

# Replacement Fund and Asset Management

## Taipei MRT Fixed Asset Replacement Funds

### 1. Fund Income

As of December 31, 2013, rental income totaled NT\$33,996,593,901. Historic rental income is shown in the following chart:

Chart 1



### 2. Fund Expenditures

As of December 31, 2013, expenditures on MRT and building facility replacements amounted to NT\$10,380,263,621. Historic rental income is shown in the following chart:

Chart 2



### 3. Business Performance Review

(1) A total of NT\$3,760,001,163, including NT\$3,617,212,163 for rental income, NT\$134,789,000 for interest income, and NT\$8,000,000 for miscellaneous income, was arranged for the fund in 2013.

(2) Fund purposes: In 2013, the fund was mainly spent on replacement of equipment and civil works facilities of the MRT Muzha, Zhonghe, Xindian, Nangang, and Banqiao lines, as well as administrative business associated with the fund. A total of NT\$955,199,886, including NT\$19,641,250 for the MRT facility replacement plan, NT\$111,780 for general administrative management businesses, and NT\$935,446,856 for building and facility plans, was arranged. According to the resolution of the first committee meeting in 2013, DORTS' subordinate project offices and Taipei Rapid Transit Corporation (TRTC) were commissioned to conduct budget performance of fixed asset purchases.

(3) Annual Performance:

#### I. Business Plans

i. Scheduled Plans: Among 42 capital expenditure plans (including continual and new plans), three replacement air conditioning system water pumps for the Tamsui and Xindian lines were not completed in 2013 due to a schedule delay by contractors. The remaining items were finished in accordance with contractual terms.

ii. Non-scheduled Plans: Procurement of facilities/assets was subject to domestic/foreign import and market prices. Four replacement items for noise pollution improvement on the Tamsui line's elevated and ground-level sections were not completed in 2013 due to a schedule delay by contractors. The remaining items were completed or handed over in accordance with contractual terms.

#### II. Budget Performance:

##### i. Fund Sources

A. Asset Revenues: Compared with the 2013 statutory budget of NT\$3,752,001,163, actual performance was NT\$3,745,455,035, a shortfall of 0.17%, or NT\$6,546,128.

B. Other Revenues (Miscellaneous Revenues): Compared with the 2013 statutory budget of NT\$8 million, actual performance was NT\$25,502,271, an increase of NT\$17,502,271.

##### ii. Fund Uses

A. MRT Facilities: Compared with the 2013 statutory budget of NT\$19,641,250, actual expenditures were NT\$21,932,897, an increase of NT\$2,291,647.

B. Regular Administrative Plans: Compared with the 2013 statutory budget of NT\$111,780, actual expenditures were NT\$45,654,253, an increase of NT\$45,542,473.

C. Building and Facility Plans: Compared with the 2013 statutory budget of NT\$1,724,510,154, actual expenditures were NT\$1,355,353,933, a decrease of NT\$369,156,221.

### iii. Budget Surplus:

Compared with the 2013 statutory budget surplus of NT\$2,015,737,979, the actual surplus was NT\$2,348,016,223, an increase of NT\$332,278,244.

### iv. Reasons for the Preceding Discrepancies Are Summarized as Follows:

#### A. Miscellaneous Revenues:

Actual performance was NT\$25,502,271, a surplus of NT\$17,502,271 compared to the 2013 statutory budget. The surplus can be attributed to revenues from MRT asset scrap/sale and excess overdue fines.

#### B. MRT Facility Replacement Plans:

Actual expenditures were NT\$21,932,897, an increase of NT\$2,291,647 compared to the 2013 statutory budget. The excess can be attributed to replacement of Xiaobitan Station escalator step chains that were over-extended, eroded or loose, putting passengers at risk of injury. Replacement was conducted with the settled account.

#### C. Regular Administrative Plans:

Actual expenditures were NT\$45,654,253, an increase of NT\$45,542,473 compared to the 2013 statutory budget.

#### D. Building and Facility Plans:

Actual expenditures were NT\$1,355,353,933, a decrease of NT\$369,156,221 compared to the 2013 statutory budget. The decrease can be attributed to administrative price estimation, receipt, and contract performance delays. These were postponed to 2014.

