Finance Results

for the Eleven Months Ended 31 May 2025

Board meeting – 24 June 2025

Reason for inclusion in closed board meeting session	
Please state why this report is being considered in the closed board meeting as opposed to the open board meeting. Please refer to the 'reasons for confidentiality' and provide a direct reference to one of these reasons.	To protect information that will soon be publicly available.
Please provide an estimated date for release of this report.	1 September 2025

Think before you print

Finance executive summary

Monthly Performance – May 2025

Key Operating Metrics

- Operating surplus (before depreciation) $46 million vs. $9 million budget YTD.
- Projected full year result +$20 million to +$30 million above the budgeted $10 million operating surplus.

Key Capital Metrics

- Capital investment 91% YTD - $1,109 million vs. $1,224 million budget YTD.
- Project manager (PM) and risk adjusted full year spend forecast is 93% of budget (above 85% Statement of Intent (SOI) target).

Looking ahead:

- 2024/25 Annual Report development progressing. Updating design and drafting the front section.
- Audit New Zealand (Audit NZ) onsite from 23 June, starting Annual Report audit work.
- Reviewing draft independent roading valuation report.
- Completion of insurance renewal.

Risks and mitigations:

- Main operating risk has been the inability to meet revenue growth targets for public transport (PT) and infringements. The key mitigation has been cost control resulting in a favourable year end position.
- Annual Report climate-related disclosures key risk: ability of Audit NZ to provide reasonable assurance on climate related performance measures and targets.
  - Engaging with PT operators to obtain outstanding fuel usage and dead running data.
  - Greenhouse gas (GHG) Scope 3 emissions calculation model and methodology finalised.
  - Audit of GHG emissions scheduled for mid-July 2025 when provisional emission results are available.

Operational results

In $000s	Current month			Year to date			Full year		
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Projection	Revised Budget	Variance
Operating income									
Auckland Council funding	42,918	42,918	-	466,165	466,165	-	512,444	512,444	0
NZTA operating funding	40,287	37,253	3,034	446,513	442,549	3,964	487,477	481,977	5,500
NZTA operating funding - Top-up from Crown	607	204	403	15,233	12,485	2,748	15,543	12,485	3,058
Parking and enforcement income	11,228	12,415	(1,187)	108,536	119,567	(11,031)	118,902	130,554	(11,652)
Public transport income	25,966	24,824	1,142	217,034	237,218	(20,184)	232,745	258,300	(25,555)
Other revenue incl. other grants and subsidies	4,083	3,553	530	40,512	33,573	6,939	46,994	37,023	9,971
Total operating income	**125,089**	**121,167**	**3,922**	**1,293,993**	**1,311,557**	**(17,564)**	**1,414,105**	**1,432,783**	**(18,678)**
Operating expenditure									
Personnel costs	21,821	21,620	(201)	220,006	224,824	4,818	240,486	245,292	4,806
Capitalised personnel costs	(5,168)	(4,036)	1,132	(47,830)	(44,084)	3,746	(52,015)	(47,505)	4,510
Public transport contracts	61,102	59,672	(1,430)	638,078	651,949	13,871	693,210	711,704	18,494
Contractors-maintenance	13,906	8,695	(5,211)	115,999	123,883	7,884	130,750	132,114	1,364
Professional services	5,181	5,051	(130)	32,812	44,733	11,921	39,370	49,789	10,419
Track and ferry access charges	7,333	6,721	(612)	69,090	64,145	(4,945)	78,540	70,803	(7,737)
Other expenditure	24,801	20,756	(4,045)	199,239	216,517	17,278	221,135	237,668	16,533
Finance costs	1,858	1,788	(70)	20,216	20,102	(114)	22,859	22,858	(1)
Total operating expenditure excluding depreciation	**130,834**	**120,267**	**(10,567)**	**1,247,610**	**1,302,069**	**54,459**	**1,374,334**	**1,422,723**	**48,389**
Surplus/(deficit) from operations excluding depreciation	**(5,745)**	**900**	**(6,645)**	**46,383**	**9,488**	**36,895**	**39,771**	**10,060**	**29,711**
Depreciation and amortisation	50,005	48,684	(1,321)	513,825	509,664	(4,161)	564,316	558,818	(5,498)
Surplus/(deficit) from operations	**(55,750)**	**(47,784)**	**(7,966)**	**(467,442)**	**(500,176)**	**32,734**	**(524,545)**	**(548,758)**	**24,213**
Income for capital projects									
NZTA capital co-investment	29,640	52,743	(23,103)	496,159	590,471	(94,312)	560,694	651,205	(90,511)
Auckland Council capital grant	95,136	70,650	24,486	551,868	561,018	(9,150)	623,649	616,596	7,053
Other capital grants	1,480	1,550	(70)	61,323	72,829	(11,506)	69,299	84,215	(14,916)
Vested asset income	43,781	25,000	18,781	486,083	250,000	236,083	516,083	275,000	241,083
Total income for capital projects	**170,037**	**149,943**	**20,094**	**1,595,433**	**1,474,318**	**121,115**	**1,769,725**	**1,627,016**	**142,709**
Net surplus/(deficit) before tax and derivatives	**114,287**	**102,159**	**12,128**	**1,127,991**	**974,142**	**153,849**	**1,245,180**	**1,078,258**	**166,922**
Gains/(losses) on derivatives	(6,581)	-	(6,581)	4,493	-	4,493	4,493	-	4,493
Gain/(loss) on disposal of assets/ non-operating items	(1,015)	-	(1,015)	(42,057)	-	(42,057)	(45,057)	-	(45,057)
Net surplus/(deficit) after tax and derivatives	**106,691**	**102,159**	**4,532**	**1,090,427**	**974,142**	**116,285**	**1,204,616**	**1,078,258**	**126,358**

