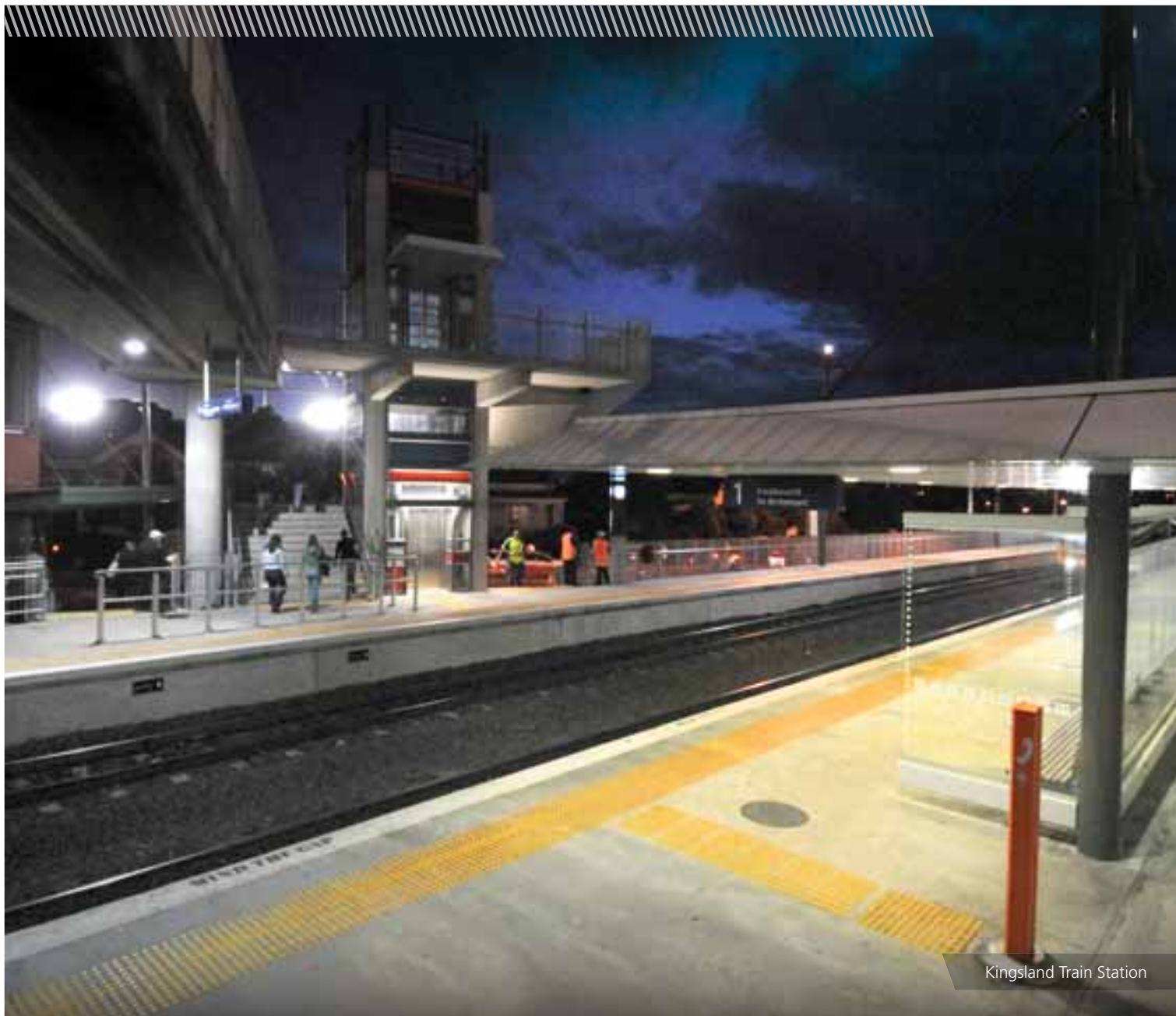


Auckland Regional
Transport Authority

ANNUAL REPORT 2008



Kingsland Train Station

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Mark Ford

CHAIRMAN'S FOREWORD

I am delighted to announce a 4.4% growth in patronage on bus, train and ferry services in Auckland for the financial year 2007/08, and I look forward to implementing some great new products to attract even more people onto Auckland's public transport network over the next few years.

Our customers know they are reducing traffic congestion and doing the right thing for the environment, and we strive to give them an experience that will make it easy to leave the car at home. For the most part, we succeed, and we genuinely regret those instances when a journey is disrupted through faulty infrastructure, poor system resilience or fragmented services. Rebuilding public transport in Auckland is a long-term task, and we celebrate a year of achievements while still realising that much remains to be done.

The Auckland Regional Council (ARC) and ARTA have worked together to develop a comprehensive and agreed plan for a world-class public transport system, built around an electric rail system and an improved bus network. The ARC has proposed to the Government a funding package for this plan, based on a new regional fuel tax which will commence at 1c/litre. With the Government's approval, the ARC will at last have the funding base it needs to give Aucklanders some real choices of how to get around the region.

Top of the list of improvements is the purchase of a fleet of modern, electric trains. The success of the Northern Busway proves that Aucklanders will get out of their cars when a fast, frequent and reliable alternative is available. Already, people don't bother to check the timetable when travelling on the Northern Busway – it's as simple as turn up, and go. Electrification of the rail network will enable us to deliver a similar level of service from Papakura to Swanson and everywhere between. Meanwhile, diesel trains are being refurbished as fast as practicable, and going straight into service to keep up with patronage growth.

ARTA is also finalising plans for a simple ticketing system, with one ticket that takes you anywhere in Auckland, on any bus, train or ferry. A simple zonal fare structure will replace the complex set of operator-specific tickets that customers currently need to purchase. Once our smartcard ticketing system is in place, customers will be able to buy the card almost anywhere, charge it up online, and never rummage through small change to catch the bus again. This in turn is expected to speed up bus journeys by 4% – a huge saving of time and resources when applied across the whole network.

Local bus services in the North Shore and East Rodney have been totally redesigned to provide a much simpler core network, complemented by local "feeder" services, driving patronage growth of 3.5% this year. A similar pattern of logical bus services will be rolled out in Waitakere, West Rodney, Auckland City, Manukau City, Papakura and Franklin over the coming three years.

None of this would be achievable without the strong political leadership and support of ARTA's shareholder, the ARC. I admire Chairman Michael Lee for his steadfast support of public transport in Auckland, and for his courage in consistently advocating for a comprehensive upgrade of the rail network since the 1990s, when fewer than two million trips per year were made by train. Councillor Christine Rose has brought new enthusiasm and leadership to her roles as chair of the ARC Transport Committee and the Regional Land Transport Committee. I also thank Land Transport New Zealand (now part of the New Zealand Transport Agency) for its continued support and investment, and ONTRACK for the essential role it is fulfilling in the upgrade of the rail network.

I and my Board are proud to reflect on a year of strong patronage growth and significant system investment. I thank the staff of ARTA for making all of these achievements possible. Together, we are committed to delivering further improvements to make travelling around Auckland easier, cheaper and more convenient.

Mark Ford
Chairman

Auckland Regional Transport Authority





Fergus Gammie

CHIEF EXECUTIVE'S FOREWORD

ARTA's financial year 2007/08 was a game of two halves. Huge effort went in behind the scenes in the first half of the year, planning for improvements to bus and rail services, and developing a tertiary fare discount package. Patronage on rail services in the West was slowly recovering as track works were completed and reliability improved. The Southern rail line and North Shore buses (particularly the Northern Express service) saw patronage growth, but overall public transport patronage in Auckland was not increasing in the first half of the year.

In early 2008, ARTA rolled out a series of significant improvements, each of which was the culmination of years of work. Patronage started to climb, and reached 4.4% growth for the year. Public transport trips into the CBD grew even faster, and are now 11% higher than last year – proving that public transport has a particular role in building a world-class city centre, and in propelling Auckland into the top rank of cities in the knowledge economy.

High fuel prices have a lot to do with the new trends, but the tipping point came before the price rises, with the opening of the Northern Busway on 3 February. The mood was one of huge public enthusiasm for the busway, a strong partnership between the delivery agencies ARTA, Transit New Zealand, and North Shore and Auckland City Councils, and real support from central government. Since that day, patronage on the busway has exceeded anyone's expectations. By March 2008, around 6,600 people were crossing Auckland's Harbour Bridge on bus services each morning peak – the equivalent of one and a half lanes of traffic.

ARTA also substantially improved off-peak rail services at the start of 2008, and again the response was immediate. The option of catching the train to the new Sylvia Park station proved hugely popular, again showing that Aucklanders are as willing as anyone else to use public transport when it's frequent, reliable and takes them to where they want to go.

Different groups of customers need different solutions. For tertiary students, cost is the defining factor in their choice of how to travel, so ARTA offered a 40% discount on fares to full-time students from the beginning of 2008. Working closely with Massey University's Albany campus and AUT University's Akoranga campus along the Northern Busway route, and with the CBD universities through the Universities' Travel Plan, was crucial to the success of this project. There are now 927 fewer cars coming into the CBD's Learning Quarter each day, and 1,270 more students arriving by bus, train and ferry.

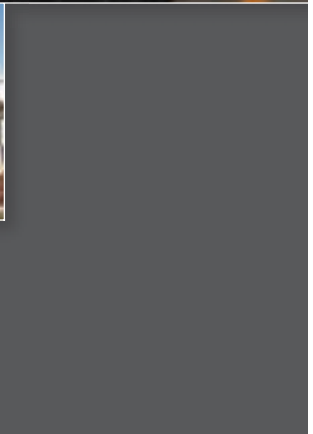
The award-winning TravelWise schools programme enjoyed another year of success, and for the first time this year we are also able to report reduced car trips to work and to tertiary study at TravelWise organisations. Overall, there are 5,785 fewer car trips each morning due to TravelWise plans, with a corresponding increase in walking and public transport trips.

As chief executive, I can only succeed when supported by a team of competent, committed staff. ARTA has recruited a team of experienced transport professionals, many with international experience, who are committed to ARTA's vision of a world-class transport system for Auckland.

With a great team in place, and a great challenge ahead, I look forward to the opportunities the coming year will bring to deliver further improvements to transport in Auckland.

Fergus Gammie
Chief Executive

Auckland Regional Transport Authority





OUR VISION – WHERE WE ARE HEADED

A WORLD-CLASS TRANSPORT SYSTEM THAT MAKES AUCKLAND AN EVEN BETTER PLACE TO LIVE, WORK AND PLAY.

REGIONAL STRATEGIES – HOW WE'RE GOING TO GET THERE

Growing Auckland

The transport system will support regional growth and economic development strategies by linking Auckland's main urban centres with a fast, frequent and reliable Rapid Transit Network, comprising an electrified rail system and the Northern Busway.

Moving Aucklanders

One ticket will take you anywhere in Auckland, on a seamless network of bus, train and ferry services. Aucklanders will be in the habit of quickly checking the options for their trip before leaving home, and will be able to choose between a quality public transport service, safe walking and cycling routes, and predictable car journey times.

Sustaining Communities

Aucklanders will make safe, healthy and sustainable travel choices. People who do not have access to a car will still have access to employment, education, health, commercial and recreational opportunities.

OUR VALUES – THE PRINCIPLES THAT DEFINE HOW WE WORK

OPEN, Being honest, respectful and transparent, and communicating clearly.

RESPONSIVE, Being committed to delivering customer and community needs.

FOCUSED, Getting the right results at the right time; real and simple.

COLLABORATIVE, Working together in partnership, recognising and sharing success.

VISIONARY, Inspiring creativity and innovation through forward-looking leadership.





ARTA'S YEAR OF ACTION

CHALLENGES

ARTA was established in 2004 as part of an overall strategy to improve Auckland's land transport system. Local, regional and central government agreed that the Auckland region needed a much improved public transport system, and ARTA was given the lead role to plan and implement these improvements. In attending to this requirement, ARTA faces a number of challenges.

ARTA's task includes addressing decades of past underinvestment, particularly in the rail network. ARTA has won national and international awards for its train refurbishment programme, and now has a fleet of diesel trains sufficient to deliver 1,449 services per week (from 13 July 2008), including at least four trains to Britomart per hour at peak on the Western, Southern and Eastern rail lines. Rail patronage has risen from 2.5 million passengers in 2003 to 6.8 million passengers in the 2007/08 year and is heading rapidly to 7 million passengers.

This has been achieved whilst running a rail service with refurbished old diesel trains on a network which is undergoing major reconstruction including upgrades to decades old signalling systems and tracks and speed reductions due to construction works. Reliability will improve as work on the redevelopment of the rail network progresses.

ARTA is required by law to operate bus and ferry services on a business model which has failed internationally. Provided they are not seeking a public subsidy, rival commercial operators are able to run a bus or ferry service without fitting into any overall plan. The role of regional government is to subsidise those services which cannot be operated profitably. However, the system is confusing for the public and makes operating an integrated service network or an integrated ticket challenging. The current business model works especially badly in times of rising patronage demand; new buses are expensive (and new ferries even more so) and operators have no real incentive to invest at the levels needed to achieve a step change in patronage. ARTA is focused on amending the model to ensure commuters are given a fair deal.

STEP-BY-STEP IMPROVEMENTS

Despite the fact that improving bus and ferry services is often a difficult process, ARTA has negotiated some major steps forward over the past year. Bus patronage on the North Shore is up 4.5%, and patronage on the Northern Express has almost doubled, following the implementation of a new service network and the opening of the Northern Busway in February 2008. There are more frequent, more direct services to the airport from the city, a new cross-town airport service, more afternoon ferry trips to Devonport, and better links to the Sylvia Park shopping centre. Overall, bus patronage is up 3% on last year.

The improvements in the public transport network to date were put to the test in the second half of 2007/08, when rising fuel prices caused many Aucklanders to re-think their transport choices. The overall passenger transport patronage growth of 4.4% means there were 2.3 million more trips on Auckland's buses, trains and ferries in the past year. It should be remembered that the great majority of these trips went smoothly. Further patronage growth will require the delivery of additional trains and buses according to plan, followed by more investment and further service improvements.



ARC Chairman Michael Lee

ARTA AND THE AUCKLAND REGIONAL COUNCIL

ARTA is part of the ARC Group, and assists the ARC by delivering the transport component of the region's strategies and plans.

The ARC has consistently supported the development of a world-class public transport system, to help reduce the adverse effects of high car ownership and use, lessen the impact on residents of high world fuel prices, and provide an attractive choice for travel across the region, in both rural and urban areas.

ARTA has a specific responsibility to give effect to the Auckland Regional Land Transport Strategy (RLTS), which is prepared by the ARC and sets out a vision for Auckland's transport system, and a 10-year framework for working towards this vision.

Delivering the region's transport and land use strategies will mean more people will have the choice of living in high-amenity, accessible urban centres where they can bus, train, cycle or walk to work, shops, education and recreational activities.

Around half of the regional rates collected by the ARC go towards funding Auckland's rail, bus and ferry services. ARTA manages these services on behalf of the ARC and of the people of Auckland, and is responsible to the ARC for growing patronage, improving services, and contributing to the overall vision and future of the Auckland region.

ARTA'S PROGRESS IN IMPLEMENTING THE RLTS

THE FOUR KEY TARGETS

The Auckland Regional Land Transport Strategy (RLTS) specifies a number of goals to achieve an integrated, safe, responsive and sustainable transport system by 2016.

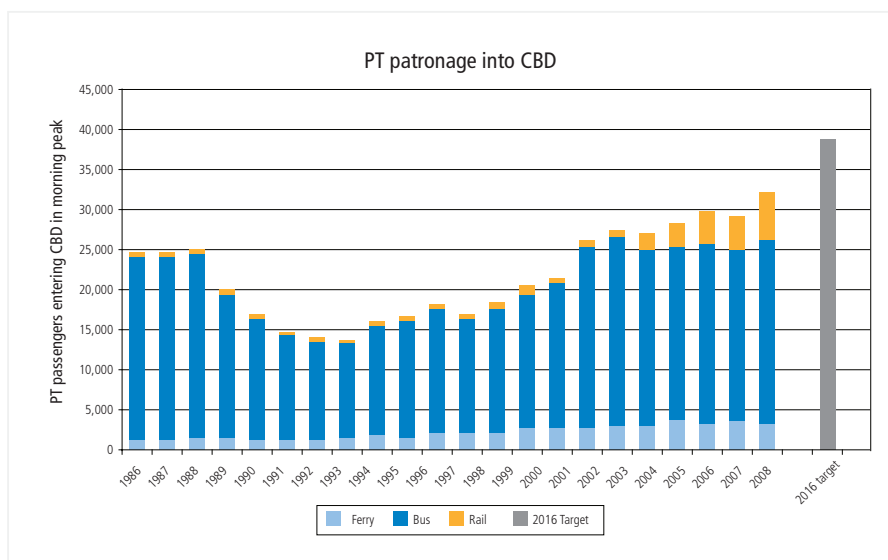
The key goals by which ARTA measures the contribution of its activities and those of other agencies to implementing the RLTS are:

Target by 2016	Current value
49% of motorised trips into the CBD by passenger transport ¹	32,076 trips each weekday morning
100 million passenger transport boardings per annum ¹	54.4m
20,000 fewer car trips each morning peak through travel plans	5,785
6% decline in road casualties per 10,000 population, to 30.3	30.9

¹ Dependent upon the Passenger Transport Network Plan being fully funded

TARGET 1: 49% OF MOTORISED TRIPS TO THE CBD

In 2007/08, the number of people arriving in the CBD by passenger transport increased by 9.4% to 32,076 trips each weekday morning. The Auckland Regional Council's annual survey of passenger transport services entering the CBD found 2,750 more people arriving every day. Approximately half of this increase is additional bus passengers (including on the Northern Busway) and half is increased patronage on rail.



