

ARTA Half Year Report

1 July to 31 Dec 2007

ARTA CEO Unit



Auckland Regional
Transport Authority



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1 Summary and Highlights

- Patronage on rail, bus and ferry services for the six months to December 2007 was 26,475,000 trips. This represents a very small increase of 100,000 boardings or 0.4% on the first six months of 2006/07. ARTA is relying on the implementation of the Bus Development and Patronage Growth Plan, with major initiatives in February including the new North Shore sector design and the 40% discount on tertiary fares, to achieve the 2% increase in bus patronage required by ARTA's 2007/08 Statement of Intent.
- Rail patronage increased by 11.6% or 332,000 boardings, with most of this increase on the Southern and Eastern lines. Additional weekend train services were added on the Eastern line from 2 December to serve the increasing demand for travel to the Sylvia Park shopping centre. Half hourly services were extended to 6pm Saturdays, and Sunday services were doubled to half hourly. Late night services were also extended on all lines from Sunday to Thursday.
- The Northern Express bus service, and feeder services, carried 558,755 passengers in the six month period. Based on the performance of these services before the busway opening, ARTA is on track to exceed the Statement of Intent target, which is to carry 1 million passenger trips on these services in 2007/08.
- Bus patronage for the six months to December 2007, excluding the Northern Express and School services, was 436,000 less than in the same period in 2006. This is partly due to the impact of the Queen St road works on two specific services – the City Circuit, which is down by 160,000 boardings compared with the first half of 2006/07, and the Western Bays services, which are down by 57,000 boardings. Areas where bus services have been improved are seeing positive growth.
- A suite of improvements to routes, frequencies and customer service is being implemented as set out in the Bus Service and Patronage Improvement Plan.
- ARTA has prepared a major marketing campaign to promote the new 40% concession on tertiary fares, supported by operational improvements to manage the anticipated increase in demand for 10-trip tertiary tickets and weekly tertiary passes.
- There were 39 deaths on Auckland regional roads during the half year, compared to 43 deaths in the same period in 2006.
- 82% of customers surveyed in October 2007 while travelling on buses, trains and ferries gave a rating of “good”, “very good” or “excellent” for the overall service.
- The annual independent evaluation of the TravelWise Schools programme has concluded that the programme takes 4,503 car trips off the road each morning, against a target for 2007/08 of 3,780.
- The Draft 2008/09 Auckland Land Transport Programme was released in December 2007 and includes, for the first time, the expenditure of Transit NZ and of ONTRACK in the Auckland Region to give a complete picture of how planned transport expenditure compares with the allocations set out in the Auckland Regional Land Transport Strategy.



2 Passenger Transport Patronage

2.1 Overall patronage trends

Total patronage on rail, bus and ferry services for the six months to December 2007 was 26,475,000 trips. This is a small increase of 100,000 boardings or 0.4% on the first six months of 2006/07.

ARTA's focus in the first half of the 2007/08 year has been preparing for service improvements to be implemented in the second half of the year, in particular the launch of the Northern Busway on 3 February. ARTA has developed a single ticket for all North Shore bus services, undertaken a comprehensive marketing campaign and finalised negotiations for an improved service network throughout the North Shore. The Northern Express and feeder services carried 558,755 people in the first half of 2007/08, against an annual target of 1 million.

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

Ferry patronage is dominated by the commercial Devonport and Waiheke services which performed well in December. Performance of contracted ferry services was more mixed, with a decline in patronage at Bayswater due to parking issues cancelling out increases in patronage on other contracted services.

Quality Transit Network and Local Connector bus services carried 19.6 million trips over the first half of 2007/08. Significant improvements to bus services are planned for the second half of 2007/08, and future years.

Outcome	Performance Measure	Half Year result 2007/08	Half Year result 2006/07	Change relative to first half year of 06/07		Target annual increase %
Total PT patronage growth (with a base year of 05/06=51.13m)	Total PT patronage increases by 10.5% over 3 years 2006/07 result = 2.4% 2007/08 target = 3.1% 2008/09 target = 4.5%	26,475,346	26,375,323	100,023	0.4%	3.1%
RTN patronage growth	Northern Busway patronage	558,755	416,981	141,774	34.0%	20.5%
	Rail patronage (total Southern/Eastern and Western lines)	3,186,931	2,854,802	332,129	11.6%	20% on W line 5% on S & E lines
QTN & LCN patronage growth	Patronage on all other bus services	19,601,620	20,037,620	-436,000	-2.2%	2.0%
	Patronage on ferry services	1,903,563	1,874,246	29,317	1.6%	1.0%
Targeted services	Patronage on school bus services	1,224,467	1,191,674	32,793	2.8%	1.0%

2.2 Rapid Transit Network patronage

Northern Express bus service

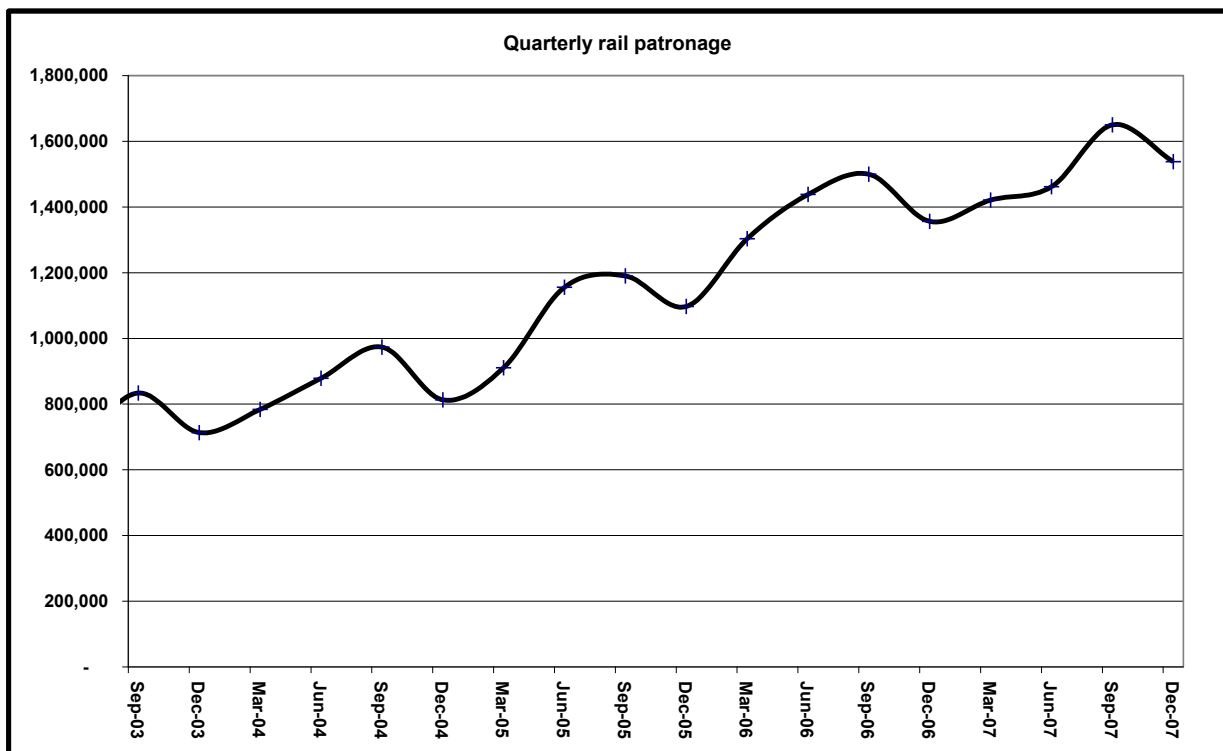
The Northern Express bus service, and feeder services, carried 558,755 passengers over the half year, an increase of 34%. The Busway promotional campaign advising North Shore residents to “get ready to make the leap” in February 2008 appears to have encouraged many to make the leap already in 2007. Based on the performance of these services before the busway opening, ARTA is on track to exceed the Statement of Intent target and to carry 1.1 million passengers on these services in 2007/08.

