

Financial Results for the Nine Months Ended 31 March 2012

This report should be read in conjunction with the financial report which can be found in the open section of the agenda papers.

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Section 5a – Capital expenditure variance explanation

Capital expenditure for the month was \$74.8m, an underspend to forecast of \$7.0m. YTD capital expenditure was \$383.9m, a variance to forecast of \$74.5m.

The YTD variance is mainly due to:

- \$34.4m underspends in Roads new capital expenditure. This is primarily due to:
 - \$6.6m AMETI-Package 1 Panmure Corridor project. Archaeological findings and investigation is slowing down the construction's progress. Key milestone to demolish EPH Bridge is currently six week behind. The overall programme is unchanged.
 - \$5.8m AMETI-land (Wider project). Key land not yet acquired. ACPL is significantly behind the acquisition programme.
 - \$2.2m NORSGA PC 15 Massey North T/C. The variance is due to land purchase delays and construction deferral due to wet weather.
 - \$1.5m Albany Highway upgrade. This is mainly due to major property acquisition's being significantly behind forecast.
- \$16.6m underspends in various road renewal projects. This is mainly due to delay in the surfacing and Area Wide Pavement Treatment (road rehabilitation) of the South and Central areas. The delay is primarily due to contractors not starting work as planned due to health and safety concerns. In addition to this, road renewals, in general, are behind due to unseasonal inclement weather in February. It is expected that the majority of the road renewal projects will be delivered by the end of the financial year
- \$9.6m underspends in the EMU project. This is due to the following:
 - \$5.6 underspends in EMU procurement project. This is mainly due to the deferral of the project milestone payment to the contractor (CAF) as they had not achieved the required project milestone. This late payment is not on the critical path.
 - \$4.0m underspends in EMU depot project. The final land settlement forecasted in February 2012 has been moved to May 2012.

Recommendation

- (i) That the report be received.

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