Source: ARC Screenline Surveys

TARGET 2: 100 MILLION PT BOARDINGS PER ANNUM

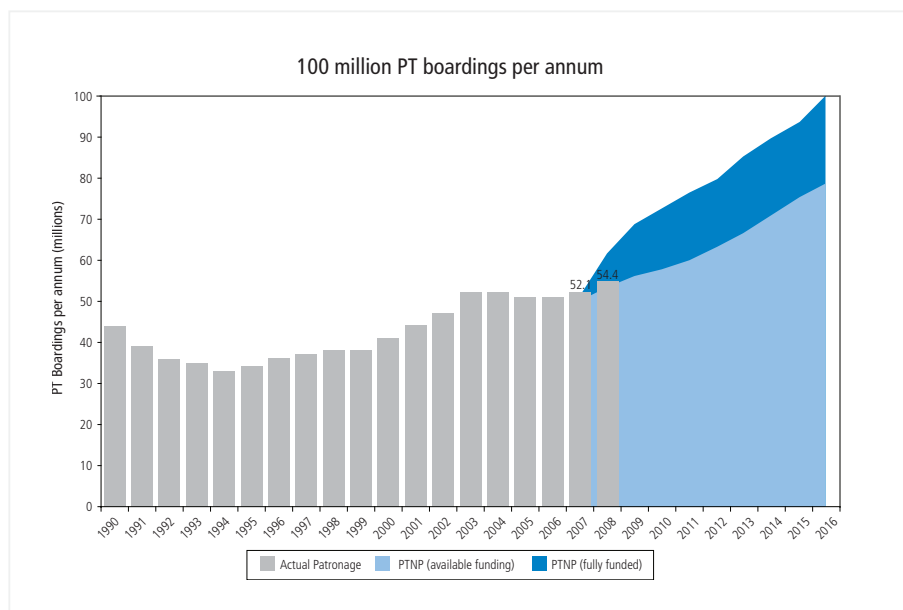
The RLTS specifies a goal of 11% of peak-time trips throughout the Auckland region by passenger transport by 2016. This equates to 100 million passenger transport boardings annually. ARTA's Passenger Transport Network Plan (PTNP) sets out a detailed schedule of projects and services to achieve this target, the most significant of which is the electrification of the Auckland rail network and the purchase of a fleet of large, modern electric trains.

During the 2007/08 financial year, legislation was drafted to provide for a regional fuel tax to fund transport improvements. However the Auckland fuel tax proposal, which will provide funding for the purchase of electric trains and other public transport improvements, had not yet been approved by the Government at the time of publication of this Annual Report. As a result of this and other funding constraints, investment in the passenger transport network has been slower than recommended in the RLTS, and growth in passenger transport patronage is falling behind the level required to achieve 100 million boardings by 2016.

Total passenger transport boardings for the 2007/08 year were 54.4 million against the target for the year of 53.7 million. Growth relative to 2006/07 was 2.3 million boardings or 4.4%.

Growth in patronage on the Rapid Transit Network, particularly the Northern Busway and Southern and Eastern rail lines, contributed much of the increase in total patronage. The Quality Transit Network and Local Connector bus services also carried more passengers in 2007/08, with 809,500 more boardings, a 2% increase compared to 2006/07.

The graph below illustrates what is being achieved with currently committed funding, compared to what could be achieved if the PTNP was fully funded.



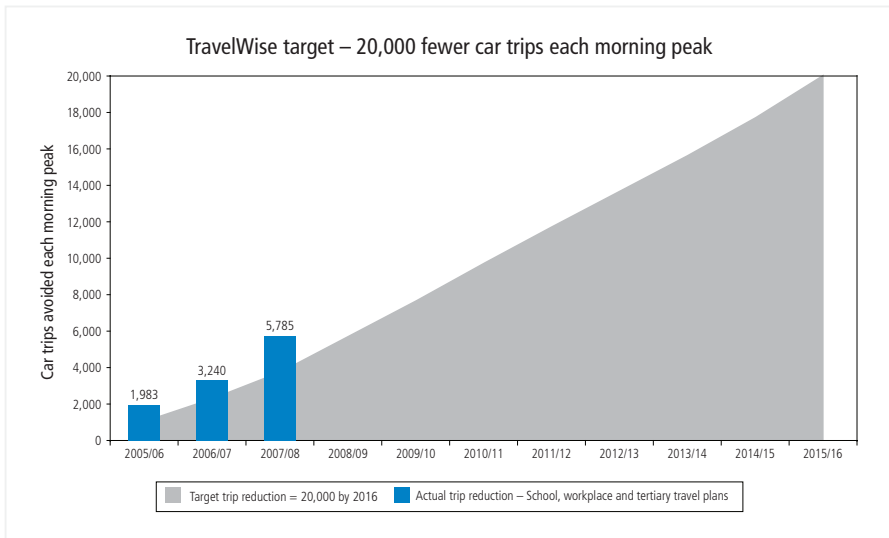
Source: Operator patronage reports

TARGET 3: 20,000 FEWER CAR TRIPS EACH MORNING PEAK THROUGH TRAVEL PLANS

The RLTS specifies that 15.5% of all trips should be made by walking and cycling by 2016. ARTA has developed a Sustainable Transport Plan setting out a detailed programme to achieve this, and has derived a supplementary target of 20,000 fewer car trips each morning peak, to be achieved by working with schools, workplaces and institutions to prepare travel plans.

The annual evaluation of the TravelWise schools programme confirmed that the programme exceeded its 2007/08 target of 3,780 fewer car trips each morning. There were 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 meant a decrease of 3.29 million kilometres of car travel each year, and a CO₂ saving of 1,085 tonnes.

The TravelWise workplace programme grew much more rapidly than anticipated, and in 2007/08 already involved over 89,000 staff and students (compared to the 2016 target of 90,000). Most TravelWise workplaces were still in the early stages of developing their travel plans and only seven organisations, including AUT University and the University of Auckland, completed follow-up surveys. However, these organisations between them achieved a reduction of 1,282 car trips to work and study each morning (compared to the 2007/08 target of 350).



Source: TravelWise Surveys

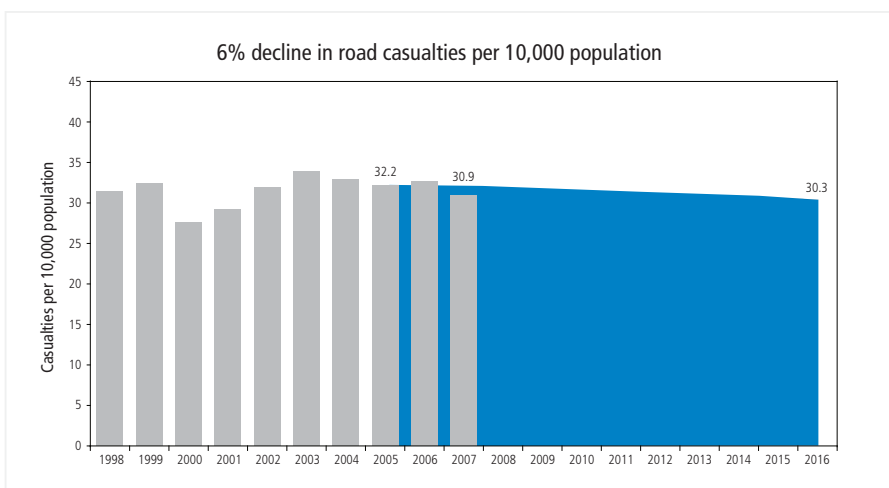
TARGET 4: 6% DECLINE IN ROAD CASUALTIES PER 10,000 POPULATION, TO 30.3

Road trauma costs the Auckland region an estimated \$990 million per year in medical costs and lost productivity, and is a significant cause of death.

There were 61 deaths on Auckland regional roads during the 2007 calendar year, the lowest number in 27 years.

Road casualties in the Auckland region have decreased from the 2005 rate of 32.2 casualties per 10,000 population to 30.9 casualties per 10,000 population (4,304 total casualties) in 2007. The Regional Land Transport Strategy sets a target of a 6% decline by 2016. ARTA has developed a Draft Regional Road Safety Plan which sets out engineering, education and enforcement activities needed to achieve further reductions in road trauma and to meet the 2016 target.

ARTA continued its co-ordination role in regional road safety, and led the development of resources for a new regional campaign encouraging motorists and cyclists to adopt safer behaviours.



Source: New Zealand Transport Agency

PASSENGER TRANSPORT PATRONAGE TARGETS

In 2007/08, total passenger transport patronage increased by 4.4%, which exceeds ARTA's Statement of Intent target growth of 3.1%. The number of trips made by train, bus and ferry was 54.4 million, compared with 52.1 million in 2006/07 and 51.2 million in 2005/06. Over the year:

- > Trains carried 13% of trips
- > Buses carried 79% of trips
- > Ferries carried 8% of trips.

ANALYSIS OF PATRONAGE GROWTH

Rapid Transit Network

As in 2006/07, the majority of the overall patronage growth was on the Rapid Transit Network (RTN), comprising the rail network and the Northern Express bus service. There were 1,057,000 more boardings on rail, and 393,100 more boardings on the Northern Express. This accounts for two thirds of the total patronage growth over the past year.

The opening of the Northern Busway and the introduction of the new North Shore service design in February 2008 had an immediate impact on patronage on the Rapid Transit Network. Boardings on the already successful Northern Express bus service grew 85% in the period between February and June 2008 compared to February to June 2007. Albany and Constellation feeder bus services grew by 41%. As a result, ARTA exceeded its Statement of Intent target to carry 1 million passengers on the Northern Express and feeder services in 2007/08. Patronage across the wider North Shore bus network grew by 4.5% for the 12 months to the end of June 2008.

While the Northern Express had the greatest increase in percentage terms, patronage growth on Southern and Eastern rail lines contributed most to the total growth in RTN patronage. Off-peak services using the new, privately funded, Sylvia Park rail station (which opened in July 2007) showed particularly strong growth in demand.

Rail patronage on the Southern and Eastern lines increased by 783,000 boardings or 21.7%, exceeding the Statement of Intent target of 5%. Rail patronage on the Western Line increased by 274,000 boardings or 12.9%, and did not meet the Statement of Intent target of 20% patronage growth in 2007/08. This is in part due to disruptions caused by the Western Line double tracking project led by ONTRACK, and to later than expected completion of this project, which in turn delayed the provision of improved rail service frequencies to 13 July 2008.



Quality Transit and Local Connector Networks

While growth in patronage on the bus-dominated Quality Transit Network (QTN) and Local Connector Network (LCN) was disappointingly slow over the first half of the year, gains made in the final quarter meant ARTA was able to exceed its 2007/08 target. Bus services, excluding the Northern Express and school services, carried 39,459,000 trips or 2.1% more than in the previous year, compared to ARTA's Statement of Intent target of 2.0%.

The gains in bus patronage towards the end of the financial year coincided with rising fuel prices, the introduction of a new 40% fare concession for tertiary students in February 2008 and the introduction of new North Shore services in February 2008 to coincide with the opening of the Northern Busway. Smaller improvements to bus, rail and ferry services occurred throughout the year.

There were 4,380,000 ferry boardings in the year to June 2008, a decrease of 0.5% (20,000 fewer boardings) compared to 2006/07. Of the contracted ferry services, the Pine Harbour, West Harbour and Birkenhead services saw positive patronage growth. Patronage on the Bayswater services declined by 13% (-26,867 boardings), due mainly to the introduction of parking charges at the Bayswater wharf.

Patronage on school bus services grew slightly, showing an increase of 1.4%, despite there being two fewer school days for the year ending 30 June 2008 due to the timing of school holidays and Easter (these days will be gained back in September and December).

Outcome	Performance measure	2006/07	2007/08	Change since 2006/07
Total passenger transport patronage growth	Total passenger transport patronage increases by 10.5% over three years (with a base year of 2005/06, which had a patronage of 51.13 million) averaging 3.3% compounding per year (1,780,000 in 2007/08)	52,130,000	54,405,000	4.4%
Made up of:				
RTN patronage growth	20% (180,000) patronage growth on the Northern Busway (includes peak express buses using the busway)	832,000	1,225,000	47.2%
	20% (450,000) patronage growth on the Western rail line	2,130,000	2,404,000	12.9%
	5% (180,000) patronage growth on the Southern and Eastern rail lines	3,607,000	4,390,000	21.7%
QTN and LCN patronage growth	2% (890,000) patronage growth on all other bus services	38,649,000	39,459,000	2.1%
	1% patronage growth on ferry services	4,400,000	4,380,000	-0.5%
Targeted services	1% patronage growth on school bus services	2,512,000	2,547,000	1.4%

PASSENGER TRANSPORT NETWORK IMPROVEMENTS

ARTA committed to delivering the greatest improvements in passenger transport infrastructure and services possible within the funding available in 2007/08. The following projects in particular were planned to achieve the patronage targets established for the year in the Statement of Intent.

North Shore and Northern Busway Bus Services

With the opening of the Northern Busway in February 2008, ARTA implemented a redesign of the bus service network across the North Shore, building on the major service restructure implemented in 2005. February 2008 saw the introduction of more frequency on key services, rerouting services to make use of connecting busway stations, more local services to the three new busway stations at Sunnynook, Smales Farm and Akoranga, and a new integrated fare and ticket (the Northern Pass, which can be used on bus services to, from and within the North Shore, as well as on some train services).

The Northern Express bus service provides the Rapid Transit Network core spine on the Northern Busway.

Two targets were set in ARTA's Statement of Intent for the Northern Express service:

- > Enhance peak-time service frequency on the Northern Express to 7.5 minutes
- > Extend the Northern Express service to Westfield in Albany once the roading network is upgraded and appropriate bus infrastructure is in place.

ARTA significantly improved Northern Express services from 3 February 2008, coinciding with the opening of the Northern Busway. Five-minute frequencies at peak times exceeded the Statement of Intent target and were supported by all-day (6am to 7pm) 10-minute frequencies on weekdays, and from 8.30am to 6.30pm on Saturdays and Sundays.

Services were not extended to Westfield Albany, as the local roading network was not completed. Completion is expected in early 2009 and will enable local bus services to access Albany station via Civic Crescent.

Western Rail Line

ARTA's target for 2007/08 was to increase peak-time frequency on the Western rail line to four trains per hour and to extend services to Swanson in line with the infrastructure upgrade on that line.

ONTRACK's work to double track the line between Henderson and New Lynn was completed in mid-2007, and services increased to four trains per hour at peak times from Henderson to Britomart in July 2007. On completion of this double tracking work, service punctuality has improved, with 80% of services running within five minutes of their scheduled time in 2007/08, compared to 72% in 2006/07.

Double tracking between Henderson and Swanson was completed in June 2008 and a new timetable has been in place since 13 July 2008, providing for four peak-time trains an hour from Swanson. The completion of this part of the double tracking works, along with upgraded train stations at Ranui, Swanson and Sturges Road, represented a significant advance in the development of a modern rail network for Auckland.

Bus Service Improvements

ARTA has worked closely with bus operators to implement a service and patronage development plan, with the following service improvements implemented:

- > Re-launch of the Link service in September 2007 with new Euro5 vehicles
- > Re-launch of the 008/009 cross-town and 717 services as the "Sylvia Park Shopper" services in November 2007
- > Rationalisation of the Papakura Express services, in response to the shift of passengers to the improved rail service from Papakura
- > Introduction of a 40% discount for full-time tertiary students in February 2008
- > Changes to North Shore bus services to coincide with the opening of the Northern Busway in February 2008
- > Introduction of a new Manukau to airport bus service in June 2008
- > Re-launch of the Airbus Express service with an increased frequency and a more direct route in the Auckland CBD in June 2008
- > New service designs for Flat Bush and Mission Heights.

