Forecast Review Changes Summary
For the year ended 30 June 2013
Reconciliation for Q1 and Q2 forecast to 30 June 2013

	Description of change forecast			Operational results: Operating costs $000	Operational results: Revenue $000	Capital expenditure: New capital $000	Capital expenditure: Renewal capital $000
	Total per Approved LTP (2012/13 Budget)			**(824,241)**	**826,651**	**(521,667)**	**(198,110)**
	Approved forecast changes first quarter						
	Operating Revenue changes						
1	Reduction in off- street parking revenue. This reduction is offset with a reduction in other expenditure	U	⇩		(513)		
2	Rail revenue in the budget was based on Cranleigh model. This was revised based on negotiations with operators, resulting in $4.5m reduction (offset below with reduced expenses). Also reduced ferry revenues due to delayed start of Hobsonville ferry service $500k.	U	⇩		(5,162)		
3	A late last minute adjustment to AIFS opex costs was made based on updated information at that time. AIFS opex costs were increased by $5.7M. This was offset with decreases in other PT opex costs mainly in bus and ferry operations $4.1M, decreased PT revenues $0.1M and an assumed increase in NZTA revenues $1.7M. Thus the net impact is zero but Opex costs increased $1.6M, **PT revenues decreased by $0.1M (shown on this line)** and NZTA subsidy increased by $1.7M . The NZTA subsidy levels will need to be confirmed as part of the second quarter reforecast following discussions between both parties. Not reflected in September board paper but net impact is zero	U	⇩		(66)		
	NZTA revenue changes						
4	A late last minute adjustment to AIFS opex costs was made based on updated information at that time. AIFS opex costs were increased by $5.7M. This was offset with decreases in other PT opex costs mainly in bus and ferry operations $4.1M, decreased PT revenues $0.1M and an assumed increase in NZTA revenues $1.7M. Thus the net impact is zero but Opex costs increased $1.6M, PT revenues decreased by $0.1M a**nd NZTA subsidy increased by $1.7M (shown on this line)**. The NZTA subsidy levels will need to be confirmed as part of the second quarter reforecast following discussions between both parties. Not reflected in September board paper but net impact is zero.	F	⇧		1,720		
	Operating expenditure changes						
5	Net change in labour recoveries as result of forecast changes	U	⇧	(61)			
6	Release of generic efficiency target and assumption to offset with reduced renewals as discussed in September board paper and reflected below in ($6.2m) increase in opex cost. This was offset with reduced rail operating costs to those in Cranleigh model after negotiations with operators $4.5m. reduced ferry costs due to delay in Hobsonville ferry service $1.3m.	U	⇧	(499)			
7	A late last minute adjustment to AIFS opex costs was made based on updated information at that time. AIFS opex costs were increased by $5.7M. This was offset with decreases in other PT opex costs mainly in bus and ferry operations $4.1M, decreased PT revenues $0.1M and an assumed increase in NZTA revenues $1.7M. Thus the net impact is zero but **Opex costs increased $1.6M (shown on this line)**, PT revenues decreased by $0.1M and NZTA subsidy increased by $1.7M. The NZTA subsidy levels will need to be confirmed as part of the second quarter reforecast following discussions between both parties. Not reflected in September board paper but net impact is zero.	U	⇧	(1,654)			
	Capital expenditure changes						
8	As detailed in the September board paper a risk adjustment created capacity to bring forward / accelerate some projects while still coming in under funding envelope. The major changes under this risk adjustment provision were the acceleration of Beach Haven Ferry terminal, Kingseat/Glenbrook, AIFS, Otahuhu bus interchange, Dominion Road corridor upgrade, Smales Allens Rd widening, Flatbush School Rd upgrades Stg 4, New Lynn TOD, NORSGA, Sarawia level crossing upgrade. The total capex forecast remained unchanged at $521.7M	-	⇔			0	
	Renewal expenditure changes						
9	To help alleviate funding shortfall evident in LTP approach taken was to reduce renewal spend by $6.2M while maintaining level of funding and use the excess funding to help offset opex funding shortfall. (As detailed in September board paper)	F	⇩				6,235
	Sub-total all changes for first forecast review			**(2,214)**	**(4,021)**	**-**	**6,235**
	First Quarter Forecast			**(826,455)**	**822,630**	**(521,667)**	**(191,875)**
	Approved forecast changes second quarter						
	Revenue changes above the line						
1	Reduction in parking revenues reflecting the removal of the new parking bay line marking initiative to repaint parking bays with smaller dimensions thereby increasing number of available parking bays. This revenue reduction is offset with reduced court costs due to use of Baycorp (see below)	U	⇩		(1,455)		
2	Increase in forecast ACPL property revenues	F	⇧		572		
3	Dividends received that were unbudgeted (AECT)	F	⇧		222		
4	One off subsidy / grant for SMART project	F	⇧		200		
5	Removal of CRL property rental revenues for budgeted purchase of Downtown shopping mall. This is now not going ahead. In calculating AT funding in the AC CRL funding model it was assumed we would get these revenues and as such AC funding was adjusted downwards. We have assumed an offsetting increase in AC funding to compensate for this reduced revenue, see below.	U	⇩		(7,000)		
6	Public Transport Operations has forecast reduced bus rail and Ferry income totalling $900K reflecting underperformance in the first quarter and a re-alignment against projected patronage numbers. There is also reduced advertising and sponsorship revenue $121K reflecting market conditions and reduced demand from advertisers.	U	⇩		(904)		
7	Net impact of other small changes in revenues across divisions	U	⇩		(17)		
	Sub-total for all revenue changes above the line (excluding NZTA) for the second forecast review			**-**	**(8,382)**	**-**	**-**
	NZTA revenue changes						
8	Overall reduction in forecast NZTA opex subsidy due to updated opex forecast and changed AIFS opex subsidy assumptions.	U	⇩		(1,217)		
9	Increase in NZTA capex / renewal funding. Renewals funding increased by $17.1M due to the fact in the original budget figures it was assumed there would be a second tranche under s6 of the front loading agreement. This is no longer the case with the frontloading agreement having now finished. Forecast new capex subsidy has increased based on the new forecast capex programme forecast. Subsidy has been forecast on NZTA approved projects and projects ranked as "probable" awaiting NZTA approval.	F	⇧		29,480		
10	Assumption around getting additional NZTA funding for increased AIFS capex programme. As noted in the paper this is a still being negotiated with the NZTA.	F	⇧		10,500		
	Sub-total for all NZTA revenue changes for the second forecast review			**-**	**38,763**	**-**	**-**