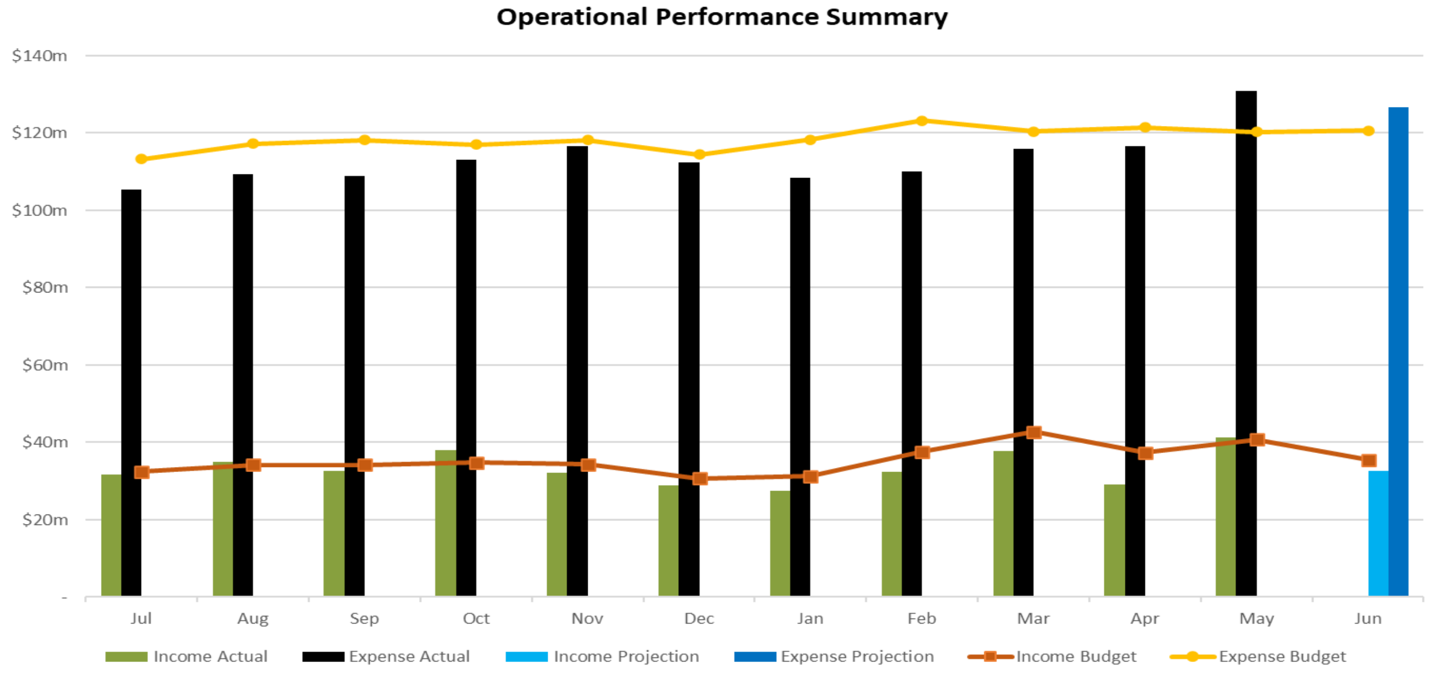
Operational overview

Income* YTD vs. Budget
$366M vs. $390M
6%

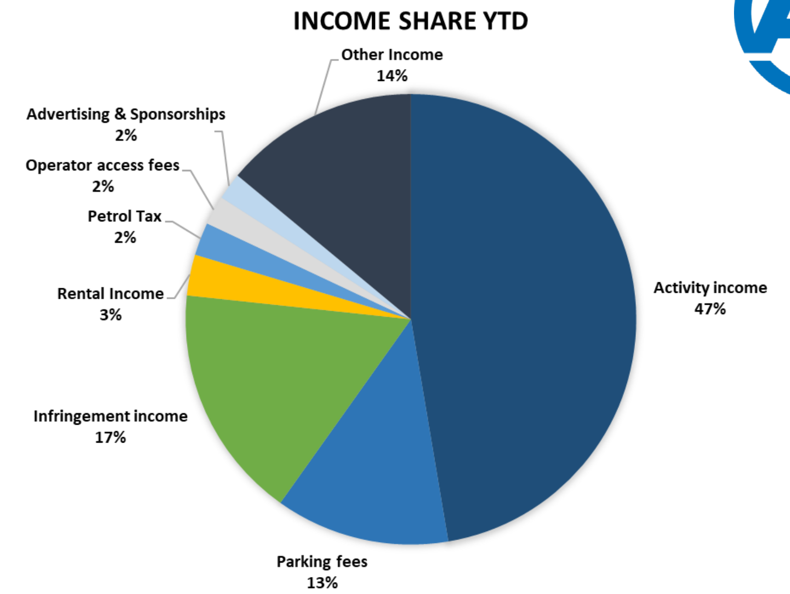
Income* Projection vs. Budget
$399M vs. $426M
6%

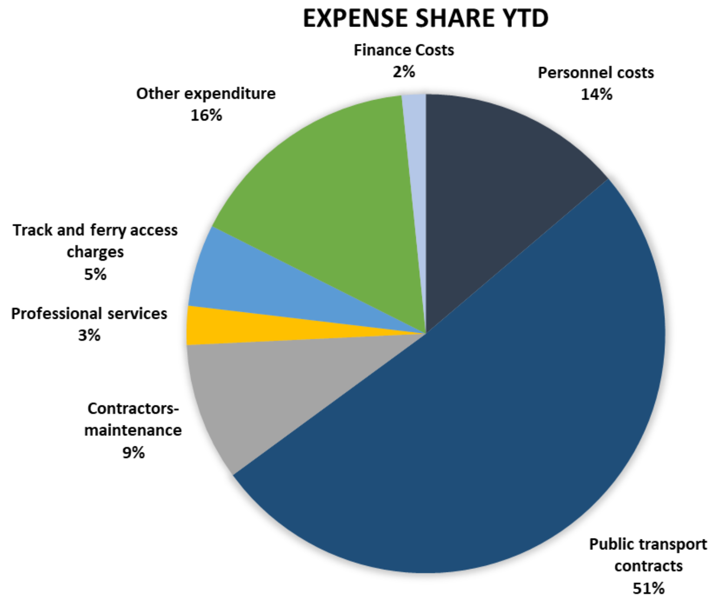
Expense YTD vs. Budget
$1,248M vs. $1,302M
4%

Expense Projection vs. Budget
$1,374M vs. $1,422M
3%



*Excludes Auckland Council (AC) and New Zealand Transport Agency (NZTA) funding.