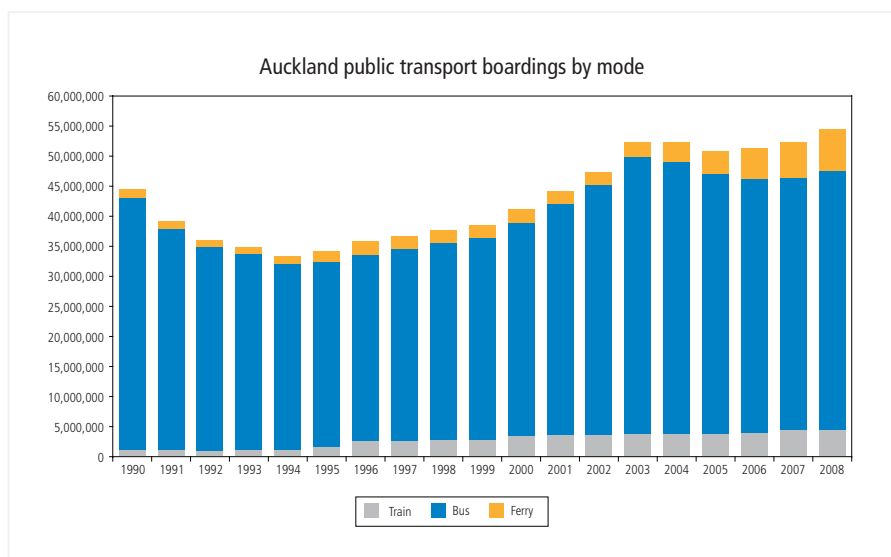
Bus services where ARTA had previously invested in or altered services, with associated marketing and promotional campaigns, saw positive growth. For example:

- > Total bus patronage on the North Shore, where the first set of service changes was introduced in mid-2005, increased by 4.8% in 2006/07 and 4.5% in 2007/08.
- > Route 66, which was amended to provide a link from Botany to the Manurewa rail interchange, saw 19% growth.
- > Routes 68, 55 and 55x linking Dannemora/South Howick to the CBD saw 12% growth following the introduction of improved evening and weekend frequencies.
- > Patronage on the 008, 009 and 717 cross-town services increased by 11% following their re-launch as the "Sylvia Park Shopper" services.

Ferry Service Improvements

Improvements to ferry services in 2007/08 included:

- > Introduction of additional peak-time ferry services between Downtown and Devonport in February 2008, with a 15-minute frequency in the afternoon peak
- > Additional services, made possible by an extra ferry vessel, on both the West Harbour and Pine Harbour ferry routes. Patronage for 2007/08 showed an increase of 11% on the West Harbour service and 20% on the Pine Harbour service.





ARTA'S STRATEGY: 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.

ARTA'S CUSTOMER SERVICE FOCUS

SERVICE PERFORMANCE

Customers' satisfaction with the public transport service they use was above target, with 82% of customers across buses, trains and ferries giving a rating of "good", "very good" or "excellent" for the overall service.

Just over 85% of customers of the Rapid Transit Network (rail and Northern Express) rated the overall service as "good", "very good" or "excellent". The target set in the Statement of Intent is "above 85%".

Similarly, 79% of customers of the Quality Transit Network (key bus and ferry corridors) gave overall ratings of "good", "very good" or "excellent", against a target of "above 80%". This should be viewed as a baseline figure, as by the end of the 2007/08 financial year most routes which are part of the future Quality Transit Network had not yet had the increased frequencies, increased service quality and marketing which are being put in place progressively from February 2008.

Satisfaction with the Local Connector Network (local bus services) was higher than for the Quality Transit Network. This was consistent with ARTA's other research which shows that the people who use passenger transport mainly for shopping, sightseeing and leisure – as do most users of Local Connector services – rate the service more highly than those travelling to work or tertiary study.

Key drivers of a positive overall assessment were a high-quality, easy to use service. For ferries and trains, the standard of the vehicle was also a key driver of a positive overall assessment.

Customers who gave a negative overall assessment tended to be more concerned about value for money of the service, than to hold a negative view of the Auckland public transport system generally. Across bus, rail and ferry services, ratings for value for money fell below ratings for other key service attributes, with the October 2007 survey showing tertiary students being particularly dissatisfied with value for money. This rating increased in the May 2008 survey, after the introduction of a 40% discount on tertiary fares from February 2008.

Performance measure	2007/08 Target	2006/07 Result	2007/08 Result
Overall customer satisfaction scores for RTN, QTN and LCN. Total of "good", "very good" or "excellent"	Maintain overall customer satisfaction above 80%	81%	82%
	RTN satisfaction above 85%	86%	85.1%
	QTN satisfaction above 80%	78%	79%
	LCN satisfaction above 80%	81%	82%
Customer rating of value for money of travelling by passenger transport in Auckland	Increase proportion of customers who rate value for money as "good", "very good" or "excellent"	64%	64%
Average fare by mode	Average fares by mode do not increase above CPI.	15% Rail, 7.8% Bus (CPI 3%)	0%, no fare increase this year

Source: Customer satisfaction surveys October 2007 and May 2008

SERVICE RELIABILITY

Punctuality of rail services was similar across the Western and Southern/Eastern lines, although the targets set by the Statement of Intent were different.

On the Western Line, 80.8% of services arrived within five minutes of their scheduled times, compared to the target of 75%. The target was set in expectation of disruptions due to double tracking.

On the Southern Line, 82.8% of services arrived with five minutes of their scheduled times against a much higher target of 88%.

A wide range of mainly one-off events led to delays to services, with the main causes being failures of signals and points, and the impact of works on or close to the rail track. Work at Newmarket station and the increased need for safety precautions also affected service reliability.

The ongoing rail upgrade programme will continue to necessitate delays on the network until electrification of the network is complete.

On the Northern Busway, Ritchies Transport, the operator of the Northern Express service reported that over 99% of services began their run within five minutes of the scheduled departure time. The bus Real Time information system on the Northern Busway also indicated that 99.8% of all southbound trips passed through Akoranga station (just north of the Harbour Bridge) within five minutes of their scheduled time.

		2007/08 Target	2007/08 Result
RTN services arrive at all stations within five minutes of scheduled time	Western Line services arrive at all stations within five minutes of scheduled time	75%	80.8%
	Southern Line services arrive at all stations within five minutes of scheduled time	88%	82.8%
	Northern Busway services arrive at destination station within five minutes of scheduled time	95% (based on Real Time data)	99.8%

Cost-effectiveness

The two measures of cost-effectiveness specified in the Statement of Intent are:

- > Progress on reviews of underperforming contracts
- > Farebox revenue on the Rapid Transit Network (where farebox revenue is retained by ARTA).

In 2007/08, ARTA identified underperforming services against value for money criteria. Some of these services were rationalised as part of the new North Shore service improvements in February 2008. Others will be altered as part of the implementation of new service designs. Additional case-by-case service value for money reviews have been undertaken and services rationalised or redesigned.

In all reviews of services, the needs of current users and the other transport options available to them are considered alongside measures of cost-effectiveness and value for money.

Farebox revenue tracked above targets on all Rapid Transit Network services. The increase in rail revenue was due to increased patronage and the effect of a fare increase in the second half of 2006/07.

		% Increase in farebox revenue (compared to 2006/07)	
		2007/08 Target	2007/08 Result
RTN farebox revenue	17% increase in farebox revenue on the Northern Busway	17%	53%
	19% increase in farebox revenue on rail services	19%	24%

ADDITIONAL AND ENHANCED SERVICES

All key activities proposed by the 2007/08 Patronage Growth Action Plan were completed by 30 June 2008. Key actions were:

September 2007

- > The Link bus re-launch

November 2007

- > Rerouted and re-launched Sylvia Park cross-town services with targeted marketing campaign and free trial tickets
- > Rationalisation of Papakura Express bus services

January 2008

- > Extended rail service span and frequency on Southern and Eastern lines from Thursday to Sunday, and additional late night rail services on all lines

February 2008

- > New North Shore bus service network to accompany the opening of the Northern Busway, including integrated fares and ticketing and extensive mass marketing campaign across North Shore and Hibiscus Coast, including free trial tickets
- > Enhanced Northern Express frequency
- > Introduction of additional evening peak Devonport ferry services and additional morning peak capacity
- > Promotion and free trial tickets for the Bayswater and Devonport feeder bus services
- > A tertiary concession discount increase from 20% to 40% off the adult fare, with an extensive targeted marketing campaign for the student market and increased ticket retail network

March 2008

- > New Pine Harbour ferry timetable with additional trips and additional vessel commenced at the start of March, with zero subsidy increase for ARTA until July 2008
- > Improved MAXX website journey planner usability and improved customer interface

April 2008

- > Passenger transport information awareness campaign to accompany re-launched MAXX website in March, including *NZ Herald* advertising
- > Service enhancements to North Shore bus services
- > Targeted marketing and passenger transport awareness campaign of suburban express and local services and Northern Pass ticket on North Shore, including commuter express timetable brochure
- > Northern Busway and public transport service promotion for school holidays
- > Promotion of rail services to school holiday destinations

May 2008

- > Continued implementation of integrated sports events and passenger transport ticketing. Special event passenger transport network services (rail and bus) were provided free to holders of match tickets, including Blues Super 14 games at Eden Park and North Harbour Stadium
- > Northern Busway passenger transport marketing and promotion: the ARTA-led campaign, in collaboration with North Shore City Council and Transit New Zealand, received a Highly Commended award at the annual PRINZ awards in Wellington

June 2008

- > Additional West Harbour ferry service trips and a larger third vessel added to the fleet (with 10% fare increase)
- > Re-launch of Airbus service between Auckland CBD and Airport at zero subsidy cost to ARTA, with 15-minute frequency (was 20 minutes), a more direct route and improved vehicles over the next 24 months
- > Launch of Manukau to Airport 30-minute frequency bus service

OTHER MARKETING INITIATIVES

Improved data collection

ARTA undertook a series of projects to improve performance and customer service on the bus system. These included:

- > Establishing a centralised customer feedback database across all operators. The database was commissioned in October 2007 using RESOLVE software.
- > Commissioning an independent company to provide ongoing “mystery shopper” services, where trained evaluators rate all aspects of their passenger transport journey. Operators and ARTA have online access to the results of these surveys, updated in Real Time.
- > Establishing a business data warehouse that enables all passenger boarding and service on-time running data (the entire bus fleet was fitted with vehicle tracking equipment in 2007) to be captured. The data warehouse will allow detailed and aggregate data reports on an exception basis to enable improved analysis and responsiveness to poor performing routes. A further project is underway to capture data from ticketing machines to permit ticket use analysis.
- > Establishing a dedicated account management team for service contract management.

North Shore bus network

Record patronage achieved across the North Shore bus network was the result of the implementation of the new network and the opening of the Northern Busway in February 2008. Also introduced were major service improvements, including the first truly integrated ticket 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 review of services four weeks after the implementation of the new North Shore bus network found the need to re-introduce some services that had been removed in the redesign of the network. These services recommenced from 7 April 2008.

Tertiary fare scheme

A 40% discount on tertiary fares was introduced in early 2008, as detailed in the separate case study on page 24.

MAXX system

ARTA's MAXX system provides the information to attract, guide and reassure new customers as well as encourage more use of the passenger transport system by existing customers. In 2007/08, ARTA re-launched the MAXX website and passenger transport journey planner, with the journey planner now appearing on every website page, improvements to layout and navigation, and a focus on positive messages encouraging passenger transport use.

The MAXX Contact Centre, operated by the Auckland Regional Council, took 749,923 calls (a 16% decrease on the previous year) and handled 4,420 emails, an increase of 35% compared to 2006/07.

The Britomart Information Kiosk received 108,074 visits, a decrease of 2.3% compared to the previous year.

TRAVELWISE

ARTA aims to drive change in Aucklanders' travel behaviour by working with organisations such as schools and workplaces to develop travel plans through the TravelWise programme.

TravelWise Schools

The annual independent evaluation of the TravelWise schools programme included a survey in October 2007 involving 35,153 students at 68 schools – 52 primary schools (20,888 students), seven intermediate schools (3,651 students) and nine high schools (10,330 students). This survey, which builds on similar surveys undertaken in 2005 and 2006, provided a robust assessment of travel to school in the Auckland region.

The survey was complemented by an in-depth assessment of travel plan effectiveness at 18 case study schools, and by a postal survey of the co-ordinators of the region's Walking School Buses.

The evaluation shows that the TravelWise schools programme is tracking ahead of its long-term target. There were 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 meant a decrease of 3.29 million kilometres of car travel each year, and a CO₂ saving of 1,085 tonnes.

The evaluation concluded that the implementation of a school travel plan is associated with a 3.4% decrease in personal car usage. This is balanced by a 2.4% increase in active transport (walking, Walking School Bus and cycling) and a 1% increase in public transport journeys. This result is all the more impressive in the context of Ministry of Transport data on the journey to school, which shows an ongoing increase in car trips to school nationally of 1.5% per year.

TravelWise Workplaces

The 2007/08 evaluation of ARTA's workplace travel plan programme showed the programme is growing more rapidly and is resulting in fewer car trips to work than anticipated.

The target set in the RLTS for workplace travel plans is to involve organisations totalling 90,000 staff and tertiary students in travel planning by 2016, and to achieve a reduction of 3,500 car trips to work and study in the morning peak.

The TravelWise workplace programme involved over 89,000 staff and students by the end of the 2007/08 financial year. Most TravelWise workplaces were still in the early stages of developing their travel plans, leaving only five at a stage where they could complete follow-up surveys. However, these five organisations had achieved a reduction of 355 car trips to work each morning peak. This reduction in car trips corresponded to 2.4 million fewer kilometres travelled, and a CO₂ reduction of 779 tonnes.

There has also been a reduction of 927 car trips each morning to the CBD campuses of the University of Auckland and AUT University, as detailed in the case study on page 24, bringing the total impact of the TravelWise workplaces programme to 1,282.

ACCESSIBLE TRANSPORT

Total Mobility scheme

Over the 12 months to June 2008, approximately 425,933 passenger journeys were subsidised under the Total Mobility scheme which provides low-cost access to taxi services for people with disabilities.

ARTA also provided funding support for the replacement of wheelchair hoist equipment on 6 vehicles.

Concessionary fare scheme

Over the 12 months to June 2008, ARTA spent \$10 million assisting approximately 12.8 million journeys under this scheme, which reimburses passenger transport operators providing concessionary fares.

CASE STUDY – TERTIARY FARE CONCESSION

Students are traditionally big users of passenger transport. But can more be enticed out of their cars and onto buses, trains and ferries?

At the start of the 2008 academic year, ARTA embarked on Auckland's first major campaign to ensure all tertiary students are aware of their passenger transport choices.

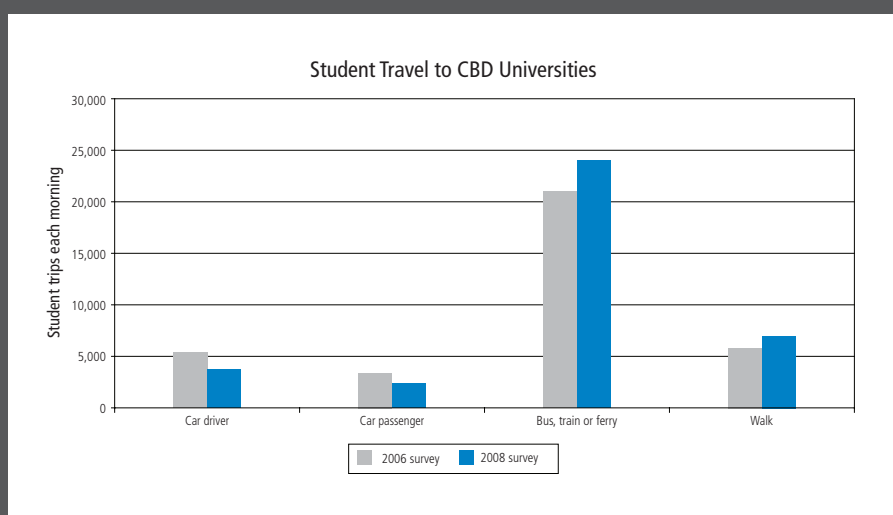
Recognising the significant use that students already make of passenger transport, ARTA introduced an increased concession fare at the start of the 2008 academic year. It gives full-time tertiary students throughout the Auckland region a 40% discount off the one-way single adult fare when purchased as part of a 10-Ride ticket or the 7-Day Northern Pass. This doubled the discount students had received in the past.

An intensive, integrated marketing programme was implemented to promote passenger transport, including the increased discount, to students. Activities included street posters, a group on Facebook, radio and online advertising, and information included in student orientation packs. Information stands on campus at the University of Auckland and AUT University provided students with journey planning information throughout Orientation Week. On-campus promotions were also held at Unitec New Zealand, the Manukau Institute of Technology and Massey University in Albany, and posters and information were sent to 140 privately operated tertiary institutions.

