

# NTS Programme Governance Board

25<sup>th</sup> August 2023

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# 8c. NTS Finance – Summary FY24 – Phase 1 and Upcoming FY24 Activity

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## Financial Result for NTS to 31 July 2023

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

- This shows a total program spend of \$44.74m as at end Jul-23
  - Total FY23 as at end Jun-23 of \$42.01m
  - Spend for Jul-23 of \$2.73m

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

- Jul-23 forecasted at [section 9(2)(b)(ii)] ( [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 Jul-23), resulting in an underspend of [section 9(2)(b)(ii)]. This is primarily due to timing. See explanation on 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 (Appendix 2)

- Phase 1 – shows forecast of [section 9(2)(b)(ii)]. This consists of:
  - NLTF estimates of [section 9(2)(b)(ii)]
  - PTA's Portion for Transition of [section 9(2)(b)(ii)]
- The forecast takes the [section 9(2)(b)(ii)] underspend into account as well as an [section 9(2)(b)(ii)] associated with [section 9(2)(b)(ii)]

### Additional Risk Mitigation Work - Quantitative Risk Analysis (refer Board Paper)

- The NTS Programme conducted an independent QRA during Jul-23 assessing various aspects of the programme. Part of the assessment was to provide assurance on whether the programme forecast would result in a surplus or deficit against the [section 9(2)(b)(ii)] budget for Design and Build. The results showed:
  - At the mean (mid-range and most likely scenario), the programme would result in a spend of [section 9(2)(b)(ii)] compared to our existing forecast of [section 9(2)(b)(ii)]
  - The pessimistic view (most unlikely) results in a total spend of [section 9(2)(b)(ii)] compared to our existing forecast of [section 9(2)(b)(ii)]
- Both results (both the mean and pessimistic view), indicates that the Design and Build budget of [section 9(2)(b)(ii)] is unlikely to be overspent

# 8c. NTS Finance – Jul-23 Phase 1 Activity

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Total Design & Build Phase 1 - Year To Date & Programme To Date (\$m)				
Funding	Budget	FY23	Design & Build Budget	
			Jul-23 Budget	Jul-23 Actuals
			Jul-23 Variance	Spend-To-Date
<b>Design and Build</b>	section 9(2)(b)(ii)	\$42.01	section 9(2)(b)(ii)	\$44.74
<b>National Land &amp; Transport Fund (NLTF)</b>		\$42.01		\$44.74
<b>PTA's Portion (FAR Rate @ 49%)</b>		-		section 9(2)(b)(ii)
Ecan		-		
Auckland Transport		-		
Greater Wellington		-		
Regional Consortium		-		
<b>Contingency</b>		-		
Managed by Board (NLTF Funding)		-		

## July-23 Underspend

- **Core Programme (NLTF)** - section 9(2)(b)(ii)
  - Transport Ticketing Payment and Customer & Change Workstreams – collectively have an underspend of section 9(2)(b)(ii) due to vacancies not filled during Jul-23
  - Solution Delivery has an underspend of section 9(2)(b)(ii) primarily made up of:
    - section 9(2)(b)(ii) now planned to be incurred between Aug-23 and Sep-23
    - section 9(2)(b)(ii) for the Integrated Test Facility that is delayed
    - section 9(2)(b)(ii) for security to be incurred between Aug-23 and Sep-23
- **PTA's Portion for Transition (based on FAR Rate @ 49%)** - section 9(2)(b)(ii)
  - section 9(2)(b)(ii) costs incurred and submitted but not yet recorded, This cost will reflect in the end of August report.

