Financial Results for the Eight Months Ended 28 February 2014

This report summarises the Auckland Transport financial results for the eight months ended 28 February 2014.

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Auckland Transport
An Auckland Council Organisation

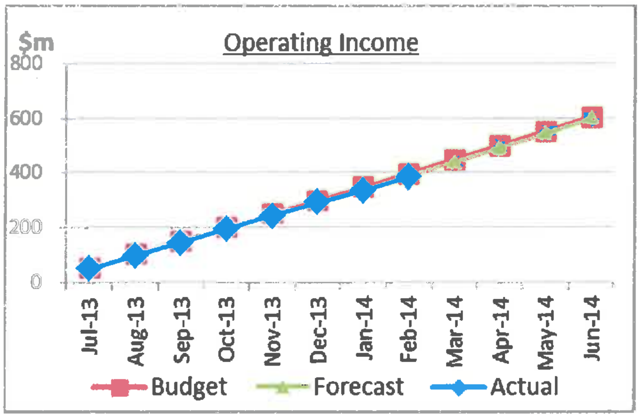
Executive Summary

Financial Results for the eight months ended 28 February 2014:

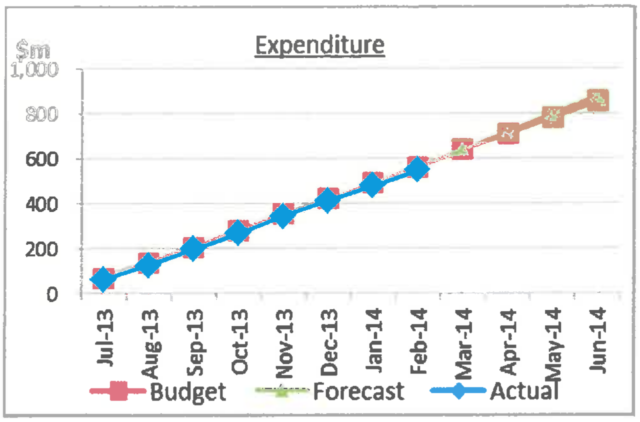
	Current month variance to Forecast $m	Year to date variance to Forecast $m	Year to date results		Year to date Actual $m	Year to date Forecast $m	Full year Forecast $m	Full Year Budget $m
Total operating income	-	(2.3)	⇔	🟡	386.6	389.0	601.2	604.0
Total operating expenditure	3.7	11.2	⇩	🟢	548.1	559.3	875.8	856.7
Surplus/(deficit) from operations	3.7	8.9	⇧	🟢	(161.5)	(170.4)	(274.6)	(252.7)
Income for capital projects	13.2	53.5	⇧	🟢	252.8	199.2	295.7	305.8
Net surplus/(deficit) before tax	16.9	62.4	⇧	🟢	91.3	28.9	21.1	53.1
Total direct capital	17.4	34.1	⇩	🟡	390.9	425.0	741.8	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



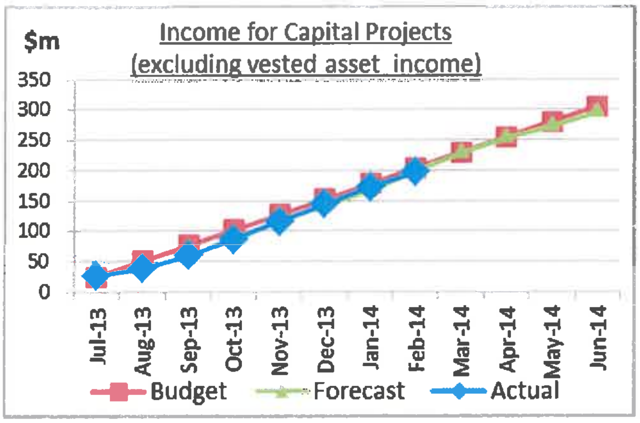
Total operating income year to date is below forecast by $2.3m mainly due to lower than forecast NZTA operating subsidy.



Total operating expenditure year to date is below forecast by $11.2m mainly due to:

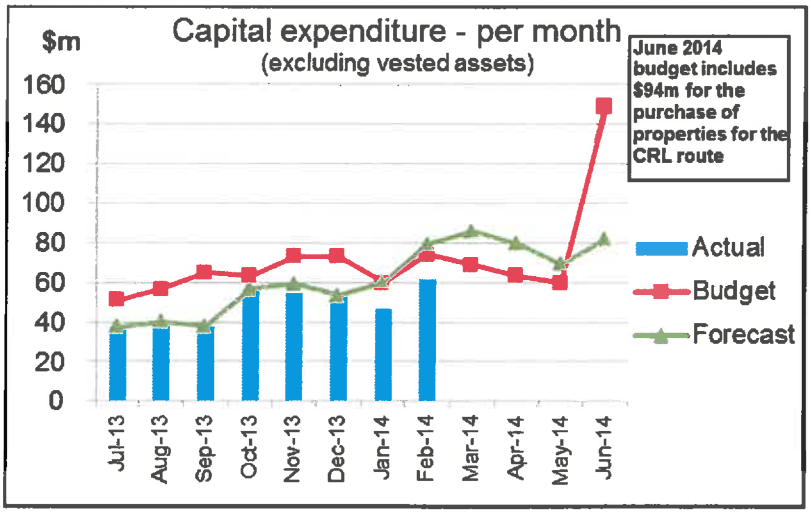
- $2.7m delayed roading expenditure
- $2.6m favourable variance for depreciation
- $2.1m delayed expenditure and savings for public transport
- $1.4m delayed maintenance cost and reduced lease cost for parking

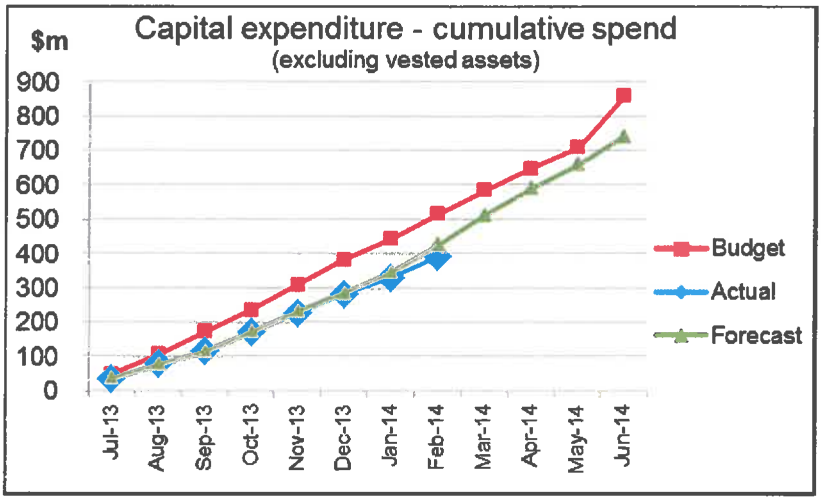
Net surplus before tax and derivatives is $62.4m favourable to forecast, due to higher than forecast operational result of $8.9m and income for capital projects of $53.5m.



Income for capital projects year to date excluding vested asset is $2.0m unfavourable due to lower than forecast NZTA capital funding.

Income for capital projects year to date, including vested asset income of $55.6m, is higher than forecast by $53.5m.





Capital expenditure year to date excluding vested assets, was $390.9m, which is $34.1m lower than forecast due to lower spend on new capital of $21.3m, EMU project of $9.3m and renewal capital of $3.5m.

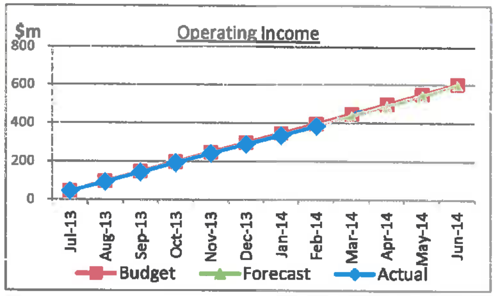
Capital expenditure year to date including vested assets of $55.6m, was $446.5m, which is $21.5m higher than forecast. Further details on the variances are in section 3a.

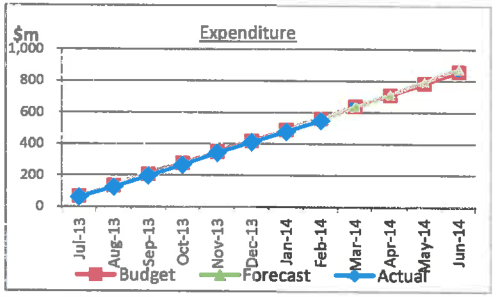
The **asset position** is sound with net assets of $14.6 billion at the end of February and cash flow funding arrangements in place to ensure all liabilities can be met.