The campaign was instantly successful, with 1,080,061 tertiary concession tickets sold in Semester 1 (February to June 2008), a 45% increase on the same period in 2007.

The tertiary campaign was closely linked to the 10-year TravelWise Universities' Travel Plan, which was launched in September 2007. Around 40,000 students and staff travel daily to and around the campuses of the University of Auckland and AUT University in the Auckland CBD. A baseline survey showed that sustainable travel choices were already popular with CBD students – only 14% of students drove a car (5,338 cars) and over half (21,000 students) were catching public transport.

Auckland City Council, the universities' management and student unions, and ARTA are working together to improve and promote walking, cycling and public transport options for travel to the universities – and to make sure all students and potential students are aware of the 40% discount on fares. The result is a significant shift away from car travel, with 927 fewer cars being driven to the CBD each morning, and 1,270 more student trips on buses, trains and ferries.





Hannah Mitchell, Debble Lang and Anna Barge from ARTA's TravelWise team visit the University of Auckland



ARTA'S STRATEGY: 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.

INFRASTRUCTURE DELIVERY

SERVICE PERFORMANCE

In 2007/08, ARTA exceeded its Statement of Intent targets for customer satisfaction with the quality of stops, stations and vehicles, as shown in the table below.

Satisfaction with the quality of the vehicle is an important driver of overall satisfaction with rail and ferry services, and ratings were high across the Rapid Transit Network, which includes rail and the Northern Express bus service.

Satisfaction with stops/stations was also high. Customers surveyed at new train stations or ferry wharves were significantly more satisfied with the quality of the stops/stations than those using old infrastructure.

Target	2005/06 Result	2006/07 Result	2007/08 Result
80% of RTN customers rating stops/stations as "good", "very good" or "excellent"	77%	79%	82%
90% of RTN customers rating vehicles as "good", "very good" or "excellent"	94%	94%	93%

Source: Customer satisfaction surveys October 2007 and May 2008

RAIL INFRASTRUCTURE

In 2007/08, ARTA continued to plan with ONTRACK for the electrification of the Auckland rail network. The proposal is for electric services operating for the Rugby World Cup 2011, with full electrification of the core network by 2013.

Planning is based on 10-minute service frequencies at peak times on the core urban network, with a 30-minute peak service to Onehunga. While the core urban network is defined as from Swanson to Papakura, the Auckland Regional Council has sought a government decision extending this to Drury or Pukekohe, however the 10-minute service frequency during peak will operate from Drury only in this event, with 30-minute frequency services from Pukekohe.

The purchase of electric trains is conditional on the Government approving the Auckland Regional Council's proposal to levy a fuel tax under the new provisions of the Land Transport Management Act, beginning in 2009/10 at 1c/litre, to fund this and associated transport infrastructure projects for the Auckland region.

Rail infrastructure achievements in 2007/08 included:

- > The construction contract for the remodelled Newmarket station (Auckland's second busiest rail station after Britomart), the replacement of Remuera Road Bridge and the associated track upgrade works was awarded in July. Preliminary piling and enabling works commenced on site in May. Construction is expected to take two years.

- > The Western Line was double tracked between Henderson and Swanson, enabling the introduction of passenger train services every 15 minutes during the peak to Swanson. A new timetable was implemented from 13 July 2008. As part of this project, the existing rail stations at Ranui, Sturges Road and Swanson have been upgraded and a new platform to service the second track has been constructed.
- > Station upgrades completed up to 30 June 2008 were Papakura and Mt Eden. The Middlemore and Ellerslie station upgrades have commenced and are due for completion in the second half of 2008.
- > Concept designs for a new Parnell rail station, expected to be one of the busiest on the rail network, were developed. These include good pedestrian links to the Parnell shops, the University of Auckland and the Domain.
- > Distributed train stabling sites at Papakura and Pukekohe were completed and are ready for commissioning.
- > Investigation, consultations and design work is continuing on a train stabling site proposed for the Western Line and preliminary design is nearing completion on the stabling site proposed at The Strand/Tamaki.
- > ONTRACK has undertaken remedial track work between Waitakere and Helensville, and ARTA constructed temporary stations at Huapai, Waimauku and Helensville and introduced a trial Helensville passenger rail service on 14 July 2008.
- > The upgrade and expansion of Auckland's train fleet continued, bringing the number of train seats available to 6,108, up from 5,975 in June 2007 and 4,967 in June 2006.

BUS INFRASTRUCTURE

The completion and opening of the Northern Busway in early 2008 was a milestone for passenger transport in the Auckland region. The busway is New Zealand's first purpose-built road dedicated to bus passenger transport, and forms a key part of Auckland's Rapid Transit Network. Its construction was a joint project involving ARTA, Transit New Zealand, North Shore City Council and Auckland City Council.

The Northern Busway runs alongside SH1 from Constellation Drive in the north, to the Auckland Harbour Bridge. Its completion brought significant improvements to passenger transport connections to the Auckland CBD and immediate increases in patronage across the North Shore.

In 2008, work also began on the Central Connector, a four-kilometre bus priority project connecting Britomart Transport Centre with Newmarket via key locations such as Vector Arena, the university precinct, Auckland City Hospital, the University of Auckland's Medical School and the Auckland Domain. The project includes dedicated 24-hour bus lanes, new bus stops at key locations, improved traffic signals and street lights, new and improved bus shelters, and improved safety and amenity for pedestrians and cyclists.

The Central Connector project is being led by Auckland City Council. ARTA has contributed funding and has been involved in its planning.

FERRY INFRASTRUCTURE

The transfer of the ferry assets and operations from ARTNL to ARTA was completed on 1 October 2007, followed by a review of all ferry terminal upgrade and renewal projects inherited from ARTNL.

Work began in May 2008 on improvements to the Downtown Ferry Terminal. These include essential structural repairs, the construction of a pedestrian bridge linking Piers 1 and 2 and a high-level canopy on Pier 2. The structural repair work is expected to take 12 months to complete, with the bridge and canopy due for completion in mid-2008.

Other ferry infrastructure projects included:

- > A start on construction of a passenger waiting facility and canopy at Half Moon Bay in May 2008
- > Gaining of the Resource Consent for Bayswater Ferry Terminal
- > The completion of the detailed design of the proposed Beach Haven Ferry Terminal
- > Relocation of pontoons and detailed design of a canopy at Gulf Harbour.



West Harbour ferry, Auckland Harbour



STRATEGY: 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.

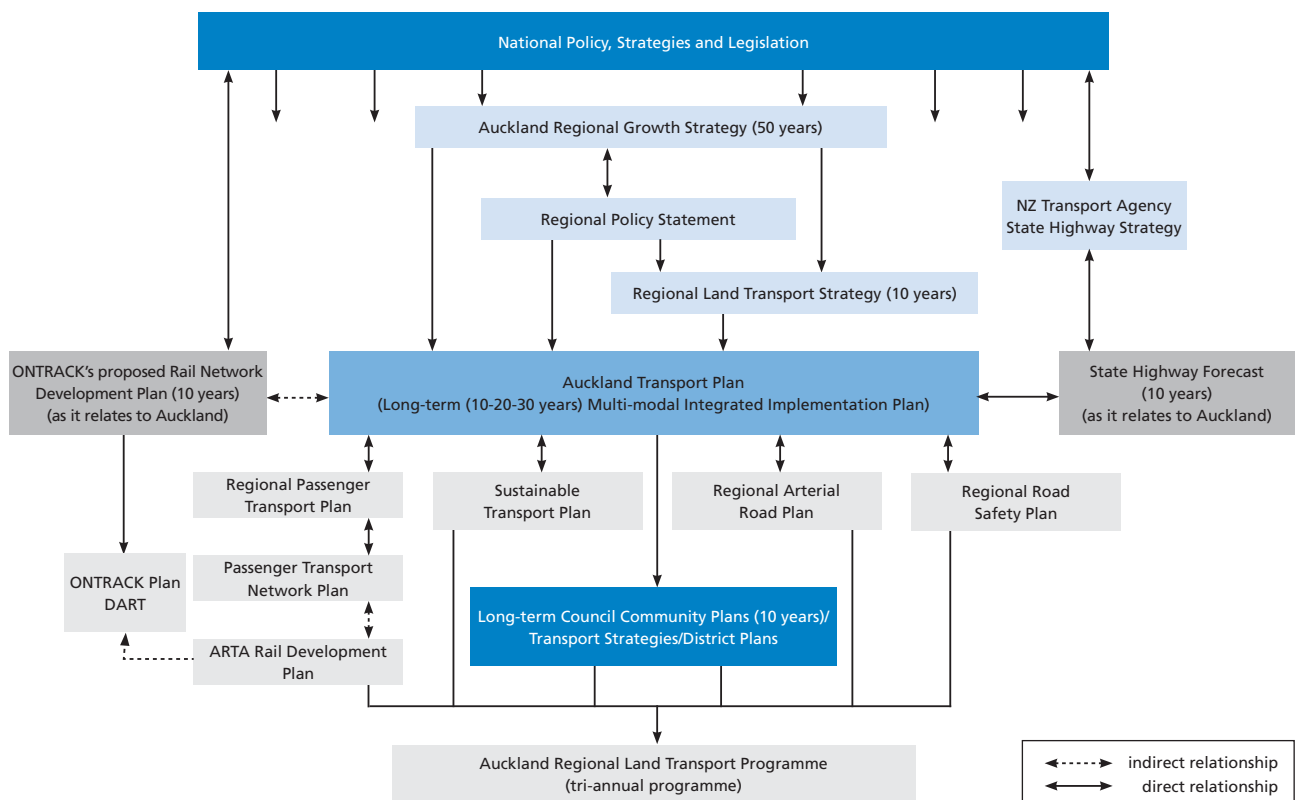
STRATEGIC PLANNING

ARTA is the central co-ordinating agency for transport implementation in the Auckland region. One of ARTA's functions, as set out in its enabling legislation, is to integrate the work of national agencies (the New Zealand Transport Agency and ONTRACK), local councils and ARTA itself in order to deliver the objectives of the Auckland Regional Land Transport Strategy and create a better transport system for Aucklanders.

This includes:

- > Leading and participating in the major studies which will shape the future of key transport corridors
- > Working closely with local councils and with the operational areas of ARTA itself to assist in the development of integrated, effective transport projects which will deliver the outcomes set out in the RLTS, and
- > Overseeing and prioritising funding for all transport development in the Auckland region with the exception of ONTRACK's responsibilities.

To achieve this, ARTA prepares the Auckland Transport Plan, detailed supporting plans, and the Auckland Land Transport Programme as highlighted in the diagram below.



THE AUCKLAND TRANSPORT PLAN

The first **Auckland Transport Plan** (ATP) is the single most important transport plan for the region as it integrates and prioritises all regional transport projects. It was published in June 2007 to guide forward planning and long-term investment decisions in the Auckland region.

Development of the next iteration of the ATP is well underway. It will be released in late 2008, in time to guide and align local councils' Long Term Council Community Plans with regional transport priorities.

THE AUCKLAND LAND TRANSPORT PROGRAMME

The **Auckland Land Transport Programme** reviews and prioritises all applications to the National Land Transport Fund from ARTA and local councils in the Auckland region for the coming year (2008/09).

The Land Transport Programme (LTP) for 2008/09 was released in June 2008 and sets clear priorities for the improvement of land transport in the Auckland region. In the case of insufficient funding being available, the LTP recommends that projects be prioritised according to how they:

1. Make best use of the existing transport system, for example through maintenance of roads, provision of public transport services, or targeted investments to improve the safety performance of the network.
2. Manage travel demand, including walking, cycling and travel planning activities.
3. Increase the capacity of the transport system, including upgrading and expanding passenger transport infrastructure and providing additional road infrastructure.

ARTA does not at present have a direct role in prioritising funding for the New Zealand Transport Agency (established in August 2008 by merging Land Transport New Zealand and Transport New Zealand) or for ONTRACK. However, expenditure by these organisations was included in the allocations of expenditure set out in the 2008/09 Auckland Land Transport Programme, effective from 1 July 2008 to give a complete picture of how the activities of central, regional and local government transport agencies are delivering the RLTS.

The Land Transport Management Amendment Act provides for significant changes to regional land transport programmes. From 2009/10, the Auckland Regional Land Transport Programme will be a three-year document, with an emphasis on integrated planning for the transport network as distinct from individual projects.

One outcome of ARTA's strategic planning activities is allocating funding, through the Auckland Transport Plan and the Land Transport Programme, in a way that reflects the priorities set in the Regional Land Transport Strategy. To date, the proportions of spending on roads, passenger transport and Travel Demand Management measures closely match those set in the Regional Land Transport Strategy.

The allocation of funding on the following page covers all transport spending in the Auckland region, including that of the government agencies ONTRACK and the New Zealand Transport Agency. Expenditure by local councils and ARTA matches even more closely with RLTS priorities, with a significant shift towards more funding of passenger transport, walking and cycling projects since 2005.

Strategic Challenge	Performance Measure	Target	LTP developed in 2006/07	LTP developed in 2007/08	Target (10-year average)
Lead implementation of the Auckland Regional Land Transport Strategy (RLTS)	Allocation of funds through the Land Transport Programme reflects RLTS allocations (cumulative values from 2006/07)	30% of planned transport expenditure is on new road construction	33.3%	33.6%	30.0%
		32% of planned transport expenditure is on road maintenance and road safety	28.9%	27.2%	32.0%
		34% of planned transport expenditure is on passenger transport	34.1%	36.2%	34.0%
		4% of planned transport expenditure is on Travel Demand Management	3.7%	3.0%	4.0%

OTHER STRATEGIC PLANNING PROJECTS

The Draft **Regional Arterial Road Plan**, released for consultation in June 2008, is the first such plan prepared for the region. It was prepared in collaboration with the region's road-controlling authorities and gives guidance on the future direction and use of regional arterial roads.

This draft plan deals with a range of complex and contentious issues relating to arterial roads. These include the need to balance the competing needs of different transport modes, the imperative to improve safety, and community and economic development priorities.

The Draft **Regional Road Safety Plan**, also released for consultation in June 2008, sets out how the RLTS decision to direct additional funding to safety engineering solutions will be implemented. 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 most of the region's road trauma occurs.

Policy work for the new **Regional Passenger Transport Plan** has been a major activity in the 2007/08 year but cannot be finalised until the Public Transport Management Bill is enacted.

The Regional Passenger Transport Plan has two supporting documents:

- > The Passenger Transport Network Plan, which was published in November 2006 and is due for review once the new RLTS is released in 2009
- > The Rail Development Plan, which was published in August 2006.

The **Sustainable Transport Plan** was published in February 2007 and is due for review after the new RLTS is released in 2009.

The **CBD Rapid Transit Study** to plan and protect a CBD rail loop and the location of inner city stations has proceeded with urgency, as rapid development of the CBD is already impacting on options for future transport links. Agreement on the form and location of the future rail loop is also needed to inform other major decisions including the Waitemata Harbour Crossing Study, the Wynyard Quarter development, and planning consent decisions for private developments.

ARTA was an interested formal party to a number of appeals that were made on the **Local Government (Auckland) Amendment Act (LGAAA)** plan change decisions, to ensure that the positive outcomes for integrated land use and transport planning in the decisions were not lost in the appeal process.

Through the **South West Rapid Transit Study** ARTA assisted in securing a decision, across multiple agencies, which enables the Manukau Harbour Crossing and a portion of State Highway 20 to be future proofed for rail rapid transit to Auckland Airport.



ARTA'S MISSION IS TO DELIVER A WORLD-CLASS TRANSPORT SYSTEM THAT MAKES AUCKLAND AN EVEN BETTER PLACE TO LIVE, WORK AND PLAY – BOTH NOW AND IN THE FUTURE.

OUTCOMES FOR THE AUCKLAND COMMUNITY

ARTA measures the contribution of the transport system to wider goals of social, economic and environmental sustainability using the objectives set in the updated New Zealand Transport Strategy. For the 2007/08 year, our achievements are summarised as follows:

ENSURING ENVIRONMENTAL SUSTAINABILITY

Government goal: Halve per capita greenhouse gas emissions from domestic transport by 2040

On average, each Aucklander generates 2.8 tonnes of CO₂ from land transport each year, including personal and freight travel. This makes transport the biggest component of individual and household "carbon footprints". In recent years, emissions per capita have declined slightly, as sales of petrol and diesel are static while the population continues to grow.

ARTA contributes to reducing CO₂ emissions by providing a more efficient transport option in the form of buses, trains and ferries, and by encouraging sustainable transport choices through school and workplace travel plans.

Travel on Auckland's bus network generates half of the CO₂ emissions of an equivalent amount of travel by car. Even Auckland's ageing fleet of diesel trains is more efficient than car travel, because of the large numbers of people using them, but future electric trains will be at least twice as efficient.