Rail

Rail patronage overall increased by 11.6% or 332,000 boardings relative to the first half of 2006/07, with most of this increase on the Southern and Eastern lines.

Additional weekend train services were added from 2 December to serve the increasing demand for travel to the Sylvia Park shopping centre. Half hourly services were extended to 6pm Saturdays, and Sunday services were doubled to half hourly. Late night services were also extended on all lines from Sunday to Thursday. Special train services were provided to the Farmers Santa Parade, to two concerts at the Vector Arena, and to the Netball World Cup in Henderson.

ONTRACK works continued on the Western line, with bus replacement services in effect at times during November and December, and a major Christmas construction programme.

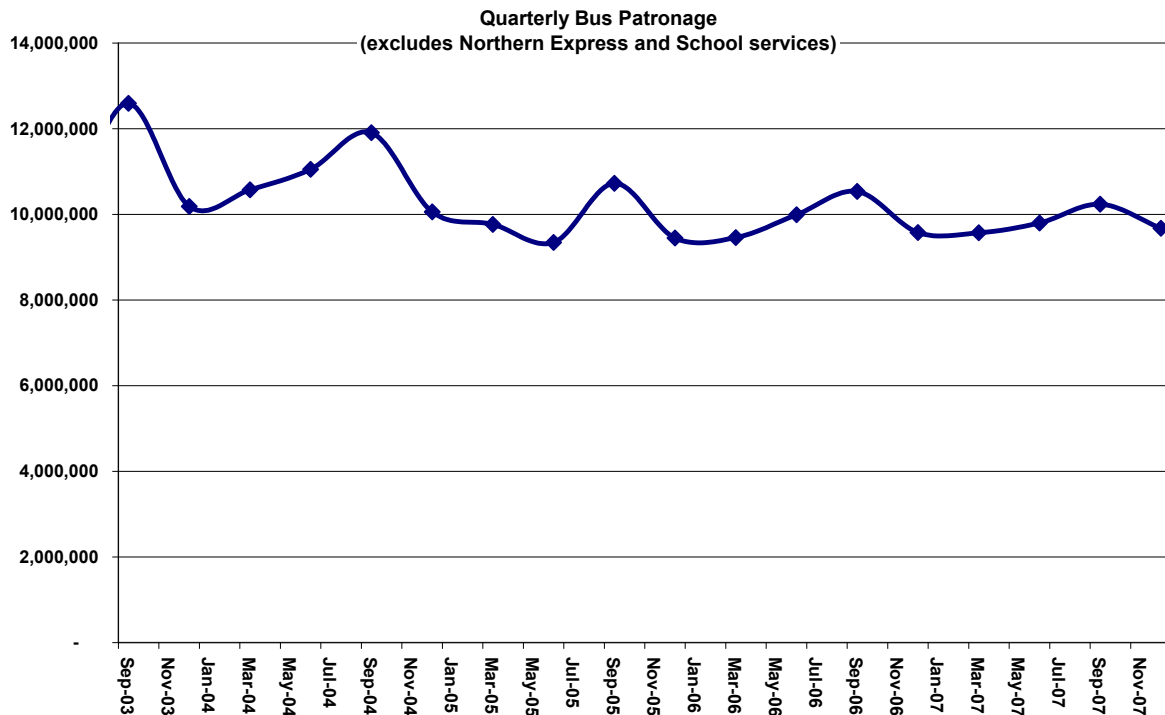


2.3 Other bus and ferry services

Bus services

Bus services, excluding the Northern Express and School services, carried 19,602,000 trips over the first half of 2007/08. This is 436,000 fewer boardings than in the same period last year.

As reported previously by ARTA, overall bus patronage has been static for some time. The negative trend in bus patronage in the first half of 2007/08 is partly explained by the impact of the Queen St road works on two specific services – the City Circuit, which is down by 160,000 boardings compared with the first half of 2006/07, and the Western Bays services, which is down by 57,000 boardings.



Bus services where ARTA has invested or altered services, with associated marketing and promotional campaigns, are seeing positive growth:

- The first set of North Shore service changes were introduced in mid-2005. Since these changes were made, total bus patronage on the North Shore has risen each year – by 4.8% in 2005/06 and then 6.9% in 2006/07.
- Route 66, was amended to provide a link from Botany to the Manurewa rail interchange, and has seen 10.8% growth since this change
- Routes 68, 55 and 55x linking Dannemora/South Howick to the CBD have had improved evening and weekend frequencies and seen 13% growth
- The 008, 009 and 717 Crosstown services were simplified in November 2007 and re-launched as the “*Sylvia Park Shopper*” services. Patronage during December was up 9.2% on the previous year.

