

# *Forecast Financial Statements*

*Ministry of Transport*

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## Statement of Forecast Comprehensive Income for the year ending 30 June 2013

		2010/11	2011/12		2012/13
	Note	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Income</b>					
Crown	1	51,639	51,538	51,212	32,371
Department(s)		391	400	408	-
Other revenue		442	200	385	223
Gains		-	-	-	-
Interest		-	-	-	-
<b>Total Income</b>		<b>52,472</b>	<b>52,138</b>	<b>52,005</b>	<b>32,594</b>
<b>Expenses</b>					
Personnel		18,211	17,829	18,035	18,074
Operating	2	33,191	33,137	32,963	13,539
Depreciation and amortisation		836	922	757	731
Capital charge		234	250	250	250
Finance costs		-	-	-	-
Other		-	-	-	-
<b>Total Expenses</b>		<b>52,472</b>	<b>52,138</b>	<b>52,005</b>	<b>32,594</b>
<b>Net Surplus / (Deficit)</b>	3	-	-	-	-
Other comprehensive income		-	-	-	-
<b>Total Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2013

	Note	2010/11	2011/12		2012/13
		Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Balance at 1 July</b>					
General funds		2,355	2,355	2,355	2,355
Revaluation reserve		761	761	761	761
Other reserves		-	-	-	-
<b>Taxpayers' Funds Opening Balance</b>		<b>3,116</b>	<b>3,116</b>	<b>3,116</b>	<b>3,116</b>
<b>Changes in Taxpayers' Funds</b>					
Comprehensive income for the period		-	-	-	-
Repayment of surplus		-	-	-	-
Capital contribution		-	-	-	-
Capital withdrawal		-	-	-	(408)
Other		-	-	-	-
<b>Total Changes in Taxpayers' Funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(408)</b>
<b>Balance at 30 June</b>					
General funds		2,355	2,355	2,355	1,947
Revaluation reserve	4	761	761	761	761
Other reserves		-	-	-	-
<b>Taxpayers' Funds Closing Balance</b>		<b>3,116</b>	<b>3,116</b>	<b>3,116</b>	<b>2,708</b>

## Forecast Statement of Financial Position as at 30 June 2013

		2010/11	2011/12		2012/13
	Note	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents		3,117	2,456	3,661	3,504
Debtors and other receivables		2,259	1,953	759	759
Prepayments		29	-	29	29
Inventories		-	-	-	-
Other current assets		-	-	-	-
<b>Total Current Assets</b>		<b>5,405</b>	<b>4,409</b>	<b>4,449</b>	<b>4,292</b>
<b>Non-current Assets</b>					
Property, plant and equipment	5	3,235	3,151	2,875	2,420
Intangible assets	6	617	563	523	747
Other non-current assets		-	-	-	-
<b>Total Non-current Assets</b>		<b>3,852</b>	<b>3,714</b>	<b>3,398</b>	<b>3,167</b>
<b>Total Assets</b>		<b>9,257</b>	<b>8,123</b>	<b>7,847</b>	<b>7,459</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Creditors and other payables		3,683	2,585	2,183	2,183
Repayment of surplus		-	-	-	-
Employee entitlements	7	1,179	1,139	1,211	1,211
Other current liabilities		-	-	-	-
<b>Total Current Liabilities</b>		<b>4,862</b>	<b>3,724</b>	<b>3,394</b>	<b>3,394</b>
<b>Non-current Liabilities</b>					
Provisions	8	593	572	613	633
Employee entitlements	7	686	711	724	724
Other non-current liabilities		-	-	-	-
<b>Total Non-current Liabilities</b>		<b>1,279</b>	<b>1,283</b>	<b>1,337</b>	<b>1,357</b>
<b>Total Liabilities</b>		<b>6,141</b>	<b>5,007</b>	<b>4,731</b>	<b>4,751</b>
<b>Taxpayers' Funds</b>					
General funds		2,355	2,355	2,355	1,947
Revaluation reserve		761	761	761	761
Other reserves		-	-	-	-
<b>Total Taxpayers' Funds</b>		<b>3,116</b>	<b>3,116</b>	<b>3,116</b>	<b>2,708</b>
<b>Total Liabilities and Taxpayers' Funds</b>		<b>9,257</b>	<b>8,123</b>	<b>7,847</b>	<b>7,459</b>

