

Financial Results for the Twelve Months Ended 30 June 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.	AT cannot release financial results to the public due to the Auckland Council Group NZX obligations which restrict releasing financial results before the announcement of the Auckland Council Group results to the NZX.
2. Please provide an estimated date for release of this report.	31 August 2024

Aronga / Purpose

- This report provides the financial results for the twelve months ended 30 June 2024.

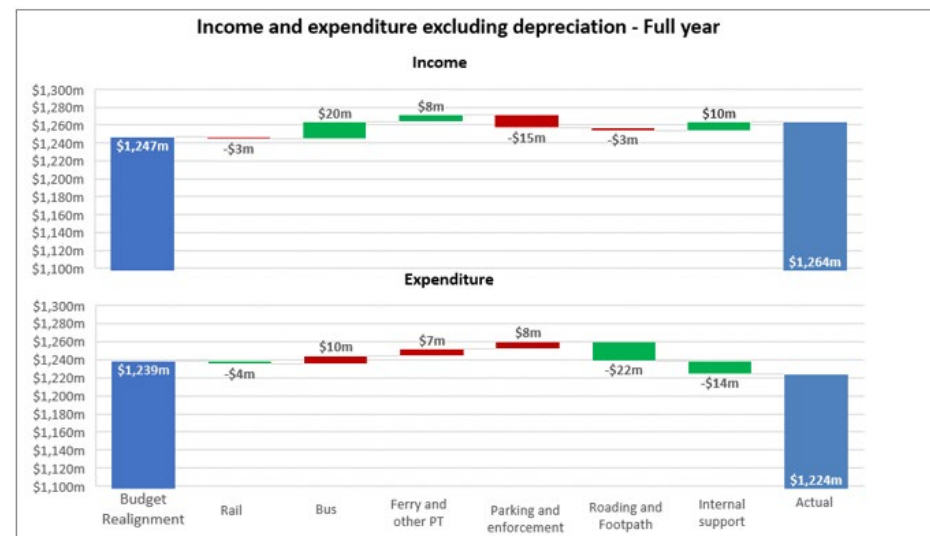
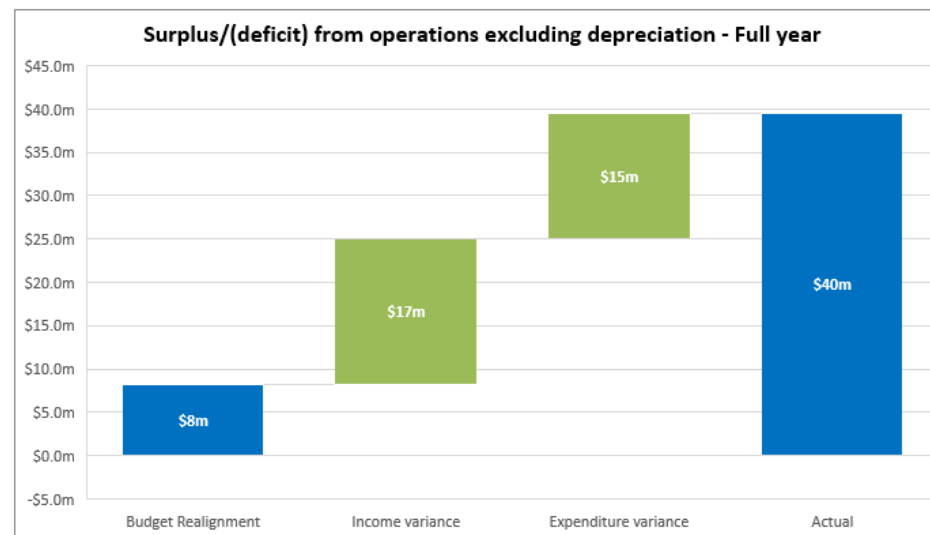
Te tūhonga / Recommendation

That the Auckland Transport Board (board):

- Notes the report.

Section 1 – Te whakarāpopotanga matua / Executive summary

- Full year **surplus from operations excluding depreciation** of \$39.6 million, is \$31.4 million favourable to budget, reflecting a strong year of performance with higher public transport (PT) income and cost savings across a number of areas of the business.
- Full year **Capital expenditure** of \$1,042.6 million is 99% of planned spend. This is the highest level of annual investment delivered by Auckland Transport (AT).



