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Financial Results for the Five Months Ended 30 November 2015

This report summarises the Auckland Transport draft financial results for the five months ended 30 November 2015.

Recommendation

That the Board:

- i. Receives the report.

Overview

The mid-year budget realignment was completed last month. A separate Board paper discusses in detail the proposed changes in the budget. The operating result following the mid year review is an unchanged deficit for the year, excluding depreciation and EMU interest costs.

Core operating expenditure remains 1% below budget.

Revenue is ahead of budget by \$2.5 million (1%). AT Metro fare revenue continues to be ahead of budget. Third party revenue is \$1.5 million (13%) above the level at the same time last year and is above year to date budget.

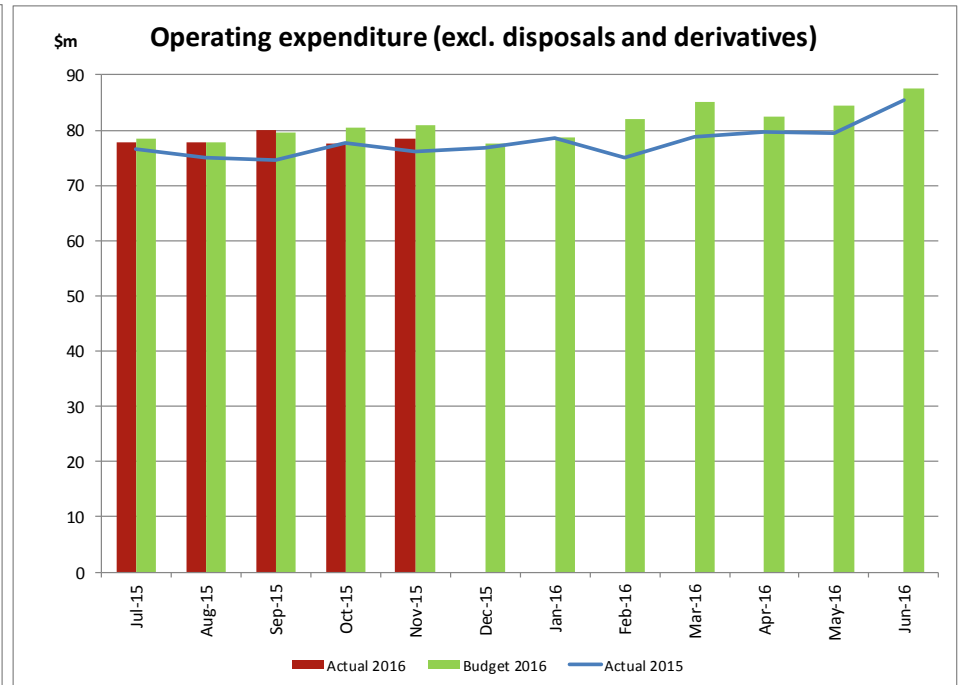
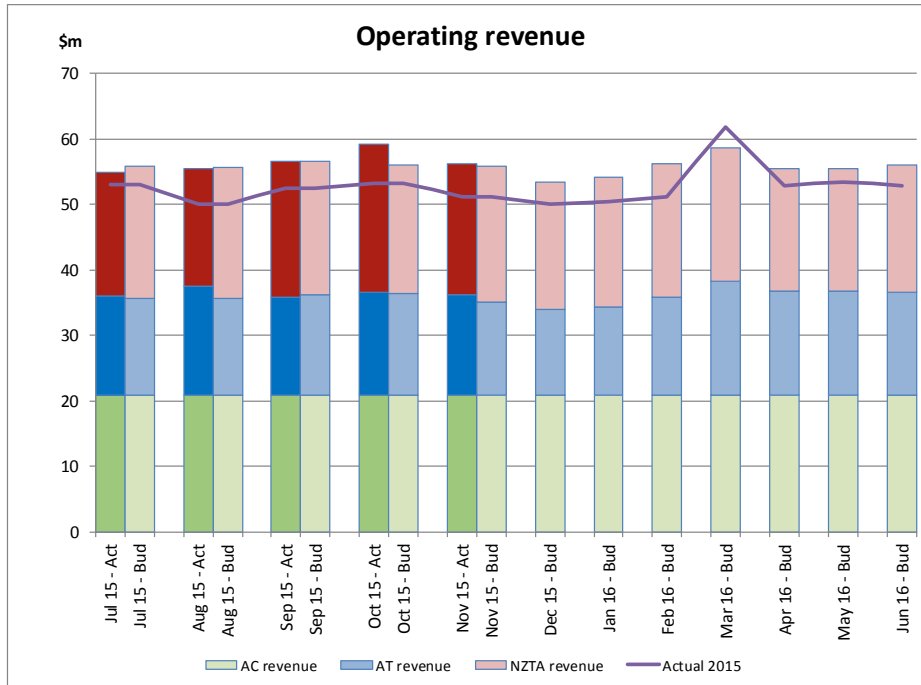
Capital expenditure excluding vested assets year to date is \$56.6 million behind budget. The variance is equally split between core and ring-fenced projects. A separate Board paper discusses the proposed approach and the associated risks with the overall programme delivery for the remainder of the financial year. Likely outturn for the year will be \$607 million. A reassessment of AC/NZ Transport Agency funding for the revised programme is underway and will be completed prior to the next Board meeting. Current indications are that the Transport Agency funding will reduce due to the mix of projects in the revised programme.

