

ARTA Third Quarter Report

1 Jan to 31 Mar 2008

ARTA CEO Unit



Auckland Regional
Transport Authority

Table of Contents

1	Summary and Highlights	3
2	Passenger Transport Patronage	5
2.1	Overall patronage trends.....	5
2.2	Rapid Transit Network patronage.....	6
2.3	Other bus and ferry services	7
3	Projects specified in Statement of Intent	11
4	Strategies and Plans	13
5	TravelWise.....	15
5.1	TravelWise Schools	15
5.2	TravelWise Workplaces	15
6	Summary of Activities - Strategy & Planning	16
7	Summary of Activities - Project Delivery.....	17
8	Summary of Activities - Customer Services.....	18
9	Financial Reports	20

1 Summary and Highlights

Total patronage on bus, rail and ferry services for the nine months to March 2008 was 39,805,458, an increase of 153,862 or 0.4% on the same period in 2007. This result was largely driven by the timing of the Easter holidays in March this year. Patronage for the fourth quarter is expected to be correspondingly better due to more working days than in previous years.

Rapid Transit Network

- The Northern Busway was officially opened on 3 February 2008, and had an immediate effect on patronage, with boardings on the Northern Express bus service, (including feeder services), up 66% in February 2008 over February 2007. Albany and Constellation feeder services grew by 5.0%. Patronage across North Shore bus network grew by 4.3% for the 9 months to end March 2008.
- Rail patronage to the end of March 2008 was 4,842,413 which is higher than any previous nine month period and on track to achieve a record 6.5 million rail trips in 2007/08. Rail patronage on the Southern and Eastern lines increased by 17.3% and on the Western line by 6.6%. The Western Line double tracking project is close to completion, with construction well underway on the Ranui, Sturges Rd and Swanson station improvements.

Quality Transit and Local Transit Networks

- Bus patronage for the nine months to March 2008, excluding the Northern Express and School services, declined by 629,700 boardings or 2.1%. Bus Services saw strong growth in January and February, but the timing of Easter led to lower boardings for March. A Bus Service and Patronage Improvement Plan has been developed, with a number of customer service initiatives already in place and significant service improvements planned for 2008/09.
- There were 3,355,909 ferry trips in the nine months to March 2008. Additional ferry services and capacity were provided to Devonport and Pine Harbour during the third quarter.
- Detailed design services are being procured for the Bayswater ferry terminal. The project has resource consent, funding approval from Land Transport NZ for the design phase, and the approval of North Shore City for their share of works. Detailed design is also in progress for the Beach Haven ferry terminal.
- The new 40% concession on tertiary fares was launched in February with a major marketing campaign, supported by operational improvements to manage the increase in demand for 10-trip tertiary tickets and weekly tertiary Northern Passes. 21,900 tertiary concession tickets were sold in March 2008, a 5% increase on March 2007.
- Integrated event and PT tickets were launched in February, giving fans the opportunity to use their match ticket for travel to and from Super 14, Warriors, and 20/20 Cricket International games.

Other highlights

- An evaluation of the TravelWise Workplaces programme has concluded that the six workplaces for which followup surveys are available had a total reduction in car travel of 355 car trips each morning, against a target for 2007/08 of 350 and a 10-year target of 3,500.
- The CBD Rapid Transit Study is proceeding with urgency, as rapid development of the CBD is already impacting on options for future transport links, and agreement on the form and location of the future rapid transit corridor are needed in time to inform other major decisions including the Waitemata Harbour Crossing Study, the Wynyard Quarter development and planning consent decisions for private developments.
- The draft Regional Road Safety Plan and Regional Arterial Road Plan were substantially completed during the quarter, and will shortly be released for stakeholder consultation.
- The ARC released their draft Annual Plan for 2008/09, which includes a proposal for a regional fuel tax of 5 cents per litre to fund the purchase of electric trains and other PT infrastructure projects.

2 Passenger Transport Patronage

2.1 Overall patronage trends

Total patronage on rail, bus and ferry services for the nine months to March 2008 was 39,805,458 trips. This is a small increase of 153,862 boardings or 0.4% on the first nine months of 2006/07. The timing of Easter in March this year has had a negative impact on this patronage result, and will have a corresponding positive impact on patronage in the month of April.

The specific service improvements implemented in February this year have been highly successful, especially the new North Shore service design launched alongside the Northern Busway on 3 February. The Northern Express and feeder services have carried 812,560 trips to date this year, with February patronage up 60%, and March patronage up 48%, on 2007.

Rail services continue to perform well, with strong growth in patronage on the Southern and Eastern lines making up for slower than anticipated growth in patronage on Western line rail services.

Ferry patronage grew by 10,349 trips or 0.3%. This result is lower than expected, and is discussed in more detail below.

School bus services have grown only slightly, but this effect is almost completely due to the timing of Easter, with three days of school holidays in March. School services are still expected to reach the target of 1% growth during 2007/08.

Quality Transit Network and Local Connector bus services carried 29,037,802 passengers in the first three quarters of 2007/08, a decline of 629,799 or 2.1% on the same period in 2006/07.

Outcome	Performance Measure	Result to Mar 08	Result to Mar 07	Change relative to third quarter of 06/07		Target annual increase
Total PT patronage growth (with a base year of 05/06=51.13m)	Total PT patronage increases by 10.5% over 3 years 2006/07 result = 2.4% 2007/08 target = 3.1% 2008/09 target = 4.5%	39,805,458	39,651,596	153,343	0.4%	3.1%
RTN patronage growth	Northern Busway patronage	812,560	607,467	205,093	33.8%	20.5%
	Rail patronage					
	Western line	1,714,301	1,608,595	105,706	6.6%	20%
	Southern & Eastern lines	3,128,112	2,667,308	460,804	17.3%	5%
QTN & LCN patronage growth	Patronage on all other bus services	29,037,802	29,667,601	-629,799	-2.1%	2%
	Patronage on ferry services	3,355,909	3,345,560	10,349	0.3%	1%
Targeted services	Patronage on school bus services	1,756,774	1,755,065	1,709	0.1%	1%

2.2 Rapid Transit Network patronage

The Rapid Transit Network as a whole is performing extremely well, with patronage growth of 771,603 (15.8%) relative to the first three quarters of 2006/07. The Northern Express has the greatest increase in percentage terms, but patronage growth on Southern and Eastern rail lines contributes most to the total growth in RTN patronage.

