

Financial Results for the Nine Months Ended 31 March 2013

This report summarises the Auckland Transport financial results for the nine months ended 31 March 2013.

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Executive Summary

Financial Results for the nine months ended 31 March 2013:

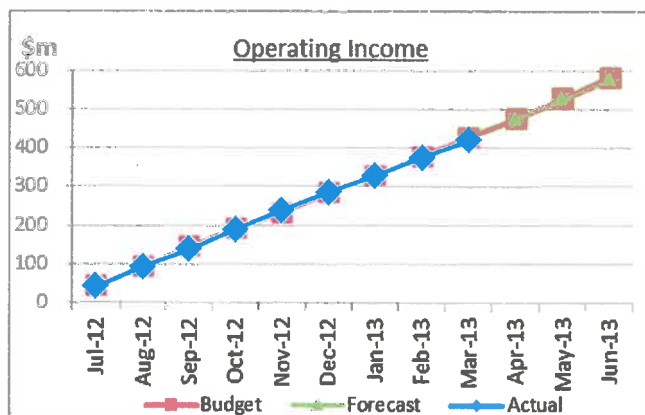
	Current month variance to Forecast \$m	Year to date variance to Forecast \$million	Year to date results	Year to date Actual \$million	Year to date Forecast \$million	Full year Forecast \$m	Full Year Budget \$million
Total operating income	(4.1)	(7.5)	↓ ●	420.0	427.5	577.0	583.6
Total operating expenditure	(4.4)	11.0	↓ ●	603.6	614.6	828.6	824.2
Surplus/(deficit) from operations	(8.5)	3.5	↑ ●	(183.6)	(187.1)	(251.6)	(240.6)
Income for capital projects	(4.1)	(1.7)	↓ ●	598.4	600.0	693.7	243.0
Net surplus/(deficit) before tax	(12.6)	1.9	↑ ●	414.8	412.9	442.1	2.4
Total capital expenditure	21.6	46.7	↓ ●	831.7	878.4	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

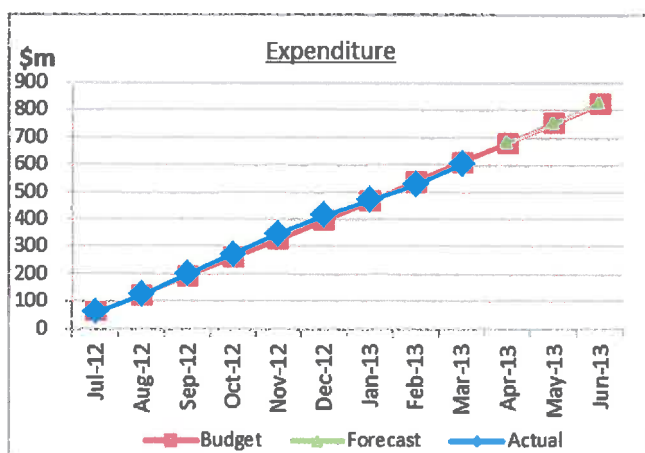
Net surplus before tax year to date is \$414.8m. This is \$1.9m favourable to forecast. The surplus reflects the vested asset income (\$414.4m) which was not reflected in the budget but is reflected in the forecast. Excluding the unfavourable variance for Income for capital projects of \$1.6m there is a favourable variance of \$3.5m. Of this \$3.5m variance, \$6.0m is a favourable variance from derivatives which are in place for capital programmes partly offset by \$2.0m unforecast amortisation expenditure for AIFS.

After allowing for these capital and non cash items the net operating result YTD is unfavourable by \$0.5m. Extrapolation of the current spending and revenue patterns for the balance of the year indicate a result of +/- \$0.5m. Continued diligence in managing revenue and expenditure will result in the organisation achieving a result in line with the funding provided.



Total operating income year to date is \$7.5m unfavourable to forecast. This is mainly due to:

- lower than forecast parking and enforcement income of \$1.9m mainly due to ticket issuance average values being less than forecast while volumes have increased marginally, and a reduction in court receipts of \$0.7m compared to forecast. The court receipts appear to be due to an increase in non monetary settlements from legacy council outstandings
- lower than forecast NZTA operational income \$5.1m.

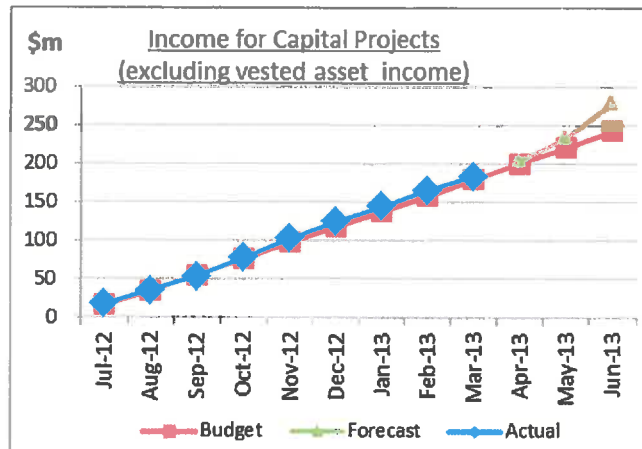


Total operating expenditure year to date is below forecast by \$11.0m mainly due to:

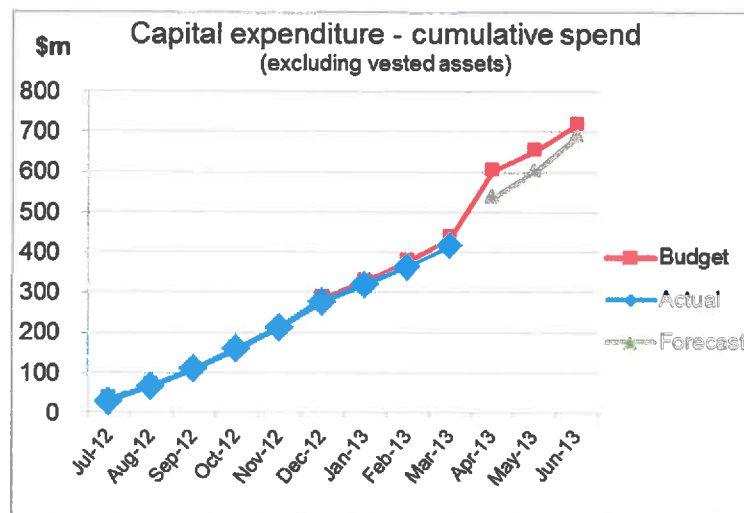
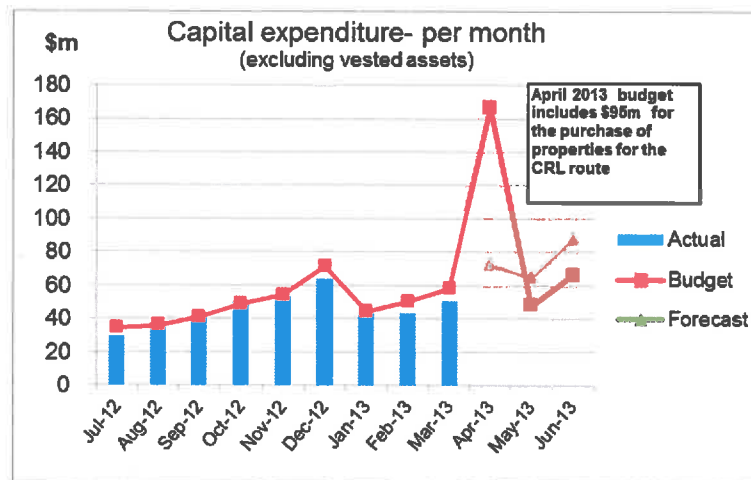
- \$6.2m favourable variance is due to an unrealised interest rate swap gain of \$7.4m partly offset by higher than forecast realised interest rate swap loss of \$1.2m
- \$5.7m favourable variance on professional services

Partly offset by:

- \$1.9m unforecast AIFS software amortisation expense.



