

ARTA First Quarter Report

1 Jul to 30 Sep 2009

**Auckland
Transport**
An Auckland Council Organisation

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1 Summary and Highlights

Funding

The National Land Transport Programme was released on 27 August, and sets out the levels of funding available from NZTA for transport activities over the coming three years to give effect to the GPS which is set by the Minister of Transport. The NLTP increases the funding available for ARTA and public transport over the three year period but not to the levels requested.

ARTA has reviewed funding to all categories and developed a number of options to reduce required funding in every category. However, the funding shortfall is critical in several categories, particularly concession fares and PT support systems where options to reduce spend are insufficient to get to the level required by the NZTA limits.

This First Quarter Report is based on the original ARC-approved budget. Operating expenditure to date has been \$6,913,000 lower than originally budgeted for the quarter, due to lower than budgeted fuel and inflation costs and to a conservative approach taken to all expenditure due to funding uncertainty.

Public Transport Patronage

Total public transport patronage has increased by 3.7% or 562,263 boardings, against a target set in the Statement of Intent of 4% for the full year 2009/10.

Bus patronage grew by 3.6%. Key contributors to this growth include North Shore and Hibiscus Coast services (10% growth), Dannemora and South Howick services (46.2% growth) and tertiary patronage (up 32%).

Patronage on the Northern Express grew 17.2%, indicating ongoing strong growth at a time when services are stable. Increased evening services will be provided from October 2009 and are expected to spur further growth.

Rail patronage on the Southern Line grew by 5.5% which is below the annual target of 9% growth. The annual target for rail includes the impact of opening Newmarket Station in January 2010, which is expected to result in higher patronage growth in the second half of the year.

Rail patronage on the Western line declined by 0.6%. This is the combined impact of weekend blocks of line during August and September to facilitate infrastructure works, and very high patronage during the first three months in 2008/09 with the introduction of a 15 minute timetable and the opening of Henderson Station, and associated promotions.

Ferry patronage increased by 7.9% or 72,907 boardings. A major ferry promotion this quarter delivered by ARTA, Fullers and local bus operators resulted in 7,936 ferry passes, each granting a week's free travel aboard a designated ferry service in addition to travel on the ferry feeder bus service, being mailed out to inner harbour commuters. Patronage on the 5 ferry routes included in the promotion increased by over 5% when compared with the same weeks last year.

Rail Station Upgrades

The construction of the Remuera Rd entrance to Newmarket Station is largely complete, and the overall project is on track with a confirmed opening date of January 2010.

The New Lynn project is progressing well with all funding in place and construction of the rail and bus interchange underway. The New Lynn transport centre will open in September 2010.

Reconstruction of the Onehunga Branch Line is nearing completion, and station construction is underway at Penrose and Te Papapa. A ceremony marking the initiation of works for the Manukau Link was held in September.

Other station upgrades at Avondale, Grafton and Kingsland are progressing to schedule.

2 Passenger Transport Patronage

2.1 Overall Patronage Trends

Total public transport patronage has increased by 3.7% or 562,263 boardings, against a target set in the Statement of Intent of 4% for the full year 2009/10.

The SOI targets are annual targets and the patronage growth differs from month to month during the year due to the timing of key patronage growth initiatives in the 2009/10 Action Plan. A uniform +4.0% growth each quarter is not expected. Initiatives in early 2010, most significantly the opening of Newmarket Station, are expected to result in higher patronage growth in the second half of 2009/10 and in ARTA achieving its annual targets.

Patronage growth on the Northern Express is 17.2% against the annual target of 15%.

Rail patronage was below target, especially for the Western Line where poor punctuality and reliability during July and August 2009 had an impact across the whole quarter.

Other bus services grew by 3.6% which is above the 3.5% annual target. Consultation on planned service changes in Northwest Rodney and Waitakere is complete.

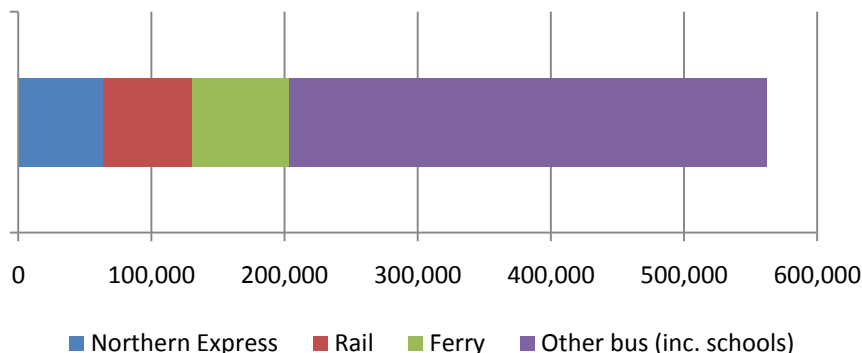
Ferry services are also exceeding growth forecasts, due to growth in the Devonport and Waiheke Island commercial services and an ARTA promotion offering a free trial to inner harbour residents.

Performance Measure	2008/09 Target	Year to date result	Change from 2008/09	Change YTD from 2008/09
Total PT patronage increases by 4%	60,972,000 boardings Increase of 2,351,000 = 4.0%	15,580,935	3.7%	562,293
Northern Express patronage	1,724,000 boardings Increase of 224,000 = 15%	432,652	17.2%	63,454
Western Rail Line patronage	2,858,000 boardings Increase of 149,000 = 5.5%	774,313	-0.6%	-4,353
Southern & Eastern Rail Lines patronage	5,387,000 boardings Increase of 446,000 = 9.0%	1,371,008	5.5%	71,785
Patronage on all other bus services	43,966,000 boardings Increase of 1,485,000 = 3.5%	11,291,679	3.6%	392,627
Patronage on ferry services	4,396,000 boardings Increase of 21,000 = 0.5%	997,511	7.9%	72,907
Patronage on school bus services	2,641,000 boardings Increase of 26,000 = 1%	713,772	-4.6%	-34,127

2.2 Analysis of growth trends

Bus patronage continues to dominate overall patronage growth. There were 562,293 more public transport trips in the year to September 2009 than in the same period in 2008. The majority of these additional trips were on bus. Ferry patronage is making a positive contribution to overall patronage growth, which is a reversal of previous trends.

Figure 1: Components of PT patronage growth



2.3 Rapid Transit Network patronage

The Rapid Transit Network carried 2,577,973 trips in the year to date, which is an increase of 130,886 boardings (5.3%) when compared with the first three months of 2008/09.

