

Quarterly Performance Report

Auckland Transport

2023/2024 Quarter 1

For the 3 months ended 30 September 2023



Quarter 1 – At a glance



Executive Summary

AT’s change in direction, outlined in AT’s 2023 – 2026 Statement of Intent (SOI), is underway with a focus on being more responsive and working more closely with local boards and communities, while also ensuring we consider value for money and the needs of Aucklanders and our visitors. We remain committed to ‘delivering the basics, better’, whilst keeping an eye on the future needs of Aucklanders and getting the most out of the existing transport network.

In this quarter, pleasing trends occurred with regards to public transport reliability and patronage, customer sentiment and our responsiveness to customer complaints.

Public transport boardings were 21.3 million year to date, which is 80% of pre-COVID levels. Bus patronage is tracking ahead of planned recovery. While individuals are travelling on public transport less regularly, likely due to flexible working trends, this result shows that more people overall are using our services. Additionally public transport reliability met our SOI target and punctuality exceeded it.

Significant concerns remain about Deaths and Serious Injuries, threats and aggression, asset condition and road maintenance.

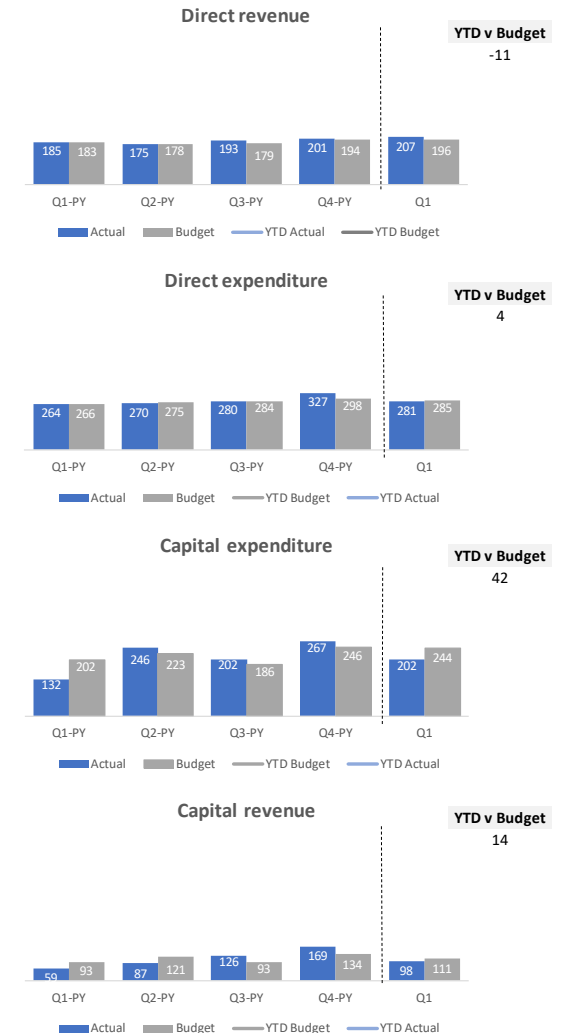
Increasing our engagement with local boards and growing investment with Māori owned businesses remain key areas of focus.

AT is actively delivering on cost savings and revenue growth initiatives within its 2023/24 budget, however on-going funding beyond 30 June 2023 remains a significant concern.

\$ Financial Performance

- **Direct revenue** is \$11 million favourable to budget mainly due to the approval of additional Waka Kotahi NZ Transport Agency (Waka Kotahi) operating funding for extreme weather remediation costs and higher Public Transport (PT) patronage.
- **Direct expenditure** is \$4 million favourable to budget mainly due to lower IT, professional services, and personnel costs.
- **Capital expenditure** of \$202 million is tracking at 83% of planned spend.
- **Capital revenue** is \$14 million below budget mainly due to lower than budgeted capital expenditure.

Note: for more details, please refer to Financials section.





Highlights

- **Public transport boardings** were 21.3 million year to date, 80% of pre-COVID levels. Patronage by mode; bus boardings 16.7 million, train boardings 3.6 million, ferry boardings 0.997 million. Bus patronage is tracking ahead of planned recovery. September's boardings were impacted by the cyber incident and are still being reconciled.
- Recent developments to improve **service reliability of ferry services** include:
 - The introduction of an alternate ferry service provider for the Birkenhead and Bayswater routes (Explore Group Limited).
 - Reducing Gulf Harbour ferry to peak sailings.
 - The implementation of direct peak bus services to the city centre from Gulf Harbour Marina and the Plaza.
 - Extending the 988-service off-peak to connect Gulf Harbour Marina to Hibiscus Coast interchange.
 - Implementation of inter-peak shuttles to Panmure for Half Moon Bay.
 - Monitoring of recruitment and training of skippers and deckhands has been implemented with Fullers.
 - Service reinstatement across Fullers services is expected to commence in the middle of 2024.
- **Eastern Busway Alliance** - Significant milestone achieved with the finalisation of the project agreement variation for stage 2 and amendment of the Project Alliance Agreement for delivery of the Eastern Busway physical works between Pakuranga Creek and Botany. Notices of Requirement and Resource Consents for EB stage 3 Commercial and EB stage 4 Link Road were submitted to Auckland Council in October.
- **Kinetic NZ Bus New Lynn bus depot** has been electrified with 44 new electric buses. Auckland now has the largest zero-emission bus fleet in New Zealand and the second highest number in Australasia, with a fleet of 133 zero-emission buses.
- **Katoa, Ka Ora: Auckland speed management plan 2024-2027** - Consultation has been completed with 7801 responses received.
- **Flood recovery works:** Tahekeroa Road and the adjacent rail line slip repair was completed incorporating build back better resilience features to protect the road and rail line against future weather events. The top section of Glenvar Road, a key route to and from Long Bay and Torbay, reopened mid-October. There remain eight fully closed roads (all with resident access) across the region.
- A letter of thanks from the General Manager, Tourism, Ministry of Business, Innovation and Employment was received acknowledging AT's work to support the **FIFA Women's World Cup 2023**.
- AT has returned to our natural **levels of satisfaction** with two in five people satisfied with AT's overall performance. Fewer people claim to be critical of AT and there has been a strong improvement in the number of Aucklanders claiming that AT listens and responds to Aucklanders' needs.
- 2,600 items of redundant **temporary traffic management (TTM)** gear cleared from the network and 130km of Auckland roads in low speed environments recategorized from Level 2 to Level 2S allowing fewer cones and signs while still maintaining worker and road user safety. Risk that public expectation does not match the **TTM equipment** necessary for worker and public safety.