Income for capital projects year to date is lower than forecast by \$1.7m due to higher than forecast NZTA capital funding of \$1.7m.



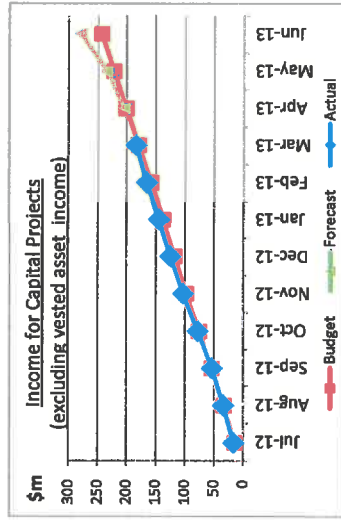
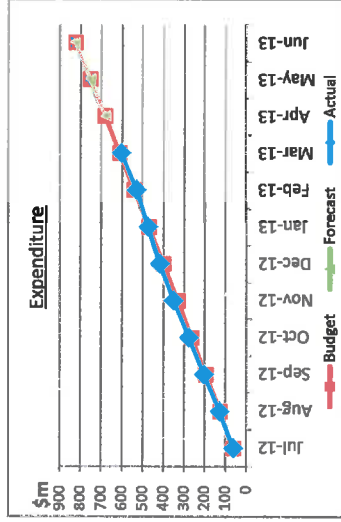
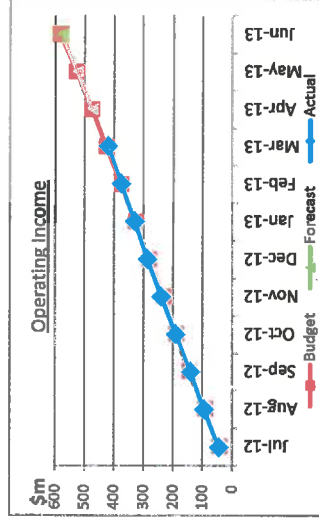
Capital expenditure, excluding vested assets, year to date was \$417.3m, which is \$46.7m lower than forecast mainly due to new less capital expenditure of \$35.7m and renewal capital expenditure of \$11.6m.

Capital expenditure, excluding vested assets is forecast to be under the full year budget by \$30.7m mainly due to the reduction of \$66.5m in land purchase costs in the CRL project partly offset by an increase of \$27m in AIFS and \$10.7m in NORSGA and AMETI projects. The total forecast programme for the year to June 2013 is \$689.1m.

The **asset position** is sound with net assets of \$14.1 billion at the end of March and cash flow funding arrangements are in place to ensure all liabilities can be met.

Section 2a - Statement of Financial Performance for the nine months ended 31 March 2013

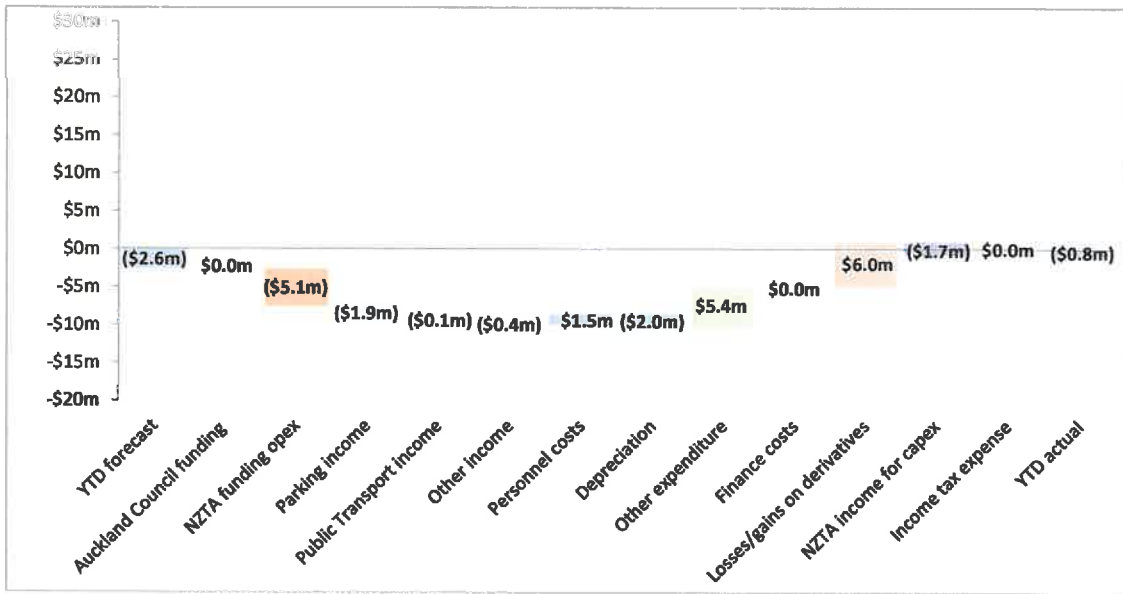
	Current month			Year to date			Full Year			Results achieved
	Actual \$'000	Forecast \$'000	Variance \$'000	Actual \$'000	Forecast \$'000	Variance \$'000	Actual \$'000	Forecast \$'000	Variance \$'000	
Income										
Operating income										
Auckland Council funding	17,986	17,986	-	161,974	161,874	-	222,832	215,347	7,485	●
NZ Transport Agency	15,211	17,970	(2,759)	154,622	159,667	(5,066)	209,723	209,075	648	●
Parking and enforcement income	6,562	6,966	(404)	49,679	51,623	(1,944)	72,766	79,946	(7,180)	●
Public transport income	4,746	4,686	80	34,143	34,200	(57)	46,152	53,180	(7,028)	●
Other revenue including other grants and subsidies	943	1,953	(1,010)	19,682	20,073	(391)	25,530	26,078	(548)	●
Total operating income	45,448	49,541	(4,093)	420,000	427,457	(7,457)	577,003	583,626	(6,623)	●
Expenditure										
Personnel costs	8,076	8,617	541	70,202	71,324	1,122	97,604	95,710	(1,894)	●
Capitalised personnel costs	(2,287)	(1,954)	333	(16,946)	(16,578)	367	(22,609)	(26,310)	(3,701)	●
Depreciation and amortisation expense	22,631	20,683	(1,948)	185,122	183,172	(1,950)	245,822	240,615	(5,207)	●
Other expenses	40,601	40,989	388	359,686	364,094	5,408	492,721	501,965	9,244	●
Finance costs (Electric Trains)	785	792	7	5,888	5,894	6	9,947	12,261	2,314	●
Losses/(gains) on derivatives	3,719	-	(3,719)	619	6,652	6,033	5,109	-	(5,109)	●
Total operating expenditure	73,525	69,127	(4,398)	603,571	614,557	10,986	828,594	824,241	(4,353)	●
Profit/(loss) from Operations	(28,077)	(19,586)	(8,491)	(183,571)	(187,100)	3,529	(251,591)	(240,615)	(10,976)	●
Income for capital projects										
NZ Transport Agency	7,159	11,222	(4,063)	90,945	92,613	(1,668)	155,290	119,076	36,214	●
Auckland Council capital grant	10,329	10,329	-	92,962	92,962	-	123,949	123,949	-	●
Other capital grants	-	-	-	10	10	-	10	-	10	●
Vested asset income	-	-	-	414,443	414,443	-	414,443	-	414,443	●
Net surplus/(deficit) before tax	(10,589)	1,965	(12,554)	414,789	412,928	1,861	442,101	2,410	439,691	●
Income tax expense	-	-	-	1,125	1,125	-	1,125	-	(1,125)	●
Net surplus/(deficit) after tax	(10,589)	1,965	(12,554)	413,664	411,803	1,861	440,976	2,410	438,566	●



