

Financial Results for the four Months Ended 31 October 2013

This report summarises the Auckland Transport financial results for the four months ended 31 October 2013.

Table of Contents

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

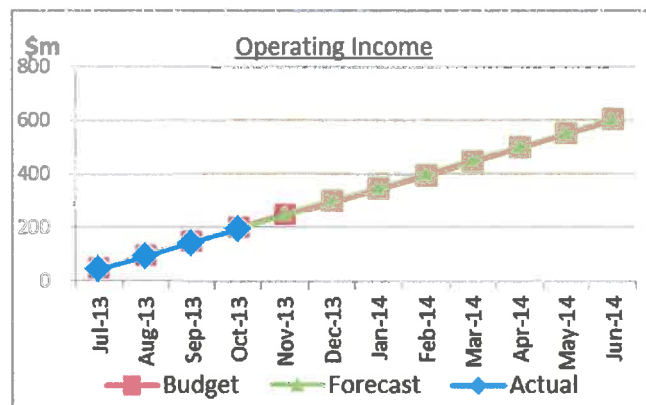
Executive Summary

Financial Results for the four months ended 31 October 2013:

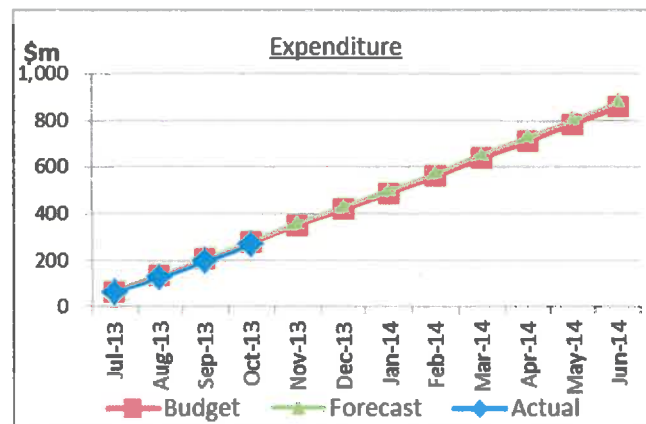
	Current month variance to Forecast \$m	Year to date variance to Forecast \$m	Year to date results	Year to date Actual \$m	Year to date Forecast \$m	Full year Forecast \$m	Full Year Budget \$m
Total operating income	(1.2)	-	↔ ●	195.9	195.9	599.2	604.0
Total operating expenditure	3.1	13.9	↓ ●	267.6	281.5	879.7	856.7
Surplus/(deficit) from operations	1.9	13.9	↑ ●	(71.7)	(85.6)	(280.5)	(252.7)
Income for capital projects	0.4	(4.1)	↓ ●	86.3	90.4	302.6	305.8
Net surplus/(deficit) before tax	2.3	9.8	↑ ●	14.5	4.8	22.1	53.1
Total capital expenditure	5.0	46.5	↓ ●	172.7	219.2	887.2	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



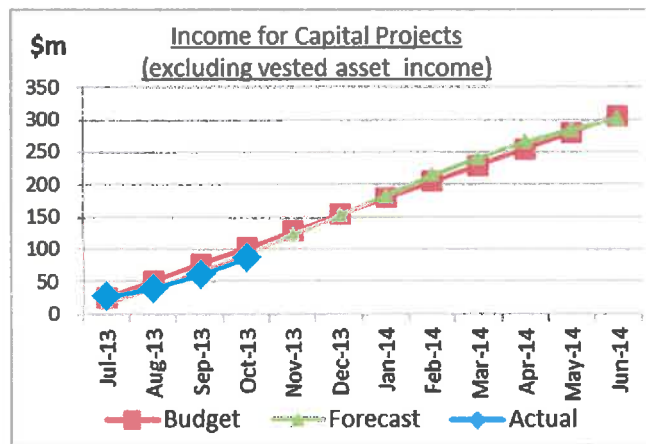
Total operating income year to date is in line with forecast.



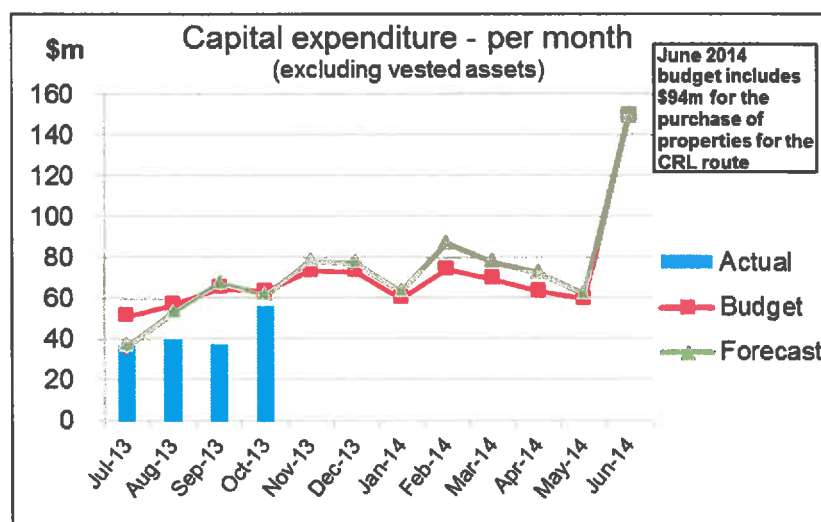
Total operating expenditure year to date is below forecast by \$13.9m mainly due to:

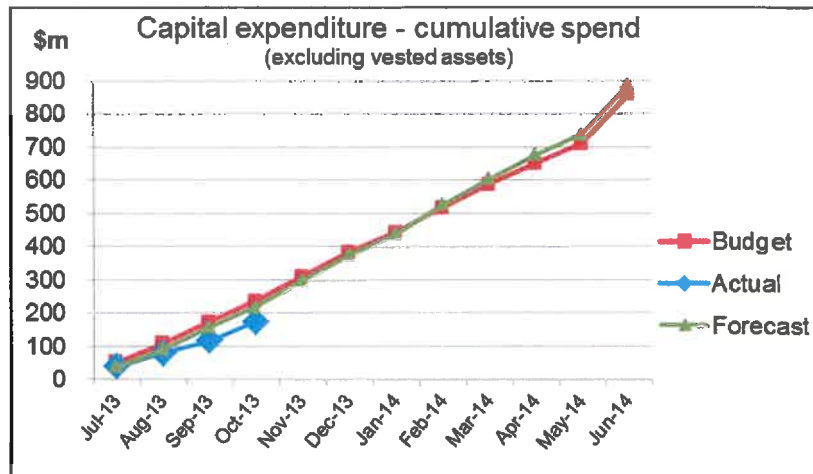
- \$8.1m favourable variance for derivatives mainly due to unrealised interest rate swap gain
- \$3.6m favourable variance for personnel costs, of which \$1.0m was higher than forecast capitalised personnel costs
- \$2.1m favourable in other expenses mainly due to lower expenditure for public transport.

Net surplus before tax is \$9.8m favourable to forecast, due to higher than forecast operational result of \$13.9m partly offset by an unfavourable variance from income for capital projects of \$4.1m.



Income for capital projects year to date is lower than forecast by \$4.1m mainly due to lower than forecast NZTA funding as a result of new capital expenditure being lower than forecast.



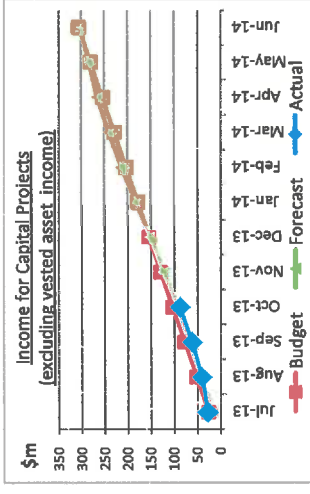
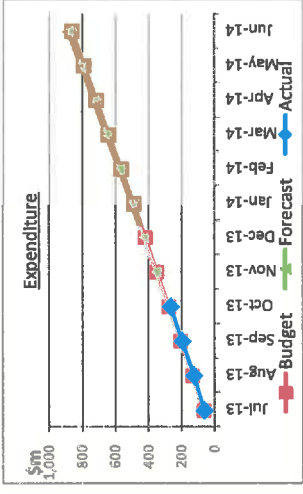
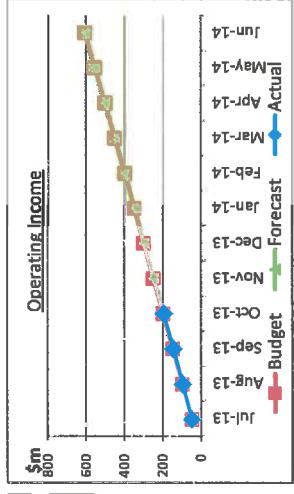


Capital expenditure, was \$172.7m, which is \$46.5m lower than forecast due to less expenditure on new capital of \$26.1m, renewal capital of \$7.8m and EMU project \$12.6m. Further details on the variances are in section 3a.

