

# Transport

This section covers the range of activities that are directly concerned with setting the strategy for the Auckland regional land transport system, and integrating the planning, funding and development of that system. It includes the following LTCCP activities:

1. Land transport strategy
2. ARTA operating and capital funding

## Key issues

As part of the Annual Plan process, the ARC consulted on a draft amendment to the transport sections of the 2006-16 LTCCP, based on the ARC taking up a government proposal to allow the Auckland region to raise an additional fuel tax of up to five cents per litre for public transport capital programmes. This would allow additional funding to be provided to ARTA, which would provide new electric trains, upgraded rail stations, ferry terminals, passenger information and smart-card ticketing, and allow ARTA to provide frequent high quality bus and ferry services linking regional and local centres, as set out in ARTA's Passenger Transport Network Plan.

The Land Transport Management Amendment Bill, which provides for regional fuel taxes across New Zealand, is still before Parliament. The ARC cannot consider the proposed regional fuel tax scheme until the legislation has been enacted. As a consequence, this annual plan includes operating and capital funding for ARTA for 2008/09 without the additional funding required to bring forward public transport improvements and commence the purchase of new electric trains. The funding in the annual plan provides for ARTA to continue working with ONTRACK on the planning for electrification.

If the Land Transport Management Amendment Bill is enacted in mid-2008, the ARC will still be able to consider whether





to adopt the proposed regional fuel tax scheme and draft amendments to the 2006-16 LTCCP early in the 2008/09 financial year.

If the legislation governing the regional fuel tax is not enacted or is significantly delayed, the ARC will not adopt the proposed amendment to the 2006-16 LTCCP. In comparison with the proposed amendment to the LTCCP, rail services will be less frequent with less capacity, and improvements to bus and ferry services will not be brought forward but will commence in 2010, and there will no new electric trains.

### What we want to achieve

Transport is one of the Auckland region's most significant issues. Under-investment in the region's transport infrastructure and services over recent decades, combined with rapid population growth and a private car culture, has resulted in a transport network unable to keep up with Auckland's rapid growth. The Auckland Regional Land Transport Strategy (ARLTS), which the ARC adopted in November 2005, charts the way forward for the region's land transport system for the next ten years. The goal of the ARLTS is to create a transport system which enhances the Auckland region as a great place to live, work and play.

The ARLTS sets out the investment and policies that will need to be put in place to achieve this goal. The ARLTS estimates that the Auckland region has approximately \$11 billion to spend on transport between 2006 and 2016. To achieve its goal, the strategy recommends that these funds be spent on a mix of roading, public transport and travel demand management initiatives. The recommended mix of spending is 62 per cent on roading, 34 per cent on public transport and 4 per cent on travel demand management.

Auckland's transport network will come under increasing pressure as the region's population continues to grow. Our population is expected to reach two million by 2050 and the number of private car trips is expected to double over the next 20 years. Auckland needs to make a significant shift in the level of investment in the public transport system over the next ten years to deal with these additional demands and achieve the goals of the ARLTS.

### The transport activities contribute to the following community outcomes:

- Aucklanders have access to a range of affordable and safe ways to move people and goods.
- A thriving regional economy that supports a good standard of living.
- Central government, the ARC, the community, local councils and businesses work together to achieve results.
- The needs of women are recognised and addressed.
- Safer neighbourhoods and public places.

#### Influence on the four well-beings:



Environmental



Social



Cultural



Economic

### ARC responsibilities

The Local Government (Auckland) Amendment Act 2004 (LGAAA) allocates to the ARC principal responsibility for:

- setting the strategy for the Auckland regional land transport system;
- integrating the planning, funding and development of the Auckland regional land transport system.

The ARC sets the strategy for the Auckland regional land transport system by preparing a regional land transport strategy in accordance with the requirements of the Land Transport Act 1998. The LGAAA requires that the ARC, in preparing the regional land transport strategy, must not:

- include reference to activities or their prioritisation; or
- include any matters other than those specified in the Land Transport Act 1998.

The current ARLTS was adopted by the ARC in November 2005, following consultation with stakeholders and the community.

The ARC provides funding to its council-controlled organisation, ARTA, to support the implementation of the ARLTS. The LGAAA provides that the ARC, in providing funds to ARTA, may specify groups of activities for which the funds may be used but may not specify funding for individual activities or capital projects.