Issues/Risks

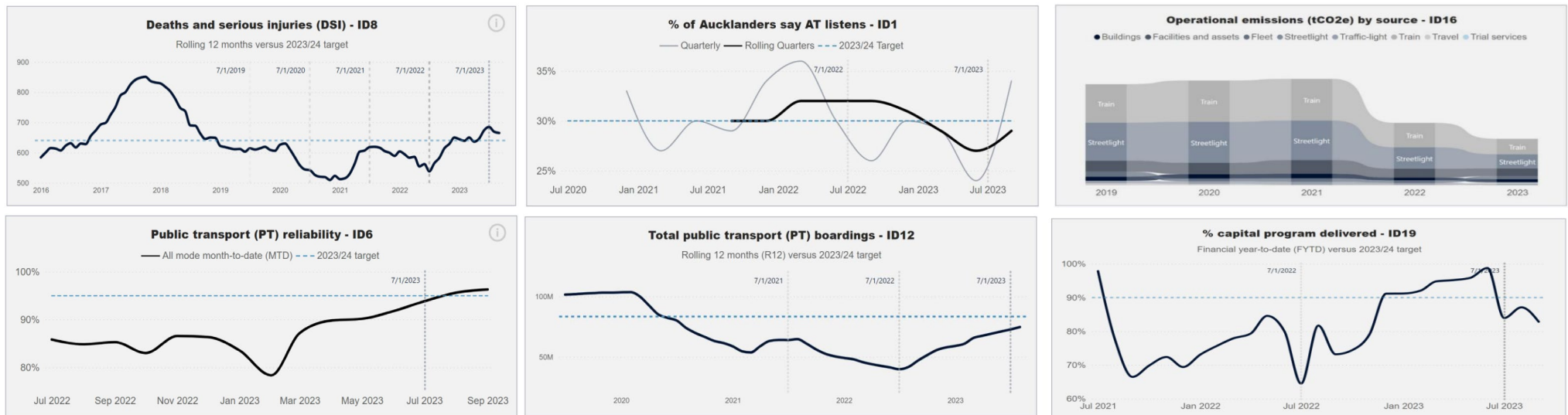
- **Violence, threats and aggression** continues to be a risk and a concern across all PT services. Increased reporting by operators is allowing us to gain better insights and trend analysis into behaviour and occurrences. Particularly, concerns exist in the Downtown area of the city, most notably around Quay Street and the Downtown Ferry Terminal. Assistance is being sought from New Zealand Police.
- **Deaths and Serious Injuries (DSI)** – DSI continues to be a concern with 665 people killed or seriously injured on Tāmaki Makaurau roads in the last 12 months to September 2023, not meeting the target of 640; 55 people lost their lives and 610 were seriously injured.
- **Vision Zero** – \$44 million reduction in 2023/24 Regional Land Transport Plan (RLTP) road safety funding combined with increases in the cost to deliver significantly impacts on the delivery of the programme.
- **Funding Uncertainty** - significant funding uncertainty exists due to Council’s challenging financial situation and the change in government, which may result in the removal of Regional Fuel Tax (RFT). These uncertainties significantly limit AT’s ability to commit to multi-year projects, which may result in under delivery of AT’s FY23/24 capital programme.
- First draft of **2024-34 Asset Management Plan** completed, and Draft **2024-27 Maintenance, Operations and Renewals** funding application submitted to Waka Kotahi. The renewals and maintenance funding gap over the 10-year period will continue to be a significant focal point.
- **Cyber incident** - Part of our AT HOP system was impacted by a cyber incident on 13 March, which required us to take our systems offline and rebuild it. The AT HOP system was restored, with significant focus on ensuring our customers could catch a bus, train or ferry in the intervening period. We take cyber security very seriously and we believe no customer or financial data was compromised.
- **People risk** remains particularly important as we continue to deal with change in the organisation. Retention of key talent and recruitment continue to be a focus as we risk further loss of institutional knowledge.
- **Inflation** is negatively impacting both AT’s operating costs and capital programme. Inflation is also increasing the replacement cost of AT’s assets. Costs increases within the capital programme are resulting in project reviews and changes in scope impacting on delivery and benefit realisation.
- AT has a clear direction to pursue **low-cost cycling projects** by reallocating road space within existing kerbs. This can be achieved but can require removal of on-street parking, removal of central median markings that are used by turning vehicles or narrowing existing traffic lanes which presents political and technical challenges to accommodate all modes.

Key Performance Measures

Statement of Intent performance targets outcome areas	Exceeded	On track / Met	Not on track / Not met	Not reported this quarter	Total
Better understanding of the communities we serve	3				3
Getting the basics right	2	1	3	1	7
Leveraging our existing network using data, technology and insights	1	2		2	5
Collaboration and improving relationships				1	1
Supporting Māori wellbeing, outcomes and expectations			1		1
Value for money and reducing costs to Council	1		1		2
TOTAL	7	3	5	4	19

Note: for details on performance targets, please refer to AT's performance against the Statement of Intent performance targets in the Statement of performance expectations section

Trends



Strategic alignment and key policies

Vision zero

Context: Tāmaki Makaurau’s commitment to Vision Zero is an ambitious transport safety vision with the goal of no deaths or serious injuries (DSI) on our transport network by 2050. This strategy is aligned with the Auckland Plan 2050, Waka Kotahi’s Road to Zero road safety strategy, the Government Policy Statement (GPS) on land transport and is acknowledged by the World Health Organisation.

Realignment of Statement of Intent target: In AT’s Statement of Intent, we have moved from tracking the DSI target by calendar year to tracking by financial year. The current visionary DSI targets have been reviewed and realigned, baselined on the 2022/33 performance (665) results to improve the correlation between the work plan, the actual budget and schedule. The new target for 2023/2024 is no more than 640 deaths and serious injuries on the road network in Tamaki Makaurau.

Strategic planning: Ensured safety focus for the National Land Transport Plan submission, local board briefings on the 2023/24 programme of work and other areas within AT enabling analysis of local insights to help develop evidence-based prioritisation criteria and decision making as we move towards Vision Zero outcomes.

Katoa Ka Ora: Early summary reports on feedback by local board’s on Katoa Ka Ora, the draft speed management plan, are being sent to local boards together with a briefing and request for formal feedback.

Growing insights: Safety Intelligence tool has been published. Awareness work is being planned to embed the tool into business-as-usual processes across AT. In Q2, we will start to look at underreporting of injuries through analysis of ACC data. In Q4, we will investigate feasibility and development of a monitoring dashboard for capex and/or opex programmes with Vision Zero outcomes.

Key risks to Vision Zero:

- 2023/24 Regional Land Transport Plan road safety funding has been reduced to \$30 million from \$74 million.
- The cost to deliver has increased between 20% and 40% post COVID-19, which means the delivery of programmes is even more compromised.

Climate change and sustainability

External emissions inventory audit and Toitu certification completed, with a 54% reduction in emissions against the 2018/19 baseline, outperforming the target of 17% by 37%. Reductions achieved with 97% of street lights changed to LED’s and a lower than expected electricity emissions factor.

Low Emission Bus Roadmap 2023 update, has been publicly released targeting 2035 for a full zero-emission fleet. Application for Climate Emergency Response Fund funding has been made to accelerate additional roll-outs across the region. Operator briefing and planning around the application of Climate Action Transport Targeted Rate funding in the next three-year period is being progressed.

Māori outcomes

Supporting Māori wellbeing outcomes, expectations, and aspirations under Te Tiriti o Waitangi

- **Mana whenua engagement** - AT contributes to mana whenua engagement through forums for operations and governance matters. Project Fora are held across various rohe on a fortnightly basis, focussing primarily on resource management matters including:
 - AT Te reo Māori and Te Taurapa,
 - Auckland Level Crossing Removal Programme,
 - Auckland Rail Programme Business Case,
 - Carrington Road Improvements Project,
 - Climate Emergency Response Fund (CERF) – Transport Choices,
 - Devonport Town Centre project,
 - Eastern Busway Alliance update,
 - Ferry Vessel Naming update,
 - Great North Road update,
 - Katoa Ka Ora (Speed Management Plan) Update,
 - Low Emission Ferry Landside Project: Half Moon Bay update,
 - Low Emission Ferry Programme – Landside Project update Hobsonville,
 - Nature-based solutions framework,
 - Parnell Underpass Update,
 - Pukekohe Town Centre Pedestrian Improvement and Traffic Signals,
 - Refined Design of Iwi Art Panels at Ngapipi Pedestrian Bridge,
 - Regional Public Transport Plan (RPTP),
 - South Auckland Flood Recovery: South Rural slips update:- 54 Marine Parade, Mellons Bay,
 - Update on concept design for Downtown Ferry Terminal charging infrastructure,
 - Wellesley Street Bus improvements project (Stage 1) Update and present the final designs.
- **Māori business** - AT's procurement spend with Māori owned businesses is \$4.06 million or 1.1% of the total spend, below the target of 2%.
- **Employment, Realising Rangatahi potential** - Te Ara Haepapa delivered a total of 41 activations, events, hui, investigations and educational workshops with 2997 engagements in July 2023.
- **Te reo Māori across the transport network and AT** - Te reo Māori translations were completed for, wayfinding signage, strategy documents, announcements and job advertisements. Bilingual announcements are in place for 97% of the bus fleet.

