

Financial Results for the Eleven Months Ended 31 May 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 eleven months ended 31 May 2024.

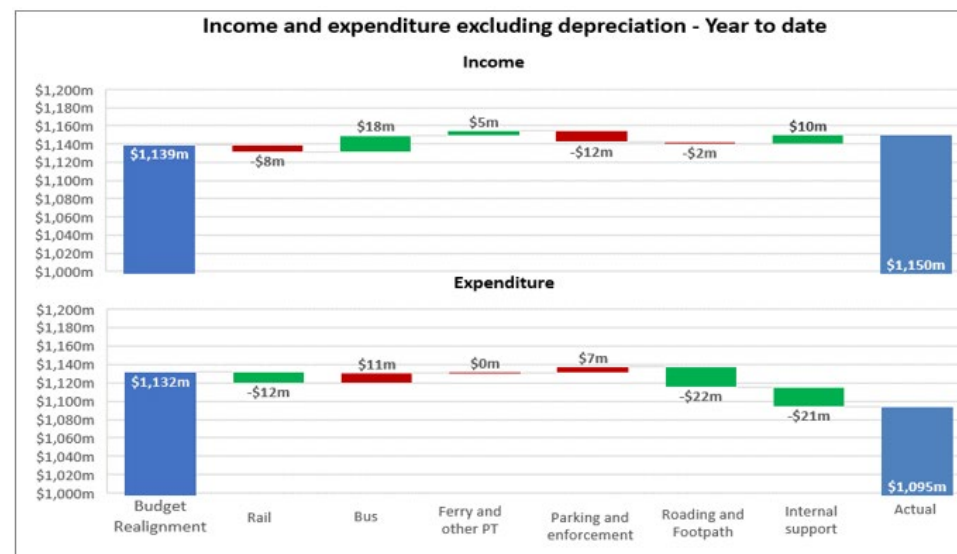
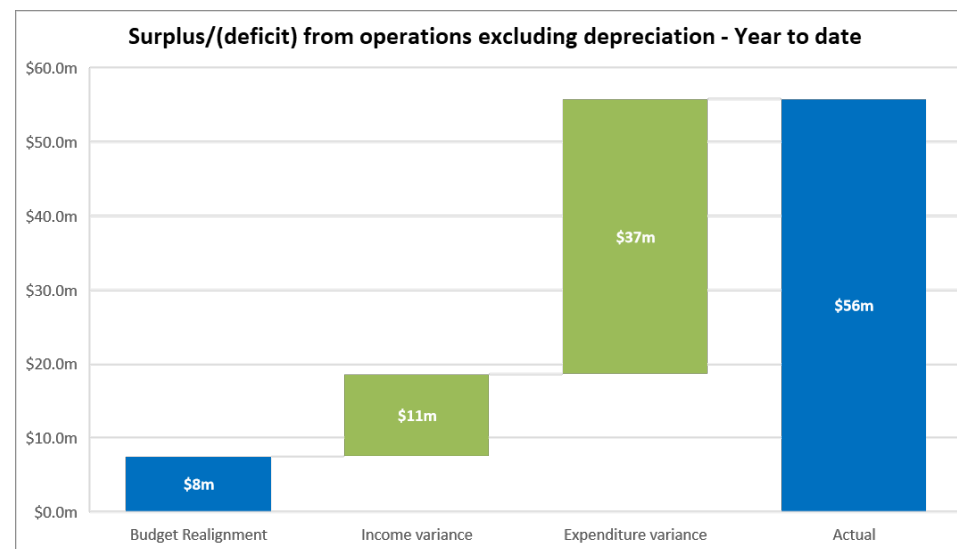
Te tūhonga / Recommendation

That the Auckland Transport Board (board):

- Notes the report.

Section 1 – Te whakarāpopototanga matua / Executive summary

- Year to date (YTD) **surplus from operations excluding depreciation** of \$55.8 million, is \$48.3 million favourable to budget. Underlying business performance is pleasing with higher public transport (PT) income and cost savings across all major spend areas. Based on current trends Auckland Transport (AT) is expecting to deliver ahead of the full year budget.
- YTD **Capital expenditure** of \$880.7 million is tracking at 93% of planned spend. The underspend is within bus, rail and active modes projects.