### III. Financial Management:

- i. The primary source of the fund is facility replacement and flexible rent allocations made by TRTC, which includes 2% of annual business revenue and 50% of profits, with the total not to exceed 4% of revenues. The fund is used for short-, mid-, and long-term replacement. To alleviate financial difficulties for fund implementation and municipal treasury distribution demands, DORTS acted in accordance with a resolution of the Taipei MRT Fixed Asset Replacement Fund Management Committee's first meeting (held in April 2008) by submitting an official notice to Taipei City Government. It received approval for MRT fixed asset replacement fund management to be transferred to the Department of Finance on the provision that the exclusive fund account establishment purpose should not be violated.
- ii. The fund had borrowed NT\$19,678,810,000 (with an annual interest rate of 0.51%) from the municipal treasury as of December 31, 2013. The first meeting of the Taipei MRT Fixed Asset Replacement Fund Management Committee reached a resolution to make a loan to the Taiwan Taoyuan International Airport Access MRT System (Sanchong Station to Taipei Main Station) from the fund, using the Taipei MRT Land Development Fund name. As of December 31, 2013, the fund had loaned the project NT\$3,345,000,000, with an annual interest rate of 1.34%.

Taipei MRT Fixed Asset Replacement Fund  
List of Fund Sources, Purposes, and Balance

Unit : NT\$

Account	Available Budget in 2013	Settled Account in 2013	Performance Rate %
Fund sources	3,760,001,163	3,770,957,306	100.29
Property income	3,752,001,163	3,745,455,035	99.82
Rental income	3,617,212,163	3,596,330,124	99.42
Interest income	134,789,000	149,124,911	110.63
Other income	8,000,000	25,502,271	318.77
Miscellaneous income	8,000,000	25,502,271	318.77
Fund purposes	1,744,263,184	1,422,941,083	81.57
MRT facility replacement plan	19,641,250	21,932,897	111.66
General administrative management plan	111,780	45,654,253	40,842.95
Building and facility plan	1,724,510,154	1,355,353,933	78.59
Fixed asset purchases	1,670,063,725	1,338,021,745	80.11
Others	54,446,429	17,322,188	31.81
Period balance(deficit-)	2,015,737,979	2,348,016,223	116.48
Period-beginning fund balance(deficit-)	22,000,781,283	22,955,808,066	104.34
Period-end fund balance(deficit-)	24,016,519,262	25,303,824,289	105.36

## MRT Property Management

### 1. MRT Property

Figures 3 and 4 show the amounts of MRT properties and replaced properties for each of the MRT routes as of December 2013:

Chart 3

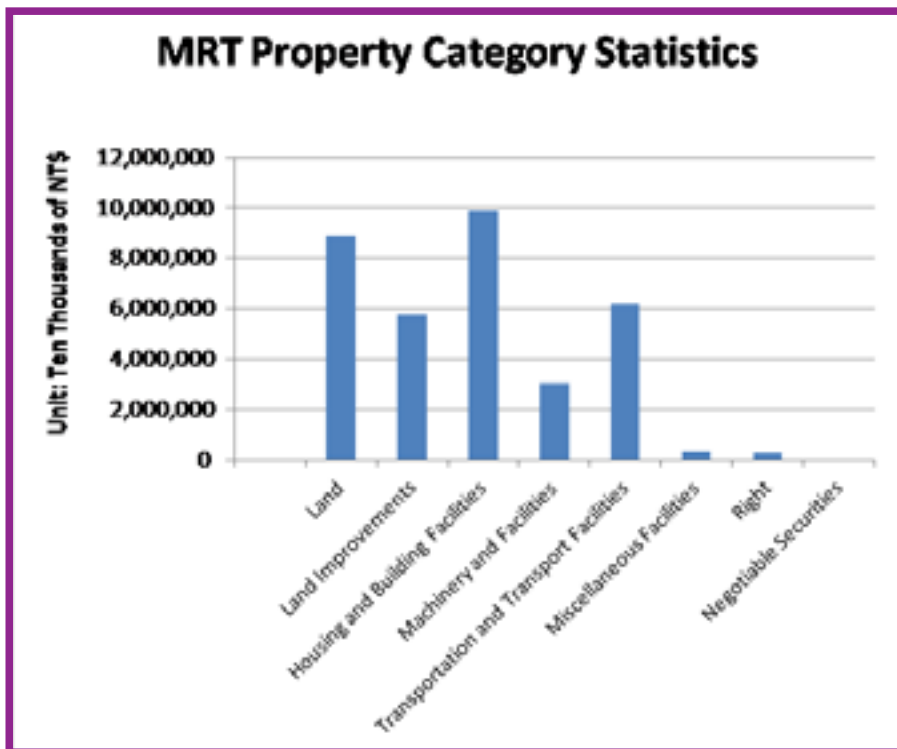


Chart 4