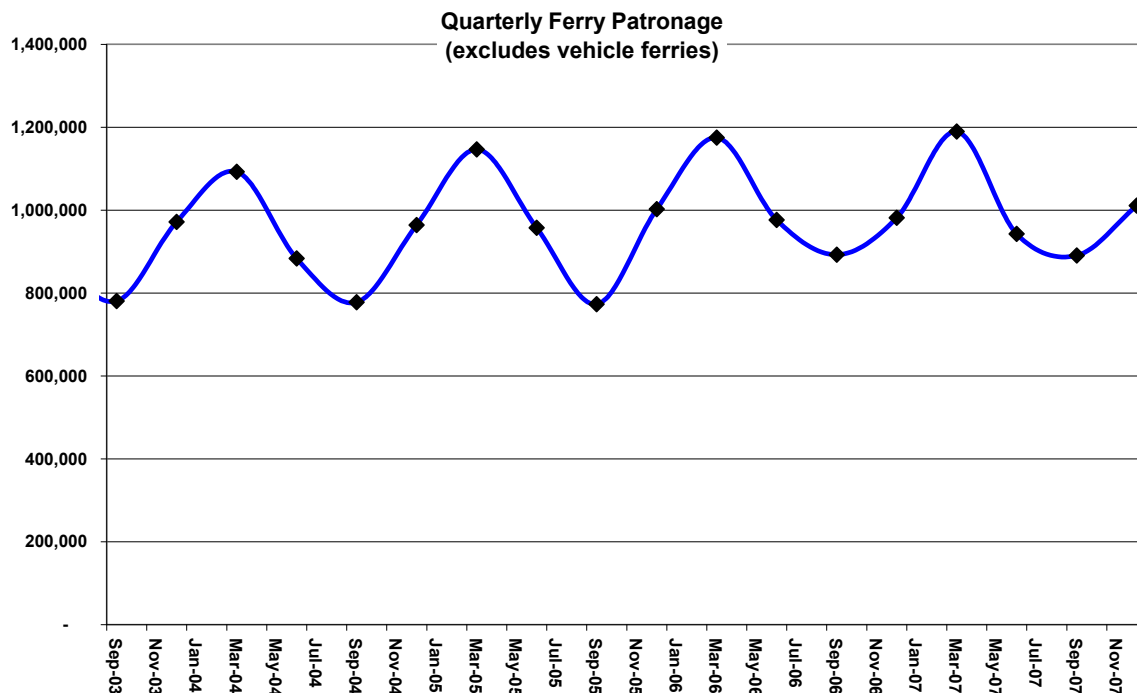
Ferry services

There were 1,903,563 ferry boardings in the half year to December 2007, an increase of 1.6% relative to the same period in 2006. Most of this increase occurred in the month of December, with 16,257 more ferry trips made than the previous December.

The seasonal pattern for ferries, with highest patronage in the March quarter, is the reverse of the seasonal pattern for rail and bus patronage. This is especially true of the commercial Devonport and Waiheke ferry routes which make up the majority of ferry patronage. Good summer weather tends to lead to good ferry patronage.

Of the contracted ferry services, the Pine Harbour, West Harbour and Birkenhead services saw positive patronage growth. Patronage on the Bayswater services has declined by 14% (-14,789 boardings), due mainly to the introduction of parking charges at the Bayswater wharf.

With the transfer of ARTNL ferry functions to ARTA, better data on ferry boardings is now available, including data on passenger boardings on the Waiheke vehicle ferries. To be consistent with the targets set in the Statement of Intent, ARTA has not included passengers on vehicle ferries in the ferry patronage totals below.



School Bus services

There were 1,224,467 boardings on dedicated school bus services in the period July-December 2007. At the end of the 2007 school year, two service changes were agreed; a change in service routes to Edgewater College, and the withdrawal of morning bus services to St Mark's primary school in Pakuranga, following the failure of efforts to build patronage on this service. ARTA has added bus capacity to Albany Junior High School and is currently looking at options to relieve overloading of school buses in the new school year, especially on the North Shore.

3 Delivery of the Regional Land Transport Strategy

ARTA released the draft Land Transport Programme in December 2007, and is currently receiving submissions on the programme, as well as working with local councils to ensure the best possible quality of projects is submitted to the final Land Transport Programme.

Achieving a balance of funding in the Land Transport Programme which reflects the priorities set in the Regional Land Transport Strategy is the outcome of a range of ARTA activities, including:

- Preparing the Auckland Transport Plan, which considers the future investment plans of local councils, ONTRACK and Transit NZ and integrates these into a single forward plan for transport in the Auckland Region;
- 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 Regional Land Transport Strategy; and
- Recommending funding priorities between projects in the Land Transport Programme.

Although ARTA does not have a direct role in prioritising funding for Transit NZ or for ONTRACK, expenditure by these organisations is, for the first time, included in the allocations of expenditure set out in the draft 2008/09 Auckland Land Transport Programme, giving a complete picture of how the activities of Central, Regional and Local Government transport agencies are delivering the ARLTS.

The allocation of funding between modes in the draft 2008/09 Auckland Land Transport Programme is:

Strategic Challenge	Performance Measure	Target	Draft LTP 08/09	07/08 target
Lead implementation of the Auckland Regional Land Transport Strategy	Allocation of funds through the Land Transport Programme reflects ARLTS allocations (cumulative values from 06/07)	30% of transport expenditure is on new road construction	31.0%	30%
		32% of transport expenditure is on road maintenance and road safety	27.4%	32%
		34% of transport expenditure is on passenger transport	39.1%	34%
		4% of transport expenditure is on Travel Demand Management	2.5%	4%

The ARC considered its submission on the draft Land Transport Programme at the February meeting of the Transport and Urban Linkages Committee. The ARC recognised that the allocation of funding in the draft Land Transport Programme is consistent, to the extent reasonable in a single year, with the preferred balance of funding set out in the Auckland Regional Land Transport Strategy.

Planned expenditure by mode will be updated when the final Land Transport Programme is released.

4 Customer Satisfaction

The October 2007 Customer Satisfaction Survey provides interim information on progress towards the targets set in the Statement of Intent for Customer Satisfaction. A second Customer Satisfaction survey will be undertaken in May 2008, and the results from the two surveys will be taken into account in measuring the Customer Satisfaction targets for the Annual Report.

4.1 Satisfaction with the bus/rail/ferry service

One of ARTA's key objectives is to deliver quality Passenger Transport services that meet Aucklanders' expectations, within available funding.

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

		05/06 result	06/07 result	October 07 survey	07/08 target
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%	84%	81%	82%	Above 80%
	RTN satisfaction above 85%	84%	84%	85%	Above 85%
	QTN satisfaction above 80%	83%	80%	80%	Above 80%
	LCN satisfaction above 80%	86%	81%	84%	Above 80%
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	71%	63%	63%	68%
Average fare by mode	Average fares by mode are measured against CPI.	10% bus CPI 2.8%	15% Rail 8% Bus CPI 3%	0% No fares increase this year	Fares do not increase above CPI

85% of customers of the Rapid Transit Network rated the overall service as good, very good or excellent. This is a high rating, but the target set in the Statement of Intent is even higher, at above 85%.

Similarly, 80% of customers of the Quality Transit Network gave overall ratings of good, very good or excellent, against a target for this figure to be above 80%. This should be viewed as a baseline figure, as most routes which are part of the future Quality Transit Network have 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 is currently higher than for the Quality Transit Network. More people use Local Connector services for shopping and leisure trips, and few people travel on these services to work or tertiary study. Generally people using public transport for shopping, sightseeing and leisure trips rate the service more highly than those travelling to work or tertiary study. The very high satisfaction of people using public transport for sightseeing is linked to high satisfaction with ferry services.

Key drivers of a positive overall assessment are a high quality, easy to use service. For ferries and trains, the standard of the vehicle is 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, and to hold a negative view of the Auckland public transport system generally.

Across bus, rail and ferry services, ratings for value for money fall below ratings for other key service attributes, with tertiary students being particularly dissatisfied with value for money. This survey provides a baseline against which to measure improvements in the perception of value for money with no increase in fares at the annual fare review, and the introduction of a 40% discount on tertiary fares from February 2008.

4.2 Satisfaction with Infrastructure

Two further measures of customer satisfaction in the Statement of Intent are the rating given to stops and stations, and the ratings given to vehicles, by customers of the Rapid Transit Network.

