

Financial Results for the Two Months Ended 31 August 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.	30 October 2024

Aronga / Purpose

- This report provides the financial results for the two months ended 31 August 2024.

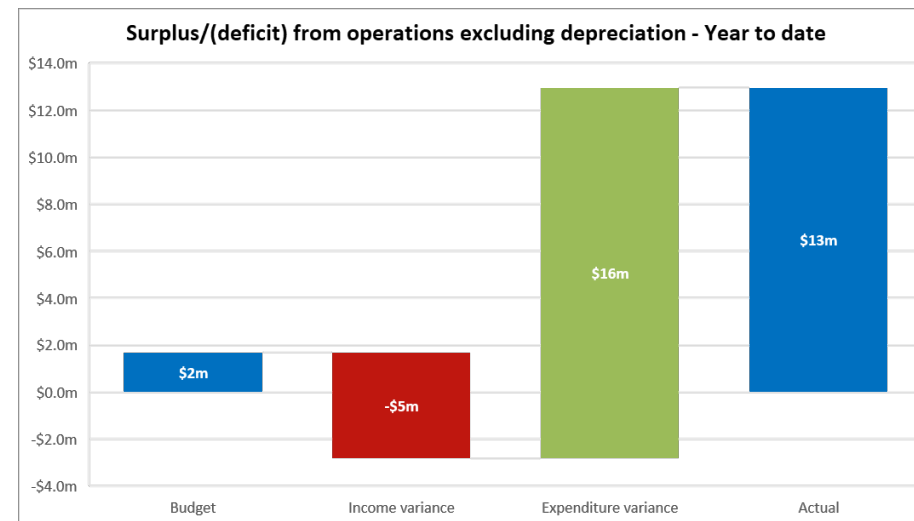
Te tūhonga / Recommendation

That the Auckland Transport Board (board):

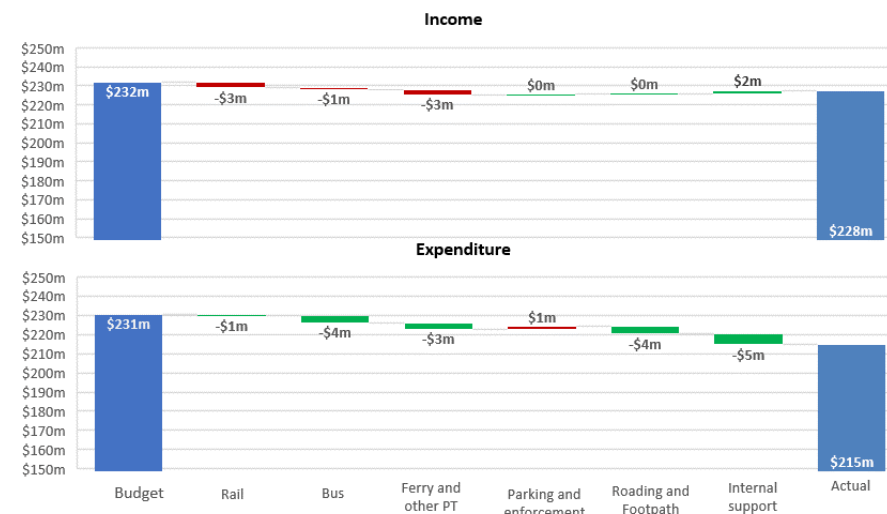
- Notes the report.

Section 1 – Te whakarāpopotanga matua / Executive summary

- Year to date (YTD) **surplus from operations excluding depreciation** of \$13.0 million, is \$11.3 million favourable to budget. This favourable variance is primarily due to lower contractor maintenance and other expenses, partially offset by lower NZ Transport Agency Waka Kotahi (NZTA) income.
- YTD **Capital expenditure** of \$170.8 million is tracking at 84% of planned spend. The underspend is mainly due to phasing of activity in some key projects whilst we waited for NZTA approval of the 2024-27 National Land Transport Programme (NLTP) in August.



Income and expenditure excluding depreciation - Year to date



Bus expenditure was lower than budget due to lower than expected indexation. **Other Public Transport (PT) income and expenditure** was lower than budget primarily due to lower NZTA fundable operating costs. **Roothing and footpath expenditure** was favourable, due to less maintenance activity than planned, expected to normalise in coming months. **Internal support expenditure** was favourable across all major spend areas.