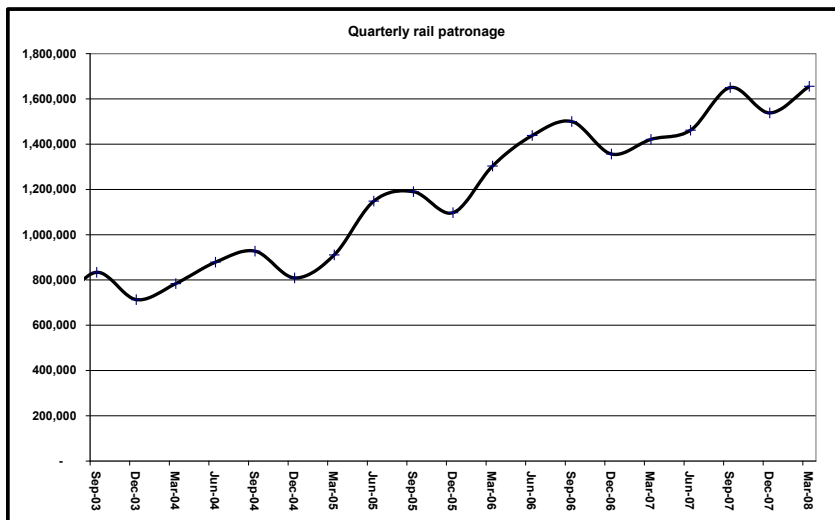
		Result to Mar 08	Result to Mar 07	Change	% change
RTN patronage growth	Northern Express patronage	812,560	607,467	205,093	33.8%
	Western rail line	1,714,301	1,608,595	105,706	6.6%
	Southern & Eastern lines	3,128,112	2,667,308	460,804	17.3%
Total Rapid Transit Network		5,654,973	4,883,370	771,603	15.8%

Northern Express bus service

The launch of the Northern Busway on 3 February has resulted in further growth on the already successful Northern Express service. Patronage on the Northern Express, including feeder services, was 812,560 in the nine months to March 08, with February patronage up 60%, and March patronage up 48%, on 2007.

Rail

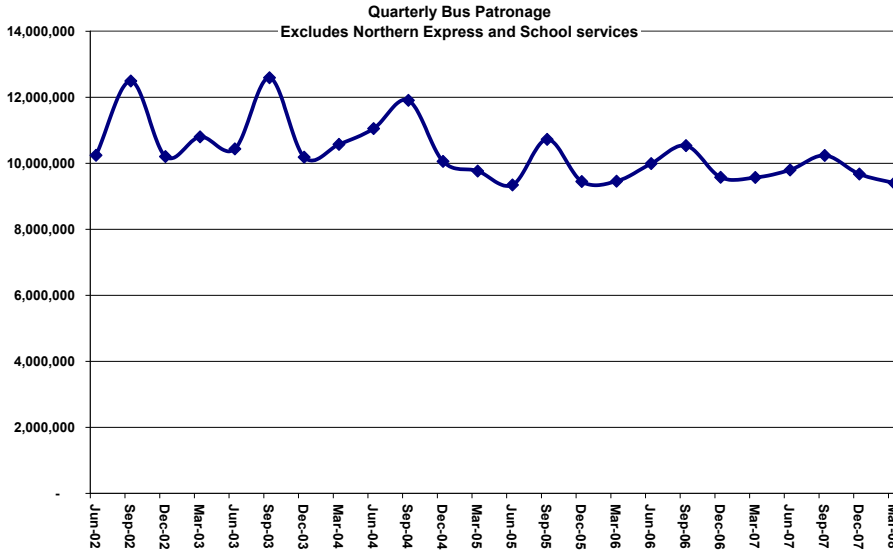
Rail patronage on the Western line has increased by 105,706 boardings or 6.6%, and is not expected to meet the SOI target of 20% patronage growth in 2007/08. This is related to slower than anticipated progress on the Western Line double tracking project led by ONTRACK, but also slower than expected uptake by customers of the improved services. In contrast, the Southern and Eastern lines, where most significant improvement to services were already in place during 2006/07, has continued to grow rapidly, with 17.3% growth in the year to date.



2.3 Other bus and ferry services

Bus services

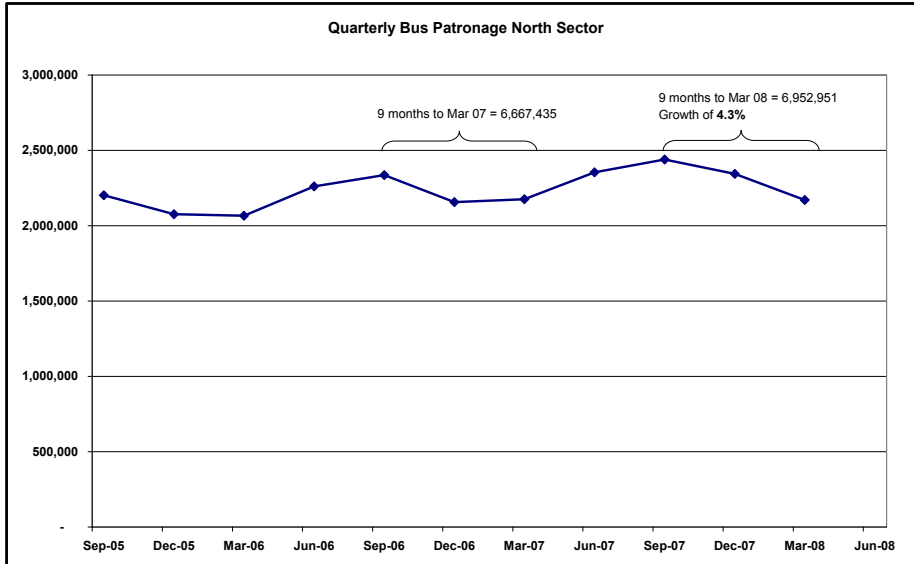
Bus services, excluding the Northern Express and School services, carried 29,037,802 trips over the first half of 2007/08. This is 629,799 fewer boardings than in the same period last year, a decline of 2.1%.



The small changes made to Southern Services (route 66 from Botany to the Manurewa rail interchange, and improved frequencies on routes 68, 55 and 55x linking Dannemora/South Howick to the CBD have been successful in themselves but have not had an overall impact on the performance of South sector bus services.

Similarly, crosstown services on the Isthmus have been improved and re-launched, and there are new vehicles and branding on the Link service, but most isthmus bus services are unchanged, and ongoing Queen St roadworks continue to delay popular services and impact on patronage.

In the North sector, a comprehensive review of bus services has put in place an improved bus network and has resulted in 4.3% patronage growth for in the year to March 2008, as shown in the graph below:



As reported in previous Quarterly Reports, ARTA is implementing a comprehensive Bus Service and Patronage Improvement Plan. A key focus of the plan is to improve ARTA's understanding of the performance and cost effectiveness of the bus system.

Progress during the quarter on the implementation of this plan includes:

- Establishing a centralised customer feedback database across all operators and ARTA, commissioned in October 2007 using RESOLVE software.
- Commissioning an independent company to provide “mystery shopper” services, where trained evaluators rate all aspects of their PT journey. Operators and ARTA will have online access to the results of these surveys, updated in real time.
- Establishment of a business data warehouse is underway. This will enable the capture of all passenger and vehicle tracking data (the entire bus fleet was fitted with vehicle tracking equipment in early 2007, and a project to capture data from ticketing machines is underway). The data warehouse will allow detailed and aggregate data reports on an exception basis to enable improved analysis and responsiveness to poor performing routes.
- Establishment of a dedicated account management team for contract management of operators. Recruitment of the team was completed in February 2008
- A range of projects are underway with operators to improve the reliability and level of detail of patronage reporting, for use in network planning and performance reporting.