In both cases, results of the October survey meet the Statement of Intent target. Satisfaction with the quality of the vehicle is an important driver of overall satisfaction with rail and ferry services, and ratings are high across the Rapid Transit Network, which includes rail, the Northern Express bus service, and commuter ferry services.

Satisfaction with stops/stations is also high, but this factor has very little influence over how customers rate the overall service, and makes almost no difference to how likely the customer was to recommend the service to others. Customers surveyed at new train stations or ferry wharves are significantly more satisfied with the quality of the stops/stations than those using old infrastructure.

		05/06 result	06/07 result	October 07 survey	07/08 target
Customer satisfaction scores for Rapid and Quality Transit Networks (RTN and QTN) stops/stations and vehicles	80% of RTN customers rating stops/stations as good, very good or excellent	77%	79%	80%	80%
	90% of RTN customers rating vehicles as good, very good or excellent	94%	94%	94%	90%

5 Service Punctuality

Punctuality of the rail service is similar across the Western and Southern/Eastern lines, but the targets set in the Statement of Intent are different.

The target for punctuality on the Western line, set in consideration of expected disruptions due to the double tracking of the line from Henderson to Swanson, was 75% of services arriving within five minutes of scheduled time; this target has been exceeded in each of the six months. The target for punctuality on the Southern line was set much higher, at 88%.

A wide range of mainly one-off events have led to delays to services on all lines. The main causes of train in the period July-December have been:

- Failures of signals and points
- The impact of works on, or close to, the rail track, requiring trains to slow or stop for safety reasons

The commencement of works at Newmarket Station will lead to an increased need for safety precautions, and is likely to prevent the achievement of the Statement of Intent target for service reliability on the Southern and Eastern lines in 2007/08. The ongoing rail upgrade programme will continue to necessitate delays on the network until electrification of the network is complete, as planned for 2013.

On the Northern Busway, the Real Time Passenger Information System is installed and operational, however only trial data is available for the period up to December 2007. The operator of the Northern Express service reports that the proportion of services which begin their run within five minutes of the scheduled departure time is over 99.9%, however data from the Real Time system, including arrival times at all Busway stations, will be available early in 2008 and will provide a better measure of service punctuality.

		Year to Date	07/08 target
RTN services arrive at all stations within 5 minutes of scheduled time.	Western Line services arrive at all stations within 5 minutes of scheduled time	83.6%	75%
	Southern Line services arrive at all stations within 5 minutes of scheduled time	81.3%	88%
	Northern Busway services arrive at destination station within 5 minutes of scheduled time.	Real Time data not yet available	95% (based on real time data)

6 Cost Effectiveness

In the current Statement of Intent, two measures of cost effectiveness are specified:

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

ARTA has identified the underperforming service contracts against value for money criteria. Some of these services have now been rationalised as part of the new North Shore service improvements in February 2008, some will be altered as part of the 2008/09 implementation of new service designs, particularly in West Auckland, and other services are currently being assessed for review in the near future. The following are under active review and assessment:

- Papakura Express services, where patronage has declined due to improvements in the rail service. Bus service duplication with rail was removed in November 2007.
- Beachlands/Maraetai services with low patronage are currently being investigated and a solution developed with the bus operator.

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 is tracking above targets on all Rapid Transit Network services. The increase in rail farebox is due to increased patronage and to the effect of the fare increase in the second half of 2006/07. The Northern Busway revenue increase is due to both of these factors, but also to more accurate recording of off-bus ticket sales and the use of monthly passes.

		% increase in farebox revenue (cw 2006/07)		Farebox Revenue (millions)	
		Half Year value	Annual Target	Half Year value	Annual Target
RTN farebox revenue	17% increase in farebox revenue on the Northern Busway	50%	17%	\$1.3m	\$1.95m
	19% increase in farebox revenue on rail services	25%	19%	\$7.9m	\$16m

7 TravelWise

7.1 TravelWise Schools

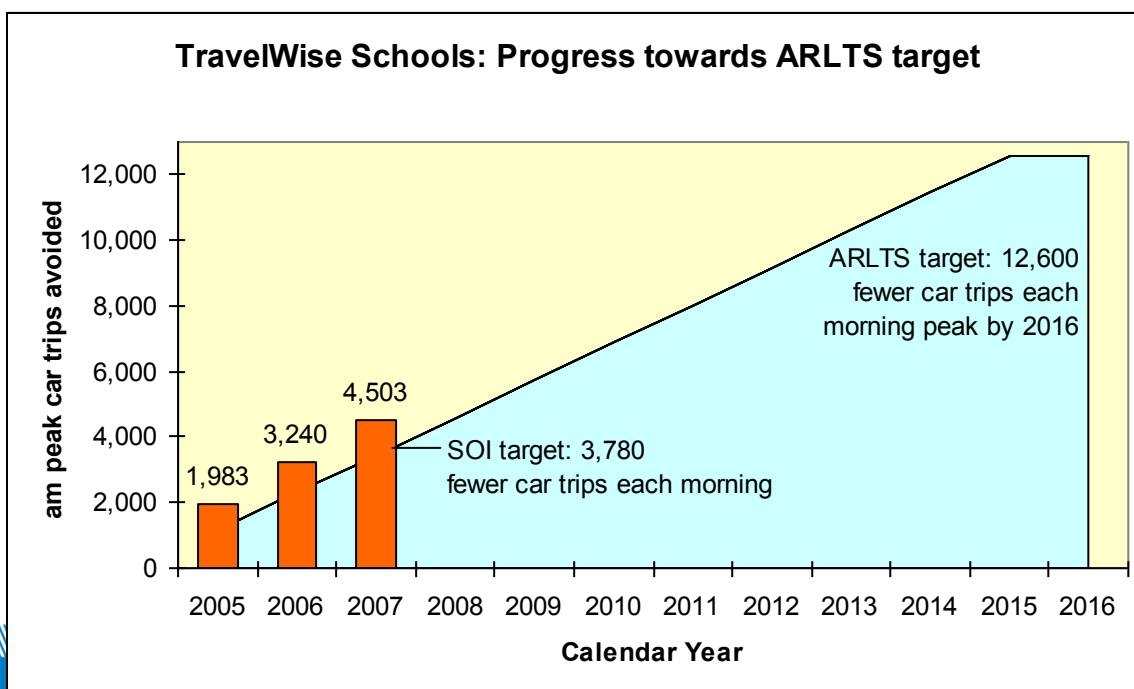
The effectiveness of the TravelWise Schools programme is evaluated annually through an independent assessment by the Centre for Physical Activity and Nutrition Research at AUT University.

The evaluation process included a “roll 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, provides an extremely robust assessment of travel to school in the Auckland Region.

The roll 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 230 Walking School Buses to provide a comprehensive, independent evaluation of the TravelWise Schools programme.

The evaluation shows that the TravelWise Schools programme is tracking ahead of its long term target. There are 4,503 fewer morning peak car trips to TravelWise schools as a result of the School Travel Plan and Walking School Bus programmes. This in turn means a decrease of 3.29 million km of car travel each year, and a CO₂ saving of 1,085 tonnes.