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

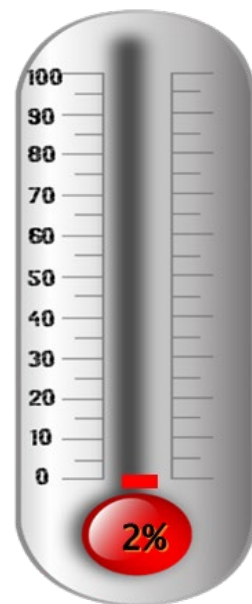
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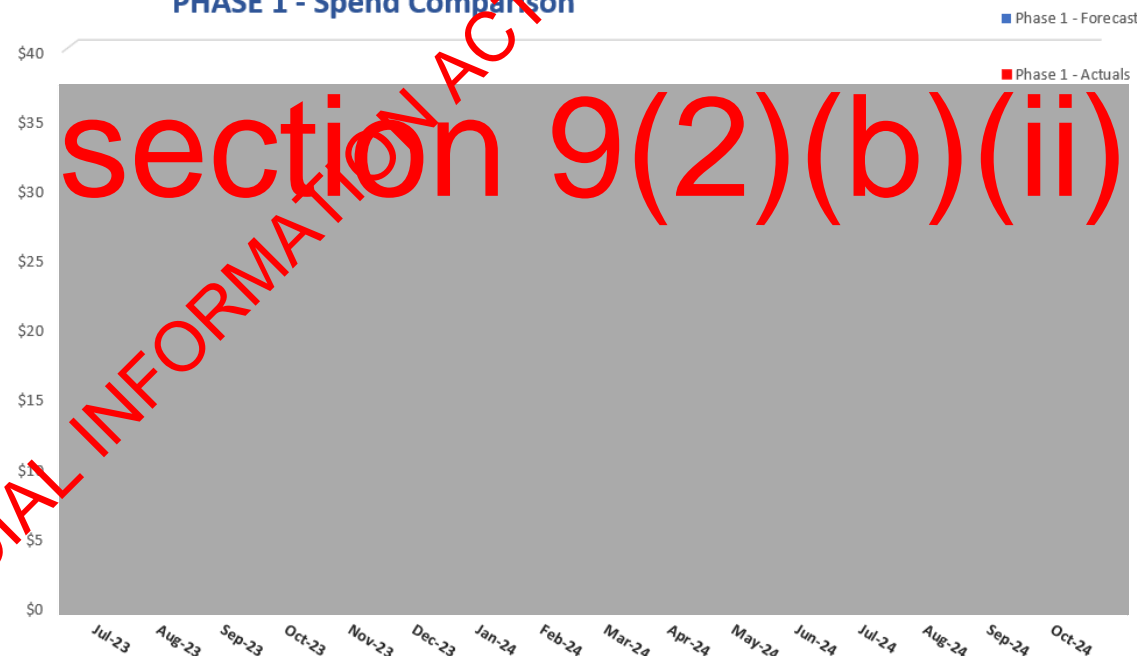
# 8c. NTS Finance – Phase 1: Phase-to-Date Design & Build

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Phase 1 - Till Ecan go Live			
Period	Phase 1 - Forecast	Phase 1 - Actuals	Phase 1 - Variance
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			
Jul-24			
Aug-24			
Sep-24			
Oct-24			



PHASE 1 - Spend Comparison



Variance Explanation for Jul-23 – See Appendix 2

## 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.
- Variations will be added or subtracted to the unallocated amount e.g., this month we added the section 9(2)(b)(ii) underspend (NLTF Only), however we also had to subtract section 9(2)(b)(ii), for change request relating to Reconciliations and section 9(2)(b)(ii) for additional resources making a total reduction in the unallocated amount of section 9(2)(b)(ii). The fluctuations resulting in an end of Jul-23 unallocated amount of section 9(2)(b)(ii) (NLTF Only)
- Board Contingency section 9(2)(b)(ii) will only be used when the unallocated amount has been spent.