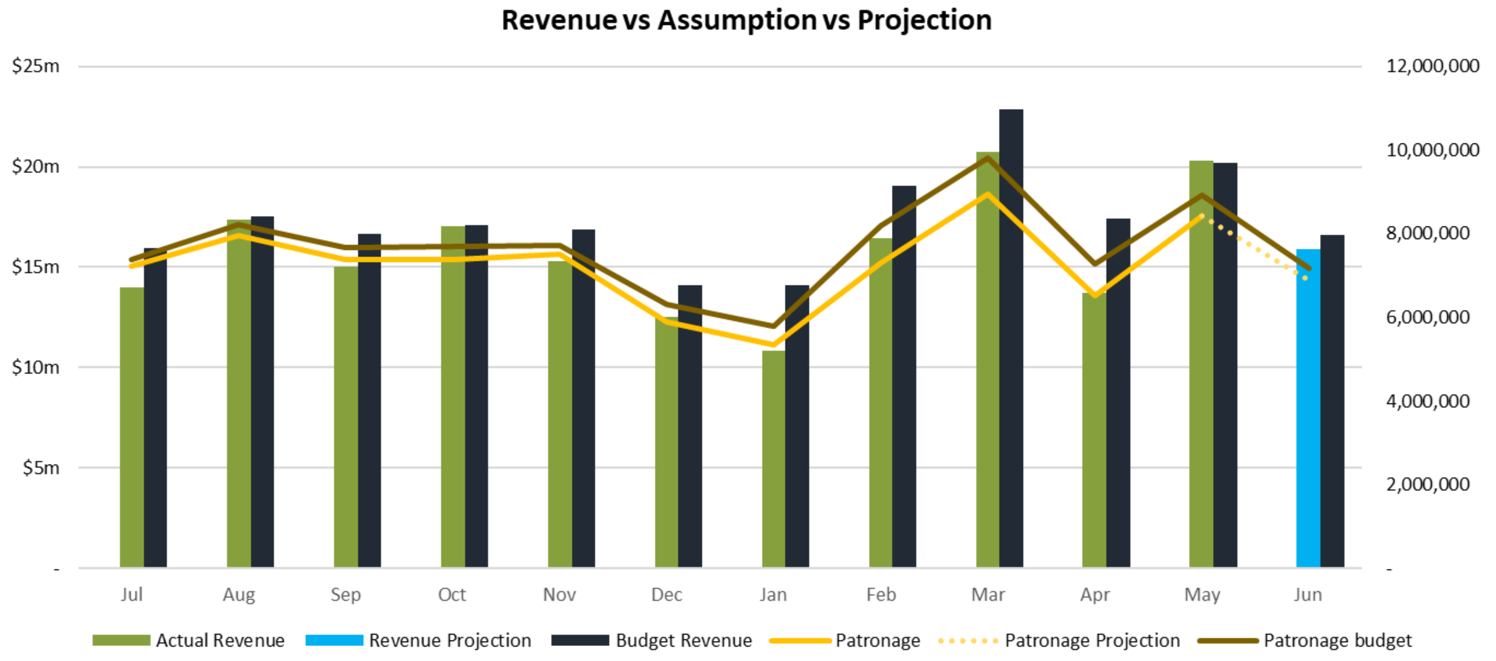




Fare revenue and patronage YTD

Bus	Ferry	Rail	Total Revenue
$123M vs. $132M	$14M vs. $16M	$36M vs. $43M	$173M vs. $192M
7%	13%	16%	11%

Bus PAX	Ferry PAX	Rail PAX	Total PAX
64.7M vs. 69.2M	4.6M vs. 5.0M	12.7M vs. 13.2M	82.0M vs. 87.4M
7%	7%	3%	6%