Rail income is unfavourable to budget due to ongoing rail disruptions. **Bus income** is favourable due to higher than expected bus patronage. **Roding and footpath expenditure** is favourable due to lower maintenance costs due to market capacity constraints and **internal support expenditure** is favourable across all major spend areas.

Section 2 – Financial results for the eleven months ended 31 May 2024

	Current month			Year to date			Full year		
	Actual	Budget (Realigned)	Variance	Actual	Budget (Realigned)	Variance	Projection	Budget (Realigned)	Variance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating income									
Auckland Council funding	45,600	45,600	-	399,128	399,128	-	439,358	439,358	-
NZ Transport Agency Waka Kotahi (NZTA) operating funding	33,775	33,002	773	409,735	397,395	12,340	448,564	432,947	15,617
NZ Transport Agency Waka Kotahi (NZTA) operating funding - T-top-up from Crown	586	4,953	(4,367)	35,670	46,363	(10,693)	35,670	50,302	(14,632)
Parking and enforcement income	9,592	11,988	(2,396)	99,988	112,275	(12,287)	108,478	123,261	(14,783)
Public transport income	20,670	15,488	5,182	171,722	149,137	22,585	190,572	162,535	28,037
Other revenue incl. other grants and subsidies	2,553	2,971	(418)	34,154	35,049	(895)	37,174	38,733	(1,559)
Total operating income	112,776	114,002	(1,226)	1,150,397	1,139,347	11,050	1,259,816	1,247,136	12,680
Operating expenditure									
Personnel costs	20,197	20,992	795	194,862	201,040	6,178	212,635	219,092	6,457
Capitalised personnel costs	(4,680)	(2,483)	2,197	(40,291)	(37,104)	3,187	(45,790)	(43,858)	1,932
Public transport contracts	60,278	55,235	(5,043)	572,808	574,732	1,924	630,650	632,997	2,347
Contractors-maintenance	10,957	13,124	2,167	102,725	121,813	19,088	114,525	132,914	18,389
Professional services	3,040	3,462	422	30,225	32,785	2,560	34,925	36,267	1,342
Track and ferry access charges	3,873	3,943	70	39,281	40,547	1,266	52,950	44,718	(8,232)
Other expenditure	18,298	16,645	(1,653)	175,521	172,261	(3,260)	195,850	188,730	(7,120)
Finance costs	1,784	2,340	556	19,418	25,745	6,327	21,180	28,086	6,906
Total operating expenditure excluding depreciation	113,747	113,258	(489)	1,094,549	1,131,819	37,270	1,216,925	1,238,946	22,021
Surplus/(deficit) from operations excluding depreciation	(971)	744	(1,715)	55,848	7,528	48,320	42,890	8,190	34,700
Depreciation and amortisation	47,898	48,734	836	486,654	503,519	16,865	530,895	552,450	21,555
Surplus/(deficit) from operations	(48,869)	(47,990)	(879)	(430,806)	(495,991)	65,185	(488,005)	(544,260)	56,255
Income for capital projects									
NZ Transport Agency Waka Kotahi (NZTA) capital co-investment	43,024	50,685	(7,661)	486,734	458,880	27,854	513,581	516,415	(2,835)
Auckland Council capital grant	66,429	57,641	8,788	353,011	463,972	(110,961)	464,451	512,441	(47,990)
Other capital grants	1,906	1,902	4	40,941	24,984	15,957	49,129	29,135	19,994
Vested asset income	70,797	9,130	61,667	351,650	236,803	114,847	421,980	275,000	146,980
Total income for capital projects	182,156	119,358	62,798	1,232,336	1,184,639	47,697	1,449,141	1,332,991	116,150
Net surplus/(deficit) before tax and derivatives	133,287	71,368	61,919	801,530	688,648	112,882	961,136	788,731	172,405
Gains/(losses) on derivatives	(5,190)	-	(5,190)	(2,474)	-	(2,474)	(2,474)	-	(2,474)
Gain/(loss) on disposal of assets/ non-operating items	(20,806)	-	(20,806)	(22,116)	-	(22,116)	(22,116)	-	(22,116)
Net surplus/(deficit) after tax and derivatives	107,291	71,368	35,923	776,940	688,648	88,292	936,546	788,731	147,815

YTD 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.

