

NTS Programme Governance Board

28th July 2023

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11c. NTS Finance – Summary FY23 EOY, June 2023 and Upcoming FY24 Activity

This pack presents the FY23 Year end result and outlines a forecast to end October 2024

FY23 Year End Result

- This shows \$42.01m (or 92%) spend against an FY23 forecast of \$45.9m
- The \$3.89m underspend can be attributed to section 9(2)(b)(ii) and section 9(2)(b)(ii) costs that have not been incurred yet, but are expected in the first quarter of FY24

Jun-23 Activity Summary

- Future year's (i.e., FY24 to FY26), estimates for the programme and the PTA's have been forecasted based on latest information, noting that a revised forecast will be done for each phase. Although there are minor variances, forecasts are still tracking to original DBC section 9(2)(b)(ii)
- Jun-23 actual costs resulted slightly less than forecast. The \$3.89m underspend can be section 9(2)(b)(ii) costs that have not been incurred yet, but are expected in the first quarter of FY24
- **Note** that we have updated the slides presented last month, which show the schedule of upcoming Cubic payments aligned to the SoW's. (Appendix 2) We have now provided a schedule of payments already made to Cubic. The Cubic Payment Reconciliation provides the detail of each payment made thus far.

FY-24 (Jul-23 to End Jun-24) Forecast

- FY24 – shows forecast spend of section 9(2)(b)(ii). This consists of:
 - Cubic Estimates – equalling section 9(2)(b)(ii)
 - Programme Estimates – equalling section 9(2)(b)(ii) is made up as:
 - section 9(2)(b)(ii) of PTA's Transition costs, mostly levied on the NLTF at 51% of FAR. This includes the additional cost for ECan which are proposed to be fully funded by the programme
 - section 9(2)(b)(ii) of Program Assurance costs
 - PTA Transition Estimates – equalling section 9(2)(b)(ii) (PTA Portion of Transition costs at 49% of FAR)
 - Minor TTP Operating expenditure is forecast in anticipation of ECan go-live

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section 9(2)(b)(ii)

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

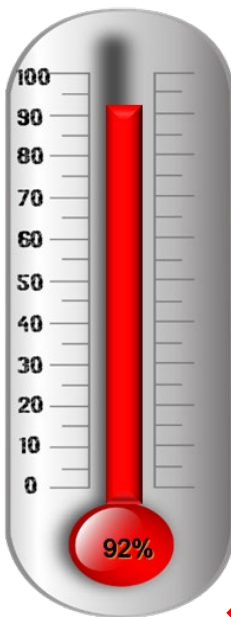
- Total budget for Design and build is [redacted] ([redacted] NLTF/PTA and [redacted] contingency). Current forecast is [redacted] that includes the [redacted] ECan estimates for Phase 1, excluding programme contingency of [redacted].
- We continue maturing the forecast as we gain more certainty of transition costs for PTAs – which will happen gradually as transition strategies and plans are finalised.
- Current forecasted NLTF spend of [redacted] for Design & Build compared to a [redacted] budget, noting that further clarity is 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 as additional unbudgeted expenditure is unearthed. Note that the ECan [redacted] has now been included as part of the NLTF funding line.
 - [redacted]
 - Transition delays – any delays in PTA transitions may have a financial impact on the NTS costs, with resource requirements being extended
 - [redacted] The impact may not be significant, considering the cost per card, but the possibility of fluctuations must be noted
- Forecast PTA spend of [redacted] against budget of [redacted]
 - Apart from minimal variances, PTA Transition estimates are forecast at the original DBC estimates.
- The [redacted] contingency remains unallocated and managed by the Board [redacted]
- ***The forecasted [redacted] earmarked as unallocated will be used to manage any unplanned activities or expenditures in the first instance, before drawing on Board Contingency***

- The ongoing operating forecast is set at the original DBC estimates, subject to further clarity of variable spend, including:

- section 9(2)(b)(ii)
- PTA operating costs will vary. We will have a better understanding after ECan go live section 9(2)(b)(ii) which will assist with identification of operational requirements and volumes

11c. NTS Finance – FY23 Year-to-Date Design & Build

Period	Forecast	Spend	Variance
Jul-22	section 9(2)(b)(ii)		
Aug-22			
Sep-22			
Oct-22			
Nov-22			
Dec-22			
Jan-23			
Feb-23			
Mar-23			
Apr-23			
May-23			
Jun-23	\$45.90	\$42.01	\$3.89



FY23 Activity (Forecast versus Actuals) (in \$m)



Variance Explanation for Jun-23

- End of Jun-23 shows a Year End result of 92% (or \$42.01m) programme spend compared to budget of \$45.90m
- The variance (net surplus) of \$3.89m is due to:
 - Cubic (SoW 7) – ECan Transition costs for Testing, Configuration, Security and Infrastructure, budgeted at section 9(2)(b)(ii) for Jun-23, has not been incurred yet. This estimate has been included for Jul-23 and Aug-23
 - PTA Transition costs – equalling section 9(2)(b) budgeted for Jun-23 have not incurred. These costs have been included in Jul-23 and Aug-23
 - NLTF (Programme Design & Build)
 - Programme Support Lead – delayed activity that has contributed to the variance by approximately section 9(2)(b)(ii)
 - section 9(2)(b)(ii)
- All underspends incurred have been included in ensuing month's forecasts as we expect heightened activity across the programme

11c. NTS Finance – Forecast to End October 2024

Governance Board is asked to note the forecast to end October 2024 of section 9(2)(b)(ii)

PHASE 1	Period	NLTF	PTA's	Total
	Jul-23	section 9(2)(b)(ii)		
	Aug-23			
	Sep-23			
	Oct-23			
	Nov-23			
	Dec-23			
	Jan-24			
	Feb-24			
	Mar-24			
	Apr-24			
	May-24			
	Jun-24			
	End FY24			
	Jul-24	This agrees with the FY24 Forecast amount on slide 2.		
	Aug-24			
	Ecan Go-Live	This is the start of the new Financial Year (i.e., FY25), and is expected as Go-Live		
	Sep-24	this additional 2 months will most likely be required as part of "Phase 1" close out		
	Oct-24			
	Ecan Closure			

Management Approach

- The NTS team will monitor variations on a monthly basis and continue to report on these at Governance Board including commentary on small changes.
- If there is significant programme change or cost pressure, this will be managed through the programme change control process, which includes an assessment of the financial impact. Once approved, the forecast will be adjusted accordingly.

