

# NTS Programme Governance Board

29<sup>th</sup> September 2023

RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

# 13c. NTS Finance – Summary FY24 – Phase 1 and Upcoming FY24 Activity

## Financial Result for NTS to 31 August 2023

### FY24 YTD Result (as at end Aug-23) and Total Programme Spend To Date

- The total program spend is \$47.89m as at end Aug-23. This includes FY23 and YTD FY24
  - Total FY23 as at end Jun-23 of \$42.01m
  - Spend from Jul-23 to end Aug-23 totals \$5.88m
    - Jul-23 of \$2.73
    - Aug-23 of \$3.15

### Aug-23 Activity Summary (Refer next slide)

- Aug-23 forecasted at section 9(2)(b)(ii) – NLTF & section 9(2)(b)(ii) PTA's Portion of Transition), shows actual financial activity of section 9(2)(b)(ii) (for Aug-23), resulting in an underspend of section 9(2)(b)(ii) (See explanation **next slide**) The underspend is broken down as follows:
  - Core Programme (NLTF) - section 9(2)(b)(ii)
  - PTA's Portion for Transition (based on FAR Rate @ 49%) - section 9(2)(b)(ii)

### Phase 1 (Jul-23 to End Oct-24) Forecast

- Phase 1 – shows revised forecast as at end Aug-23 of section 9(2)(b)(ii) against an agreed budget of section 9(2)(b)(ii). section 9(2)(b)(ii) (refer end Jun-23 Board Report). See the next slide for explanation
- The revised section 9(2)(b)(ii) for Phase 1 is made up of:
  - NLTF estimates of section 9(2)(b)(ii)
  - PTA's Portion for Transition of section 9(2)(b)(ii)
- The forecast includes the Aug-23 underspend of section 9(2)(b)(ii) (NLTF only) while also ensuring any Cubic expenses not incurred during Aug-23, are budgeted for in future periods of Phase 1

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# 13c. NTS Finance – Aug-23 Spend

Total Design & Build Phase 1 - Year To Date & Programme To Date (\$m)							
Funding	Budget	FY23	Design & Build Budget				
			Jul-23 Actuals	Aug-23 Budget	Aug-23 Actuals	Aug-23 Variance	Total Spend-to-Date
Design and Build	section 9(2)(b)(ii)	\$42.01	section 9(2)(b)(ii)				\$47.99
National Land & Transport Fund (NLTF)		\$42.01					\$47.27
PTA's Portion (FAR Rate @ 49%)		-					\$0.62
Ecan		-					\$0.15
Auckland Transport		-					\$0.06
Greater Wellington		-					\$0.41
Regional Consortium		-					\$0.00
Contingency		-					\$0.00
Managed by Board (NLTF Funding)	-	\$0.00					

## Aug-23 Underspend – Totalling section 9(2)(b)(ii)

### • Core Programme (NLTF) - section 9(2)(b)(ii)

- section 9(2)(b)(ii) of the underspend relates to Cubic invoices for section 9(2)(b)(ii) and section 9(2)(b)(ii) that will be billed during Sep-23 and Oct-23
- section 9(2)(b)(ii) underspend is a combination of Legal Fees (section 9(2)(b)(ii)) Consulting fees for Customer Engagement and Māori Engagement (section 9(2)(b)(ii)). This expense will be incurred in Oct-23
- section 9(2)(b)(ii) of the underspend relates to vacancies not filled during Aug-23
- section 9(2)(b)(ii) of the underspend relates to ITF Design and Fit Out costs that were less than expected

### • PTA's Portion for Transition (based on FAR Rate @ 49%) – Totalling section 9(2)(b)(ii) Underspend

- This is made up of budgeted vacancies and operating costs that have not been incurred for Auckland Transport and Regional Consortiums. This is offset by minor overspends for ECan and Greater Wellington.