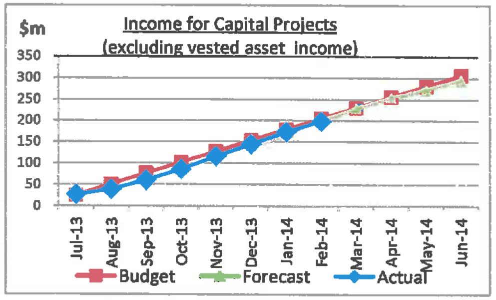
Section 2a - Auckland Transport Financial Results for the eight months ended 28 February 2014

	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	Results achieved
Income											
Operating income											
Auckland Council funding	19,178	19,178	-	153,425	153,425	-		230,138	230,138	-	
NZ Transport Agency	17,364	18,043	(679)	136,053	138,484	(2,431)		216,548	219,917	(3,369)	
Parking and enforcement income	6,486	5,776	710	48,220	48,358	(138)		78,275	78,932	(657)	
Public transport income	4,534	4,478	56	34,510	33,846	664		52,247	51,379	868	
Other revenue including other grants and subsidies	1,857	1,969	(112)	14,415	14,856	(441)		24,033	23,620	413	
Total operating income	49,419	49,444	(25)	386,623	388,969	(2,346)		601,241	603,986	(2,745)	
Expenditure											
Personnel costs	8,485	9,517	1,032	69,723	71,264	1,541		113,396	108,471	(4,925)	
Capitalised personnel costs	(2,555)	(1,877)	678	(18,602)	(18,072)	530		(25,244)	(24,355)	889	
Depreciation and amortisation expense	23,001	23,453	452	180,792	183,348	2,556		277,160	253,422	(23,738)	
Other expenses	39,707	41,118	1,411	307,936	314,230	6,294		495,822	500,865	5,043	
Finance costs (Electric Trains)	1,055	1,226	171	8,241	8,554	313		14,707	18,285	3,578	
Total operating expenditure	69,693	73,437	3,744	548,090	559,324	11,234		875,841	856,688	(19,153)	
Profit/(loss) from Operations	(20,274)	(23,993)	3,719	(161,467)	(170,355)	8,888		(274,600)	(252,702)	(21,898)	
Income for capital projects											
NZ Transport Agency	13,193	22,052	(8,859)	111,788	113,814	(2,026)		167,525	177,639	(10,114)	
Auckland Council capital grant	10,678	10,678	-	85,427	85,427	-		128,140	128,140	-	
Other capital grants	-	-	-	-	-	-		-	-	-	
Vested asset income	22,038	-	22,038	55,569	-	55,569		-	-	-	
	45,909	32,730	13,179	252,784	199,241	53,543		295,665	305,779	(10,114)	
Net surplus/(deficit) before tax and derivatives	25,635	8,737	16,898	91,317	28,886	62,431		21,065	53,077	(32,012)	
Losses/(gains) on derivatives	2,489	-	(2,489)	(8,238)	458	8,696		458	-	(458)	
Income tax expense/(benefit)	-	-	-	(52)	-	52		-	-	-	
Net surplus/(deficit) after tax and derivatives	23,146	8,737	14,409	99,607	28,428	71,179		20,607	53,077	(32,470)	

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

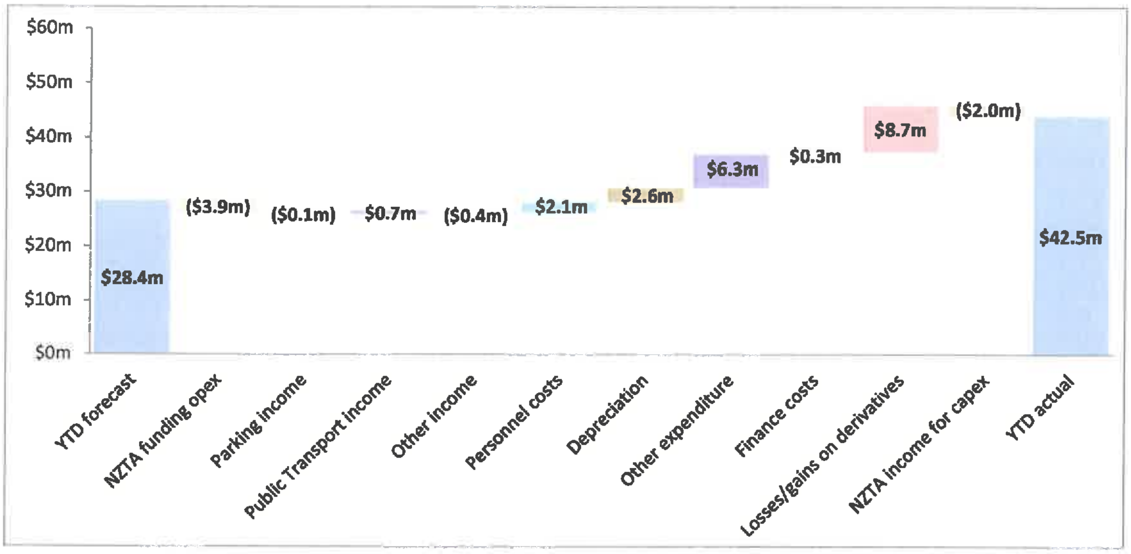




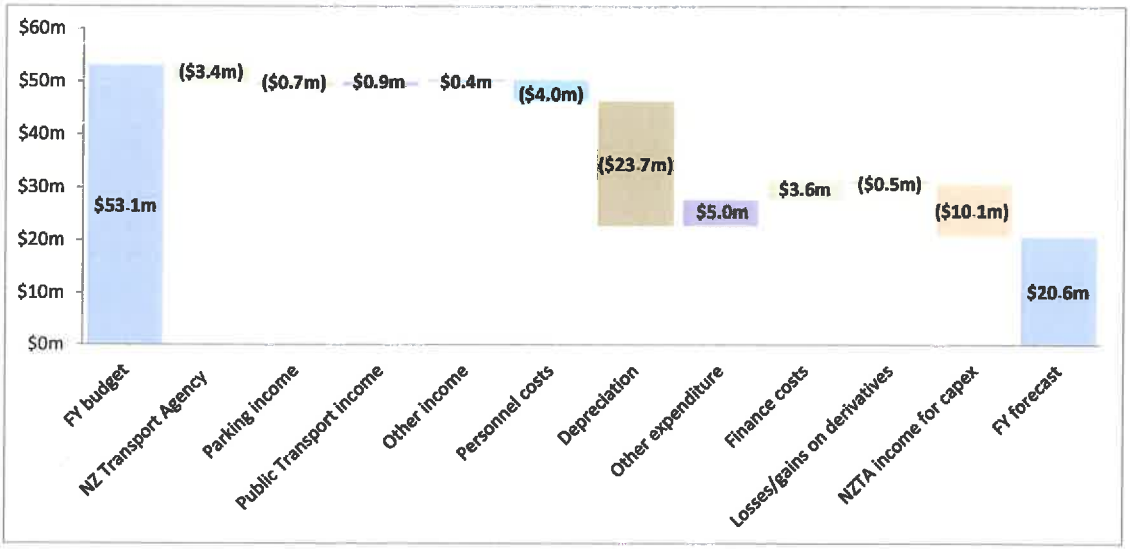


Section 2b - Net suplus/(deficit) waterfall

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 eight months ended 28 February 2014

	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									
Rail	8,733	7,663	1,070	59,303	59,898	(595)	98,959	105,077	(6,118)
Bus	7,491	7,730	(239)	60,216	60,046	170	93,062	93,188	(126)
Ferry	727	832	(105)	6,175	6,230	(55)	9,890	9,832	58
Other Public Transport	1,616	2,268	(652)	15,840	16,233	(393)	24,669	24,640	29
Parking	2,925	2,884	41	24,947	24,464	483	37,741	37,942	(201)
Enforcement	3,561	2,892	669	23,273	23,894	(621)	40,534	40,990	(456)
Roading and footpaths	3,522	4,041	(519)	30,492	31,987	(1,495)	45,532	46,034	(502)
Internal support	1,666	1,956	(290)	12,952	12,792	160	20,716	16,145	4,571
Auckland Council operating funding	19,178	19,178	-	153,425	153,425	-	230,138	230,138	-
Total operating income	49,419	49,444	(25)	386,623	388,969	(2,346)	601,241	603,986	(2,745)
Operating Expenditure									
Rail	13,086	11,219	(1,867)	86,719	87,259	540	142,695	147,095	4,400
Bus	12,767	13,043	276	101,052	101,550	498	158,979	157,836	(1,143)
Ferry	1,103	1,255	152	9,244	9,331	87	15,127	14,915	(212)
Other Public Transport	3,142	3,844	702	25,852	26,811	959	43,424	44,025	601
Parking	737	1,205	468	8,127	9,450	1,323	14,899	14,566	(333)
Enforcement	1,441	1,644	203	12,998	13,119	121	20,109	20,976	867
Roading and footpaths	8,890	10,110	1,220	72,587	75,259	2,672	115,691	115,997	306
Internal support	5,526	7,664	2,138	50,718	53,197	2,479	87,755	87,857	102
Depreciation	23,001	23,453	452	180,793	183,348	2,555	277,162	253,421	(23,741)
Total operating expenditure	69,693	73,437	3,744	548,090	559,324	11,234	875,841	856,688	(19,153)
Profit/(loss) from Operations	(20,274)	(23,993)	3,719	(161,467)	(170,355)	8,888	(274,600)	(252,702)	(21,898)