Performance Measure	2008/09 Target	Year to date result	Change from 2008/09	Change YTD from 2008/09
Northern Express patronage	1,724,000 passenger boardings Increase of 224,000 = 15%	432,652	17.2%	63,454
Western Rail Line patronage	2,858,000 passenger boardings Increase of 149,000 = 5.5%	774,313	-0.6%	-4,353
Southern & Eastern Rail Lines patronage	5,387,000 passenger boardings Increase of 446,000 = 9.0%	1,371,008	5.5%	71,785
RTN total	9,969,000 trips on the Rapid Transit Network. Increase of 819,000 = 9.0%	2,577,973	5.3%	130,886

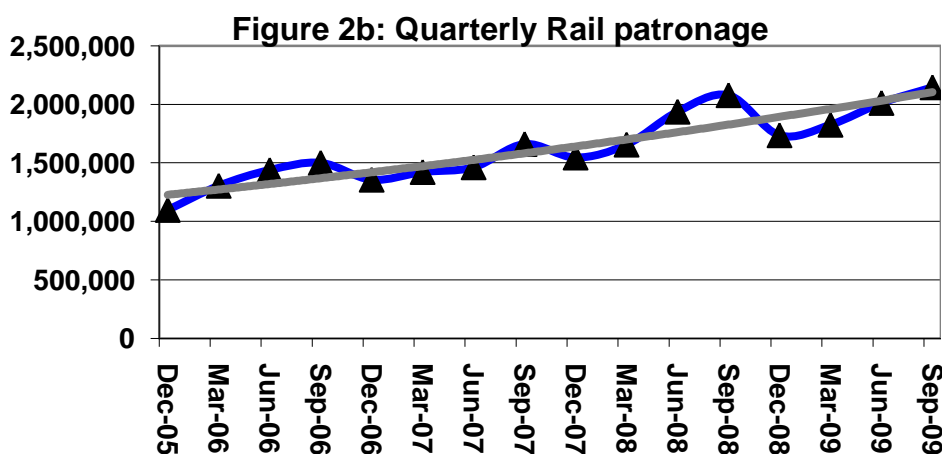
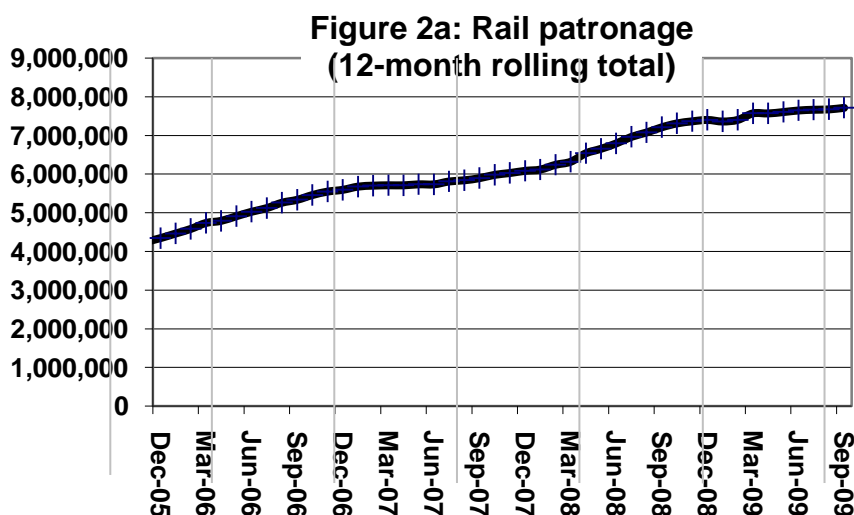
Patronage growth on the Rapid Transit Network is expected to remain relatively slow in the second quarter, before increasing above +9% during the third and fourth quarters due to the impact of service improvements and rail station upgrades, especially the opening of Newmarket Station in early 2010.

Rail

The Western Rail Line has seen a decreasing patronage of -0.6 % against an annual average growth target of +5.5%. While growth in the first half of the year was forecast to be less than +5.5%, due in part to extraordinary growth over the first quarter of 2008/09 (new 15 minute timetable and extensive rail promotion), a decline in rail patronage is unexpected. This result is due in part to a block of lines over weekends in August and September, and below target punctuality and reliability due to signalling faults and infrastructure track speed restrictions. Small but positive patronage growth (1.0%) was recorded in September, but the impact of the August results means overall growth for the quarter was negative.

Eastern & Southern Line rail has seen a 5.5% growth over the first quarter of the 2009/10 year against an annual average growth target of +9%. The Southern Line also experienced poor punctuality and reliability during August due to a number of major signalling problems.

Greater growth is expected in the second half of the year due to the opening of Newmarket Station, and associated promotions, supported by the ongoing increase in capacity (particularly in the peak) with the arrival of more SA trains and carriages.



Northern Express

Patronage growth on the Northern Express is 17.2% against the annual target of 15%. The growth rate is expected to remain high in future quarters due to the increased evening services from October 2009, and the new tertiary year and promotion in February 2010.

Figure 3a: Northern Express patronage (12-month rolling total)

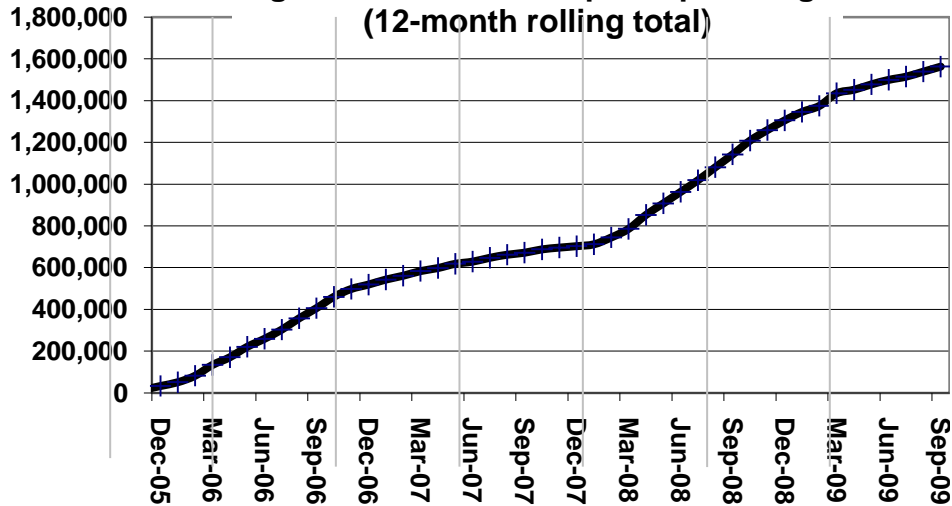
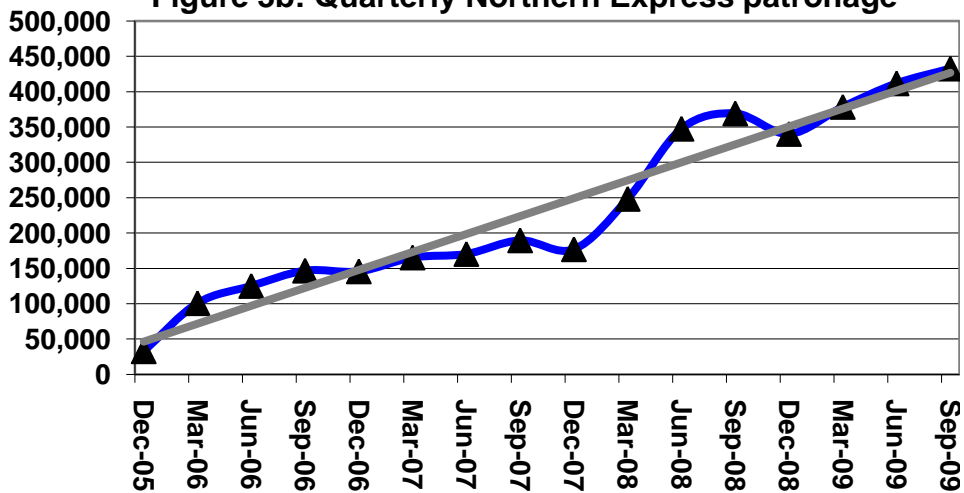