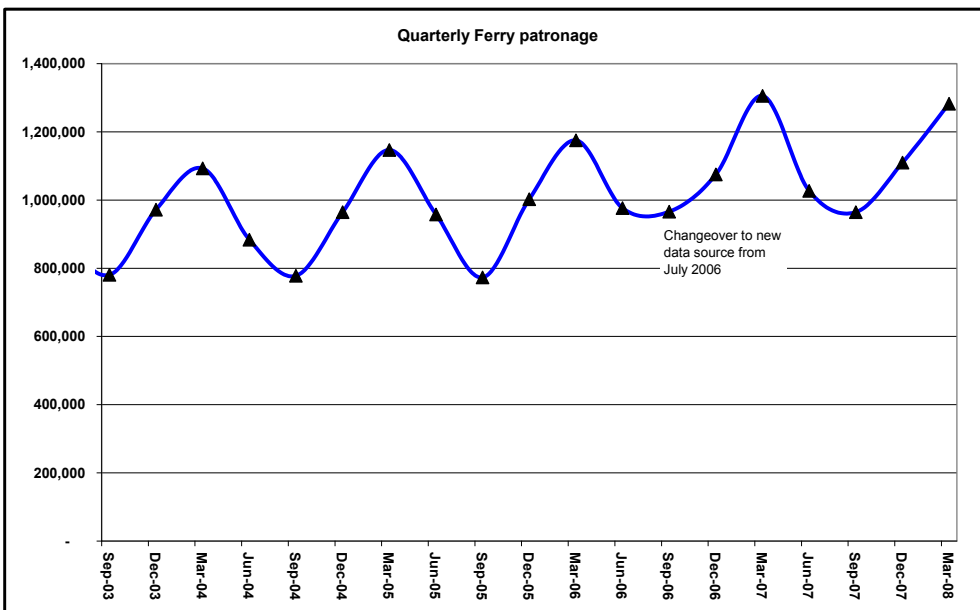
Ferry services

There were 3,355,909 ferry boardings in the nine months to March 2008, an increase of 0.3% relative to the same period in 2007.

ARTA met with ferry operators to discuss the reasons behind the poor patronage result, which is contrary to the general pattern that good summer weather tends to lead to good ferry patronage. Unfortunately there does not seem to be a clear reason behind the relatively static ferry patronage.

Additional commercial ferry services were negotiated for Devonport and additional contracted services for Pine Harbour, provided involving the purchase of a third vessel.

Ferry boardings in 2007/08 are high in comparison with the 3,947,000 boardings reported in the 2006/07 Annual Report, due to a change in data sources and the inclusion of the Waiheke vehicle ferries in this data. The inclusion of vehicle ferries is especially important as these services carry significant and growing numbers and operate in direct competition to the Fullers passenger service. The new, more reliable source of ferry patronage data is based on the passenger boarding charge levied in the past by ARTNL and now levied by ARTA. The changeover of data sources in July 2006 is visible in the graph below.



School Bus services

There were 1,756,774 boardings on dedicated school bus services in the nine months to March 2008. New services introduced in Term 1 2007 were evaluated at the end of the year and all met the threshold of 15 or more boardings per trip, with most having 20 or more boardings per trip.

The timing of Easter, with three days of school holidays falling in March, has a higher proportional effect on school bus patronage than on overall passenger transport patronage. Although patronage growth in the nine months to March 2008 has only been 1,709 trips or 0.1%, school bus patronage is expected to recover in the June quarter and to reach the target of 1% growth.

3 Projects specified in Statement of Intent

The following specific service improvements and projects are specified in the 2007/08 Statement of Intent as being of particular interest to the ARC. Note that this is not a complete or representative list of ARTA projects. The milestones set in the Statement of Intent for these projects have been achieved except in two cases:

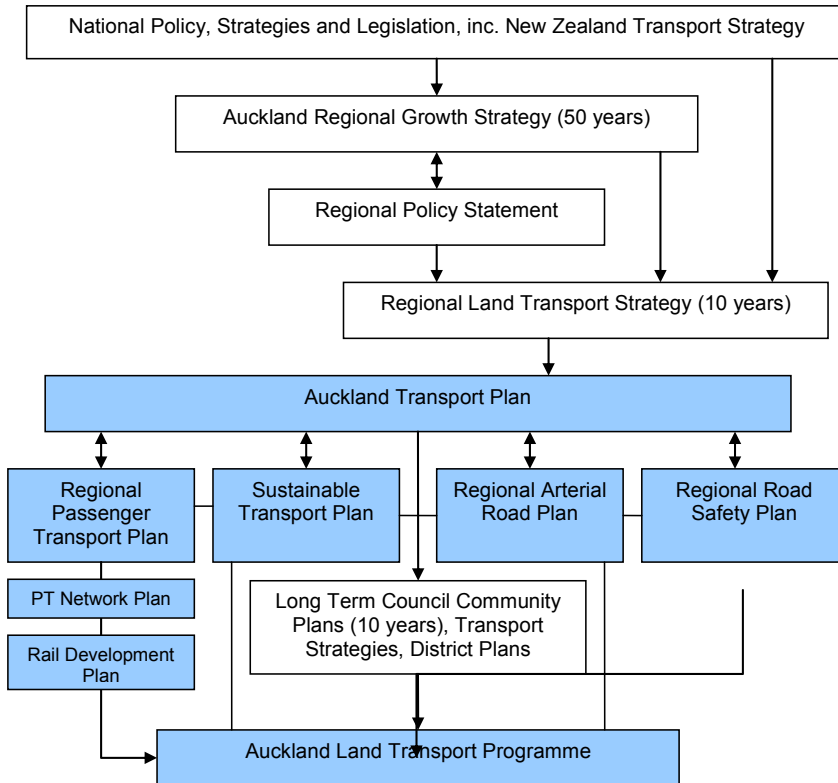
- Additional rail services to Swanson, where delays to the ONTRACK double tracking project have led to a consequent delay in the provision of additional peak services.
- Additional bus services to the Flat Bush growth area, which require the operator to purchase additional vehicles. The new vehicles are due for delivery from the two vehicle manufacturers in late July/early August, leading to a revised implementation date of August 2008.

Project	Detail of Project	Milestone	Achievements to Q3 2008		
Enhanced peak frequency on Northern Express and extend to Westfield Albany	<10 min frequency during peak on Busway	7.5 minute frequency in 2007/08	5 minute Northern Express service timetabled from 7-9am (southbound) and 4-6pm (northbound) from Feb 08		
	Services to Westfield Albany	Services extended to Westfield Albany when the roading network is upgraded (Civic drive) and appropriate bus infrastructure is in place	Roading network upgrade not yet complete. Once roading work is complete local services will access Albany Station via Civic Crescent.		
Limited Additional New School bus services	New school bus routes	Average loading 15 passengers on new school bus services by end of school year	7 new trips provided, all had > 15 passengers by Term 4		
	Patronage growth of school buses. Cost per passenger		Patronage growth YTD 1,709 (0.1%), impacted by timing of Easter holidays. Cost per passenger \$4.23		
Waiuku bus service is monitored	New Waiuku bus service is monitored	Service will be maintained if it achieves 40% farebox recovery	Results for the Franklin bus service contract (weekdays)		
				Apr06-Mar 07 (no Waiuku service)	Apr07-Mar 08 (inc Waiuku service)
			Pax	98,777	105,804
	Farebox recovery	40%	28%		
Service review on Key corridors	Review of services based on performance.	2.3% patronage growth on bus and ferry services (excludes rail & northern busway, also school services)	Review of services complete and assessment of options for improving poor performing services will be complete by June 08. Areas where ARTA has made improvements have shown significant patronage growth, in particular the North Shore where bus patronage to March is 4.3% higher than in 2006/07. However the majority of the bus network is unchanged and patronage is static.		
	Assess worst performing services against criteria in PT Network Plan				
	Assess network for overloading				
Flat bush services	Services added to service new housing areas in Flat Bush. Cost per passenger monitored and passenger growth.	Average loading of 30% of full seated capacity	Not achieved. New Flat Bush services now scheduled for implementation in August 08.		