Rail income is unfavourable to budget due to ongoing rail disruptions. **Bus income** is favourable due to higher than expected bus patronage. **Roading and footpath expenditure** is favourable due to a higher proportion of road repairs completed as renewal activity and **internal support expenditure** is favourable across all major spend areas.

Section 2 – Financial results for the twelve months ended 30 June 2024

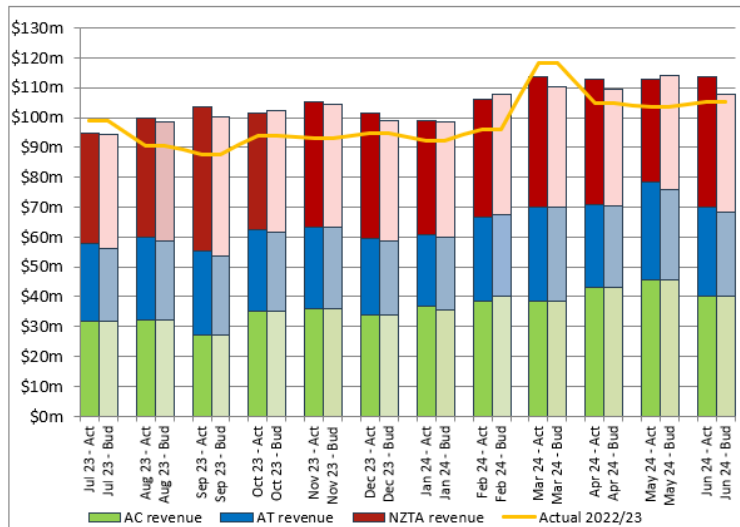
	Current month			Full year		
	Actual	Budget	Variance	Actual	Budget	Variance
	\$000	(Realigned) \$000	\$000	\$000	(Realigned) \$000	\$000
Operating income						
Auckland Council funding	40,230	40,230	-	439,358	439,358	-
NZ Transport Agency Waka Kotahi (NZTA) operating funding	43,275	35,552	7,723	453,011	432,947	20,064
NZ Transport Agency Waka Kotahi (NZTA) operating funding - Top-up from Crown	348	3,939	(3,591)	36,018	50,302	(14,284)
Parking and enforcement income	8,321	10,986	(2,665)	108,310	123,261	(14,951)
Public transport income	17,540	13,398	4,142	189,261	162,535	26,726
Other revenue incl. other grants and subsidies	3,878	3,684	194	38,032	38,733	(701)
Total operating income	113,592	107,789	5,803	1,263,990	1,247,136	16,854
Operating expenditure						
Personnel costs	17,908	18,053	145	212,770	219,092	6,322
Capitalised personnel costs	(5,071)	(6,754)	(1,683)	(45,361)	(43,858)	1,503
Public transport contracts	55,018	58,264	3,246	627,826	632,997	5,171
Contractors-maintenance	11,251	11,100	(151)	113,976	132,914	18,938
Professional services	7,167	3,482	(3,685)	37,392	36,267	(1,125)
Track and ferry access charges	13,015	4,171	(8,844)	52,297	44,718	(7,579)
Other expenditure	28,842	16,469	(12,373)	204,363	188,730	(15,633)
Finance costs	1,756	2,340	584	21,173	28,086	6,913
Total operating expenditure excluding depreciation	129,886	107,125	(22,761)	1,224,436	1,238,946	14,510
Surplus/(deficit) from operations excluding depreciation	(16,294)	664	(16,958)	39,554	8,190	31,364
Depreciation and amortisation	46,738	48,931	2,193	533,392	552,450	19,058
Surplus/(deficit) from operations	(63,032)	(48,267)	(14,765)	(493,838)	(544,260)	50,422
Income for capital projects						
NZ Transport Agency Waka Kotahi (NZTA) capital co-investment	55,835	57,535	(1,700)	542,569	516,415	26,154
Auckland Council capital grant	106,518	48,468	58,050	459,529	512,441	(52,912)
Other capital grants	-	4,151	(4,151)	40,941	29,135	11,806
Vested asset income	39,147	38,198	949	390,797	275,000	115,797
Total income for capital projects	201,500	148,352	53,148	1,433,836	1,332,991	100,845
Net surplus/(deficit) before tax and derivatives	138,468	100,085	38,383	939,998	788,731	151,267
Gains/(losses) on derivatives	(2,064)	-	(2,064)	(4,538)	-	(4,538)
Gain/(loss) on disposal of assets/ non-operating items	(10,265)	-	(10,265)	(32,381)	-	(32,381)
Net surplus/(deficit) after tax and derivatives	126,139	100,085	26,054	903,079	788,731	114,348