Patronage data is not available as at the date of this report. The operational funding requirement per passenger will be updated for the February Board meeting.

The scheduled special topic this month (Special Events Revenue) has been reported in a separate paper in the November Board meeting.

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Summary of Financial Results

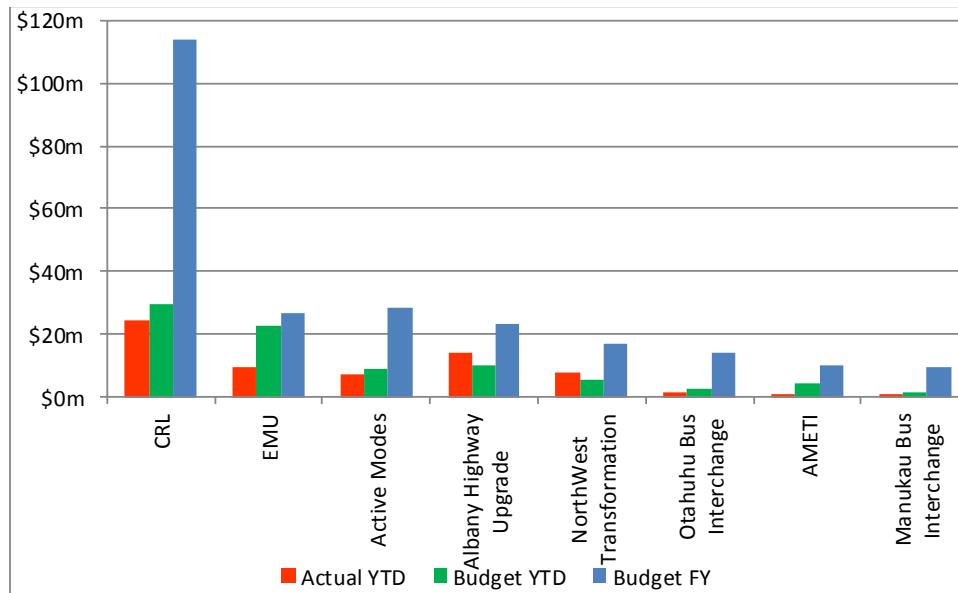


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Capital Expenditure

Major new capital (58% of total NEW capital budget)

