,659	308	2,822	3,362	540	21,728
<b>Total internal support costs</b>	<b>1,351</b>	<b>1,659</b>	<b>308</b>	<b>2,822</b>	<b>3,362</b>	<b>540</b>	<b>21,728</b>
<b>Surplus/(deficit)</b>	<b>(1,150)</b>	<b>(8,042)</b>	<b>6,892</b>	<b>(5,601)</b>	<b>(15,724)</b>	<b>10,123</b>	<b>(97,643)</b>

**Operating Income**

Lower than budgeted NZTA revenue due to lower than budgeted expenditure, and due to subsidy that was budgeted as operating but is actually renewal subsidy.

Lower NZTA subsidy for Electric Trains due to lower than budgeted interest costs, resulting from lower than planned borrowings.

**Operating Expenditure**

Lower than budgeted service delivery costs and professional services due to lower than budgeted fuel costs, reduction in Veolia leave liability costs, and delays in Wiri depot and Rail contract costs.

The negative figure for other expenditure in the month is due to actual July security costs being lower than estimated at July month end.

Electric Trains and Depot operating costs include a \$10.5m unrealised gain on the revaluation of interest rate swaps.

## Section 2c - Bus Operations for the two months ended 31 August 2013

	Current month			Year to date			Full Year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget 30 Jun 2014 \$000
<b>Operating Income</b>							
Activity Income	1,150	899	251	1,956	1,803	153	10,620
Other income	7	155	(148)	442	310	132	2,238
NZTA operating subsidy	6,677	6,694	(17)	13,328	13,388	(60)	80,330
<b>Total operating income</b>	<b>7,834</b>	<b>7,748</b>	<b>86</b>	<b>15,726</b>	<b>15,501</b>	<b>225</b>	<b>93,188</b>
<b>Operating Expenditure</b>							
Personnel costs	145	202	57	271	402	131	2,605
Capitalised personnel costs	92	-	(92)	106	-	(106)	-
Service delivery costs and professional services	13,597	12,972	(625)	25,437	25,358	(79)	151,861
Occupancy costs	134	163	29	182	325	143	2,463
Other expenditure	89	70	(19)	128	133	5	907
<b>Total operating expenditure</b>	<b>14,057</b>	<b>13,407</b>	<b>(650)</b>	<b>26,124</b>	<b>26,218</b>	<b>94</b>	<b>157,836</b>
Depreciation	119	55	(64)	238	110	(128)	658
<b>Surplus/(deficit) from Operations</b>	<b>(6,342)</b>	<b>(5,714)</b>	<b>(628)</b>	<b>(10,636)</b>	<b>(10,827)</b>	<b>191</b>	<b>(65,306)</b>
Internal support costs	1,450	1,780	330	3,028	3,608	580	23,315
<b>Surplus/(deficit)</b>	<b>(7,792)</b>	<b>(7,494)</b>	<b>(298)</b>	<b>(13,664)</b>	<b>(14,435)</b>	<b>771</b>	<b>(88,621)</b>

### Operating Income

Bus activity income higher than budget due to performance on the Public Transport Albany & Spine contract tracking ahead of budget.



**Section 2c - Ferry Operations for the two months ended 31 August 2013**

	Current month			Year to date			Full Year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget 30 Jun 2014 \$000
<b>Operating Income</b>							
Operator access fees	109	235	(126)	409	440	(31)	3,075
Activity Income	33	37	(4)	89	73	16	500
Other Income	63	63	-	127	128	(1)	787
NZTA operating subsidy	449	456	(7)	840	912	(72)	5,470
<b>Total operating Income</b>	<b>654</b>	<b>791</b>	<b>(137)</b>	<b>1,465</b>	<b>1,553</b>	<b>(88)</b>	<b>9,832</b>
<b>Operating Expenditure</b>							
Personnel costs	40	60	20	74	119	45	781
Capitalised personnel costs	(19)	-	19	(19)	(4)	15	(22)
Service delivery costs and professional services	922	887	(35)	1,757	1,780	23	10,940
Other expenditure	16	249	233	451	492	41	3,216
<b>Total operating expenditure</b>	<b>959</b>	<b>1,196</b>	<b>237</b>	<b>2,263</b>	<b>2,387</b>	<b>124</b>	<b>14,915</b>
Depreciation	174	173	(1)	348	348	(2)	2,074
<b>Surplus/(deficit) from Operations</b>	<b>(479)</b>	<b>(578)</b>	<b>99</b>	<b>(1,146)</b>	<b>(1,180)</b>	<b>34</b>	<b>(7,157)</b>
Internal support costs	137	168	31	286	341	55	2,203
<b>Surplus/(deficit)</b>	<b>(616)</b>	<b>(746)</b>	<b>130</b>	<b>(1,432)</b>	<b>(1,521)</b>	<b>89</b>	<b>(9,360)</b>