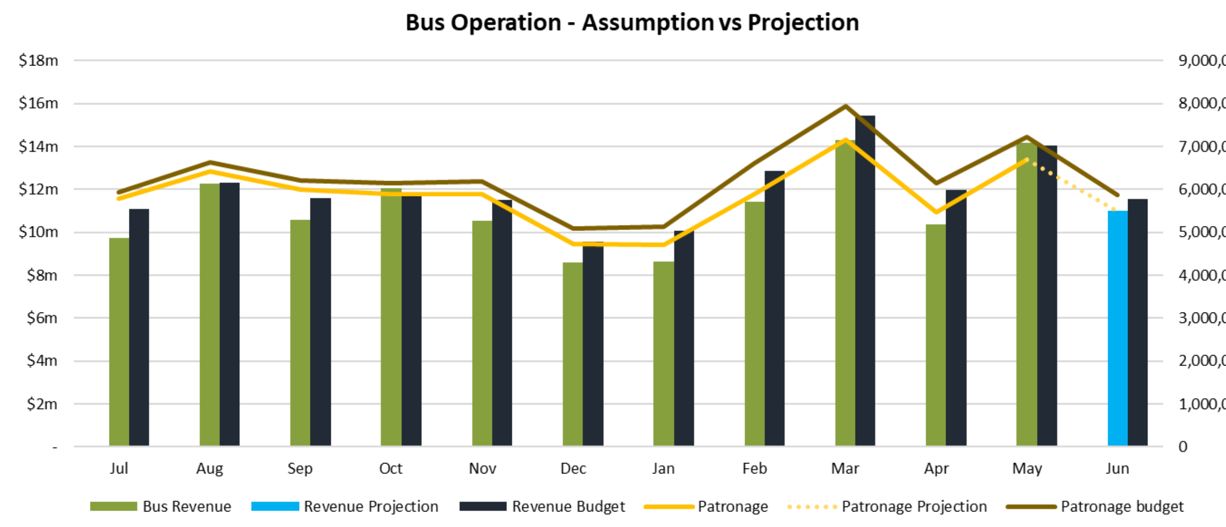


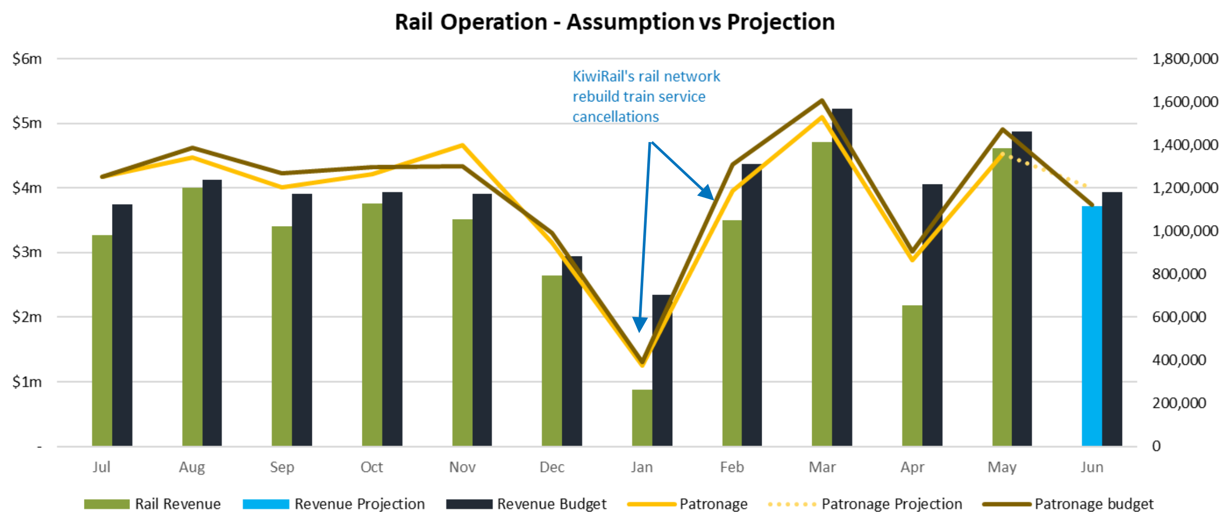
Commentary

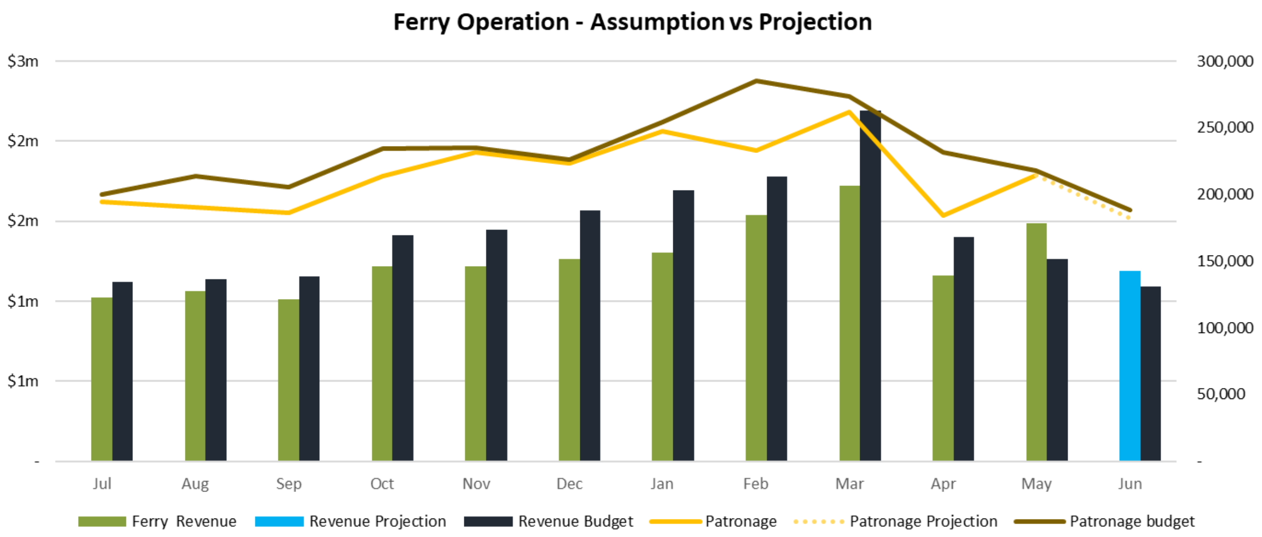
- PT farebox revenue is unfavourable with lower patronage and yield to date.
- Ferry and rail are experiencing lower yield, this being the main cause of the higher revenue shortfall compared with patronage levels.
- June budget included a higher yield for Fare Evasion Recovery initiative, not expected to be fully realised in the forecast.
- Additional initiatives are being developed to stimulate PT growth.
- Full year farebox revenue projection circa $19 million (9%) lower than budget.

The patronage budget assumption is based on the original SOI and excludes Waiheke ferry services.