Key to symbols used			
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⇩	: Below budget, favourable variance	-	: Neutral
⇧	: Above budget, unfavourable variance		
⇧	: Above budget, favourable variance		

			Operational results		Capital expenditure	
	Description of change forecast		**Operating costs $000**	**Revenue $000**	**New capital $000**	**Renewal capital $000**
	Operating expenditure changes above the line					
11	Community Transport have increased their staff costs to reflect approved FTEs. Offsetting savings within Community Transport and the wider COO division have been found to cover these increases (see below).	U ⇧	(970)			
12	Road Corridor Operations increased their staff costs to reflect approved FTEs. Offsetting savings within Road Corridor Operations have been found to cover these increases (see below).	U ⇧	(800)			
13	Road Corridor Maintenance have decreased their staff costs to reflect approved FTEs.	F ⇩	155			
14	A number of other small changes in staff costs across the divisions	F ⇩	280			
15	Reduction in Community Transport operating costs to help offset increased staff costs above.	F ⇩	577			
16	Savings in JTOC operating costs due to reduced software licences fees due to new competitive market rates	F ⇩	1,197			
17	Parking have reflected a reduction in court costs due to use of Baycorp. This offsets the reduction in parking revenues noted above	F ⇩	1,642			
18	Increase in AIFS opex costs due to increases in staff costs, VRD collections, Thales monitoring outside call hours, partially offset with increased labour recoveries.	U ⇧	(560)			
19	Reduced PT operating costs reflecting delay in implementing some new bus services $2,690K and Ferry services $462K. Also a reduction in wharf facility operating cost $464K partially offset with net increase of $165K in a number of other operating cost items.	F ⇩	3,451			
20	Reduced forecast for Interest expense payable to Bank on EMU loan (excludes IRS realised loss shown below)	F ⇩	987			
21	Reduced sundry expenses forecast in HR	F ⇩	191			
22	Net reduction in other operating cost forecast in CIO division	F ⇩	170			
23	A net reduction in operating expenses due to a number of other small forecast changes across the CEO, CFO and CIO divisions	F ⇩	173			
	Sub-total for all operating expenditure changes above the line for the third forecast review		**6,493**	**-**	**-**	**-**
	Revenue changes below the line					
24	Increase in vested assets income with vesting of assets from NZTA	F ⇧		588,753		
25	A property, 53 Tyler Street, was identified as owned by AT but was not in our books. Ie a "found asset". This entry brings it on our books ay fair value.	F ⇧		993		
26	Increase in grant income from Auckland Council for reduced CRL revenues (see above)	F ⇧		7,000		
	Sub-total for revenue changes below the line for the third forecast review		**-**	**596,746**	**-**	**-**
	Operating expenditure changes below the line					
27	Realised interest rate swap and FX hedge losses	U ⇧	(4,975)			
28	Forecast depreciation has increased due to vesting of new assets not budgeted ($5m extra depreciation). This forecast was also the first time the SAP depreciation simulation package has been used and using this new detailed methodology with changes in assumptions as to timing of capitalisation and asset classes etc has resulted in an increased forecast, refer to body of the paper for more details.	U ⇧	(19,385)			
	Sub-total for operating expenditure changes below the line for the third forecast review		**(24,360)**	**-**	**-**	**-**
	Capital expenditure changes					
29	Reduction in forecast land purchase costs in CRL project $71M partially offset with an increase of $4m in project investigation cost	F ⇩			66,474	
30	Increase in AIFS capex forecast based on latest information	U ⇧			(27,074)	
31	Net of other capex changes in the forecast. Main ones were increases in NORSGA, AMETI and reinstatement of full Safety Around Schools programme. Refer to accompanying board paper and attachments for more details on the specific changes.	U ⇧			(15,823)	
32	Increase in Road Rehabilitation work offset with decrease in Road Reconstruction work in new capex due to decreased NZTA funding available for Road Reconstruction	U ⇧				(1,371)
33	Reduction in hardware and traffic signal renewals	F ⇩				1,090
34	Increase in rolling stock renewals	U ⇧				(340)
	Sub-total for all capital expenditure for the second forecast review		-	-	23,577	(621)
					-	
	Sub-total all changes for the second forecast review		**(17,867)**	**627,127**	**23,577**	**(621)**
	Total forecast		**(844,322)**	**1,449,757**	**(498,090)**	**(192,496)**