Section 2c - Rail Operations for the eight months ended 28 February 2014

	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	2,239	2,287	(48)	18,751	18,924	(173)	29,503	29,715	(212)
Other income	112	145	(33)	702	885	(183)	1,461	1,460	1
NZTA operating subsidy	5,594	4,401	1,193	34,117	34,217	(100)	57,951	62,305	(4,354)
NZTA operating subsidy - Electric Trains	788	830	(42)	5,733	5,872	(139)	10,044	11,597	(1,553)
Total operating income	8,733	7,663	1,070	59,303	59,898	(595)	98,959	105,077	(6,118)
Operating Expenditure									
Personnel costs	187	205	18	1,155	1,268	113	2,185	2,343	158
Capitalised personnel costs	1	(14)	(15)	(88)	(190)	(102)	-	-	-
Service delivery costs and professional services	10,619	7,740	(2,879)	64,008	63,141	(867)	100,788	101,554	766
Occupancy costs	317	365	48	2,731	2,934	203	4,800	4,660	(140)
Track access charges	463	1,314	851	7,971	8,743	772	15,199	15,258	59
Other expenditure	443	383	(60)	2,701	2,809	108	5,015	4,995	(20)
Finance costs (Electric Trains)	1,056	1,226	170	8,241	8,554	313	14,708	18,285	3,577
Total operating expenditure	13,086	11,219	(1,867)	86,719	87,259	540	142,695	147,095	4,400
Depreciation	3,288	4,047	759	26,145	29,019	2,874	45,208	33,897	(11,311)
Surplus/(deficit) from Operations	(7,641)	(7,603)	(38)	(53,561)	(56,380)	2,819	(88,944)	(75,915)	(13,029)
Internal support costs	1,307	1,797	490	11,895	12,675	780	20,949	21,727	778
Surplus/(deficit)	(8,948)	(9,400)	452	(65,456)	(69,055)	3,599	(109,893)	(97,642)	(12,251)

Major variance explanations:

Operating Income

Higher than forecast NZTA revenue for the month due to higher 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

Higher than forecast service delivery costs for the month due to $1.4m of rolling stock maintenance costs forecast for January that occurred in February and TansDev contract costs occurring earlier than forecast.

Favourable year to date and month track access charges due to year to date wash up of costs resulting in lower than forecast expenditure.

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

Section 2c - Bus Operations for the eight months ended 28 February 2014

	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	1,142	844	298	7,857	7,391	466	10,917	10,620	297
Other income	11	386	(375)	1,683	1,685	(2)	2,162	2,238	(76)
NZTA operating subsidy	6,338	6,500	(162)	50,676	50,970	(294)	79,983	80,330	(347)
Total operating income	7,491	7,730	(239)	60,216	60,046	170	93,062	93,188	(126)
Operating Expenditure									
Personnel costs	149	254	105	1,354	1,458	104	2,579	2,605	26
Capitalised personnel costs	36	(5)	(41)	210	93	(117)	73	-	(73)
Service delivery costs and professional services	12,468	12,622	154	98,225	98,819	594	154,436	151,861	(2,575)
Occupancy costs	63	101	38	668	687	19	1,121	2,463	1,342
Other expenditure	51	71	20	595	493	(102)	770	907	137
Total operating expenditure	12,767	13,043	276	101,052	101,550	498	158,979	157,836	(1,143)
Depreciation	125	119	(6)	958	951	(7)	1,426	658	(768)
Surplus/(deficit) from Operations	(5,401)	(5,432)	31	(41,794)	(42,455)	661	(67,343)	(65,306)	(2,037)
Internal support costs	1,403	1,928	525	12,764	13,601	837	22,479	23,314	835
Surplus/(deficit)	(6,804)	(7,360)	556	(54,558)	(56,056)	1,498	(89,822)	(88,620)	(1,202)

Major variance explanations:

Operating Income
Higher than forecast activity income for the month partly due to income received in February forecast to be received in March.

Operating Expenditure
Lower than forecast year to date service delivery costs due to delayed implementation of new services and operator compensation payments occurring later than forecast.

Section 2c - Ferry Operations for the eight months ended 28 February 2014

	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	291	284	7	2,208	2,061	147	3,059	3,075	(16)
Activity income	28	37	(9)	380	418	(38)	500	500	-
Other income	65	63	2	522	511	11	802	787	15
NZTA operating subsidy	343	448	(105)	3,065	3,240	(175)	5,529	5,470	59
Total operating income	727	832	(105)	6,175	6,230	(55)	9,890	9,832	58
Operating Expenditure									
Personnel costs	57	64	7	434	439	5	853	781	(72)
Capitalised personnel costs	-	-	-	(71)	(51)	20	-	(22)	(22)
Service delivery costs and professional services	829	967	138	7,093	7,200	107	11,582	10,940	(642)
Other expenditure	217	224	7	1,788	1,743	(45)	2,692	3,216	524
Total operating expenditure	1,103	1,255	152	9,244	9,331	87	15,127	14,915	(212)
Depreciation	177	174	(3)	1,400	1,391	(9)	2,087	2,074	(13)
Surplus/(deficit) from Operations	(553)	(597)	44	(4,469)	(4,492)	23	(7,324)	(7,157)	(167)
Internal support costs	133	182	49	1,206	1,285	79	2,124	2,203	79
Surplus/(deficit)	(686)	(779)	93	(5,675)	(5,777)	102	(9,448)	(9,360)	(88)

Section 2c - Other Public Transport Operations for the eight months ended 28 February 2014

	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	648	433	215	2,408	1,973	435	3,843	2,984	859
NZTA operating subsidy	968	1,835	(867)	13,432	14,260	(828)	20,826	21,656	(830)
Total operating income	1,616	2,268	(652)	15,840	16,233	(393)	24,669	24,640	29
Operating Expenditure									
Personnel costs	1,056	1,313	257	8,888	9,232	344	14,887	14,838	(49)
Capitalised personnel costs	(86)	(26)	60	(431)	(584)	(153)	(331)	(636)	(305)
Service delivery costs and professional services	1,374	1,662	288	10,765	11,919	1,154	18,727	23,618	4,891
IT costs	130	119	(11)	1,260	1,295	35	1,778	1,635	(143)
Other expenditure	668	776	108	5,370	4,949	(421)	8,363	4,570	(3,793)
Total operating expenditure	3,142	3,844	702	25,852	26,811	959	43,424	44,025	601
Depreciation	746	772	26	6,069	6,174	105	9,261	8,698	(563)
Surplus/(deficit) from Operations	(2,272)	(2,348)	76	(16,081)	(16,752)	671	(28,016)	(28,083)	67
Internal support costs	391	538	147	3,560	3,794	234	6,270	6,503	233
Surplus/(deficit)	(2,663)	(2,886)	223	(19,641)	(20,546)	905	(34,286)	(34,586)	300

Major variance explanations:

Operating Income

NZTA subsidy for the year to date and month is lower than forecast due to NZTA funding limited being reached. AT is currently working with NZTA to get a reallocation of NZTA funding within Public Transport activity approved.

Operating Expenditure

Year to date favourable variance partly due to delayed service delivery costs, and partly due to costs forecast under service delivery related to other expenditure.

Section 2c - Parking Operations for the eight months ended 28 February 2014

	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	78	72	6	597	590	7	879	771	108
Parking fees	2,847	2,812	35	24,350	23,874	476	36,862	37,171	(309)
Total operating income	2,925	2,884	41	24,947	24,464	483	37,741	37,942	(201)
Operating Expenditure									
Personnel costs	259	251	(8)	2,054	2,080	26	3,292	1,870	(1,422)
Capitalised personnel costs	9	(17)	(26)	(90)	(106)	(16)	(174)	(202)	(28)
Service delivery costs and professional services	137	337	200	1,773	2,244	471	3,630	4,315	685
Occupancy costs	296	520	224	3,843	4,244	401	6,329	6,518	189
(Profit)/loss on disposal of assets	-	-	-	52	52	-	52	-	
Other expenditure	36	114	78	495	936	441	1,770	2,065	295
Total operating expenditure	737	1,205	468	8,127	9,450	1,323	14,899	14,566	(281)
Depreciation	588	589	1	4,706	4,718	12	7,075	6,442	(633)
Surplus/(deficit) from Operations	1,600	1,090	510	12,114	10,296	1,818	15,767	16,934	(1,115)
Internal support costs	129	178	49	1,178	1,255	77	2,074	2,152	78
Surplus/(deficit)	1,471	912	559	10,936	9,041	1,895	13,693	14,782	(1,037)

Major variance explanations:

Operating Income

Year to date parking is favourable due to higher occupancy rates than forecast.

