



Auckland Regional
Transport Authority

MONTHLY BUSINESS REPORT

February 2010

CONTRIBUTION LIST

The following is a list of Business Unit Managers responsible for providing detailed monthly reports.

| Business Unit | Name |
|------------------------------|----------------|
| Customer Services | Mark Lambert |
| Project Delivery | Allen Bufton |
| Strategy and Planning | Peter Clark |
| Marketing and Communications | Shelley Watson |
| Corporate Services | Stephen Smith |

TABLE OF CONTENTS

| | | |
|----------|--|-----------|
| 1 | CUSTOMER SERVICES..... | 2 |
| 1.1. | PASSENGER TRANSPORT PATRONAGE – NETWORK WIDE..... | 2 |
| 1.2. | MAJOR INFRASTRUCTURE WORKS..... | 8 |
| 1.3. | SPECIAL EVENT PASSENGER TRANSPORT SERVICES..... | 8 |
| 1.4. | REGISTERED SERVICE NOTIFICATIONS RECEIVED BY ARTA UNDER THE PUBLIC TRANSPORT MANAGEMENT ACT 2008..... | 9 |
| 1.5. | PUBLIC TRANSPORT CONCESSIONARY FARE SCHEME (CFS)..... | 9 |
| 1.6. | AUCKLAND TOTAL MOBILITY SCHEME..... | 10 |
| 1.7. | TRAVEL PLANNING..... | 10 |
| 2 | PROJECT DELIVERY..... | 12 |
| 2.1. | ROLLING STOCK PROCUREMENT..... | 12 |
| 2.2. | INFRASTRUCTURE DEVELOPMENT..... | 12 |
| 2.3. | FERRY TERMINAL UPGRADES..... | 12 |
| 2.4. | NETWORK DEVELOPMENT..... | 13 |
| 2.5. | REAL TIME PASSENGER INFORMATION SYSTEMS (RTPIS)..... | 13 |
| 2.6. | ASSET MANAGEMENT..... | 14 |
| 3 | STRATEGY AND PLANNING..... | 15 |
| 3.1. | STRATEGIC TRANSPORT PLANNING..... | 15 |
| 3.2. | PLANNING AND PROGRAMMING..... | 15 |
| 4 | MARKETING AND COMMUNICATIONS..... | 18 |
| 4.1. | MARKETING AND CUSTOMER INFORMATION CHANNELS..... | 18 |
| 4.2. | MEDIA AND COMMUNICATIONS..... | 18 |
| 5 | CORPORATE SERVICE..... | 19 |
| 5.1. | FINANCIAL REPORT..... | 19 |
| 5.2. | STATEMENT OF FINANCIAL PERFORMANCE..... | 22 |
| 5.3. | STATEMENT OF FINANCIAL POSITION..... | 24 |

Summary

Strong growth continues in Aucklanders public transport use

Last year, public transport usage in Auckland hit a twenty five year high, the trend of good growth is continuing in early 2010.

For the month of February, total public transport patronage was 5.7% higher than last year. In detail, rail patronage increased by 16.2%, ferry by 1.1% and bus patronage was 4.5% higher in comparison to February 2009. The Northern Express bus service continued its stellar performance with patronage up by 18.3% for the period.

8 million passengers on rail

8 million passengers were reached on Auckland's commuter rail for the January 2010 calendar year. Rail patronage in Auckland has doubled over the past 5 years.

More trains in service as demand increases

Six more trains will be put into service in June this year in tandem with further redevelopment of the rail network and projected passenger growth.

Customers get enhanced station facilities

A large amount of redevelopment work is occurring on Auckland's rail network this year to enhance facilities for customers. Five years ago the standard for train stations in Auckland can best be described as lacking. Now customers are benefitting from the governments and region's investment in international standard public transport infrastructure.

Newmarket Station is now fully operational, opening on 18th January. Grafton station is next off the ranks, opening in early April. Train parking for western line trains is well underway in the west with completion expected in the middle of the year. The depot will allow trains to run closer to their origin as opposed to running up from Westfield each day.

At Avondale, the new station will be completed in June this year. Upgrades to Kingsland Station for the Rugby World Cup will be completed in July. On the Onehunga Branch Line, Te Papapa and Penrose Station platforms are nearing completion. The first train went through the rail trench at New Lynn on 1 March with the station heading for completion in September this year. In Manukau, KiwiRail are progressing with piling of the new station walls with excavation of the trench for the station, following.

On the ferries, Birkenhead Ferry Terminal is due to be completed in the middle of this year.

Redevelopment of Auckland's rail network and impact on punctuality on the Western Line.

Redevelopment of Auckland's rail network has a potential flow on impact on service punctuality. Commuter rail services are being run in tandem with major works, which can be a challenging feat. Rail service punctuality for February declined to 67.9% of services on time from 71.2% in January and 86.6% in February 2009. The decline is directly attributed to ongoing work on the Western Line where services only operated at 46.8%, only a slight improvement on January's figures.

The opening of Grafton Station in April and the completion of the final section of double tracking between Avondale and New Lynn in June this year, will assist in improving service delivery times on the line. ARTA and its train operator Veolia appreciate the tolerance of customers during this period of redevelopment.

ARTA's long term strategic projects

CBD Rail Loop Project

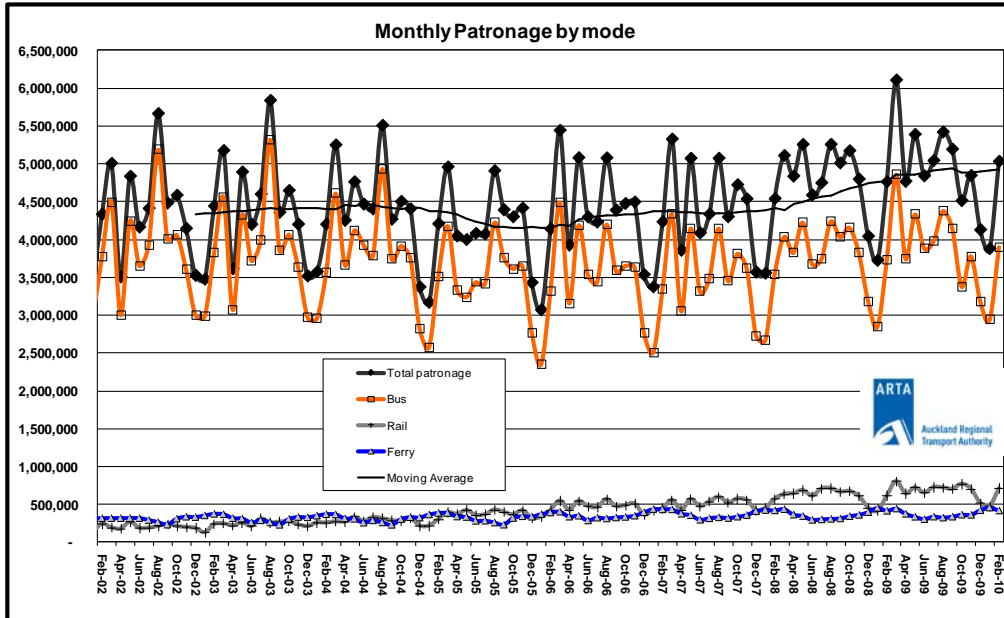
The CBD Rail Loop investigation project has now identified a preferred alignment with three proposed station locations and is now moving to the concept design and business case phase.

The project takes into consideration management of Auckland's projected population growth to well over two million over the next four decades which is over 70 per cent of New Zealand's total projected growth. The project is a transformational project for the region with the ability to provide significant economic, social and environmental benefits for the whole region. The business case is expected to be completed in December this year.

1 CUSTOMER SERVICES

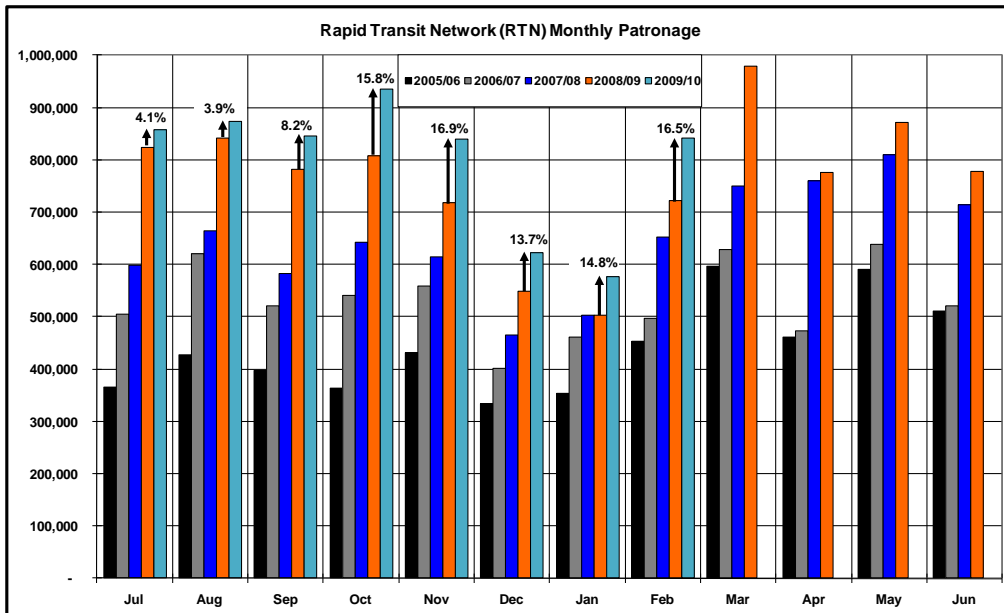
1.1. PASSENGER TRANSPORT PATRONAGE – NETWORK WIDE

The total combined bus, ferry, and rail patronage for the month of February is 5.7% (270,580 boardings) higher than February 2009 at 5,033,560 boardings. The total patronage for the financial year for the eight months to February 2010 is 38,052,892 boardings, 1.4% (540,148 boardings) higher than the same period in the 2008/09 financial year.