Project cont'd	Detail of Project	Milestone	Achievements to Q3 2008
4 Trains per hour peak frequency on Western rail line to Henderson and to Swanson in line with infrastructure upgrades.	Henderson rail timetable shows 4 trains per hour peak frequency.		Achieved from 27 January 2008
	Additional rail services to Swanson	Western Line rail timetable shows 4 trains per hour peak frequency from Swanson to Britomart.	ONTRACK has experienced delays constructing DART 8 (Henderson to Swanson) but advises that this project will be commissioned during Queens Birthday weekend so both tracks will be operational from Tuesday 3rd June. ARTA will introduce a new timetable in July 2008 that will provide 4 peak trains/hr from Swanson.
		Punctuality improves to 75% within 5 mins (69.4% in 2006/07).	79.8% of Western Line services arrived within 5 minutes of scheduled time.
Transferable ticketing	Customers have a cost effective transferable ticket available on key interchange routes	Transferable ticket available when northern busway is opened in Feb 2008	Achieved with implementation of the "Northern Pass" in Feb 2008.
Progress towards smartcard ticketing system	Significant progress on implementing the Integrated Ticketing Business Plan	Milestones to be set via Business Plan and reported to the ARC in Quarterly Reports	Tenders closed at the end of March. ARTA will spend the next few months evaluating the tenders received and negotiating with a preferred supplier before signing a contract later in the year.

4 Strategies and Plans

ARTA is responsible for giving effect to the Auckland Regional Land Transport Strategy and does so by preparing the Auckland Transport Plan, detailed supporting plans, and the Auckland Land Transport Programme as highlighted in the diagram below.



A brief update of the current status of each of these plans follows:

- The **Auckland Transport Plan (ATP)** was published in June 2007, and brings together the transport strategies, plans, projects and packages that have been developed by ARTA, local authorities, Transit NZ and ONTRACK to deliver the Auckland Regional Land Transport Strategy and national outcomes. The next iteration of the ATP will be released for full public consultation with the Land Transport Programme at the end of 2008.

- The **Regional Passenger Transport Plan** will also have a wider scope and stronger mandate based on the current provisions of the Land Transport Management Bill and the Public Transport Management Bill. Policy work for the new Plan is well underway, but cannot be finalised until legislation is enacted. The Regional Passenger Transport Plan has two supporting documents:
 - The PT Network Plan was published in November 2006 and is due for review once the new ARLTS is released
 - The Rail Development Plan was published in August 2006
- The **Sustainable Transport Plan** was published in February 2007 and is due for review after the new ARLTS is released.
- The draft **Regional Arterial Road Plan** and the **Regional Road Safety Plan** are nearing completion and will be released for targeted consultation with key stakeholders shortly.
- The draft 2008/09 Land Transport Programme was published in December 2007 and work on the final Land Transport Programme is well underway. The Land Transport Management Bill proposes significant changes to Regional Land Transport Programmes. From 2009/10, the Auckland Land Transport Programme will be a 3-year document with an emphasis on integrated planning for the transport network as distinct from individual projects.

5 TravelWise

5.1 TravelWise Schools

As reported in the Half Year Report, the annual evaluation of the TravelWise Schools programme is complete and has confirmed that the programme is tracking ahead of the Statement of Intent target of 3,780 fewer car trips each morning. There are 4,503 fewer morning peak car trips to TravelWise schools as a result of the School Travel Plan and Walking School Bus programmes. This in turn means a decrease of 3.29 million km of car travel each year, and a CO₂ saving of 1,085 tonnes.

5.2 TravelWise Workplaces

The 2007/08 evaluation of ARTA's Workplace Travel Plan programme is now complete. The evaluation was undertaken by Ecological Associates Ltd in close collaboration with the TravelWise team.

The target set in the ARLTS for Workplace Travel Plans is to involve organisations totalling 90,000 staff and tertiary students in Travel Planning by 2016, and to achieve an average 12% reduction in car trips. The Sustainable Transport Plan clarifies that this target equates to a reduction in car trips to work by 3,500 each morning peak by 2016.

As reported in the Half Year Report, the TravelWise Workplace programme is growing much more rapidly than anticipated and already involves over 89,000 staff and students. Most TravelWise workplaces are still in the early stages of developing their Travel Plans, and have not yet undertaken followup surveys.

The target set in the Statement of Intent for 2007/08, the first full year implementation of the Workplace Travel Plan programme, is to achieve 350 fewer car trips to work each morning peak. Although only five organisations had completed follow-up surveys of their Travel Plans in time for the evaluation, these organisations have between them achieved a reduction of 355 car trips to work each morning peak. This is despite a small *increase* of 17 car trips (0.4%) to Auckland Airport, where 7% more staff now travel to the airport each day and where improvements to bus services for workers are still in the negotiation phase.

This decrease in car trips corresponds to a reduction of 2.4 million km travelled, and a CO₂ reduction of 779 tonnes.

	Employees	Reduction in morning car trips	Reduction in km travelled	CO ₂ reduction (tonnes)
Auckland Airport	4,500	-17	- 618,000	-200
Connell Wagner	150	32	287,000	93
North Shore City Council	800	53	1,400,000	453
SKM	220	20	40,000	13
Waitakere City Council	922	267	1,300,000	420
Total	6,592	355	2,409,000	779

Other TravelWise workplaces are planning to undertake followup surveys later in this financial year. If the results from these surveys are available in time, they will be added to the results above and ARTA will further exceed the Statement of Intent target for this successful programme.

6 Summary of Activities - Strategy & Planning

Lead implementation of the Auckland Regional Land Transport Strategy by developing the Auckland Transport Plan, which brings all of the region's transport programmes together in one place, and using planning and funding tools to ensure the plan is delivered.

The CBD Rapid Transit Study is proceeding with urgency, as rapid development of the CBD is already impacting on options for future transport links, and agreement on the form and location of the future rapid transit corridor are needed in time to inform other major decisions including the Waitemata Harbour Crossing Study, the Wynyard Quarter development and planning consent decisions for private developments.

The first set of Key Performance Indicators, monitoring the implementation of the Auckland Transport Plan (ATP) and hence of the ARLTS, has been collated and will be presented to the Political Steering Group of the Auckland Transport Plan in May 08. Despite significant gaps in the availability of data, the monitoring report gives a useful perspective on the performance of the transport network and on priority areas for improvement.

The preparation of the ATP is well underway. The ATP will be released for public consultation in December 2008 in time to guide and align Territorial Authority Long Term Council Community Plans with regional transport priorities.

The draft Regional Road Safety Plan has been prepared and will be released for targeted consultation with key stakeholders shortly. The new Road Safety Plan adds detail to the ARLTS decision to direct additional funding to engineering solutions. These solutions include road design to lower speeds, more use of technology for enforcement, and improved urban design to create a safe and welcoming environment for all road users. The priority for these measures is on arterial roads where the bulk of the region's road trauma occurs.