Greenhouse emissions impact per kilometre for Auckland transport options

	Emissions/ vehicle km	Passenger km/ vehicle km	Emissions/ passenger km
Average car	0.24	1.2	0.20
Diesel bus	0.61	5.9	0.10
Diesel train	7.89	50	0.16
Hybrid car	0.11	1.2	0.09
Electric train	3.53	60	0.06
Cycling	0.00	1	0.00
Walking	0.00	1	0.00

Government goal: Reduce the kilometres travelled by single occupancy vehicles in the urban area on weekdays by 10% per capita by 2015 (compared with 2007)

Around 90% of people travelling to work in cars do so alone. ARTA is currently working with 31 large Auckland workplaces to develop travel plans and to encourage smarter, more sustainable choices for the journey to work.

Five workplaces with a total of 6,592 employees have already completed and evaluated workplace travel plans, and have reduced single occupant car travel by 355 trips each morning. Before the travel plans, staff at these workplaces travelled 38.8 million kilometres each year driving to and from work. After the travel plan, staff drove 36.4 million kilometres to and from work each year. This is a reduction of 2.4 million kilometres or 6%.

School travel plans have reduced car travel in Auckland on weekdays by 3.3 million kilometres.

ASSISTING ECONOMIC DEVELOPMENT

Government goal: Improve reliability of travel times, and reduce average journey times, on identified critical routes

ARTA has identified 12 critical routes in the Auckland region, and has developed systems for comprehensive monitoring across public and private transport on one of these routes; Albany to the CBD via the Northern Motorway, Fanshawe St and Quay St.

The results show that bus journey times improved markedly with the opening of the Northern Busway in February 2008. This in turn led to record patronage on Northern Express buses. Traffic counts show a 3% decline in traffic volumes on the Northern Motorway, but the expected reduction in traffic congestion and car journey times is not yet visible in the data, as road works on the Northern motorway at the time of the survey caused delays to road traffic.

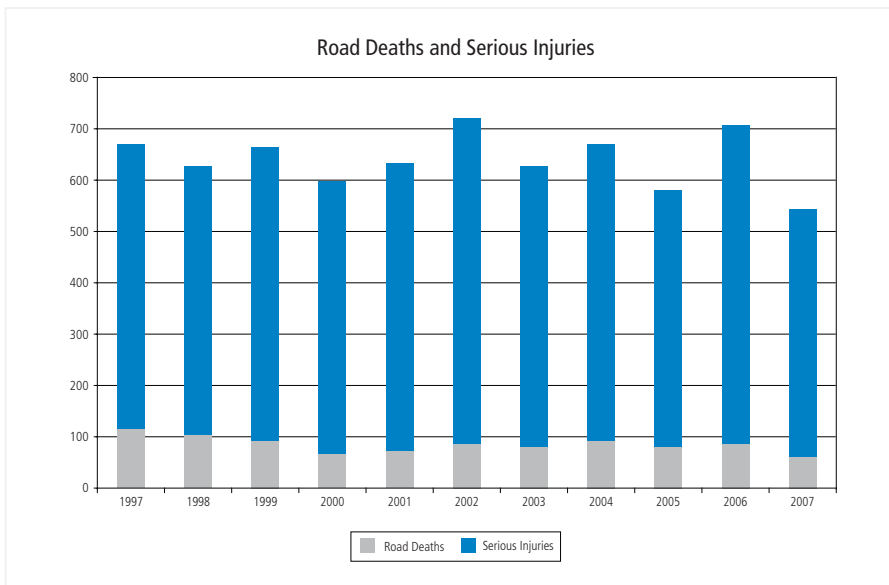
Systems are being developed for monitoring travel times on the remaining 11 critical routes.

		November 2007 (prior to busway opening)	April 2008 (after busway opening)
Car	Average journey time	43 minutes	46 minutes
	Variability of travel time (90% of journeys are this close or closer to average journey time)	3 minutes 52 seconds	4 minutes 36 seconds
Northern Express bus	Average journey time	39 minutes	23 minutes
	Variability of travel time	5 minutes 57 seconds	3 minutes 54 seconds

ASSISTING SAFETY AND PERSONAL SECURITY

Government goal: Reduce road deaths and serious injuries

In 2007, there were 61 deaths on Auckland's roads, the lowest road toll for the Auckland region since records began in 1980. The number of serious injuries was also lower than in previous years. Road trauma is predictable and preventable, and ARTA's Draft Regional Road Safety Plan sets out a plan of education, engineering and enforcement measures to achieve a further decrease.



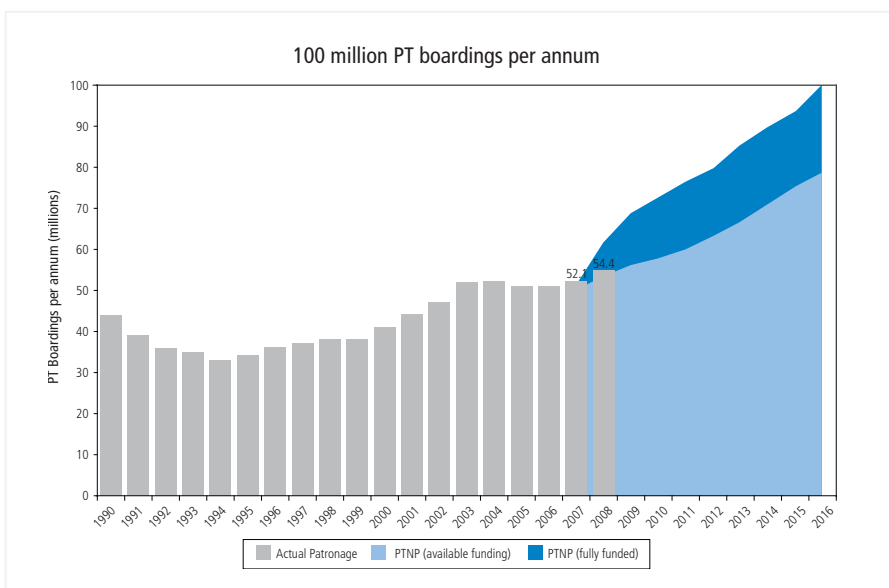
Source: New Zealand Transport Agency

IMPROVING ACCESS AND MOBILITY

Government goal: Increase patronage on public transport by 3% per year (nationally)

Public transport patronage in Auckland grew by 4.4% in the past year, as set out earlier in this report. Auckland offers much better opportunities to grow public transport patronage than many other areas of New Zealand, and has set a regional target of 100 million passenger transport trips each year by 2016, subject to funding, which is equivalent to 8% growth per year.

This will only be possible if additional funding is available through a regional fuel tax or other funding source.



Source: Operator patronage reports

Government goal: Increase number of walking and cycling trips by 1% per year (nationally)

As with public transport, Auckland has good opportunities to grow walking and cycling numbers because of our largely urban population. ARTA's main walking initiative is the TravelWise schools programme, which already involves over 70,000 students at 177 schools. By working with children who want to be more physically active, TravelWise aims to develop habits of walking which will last a lifetime.

The TravelWise programme is already increasing the number of walking trips to school each morning by 4,500. This represents a 4% increase in the number of children walking to school each morning across the whole of Auckland.

	2005	2006	2007
Enrolled students, all Auckland schools	248,610	249,990	249,572
Number of walking trips to school each day (baseline)	119,291	119,953	119,753
Additional walking trips due to TravelWise and Walking School Bus programmes	1,980	3,240	4,500
% increase in walking trips to school	2%	3%	4%

ARTA is also active in promoting walking for other age groups, and for other journeys, but is unable to measure the impact of these programmes on the number of walking trips.

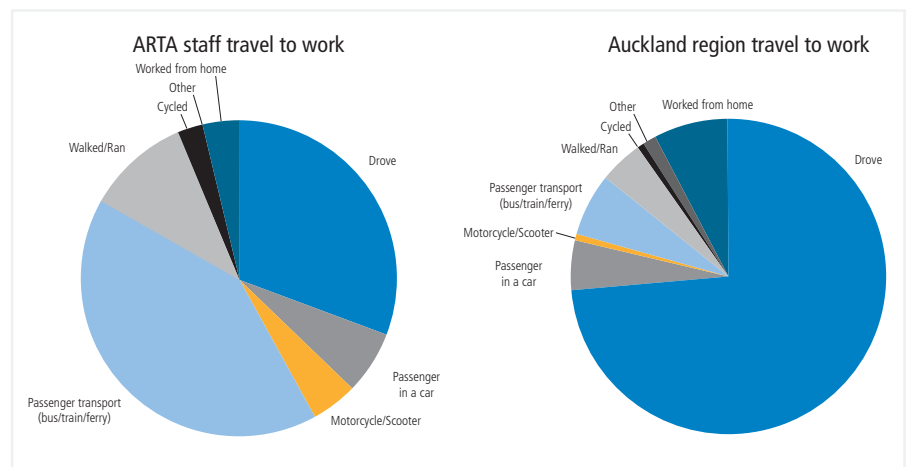
Cycling trips in Auckland have only been measured in a consistent way for two years, 2007 and 2008, with the counts done in March each year. Results are shown below:

	2007	2008	% increase
Cyclists counted at 69 monitoring sites	9,019	9,274	3%

WALKING THE TALK

ARTA goal: ARTA staff travel sustainably to work, and on work business

ARTA's achievements on behalf of the community are made possible by dedicated staff who believe in their work. Over half of ARTA staff (54%) walk, cycle or catch the bus, train or ferry to work, compared with only 12% for Auckland as a whole.



Source: ARTA staff survey (compared to 2006 answers)



Organisational Strategy Manager Anna Percy and family on the North-Western cycleway



STATEMENT OF SERVICE PERFORMANCE

PERFORMANCE TARGETS

The high-level goals by which ARTA will measure the contribution of its own activities, and those of other agencies, to implementing the Auckland Regional Land Transport Strategy are:

Target by 2016	2006/07	2007/08
49% of motorised trips into the CBD by passenger transport ¹	29,328 trips each weekday morning	32,076 trips each weekday morning
100 million passenger transport boardings per annum ¹	52.1m	54.4m
20,000 fewer car trips each morning peak through travel plans	3,275	5,785
6% decline in road casualties per 10,000 population, to 30.3	32.4	30.9

¹ Dependent upon the Passenger Transport Network Plan being fully funded



PATRONAGE TARGETS

Outcome	Performance Measure	2006/07 Result	2007/08 Target	2007/08 Result
Total passenger transport patronage growth	Total passenger transport patronage increases by 10.5% over three years (with a base year of 2005/06=51.13m) averaging 3.3% compounding per year (1,780,000 07/08)	52,130,000	53,747,000	54,405,000 4.4%
Made up of:				
	Performance Measure	2006/07 Result	2007/08 Target	2007/08 Result
Rapid Transit Network (RTN) patronage growth	20% (180,000) patronage growth on the Northern Busway (includes peak express buses using the busway)	832,000	1,000,000	1,225,000 47.2%
	Northern Express Feeder services	Made up of 629,000 203,000		Made up of 963,000 262,000
	20%, (450,000) patronage growth on the Western rail line	2,130,000	2,556,000	2,404,000 12.9%
	5% (180,000) patronage growth on the Southern and Eastern rail lines	3,607,000	3,787,000	4,390,000 21.7%
Quality Transit Network (QTN) and Local Connector Network (LCN) patronage growth	2% (890,000) patronage growth on all other bus services	38,649,000	39,423,000	39,459,000 2.1%
	1% patronage growth on ferry services	4,400,000	4,444,000	4,380,000 -0.5%
Targeted services	1% patronage growth on school bus services	2,512,000	2,537,000	2,547,000 1.4%

2006/07 Patronage Result Adjustments

Total passenger transport patronage published in 2006/07 Annual Report	52,414,000
Less: Adjustments to operator-reported patronage	(1,034,000)
Add: Commercial bus and ferry services adjustments	750,000
Adjusted 2006/07 passenger transport patronage published in 2007/08 Annual Report	52,130,000

TRANSPORT OUTCOME MEASURES

Strategic Challenge	Performance Measure	Target	2006/07	RLTS target (cumulative)	2007/08 Result
Lead implementation of the Auckland Regional Land Transport Strategy	Allocation of funds through the Land Transport Programme reflects RLTS allocations (cumulative values from 2006/07)	30% of transport expenditure is on new road construction	33.3%	30.0%	33.6%
		32% of transport expenditure is on road maintenance, traffic management and road safety	28.9%	32.0%	27.2%
		34% of transport expenditure is on passenger transport	34.1%	34.0%	36.2%
		4% of transport expenditure is on Travel Demand Management	3.7%	4.0%	3.0%
Strategic Challenge	Performance Measure	Target	2006/07	2007/08 Target	2007/08 Result
To deliver the step-change in passenger transport infrastructure that will enable a world-class service offering	Customer satisfaction scores for Rapid and Quality Transit Networks (RTN and QTN) stops/stations and vehicles	% of RTN customers rating stops/stations and vehicles as "good", "very good" or "excellent" is improved despite major construction works	79% stops and stations 94% vehicles	80% stops and stations 90% vehicles	82% stops and stations 93% vehicles
Deliver quality passenger transport services that meet Aucklanders' expectations, within available funding	Overall customer satisfaction scores for RTN, QTN and Local Connector Network (LCN). Total of "good", "very good" or "excellent"	Maintain overall customer satisfaction above 80%	81%	Above 80%	82%
		RTN satisfaction above 85%	86%	Above 85%	85.1%
		QTN satisfaction above 80%	78%	Above 80%	79%
		LCN satisfaction above 80%	81%	Above 80%	82%
	Customer rating of value for money of travelling by passenger transport in Auckland	Increase proportion of customers who rate value for money as "good", "very good" or "excellent"	64%	68%	64%
	Average fare by mode	Average fares by mode are measured against CPI	Fare increase: Rail 15%, Bus 7.8%	Fares do not increase above CPI	No fare increase in 2007/08
Improve service punctuality	RTN services arrive at all stations within five minutes of scheduled time	Northern Busway services arrive at destination station within five minutes of scheduled time	98.9% (based on self-reporting)	95% (based on Real Time data)	99.8% (based on Real Time data)
		Western Line rail services arrive at destination station within five minutes of scheduled time	72.4%	75.0%	80.8%
		Southern and Eastern Line rail services arrive at stations within five minutes of scheduled time	84.9%	88.0%	82.8%
	QTN bus and ferry services begin their route within five minutes of scheduled time	Bus and ferry services (using Real Time) begin their route within five minutes of scheduled time	99% (based on self-reporting)	95% (based on Real Time data)	Real Time data is not available for QTN. 99% based on self-reporting by operators

Transport outcome measures (continued)

Strategic Challenge	Performance Measure	Target	2006/07	2007/08 Target	2007/08 Result
Enhance efficiency by directing resources to Quality Transit Network corridors and by rationalising local bus services using the priorities set out in the Passenger Transport Network Plan	Those routes or trips with the highest cost per passenger kilometre, costs per passenger, and costs per service kilometre are identified and reviewed	Using Real Time data and contract costs review those routes and trips with the lowest patronage and highest costs in terms of costs per passenger, cost per service kilometre and cost per passenger kilometre. The most inefficient services that are not essential parts of the RTN and QTN should be reduced	No Real Time data available	All inefficient services identified and reviewed	Eight poor performing services reviewed Four reviews implemented and four scheduled for September 2008
	RTN farebox revenue	Farebox revenue on the Northern Busway	\$2.23m	\$2.25m	\$3.42m
		Farebox revenue on rail services	\$13.55m	\$16.00m	\$16.78m
Change Aucklanders' travel behaviour by developing, promoting and marketing attractive transport options	Reduction in car trips to TravelWise schools	12,600 fewer car trips in morning peak by 2016; 3,780 by 2007/08. Measured via surveys of TravelWise schools in Term 4	3,200	3,780	4,503
	Reduction in morning peak car trips to TravelWise workplaces/tertiary institutions	3,500 fewer car trips each morning peak by 2016. Target is 350 by 2007/08 and 700 by 2008/09. Measured by repeat surveys	75	350	1,282
	Reduction in car trips through Neighbourhood Accessibility Plans	3,900 fewer car trips by 2016 through Neighbourhood Accessibility Plans implemented by local councils	0	0	0

GOVERNANCE MEASURES

Strategic Challenge	Performance Measure	Target	2006/07	2007/08 Result
Build a customer-focused organisation with excellent leadership practices, effective teamwork and good processes	Capital projects implemented to schedule and on budget	80% of ARTA capital budget spent during the financial year	47%	92%
	Administration costs managed to budget	Administration costs in any financial year do not exceed the amount approved by the ARC	Achieved	Achieved
	Accounting policies are consistent with the ARC Group and all legal and audit requirements are met	100% compliance as measured by Audit NZ annual audit	Achieved	Achieved
	Policies, procedures and processes consistent with Land Transport NZ's requirements	100% compliance as measured by Land Transport New Zealand annual audit	Achieved	Achieved

KEY PROJECTS FOR 2007/08

The following specific service improvements and projects have been agreed between the ARC and ARTA through the LTCCP progress. Progress towards the milestones set out below will be reported to the Auckland Regional Council in each Quarterly Report.

