

Financial Results for the one month ended 31 July 2024

Reason for inclusion in closed board meeting session

1. 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.
2. Please provide an estimated date for release of this report.	28 August 2024

Aronga / Purpose

- To provide the financial results for the one month ended 31 July 2024.

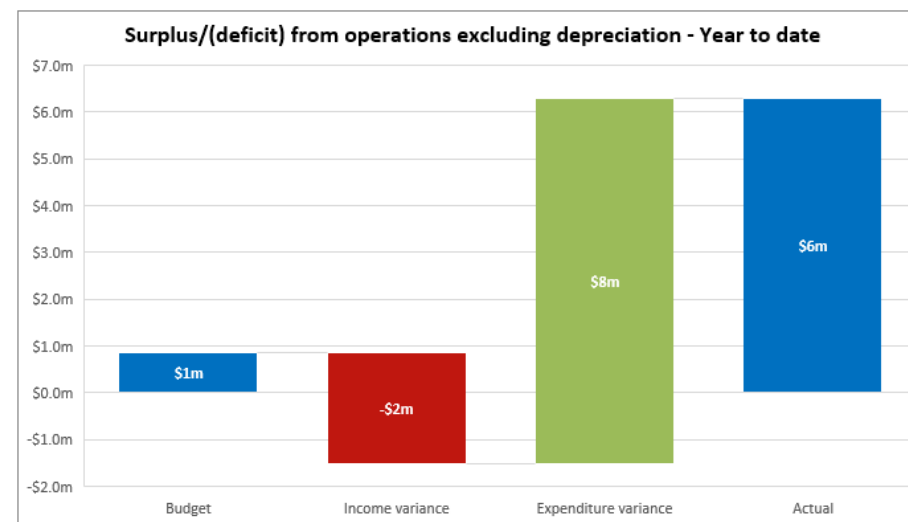
Te tūhunga / Recommendation

That the Auckland Transport Board (board):

- Notes the report.

Section 1 – Te whakarāpopototanga matua / Executive summary

- The July **surplus from operations excluding depreciation** of \$6.3 million, is \$5.4 million favourable to budget. This favourable variance is primarily due to lower contractor maintenance and other expenses, partially offset by lower public transport income.
- The July **Capital expenditure** of \$68 million is tracking at 77% of planned spend. The underspend is mainly due to delays in delivery timeframes whilst we wait for New Zealand Transport Agency Waka Kotahi (NZTA) approval of the 2024-27 National Land Transport Programme (NLTP) at the end of August 2024.



Other Public Transport income and expenditure was lower than budget primarily due to lower NZTA fundable operating costs. **Roothing and footpath expenditure** was favourable, due to reduced activity in road marking and channel sweeping. **Internal support expenditure** was favourable across all major spend areas.

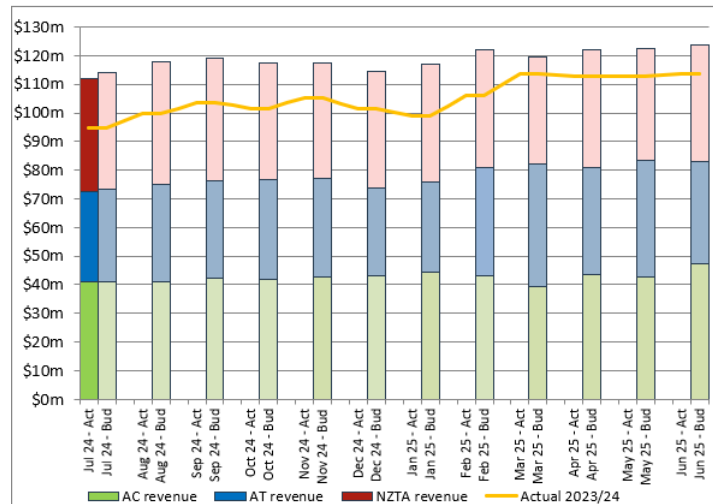
Section 2 – Financial results for the one month ended 31 July 2024

	Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating income				
Auckland Council funding	41,010	41,010	-	512,444
NZTA operating funding	38,818	39,682	(864)	476,277
NZTA operating funding - Top-up from Crown	348	1,034	(686)	12,485
Parking and enforcement income	9,730	8,820	910	130,554
Public transport income	16,707	19,791	(3,084)	258,300
Other revenue incl. other grants and subsidies	5,139	3,810	1,329	37,023
Total operating income	111,752	114,147	(2,395)	1,427,083
Operating expenditure				
Personnel costs	19,788	21,007	1,219	245,293
Capitalised personnel costs	(3,571)	(4,743)	(1,172)	(47,505)
Public transport contracts	57,331	58,542	1,211	711,704
Contractors-maintenance	7,593	11,186	3,593	136,114
Professional services	1,828	2,950	1,122	49,789
Track and ferry access charges	5,155	4,796	(359)	59,603
Other expenditure	15,444	17,722	2,278	239,168
Finance costs	1,878	1,818	(60)	22,858
Total operating expenditure excluding depreciation	105,446	113,278	7,832	1,417,024
Surplus/(deficit) from operations excluding depreciation	6,306	869	5,437	10,059
Depreciation and amortisation	44,350	43,982	(368)	558,818
Surplus/(deficit) from operations	(38,044)	(43,113)	5,069	(548,759)
Income for capital projects				
NZTA capital co-investment	39,457	49,978	(10,521)	732,612
Auckland Council capital grant	28,531	38,153	(9,622)	679,963
Other capital grants	-	-	-	46,201
Vested asset income	-	-	-	275,000
Total income for capital projects	67,988	88,131	(20,143)	1,733,776
Net surplus/(deficit) before tax and derivatives	29,944	45,018	(15,074)	1,185,017
Gains/(losses) on derivatives	5,507	-	5,507	-
Net surplus/(deficit) after tax and derivatives	35,451	45,018	(9,567)	1,185,017