Figure 3b: Quarterly Northern Express patronage

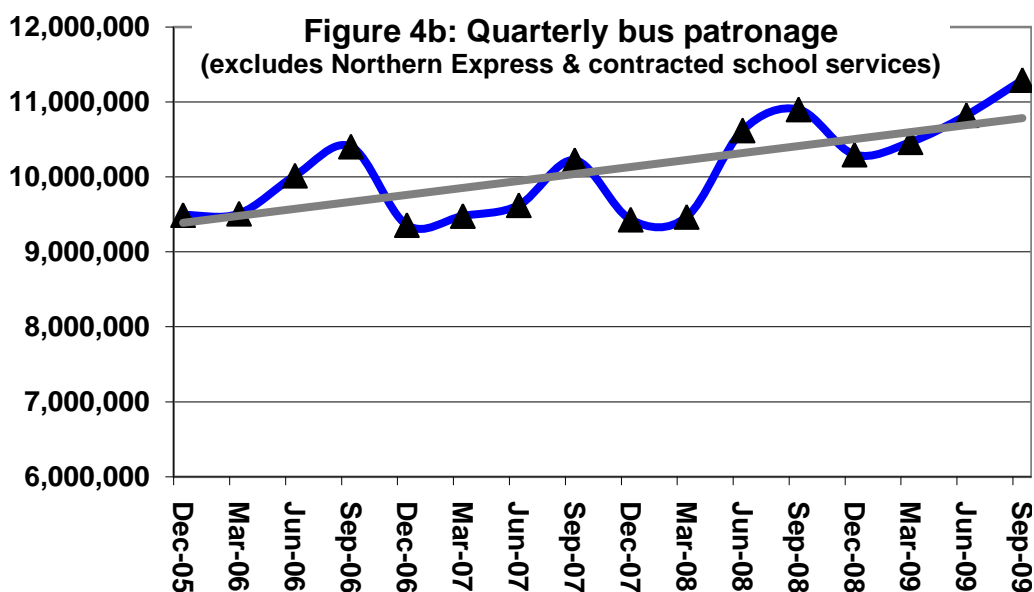
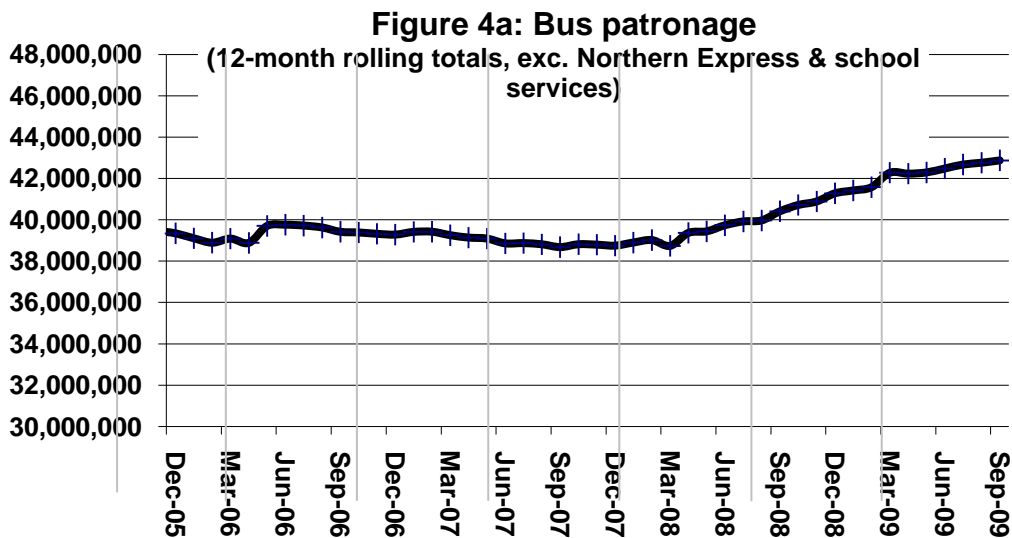


Bus Services

Growth on other bus services makes up two thirds of total patronage growth (392,627 additional boardings, compared with 562,293 additional boardings on all PT). Key contributors to this growth are:

- Ongoing growth of North Shore and Hibiscus Coast services of around 10%
- Growth in Dannemora and South Howick services, which are up 46.5% for the year to date
- A 32% growth in tertiary patronage, which is now more than double the level it was prior to the introduction of a 40% fare discount in February 2008.

Improvements are planned in the second quarter for Airbus Express. Consultation is complete on proposed service changes in Northwest Rodney and Waitakere and detailed planning is underway for improvements to be implemented early 2010. Service improvements on high frequency corridors will be put in place in the fourth quarter. Further patronage growth is expected with the start of the new tertiary year in early 2010.

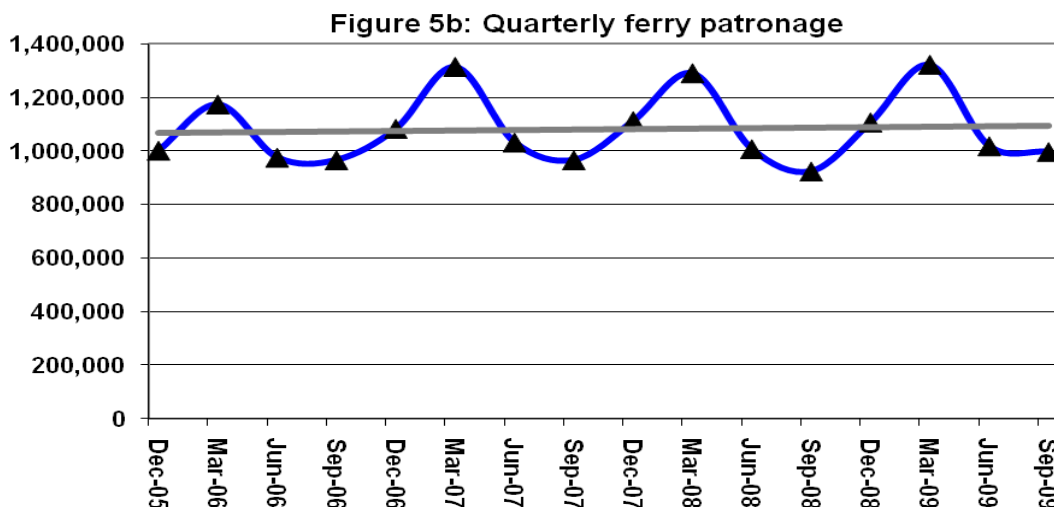
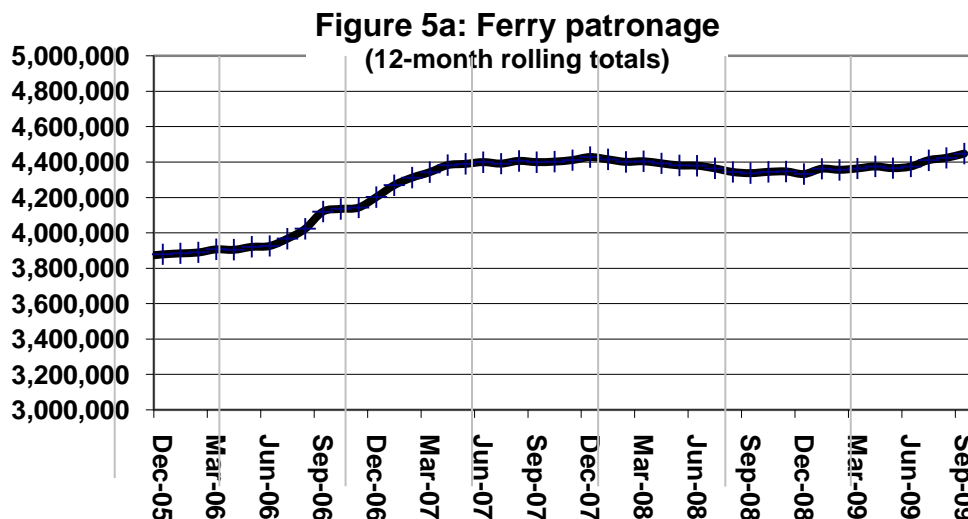


Ferry Services

Ferry patronage grew by 7.9% (72,907 additional boardings) relative to the same period in 2008. Ferry patronage has been static since early 2007 and declined slightly in the 2008/09 year, so this is a reversal of past trends.