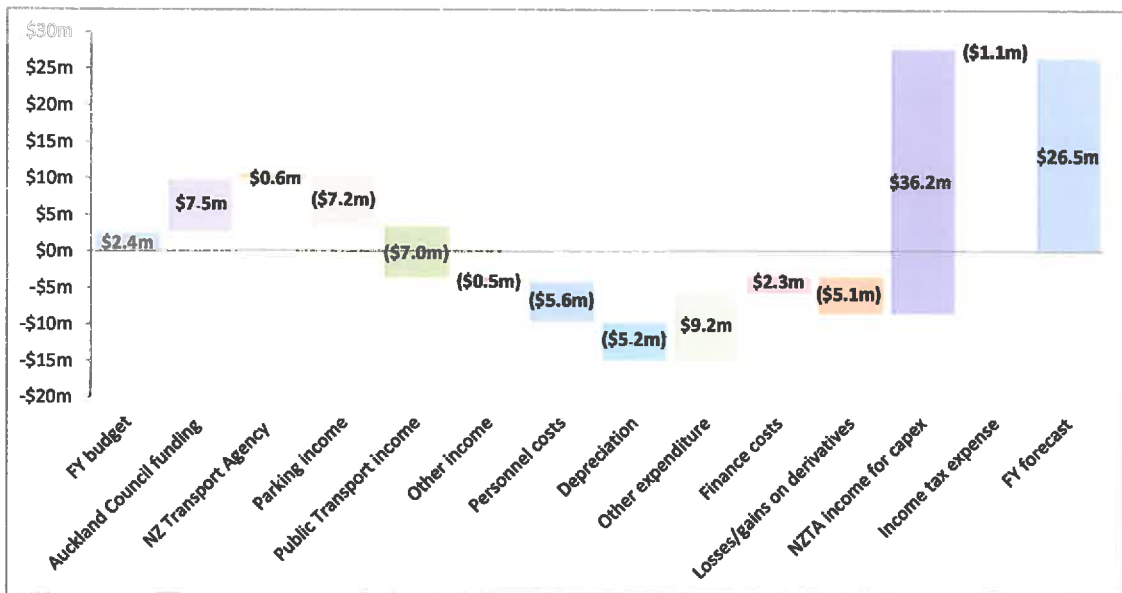
● : Largely on track
● : Monitoring/some action
● : Action required/taken

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 - Rail Operations for the nine months ended 31 March 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000
Operating Income									
Activity Income	2,714	2,744	(30)	19,339	19,476	(137)	26,945	33,882	(6,937)
Rental income	50	36	14	379	373	6	480	760	(280)
Other income	67	43	24	1,439	1,407	32	1,538	604	934
NZTA operating subsidy	4,360	4,922	(562)	38,526	39,952	(1,426)	57,488	58,443	(955)
NZTA operating subsidy - Electric Trains	566	540	26	4,030	4,004	26	5,743	7,234	(1,491)
Total operating income	7,757	8,285	(528)	63,713	65,212	(1,499)	92,194	100,923	(8,729)
Operating Expenditure									
Personnel costs	84	80	(4)	794	784	(10)	1,023	1,135	112
Capitalised personnel costs	(54)	(58)	(4)	(343)	(368)	(25)	(543)	-	543
Service delivery costs and professional services	8,406	8,602	196	69,239	69,871	632	95,288	102,339	7,051
Occupancy costs	337	311	(26)	2,696	2,701	5	3,638	4,652	1,014
On Track access charges	1,157	1,157	-	9,183	10,533	1,350	14,004	14,359	355
Other expenditure	308	351	43	3,131	3,184	53	4,239	4,104	(135)
Total operating expenditure	10,238	10,443	205	84,700	86,705	2,005	117,649	126,589	8,940
Depreciation	2,885	2,923	38	22,927	22,964	37	31,817	27,471	(4,346)
Surplus/(deficit) from Operations	(5,366)	(5,081)	(285)	(43,914)	(44,457)	543	(57,272)	(53,137)	(4,135)
Internal support costs									
Electric Trains and Depot operating costs ¹	4,403	797	(3,606)	5,330	11,553	6,223	14,099	12,261	(1,838)
Other internal support	1,443	1,652	209	11,304	11,717	413	18,146	18,453	307
Total internal support costs	5,846	2,449	(3,397)	16,634	23,270	6,636	32,245	30,714	(1,531)
Surplus/(deficit)	(11,212)	(7,530)	(3,682)	(60,548)	(67,727)	7,179	(89,517)	(83,851)	(5,666)

1. Electric Trains and Depot operating costs year to date variance against forecast of \$6.2m includes \$7.4m unrealised gain on the revaluation of interest rate swaps partly offset by \$1.2m for the realised loss on the close out of interest rate swaps. The March variance of \$3.6m includes a \$2.3m loss on the revaluation of interest rate swaps combined with the \$1.2m realised loss on the close out of interest rate swaps.