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

Section 2a - Statement of Financial Performance for the four months ended 31 October 2013

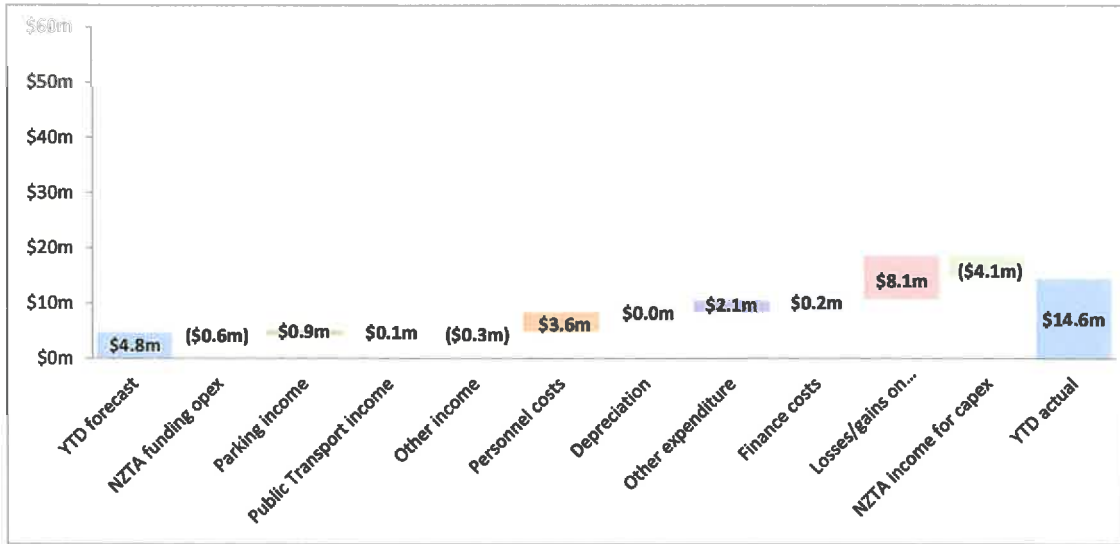
	Current month			Year to date			Full year		
	Actual \$'000	Variance \$'000	Results achieved	Forecast \$'000	Variance \$'000	Results achieved	Forecast \$'000	Variance \$'000	Results achieved
Income									
Operating Income									
Auckland Council funding	19,178	-	●	76,713	76,713	●	230,138	230,138	●
NZ Transport Agency	17,467	(1,084)	●	66,789	69,382	●	215,801	219,917	●
Parking and enforcement income	7,203	507	●	25,963	24,693	●	79,212	78,932	●
Public transport income	4,562	(82)	●	17,653	17,585	●	51,005	51,379	●
Other revenue including other grants and subsidies	1,323	(583)	●	7,191	7,501	●	24,043	23,820	●
Total operating income	49,733	(1,242)	●	195,909	195,874	●	599,198	603,988	●
Expenditure									
Personnel costs	9,453	927	●	35,457	38,004	●	114,424	108,471	●
Capitalised personnel costs	(2,213)	143	●	(9,376)	(8,368)	●	(24,384)	(24,355)	●
Depreciation and amortisation expense	23,439	54	●	89,535	89,508	●	277,160	253,422	●
Other expenses	38,648	2,320	●	155,751	157,862	●	496,937	500,855	●
Finance costs (Electric Trains)	1,047	109	●	3,933	4,092	●	15,142	18,285	●
Losses/(gains) on derivatives	415	(415)	●	(7,871)	392	●	392	-	●
Total operating expenditure	70,789	3,138	●	267,828	281,480	●	879,661	856,688	●
Profit/(loss) from Operations	(21,056)	1,896	●	(71,720)	(85,606)	●	(280,462)	(252,702)	●
Income for capital projects									
NZ Transport Agency	15,331	419	●	43,551	47,666	●	174,454	177,639	●
Auckland Council capital grant	10,678	-	●	42,713	42,713	●	128,140	128,140	●
Other capital grants	-	-	●	-	-	●	-	-	●
Vested asset income	-	-	●	-	-	●	-	-	●
Net surplus/(deficit) before tax	26,009	419	●	86,264	90,379	●	302,594	305,779	●
Income tax expense	4,953	2,315	●	14,544	4,773	●	22,132	53,077	●
Net surplus/(deficit) after tax	4,953	2,638	●	14,544	4,773	●	22,132	53,077	●



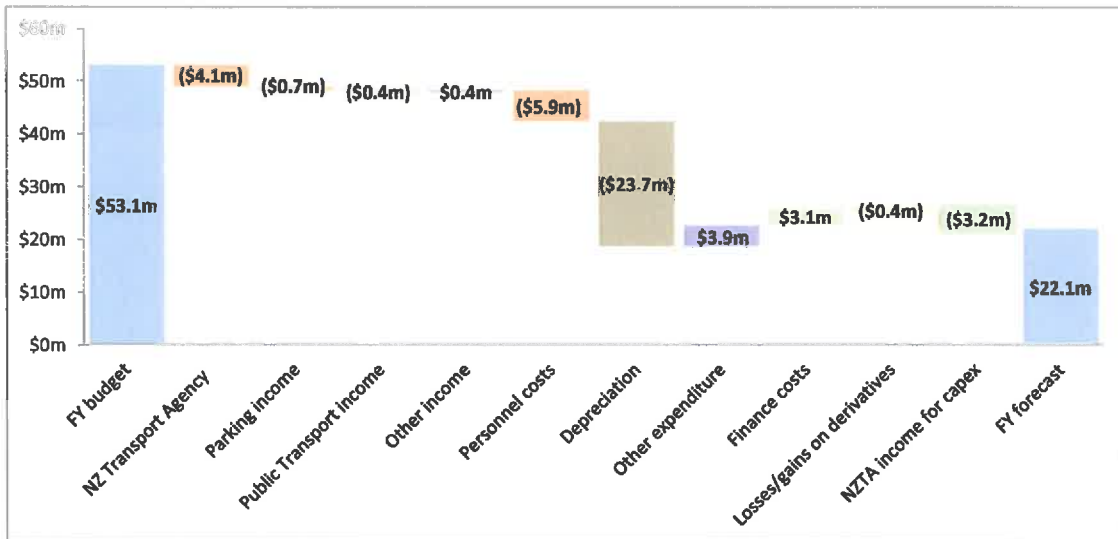
● : Largely on track
 ● : Monitoring/some action
 ● : Action required/taken