The 2024/25 budget of \$10.1 million surplus from operations excluding depreciation is funding for the Electrical Multiple Unit loan principal repayment.

Section 2 – Financial results for the one month ended 31 July 2024 (continued)

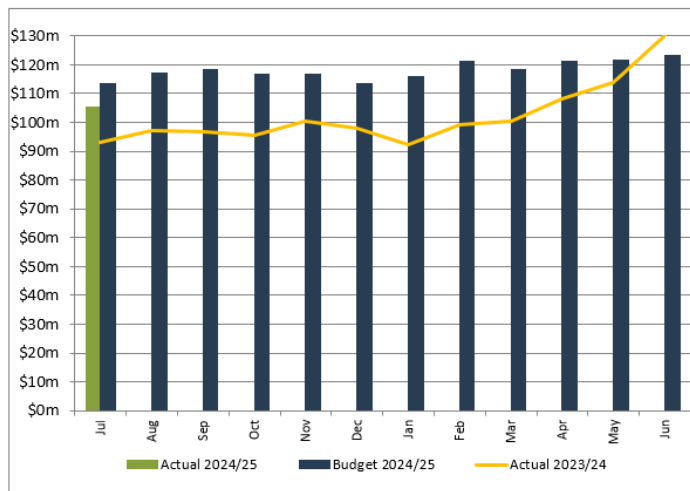
Operating income



Operating income budget variances

- **NZTA operating funding** is lower than budget reflecting lower NZTA fundable operating costs and capital activity for the month.
- **Parking income** is ahead of budget with an improvement in on-street parking revenues.
- **Public transport income** was unfavourable for the month with lower patronage and yield. Bus patronage was 87% compared to a budgeted 94% of pre COVID-19 pandemic levels.
- **Other income** was favourable to budget primarily due to higher than budgeted petrol tax revenue.

Operating expenditure excluding depreciation



Operating expenditure budget variances

- **Personnel cost** is favourable to budget primarily due to budgeted positions not filled.
- **Contractors-maintenance costs** were lower than budget due to less activity than planned for road marking and channel sweeping, expected to normalise in coming months.
- **Other expenditure** is lower than budget primarily due to lower events, software licenses, printing and utilities costs

Section 3 – Operational funding requirement per passenger

	Current month				Full Year			
	Actual	Budget	Var.	Actual % to Total	Actual	Budget	Var.	Actual % to Total
Rail, Bus and Ferry operations:								
Operating expenditure per passenger	\$9.17	\$9.38	\$0.22	100%	\$9.17	\$9.38	\$0.22	100%
Operating expenditure per passenger is funded by:								
Customers	\$2.11	\$2.34	\$0.23	23%	\$2.11	\$2.34	\$0.23	23%
NZTA top-up	\$0.05	\$0.14	\$0.09	1%	\$0.05	\$0.14	\$0.09	1%
NZTA operating funding	\$3.78	\$3.77	(\$0.01)	41%	\$3.78	\$3.77	(\$0.01)	41%
Local share funding (AC)	\$3.23	\$3.13	(\$0.09)	35%	\$3.23	\$3.13	(\$0.09)	35%
Total operating expenditure per passenger	\$9.17	\$9.38	\$0.22	100%	\$9.17	\$9.38	\$0.22	100%

The July 2024 operational expenditure per passenger was \$9.17 with:

- \$2.11 paid by customers
- \$3.23 subsidised by Auckland Council
- \$3.78 subsidised by NZTA
- \$0.05 topped up by NZTA for concessionary fares

	Current month				Full Year			
	Actual	Budget	Var.	Var. %	Actual	Budget	Var.	Var. %
Rail, Bus and Ferry operations:								
Operating expenditure \$000	67,508	70,788	3,280	5%	67,508	70,788	3,280	5%
Less: Fare revenues and other income \$000								
Customers	15,543	17,657	(2,114)	(12%)	15,543	17,657	(2,114)	(12%)
NZTA top-up	348	1,035	(687)	(66%)	348	1,035	(687)	(66%)
Total	15,891	18,692	(2,801)	(15%)	15,891	18,692	(2,801)	(15%)
Operating funding requirement \$000	51,617	52,096	479	1%	51,617	52,096	479	1%
Patronage 000's	7,366	7,544	(178)	(2%)	7,366	7,544	(178)	(2%)
Operating funding requirement per passenger	\$7.01	\$6.91	(\$0.10)	(1%)	\$7.01	\$6.91	(\$0.10)	(1%)
NZTA operating funding per passenger	\$3.78	\$3.77	(\$0.01)	(0%)	\$3.78	\$3.77	(\$0.01)	(0%)
Local share funding (AC) per passenger	\$3.23	\$3.13	(\$0.09)	(3%)	\$3.23	\$3.13	(\$0.09)	(3%)
Operating funding requirement per passenger	\$7.01	\$6.91	(\$0.10)	(1%)	\$7.01	\$6.91	(\$0.10)	(1%)