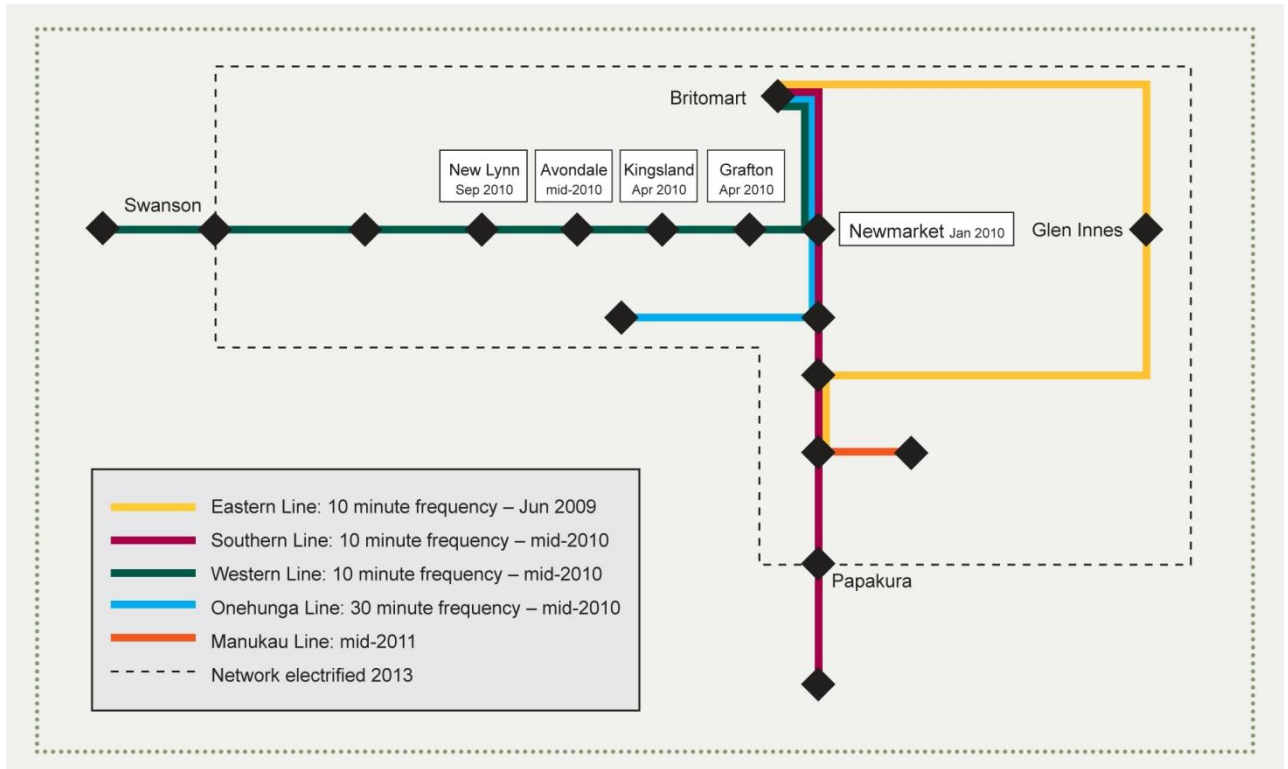
The majority of this growth has been on the Devonport and Waiheke Island commercial services. For both services, Fullers considers this to be partly due to increased tourism and SuperGold Card travel compared to the same period last year.

A major ferry promotion this quarter also contributed to patronage growth. ARTA, Fullers and local bus operators, recently gave commuters around the inner harbour the opportunity to give the ferry a go by enjoying a week's free travel to and from Auckland's CBD. Through this promotion, a total of 7,936 ferry passes, each granting a week's free travel aboard a designated ferry service in addition to travel on the ferry feeder bus service, were mailed out to inner harbour commuters. Over 43% of the applications received for the free ferry travel promotion were on the Devonport service, with the Half Moon Bay and Birkenhead services also proving popular. Patronage on the 5 ferry routes included in the promotion increased by over 5% when compared with the same weeks last year.



3 Rail Station Upgrades

The upgrade of the Auckland rail network continues, with major station upgrade projects underway in New Lynn, Avondale, Kingsland, Grafton and Manukau. Completion of these stations, and associated double-tracking and line improvement projects delivered by ONTRACK, is expected to enable 10-minute frequencies across the core network by 2011, and support the electrification of the network by 2013.



3.1 Newmarket Station

Newmarket is the second busiest station on the Auckland rail network, after Britomart. The new station will be integrated into the Newmarket business precinct, with a signature entrance at the Remuera Rd overbridge (pictured) and improved access from Broadway. The station development has been a complex project, and includes improving the track layout and line speeds, reducing noise spill, and constructing an attractive station across multiple levels.

Construction is progressing to schedule and the new station will open in January 2010.



3.2 New Lynn Station

The final stage of double tracking of the Western Line through Waitakere City involves “grade separation” of the rail network by constructing a 1km long trench, at depths of up to 8m, through New Lynn. Road and pedestrian access at ground level will be significantly improved. A new station with an island platform will be located within the trench, linked to bus interchanges at Totara Ave and Clark St.

The scale of engineering works involved, and the location in the heart of a busy town centre, make this project one of the most challenging in the whole rail upgrade. ARTA is responsible for the station construction component of this project, which also includes below-track works delivered by ONTRACK, and road construction and bus interchange development delivered by Waitakere City Council. Significant benefits are expected from improvements to the road network in this congested part of Auckland, in addition to the patronage benefits from the station upgrade and the improved bus/rail interchange.

ARTA formally signed funding agreements with ONTRACK and WCC for the enhanced rail and bus interchange in mid-September and construction works commenced immediately following this. Overall project construction is ahead of schedule and progressing well. Project completion date is anticipated to be September 2010.

3.3 Avondale Station

The double tracking of the Western Line required demolition of the existing Avondale Station. The ONTRACK construction of new structural platforms and concrete foundations is progressing well towards target completion by December 2009. Construction of ARTA platform facilities will commence in December with planned full completion of Avondale station by end of June 2010.

3.4 Kingsland Station

Event planning for the Rugby World Cup has highlighted a number of issues at Kingsland Station, where platforms and the existing pedestrian bridge are undersized to cope with the anticipated crowds.

In common with other ARTA station upgrades, Kingsland is a multi-agency project. Auckland City is delivering improvements to Sandringham Rd bus lanes and a new Link Rd which will improve pedestrian access between Kingsland Shops and Eden Park and further assist in managing pressure on the rail overpass which is currently the shortest route between Eden Park and Kingsland.



Detailed design of the pedestrian rail underpass has commenced with construction planned to commence in December 2009, for completion in April 2010.

3.5 Grafton Station

The current station at Boston Rd, beneath the Newmarket motorway flyover and adjacent to Mt Eden Prison, is a poor location both in terms of access and public safety. As part of the Western Line double tracking, a new rail station is being developed at the point where the rail line passes beneath Park Rd. The new site of the railway station will bring it closer to Auckland Domain, Auckland Hospital, Auckland University, and any future developments by AMP on the Lion Breweries site, and will link directly with bus services on the Central Connector.

The funding agreement between ONTRACK and ARTA has now been agreed and Fulton Hogan have been commissioned to undertake the station works. Construction work has commenced on the station with completion on target as programmed by April 2010.