## Section 2c - Other Public Transport Operations for the two months ended 31 August 2013

	Current month			Year to date			Full Year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget 30 Jun 2014 \$000
<b>Operating Income</b>							
Other Income	153	165	(12)	277	321	(44)	2,985
NZTA operating subsidy	1,086	1,805	(719)	2,891	3,609	(718)	21,656
<b>Total operating income</b>	<b>1,239</b>	<b>1,970</b>	<b>(731)</b>	<b>3,168</b>	<b>3,930</b>	<b>(762)</b>	<b>24,641</b>
<b>Operating Expenditure</b>							
Personnel costs	1,135	1,191	56	2,195	2,397	202	14,838
Capitalised personnel costs	(125)	(80)	45	(158)	(260)	(102)	(636)
Service delivery costs and professional services	1,776	1,787	11	2,243	3,593	1,350	23,618
IT costs	210	155	(55)	423	313	(110)	1,635
Occupancy costs	9	8	(1)	23	16	(7)	96
Other expenditure	542	359	(183)	1,101	927	(174)	4,474
<b>Total operating expenditure</b>	<b>3,547</b>	<b>3,420</b>	<b>(127)</b>	<b>5,827</b>	<b>6,986</b>	<b>1,159</b>	<b>44,025</b>
Depreciation	772	725	(47)	1,543	1,450	(93)	8,698
<b>Surplus/(deficit) from Operations</b>	<b>(3,080)</b>	<b>(2,175)</b>	<b>(905)</b>	<b>(4,202)</b>	<b>(4,506)</b>	<b>304</b>	<b>(28,082)</b>
Internal support costs	404	497	93	845	1,006	161	6,503
<b>Surplus/(deficit)</b>	<b>(3,484)</b>	<b>(2,672)</b>	<b>(812)</b>	<b>(5,047)</b>	<b>(5,512)</b>	<b>465</b>	<b>(34,585)</b>

### Operating Income

Lower than budgeted NZTA income due to lower than budgeted expenditure.

### Operating Expenditure

Delayed service delivery costs of \$0.6m for Community Transport due to resourcing issues, three vacancies in the walking and cycling area are in the process of being filled.

Other Public Transport service delivery costs below budget by \$0.8m due to delays in contractor maintenance costs.

**Section 2c - Parking Operations for the two months ended 31 August 2013**

	Current month			Year to date			Full Year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget 30 Jun 2014 \$000
<b>Operating Income</b>							
Other Income	105	64	41	178	129	49	771
Parking fees	3,158	2,984	174	6,220	5,654	566	37,171
<b>Total operating income</b>	<b>3,263</b>	<b>3,048</b>	<b>215</b>	<b>6,398</b>	<b>5,783</b>	<b>615</b>	<b>37,942</b>
<b>Operating Expenditure</b>							
Personnel costs	287	164	(123)	497	334	(163)	1,870
Capitalised personnel costs	(20)	(17)	3	(20)	(34)	(14)	(202)
Service delivery costs and professional services	238	355	117	490	710	220	4,315
Occupancy costs	451	540	89	973	1,062	89	6,518
(Profit)/loss on disposal of assets	52	-	(52)	52	-	(52)	-
Other expenditure	52	76	24	100	334	234	2,065
<b>Total operating expenditure</b>	<b>1,060</b>	<b>1,118</b>	<b>58</b>	<b>2,092</b>	<b>2,406</b>	<b>314</b>	<b>14,566</b>
Depreciation	591	537	(54)	1,182	1,074	(108)	6,442
<b>Surplus/(deficit) from Operations</b>	<b>1,812</b>	<b>1,393</b>	<b>219</b>	<b>3,124</b>	<b>2,303</b>	<b>821</b>	<b>16,934</b>
Internal support costs	134	164	30	279	333	54	2,152
<b>Surplus/(deficit)</b>	<b>1,478</b>	<b>1,229</b>	<b>249</b>	<b>2,845</b>	<b>1,970</b>	<b>875</b>	<b>14,782</b>

**Operating Income**

On and off street parking revenue is favourable to budget due to higher than planned occupancy.

**Operating Expenditure**

Higher than budgeted personnel costs due to restructure moving personnel who were budgeted for under enforcement into parking.

Loss on disposal of car park equipment in Anzac Street car park.

**Section 2c - Enforcement Operations for the two months ended 31 August 2013**

	Current month			Year to date			Full Year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget 30 Jun 2014 \$000
<b>Operating Income</b>							
Infringement income	2,949	3,246	(297)	5,657	6,313	(656)	40,990
<b>Total operating income</b>	<b>2,949</b>	<b>3,246</b>	<b>(297)</b>	<b>5,657</b>	<b>6,313</b>	<b>(656)</b>	<b>40,990</b>
<b>Operating Expenditure</b>							
Personnel costs	868	1,029	161	1,848	2,098	250	11,906
Capitalised personnel costs	16	-	(16)	4	-	(4)	-
Service delivery costs and professional services	144	132	(12)	278	278	-	1,607
Other expenditure	417	621	204	1,207	1,244	37	7,463
<b>Total operating expenditure</b>	<b>1,445</b>	<b>1,782</b>	<b>337</b>	<b>3,337</b>	<b>3,620</b>	<b>283</b>	<b>20,976</b>
Depreciation	20	91	71	41	182	141	1,091
<b>Surplus/(deficit) from Operations</b>	<b>1,484</b>	<b>1,373</b>	<b>111</b>	<b>2,279</b>	<b>2,511</b>	<b>(232)</b>	<b>18,923</b>
Internal support costs	193	237	44	402	479	77	3,098
<b>Surplus/(deficit)</b>	<b>1,291</b>	<b>1,136</b>	<b>155</b>	<b>1,877</b>	<b>2,032</b>	<b>(155)</b>	<b>15,825</b>

**Operating Income**

Infringement income is \$0.4m unfavourable to budget due to a reduction in the Baycorp provision from 50% to 33%. The 33% is based on actual infringements recovered from Baycorp in 2012/13. Court receipts for legacy infringements and lodgement fee recoveries \$0.3m lower than budget.