The draft Regional Arterial Road Plan (RARP) is the first such plan prepared for the Region, and deals with a range of complex and contentious issues. Balancing the competing needs of different transport modes, the imperative to improve safety, and community and economic development priorities in Auckland's most contested public spaces has been a major challenge. ARTA has adopted an inclusive process in the development of the draft RARP and further debate is inevitable when the RARP is released for targeted consultation with key stakeholders.

Submissions on the Draft 2008/09 Auckland Land Transport Programme were heard on 11 March and ARTA is working closely with Land Transport NZ to decide the funding status of projects for the final LTP. The focus for 2008/09 is on approving as many projects as possible as "ready to go" within the final LTP, which enables local councils and ARTA to begin work from 1 July 2008. A reduction in local council budgets for transport is impacting on the allocation of funding in the LTP, leading to funding allocations lower than recommended in the ARLTS for the TDM category which includes cycling and walking projects (2.5% of draft LTP cw. target of 4%) and traffic management projects (1.3% of draft LTP cw. target of 2%).

7 Summary of Activities - Project Delivery

Deliver the step-change in Passenger Transport infrastructure that will enable a world class service offering by building critical infrastructure and enhancing ARTA's capability to manage assets long term.

Rail Infrastructure

Planning for an electrified rail network continues, based on 10 minute service frequencies at peak times on the core electrified network and a 30 minute service to Onehunga. The core network is currently defined by ONTRACK as from Swanson to Papakura, however the ARC is currently awaiting a government decision on extending this to Drury or Pukekohe. The purchase of electric trains is conditional on the outcomes of public consultation through the ARC Annual Plan 2008/09, and on the passing of legislation.

The RFT for the construction of Newmarket Station was released by ONTRACK on 3 April.

ONTRACK are now targeting Queen's Birthday Weekend as the appropriate full commissioning date for the duplicated Western Rail Line from Swanson. ARTA works to construct the "above track" components of this project, including new stations at Ranui, Sturges Rd and Swanson, are now well under way and will be completed to this timeline. Additional rail services to Swanson, to achieve a frequency of four trains per hour at peak, will be in place from July 2008.

The Middlemore and Ellerslie rail station upgrades are under construction and are due for completion in May 2008 and July 2008 respectively.

Work continues on the distributed stabling projects, with construction due to be completed mid-April at Papakura and Pukekohe. ARTA is working with ONTRACK on the concept design for the Tamaki/Strand stabling site.

Rolling Stock

The upgrade of air-conditioning units in the ADL carriages, and the installation of diesel generators in the ADK units, is on track for completion by July and June 2008 respectively.

The fabrication and fitout of SA Trainsets 15-17 is underway at the Hillside workshops, minor delays have been encountered due to delays in the delivery of bogies (wheelsets) however this will not delay the schedule for delivery of additional rail services.

The first shipment of carriages from the UK for the construction of SA trainsets 18-23 has left the UK.

Ferry infrastructure

Design of the Half Moon Bay passenger waiting facility and canopy is complete and construction is due to commence in May 2008.

Land Transport NZ approved funding for the Bayswater ferry terminal detailed design in April. The project has resource consent and detailed design services are being procured.

Detailed design is also in progress for the Beach Haven ferry terminal.

ARTA is evaluating tenders for structural remedial works on Downtown Piers 1 and 2.

Comment [A1]: This is one site. No idea why it is called "Tamaki/Strand" however too late to change the name.

8 Summary of Activities - Customer Services

Deliver quality transport services that meet Aucklanders' expectations, within available funding by researching customer requirements, designing and developing an integrated transport network that meets customer expectations, and implementing the network progressively within funding limits.

A series of projects are underway to improve ARTA's understanding of the performance and cost effectiveness of the bus system, a key component of the Bus Service and Patronage Growth Plan. Details of these projects are outlined in Section 2.3 of this report.

The implementation of the new bus service network on the North Shore, and the opening of the Northern Busway, were the major focus of activity in Service Delivery for the quarter. Service enhancements included a true integrated ticket for the first time in Auckland, off-board ticketing at Busway stations, a five minute service frequency on the Northern Express at peak times, and Real Time Passenger Information at all Busway Stations. A major marketing programme was in place on the North Shore before and after the Busway launch, and the launch event itself was a great success. A post-implementation review of services four weeks after implementation found the need to reintroduce some services removed in the sector redesign, and these services will recommence from 7 April. Record patronage has been seen across the North Shore bus network.

The launch of the 40% discount on tertiary fares made innovative use of multiple marketing technologies, consistent with the target audience. The 40% discount applies to 10-trip tickets and 10-day Northern Passes purchased by fulltime students. Street posters, on-campus promotions, online and radio advertising and a presence on FaceBook combined to increase awareness of the discount. Complementary campaigns were run by the Auckland University and AUT student associations, including a YouTube video competition. Improved operational systems for checking eligibility were introduced, with MAXX discount stickers applied to university ID cards. This enabled the number of outlets selling 10-trip tickets to eligible students to be increased from 5 to 30. Implementation was successful overall, with 21,900 tertiary concession tickets sold in March 2008, a 5% increase on March 2007. A debrief meeting has been held with the University of Auckland, where students have specific issues proving their eligibility, and further improvements to systems are planned for the Semester 2 intake and for Term 1 2009.

Additional commercial ferry services were negotiated for Devonport and additional contracted services for Pine Harbour, involving the purchase of a third vessel.

Integrated event and PT tickets were launched in February, giving fans the opportunity to use their match ticket for travel to and from Super 14, Warriors, and 20/20 Cricket International games.

The MAXX website and PT journey planner has been relaunched, with a simplified interface for the journey planner, which now appears on every page, improvements to layout and navigation, and a focus on positive messages encouraging PT use.



A major service review for the West Sector has been completed, and supporting material for public consultation is currently being prepared. The review proposes significant service changes throughout the West, similar in scope to the North Shore service changes implemented between 2005 and 2008.

Public consultation on the proposed service changes will be undertaken using a staged approach during the latter half of 2008, followed by procurement of services from operators in early 2009. The procurement process will follow the new Bus Service Procurement Strategy and will follow a part tender/ part negotiation process in order to ensure best value for money. New services will be implemented progressively from mid-2009 depending on the results of the procurement process and the availability of vehicles.