3.6 Onehunga Branch Line

Passenger services were provided on the Onehunga Branch Line for 100 years before ceasing in 1973. Reopening the line involves significant ONTRACK works on rehabilitating the line and upgrading level crossings, and ARTA construction projects at Penrose station, Te Papapa and a new Onehunga Station on the old ITM site on the corner of Neilson Street and Onehunga mall.

Construction at Te Papapa and Penrose Stations is underway, and a building consent has been lodged for the Onehunga Station.

3.7 Manukau Link

The 2km new Manukau rail line will link Manukau city centre with the Southern Line at Puhinui. It is the first new rail route to be built in Auckland since the Eastern Line in 1930.

Manukau Station will be a transport interchange where passengers can easily transfer between trains and buses. The station will be part of a tertiary campus building, stage 1 of a three hectare campus being developed by Manukau Institute of Technology. The station will be the main hub for most of the bus services in the south of the Auckland region, and is expected to be one of the busiest on the network, with 600,000 rail passengers each year, and over 1 million bus passengers.

A sod-turning ceremony to mark construction of the new link was held on 18 September 2009. ONTRACK has commenced onsite construction of the station box. ARTA is leading the station detailed design with input from project partners ONTRACK, Manukau City Council (MCC) and Manukau Institute of Technology (MIT).

Services will commence on the Manukau Link in 2011.

4 Progress against ARTA's Programme of Action

ARTA's Statement of Intent, agreed with the ARC, sets out a three-year Programme of Action to improve Auckland public transport. Progress against this Programme of Action is updated below.

Rail Programme of Action	Update as at 30 September 09
Purchase of interim diesel rolling stock to meet patronage demand until the arrival of electric trains	Delivery of SA trainsets 18-23, to provide additional capacity to keep pace with rail patronage growth, is progressing to schedule.
Construction of stabling facilities required to house the new rolling stock	Planning and construction of distributed facilities to stable the additional trainsets is progressing in tandem to accommodate rolling stock delivery.
Complete Newmarket Station, to open January 2010;	Newmarket station is on target for completion and opening for full passenger operations in January 2010.
Complete New Lynn, Grafton and Avondale Stations;	New Lynn is progressing well and reported on schedule. Grafton detailed design is complete and construction has commenced with good progress. Avondale detailed design now complete and building consent has been submitted. No issues of note.
Upgrade Kingsland station and improve connections to Eden Park;	Construction of early piling works due to commence shortly in advance of the Christmas block of line and passenger underpass excavation and structural works. Works planned for completion in April 2010.
Construct stations on the Onehunga line, and provide a half-hourly train service to Onehunga at peak times;	Construction of 2 platforms at Penrose and Te Papapa are progressing well. Onehunga site to commence construction late Nov 09. Line opening currently planned for 1 July 2010.
Construct a new major station at Manukau City, and provide train services to Manukau, subject to completion of the Manukau Link rail track by ONTRACK.	Detailed design well underway and progressing well. Fully coordinated design inclusive of Manukau Institute of Technology campus building with expected completion of station by mid/late 2011.
Additional peak capacity on Southern and Eastern lines from 2009/10	A new timetable with increased service frequency on Southern and Eastern lines was introduced 29 June 2009. Capacity on the southern line will be further increased in November 2009 when SA 19 enters service.
Increased interpeak and late night services on all lines, staged across 3 years	Timetable improvements scheduled for the first half of 2010.
10 minute peak services on the Western line from 2010/11	Commencement of 10 minute peak services on Western Line currently scheduled for October 2010. Timing is dependent on infrastructure upgrades, most significantly the opening of New Lynn station.

Ferry Programme of Action	Update as at 30 September 09
<p>Complete renewal works and passenger facilities at the Downtown ferry terminal;</p>	<p>Good progress is continuing to be made on the renewal works. Noise and traffic disruption issues are being managed well with stakeholders. This has resulted in hydro-demolition works having to be stopped during low tides that coincide with the 12 – 2pm lunchtime period, as restaurants in the near vicinity have reported complaints from customers. ARTA is working with the contractor on methodologies that mitigate the impact on the contract programme.</p>
<p>Contribute to a Hobsonville ferry terminal, and commence ferry services to Hobsonville (timing to be determined in consultation with the Hobsonville Land Company);</p>	<p>Ongoing discussions with Hobsonville land company are progressing well. Further consultation continues with regard to future ownership, access.</p>
<p>Construct improvements to Beach Haven ferry terminal in 2009/10.</p>	<p>Project is on hold while other aspects of the Ferry improvement programme are progressed and funding issues are clarified.</p>
Bus Programme of Action	Update as at 30 September 09
<p>Put in place a simpler, more effective network design for bus services in the Eastern, Western and Southern sectors;</p>	<p>Rationalisation of services within Western Bays was implemented in August with the removal of routes 012, 412, 035 Saturday service and one inbound and one outbound 045X. A morning and afternoon school bus between Herne Bay and Newmarket was introduced to plug a service gap.</p> <p>Consultation for the redesign of all bus routes north of Henderson (Massey, West Harbour, Hobsonville, Kumeu, Huapai and Helensville) was completed in September. Over 275 submissions were received with the main issues being the proposed removal of the Whenuapai and Herald Island service, the proposed removal of the cross town service from Hobsonville and West Harbour, the proposed removal of services in some roads in Massey and the proposal of the cross town service travelling via the Northern Busway. As a result of the public and political feedback a number of significant changes have been made to the proposal which will resolve the majority of concerns.</p>

Multimodal Programme of Action	Update as at 30 September 09
<p>Prepare and implement a Regional Public Transport Plan under new legislation, including changes to bus contracts to achieve better value for money and integration of the overall public transport system.</p>	<p>The draft Regional Public Transport Plan is largely complete and will be released for public consultation in November 2009, alongside the ARC Regional Land Transport Strategy.</p>
<p>Implement an integrated ticket on bus, rail and ferry services;</p>	<p>Project has been delayed to date as a result of waiting on NZTA reconfirmation of funding. Slow progress to date with negotiations with Sole Preferred Tenderer (SPT) as a result but looking to move into final negotiations and signing of contract before the end of 2009 with the subsequent mobilisation of ARTA and Contractors project teams in early 2010.</p>
<p>Improve scheduling and passenger information across bus, rail and ferry services;</p>	<p>Evaluation of the tender for replacement of the existing Route Scheduler and Journey Planner software is complete and was approved by the board on 30 September 2009. Following contractual negotiations, final approval will be sought from the ATA with work expected to begin before Christmas.</p> <p>A short-list of tenderers has been selected for the implementation of real-time passenger information across all modes, including an upgrade of the bus real-time core system.</p>
<p>Put in place consistent policy standards for CCTV at public transport interchanges, and upgrade CCTV at priority sites from 2010/11.</p>	<p>This project has been initiated.</p>