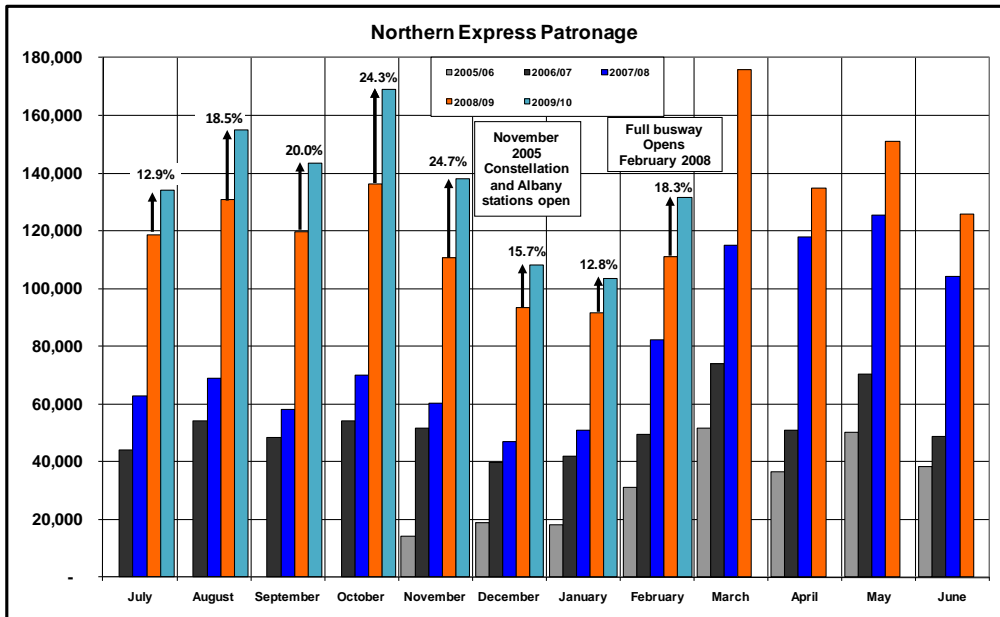
Rapid Transit Network (Rail and Northern Express):

The total RTN patronage for February is 16.5% (119,056 boardings) higher than February 2009. For the financial year to date (eight months) RTN patronage is 11.3% (648,043 boardings) higher than the same eight months in the previous financial year.



The Northern Express patronage grew by 18.3% or 20,377 boardings for February 2010 compared to February 2009. For the first eight months of the financial year Northern Express patronage was up by 18.7% (170,663 boardings) compared to the first eight months of the 2008/09 year.

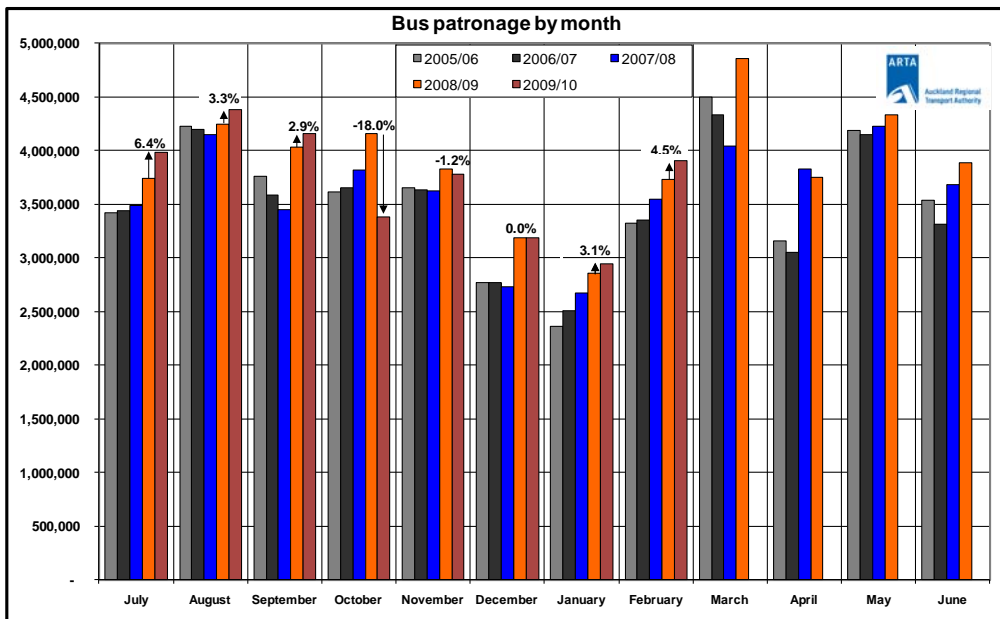
There have been over 1.67 million passengers recorded using the Northern Express over the last twelve months, an increase of 21.5% on the same period last year.



Bus Patronage

Bus patronage grew by 4.5% (167,516 boardings) compared to last February. For the financial year to date (eight months) bus patronage is 0.2% (67,782 boardings) lower than the same period of the previous financial year.

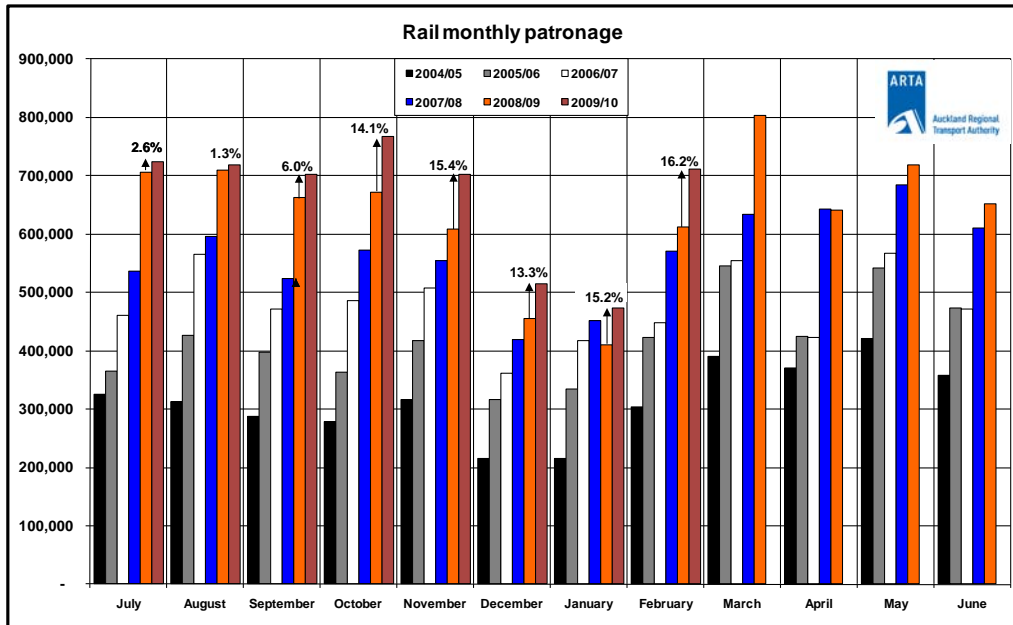
There have been 46.5 million passengers recorded using bus services over the last 12 months, an increase of 2.16% on the same period last year.



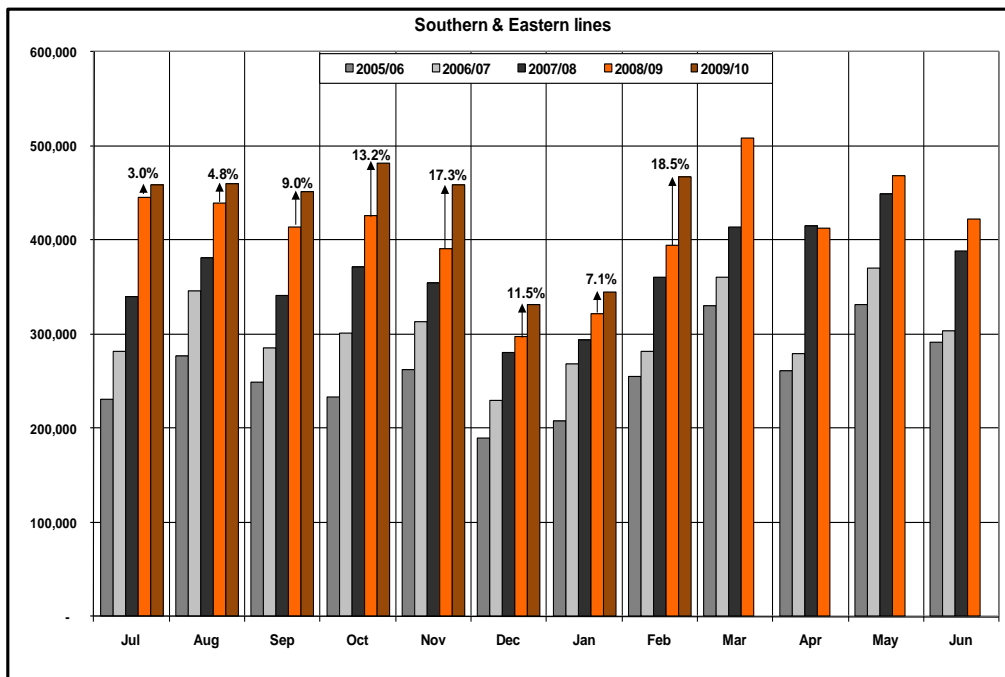
Rail Patronage

With the return of normal business and school travel following the Christmas/New Year holiday period, the number of passengers using rail services during February once again exceeded 700,000. The comparative increase is a continuation of the trends that have been apparent since October 2009.