Section 2b - Net surplus/(deficit) waterfall

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



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



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

	Current month			Year to date			Full Year		
	Actual	Forecast	Variance	Actual	Forecast	Variance	Forecast	Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000	30 Jun 2014 \$000	30 Jun 2014 \$000	\$000
Operating Income									
Rail	7,211	7,967	(756)	30,320	32,209	(1,889)	98,154	105,077	(6,923)
Bus	7,206	8,197	(991)	30,340	29,726	614	91,053	93,188	(2,135)
Ferry	767	825	(58)	2,989	2,705	284	9,877	9,832	45
Other Public Transport	2,750	2,167	583	7,941	7,906	35	25,429	24,640	789
Parking	3,471	3,138	333	12,850	11,876	974	37,222	37,942	(720)
Enforcement	3,732	3,558	174	12,713	12,817	(104)	40,990	40,990	-
Roading and footpaths	4,161	4,168	(7)	15,908	15,304	604	45,123	46,034	(911)
Internal support	1,257	1,777	(520)	6,135	6,618	(483)	21,213	16,145	5,068
Auckland Council operating funding	19,178	19,178	-	76,713	76,713	-	230,138	230,138	-
Total operating income	49,733	50,975	(1,242)	195,909	195,874	35	599,199	603,986	(4,787)
Operating Expenditure									
Rail	10,782	11,440	658	36,080	47,482	11,402	144,344	147,095	2,751
Bus	12,363	13,126	763	51,171	51,965	794	157,429	157,836	407
Ferry	1,219	1,213	(6)	4,505	4,823	318	15,107	14,915	(192)
Other Public Transport	3,542	3,805	83	12,801	13,044	243	43,607	44,025	418
Parking	1,130	1,402	272	4,180	5,094	914	14,867	14,566	(301)
Enforcement	1,595	1,922	327	6,598	7,446	848	20,946	20,976	30
Roading and footpaths	9,918	9,794	(124)	37,591	34,631	(2,960)	116,363	115,997	(366)
Internal support	6,801	7,931	1,130	25,167	27,486	2,319	89,835	87,857	(1,978)
Depreciation	23,439	23,494	55	89,536	89,509	(27)	277,163	253,421	(23,742)
Total operating expenditure	70,789	73,927	3,138	267,629	281,480	13,851	879,661	856,688	(22,973)
Profit/(loss) from Operations	(21,056)	(22,952)	1,896	(71,720)	(85,606)	13,886	(280,462)	(252,702)	(27,760)

Section 2c - Rail Operations for the four months ended 31 October 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Activity Income	2,487	2,681	(194)	10,541	10,746	(205)	29,715	29,715	-
Other income	100	106	(6)	308	457	(149)	1,460	1,460	-
NZTA operating subsidy	3,880	4,363	(483)	16,747	18,168	(1,421)	56,512	62,305	(5,793)
NZTA operating subsidy - Electric Trains	744	817	(73)	2,724	2,838	(114)	10,467	11,597	(1,130)
Total operating income	7,211	7,967	(756)	30,320	32,209	(1,889)	98,154	105,077	(6,923)
Operating Expenditure									
Personnel costs	156	188	32	534	719	185	2,343	2,343	-
Capitalised personnel costs	(7)	-	7	(58)	35	93	-	-	-
Service delivery costs and professional services	7,785	8,034	249	33,081	34,344	1,263	101,133	101,554	421
Occupancy costs	337	360	23	1,452	1,586	134	4,935	4,660	(275)
Track access charges	670	1,314	644	3,488	4,747	1,259	15,258	15,258	-
Other expenditure	379	388	9	1,321	1,577	256	5,151	4,995	(156)
Finance costs (Electric Trains)	1,047	1,156	109	3,933	4,092	159	15,142	18,285	3,143
Losses/(gains) on derivatives	415	-	(415)	(7,671)	382	8,053	382	-	(382)
Total operating expenditure	10,782	11,440	658	36,080	47,482	11,402	144,344	147,095	2,751
Depreciation	4,033	2,940	(1,093)	12,830	11,687	(1,143)	35,204	33,897	(1,307)
Surplus/(deficit) from Operations	(7,604)	(6,413)	(1,191)	(18,590)	(26,960)	8,370	(81,394)	(75,915)	(5,479)
Internal support costs	1,750	2,044	294	5,904	6,621	717	22,464	21,727	(737)
Surplus/(deficit)	(9,354)	(8,457)	(897)	(24,494)	(33,581)	9,087	(103,858)	(97,642)	(6,216)

Operating Income

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

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

Operating Expenditure

Lower than forecast service delivery costs and professional services due to lower than forecast rolling stock maintenance costs, fuel costs savings and lower driver hire costs. Track access charges are lower than forecast as a result of a new contract.

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

Losses/(gains) on derivatives includes a \$7.9m unrealised gain on the revaluation of interest rate swaps for the Electric trains.

Section 2c - Bus Operations for the four months ended 31 October 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Activity income	1,047	914	133	3,883	3,587	296	10,620	10,620	-
Other income	385	443	(58)	833	909	(76)	2,238	2,238	-
NZTA operating subsidy	5,774	6,840	(1,066)	25,624	25,230	394	78,195	80,330	(2,135)
Total operating income	7,206	8,197	(991)	30,340	29,726	614	91,053	93,188	(2,135)
Operating Expenditure									
Personnel costs	198	208	10	604	769	165	2,600	2,605	5
Capitalised personnel costs	39	-	(39)	173	116	(57)	-	-	-
Service delivery costs and professional services	12,021	12,674	653	49,866	50,235	369	151,486	151,861	375
Occupancy costs	55	174	119	302	616	314	2,463	2,463	-
Other expenditure	50	70	20	226	229	3	880	907	27
Total operating expenditure	12,363	13,126	763	51,171	51,965	794	157,429	157,836	407
Depreciation	119	125	6	475	488	13	1,489	658	(831)
Surplus/(deficit) from Operations	(5,276)	(5,054)	(222)	(21,306)	(22,727)	1,421	(67,865)	(65,306)	(2,559)
Internal support costs	1,878	2,193	315	6,335	7,105	770	24,104	23,314	(790)
Surplus/(deficit)	(7,154)	(7,247)	93	(27,641)	(29,832)	2,191	(91,969)	(88,620)	(3,349)

Operating Income

Higher than forecast year to date NZTA operating subsidy due to higher than forecast spend on Super Gold concessionary fares which are 100% funded by NZTA.

Operating Expenditure

Favourable variance due to delays in operating expenditure including a delay in implementation of some services. This is partly offset by higher than forecast Super Gold concessionary fares which are 100% funded by NZTA.

Section 2c - Ferry Operations for the four months ended 31 October 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Operator access fees	204	228	(24)	939	897	42	3,075	3,075	-
Activity Income	58	37	21	233	147	86	500	500	-
Other Income	92	64	28	259	255	4	787	787	-
NZTA operating subsidy	413	496	(83)	1,558	1,406	152	5,515	5,470	45
Total operating income	767	825	(58)	2,989	2,705	284	9,877	9,832	45
Operating Expenditure									
Personnel costs	60	63	3	184	243	59	781	781	-
Capitalised personnel costs	(13)	-	13	(53)	(4)	49	(22)	(22)	-
Service delivery costs and professional services	890	906	16	3,510	3,544	34	11,130	10,940	(190)
Other expenditure	282	244	(38)	864	1,040	176	3,218	3,216	(2)
Total operating expenditure	1,219	1,213	(6)	4,505	4,823	318	15,107	14,915	(192)
Depreciation	174	183	9	695	714	19	2,179	2,074	(105)
Surplus/(deficit) from Operations	(626)	(571)	(55)	(2,211)	(2,832)	621	(7,409)	(7,157)	(252)
Internal support costs	177	207	30	599	671	72	2,278	2,203	(75)
Surplus/(deficit)	(803)	(778)	(25)	(2,810)	(3,503)	693	(9,687)	(9,360)	(327)

Section 2c - Other Public Transport Operations for the four months ended 31 October 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Other Income	191	170	21	656	589	67	2,610	2,984	(374)
NZTA operating subsidy	2,559	1,997	562	7,285	7,317	(32)	22,819	21,656	1,163
Total operating income	2,750	2,167	583	7,941	7,906	35	25,429	24,640	789
Operating Expenditure									
Personnel costs	1,109	1,216	107	4,434	4,518	84	14,776	14,838	62
Capitalised personnel costs	(7)	(80)	(73)	(226)	(404)	(178)	(665)	(636)	29
Service delivery costs and professional services	1,637	1,778	141	5,540	6,359	819	20,889	23,618	2,729
IT costs	188	155	(33)	748	614	(134)	1,634	1,635	1
Other expenditure	615	536	(79)	2,305	1,957	(348)	6,973	4,570	(2,403)
Total operating expenditure	3,542	3,605	63	12,801	13,044	243	43,607	44,025	418
Depreciation	772	1,192	420	3,088	2,876	(212)	12,407	8,698	(3,709)
Surplus/(deficit) from Operations	(1,564)	(2,630)	1,066	(7,948)	(8,014)	66	(30,585)	(28,083)	(2,502)
Internal support costs	524	612	88	1,767	1,982	215	6,723	6,503	(220)
Surplus/(deficit)	(2,088)	(3,242)	1,154	(9,715)	(9,996)	281	(37,308)	(34,586)	(2,722)

Operating Income

October actual NZTA operating subsidy includes \$0.5m for Community Transport that was forecast in prior months.