Section 2 – Financial results for the two months ended 31 August 2024

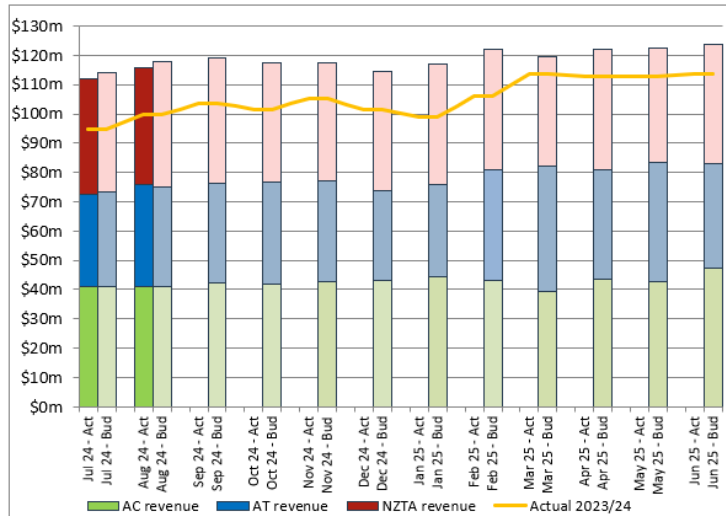
	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Operating income							
Auckland Council funding	40,998	40,998	-	82,008	82,008	-	512,444
NZTA operating funding	37,318	41,814	(4,496)	76,136	81,496	(5,360)	476,277
NZTA operating funding - Top-up from Crown	2,703	1,054	1,649	3,051	2,089	962	12,485
Parking and enforcement income	9,751	10,501	(750)	19,481	19,321	160	130,554
Public transport income	21,686	21,302	384	38,394	41,092	(2,698)	258,300
Other revenue incl. other grants and subsidies	3,483	2,392	1,091	8,623	6,201	2,422	37,023
Total operating income	115,939	118,061	(2,122)	227,693	232,207	(4,514)	1,427,083
Operating expenditure							
Personnel costs	19,263	19,938	675	39,051	40,946	1,895	245,293
Capitalised personnel costs	(4,579)	(4,063)	516	(8,150)	(8,806)	(656)	(47,505)
Public transport contracts	56,967	58,542	1,575	114,299	117,084	2,785	711,704
Contractors-maintenance	9,833	11,549	1,716	17,426	22,735	5,309	136,114
Professional services	2,329	3,301	972	4,157	6,251	2,094	49,789
Track and ferry access charges	5,274	4,842	(432)	10,429	9,638	(791)	59,603
Other expenditure	18,319	21,260	2,941	33,763	38,982	5,219	239,168
Finance costs	1,874	1,881	7	3,752	3,699	(53)	22,858
Total operating expenditure excluding depreciation	109,280	117,250	7,970	214,727	230,529	15,802	1,417,024
Surplus/(deficit) from operations excluding depreciation	6,659	811	5,848	12,966	1,678	11,288	10,059
Depreciation and amortisation	44,264	44,453	189	88,616	88,435	(181)	558,818
Surplus/(deficit) from operations	(37,605)	(43,642)	6,037	(75,650)	(86,757)	11,107	(548,759)
Income for capital projects							
NZTA capital co-investment	44,330	64,376	(20,046)	83,787	114,355	(30,568)	732,612
Auckland Council capital grant	58,498	52,054	6,444	87,029	90,207	(3,178)	679,963
Other capital grants	-	-	-	-	-	-	46,201
Vested asset income	22,292	25,000	(2,708)	22,292	25,000	(2,708)	275,000
Total income for capital projects	125,120	141,430	(16,310)	193,108	229,562	(36,454)	1,733,776
Net surplus/(deficit) before tax and derivatives	87,515	97,788	(10,273)	117,458	142,805	(25,347)	1,185,017
Gains/(losses) on derivatives	5,886	-	5,886	11,393	-	11,393	-
Net surplus/(deficit) after tax and derivatives	93,401	97,788	(4,387)	128,851	142,805	(13,954)	1,185,017

NZTA has released the NLTP which has confirmed the previously signalled constrained National Land Transport Fund (NLTF) funding levels. This primarily impacts maintenance spend and capital projects (including renewals). We are working through the details to ensure the best use of available funding.

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

Section 2 – Financial results for the two months ended 31 August 2024 (continued)

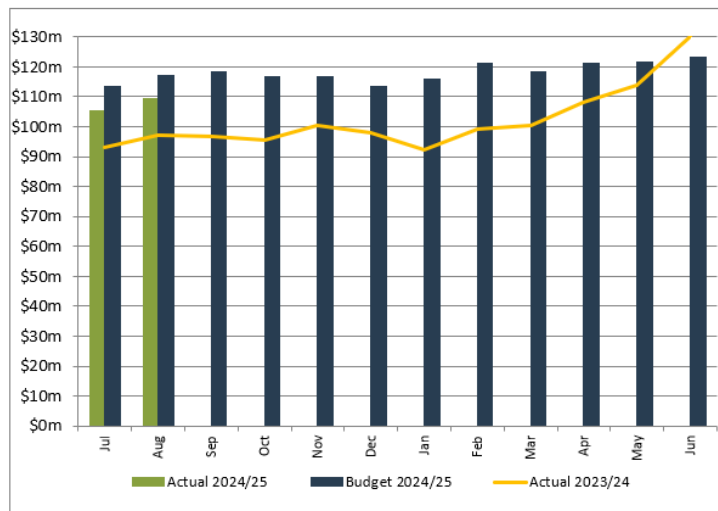
Operating income



Operating income budget variances:

- **NZTA operating funding** is lower than budget reflecting lower NZTA fundable operating costs and capital activities.
- **PT income** is unfavourable with lower patronage and yield. Bus patronage for August was 85% compared to a budgeted 90% of pre COVID-19 levels.
- **Other income** is 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.
- **PT contracts costs** are lower than budget primarily due to lower than budgeted indexation.
- **Contractors-maintenance costs** are below budget due to less maintenance activity than planned, expected to normalise in coming months.
- **Other expenditure** is lower than budget primarily due to lower IT costs (including Early Integration project costs for the National Ticketing System), professional services, software licenses, events, printing, and utilities costs.

Section 3 – Operational funding requirement per passenger

	Current month				Year to date			
	Actual	Budget	Var.	Actual % to Total	Actual	Budget	Var.	Actual % to Total
Rail, Bus and Ferry operations:								
Operating expenditure per passenger	\$8.58	\$8.44	(\$0.14)	100%	\$8.86	\$8.89	\$0.03	100%
Operating expenditure per passenger is funded by:								
Customers	\$2.37	\$2.30	(\$0.07)	28%	\$2.25	\$2.32	\$0.07	25%
NZTA top-up	\$0.33	\$0.13	(\$0.21)	4%	\$0.20	\$0.13	(\$0.07)	2%
NZTA operating funding	\$3.08	\$3.30	\$0.22	36%	\$3.41	\$3.52	\$0.11	39%
Local share funding (Auckland Council (AC))	\$2.80	\$2.72	(\$0.08)	33%	\$3.00	\$2.91	(\$0.09)	34%
Total operating expenditure per passenger	\$8.58	\$8.44	(\$0.14)	100%	\$8.86	\$8.89	\$0.03	100%

The YTD operational expenditure per passenger was \$8.86 with:

- \$2.25 paid by customers
- \$3.00 subsidised by AC
- \$3.41 subsidised by NZTA
- \$0.20 topped up by NZTA for concessionary fares

	Current month				Year to date			
	Actual	Budget	Var.	Var. %	Actual	Budget	Var.	Var. %
Rail, Bus and Ferry operations:								
Operating expenditure \$000	69,360	70,658	1,298	2%	136,868	141,449	4,581	3%
Less: Fare revenues and other income \$000								
Customers	19,179	19,256	(77)	(0%)	34,724	36,912	(2,188)	(6%)
NZTA top-up	2,703	1,055	1,648	156%	3,051	2,089	962	46%
Total	21,882	20,311	1,571	8%	37,775	39,001	(1,226)	(3%)
Operating funding requirement \$000	47,478	50,347	2,869	6%	99,093	102,448	3,355	3%
Patronage 000's	8,083	8,372	(290)	(3%)	15,448	15,917	(468)	(3%)
Operating funding requirement per passenger	\$5.87	\$6.01	\$0.14	2%	\$6.41	\$6.44	\$0.02	0%
NZTA operating funding per passenger	\$3.08	\$3.30	\$0.22	7%	\$3.41	\$3.52	\$0.11	3%
Local share funding (AC) per passenger	\$2.80	\$2.72	(\$0.08)	(3%)	\$3.00	\$2.91	(\$0.09)	(3%)
Operating funding requirement per passenger	\$5.87	\$6.01	\$0.14	2%	\$6.41	\$6.44	\$0.02	0%

The YTD net operating funding requirement per passenger (net of fare revenue) of \$6.41 was favourable to budget mainly due to lower than budgeted operating expenditure.