## Statement of Forecast Cash Flows for the year ending 30 June 2013

	Note	2010/11	2011/12		2012/13
		Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Cash Flows from Operating Activities</b>					
<b>Receipts from:</b>					
Crown		52,741	51,538	52,712	32,371
Department(s)		392	400	408	-
Other		407	200	385	223
Interest		-	-	-	-
<b>Payments to:</b>					
Suppliers		(33,671)	(33,226)	(34,462)	(13,633)
Employees		(17,925)	(17,740)	(17,946)	(17,960)
Capital charge		(234)	(250)	(250)	(250)
Goods and services tax (net)		(73)	-	-	-
Other operating activities		-	-	-	-
<b>Net Cash from Operating Activities</b>		<b>1,637</b>	<b>922</b>	<b>847</b>	<b>751</b>
<b>Cash Flow from Investing Activities</b>					
<b>Receipts from:</b>					
Sale of property, plant and equipment		-	-	-	-
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
<b>Purchase of:</b>					
Property, plant and equipment		(353)	(470)	(144)	(50)
Intangible assets		(322)	(280)	(159)	(450)
Other non-current assets		-	-	-	-
<b>Net Cash from Investing Activities</b>		<b>(675)</b>	<b>(750)</b>	<b>(303)</b>	<b>(500)</b>
<b>Cash Flow from Financing Activities</b>					
Capital contribution		-	-	-	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		-	-	-	-
Capital withdrawal		-	-	-	(408)
Other financing cash outflows		-	-	-	-
<b>Net Cash from Financing Activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(408)</b>
<b>Net Increase / (Decrease) in Cash</b>		<b>962</b>	<b>172</b>	<b>544</b>	<b>(157)</b>
Cash at the beginning of the year		2,155	2,284	3,117	3,661
<b>Cash at the end of the year</b>		<b>3,117</b>	<b>2,456</b>	<b>3,661</b>	<b>3,504</b>

## Statement of Significant Assumptions

These forecast financial statements have been compiled on the basis of existing government policies and Ministerial expectations as at the time the statements were finalised.

The main assumptions are as follows:

- the department's activities will remain substantially the same as for the previous year
- personnel costs are based on 162 staff positions
- estimated year end information for 2011/12 is used as the opening position for 2012/13 forecasts, and
- operating costs are based on historical experience. The general historical pattern is expected to continue.

These assumptions are adopted as at 24 April 2012.

Factors that could lead to material differences between the forecast financial statements and the 2012/13 actual financial statements include:

- changes to the baseline budget through new initiatives, or technical adjustments.

## Statement of Entity-Specific Accounting Policies

The Ministry of Transport has applied the accounting policies set out in the Statement of Common Accounting Policies included in this document, except as stated below.

### Reporting Entity

These are the prospective financial statements of the Ministry of Transport, prepared in accordance with section 38 of the Public Finance Act 1989.

The Ministry of Transport is a Government Department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting the Ministry of Transport is a public benefit entity.

### Authorisation Statement

These forecast financial statements were authorised for issue by Chief Executive on 24 April 2012. The Chief Executive is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosures.

## Specific Accounting Policies

### *Property, Plant and Equipment*

#### **Additions**

The capitalisation threshold for property, plant and equipment is \$2,000.

#### *Depreciation*

The estimated useful lives for major classes of assets are set out below:

- Furniture and fittings - 3 to 10 years.
- Leasehold Improvements - 10 years or the length of the lease.
- Milford Sound / Piopiotahi Aerodrome - 6 to 100+ years.
- Plant and equipment - 3 to 10 years.