Explanation of Phase 1 - ECan

- Phase 1 (that is centred on ECan Go-Live) is expected to end Aug-24 at a cost of section 9(2)(b)(ii)
- This amount (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 58%) 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 36%) relates to Programme Operating costs
- Noting that this forecast includes some Phase 2 costs as activities would have started for other roll-outs as we get to ECan go-live

Expenditure	Amount
Cubic SoW's	section 9(2)(b)(ii)
PTA's Transition Estimates	
Program Operating Exp. (Incl. Consultants & Prof Services)	
Total Phase 1 - Ecan Go-Live	

section 9(2)(b)(ii)

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11c. Appendix 1: NTS Finance – FY23 Year-to-Date Run Rate & Average Spend

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

section 9(2)(b)(ii)

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

section 9(2)(b)(ii)

Jul-22 Aug-22 Sep-22 Oct-22 Nov-22 Dec-22 Jan-23 Feb-23 Mar-23 Apr-23 May-23 Jun-23

Jul-22 Aug-22 Sep-22 Oct-22 Nov-22 Dec-22 Jan-23 Feb-23 Mar-23 Apr-23 May-23 Jun-23

Programme Year-to-Date Spend (Including Cubic)

- The total spend including Cubic spend is \$42.01 with a monthly average spend of [redacted]

Programme Year-to-Date Spend (Excluding Cubic)

- The total spend excluding Cubic spend is [redacted] with a monthly average spend of [redacted].ie the programme resource costs

11c. Appendix 2: Distribution of Phase 1 set up costs (Cubic SW's Schedule)

The Board requested that we show the distribution of Phase 1 set up costs across the programme timeframe. We have used primarily the Cubic costs as the basis for this distribution. These costs span FY24 to FY27.

- Phase 1 Set up
- ECan
- GW
- AT
- RIC's

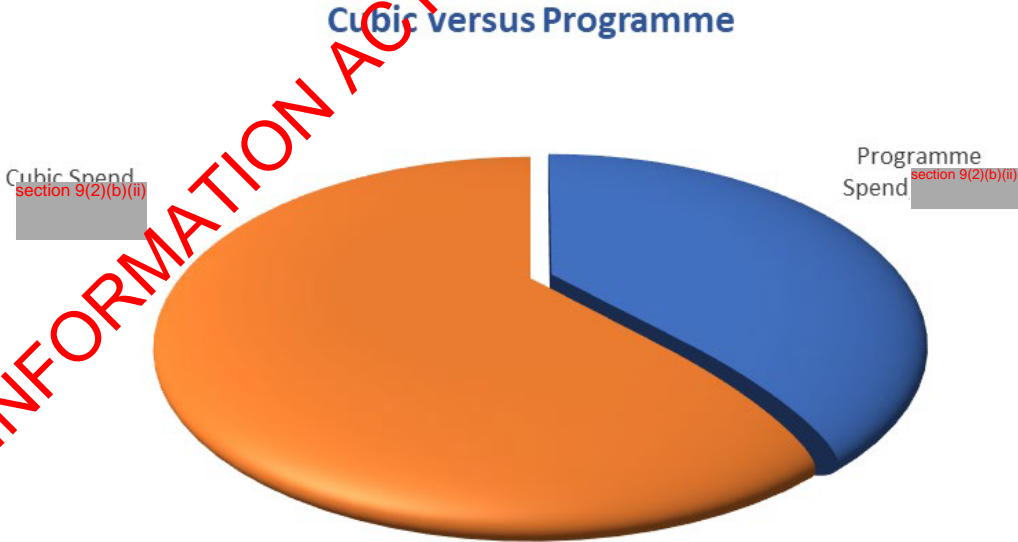
section 9(2)(b)(ii)

Cubic Payment Schedule - A (in \$m)					
Delivery Phases	FY24	FY25	FY26	FY27	Total
section 9(2)(b)(ii)					

Note: The section 9(2)(b)(ii) Total reflects remaining spend. We have already spent section 9(2)(b)(ii) in FY23. Refer next slide

11c. Appendix 2: Distribution of Phase 1 set up costs (Cubic Reconciliation)

Cubic Payment Schedule - B (in \$m)		
Period	Amount	Details
Jul-22	section 9(2)(b)(ii)	
Aug-22		
Sep-22		
Oct-22		
Nov-22		This relates to section 9(2)(b)(ii)
Dec-22		This relates to section 9(2)(b)(ii)
Jan-23		This relates to section 9(2)(b)(ii)
Feb-23		
Mar-23		
Apr-23		section 9(2)(b)(ii)
May-23		
Jun-23		
Total Spend to date		



The breakdown of Cubic payments section 9(2)(b)(ii) to date are:

- Total Cubic payments amount to section 9(2)(b)(ii) with the majority of costs relating to section 9(2)(b)(ii)
- The remaining cost are distributed between section 9(2)(b)(ii)
- Progress to date:
 - section 9(2)(b)(ii)