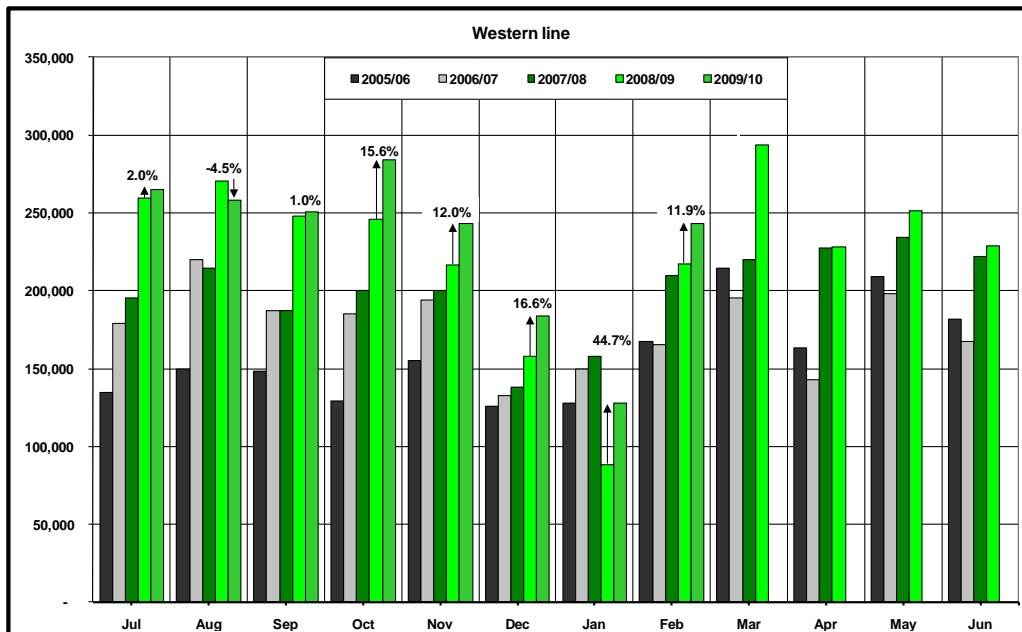
In February, 711,000 passenger journeys were recorded across the network which is an increase of 16.2% on the same month last year. There were an equal number of business days this year compared to last year. For the year-to-date there have been 5.313 million passenger journeys made on the region's rail services, an increase of 9.9% on the same period last year.



There were 468,000 passengers recorded on southern and eastern line services in February, an increase of 18.5% on the same month last year. For the year-to-date 3.456 million passengers have travelled on southern and eastern line trains, 10.4% more than the same period last year.

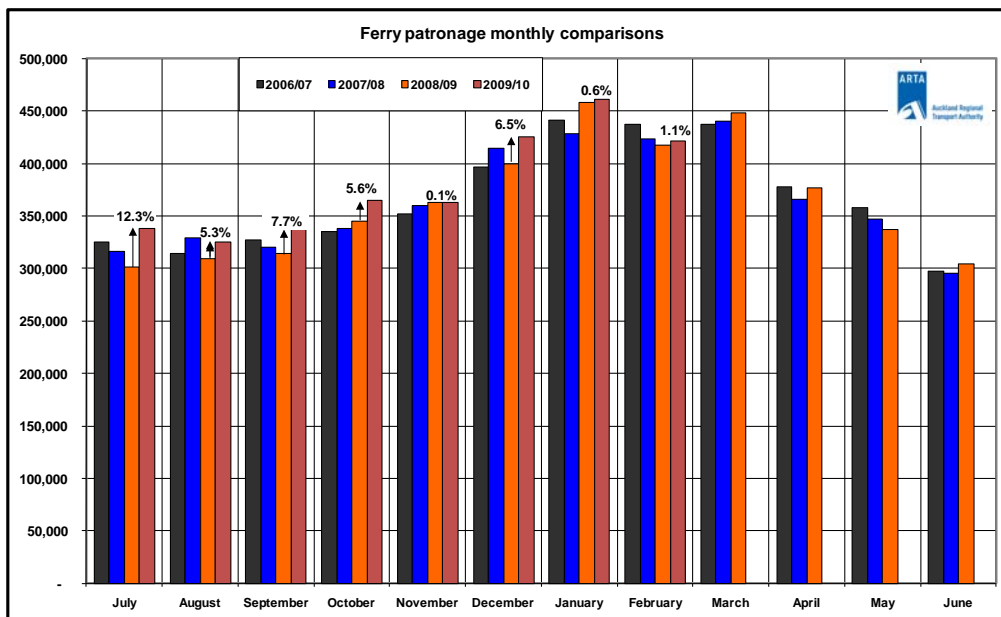


Western line services were impacted to a greater extent by performance issues (detailed below) however, at 243,000 journeys, there were still 11.9% more passengers recorded on these services in February than for the same month last year. For the year-to-date 1.857 million passengers have travelled on western line services which is 8.9% more than the same period last year.



Ferry Patronage

Ferry patronage for February is 1.1% higher than last February, for the financial year to date (8 months), patronage is 4.5% higher than the same period in the previous financial year.



PT Service Punctuality and Reliability

Rail Service

February was another challenging month with network issues and train performance combining to drive service performance below expectations. The problems with the track and signals at the newly upgraded Newmarket station that had been observed in January also contributed to performance in February and these were exaggerated by an increase in speed restrictions and network upgrades elsewhere that altered the sequencing of trains through the station compared to timetable. There were several other significant incidents during February (detailed below) that contributed to a disappointing reduction in performance in February. For the month 67.9% of services operated on time or within five minutes of their scheduled arrival times compared to 71.2% last month and 86.6% for the same month last year.

The performance of the southern and eastern lines in February declined slightly from January mainly as a result of a higher number of significant incidents impacting on these services. In February 78.3% of southern and eastern line services operated on-time or within five minutes of schedule, compared to 79.9% in January (incorrectly shown as 74.4% in the January report) and 84.2% in February last year.

Western line services continued to be impacted by ongoing works through New Lynn and at Grafton and previously identified issues at Newmarket. These caused a disruption to train sequencing that were compounded as a result of trains being held at each end of the single line sections waiting for a train travelling in the opposite direction to pass. For the month 46.8% of western line services operated on time or within five minutes of schedule compared to 36.0% in January and 91.2% in February last year.

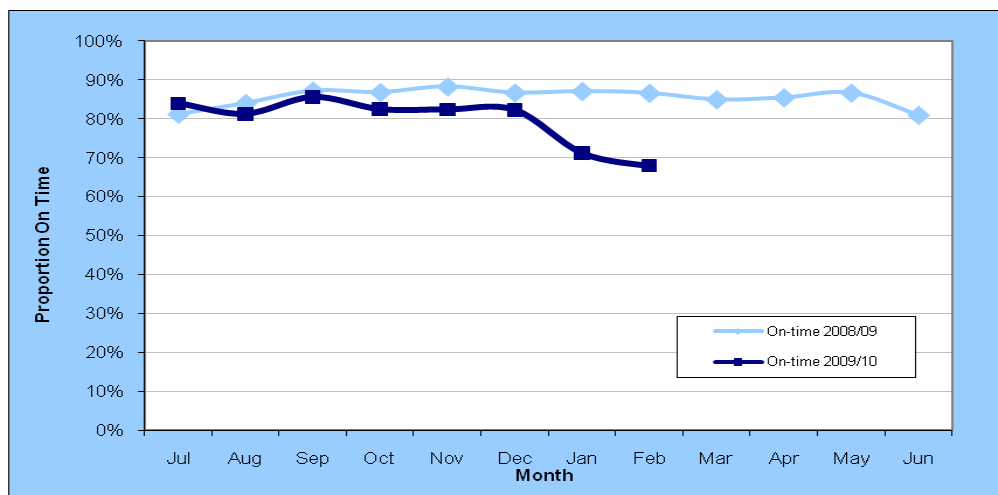
The following major incidents were reported during the month:

- Signal, points and track failures – Not including the ongoing faults at Newmarket there were six significant points and signal faults that impacted on service performance during February. On 2 February a signal fault at Wiri led to delays to interpeak southern and eastern line services. During the interpeak period on 12 February a signal failure at Papakura led to significant disruption to southern and eastern line services which continued through to the evening peak. A signal fault at New Lynn on 15 February just after the end of the morning peak caused delays and cancellations mainly affecting western line services. In the early afternoon of 16 February a points fault led to the derailment of a freight train at Westfield that caused an effective block of line with severe impacts on southern and eastern line commuter services through to the evening peak. On 23 February a points failure in the Britomart tunnel that occurred in the evening peak disrupted train services on all lines for a short period. Towards the end of the evening peak on 25 February a points failure at Boston Road disrupted western line services.
- Train faults – While there were numerous train faults reported in February that caused delays and/or service cancellations, two major train faults had significant impacts on service delivery. During the morning peak of 22 February a train was disabled at Glen Eden and taken out of service causing significant delays and several cancellations mainly affecting the western line. In the morning of 24 February a train that arrived at Britomart with a fault was removed from service and as a consequence of the reallocation of rolling stock to cover the scheduled runs, delays accrued on all lines.

Speed restrictions and track protection measures continued to impact on service performance during the month. These temporary restrictions were in place at several locations including between Boston Road and Newmarket (for works at the new Grafton Station) and between Avondale and Fruitvale Road for work associated with the New Lynn project.