Section 2c - Bus Operations for the nine months ended 31 March 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000
Operating Income									
Activity Income	1,145	976	169	7,580	7,579	1	10,037	10,184	(147)
Advertising and sponsorships	-	-	-	1	1	-	1	-	1
Other income	385	386	(1)	532	527	5	562	124	438
NZTA operating subsidy	4,713	4,874	(161)	43,641	44,048	(407)	59,549	61,620	(2,071)
Total operating income	6,243	6,236	7	51,754	52,155	(401)	70,149	71,928	(1,779)
Operating Expenditure									
Personnel costs	138	45	(93)	544	413	(131)	553	454	(99)
Capitalised personnel costs	(80)	(30)	50	(99)	(59)	40	(149)	-	149
Service delivery costs and professional services	10,360	10,921	561	93,147	93,941	794	126,796	134,041	7,245
Occupancy costs	35	37	2	1,005	1,001	(4)	1,111	606	(505)
Other expenditure	27	35	8	282	292	10	401	832	431
Total operating expenditure	10,480	11,008	528	94,879	95,588	709	128,712	135,933	7,221
Depreciation	26	22	(4)	201	197	(4)	264	228	(36)
Surplus/(deficit) from Operations	(4,263)	(4,794)	531	(43,326)	(43,630)	304	(58,827)	(64,233)	5,406
Internal support costs	1,549	1,773	224	12,139	12,583	444	19,485	19,815	330
Surplus/(deficit)	(5,812)	(6,567)	755	(55,465)	(56,213)	748	(78,312)	(84,048)	5,736

Section 2c - Other Public Transport Operations for the nine months ended 31 March 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000
Operating Income									
Operator access fees	100	228	(128)	3,158	3,128	30	4,102	5,328	(1,226)
Rental income	68	63	5	567	562	5	751	506	245
Activity Income	67	33	34	320	285	35	382	724	(342)
Other Income	150	157	(7)	828	862	(34)	1,354	1,068	286
NZTA operating subsidy	3,122	4,553	(1,431)	30,339	32,667	(2,328)	43,461	39,688	3,773
Total operating income	3,507	5,034	(1,527)	35,212	37,504	(2,292)	50,050	47,314	2,736
Operating Expenditure									
Personnel costs	1,057	1,100	43	9,729	9,820	91	13,141	10,581	(2,560)
Capitalised personnel costs	34	(228)	(262)	(253)	(735)	(482)	(1,332)	(3,760)	(2,428)
Service delivery costs and professional services	3,195	5,236	2,041	31,390	34,731	3,341	49,744	49,573	(171)
IT costs	142	160	18	1,031	1,045	14	1,600	1,718	118
Occupancy costs	63	154	91	760	931	171	1,422	737	(685)
Other expenditure	687	878	191	8,689	8,706	17	11,370	10,944	(426)
Total operating expenditure	5,178	7,300	2,122	51,346	54,498	3,152	75,945	69,793	(6,152)
Depreciation	2,334	399	(1,935)	8,386	6,451	(1,935)	7,660	6,614	(1,046)
Surplus/(deficit) from Operations	(4,005)	(2,665)	(1,340)	(24,520)	(23,445)	(1,075)	(33,555)	(29,093)	(4,462)
Internal support costs	795	910	115	6,232	6,461	229	10,004	10,174	170
Surplus/(deficit)	(4,800)	(3,575)	(1,225)	(30,752)	(29,906)	(846)	(43,559)	(39,267)	(4,292)

Section 2c - On-Street Parking and Enforcement for the nine months ended 31 March 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000
Operating Income									
Parking fees	1,175	1,202	(27)	9,686	9,856	(170)	13,397	25,468	(12,071)
Infringement income	3,012	3,909	(897)	23,881	26,015	(2,134)	37,593	31,744	5,849
Total operating income	4,187	5,111	(924)	33,567	35,871	(2,304)	50,990	57,212	(6,222)
Operating Expenditure									
Personnel costs	1,097	1,116	19	9,512	9,620	108	12,963	13,983	1,020
Capitalised personnel costs	(75)	-	75	(207)	(132)	75	(132)	-	132
Service delivery costs and professional services	289	336	47	2,438	2,548	110	3,550	3,863	313
Other expenditure	624	759	135	5,523	5,897	374	8,579	9,243	664
Total operating expenditure	1,935	2,211	276	17,266	17,933	667	24,960	27,089	2,129
Depreciation	65	30	(35)	1,109	1,075	(34)	1,167	1,363	196
Surplus/(deficit) from Operations	2,187	2,870	(683)	15,192	16,863	(1,671)	24,863	28,760	(3,897)
Internal support costs	309	353	44	2,419	2,508	89	3,883	3,949	66
Surplus/(deficit)	1,878	2,517	(639)	12,773	14,355	(1,582)	20,980	24,811	(3,831)

Section 2c - Off-Street Parking Operations for the nine months ended 31 March 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000
Operating Income									
Parking fees	2,375	1,855	520	16,112	15,752	360	21,776	22,734	(958)
Total operating income	2,375	1,855	520	16,112	15,752	360	21,776	22,734	(958)
Operating Expenditure									
Personnel costs	51	42	(9)	480	464	(16)	590	1,451	861
Capitalised personnel costs	-	(17)	(17)	23	(10)	(33)	(59)	(198)	(139)
Service delivery costs and professional services	59	242	183	310	650	340	1,262	2,379	1,117
Occupancy costs	408	403	(5)	4,603	4,553	(50)	5,781	5,048	(733)
Other expenditure/internal charges and recoveries	(4)	179	183	(33)	344	377	957	3,297	2,340
Total operating expenditure	514	849	335	5,383	6,001	618	8,531	11,977	3,446
Depreciation	555	545	(10)	4,030	4,019	(11)	5,668	6,230	562
Surplus/(deficit) from Operations	1,306	461	845	6,699	5,732	967	7,577	4,527	3,050
Internal support costs	136	156	20	1,070	1,109	39	1,717	1,746	29
Surplus/(deficit)	1,170	305	865	5,629	4,623	1,006	5,860	2,781	3,079

Section 2c - Roading and Footpaths Operations for the nine months ended 31 March 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000
Operating Income									
Petrol tax	(41)	740	(781)	6,118	6,506	(388)	8,726	8,677	49
Rental income	-	-	-	-	-	-	-	-	-
Other income	231	696	(465)	5,082	5,416	(334)	7,030	2,795	4,235
NZTA operating subsidy	2,078	2,047	31	31,447	31,154	293	33,143	32,396	747
Total operating income	2,268	3,483	(1,215)	42,647	43,076	(429)	48,899	43,868	5,031
Operating Expenditure									
Personnel costs	1,330	1,574	244	11,929	12,384	455	17,232	14,676	(2,556)
Capitalised personnel costs	(291)	16	307	(2,502)	(2,097)	405	(2,240)	(5,063)	(2,823)
Service delivery costs and professional services	9,567	9,342	(225)	81,835	81,976	141	111,051	102,989	(8,062)
Occupancy costs	1,009	940	(69)	9,636	9,613	(23)	12,688	14,075	1,387
IT costs	8	28	20	491	535	44	620	124	(496)
Other expenditure	231	391	160	2,567	2,582	15	3,706	1,879	(1,827)
Efficiency target	-	(4,000)	(4,000)	-	(4,000)	(4,000)	(16,000)	(16,000)	-
(Profit)/loss on disposal of assets	-	-	-	1,212	1,232	20	1,232	-	(1,232)
Total operating expenditure	11,854	8,291	(3,563)	105,168	102,225	(2,943)	128,289	112,680	(15,609)
Depreciation	16,417	16,444	27	145,624	145,651	27	195,458	191,150	(4,308)
Surplus/(deficit) from Operations	(26,003)	(21,252)	(4,751)	(208,145)	(204,800)	(3,345)	(274,848)	(259,962)	(14,886)
Internal support costs	1,284	1,470	186	10,062	10,431	369	16,152	16,426	274
Surplus/(deficit)	(27,287)	(22,722)	(4,565)	(218,207)	(215,231)	(2,976)	(291,000)	(276,388)	(14,612)

