



## Financial Results for the Four Months Ended 31 October 2024

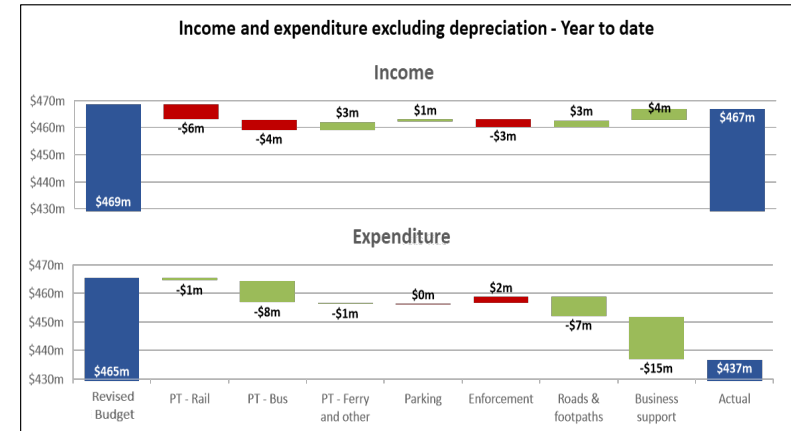
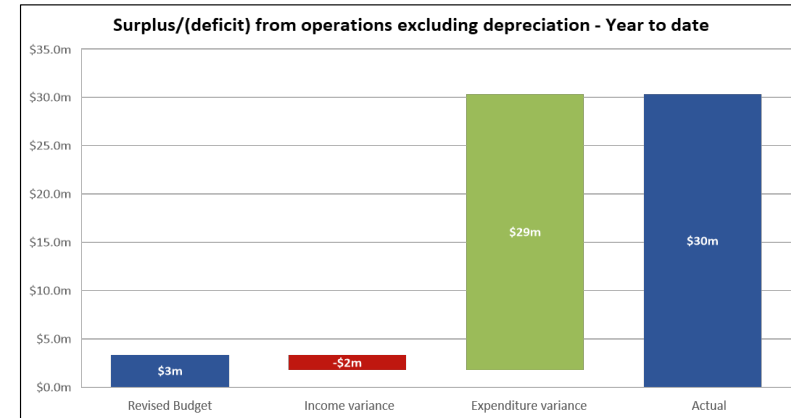
Reason for inclusion in closed board meeting session	
1. Please state why this report is being considered in the closed board meeting as opposed to the open board meeting. Please refer to the 'reasons for confidentiality' and provide a direct reference to one of these reasons.	To protect information that will soon be publicly available
2. Please provide an estimated date for release of this report.	19 December 2024

### Aronga / Purpose

- To provide the financial results for the four months ended 31 October 2024.

### Section 1 – Te whakarāpopototanga matua / Executive summary

- Year to date (YTD) **surplus from operations excluding depreciation** of \$30.4 million, is \$27 million favourable to the revised budget. This favourable variance is primarily due to lower costs across the organisation including personnel costs, contractor maintenance, and other expenditure, partially offset by lower New Zealand Transport Agency Waka Kotahi (NZTA) income.
- YTD **Capital expenditure** of \$382.7 million is tracking at 98% of the revised budget. The renewals programme, customer and business systems and property for growth are slightly behind schedule. These are partly offset by the Point Chevalier to Westmere Cycleway project, which is ahead of schedule and expected to come in on budget.



**Rail and bus income** fell short of budget due to lower patronage and reduced NZTA funding; **Bus expenditure** was below budget, primarily because of lower-than-expected indexation. **Enforcement income** from enforcement in Special Vehicle Lanes and Traffic Infringements was lower than anticipated. This was due to higher compliance on the existing road network and delays in implementing the License Plate Recognition System. **Roading and footpath expenditure** was favourable, attributed to less maintenance activity than planned, expected to normalise in coming months. **Business support expenditure** was favourable in IT support costs, software licenses, events and unplanned maintenance.



