

# Financial Results for the Five Months Ended 30 November 2012

## Introduction

This report summarises the Auckland Transport financial results for the five months ended 30 November 2012.

## Executive Summary

### Financial Results for the five months ended 30 November 2012:

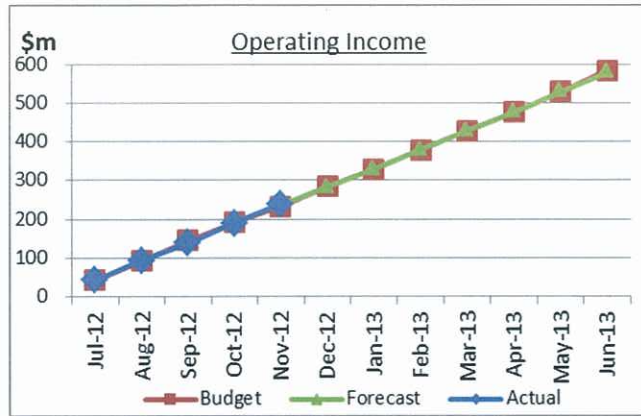
	Current month variance to Budget \$m	Year to date variance to Budget \$million	Year to date results	Year to date Actual \$million	Year to date Budget \$million	Full Year Budget \$million	Full year Forecast \$m
Total operating income	0.9	5.8	↑	238.7	232.9	583.6	578.0
Total operating expenditure	(7.0)	(21.5)	↑	351.3	329.8	824.2	824.8
Surplus/(deficit) from operations	(6.1)	(15.6)	↓	(112.6)	(96.9)	(240.6)	(246.9)
Income for capital projects	2.8	593.2	↑	691.3	98.1	243.0	243.0
Net surplus/(deficit) before tax	(3.3)	577.6	↑	578.7	1.1	2.4	(3.8)
Capital expenditure	(588.0)	(589.1)	↑	803.3	214.2	719.8	713.5

#### Key to symbols used:

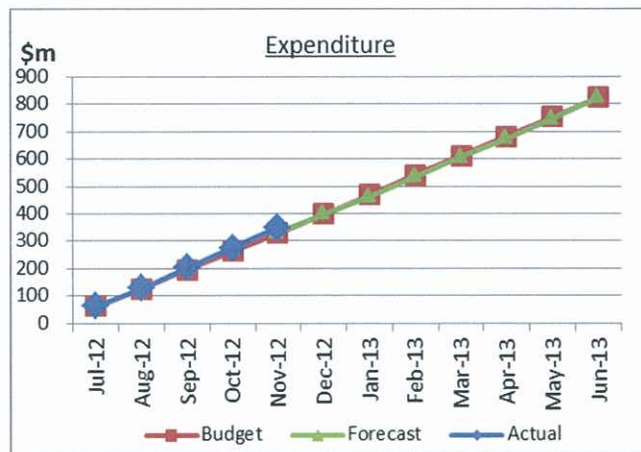
	: Within tolerable range		: Above budget, favourable variance
	: Below budget, unfavourable variance		: Achieved budget or better
	: Below budget, favourable variance		: Monitoring, some action taken
	: Above budget, unfavourable variance		: Action required

**Net surplus before tax year to date** is \$578.7 million. This is \$577.6 million favourable to the budgeted surplus of \$1.1 million, due to \$593.2 million of income for capital projects (this includes \$588.8 million unbudgeted vested assets from NZ Transport Agency) higher than budget and \$5.8 million operating income higher than budget, partially off-set by \$21.5 million of operating expenditure higher than budget.

Excluding the \$588.8 million unbudgeted vested asset income, the financial result is a **Net deficit before tax year to date** of \$10.0 million which is \$11.0 million unfavourable to the budgeted surplus of \$1 million.