**Note** - Underspend during August has not impacted on delivery. The Aug-23 variance to budget is mostly the impact of delivery sequencing. The Cubic Aug-23 underspend will be incurred at a later stage

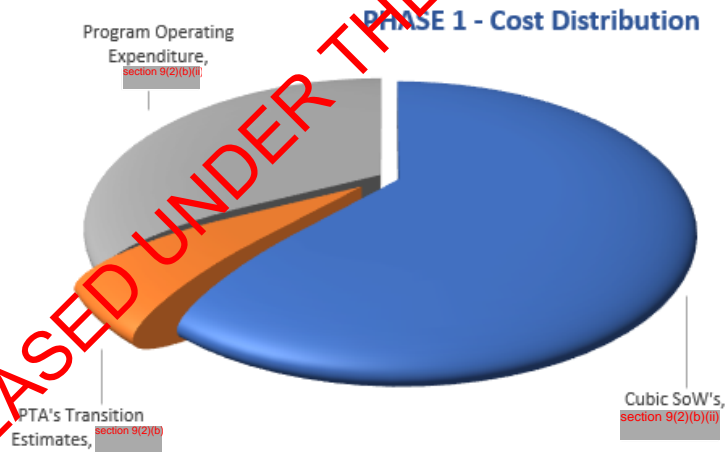
# 13c. NTS Finance – Phase 1 Forecast (ECan Go-Live)

Period	Core Programme Costs (NLTF)			PTA Costs			Total Programme - Phase 1 (Ecan)
	Forecast	Spend	Projected	Forecast	Spend	Projected	
Jul-23	section 9(2)(b)(ii)						PHASE 1
Aug-23							
Sep-23							
Oct-23							
Nov-23							
Dec-23							
Jan-24							
Feb-24							
Mar-24							
Apr-24							
May-24							
Jun-24							
Jul-24							
Aug-24							
Sep-24							
Oct-24							

## Explanation of Phase 1 - ECan

- Phase 1 (that is centred on ECan Go-Live) is expected to end Aug-24, although an additional 2 months has been included in the forecast as a close out phase. The revised forecast for phase 1 amounts to at a cost of section 9(2)(b)(ii) and still within our envelope.
- Appendix 3 provides a detailed reconciliation of how we are managing any cost pressures and/or previously unforeseen costs.
- The forecast (i.e., section 9(2)(b)(ii)) includes on-going work for Greater Wellington, Auckland and Regional Consortiums
- section 9(2)(b)(ii) of the section 9(2)(b)(ii) (or 62%) relates to Cubic contractual committed costs
- section 9(2)(b)(ii) of the section 9(2)(b)(ii) (or 6%) relates to PTA's Transition estimates
- section 9(2)(b)(ii) of the section 9(2)(b)(ii) (or 32%) relates to Programme Operating costs
- Noting that there will be overlap between Phase 1 and Phase 2 costs, as activities for other roll-outs will start in parallel to ECan delivery