### ARTA responsibilities

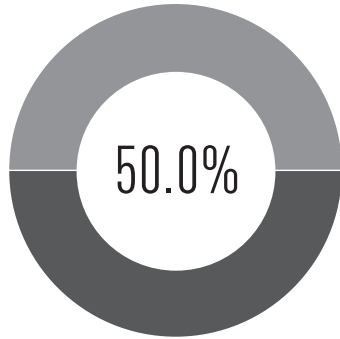
The LGAAA established ARTA to assist the ARC to fulfil its land transport responsibilities. ARTA's objective is to plan, fund and develop the Auckland regional land transport system in a way that contributes to an integrated, safe, responsive and sustainable land transport system for the Auckland region.

ARTA is required to prepare a Land Transport Programme (LTP) under the Land Transport Management Act 2003. The LTP comprises the public transport and associated functions that ARTA inherited from the ARC, along with the coordination and funding of local roading programmes. ARTA is the primary regional conduit for public transport and local roads funding from central government.

In preparing its LTP, ARTA is required to give effect to the ARLTS unless it is required to do otherwise by:

- operational considerations that affect the sequencing and timing of activities
- the funding available to it
- its statutory functions.

## What this will cost



This is 50.00% of the ARC's total rates

The total rate requirement for the Activity Group for 2008/09 is \$71.295m

## Prospective income statement for year ending 30 June - dollars in thousands

Plan 2008	Transport	Plan 2009	LTCCP Forecast 2009	Variance 2009
67,442	Rates	71,295	72,081	(786)
14,988	ARH distribution - ARTA Opex	18,800	18,139	661
61,197	ARH distribution - ARTA Capex	83,449	89,275	(5,826)
1,360	ARH distribution - CCO Unit	1,374	1,392	(18)
101	Service fees	113	105	8
447	Facilities	28	11	17
947	Grants and subsidies	491	144	347
3,433	Investment	5,935	2,066	3,869
4	Sundry operating	7	1	6
<b>149,919</b>	<b>Revenue</b>	<b>181,492</b>	<b>183,214</b>	<b>(1,722)</b>
2,017	Human resources	2,610	2,291	319
684	Professional services	595	816	(221)
1,242	Technical services	316	472	(156)
1,806	Contracted services	1,075	1,628	(553)
88,857	ARTA funding grants - Opex	93,116	88,620	4,496
61,197	ARTA funding grants - Capex - ARH funded	83,449	89,275	(5,826)
-	ARTA funding grants - Level crossings	2,800	-	-
5	Materials	7	4	-
111	Printing and office supplies	159	73	86
7	Fuel and power	6	8	(2)
6	Repairs and maintenance	5	4	1
221	Communications	237	288	(51)
880	Information services	1,073	99	974
137	Occupancy	156	97	59
1,097	Interest and bank charges	825	117	708
89	Other	90	455	(365)
(23)	Internal expenditure recovery	(27)	(82)	55
3	Vehicle	18	13	5
215	Depreciation	304	99	205
<b>158,551</b>	<b>Expenditure</b>	<b>186,814</b>	<b>184,277</b>	<b>2,537</b>
<b>(8,632)</b>	<b>Net surplus/(Deficit)</b>	<b>(5,322)</b>	<b>(1,063)</b>	<b>(4,259)</b>

## LTCCP Activity 1: Land transport strategy

### What we plan to deliver

The ARC will review, update and improve the Auckland Regional Land Transport Strategy (ARLTS), and will operate and maintain a suite of new regional transport models to support the development of land use and transport plans and policies, including the Regional Policy Statement, ARLTS and the Regional Growth Strategy. Activities will include:

- Reviewing, updating and improving the ARLTS. A review of the ARLTS is under way and is due for completion in mid 2009. The timing of this review may be altered, as current RLTS provisions are in the process of being changed through the Land Transport Management Amendment Bill now being considered by Parliament.
- Providing ongoing support for transport agencies implementing the ARLTS.
- Progressing the identification of a strategic freight network, to support the implementation of the Auckland Regional Freight Strategy.
- Monitoring implementation of the ARLTS annually by assessing progress towards achieving the strategy's objectives and outcomes.
- Preparing the ARLTS Report.