Project	Detail of Project	Milestone	Results
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	Five-minute Northern Express service timetabled from 7am to 9am (southbound) and 4pm to 6pm (northbound) from February 2008
	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	Seven new trips provided, all had more than 15 passengers by Term 4
	Patronage growth of school buses. Cost per passenger		Patronage increased by 35,000 (1.4%). Cost per passenger is \$3.99
Waiuku bus service is monitored	New Waiuku bus service is monitored	Service will be maintained if it achieves 40% farebox recovery	Waiuku service reviewed and terminated
	Passengers per trip reported		
	Cost per passenger reported		
Service review on key corridors	Review of services based on performance	2.3% patronage growth on bus and ferry services (excludes rail and Northern Busway, also school services)	2.1% patronage growth
	Assess worst performing services against criteria in Passenger Transport Network Plan		Eight poor performing services reviewed and reviews implemented or scheduled
	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	New Flat Bush services implemented in August 2008. No loading data available yet
Four trains per hour peak frequency on Western rail line to Henderson and to Swanson in line with infrastructure upgrades	Henderson rail timetable shows four trains per hour peak frequency	Western Line rail timetable shows four trains per hour peak frequency from Swanson to Britomart	Four trains per hour at peak from Henderson from 2 July 2007
	Additional rail services to Swanson		Four trains per hour at peak from Swanson implemented from 13 July 2008. ONTRACK experienced delays constructing DART 8 (Henderson to Swanson), resulting in this timetable change being implemented at the start of 2008/09
		Punctuality improves to 75% within five minutes (72.4% in 2006/07)	80.8% of Western Line services arrived within five minutes of scheduled time

Key projects for 2007/08 (continued)

Project	Detail of Project	Milestone	Results
Rollout of Real Time system and signs in North Shore and Waitakere	Real Time signs are installed and operational	Real Time signs are installed and operational in North Shore City by July 2007	Real Time signs at Busway stations were operational from February 2008. Rollout at high-use bus stops throughout North Shore City will be complete by December 2008. Smaller signs at minor stops planned for installation by June 2010
		Real Time signs are installed and operational in Waitakere City by June 2008	Rollout at high-use bus stops throughout Waitakere City will be complete by December 2008. Smaller signs at minor stops planned for installation by June 2010
Preliminary work for Real Time in Manukau, Papakura and Franklin	Agreement reached on timeframe, contracting installation of signs, and location of signs	Real Time signs are installed and operational in Manukau City by December 2008	Rollout at high-use bus stops throughout Manukau City will be complete by December 2008. Smaller signs at minor stops planned for installation by June 2010
Transferable ticketing	Customers have a cost-effective transferable ticket available on key interchange routes	Transferable ticket available when Northern Busway is opened in February 2008	Achieved with implementation of the "Northern Pass" in February 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 Auckland Regional Council in Quarterly Reports	Evaluation of tender responses for the implementation was completed at end of July 2008. Negotiation to take place in August with contract award expected in September 2008



Britomart Transport Centre, Auckland's busiest train station



THE AUCKLAND REGIONAL TRANSPORT AUTHORITY (ARTA) WAS ESTABLISHED AS A STATUTORY ENTITY ON 1 JULY 2004 BY THE LOCAL GOVERNMENT (AUCKLAND) AMENDMENT ACT (LGAAA) AND OFFICIALLY BEGAN OPERATIONS ON 1 DECEMBER 2004

ARTA PROFILE

ARTA's statutory objective is:

To plan, fund, and develop the Auckland regional land transport system in a way that contributes to an integrated, safe, responsive, and sustainable land transport system for the Auckland region.

This objective needs to be read in the context of the statutory functions of other land transport agencies in Auckland. ARTA undertakes some projects directly, but also acts as an important influencer of projects undertaken by local councils or ONTRACK. ARTA's key roles include:

- > Integrating land transport planning for the Auckland region, and producing an Auckland Transport Plan to guide the detailed planning within ARTA and other transport agencies
- > Recommending projects to be funded through the Auckland Land Transport Programme
- > Specifying and planning for an electrified passenger rail network in Auckland, improving stations, trains and maintenance facilities, and delivering ferry and intelligent transport system projects
- > Designing and operating bus, rail and ferry services in the Auckland region
- > Marketing passenger transport services and delivering travel plans in partnership with local councils and with schools, workplaces and communities.

ARTA is a subsidiary organisation of the Auckland Regional Council (ARC). As a Council Controlled Organisation, it has certain obligations to the ARC. These include:

- > Providing an annual Statement of Intent
- > Providing half-yearly and annual reports
- > Allowing the ARC to undertake performance monitoring.

ARTA's Principles

In performing its functions, ARTA must act in accordance with the principles set out in the LGAAA. In particular, ARTA should:

- > Focus on the overall needs of the Auckland region and the views of communities in the Auckland region
- > Have regard to the reasonably foreseeable needs of future generations, including the economic and cultural well-being of people and communities
- > Foster co-operative and collaborative working relationships
- > Contribute to the achievement of its objective, including its environmental and social responsibilities, in an efficient and effective manner
- > Have clear accountability for the way it contributes to an integrated, safe, responsive and sustainable land transport system for the Auckland region
- > Be a good employer
- > Operate in a financially responsible manner.

ARTA's Funding

ARTA enters into an annual funding agreement with the ARC, under which the ARC will provide funding to ARTA to meet its public transport service obligations and purchases services and activities to give effect to the Regional Land Transport Strategy.

The current funding agreement framework provides committed funding from the ARC for one financial year and indicative funding for the following nine financial years, consistent with the ARC's long-term council community plan.

ARTA's Stakeholders

It is essential that ARTA has effective and constructive relationships with many stakeholders, most notably the ARC as ARTA's owner, and both the ARC and Land Transport New Zealand as its major funders.

Stakeholder	Relationship
Customers	On a day-to-day basis ARTA plans and funds public transport, promotes alternative ways to get around Auckland, and co-ordinates and integrates transport across the region
Community	ARTA plays an important role in maintaining and improving the quality of life in our community by having an overall, multi-modal regional view of transport priorities that is unconstrained by territorial boundaries
Shareholder (ARC)	The ARC is ARTA's sole shareholder. It provides funding for ARTA's activities. ARTA annually submits a budget for passenger transport activities to the ARC for inclusion in its Annual Plan. The ARC also provides funding for the region's new trains and ferry wharves
Territorial authorities	There are seven territorial authorities in the Auckland region: Auckland City Council, Franklin District Council, Manukau City Council, North Shore City Council, Papakura District Council, Rodney District Council and Waitakere City Council The territorial authorities control the roads in their areas and are responsible for their upkeep and improvement. ARTA has developed close relationships with the territorial authorities, and provides advice on how their plans fit with regional objectives
Central government	The Ministry of Transport undertakes reviews of Auckland's transport capabilities and guides the development of future strategies nationwide. The Ministries of Economic Development, Education, Environment, Treasury and Health, NZ Police and the Accident Compensation Corporation are also involved and have an interest in improving transport in the region. Central government also directly funds ONTRACK
New Zealand Transport Agency (NZTA)	The New Zealand Transport Agency (established in August 2008 by merging Land Transport New Zealand with Transit New Zealand) is responsible for allocating transport funding nationally on behalf of the Government. The NZTA also owns and manages the national state highway network. In the Auckland region, ARTA works closely with the New Zealand Transport Agency to establish regional priorities for funding
ONTRACK	ONTRACK is the owner and manager of Auckland's rail corridors and provides the track and signalling systems on which suburban train services operate. ARTA works closely with ONTRACK to ensure the seamless provision of rail services
Service providers	A wide range of transport operators supply bus, ferry and train services. While relationships with ARTA are defined by tendered contracts, ARTA also works with service providers at a collaborative level, looking to improve the passenger transport experience for customers
Employees	ARTA's staff are key to achieving the organisation's goals

ARTA'S BOARD OF DIRECTORS

ARTA's Board of Directors has overall responsibility for the functions and responsibilities of ARTA, including the integrated planning, funding and implementation of all modes of transport throughout the Auckland region. All decisions relating to the operation of ARTA are made by or under the authority of the Board in accordance with the Local Government (Auckland) Amendment Act 2004 and the operative annual Statement of Intent.

In 2007/08 the Board met formally each month.

Standing Committee

The Risk and Assurance Committee is responsible for assisting the Board in areas of risk management, financial audit and legal compliance. The Remuneration Committee and Major Projects Committee were disbanded during the year.

Board Appointments

The ARTA Board was appointed in July 2004.

During the 2007/08 year, two directors' terms of office expired.

Rabin Rabindran's and Peter Brothers' terms expired at 30 June 2008 and they have been reappointed as directors for a new term of one year from 1 July 2008. Mark Benjamin, Andrew Buxton and Anthony Marks were appointed for a term of three years to 30 June 2010 to replace three vacant positions.

Directors' current terms of office are:

	Term	Expires
Peter Brothers	1 year	30 June 2009
Rabin Rabindran	1 year	30 June 2009
Gary Taylor	2 years	30 June 2009
Mike Williams	2 years	30 June 2009
Adrienne Young Cooper	2 years	30 June 2009
Mark Ford	3 years	4 April 2010
Mark Benjamin	3 years	30 June 2010
Andrew Buxton	3 years	30 June 2010
Anthony Marks	3 years	30 June 2010

Directors' attendance 1 July 2007 to 30 June 2008

ARTA board meetings 13

Meetings attended

Mark Ford	13
Mark Benjamin (from 21 September 2007)	11
Peter Brothers	13
Andrew Buxton (from 21 September 2007)	9
Anthony Marks (from 21 September 2007)	10
Rabin Rabindran	12
Gary Taylor	13
Mike Williams	13
Adrienne Young Cooper	12

Risk and Assurance Committee (3 meetings)

Rabin Rabindran – 3

Mark Ford – 3

Gary Taylor – 3



MARK FORD

BOARD CHAIRMAN

Mark Ford is chief executive of Watercare Services Ltd, a position he has held since 1994. He was previously chief executive of the New Zealand Forestry Corporation and the Auckland Regional Services Trust, and managing director of New Zealand Timberlands Limited.

He has held senior positions in the petroleum industry in Europe and the United States. He is a former chairman of the Energy Efficiency and Conservation Authority, and is chairman of the Waitemata Harbour Clean-Up Trust and deputy chairman of the New Zealand Business Council for Sustainable Development.

Mark was also commissioner for the Gambling Commission and is a trustee of the Bruce Jesson Foundation.



RABIN RABINDRAN

DEPUTY CHAIR

Rabin Rabindran is a commercial barrister and international legal consultant specialising in infrastructure development, construction and energy. He has worked on major projects in more than 25 countries acting for governments, local authorities and major corporates. He is a director of Manukau Water Ltd, Tomorrow's Manukau Properties Ltd, TMPL (Flat Bush) Ltd and a company with interests in China. Rabin is also chairman of the Singapore Chapter of the ASEAN New Zealand Combined Business Council and a trustee of the Chinese Language Foundation. He was previously a partner at Simpson Grierson and a director of an Australian public company.



GARY TAYLOR

Gary Taylor is an experienced company director and environmental policy analyst.

He is currently chairman of the Environmental Defence Society, the Climate Change and Business Centre and the Peoples Centre Health Trust. He is also a director of the Hobsonville Land Company.

MARK BENJAMIN

Mark Benjamin is the chief financial officer of Excell Corporation Limited. He has previously held senior financial and operational management roles within the agricultural industry, and prior to that worked at PriceWaterhouse internationally. In addition he is a director of Terracare Limited and the Horticultural and Food Research Institute of New Zealand Limited. He provides consulting services to other small and start-up businesses and he also "drives" a Walking School Bus.



PROFESSOR PETER BROTHERS

Peter Brothers is chief executive of Manukau Institute of Technology. He was previously Dean of Engineering at the University of Auckland, holding that position for nine years. His career began with what was then the DSIR (Department of Scientific and Industrial Research), and he later spent 20 years in the United States in both public and private sector infrastructure roles. Peter was formerly a director of Auckland Regional Transport Network Ltd (ARTNL) and of UniServices Ltd, the University of Auckland's intellectual property company. He is currently a director of Metrowater.



ANTHONY MARKS

Anthony Marks worked in marketing for major food companies in England, the United States and Venezuela before coming to New Zealand in 1978. Over the next 30 years, he held senior management positions at Carter Holt Harvey, was General Manager Sales and Marketing at Air New Zealand for 10 years and CEO of Zespri International for four years. Prior to retiring from corporate life in 2006, he was the inaugural CEO of Pacific Blue Airlines, the international arm of Virgin Blue Airlines.

He now holds a number of directorships in food, aviation, travel, wood products and engineering companies.



MIKE WILLIAMS

Mike Williams is Labour Party president and a director of Genesis Energy and the Institute for Geological and Nuclear Science.

Mike was managing director of market research company Insight Group for 12 years and has been a Transit New Zealand board member for the past four years.



ANDREW BUXTON

Andrew Buxton is a strategy and supply chain consultant with MH Group Ltd, and a director of Complete Entertainment Services Ltd, a retail category management and distribution business. He has previously held senior executive roles in retail and consulting in NZ, Asia and the UK. Most recently he was the General Manager Supply Chain for The Warehouse Ltd. In addition to his supply chain skills he has experience in customer analysis and managing change. Andrew is also a director for GS1 New Zealand and of Unicef New Zealand.



ADRIENNE YOUNG-COOPER

Adrienne Young-Cooper is an independent director and planning consultant. She is a founding shareholder of Hill Young Cooper Limited, a major planning and resource management consultancy based in Wellington and Auckland.

Adrienne was an inaugural director of Auckland Regional Transport Network Limited (ARTNL), and took special responsibility for the commissioning of the Britomart Transport Centre. In addition to ARTA, she currently sits on the boards of Solid Energy New Zealand Limited, Maritime New Zealand, Manukau Building Consultants Limited and the Auckland City Property Enterprise Board. Adrienne is also a trustee of several charitable organisations.



ARTA'S PEOPLE

ARTA's people, who come from diverse cultural and professional backgrounds, take pride in ensuring that new employees feel welcome and part of their team. The 2007/08 year saw the successful launch of a comprehensive programme to introduce new employees to the organisation. The four-part induction programme includes a network journey that enables new employees to experience the different modes of public transport offered in the Auckland region. They then evaluate their experience, and the evaluation is fed back into ARTA's customer feedback system to help further improve Auckland's transport system.

Many of ARTA's employees are professionals in fields such as engineering, project management and land use planning. Previous transport experience is highly valued by ARTA, but can be difficult to find. Employing and retaining people in these professions and with specialist transport experience can be challenging, particularly in the current labour market. However, ARTA's experience is that candidates for positions are interested and excited about working for ARTA, as it provides an opportunity to make a positive impact on transport in Auckland. ARTA has been active in advertising internationally in an effort to obtain some of the rare skills and relevant experience it requires.

The acquisition of the Auckland Regional Transport Network Limited (ARTNL) in October 2007 meant ARTA assumed responsibility for employees based at Britomart for station surveillance and at the Downtown Ferry Terminal for wharf facilities maintenance.

The past year has also seen the introduction of new individual performance and development plans for employees. These plans are strategically aligned and have shared organisation-wide goals. They focus on ARTA's values, which underpin the way staff work.

Often heard at ARTA is that it is the people and the passion staff have for what they are achieving, and aim to achieve, that makes ARTA a great place to work.

ARTA's Executive Team

(Left to right)

Peter Clark – General Manager,
Strategy and Planning

Stephen Smith – General Manager,
Corporate Services

Fergus Gammie – Chief Executive

Elena Trout – General Manager,
Project Delivery

Mark Lambert – General Manager,
Customer Services





Communications Manager Sharon Hunter takes a trip out on the water with Norbert Borges from Fullers Ferries

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STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

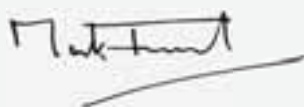
The Board and management of Auckland Regional Transport Authority confirm that all the statutory requirements of the Local Government Act 2002 and Local Government (Auckland) Amendment Act 2004 in relation to the Annual Report have been complied with.

RESPONSIBILITY

The Board and management of the Auckland Regional Transport Authority accept responsibility for the preparation of the financial statements and the judgements used in them.

The Board and management of Auckland Regional Transport Authority accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management of Auckland Regional Transport Authority, the annual financial statements for the year ended 30 June 2008 fairly reflect the financial position and operations of Auckland Regional Transport Authority.