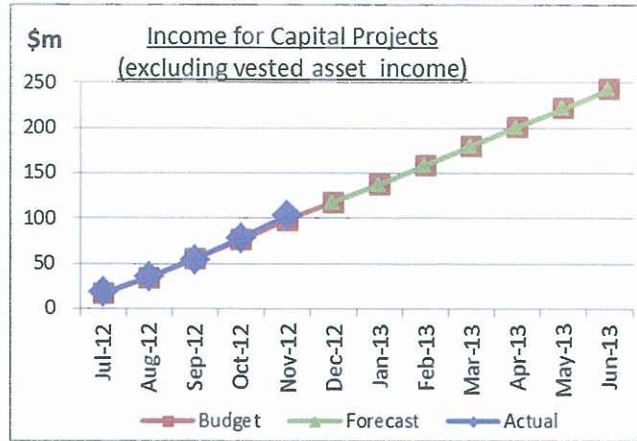


**Total operating income year to date** is \$5.8 million favourable to budget. This is mainly due to \$3.5 million NZ Transport Agency funding and \$1.7 million unbudgeted reimbursements of street maintenance costs from Auckland Council.



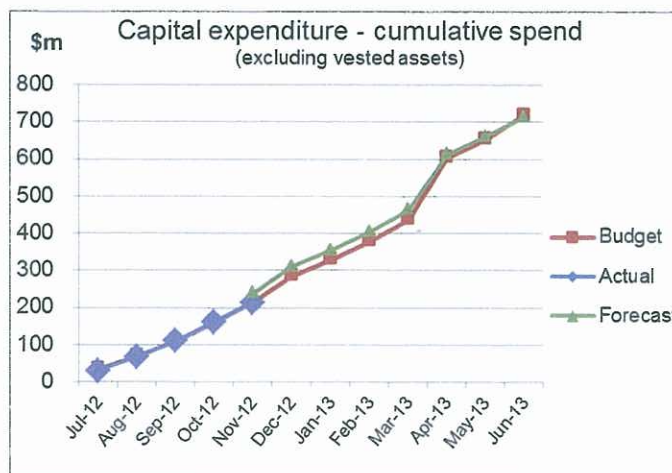
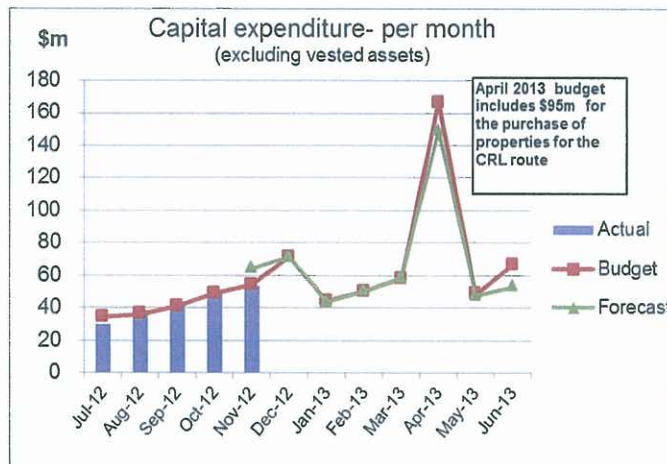
**Total operating expenditure year to date** is above budget by \$21.5 million mainly due to:

- a \$5.1 million loss from the close out of interest rate swaps and \$2.7 million unrealised interest rate swap loss relating to the purchase of electric trains. The losses on the interest rate swap close outs are due to the market interest rate being lower than the contract rate for the swaps, however Auckland Transport will be paying lower fixed interest rates for related borrowing till April 2023
- \$4.2 million depreciation and amortisation partly due to \$1.1m unbudgeted vested assets depreciation
- \$4.3 million of street maintenance costs, and \$2.3 million of pre-allocated repairs budgeted for in future months.



**Income for capital projects year to date** is above budget by \$593.2 million primarily due to \$588.8 million vested asset income from NZ Transport Agency. The receipt of the vested asset is a non-cash transaction. The fair value of the vested asset was recorded as a fixed asset in the Statement of Financial Position and recognised as income in the Statement of Financial Performance.

Excluding vested assets, year to date income for capital projects is above budget by \$4.4 million primarily due to NZ Transport Agency capital funding being higher than expected.





**Capital expenditure, excluding vested assets, year to date** was \$214.5 million, which is \$0.3 million (less than 1%) higher than budget. The full year budgeted capital expenditure is \$719.8 million.

Capital expenditure is forecast to be under budget by \$6.2 million due to the reduction of footpath renewals. The total forecast programme for the year to June 2013 is \$713.5 million.

The **asset position** is sound with net assets of \$14.2 billion at the end of November and cash flow funding arrangements are in place to ensure all liabilities can be met.

## Recommendation

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

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