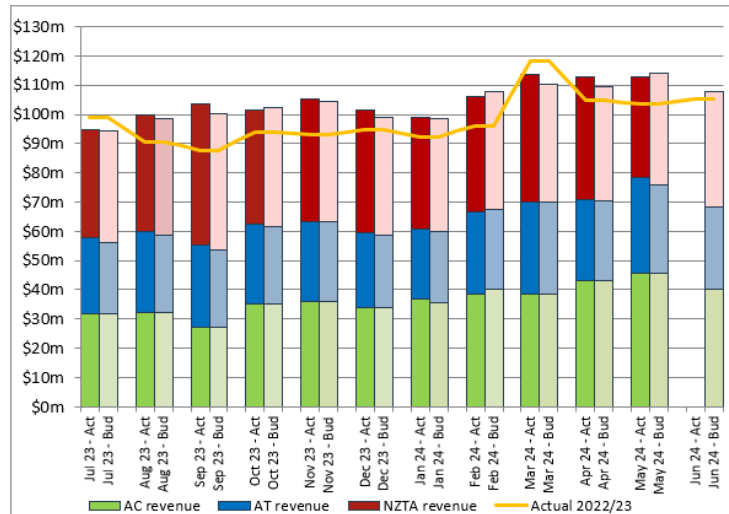
Estimated high level forecast for the year-end operating surplus / (deficit) outturn is between +\$30 million to +\$40 million above the budgeted \$8.2 million operating surplus.

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.

Section 2 – Financial results for the eleven months ended 31 May 2024 (continued)

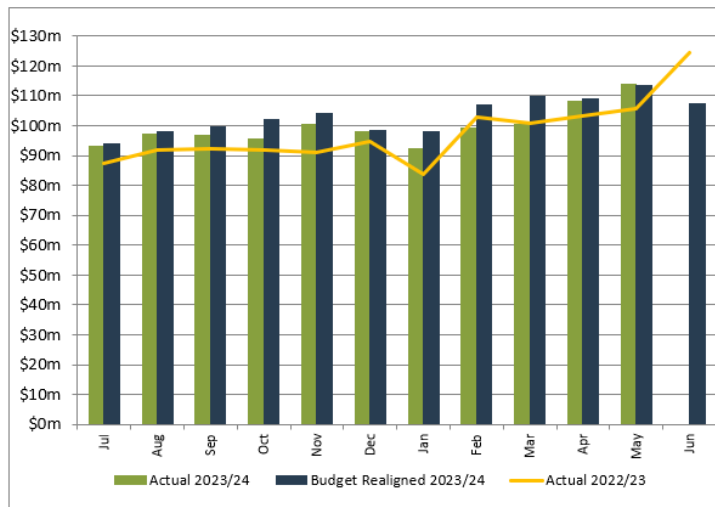
Operating income



Operating income budget variances

- **New Zealand Transport Agency Waka Kotahi (NZTA) operating funding** is favourable to budget primarily 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 enforcement technology.
- **PT income** is favourable to budget primarily from higher bus patronage. PT patronage for May is approximately 84% 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** is favourable to budget mainly from lower than expected road maintenance costs reflecting delivery constraints between flood recovery and unsealed road maintenance activity and recovery of costs from KiwiRail for the emergency Tahekeroa rail slip flood recovery works.
- **Professional services** are favourable to budget primarily within the road network operations and transport safety areas as operational constraints impact on operational and capital delivery.
- **Finance costs** are favourable to budget due to lower interest rates due to a loan restructure at the start of the financial year. This is a planned cost reduction to meet AC cost saving initiatives.