The impact that the network faults and train performance is having on the delivery of a reliable rail service has been subject to discussions at a senior executive level between ARTA and KiwiRail. Some easement is expected following completion of the Newmarket to Boston Road track section and the opening of Grafton Station after Easter 2010.

Rail Punctuality: Services Operating On-time or Within Five Minutes (All Lines)



Reliability, or the proportion of services that reached their scheduled destination and were not cancelled, was affected by the events detailed above. In February, 97.9% of scheduled services reached their destination and were not cancelled compared to 96.3% in January and 98.4% for the same month last year. The two largest incidents were the signal fault at New Lynn that resulted in 12 cancellations and a level crossing fault at Sarawia Street (associated with the Newmarket signalling) during the evening peak on 2 February that caused nine cancellations.

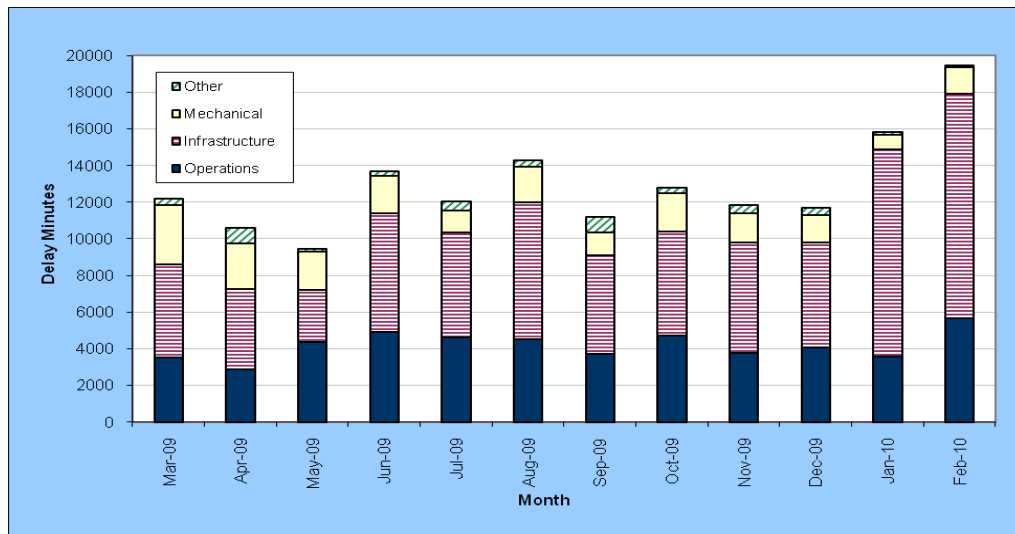
Bus replacements were in effect during February as follows:

- On Anniversary weekend (30 January to 1 February) buses replaced trains on the southern and western lines for the final completion of Newmarket and for electrification enabling work;
- On Sundays 7, 14 and 21 February buses replaced trains between Avondale and New Lynn for station works at New Lynn;
- On the weekend of 27 and 28 February buses replaced trains on the western line for the connection of the track at New Lynn to allow the trains to operate into the trench from 1 March, and for work on the Grafton Station site.

Passenger Delay Minutes

Passenger delay minutes increased further by 23.1% during February compared to January, partially as a result of the timetable returning to normal following the lower service levels operated during the holiday period in January. While there was an increase recorded against all causes except the “Other” category compared to January, delays from mechanical issues were slightly below the average level during the previous twelve months.

Passenger Delay Minutes – Last Twelve Months



The greatest increase in passenger delays arose from an increase in speed restrictions during February as a result of a number of infrastructure works underway. Infrastructure-related delay minutes in February made up 63.1% of total delay minutes recorded in the month the break-down of these minutes is as follows:

| | Delay Minutes | Proportion |
|----------------------------|---------------|------------|
| Network Control | 345 | 2.8% |
| Signal/points failure | 3,382 | 27.5% |
| Speed restrictions | 5,513 | 41.9% |
| Track protection measures* | 3,406 | 27.7% |
| Total | 12,286 | |

*Track protection measures are put in place at sites where work that involves activities close to the track is underway. These require trains to slow or stop at a safe distance prior to the actual site and only proceed after receiving approval from the site protector that the track is clear of all obstructions.

1.2. MAJOR INFRASTRUCTURE WORKS

Victoria Park Tunnel and North Shore Watermain Relocation

Construction on Victoria Park Tunnel began in November 2009 and is expected to be completed in April 2012.

Included in the Tunnel project is the relocation of the Watermain supplying water to the North Shore out of the motorway corridor into Curran St and Jervois Rd. The Jervois Rd section began in February 2010 and involves 24 hour lane reductions between Curran St and Redmond St for approximately six weeks. Impacts to bus services are being monitored.

1.3. SPECIAL EVENT PASSENGER TRANSPORT SERVICES

Events

41 events were held in February, seven had an impact on public transport either with road closures and/or route diversions.

AC/ DC 4 February (Attendance 59,000)

Bus services operated to and from Western Springs from Britomart and the North Shore. .

On egress phase 20 buses were used for the North Shore service with the last bus departing at 12am. Britomart service used 40 buses undertaking 59 trips with the last bus leaving at approximately 12.15am.

| | Ingress | Egress | Total |
|----------------------|----------------|----------------|-----------------|
| Bus – Britomart | 4,065 6.8% | 4,515 7.6% | 8,580 7.8% |
| Bus – Nth Harbour | 1,885 3.2% | 1,755 3.0% | 3,640 3.1% |
| Pax Total | 5,950 10.1% | 6,270 10.6% | 12,220 10.4% |

The type and size of this event is something that does not happen that often with this being only the second event of this type since the U2 concert in 2004 / 5 at Mt Smart Stadium.

There was a number of lessons learnt and a full debrief report will outline recommendations to improve the operations at these type of events in the future.

Waitangi Day 6 February - Okahu Bay reserve

Bus diversions were altered this year to allow buses to get closer to the venue following a number of complaints in 2009 that the walk from the bus stop was too far (1 - 1.2km). This worked well with no complaints received. Heavy loadings were reported from NZ Bus.

Super14 12 February – North Harbour (Attendance 23,500)

Integrated ticketing was secured for all Blues home games for the 2010 season. With the first and only game at North Harbour, with all games for the rest of the season at Eden Park.

Pre Game: 1274 passenger trips (5.5% of crowd)

Post Game: 1045 passenger trips (4.5% of crowd)

Lantern Festival 27-28 February – Albert Park

All buses diverted along Wakefield St during the hours of the Festival. This meant a short walk of approx one block. This ensured both public and service providers were kept as safe as possible without incident. No incidents/complaints received.

NRL Pre Season Trial North Harbour – 28 February – North Harbour Stadium (Attendance 15,000)

Decision was made to provide services from Henderson and Manukau to try and encourage more people onto public transport for North Harbour games. Advertising was also undertaken on radio as well as promotion on the web.

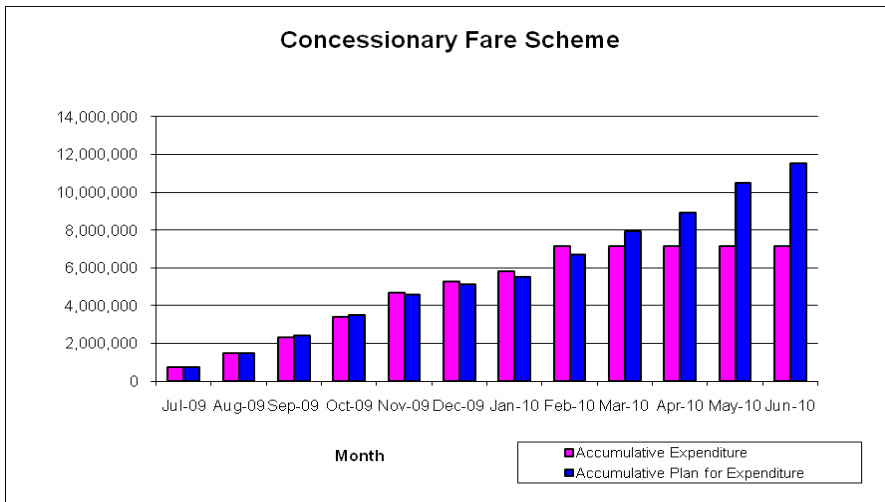
1.4. REGISTERED SERVICE NOTIFICATIONS RECEIVED BY ARTA UNDER THE PUBLIC TRANSPORT MANAGEMENT ACT 2008

Under the Public Transport Management Act 2008, the following applications for registered services have been approved during February 2010:

- Fullers Group (NZ) Ltd.: Notification to vary the Auckland to Matiatia service on Waitangi Day (06 February) to operate a standard Saturday timetable. Approved 03-Feb-10.
- Fullers Group (NZ) Ltd.: Notification to vary the Auckland to Devonport service on Waitangi Day (06 February) to operate a standard Saturday timetable. Approved 03-Feb-10.
- Fullers Group (NZ) Ltd.: Notification to vary the commercial registration details for the Auckland to Stanley Bay ferry service with the current timetable and current fare schedule. Approved 03-Feb-10.
- Fullers Group (NZ) Ltd.: Notification to cancel four services to Rangitoto effective on 27 March 2010 only. Approved 03-Feb-10.
- Fullers Group (NZ) Ltd.: Notification to vary the adult outbound and inbound fare. Approved 03-Feb-10.
- Fullers Group (NZ) Ltd.: Notification to vary the current route for the commercial service operating between Matiatia to the Sports Club Corner. Approved 03-Feb-10.
- Fullers Group (NZ) Ltd.: Notification of increase fares on all commercial ferry services and Waiheke Bus services from 21 February 2010. Approved 03-Feb-10.
- Transportation Auckland Corporation Ltd.: Notification to register special event services for the Mission Bay Jazz & Blues Festival on 27 February 2010. Approved 10-Feb-10.
- Transportation Auckland Corporation Ltd.: Notification to operate non-scheduled services between Tamaki Drive and Mahuhu Crescent for the Round the Bays Event on 14 March 2010. Approved 10-Feb-10.
- Pine Harbour Holdings Ltd.: Notification to operate a trial service for Pine Harbour Markets on Saturday 13th February 2010 only. Approved 10-Feb-10.
- Birkenhead Transport Ltd.: Notification to register a commercial service between Beachaven and Newmarket. Approved 10-Feb-10.
- Dial-A-Cab Ltd: Notification to apply for an exemption from 24 hour operations on Waiheke Island. Approved 12-Feb-10.