Operating Expenditure

Delayed expenditure mainly due to delays in roll out of new initiatives for Community Transport..

Section 2c - Parking Operations for the four months ended 31 October 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Other income	76	64	12	326	257	69	771	771	-
Parking fees	3,395	3,074	321	12,524	11,619	905	36,451	37,171	(720)
Total operating income	3,471	3,138	333	12,850	11,876	974	37,222	37,942	(720)
Operating Expenditure									
Personnel costs	258	375	117	990	1,372	382	3,429	1,870	(1,559)
Capitalised personnel costs	(4)	(17)	(13)	(39)	(67)	(28)	(202)	(202)	-
Service delivery costs and professional services	242	336	94	981	1,025	44	3,755	4,315	560
Occupancy costs	610	517	(93)	2,012	2,087	75	6,203	6,518	315
(Profit)/loss on disposal of assets	-	-	-	52	-	(52)	-	-	-
Other expenditure	24	191	167	184	677	493	1,682	2,065	383
Total operating expenditure	1,130	1,402	272	4,180	5,094	914	14,867	14,566	(301)
Depreciation	589	595	6	2,361	2,372	11	7,132	6,442	(690)
Surplus/(deficit) from Operations	1,752	1,141	611	6,309	4,410	1,899	15,223	16,934	(1,711)
Internal support costs	173	202	29	585	656	71	2,224	2,152	(72)
Surplus/(deficit)	1,579	939	640	5,724	3,754	1,970	12,999	14,782	(1,783)

Operating Income

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

Operating Expenditure

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

Section 2c - Enforcement Operations for the four months ended 31 October 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Infringement income	3,732	3,558	174	12,713	12,817	(104)	40,990	40,990	-
Total operating income	3,732	3,558	174	12,713	12,817	(104)	40,990	40,990	-
Operating Expenditure									
Personnel costs	922	1,085	163	3,673	4,095	422	10,919	11,906	987
Capitalised personnel costs	4	-	(4)	23	-	(23)	-	-	-
Service delivery costs and professional services	131	125	(6)	531	499	(32)	1,492	1,607	115
Other expenditure	538	712	174	2,371	2,852	481	8,535	7,463	(1,072)
Total operating expenditure	1,595	1,922	327	6,598	7,446	848	20,946	20,976	30
Depreciation	20	27	7	82	95	13	314	1,091	777
Surplus/(deficit) from Operations	2,117	1,609	508	6,033	5,276	757	19,730	18,923	807
Internal support costs	250	291	41	842	944	102	3,203	3,098	(105)
Surplus/(deficit)	1,867	1,318	549	5,191	4,332	859	16,527	15,825	702

Operating Income

Current month infringement income is favourable to forecast due to higher issuances than forecast, as a result of issuances not dropping as expected with the introduction of Central City Parking Zone. The year to date result is impacted by a reduction in the Baycorp provision from 50% to 33% and court receipts for legacy infringements and lodgement fee recoveries lower than forecast.

Operating Expenditure

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

Section 2c - Roading and Footpaths Operations for the four months ended 31 October 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Petrol tax	718	723	(5)	2,800	2,892	(92)	8,677	8,677	-
Other income	335	278	57	1,232	985	247	3,216	2,795	421
NZTA operating subsidy	3,108	3,167	(59)	11,876	11,427	449	33,230	34,562	(1,332)
Total operating income	4,161	4,168	(7)	15,908	15,304	604	45,123	46,034	(911)
Operating Expenditure									
Personnel costs	1,493	1,556	63	5,873	5,988	115	17,324	17,154	(170)
Capitalised personnel costs	(387)	(458)	(71)	(1,570)	(1,921)	(351)	(5,459)	(5,459)	-
Service delivery costs and professional services	7,366	7,164	(202)	26,879	24,075	(2,804)	84,999	84,300	(699)
Occupancy costs	372	1,176	804	4,492	5,088	596	15,094	15,347	253
IT costs	23	159	136	26	585	559	1,963	2,249	286
Other expenditure	1,051	197	(854)	1,891	816	(1,075)	2,442	2,406	(36)
Total operating expenditure	9,918	9,794	(124)	37,591	34,631	(2,960)	118,363	115,997	(366)
Depreciation	17,143	17,425	282	68,351	68,944	593	208,348	196,142	(12,206)
Surplus/(deficit) from Operations	(22,900)	(23,051)	151	(90,034)	(88,271)	(1,763)	(279,588)	(266,105)	(13,483)
Internal support costs	1,380	1,612	232	4,656	5,222	566	17,715	17,134	(581)
Surplus/(deficit)	(24,280)	(24,663)	383	(94,690)	(93,493)	(1,197)	(297,303)	(283,239)	(14,064)

Operating Expenditure

Higher than forecast service delivery costs due to accelerated work for vegetation control and routine maintenance, however this spend will be contained within the full year forecast. Higher than forecast other expenditure will also be contained within the full year forecast.

Section 2c - Internal support for the four months ended 31 October 2013

	Current month			Year to date			Full Year		
	Actual \$000	Forecast \$000	Variance \$000	Actual \$000	Forecast \$000	Variance \$000	Forecast 30 Jun 2014 \$000	Budget 30 Jun 2014 \$000	Variance \$000
Operating Income									
Other income	268	906	(638)	3,159	3,623	(464)	12,151	12,149	2
NZTA operating subsidy	989	871	118	2,976	2,995	(19)	9,062	3,996	5,066
Total operating income	1,257	1,777	(520)	6,135	6,618	(483)	21,213	16,145	5,068
Operating Expenditure									
Personnel costs	5,257	5,689	432	19,165	20,301	1,136	62,251	56,973	(5,278)
Capitalised personnel costs	(1,838)	(1,515)	323	(7,626)	(6,123)	1,503	(18,036)	(18,036)	-
Directors Fees	36	33	(3)	150	133	(17)	399	399	-
Service delivery costs and professional services	1,774	1,791	17	7,072	6,559	(513)	23,982	21,062	(2,920)
Other expenditure	1,572	1,933	361	6,406	6,616	210	21,239	27,459	6,220
Total operating expenditure	6,801	7,931	1,130	25,167	27,486	2,319	89,835	87,857	(1,978)
Depreciation	589	1,007	418	1,654	2,333	679	10,090	4,419	(5,671)
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(deficit) before allocation of costs	(6,133)	(7,161)	1,028	(20,686)	(23,201)	2,515	(78,712)	(76,131)	(2,581)
Internal support costs	(6,133)	(7,161)	(1,028)	(20,686)	(23,201)	(2,515)	(78,712)	(76,131)	2,581
Total internal support allocation	(6,133)	(7,161)	(1,028)	(20,686)	(23,201)	(2,515)	(78,712)	(76,131)	2,581
Surplus/(deficit)	-	-	-	-	-	-	-	-	-

Operating Income

Unfavourable income for October due to monthly rental income including a deduction of four months rates.

Operating Expenditure

Lower than forecast personnel costs due to staff vacancies.

Higher than forecast capitalised personnel costs for corporate support \$0.6m and CDD \$0.9m.

YTD service delivery costs and professional services higher than forecast as external resources have covered some staff vacancies.