Section 2c - Internal support for the nine months ended 31 March 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000
Operating Income									
Other income	753	517	236	8,482	8,151	331	9,774	14,606	(4,832)
NZTA operating subsidy	372	1,034	(662)	6,639	7,862	(1,223)	10,339	9,694	645
Total operating income	1,125	1,551	(426)	15,121	16,013	(892)	20,113	24,300	(4,187)
Operating Expenditure									
Personnel costs	4,319	4,660	341	37,214	37,839	625	52,102	53,430	1,328
Capitalised personnel costs	(1,821)	(1,637)	184	(13,565)	(13,178)	387	(18,154)	(17,289)	865
Directors Fees	43	33	(10)	353	332	(21)	430	392	(38)
Service delivery costs and professional services	1,976	2,772	796	16,109	17,893	1,784	30,878	23,914	(6,964)
Other expenditure	1,674	1,720	46	13,837	13,747	(90)	19,091	32,053	12,962
Finance costs (Electric Trains)	785	792	7	5,887	5,894	7	8,425	12,261	3,836
Losses/(gains) on derivatives	3,719	-	(3,719)	(128)	5,904	6,032	5,904	-	(5,904)
Efficiency target	-	2	2	-	4	4	10	(5,196)	(5,206)
Total operating expenditure	10,695	8,342	(2,353)	59,707	68,435	8,728	98,686	99,565	879
Depreciation	349	320	(29)	2,845	2,815	(30)	3,788	7,559	3,771
Taxation	-	-	-	1,125	1,125	-	1,125	-	(1,125)
Surplus/(deficit) before allocation of costs	(9,919)	(7,111)	(2,808)	(48,556)	(56,362)	7,806	(83,486)	(82,824)	(662)
Allocation of internal support costs									
Electric Trains and Depot operating costs	(4,403)	(797)	3,606	(5,330)	(11,553)	(6,223)	(14,099)	(12,261)	1,838
Other internal support	(5,516)	(6,314)	(798)	(43,226)	(44,809)	(1,583)	(69,387)	(70,563)	(1,176)
Total internal support allocation	(9,919)	(7,111)	2,808	(48,556)	(56,362)	(7,806)	(83,486)	(82,824)	662
Surplus/(deficit)	-	-	-	-	-	-	-	-	-

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

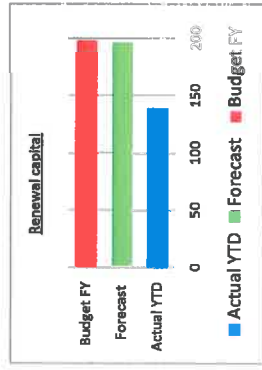
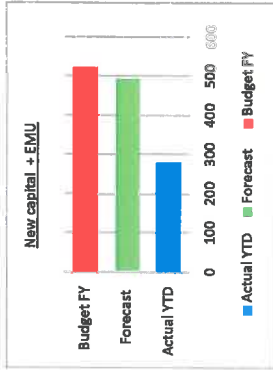
	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2013 \$000	Budget 30 Jun 2013 \$000	Variance \$000
Rail	(11,212)	(7,530)	(3,682)	(60,548)	(67,727)	7,179	(89,517)	(83,851)	(5,666)
Bus	(5,812)	(6,567)	755	(55,465)	(56,213)	748	(78,312)	(84,048)	5,736
Other Public Transport	(4,800)	(3,575)	(1,225)	(30,752)	(29,906)	(846)	(43,559)	(39,267)	(4,292)
Roading	(27,287)	(22,722)	(4,565)	(218,207)	(215,231)	(2,976)	(291,000)	(276,388)	(14,612)
On-street parking and enforcement	1,878	2,517	(639)	12,773	14,355	(1,582)	20,980	24,811	(3,831)
Off-street parking	1,170	305	865	5,629	4,623	1,006	5,860	2,781	3,079
Internal support	-	-	-	-	-	-	-	-	-
Auckland Council operating funding	17,986	17,986	-	161,874	161,874	-	222,832	215,347	7,485
Income for capital projects	17,488	21,551	(4,063)	598,360	600,028	(1,668)	693,692	243,025	450,667
Net surplus/(deficit) after tax	(10,589)	1,965	(12,554)	413,664	411,803	1,861	440,976	2,410	438,566

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

	Current month			Year to date			Full Year			
	Actual \$'000	Forecast \$'000	Variance \$'000	Actual \$'000	Forecast \$'000	Variance \$'000	Results Achieved	Forecast \$'000	Budget \$'000	Variance \$'000
New capital expenditure										
Parking operations	280	374	114	1,811	1,888	87	●	3,622	5,229	1,607
Public transport	7,126	18,060	10,934	55,023	79,381	24,358	●	127,962	163,945	35,983
Roads	17,055	25,961	8,906	151,379	163,055	11,676	●	259,638	248,594	(11,044)
Other	639	341	(298)	5,154	4,778	(375)	●	6,839	7,556	717
Total new capital	25,080	44,738	19,658	213,387	249,113	35,746	●	388,061	425,324	27,263
Renewal capital expenditure										
Parking operations	113	226	113	409	561	152	●	4,626	6,225	1,599
Public transport	105	995	890	2,563	3,996	1,433	●	11,328	10,223	(1,105)
Roads	15,143	19,034	3,891	135,691	145,758	10,067	●	180,137	181,662	1,525
Other	-	-	-	-	-	-	-	-	-	-
Total renewal	15,361	20,255	4,894	138,663	150,315	11,652	●	196,091	188,110	2,019
Electric motor units (EMUs)										
Procurement	6,273	4,579	(1,694)	28,619	29,271	452	●	43,829	44,080	251
Depot	4,579	3,289	(1,290)	36,403	35,286	(1,117)	●	51,110	52,263	1,153
Total EMUs	10,852	7,868	(2,984)	65,222	64,557	(665)	●	94,939	96,343	1,404
Total direct capital	51,293	72,859	21,566	417,252	483,985	46,733	●	689,091	719,777	30,686
Vested assets	-	-	-	414,443	414,443	-	-	414,443	-	(414,443)
Total capital	51,293	72,859	21,566	831,695	878,428	46,733	●	1,103,534	719,777	(383,757)

Notes: (Year to date)