### What this will cost

Activity prospective cost of services statement for year ending 30 June - (ARTA operating expenditure and funding for 2008/09 - dollars in thousands)

Plan 2008	Land transport strategy	Plan 2009	LTCCP Forecast 2009	Variance 2009
1,672	Revenue	842	358	484
3,876	Expenditure	2,213	3,021	(808)
2,205	Net cost of services	1,371	2,663	(1,292)
423	Reserves	443	(63)	506
<b>2,628</b>	<b>Rating requirement</b>	<b>1,814</b>	<b>2,600</b>	<b>(786)</b>

Financial assumptions – Land Transport Strategy receives 25 per cent funding from Land Transport New Zealand.

### ARC service levels

Measures	Target
1. The policies of the ARLTS will be developed in accordance with the ARC's policy development processes and will meet or exceed the ARC policy quality standards, as evaluated on a three-yearly basis.	Achieve 2008/09 and in 2014/15



## LTCCP Activity 2: ARTA operating and capital funding

### What we plan to deliver

The ARC will provide the following funding to ARTA to assist it to give effect to the ARLTS and to support the achievement of the outcomes expected by 2016:

- Operating funding for providing bus, ferry and rail services, concessionary fares and transport for those with disabilities, school bus services, marketing and passenger information, sustainable transport, forward planning and ARTA's corporate and financial functions.
- Capital funding to support the improvement of the Auckland rail system, including the purchase of SA trains, and for investment in bus, ferry and other facilities designed to improve public transport in the region.

### Level crossings

The upgrade of Auckland's commuter rail network and the resulting increase in train frequency is likely to increase local road congestion around rail crossings, and potentially lead to a greater number of vehicle and pedestrian accidents at these sites. The costs to address these issues largely fall on city and district councils, along with Land Transport New Zealand, but the ARC believes the urgency and scale of works required merits regional assistance. The ARC has allocated \$2.8 million to ARTA in 2008/09 to provide seed funding to assist the city and district councils to complete investigation and design work. This amount has been included in the ARTA funding.

### ARTA's activities

The ARC will provide ARTA with operating funding of \$95.916 million in 2008/09, which is a reduction of \$5.729 million from the funding proposed in the draft amendment to the LTCCP, but an increase of \$7.058 from the funding contained in the 2007/08 Annual Plan.

ARTA will use the operating funding provided by the ARC to support the following activities:

#### Buses and ferries

Bus and ferry contracts are the largest expenditure items for ARTA, comprising 49% of ARTA's planned operational expenditure for the 2008/09 year, followed by the rail contract at 29%.

The programme provides ongoing financial support for existing bus and ferry services, the purchase of new bus and ferry services, planning and review of services, monitoring and auditing service performance to ensure value for money, and adjusting services to meet changes in demand.

It also includes targeted assistance for selected groups of passengers, including concessionary fares for senior citizens, school children and tertiary students. It provides for support for the Total Mobility Scheme and transport for people with disabilities, for school bus contracts, and for the development of integrated ticketing.

Service improvements planned in 2008/09 include:

- new bus services for Flat Bush, Stonefields, Mt Eden Road, and Manukau Cross Town services
- additional ferry services for Half Moon Bay, Pine Harbour, West Harbour, and Rakino.

Other service improvements proposed in the draft amendment to the LTCCP are not funded in the 2008/09 Annual Plan. This includes improvements to bus services in the Western Sector, and improved service frequency for the Birkenhead ferry services.

### Rail

An effective urban rail system is a key component of the rapid transit network that is a fundamental ARLTS requirement. Operational costs for rail are made up of:

- a contract for the delivery of passenger rail services
- a maintenance contract for trains owned or leased for Auckland passenger rail
- costs for track access, operation and maintenance of rail stations, including Britomart
- management of the rail upgrade programme, and future planning for rail.

Service improvements planned for 2008/09 include a trial commuter service for Helensville and service improvements on the Western Line. Other service improvements proposed in the draft amendment to the LTCCP are not funded in the 2008/09 Annual Plan, including later night train services and increased service frequencies to Pukekohe, previously scheduled to commence in February 2009.

### Forward planning

ARTA has a statutory objective to plan, fund, and develop the Auckland regional land transport system. ARTA develops the Auckland Transport Plan, which sets out how the ARLTS will be delivered, and the Auckland Land Transport Programme which sets priorities for the funding of ARTA and local council projects, based on the ARLTS.