The evaluation concludes 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.



7.2 TravelWise Workplaces

The evaluation of ARTA's Workplace Travel Plan programme is still underway, and results in terms of numbers of car trips avoided will be available for the Third Quarter Report.

Two targets are set in the ARLTS for Workplace Travel Plans; to involve 90,000 staff and tertiary students in Travel Planning by 2016, and to reduce car journeys by 3,500 each morning peak by 2016. The Statement of Intent target is to reduce car journeys to TravelWise workplaces and tertiary institutes by 350 each morning peak in 2007/08.

The number and size of workplaces and institutions involved in TravelWise is tracking far ahead of target. By December 2007 the TravelWise Workplace Travel Programme had gained formal commitment to develop a Workplace Travel Plan from:

- 31 workplaces with a total of 14,000 staff
- Four tertiary institutes with a total of 52,000 staff and students
- The Auckland District Health Board, covering two hospital sites with around 10,000 staff
- Area Travel Plans at Smales Farm, Sylvia Park, the North Harbour Industrial Estate and Auckland International Airport, covering an estimated 8,200 staff

Several large institutions and businesses, including the Waitemata District Health Board, have expressed strong interest in joining the TravelWise programme but have not yet made a formal commitment at the Chief Executive/ Board level. As a result, ARTA expects to achieve the 10-year ARLTS target to involve 90,000 staff and tertiary students in Travel Planning during the second half of 2007/08.

8 Summary of Activities - Strategy & Planning

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

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

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 International Airport in the long term.

Planning and development of the next iteration of the Auckland Transport Plan is underway to ensure that it is completed by August 2008 to inform the Region's 2009 Long Term Council Community Plans. Recent progress includes the development of Key Performance Indicators, monitoring and evaluation processes for the ATP.

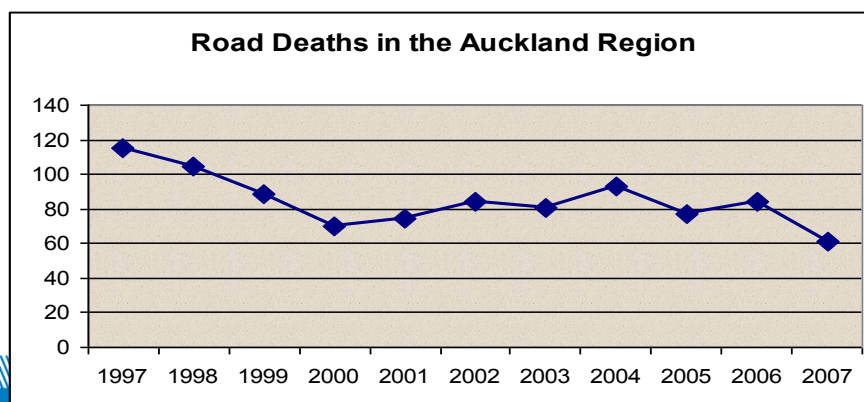
Progress is continuing on the following Regional Plans:

- The Regional Road Safety Plan
- The Regional Arterial Roads Plan
- The Ferry Development Plan
- The Regional Public Transport Plan

The Draft 2008/09 Auckland Land Transport Programme was released in December 2007. ARTA is currently assisting local councils in their preparation of project proposals to the final Land Transport Programme.

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.

There were 61 deaths on Auckland regional roads during the calendar year 2007, lower than any of the previous 10 years.



9 Summary of Activities - Project Delivery

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

Rail Infrastructure

Detailed design of the "above track" components of Newmarket Station remodelling is underway. Changes from the concept design include alterations to the Remuera entrance and the high level southern concourse roof. Documentation of the construction activities and funding arrangement is underway, as envisaged in the Newmarket Station ARTA/ONTRACK partnering protocol.

ONTRACK have advised that they are now targeting Queen's Birthday Weekend as the appropriate full commissioning date for the duplicated Western Rail Line from Swanson. ONTRACK works on the line continue, with ARTA's contractors following on with the "above track" works. A risk to the commissioning date remains regarding completion of the Sturges Rd overbridge, which is a Waitakere City Council-led project. Components of this project will be completed earlier, including the Swanson upmain platform, which is due to be commissioned on 18 February.

The upgrades of Papakura and Mt Eden stations were completed, the Sturges Rd upmain platform was completed, and the Middlemore station upgrade commenced.

Work continues on the four distributed stabling sites and discussions are underway with Toll NZ regarding the potential for additional stabling and maintenance facilities at Westfield.

Rolling Stock

The refurbishment of trainset 14 was completed, and this train came into service on 5 January 2008. A contract has been signed to purchase, transport to New Zealand and strip 36 carriages for SA Trainsets 18-23.

The upgrade of air-conditioning units in the ADL carriages is underway, as is the installation of diesel generators in the ADK units. The fabrication and fitout of SA Trainset 15 is underway at the Hillside workshops.

Ferry infrastructure

The transfer of the ferry assets and operations from ARTNL to ARTA was completed on 1 October 2007. A review is underway of all ferry terminal upgrade and renewal projects inherited from ARTNL.

Plans are complete and funding is agreed for remedial works at the Downtown Ferry Terminal, and terminal improvements including the construction of a pedestrian bridge linking Piers 1 and 2. Works will commence after Easter 2008 to avoid disruption to summer peak ferry services.

Formal granting of a resource consent for the new Bayswater ferry terminal is expected in January following a joint ARC/NSCC hearing held in November 2007. A resource consent has been granted for Beach Haven, the detailed design is underway and due for completion in March.

10 Summary of Activities - Customer Services

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

Service delivery

A suite of improvements to routes, frequencies and customer service is underway as set out in the Bus Service and Patronage Improvement Plan.

Negotiations were completed with bus operators to implement the new bus service network on the North Shore with the opening of the Busway in February. Service enhancements included a true integrated ticket for the first time in Auckland, and off-board ticketing at Busway stations. Negotiations included the breakdown of cost proposals and international cost benchmarking.

Changes to the 008/009 Crosstown route were implemented in November 2007, supported by a service marketing campaign. The new Crosstown services have a single operator and a more direct route which takes in the new Sylvia Park shopping centre. Patronage on this route during December 2007 was up 9.2% on the previous December.

Bus replacements were in effect for rail services at various times during November and December in support of the ONTRACK rail construction programme.

Planning and negotiations with event hosts have been completed for the introduction of integrated match and passenger transport tickets to major sports events. Match ticket holders to Super14 and cricket matches at Eden Park will be able to use their ticket to access a special event PT network from February.

ARTA's ability to monitor and manage bus service performance, and operator contract performance, will be significantly improved by early 2008. A centralised customer feedback management system across the MAXX contact centre, all bus operators and ARTA will permit tracking and trend analysis of customer feedback for the first time. A business intelligence data warehouse will allow the analysis of bus service performance data from the real-time bus global positioning system (GPS) across reliability, punctuality and patronage, with boardings monitored at point of boarding for the first time. ARTA has also completed recruitment of a service performance management team and allocated account managers to each service provider.