Mark Ford
Chairman
September 2008



Fergus Gammie
Chief Executive
September 2008

STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June 2008

REPORTING ENTITY

The Auckland Regional Transport Authority (ARTA) was established on 1 July 2004 by the Local Government (Auckland) Amendment Act 2004. It is a body corporate with perpetual succession.

It is also a Council Controlled Organisation as defined by the Local Government Act 2002. The Local Government (Auckland) Amendment Act 2004 defines the Auckland Regional Council (ARC) as the sole shareholder of ARTA.

The financial statements are for the year ended 30 June 2008 and were authorised for issue by the Board of ARTA on 3 September 2008.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with section 69(2) of the Local Government Act 2002, which requires the financial statements to comply with generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with the New Zealand equivalents to International Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

ARTA is designated a Public Benefit Entity for the purposes of NZ IFRS on the basis that the primary objective of ARTA is to provide goods or services for the community or social benefit rather than making a financial return.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

MEASUREMENT BASE

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets and liabilities as identified in specific policies below. The financial statements are presented in New Zealand dollars.

REVENUE RECOGNITION

Revenue is measured at the fair value of consideration received.

Grants and subsidies are recognised as income when eligibility has been established which is when the relevant conditions of eligibility have been fulfilled.

GRANT EXPENDITURE

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where ARTA has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of ARTA's decision.

PUBLIC EQUITY

Equity is the shareholder's interest in the organisation and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into accumulated funds and a capital grants reserve to enable clearer identification of the specified uses that the organisation makes of its accumulated surpluses.

FINANCIAL ASSETS

ARTA classifies its financial assets into the following categories:

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when ARTA provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) *Financial assets at fair value through equity*

Financial assets at fair value through equity, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Financial assets at fair value through equity and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of financial assets at fair value through equity are recognised in equity in the financial assets at fair value through equity revaluation reserve. When securities classified as financial assets at fair value through equity are sold or impaired, the accumulated fair value adjustments are included in the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the organisation establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment of Financial Assets

ARTA assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as financial assets at fair value through equity, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

ARTA uses financial instruments to hedge exposure to foreign exchange. ARTA does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. ARTA designates certain derivatives as either:

- > Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- > Hedges of highly probable forecast transactions (cash flow hedge).

ARTA documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. ARTA also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of hedging derivatives is classified as a non-current asset if the remaining maturity of the hedged item is more than 12 months and as a current asset if the remaining maturity of the hedged item is less than 12 months.

- > Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the income statement.

- > Cash flow hedge

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity through the statement of changes in equity and the ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity will be reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. However, if ARTA expects that all or a portion of a loss recognised directly in equity will not be recovered in one or more future periods, it will reclassify into profit or loss the amount that is not expected to be recovered.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were recognised directly in equity will be included in the initial cost or carrying amount of the asset or liability.

For cash flow hedges other than those covered above, amounts that had been recognised directly in equity will be recognised in profit or loss in the same periods during which the hedged forecast transaction affects profit or loss (for example, when a forecast sale occurs).

If a hedging instrument expires or is sold, terminated, exercised or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective will be recognised in the income statement.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Trade receivables are due for settlement not more than 30 days from the date of recognition.

A provision for the impairment of receivables is established when there is objective evidence that ARTA will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method. Debts which are known to be uncollectible are written off during the period in which they are identified.

INVENTORIES

Inventories such as spare parts, stores and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion (if applicable) and the estimated costs necessary to make the sale.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of operational assets including land and improvements, rolling stock, wharves, buildings, plant and equipment and fixtures and fittings.

Property, plant and equipment is valued at cost, less accumulated depreciation and impairment losses.

(a) Additions and subsequent costs

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to ARTA and the cost of the item can be measured reliably. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the ARTA and the cost of the items can be measured reliably.

It is not the organisation's policy to revalue fixed assets.

(b) Depreciation

Land and assets under construction (work in progress) are not depreciated. Depreciation is provided for other assets on a straight line basis to write off the cost of each asset net of residual value over its useful life.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Rolling Stock

ADK Carriage	6 years	(16.67%)
ADL Carriage	10 years	(10%)
SA/SD Carriage Exterior	15 years	(6.67%)
SA/SD Carriage Interior	7.5 years	(13.33%)
SX Carriages	2 years	(50%)
Locomotives		
(Leasehold Improvements)	15 years	(6.67%)

Wharves, Piers and Associated Assets

Wharves and piers	10-50 years	(2-10%)
Signage	3-10 years	(10-33%)
Fencing	2-15 years	(18-50%)

Railway Stations and Associated Assets

Structures	20-50 years	(2-5%)
Signage	3-10 years	(10-33%)
Fencing	2-15 years	(18-50%)

Plant, Machinery and Other Equipment

Cycle Lockers	5 years	(20%)
Furniture, fixtures and other equipment	5.5 – 15.5 years	(6.4% – 18.2%)
Low value assets	1 year	(100%)
Fibre Optic Cable	15.5 years	(6.4%)

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

(c) *Disposals*

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

(d) *Assets Under Construction*

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

INTANGIBLE ASSETS

i) *Computer software*

Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by ARTA, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives not exceeding three years.

ii) *Operating leases – Land*

The operating leases on land are donated assets. They are recognised in the accounts at fair value and amortised over the life of the underlying leases.

AMORTISATION OF INTANGIBLE ASSETS

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the income statement.

The useful lives and associated amortisation rate of major classes of intangible assets have been estimated as follows:

Computer Software	3 years	(33.3%)
Operational Leases	63 years	(1.6%)

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or at each balance sheet date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where the future economic benefits of an asset are not primarily dependent on the assets ability to generate net cash inflows, and where ARTA would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the income statement.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to ARTA prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

EMPLOYEE BENEFITS

i) *Short-term benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave, accumulating sick leave and other benefits expected to be settled within 12 months of the reporting date are recognised and are measured at the amounts expected to be paid when the liabilities are settled.

ARTA recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that ARTA anticipates it will be used by staff to cover those future absences.

ARTA recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

ii) Long-term benefits

Entitlements that are payable beyond 12 months, such as long service leave and gratuities, have been calculated on an actuarial basis. The calculations are based on:

- > Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- > The present value of the estimated future cash flows. A discount rate of 6.85%, and an inflation factor of 3.5% were used. The discount rate is based on bank interest rates with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

iii) Retirement benefit obligations

Employees of ARTA are members of the National Provident Fund. Although the National Provident Fund is a multi-employer defined benefit plan, sufficient information is not available to account for the plan as such. Therefore the plan has been accounted for as though it were a defined contribution plan.

LEASES

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, ARTA recognises finance leases as assets and liabilities in the balance sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether ARTA will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

INCOME TAX

ARTA is a local authority for income tax purposes but does not currently derive any income from taxable sources, except for port-related activities as defined in the Income Tax Act 2007.

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Income tax expense is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of ARTA is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

PROVISIONS

Provisions are recognised when ARTA has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements ARTA has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Rolling Stock Assets

There are a number of assumptions and estimates used when performing an impairment review over rolling stock. These include:

- > The physical deterioration and condition of an asset. This risk is minimised by ARTA (or its agent) performing a combination of physical inspections and condition modelling assessments
- > Estimating any obsolescence or surplus capacity of an asset; and
- > Estimates are made when determining the remaining useful lives over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset, then ARTA could be over or under-estimating the annual depreciation charge recognised as an expense in the income statement. To minimise this risk asset inspections, deterioration and condition modelling are carried out regularly as part of ARTA's asset management planning activities, which gives ARTA further assurance over its useful life estimates.

FINANCIAL STATEMENTS

INCOME STATEMENT

For the year ended 30 June 2008

	Note	2008 \$000	2007 \$000
Income	1	333,185	194,441
Expenses	2	211,582	179,661
Surplus before tax		121,603	14,780
Income tax benefit	19	193	0
Surplus (after tax) attributable to the authority		121,796	14,780

Note: The net surplus for the year primarily represents the discount on acquisition relating to a business combination and capital grants, off-set by the annual depreciation charge. Generally Accepted Accounting Practice requires that capital grants are recognised in the year in which they are received. The capital expenditure they fund is recorded as fixed assets on the balance sheet.

STATEMENT OF CHANGES IN EQUITY


For the year ended 30 June 2008

	Note	2008 \$000	2007 \$000
Equity at the Beginning of the Year		88,456	73,676
Net Surplus for the Year		121,796	14,780
Equity at the End of the Year	3	210,252	88,456

BALANCE SHEET

As at 30 June 2008

	Note	Actual 2008 \$000	Actual 2007 \$000
ASSETS			
Current Assets			
Cash and cash equivalents		148	323
Trade and other receivables	4	50,543	27,405
Loans and receivables	9	18,802	47,527
Inventories	18	3,096	0
Total Current Assets		72,589	75,255
Non-Current Assets			
Property, plant and equipment	6	185,835	85,130
Loans and receivables	9	8,470	5,862
Intangible assets	7	22,508	211
Total Non-current Assets		216,813	91,203
TOTAL ASSETS		289,402	166,458
LIABILITIES			
Current Liabilities			
Trade and other payables	5	46,943	24,907
Other financial liabilities	9	18,802	47,233
Total Current Liabilities		65,745	72,140
Non-Current Liabilities			
Other financial liabilities	9	8,470	5,862
Deferred Tax	19	4,935	0
Total Non-current Liabilities		13,405	5,862
TOTAL LIABILITIES		79,150	78,002
Public Equity			
Accumulated Funds	3	5,163	5,320
Capital Grants Reserve	3	205,089	83,136
TOTAL EQUITY		210,252	88,456
TOTAL LIABILITIES AND EQUITY		289,402	166,458



Mark Ford
Chairman
3 September 2008



Rabin Rabindran
Deputy Chairman
3 September 2008

The accounting policies on pages 58 to 63 and the notes on pages 67 to 76 form part of and should be read in conjunction with these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2008	Note	2008 \$000	2007 \$000
Cash Flows from Operating Activities	10		
Cash was provided from:			
ARC Opex Grants		66,415	60,700
ARC Capex Grants		57,533	21,014
ARC funding for IA grants vested in ARTA		26,545	21,523
LTNZ Capex Grants		5,028	8,293
LTNZ Opex Grants		85,402	79,307
Other Grants and Subsidies		1,331	1,339
Rail Fare Revenue		16,573	13,681
Bus Fare Revenue		3,322	2,229
Ferry Wharf Revenue		1,471	0
Other Sundry Operating Income		150	162
		263,770	208,248
Cash was applied to:			
Payments to Suppliers		169,636	156,379
Payments to Employees		10,521	8,324
Payments to recipients of IA grants vested in ARTA		26,251	19,878
		206,408	184,581
Net Cash Flows from Operating Activities		57,362	23,667
Cash Flows from Investing Activities			
Cash was applied to:			
Purchase and Development of Fixed Assets		57,537	23,490
		57,537	23,490
Net Cash Flows from Investing Activities		(57,537)	(23,490)
Net (Decrease)/Increase in Cash and Cash Equivalents Held		(175)	177
Cash & Cash Equivalents Balances at Beginning of the Year		323	146
Cash & Cash Equivalents Balances at the End of the Year		148	323
 Reconciliation of Net Surplus with Net Cash Flows from Operating Activities			
		2008	2007
		\$000	\$000
Cash was provided from:			
Net Surplus		121,796	14,780
Adjustment for items not involving cash:			
Depreciation and amortisation		12,491	8,715
Donated Assets		(77,957)	0
Deferred Tax		4,935	0
Movements in working capital:			
Decrease/(Increase) in receivables from ARC		(17,059)	(11,034)
Decrease/(Increase) in trade and other receivables		(6,079)	3,948
Decrease/(Increase) in inventory		(3,096)	0
Decrease/(Increase) in grants receivable from ARC		26,545	21,523
(Decrease)/Increase in trade and other payables		22,037	5,615
(Decrease)/Increase in grants payable		(26,251)	(19,880)
Net Cash from Operating Activities		57,362	23,667

NOTES TO THE FINANCIAL STATEMENTS

1 Income	2008	2007
	\$000	\$000
ARC Opex Grants	83,474	71,733
ARC Capex Grants	57,687	21,308
LTNZ Opex Grants	90,222	75,844
LTNZ Capex Grants	5,735	8,293
Other Grants and Subsidies	1,320	1,320
Rail Fare Revenue	16,778	13,552
Bus Fare Revenue	3,420	2,229
Ferry Wharf Revenue	1,568	0
Other Operating Income	152	162
Donated Assets (discount on acquisition)	72,829	0
Income	333,185	194,441

2 Expenses	2008	2007
	\$000	\$000
Expenses include:		
Audit fees		
- for financial statement audit	89	80
- for IFRS transition	0	20
- for assurance and related services (a)	22	0
Depreciation/Amortisation	12,491	8,715
Directors' fees	357	383
Capital expenditure grants to third parties (b)	5,012	6,142
Employee benefits (see also note 16)	9,816	7,235
Grants and subsidies	152,398	134,965
Rental and operating lease costs	5,191	5,932
Other expenses	26,206	16,189
Total operating expenses	211,582	179,661

(a) The auditor completed assurance engagements over the Authority's tender processes and consultation processes.

(b) This represents capital grants from ARTA's capex programme made by ARTA to third parties where ARTA is entitled to, and recognises, the associated grant funding.

Key Management Personnel Compensation

Members of ARTA's executive team (including the CEO and General Managers) and ARTA directors received an aggregated total of \$1,362,255 in 2007 and \$1,500,047 in 2008.

All Employees Receiving >\$100,000	2008	2007
\$100,001 - \$110,000	5	3
\$110,001 - \$120,000	2	
\$120,001 - \$130,000	2	5
\$130,001 - \$140,000	6	1
\$140,001 - \$150,000	4	
\$150,001 - \$160,000	1	
\$160,001 - \$170,000		1
\$170,001 - \$180,000		1
\$190,001 - \$200,000	2	
\$210,001 - \$220,000	1	1
\$220,001 - \$230,000	1	
\$240,001 - \$250,000		1
\$250,001 - \$260,000		1
\$310,001 - \$320,000	1	

	2008	2007
Directors' Fees	\$000	\$000
Brian Roche (Chairman until 5 April 2007)		61
Mark Ford (Chairman from 5 April 2007)	80	19
Rabin Rabindran (Deputy Chairman and Chair of Risk and Assurance Committee)	50	48
Richard Waddel (ex Chair of Risk and Assurance Committee)		40
Adrienne Young Cooper	35	40
Peter Brothers	35	35
Tony Parsons		35
Gary Taylor	35	35
Ted Van Arkel		35
Mike Williams	35	35
Mark Benjamin	29	
Andrew Buxton	29	
Anthony Marks	29	
	357	383

3 Public Equity	2008	2008	2007	2007
	\$000	\$000	\$000	\$000
	Retained Earnings	Capital Grants Reserve	Retained Earnings	Capital Grants Reserve
Opening Balance	5,320	83,136	5,690	67,986
Surplus for the Year	121,796	0	14,780	0
Transfers (to)/from other reserves	(121,953)	121,953	(15,150)	15,150
Closing Balance	5,163	205,089	5,320	83,136

The Capital Grants Reserve is an accounting reserve that represents capital expenditure grants that have not yet been offset by an associated depreciation charge.

4 Trade and Other Receivables	2008	2007
	\$000	\$000
Trade Debtors	468	436
Less: Provision for impairment	0	0
Net Trade Debtors	468	436
Receivables from Related Parties – ARC	38,562	21,503
Accrued Income	11,498	5,027
Prepayments	15	0
GST Receivable	0	439
Total Trade and Other Receivables	50,543	27,405

Debtors and receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value approximates their fair value.

2008 – 66% of trade receivables are 30 days or less, 12% are 60 days, 22% are at 90 days or over.

2007 – all trade receivables were aged at 30 days or less.

There has been no impairment of trade or other receivables and as such there is no impairment provision. The organisation has taken legal advice regarding the balance in 2008 that is over 90 days, but this is considered to be collectible.

ARTA holds no collateral as security or other credit enhancements over receivables that are past due.

5 Trade and Other Payables	2008 \$000	2007 \$000
Trade Creditors	8,087	4,490
Employee Benefit Liabilities (see note 16)	850	573
Accrued Expenditure	34,740	19,780
Withholding Tax Payable	5	49
Deferred Income	3,076	15
GST Payable	185	
Total Trade and Other Payables	46,943	24,907

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of these payables approximates their fair value.