Full year surplus from operations excluding depreciation is favourable to budget. This includes the receipt of \$8.1 million of funding related to 2022/23 flood/storm response costs and delivery of a \$3 million Auckland Council (AC) efficiency target through lower finance costs. Underlying business performance is strong with higher public transport (PT) income and lower costs across a number of areas of the business. This included PT contracts, personnel, contractors-maintenance and finance costs. These are partially offset by lower parking and enforcement income and New Zealand Transport Agency Waka Kotahi (NZTA) top up from the crown.

The 2023/24 budget of \$8.2 million surplus from operations excluding depreciation is funding for the EMU loan principal repayment.

The budget has been realigned to AT's new organisational structure. The overall AT budget remains unchanged.

Operating income

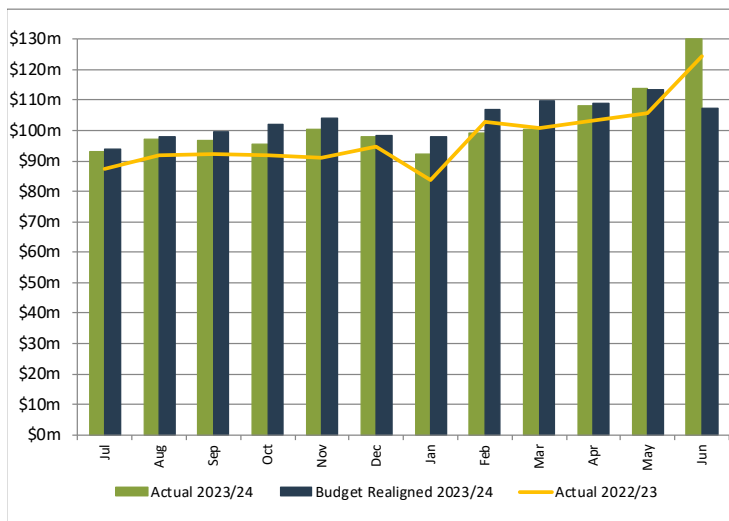


Section 2 – Financial results for the twelve months ended 30 June 2024 (continued)

Operating income budget variances

- **NZTA operating funding** is favourable to budget due to a claim for additional adverse weather remediation costs funded at a 91% Funding Assistance Rate, \$8.1 million of which relates to costs incurred in 2022/23. This is partially offset by lower fundable costs with higher PT income and lower contract costs.
- **NZTA top up from the crown** is unfavourable to budget mainly due to lower than expected 16-24 year old uptake of the reduced fare concession against budget across all modes and termination of the programme on 30 April 2024, two months earlier than budgeted.
- **Parking and enforcement** revenue is unfavourable to budget mainly due to lower on-street parking attributed to lower occupancy and a later than budgeted parking tariff increase and lower enforcement income due to a delay in the implementation of new areas and enforcement technology.
- **PT income** is favourable to budget primarily from higher than budgeted bus patronage. PT patronage growth for June is approximately 81% of pre COVID-19 levels, up from circa 75% of pre COVID-19 levels at the beginning of the financial year.

Operating expenditure excluding depreciation



Operating expenditure budget variances

- **Personnel cost** is favourable to budget primarily due to budgeted positions not filled and lower contract staff costs and discretionary spend including learning and development.
- **Contractors-maintenance** was lower than budget due to a higher proportion of road repairs completed as renewals activity following the 2023 weather events – this is reflected in the annual renewals spend being ahead of budget.
- **Other expenditure** is higher than budget primarily due to higher advertising, computer software and licenses, legal costs, electricity, facilities repairs and maintenance, City Rail Link (CRL) mobilisation costs and a higher than expected uptake of the Total Mobility Scheme.
- **Finance costs** are favourable to budget due to lower interest rates because of a loan restructure at the start of the financial year. This was an additional contribution (in addition to AT savings assumed in the budget) towards AC’s \$5 million savings target for 2023/24.