**Section 2 – Financial results for the three months ended 31 October 2024**

In \$000s	Current month			Year to date			Full year		
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Projection	Revised Budget	Variance
<b>Operating income</b>									
Auckland Council funding	41,976	41,976	-	166,134	166,134	-	512,444	512,444	-
NZTA operating funding	41,199	39,825	1,374	155,600	162,862	(7,262)	467,641	481,977	(14,336)
NZTA operating funding - Top-up from Crown	1,096	1,045	51	8,141	4,176	3,965	16,135	12,485	3,650
Parking and enforcement income	10,349	10,916	(567)	39,042	41,076	(2,034)	122,175	130,554	(8,379)
Public transport income	21,478	20,859	619	80,382	82,288	(1,906)	246,660	258,300	(11,640)
Other revenue incl. other grants and subsidies	6,279	2,999	3,280	17,873	12,256	5,617	54,852	37,023	17,829
<b>Total operating income</b>	<b>122,377</b>	<b>117,620</b>	<b>4,757</b>	<b>467,172</b>	<b>468,792</b>	<b>(1,620)</b>	<b>1,419,907</b>	<b>1,432,783</b>	<b>(12,876)</b>
<b>Operating expenditure</b>									
Personnel costs	21,484	21,631	147	80,510	83,949	3,439	240,529	245,292	4,763
Capitalised personnel costs	(4,476)	(4,676)	(200)	(17,343)	(17,478)	(135)	(49,280)	(47,505)	1,775
Public transport contracts	57,664	58,968	1,304	229,186	234,593	5,407	694,904	711,704	16,800
Contractors-maintenance	10,943	12,059	1,116	37,605	46,078	8,473	127,395	132,114	4,719
Professional services	2,826	4,310	1,484	10,361	14,251	3,890	55,200	49,789	(5,411)
Track and ferry access charges	4,652	4,796	144	20,747	19,230	(1,517)	75,603	70,803	(4,800)
Other expenditure	18,111	17,841	(270)	68,277	77,409	9,132	231,094	237,668	6,574
Finance costs	1,872	1,814	(58)	7,446	7,390	(56)	22,858	22,858	-
<b>Total operating expenditure excluding depreciation</b>	<b>113,076</b>	<b>116,743</b>	<b>3,667</b>	<b>436,789</b>	<b>465,422</b>	<b>28,633</b>	<b>1,398,303</b>	<b>1,422,723</b>	<b>24,420</b>
<b>Surplus/(deficit) from operations excluding depreciation</b>	<b>9,301</b>	<b>877</b>	<b>8,424</b>	<b>30,383</b>	<b>3,370</b>	<b>27,013</b>	<b>21,604</b>	<b>10,060</b>	<b>11,544</b>
Depreciation and amortisation	44,360	45,393	1,033	177,075	178,750	1,675	558,818	558,818	-
<b>Surplus/(deficit) from operations</b>	<b>(35,059)</b>	<b>(44,516)</b>	<b>9,457</b>	<b>(146,692)</b>	<b>(175,380)</b>	<b>28,688</b>	<b>(537,214)</b>	<b>(548,758)</b>	<b>11,544</b>
<b>Income for capital projects</b>									
NZTA capital co-investment	61,615	77,820	(16,205)	187,822	204,028	(16,206)	651,205	651,205	-
Auckland Council capital grant	63,454	53,237	10,217	169,998	161,156	8,842	616,596	616,596	-
Other capital grants	-	-	-	24,905	24,905	-	84,215	84,215	-
Vested asset income	10,035	25,000	(14,965)	58,986	75,000	(16,014)	275,000	275,000	-
<b>Total income for capital projects</b>	<b>135,104</b>	<b>156,057</b>	<b>(20,953)</b>	<b>441,711</b>	<b>465,089</b>	<b>(23,378)</b>	<b>1,627,016</b>	<b>1,627,016</b>	<b>-</b>
<b>Net surplus/(deficit) before tax and derivatives</b>	<b>100,045</b>	<b>111,541</b>	<b>(11,496)</b>	<b>295,019</b>	<b>289,709</b>	<b>5,310</b>	<b>1,089,802</b>	<b>1,078,258</b>	<b>11,544</b>
Gains/(losses) on derivatives	6,568	-	6,568	5,328	-	5,328	5,328	-	5,328
Gain/(loss) on disposal of assets/ non-operating items	(375)	-	(375)	(375)	-	(375)	(375)	-	(375)
<b>Net surplus/(deficit) after tax and derivatives</b>	<b>106,238</b>	<b>111,541</b>	<b>(5,303)</b>	<b>299,972</b>	<b>289,709</b>	<b>10,263</b>	<b>1,094,755</b>	<b>1,078,258</b>	<b>16,497</b>