1.5. PUBLIC TRANSPORT CONCESSIONARY FARE SCHEME (CFS)

Expenditure for concessionary fare reimbursements is over budget for the eight months ended February 2010. The expenditure is \$7,159,000 against a budget of \$6,711,000.

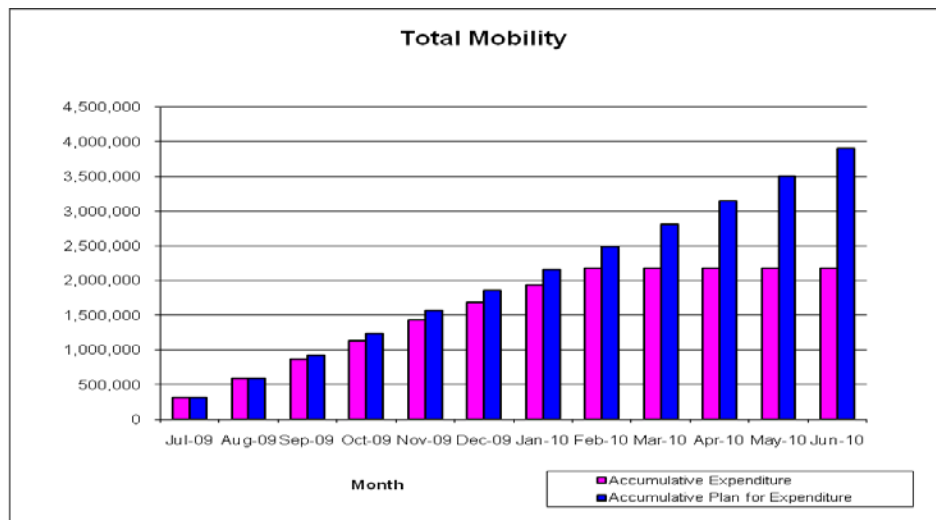


Expenditure for the SuperGold card is not included within this graph as it is funded 100% (for non-peak travel) by NZTA. The expenditure for SuperGold for the eight months ended March 2010 is \$6,281,000.

1.6. AUCKLAND TOTAL MOBILITY SCHEME

129 new Total Mobility applications were processed in February 2010 compared with 171 in November, 117 in December and 101 in January.

Expenditure for Total Mobility reimbursements is under budget for the eight months ended February 2010. The expenditure is \$2,181,000 against a budget of \$2,485,000.



1.7. TRAVEL PLANNING

School Travel Planning

The following schools launched their travel plans during February:

- Kauri Park
- Belmont Primary

Walking School Buses (WSB)

The following WSB's became active during February:

- Kauri Point Rd at Laingholm School

- Rimu Street at Kelston Primary
- Netherlands Ave at Kelston Primary
- Michaels Ave at St Mary's School Ellerslie

The WSB programme is celebrating its 10th anniversary and a press release has been issued entitled, "A Decade of Dedication" which highlights successes over the 10 year period.

Workplace Travel Planning

Progressing tertiary and hospital follow-up surveys, with a particular focus on:

- Auckland University
- AUT – Auckland City Centre Campus
- Auckland District Health Board- Green Lane and City centre hospitals.

2 PROJECT DELIVERY

2.1. ROLLING STOCK PROCUREMENT

Renewals Projects

- **Interim Rolling Stock SA Trainsets 18-23**

Trainsets 21 and 22 are now in Auckland ready for commissioning in June/July 2010. Trainset 23 and make-up carriages are in Dunedin and on schedule.

2.2. INFRASTRUCTURE DEVELOPMENT

Progress made on each joint ARTA-ONTRACK DART project is described below:

Newmarket Station Remodelling (DART 1)

Minor defect remedial work is continuing but the station is fully operational.

Grafton Station (formerly known as Park Rd) (DART 2)

Work continues on programme with completion still on target for early April 2010. Work is proceeding on the concourse and access structures, and the platform is being formed and surfaced. The platform canopy, CCTV, PA and associated systems are currently being installed and connected.

Western Line Duplication Stage 3 – Avondale (DART 4)

Below track construction by ONTRACK is now complete. Installation of platform furniture is now well underway and on schedule for completion in June 2010.

Western Line Duplication Stage 3 - New Lynn (DART 6)

The southern side of the New Lynn rail trench and platform was formally opened by the Transport Minister on 1 March (only part of the southern side of the platform is operational). Currently one track is operational in the trench, with the second track and northern side of the platform programmed to open on 8 June after Queen's Birthday. Construction of the station is progressing well and is currently one month ahead of programme. Work is focused on completing the second track in the trench, northern platform facilities, trench glass screen and traffic barrier (on the northern side) and the roof canopy structure for the station building.

Distributed Stabling (DART 17)

- **Western Line Site Henderson (formally Railside Avenue)**

The corridor section of work is complete and work has now begun on the remainder of the site and is tracking to meet the required delivery date in mid-May 2010.

- **Tamaki Drive – The Strand**

Discussions have continued between ARTA, KiwiRail and ONTRACK and it is now believed that a concept plan that meets all parties needs has been achieved. The next steps are to get formal agreement and progress detail design. Consideration is also being given for improvements to the Strand Station as back up for Britomart but will be subject to funding.

2.3. FERRY TERMINAL UPGRADES

Birkenhead

Piling work to the new outer berth has faced delays due to the unforeseen extent of underwater rock armour to the old seawall. This has now been overcome and work is progressing well, with a revised project completion date in July 2010.

2.4. NETWORK DEVELOPMENT

Onehunga Branch Line Rehabilitation (DART 19)

Construction at Te Papapa and Penrose platforms is nearing completion for below track works. Enabling works are underway in preparation for installation of Fibre Optic network cable for the stations. Procurement is underway for installation of ARTA above track assets. Construction of platform furniture is due to begin in early May 2010 with completion of platform construction expected mid 2010.

Manukau Rail Link (DART 9)

ONTRACK's contractors have installed all the piles for the rail trench sides, and have started installing the pile capping beams and prop beams to support the trench. Excavation of the trench itself will commence by the end of the month.

ARTA continues to work with Manukau City Council, ONTRACK and Manukau Institute of Technology (MIT) to deliver an integrated transport interchange and tertiary education facility. MIT have recently appointed project managers and a lead architect.

Ferry Terminal Developments

Hobsonville

Following the planned workshop in February 2010 an agreement was approved in principle with regard to developing the design and eventual scale of the terminal and the issues around ownership and access. Hobsonville Land Company confirmed the earliest date required for completion of the new ferry facility is June 2011.

Rugby World Cup 2011 - Kingsland Station

Following installation of the pedestrian underpass during the Christmas/New Year rail closure, the tendering of the services relocation works in Sandringham Road was completed and awarded and the Stage 2 platform extension works are currently being tendered (closing 12 March).

2.5. REAL TIME PASSENGER INFORMATION SYSTEMS (RTPIS)

Type 1 & 2- VPIDs for Bus Services, Phases 0, 3 & 4:

The RTPIS system expansion program of on-street infrastructure comprising 173 variable passenger information displays (VPIDs) installed at bus stops throughout the region is completed. However due to customer demand additional sites are being evaluated.

The five bus stops to be constructed as part of the New Lynn Bus/Rail Interchange have also been added, and are planned for completion by October 2010.

Rail Services RTPIS:

Newmarket Rail Station; Passenger information signs (PIDs) are installed. They are presently displaying service schedule information for next train arrivals and free text messaging for service disruptions and/or changes. Once the real time data feed is available from the ONTRACK train tracking system service ETAs will be displayed.

Rollout of Rail Station RTPIS/PIDs:

New Stations; Similar PIDs to those installed on Newmarket Station platforms and escalators will be installed on Grafton and New Lynn Stations. These works are programmed for completion by April and October 2010 respectively. They will also initially use the Britomart/Newmarket operating system.

Common Element Upgraded Stations (20 in total); The preliminary site works (wiring and support fixings) for the installation of PIDs are planned to be completed by July 2010. When the interfacing requirements for the operating system are confirmed a separate request for tender will be advertised for the supply and installation of PIDs, the works are scheduled for completion prior to the start of the Rugby World Cup.

Central Connector Corridor (CC) Project RTPI component:

The CC was fully opened on 30 November 2009.

The construction of the new Park Road rail overbridge is almost completed and VPIDs are presently being installed at the two new bus stops located on this bridge. These are part the Bus/Rail Interchange at Grafton Station and are scheduled for completion 31 March 2010.

2.6. ASSET MANAGEMENT**Downtown Ferry Terminals Structural renewals (Piers 1 & 2)**

Pier 2 works have been completed, with the exception of the area located beneath the contractor's site area and the diesel tank. This has resulted in a significant reduction in the impact of noise on the businesses and restaurants located near Pier 2. Works are progressing well on Pier 1 moving from south to north resulting in further reductions to the impact of noise on businesses nearby.