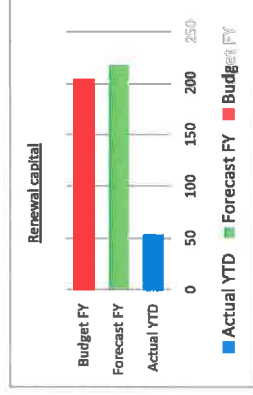
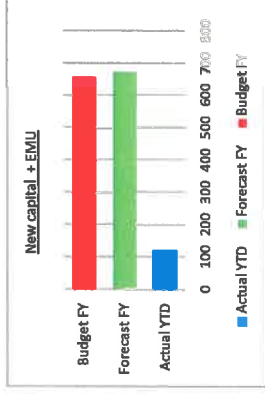
Section 3a - Summary of Capital Expenditure for the four months ended 31 October 2013

Split by activity

Notes	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	26,808	31,251	4,642	84,878	110,981	26,103	●	516,985	502,411	(13,574)
Roads and footpaths	19,687	19,362	(325)	61,475	68,679	7,204	●	234,439	232,562	(1,877)
Public transport	5,960	9,121	3,161	20,007	31,446	11,439	●	248,364	256,838	8,474
Parking operations	6	120	114	69	3,116	3,047	●	8,295	8,299	4
Internal support	956	2,648	1,692	3,327	7,740	4,413	●	24,987	4,712	(20,275)
Total new capital	26,808	31,251	4,642	84,878	110,981	26,103	●	516,985	502,411	(13,574)
Renewal capital expenditure										
Roads and footpaths	14,857	19,916	5,059	47,944	59,448	5,504	●	200,510	189,200	(12,310)
Public transport	496	452	(44)	4,792	5,900	1,108	●	12,722	12,722	-
Parking operations	184	21	(163)	325	270	(65)	●	2,121	2,121	-
Internal support	-	1,200	1,200	-	1,200	1,200	●	1,200	-	(1,200)
Total renewal	15,537	21,589	6,052	53,061	60,818	7,757	●	216,553	203,043	(13,510)
Electric motor units (EMUs)										
Procurement	13,269	8,647	(4,622)	29,442	29,291	(151)	●	135,363	135,589	226
Depot	1,413	331	(1,082)	5,348	19,134	12,786	●	19,178	19,429	(749)
Total EMUs	14,682	8,978	(5,704)	34,790	47,425	12,635	●	154,541	154,918	(523)
Total direct capital	56,828	61,818	4,990	172,729	219,224	46,495	●	887,179	859,472	(27,707)
Vested assets	-	-	-	-	-	-	●	-	-	-
Total capital	56,828	61,818	4,990	172,729	219,224	46,495	●	887,179	859,472	(27,707)

Notes: (Year to date)

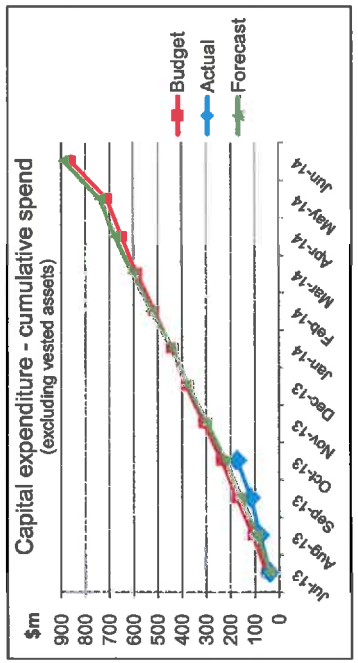
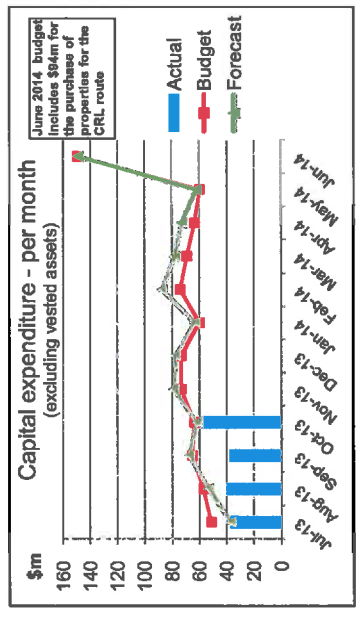
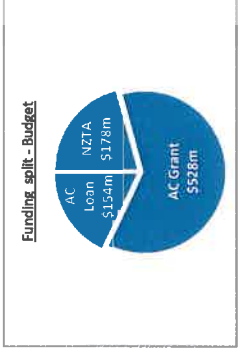
- \$7.2m favourable variance against forecast in roads is mainly due to Smales/Allens road widening (\$1.1m, property settlement delayed); Albany Highway upgrade (\$1.6m, construction has been delayed as NZTA funding is being pursued); Te Atatu road corridor improvements (\$1.0m, property settlement delayed); Taharoto/Wairau Stage 3 (\$1.1m, over optimistic forecasting on a complex land acquisition negotiation); Taharoto/Wairau Stage 6&8 (\$0.4m, Oct payment processed in Nov); Tiverton-Wolverton Stage 2 (\$0.7m, payment on hold to Downers and will be processed in Nov).
- \$11.4m favourable variance against forecast in public transport is mainly due to AIFS (\$5.3m, undelivered milestones for the AIFS project by the contractor Thales); Central Rail Link (\$2.3m, planned property purchases are taking longer than expected); Manukau City Rail Link (\$1.7m, delays due to the Mainzeal receivership).
- \$3.0m favourable variance against forecast in parking operations is mainly due to Devon Lane carpark (\$2.4m, settlement delayed for purchase of Devon Lane carpark due to legal title transfer issues); Carpark Operating Equipment (\$0.2m, delayed due to the payment card industry compliance issues which is expected to be resolved in December); Carpark Earthquake Strengthening (\$0.1m, the unavailability of structural engineers due to works undertaken in Christchurch has delayed the completion of structural tests).
- \$4.4m favourable variance against forecast in internal support is mainly due to various IT works will be assigned to appropriate activities and funding sourced through reprioritisation of capex programme. Spend on these projects are on hold until budget constraints are resolved.
- \$5.5m renewals underspend on roads is mainly due to Technical Support Service (\$1.8m, external professional services work in Road Corridor being put on hold); Pavement Rehabilitation (\$1.9m, underspend in the North, West and South areas due to works on hold on account of storm conditions); Bridge structures renewals (\$1.0m, delay in structures design across the region); Footpath renewals (\$0.8m underspend in central area due to complications of lining up physical works with a central government project).
- \$1.1m renewals underspend on public transport is mainly due to Rolling Stock and Train Station (\$0.8m, it is expected to be within the full year forecast).
- \$1.2m renewals underspend on internal support is due to spend on hold on the IT project until budget constraints are resolved.
- \$12.6m underspend on EMU project is mainly due to EMU depot (\$12.8m, uncertainty on resolution of final claim from key contractors including construction \$7m, plant and materials \$2m and final works).



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

Section 3b - Capital Expenditure Funding for the four months ended 31 October 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	8,482	6,620	1,862	20,491	21,873	(1,382)	96,691	111,621	(12,930)
NZTA - renewal capital	6,849	8,292	(1,443)	23,060	25,793	(2,733)	75,763	66,019	9,744
Other grants and subsidies	-	-	-	-	-	-	-	-	-
Auckland Council funding (Non EMU)	26,815	37,928	(11,113)	94,388	124,133	(29,745)	558,184	527,814	30,370
Auckland Council loan (EMU)	14,682	8,978	5,704	34,790	47,425	(12,635)	154,541	154,018	523
Total funding	56,828	61,818	(4,990)	172,729	219,224	(46,495)	887,179	859,472	27,707



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

	Note	Actual 31 October 2013 \$000	Actual 30 September 2013 \$000
Assets			
Current assets			
Cash and cash equivalents	1	69,562	77,300
Trade and other receivables	2	125,219	122,555
Inventories		4,465	4,409
Other assets		9,461	10,957
Total current assets		208,707	215,221
Non-current assets			
Property, plant and equipment - assets		13,932,857	13,937,145
Property, plant and equipment - work-in-progress		645,708	611,298
Intangible assets		74,198	71,307
Amounts due from related parties		46,000	46,000
Total non-current assets		14,698,763	14,665,750
Total assets		14,907,470	14,880,971
Liabilities			
Current liabilities			
Derivative financial instruments	3	19,232	18,694
Trade and other payables	4	146,588	135,616
Employee benefit liabilities	5	8,706	11,220
Borrowings	6	1,545	1,555
Total current liabilities		176,071	167,085
Non-current liabilities			
Derivative financial instruments	3	21,859	22,454
Employee benefit liabilities	5	851	851
Borrowings	6	242,291	242,445
Deferred tax liability	7	9,173	9,173
Total non-current liabilities		274,174	274,923
Total liabilities		450,245	442,008
Net assets		14,457,225	14,438,963
Equity			
Contributed equity		13,015,179	13,002,319
Retained earnings/(losses)		333,253	328,324
Reserves		1,108,793	1,108,320
Total equity		14,457,225	14,438,963