## Explanation of Phase 1

- 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 forecast for phase 1 amounts to at a cost of section 9(2)(b)(ii) and still within our envelope.
- Slide 4 provides a detailed reconciliation of how we are managing any cost pressures and/or previously unforeseen costs.
- This amount (i.e., section 9(2)(b)(ii)) also includes on-going work for Greater Wellington, Auckland and Regional Consortiums
- section 9(2)(b)(ii) of the section 9(2)(b)(ii) (or 61%) 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 33%) relates to Programme Operating costs
- Noting that there will be overlap between Phase 1 and Phase 2 costs as activities would have started for other roll-outs as we get to ECan go-live

# 8c. NTS Finance – Design, Build & On-Going Operating

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Total Design & Build and On-Going Operating Funding Budget & Forecast (\$m)

Funding	Budget	FY23	Design & Build Budget								Design & Build Forecast	Unallocated	
			Jul-23 Budget	Jul-23 Actuals	Jul-23 Variance	Approved Phase1 Budget	Phase 1 Total Spend to Jul-23	Phase 1 Forecast (Aug-23 to Oct-24)	Phase 1 Variance Against Approved Budget	FY25 Forecast Nov-24 to Jun-25			FY26 Forecast
Design and Build	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		-											
Contingency		-											
Managed by Board (NLTF Funding)		-											
On-Going Operating		-											
- PTA On-Going & SSO													
Total	\$1,338.10	\$42.01											

section 9(2)(b)(ii)

## 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) June Forecast of section 9(2)(b)(ii). This comprises:
  - section 9(2)(b)(ii)
  - Jul-23 underspend of section 9(2)(b)(ii)
  - The delta of section 9(2)(b)(ii) has been absorbed by the program's previously unallocated amount of section 9(2)(b)(ii). The program's unallocated amount is now section 9(2)(b)(ii)
  - Noting the above excludes programme contingency of section 9(2)(b)(ii) held by the Governance Board.
- 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**

## 8c. Appendix 1: NTS Finance – FY24 Year-to-Date Run Rate & Average Spend

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



### Programme Year-to-Date Spend (Including Cubic)

- 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 \$44.74

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



### Programme Year-to-Date Spend (Including 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)

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## 8c. Appendix 2: Design & Build Programme Unallocated Reconciliation

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Total Design & Build Phase 1 - Unallocated Amount Movement (\$m)					
Funding	Unallocated as at Jun-23	Jul-23 Variance	Movement		
			Additional Spend	Spend Decreases	Revised Unallocated
<b>Design and Build</b>					
National Land & Transport Fund (NLTF)					
section 9(2)(b)(ii)					
Additional Programme Resources (Cross-Programme to FY26)					
PTA's Portion (FAR Rate @ 49%)					
Ecan					
Auckland Transport					
Greater Wellington					
Regional Consortium					
<b>Contingency</b>					
Managed by Board (NLTF Funding)					

### Unallocated Amount Movement – Phase 1 Build and Design

- **National Land & Transport Fund (NLTF) - section 9(2)(b)(ii) Movement**
  - Additions
    - section 9(2)(b)(ii)
    - Additional programme resources amounting to section 9(2)(b)(ii) over the life of the programme
  - Decreases
    - section 9(2)(b)(ii) underspend for Jul-23. Although currently shown as an underspend, these costs (refer slide 2) will be incurred at a later stage
- **PTA's Portion for Transition (based on FAR Rate @ 49%) - section 9(2)(b)(ii) Movement**
  - section 9(2)(b)(ii)

**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

## 8c. Appendix 2: NTS Finance – Phase 1 Forecast (ECan Go-Live)

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Programme Costs				PTA Costs			Total Programme - Phase 1 (Ecan)		
Period	Forecast	Spend	Variance	Forecast	Spend	Variance	Forecast	Spend	Variance
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									
Jul-24									
Aug-24									
Sep-24									
Oct-24									

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

### 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. Slide 4 provide a detailed reconciliation of how we are managing any cost pressures and/or previously unforeseen costs.
- 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 61%) relates to Cubic contractual committed costs
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- section 9(2)(b)(ii) of the section 9(2)(b)(ii) (or 33%) relates to Programme Operating costs
- Noting that there will be overlap between Phase 1 and Phase 2 costs as activities would have started for other roll-outs as we get to ECan go-live

PHASE 1

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section 9(2)(b)(ii)

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