5 Financial Reports

5.1 Income Statement

Auckland Regional Transport Authority				
INCOME STATEMENT				
NZD '000 September-09	SEPT QUARTER			FULL YEAR
	Budget	Actual	Variance Fav/(Unfav)	Budget
OPERATING REVENUE				
ARC Opex Grants	24,756	22,456	(2,300)	102,393
NZTA Opex Grants	31,445	27,452	(3,993)	132,757
Other Grants and Subsidies	465	332	(133)	1,842
Rail Fare Revenue	5,348	5,027	(321)	19,957
Bus Fare Revenue	1,265	1,769	504	5,004
Ferry Wharf Revenue	489	615	126	2,054
Other Sundry Operating Income	26	43	17	12
Total Operating Revenue	63,794	57,694	(6,100)	264,019
OPERATING EXPENDITURE				
Human Resource	3,656	3,093	563	14,654
Prof Services - Project Delivery	512	162	350	2,147
Prof Services - Customer Services	2,457	1,803	654	10,393
Prof Services - Others	743	229	514	3,413
Support Services	690	687	3	2,766
Materials	57	30	27	345
Printing and Office Supplies	492	264	228	1,757
Repairs and Maintenance	243	257	(14)	961
Communications	90	51	39	386
Information Systems	316	174	142	1,378
Bus Contract	33,234	31,094	2,140	133,365
Rail Contract	18,978	16,969	2,009	81,935
Ferry Contract	1,494	1,464	30	6,020
Security	81	97	(16)	325
Advertising and Promotion	325	153	172	1,360
Other Expenditure	(276)	(41)	(235)	(79)
Depreciation	5,106	5,053	53	19,932
Investigations Expenditure	437	183	254	2,809
Total Operating Expenditure	68,635	61,722	6,913	283,867
Net Operating Surplus/(Deficit)	(4,841)	(4,028)	813	(19,848)

5.2 Statement of Financial Position

Statement of Financial Position									
As at 30 September 2009									
	Jun-09 \$000s	ARTA				Jun-09 \$000s	ARTA		
		Sep-09 \$000s	Jun-09 \$000s	Movement \$000s			Sep-09 \$000s	Jun-09 \$000s	Movement \$000s
Liabilities					Assets				
Current Liabilities					Current assets				
Trade payables	7,036	8,065	7,036	1,029	Cash and cash equivalents	105	152	105	47
GST payable	0	194	0	194	Trade receivables	554	(3,979)	554	(4,533)
Employee benefit liabilities	1,025	953	1,025	(72)	GST receivable	494	0	494	(494)
Income in advance	59	8,154	59	8,095	Accrued income	13,335	14,084	13,335	749
Accrued expenditure	31,421	27,453	31,421	(3,968)	Prepayments	0	694	0	694
Transport grants payable	19,819	17,454	19,819	(2,366)	Inventories	5,126	5,366	5,126	240
Total current liabilities	59,360	62,273	59,360	2,913	Related party receivables				
Non-current Liabilities					Operating account	28,975	38,455	28,975	9,480
Transport grants payable	1,152	813	1,152	(339)	Transport grants	19,819	17,454	19,819	(2,366)
Deferred tax	5,375	5,375	5,375	0	Total current assets	68,408	72,225	68,408	3,817
Total non-current Liabilities	6,527	6,188	6,527	(339)	Non-current assets				
Total liabilities	65,886	68,461	65,886	2,575	Property, plant & equipment	240,381	258,987	240,381	18,607
Equity					Intangible assets	21,896	21,807	21,896	(89)
Accumulated funds	4,265	4,955	4,265	690	Related party receivables				
Capital grants reserve	261,685	280,416	261,685	18,731	Transport grants	1,152	813	1,152	(339)
Total equity	265,950	285,371	265,950	19,421	Total non-current assets	263,429	281,607	263,429	18,178
Total equity and liabilities	331,836	353,832	331,836	21,996	Total assets	331,836	353,832	331,836	21,996

5.3 Statement of Cash Flows

Statement of Cash Flows		
For the Period Ended 30 September 2009		
Full Year Ended 30 June 2009		As at 30 Sep 2009
\$000		\$000
	Cash flows from operating activities	
	Cash was provided from:	
101,532	ARC Opex grants	12,976
70,771	ARC Capex grants	15,841
7,711	ARC funding for IA grants vested in ARTA	2,704
4,457	LTNZ Capex grants	4,310
104,750	LTNZ Opex grants (excl. GST)	34,910
1,350	Other Grants and Subsidies	8,433
18,625	Rail Fare revenue	4,955
4,436	Bus Fare revenue	1,519
1,998	Ferry Wharf revenue	597
-	GST	-
252	Other Sundry Operating income	0
315,881		86,246
	Cash was applied to:	
222,913	Payments to Suppliers (excl. GST)	56,954
12,724	Payments to Employees	3,165
7,711	Payments to recipients of IA grants vested in ARTA	2,704
184	GST	(194)
243,532		62,629
72,349	Net Cash from Operating Activities	23,617
	Cash Flows from Investing Activities	
	Cash was provided from:	
0	Realisation of Other Investments	-
0	Proceeds from Sale of Intangible Assets	-
0		-
	Cash was applied to:	
72,392	Purchase and Development of Fixed Assets	23,569
0	Purchase and Development of Intangible Assets	-
0	Other Investments	-
72,392		23,569
(72,392)	Net Cash applied to Investing Activities	(23,569)
	Cash Flows from Financing Activities	
	Cash was provided from:	
0	Increase in loans	-
	Cash was applied to:	
0	Repayment of Loans	-
0	Net Cash from Financing Activities	-
(43)	Net (Decrease)/Increase in Cash & Investments Held	48
148	Cash & Investments Balances at Beginning of the Period	105
105	Cash & Investments Balances at the End of the Period	152
	Cash & Investments Balances Consist of:	
0	Bank Overdraft	-
105	Cash	152
0	Short Term Investments	-
105		152

Reconciliation of Net Surplus with Net Cash Flows from Operating Activities

	Sep 09 \$000
Cash was provided from:	
Net Surplus	19,422
Adjustment for items not involving cash:	
Depreciation and amortisation	5,052
Donated asset	-
Deferred tax	(0)
Movements in working capital:	
(Increase) in receivables from ARC	(9,480)
(Increase) in trade and other receivables	3,583
Decrease/(Increase) in Inventory	(240)
Increase in GST	194
Decrease/(Increase) in grants receivable from ARC	2,704
(Decrease)/Increase in trade and other payables	5,085
(Decrease)/Increase in grants payable	(2,704)
Net Cash from Operating Activities	23,616

5.4 Capital Statement

2009/2010 CAPITAL STATEMENT				
NZD '000	SEPT QUARTER			FULL YEAR
September-09	Budget	Actual	Variance Fav/(Unfav)	Original Budget
CAPITAL REVENUE				
ARC Capex Grants	14,881	15,498	617	79,893
NZTA Capex Grants	7,354	7,899	545	72,752
IA Grant Funding		52	52	
Total Capex Revenue	22,235	23,449	1,214	152,645
CAPITAL EXPENDITURE				
Interim Rolling Stock - (SA Trainsets 18-23)	8,664	9,402	(738)	26,500
Western Line Duplication - Stage 3	150	384	(234)	1,520
Newmarket Remodelling	6,900	8,029	(1,129)	15,274
Rail Infrastructure Safety Works	0	25	(25)	0
Interim Maintenance Depot & Storage	150	154	(4)	11,980
Capex Renewals (Rolling Stock)	1,000	311	689	7,500
Multi Modal Passenger Info System	430	37	393	3,898
Real Time Buses (P0)	0	110	(110)	0
Real Time Buses (P1 & 2)	184	143	41	184
Real Time Buses (P3 & 4)	262	(19)	281	1,526
Integrated Ticketing	1,150	967	183	34,789
Ferry Terminal Renewals - Stg 1 Dwntwn	750	1,153	(403)	2,884
Ferry Terminal Renewals - Other wharves	0	14	(14)	44
Ferry Terminal Renewals - Other - General	100	3	97	500
Ferry Terminal Renewals - Quay St footpath	0	0	0	1,500
Ferry Terminal Upgrade Beach Haven	15	3	12	2,832
Ferry Terminal Upgrade Half Moon Bay	24	1	23	100
Ferry Terminal Upgrade Birkenhead	202	300	(98)	2,067
Marketing Implementation Plan	40	47	(7)	648
Station Upgrades (Ellerslie, Middlemore & Morningside)	0	(100)	100	0
Manukau City Rail Link	300	33	267	11,764
Western Line Duplication - Stage 5	0	94	(94)	4,621
Cycling (wharves)	30	5	25	150
Onehunga (Dart 19)	256	54	202	3,690
Station Renewals	0	0	0	1,000
New Lynn Rail Station	950	1,867	(917)	9,000
Route Scheduler	80	60	20	1,924
FT Upgrade DT Pier 4	0	0	(0)	1,500
FT Upgrade DT Pier 1c	100	0	100	750
Kingsland Enhancement RWC	400	48	352	4,500
Half Moon Bay Mooring & Dredging works	0	327	(327)	0
Capital Expenditure	22,137	23,452	(1,315)	152,645

5.5 Summary of Financial Performance for 3 months to September 2009

Operating Results:

The budget for the quarter ended 30 September 2009 is based on the amended 2009/10 funding agreement approved by the Finance Committee of the Auckland Regional Council in September 2009.