### Customer services initiatives

This programme includes the planning, procurement, contract management, promotion, marketing and auditing of bus, rail and ferry services. ARTA will progressively implement a range of initiatives including:

- A simpler concessionary fare system, with concession rates for tertiary students aligned with those for children, secondary students and senior citizens at 40%.
- Public transport awareness, customer information, travel

planning, promotion and marketing campaigns, including mail-outs of timetables and personalised journey plans and consultations.

- Improved customer information systems, including the expansion of bus Real Time Passenger Information Systems across the region, mobile phone and web access to real time passenger information, and enhanced on-road bus information at more stops.
- Ongoing expansion of the TravelWise programme at schools, workplaces, tertiary institutes and hospitals.
- Promotion of cycling across the region.
- An ongoing commitment to assist eligible people with disabilities to meet their transport needs through the Total Mobility scheme.

The MAXX call centre, the MAXX website, and the Britomart Kiosk will continue to be supported.

#### Investigations

ARTA and ONTRACK are continuing work on the implementation of electrification of the Auckland rail network. There is a significant operational expenditure component to the electrification project, in order to implement the longer term, capital project. This programme also provides for scoping and investigation work for the other capital projects. ARTA's expenditure on investigations will be reduced by \$3.8 million from the expenditure proposed in the draft amendment to the 2006-16 LTCCP, but will provide sufficient funding to continue planning for electrification until there is clarity over funding sources.

#### Corporate and financial services

This function provides for the governance of ARTA through the Board, as well as essential management and support functions including IT, human resources, and finance.

#### ARTA operating expenditure and funding for 2008/09 –

	Plan 2009
<b>Opex funding</b>	
Total ARC opex funding	95,916
Total LTNZ opex funding	100,783
Rail fare revenue	19,000
Bus fare revenue	3,962
Other	2,921
<b>Total Opex funding</b>	<b>222,582</b>
<b>Activity</b>	
Paratransit	3,931
Wheelchair hoists	100
North contracts	31,263
West contracts	12,347
West/Isthmus contracts	12,951
South contracts	22,665
Isthmus contracts	7,468
Special events & emergency service adjustments	250
Other bus contracts	764
Ferry contracts	6,113
Ferry maintenance	2,327
Schools services	9,402
Concessionary fares	9,585
Service delivery projects including integrated ticketing	7,942
Rail contract	66,563
Rail service delivery & upgrade	3,782
Investigations	1,768
Passenger information	7,914
Travel demand management	5,455
Forward planning	3,554
Corporate, finance & governance	3,638
Rail level crossings	2,800
<b>Total ARTA opex</b>	<b>222,582</b>



## ARTA's capital programme

The ARC will provide ARTA with capital funding of \$83.449 million in 2008/09, which is a reduction of \$26.978 million from the funding proposed in the draft amendment to the LTCCP.

ARTA will use the operating funding provided by the ARC to support the following activities:

### Rail

The major elements of the rail capital budget are:

- purchase and upgrade of rolling stock (SA Trainsets)
- above track infrastructure development – improving stations, developing stabling and maintenance facilities, and improving customer facilities
- provide facilities to store and maintain trains
- provide greater capacity by undertaking above track works relating to Ontrack's remodelling of Newmarket Station.

The rail budget does not provide for expenditure on EMUs in 2008/09.

### Ferry terminals

ARTA's programme includes work on new ferry terminals at Beach Haven, to open early 2009, and at Bayswater. Other ferry terminals will be maintained and improved, including the Downtown Ferry Terminal, and Half Moon Bay. The programme provides for the installation of the hydraulic ramp at the Birkenhead Ferry Terminal.

ARTA has taken over from ARTNL the role of managing Auckland's ferry wharves. This role includes preparing and implementing asset management plans for each of the wharves, managing maintenance contracts and undertaking any necessary repairs. This function is largely self-funding, with ferry berthage and passenger charges meeting almost all of the costs of the service.

### Other transport infrastructure, including integrated ticketing

The integrated ticketing project will develop and implement an automated fare collection system solution for rail, bus and ferry services in the Auckland region. The 2008/09 funding is part of a project that is planned to deliver a smartcard ticketing system by the end of 2010.

The Real Time Passenger Information System will be extended along Quality Transit Network corridors and other key bus stops, along with improved signage and timetable information.