Operating Expenditure

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

Service delivery costs are favourable year to date and for the month due to delayed maintenance costs.
Favourable occupancy costs include lower than forecast Auckland Council rates.
Other expenditure is favourable year to date due to the forecast including an increase in lease costs that has not occurred.

Section 2c - Enforcement Operations for the eight months ended 28 February 2014

	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	3,561	2,892	669	23,273	23,894	(621)	40,534	40,990	(456)
Total operating income	3,561	2,892	669	23,273	23,894	(621)	40,534	40,990	(456)
Operating Expenditure									
Personnel costs	801	849	48	7,052	7,061	9	10,894	11,906	1,012
Capitalised personnel costs	(3)	-	3	53	23	(30)	23	-	(23)
Service delivery costs and professional services	159	146	(13)	1,159	1,069	(90)	1,648	1,607	(41)
Other expenditure	484	649	165	4,734	4,966	232	7,544	7,463	(81)
Total operating expenditure	1,441	1,644	203	12,998	13,119	121	20,109	20,976	867
Depreciation	40	20	(20)	199	163	(36)	245	1,091	846
Surplus/(deficit) from Operations	2,080	1,228	852	10,076	10,612	(536)	20,180	18,923	1,257
Internal support costs	186	256	70	1,696	1,808	112	2,987	3,098	111
Surplus/(deficit)	1,894	972	922	8,380	8,804	(424)	17,193	15,825	1,368

Major variance explanations:

Operating Income

Year to date infringement income is unfavourable to forecast due to lower than forecast legacy court receipts received. Infringement income for the month is favourable due to an increase in the Baycorp provision percentage.

Operating Expenditure

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 eight months ended 28 February 2014

	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	723	723	-	5,695	5,692	3	8,585	8,677	(92)
Other income	153	255	(102)	2,460	2,253	207	3,283	2,795	488
NZTA operating subsidy	2,646	3,063	(417)	22,337	24,042	(1,705)	33,664	34,562	(898)
Total operating income	3,522	4,041	(519)	30,492	31,987	(1,495)	45,532	46,034	(502)
Operating Expenditure									
Personnel costs	1,311	1,499	188	11,134	11,219	85	17,821	17,154	(667)
Capitalised personnel costs	(446)	(365)	81	(3,015)	(3,600)	(585)	(5,550)	(5,459)	91
Service delivery costs and professional services	6,936	7,516	580	51,979	54,958	2,979	83,562	84,300	738
Occupancy costs	1,345	1,019	(326)	9,960	9,201	(759)	14,557	15,347	790
IT costs	5	112	107	120	336	216	832	2,249	1,417
(Profit)/loss on disposal of assets	-	-	-	(364)	-	364	-	-	-
Other expenditure	(261)	329	590	2,773	3,145	372	4,469	2,406	(2,063)
Total operating expenditure	8,890	10,110	1,220	72,587	75,259	2,672	115,691	115,997	306
Depreciation	17,317	17,143	(174)	137,351	136,923	(428)	205,495	196,142	(9,353)
Surplus/(deficit) from Operations	(22,685)	(23,212)	527	(179,446)	(180,195)	749	(275,654)	(266,105)	(9,549)
Internal support costs	1,031	1,417	386	9,380	9,996	616	16,520	17,134	614
Surplus/(deficit)	(23,716)	(24,629)	913	(188,826)	(190,191)	1,365	(292,174)	(283,239)	(8,935)

Operating Income

Lower than forecast year to date NZTA revenue due to lower than forecast expenditure.

Operating Expenditure

Favourable year to date expenditure due to delayed Road Corridor Maintenance contractor costs.

Increased year to date and month occupancy costs due to higher than forecast street lighting costs as Auckland Council and NZTA have transferred street lights to Auckland Transport.

Year to date gain on disposal of assets relates to release of revaluation reserve on transfer of property assets to Auckland Council.

Section 2c - Internal support for the eight months ended 28 February 2014

	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	981	991	(10)	6,259	6,909	(650)	12,167	12,149	18
NZTA operating subsidy	685	965	(280)	6,693	5,883	810	8,549	3,996	4,553
Total operating income	1,666	1,956	(290)	12,952	12,792	160	20,716	16,145	4,571
Operating Expenditure									
Personnel costs	4,665	5,081	416	37,654	38,507	853	60,885	56,973	(3,912)
Capitalised personnel costs	(2,067)	(1,450)	617	(15,169)	(13,656)	1,513	(19,286)	(18,036)	1,250
Directors Fees	42	33	(9)	317	283	(34)	416	399	(17)
Service delivery costs and professional services	1,344	2,279	935	13,665	15,386	1,721	26,251	21,062	(5,189)
Other expenditure	1,542	1,721	179	14,251	12,677	(1,574)	19,489	27,459	7,970
Total operating expenditure	5,526	7,664	2,138	50,718	53,197	2,479	87,755	87,857	102
Depreciation	720	589	(131)	3,965	4,009	44	6,365	4,419	(1,946)
Taxation	-	-	-	(52)	-	52	-	-	-
Surplus/(deficit) before allocation of costs	(4,580)	(6,297)	1,717	(41,679)	(44,414)	2,735	(73,404)	(76,131)	2,727
Internal support costs	(4,580)	(6,297)	(1,717)	(41,679)	(44,414)	(2,735)	(73,404)	(76,131)	(2,727)
Total internal support allocation	(4,580)	(6,297)	(1,717)	(41,679)	(44,414)	(2,735)	(73,404)	(76,131)	(2,727)
Surplus/(deficit)	-	-	-	-	-	-	-	-	-

Operating Income

Unfavourable year to date other income partly due to lower than forecast rental income from residential and commercial properties.

Year to date favourable NZTA subsidy includes $0.7m of NZTA administration subsidy.

Operating Expenditure

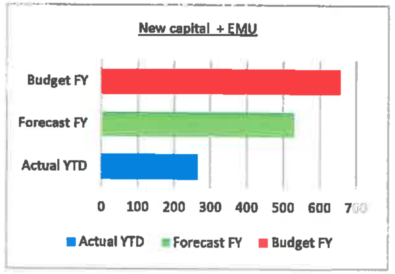
Year to date operating expenditure is $2.5m favourable due to lower than forecast personnel costs of $0.9m due to staff vacancies and higher than forecast capitalised personnel costs $1.5m.

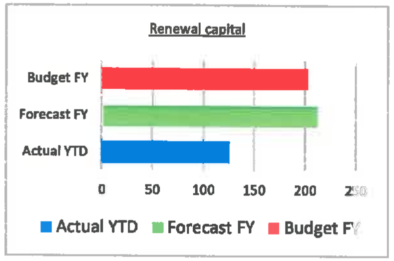
Service delivery costs for year to date and month are due to delayed projects costs.

Section 3a - Summary of Capital Expenditure for the eight months ended 28 February 2014

Split by activity

	Note	Current month Actual $000	Current month Forecast $000	Current month Variance $000	Year to date Actual $000	Year to date Forecast $000	Year to date Variance $000	Results Achieved	Full year Forecast $000	Full year Budget $000	Full year Variance $000
New capital expenditure											
Roads and footpaths	1	14,732	26,138	11,406	127,031	141,109	14,078		224,891	231,216	6,325
Public transport	2	10,191	9,464	(727)	55,521	62,236	6,715		127,540	256,838	129,298
Parking operations	3	53	254	201	239	506	267		6,328	8,299	1,971
Internal support		1,237	2,601	1,364	9,422	9,698	276		22,347	6,057	(16,290)
Total new capital		**26,213**	**38,457**	**12,244**	**192,213**	**213,549**	**21,336**		**381,106**	**502,410**	**121,304**
Renewal capital expenditure											
Roads and footpaths	4	21,115	23,460	2,345	117,639	119,154	1,515		196,668	188,200	(8,468)
Public transport	5	350	1,645	1,295	7,750	9,516	1,766		13,103	12,722	(381)
Parking operations	6	129	430	301	772	977	205		2,159	2,121	(38)
Internal support		-	-	-	-	-	-		-	-	-
Total renewal		**21,594**	**25,535**	**3,941**	**126,161**	**129,647**	**3,486**		**211,930**	**203,043**	**(8,887)**
Electric multiple units (EMUs)											
Procurement		14,468	15,376	908	65,945	76,151	10,206		135,514	135,589	75
Depot		(356)	-	356	6,563	5,607	(956)		13,208	18,429	5,221
Total EMUs	7	**14,112**	**15,376**	**1,264**	**72,508**	**81,758**	**9,250**		**148,722**	**154,018**	**5,296**
Total direct capital		**61,919**	**79,368**	**17,449**	**390,882**	**424,954**	**34,072**		**741,758**	**859,471**	**117,713**
Vested assets	8	22,038	-	(22,038)	55,569	-	(55,569)		-	-	-
Total capital		**83,957**	**79,368**	**(4,589)**	**446,451**	**424,954**	**(21,497)**		**741,758**	**859,471**	**117,713**