Using the GPS system, a bus headway management system is being trialled on The Link prior to a potential roll-out across other services. This will assist drivers and depot staff in the management of "bunching" of buses.

Marketing

A major marketing programme in support of the Northern Busway commenced in November 2007, building momentum towards the February 2008 opening of the Busway. For the first time, personal one-on-one travel planning consultations were offered as part of the November marketing campaign. Members of the public could specify a time when a MAXX contact centre Customer Service Representative would contact them to work through their travel options.

Detailed planning has taken place to ensure the smooth implementation of the new 40% concession on tertiary fares. This has included operational planning to cope with the expected increase in students purchasing 10-trip tickets and weekly tertiary passes, the development of a marketing campaign, and working with the major Universities and Technical Institutes to integrate this positive message into enrolment and orientation processes. Despite the very tight timeframes ARTA is confident that the change to concessionary fares will be an effective boost to public transport in one of our key user groups.

A major promotion of the 488 and 489 services to Waiuku and Pukekohe, offering local residents free travel on Fridays and Saturdays, was in place for September and October.

Travel Planning

Auckland now has 236 Walking School Buses, with over 4,000 children registered to walk on a Walking Bus, and over 1,700 parent volunteers.

From the first term of 2008, the number of schools on the TravelWise programme will increase by 35 to 171.

The Bank of NZ, AUT Akoranga and the Auckland District Health Board have formally joined the TravelWise programme and committed to the development of a Travel Plan.

ARTA completed the second survey on our own TravelWise Plan, with a response rate of 98.9%

11 FINANCIAL REPORTS

11.1 Income statement

Auckland Regional Transport Authority				
INCOME STATEMENT				
NZD '000 December-07	YEAR TO DATE			FULL YEAR
	Budget	Actual	Variance Fav/(Unfav)	Budget
OPERATING REVENUE				
ARC Opex Grants	43,809	38,455	(5,354)	88,857
LTNZ Opex Grants	45,468	41,451	(4,017)	92,684
Other Grants and Subsidies	544	683	139	1,092
Rail Fare Revenue	7,531	7,912	381	16,000
Bus Fare Revenue	994	1,330	336	2,250
Ferry Revenue	-	493	493	
Other Sundry Operating Income	128	40	(88)	297
Total Operating Revenue	98,474	90,364	(8,110)	201,180
OPERATING EXPENDITURE				
Human Resource	5,825	4,838	987	11,671
Prof Services - Project Delivery	3,527	2,635	891	7,295
Prof Services - Customer Services	3,887	3,826	63	8,519
Prof Services - Others	1,418	1,362	55	2,420
Support Services	1,200	1,107	93	2,400
Materials	181	97	84	417
Printing and Office	644	513	131	1,498
Communications	141	80	61	302
Information Systems	575	405	170	1,211
Bus Contract	50,968	48,517	2,451	103,672
Rail Contract	26,861	23,563	3,298	55,559
Ferry Contract	86	57	29	174
Staff Time Cost	(1,878)	(110)	(1,768)	909
Other Expenditure	1,571	1,070	501	2,880
Depreciation	5,120	5,190	(70)	10,557
Investigations Expenditure	2,748	1,438	1,310	5,329
Total Operating Expenditure	102,874	94,588	8,286	214,813
Net Operating Surplus/(Deficit)	(4,400)	(4,224)	176	(13,633)

11.2 Statement of Financial Position

Statement of Financial Position								
As at 31 December 2007								
	June 07 \$000s	ARTA			June 07 \$000s	ARTA		
		Dec-07 \$000s	Sep-07 \$000s	Movement \$000s		Dec-07 \$000s	Sep-07 \$000s	Movement \$000s
Liabilities								
Current Liabilities					Current assets			
Trade payables	4,401	13,023	2,690	10,333	Cash and cash equivalents	323	416	293
Employee benefit liabilities	621	914	576	338	Trade receivables	436	357	(40)
Income in advance	15	4,187	4,725	(538)	GST receivable/(payable)	439	(412)	(494)
Accrued expenditure	19,871	25,162	19,857	5,305	Accrued income	5,321	8,574	7,326
Transport grants payable	47,527	28,830	32,858	(4,028)	Prepayments	0	4,246	620
Total current liabilities	72,435	72,116	60,706	11,410	Related party receivables			
Non-current Liabilities					Operating account	21,504	34,510	22,315
Transport grants payable	7,700	16,916	16,923	(7)	Transport grants	47,527	28,830	34,470
Total non-current Liabilities	7,700	16,916	16,923	(7)	Total current assets	75,550	76,521	64,757
Total liabilities	80,135	89,032	77,629	11,403	Non-current assets			
Equity					Property, plant & equipment	85,340	95,562	87,208
Retained earnings	5,318	6,092	5,832	260	Related party receivables			
Transport ring fence reserve	83,137	93,875	85,427	8,448	Transport grants	7,700	16,916	16,923
Total equity	88,455	99,967	91,259	8,708	Total non-current assets	93,040	112,478	104,131
Total equity and liabilities	168,590	188,999	168,888	20,111	Total assets	168,590	188,999	168,888

11.3 Statement of Cashflows

Statement of Cash Flows		
For the Period Ended 31 December 2007		
Full Year Ended 30 June 2007		Year to Date
\$000		\$000
	Cash flows from operating activities	
	Cash was provided from:	
60,699	ARC opex distributions	25,449
21,014	ARC capex distributions	17,855
21,523	ARC grant distributions	9,481
8,293	LTNZ capex grants	2,089
79,307	LTNZ opex grants	39,813
1,339	Other grants and subsidies	4,849
13,681	Rail fare revenue	8,171
2,229	Bus fare revenue	1,312
0	Ferry revenue	372
162	Other sundry operating income	38
208,248		109,429
	Cash was applied to:	
156,376	Payments to Suppliers	79,898
8,324	Payments to Employees	4,545
19,878	Payments to Grant recipients	9,481
184,578		93,924
23,670	Net Cash from Operating Activities	15,505
	Cash Flows from Investing Activities	
	Cash was provided from:	
0	Realisation of Other Investments	0
0	Proceeds from Sale of Fixed Assets	0
0		0
	Cash was applied to:	
0	Purchase and Development of Fixed Assets	0
23,493	Investments in Rolling Stock	15,412
0	Other Investments	0
23,493		15,412
(23,493)	Net Cash applied to Investing Activities	(15,412)
	Cash Flows from Financing Activities	
	Cash was provided from:	
0	Increase in loans	0
	Cash was applied to:	
0	Repayment of Loans	0
0	Net Cash from Financing Activities	0
177	Net (Decrease)/Increase in Cash & Investments Held	93
146	Cash & Investments Balances at Beginning of the Period	323
323	Cash & Investments Balances at the End of the Period	416
	Cash & Investments Balances Consist of:	
0	Bank Overdraft	0
323	Cash	416
0	Short Term Investments	0
323		416