Fare revenue and patronage by mode





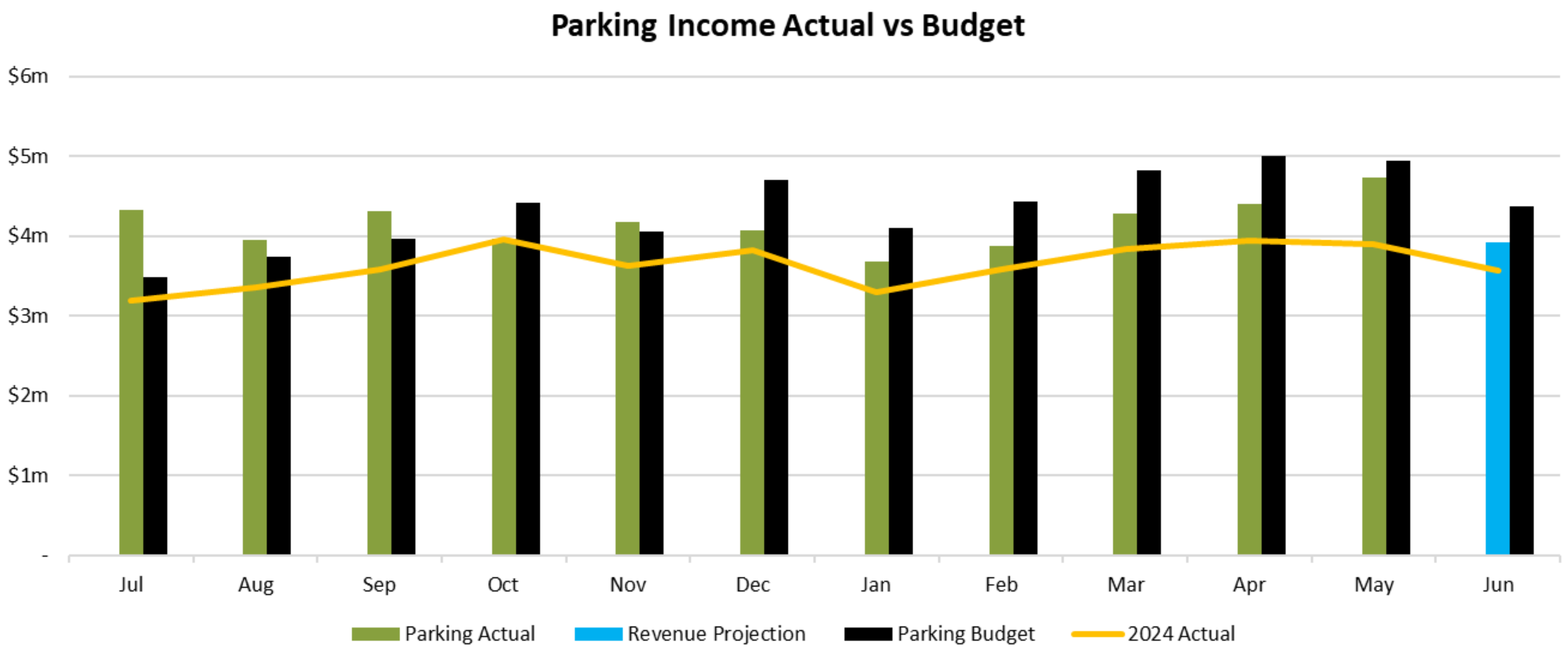


Commentary

- Patronage and revenue for all modes are below target.
- Rail was further disrupted due to closures.
- Bus and rail revenue forecast has been revised down for June due to lower projected yields and patronage due to rail closures and seasonal fluctuations (winter weather).

Parking revenue

Actual vs. Budget YTD	YTD as % of FY Budget:	FY Projection vs. Budget
$46M vs. $48M	**$46M vs. $52M**	**$50M vs. $52M**
4%	**88%**	**4%**



Commentary

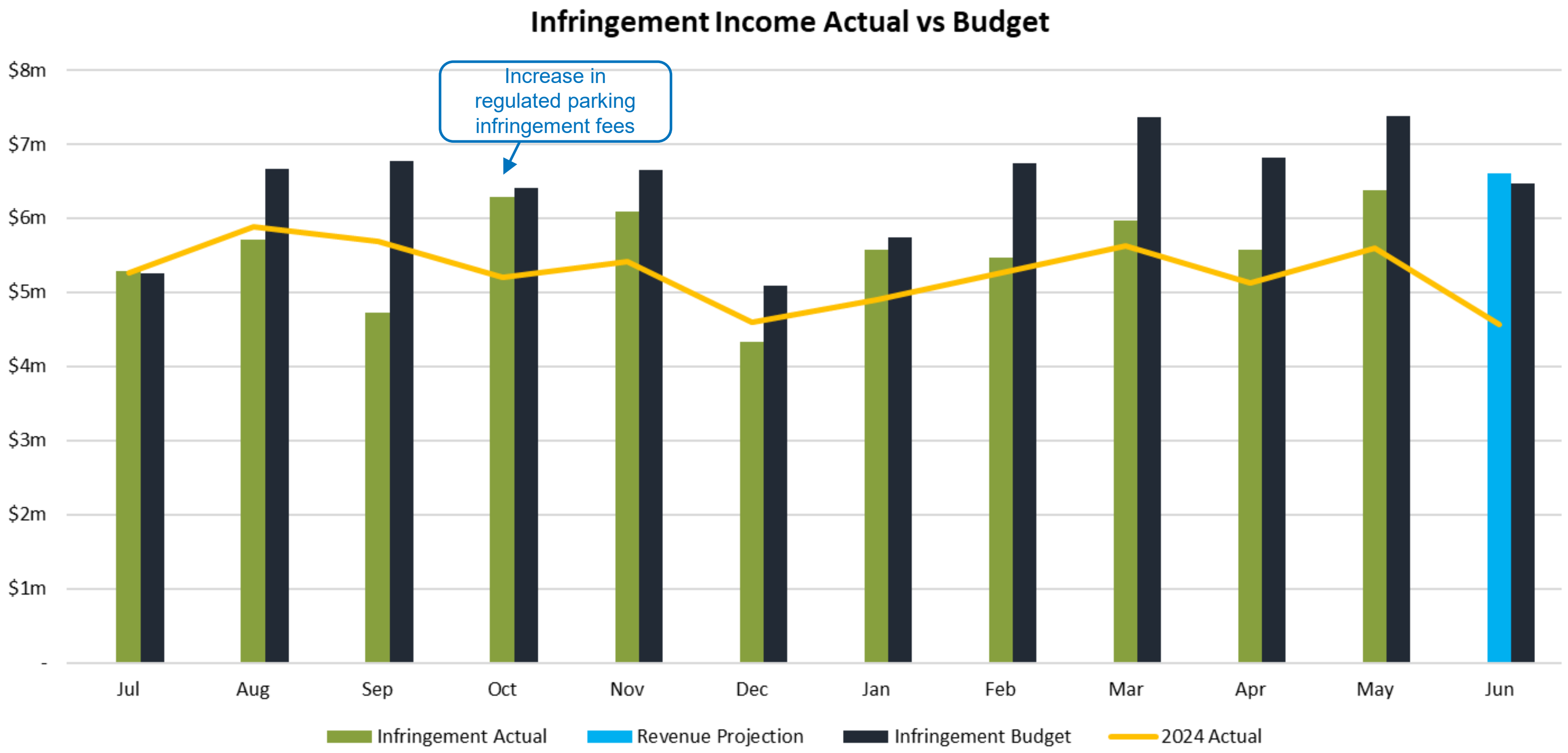
- Parking income is tracking below budget due to lower than budgeted demand in major car park facilities (i.e., Downtown, Victoria, and Civic) and other off-street parking.
- Forecast for June is lower than budget due to a greater than expected impact of winter seasonality.
- Full year projection expected to be circa $2 million (4%) lower than budget.