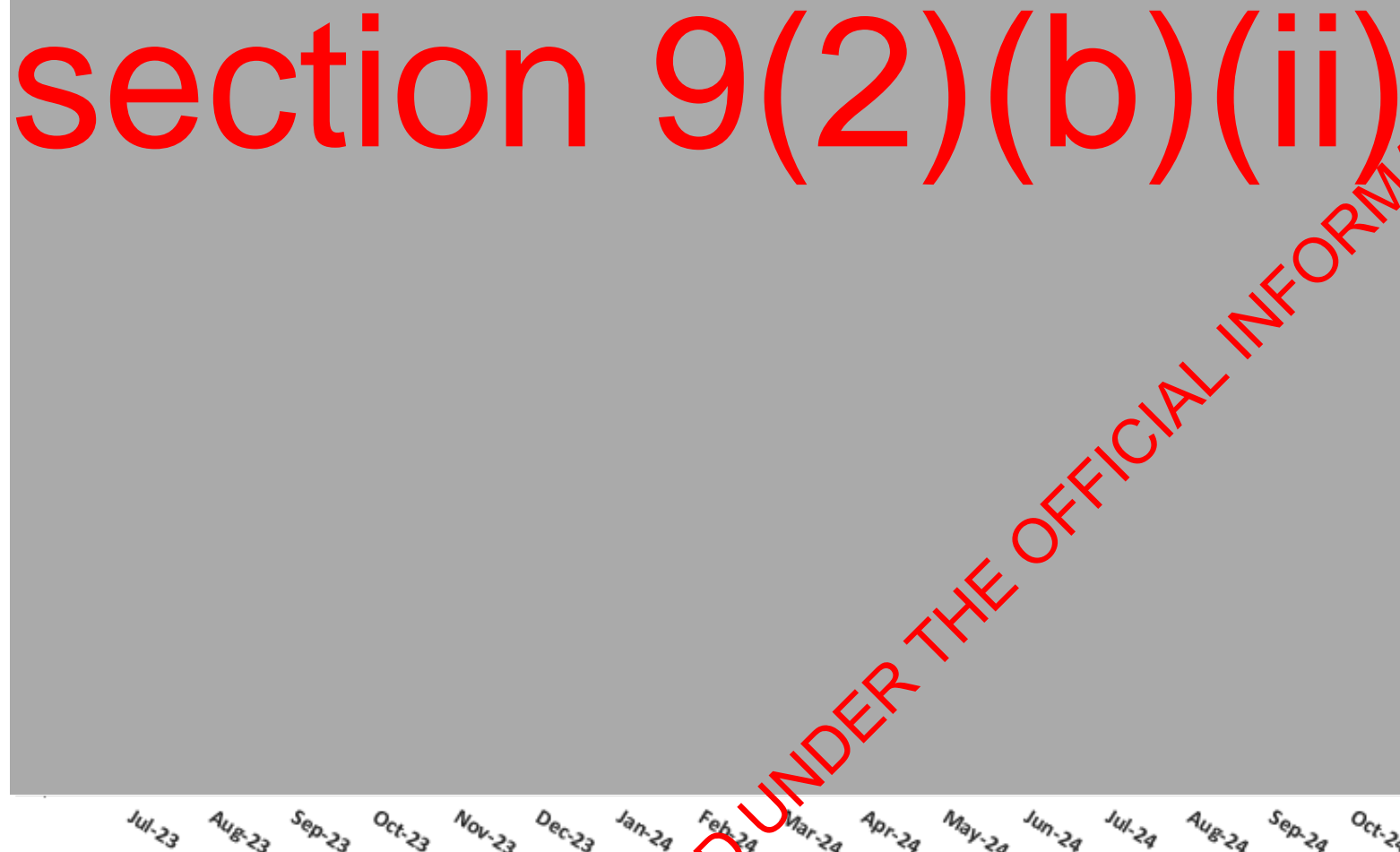
Period	Forecast
Cubic SoW's	section 9(2)(b)(ii)
PTA's Transition Estimates	
Program Operating Expenditure	





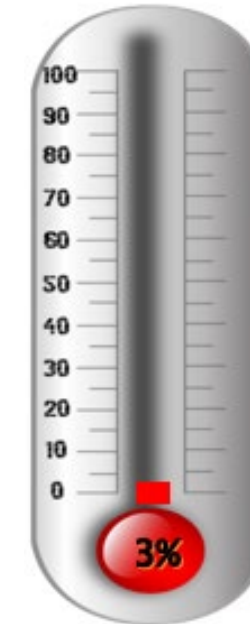
# 13c. NTS Finance – Phase 1: Forecast versus Actuals Design and Build

## PHASE 1 - Spend Comparison



### Management Approach

- The NTS team will monitor variations and continue to report on these at Governance Board. Fluctuations in the forecast means that changes have undergone approval through Change Control prior to forecast updates
- Variations (additional expenditure and/or surpluses due to underspends), will be added or subtracted to the unallocated amount e.g., this month we added the section 9(2)(b)(ii) underspend (NLTF Only).
- Board Contingency section 9(2)(b)(ii) will only be used when the unallocated amount has been spent.



