



Council-controlled organisations

This section outlines the structure, roles and responsibilities of ARC's council controlled organisations.

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Overview

The Local Government (Auckland) Amendment Act 2004 (the Act) assigns principal responsibility to the Auckland Regional Council for:

- Setting the strategy for the Auckland regional land transport system.
- Integrating the planning, funding and development of the Auckland regional land transport system.
- Stormwater funding in the long-term interests of the Auckland region, to the extent that this was previously the responsibility of Infrastructure Auckland.

The Act established two council-controlled organisations to assist the ARC to discharge these responsibilities: the Auckland Regional Transport Authority (ARTA) and Auckland Regional Holdings (ARH). ARH and ARTA were established on 1 July 2004, although ARTA did not become fully operational until 1 December 2004 when it assumed the public transport service assets and liabilities of the ARC.

ARTA's primary role is to give effect to the Regional Land Transport Strategy prepared by the ARC. ARH's primary role is to own and manage assets (including funds) in the long-term interests of the Auckland region, and to provide funds to the ARC.

Auckland Regional Transport Authority (ARTA)

ARTA's statutory objective is to plan, fund, and develop the Auckland regional land transport system in a way that contributes to an integrated, safe, responsive, and sustainable land transport system for the Auckland region.

The Act sets out the nature and scope of ARTA's activities. ARTA's primary role is to give effect to the Regional Land Transport Strategy prepared by the ARC. ARTA's activities, as set out in the Act, are summarised below:

- Prepare a land transport programme for the Auckland land transport system that includes all of ARTA's activities under the Act in accordance with the Land Transport Management Act 2003.
- Assume responsibility for the public transport service obligations of the ARC vested in it by section 24 of the Act.
- Perform the functions of the Regional Council for the Auckland region under the Transport Services Licensing Act 1989.
- Assume responsibility for the approved activities of the ARC under the national land transport programme (other than activities relating to the exercise of the ARC's powers under sections 175 to 182 of the Land Transport Act 1998).
- To seek and receive funding for the Auckland regional land transport systems from sources other than the National Land Transport Account and make payments from the Auckland Regional Land Transport Fund.

- From 30 June 2007 onwards, to undertake and exercise any functions and powers of a road-controlling authority that are delegated to it by an Auckland territorial authority under the Act.
- To carry out research, education, or training in relation to land transport in the Auckland region.

In performing its functions, ARTA must act in accordance with the following principles:

- Focus on both the overall needs of the Auckland region and the views of communities in the Auckland region.
- Have regard to the reasonably foreseeable needs of future generations, including the economic and cultural well-being of people and communities.
- Foster cooperative and collaborative working relationships.
- Contribute to the achievement of its objective, including its environmental and social responsibilities, in an efficient and effective manner.
- Have clear accountability for the way that it contributes to an integrated, safe, responsive, and sustainable land transport system for the Auckland region.
- Be a good employer within the meaning of clause 36 of Schedule 7 of the principal Act.
- Operate in a financially responsible manner.

ARTA currently has no subsidiaries.

Performance targets and other measures

ARTA's Statement of Intent (SOI) contains a series of outcomes, objectives and targets against which ARTA's performance will be measured. The SOI for 2008-11 contains the following performance measures:

Strategic Challenge	Performance Measure	Target	08/09 target
	Total PT patronage increases	10.5 per cent growth over 3 years (with a base year of 05/06=51.13m)	56,500,000
Build a customer focused organisation with excellent leadership practices, effective teamwork and good processes.	Capital projects implemented to schedule and on budget	Percentage of ARTA capital budget spent during the financial year	85%
	Administration costs managed to budget	Administration costs in any financial year do not exceed the amount approved by the ARC.	Achieve
	Accounting policies are consistent with the ARC Group and all legal and audit requirements are met.	100 per cent compliance as measured by Audit NZ annual audit	Achieve
	Policies, procedures and processes consistent with Land Transport NZ's requirements.	100 per cent compliance as measured by Land Transport NZ annual audit.	Achieve
Improve service punctuality	RTN services arrive at all stations within 5 minutes of scheduled time.	Northern Busway services arrive at destination station within 5 minutes of schedule	95% (based on real time data)
		Western Line rail services arrive at destination station within 5 minutes of schedule	75%
		Southern and Eastern Line rail services arrive at stations within 5 minutes of schedule	88%
	QTN bus and ferry services begin their route within 5 minutes of schedule	Bus and ferry services (using Real Time) begin their route within 5 minutes of schedule	95% (based on real time data)
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 planned transport expenditure is on new road construction	30%
		32% of planned transport expenditure is on road maintenance and road safety	32%
		34% of planned transport expenditure is on passenger transport	34%
		4% of planned transport expenditure is on Travel Demand Management	4%



Auckland Regional Holdings (ARH)

ARH's statutory objective is to act in the long-term interests and for the benefit of the Auckland region and, without limiting this provision, manage its assets prudently.

ARH has the following subsidiaries:

- **America's Cup Village Limited (ACVL)**
- **Sea + City Projects Ltd**
- **Ports of Auckland Limited (POAL).**

Legislation sets out the functions of ARH as follows:

- Own, directly or indirectly, and manage assets (including funds) in the long-term interests of the Auckland region.
- Provide funds to the ARC in accordance with ARH's Long-Term Funding Plan.
- Make land transport assets available to assist ARTA to achieve its principal objective.

