

Groups of activities

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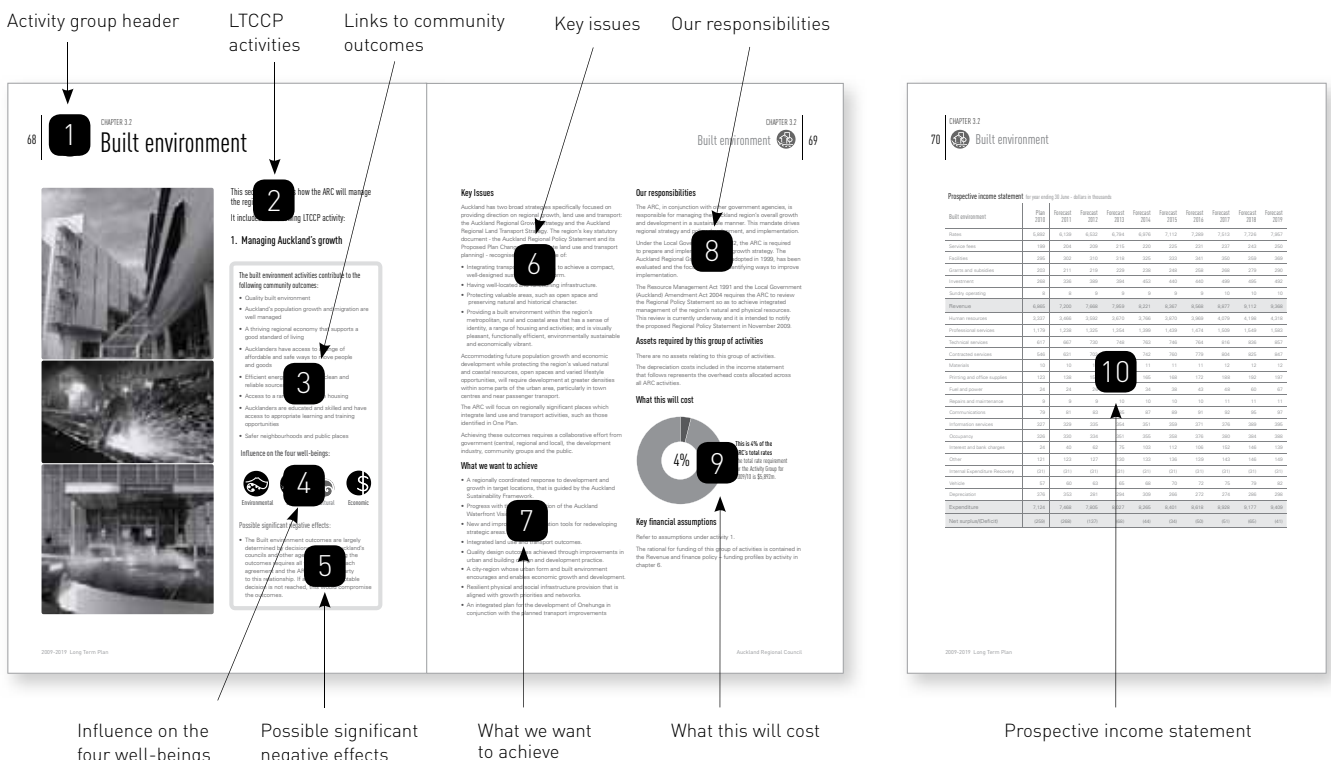
This chapter outlines the groups of activities that the ARC will focus on over the next ten years to deliver the priorities outlined in Chapter 1. We have organised the information in seven parts to align with the ARC's seven groups of activities.



How the information in Chapter three flows:

The diagram illustrates the various components of Chapter 3. Within each section you will find an overview of the groups of activities including key issues, what we want to achieve and the ARC's responsibilities along with what it will cost overall. We have also included a list of community outcomes to which this group contributes, a graphic representation of the

group's influence on the four well beings (economic, cultural, environmental and social) and a statement about whether the group has a significant negative effect on any of the well-beings. Following the overview section, there is more information on each activity, together with financial statements and the levels of performance, measures and targets for each activity.





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

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
- Quality built environment
- A thriving regional economy that supports a good standard of living
- The ARC, the community, local and central government, and business work together to achieve results
- Efficient energy use based on clean and reliable sources
- Neighbourhoods with a sense of community
- Community health and well-being is supported by a healthy environment where people have access to appropriate healthcare
- Safer neighbourhoods and public places
- The needs of women are recognised and addressed

Influence on the four well-beings:



Environmental



Social



Cultural



Economic

Possible significant negative effects:

- The upgrade and electrification of the rail network being undertaken by Ontrack will result in some disruption to rail services and users of the roading network.

Key Issues

Over the past five years, the ARC and ARTA have sought to significantly upgrade Auckland's public transport network in accordance with the Regional Land Transport Strategy. Investment to date, particularly in rail, has resulted in significant patronage increases. During 2007/08, the ARC and ARTA developed a comprehensive package of public transport improvements to be funded by a regional fuel tax, together with rates and investment income, and in October 2008 the previous Government approved the Auckland regional fuel tax scheme.