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

Notes: (Year to date)

1. **New - Road and footpaths:** $14.1m underspend is mainly due to AMETI ($7.0m, timing of property acquisitions) and Local Board initiatives ($4.6m, slow progress on Local Board initiatives programme).
2. **New - Public transport:** $6.7m underspend is mainly coming from New Lynn Rail Station Electronic Gates ($1.1m); PT On Street Information Project ($1.1m); Platform Extensions ($0.8m); Distributed Stabling ($0.4m); and Manukau Double Tracking ($0.3m).
3. **New - Parking : $0.3m** underspend mainly due to a disputed final invoice for car park equipment.
4. **Renewal - Roads and footpaths:** $1.5m underspend is mainly from lower spend on pavement rehabilitation and footpath and cycleways renewals.
5. **Renewal - Public transport:** $1.8m underspend is mainly from Rolling Stock renewals ($1.1m).
6. **Renewal -Parking:** $0.2m underspend is mainly due to deferral of renewal of Parking Officer's hand held devices until new technology for Pay and Displays has been chosen.
7. **EMU:** $9.3m underspend is largely driven by changes agreed to the timing and delivery of EMUs.
8. **Vested assets:** $27.5m land under roads, $27.8m infrastructure assets and $0.2m street trees and gardens.

Section 3b - Summary of Capital Expenditure for the eight months ended 28 February 2014

Split by category

	Note	Current month Actual $000	Current month Forecast $000	Current month Variance $000	Year to date Actual $000	Year to date Forecast $000	Year to date Variance $000	Results Achieved	Full year Forecast $000	Full year Budget $000	Full year Variance $000
Core capital expenditure											
New capital											
Capital land acquisition	1	2,027	7,628	5,601	23,855	32,970	9,115		55,559	43,789	(11,770)
Public transport		2,858	5,702	2,844	28,951	36,472	7,521		74,229	84,462	10,233
Roads and footpaths		12,299	16,251	3,952	100,309	100,978	669		157,882	171,527	13,645
Parking operations		53	254	201	239	506	267		6,328	8,299	1,971
Internal support		1,198	2,433	1,235	9,167	9,255	88		20,264	4,711	(15,553)
Total new capital core expenditure		**18,435**	**32,268**	**13,833**	**162,521**	**180,181**	**17,660**		**314,262**	**312,788**	**(1,474)**
Renewal											
Public transport		350	1,645	1,295	7,750	9,516	1,766		13,103	12,722	(381)
Roads and footpaths		21,115	23,460	2,345	117,639	119,154	1,515		194,165	185,697	(8,468)
Parking operations		129	430	301	772	977	205		2,159	2,121	(38)
Total renewal core expenditure		**21,594**	**25,535**	**3,941**	**126,161**	**129,647**	**3,486**		**209,427**	**200,540**	**(8,887)**
Total core capital expenditure		**40,029**	**57,803**	**17,774**	**288,682**	**309,828**	**21,146**		**523,689**	**513,328**	**(10,361)**
Ring fenced capital expenditure											
City Rail Link- others		1,571	1,155	(416)	10,574	9,753	(821)		17,342	30,163	12,821
City Rail Link- land		5,748	2,558	(3,190)	15,551	15,523	(28)		34,911	137,214	102,303
EMU depot		(356)	-	356	6,563	5,607	(956)		13,208	18,429	5,221
EMU procurement		14,468	15,376	908	65,945	76,151	10,206		135,514	135,589	75
Local Board initiatives		434	2,431	1,997	3,079	7,637	4,558		13,136	15,900	2,764
Others		25	45	20	488	455	(33)		3,958	8,848	4,890
Total ring fenced capital expenditure		**21,890**	**21,565**	**(325)**	**102,200**	**115,126**	**12,926**		**218,069**	**346,143**	**128,074**
Total direct capital excluding vested assets		**61,919**	**79,368**	**17,449**	**390,882**	**424,954**	**34,072**		**741,758**	**859,471**	**117,713**
Vested assets		**22,038**	**-**	**(22,038)**	**55,569**	**-**	**(55,569)**		**-**	**-**	**-**
Total capital		**83,957**	**79,368**	**(4,589)**	**446,451**	**424,954**	**(21,497)**		**741,758**	**859,471**	**117,713**

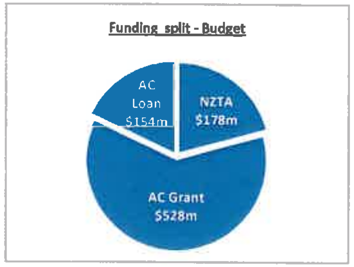
: Largely on track
: Some issues or risks
: Project issues or risks

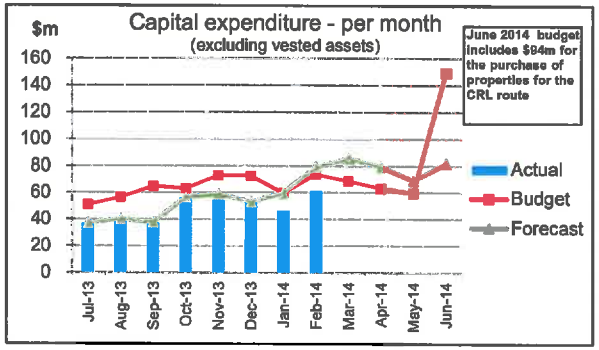
Note

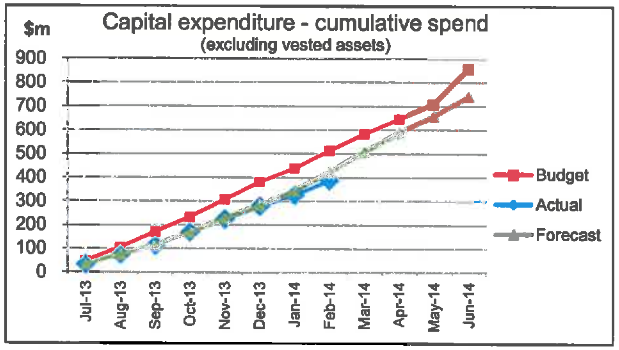
1. Capital land acquisition can be related to either roads and footpaths, public transport, parking operations, or internal support activity.

Section 3c- Capital Expenditure Funding for the eight months ended 28 February 2014

	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
Funding									
NZTA - new capital	2,902	11,357	(8,455)	49,958	56,679	(6,721)	91,558	111,621	(20,063)
NZTA - renewal capital	10,291	10,695	(404)	61,829	57,135	4,694	75,967	66,019	9,948
Other grants and subsidies	-	-	-	-	-	-	-	-	-
Auckland Council funding (Non EMU)	34,614	41,940	(7,326)	206,587	229,382	(22,795)	425,511	527,813	(102,302)
Auckland Council loan (EMU)	14,112	15,376	(1,264)	72,508	81,758	(9,250)	148,722	154,018	(5,296)
Vested assets	22,038	-	22,038	55,569	-	55,569	-	-	-
Total funding	**83,957**	**79,368**	**4,589**	**446,451**	**424,954**	**21,497**	**741,758**	**859,471**	**(117,713)**







Section 4a - Statement of Financial Position
As at 28 February 2014

	Note	Actual 28 February 2014 $000	Actual 31 January 2014 $000
Assets			
Current assets			
Cash and cash equivalents	1	80,387	64,809
Trade and other receivables	2	123,695	124,577
Inventories		4,367	4,417
Other assets		6,664	10,037
Total current assets		215,113	203,840
Non-current assets			
Property, plant and equipment - assets		14,069,670	14,051,175
Property, plant and equipment - work-in-progress		681,815	648,634
Intangible assets		88,259	88,490
Amounts due from related parties		46,000	46,000
Total non-current assets		14,885,744	14,834,299
Total assets		15,100,857	15,038,139
Liabilities			
Current liabilities			
Derivative financial instruments	3	28,269	20,897
Trade and other payables	4	156,291	129,595
Employee benefit liabilities	5	9,850	9,595
Borrowings	6	1,884	1,766
Total current liabilities		196,294	161,853
Non-current liabilities			
Derivative financial instruments	3	15,066	12,843
Employee benefit liabilities	5	851	851
Borrowings	6	274,352	261,594
Deferred tax liability	7	9,121	9,121
Total non-current liabilities		299,390	284,409
Total liabilities		495,684	446,262
Net assets		**14,605,173**	**14,591,877**
Equity			
Contributed equity		13,081,136	13,083,752
Retained earnings/(losses)		418,317	395,169
Reserves		1,105,720	1,112,956
Total equity		**14,605,173**	**14,591,877**

Section 4b - Notes to the Financial Statements
As at 28 February 2014

	Actual 28 February 2014 $000	Actual 31 January 2014 $000

1 Cash and cash equivalents

	Actual 28 February 2014 $000	Actual 31 January 2014 $000
Cash at bank - Trading	19,262	14,942
Till floats	282	275
Cash investment with Auckland Council	60,843	49,592
Total cash and cash equivalents	**80,387**	**64,809**

The carrying value of cash and cash equivalents approximates their fair value.