## ARTA's capital expenditure and funding for 2008/09 – dollars in thousands

Capex funding	Plan 2009
ARC funding	83,449
LTNZ funding	13,038
<b>Total Capex funding</b>	<b>96,487</b>
<b>Activity</b>	
Interim rolling stock (SA trainsets 15 - 17)	11,960
Interim rolling stock (SA trainsets 18 - 23)	25,324
Capex renewals (rolling stock)	9,912
Western line duplication stages 3 - 5	2,093
Newmarket remodelling - implementation (above track)	6,000
Newmarket heritage station refurbishment and land purchase at parnell	0
Manukau rail link - (above track)	2,000
Station upgrades above track (non - dart)	4,883
Onehunga line	1,500
Helensville/Waimauku/Huapai temporary platforms & permanent station (above track)	800
Station renewals	500
Station safety works	949
Britomart transport centre renewals	840
New Lynn rail station	2,000
Interim maintenance depot and stabling	2,000
Ferry terminal upgrades	8,418
Ferry terminal renewals	430
Extension of fibre optic cable to Onehunga and Manukau	600
Capex real time passenger information system (Rail stations)	500
Real time passenger information system (buses)	4,640
Capex - Integrated ticketing & machines	9,096
Marketing information infrastructure	1,393
Cycle facilities at ferry wharves	200
Business support	150
ARTNL fitout costs	300
<b>Total ARTA capex</b>	<b>96,488</b>

### Current uncertainties

Land Transport New Zealand - ARTA's operating activities are funded on approximately a 50/50 basis by the ARC and Land Transport New Zealand (LTNZ). The level of funding available to ARTA from LTNZ for 2008/09 and subsequent years has yet to be confirmed. ARTA has made its best estimate of the LTNZ funding expected to be available. ARTA's programme and budget may, however, change once final confirmation of all available funding is received.

Fuel Price – ARTA's bus and ferry contracts have regular reviews to address increases in input prices, including diesel and wages. ARTA is also directly exposed to increases in diesel and wages for the rail contract. Fuel price inflation has been volatile in recent years, and if fuel price inflation is significantly greater than allowed for, the level of service increases described above may not be achievable within the funding available.

### ARTA funding agreement

Each year, the ARC enters into a Funding Agreement with ARTA which sets out the operating and capital funding available for the year, together with the groups of activities to which this funding is to be allocated.

There are a number of uncertainties in respect of the implementation of ARTA's programme for the 2008/09 year, including the timing of major projects which are dependent on other parties. In order to assist in managing this uncertainty, the ARC will enter into a Funding Agreement with ARTA which will initially provide for 90% of approved operating funding and 70% of approved capital funding. The balance of ARC operating and capital funding will be available to ARTA during the year, subject to all proposed services and projects proceeding as planned, and ARTA meeting all other performance targets.



## ARC service levels

ARTA will give effect to the ARLTS to the extent it can do so, given:

- operational considerations that affect the sequencing and timing of activities
- the funding available to it
- its statutory functions.

ARC will monitor key transport indicators to measure progress toward the ARLTS outcomes expected by 2016, including the measures shown in the table below.

Measures	Target	2002/03
1. Passenger transport patronage.	52 million current trips per annum	56.5 million trips per annum in 2008/09 100 million trips per annum in 2015/16
2. Proportion of peak period trips made by passenger transport.	Current share 7%	11% for 2016
3. The ARC will, each year by 31 July, enter into an annual funding agreement with ARTA. The agreement will link ARC's funding to delivery of the passenger transport activities and capital projects contained in ARTA's Land Transport Programme.	-	ARTA delivers on public transport activities and capital projects
4. The ARC will, by 28 February each year, review ARTA's Land Transport Programme to ensure that the activities and projects contained in the LTP are consistent with giving effect to the ARLTS.	-	The activities and projects give effect to ARLTS

## What this will cost

Activity prospective cost of services statement for year ending 30 June - dollars in thousands

Plan 2008	ARTA operating and capital funding	Plan 2009	LTCCP Forecast 2009	Variance 2009
80,806	Revenue	109,355	110,775	(1,420)
154,675	Expenditure	184,601	181,256	3,345
73,869	Net cost of services	75,246	70,481	4,765
(9,055)	Reserves	(5,765)	(1,000)	(4,765)
<b>64,814</b>	<b>Rating requirement</b>	<b>69,481</b>	<b>69,481</b>	-