# 13c. Appendix 1: NTS Finance – Design, Build and On-Going Operating

Total Design & Build and On-Going Operating Funding Budget & Forecast (\$m)												
Funding	Budget	FY23	Design & Build Budget								Design & Build Forecast	Unallocated
			Jul-23 Actuals	Aug-23 Budget	Aug-23 Actuals	Aug-23 Variance	Approved Phase1 Budget	Phase 1 Total Spend to Aug-23	Phase 1 Forecast (Sep-23 to Oct-24)	Phase 1 Variance Against Approved Budget	FY25 Forecast Nov-24 to Jun-25	FY26 Forecast
<b>Design and Build</b>	section 9(2)(b)(ii)	\$42.01	section 9(2)(b)(ii)									
National Land & Transport Fund (NLTF)		\$42.01										
PTA's Portion (FAR Rate @ 49%)		-										
Ecan		-										
Auckland Transport		-										
Greater Wellington		-										
Regional Consortium		-										
<b>Contingency</b>		-										
Managed by Board (NLTF Funding)		-										
<b>On-Going Operating</b>		-										
- PTA On-Going & SSO		-										
<b>Total</b>	<b>\$1,338.10</b>	<b>\$42.01</b>										

Note: PTA costs are presented at the 49% FAR rate. The balance of 51% is included in the NLTF funding line

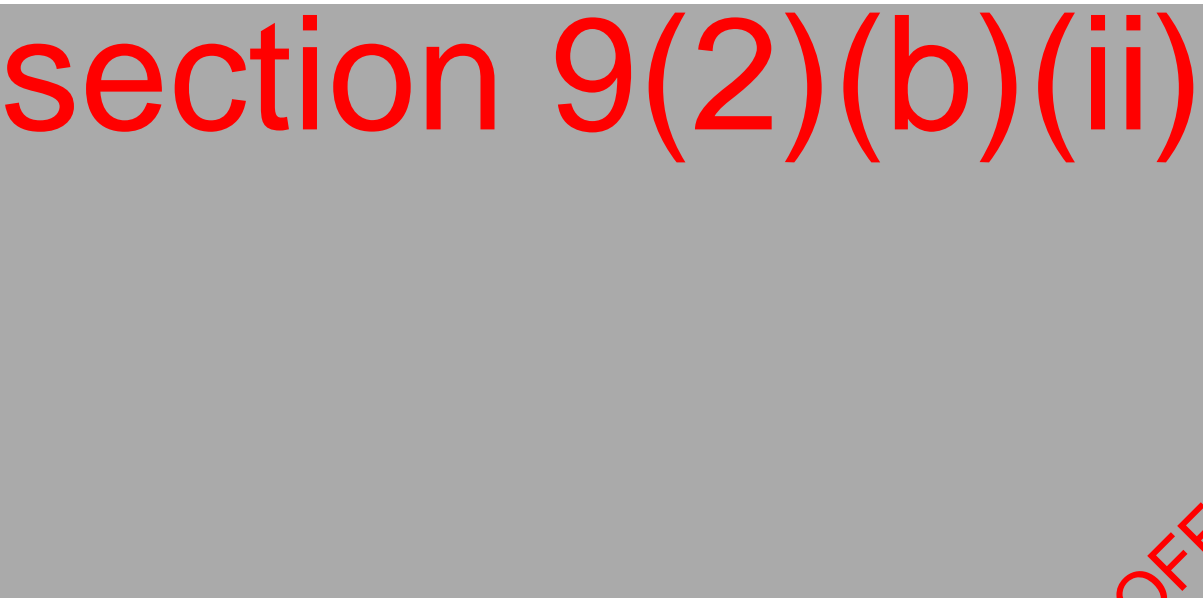
## Design and Build Phase (FY23 to FY26)