3 STRATEGY AND PLANNING

3.1. STRATEGIC TRANSPORT PLANNING

CBD Rail Loop

The CBD Rail loop investigation identified a preferred alignment with three proposed station locations at Albert Street, K'Road and Symonds Street in Newton. Phase 2 of the investigations concept design and preparation of the business case has commenced. It is anticipated that a draft concept design and business case for the project will be is will take 7 months to complete.

The Regional Public Transport Plan (RPTP)

43 submissions were received on the draft Regional Public Transport Plan and 20 submitters were heard during the month of February. In March a presentation will be made to the Regional Land Transport (RLTS) in response to public transport issues raised from the submission process on the draft 2010 Regional Land Transport Strategy. It is anticipated that the RPTP can be finalised following the adoption of the 2010 RLTS proposed for the April Regional Transport Committee meeting.

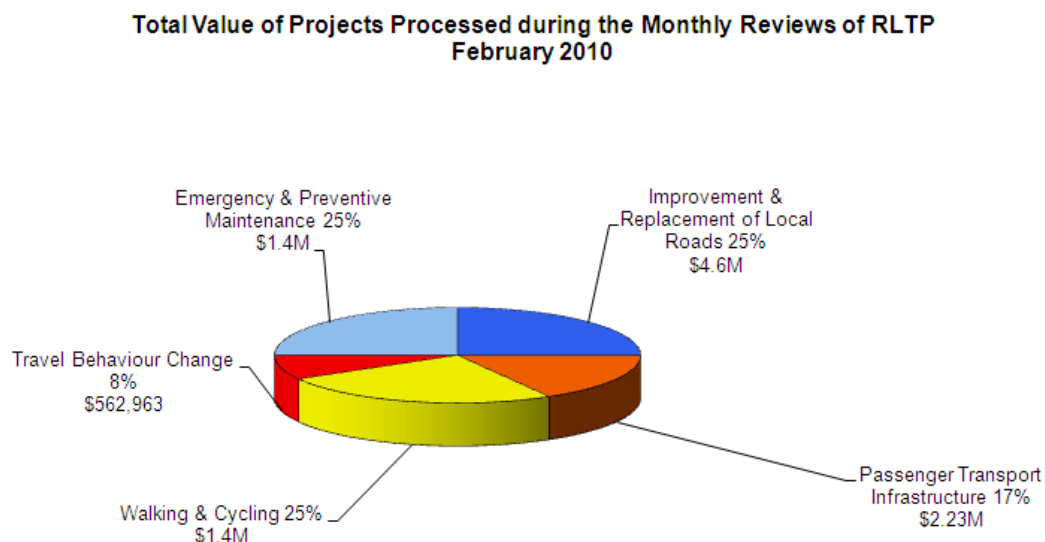
3.2. PLANNING AND PROGRAMMING

2009/2012 Auckland Regional Land Transport Programme (RLTP)

During the February monthly reviews, 12 funding applications totalling \$9,219,609 were submitted to ARTA for consideration.

ARTA recommended all the applications for approval to NZTA. All the applications have been approved for funding by NZTA.

Figure 1 shows the breakdown of scheme types.



Note The percentage values in the chart above relates to number of schemes processed as opposed to the value of the scheme.

Figure 1. February RLTP Review, ARTA processed.

Table 1 – February Recommended Schemes to NZ Transport Agency

| Regional Land Transport Programme Management | | | | | | | |
|--|--|--|--|--------------|--------------------|-------------------------------|-----------|
| Project name | Description | Activity Class | Phase | Cost | Comments (ARTA) | Outcome (NZ Transport Agency) | |
| February 2010 | | | | | | | |
| ARTA | Integrated Planning Management | Includes undertaking multimodal studies, providing regional input and advice which results in recommendation of mode, route and timing for key links in the Auckland Regional Transport Network. | Travel Behaviour Change | Study | \$562,963 | Recommended | Approved. |
| ARTA | Kingsland Station Enhancements for RWC | Request to cash flow funding from 10/11 to 09/10 financial year due to construction timing issues around the track upgrade. | PT Infrastructure | Construction | \$1,454,000 | Recommended | Approved. |
| FDC | Franklin School Travel Plan Infrastructure | Supports strategic investment in walking infrastructure for schools and particularly aligns with the development of a naturally low speed environment. | Walking and Cycling | Construction | \$40,000 | Recommended | Approved. |
| FDC | Maintenance, Operations and Renewals Programme 2009/12 | Cost scope adjustment to fund increase in level crossing maintenance. | Maintenance | Construction | \$26,641 | Recommended | Approved. |
| MCC | Activity Management Plan 2009/12 | Implementation (drafting, adopting and continuous updating of the Transport Activity Management Plan). | Improvement & Replacement of Local Roads | Study | \$280,000 | Recommended | Approved. |
| MCC | Flat Bush School Rd Upgrade Stage 1 | Replace an old one lane bridge with a two lane bridge complete with cycle lanes/footpaths & approaches that provide continuity with an upgraded carriageway geometry. | Improvement & Replacement of Local Roads | Construction | \$4,080,000 | Recommended | Approved. |
| MCC | Flat Bush School Rd Upgrade Stage 1 | Replace an old one lane bridge with a two lane bridge complete with cycle lanes/footpaths & approaches that provide continuity with an upgraded carriageway geometry. | Improvement & Replacement of Local Roads | Property | \$241,500 | Recommended | Approved. |
| MCC | Manukau School Travel Plan Infrastructure | Supports strategic investment in walking infrastructure for schools and particularly aligns with the development of a naturally low speed environment. | Walking and Cycling | Construction | \$120,000 | Recommended | Approved. |
| MCC | Preventive Maintenance Projects 2009/2010 | Construction of new retaining wall. | Maintenance | Construction | \$810,000 | Recommended | Approved. |
| MCC | Papatoetoe Park & Ride Extension Phase 2 | To expand Park and Ride facilities at Papatoetoe Station. | PT Infrastructure | Construction | \$780,000 | Recommended | Approved. |
| NSSC | Albany Off-Road Cycle Path | Detailed design of Stages 1, 2 and 3 to provide firm estimates ahead of construction. | Walking and Cycling | Design | \$294,000 | Recommended | Approved. |
| WCC | Preventive Maintenance Projects Kauri Road | Construction of a new Palisade wall. | Maintenance | Construction | \$530,505 | Recommended | Approved. |
| Total New Schemes | | | | | \$9,219,609 | | |

2009/2012 REGIONAL LAND TRANSPORT PROGRAMME

The majority of the review requests in the February programme review concerned cash flow adjustments to the 2009/10 programme; moving funding that is unlikely to be spent in this financial year into the 2010/11 financial year.

The \$1.45 million cash flow adjustment request for the Kingsland rail station enhancements was approved by NZTA. This allows money to be brought forward into the 2009/10 financial year to facilitate the earlier than anticipated construction start.

WALKING AND CYCLING COORDINATION

February saw a coordinated programme of events across the region with the primary objective of encouraging people to cycle to their workplace, tertiary institute or school. There were over 30 events held throughout the region during Bike Wise month this year. Event organisers, including the local councils, Cycle Action Auckland and other organisations reported increased number of participants when compared with previous years. The 'Share the Road' campaign continued to run through February highlighting the responsibilities of both motorists and cyclists on the road.

The Bike Wise to Work event, being trialled in Auckland this year in a partnership between ARTA and NZTA, has proven to be successful with over 350 new cyclists pledging to cycle to work at least 10 times over a 12 week period. This event finishes on the 9th April. Preparations for the Regional Manual Cycle Monitoring Programme in the second week of March 2010 have been completed. The review and updating of the Regional Cycle Network map is underway.

REGIONAL ROAD SAFETY COORDINATION

Continued roll out of regional 'Share the Road' cycle/motorist safety advertising campaign via bus-backs, motorway billboards and web-banners.

Regional Road Deaths at 28 February 2010 compared with 28 February 2009.

| | RDC | NCC | WCC | ACC | MCC | PDC | FDC | Region |
|---------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| Feb 10 | 2 | 1 | 1 | 1 | 0 | 0 | 0 | 5 |
| Feb 09 | 2 | 1 | 1 | 5 | 2 | 0 | 3 | 14 |

The annual regional road toll to February 28 2010 was 5, 9 less deaths than at the same time in 2009. The number of fatalities for the month of February 2010 (3) was two less than that for February 2009 (5).

4 MARKETING AND COMMUNICATIONS

4.1. MARKETING AND CUSTOMER INFORMATION CHANNELS

New Developments – February 2010

Service Changes

New Lynn Station Platform Change

Trains started to travel via the new rail trench on 1 March, using a new platform in the trench. Customers were advised in advance of the changes via posters, signs, suburban newspaper adverts and Ambassadors handing out brochures with details on how to access the new platform.

Special Event Transport Promotions

AC/DC Concert

The AC/DC concert at Western Springs was attended by 58,000 people. Public transport to the event was promoted with onboard bus and train posters, media and website advertising. A key focus was radio advertising on The Rock and Hauraki stations. The trains recorded 613 extra boardings. The special buses recorded 5331 boardings. In total 5944 public transport journeys were taken to the concert, just over 10% of the crowd.

Super 14 Rugby Game

The first Blues Super 14 home game at North Harbour Stadium on Friday, 12 February attracted a crowd of 23,000. Public transport to the event was promoted with onboard posters, website and radio advertising. A total of 2,319 passengers took the bus to the game, approximately 10% of the crowd.

4.2. MEDIA AND COMMUNICATIONS

Media Releases – February 2010

10 Feb 2010

Three year hiatus holding public transport fares in Auckland ends

The Auckland Regional Transport Authority (ARTA) announced today that the three year hiatus holding public transport fares in Auckland would end on 21 February this year.