Revenue

Operating Revenue on the lines **Auckland Regional Council (ARC) Opex Grants** and **New Zealand Transport Agency (NZTA) Opex Grants** is claimed from funders in proportion to expenditure.

ARC Opex Grants are \$2.3m less than budget and **NZTA Opex Grants** are \$4.0m less than budget due to less expenditure than planned.

Other Grants and Subsidies is \$0.1m less than budget due to the re-categorisation of some bus and ferry gross fare income – now reported under bus and ferry fare revenue.

Rail Fare Revenue is less than budget by \$0.3m as a result of lower than budget patronage for July and August due to network faults and line closures and lower than budgeted average fares. However, the September month has seen improved patronage growth.

Bus Fare Revenue is higher than budget by \$0.5m due to higher than planned bus patronage on routes where ARTA receives the fare revenue. Contributing to the positive variance is the bus fare revenue from sectors other than the Albany and Spine routes previously coded to and budgeted in 'Other Grants and Subsidies'.

Ferry Wharf Revenue is higher than budget due to higher passenger numbers than planned.

Expenditure

Human Resource is \$0.6m less than budget due to the original budget including staff vacancies that will now no longer be recruited or for which recruitment has been delayed.

Professional Services – Project Delivery is \$0.3m less than budget mainly due to timing delays associated with uncertainty about NZTA funding caused by the late publication of the National Land Transport Programme (NLTP) in August. This uncertainty led to delays in appointing external professional services. NZTA funding has now been secured for these projects.

Professional Services – Customer Services is \$0.7m less than budget mainly due to uncertainty over NZTA funding approval for the professional services budget projects (in sustainable transport and TravelWise marketing in particular) leading to a slow start to projects for the financial year and a timing difference relating to the commencement of projects in the Market Research and Rugby World Cup areas.

Professional Services – Other is \$0.5m less than budget due to NZTA funding uncertainty for Strategy and Planning projects. ARTA has engaged with NZTA about the specific requirements to progress the funding applications related to this area of the organisation and several options are currently being discussed the worked through. Funding is likely but at a lower financial assistance rate than was planned.

Printing and Office Supplies is \$0.2m less than budget due to lower than budgeted costs for timetable and on-road information material and lower than budgeted printing for consultation documents in public transport planning.

Information Systems is \$0.1m less than budget due to a timing delay relating to IT and real time licence charges.

Bus Contract is \$2.1m less than budget due to negative indexation for the quarterly adjusted contracts effective from 1 July 2009, planned changes to the City Circuit that have not been implemented, August and September stop-work credit notes, no special event services during September and lower than planned concession fares for SuperGold and child fares. The savings in concessions is slightly offset by higher than budgeted senior and tertiary costs.

Rail Contract is \$2.0m less than budget due to lower than planned fuel costs (an average of \$0.83 per litre actual cost versus a budget of \$1.05 per litre), driver hire savings and less reactive maintenance for rolling stock. The lower than budget expenditure for the quarter has been partially offset by higher than budgeted leave liability charge in the Veolia contract. An action plan has been developed by Veolia to address this rise.

Advertising and Promotion is \$0.2m less than budget due to less advertising associated with the West service change public consultation and fewer advertising campaigns undertaken by marketing.

Other Expenditure is \$0.2m more than budget mainly due to a combination of price, volume and mixed variances, which arise when staff costs and overhead are coded back to the projects.

Investigations is \$0.2m less than budget due to delays in securing NZTA funding for investigation projects. Funding for the CBD Tunnel investigation was approved by NZTA during October.

Net Operating Surplus/(Deficit)

Net Operating Deficit is \$4.0m for the quarter – this arises largely because depreciation is not funded.

CAPITAL RESULTS

Revenue

Capex Revenue is \$1.2m more than budget. This represents grants received for capital expenditure that are recorded as assets on the balance sheet.

Expenditure

Capital Expenditure for the quarter is \$1.3m more than budget. This variance is mainly driven by the construction at the major station upgrades tracking ahead of schedule, partially offset by delays in securing funding for some projects. The details are as follows:

- Rolling stock projects are \$0.9m less than budget for the quarter due to a budget phasing difference for SA train sets 18-23 and continued negotiations with KiwiRail regarding the rolling stock Asset Management Plan delaying the rolling stock renewals programme. While it is likely that 09/10 spend for the SA train sets will be on budget, ARTA anticipates permanent savings on the full contract price which may see a release of the amount budgeted in the 2010/11 financial year.
- Project delivery rail infrastructure projects are \$1.2m more than budget due to:
 - New Lynn railway station \$1.0m more than budget due to construction progressing ahead of schedule;
 - A timing difference on the Newmarket Station construction (\$0.2m);
 - Western Line Stage 3 \$0.2m more than budget due to recent detailed design cost estimates projecting higher than budgeted construction costs. This projected overspend could be offset by savings in Western Line Stage 5 and;
 - A timing difference in expenditure at the Interim Maintenance Depot and Storage (\$0.1m);

Partially offset by:

- Delay in securing NZTA funding approval for Kingsland and Maukau Rail link (now approved);
- Delay in progress at Onehunga (\$0.2m) as a result of the ONTRACK programme of work.
- Other non-rail capital projects are \$0.2m less than budget primarily due to:
 - A delay in Integrated Ticketing funding approval from NZTA Board,
 - Delays caused by the RFT process for the Multi Modal Passenger Information

System resulting in delays to the roll out of Type 2 real time signs and

- A timing difference arising from the Downtown Ferry Terminal Pier 1c work that is currently at CAT2 with NZTA.

These underspends are partially offset by a cost modification at Birkenhead ferry terminal and unbudgeted dredging and mooring works at Half Moon Bay.

5.6 Statement of Financial Position

The key features of the movement in the Statement of Financial Position for the Quarter ended 30 September 2009 are:

Current Liabilities

The total current liabilities have increased by \$2.9m for the quarter, there has been a large movement in income in advance (\$8.0m) since year end due to the annual insurance invoice and the Veolia second quarter invoice (Oct 09 – Dec 09) claimed from funders in July and August respectively. This increase is partially offset by a permanent decrease in Transport Grants Payable as ARTA continue to satisfy historical Infrastructure Auckland grants and a decrease in accrued expenditure due to the traditionally slow start to the financial year while funding is confirmed.

Equal and opposite current and long term **Grants Payable** and **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

Total current assets are \$3.8m more than the year end balance mainly due to:

An increase in the operating account between ARC and ARTA (\$9.5m) partially offset by an advance payment from NZTA in **Trade receivables** (\$4.5m less than year end), the reduction in the asset of transport grants to match the payments made during the quarter (\$2.4m less than budget).