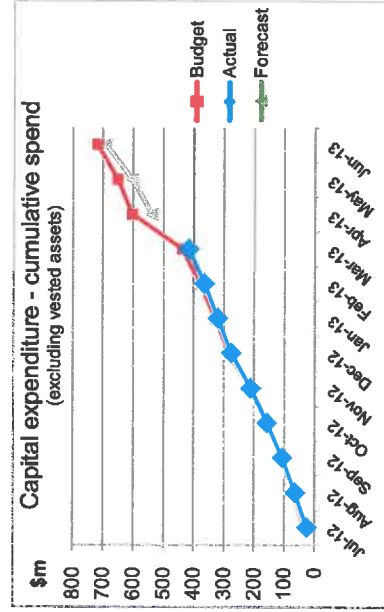
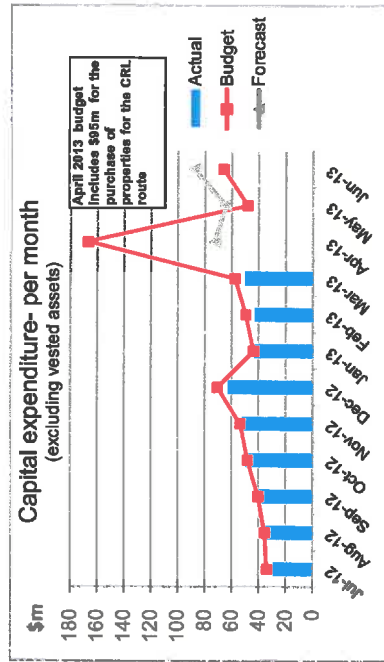
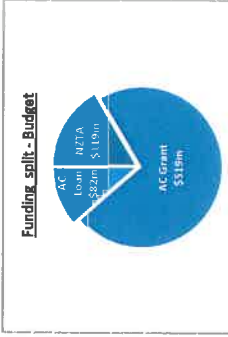
- \$24.3m favourable variance in public transport is mainly due to delays on AIFS project (\$13.7m), Manukau CRL project (\$2.1m, due to Mainzeal going into receivership), and CRL project (\$6.1m is the result of a delay in property purchases).
- \$11.7m favourable variance in roads is mainly due to AMETI project (\$6.0m, due to delay in construction), Taharoto-Wairau Stage 6 and 8 (0.8m, delays in construction), Westgate Pedestrian/Cycle Bridge (\$0.8m, delay in construction), and Albany Hwy upgrade (\$0.5m, specific delay on Kristin School works).
- \$0.4m unfavourable variance in others is mainly due to overspending on Core Capability Programme and Online Programme.
- \$0.2m favourable variance in parking renewals due to spend on AT grade carparks and carpark building renewals have been delayed.
- \$1.4m favourable variance in public transport renewal is mainly due to \$0.5m underspend on rolling stock renewals, and \$0.7m underspend on ferry terminal renewals.
- \$10.1m Road renewals under forecast relates mainly to expenditure in the Central and South areas for pavement rehabilitation works, as priority was given to Reconstruction projects. However, all Rehab projects will be delivered by June 2013.
- \$0.7m overspend in the EMU project is mainly due to \$1.1m overspend in the depot, partly offset by delayed payment for on-board equipment \$0.4m.



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

Section 3b - Capital Expenditure Funding for the nine months ended 31 March 2013

Funding	Current month			Year to date			Full Year		
	Actual \$'000	Forecast \$'000	Variance \$'000	Actual \$'000	Forecast \$'000	Variance \$'000	Forecast \$'000	Budget \$'000	Variance \$'000
NZTA - new capital	3,575	6,772	(3,197)	50,267	48,579	1,688	109,120	89,875	19,245
NZTA - renewal capital	3,584	4,450	(866)	40,678	44,034	(3,356)	46,170	29,201	16,969
Other grants and subsidies	-	-	-	10	10	-	10	-	10
Auckland Council funding (Non EMU)	33,282	53,769	(20,487)	261,075	306,805	(45,730)	436,852	519,011	(80,159)
Auckland Council loan (EMU)	10,852	7,868	2,984	65,222	64,557	665	94,939	81,690	13,249
Vested assets	-	-	-	414,443	414,443	-	414,443	-	414,443
Total funding	51,293	72,859	(21,566)	831,895	878,428	(46,533)	1,103,534	719,777	383,757



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

	Note	Actual 31 March 2013 \$000	Actual 28 February 2013 \$000
Assets			
Current assets			
Cash and cash equivalents	1	55,027	27,866
Trade and other receivables	2	106,388	115,686
Inventories		5,075	4,945
Other assets		12,476	6,442
Total current assets		178,966	154,939
Non-current assets			
Property, plant and equipment - assets		13,668,721	13,608,566
Property, plant and equipment - work-in-progress		526,395	588,297
Intangible assets		64,443	34,354
Amounts due from related parties		46,000	46,000
Other non-current assets		28,456	28,456
Total non-current assets		14,334,015	14,305,673
Total assets		14,512,981	14,460,612
Liabilities			
Current liabilities			
Derivative financial instruments	3	11,374	9,481
Trade and other payables	4	149,008	128,090
Employee benefit liabilities	5	9,449	8,820
Borrowings	6	1,054	859
Total current liabilities		170,885	147,250
Non-current liabilities			
Derivative financial instruments	3	53,932	50,699
Employee benefit liabilities	5	900	900
Borrowings	6	198,944	179,260
Deferred tax liability	7	12,145	12,145
Total non-current liabilities		265,921	243,004
Total liabilities		436,806	390,254
Net assets		14,076,175	14,070,358
Equity			
Contributed equity		12,705,083	12,685,863
Retained earnings/(losses)		262,853	273,439
Reserves		1,108,239	1,111,056
Total equity		14,076,175	14,070,358

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

	Actual 31 March 2013	Actual 28 February 2013
	\$000	\$000

1 Cash and cash equivalents

Cash at bank - Trading	3,579	4,565
Cash at bank - AIFS	1,244	1,232
Till floats	191	191
Cash investment with Auckland Council	50,013	21,878
Total cash and cash equivalents	55,027	27,866

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.

2 Trade and other receivables

Trade debtors	2,609	3,447
Infringements receivable	13,934	13,790
Amounts due from related parties	65,391	64,418
Accrued income	25,663	29,832
Goods and services tax	(465)	4,944
	107,132	116,431
Less provision for impairment of receivables	(745)	(745)
Total trade and other receivables	106,387	115,686

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 March 2013 is detailed below:

	Gross \$000	Impaired \$000	Net \$000
Not past due	89,156	-	89,156
Past due 1 - 30 days	2,084	-	2,084
Past due 31 - 60 days	1,476	-	1,476
Past due 61 - 90 days	904	-	904
Past due > 90 days	13,512	(745)	12,767
	107,132	(745)	106,387

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	75
Provisions reversed	(122)
Receivables written-off	-
At 31 March 2013	745

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

	Actual 31 March 2013	Actual 28 February 2013
	\$000	\$000

3 Derivative financial instruments

Current liability portion

Forward foreign exchange contracts - cash flow hedges	11,091	9,220
Forward foreign exchange contracts - not hedge accounted	283	261
Current derivative financial instruments	11,374	9,481

Non-current liability portion

Interest rate swaps - cash flow hedges	26,557	24,269
Forward foreign exchange contracts - cash flow hedges	27,375	26,430
Non-current derivative financial instruments	53,932	50,699

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 \$858. The foreign currency principal amount was EUR 375k. The loss on their revaluation of \$283k 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 \$345m. The foreign currency principal amount was USD 245m. These cash flow hedges have been accounted for as effective and the loss of \$38.5m 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 \$377m. At 31 March 2013 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.0% to 5.4%.