2 Trade and other receivables

	Actual 28 February 2014 $000	Actual 31 January 2014 $000
Trade debtors	5,811	4,595
Finance lease receivable	115	54
Infringements receivable	17,983	16,290
Amounts due from related parties	69,111	68,423
Accrued income	31,714	34,488
Goods and services tax	1,227	2,993
	125,961	**126,843**
Less provision for impairment of receivables	(2,266)	(2,266)
Total trade and other receivables	**123,695**	**124,577**

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 28 February 2014 is detailed below:

	Gross $000	Impaired $000	Net $000
Not past due	104,626	-	104,626
Past due 1 - 30 days	1,772	-	1,772
Past due 31 - 60 days	1,757	-	1,757
Past due 61 - 90 days	1,413	-	1,413
Past due > 90 days	16,393	(2,266)	14,127
	125,961	**(2,266)**	**123,695**

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	515
Provisions reversed	(3)
Receivables written-off	-
At 28 February 2014	2,266

	Actual 28 February 2014 $000	Actual 31 January 2014 $000

3 Derivative financial instruments

	Actual 28 February 2014 $000	Actual 31 January 2014 $000
Current liability portion		
Forward foreign exchange contracts - cash flow hedges	28,269	20,897
Forward foreign exchange contracts - not hedge accounted	-	-
Current derivative financial instruments	**28,269**	**20,897**
Non-current liability portion		
Interest rate swaps - cash flow hedges	2,780	421
Forward foreign exchange contracts - cash flow hedges	12,286	12,422
Non-current derivative financial instruments	**15,066**	**12,843**
Total derivative financial instrument liabilities	**43,335**	**33,740**

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 $303m. The foreign currency principal amount was USD $214m. These cash flow hedges have been accounted for as effective and the loss of $22m 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 $300m. At 28 February 2014 the fixed interest rates of cash flow hedge interest rate swaps varied from 5.13% to 5.41%. The gain on their revaluation of $8.7m has been recorded in the Statement of Financial Performance.

4 Trade and other payables

	Actual 28 February 2014 $000	Actual 31 January 2014 $000
Creditors	24,871	18,031
Accrued expenses	107,504	89,708
Retentions	6,309	6,259
Amounts due to related parties	16,409	14,231
Income in advance	1,198	1,366
	156,291	**129,595**

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.

	Actual 28 February 2014 $000	Actual 31 January 2014 $000

5 Employee benefit liabilities

	Actual 28 February 2014 $000	Actual 31 January 2014 $000
Current portion		
Accrued salaries and wages	3,914	3,764
Accrued leave	5,936	5,831
Current employee benefit liabilities	**9,850**	**9,595**
Non-current portion		
Retirement gratuities	383	383
Long service leave	468	468
Non-current employee benefit liabilities	**851**	**851**

6 Borrowings

	Actual 28 February 2014 $000	Actual 31 January 2014 $000
Current portion		
Loans from Auckland Council	1,716	1,598
Finance Leases	168	168
Current borrowings	**1,884**	**1,766**
Non-current portion		
Loans from Auckland Council	273,999	261,227
Finance Leases	353	367
Non-current borrowings	**274,352**	**261,594**
Weighted average cost of funds on total borrowings	5.55%	5.53%

Auckland Transport's loan debt of $276m 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

Deferred tax liability	**Property, plant and equipment $000**	**Other provisions $000**	**Tax losses $000**	**Actual 28 February 2014 Total $000**
Balance at 1 July 2013	(9,173)	-	-	(9,173)
Charged to profit and loss	52	-	-	52
Charged to equity	-	-	-	-
Balance at 28 February 2014	**(9,121)**	-	-	**(9,121)**

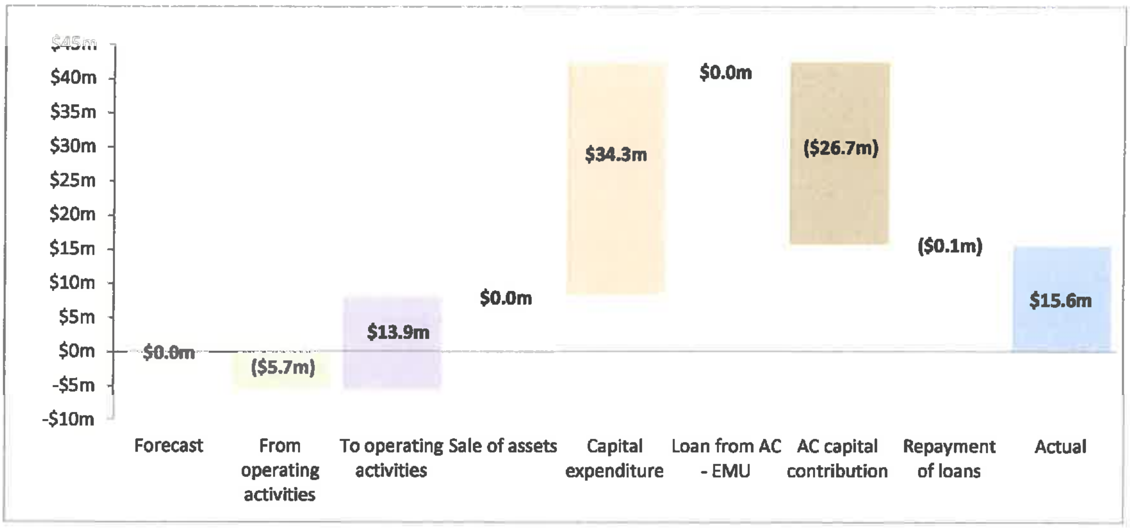
Section 5a - Cash Flow Rolling Forecast as at 28 February 2014

	Current month		Forecast rolling 3 months		
	Actual	Forecast	Forecast Mar 2014	Forecast Apr 2014	Forecast May 2014
	$000	$000	$000	$000	$000
Cash flows from operating activities					
Total cash provided	76,458	82,174	80,916	81,005	77,083
Cash applied to:					
Payments to suppliers, employees and directors	34,591	48,218	50,498	50,587	49,998
Interest paid	968	1,226	1,437	1,437	1,460
Goods and services tax (net)		-	-	-	-
Total cash applied	**35,559**	**49,444**	**51,935**	**52,024**	**51,458**
Net cash from operating activities	**40,899**	**32,730**	**28,982**	**28,981**	**25,625**
Cash flows from investing activities					
Cash provided from:					
Sale of property, plant and equipment	-	-	-	-	-
Total cash provided	-	-	-	-	-
Cash applied to:					
Capital expenditure projects	45,093	79,368	85,850	79,802	69,294
Total cash applied	**45,093**	**79,368**	**85,850**	**79,802**	**69,294**
Net cash from investing activities	**(45,093)**	**(79,368)**	**(85,850)**	**(79,802)**	**(69,294)**
Cash flows from financing activities					
Cash provided from:					
Loan from Auckland Council - EMU	13,000	13,000	16,000	20,000	11,000
Capital contribution from Auckland Council	6,895	33,638	40,868	30,821	32,669
Total cash provided	**19,895**	**46,638**	**56,868**	**50,821**	**43,669**
Cash applied to:					
Repayments of EMU loan from Auckland Council	110	-	-	-	-
Repayments of finance lease principal	13	-	-	-	-
Total cash provided	123	-	-	-	-
Net cash from financing activities	**19,772**	**46,638**	**56,868**	**50,821**	**43,669**
Net (decrease)/increase in cash and cash equivalents	**15,578**	-	**0**	-	-
Opening cash balance	64,809	-	-	-	-
Closing cash balance	**80,387**	-	**0**	-	-

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities	**Current month**
	$000
Surplus/(deficit) after tax	**23,146**
Add/(less) non cash items	
Depreciation and amortisation	23,001
Vested assets	(22,039)
Loss on disposal of property, plant and equipment	-
Loss on asset write off	-
Revaluation decrement	-
Foreign exchange gains	-
Loss on interest rate swaps	2,359
Income tax	-
	3,321
Add/(less) movements in working capital	
Decrease/(Increase) in debtors and other receivables	(1,280)
Decrease/(Increase) in inventories	50
(Decrease)/Increase in creditors and other payables	11,051
(Decrease)/Increase in employee benefits payable	255
(Decrease)/Increase in investment funding from AC	4,356
	14,432
Net cash flow from operating activities	**40,899**

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 28 February has 96.9% (95.6% January) of adjusted Debtors in 30 and 60 days.