Infringement revenue

Actual vs. Budget YTD
$62M vs. $71M
13%

YTD as % of FY Budget
$61M vs. $77M
79%

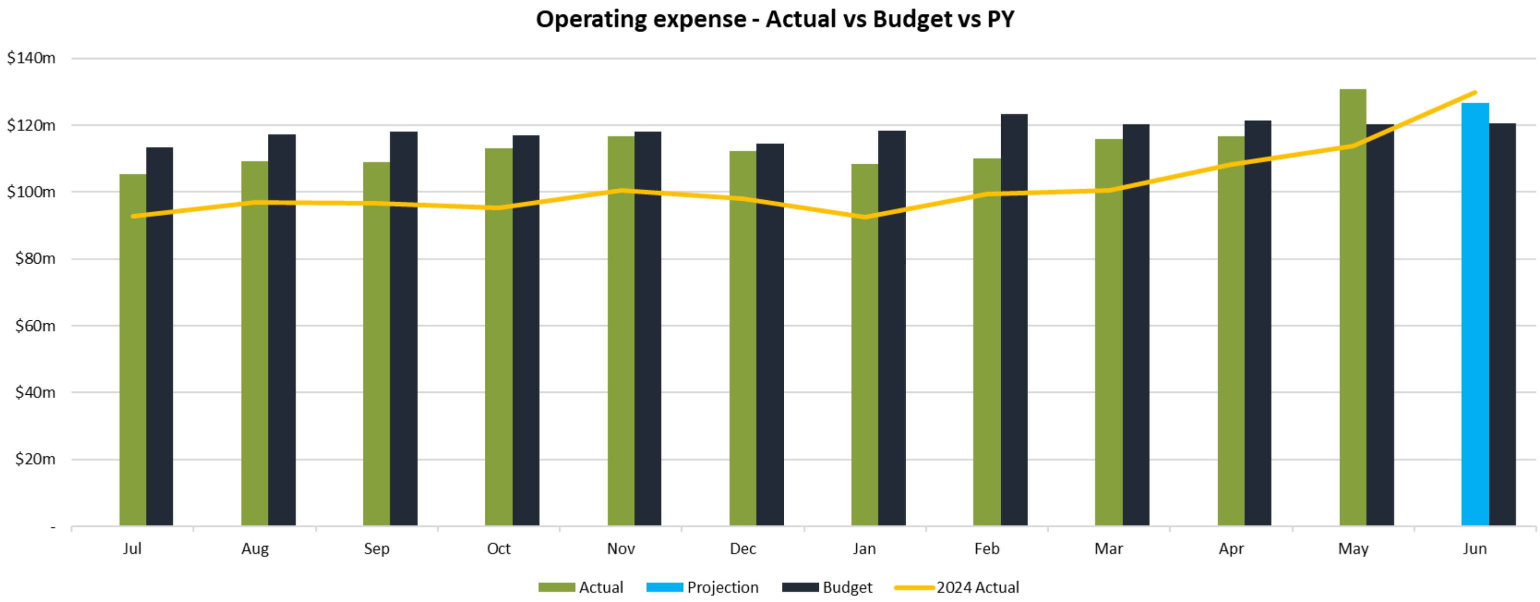
FY Projection vs Budget
$68M vs. $77M
12%