- Total budget for Design and build is section 9(2)(b)(ii) (section 9(2)(b)(ii) NLTF/PTA and section 9(2)(b)(ii) contingency).
- Current forecast is section 9(2)(b)(ii). This reflects a reduction of section 9(2)(b)(ii) over the end Jul-23 Forecast of section 9(2)(b)(ii). The section 9(2)(b)(ii) decrease is due to:
  - vacancies not filled during Aug-23. The unspent budget is a valid surplus as this cost will not be incurred at a later stage
- ECan's Transition costs has now been confirmed; Auckland Transport's Transition Costs will be confirmed based on the outcome of section 9(2)(b)(ii). Greater Wellington are reviewing their transition costs and associated assumptions; and Regional Consortiums transition have been revalidated and are unlikely to increase significantly
- Current forecasted Core Programme spend of section 9(2)(b)(ii) for Design & Build compares to a section 9(2)(b)(ii) budget, noting that further clarity is still needed for costs of future phases. These include:
  - PTA Transition costs – although there is a level of certainty regarding the current Transition costs, it may fluctuate if any additional unbudgeted expenditure is identified.
  - section 9(2)(b)(ii)
  - Transition delays – any delays in PTA transitions may have a financial impact on the costs, with resource requirements being extended
  - section 9(2)(b)(ii) The impact may not be significant, considering the cost per card, but the possibility of fluctuations must be noted
- Forecast PTA spend of section 9(2)(b)(ii) against budget of section 9(2)(b)(ii)
  - Apart from minimal variances, PTA Transition estimates are forecast at the original DBC estimates
- The section 9(2)(b)(ii) contingency remains unallocated and managed by the Board.

The revised forecasted section 9(2)(b)(ii) (NLTF Only), earmarked as unallocated will be used to manage any further unplanned activities or expenditures in the first instance, before drawing on Board Contingency

# 13c. Appendix 2: NTS Finance – FY24 Year-to-Date Run Rate & Average Spend

Monthly Spend vs Average vs Run Rate  
(Incl. Cubic Costs) (in \$m)



July August September October November December January February March April May June

- Programme Year-to-Date Spend (Including Cubic) (NLTF Only)**
- This shows the cumulative program costs (including Cubic) as a comparison against the previous financial year (i.e., FY23)
  - The total spend including Cubic spend is section 9(2)(b)(ii)

Monthly Spend vs Average vs Run Rate  
(Excl. Cubic Costs) (in \$m)



July August September October November December January February March April May June

- Programme Year-to-Date Spend (Excluding Cubic)**
- This shows the program costs (excluding Cubic) as a comparison against the previous financial year (i.e., FY23)
  - The total spend excluding Cubic spend is section 9(2)(b)(ii)

# 13c. Appendix 3: Design and Build Programme Unallocated Reconciliation

Total Design & Build Phase 1 - Unallocated Amount Movement (\$m)					
Funding	Unallocated as at Jul-23	Aug-23 Variance	Movement		
			Additional Spend	Spend Decreases	Revised Unallocated
Design and Build					
National Land & Transport Fund (NLTF)					
Surplus for Vacancies not be be incurred					
PTA's Portion (FAR Rate @ 49%)					
Ecan					
Auckland Transport					
Greater Wellington					
Regional Consortium					
Contingency					
Managed by Board (NLTF Funding)					

Refer Appendix 1

## Unallocated Amount Movement – Phase 1 Build and Design

- **National Land & Transport Fund (NLTF) - <sup>section 9(2)(b)(ii)</sup> Movement**
  - Additions
    - None
  - Decreases
    - <sup>section 9(2)(b)(i)</sup> underspend for Aug-23. This refers to budgeted vacancies that have not been filled during Aug-23
- **PTA's Portion for Transition (based on FAR Rate @ 49%) - <sup>section 9(2)(b)(ii)</sup> Movement**
  - <sup>section 9(2)(b)(ii)</sup>

**Note** - the movement in the unallocated amount will be shown monthly to provide assurance that we are able to reconcile back to the initial amount provided at FY23 Year End and to show how we are managing rising cost pressures within the programme in the first instance before drawing on Board Contingency