Section 4 – Summary of Capital Expenditure

	Current month			Year to date			Full year
	Actual \$000	Budget \$000	Variance \$000	Actual \$000	Budget \$000	Variance \$000	Budget \$000
Regional Land Transport Plan (RLTP) grouping							
Asset Renewals	22,535	18,772	(3,763)	46,079	34,954	(11,125)	343,876
Resilience/Adaptation	12,527	10,460	(2,067)	26,176	20,860	(5,316)	64,485
Bus City Centre	1,165	1,690	525	1,956	3,004	1,048	25,807
Bus Projects	716	2,509	1,793	2,899	5,032	2,133	41,524
Ferry Projects	8,503	9,630	1,127	302	14,437	14,135	85,722
Rail Projects	10,327	21,505	11,178	14,772	31,410	16,638	223,804
Rapid Transit Access	677	692	15	1,254	1,243	(11)	21,216
Cycleway projects	4,762	4,629	(133)	5,231	9,042	3,811	86,094
Eastern Busway	26,220	27,808	1,588	49,240	51,617	2,377	264,430
Priority growth area	1,058	4,683	3,625	2,465	5,532	3,067	46,313
Property for growth	2,741	1,018	(1,723)	3,243	1,981	(1,262)	42,000
Community response	1,961	1,874	(87)	3,863	3,517	(346)	37,405
Local Board priority	1,858	1,270	(588)	1,826	2,554	728	22,880
Network Optimisation	1,779	2,236	457	2,615	4,186	1,571	34,944
Parking and other	425	418	(7)	561	681	120	10,640
Road Safety	695	2,454	1,759	721	4,878	4,157	42,935
Customer Systems	4,880	4,782	(98)	7,612	9,631	2,019	64,700
Total direct capital	102,829	116,430	13,601	170,815	204,559	33,744	1,458,775

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

Resilience/Adaption - the flood recovery programme is progressing at pace and expected to be accelerated into 2024/25 and completed ahead of schedule.

Ferry Projects - focus for the programme is construction of the four contracted vessels and delivering associated charging infrastructure. Tender paused for further vessels to re-consider fleet renewal options.

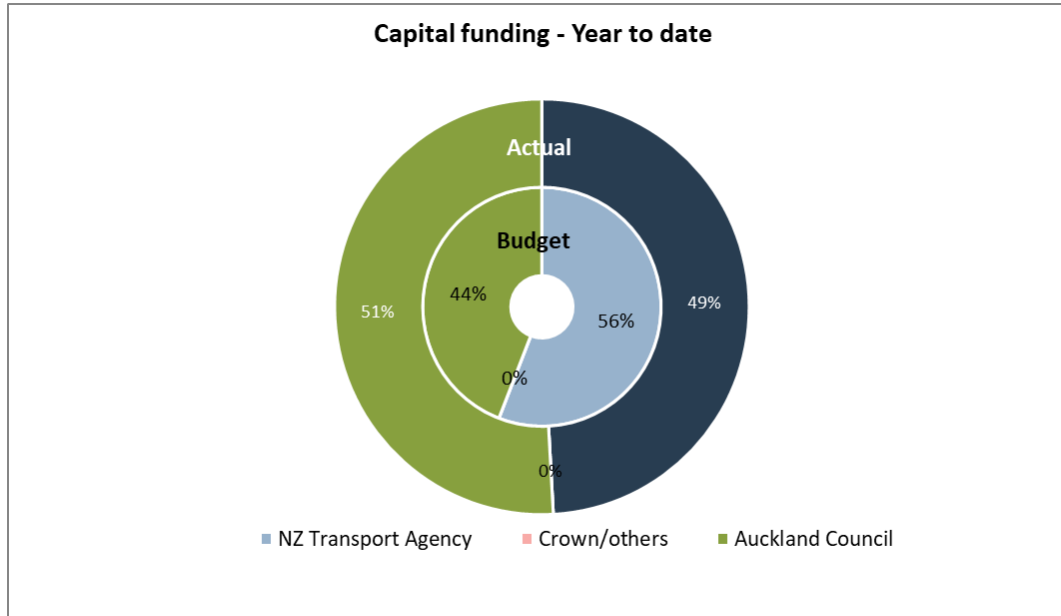
Rail Projects – are behind budget as anticipated land purchase for the CRL level crossing removal programme has been delayed, and the timing of EMU unit deliveries has changed.

Safety and cycleway projects –underspend is due to slower paced delivery whilst waiting for NLTF funding feedback.

Delivery in the month was 88% against budget. This is an increase on the prior month (77%) with year to date expenditure tracking at 84% of planned spend. The key areas of underspend year to date are in Rail projects, Ferry, Cycleways and Road Safety. Offsetting these are Renewals and Flood response delivery.

NZTA have confirmed the 2024-27 NLTP. The impact on the overall capital programme is being analysed and advice will be brought to the board on impacts and options for the best use of available funding.

Section 5 – Capital funding



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

- **NZTA capital funding:** YTD NZTA co-funding is at 49%. Key areas driving the year to date variance are:
 - Reduced level of approved co-funding through the Low Cost Low Risk Programme resulting in higher than currently planned AC funding for programmes including road safety, community response, local board initiatives, rapid transit access and network optimisation.
 - Flood response delivery works attracting a standard Funding Assistance Rate (FAR) prior to becoming eligible for a higher enhanced FAR during the year.

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
		