

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

5 Financial Reports

5.1 Income Statement

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

5.2 Statement of Financial Position

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

5.3 Statement of Cash Flows

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

Reconciliation of Net Surplus with Net Cash Flows from Operating Activities

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

5.4 Capital Statement

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

5.5 Summary of Financial Performance for 3 months to September 2009

Operating Results:

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

Revenue

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

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

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

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

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

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

Expenditure

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

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

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

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

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

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

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

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

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

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

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

Net Operating Surplus/(Deficit)

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

CAPITAL RESULTS

Revenue

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

Expenditure

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

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

Partially offset by:

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

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

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

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

5.6 Statement of Financial Position

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

Current Liabilities

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

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

Current Assets

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

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

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

Long Term Assets

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

Equity

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

Statement of Cash Flows

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

5.7 ARTA Administration Costs

Administration Budget Results for Quarter 1

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

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

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

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

5.8 ARC Funding Categories

ARC Funding CAP - OPEX

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

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

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

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

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

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

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

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

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

ARC Funding CAP - CAPEX

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

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

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