**Operating Expenditure**

Lower than budgeted personnel costs due to restructure moving personnel who were budgeted for under enforcement into parking.

**Section 2c - Roading and Footpaths Operations for the two months ended 31 August 2013**

	Current month			Year to date			Full Year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget 30 Jun 2014 \$000
<b>Operating Income</b>							
Petrol tax	697	723	(26)	1,367	1,446	(79)	8,677
Other income	284	232	52	491	464	27	2,795
NZTA operating subsidy	3,092	2,880	212	5,784	5,760	24	34,562
<b>Total operating income</b>	<b>4,073</b>	<b>3,835</b>	<b>238</b>	<b>7,642</b>	<b>7,670</b>	<b>(28)</b>	<b>46,034</b>
<b>Operating Expenditure</b>							
Personnel costs	1,434	1,465	31	2,962	2,985	23	17,154
Capitalised personnel costs	(389)	(520)	(131)	(790)	(1,032)	(242)	(5,459)
Service delivery costs and professional services	7,023	5,413	(1,610)	12,700	9,537	(3,163)	84,300
Occupancy costs	1,671	1,375	(296)	2,760	2,812	52	15,347
IT costs	(17)	132	149	5	400	395	2,249
Other expenditure	185	245	50	490	429	(61)	2,406
<b>Total operating expenditure</b>	<b>9,917</b>	<b>8,110</b>	<b>(1,807)</b>	<b>18,127</b>	<b>15,131</b>	<b>(2,996)</b>	<b>115,997</b>
Depreciation	17,048	16,345	(703)	34,093	32,690	(1,403)	196,142
<b>Surplus/(deficit) from Operations</b>	<b>(22,892)</b>	<b>(20,620)</b>	<b>(2,272)</b>	<b>(44,578)</b>	<b>(40,151)</b>	<b>(4,427)</b>	<b>(266,105)</b>
Internal support costs	1,066	1,308	242	2,225	2,651	426	17,134
<b>Surplus/(deficit)</b>	<b>(23,958)</b>	<b>(21,928)</b>	<b>(2,030)</b>	<b>(46,803)</b>	<b>(42,802)</b>	<b>(4,001)</b>	<b>(283,239)</b>

**Operating Expenditure**

Higher than budgeted service delivery costs due to increased costs for Vegetation Control and Street Lighting. This overspend will be funded by savings in Road Corridor Operations professional fees that are budgeted in future months.

## Section 2c - Internal support for the two months ended 31 August 2013

	Current month			Year to date			Budget
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	30 Jun 2014 \$000
<b>Operating Income</b>							
Other income	729	906	(177)	1,689	1,811	(122)	12,149
NZTA operating subsidy	720	333	387	1,343	666	677	3,996
<b>Total operating income</b>	<b>1,449</b>	<b>1,239</b>	<b>210</b>	<b>3,032</b>	<b>2,477</b>	<b>555</b>	<b>16,145</b>
<b>Operating Expenditure</b>							
Personnel costs	4,493	4,706	213	9,336	9,583	247	56,973
Capitalised personnel costs	(1,909)	(1,560)	349	(3,732)	(3,134)	598	(18,036)
Directors Fees	34	33	(1)	77	66	(11)	399
Service delivery costs and professional services	1,564	1,269	(295)	3,504	2,367	(1,137)	21,062
Other expenditure	1,645	2,237	592	3,022	4,640	1,618	27,461
<b>Total operating expenditure</b>	<b>5,827</b>	<b>6,685</b>	<b>858</b>	<b>12,207</b>	<b>13,522</b>	<b>1,315</b>	<b>87,859</b>
Depreciation	357	368	11	713	736	23	4,419
Taxation	-	-	-	-	-	-	-
<b>Surplus/(deficit) before allocation of costs</b>	<b>(4,735)</b>	<b>(5,814)</b>	<b>1,079</b>	<b>(9,888)</b>	<b>(11,781)</b>	<b>1,893</b>	<b>(76,133)</b>
Internal support costs	(4,735)	(5,814)	(1,079)	(9,888)	(11,781)	(1,893)	(76,133)
<b>Total internal support allocation</b>	<b>(4,735)</b>	<b>(5,814)</b>	<b>(1,079)</b>	<b>(9,888)</b>	<b>(11,781)</b>	<b>(1,893)</b>	<b>(76,133)</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Operating Income

Favourable NZTA income mainly due to 2.25% administration fee received from NZTA but not included in budget \$0.5m.

### Operating Expenditure

Lower than budgeted lease and advertising costs is offset by additional professional costs.

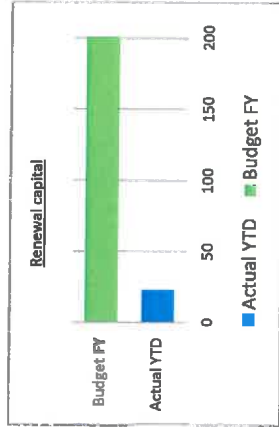
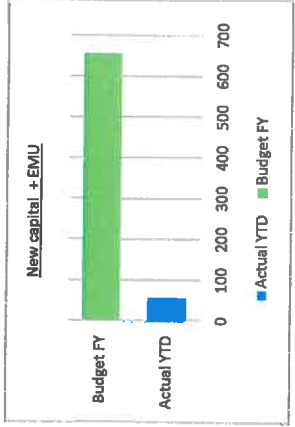
Favourable total operating expenditure due is to unbudgeted fleet cost recoveries of \$0.6m, and higher than budgeted capitalised costs of \$0.6m mainly for Capital Development Division.