In performing its functions, ARH must act in accordance with the following principles. ARH must:

- Collaborate and cooperate with the ARC and ARTA to achieve the overall objectives of the ARC.
- Undertake any commercial activities in accordance with sound business practice.
- Ensure prudent stewardship and the efficient and effective use of resources.
- Exhibit a sustainable development approach in its decision-making by taking into account:
 - the social, economic, and cultural well-being of people and communities

- the need to maintain and enhance the quality of the environment
- the reasonably foreseeable needs of future generations.
- Have clear accountability for the way that it contributes to an integrated, safe, responsive, sustainable land transport system for the Auckland region.
- Be a good employer within the meaning of clause 36 of Schedule 7 of the Local Government Act 2002.
- Operate in a financially responsible manner and, for this purpose:
 - endeavour to maintain its long-term financial viability
 - prudently manage its assets and liabilities.

The ARC has agreed the following five objectives for ARH:

1. ARH manages its investment portfolio to maximise ARH's long-run disbursements to the ARC, without compromising the achievement of the ARC's other objectives for ARH.
2. ARH contributes to the ARC's waterfront objectives.
3. ARH, through its ownership and governance of POAL, ensures that POAL continues to operate as a successful business contributing to the region's economic well-being.
4. ARH takes a sustainable development approach, consistent with its principles and the principles of the ARC.
5. With respect to best practice governance, that:
 - ARH and its subsidiaries meet, and assist the ARC to meet, best practice governance standards.
 - ARH ensures that the ARC is well-informed.
 - ARH meets its statutory requirements, and assists the ARC to meet the ARC's statutory monitoring functions.
 - ARH adopts common branding and communication protocols.

ARH's Statement of Intent (SOI) contains a series of outcomes, objectives and targets against which ARH's performance will be measured. The draft SOI for 2008-11 contains the following performance measures:

Key performance indicators (KPIs)

- Ensure that ARH's financial performance for the 2008/09 financial year will meet or exceed the forecast in ARH's 2008-2018 Long-Term Funding Plan.
- ARH ensures that the management of its investment portfolio is consistent with the investment strategy and investment and treasury management policy and liability management policy in its Long-Term Funding Plan.
- ARH adheres to the Master Planning Process for the redevelopment of Wynyard Precinct.

Grant liabilities

Under the Act, as from 1 July 2004, all liabilities of Infrastructure Auckland (IA) for transport grants were vested in ARTA and all liabilities of Infrastructure Auckland for stormwater grants were vested in the ARC. The ARC is required under the Act to fund ARTA for the transport grant liabilities vested in it from Infrastructure Auckland. As at 1 July 2004, the stormwater grant liabilities vested in the ARC totalled \$81.5 million and the transport grant liabilities vested in ARTA totalled \$162.8 million.

Activity/IA Grants for year ending 30 June – dollars in thousands

Plan 2008		Plan 2009	LTCCP Forecast 2009	Variance 2009
20,587	IA - Stormwater Grants	18,101	12,253	5,848
46,369	IA - Transport Grants	9,972	900	9,072
66,956	Total	28,074	13,154	14,920

Council-Controlled Organisations (CCO) Unit

The ARC has established a Council- Controlled Organisations (CCO) Unit to assist the ARC to fulfill its statutory obligations in relation to ARH and ARTA by providing financial, governance and policy advice to the Council, and monitoring CCO performance. The costs of this unit are funded from ARH and are identified separately in the prospective income statement on pages 167-169.

Financing policies

The ARC has established the following financing policies to govern the drawdown of funds from ARH:

- The ARC will apply at least 85% of the funds it obtains from ARH to transport and stormwater capital expenditure and operating expenditure, consistent with the requirements of the Local Government (Auckland) Amendment Act 2004.
- The ARC will apply any further funding from ARH (up to 15%) only to the acquisition of other long-life regional assets.
- The ARC will fund prudent ARTA capital expenditure and renewals, first from annual income earned by ARH, and then ARH capital as necessary, and then debt.
- The ARC will apply up to 50% of ARH's annual net operating cashflows, less borrowing interest costs, to operating expenditure relating to transport and stormwater activities undertaken since the formation of ARH (including monitoring the ARTA and ARH council-controlled organisations).

ARH drawdowns

Projected drawdowns from ARH under these policies are set out on page 156.

ARH's future forecasts of medium- to long-term future cash available for distribution, as for other comparable long-term investment portfolio managers, may vary from the current forecast.

ARH funding for the year ending 30 June – dollars in thousands

Plan 2008		Plan 2009	Amended LTCCP Forecast 2009	Variance 2009
14,988	ARTA operating expenditure	18,800	18,139	661
61,197	ARTA capital expenditure	83,449	89,275	(5,826)
5,536	ARC Stormwater action plan	5,898	5,178	720
1,431	ARC CCO Unit	1,465	1,465	-
9,550	ARC Other	50	50	-
92,703	Total	109,662	114,107	(4,445)

* ARC Stormwater Action Plan drawdowns in 2007/08 exclude the ARH distributions received in advance in 2006/07 of \$1.139m.