Statement of performance expectations

Statement of Intent performance targets

AT's performance against the Statement of Intent performance targets is included below:

Statement of Intent (SOI) 2023/2024 performance targets

Reporting as at September 2023

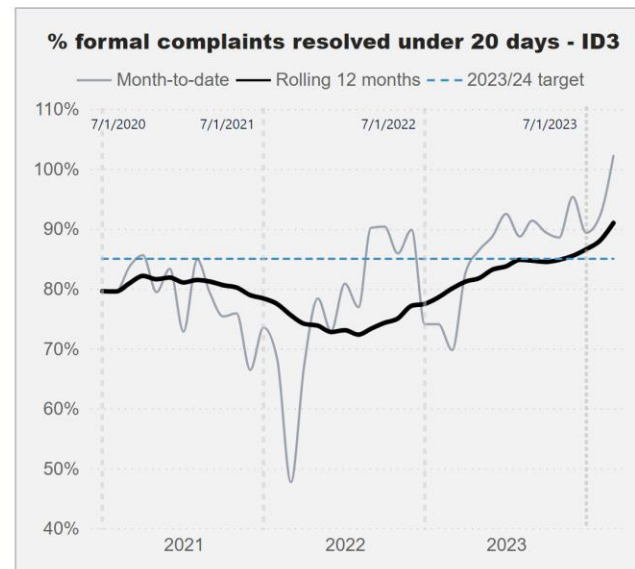
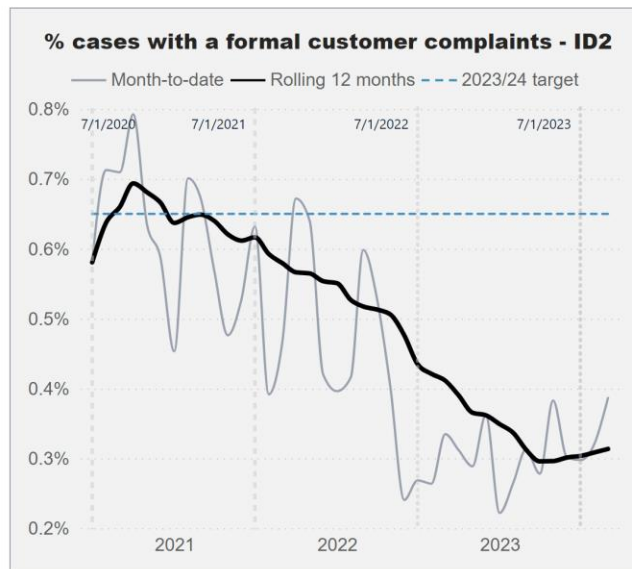
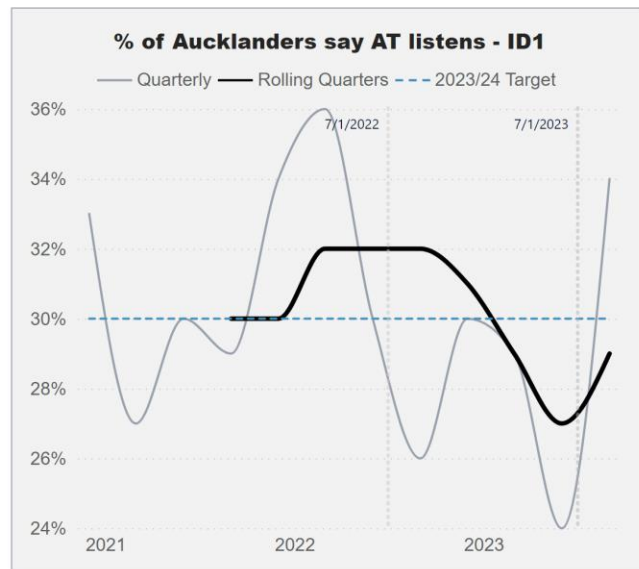
6	3	5	5
Above target 2.5%	Target +/- 2.5%	Below target 2.5%	Not rated

Outcome	ID	SOI measure	Financial year target	Status	Performance commentary
1. Better understanding of the communities we serve	1	Customer perceptions - AT listens and responds to Aucklanders' needs	Increase from 29% to 30%	● EXCEEDED	34% of Aucklanders surveyed in September 2023 said AT listens to and responds to Aucklanders' needs, exceeding the target of 30%
	2	Formal complaint - Percentage of total AT cases resulting in a formal complaint	Decrease from the baseline of 0.77% to less than 0.65%	● EXCEEDED	0.31% of the total cases resulted in a formal complaint for the 12 months to September 2023, below the target.
	3	Customer complaint resolution - Percentage of formal complaints that are resolved within 20 working days	Increase from the baseline of 79% to at least 85%	● EXCEEDED	91% of formal complaints were resolved within 20 working days for the 12 months to September 2023, exceeding the target of 85%. This is 14% better than the same period last year.
2. Getting the basics right	4	Travel time - Average travel time across the arterial network	To establish and maintain baseline	● NOT RATED	This measure is under development.
	5	PT reliability - Percentage of public transport services that run according to the published timetable	Increase from 94% to 95%	● MET	96.3% of public transport services were reliable in September 2023, meeting the target of 95%. By mode, bus reliability was 95.8%, train reliability was 99.4%, and ferry reliability was 93.3%.
	6	PT punctuality - Percentage of public transport services that start and end on time according to the published timetable	Increase from 86% to 87%	● EXCEEDED	90.6% of public transport services were punctual in September 2023. By mode, bus punctuality was 90.5%, train punctuality was 90.2%, and ferry punctuality was 95.7%.
	7	DSI - Deaths and Serious Injuries on the road network in Tāmaki Makaurau	Reduce from the baseline of 716 to no more than 640	● NOT MET	665 people were killed or seriously injured on Tāmaki Makaurau roads in the last 12 months to September 2023, not meeting the target of 640; 55 people lost their lives and 610 were seriously injured.
	8	Asset condition - Proportion of critical assets in poor condition	No more than 5.8%	● NOT MET	As at September 2023, 8.5% of critical assets are in poor condition, not meeting the target of 5.8%.
	9	Road maintenance - Percentage of the sealed local road network that is resurfaced or rehabilitated	At least 6% or 403 kilometres of the network	● NOT MET	32.8 kilometres (0.49%) of sealed local road network were resurfaced or rehabilitated for the September 2023 financial year to date, not meeting the trajectory target of 45 kilometres (0.67%).
	10	Adherence to the service level agreement with Council (10 working days or agreed timeframe) for AT provide specialist input into resource consents	Increase from 50% to 70%	● NOT RATED	This measure is under development.
3. Leveraging our existing network using data, technology and insights	11	Number of public transport passenger boardings	Increase from 71m in 2022/23 to 83.4m during 2023/24 and progress to 100m by 2024/25	● MET	Public transport boardings were 21.3 million September 2023 year to date, meeting the trajectory target of 20.9 million, and it's at 84.7% of the pre-COVID level. By mode, bus boardings were 91.4% of the pre-COVID level, train boardings were 64.8% and ferry boardings were 75%.
	12	Road productivity - Average number of people moving on the arterial roads per hour during the morning peak	Grow above 28,000	● NOT RATED	This measure is under development.
	13	Freight LoS - Percentage of the freight network moving without congestion in the interpeak	At least 85%	● MET	87% of the freight network in September 2023 was moving without congestion in the interpeak, exceeding the target of 85%. The freight network has been operating at a desirable level and is expected to continue to do so throughout the year.
	14	Cycle count - Number of cycle counts on the defined cycle network count sites	Increase by 4% or 3.12m from 3m counts	● EXCEEDED	Total cycle movements on the 26 selected counters were 741k financial year to date to September 2023, exceeding the trajectory target. 12 months to September 2023 were 3.13m movements.
	15	Operational GHG emissions	15% reduction from the 2018/19 baseline	● NOT RATED	This is a quarterly measure, and Q1 2023/24 emission data is not available.
4. Collaboration and improving relationships	16	Local Board satisfaction with engagement	To establish baseline and improve	● NOT RATED	This measure is under development.
5. Supporting Māori wellbeing, outcomes and expectations	17	Percentage of procurement spend with Māori owned businesses	Increase from 1.7% to 2%	● NOT MET	Māori-owned businesses received \$4.06 million in direct and sub-contracted spending for the September 2023 financial year to date, representing 1.1% of the total spend, not meeting the target of 2%
6. Delivering value for money	18	Farebox recovery - Percentage of the total public transport operating cost recovered through fares	25% (30% including Government fare concession top-ups)	● EXCEEDED	Farebox Recovery Ratio (FRR) for September 2023 year to date is 30%, exceeding the target of 25%. Inclusive of top-ups from Waka Kotahi for under 25s, FRR is 37%
	19	Capital delivery - Percentage of direct capital budget invested	At least 90% of the budget	● NOT MET	Capital expenditure of \$201.8 million financial year to date to September 2023 is tracking at 83% of the budget, not meeting the target of 90%.