**Section 2c - Summary of financial results by activity for the two months ended 31 August 2013**

	Current month			Year to date			Full Year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget 30 Jun 2014 \$000
Rail	(1,150)	(8,042)	6,892	(5,601)	(15,724)	10,123	(97,643)
Bus	(7,792)	(7,494)	(298)	(13,664)	(14,435)	771	(88,621)
Ferry	(616)	(746)	130	(1,432)	(1,521)	89	(9,360)
Other Public Transport	(3,484)	(2,672)	(812)	(5,047)	(5,512)	465	(34,585)
Roading	(23,958)	(21,928)	(2,030)	(46,803)	(42,802)	(4,001)	(283,239)
Parking	1,478	1,229	249	2,845	1,970	875	14,782
Enforcement	1,291	1,136	155	1,877	2,032	(155)	15,825
Internal support	-	-	-	-	-	-	-
Auckland Council operating funding	19,178	19,178	-	38,356	38,356	-	230,138
Income for capital projects	12,806	22,534	(9,728)	38,972	42,784	(3,812)	305,780
Net surplus/(deficit) after tax	(2,247)	3,195	(5,442)	9,503	5,148	4,355	53,077

### Section 3a - Summary of Capital Expenditure for the two months ended 31 August 2013 Split by activity

	Note	Current month			Year to date			Results Achieved	Full year Budget \$'000
		Actual \$'000	Budget \$'000	Variance \$'000	Actual \$'000	Budget \$'000	Variance \$'000		
<b>New capital expenditure</b>									
Parking operations	1	14	2,816	2,802	61	2,881	2,820	●	8,299
Public transport	2	5,382	8,559	3,177	9,470	19,154	9,684	●	252,487
Roads	3	16,067	18,794	2,727	28,022	35,311	7,289	●	236,912
Other	4	320	422	102	1,196	811	(385)	●	4,712
<b>Total new capital</b>		<b>21,783</b>	<b>30,591</b>	<b>8,808</b>	<b>38,749</b>	<b>58,157</b>	<b>19,408</b>	●	<b>502,410</b>
<b>Renewal capital expenditure</b>									
Parking operations	41	105	105	64	73	127	54	●	2,121
Public transport	5	3,622	2,539	(1,083)	3,737	2,748	(989)	●	12,722
Roads	6	10,383	11,050	667	19,082	20,148	1,066	●	188,200
Other		-	-	-	-	-	-	●	-
<b>Total renewal</b>		<b>14,046</b>	<b>13,694</b>	<b>(352)</b>	<b>22,892</b>	<b>23,023</b>	<b>131</b>	●	<b>203,043</b>
<b>Electric motor units (EMUs)</b>									
Procurement		3,981	8,524	4,543	12,292	18,762	6,470	●	135,589
Depot		467	4,042	3,575	3,974	8,223	4,249	●	18,429
<b>Total EMUs</b>	7	<b>4,448</b>	<b>12,566</b>	<b>8,118</b>	<b>16,266</b>	<b>26,985</b>	<b>10,719</b>	●	<b>154,018</b>
<b>Total direct capital</b>		<b>40,277</b>	<b>56,851</b>	<b>16,574</b>	<b>77,907</b>	<b>108,165</b>	<b>30,258</b>	●	<b>859,471</b>
<b>Vested assets</b>		-	-	-	-	-	-	●	-
<b>Total capital</b>		<b>40,277</b>	<b>56,851</b>	<b>16,574</b>	<b>77,907</b>	<b>108,165</b>	<b>30,258</b>	●	<b>859,471</b>



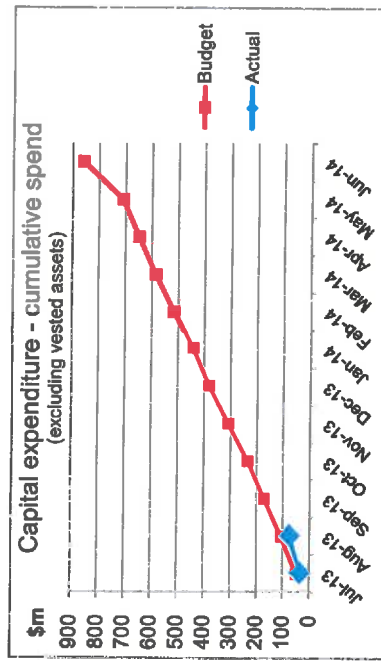
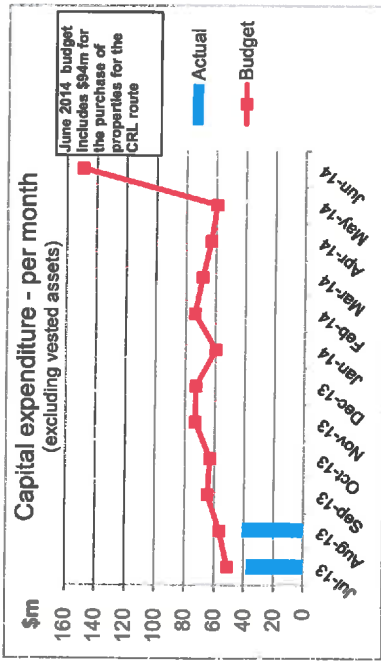
● : Largely on track  
● : Some issues or risks  
● : Project issues or risks