Section 3 – Operational funding requirement per passenger

	Current month				Year to date				Full year
	Actual	Budget (Realigned)	Variance	Actual % to Total	Actual	Budget (Realigned)	Variance	Actual % to Total	Budget (Realigned)
Rail, Bus and Ferry operations:									
Operating expenditure per passenger	\$8.44	\$8.40	(\$0.04)	100%	\$8.54	\$9.25	\$0.71	100%	\$9.38
Operating expenditure per passenger is funded by:									
Customers	\$2.31	\$1.83	(\$0.49)	27%	\$1.98	\$1.88	(\$0.10)	23%	\$1.89
NZ Transport Agency Waka Kotahi (NZTA) top-up	\$0.07	\$0.63	\$0.56	1%	\$0.45	\$0.63	\$0.19	5%	\$0.63
NZ Transport Agency Waka Kotahi (NZTA) operating funding	\$3.09	\$2.82	(\$0.26)	37%	\$3.22	\$3.47	\$0.26	38%	\$3.51
Local share funding (AC)	\$2.97	\$3.11	\$0.15	35%	\$2.90	\$3.26	\$0.37	34%	\$3.35
Total operating expenditure per passenger	\$8.44	\$8.40	(\$0.04)	100%	\$8.54	\$9.25	\$0.71	100%	\$9.38

The YTD operational expenditure per passenger is \$8.54 with:

- \$1.98 paid by customers
- \$2.90 subsidised by AC
- \$3.22 subsidised by NZTA
- \$0.45 topped up by NZTA for under 25 discounts

	Current month				Year to date				Full year
	Actual	Budget (Realigned)	Variance	Variance %	Actual	Budget (Realigned)	Variance	Variance %	Budget (Realigned)
Rail, Bus and Ferry operations:									
Operating expenditure \$000	70,627	65,793	(4,834)	(7%)	683,458	678,495	(4,963)	(1%)	746,504
Less: Fare revenues and other income \$000									
Customers	19,370	14,316	5,054	35%	158,412	137,937	20,475	15%	150,145
NZ Transport Agency Waka Kotahi (NZTA) top-up	586	4,953	(4,367)	(88%)	35,670	46,363	(10,693)	(23%)	50,302
Total	19,956	19,269	687	4%	194,082	184,300	9,782	5%	200,447
Operating funding requirement \$000	50,671	46,524	(4,147)	(9%)	489,376	494,195	4,819	1%	546,057
Patronage 000's	8,368	7,836	532	7%	80,003	73,341	6,662	9%	79,568
Operating funding requirement per passenger	\$6.06	\$5.94	(\$0.12)	(2%)	\$6.12	\$6.74	\$0.62	9%	\$6.86
NZTA operating funding per passenger	\$3.09	\$2.82	(\$0.26)	(9%)	\$3.22	\$3.47	\$0.26	7%	\$3.51
Local share funding (AC) per passenger	\$2.97	\$3.11	\$0.15	5%	\$2.90	\$3.26	\$0.37	11%	\$3.35
Operating funding requirement per passenger	\$6.06	\$5.94	(\$0.12)	(2%)	\$6.12	\$6.74	\$0.62	9%	\$6.86