Statement of Intent (SOI) 2023/2024 performance targets

Reporting as at September 2023



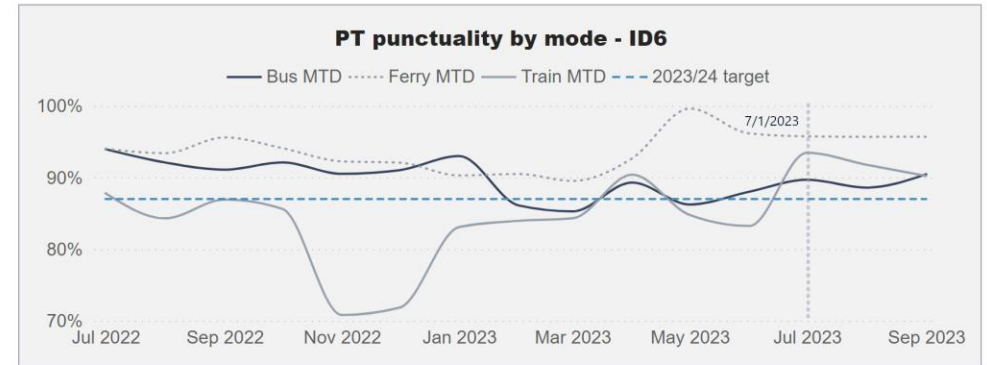
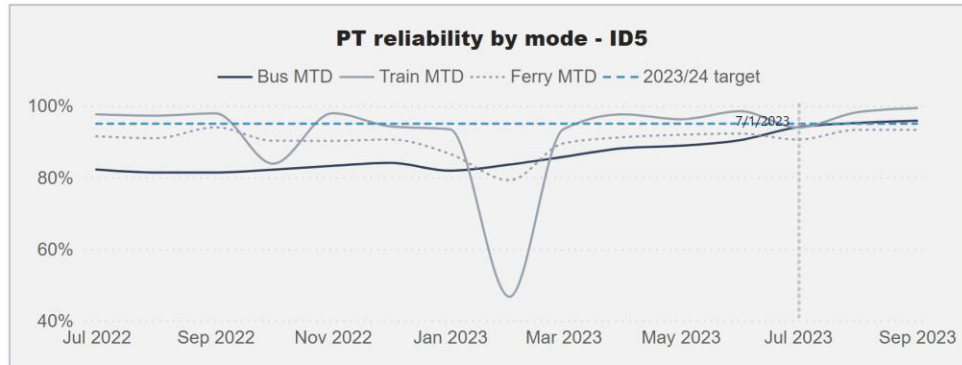
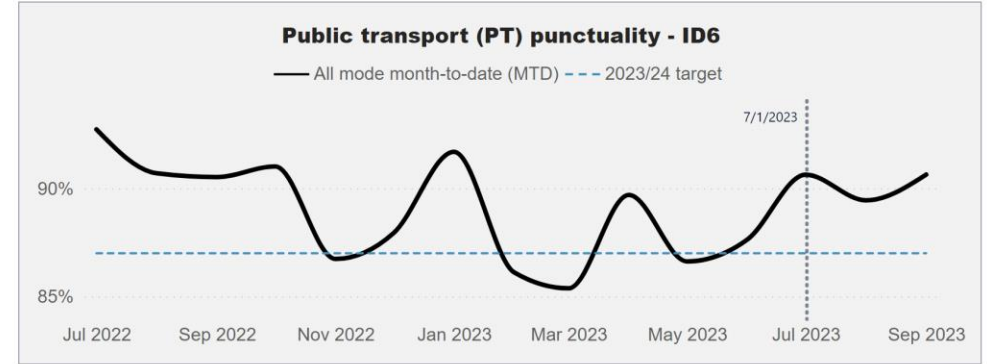
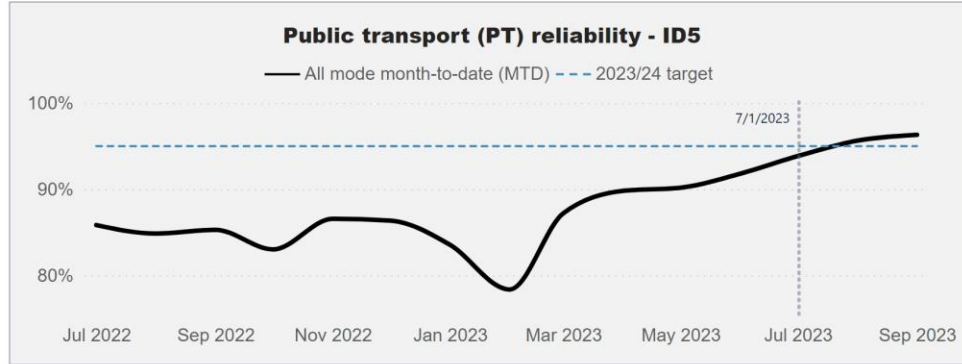
Better understanding of the communities we serve

ID	SOI measure	FY target	Status	Key insights (in development)	Progress commentary (in development)
1	Customer perceptions - AT listens and responds to Aucklanders' needs	Increase from 29% to 30%	EXCEEDED	We have seen a significant increase in the number of Aucklanders believing AT listens and responds to Aucklanders needs this quarter driven by improved reliability of our public transport services.	34% of Aucklanders surveyed in September 2023 said AT listens to and responds to Aucklanders' needs, exceeding the target of 30%
2	Formal complaint - Percentage of total AT cases resulting in a formal complaint	Decrease from the baseline of 0.77% to less than 0.65%	EXCEEDED	% of formal customer complaints are declining.	0.31% of the total cases resulted in a formal complaint for the 12 months to September 2023, below the target.
3	Customer complaint resolution - Percentage of formal complaints that are resolved within 20 working days	Increase from the baseline of 79% to at least 85%	EXCEEDED	% of formal customer complaints which were resolved within 20 days are improving. The month of September 2023 was the best month in years.	91% of formal complaints were resolved within 20 working days for the 12 months to September 2023, exceeding the target of 85%. This is 14% better than the same period last year.