- Notes: (Year to date)
- \$2.8m favourable variance against budget in parking operations is mainly due to settlement delayed for purchase of Devon Lane carpark because of legal title transfer issues.
  - \$9.7m favourable variance against budget in public transport is mainly due to AIFS (\$8.8m, forecast payment for Thales milestones were settled in the previous year and project delayed this year), Central Rail Link (\$1.5m, property settlement delayed), partly offset by overspend of \$0.7m on other public transport improvements.
  - \$7.3m favourable variance against budget in roads is mainly due to NORSGA (\$1.8m, poor performance by Transfield), Local Board initiatives (\$1.8m, delay in assigning projects to the budget), Walking and cycling (\$1.0m, delay in few construction projects), Safety improvement (\$2.4m, delayed).
  - \$0.4m unfavourable variance in others is primarily from IT and results from the unbudgeted phase two cost for the Recovery Solution programme.
  - \$1.0m renewals overspend on public transport is mainly due to Rolling Stock (\$0.8m) and Train Station renewals (\$0.4m), which are expected to be within the full year budget.
  - \$1.1m renewals underspend on roads is mainly due to pavement resurfacing, rehabilitation and streetlights (\$0.9m). JTOC renewals (\$0.4m, the JTOC team have carried out a re-prioritisation of renewals programme and this has been reflected in the recent reforecast v.2).
  - \$10.7m underspend on EMU project is mainly due to incomplete invoicing for simulator and overestimation of the Downer works' accruals. It is not expected to impact the overall programme.



### Section 3b - Capital Expenditure Funding for the two months ended 31 August 2013

Funding	Current month		Year to date		Full year	
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000
NZTA - new capital	1,424	6,796	(5,372)	7,178	12,921	(5,743)
NZTA - renewal capital	704	5,060	(4,356)	10,437	8,506	1,931
Other grants and subsidies	-	-	-	-	-	-
Auckland Council funding (Non EMU)	33,701	32,429	1,272	44,028	59,753	(15,727)
Auckland Council loan (EMU)	4,448	12,566	(8,118)	16,266	26,985	(10,719)
<b>Total funding</b>	<b>40,277</b>	<b>56,851</b>	<b>(16,574)</b>	<b>77,907</b>	<b>108,165</b>	<b>(30,258)</b>



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

	Note	Actual 31 August 2013 \$000	Actual 31 July 2013 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	66,887	90,349
Trade and other receivables	2	118,481	120,107
Inventories		4,927	4,496
Other assets		5,644	9,889
<b>Total current assets</b>		<b>195,939</b>	<b>224,841</b>
<b>Non-current assets</b>			
Property, plant and equipment - assets		13,926,328	13,931,424
Property, plant and equipment - work-in-progress		602,676	581,435
Intangible assets		74,836	72,778
Amounts due from related parties		46,000	46,000
<b>Total non-current assets</b>		<b>14,649,840</b>	<b>14,631,637</b>
<b>Total assets</b>		<b>14,845,779</b>	<b>14,856,478</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Derivative financial instruments	3	8,735	11,282
Trade and other payables	4	139,825	142,546
Employee benefit liabilities	5	10,503	9,651
Borrowings	6	1,397	1,419
<b>Total current liabilities</b>		<b>160,460</b>	<b>164,898</b>
<b>Non-current liabilities</b>			
Derivative financial instruments	3	11,149	22,419
Employee benefit liabilities	5	851	851
Borrowings	6	228,681	228,768
Deferred tax liability	7	9,173	9,173
<b>Total non-current liabilities</b>		<b>249,854</b>	<b>261,211</b>
<b>Total liabilities</b>		<b>410,314</b>	<b>426,109</b>
<b>Net assets</b>		<b>14,435,465</b>	<b>14,430,369</b>
<b>Equity</b>			
Contributed equity		12,979,650	12,979,650
Retained earnings/(losses)		328,209	330,454
Reserves		1,127,606	1,120,265
<b>Total equity</b>		<b>14,435,465</b>	<b>14,430,369</b>

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

	Actual	Actual
	31 August 2013	31 July 2013
	\$000	\$000

**1 Cash and cash equivalents**

Cash at bank - Trading	36,819	10,480
Cash at bank - AIFS	2,135	2,081
Till floats	253	265
Cash investment with Auckland Council	27,680	77,523
<b>Total cash and cash equivalents</b>	<b>66,887</b>	<b>90,349</b>

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**

Trade debtors	2,901	3,173
Finance lease receivable	58	-
Infringements receivable	16,410	16,241
Amounts due from related parties	67,338	67,514
Accrued income	32,018	34,933
Goods and services tax	1,510	-
	<b>120,235</b>	<b>121,861</b>
Less provision for impairment of receivables	(1,754)	(1,754)
<b>Total trade and other receivables</b>	<b>118,481</b>	<b>120,107</b>

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 August 2013 is detailed below:

	Gross	Impaired	Net
	\$000	\$000	\$000
Not past due	100,280	-	100,280
Past due 1 - 30 days	2,374	-	2,374
Past due 31 - 60 days	2,051	-	2,051
Past due 61 - 90 days	1,321	-	1,321
Past due > 90 days	14,209	(1,754)	12,455
	<b>120,235</b>	<b>(1,754)</b>	<b>118,481</b>