Section 3 – Operational funding requirement per passenger

	Current month				Full Year			
	Actual	Budget (Realigned)	Variance	Actual % to Total	Actual	Budget (Realigned)	Variance	Actual % to Total
Rail, Bus and Ferry operations:								
Operating expenditure per passenger	\$11.40	\$10.92	(\$0.48)	100%	\$8.76	\$9.38	\$0.62	100%
Operating expenditure per passenger is funded by:								
Customers	\$2.46	\$1.96	(\$0.50)	22%	\$2.02	\$1.89	(\$0.13)	23%
NZ Transport Agency Waka Kotahi (NZTA) top-up	\$0.05	\$0.63	\$0.58	0%	\$0.42	\$0.63	\$0.22	5%
NZ Transport Agency Waka Kotahi (NZTA) operating funding	\$4.71	\$3.99	(\$0.72)	41%	\$3.33	\$3.51	\$0.18	38%
Local share funding (AC)	\$4.18	\$4.34	\$0.16	37%	\$3.00	\$3.35	\$0.35	34%
Total operating expenditure per passenger	\$11.40	\$10.92	(\$0.48)	100%	\$8.76	\$9.38	\$0.62	100%

The full year operational expenditure per passenger is \$8.76 with:

- \$2.02 paid by customers
- \$3.00 subsidised by AC
- \$3.33 subsidised by NZTA
- \$0.42 topped up by NZTA for under 25 discounts

	Current month				Full Year			
	Actual	Budget (Realigned)	Variance	Variance %	Actual	Budget (Realigned)	Variance	Variance %
Rail, Bus and Ferry operations:								
Operating expenditure \$000	76,492	68,014	(8,478)	(12%)	759,950	746,504	(13,446)	(2%)
Less: Fare revenues and other income \$000								
Customers	16,520	12,208	4,312	35%	174,932	150,145	24,787	17%
NZ Transport Agency Waka Kotahi (NZTA) top-up	348	3,939	(3,591)	(91%)	36,019	50,302	(14,283)	(28%)
Total	16,868	16,147	721	4%	210,951	200,447	10,504	5%
Operating funding requirement \$000	59,624	51,867	(7,757)	(15%)	548,999	546,057	(2,942)	(1%)
Patronage 000's	6,707	6,226	481	8%	86,713	79,568	7,146	9%
Operating funding requirement per passenger	\$8.89	\$8.33	(\$0.56)	(7%)	\$6.33	\$6.86	\$0.53	8%
NZTA operating funding per passenger	\$4.71	\$3.99	(\$0.72)	(18%)	\$3.33	\$3.51	\$0.18	5%
Local share funding (AC) per passenger	\$4.18	\$4.34	\$0.16	4%	\$3.00	\$3.35	\$0.35	10%
Operating funding requirement per passenger	\$8.89	\$8.33	(\$0.56)	(7%)	\$6.33	\$6.86	\$0.53	8%

The full year net operating funding requirement per passenger (net of fare revenues and the under 25 top-up) of \$6.33 is favourable to budget mainly due to higher than expected bus patronage.

Free travel for 5 to 12 year olds and half-price travel for 13 to 24 year olds ended early on 30 April 2024, in line with the Government's decision to withdraw funding for these concessions.

Section 4 – Summary of Capital Expenditure

	Current month			Full year		
	Actual \$000	Budget (Realigned) \$000	Variance \$000	Actual \$000	Budget (Realigned) \$000	Variance \$000
Regional Land Transport Plan (RLTP) grouping						
Active Modes	7,887	5,270	(2,617)	43,630	53,500	9,870
Asset Management	46,256	33,210	(13,046)	437,510	418,118	(19,392)
Bus Projects	2,100	10,709	8,609	14,358	40,777	26,419
Corridor Improvements	2,254	1,918	(336)	8,495	11,690	3,195
Ferry, Multi-modal, and Park and Ride	9,865	2,181	(7,684)	73,480	50,202	(23,278)
Local Board Priorities	3,237	217	(3,020)	24,225	18,479	(5,746)
Network Capacity and Performance	3,114	1,962	(1,152)	13,691	22,000	8,309
Operational Programmes	8,045	2,487	(5,558)	48,202	37,526	(10,676)
Population Growth	14,952	5,773	(9,179)	55,150	41,658	(13,492)
Rapid Transit: Bus Projects	35,009	18,965	(16,044)	193,239	180,000	(13,239)
Rapid Transit: Rail Projects	12,027	25,307	13,280	49,375	105,448	56,073
Safety	2,740	1,625	(1,115)	41,779	47,000	5,221
Sustainability Projects that are in addition to travel choice projects	249	72	(177)	528	500	(28)
Climate Action Targeted Rate	14,618	457	(14,161)	39,013	31,092	(7,921)
Total direct capital	162,353	110,153	(52,200)	1,042,675	1,057,990	15,315

Active modes: – Cycling programme under delivery is due to rework or redesign and future funding uncertainty.

