

Financial Results for the Five Months Ended 30 November 2011

Introduction

This report summarises for Auckland Transport:

- the financial results for the five months ended 30 November 2011,
- update on the quarter one forecast results for the twelve months ended 30 June 2012.

Abbreviations used in this report

Please note that the following abbreviations are used in this report:

YTD = Year to date

FY = 12 month financial period, from 1 July 2011 to 30 June 2012

\$m = Millions of dollars

Plan = Approved budget for the 12 month period 1 July 2011 to 30 June 2012









Forecast = The forecast financial results following Auckland Transport review of the budgets established in the plan

YTD Variance = This is comparison of actual results compared to YTD plan.

Net operating result = Operating income less expenditure

Net Surplus (Deficit) = Net operating result plus income for capital projects

Key to symbols used:

	: Within tolerable range
	: Below budget, unfavourable variance.
	: Below budget, favourable variance.
	: Above budget, unfavourable variance.
	: Above budget, favourable variance.
	: Achieved budget or better
	: Monitoring, some action taken
	: Action required

Executive Summary

YTD results to 30 November 2011:

	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 Plan \$m
Total operating income	(1.6)	(4.2)	↓ ●	228.7	233.0	572.2	569.8
Total operating expenditure	4.2	5.1	↓ ●	311.6	316.7	786.7	792.8
Profit/(loss) from operations	2.6	0.9	↑ ●	(82.8)	(83.7)	(214.5)	(223.0)
Income for capital projects	(3.3)	(6.8)	↓ ●	59.3	66.2	198.8	205.8
Net surplus/(deficit)	(0.7)	(5.9)	↓ ●	(23.5)	(17.6)	(15.7)	(17.1)
Capital expenditure	16.1	28.7	↓ ●	180.1	208.9	586.3	546.2

Total operating income YTD is below forecast by \$4.2m.

This is due to:

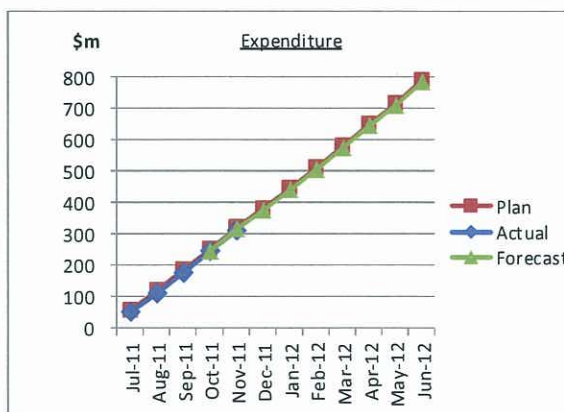
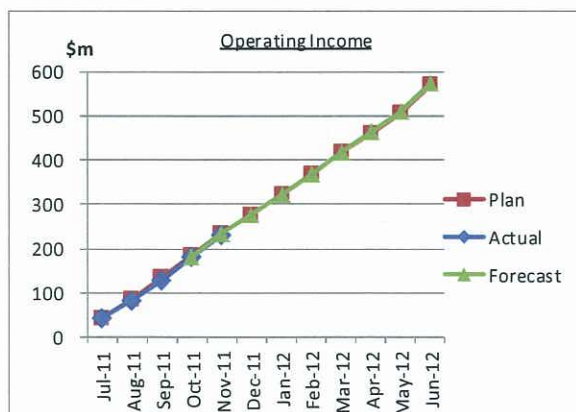
- NZTA operational funding of \$3.9m below forecast and is being reviewed.
- Parking and enforcement income of \$1.8m below forecast.

This has been offset by:

- Public transport income of \$0.5m above forecast mainly due to higher public transport patronage during the Rugby World Cup.
- Other income of \$0.9m above forecast due to unbudgeted commercial property rental and from backdated claims for Wynyard Quarter road widening land rental.

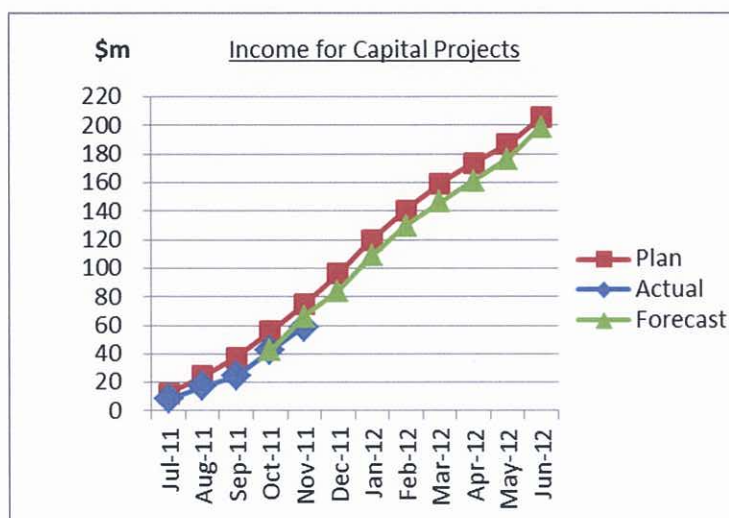
Total operating expenditure YTD is below forecast by \$5.1m which is principally comprised of:

- other expenses favourable to forecast by \$1.9m. This includes office, administration, maintenance, and professional services costs.
- depreciation favourable to forecast by \$3.4m. This is due to budget phasing and delay in the capitalisation of capital work in progress.



Profit/(Loss) from operations YTD is a deficit of \$82.8m, which is \$0.9m favourable to forecast.

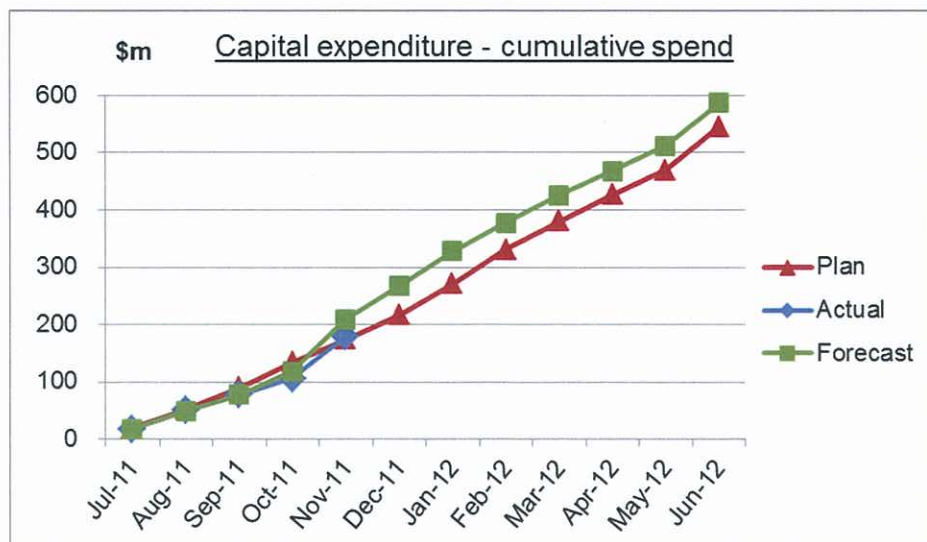
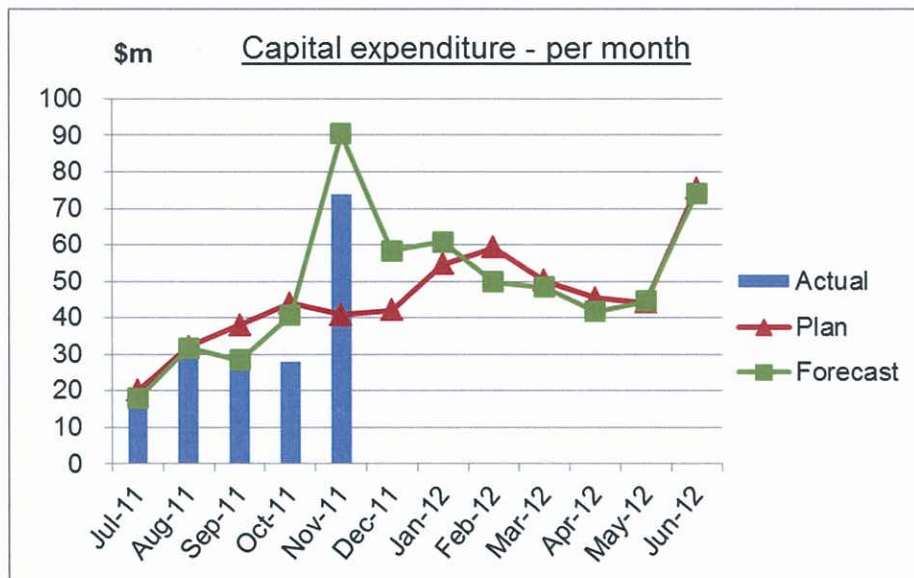
Income for capital projects YTD is below plan by \$6.8m due to delays in the capital works programme. The subsidy is paid when the work is undertaken.



Capital expenditure for the month was \$74.4m, an underspend to forecast of \$16.1m. YTD capital expenditure was \$180.1m, a variance to forecast of \$28.7m.