4 Trade and other payables

Creditors	30,974	21,554
Accrued expenses	94,558	81,959
Retentions	7,282	7,160
Amounts due to related parties	13,797	14,830
Income in advance	2,397	2,587
	149,008	128,090

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 March 2013**

Actual
31 March 2013
\$000

Actual
28 February 2013
\$000

5 Employee benefit liabilities

Current portion

Accrued salaries and wages	3,425	3,033
Accrued leave	6,024	5,787
Current employee benefit liabilities	9,449	8,820

Non-current portion

Retirement gratuities	383	383
Long service leave	517	517
Non-current employee benefit liabilities	900	900

6 Borrowings

Current portion

Loans from Auckland Council	1,054	859
Current borrowings	1,054	859

Non-current portion

Loans from Auckland Council	198,866	179,180
Finance Leases	78	80
Non-current borrowings	198,944	179,260

Weighted average cost of funds on total borrowings 5.37% 5.32%

Auckland Transport's loan debt of \$199,920,318 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

	Property, plant and equipment	Other provisions	Tax losses	Actual 31 March 2013 Total
	\$000	\$000	\$000	\$000
Balance at 1 July 2012	(11,020)	-	-	(11,020)
Charged to profit and loss	(1,125)	-	-	(1,125)
Charged to equity	-	-	-	-
Balance at 31 March 2013	(12,145)	-	-	(12,145)

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

	Current month		Forecast rolling 3 months		
	Actual	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	Apr 2013	May 2013	Jun 2013
Cash flows from operating activities					
Total cash provided	72,316	71,092	64,923	64,923	64,923
Cash applied to:					
Payments to suppliers, employees and directors	45,679	48,749	45,588	50,223	51,138
Interest paid	1,907	792	840	844	847
Total cash applied	47,586	49,541	48,428	51,067	51,985
Net cash from operating activities	24,730	21,551	18,495	29,730	45,439

Cash flows from investing activities					
Cash provided from:					
Sale of property, plant and equipment	320	-	-	-	-
Total cash provided	320	-	-	-	-
Cash applied to:					
Capital expenditure projects	44,771	72,860	72,651	64,837	87,618
Total cash applied	44,771	72,860	72,651	64,837	87,618
Net cash from investing activities	(44,451)	(72,860)	(72,651)	(64,837)	(87,618)

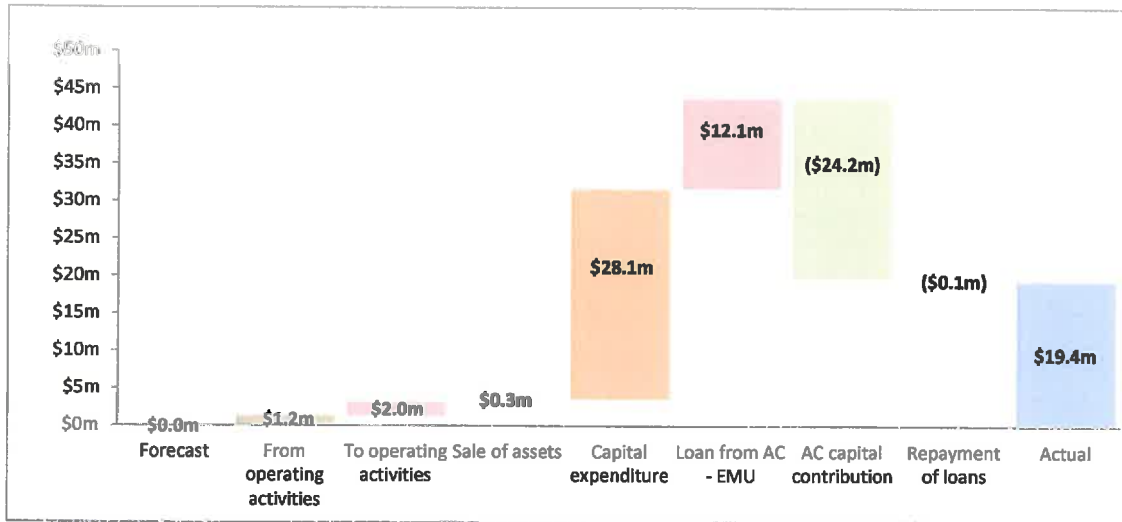
Cash flows from financing activities					
Cash provided from:					
Loan from Auckland Council - EMU	20,000	7,868	13,451	4,025	12,906
Capital contribution from Auckland Council	19,220	43,441	40,705	31,082	29,273
Total cash provided	39,220	51,309	54,156	35,107	42,179
Cash applied to:					
Repayments of EMU loan from Auckland Council	118	-	-	-	-
Repayments of finance lease principal	2	-	-	-	-
Total cash provided	120	-	-	-	-
Net cash from financing activities	39,100	51,309	54,156	35,107	42,179

Net (decrease)/increase in cash and cash equivalents	19,379	-	-	-	-
Opening cash balance	35,648	-	-	-	-
Closing cash balance	55,027	-	-	-	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities		Current month
Surplus/(deficit) after tax		\$000
		(10,589)
Add/(less) non cash items		
Vested asset	-	
Depreciation and amortisation	22,631	
Loss in fair value of derivatives	2,310	
Loss on disposal of asset	-	
		24,941
Add/(less) movements in working capital		
Decrease/(Increase) in trade and other receivables	3,266	
Decrease/(Increase) in inventories	(130)	
(Decrease)/Increase in accounts payable and accruals	6,815	
(Decrease)/Increase in employee benefits payable	629	
(Decrease)/Increase in other liabilities	(202)	
		10,378
Net cash flow from operating activities		24,730

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 March has 85% of adjusted Debtors in 30 and 60 days.

Debtors Ageing Analysis as at 31 March 2013

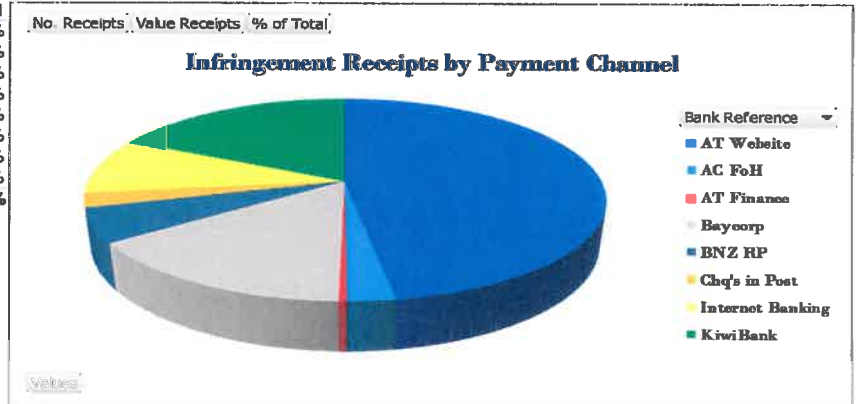
<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>120+ Days</u>	<u>Notes</u>
Debtors Ageing 31 Mar	101	3,185,551	1,079,385	158,265	94,651	245,022	1,608,228	
		100.0%	33.9%	5.0%	3.0%	7.7%	50.5%	
O/s Related Parties	na	576,634	447,564	23,731	43,694	0	61,645	1
Trade Debtors	88	2,608,917	631,821	134,534	50,958	245,022	1,546,583	
		100.0%	24.2%	5.2%	2.0%	9.4%	59.3%	
Debtors Paid to AC	194	5,137	0	0	0	0	5,137	2
Queried Invoices	258	492,338	0	1,415	0	188,354	302,568	3
Cell Sites - Property	363	1,182,307	0	0	0	0	1,182,307	4
To Baycorp (Collection)	376	13,897	0	156	680	284	12,778	5
Payment Arrangement	130	5,797	5,272	180	0	0	345	6
Lodged Courts (Damages)	87	92,800	38,453	27,262	9,002	0	18,083	7
<u>Adjusted Debtors</u>	<u>N/a</u>	<u>816,641</u>	<u>588,095</u>	<u>105,521</u>	<u>41,276</u>	<u>56,384</u>	<u>25,366</u>	
		100.0%	72.0%	12.9%	5.1%	6.9%	3.1%	