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

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

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

	<b>Actual</b>
	<b>\$000</b>
At 1 July 2013	1,754
Additional provisions made	-
Provisions reversed	-
Receivables written-off	-
<b>At 31 August 2013</b>	<b>1,754</b>

## Section 4b - Notes to the Financial Statements As at 31 August 2013

	Actual	Actual
	31 August 2013	31 July 2013
	\$000	\$000

### 3 Derivative financial instruments

#### Current liability portion

Forward foreign exchange contracts - cash flow hedges	8,504	11,038
Forward foreign exchange contracts - not hedge accounted	231	244
<b>Current derivative financial instruments</b>	<b>8,735</b>	<b>11,282</b>

#### Non-current liability portion

Interest rate swaps - cash flow hedges	984	7,447
Forward foreign exchange contracts - cash flow hedges	10,165	14,972
<b>Non-current derivative financial instruments</b>	<b>11,149</b>	<b>22,419</b>

#### 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 \$871k. The foreign currency principal amount was EUR €375k. The gain on their revaluation of \$6k 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 \$335m. The foreign currency principal amount was USD \$238m. These cash flow hedges have been accounted for as effective and the loss of \$42k 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 \$347m. At 31 August 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 \$10.5m has been recorded in the Statement of Financial Performance.

### 4 Trade and other payables

Creditors	17,166	11,741
Goods and services tax	-	5,547
Accrued expenses	98,871	101,561
Retentions	7,478	7,884
Amounts due to related parties	13,114	12,493
Income in advance	1,062	1,239
AIFS Hop Card unsecured obligation	2,134	2,081
	<b>139,825</b>	<b>142,546</b>

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

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).

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

	Actual 31 August 2013	Actual 31 July 2013
	\$000	\$000

**5 Employee benefit liabilities**

**Current portion**

Accrued salaries and wages	3,494	2,791
Accrued leave	7,009	6,860
<b>Current employee benefit liabilities</b>	<b>10,503</b>	<b>9,651</b>

**Non-current portion**

Retirement gratuities	383	383
Long service leave	468	468
<b>Non-current employee benefit liabilities</b>	<b>851</b>	<b>851</b>

**6 Borrowings**

**Current portion**

Loans from Auckland Council	1,231	1,237
Finance Leases	166	182
<b>Current borrowings</b>	<b>1,397</b>	<b>1,419</b>

**Non-current portion**

Loans from Auckland Council	228,244	228,333
Finance Leases	437	435
<b>Non-current borrowings</b>	<b>228,681</b>	<b>228,768</b>

Weighted average cost of funds on total borrowings	5.45%	5.45%
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Auckland Transport's loan debt of \$229,474,267 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 August 2013			
	Property, plant and equipment	Other provisions	Tax losses	Total
	\$000	\$000	\$000	\$000
Deferred tax liability				
Balance at 1 July 2012	(11,020)	-	-	(11,020)
Charged to profit and loss	1,847	-	-	1,847
Charged to equity	-	-	-	-
<b>Balance at 31 August 2013</b>	<b>(9,173)</b>	<b>-</b>	<b>-</b>	<b>(9,173)</b>

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

	Current month		Forecast rolling 3 months		
	Actual	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	Sep 2013 \$000	Oct 2013 \$000	Nov 2013 \$000
<b>Cash flows from operating activities</b>					
Total cash provided	63,634	75,604	75,133	75,133	75,133
<b>Cash applied to:</b>					
Payments to suppliers, employees and directors	29,898	48,935	48,346	49,067	49,314
Interest paid	775	1,188	1,306	1,453	1,453
Goods and services tax (net)	7,057	-	-	-	-
<b>Total cash applied</b>	<b>37,730</b>	<b>50,123</b>	<b>49,652</b>	<b>50,520</b>	<b>50,767</b>
<b>Net cash from operating activities</b>	<b>25,904</b>	<b>25,481</b>	<b>25,481</b>	<b>25,481</b>	<b>25,481</b>

<b>Cash flows from investing activities</b>					
<b>Cash provided from:</b>					
Sale of property, plant and equipment	10	-	-	-	-
<b>Total cash provided</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash applied to:</b>					
Capital expenditure projects	49,209	61,441	68,285	64,935	70,638
<b>Total cash applied</b>	<b>49,209</b>	<b>61,441</b>	<b>68,285</b>	<b>64,935</b>	<b>70,638</b>
<b>Net cash from investing activities</b>	<b>(49,199)</b>	<b>(61,441)</b>	<b>(68,285)</b>	<b>(64,935)</b>	<b>(70,638)</b>