The YTD variance is mainly due to underspend in the following projects:

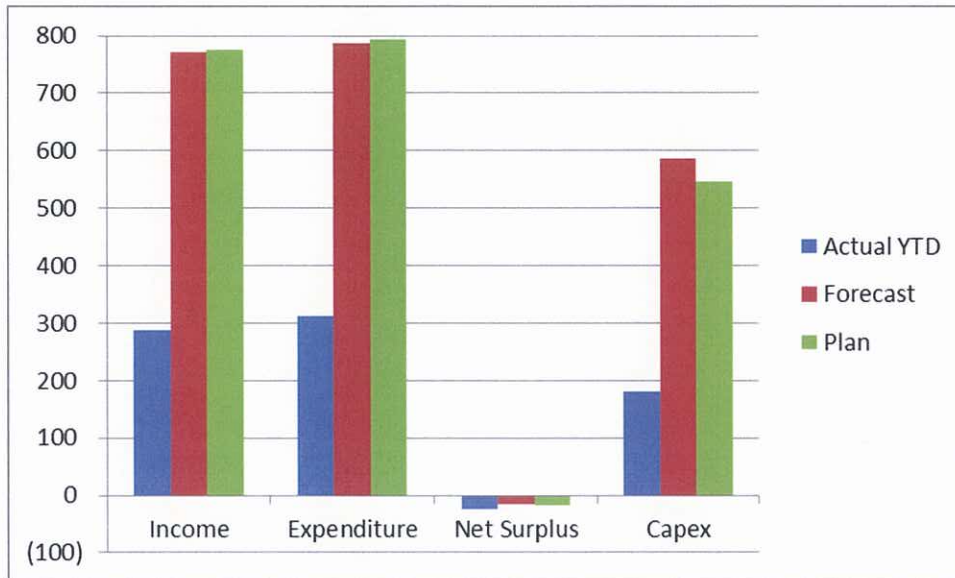
- \$6.4m AMETI-Land (wider project). Land purchase expected to occur in November 2011 that has now been transferred to Apr-Jun 2012 quarter. Due to the nature of property purchase transactions, it is difficult to forecast the timing of purchases.
- \$1.8m NORSGA PC 15 Massey North. Construction by Auckland Council is delayed, however, the project is still expected to be finished by the end of the financial year. It is also expected that the full year actual costs for this project will be below forecast by \$1.7m.
- \$11.0m various road renewal projects. This is mainly due to:
 - pavement reconstruction on West Coast Road that has been delayed due to technical issues.
 - resurfacing and footpath renewals in the central area have been deferred to January 2012 to allow the contractor to complete entire suburbs rather than completing the work piecemeal.
 - some asphalt work programmed for November 2011 has been deferred to accommodate minor safety projects.



The asset position is sound with net assets of \$13.0b at the end of November and cash flow funding arrangements in place to ensure all liabilities can be met. It should be noted that both the Electric Multiple Units (EMUs) interest rate swaps and forward foreign exchange contracts have been hedge accounted.

Quarter one forecast for the twelve months ended 30 June 2012:

The following is a summary of the forecast results for the twelve months ended 30 June 2012.



	Year to date Actual \$m	Year to date Forecast \$m	Full year Forecast \$m	Full Year Plan \$m	Variance Plan vs Forecast	Forecast results
Total operating income	228.7	233.0	572.2	569.8	2.4	↑
Total operating expenditure	311.6	316.7	786.7	792.8	6.1	↓
Profit/(loss) from operations	(82.8)	(83.7)	(214.5)	(223.0)	8.5	↑
Income for capital projects	59.3	66.2	198.8	205.8	(7.0)	↓
Net surplus/(deficit)	(23.5)	(17.6)	(15.7)	(17.1)	1.5	↑
Capital expenditure	180.1	208.9	586.3	546.2	40.1	↑

Operating income is forecast up by \$2.4m mainly due to a \$1.8m increase in operations revenue (advertising and property revenue).

Expenditure is forecast to be below plan by \$6.1m due to removal of \$8.2m of costs for the Electric Multiple Unit (EMU) leasing option partly offset by \$2.7m EMU financing costs.




Income for capital projects is forecast down by \$7.0m due to reduced NZTA funding for capital projects calculated on reforecast capital programme.

Capital expenditure is forecast up by \$40.1m with a total forecast programme for the year to June 2012 of \$586.3m. Explanation of movement:

Approved Annual Plan	\$546.2m
Plus	
- EMU Procurement \$62.9m and EMU depot \$23.7m	\$86.6m
- Other capital and renewal items	\$6.5m
Offset by:	
- reduction in infrastructure related expenditure	\$53.0m
October reforecast	\$586.3m

Recommendation

That the Auckland Transport Board receive this report.

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