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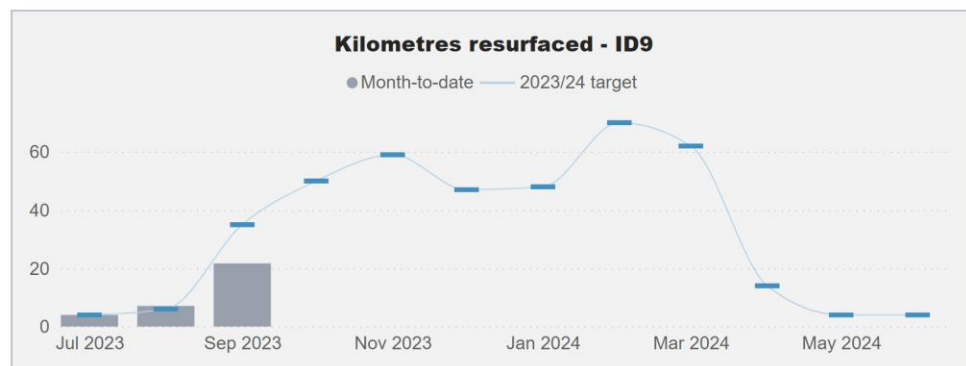
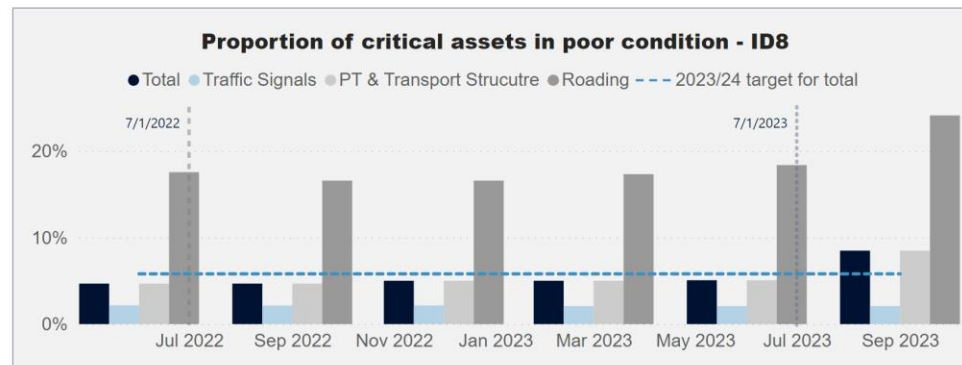
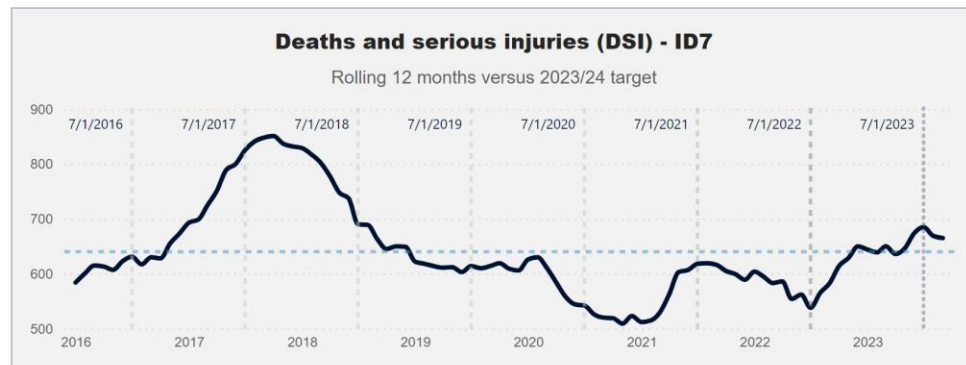
Getting the basics right

ID	SOI measure	FY target	Status	Key insights (in development)	Progress commentary (in development)
4	Travel time - Average travel time across the arterial network	To establish and maintain baseline	NOT RATED		This measure is under development.
5	PT reliability - Percentage of public transport services that run according to the published timetable	Increase from 94% to 95%	MET	PT reliability has drastically improved driven by the bus services as bus driver shortage has officially ended.	96.3% of public transport services were reliable in September 2023, meeting the target of 95%. By mode, bus reliability was 95.8%, train reliability was 99.4%, and ferry reliability was 93.3%.
6	PT punctuality - Percentage of public transport services that start and end on time according to the published timetable	Increase from 86% to 87%	EXCEEDED	Punctuality across all the three modes are tracking above the target.	90.6% of public transport services were punctual in September 2023. By mode, bus punctuality was 90.5%, train punctuality was 90.2%, and ferry punctuality was 95.7%.



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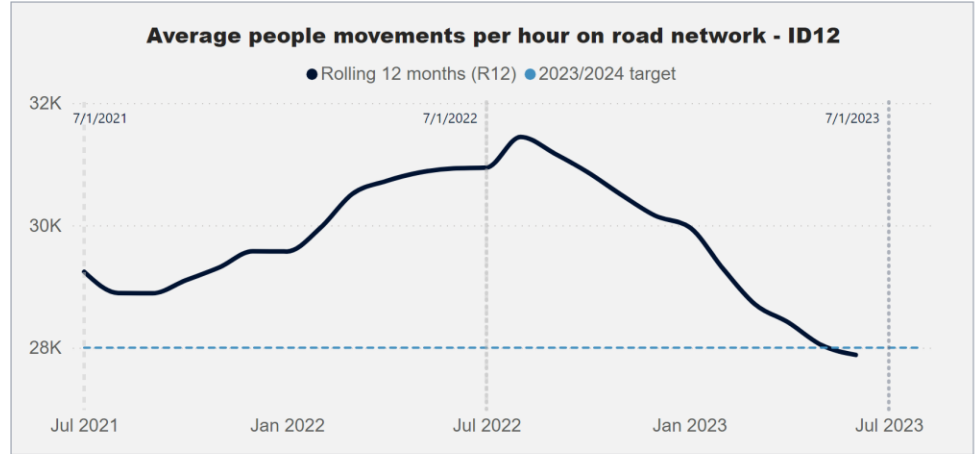
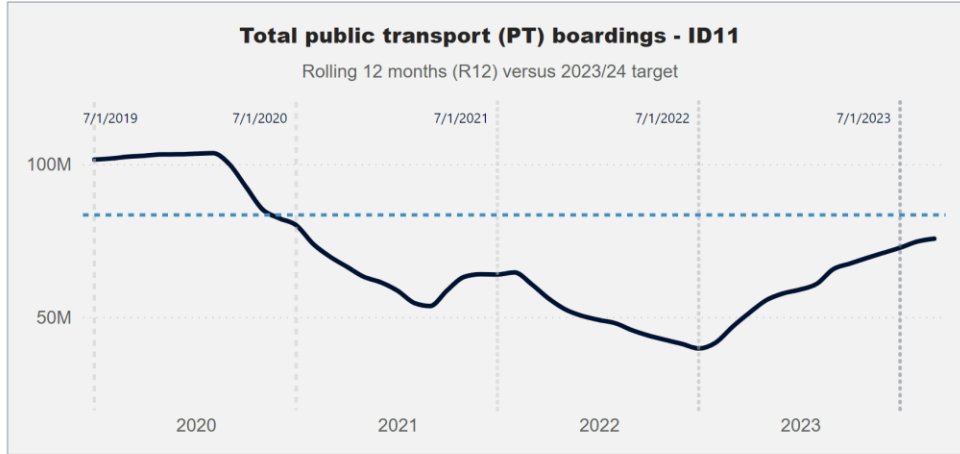
Getting the basics right