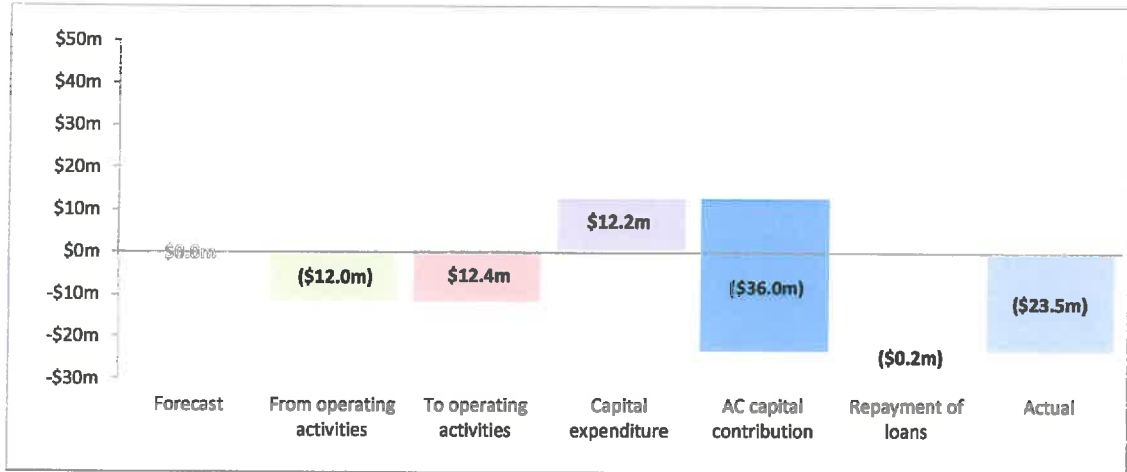
<b>Cash flows from financing activities</b>					
<b>Cash provided from:</b>					
Loan from Auckland Council - EMU	-	-	14,000	20,000	-
Capital contribution from Auckland Council	-	35,960	28,804	19,454	45,157
<b>Total cash provided</b>	<b>-</b>	<b>35,960</b>	<b>42,804</b>	<b>39,454</b>	<b>45,157</b>
<b>Cash applied to:</b>					
Repayments of EMU loan from Auckland Council	95	-	-	-	-
Repayments of finance lease principal	71	-	-	-	-
<b>Total cash provided</b>	<b>166</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from financing activities</b>	<b>(166)</b>	<b>35,960</b>	<b>42,804</b>	<b>39,454</b>	<b>45,157</b>

<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(23,461)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Opening cash balance	90,348	-	-	-	-
<b>Closing cash balance</b>	<b>66,887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities		Current month
Surplus/(deficit) after tax		\$000 (2,247)
<b>Add/(less) non cash items</b>		
Depreciation and amortisation		22,012
Vested assets		-
Loss on disposal of property, plant and equipment		52
Loss on asset write off		-
Revaluation decrement		-
Foreign exchange gains		(14)
Loss on interest rate swaps		(6,462)
Income tax		-
		<b>15,588</b>
<b>Add/(less) movements in working capital</b>		
Decrease/(Increase) in debtors and other receivables		50,228
Decrease/(Increase) in inventories		(430)
(Decrease)/Increase in creditors and other payables		11,756
(Decrease)/Increase in employee benefits payable		852
(Decrease)/Increase in investment funding from AC		(49,843)
		<b>12,563</b>
<b>Net cash flow from operating activities</b>		<b>25,904</b>

**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 August has 96.3% of adjusted Debtors in 30 and 60 days.

#### Debtors Ageing Analysis as at 31 August 2013

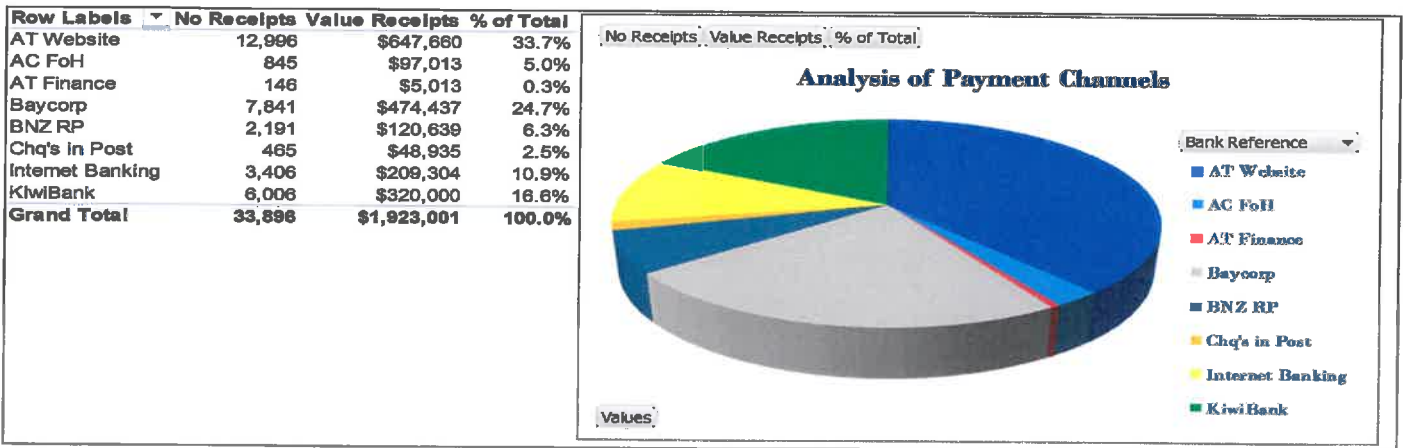
<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>120+ Days</u>	<u>Notes</u>
<b>Debtors Ageing 31 Aug</b>	<b>154</b>	<b>4,230,205</b>	<b>1,601,814</b>	<b>160,939</b>	<b>450,801</b>	<b>66,294</b>	<b>1,950,356</b>	
		100.0%	37.9%	3.8%	10.7%	1.6%	46.1%	
O/s Related Parties	25	1,329,293	987,414	40,225	301,654	0	0	†
<b>Trade Debtors</b>	<b>88</b>	<b>2,900,911</b>	<b>614,400</b>	<b>120,714</b>	<b>149,147</b>	<b>66,294</b>	<b>1,950,356</b>	
		100.0%	21.2%	4.2%	5.1%	2.3%	67.2%	
Queried Invoices	205	281,852	7,381	6,719	35,442	19,353	212,957	2
Cell Sites - Property	379	1,822,454	1,914	7,347	88,386	33,297	1,691,510	3
To Baycorp (Collection)	391	20,891	0	537	3,690	2,273	14,391	4
Payment Arrangement	29	6,057	4,082	1,975	0	0	0	5
Lodged Courts (Damages)	120	96,830	48,046	9,548	3,713	6,226	29,297	6
<b>Adjusted Debtors</b>	<b>N/a</b>	<b>672,828</b>	<b>552,977</b>	<b>94,589</b>	<b>17,916</b>	<b>5,145</b>	<b>2,201</b>	
		100.0%	82.2%	14.1%	2.7%	0.8%	0.3%	