	Current month			Year to date			Full year
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CRL	6,494	5,983	(511)	24,526	29,344	4,818	113,808
EMU	923	1,106	183	9,575	22,785	13,210	26,798
Active Modes	1,343	1,444	101	7,162	9,018	1,856	28,215
Albany Highway Upgrade	2,589	1,958	(631)	13,882	9,790	(4,092)	23,495
NorthWest Transformation	248	(24)	(272)	7,688	5,640	(2,048)	17,146
Otauhu Bus Interchange	498	1,042	544	1,191	2,479	1,288	14,353
AMETI	368	855	487	739	4,275	3,536	10,260
Manukau Bus Interchange	123	649	526	652	1,415	763	9,542
Total	12,586	13,013	427	65,415	84,746	19,331	243,617



- **CRL** overall is underspent by \$4.8 million year to date and is expected to be approx. \$34 million below budget for the full year. Pipe Jack and other enabling works will be delivered to programme. The budget underspend for the year will be on property purchases (not on the critical path) and on ECI investigation and review.
- **EMU** is behind budget by \$13.2 million year to date. The overall underspend is resulting from outstanding works related to final project completion documentation, spare parts which are yet to be delivered, CCTV upgrades, changes to communication systems and minor network improvements as the trains become fully operational. Full year spend has been revised down to \$21 million.
- **Active Modes** is behind budget by \$1.9 million mainly due to slight delays in large projects (e.g. Nelson Street Downtown Cycleway - \$0.8 million underspend; New Lynn to Waterview - \$0.8 million underspend). Progress on an ambitious programme is expected to accelerate in the coming months.
- **Albany Highway Upgrade** is above budget by \$4.1 million due to good progress on delivery.
- **NorthWest Transformation** is above budget by \$2.0 million year to date due to Fred Taylor Drive Stage 2 watermain works started ahead of plan. Cost contribution from Watercare for Stage 1 and 2 watermain works are yet to be received. Full year spend projected to be \$3.5 million below budget due to deferment of Don Buck Rd/ Fred Taylor Drive roundabout upgrade.
- **AMETI** is below budget by \$3.5 million. The programme is running behind due to the review of delivery strategy required prior to commissioning further work. Lodgement of NoR has been delayed causing further underspend.

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NZ Transport Agency





	Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Budget \$000
NZ Transport Agency new capital co-investment	20,290	23,242	(2,952)	101,427
NZ Transport Agency renewal co-investment	31,952	33,384	(1,432)	69,540
Total NZ Transport Agency capital co-investment	52,242	56,626	(4,384)	170,967
Operating funding	100,350	101,158	(808)	238,008

- **New capital variance** mainly relates to:
 - Project delays in:
 - AMETI Panmure Roundabout Investigation & Design (\$1,205,000)
 - Integrated Fares (\$1,236,000)
 - Otahuhu Bus Interchange (\$700,000)
 - Walking & Cycling Projects (\$1,041,000)
 - Waterview cycleway Connection (\$430,000)
 - Road Safety Programmes (\$397,000)
 - The Walking and Cycling projects are behind schedule due to delays in design and tender awards. These are expected to be caught up by year-end.
 - Spend on the AMETI project is not significantly behind but most of the expenditure has been on land purchase, which is not eligible for Transport Agency subsidy until construction starts.
 - These delays are offset by a favourable variance in the Albany Highway North Upgrade project (\$2.1 million), where the contractor is progressing ahead of forecast.

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- **Renewals** are tracking behind budget due to:
 - Roothing and footpath mainly streetlighting (\$1,318,000)
 - PT facilities and operations (\$114,000)
 - Year to date expenditure is 7% behind forecast for Roothing & Footpaths. Street light renewals are \$2.3m behind forecast. Delivery of pavement rehabilitation (\$1.7m) and resurfacing (\$1.0m) are also behind forecast.
- **Operating subsidy** is close to budget.

Document ownership

Submitted by	Harlem Cabuhat Reporting Accountant	
	Fiona Rees Financial Planning Accountant	
Recommended by	Julian Michael Financial Reporting Manager	
	Stephen Smith Group Manager, Finance	
Approved for submission	Richard Morris Chief Financial Officer	