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

	Actual 31 October 2013	Actual 30 September 2013
	\$000	\$000

1 Cash and cash equivalents

Cash at bank - Trading	7,050	5,667
Cash at bank - AIFS	2,518	2,174
Till floats	272	253
Cash investment with Auckland Council	59,722	69,206
Total cash and cash equivalents	69,562	77,300

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	4,324	3,382
Finance lease receivable	57	58
Infringements receivable	17,552	16,986
Amounts due from related parties	67,427	67,513
Accrued income	34,278	29,439
Goods and services tax	3,335	6,931
	126,973	124,309
Less provision for impairment of receivables	(1,754)	(1,754)
Total trade and other receivables	125,219	122,555

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 October 2013 is detailed below:

	Gross \$000	Impaired \$000	Net \$000
Not past due	105,971	-	105,971
Past due 1 - 30 days	2,839	-	2,839
Past due 31 - 60 days	1,769	-	1,769
Past due 61 - 90 days	1,523	-	1,523
Past due > 90 days	14,871	(1,754)	13,117
	126,973	(1,754)	125,219

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

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

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

	Actual \$000
At 1 July 2013	1,754
Additional provisions made	-
Provisions reversed	-
Receivables written-off	-
At 31 October 2013	1,754

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

	Actual 31 October 2013	Actual 30 September 2013
	\$000	\$000

3 Derivative financial instruments

Current liability portion

Forward foreign exchange contracts - cash flow hedges	19,232	18,433
Forward foreign exchange contracts - not hedge accounted	-	261
Current derivative financial instruments	19,232	18,694

Non-current liability portion

Interest rate swaps - cash flow hedges	3,609	2,933
Forward foreign exchange contracts - cash flow hedges	18,250	19,521
Non-current derivative financial instruments	21,859	22,454

Forward foreign exchange contracts

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from forward foreign exchange contract prices.

Forward foreign exchange contracts - not hedge accounted

The notional principal amount of outstanding forward foreign exchange contracts that were not hedge accounted was NZD \$Nil. The foreign currency principal amount was EUR €Nil.

Forward foreign exchange contracts - hedge accounted

The notional principal amount of outstanding forward foreign exchange contract cash flow hedges was NZD \$331m. The foreign currency principal amount was USD \$235m. These cash flow hedges have been accounted for as effective and the loss of \$19m 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 \$333m. At 31 October 2013 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.11% to 5.41%. The gain on their revaluation of \$7.9m has been recorded in the Statement of Financial Performance.

4 Trade and other payables

Creditors	16,795	21,385
Accrued expenses	105,316	89,966
Retentions	7,226	7,345
Amounts due to related parties	13,695	13,661
Income in advance	1,045	1,091
AIFS Hop Card unsecured obligation	2,511	2,168
	146,588	135,616

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 October 2013**

	Actual 31 October 2013	Actual 30 September 2013
	\$000	\$000

5 Employee benefit liabilities

Current portion

Accrued salaries and wages	1,472	3,951
Accrued leave	7,234	7,269
Current employee benefit liabilities	8,706	11,220

Non-current portion

Retirement gratuities	383	383
Long service leave	468	468
Non-current employee benefit liabilities	851	851

6 Borrowings

Current portion

Loans from Auckland Council	1,379	1,389
Finance Leases	166	166
Current borrowings	1,545	1,555

Non-current portion

Loans from Auckland Council	241,881	242,021
Finance Leases	410	424
Non-current borrowings	242,291	242,445

Weighted average cost of funds on total borrowings	5.48%	5.48%
--	-------	-------

Auckland Transport's loan debt of \$243,259,939 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 October 2013

	Property, plant and equipment	Other provisions	Tax losses	Total
	\$000	\$000	\$000	\$000
Balance at 1 July 2012	(11,020)	-	-	(11,020)
Charged to profit and loss	1,847	-	-	1,847
Charged to equity	-	-	-	-
Balance at 31 October 2013	(9,173)	-	-	(9,173)

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

	Current month		Forecast rolling 3 months		
	Actual \$000	Forecast \$000	Forecast Nov 2013 \$000	Forecast Dec 2013 \$000	Forecast Jan 2014 \$000
Cash flows from operating activities					
Total cash provided	72,795	76,565	82,629	79,028	80,033
Cash applied to:					
Payments to suppliers, employees and directors	53,490	49,819	50,359	48,522	47,264
Interest paid	802	1,156	1,118	1,230	1,333
Goods and services tax (net)	-	-	-	-	-
Total cash applied	54,292	50,975	51,477	49,752	48,597
Net cash from operating activities	18,503	25,590	31,152	29,276	31,436

Cash flows from investing activities					
Cash provided from:					
Sale of property, plant and equipment	387	-	-	-	-
Total cash provided	387	-	-	-	-
Cash applied to:					
Capital expenditure projects	39,325	61,818	78,405	77,396	63,338
Total cash applied	39,325	61,818	78,405	77,396	63,338
Net cash from investing activities	(38,938)	(61,818)	(78,405)	(77,396)	(63,338)

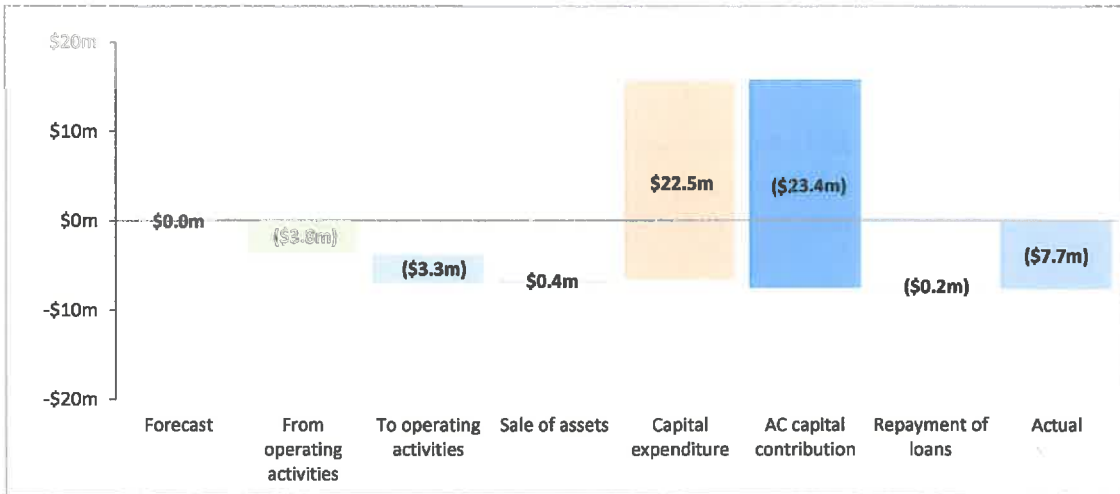
Cash flows from financing activities					
Cash provided from:					
Loan from Auckland Council - EMU	-	-	-	33,000	-
Capital contribution from Auckland Council	12,859	36,228	47,253	15,120	31,902
Total cash provided	12,859	36,228	47,253	48,120	31,902
Cash applied to:					
Repayments of EMU loan from Auckland Council	150	-	-	-	-
Repayments of finance lease principal	13	-	-	-	-
Total cash provided	163	-	-	-	-
Net cash from financing activities	12,696	36,228	47,253	48,120	31,902

Net (decrease)/increase in cash and cash equivalents	(7,739)	-	-	-	-
Opening cash balance	77,301	-	-	-	-
Closing cash balance	69,562	-	-	-	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities		Current month
Surplus/(deficit) after tax		\$000
		4,953
Add/(less) non cash items		
Depreciation and amortisation		23,439
Vested assets		-
Loss on disposal of property, plant and equipment		-
Loss on asset write off		-
Revaluation decrement		-
Foreign exchange gains		(261)
Loss on interest rate swaps		675
Income tax		-
		23,853
Add/(less) movements in working capital		
Decrease/(increase) in debtors and other receivables		23,805
Decrease/(increase) in inventories		(55)
(Decrease)/Increase in creditors and other payables		(9,196)
(Decrease)/Increase in employee benefits payable		(2,514)
(Decrease)/Increase in investment funding from AC		(22,343)
		(10,303)
Net cash flow from operating activities		18,503

Section 5b - Cash flow

Cash flow - Current month forecast to actual



Section 6 - Accounts Receivable and Accounts Payable Monthly Report.