The **Related Party Receivables** account represents monies owed by ARTA to ARC or by ARC to ARTA.

Long Term Assets

Fixed Assets represents the amounts spent on capital expenditure. The net additions for the quarter were \$18m mainly spent on work in progress for train sets 18-23 and Newmarket station upgrade.

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**.

5.7 ARTA Administration Costs

Administration Budget Results for Quarter 1

Expenditure Category	ARTA 09/10 Full Year Budget	Q1 - Budget	Q1 - Actual	% Total Full Year Budget	% Quarter Budget	Admin Budget Remaining
	\$	\$	\$			\$
Board	502,250	125,012	106,964	21%	86%	395,286
Human Resources	13,633,105	3,408,276	2,921,046	21%	86%	10,712,059
Shared Services	2,815,550	762,471	761,990	27%	100%	2,053,560
IT Projects	1,188,000	201,900	118,716	10%	59%	1,069,284
Sundry Expenditure	237,000	63,413	33,690	14%	53%	203,310
Total	18,375,905	4,561,072	3,942,406	21%	86%	14,433,499

The above table shows ARTA Administration costs are \$3.9m for the quarter ending September; \$0.6m favourable to budget.

The main difference is in the human resources line and this is due to the phasing of some of the vacancies not matching actual recruitment.

IT projects is \$0.1m favourable due to timing differences.

5.8 ARC Funding Categories

ARC Funding CAP - OPEX

Activity Class	Budget 09/10 \$000	ARC Operating Funding 2009/10 (Original) \$000	Additional Funding Approved \$000	Total Revised Funding CAP \$000	ARC Funding to 30 September 2009 \$000	Balance available for Oct 09 - Jun 10 \$000	% variance
Corporate Support	3,438	2,464		2,464	606	1,858	75%
Board	502	377		377	80	296	79%
Professional Services	27,793	11,248		11,248	2,370	8,878	79%
Paratransit	4,672	1,964		1,964	395	1,569	80%
Sustainable Transport	4,933	1,185		1,185	114	1,071	90%
Investigations	2,819	1,128		1,128	73	1,055	93%
Rail Contract	83,452	25,364	-567	24,797	7,981	16,816	68%
School Buses	10,257	5,128		5,128	1,274	3,854	75%
Concessionary Fares	10,876	5,438		5,438	1,165	4,273	79%
North Contracts	32,513	13,755		13,755	3,278	10,477	76%
West Contracts	13,512	6,756		6,756	1,545	5,211	77%
West/Isthmus Contracts	13,475	6,738		6,738	1,727	5,011	74%
Isthmus Contracts	8,375	4,187		4,187	1,040	3,148	75%
South Contracts	24,369	12,185		12,185	2,976	9,209	76%
Other Contracts	2,435	1,232		1,232	140	1,092	89%
Ferry Contracts	6,020	3,010		3,010	691	2,319	77%
Ferry Maintenance	2,423	236		236	0	236	100%
Rail Level Crossings (TA)			91	91	0	91	100%
TOTAL ARC OPEX FUNDING	251,864	102,394	-476	101,918	25,456	76,371	75%

ARTA claimed 25% of its original annual allocation for the September quarter.

Paratransit is less than budget due to less demand for total mobility services.

Sustainable Transport is less than budget due to the delay in the publication of the NLTP and NZTA funding restrictions for all projects in this area. Cuts have been made to the School and Work Place Travel Planning programmes, Walking and Cycling initiatives and Road Safety to live within the NZTA funding allocation.

Investigations funding is lower than budget due to delays in getting NZTA approvals for the CBD Tunnel and Rail investigations. CBD Tunnel has now been approved. Rail investigations are currently still at CAT2.

Rail Contract is higher than budget due to the advance claim for the quarterly Veolia contract payment. Without this timing difference rail is tracking below budget due to savings in fuel for the quarter.

Other contracts are less than budget due to the delay in implementing changes planned for the City Circuit and deferral of all other service changes unless changes can be made on a zero cost basis.

Ferry Maintenance is funded almost entirely by operators and there has not been the need yet to claim this financial year to claim against this funding category.

There have been no claims from territorial authorities for rail level crossing investigation funding.

ARC Funding CAP - CAPEX

Activity Class	Budget 09/10 \$000	ARC Operating Funding 2009/10 (Original) \$000	Additional Funding Approved \$000	Total Revised Funding CAP \$000	ARC Funding to 30 September 2009 \$000	Balance available for Oct 09 - Jun 10 \$000	% Variance
2 - Interim Rolling Stock	26,500	26,500	-1,089	25,411	9,402	16,009	63%
5 - Newmarket	15,274	6,110	-1,609	4,501	3,212	1,289	29%
6 - Rail Rolling Stock Refurbishment	7,500	7,500		7,500	311	7,189	96%
7 - Western Line Duplication Stg 3	1,520	608	120	728	154	574	79%
9 - Real Time Passenger Information System	5,611	2,363	36	2,399	73	2,326	97%
10 - Integrated Ticketing	11,450	4,580	195	4,775	387	4,388	92%
11 - Interim Rolling Stock - Depot and Storage	11,980	11,980	118	12,098	154	11,943	99%
12 - Passenger Transport Capital Infrastructure	2,572	1,075	30	1,105	45	1,060	96%
14 - Ferry Terminal Upgrades & Renewals	12,324	5,248	961	6,209	997	5,211	84%
18 - Rail Infrastructure Safety Works	0	0		0	25	-25	
19 - Station Upgrades	0	0		0	-100	100	
20 - Manukau City Rail Link	11,764	4,706	61	4,767	13	4,754	100%
21 - New Lynn Rail Station	9,000	3,600		3,600	747	2,853	79%
23 - Western Line Stage 5	4,621	1,848		1,848	37	1,811	98%
24 - Onehunga Dart 19	3,690	1,476	65	1,541	21	1,520	99%
25 - Station Renewals	1,000	500		500	0	500	100%
26 - Kingsland Station	4,500	1,800		1,800	19	1,781	99%
TOTAL ARC CAPEX FUNDING	129,306	79,894	-1,112	78,781	15,498	63,284	80%

ARTA's capex programme for the September quarter has consumed 20% of the ARC full year approved funding. For the year to date the overall programme is therefore 5% behind schedule. This is made up of the following specific variances:

- Interim Rolling Stock and Newmarket station upgrade are both ahead of schedule, however, it is anticipated that both of these projects will be completed within the annual allocation this financial year.
- Rolling Stock Renewals are below budget due to the delay associated with finalising the rolling stock Asset Management Plan with KiwiRail.
- Real Time Passenger Information System is below budget due to delays associated with the RFT process for the Multi Modal Passenger Information component of the system.
- Integrated ticketing is favourable to budget due to the delay in getting funding approval from NZTA.
- Ferry Terminal Upgrades is slightly below budget as NZTA funding has not yet been secured for planned works at Downtown Pier 1c.
- Manukau City Rail Link and Kingsland were temporarily delayed while funding approval was secured from NZTA.
- New Lynn Rail Station work is currently ahead of the construction schedule.
- Western line stage 5 is favourable to budget and is likely to be underspent by approximately \$0.9m due to permanent contract savings. Any surplus will be requested to be reallocated to support possible cost increases across the wider station upgrade programme.
- Onehunga Station progress has been delayed due to alignment with the ONTRACK programme.
- Station Renewals funding has not yet been approved by NZTA and funding for this may be at risk – ARTA will engage with NZTA to progress this application in November.