6 Property, Plant and Equipment

2007	Cost 1/7/06	Accumulated depreciation and impairment 1/7/06	Carrying amount 1/7/06	Additions	Disposals	Transfer from WIP	Depreciation expense	Impairment losses	Carrying amount 30/6/07
Rolling Stock									
> completed capital projects	64,513	7,183	57,330	24,356			8,693		72,993
> work in progress	13,232		13,232	16,603		24,356			5,479
Railway Stations									
> completed capital projects				3,897			7		3,890
> work in progress				6,044		3,897			2,147
Plant, Mach and other equipment									
> completed capital projects				187	15		15		157
> work in progress				651		187			464
Total Property, Plant and Equipment	77,745	7,183	70,562	51,738	15	28,440	8,715	0	85,130

2008	Cost 1/7/07	Accumulated depreciation and impairment 1/7/07	Carrying amount 1/7/07	Additions	Disposals	Transfer from WIP	Depreciation expense	Impairment losses	Carrying amount 30/6/08
Rolling Stock									
> completed capital projects	88,869	15,876	72,993	4,135	278		10,342		66,508
> work in progress	5,479		5,479	35,187		4,135			36,531
Railway Stations and Buildings									
> completed capital projects	3,897	7	3,890	18,503			495		21,898
> work in progress	2,147		2,147	13,490		6,845			8,792
Wharves and Wharf Structures									
> completed capital projects				19,709			555		19,154
> work in progress				1,997					1,997
Plant, Mach and Other Equipment									
> completed capital projects	172	15	157	10,815			764		10,207
> work in progress	464		464	7,646	276	2,137			5,698
Land (finance lease)				15,050					15,050
Total Property, Plant and Equipment	101,028	15,898	85,130	126,532	554	13,117	12,156	0	185,835

The finance leases over the Downtown Ferry Terminal waterspace and land are for an indefinite lease term until such time as ARTA does not comply with the required and permitted use clauses in the finance leases. The land subject to these leases is therefore recognised at its fair value until such time as the leases are not to be renewed in perpetuity. There are no restricted fixed assets.

7 Intangible Assets

2007

	Cost 1/7/06	Accumulated depreciation and impairment 1/7/06	Carrying amount 1/7/06	Additions	Disposals	Transfer from WIP	Amortisation charge	Impairment losses	Carrying amount 30/6/07
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Software Development

> completed capital projects

> work in progress

Total intangible assets

				211					211
	0	0	0	211	0	0	0	0	211

2008

	Cost 1/7/07	Accumulated depreciation and impairment 1/7/07	Carrying amount 1/7/07	Additions	Disposals	Transfer from WIP	Amortisation charge	Impairment losses	Carrying amount 30/6/08
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Software Development

> completed capital projects

> work in progress

Operating Lease

> land

Total intangible assets

				321			67		254
	211		211	110		321			0
				22,522			268		22,254
	211	0	211	22,953	0	321	335	0	22,508

The operating lease intangible has been recognised at its fair value on acquisition and is being amortised over the period of the underlying lease (63 years). This lease is for the land at each of the railway station sites along the Auckland passenger rail network.

There are no restrictions over the title of ARTA's intangible assets, nor are any intangible assets pledged as security for liabilities.

8 Financial Instrument Risks

ARTA and the ARC have a series of policies to manage the risks associated with financial instruments. ARTA is risk averse and seeks to minimise exposure from its treasury activities. ARTA outsources its treasury management to the ARC under the Support Services Agreement and has established a treasury policy. This policy does not allow any transactions that are speculative in nature to be entered into.

Interest Rate Risk

The average effective interest rates and contractual repricing and maturity periods of the organisation's financial assets are as follows:

	Average Effective Interest Rate	Maturity within 1 year	Maturity 1- 5 years	Maturity 5 years and over	2007 Total
Cash and bank investments	5%	323	-	-	323
Receivables	n/a	436	-	-	436
		759	-	-	759

	Average Effective Interest Rate	Maturity within 1 year	Maturity 1- 5 years	Maturity 5 years and over	2008 Total
Cash and bank investments	5%	148	-	-	148
Receivables	n/a	468	-	-	468
		616	-	-	616

Credit Risk

Credit risk is the risk that a third party will default on its obligation to ARTA, causing ARTA to incur a loss.

There are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. ARTA has no significant concentrations of credit risk in relation to debtors and other receivables, except for existing funding arrangements with the ARC.

ARC is the funder of last resort for the activities undertaken by ARTA under the Local Government (Auckland) Amendment Act (2004).

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

From time to time ARTA purchases plant and equipment associated with the construction of certain infrastructural assets from overseas which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk may arise.

It is ARTA's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above specified amounts by entering into forward foreign exchange contracts to hedge the foreign currency risk exposure. This means ARTA is able to fix the New Zealand dollar amount payable prior to delivery of the plant and equipment from overseas.

Liquidity Risk

ARTA's liquidity risk is managed by the ARC under the Support Services Agreement.

9 Financial Assets and Liabilities

a) Financial assets at fair value through profit or loss

Currently ARTA does not hold any financial assets in this category.

b) Loans and receivables

This category of financial assets consists of both current and non-current grants receivable from the ARC – these represent the balance of grants receivable from the ARC assumed from Infrastructure Auckland.

The carrying amounts of current grants receivable within one year approximate their fair value.

Non-current grants receivable are shown at fair value, which is the present value of all cash receipts discounted using the rate of 8%. The following table shows the fair value as compared to the undiscounted amount payable by the ARC to ARTA and the expected maturity dates:

Transport Grants receivable from the ARC

	Fair values	Fair values	Amt payable	Amt payable
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
07/08	0	47,527	0	47,527
08/09	18,802	779	18,802	900
09/10	8,470	0	9,880	0
10/11	0	5,083	0	6,800

There were no impairment provisions for loans and receivables. None of the grants are either past due or impaired.

c) Other financial liabilities

This category of financial assets consists of both current and non-current grants payable under ARTA's obligations assumed from Infrastructure Auckland.

The carrying amounts of current grants payable within one year approximate their fair value.

Non-current grants payable are shown at fair value, which is present value of all cash receipts discounted using the rate of 8%. The following table shows the fair value as compared to the undiscounted amount payable by ARTA to the recipients and the expected maturity dates:

Transport grants payable from the ARC

	Fair values	Fair values	Amt payable	Amt payable
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
07/08	0	47,233	0	47,233
08/09	18,802	779	18,802	900
09/10	8,470	0	9,880	0
10/11	0	5,083	0	6,800

There were no impairment provisions for other financial liabilities. None of the grants are either past due or impaired.

10 Cash Flows

Operating receipts and payments have been presented on a GST exclusive basis.

Generally Accepted Accounting Practice prevents the netting off of monies paid and received except in the case where there is an agency relationship. Receipts and payments representing monies paid and received on behalf of the territorial authorities (TAs), from Land Transport New Zealand for roading and bus shelter claims have been netted off in the Cash Flows from Operating Activities, as such these amounts reflect the activities of the territorial authority, not ARTA. The amount netted off relating to TA activities for 2008 was \$178.6 million (2007 \$150.7 million).

11 Contingent Assets

ARTA has no contingent assets for the year ended 30 June 2008.

At 30 June 2007 the Auckland Regional Transport Network Limited (ARTNL) assets which transferred to ARTA on 1 October 2007 were recorded as a contingent asset but as these assets were held at nil value in the ARTNL books and had yet to be valued no value was reported in the 2007 accounts. See note 17 – Business Combination.

12 Contingent Liabilities

As at 30 June 2008 there are claims against ARTA for damages relating to a contractual dispute. This amount has not been provided for as the claim is being defended by ARTA and the amount payable by ARTA (if any) is at this time not quantifiable. In 2007, ARTA had no contingent liabilities.

13 Commitments and Operating Leases

	2008 \$000	2007 \$000
Capital Commitments		
Approved and Contracted	16,888	35,820
Non-Cancellable Operating Lease Commitments		
Current Portion	1,743	2,728
1–2 Years	0	0
2–5 Years	0	0
	<u>1,743</u>	<u>2,728</u>
Other Non-Cancellable Operating Commitments – Rail Contracts		
Current Portion	2,347	2,334
1–2 Years	1,760	0
2–5 Years	0	0
	<u>4,107</u>	<u>2,334</u>
Other Non-Cancellable Operating Commitments – (Including Other Transport Contracts)		
Current Portion	98,948	98,690
1–2 Years	34,287	53,471
2–5 Years	3,365	11,178
	<u>136,600</u>	<u>163,339</u>

Use of Contracted Services

A significant proportion of services are contracted out to specialist providers. This is done to achieve ARTA's objectives efficiently and effectively.

Rail contracts have been extended to March 2010 only.

14 Related Party Transactions

ARTA is a wholly owned subsidiary of the Auckland Regional Council (ARC).

ARC provides funding to ARTA for operating activities and to purchase fixed assets. The value of these transactions are disclosed in Note 1. Details of current and non-current payables and receivables from related parties are disclosed in notes 4 and 9.

ARTA purchases from the ARC shared services in respect of information technology, treasury management, financial processing services and facilities services. The cost of these services is \$2,273,452 for 2008 (\$1,914,084 for 2007).

ARC also provides funding to ARTA in order for ARTA to fulfil its responsibilities under the grants assumed from Infrastructure Auckland as at 1 July 2004.

No intercompany balances have been written off in the year.

Other than the above transactions and using public transport, no directors or senior management have entered into transactions with the organisation.

15 Events After Balance Date

There are no events after balance date for the year ended 30 June 2008 which would require noting or adjusting in these financial statements.

For the year ended 30 June 2007 the General Transfer Agreement, to transfer ARTNL assets and operations (excluding Britomart Station) was executed by the ARTNL Directors and Shareholders as well as the ARC on Friday 29 June 2007. ARTA was then nominated as the recipient of the ARTNL assets by the ARC and the Deed of Assession was signed by ARTA on 4 July 2007 with the transfer to occur on 1 October 2007.

An estimate of the financial effect of this event could not be made until a valuation had been completed.

16 Employee Benefits

	2008	2007
	\$000	\$000
Employee Benefit Liabilities		
Pension benefits	0	0
Long-service leave	0	0
Gratuities	37	33
Sick leave	0	0
Accrued salaries and wages	222	126
Accrued annual leave	591	414
Total	850	573
	2008	2007
	\$000	\$000
Employee Benefit Expenses		
Pension benefits	0	0
Long-service leave	0	0
Gratuities	4	8
Employer contribution to defined benefit plan	0	0
Employee termination benefits	5	85
Salaries and wages	9,807	7,142
Total	9,816	7,235

17 Business Combination

On 1 October 2007, ARTA acquired, via an Order In Council (dated 24 September 2007), the assets and businesses of ARTNL Harbour Berths Limited and ARTNL Metro Limited, wholly owned subsidiaries of the Auckland Regional Transport Network Limited. This acquisition is in line with ARTA's public benefit entity status and purpose.

ARTNL Harbour Berths Limited owned (in part), developed and managed an integrated network of ferry terminals within the Auckland region to facilitate a comprehensive ferry network in accordance with the Regional Ferry Strategy.

The acquired Harbour Berths business contributed revenues of \$1,568,000 and a net loss of \$641,000 to ARTA for the period 1 October 2007 to 30 June 2008.

If the acquisition had occurred on 1 July 2007, revenue would have been \$2,091,000, and the net loss \$855,000.

ARTNL Metro Limited leased, managed and upgraded 39 passenger rail stations within the Auckland region to ensure the provision of safe access for operators and passengers to rail stations.

Details of net assets acquired and discount on acquisition are as follows:

	\$000
Purchase consideration	nil
Fair value of assets acquired	77,957
Deferred tax liability	(5,128)
Discount on acquisition	72,829

The assets and liabilities as of 1 October arising from the acquisition are as follows:

	Fair Value \$000	Acquiree's Carrying Amount \$000
Land subject to finance lease (see note 6)	15,050	nil
Property, Plant and Equipment (see note 6)	40,385	nil
Operating lease for rail station land (see note 7)	22,522	nil
Deferred tax liabilities (see note 19)	(5,128)	nil
Net assets acquired	72,829	nil
Cash outflow on acquisition	nil	

There were no business combinations in the year ended 30 June 2007.

18 Inventory

Inventory of \$3,096,000 (2007 \$nil) comprises spare parts for ARTA's rolling stock; it is held and managed by Kiwi Rail on ARTA's behalf.

The carrying amount of inventories is measured at the lower of cost and net realisable value.

The carrying amount of inventories pledged as security for liabilities is \$nil.

The cost of inventories recognised as an expense is nil as these parts were purchased at the end of the 2007/08 financial year.

19 Income Tax

	2008	2007
	\$000	\$000
Taxation		
Current tax expense	0	0
Adjustments to current tax in prior years	0	0
Deferred tax on temporary differences	(193)	0
Tax expense	<u>(193)</u>	<u>0</u>
Net surplus (deficit) before tax	121,603	14,780
Tax at 33%	40,129	0
Plus (less) tax effect of:		
Non-deductible expenditure		
Non-taxable income	(40,322)	
Prior year adjustment		0
Deferred tax adjustment		0
Tax expense	<u>(193)</u>	<u>0</u>

Deferred Tax Asset (Liability)

	Property, Plant and Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance as at 30 June 2006	0	0	0	0	0
Charged to income	0	0	0	0	0
Charged to equity	0	0	0	0	0
Balance as at 30 June 2007	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Business acquisition	(5,128)	0	0	0	(5,128)
Charged to equity	0	0	0	0	0
Charged to income	133	0	0	60	193
Balance as at 30 June 2008	<u>(4,995)</u>	<u>0</u>	<u>0</u>	<u>60</u>	<u>(4,935)</u>

To the readers of Auckland Regional Transport Authority's financial statements and performance information for the year ended 30 June 2008.

The Auditor-General is the auditor of Auckland Regional Transport Authority (the Authority). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Authority, on his behalf, for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- > The financial statements of the Authority on pages 58 to 76:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Authority's financial position as at 30 June 2008; and
 - the results of its operations and cash flows for the year ended on that date.
- > The performance information of the Authority on pages 41 to 46 fairly reflects the achievements measured against the performance targets adopted for the year ended 30 June 2008.

The audit was completed on 3 September 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- > determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;

- > verifying samples of transactions and account balances;
- > performing analyses to identify anomalies in the reported data;
- > reviewing significant estimates and judgements made by the Board;
- > confirming year-end balances;
- > determining whether accounting policies are appropriate and consistently applied; and
- > determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Authority as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The Board is also responsible for preparing performance information that fairly reflects service performance achievements for the year ended 30 June 2008. The Board's responsibilities arise from the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out assignments in respect to tender processes and procurement processes for certain contracts, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Authority.



David Walker
 Audit New Zealand
 On behalf of the Auditor-General
 Auckland, New Zealand



GLOSSARY

ARC	Auckland Regional Council
ARTA	Auckland Regional Transport Authority
ARH	Auckland Regional Holdings
ARTNL	Auckland Regional Transport Network Ltd
CBD	Central Business District
LGAAA	Local Government (Auckland) Amendment Act
LTCCP	Long Term Council Community Plan
LTP	Land Transport Programme
LTNZ	Land Transport New Zealand
ONTRACK	New Zealand Railway Corporation
PTNP	Passenger Transport Network Plan
RLTS	Regional Land Transport Strategy
RGS	Regional Growth Strategy
TA	Territorial Authority
TDM	Travel Demand Management

DIRECTORY

Board of Directors

Mark Ford (Chairman)
Rabin Rabindran (Deputy Chairman)
Mark Benjamin
Peter Brothers
Andrew Buxton
Anthony Marks
Gary Taylor
Mike Williams
Adrienne Young Cooper

Chief Executive

Fergus Gammie

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Auditors

Audit New Zealand

Solicitors

Bell Gully

Annual Report by

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the 1990s, the number of people in the UK who are employed in the public sector has increased from 10.5 million to 12.5 million, and the number of people in the public sector who are employed in the health sector has increased from 2.5 million to 3.5 million (Department of Health 2000).

There are a number of reasons for the increase in the number of people employed in the public sector. One reason is that the public sector has become a major employer in the UK. Another reason is that the public sector has become a major employer in the health sector. A third reason is that the public sector has become a major employer in the education sector. A fourth reason is that the public sector has become a major employer in the social services sector.

The increase in the number of people employed in the public sector has led to a number of changes in the way that the public sector is organized. One change is that the public sector has become more decentralized. Another change is that the public sector has become more market-oriented. A third change is that the public sector has become more customer-oriented. A fourth change is that the public sector has become more performance-oriented.

The changes in the way that the public sector is organized have led to a number of challenges for the public sector. One challenge is that the public sector has become more complex. Another challenge is that the public sector has become more competitive. A third challenge is that the public sector has become more demanding. A fourth challenge is that the public sector has become more demanding.

The challenges that the public sector faces are a result of the changes in the way that the public sector is organized. The public sector must find ways to meet these challenges in order to continue to provide the services that it is responsible for providing. The public sector must find ways to become more efficient, more effective, and more customer-oriented. The public sector must find ways to become more performance-oriented and more demanding.

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