Accounts Receivable

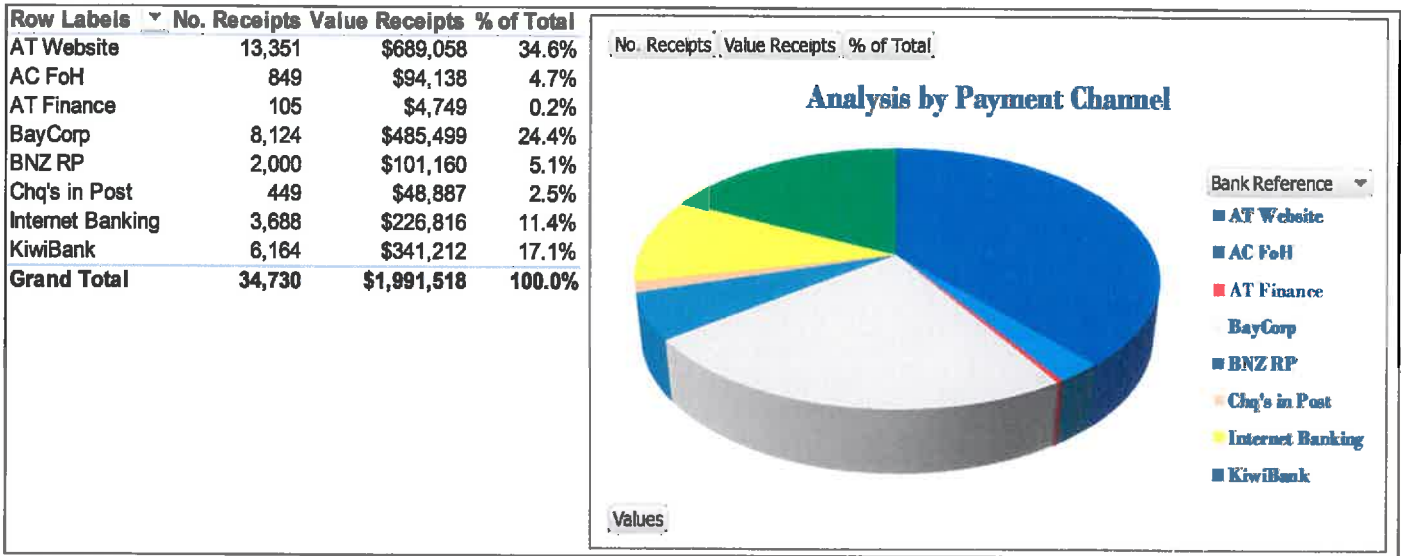
An overview of the Debtors as at 31 October has 97.4% of adjusted Debtors in 30 and 60 days.

Debtors Ageing Analysis as at 31 October 2013

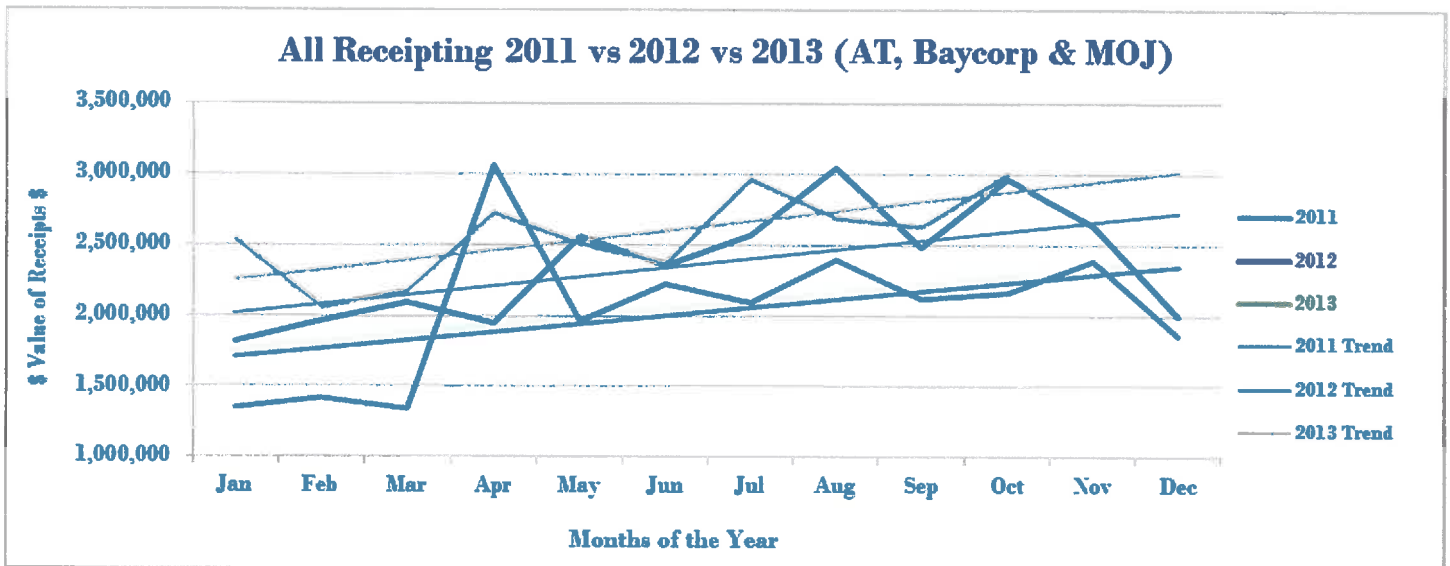
<u>Description</u>	<u>Ave Days</u>	<u>Total O/s</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>120+ Days</u>	<u>Notes</u>
Debtors Ageing 31 Oct	132	4,702,164	1,893,433	533,754	68,199	72,936	2,133,843	
		100.0%	40.3%	11.4%	1.5%	1.6%	45.4%	
O/s Related Parties	27	377,875	184,155	142,334	11,171	40,215	0	1
Trade Debtors	108	4,324,289	1,709,278	391,420	57,028	32,721	2,133,843	
		100.0%	39.5%	9.1%	1.3%	0.8%	49.3%	
Queried Invoices	237	364,987	11,891	85,052	12,296	8,758	246,989	2
Cell Sites - Property	402	1,973,311	55,207	73,564	0	17,347	1,827,193	3
To Baycorp (Collection)	426	20,323	0	0	590	1,454	18,279	4
Payment Arrangement	21	6,272	765	5,507	0	0	0	5
Lodged Courts (Damages)	130	109,559	61,170	4,522	1,312	3,970	38,585	6
<u>Adjusted Debtors</u>	<u>N/a</u>	<u>1,849,836</u>	<u>1,580,245</u>	<u>222,775</u>	<u>42,829</u>	<u>1,192</u>	<u>2,797</u>	
		100.0%	85.4%	12.0%	2.3%	0.1%	0.2%	

- 1 - This section relates to amounts owed by related parties (inter-company).
- 2 - A number of invoices have been queried or disputed by customers and we are working with them and the relevant Departments in an effort to resolve these queries. The bulk of the outstanding amounts under query (\$152k) are made up from an ongoing dispute which is now considered doubtful and if not resolved by 31 December, will be provided for. A further \$71,355 is outstanding from a group of apartments with increased parking charges under dispute. Property is dealing with this matter and have included the legal team in the discussions. Property has indicated that a formal response will be submitted to these groups in December.
- 3 - The outstanding amount relates to the ongoing cell sites dispute. The matter has been taken up by the COO Team who are still in the negotiation stage but are also considering legal action. An amount of \$1,681,840 was impaired at 30 June as it was considered doubtful. Invoices raised since 30 June have been included in this report as doubtful as they remain unpaid while the matter is being resolved.
- 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