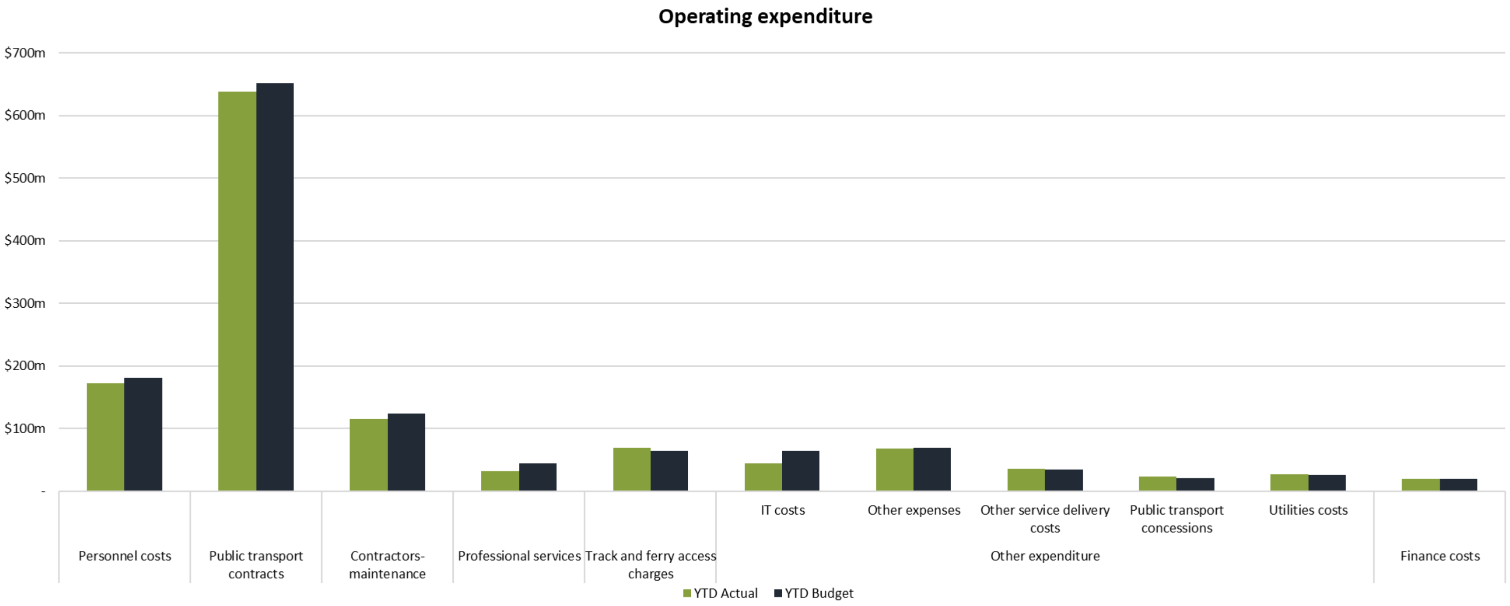


Commentary

- Enforcement income is unfavourable primarily due to high compliance rates across the network and slower implementation of new Special Vehicle Lanes.
- Full year projection expected to be circa $10 million (13%) lower than budget.

Operating expense overview





Commentary

- Lower indexation (PT contract costs), delayed initiatives and cost control continue to underpin a positive operating position.
- Personnel costs were favourable primarily due to budgeted positions not filled.
- Professional Services is lower than budget primarily due to cost savings, project delays and timing.
- Contractors-maintenance costs are below budget largely due to an underspend on road maintenance. Favourable weather conditions has resulted in less requirement for reactive maintenance work / budget.
- Other expenditure - IT costs are lower than budget due to delays in the National Ticketing System Early Integration project.

Capital expenditure overview

Actual vs Budget YTD:
$1,109M vs. $1,224M
91%

FY Budget
$1,352M

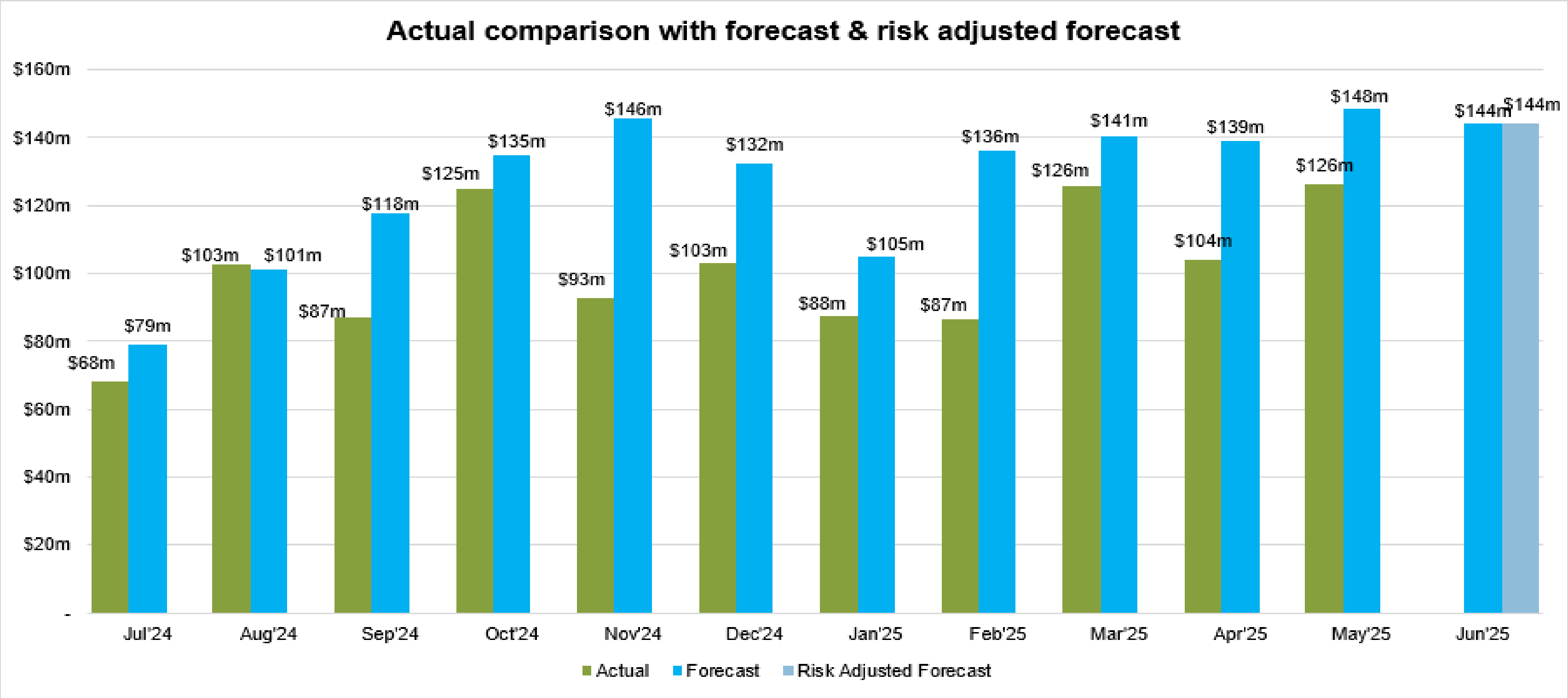
FY PM Forecast
$1,254M

PM Forecast Delivery
93%

FY PM Forecast Accuracy
83%

FY Risk Adj. Forecast
$1,254M

Risk Adj. Delivery
93%



Commentary

- Investment in May improved against the prior period and is expected to lift further into June and year end.
- Year-to-date capital expenditure of $1,109 million is tracking at 91% of budget.
- Full year PM forecast is indicating 93% delivery.

Capital programme risks and forward view

- Risk adjusted and PM forecasts are aligned, indicating 93% delivery for the year, on track to meet the SOI target of 85%. Historically June has had high levels of investment, the forecast is consistent with this trend.