ID	SOI measure	FY target	Status	Key insights (in development)	Progress commentary (in development)
7	DSI - Deaths and Serious Injuries on the road network in Tāmaki Makaurau	Reduce from the baseline of 716 to no more than 640	● NOT MET	The largest crash movement types were run-off road (32%) and side impact (23%), with notably growing pedestrian crashes now representing 18% of crashes. 88% of deaths and serious injuries occurred on local roads.	665 people were killed or seriously injured on Tāmaki Makaurau roads in the last 12 months to September 2023, not meeting the target of 640; 55 people lost their lives and 610 were seriously injured.
8	Asset condition - Proportion of critical assets in poor condition	No more than 5.8%	● NOT MET	24% of the roading assets are in poor condition.	As at September 2023, 8.5% of critical assets are in poor condition, not meeting the target of 5.8%.
9	Road maintenance - Percentage of the sealed local road network that is resurfaced or rehabilitated	At least 6% or 403 kilometres of the network	● NOT MET	Low activities for the road resurface during the winter months. There is a good pipeline of work from September 2023 onwards until March 2024 to meet the target.	32.8 kilometres (0.49%) of sealed local road network were resurfaced or rehabilitated for the September 2023 financial year to date, not meeting the trajectory target of 45 kilometres (0.67%).
10	Adherence to the service level agreement with Council (10 working days or agreed timeframe) for AT provide specialist input into resource consents	Increase from 50% to 70%	● NOT RATED		This measure is under development.



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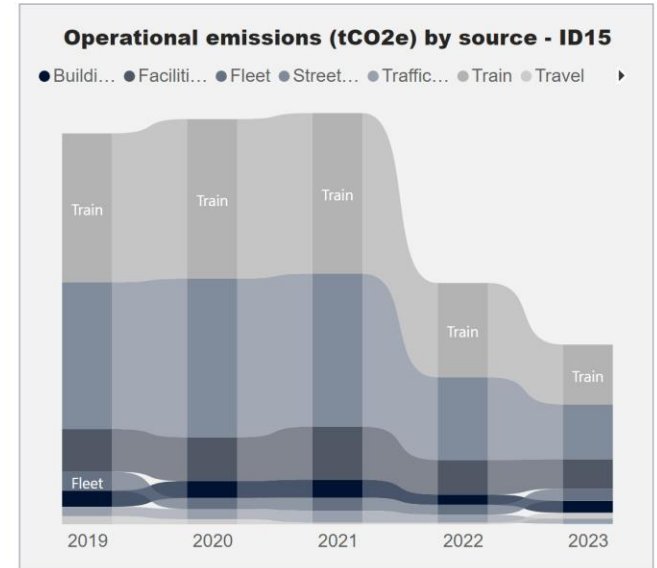
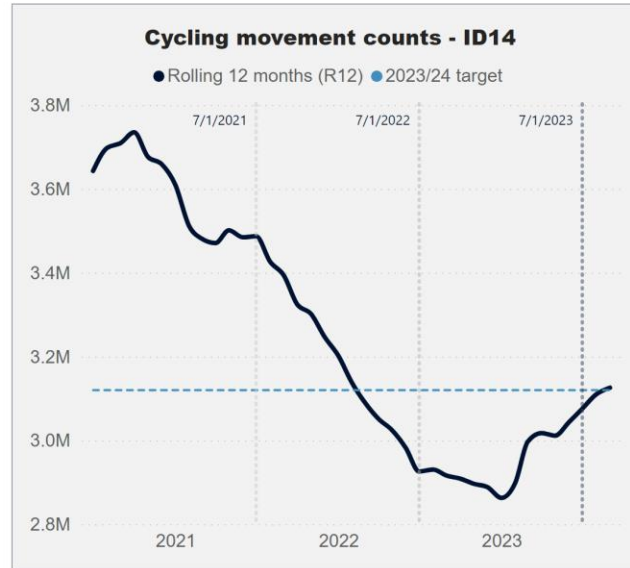
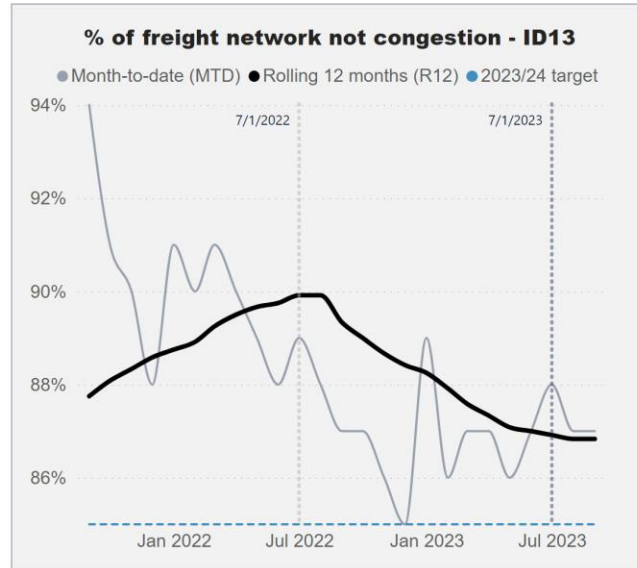
Leveraging our existing network using data, technology and insights

ID	SOI measure	FY target	Status	Key insights (in development)	Progress commentary (in development)
11	Number of public transport passenger boardings	Increase from 71m in 2022/23 to 83.4m during 2023/24 and progress to 100m by 2024/25	● MET	PT boardings are projected to be 84.4m, on tracking to the 83.4 million target.	Public transport boardings were 21.3 million September 2023 year to date, meeting the trajectory target of 20.9 million, and it's at 84.7% of the pre-COVID level. By mode, bus boardings were 91.4% of the pre-COVID level, train boardings were 64.8% and ferry boardings were 75%.
12	Road productivity - Average number of people moving on the arterial roads per hour during the morning peak	Grow above 28,000	● NOT RATED		This measure is under development.



Statement of Intent (SOI) 2023/2024 performance targets

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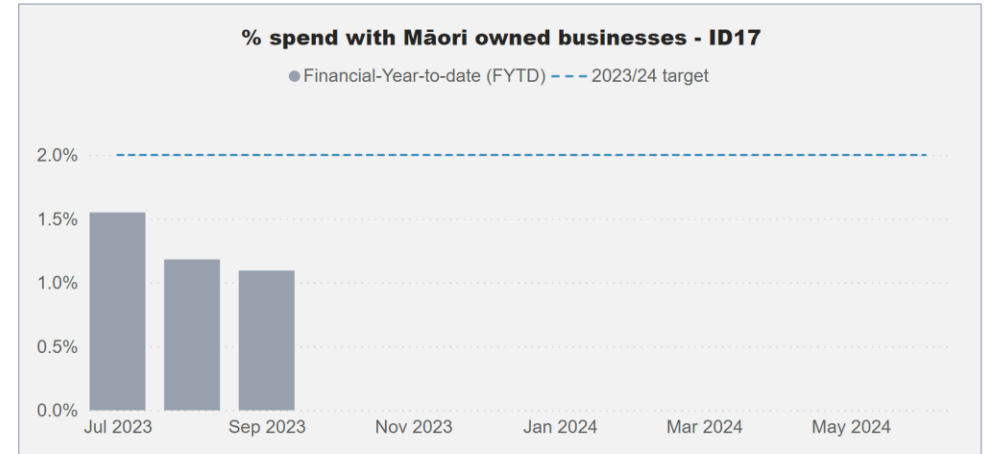
Leveraging our existing network using data, technology and insights

ID	SOI measure	FY target	Status	Key insights (in development)	Progress commentary (in development)
13	Freight LoS - Percentage of the freight network moving without congestion in the interpeak	At least 85%	● MET		87% of the freight network in September 2023 was moving without congestion in the interpeak, exceeding the target of 85%. The freight network has been operating at a desirable level and is expected to continue to do so throughout the year.
14	Cycle count - Number of cycle counts on the defined cycle network count sites	Increase by 4% or 3.12m from 3m counts	● EXCEEDED	Total cycle movements September 2023 financial year to date were 12.5% higher than the previous corresponding period.	Total cycle movements on the 26 selected counters were 741k financial year to date to September 2023, exceeding the trajectory target. 12 months to September 2023 were 3.13m movements.
15	Operational GHG emissions	15% reduction from the 2018/19 baseline	● NOT RATED	Total operational emissions were 6,838 tonnes for the 2022/23 year, 54% reduction compared to 2018/19 baseline.	This is a quarterly measure, and Q1 2023/24 emission data is not available.