- 1 - This section relates to amounts owed by related parties (inter-company).
- 2 - These are debtors who paid AC in error. We are working with AC to rectify these problems.
- 3 - A number of invoices have been queried by the Debtors concerned 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 3 invoices totalling \$432k. Finance are in constant contact with the business in an effort to resolve these queries.
- 4 - Property are currently working to resolve on-going issues around outstanding amounts relating to rental of cell sites. An amount of \$788,791 was impaired at 30 June as they were considered doubtful. This has been revised down to \$711k. An additional \$471k of unpaid invoices have been included here as they remain unpaid while the original issue is being resolved.
- 5 - 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.
- 6 - We have agreed payment terms with a few slow paying Debtors rather than handing them over to Baycorp. These are closely monitored to ensure that payments are received on agreed dates. A number of these were paid up during the last month.
- 7 - 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.

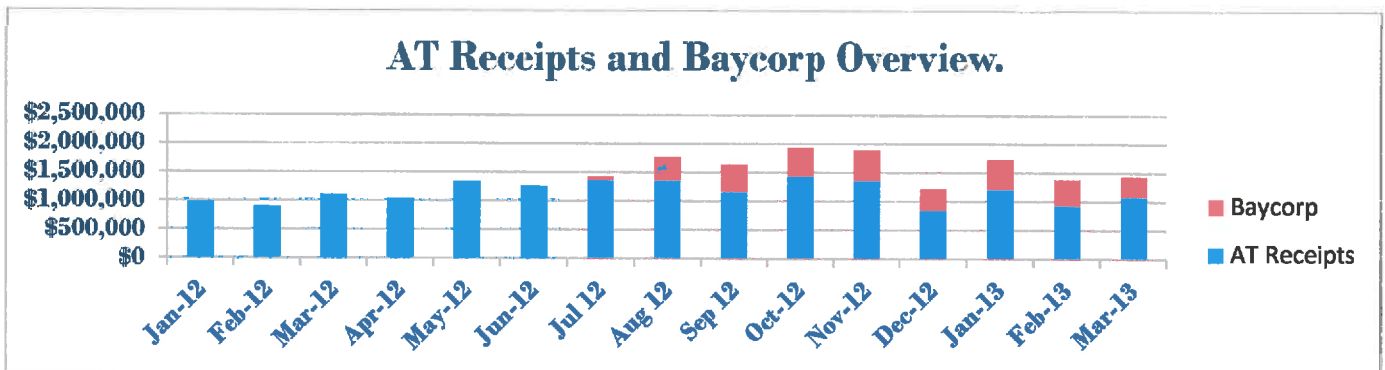
Infringement Overview

March receipts are marginally up on February but with only 20 working days and Easter at month end, results are down on the latter months of 2012.

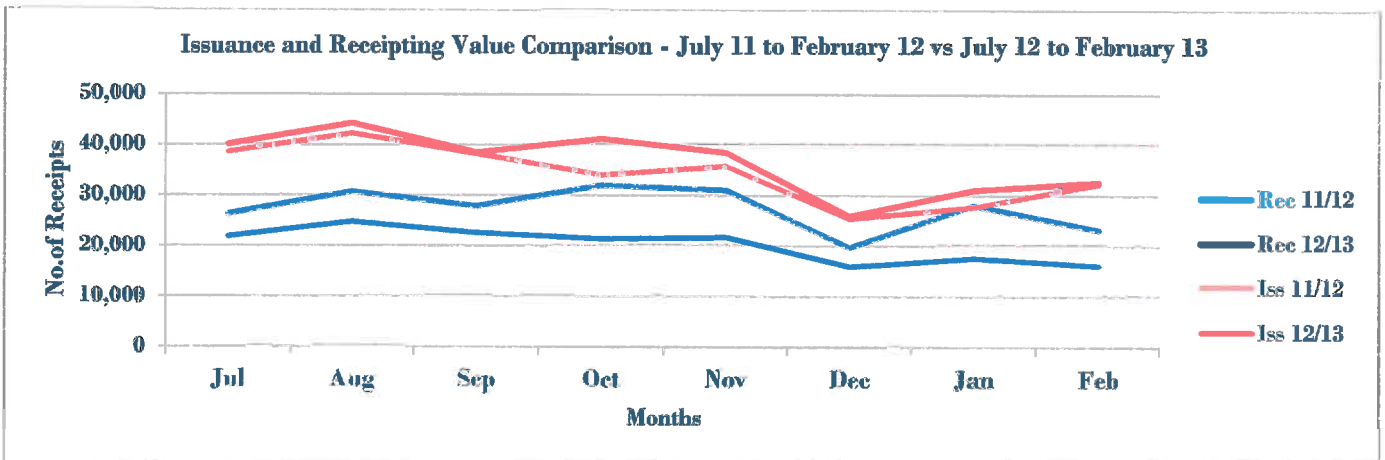
Row Labels	No. Receipts	Value Receipts	% of Total
AT Website	12,552	\$485,866	33.90%
AC FoH	675	\$66,488	4.64%
AT Finance	109	\$3,402	0.24%
Baycorp	3,983	\$350,761	24.48%
BNZ RP	1,450	\$77,216	5.39%
Chq's in Post	614	\$58,365	4.07%
Internet Banking	2,376	\$136,195	9.51%
KiwiBank	4,767	\$254,633	17.77%
Grand Total	26,528	\$1,432,726	100.00%



The overview above of customer payment channels has changed in March. Of interest, is the fact that while Baycorp have recovered almost 25% of value, they have only taken 15% of receipt volume, meaning that they are recovering the larger outstanding amounts. The AT Website in contrast, received 34% of value, but took 47% of the volume, indicating that customers with smaller infringements are paying before Baycorp intervenes. Council's FoH operations received 2.5% of volume.




The following graph illustrates the value that Baycorp has added to the infringement collection process. From July '11 to February '12, an average of 34,146 infringements were issued per month and an average of 20,109 were received. Following the introduction of Baycorp, the July '12 to February '13 period has an average of 36,378 infringements issued per month and an average of 27,216 received per month. The increase in collections is from 58.9% to 74.8% of receipts to infringements issued.



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	