Capital expenditure by group

	Current month				Year to date				Full Year			
RLTP Group	Actual	Revised Budget	Variance	% Invested	Actual	Revised Budget	Variance	% Invested	PM Forecast	Revised Budget	Variance	Estimate % to Invest
Asset Renewals	30,171	17,313	(12,858)	174%	310,863	327,380	16,516	95%	341,397	343,750	2,353	99%
Resilience/Adaptation	7,085	9,388	2,303	75%	118,408	98,115	(20,292)	121%	127,619	112,872	(14,747)	113%
Bus City Centre	1,500	3,191	1,692	47%	13,439	19,487	6,048	69%	14,903	22,216	7,313	67%
Bus Projects	2,438	1,832	(606)	133%	26,497	24,118	(2,379)	110%	30,444	25,613	(4,831)	119%
Ferry Projects	5,324	4,426	(898)	120%	29,387	29,727	340	99%	34,184	34,303	119	100%
Rail Projects	25,583	32,808	7,225	78%	156,879	174,874	17,995	90%	185,446	208,383	22,937	89%
Rapid Transit Access	1,208	2,191	983	55%	7,668	10,760	3,092	71%	10,819	12,348	1,529	88%
Cycleway projects	3,493	4,720	1,227	74%	32,907	58,369	25,462	56%	36,444	62,920	26,476	58%
Eastern Busway	24,595	17,059	(7,536)	144%	231,368	242,126	10,758	96%	253,490	255,757	2,267	99%
Priority growth areas	3,904	801	(3,103)	487%	37,565	48,338	10,761	78%	38,629	55,187	16,559	70%
Property for growth	1,345	16,575	15,230	8%	22,240	36,852	14,611	60%	30,515	52,500	21,985	58%
Community response	3,345	1,688	(1,657)	198%	24,515	28,386	3,872	86%	28,148	29,111	963	97%
Local Board priority	1,718	1,965	247	87%	13,707	17,691	3,984	77%	15,898	19,527	3,629	81%
Network Optimisation	5,720	3,955	(1,765)	145%	29,475	24,547	(4,929)	120%	35,419	27,660	(7,759)	128%
Parking and other	690	484	(206)	143%	2,257	3,622	1,365	62%	2,340	4,240	1,900	55%
Road Safety	1,166	1,690	524	69%	13,002	25,058	12,055	52%	19,237	26,114	6,877	74%
Customer Systems	6,970	5,322	(1,648)	131%	39,173	54,253	15,080	72%	48,711	59,516	10,805	82%
TOTAL	126,255	125,408	(847)	101%	1,109,350	1,223,701	114,352	91%	1,253,642	1,352,016	98,374	93%

Asset Renewals – On track year-to-date with same expected looking ahead to year-end. Big uplift in May compared to budget for resurfacing renewals and pre-seal repair work.

Resilience/Adaption – The Flood Response programme continues to progress well. Spend against budget reflects earlier delivery of the programme.

Rail Projects – An additional electric multiple unit (EMU) arrived in May (12 to date of a total 23). Delays in testing but the overall programme on track for City Rail Link go-live. Some of the investment will shift to next year. Level Crossing Removal is on track to deliver to budget.

Cycleway projects – Glen Innes to Tamaki Drive is underway but later than was assumed in the budget. Other cycleway projects delayed into 2025/26 due to increased public consultation requirements.

Eastern Busway – The lower spend to date is due to delays on final land acquisitions, but delivery of the overall programme is on track.

Property for Growth – Lower spend due to property negotiations taking longer than expected, this will be phased into 2025/26.

Customer Systems – Delayed spend primarily due to resource constraints and changing business priorities. Prioritisation of key initiatives has been completed to support the higher level of spend indicated in the forecast.

Funding update

Key performance metrics	Year to date			Full year	Comments
	Actual ($m)	Revised Budget ($m)	Actual vs. Revised Budget	Revised Budget ($m)	
AC operating funding	466	466	100%	512	AC operating funding is recorded as per the budget.
NZTA operating funding	447	443	101%	482	NZTA operating funding is in line with budget.
NZTA operating funding - Top-up from Crown	15	13	111%	12	Higher usage of NZTA top ups which includes Total Mobility and Community Connect funding.
NZTA capital co-investment	496	591	84%	651	NZTA capital funding is behind budget primarily due to delays in Glen Innes to Tamaki Drive and delayed milestone payments for EMUs.
AC capital grant	552	561	98%	617	AC capital grant funding is below the budget due to lower capital expenditure.
Other capital grants	61	73	84%	84	Other Capital Grant is below budget due to phasing of National Infrastructure Funding and Financing funding.

Statement of financial position – 31 May 2025

In $000s	Actual 31 May 2025	Actual 30 June 2024	Commentary
Assets			
Current assets			
Cash and cash equivalents	28,010	23,228	
Receivables	678,863	726,239	Primarily due to lower accrued income.
Inventories	12,967	12,925	
Other assets	15,574	11,676	Prepayments.
Non-current assets held for distribution to owner and sale	121,884	123,335	Downtown carpark to be transferred to AC.
Derivative financial instruments	-	3	Foreign exchange hedges for EMU purchases.
Total current assets		**897,406**	
Non-current assets			
Receivables	500	-	Third instalment for the sale of the old diesel trains (DMUs), due on 30 June 2027.
Property, plant and equipment	28,837,584	27,709,597	
Intangible assets	166,121	145,463	
Total non-current assets	**29,004,205**	**27,855,060**	
Total assets	**29,861,503**	**28,752,466**	
Liabilities			
Current liabilities			
Payables and accruals	329,166	406,522	Primarily a decrease in trade payables and accruals.
Employee entitlements	20,325	19,185	
Derivative financial instruments	2,952	4,890	Foreign exchange hedges for EMU purchases.
Provisions	-	269	
Borrowings	12,267	12,148	Loans for the purchase of EMUs
Total current liabilities	**364,710**	**443,014**	
Non-current liabilities			
Employee entitlements	282	282	
Derivative financial instruments	-	569	
Borrowings	439,605	449,817	Loans for the purchase of EMUs
Total non-current liabilities	**439,887**	**450,668**	
Total liabilities	**804,597**	**893,682**	
Net assets	**29,056,906**	**27,858,784**	
Equity			
Contributed capital	13,390,248	13,282,546	
Accumulated funds	7,560,603	6,428,845	
Other reserves	8,106,055	8,147,393	
Total equity	**29,056,906**	**27,858,784**	