Statement of Intent (SOI) 2023/2024 performance targets

Reporting as at September 2023



Collaboration and improving relationships

ID	SOI measure	FY target	Status	Key insights (in development)	Progress commentary (in development)
16	Local Board satisfaction with engagement	To establish baseline and improve	● NOT RATED		This measure is under development.

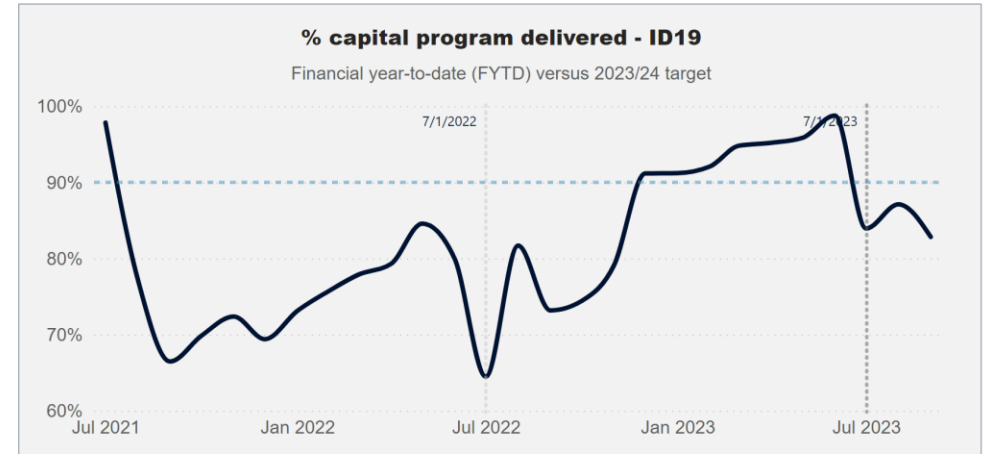
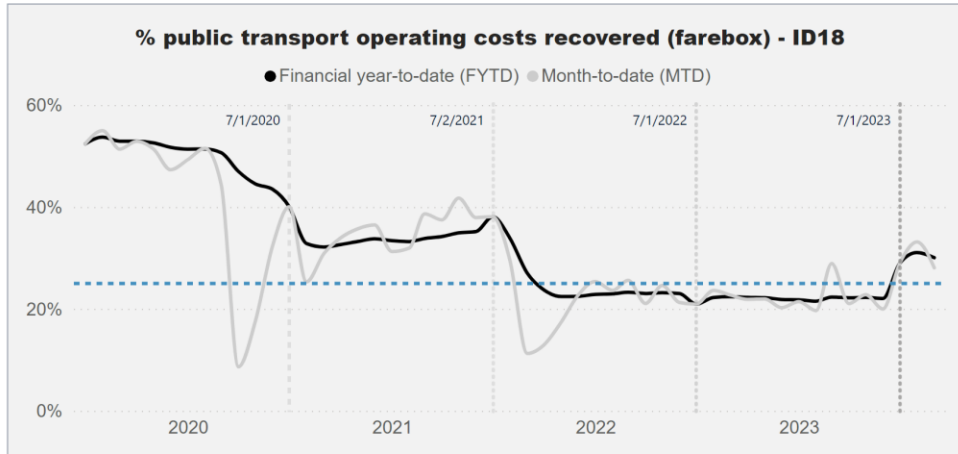
Supporting Māori wellbeing, outcomes and expectations

ID	SOI measure	FY target	Status	Key insights (in development)	Progress commentary (in development)
17	Percentage of procurement spend with Māori owned businesses	Increase from 1.7% to 2%	● NOT MET		We expect spend data to be submitted from our head contractors over next few months, which will give us a clearer picture of our Māori business spend through the Road Corridor Maintenance and EBA supply chains.



Statement of Intent (SOI) 2023/2024 performance targets

Reporting as at September 2023



Delivering value for money

ID	SOI measure	FY target	Status	Key insights (in development)	Progress commentary (in development)
18	Farebox recovery - Percentage of the total public transport operating cost recovered through fares	25% (30% including Government fare concession top-ups)	EXCEEDED	The sharp increase in the farebox recovery ratio in 2023/24 was driven by the higher public transport activity income as a result of the removal of 50% fare price from 1 July 2023.	Farebox Recovery Ratio (FRR) for September 2023 year to date is 30%, exceeding the target of 25%. Inclusive of top-ups from Waka Kotahi for under 25s, FRR is 37%
19	Capital delivery - Percentage of direct capital budget invested	At least 90% of the budget	NOT MET	The underspend is mainly coming from asset management and Climate Action Transport Targeted Rate projects. 50% of the capital funding is from Government.	Capital expenditure of \$201.8 million financial year to date to September 2023 is tracking at 83% of the budget, not meeting the target of 90%.



Financials

Financial performance overview

(\$ million)	Notes	2022/23 Actual	2023/24 Sep YTD		2023/24 Budget
			Actual	Budget	Variance
Net surplus/(deficit) from operations excl. depreciation	A	9	12	-	12
Operating revenue	B	1,178	298	292	6
Waka Kotahi (WK) operating funding		515	114	108	6
WK operating funding -Top-up from Crown		-	11	11	-
Fees & user charges		182	67	62	5
Other direct revenue		56	15	15	-
Total direct revenue	B	753	207	196	11
AC operating funding	B	425	91	96	(5)
Operating expenditure	C	1,169	286	292	(6)
Employee benefits		177	42	43	(1)
Grants, contributions & sponsorship		-	-	-	-
Other direct expenditure		964	239	242	(3)
Total direct expenditure		1,141	281	285	(4)
Finance costs		28	5	7	(2)
Other key operating lines		884	187	171	16
Non direct revenue		1	-	-	-
Non direct expenditure		(10)	-	-	-
Depreciation and amortisation		527	130	130	-
Vested assets		366	57	41	16

Capital expenditure and funding sources

Capital expenditure	D	847	202	244	(42)	1,058
Capital funding sources		842	202	232	(30)	1,058
AC capital grant		401	104	121	(17)	513
Waka Kotahi capital co-investment		431	102	105	(3)	516
Other capital grants		10	(4)	6	(10)	29

Commentary

A. Net surplus from operations excluding depreciation is \$12 million favourable to budget mainly due to higher Waka Kotahi operating funding and higher public transport (PT) income.

B. Operating revenue is favourable to budget due to higher than budgeted **direct revenue** attributed to the following:

- Waka Kotahi NZ Transport Agency (Waka Kotahi) operating revenue (*Roads and footpaths activity*) is higher than budget primarily due to the approval of additional adverse weather emergency work funding.
- Fees and user charges is higher than budget primarily due to:
 - Favourable PT income due to higher bus patronage (*Bus activity*)
 - Partially offset by unfavourable on-street parking revenue (*parking and enforcement activity*) attributed to lower occupancy and later than budgeted parking tariff increase.
- This is partially offset by lower **AC operating funding** due to phasing which will be in line with budget at year end.