- 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 two groups of Debtors with combined outstanding invoices totalling \$205k. Finance are in contact with Property 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. Of this 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 now with senior management for resolution.
- 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.

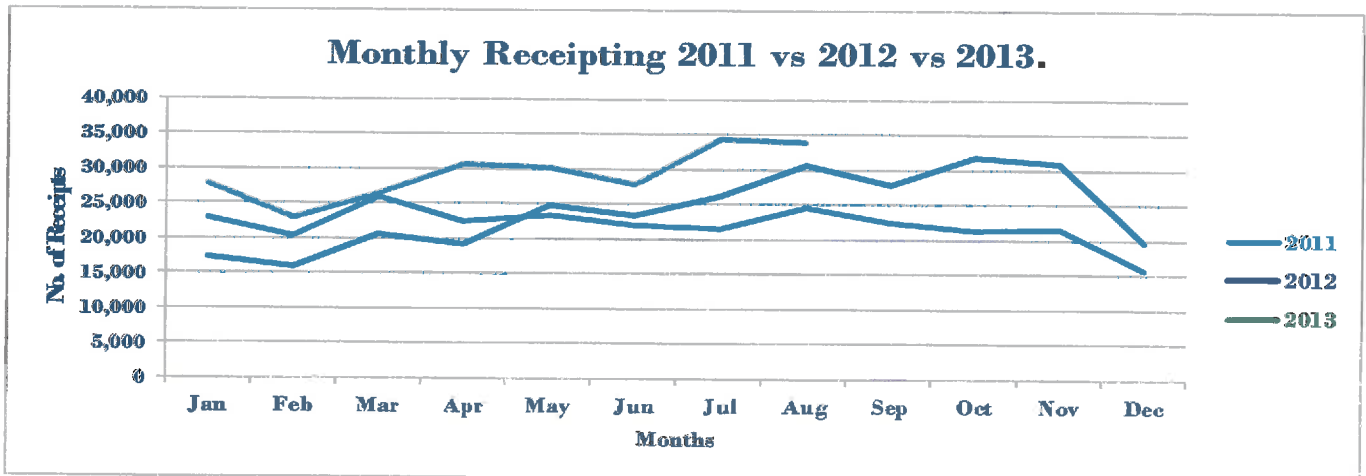


## Infringement Overview

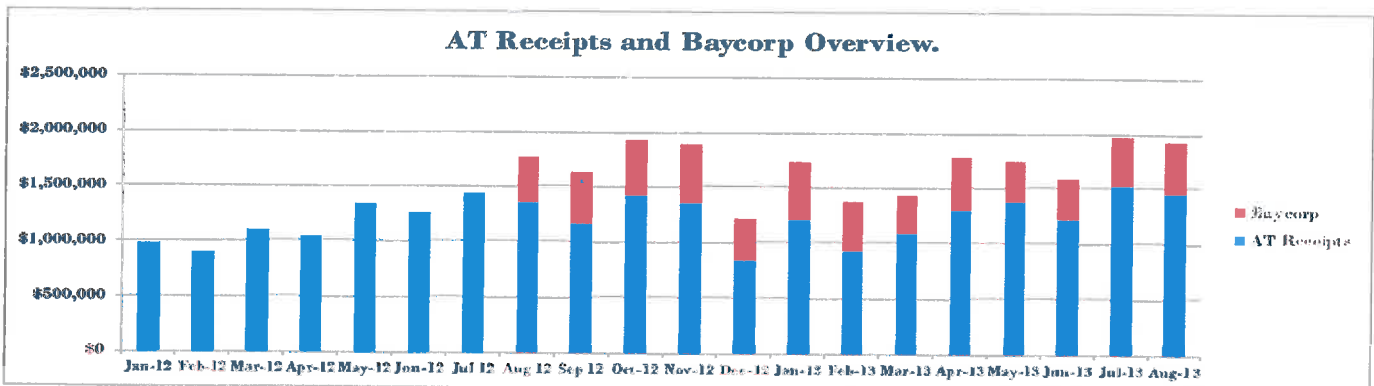
August has once again produced a high number of receipts and is the second highest on record.



August Infringement receipts are 1.3% down on July with 22 working days in August compared to 23 in July. Analysis of payment channels shows internet banking becoming more popular while cheques through the BNZ RP are decreasing. The AT Website remains the favourite channel with Baycorp a clear second.







The average number of monthly receipts for the first 8 months of 2011 was 22,936, compared with 22,295 for 2012 and 29,298 for the first 8 months of 2013. January to August 2013 receipts are 31% up on the same period in 2012 following the launch of Baycorp in mid July 2012.



## Recommendation

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

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<b>Approved for submission</b>	David Foster <b>Chief Financial Officer</b>	