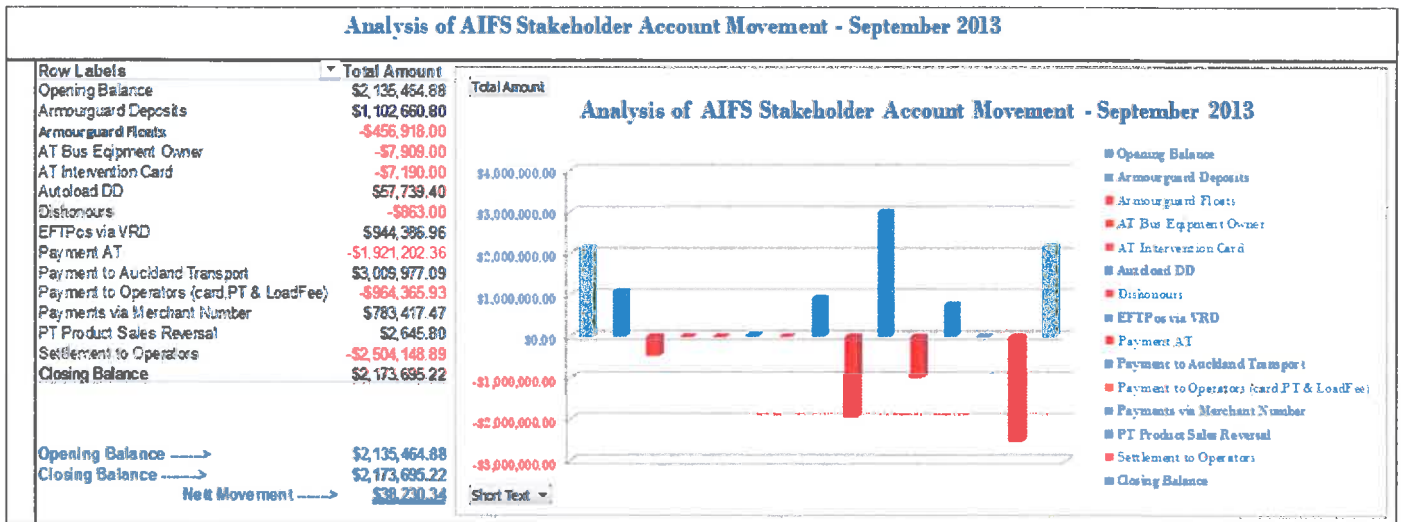
October Infringement receipts are 6.8% up on September. October had the highest number of receipts and value received through AT since inception. October has 22 working days compared with 21 in September. While total receipts vary month on month depending on working days in the month, analysis has shown that AT is averaging close to 1,600 infringement receipts per day over the last 6 months. There is very little change this month with payment channels usage when compared with September.



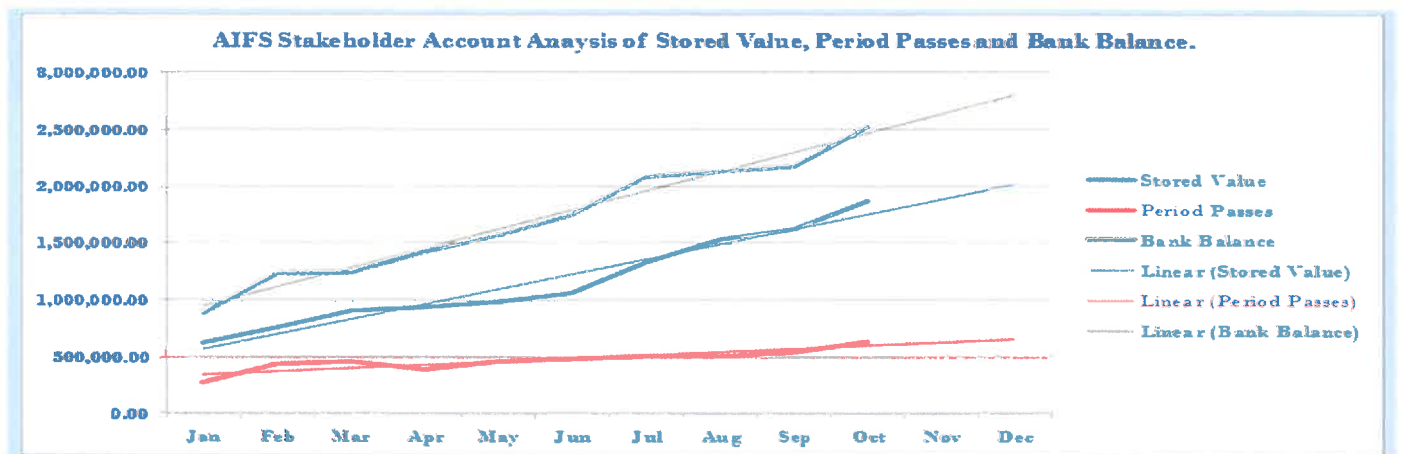
The overview of receipts for 2011, 2012 and 2013 with trend lines clearly indicates that collections are increasing year on year. This analysis does not include Legacy Council collections through MOJ. While there have been increased and decreased fluctuations in issued infringements over the 34 months in the analysis, this has not affected the collection rates for the organization.

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

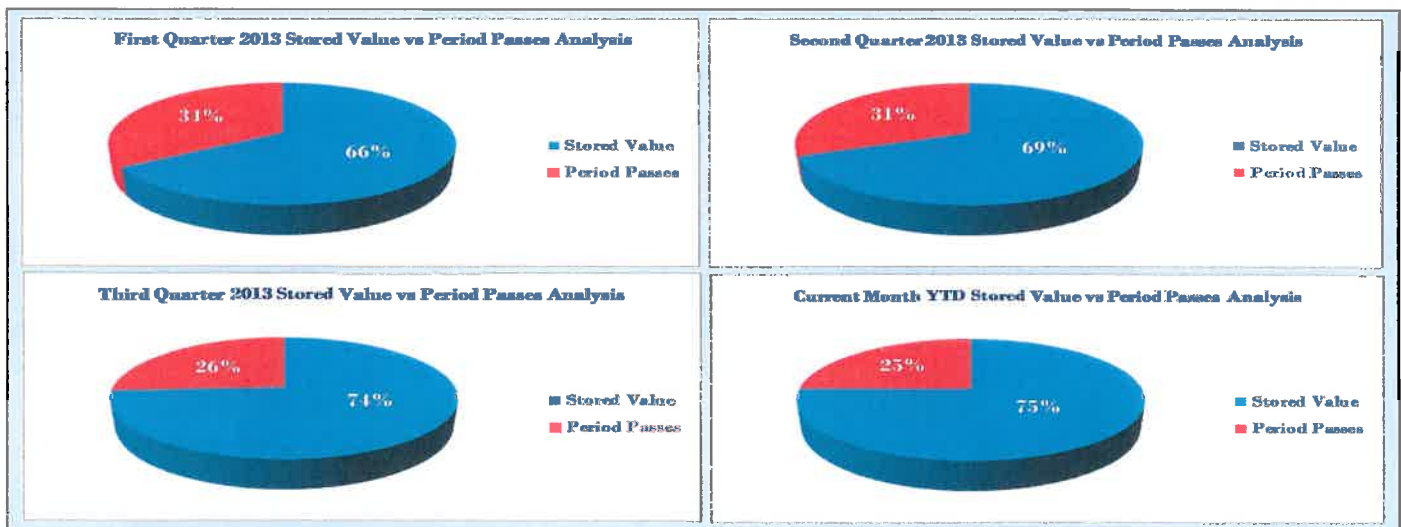
Analysis of the AIFS Stakeholder Account at the end of September had growth of 1.8% for the month. Growth for October is \$344,731, an increase of 15.8%. Since January 2013, growth is 250.3%, to the end of October.



The following graph provides an overview of monthly balances for Stored Value, Period Passes and the AIFS Stakeholder account together with trend lines. The Stored Value balance shows growth of 300.6% for the 10 months YTD, while the Period Passes balance has only grown by 223.2%.



With regards funds held on behalf of customers and operators, it is interesting to see how customers have opted to manage the cost of public transport through Stored Value, rather than buy Period Passes, as can be seen from the quarterly graphic overview of the split between Stored Value and Period Passes.



Recommendation

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

Prepared by	Katy Wang Planning and Reporting Accountant Susan Cairns Senior Financial Reporting Accountant	 
Recommended by	Julian Michael Financial Reporting Manager Stephen Smith Finance Manager	 
Approved for submission	David Warburton Acting Chief Financial Officer	