C. Operating expenditure is favourable to budget primarily due to lower than expected PT contract costs, professional services, finance costs, IT, advertising and minor maintenance costs.

D. Capital expenditure of \$202 million is tracking at 83% of planned spend. The underspend is driven by renewals and flood recovery works, ferry decarbonisation programme, and Scott point land settlement projects (within the supporting growth programme) which are tracking behind plan. Year-end forecasts for these areas are in line with planned spend for the year.

Financial performance overview by key activities

Net direct expenditure by activity

(\$ million)	2022/23	2023/24 Sep YTD			2023/24
	Notes Actual	Actual	Budget	Variance	Budget
Net direct (expenditure)/income	(389)	(74)	(89)	15	(403)
Direct revenue	753	207	196	11	802
Bus	298	79	71	8	284
Rail	135	33	36	(3)	143
Ferry	42	11	12	(1)	48
Other public transport	35	8	10	(2)	40
Total public transport	510	131	129	2	515
Roads and footpaths	100	32	24	8	95
Parking and enforcement	89	27	28	(1)	123
Internal support	54	17	15	2	69
Direct expenditure	1,142	281	285	(4)	1,205
Bus	431	116	112	4	477
Rail	191	46	48	(2)	202
Ferry	60	16	16	-	68
Other public transport	64	14	17	(3)	73
Total public transport	746	192	193	(1)	820
Roads and footpaths	181	40	36	4	152
Parking and enforcement	44	11	6	5	26
Internal support	171	38	50	(12)	207

Capital expenditure overview by key programmes

Capital Programme Performance Overview

(\$ million)	2022/23		2023/24 Sep YTD		2023/24	
	Notes	Actual	Actual	Budget Variance	Budget	
Total capital expenditure		847	202	244	(42)	1,058
Asset management - Resilience and recovery		270	88	108	(20)	418
Renewals		236	56	73	(17)	258
Flood/Storm Recovery		10	25	33	(8)	150
Other		24	7	2	5	10
Asset management - Resilience and recovery		291	60	73	(13)	408
Eastern Busway Stages 2 to 4		175	36	32	4	162
Eastern Busway Stage 1		8	2	4	(2)	10
EMU Rolling Stock and Stabling Tranche for CRL		37	3	3	-	86
Decarbonisation of the Ferry Fleet Stage 1		34	10	17	(7)	60
Northwest Bus Improvements		14	1	6	(5)	26
Huapai Improvements		5	2	4	(2)	14
CRL Day One - Level Crossing Removal		2	1	1	-	12
Other		16	5	6	(1)	38
Essential programmes and ring fenced		211	49	51	(2)	176
Safety Programme		80	14	14	-	47
Customer and Business Technology		49	10	12	(2)	32
Supporting Growth - Post Lodgement and Property		1	1	2	(1)	15
Public Transport Safety, Security and Amenity		19	8	8	-	14
Network Performance		9	1	2	(1)	12
Projects Funded by Rodney Transport Targeted Rate		4	4	2	2	11
Carrington Road Improvements		1	1	1	-	11
Other		48	10	10	-	34
Cycling and Corridor Improvement projects		37	4	5	(1)	48
On-going Cycling Programmes & Projects		13	2	1	1	14
Urban Cycleways Programme		20	2	4	(2)	32
Other		4	-	-	-	2
Smaller projects and programmes		38	1	7	(6)	8
Climate Action Targeted Rate		2	-	2	(2)	7
Other		36	1	5	(4)	1

Commentary

Renewals underspend relates to seismic strengthening, unplanned natural events, street lighting improvements and renewals of public transport facilities.

Flood/Storm recovery underspend is largely a timing issue with the budgeted flood recovery and renewals work (i.e. projects are in design stage but will be constructed later in the year increasing capex delivery).

Decarbonisation of the Ferry Fleet underspend is due to timing of the landside charging equipment procurement which is now expected in October 2023.

Regional Fuel Tax (RFT) Summary

RFT Financial performance

(\$ million)	2023/24 Sep YTD			2023/24
	Actual	Budget	Variance	Budget
Total RFT-enabled capital expenditure	82	92	(11)	479
Project 1: Bus priority improvements	5	12	(7)	41
Project 2: City centre bus infrastructure	0	0	(0)	8
Project 3: Improving airport access	1	2	(1)	15
Project 4: Eastern Busway	36	32	4	162
Project 5: Park-and-ride facilities	0	-	0	0
Project 6: Electric trains and stabling	4	5	(2)	105
Project 7: Ferry Network Improvements	8	11	(3)	36
Project 8: Road safety	14	14	(0)	46
Project 9: Active transport	6	6	0	11
Project 10: Penlink	-	-	-	0
Project 11: Mill Road corridor	-	-	-	0
Project 12: Road corridor improvements	(0)	1	(1)	8
Project 13: Network capacity and performance improvement	2	5	(4)	22
Project 14: Growth-related transport infrastructure	6	3	3	24
Total RFT-enabled operating expenditure	3	1	2	4
Project 3: Improving airport access	2.6	0.6	2	2
Project 8: Road safety	0.0	0.3	(0)	1

Commentary

The RFT-enabled scheme runs from 1 July 2018 until 30 June 2028 with \$1.5 billion anticipated to be collected over 10 years (\$150 million pa), which when combined with other funding sources is intended to enable \$4.5 billion of investment, covering 14 separate project groups. At 30 June 2023, \$743 million had been collected, \$415 million invested, \$328 million unspent. If RFT was cancelled on 1 December 2023 it would leave Council with a \$675 million funding gap.

Projects which are either contractually committed or on a critical path include, Eastern busway, new trains, stabling and other CRL related projects, Point Chevalier cycleway and Ferry charging infrastructure. Some RFT is also earmarked to fund Eastern busway services and new train services.

YTD RFT-enabled capital expenditure is \$82 million, 17% of the \$479 million 2023/24 budget.

Project 1 - Northwest Rapid Transit Network: The Lincoln North and South projects have been completed. Practical completion was issued for Lincoln Bus Stops E & F in August 2023. Practical completion for SH16 was achieved in May 2023. There was a request to pause the Westgate station design work till June 2024 to explore opportunities for design integration with RTN work.

Project 3 - Puhinui Bus Priority and Mangere Cycling: Practical Completion Certificate was issued in August 2023. Small snag items are expected to be ongoing until February 2024.

Mangere Cycling: Design Route 1 & 3: Design Review Panel (DRP) complete and approved, detailed design commencing. Design Route 2: DRP review still underway.

Project 4 - Eastern Busway Alliance: Property acquisition is progressing well. Total Outturn Cost (TOC) 2 Amending Agreement has been signed by all parties in August 2023. Notice of requirement and Resource consent applications were lodged for Eastern Busway commercial (EB3C) and Eastern Busway stage 4 link.

Project 6 – EMU Tranche 3 – CRL: Overall, the rolling stock programme is making good progress.

Project 8 – Road safety: Safety improvements on high-risk intersections, high risk corridors, pedestrian improvements, and speed limit signs are progressing well. Construction of Glenfield/Coronation intersection improvement is complete with only switching on of traffic signals remaining. 7 Raised Pedestrian Crossings completed in July'23.

Project 9 – Minor Cycling (Pop-up Cycleways): Noel Burnside Road construction completed in July 2023 and Cavendish Drive has been completed in August 2023 with minor snags remaining.

Project 14 - Te Tupu Ngatahi Supporting Growth Alliance (SGA): Detailed Business Case (DBC's) are approved for Takanini Level Crossings, Walters Road and North. Landowner engagement continues in Takanini.

The unspent RFT reserve of circa \$328m is fully committed as at end of September. The main projects that utilise most of this reserve are Eastern Busway and the EMUs.