New forecast changes third quarter

			Operating costs $000	Revenue $000	New capital $000	Renewal capital $000
	Revenue changes above the line					
1	Reduction in parking revenues reflecting lower than expected demand in some on-street parking areas, lower than assumed off-street parking fees, and increased compliance resulting in lower enforcement revenue.	U ⇩		(5,206)		
2	Public Transport Operations has forecast reduced rail revenue for the remainder of the year. This is mainly due to reduced rail income - there was a lower starting point for patronage numbers at the beginning of the year and the tranistion to the HOP ticketing system and electrication upgrades have had a greater than expected impact on revenue.	U ⇩		(1,821)		
3	Forecast revenue from AC for streetscapes contracts managed by AT.	F ⇧		4,296		
4	Increase in other revenue (mainly property revenue from ACPL)	F ⇧		1,114		
	Sub-total for all revenue changes above the line (excluding NZTA) for the second forecast review			**(1,617)**		
	NZTA revenue changes					
5	Overall increase in forecast NZTA operating subsidy due to updated opex forecast and changed AIFS opex subsidy assumptions.	F ⇧		914		
6	Overall decrease in forecast NZTA capital subsidy due to updated capital forecast.	U ⇩		(3,052)		
7	Delay in drawing down loan for electric trains has resulted in less interest cost and less NZTA revenue.	U ⇩		(1,482)		
	Sub-total for all NZTA revenue changes for the second forecast review			**(3,620)**		
	Operating expenditure changes above the line					
9	Parking expenditure forecast to reduce mainly due to lower maintenance costs, savings in professional fees, and savings in Court and Baycorp costs.	F ⇩	2,198			
10	Roading and footpaths operating expenditure forecast to decrease. Revenue to cover streetscapes contracts will not be received from AT, but professional fees and physical works spending will be reduced to offset this.	F ⇩	708			
11	Increase in forecast costs, mainly in IT (increased server lease costs), Property (professional fees) and Capital Development Division (writeoff of costs previously capitalised).	U ⇧	(2,904)			
13	Forecast reduction in staff costs due to delays in filling vacancies, mainly in Parking, IT and Road Corridor Operations.	F ⇩	2,356			
	Sub-total for all operating expenditure changes above the line for the third forecast review		**2,358**			
	Revenue changes below the line					
14	Decrease in vested assets income due to revaluation of assets vested from NZTA.	U ⇩		(174,310)		
15	Increase in expected grant income from AC due to slight disrepency between funding letter and SOI.	F ⇧		485		
	Sub-total for all revenue changes below the line for the third forecast review			**(173,825)**		
	Operating expenditure changes below the line					
16	Forecast deprecation has reduced, reflecting use of more refined assumptions.	F ⇩	14,178			

	Description of change forecast			Operational results: Operating costs $000	Operational results: Revenue $000	Capital expenditure: New capital $000	Capital expenditure: Renewal capital $000
17	Reduction in costs due to delay in drawing down loan for electric trains, close out of interest rate swaps relating to electric trains, foreig	F	⇩	424			
19	Loss on disposal of asset	U	⇧	(1,232)			
	Sub-total for all operating expenditure changes below the line for the third forecast review			**13,370**			
	Capital expenditure changes						
20	Net of capital changes in the forecast. Main ones are AMETI, NORSGA and Manukau Interchange. Refer to accompanying board paper and attachment for more details.	F	⇩			5,091	
21	Increase in renewals due to reclassification of preseals from operating expenditure to renewals.	U	⇧				(3,595)
	Sub-total for all capital expenditure changes for the third forecast review						
	Sub-total all changes for the third forecast review			**15,728**	**(179,062)**	**5,091**	**(3,595)**
	Total forecast			**(828,594)**	**1,270,695**	**(492,999)**	**(196,091)**

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