11.4 Capital Statement

Auckland Regional Transport Authority				
2007/2008 CAPITAL STATEMENT				
NZD '000 December-07	YEAR TO DATE			FULL YEAR
	Budget	Actual	Variance Fav/(Unfav)	Budget
CAPITAL REVENUE				
ARC Capex Grants	15,834	18,654	(2,820)	61,197
LTNZ Capex Grants	2,221	2,089	132	6,562
Total Capex Revenue	18,055	20,743	(2,688)	67,759
CAPITAL EXPENDITURE				
Interim Rolling Stock - ADK Refurb	200	(115)	315	2,130
Western Line Duplication - Stage 2	878	1,146	(268)	705
Northshore Busway	0	5,000	(5,000)	5,000
Interim Rolling Stock - (SA Trainsets 15-17)	6,790	5,302	1,488	19,803
Interim Rolling Stock - (SA Trainsets 18-23)	0	1,136	(1,136)	3,000
Western Line Duplication - Stage 3	95	110	(15)	1,400
Western Line Duplication - Stage 4	1,534	915	619	3,816
Newmarket Remodelling	1,548	913	635	7,400
Rail Infrastructure Safety Works	300	0	300	1,000
Interim Maintenance Depot & Storage	2,550	698	1,852	7,500
Station Renewals & Minor Station Improv	0	2	(2)	100
Capex Renewals (Rolling Stock)	0	486	(486)	5,000
Real Time Rail Stations	0	0	0	500
Real Time Buses (P0)	0	674	(674)	0
Real Time Buses (P1 & 2)	1,724	898	826	2,521
Real Time Buses (P3 & 4)	0	857	(857)	898
Integrated Ticketing	520	1,036	(516)	1,926
PT Feedback	0	111	(111)	0
Rideshare Software	102	80	22	102
Ferry Terminal Upgrades and Renewals	1,370	589	781	2,500
ARTNL Fitout Costs	300	0	300	300
Red Light Cameras	0	0	0	407
MAXX Website Upgrade	0	0	0	245
Marketing Information Infrastructure	158	0	158	756
Helensville/Huapai	0	42	(42)	450
Middlemore Station	0	116	(116)	0
Ellerslie Station	0	32	(32)	0
Cycle Monitoring	100	0	100	200
Business Support	60	0	60	100
Northern Pass Ticketing Device	0	226	(226)	0
Newmarket Heritage Station	0	2	(2)	0
Capital Expenditure	18,229	20,256	(2,027)	67,759
IA Grant Funded Capital Expenditure				
Ferry Terminal Upgrade - Beach Haven, Half Moon Bay, Gulf Harbour, Downtown	0	56	(56)	0
Middlemore Station	0	312	(312)	0
Papakura Station	0	90	(90)	0
	0	458	(458)	0
Grand Total Capital Expenditure	18,229	20,714	(2,485)	67,759

11.5 Summary of Financial Performance for 6 months to 31 December 2007

OPERATING RESULTS – HALF YEAR:

The budget for the half year ended 31 December 2007 is based on the original 2007/08 Budget.

Revenue

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

ARC Opex Grants \$5.4m and **Land Transport Opex Grants** \$4.0m are less than budget due to less expenditure than planned.

Rail Fare Revenue is higher than budget by \$0.4m as a result of better than expected growth of passengers and a higher average fare per passenger than budgeted.

Bus Fare Revenue is higher than budget by \$0.3m due to higher than planned bus patronage on routes where ARTA receives the fare revenue.

Ferry Revenue is \$0.5m more than budget. This represents revenue from ferry operators and commercial rentals for the ferry terminals previously operated by ARTNL. At the time of the original 07/08 budget no provision was made for this revenue from ex ARTNL Harbour Berths sources.

Expenditure

Human Resources is \$1.0m less than budget. Salaries have been under spent mainly due to a number of vacancies across the organisation and the phasing of these vacancies in the budget.

Professional Services – Project Delivery is \$0.9m less than budget mainly due to delays in progress of the projects in this area.

Printing and Office Supplies is \$0.1m less than budget due to a delay in printing timetables and on-road information while consultation is undertaken for the North Shore to finalise service timetables and less printing of senior citizen application forms required after the introduction of the Super Gold Card.

Information Systems is \$0.2m less than budget due to less support work required on databases for the bus contracts and significantly lower information costs for the real time system than anticipated.

Bus contract is \$2.5m less than budget as a result of service contingencies not commencing as originally planned (these service changes have been revised during the period based on the current development plan), credits being received from operators for back-claim for deductions, and demand for child CFS not being as high as anticipated

Rail Contract is \$3.3m less than budget due to lower cost for fuel than originally budgeted and a timing difference for repairs and replenishment of spare parts purchases.

Other Expenditure is \$0.5m less than budget mainly due to small savings and less than anticipated miscellaneous expenditure on things like general repairs and maintenance and vehicles.

Investigations Expenditure is \$1.3m less than budget due to a phasing difference for investigation spend from the budget and an amount of approximately \$1m that will not be spent this financial year and will be the subject of a request to the ARC to carry forward to the 08/09 financial year.

Net Operating Surplus/(Deficit)

Net Operating Deficit is \$4.2m for the half year, this is tracking in line with budget.

CAPITAL RESULTS:

Revenue

Capex Revenue is \$2.7m more than budget for the half year. This represents grants received for capital expenditure that are recorded as assets on the balance sheet.

Expenditure

Capital Expenditure for the half year is \$2.5m more than budget. This variance is mainly due to a timing difference in the contribution to the northern busway project. This \$5m was budgeted in February 2008 but paid out in December 2007 and is partially offset by the following:

- Rolling Stock Projects are \$0.8m less than budget for the half year period due to a saving in the contract price for train sets 11-14 (\$0.3m) and a timing difference in the expenditure for train sets 15-17 (\$1.4m) which has been partially offset by the bringing forward of work on sets 18-23 originally planned to commence in June 2008.
- Other Project Delivery Projects are \$2.2m less than budget due to delays in:
 - awarding the tender for the detailed design of the Newmarket remodelling project;
 - getting building consent for the interim maintenance depot and storage facility; and
 - alignment with the ONTRACK programme of works causing further timing differences
- Other non-rail capital projects are \$0.3m more than budget with over spends across the real time and integrated ticketing projects, being offset by lower than planned expenditure for ferry terminal upgrades and renewals due to delays in the consent progress for Bayswater terminal, which was awarded in December and slower than budgeted progress of the consultant working on the remedial works to downtown pier 1 & 2, rideshare (running behind schedule) and no LTNZ funding for the cycle monitoring project resulting in this project now not going ahead this financial year.

STATEMENT OF FINANCIAL POSITION

The key features of the movement in the Statement of Financial Position for the half year ended 31 December 2007 are:

Current Liabilities

Total **trade payables** have increased by \$10.3m for the half year mainly due to the one off payment of \$5.6m to North Shore City Council for the contribution to the Northern Busway and the Veolia quarterly payment of \$4.3m.