9 FINANCIAL REPORTS

9.1 Income statement

Auckland Regional Transport Authority						
INCOME STATEMENT						
NZD '000 March-08	YEAR TO DATE			FULL YEAR		
	Budget	Actual	Variance Fav/(Unfav)	January Forecast	Original Budget	Variance Fav/(Unfav)
OPERATING REVENUE						
ARC Opex Grants	66,050	59,883	(6,167)	86,907	88,857	(1,950)
LTNZ Opex Grants	68,408	62,817	(5,591)	93,340	92,684	656
Other Grants and Subsidies	821	998	177	1,303	1,092	211
Rail Fare Revenue	11,440	12,069	629	16,190	16,000	190
Bus Fare Revenue	1,701	2,260	559	2,636	2,250	386
Ferry Wharf Revenue		964	964	1,438		1,438
Other Sundry Operating Income	187	107	(80)	44	297	(253)
Total Operating Revenue	148,607	139,098	(9,509)	201,858	201,180	678
OPERATING EXPENDITURE						
Human Resource	8,756	7,594	1,162	11,266	11,671	405
Prof Services - Project Delivery	5,301	3,880	1,421	6,616	7,295	679
Prof Services - Customer Services	6,107	6,162	(55)	8,964	8,519	(445)
Prof Services - Others	1,900	2,224	(324)	2,600	2,420	(180)
Support Services	1,800	1,661	139	3,100	2,400	(700)
Materials	272	142	130	305	417	112
Printing and Office	1,071	923	148	1,641	1,498	(143)
Communications	224	146	78	230	302	72
Information Systems	827	503	324	805	1,211	406
Bus Contract	74,051	69,961	4,090	97,180	99,408	2,228
Rail Contract	39,996	36,184	3,812	59,104	55,559	(3,545)
Ferry Contract	3,281	2,879	402	4,464	4,438	(26)
Staff Time Cost	(2,874)	(835)	(2,039)	306	909	603
Other Expenditure	2,526	2,390	136	3,598	2,880	(718)
Depreciation	7,778	7,869	(91)	10,540	10,557	17
Investigations Expenditure	4,274	3,471	803	4,222	5,329	1,107
Total Operating Expenditure	155,290	145,154	10,136	214,941	214,813	(128)
Net Operating Surplus/(Deficit)	(6,683)	(6,056)	627	(13,083)	(13,633)	550

9.2 Statement of Financial Position

Statement of Financial Position									
As at 31 March 2008									
	June 07 \$000s	ARTA				June 07 \$000s	ARTA		
		Mar-08 \$000s	Dec-07 \$000s	Movement \$000s			Mar-08 \$000s	Dec-07 \$000s	Movement \$000s
Liabilities					Assets				
Current Liabilities					Current assets				
Trade payables	4,401	10,564	13,023	(2,459)	Cash and cash equivalents	323	192	416 (224)	
Employee benefit liabilities	621	660	914	(254)	Trade receivables	436	541	357 184	
Income in advance	15	4,616	4,187	429	GST receivable/(payable)	439	(245)	(412) 167	
Accrued expenditure	19,871	21,944	25,162	(3,218)	Accrued income	5,321	7,955	8,574 (619)	
Transport grants payable	47,527	14,611	28,830	(14,219)	Prepayments	0	4,643	4,246 397	
Total current liabilities	72,435	52,395	72,116	(19,721)	Related party receivables				
Non-current Liabilities					Operating account	21,504	30,278	34,510 (4,232)	
Transport grants payable	7,700	18,092	16,916	1,176	Transport grants	47,527	14,577	28,830 (14,253)	
Total non-current Liabilities	7,700	18,092	16,916	1,176	Total current assets	75,550	57,941	76,521 (18,580)	
Total liabilities	80,135	70,487	89,032	(18,545)	Non-current assets				
Equity					Property, plant & equipment	85,340	105,002	95,562 9,440	
Retained earnings	5,318	6,861	6,092	769	Related party receivables				
Transport ring fence reserve	83,137	103,687	93,875	9,812	Transport grants	7,700	18,092	16,916 1,176	
Total equity	88,455	110,548	99,967	10,581	Total non-current assets	93,040	123,094	112,478 10,616	
Total equity and liabilities	168,590	181,035	188,999	(7,964)	Total assets	168,590	181,035	188,999 (7,964)	

9.3 Statement of Cashflows

Statement of Cash Flows		
For the Period Ended 31 March 2008		
Full Year Ended 30 June 2007		Year to Date
\$000	Cash flows from operating activities	\$000
	Cash was provided from:	
60,699	ARC opex distributions	51,109
21,014	ARC capex distributions	29,869
21,523	ARC grant distributions	22,558
8,293	LTNZ capex grants	2,969
79,307	LTNZ opex grants	61,681
1,339	Other grants and subsidies	5,585
13,681	Rail fare revenue	11,776
2,229	Bus fare revenue	2,094
0	Ferry revenue	843
162	Other sundry operating income	107
208,248		188,591
	Cash was applied to:	
156,376	Payments to Suppliers	131,112
8,324	Payments to Employees	7,555
19,878	Payments to Grant recipients	22,524
184,578		161,191
23,670	Net Cash from Operating Activities	27,400
	Cash Flows from Investing Activities	
	Cash was provided from:	
0	Realisation of Other Investments	0
0	Proceeds from Sale of Fixed Assets	0
0		0
	Cash was applied to:	
0	Purchase and Development of Fixed Assets	0
23,493	Investments in Rolling Stock	27,531
0	Other Investments	0
23,493		27,531
(23,493)	Net Cash applied to Investing Activities	(27,531)
	Cash Flows from Financing Activities	
	Cash was provided from:	
0	Increase in loans	0
	Cash was applied to:	
0	Repayment of Loans	0
0	Net Cash from Financing Activities	0
177	Net (Decrease)/Increase in Cash & Investments Held	(131)
146	Cash & Investments Balances at Beginning of the Period	323
323	Cash & Investments Balances at the End of the Period	192
	Cash & Investments Balances Consist of:	
0	Bank Overdraft	0
323	Cash	192
0	Short Term Investments	0
323		192

9.4 Capital Statement

Auckland Regional Transport Authority 2007/2008 CAPITAL STATEMENT						
NZD '000 March-08	YEAR TO DATE			FULL YEAR		
	Budget	Actual	Variance Fav/(Unfav)	January Forecast	Original Budget	Variance Fav/(Unfav)
CAPITAL REVENUE						
ARC Capex Grants	40,447	30,194	(10,254)	61,780	61,197	1,361
LTNZ Capex Grants	3,971	2,969	(1,002)	5,851	6,562	1,773
Total Capex Revenue	44,418	33,163	(11,255)	67,631	67,759	3,134
CAPITAL EXPENDITURE						
Interim Rolling Stock - ADK Refurb	200	178	22	179	2,130	1,951
Western Line Duplication - Stage 2	878	940	(62)	1,022	705	(317)
Northshore Busway	5,000	5,000	0	5,000	5,000	0
Interim Rolling Stock - (SA Trainsets 15-17)	15,211	11,167	4,044	17,231	19,803	2,572
Interim Rolling Stock - (SA Trainsets 18-23)	1	1,717	(1,715)	6,238	3,000	(3,238)
Western Line Duplication - Stage 3	875	401	474	260	1,400	1,140
Western Line Duplication - Stage 4	3,371	1,915	1,456	3,445	3,816	371
Newmarket Remodelling	4,030	1,434	2,596	5,403	7,400	1,997
Rail Infrastructure Safety Works	400	3	397	1,000	1,000	0
Interim Maintenance Depot & Storage	4,700	3,165	1,535	5,838	7,500	1,662
Station Renewals & Minor Station Improv	0	11	(11)	100	100	0
Capex Renewals (Rolling Stock)	2,000	780	1,220	4,700	5,000	300
Real Time Rail Stations	0	0	0	0	500	500
Real Time Buses (P0)	0	276	(276)	1,260	0	(1,260)
Real Time Buses (P1 & 2)	2,776	1,347	1,429	2,521	2,521	0
Real Time Buses (P3 & 4)	0	603	(603)	2,229	898	(1,331)
Integrated Ticketing	1,156	1,541	(385)	2,856	1,926	(930)
PT Feedback	0	110	(110)	111	0	(111)
Rideshare Software	102	92	10	102	102	0
Ferry Terminal Upgrades	1,000	617	383	972	1,000	28
Ferry Terminal Renewals	1,500	105	1,395	1,500	1,500	0
ARTNL Fitout Costs	300	0	300	300	300	0
Red Light Cameras	0	0	0	0	407	407
MAXX Website Upgrade	162	92	70	245	245	0
Marketing Information Infrastructure	456	25	431	263	756	493
Helensville/Huapai	225	125	100	1,000	450	(550)
Middlemore Station	0	362	(362)	875	0	(875)
Ellerslie Station	0	422	(422)	1,500	0	(1,500)
Cycle Monitoring	150	0	150	0	200	200
Business Support	100	4	96	350	100	(250)
Northern Pass Ticketing Device	0	248	(248)	203	0	(203)
Glass Wall - Pier 1	0	54	(54)	27	0	(27)
Newmarket Heritage Station	0	2	(2)	2	0	(2)
Capital Expenditure	44,593	32,734	11,858	66,732	67,759	1,027
IA Grant Funded Capital Expenditure						
Ferry Terminal Upgrade - Beach Haven, Half Moon Bay, Gulf Harbour, Downtown	0	257	(257)	56	0	(56)
Middlemore Station	0	65	(65)	312	0	(312)
Papakura Station	0	89	(89)	90	0	(90)
	0	411	(411)	458	0	(458)
Grand Total Capital Expenditure	44,593	33,145	11,448	67,192	67,759	569