The YTD net operating funding requirement per passenger (net of fare revenues and the under 25 top-up) of \$6.12 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			Year to date			Full year		
	Actual	Budget (Realigned)	Variance	Actual	Budget (Realigned)	Variance	Projection	Budget (Realigned)	Variance Inc/(Dec)
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Regional Land Transport Plan (RLTP) grouping									
Active Modes	3,676	4,282	606	35,744	48,230	12,486	40,790	53,500	12,710
Asset Management	45,526	40,820	(4,706)	391,254	384,908	(6,346)	433,296	418,118	(15,178)
Bus Projects	951	4,395	3,444	12,258	30,068	17,810	14,922	40,777	25,855
Corridor Improvements	2,724	1,562	(1,162)	6,242	9,773	3,531	8,492	11,690	3,198
Ferry, Multi-modal, and Park and Ride	8,083	728	(7,355)	63,613	48,022	(15,591)	69,059	50,202	(18,857)
Local Board Priorities	2,793	786	(2,007)	20,987	18,262	(2,725)	25,556	18,479	(7,077)
Network Capacity and Performance	1,996	1,936	(60)	10,605	20,038	9,433	12,703	22,000	9,297
Operational Programmes	6,023	3,314	(2,709)	40,129	35,039	(5,090)	46,625	37,526	(9,099)
Population Growth	4,133	3,789	(344)	40,198	35,885	(4,313)	42,492	41,658	(834)
Rapid Transit: Bus Projects	18,840	17,850	(990)	158,595	161,035	2,440	206,010	180,000	(26,010)
Rapid Transit: Rail Projects	10,805	24,466	13,661	37,347	80,140	42,793	52,697	105,448	52,751
Safety	2,139	3,276	1,137	39,038	45,375	6,337	41,557	47,000	5,443
Sustainability Projects that are in addition to travel choice projects	274	63	(211)	279	428	149	555	500	(55)
Climate Action Targeted Rate	3,396	2,962	(434)	24,395	30,635	6,240	32,407	31,092	(1,315)
Total direct capital	111,359	110,229	(1,130)	880,684	947,838	67,154	1,027,161	1,057,990	30,829

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

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

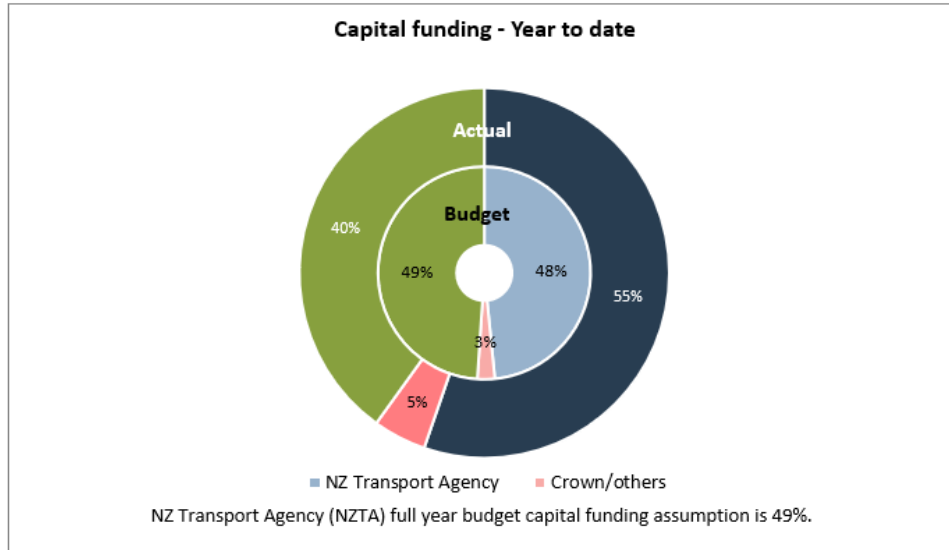
Ferry – is above budget due to a catch up of prior year commitments.

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

May capital spend of \$111 million was in line with budget maintaining year to date at 93% of budget. Funding uncertainty is limiting AT's ability to commit to new projects that extend into the next Government Policy Statement period which commences on 1 July 2024.

The estimated **full year forecast outturn** is between \$950 million to \$1,000 million, 90% to 95% of the 2023/24 approved capital budget. The current business projection for full year is \$1,027 million (97% delivery of full year budget).

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 55% is higher than the budget of 48% reflecting a catch-up of New Zealand Upgrade Programme (NZUP) funding for Eastern Busway, additional Climate Emergency Response Fund funding for approved PT projects such as 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 (CIP) 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 lower than budget due to higher NZTA capital funding and lower than budgeted capital expenditure.

Te pou whenua tuinga / Document ownership

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