#### **Milford Sound / Piopiotahi Aerodrome**

The aerodrome is stated at optimised depreciated replacement cost as determined by an independent registered valuer. It is revalued at least every five years. Additions between revaluations are recorded at cost.

### *Intangible Assets*

#### **Additions**

The capitalisation threshold for intangible assets is \$2,000.

#### **Amortisation**

The estimated useful lives of these assets are as follows:

- Computer Software - 2.5 to 5 years.

# Notes to the Financial Statements

## Note 1 - Income - Crown

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Policy Advice and Related Outputs Multi-Class Output Appropriation:				
• Policy Advice.	-	-	-	26,606
• Ministerial Servicing.	-	-	-	3,300
• Governance and Performance Advice on Crown Entities.	-	-	-	900
• Fuel Excise Duty Refund Administration.	429	429	429	429
• Search & Rescue Activity Coordination PLA.	1,134	1,136	1,136	1,136
• Policy Advice.	29,425	29,718	28,518	-
• Land Transport Revenue Forecasting and Strategy.	1,565	1,000	1,550	-
• Government and Performance Advice for Crown Agencies.	1,742	1,400	750	-
• Road User Charges Collection, Investigation and Enforcement.	17,344	17,855	18,829	-
<b>Total</b>	<b>51,639</b>	<b>51,538</b>	<b>51,212</b>	<b>32,371</b>

The decrease of \$101,000 between Actuals for 2010/11 and Budget 2011 is the net of:

- increased spend of \$565,000 in 2010/11 on the implementation of the revised RUC regime
- an increase of \$293,000 in the cost of Policy Advice for 2011/12
- a decrease of \$342,000 in the cost of monitoring and advice on Crown entities for 2011/12 due to high cost activities in 2010/11, and
- an increase of \$511,000 for Road User Charges administration in 2011/12.

The decrease of \$326,000 from \$51.500 million in Budget 2011 to \$51.200 million Estimated Actual revenue for the year is principally the net of:

- \$1.250 million transferred to Maritime New Zealand to assist it to manage its planned activities as well as the response to the MV Rena maritime incident
- \$974,000 carried forward from 2010/11 in the Road User Charges appropriation for system changes that had been delayed, and
- \$150,000 carried forward from 2010/11 in the Land Transport Revenue appropriation to complete the implementation of the revised Road User Charges regime.

The \$18.841 million decrease from Actual 2011/12 to Budget 2012/13 mainly reflects a new funding arrangement being implemented for Road User Charges. The departmental appropriation Road User



Charges Collection, Investigation and Enforcement (2011/12 \$18.829 million) is being replaced from 2012/13 by three new non-departmental output classes.

A departmental Multi-Class Output Appropriation is also being established from 2012/13 to replace several existing appropriations following the review of Policy Advice expenditure. This change did not affect the funding available.

## Note 2 - Operating Expenses

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Consultant's fees	6,185	4,914	4,564	4,602
Overseas travel	149	165	201	201
Domestic travel	302	286	288	288
Other	23,139	27,772	27,910	8,448
<b>Total</b>	<b>29,775</b>	<b>33,137</b>	<b>32,963</b>	<b>13,539</b>

## Note 3 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus/(deficit)	-	-	-	-
Depreciation of property, plant and equipment	504	522	504	505
Amortisation of intangible assets	332	400	253	226
<b>Total non-cash items</b>	<b>836</b>	<b>922</b>	<b>757</b>	<b>731</b>
<b>Add/(deduct) movement in working capital items</b>				
(Increase)/decrease in prepayments	(29)	-	-	-
(Increase)/decrease in debtors and other receivables	1,194	-	1,500	-
(Increase)/(decrease) in payables and provisions	(637)	-	(1,410)	20
Increase/(decrease) in employee entitlements	272	-	-	-
<b>Net movements in working capital items</b>	<b>800</b>	<b>-</b>	<b>90</b>	<b>20</b>
<b>Add/(deduct) items classified as investing activities</b>				
Loss on non-current assets held for sale	-	-	-	-
Work in progress expensed	-	-	-	-
(Profit)/Loss on disposal of property, plant and equipment	-	-	-	-
<b>Total investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash flows from operating activities</b>	<b>1,636</b>	<b>922</b>	<b>847</b>	<b>751</b>