The July 2024 net operating funding requirement per passenger (net of fare revenue) of \$7.01 was unfavourable to budget mainly due to lower than expected bus patronage and yield.

Section 4 – Summary of Capital Expenditure

	Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Regional Land Transport Plan (RLTP) grouping				
Asset Renewals	23,545	16,183	(7,362)	343,876
Resilience/Adaptation	13,649	10,400	(3,249)	64,485
Bus City Centre	791	1,314	523	25,807
Bus Projects	2,183	2,523	340	41,524
Ferry Projects	(8,201)	4,808	13,009	85,722
Rail Projects	4,441	9,906	5,465	223,804
Rapid Transit Access	577	551	(26)	21,216
Cycleway projects	469	4,413	3,944	86,094
Eastern Busway	23,020	23,809	789	264,430
Priority growth area	3,354	849	(2,505)	46,313
Property for growth	(1,445)	964	2,409	42,000
Community response	1,897	1,644	(253)	37,405
Local Board priority	(32)	1,283	1,315	22,880
Network Optimisation	837	1,950	1,113	34,944
Parking and other	136	263	127	10,640
Road Safety	31	2,424	2,393	42,935
Customer Systems	2,735	4,849	2,114	64,700
Total direct capital	67,987	88,133	20,146	1,458,775

Asset Renewals – are ahead of budget due to a significant level of pre-seal repairs and pavement resurfacing activity.

Resilience/Adaption - the flood recovery programme is progressing at pace and expected to be completed ahead of schedule.

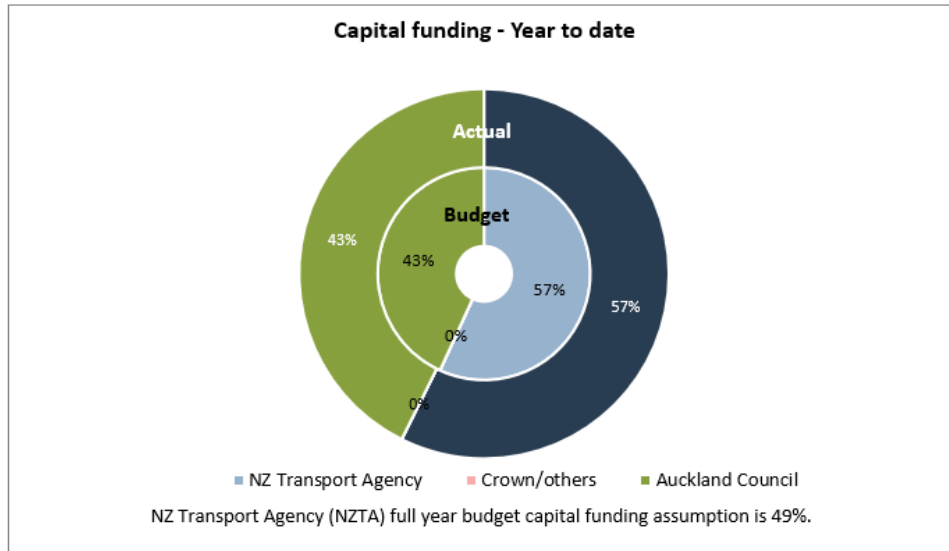
Ferry Projects – construction of the four vessels is progressing alongside associated charging infrastructure works. Timing changes to the programme were approved in the Regional Land Transport Plan.

Rail Projects – is behind budget as anticipated land purchase for the Level Crossing removal for City Rail Link programme has been delayed.

Capital expenditure is tracking at 77% of planned spend. The underspend is mainly within ferry, rail and cycleway projects due to delays in delivery timeframes whilst we wait for NZTA approval of the 2024-27 NLTP at the end of August 2024.

NZTA is expected to confirm NLTP funding at the end of August 2024. The impact on the overall capital programme will be analysed and advice brought to the board on impacts and options on how to progress delivery of the programme over the next three years.

Section 5 – Capital funding



Auckland Transport's capital funding budget assumes an approximately 50% funding split between local share and central Government/other Crown funding.

- **NZTA capital funding:** Year to date NZTA co-investment is 57%. While the Eastern Busway project is lower than plan, it was offset by Resilience and Asset renewal projects which tracked higher than plan.

Te pou whenua tuhinga / Document ownership

Submitted by	Recommended by	Approved for submission
Sam Ho Financial Reporting Manager	David Bardsley Group Manager Finance	Mark Laing Chief Financial Officer