Debtors Ageing Analysis as at 28 February 2014

Description	Ave Days	Total O/s	30 Days	60 Days	90 Days	120 Days	120+ Days	Notes
Debtors Ageing 28 Feb	**119**	**6,304,178**	**2,984,674**	**202,322**	**654,291**	**44,377**	**2,418,513**	
		100.0%	47.3%	3.2%	10.4%	0.7%	38.4%	
O/s Related Parties	57	493,149	319,854	58,076	11,410	1,052	102,757	1
Trade Debtors	**119**	**5,811,028**	**2,664,820**	**144,246**	**642,881**	**43,325**	**2,315,756**	
		100.0%	45.9%	2.5%	11.1%	0.7%	39.9%	
Queried Invoices	245	288,181	9,019	58,258	2,193	15,765	202,946	2
Cell Sites - Property	456	2,648,664	3,224	41,525	632,390	5,689	1,965,836	3
To Baycorp (Collection)	480	29,512	0	255	255	485	28,517	4
Payment Arrangement	2	936	936	0	0	0	0	5
Lodged Courts (Damages)	152	122,452	57,643	1,735	6,662	14,155	42,256	6
Adjusted Debtors	**N/a**	**2,721,283**	**2,593,998**	**42,473**	**1,381**	**7,231**	**76,201**	
		100.0%	95.3%	1.6%	0.1%	0.3%	2.8%	

1 - Relates to amounts owed by related parties (inter-company).

2 - This comprises invoices which have been queried or disputed by customers. The debtors and the relevant Departments are engaged in an effort to resolve these queries. A matter under query of $152k has been resolved and the Debtor will pay an agreed portion to AT with the balance to be written off. This will take place in March and will be reflected in the March report. An amount of $110k outstanding from a group of apartments with increased parking charges under dispute are with the Property Department who have demanded payment by 7 March. The Debtors have sought legal opinion on the matter. An amount of $91k was provided as doubtful in December in respect of these matters.

3 - The outstanding amount relates to ongoing cell sites dispute. Following the rejection of an offer by one of the Telco's late last year, a meeting has been held with Simpson Grierson to discuss the merits of the case, but we are unable to report back on the outcome of the meeting at this point. An amount of $1.9m was provided as doubtful as at December in respect of these matters.

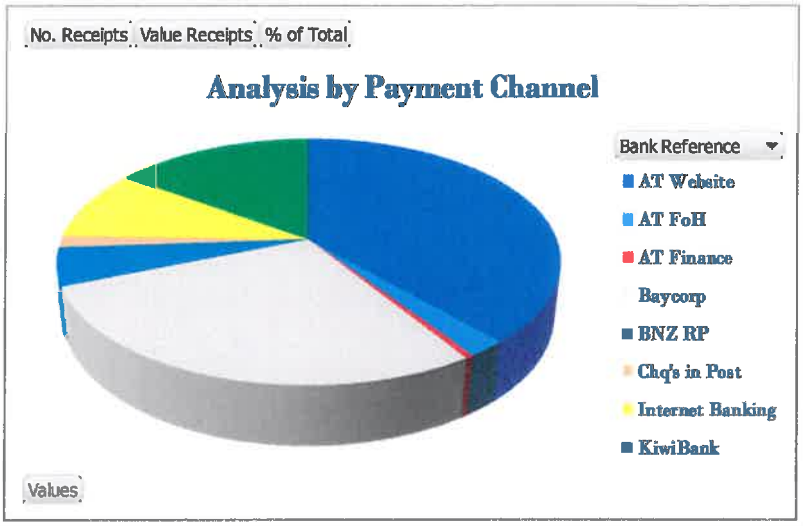
4 - This section comprises accounts lodged with Baycorp for collection. Some of these outstanding amounts may be written off in the future. All amounts written off are approved by the CFO in compliance with accepted policy.

5 - Slow payers with payment arrangements. These Debtors are being monitored to ensure that arrangement terms are met.

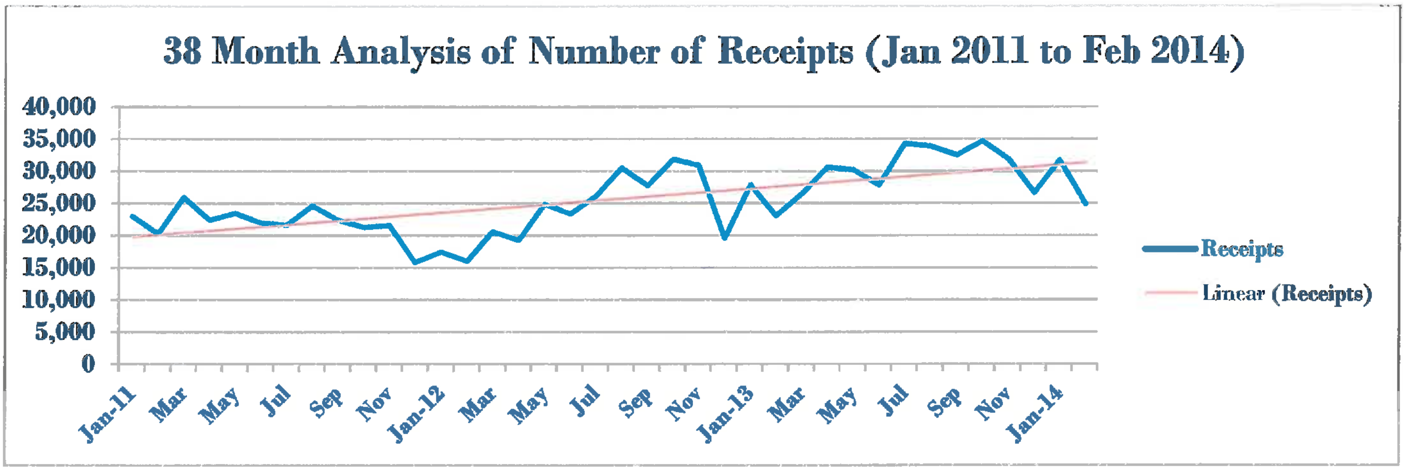
6 - Lodged at Court relates to matters where AT is recovering damages from road accidents investigated by the Police. Many of the matters are being paid off at a nominal amount per week as instructed by the Courts.

Infringement Overview

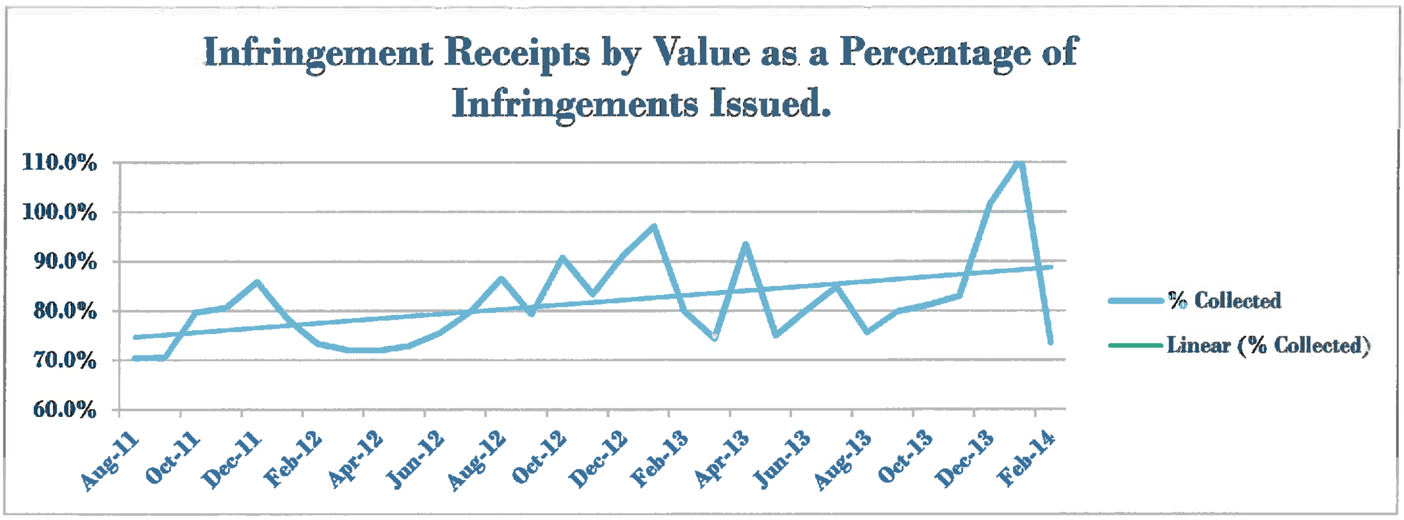
Row Labels	No. Receipts	Value Receipts	% of Total
AT Website	9,547	$475,706	34.1%
AT FoH	543	$51,352	3.7%
AT Finance	105	$4,177	0.3%
Baycorp	6,969	$434,518	31.1%
BNZ RP	1,245	$65,943	4.7%
Chq's in Post	379	$36,551	2.6%
Internet Banking	2,322	$134,537	9.6%
KiwiBank	3,773	$192,583	13.8%
Grand Total	**24,883**	**$1,395,367**	**100.0%**



February's Infringement receipts by volume are 21% down on January (19 working days in both months). The main reason for this drop is due to the fact that there are historically very low numbers of Infringements issued in December and the due date for payment of these Infringements falls in February. This can also be seen by Baycorp's collections overall which increased by 4% in February as they are over 63 days and not affected by the number issued.