**Note 4 - Other Reserves**

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Revaluation reserve	761	761	761	761
<b>Total</b>	<b>761</b>	<b>761</b>	<b>761</b>	<b>761</b>

**Note 5 - Property, Plant and Equipment**

	Land \$000	Buildings \$000	Leasehold improvements \$000	Furniture/office equipment \$000	Other \$000	Total \$000
<b>Cost or revaluation</b>						
Balance as at 1 July 2012	-	-	2,169	2,410	1,345	5,924
Additions by purchase	-	-	-	50	-	50
<b>Balance as at 30 June 2013</b>	<b>-</b>	<b>-</b>	<b>2,169</b>	<b>2,460</b>	<b>1,345</b>	<b>5,974</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance as at 1 July 2012	-	-	1,362	1,622	65	3,049
Depreciation	-	-	245	231	29	505
<b>Balance as at 30 June 2013</b>	<b>-</b>	<b>-</b>	<b>1,607</b>	<b>1,853</b>	<b>94</b>	<b>3,554</b>
<b>Carrying amount as at 30 June 2013</b>	<b>-</b>	<b>-</b>	<b>562</b>	<b>607</b>	<b>1,251</b>	<b>2,420</b>

The asset classified as Other is the Milford Sound / Piopiotahi Aerodrome.

**Note 6 - Intangible Assets**

	Acquired software \$000	Internally generated software \$000	Other \$000	Total \$000
<b>Cost</b>				
Balance as at 1 July 2012	1,697	-	408	2,105
Additions by purchase	450	-	-	450
Additions internally developed	-	-	-	-
Disposals	-	-	(408)	(408)
<b>Balance as at 30 June 2013</b>	<b>2,147</b>	<b>-</b>	<b>-</b>	<b>2,147</b>
<b>Accumulated amortisation and impairment losses</b>				
Balance as at 1 July 2012	1,174	-	408	1,528
Amortisation expense	226	-	-	226
Disposals	-	-	(408)	(408)
Impairment losses	-	-	-	-
<b>Balance as at 30 June 2013</b>	<b>1,400</b>	<b>-</b>	<b>-</b>	<b>1,400</b>
<b>Carrying amount as at 30 June 2013</b>	<b>747</b>	<b>-</b>	<b>-</b>	<b>747</b>

The asset classed as Other is the Crash Analysis system, which will be transferred to the New Zealand Transport Agency.

### Note 7 - Employee Entitlements

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Current liabilities</b>				
Annual leave	1,024	987	1,023	1,023
Long service leave	115	91	86	86
Retirement leave	11	30	72	72
Sick Leave	31	31	30	30
<b>Total of current portion</b>	<b>1,181</b>	<b>1,139</b>	<b>1,211</b>	<b>1,211</b>
<b>Non-current liabilities</b>				
Long service leave	148	140	142	142
Retirement Leave	537	571	582	582
<b>Total of non-current portion</b>	<b>685</b>	<b>711</b>	<b>724</b>	<b>724</b>
<b>Total</b>	<b>1,866</b>	<b>1,850</b>	<b>1,935</b>	<b>1,935</b>

### Note 8 - Provisions

	2010/11	2011/12		2012/13
	Actual \$000	In 2011 Budget \$000	Estimated Actual \$000	Budgeted \$000
Provision for lease make-good	572	552	593	613
Discount unwind	20	20	20	20
<b>Total</b>	<b>593</b>	<b>572</b>	<b>613</b>	<b>633</b>