*NZTA confirmed the National Land Transport Fund resulting in a reduction in 3 year funding levels. In October, Auckland Council (AC) agreed to retain its share of funding as per the Long Term Plan and approved a revised programme. The full year budget has been revised, decreasing the capital budget by \$107 million to \$1,352 million. Minimal changes were required to the operating budget.*

*The 2024/25 budget of \$10 million surplus from operations excluding depreciation is funding for the Electric Multiple Unit loan principal repayment.*

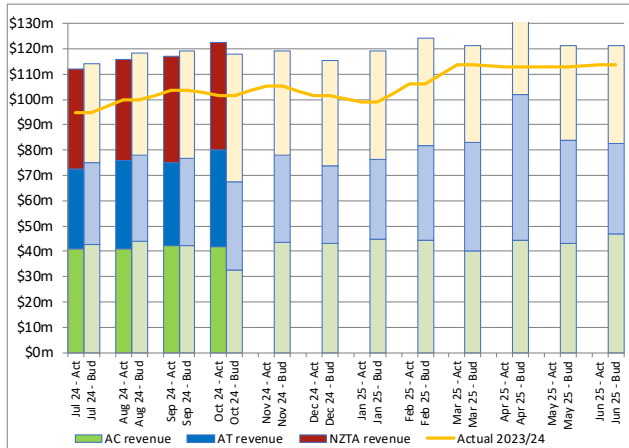
**Estimated high level indicative range for the year-end operating surplus / (deficit) outturn is between -\$5 million to +\$20 million above the budgeted \$10.1 million operating surplus**





**Section 2 – Financial results for the three months ended 31 October 2024 (continued)**

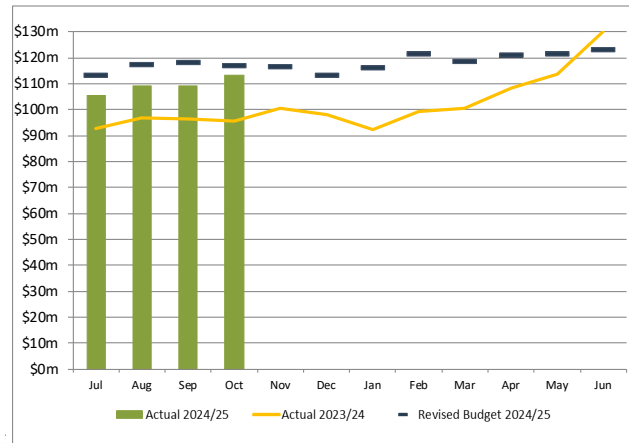
**Operating income**



Operating income budget variances:

- **NZTA operating funding** is lower than the revised budget reflecting lower NZTA fundable operating costs and capital activities.
- **Public Transport (PT) income** is unfavourable with lower patronage and yield. Patronage was 96% of budget but expected to increase with the implementation of Contactless Payment in November and additional initiatives being developed to stimulate growth in PT and active modes during summer and subsequent months. Rail patronage remains a key risk due to ongoing track disruptions.
- **Enforcement income** is unfavourable primarily due to high compliance rates across the network and slower than budgeted planning and implementation of license plate recognition initiatives. The improved result in October is due to an increase in regulated infringement fees from 1 October.
- **Other income** is favourable primarily due to higher than budgeted petrol tax revenue and miscellaneous income.

**Operating expenditure excluding depreciation**



Operating expenditure budget variances:

- **Personnel cost** is favourable to the revised budget primarily due to budgeted positions not filled.
- **PT contracts costs** are lower than the revised budget primarily due to lower than budgeted indexation.
- **Contractors-maintenance costs** are below the revised budget due to less maintenance activity than planned, expected to normalise in coming months.
- **Other expenditure** is lower than the revised budget primarily due to lower IT costs (including National Ticketing System Early Integration project costs), software licenses, events, and unplanned maintenance.