9.5 SUMMARY OF THE INCOME STATEMENT for 9 months to 31 MARCH 2008

The budget for the quarter ended 31 March 2008 is based on the 2007/08 funding agreement with the ARC (June 07).

Revenue

Operating Revenue on the lines **ARC Opex Grants** and **Land Transport Opex Grants** is claimed from funders in proportion to expenditure.

ARC Opex Grants \$6.2m and **Land Transport Opex Grants** \$5.6m are less than budget due to less expenditure than planned.

Rail Fare Revenue is higher than budget by \$0.6m as a result of better than expected growth of passengers and a higher average fare per passenger than budgeted.

Bus Fare Revenue is higher than budget by \$0.6m due to higher than planned bus patronage on routes where ARTA receives the fare revenue.

Ferry Revenue is \$1.0m more than budget. This represents revenue from ferry operators and commercial rentals for the ferry terminals previously operated by ARTNL. At the time of the original 07/08 budget no provision was made for this revenue from ex ARTNL Harbour Berths sources. This revenue is specifically allocated to the maintenance and operations of wharf facilities (year to date \$0.8m) which was similarly not anticipated in the original budget.

Expenditure

Human Resources is \$1.2m less than budget. Salaries have been under spent mainly due to a number of vacancies across the organisation particularly in the first half of the year and the phasing of these vacancies in the budget.

Professional Services – Project Delivery is \$1.4m less than budget mainly due to delays in progress of the projects in this area.

Professional Services – Other is \$0.3m more than budget mainly due to the professional fees for the Auckland Integrated Fare (AIFS) and New Integrated Fares and Ticketing Implementation (NIFTI) projects being higher than anticipated at the time of setting the budget.

Information Systems is \$0.3m less than budget due to less support work required on databases for the bus contracts and significantly lower information costs for the real time system than anticipated.

Bus and Ferry contracts are \$4.5m less than budget as a result of:

- lower than budgeted inflation,
- re-prioritisation of service changes based on the current development plan,
- rationalisation of some services,
- recovery of operator non-performance penalties, and
- savings realised from negotiation of the North and City Circuit contracts and delay of Northern busway changes from January to February 2008.

Rail Contract is \$3.8m less than budget due to lower cost for fuel than originally budgeted and a timing difference for repairs and replenishment of spare parts purchases.

Staff Time Cost is \$2.0m more than budget due to a combination of price, volume and mixed variances that occur when charging staff and fixed costs back to the projects.

Investigations Expenditure is \$0.8m less than budget due to a phasing difference for investigation spend from the budget. An amount of approximately \$1m that will not be spent this financial year will be the subject of a request to the ARC to carry forward to the 08/09 financial year.

Net Operating Surplus/(Deficit)

Net Operating Deficit is \$6.1m for the quarter ended 31 March 2008. This is favourable to budget mainly due to the impact of the net surplus for the ex-ARTNL Harbour Berths operation.

SUMMARY OF CAPITAL STATEMENT RESULTS FOR THE 9 MONTHS TO 31 MARCH 2008:

Revenue

Capex Revenue is \$11.3m less than budget for the three quarters ended 31 March 2008. This represents grants received for capital expenditure that are recorded as assets on the balance sheet.

Expenditure

Capital Expenditure for the nine months is \$11.9m less than budget. This variance is mainly due to the following:

- Rolling Stock Projects are \$3.6m less than budget due a timing difference in the expenditure for train sets 15-17, \$4m, and the upgrade of the SX carriages, \$1.2m, which has been partially offset by the bringing forward of work on sets 18-23 (\$1.7m) originally planned to commence in June 2008. It is anticipated that the work brought forward for train sets 18-23 will consume the shortfall caused by the timing difference in both 15 – 17, the refurbishment of the SX carriages and some of the infrastructure related project delivery projects (see below). This timing difference on expenditure between years for sets 18-23 will be reversed next year when the corresponding budget will offset the 'catch up' of the other projects.
- Other Project Delivery Projects are \$7.5m less than budget due to delays in:
 - awarding the tender for the detailed design of the Newmarket remodelling project;
 - getting building consent and approvals from Toll and ONTRACK for the interim maintenance depot and storage facility;
 - alignment with the ONTRACK programme of works causing further timing differences in the western line stage 3 and 4 projects; and
 - delay in the detailed design of Bayswater ferry terminal while Land Transport NZ funding is resolved and a delay in the tender for Downtown ferry terminal structural renewals.
- Other non-rail capital projects are \$0.2m less than budget with an over spend in integrated ticketing, being offset by lower than planned expenditure for real time, rideshare (running behind schedule) and no LTNZ funding for the cycle monitoring project resulting in this project now not going ahead this financial year.

STATEMENT OF FINANCIAL POSITION

The key features of the movement in the Statement of Financial Position for the quarter ended 31 March 2008 are:

Current Liabilities

Total **trade payables** have decreased by \$2.4m for the quarter mainly due to less expenditure/activity in the March month than during the period leading up to Christmas and **accrued expenditure** is \$3.2m less than the balance at the end of the December quarter due to \$4m worth of LTNZ roading claims accrued at the end of December and no such invoices as at the end of March.

Equal and opposite current and long term **Transport Grants Payable** and **Transport Grants Receivable from ARC** recognising the ex Infrastructure Auckland grants that were taken over by ARTA. This recognises that we have a payable to an external party and a matching receivable from the ARC.

Current Assets

Current asset levels are similar to those at the end of the December quarter.

The **operating** account represents monies owed from ARTA to ARC or from ARC to ARTA.

Long Term Assets

Fixed Assets represents the amounts spent on capital expenditure. The net additions for the quarter were \$9.4m.

Equity

Transport Ring Fence represents the appropriation of grants for rolling stock refurbishment. These grants will be appropriated back to the profit and loss account to offset depreciation.