08 Feb 2010

Free ride for Blues fans this Super 14 season

The Blues will be hoping to charge into the 2010 Super 14 season with a win against the Hurricanes this Friday 12 February, as the two Kiwi teams battle it out at North Harbour Stadium. Blues fans can catch a free ride to this and every home game at Eden Park this season, simply by showing their pre-purchased match ticket on specified public transport services.

02 Feb 2010

Auckland well prepared for Rugby World Cup

The Auckland Regional Transport Authority (ARTA) said today it was well prepared for an influx of tens of thousands of Rugby World Cup visitors.

01 Feb 2010

Rock up at AC/DC with MAXX

A crowd of over 60,000 fans will head to Western Springs this Thursday 4th February to see legendary Australian rockers AC/DC perform on their Black Ice Tour. Make the most of the evening, leave the car at home and enjoy a chauffeur-driven ride on public transport to and from the event.

5 CORPORATE SERVICE

5.1. FINANCIAL REPORT

| Auckland Regional Transport Authority | | | | | | | | |
|--|----------------|----------------|----------------------|-----------------|-----------------|----------------------|-----------------|-----------------|
| INCOME STATEMENT | | | | | | | | |
| NZD '000 | MONTH | | | YEAR TO DATE | | | FULL YEAR | |
| | Revised Budget | Actual | Variance Fav/(Unfav) | Revised Budget | Actual | Variance Fav/(Unfav) | Revised Budget | Original Budget |
| February-10 | | | | | | | | |
| OPERATING REVENUE | | | | | | | | |
| ARC Opex Grants | 8,067 | 6,813 | (1,254) | 61,783 | 58,294 | (3,489) | 95,600 | 102,393 |
| NZTA Opex Grants | 10,169 | 8,884 | (1,285) | 76,816 | 73,503 | (3,313) | 119,078 | 132,757 |
| Other Grants and Subsidies | 95 | 101 | 6 | 850 | 833 | (17) | 1,160 | 1,842 |
| Rail Fare Revenue | 1,610 | 1,697 | 87 | 12,170 | 12,515 | 345 | 19,714 | 19,957 |
| Bus Fare Revenue | 532 | 598 | 66 | 4,271 | 4,777 | 506 | 7,251 | 5,004 |
| Ferry Wharf Revenue | 188 | 245 | 57 | 1,554 | 1,642 | 88 | 1,982 | 2,054 |
| Other Sundry Operating Income | 8 | 9 | 1 | 80 | 93 | 13 | 12 | 12 |
| Total Operating Revenue | 20,669 | 18,347 | (2,322) | 157,524 | 151,657 | (5,867) | 244,797 | 264,019 |
| OPERATING EXPENDITURE | | | | | | | | |
| Human Resource | 1,141 | 1,038 | 103 | 8,626 | 8,073 | 553 | 13,287 | 14,654 |
| Prof Services - Project Delivery | 233 | 53 | 180 | 1,333 | 472 | 861 | 2,165 | 2,147 |
| Prof Services - Customer Services | 742 | 652 | 90 | 5,605 | 4,366 | 1,239 | 8,400 | 10,393 |
| Prof Services - Others | 341 | 145 | 196 | 1,697 | 789 | 908 | 3,405 | 3,413 |
| Support Services | 230 | 229 | 1 | 1,841 | 1,833 | 8 | 2,763 | 2,766 |
| Materials | 34 | 11 | 23 | 227 | 76 | 151 | 330 | 345 |
| Printing and Office Supplies | 162 | 81 | 81 | 1,138 | 585 | 553 | 1,619 | 1,757 |
| Repairs and Maintenance | 129 | (48) | 177 | 941 | 735 | 206 | 1,457 | 961 |
| Communications | 24 | 9 | 15 | 201 | 140 | 61 | 289 | 386 |
| Information Systems | 83 | 75 | 8 | 662 | 389 | 273 | 1,011 | 1,378 |
| Bus Contract | 10,561 | 10,269 | 292 | 82,019 | 80,504 | 1,515 | 126,261 | 133,365 |
| Rail Contract | 5,888 | 5,403 | 485 | 45,465 | 44,362 | 1,103 | 70,802 | 81,935 |
| Ferry Contract | 523 | 512 | 11 | 4,037 | 3,925 | 112 | 6,182 | 6,020 |
| Security | 82 | 125 | (43) | 586 | 674 | (88) | 914 | 325 |
| Advertising and Promotion | 164 | 80 | 84 | 832 | 402 | 430 | 1,355 | 1,360 |
| Other Expenditure | 173 | 196 | (23) | 1,446 | 1,271 | 175 | 1,983 | (79) |
| Depreciation | 1,647 | 1,831 | (184) | 13,157 | 14,277 | (1,120) | 19,767 | 19,932 |
| Investigations Expenditure | 250 | 190 | 60 | 922 | 1,210 | (288) | 2,851 | 2,809 |
| Total Operating Expenditure | 22,407 | 20,851 | 1,556 | 170,735 | 164,083 | 6,652 | 264,841 | 283,867 |
| Net Operating Surplus/(Deficit) | (1,738) | (2,504) | (766) | (13,211) | (12,425) | 785 | (20,044) | (19,848) |

Statement of Financial Position

As at 28 February 2010

| | Jun-09 \$000s | ARTA | | | Jun-09 \$000s | ARTA | | |
|--------------------------------------|------------------|------------------|------------------|--------------------|------------------|------------------|------------------|--------------------|
| | | Feb-10 \$000s | Jan-10 \$000s | Movement \$000s | | Feb-10 \$000s | Jan-10 \$000s | Movement \$000s |
| Liabilities | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Trade payables | 7,036 | 8,609 | 5,795 | 2,815 | | | | |
| GST payable | 0 | 286 | 0 | 286 | | | | |
| Employee benefit liabilities | 1,025 | 668 | 646 | 22 | | | | |
| Income in advance | 59 | 9,425 | 4,961 | 4,464 | | | | |
| Accrued expenditure | 31,421 | 29,441 | 28,461 | 980 | | | | |
| Transport grants payable | 19,819 | 8,206 | 8,206 | 0 | | | | |
| Total current liabilities | 59,360 | 56,634 | 48,068 | 8,566 | | | | |
| Non-current Liabilities | | | | | | | | |
| Transport grants payable | 1,152 | 1,564 | 1,564 | 0 | | | | |
| Deferred tax | 5,375 | 5,375 | 5,375 | 0 | | | | |
| Total non-current Liabilities | 6,527 | 6,939 | 6,939 | 0 | | | | |
| Total liabilities | 65,886 | 63,573 | 55,007 | 8,566 | | | | |
| Equity | | | | | | | | |
| Accumulated funds | 4,265 | 5,459 | 6,164 | (705) | | | | |
| Capital grants reserve | 261,685 | 307,103 | 304,662 | 2,441 | | | | |
| Total equity | 265,950 | 312,562 | 310,826 | 1,736 | | | | |
| Total equity and liabilities | 331,836 | 376,135 | 365,833 | 10,302 | | | | |
| Assets | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and cash equivalents | 105 | 133 | 123 | 10 | | | | |
| Trade receivables | 554 | 1,288 | 361 | 927 | | | | |
| GST receivable | 494 | 0 | 307 | (307) | | | | |
| Accrued income | 13,335 | 20,442 | 14,574 | 5,868 | | | | |
| Prepayments | 0 | 2,597 | 4,845 | (2,248) | | | | |
| Inventories | 5,126 | 5,487 | 5,487 | 0 | | | | |
| | | 0 | 0 | | | | | |
| | | 0 | 0 | | | | | |
| Related party receivables | | | | | | | | |
| Operating account | 28,975 | 29,269 | 25,640 | 3,629 | | | | |
| Transport grants | 19,819 | 8,206 | 8,206 | 0 | | | | |
| Total current assets | 68,408 | 67,423 | 59,543 | 7,879 | | | | |
| Non-current assets | | | | | | | | |
| Property, plant & equipment | 240,381 | 285,491 | 283,039 | 2,452 | | | | |
| Intangible assets | 21,896 | 21,658 | 21,687 | (30) | | | | |
| | | 0 | 0 | | | | | |
| | | 0 | 0 | | | | | |
| Related party receivables | | | | | | | | |
| Transport grants | 1,152 | 1,564 | 1,564 | 0 | | | | |
| Total non-current assets | 263,429 | 308,712 | 306,290 | 2,422 | | | | |
| Total assets | 331,836 | 376,135 | 365,833 | 10,302 | | | | |

| Statement of Cash Flows | | |
|--|---|-------------------|
| For the Period Ended 28 February 2010 | | |
| Full Year Ended 30 June 2009 | | As at 28 Feb 2010 |
| <u>\$000</u> | | <u>\$000</u> |
| | Cash flows from operating activities | |
| | Cash was provided from: | |
| | ARC Opex grants | 58,000 |
| 101,532 | ARC Capex grants | 38,516 |
| 70,771 | ARC funding for IA grants vested in ARTA | 11,201 |
| 7,711 | LTNZ Capex grants | 14,175 |
| 4,457 | LTNZ Opex grants (excl. GST) | 72,485 |
| 104,750 | Other Grants and Subsidies | 10,222 |
| 1,350 | Rail Fare revenue | 12,265 |
| 18,625 | Bus Fare revenue | 4,630 |
| 4,436 | Ferry Wharf revenue | 1,547 |
| 1,998 | GST | 286 |
| - | Other Sundry Operating income | 84 |
| 252 | | |
| 315,881 | | 223,412 |
| | Cash was applied to: | |
| | Payments to Suppliers (excl. GST) | 144,603 |
| 222,913 | Payments to Employees | 8,430 |
| 12,724 | Payments to recipients of IA grants vested in ARTA | 11,201 |
| 7,711 | GST | 0 |
| 184 | | |
| 243,532 | | 164,234 |
| 72,349 | Net Cash from Operating Activities | 59,178 |
| | Cash Flows from Investing Activities | |
| | Cash was provided from: | |
| 0 | Realisation of Other Investments | - |
| 0 | Proceeds from Sale of Intangible Assets | - |
| 0 | | - |
| | Cash was applied to: | |
| 72,392 | Purchase and Development of Fixed Assets | 59,150 |
| 0 | Purchase and Development of Intangible Assets | - |
| 0 | Other Investments | - |
| 72,392 | | 59,150 |
| (72,392) | Net Cash applied to Investing Activities | (59,150) |
| | Cash Flows from Financing Activities | |
| | Cash was provided from: | |
| 0 | Increase in loans | - |
| | Cash was applied to: | |
| 0 | Repayment of Loans | - |
| 0 | Net Cash from Financing Activities | - |
| | | |
| (43) | Net (Decrease)/Increase in Cash & Investments Held | 28 |
| 148 | Cash & Investments Balances at Beginning of the Period | 105 |
| 105 | Cash & Investments Balances at the End of the Period | 133 |
| | | |
| | Cash & Investments Balances Consist of: | |
| 0 | Bank Overdraft | - |
| 105 | Cash | 133 |
| 0 | Short Term Investments | - |
| 105 | | 133 |