The graph above includes all receipts through AT and Baycorp. The trend line clearly shows improved collection rates over the 3 year period.



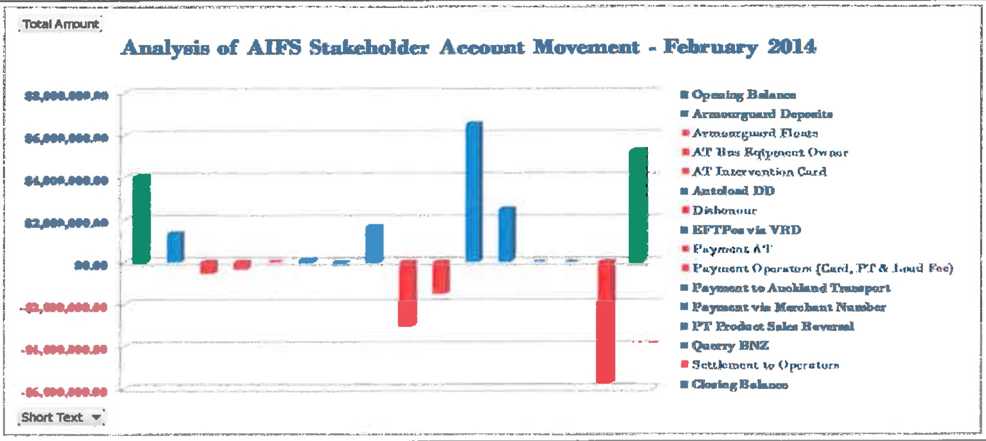
Section 7 - AIFS Stakeholder Monthly Report (Does not form part of AT results)

The analysis of the AIFS Stakeholder account below for February shows an increase in funds held of 29% following an increase of 41% in the bank balance in January. This appears to be as a result of increased activity following the addition of a number of buses in February.

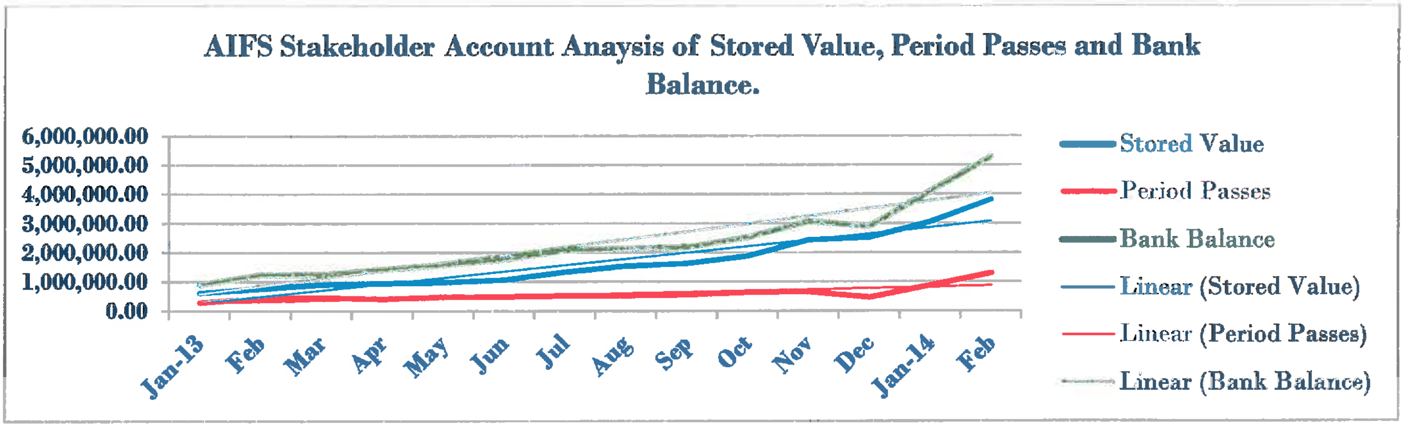
Analysis of AIFS Stakeholder Account Movement - February 2014

Row Labels	Total Amount
Opening Balance	$4,089,503.11
Armourguard Deposits	$1,360,103.60
Armourguard Floats	-$544,023.60
AT Bus Eqipment Owner	-$336,449.00
AT Intervention Card	-$6,291.00
Autoload DD	$125,649.90
Dishonour	-$4,864.00
EFTPos via VRD	$1,691,804.13
Payment AT	-$2,986,603.64
Payment Operators (Card, PT & Load Fee)	-$1,492,121.54
Payment to Auckland Transport	$6,540,839.46
Payment via Merchant Number	$2,517,295.33
PT Product Sales Reversal	$2,723.70
Querry BNZ	$15,564.87
Settlement to Operators	-$5,705,348.36
Closing Balance	$5,267,782.96

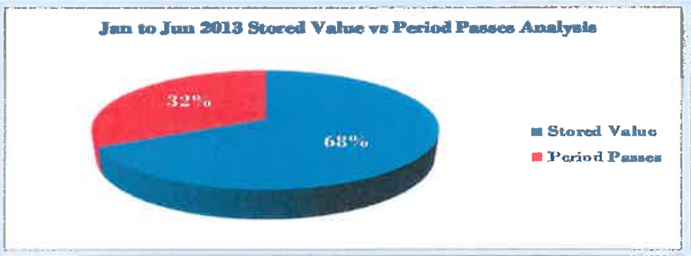
Opening Balance ------->	$4,089,503.11
Closing Balance ------->	$5,267,782.96
Nett Movement --------->	$1,178,279.85

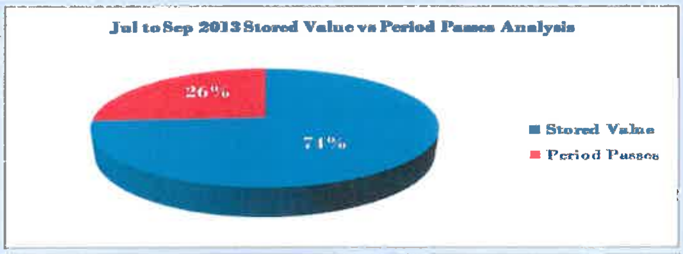


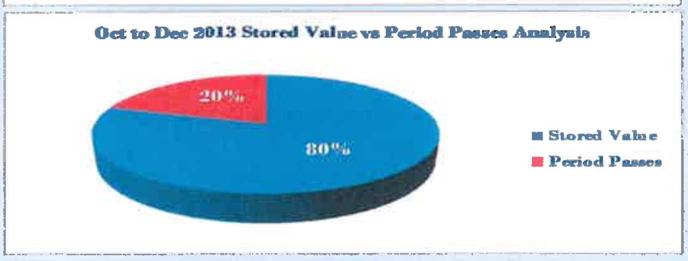
The following graph provides an overview of monthly balances for Stored Value, Period Passes and the AIFS Stakeholder account together with trend lines. The Stakeholder account increased substantially in February while Stored Value and Period Passes showed increases of 24.8% and 48.7% respectively.

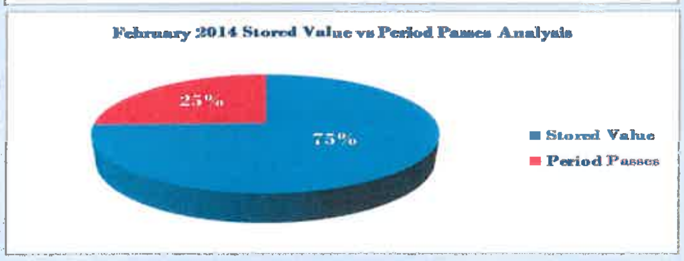


The pie graphs below illustrate the split between stored value and period passes. There has been a significant change in the analysis for January and February compared with 2013. Period Passes have for a second month running increased in overall percentage to now be 25% of the bank balance. This is as a result of Howick Eastern, Bayes and Ritchies going live in February.









Recommendation

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

Document ownership

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