**Section 3 – Operational funding requirement per passenger**

	Current month				Year to date			
	Actual	Revised Budget	Var.	Actual % to Total	Actual	Revised Budget	Var.	Actual % to Total
<b>Rail, Bus and Ferry operations:</b>								
<b>Operating expenditure per passenger</b>	<b>\$9.31</b>	<b>\$8.88</b>	<b>(\$0.44)</b>	<b>100%</b>	<b>\$9.04</b>	<b>\$8.93</b>	<b>(\$0.11)</b>	<b>100%</b>
<b>Operating expenditure per passenger is funded by:</b>								
Customers	\$2.67	\$2.50	(\$0.17)	29%	\$2.51	\$2.50	(\$0.01)	28%
NZTA top-up	\$0.06	\$0.07	\$0.01	1%	\$0.07	\$0.07	\$0.01	1%
NZTA operating funding	\$3.47	\$3.38	(\$0.09)	37%	\$3.35	\$3.42	\$0.07	37%
Local share funding (AC)	\$3.11	\$2.92	(\$0.18)	33%	\$3.11	\$2.94	(\$0.17)	34%
<b>Total operating expenditure per passenger</b>	<b>\$9.31</b>	<b>\$8.88</b>	<b>(\$0.44)</b>	<b>100%</b>	<b>\$9.04</b>	<b>\$8.93</b>	<b>(\$0.11)</b>	<b>100%</b>

The YTD operational expenditure per passenger was \$9.04 with:

- \$2.51 paid by customers
- \$3.11 subsidised by AC
- \$3.35 subsidised by NZTA
- \$0.07 topped up by NZTA for concessionary fares

	Current month				Year to date			
	Actual	Revised Budget	Var.	Var. %	Actual	Revised Budget	Var.	Var. %
<b>Rail, Bus and Ferry operations:</b>								
Operating expenditure \$000	70,395	71,702	1,307	2%	276,182	284,871	8,689	3%
Less: Fare revenues and other income \$000								
Customers	20,220	20,203	17	0%	76,761	79,759	(2,998)	(4%)
NZTA top-up	466	598	(132)	(22%)	2,096	2,390	(294)	(12%)
Total	20,686	20,801	(115)	(1%)	78,857	82,149	(3,292)	(4%)
<b>Operating funding requirement \$000</b>	<b>49,709</b>	<b>50,901</b>	<b>1,192</b>	<b>2%</b>	<b>197,325</b>	<b>202,722</b>	<b>5,397</b>	<b>3%</b>
Patronage 000's	7,559	8,077	(518)	(6%)	30,558	31,894	(1,336)	(4%)
<b>Operating funding requirement per passenger</b>	<b>\$6.58</b>	<b>\$6.30</b>	<b>(\$0.27)</b>	<b>(4%)</b>	<b>\$6.46</b>	<b>\$6.36</b>	<b>(\$0.10)</b>	<b>(2%)</b>
NZTA operating funding per passenger	\$3.47	\$3.38	(\$0.09)	(3%)	\$3.35	\$3.42	\$0.07	2%
Local share funding (AC) per passenger	\$3.11	\$2.92	(\$0.18)	(6%)	\$3.11	\$2.94	(\$0.17)	(6%)
<b>Operating funding requirement per passenger</b>	<b>\$6.58</b>	<b>\$6.30</b>	<b>(\$0.27)</b>	<b>(4%)</b>	<b>\$6.46</b>	<b>\$6.36</b>	<b>(\$0.10)</b>	<b>(2%)</b>

The YTD net operating funding requirement per passenger (net of fare revenue) of \$6.46 was unfavourable to budget mainly due to lower than budgeted patronage.

NZTA top-up is funding for the Total Mobility and Community Connect Concessions.





**Section 4 – Summary of Capital Expenditure**

In \$000s	Current month			Year to date			Full year
	Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Revised Budget
<b>Regional Land Transport Plan (RLTP) grouping</b>							
Asset Renewals	31,879	36,215	4,336	108,676	113,012	4,336	343,750
Resilience/Adaptation	15,115	15,571	456	53,472	53,928	456	112,872
Bus City Centre	1,094	1,379	285	4,402	4,686	284	22,216
Bus Projects	1,538	2,118	580	5,695	6,274	579	25,613
Ferry Projects	2,093	2,385	292	5,465	5,758	293	34,303
Rail Projects	18,025	19,899	1,874	37,351	38,091	740	208,383
Rapid Transit Access	613	865	252	2,423	2,675	252	12,348
Cycleway projects	7,429	4,548	(2,881)	13,940	11,037	(2,903)	62,920
Eastern Busway	27,953	26,492	(1,461)	92,036	90,575	(1,461)	255,757
Priority growth area	5,789	4,708	(1,081)	11,254	10,146	(1,108)	55,187
Property for growth	829	4,066	3,237	8,320	11,557	3,237	52,500
Community response	2,578	2,988	410	8,764	9,173	409	29,111
Local Board priority	1,717	1,814	97	5,115	5,212	97	19,527
Network Optimisation	2,542	1,335	(1,207)	6,807	6,403	(404)	27,660
Parking and other	589	38	(551)	1,367	815	(552)	4,240
Road Safety	1,345	1,206	(139)	3,127	2,987	(140)	26,114
Customer Systems	3,937	5,430	1,493	14,512	17,761	3,249	59,516
<b>Total direct capital</b>	<b>125,065</b>	<b>131,057</b>	<b>5,992</b>	<b>382,726</b>	<b>390,090</b>	<b>7,364</b>	<b>1,352,017</b>