Reconciliation of Net Surplus with Net Cash Flows from Operating Activities

| | Feb 10 \$000 |
|---|-----------------|
| Cash was provided from: | |
| Net Surplus | 46,612 |
| Adjustment for items not involving cash: | |
| Depreciation and amortisation | 14,278 |
| Donated asset | - |
| Deferred tax | (0) |
| Movements in working capital: | |
| (Increase) in receivables from ARC | (294) |
| (Increase) in trade and other receivables | (9,945) |
| Decrease/(Increase) in Inventory | (361) |
| Increase in GST | 286 |
| Decrease/(Increase) in grants receivable from ARC | 11,201 |
| (Decrease)/Increase in trade and other payables | 8,603 |
| (Decrease)/Increase in grants payable | (11,201) |
| Net Cash from Operating Activities | 59,178 |

5.2. STATEMENT OF FINANCIAL PERFORMANCE

SUMMARY OF OPERATIONAL VARIANCES

Professional Services - \$3m less than budget (less use of external consultants and funding constraints related to the NZTA NLTP and delay in approving the budget).

Bus Contract - \$1.5m less than budget (low fuel prices, the NZ Bus industrial dispute and low or negative indexation).

Rail Contract - \$1.1m less than budget (lower fuel prices than anticipated).

Printing, Office Supplies, Advertising and Promotion - \$1.0m less than budget (lower than expected print costs for timetables and marketing collateral and fewer advertising costs for marketing campaigns).

Human Resources - \$0.5m less than budget (less staff than budgeted).

Depreciation - \$1.1m more than budget (earlier capitalisation of capital projects than budgeted).

OPERATING RESULTS – MONTH FEBRUARY 2010

The results for the February month are reported against the revised 2009/10 Opex ARTA budget approved by the ARTA Board in October 2009. The revised budget was the result of reduced funding from NZTA announced in early September in the National Land Transport Programme.

Revenue

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

ARC Opex Grants are \$1.3m less than budget and NZTA Opex Grants are \$1.3m less than budget due to less expenditure than budgeted.

Rail Fare Revenue is \$0.1m more than budget due to patronage exceeding budget. The fare increase took effect on 21 February 2010.

Bus Fare Revenue is \$0.1m more than budget due to higher patronage than planned on all bus contracts.

Expenditure

Major variances to budget are:

- a) Human Resource is \$0.1m less than budget due to fewer staff than budgeted and some vacancies that will now not be recruited due to the transition process.
- b) Professional Services – Project Delivery is \$0.2m less than budget due to reduced expenditure in acquiring professional services for project development and related expenditure due to timing delays associated with the uncertainty about NZTA funding during the first half of the financial year.
- c) Professional Services – Customer Services is \$0.1m less than budget due to lower than planned use of external contractors on the Public Transport Procurement Project.
- d) Professional Services – Others is \$0.2m less than budget due to lower than budgeted use of consultants by Finance and Corporate Services expenses and Human Resources.
- e) Printing and Office Supplies is \$0.1m less than budget due to a delay in launching some marketing campaigns and less on-road timetables being required for the period.
- f) Repairs and maintenance is \$0.2m less than budget due to less vandalism and fibre optic repair costs than planned.
- g) Bus Contract is \$0.3m less than budget due to savings for the South/Isthmus indexation for NZ Bus and lower demand for Total Mobility. This was partially offset by an unfavourable variance due to greater demand than planned in all areas of concessions, particularly for SuperGold and tertiary CFS which continue to maintain growth.

- h) Rail Contract is \$0.5m less than budget as a result of a reduction in the Veolia leave liability and less reactive maintenance on rolling stock, lower facilities charges and locomotive lease costs.
- i) Advertising and Promotion is \$0.1m less than budget due to less advertising being undertaken in association with marketing campaigns than planned.
- j) Depreciation is \$0.3m more than budget due to timing differences in capitalisation of some of the fixed assets during the year.
- k) Investigations Expenditure is \$0.1m less than budget due to a deferral of expenditure for station concept design to align with the station upgrades capital programme.

Net Operating Surplus / (Deficit)

Net Operating Deficit for the month is \$2.5m. This deficit arises mainly because depreciation is unfunded.

OPERATING RESULTS – YEAR TO DATE - PERIOD ENDED 28 FEBRUARY 2010

The year to date variance to budget for each category of expenditure is largely the same as those reported for the month above, except as detailed below:

Revenue

ARC Opex Grants are \$3.5m less than budget and NZTA Opex Grants are \$3.3m less than budget due to less expenditure than budgeted.

Rail Fare Revenue is \$0.3m more than budget due to higher patronage than originally planned.

Bus Fare Revenue is \$0.5m more than budget due to higher patronage than planned especially on Northern Express services.

Expenditure

Major variances to budget are:

- a) Human Resource is \$0.5m less than budget year to date.
- b) Professional Services – Project Delivery is \$0.9m less than budget year to date.
- c) Professional Services – Customer Services is \$1.2m less than budget due to;
 - Lower than planned costs for projects within the marketing, communications, community focused activities and customer service areas as a result of funding cuts to keep within the NZTA funding envelope resulting in some activities previously outsourced being performed in-house.
 - Lower than planned monthly support charges being incurred for the Real Time System.
 - Lower than planned costs for modelling of the Rugby World Cup
 - Lower legal fees than expected.
- d) Professional Services – Others is \$0.9m less than budget year to date.
- e) Materials are \$0.2m less than budget due to NZTA funding constraints within the School Travel Planning and Work Place Travel Planning area.
- f) Printing and Office Supplies is \$0.6m less than budget.
- g) Repairs and maintenance is \$0.2m less than budget.
- h) Communications is \$0.1m less than budget due to lower costs of mailbox drop campaigns and less server communication costs being incurred for the Real Time System than planned.
- i) Information Systems is \$0.3m less than budget due to timing delays relating to real time licence charges and licences associated with the new scheduling and journey planner software.
- j) Bus Contract is \$1.5m less than budget year to date mainly due to negative indexation for the quarterly adjusted contracts effective from 1 July 2009, planned changes to the City Circuit that have not been implemented, NZ Bus industrial action credit notes, and lower than planned demand for child concessions.

- k) Rail Contract is \$1.1m less than budget year to date due to fuel price savings and lower than anticipated reactive maintenance at stations partially offset by an increase in leave liability.
- l) Security is \$0.1m more than budget due to supplying an additional fulltime security guard at Newmarket Station for the first few months from its opening.
- m) Advertising and Promotion is \$0.4m less than budget year to date.
- n) Other expenditure is \$0.2m less than budget year to date due to a saving in insurance costs of train sets 18-23 and small savings in other miscellaneous cost categories.
- o) Depreciation is \$1.1m more than budget.
- p) Investigations expenditure is \$0.3m more than budget year to date due to a timing difference in CBD Loop tunnel investigations.

Net Operating Surplus / (Deficit)

Net Operating Deficit for the year is \$12.4m. This deficit arises mainly because depreciation is unfunded and a favourable cost/volume variance arising from allocating labour and overheads back to projects.

5.3. STATEMENT OF FINANCIAL POSITION

The key features of the Statement of Financial Position as at 28 February 2010 are:

Current Liabilities

The total trade payables have increased by \$2.8m between January and February mainly due to the processing of a large invoice in respect of the Rail Contract paid in March.

Income in advance has increased by \$4.5m due to the Veolia quarterly invoice.

Accrued expenditure has increased by \$0.9m mainly due to increase in activities after the Christmas break.

Creditors (included in Trade Payables)

| Detail | Current | 30-60 Days | More than 60 Days |
|--------------------------------|-------------|------------|-------------------|
| Accounts Payable – February 10 | \$4,057,663 | \$1,378 | \$0 |
| Accounts Payable – January 10 | \$1,523,974 | \$25 | \$0 |

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

Current Assets

Accrued income has increased by \$5.9m due to the amount claimed from NZTA for the next Veolia quarterly invoice and the first AIFS contract payment.

The decrease in prepayments of \$2.2m is due to the reduction of the Veolia quarterly invoice and annual insurance invoices.

Debtors (included in Trade Receivables)

| Detail | Current | 30–60 Days | More than 60 days |
|-----------------------------------|-------------|------------|-------------------|
| Accounts Receivable – February 10 | \$1,153,835 | \$121,400 | \$14,898 |
| Accounts Receivable – January 10 | \$329,055 | \$8,768 | \$23,192 |

Pubic Equity

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