Statement of Cash Flows

The Statement of Cash flows reflects the cash transaction for the **Income Statement** and the closing position of **Cash and Bank** in the **Statement of Financial Position**.

ARTA Administration Costs

Expenditure Category	ARTA Budget Agreed by ARC June 2007	Budget to 31 March 2008	Actual Spend to 31 March 2008	Variance Against YTD Budget	Remainder
	\$		\$	\$	
Board	495,750	371,813	303,608	68,205	192,142
Human Resources	10,660,496	8,160,372	6,893,701	1,266,670	3,766,795
Shared Services	3,160,000	2,370,000	1,823,167	546,833	1,336,833
Finance & IT Projects	460,000	368,193	315,363	52,830	144,637
Sundry Expenditure	371,000	293,250	152,098	141,152	218,902
Total	15,147,245	11,563,627	9,487,937	2,075,690	5,659,309

The above table shows ARTA Administration costs are \$9.5m for the nine months ending 31 March 2008; \$2.1m favourable to budget. The Human Resources line is \$1.3m favourable as salaries have been under spent due to the high number of vacancies across the organisation for the first half of the year.

Shared Services expenditure is \$0.5m favourable mainly due to a timing difference related to ARC purchase of some IT related capital equipment yet to be charged to ARTA.

Sundry Expenditure is \$0.1m favourable due to small under spends on printing and stationery, vehicle/car parking and general expenses across the organisation.

ARC FUNDING CATEGORIES

ARC Funding CAP - OPEX

Activity Class	Budget 07/08 \$000	ARC Operating Funding 2007/08 (Original) \$000	ARC Funding Drawdown to 31 March 2008 \$000	% Remaining for the rem 3 months
1 – Corporate Support	3,417	2,563	2,136	17%
2 – Board	496	372	228	39%
3 – Professional Services	15,507	7,753	5,187	33%
4 – Rolling Stock Investigation	630	158	92	42%
5 – Paratransit	3,707	1,844	1,305	29%
6 – Sustainable Transport	4,585	1,278	721	44%
7 – Marketing Information and Real Time	4,977	2,489	1,837	26%
9 – Integrated Ticketing	196	98	289	-195%
10 – Investigations	5,329	5,129	3,540	31%
11 – Rail Contract	44,810	17,924	12,972	28%
12 – School Buses	9,237	4,618	3,048	34%
13 – Concessionary Fares	8,158	4,079	2,969	27%
14 – North Contracts	23,745	11,873	8,024	32%
15 – West Contracts	11,401	5,701	4,130	28%
16 – West/Isthmus Contracts	12,983	6,492	4,554	30%
18 – Isthmus Contracts	6,910	3,455	2,509	27%
19 – South Contracts	19,895	9,948	6,972	30%
20 – Other Contracts	942	867	320	63%
21 – Ferry Contracts	4,439	2,219	1,440	35%
22 - Ferry Maintenance	200	0		
TOTAL ARC OPEX FUNDING	181,564	88,858	62,274	30%

ARTA claimed 70% of its annual budget allocation for the quarter to 31 March 2008.

Corporate Support costs are more than budget due to three positions (internal auditor and two procurement heads) not provided for in the budget.

Board costs are under spent due to costs tracking below budget for professional fees, travel and conferences.

Rolling Stock Investigation funding has not yet been spent as this project is the subject of a carry forward from last financial year and there was an initial delay in achieving Land Transport NZ (LTNZ) funding approval – this has since been granted and funds are forecast to reach the target budget by year end.

Sustainable transport is favourable due to a slow start to the year as a result of delays in gaining approval from LTNZ for carry forwards from the 06/07 financial year and the TDM policy and planning project. Approval has now been received for these projects. However, it is expected that there will be a small overall underspend in this category this financial year as some of the neighbourhood accessibility projects will not go ahead due to ARTA's role as co-ordinator in this area being better defined now than when the budget was set.

Integrated Ticketing is over spent against the original budget but is on track to the revised budget as approved by the ARC in December 2007.

Investigations expenditure is behind due to the electrification investigations running behind the planned timetable. It is expected that the total forecast under spend of \$1m will be carried forward to the next financial year.

Other contracts are under budget due to a lump sum payment of revenue that relates to non-performance penalties for bus and ferry contract operators for the last 11 calendar months and savings on the costs of providing of special events services.

Comment [A2]: This is forecast as an underspend at this point, the decision whether or not to apply to carry this forward has not been made yet.

ARC Funding CAP - CAPEX

Activity Class	Budget 07/08 \$000	ARC Capex Funding 2007/08 \$000	ARC Funding Drawdown to 31 March 2008 \$000	% Remaining for the rem 3 months
1 - Western Line Duplication Stg 2	705	705	939	-33%
2 - Interim Rolling Stock	24,933	23,655	12,956	45%
3 - ARTNL- Fitout Costs	300	300	0	100%
4 - Western Line Duplication Stg 4	3,816	3,816	1,915	50%
5 - Newmarket	7,400	7,400	1,433	81%
6 - Rail Rolling Stock Refurbishment	5,000	5,000	779	84%
7 - Western Line Duplication Stg 3	1,400	1,400	402	71%
8 - Minor Safety Improvements	100	100	11	89%
9 - Real Time Passenger Information System	3,919	1,857	916	51%
10 - Integrated Ticketing	1,926	905	0	100%
11 - Interim Rolling Stock - Depot and Storage	7,500	7,500	3,166	58%
12 - Passenger Transport Capital Infrastructure	1,608	786	169	78%
13 - Rideshare Software	102	48	43	10%
14 - Ferry Terminal Upgrades	2,500	1,175	667	43%
15 - Capex North Shore Busway	5,000	5,000	5,000	0%
16 - Helensville/Huapai	450	450	125	72%
17 - Business Support	100	100	4	96%
18 - Rail Infrastructure Safety Works	1,000	1,000	0	100%
19 - Station Upgrades	0	0	787	0%
20 - Northern Pass Ticketing Device	0	0	124	0%
21 - Pier 1 Glass Wall	0	0	54	0%
22 - IA Grant Funding Projects	0	0	1,132	0%
TOTAL ARC CAPEX FUNDING	67,760	61,198	30,624	50%

ARTA's capex programme for the quarter ended 31 March shows 50% of the annual budget spent in the first nine month period. This is due to phasing of several of the large projects to the latter part of the financial year e.g. train sets 18 – 23, rolling stock refurbishment, integrated ticketing, ARTNL fit out costs, minor safety improvements, business support, Helensville/Huapai and real time phases 0 (North Shore), 3 and 4.

Other projects that are behind schedule are the same as those reported in the report for the half year. These projects include the interim rolling stock depot and storage and ferry terminal upgrades where construction is delayed due to a longer than expected building consent process and tender delays; Newmarket remodelling due to a longer than planned tender process; Western line duplication stage 4 delayed because alignment with the ONTRACK schedule means there is no access to the site; and timing differences for the interim rolling stock train sets 15-17 and 18-23.



The western line duplication stages 3 and 4 projects, Newmarket, and interim rolling stock train sets 15-17 are expected to be delayed past the end of the financial year.

ARTA is writing separately to the committee requesting a reallocation of funding from the distributed stabling project to enable the installation of a hydraulic ramp at Birkenhead Wharf.