Asset Management – is above budget due to significant level of pre-seal repairs as well as accelerated delivery of the flood recovery programme

Bus – under delivery is due to delays in design acceptance and collaboration with utility companies, and transfer of NorthWest Rapid Bus improvement to NZTA.

Ferry – is above budget due to a catch up of prior year commitments.

Rapid Transit bus – is ahead of budget Eastern Busway 2-4 additional property acquisition in the year.

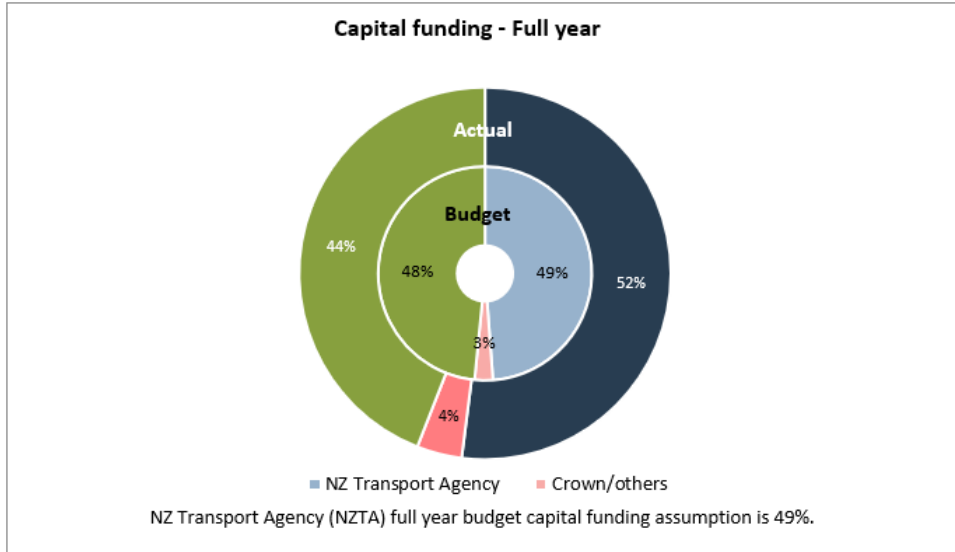
Rapid transit rail - (EMU rolling stock and stabling) is below budget due to a delay in stabling (Wiri Depot) and scheduling of EMU rolling stock delivery.

The full year capital expenditure of \$1,043 million is the highest level of annual investment delivered by AT. This result was \$15 million below the annual budget of \$1,058 million, (99% delivery). In June, the spend of \$162 million was higher than the budget of \$110 million. This higher spend against budget in the month was mainly driven by the following:

- Land acquisition for Eastern Busway Stages 2-4, Wainui and Drury Road Improvements.
- Renewals and flood recovery work accelerating.
- Ferry vessel milestone payments.

Looking forward, funding uncertainty is limiting AT's ability to commit to new projects that extend into the next Government Policy Statement (GPS) period which commenced on 1 July 2024.

Section 5 – Capital funding



AT’s capital funding budget assumes an approximately 50% funding split between local share and central Government/other crown funding.

- **NZTA capital funding** YTD of 52% is higher than the budget of 49% reflecting a catch-up of New Zealand Upgrade Programme funding for Eastern Busway, additional Climate Emergency Response Fund funding for approved PT projects such Raleigh Road and East Coast Road bus priority, and initiatives to support the NorthWest Busway Improvement programme.
- **Other Crown Funding** is primarily Crown Infrastructure Partners funding for EV Maritime ferries, NorthWest Busway Improvement programme and more recently flood recovery works (which includes recovery of funding for some costs incurred in 2022/23).
- **AC (local share) funding** is 4% lower than budget due to higher NZTA capital funding.

Te pou whenua tuinga / Document ownership

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