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

Accrued income is \$1.2m greater than September 2007 due to greater progress made during the quarter since September on capital projects and the **prepayments** balance for the current quarter is \$3.6m more than the quarter ending 30 September 2007 due to the third quarter Veolia contract prepayment.

The **Inter-company** account represents monies owed from ARTA to ARC or from ARC to ARTA.

Long Term Assets

Fixed Assets represents the amounts spent on capital expenditure. The net additions for the quarter were \$8.3m.

Equity

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

Statement of Cash Flows

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

ARTA ADMINISTRATION COSTS

Expenditure Category	ARTA Budget Agreed by ARC June 2007	Budget to 31 December 2007	Actual Spend to 31 December 2007	Variance Against YTD Budget	Remainder
	\$		\$	\$	
Board	495,750	247,875	192,903	54,972	302,847
Human Resources	10,660,496	5,440,248	4,432,736	1,007,512	6,227,760
Shared Services	3,160,000	1,230,000	1,113,480	116,520	2,046,520
Finance & IT Projects	360,000	245,462	212,412	33,050	147,588
Sundry Expenditure	471,000	195,500	107,969	87,531	363,031
Total	15,147,245	7,359,085	6,059,500	1,299,585	9,087,746

The above table shows ARTA Administration costs are \$6.1m for the half year ending 31 December 2007; \$1.3m favourable to budget. The Human Resources line is \$1.0m favourable as salaries have been under spent due to the high number of vacancies across the organisation for the first half of the year.

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

ARC FUNDING CATEGORIES

ARC Funding CAP - OPEX

Activity Class	Budget 07/08 \$000	ARC Operating Funding 2007/08 (Original) \$000	ARC Funding Drawdown to 31 December 2007 \$000	ARC Funding Remaining \$000	% Remaining for the rem 6 months
1 – Corporate Support	3,417	2,563	1,428	1,135	44%
2 – Board	496	372	145	227	61%
3 – Professional Services	15,507	7,753	3,099	4,654	60%
4 – Rolling Stock Investigation	630	158	52	106	67%
5 – Paratransit	3,707	1,844	888	956	52%
6 – Sustainable Transport	4,585	1,278	434	844	66%
7 – Marketing Information and Real Time	4,977	2,489	1,110	1,379	55%
9 – Integrated Ticketing	196	98	289	(191)	-195%
10 – Investigations	5,329	5,129	1,437	3,692	72%
11 – Rail Contract	44,810	17,924	8,935	8,989	50%
12 – School Buses	9,237	4,618	2,210	2,408	52%
13 – Concessionary Fares	8,158	4,079	1,886	2,193	54%
14 – North Contracts	23,745	11,873	5,284	6,588	55%
15 – West Contracts	11,401	5,701	2,735	2,966	52%
16 – West/Isthmus Contracts	12,983	6,492	3,049	3,443	53%
18 – Isthmus Contracts	6,910	3,455	1,668	1,787	52%
19 – South Contracts	19,895	9,948	4,729	5,218	52%
20 – Other Contracts	942	867	166	701	81%
21 – Ferry Contracts	4,439	2,219	955	1,264	57%
22 - Ferry Maintenance	200	0			
TOTAL ARC OPEX FUNDING	181,564	88,858	40,498	48,360	54%

ARTA claimed 46% of its annual budget allocation for the half year to 31 December 2007.

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

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

Rolling Stock Investigation funding has not yet been spent as this project is the subject of a carry forward from last financial year and there was an initial delay in achieving Land Transport NZ (LTNZ) funding approval. Funding approval has now been secured and the project is on track to be delivered by year end.

Sustainable transport is favourable due to a slow start to the year as a result of delays in gaining approval from LTNZ for carry forwards from the 06/07 financial year and for the TDM policy and planning project. Approval has been received for these projects.

It is expected that there will be a small overall underspend in this category this financial year as some of the neighbourhood accessibility projects will not go ahead due to ARTA's role as co-ordinator in this area being better defined now than when the budget was set.

Integrated Ticketing is over spent against the budget due to a better idea of costing of the project now that there is a project team in place. LTNZ funding for this project is now capped at 53% of \$344,000, therefore there will be a request to the ARC to fund the balance of operating expenditure of \$130,000 at 100%. However, Land Transport NZ has agreed to pay 100% of the design phase of the integrated ticketing capex project of \$2.8m of which the ARC was budgeted to fund \$905,000.

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

Other contracts are under budget due to a lump sum payment of revenue that relates to the last 11 calendar months and savings on the costs of providing of special events services.

ARC Funding CAP - CAPEX

Activity Class	Budget 07/08 \$000	ARC Capex Funding 2007/08 \$000	ARC Funding Drawdown to 31 December \$000	ARC Funding Remaining \$000	% Remaining for the rem 6months
1 - Western Line Duplication Stg 2	705	705	1,145	-440	-62%
2 - Interim Rolling Stock	24,933	23,655	6,393	17,262	73%
3 - ARTNL- Fitout Costs	300	300	0	300	100%
4 - Western Line Duplication Stg 4	3,816	3,816	914	2,902	76%
5 - Newmarket	7,400	7,400	913	6,487	88%
6 - Rail Rolling Stock Refurbishment	5,000	5,000	486	4,514	90%
7 - Western Line Duplication Stg 3	1,400	1,400	110	1,290	92%
8 - Minor Safety Improvements	100	100	2	98	98%
9 - Real Time Passenger Information System	3,919	1,857	825	1,032	56%
10 - Integrated Ticketing	1,926	905	0	905	100%
11 - Interim Rolling Stock - Depot and Storage	7,500	7,500	698	6,802	91%
12 - Passenger Transport Capital Infrastructure	1,608	786	111	675	86%
13 - Rideshare Software	102	48	37	11	22%
14 - Ferry Terminal Upgrades	2,500	1,175	555	620	53%
15 - Capex North Shore Busway	5,000	5,000	5,000	0	0%
16 - Helensville/Huapai	450	450	42	408	91%
17 - Business Support	100	100	0	100	100%
18 - Rail Infrastructure Safety Works	1,000	1,000	0	1,000	100%
19 - Station Upgrades	0	0	150	-150	0%
20 - Northern Pass Ticketing Device	0	0	113	-113	0%
21 - Pier 1 Glass Wall	0	0	27	-27	0%
22 - IA Grant Funding Projects	0	0	1,132	-1,132	0%
TOTAL ARC CAPEX FUNDING	67,760	61,198	18,654	42,545	70%

ARTA's capex programme for the December half year shows 30% of the annual budget spent in the first six month period. This is due to phasing of several of the large projects to the latter part of the financial year e.g. North Shore busway, rolling stock refurbishment, integrated ticketing, ARTNL fit out costs, minor safety improvements, business support, Helensville/Huapai and real time phases 0 (North Shore), 3 and 4.

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

It is, however, anticipated that these projects (with the exception of western line duplication stages 3 and 4 and interim rolling stock train sets 15-17 which will be delayed past the end of the financial year) will be tracking to budget by the end of the financial year.