**Asset Renewals** – programme is progressing well with a record number of kilometres of road pavement renewals completed.

**Resilience/Adaption** - the flood recovery programme continues to progress at pace and remains on schedule.

**Ferry Projects** – the focus for the programme is completion of the four vessels under construction. Installation of charging infrastructure at Half Moon Bay has commenced.

**Rail Projects** – Milestone payments for two EMU's were made in October 2024. These units are complete and ready for transportation.

**Cycleway projects** – Point Chevalier to Westmere Improvements is progressing well with a number of milestones completed on time in October.

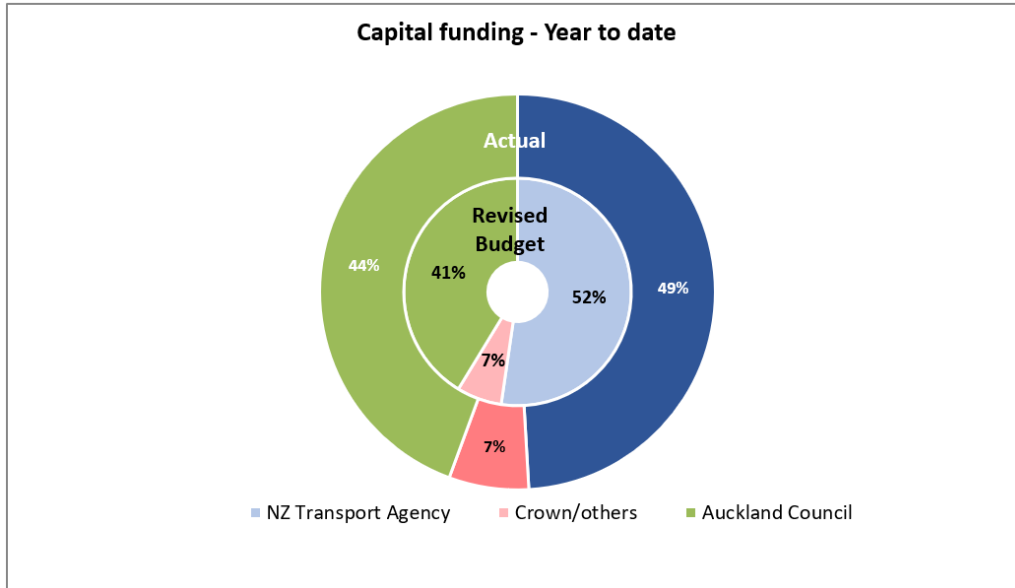
**Customer Systems** – The Open Loop project (Contactless Payment) went live in November 2024.

- On 29 October 2024, the board approved the revised annual budget for 2024/25. The revised budget has been reduced to \$1,352 million following approval of a revised three-year plan by AC reflecting implications of the published National Land Transport Programme.
- The in-month delivery rate against budget was 95%. The capex spend year-to-date is tracking in line with budget at 98%.
- As the budget and funding have been confirmed, the focus is on delivering the revised plan.





**Section 5 – Capital funding**



Auckland Transport’s revised capital budget assumes 52% co-funding from NZTA and 7% from other crown funding sources.

NZTA co-funding YTD is 49% vs a budget of 52%. Other Crown funding of 7% YTD is in line with budget. Key areas driving the year-to-date variance are:

- Eastern Busway funding is below budget primarily due to a timing difference in claims for property purchase. Funding claims for property are based on settlement, not when accrued or when the sale and purchase is signed.
- Co-funding for the Low Cost Low Risk programme is lower than budgeted, requiring higher than anticipated AC funding.

**Te pou whenua tuhinga / Document ownership**

Submitted by	Recommended by	Approved for submission
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