In November 2008, the ARC adopted an amended 2006-16 LTCCP to reflect the Auckland regional fuel tax scheme and to facilitate electrification of Auckland's rail network, including the purchase of new electric trains, upgrades to rail stations, development of an integrated ticketing system, upgrades to bus and ferry infrastructure, and increased service levels across all public transport modes. Funding for this package of improvements was from debt to be repaid by regional fuel tax, distributions from Auckland Regional Holdings (ARH), and rates.

In February 2009, the ARC developed a draft 2009-19 LTCCP with reduced transport funding to reflect the impact of the economic downturn on ARH's investment income, while still providing the full upgrade to infrastructure. However, in mid-March 2009, the Government announced that it would withdraw the regional fuel tax and purchase the electric trains itself.

The Minister of Transport confirmed the Government's commitment to electrification of Auckland rail and stated that ONTRACK's electrification plans would proceed as planned. The Minister also announced that the purchase of electric trains, which was to have been funded from Auckland's Regional Fuel Tax scheme, would be supported by Crown funding, and that the Government had decided in principle that KiwiRail should be the owner of the new Crown-funded passenger rail stock in Auckland and Wellington.

The removal of the regional fuel tax by the Government placed the ARC in a difficult financial position. While the decision removed the requirement for the ARC to fund \$509 million for new electric trains, a maintenance depot, and convert existing SA diesel trains to operate with electric locomotives, it also removed the revenue from the regional fuel tax which was to be used to repay debt to fund electrification as well as a range of other public transport capital projects. The net effect was to leave the ARC with a \$202 million funding shortfall to fund the balance of ARTA's capital programme, including diesel trains, integrated ticketing, rail stations, and ferry terminals. A number of these projects had already commenced, with the ARC providing funding until the time at which regional fuel tax revenues were available.

In order to finalise the draft 2009-19 LTCCP, the ARC considered a number of options to address this funding gap, however, the only coherent and affordable option able to be developed in the time available was to reduce the ARC's funding of ARTA's capital expenditure to match the funds available.

As a result, and in the light of the uncertainty in relation to the Government's wider plans for future rail arrangements, the ARC's draft 2009-19 LTCCP assumed that responsibility for all rail related capital assets and rail capital investment, with their related liabilities and commitments, would transfer to KiwiRail with effect from 1 July 2009. Responsibility for multi-modal projects including integrated ticketing, real time passenger information, customer information improvements, and upgrading and rebuilding ferry terminals was assumed to remain with ARTA, funded by the ARC and NZTA.

The draft 2009-19 LTCCP stated that the ARC would seek to reach agreement with Government on future arrangements for the Auckland rail network that are efficient and affordable but which also provide mechanisms for the region's strategic objectives to be met. The draft 2009-19 LTCCP also stated that, as a result of the discussions with Government, the final LTCCP adopted by the Council might vary significantly from the draft.

Prior to the adoption of the final 2009-19 LTCCP, the ARC has sought to work with Government to:

- secure additional funding to ensure momentum on public transport is not lost; and
- put in place a robust framework for long term ownership, operation and funding of the Auckland passenger rail system.

While it is clear that the Government is considering major changes for the future ownership and management of metro rail services, no new decisions transferring responsibility for any rail related capital assets or investment to KiwiRail have been made.

Given the uncertainty in relation to long term arrangements, discussions with NZTA have focused on securing additional funding to ensure that the current momentum on public transport is not lost.

At its April board meeting, NZTA resolved to consider funding applications for rail station developments at 60 per cent financial assistance rate (with the ARC to provide the balance of 40 per cent), subject to a number of conditions.

NZTA has also proposed providing the ARC with bridging finance, which would assist in smoothing the impact of the removal of the regional fuel tax, although not contributing to filling the funding gap. The main elements of NZTA's proposal were:

- a loan of \$32.8 million for completion of SA train sets 18-23 at an interest rate equivalent to the Government bond rate repayable by 30 June 2013; and
- a one-off grant from NZTA of \$5 million as a contribution to costs incurred by ARC in 2008/09 in the redevelopment of Newmarket rail station.



The Council considered a range of transport funding options for inclusion in this LTCCP, taking into account the funding available from NZTA and the financial environment faced by the ARC group arising from the flow-on effects of high fuel prices upon public transport service contract costs, and declining investment returns from ARH.

The funding option adopted by the Council for inclusion in the LTCCP balances the requirement to fund urgently needed public transport capital projects with the need to keep rate increases to the minimum possible. This funding option provides for the ARC to provide funding which will enable ARTA to implement the core elements of proposed package of public transport improvements but which does not provide the full extent of funding needed.

Further, this funding option does not provide for electrification or the purchase of new electric trains. The Government has resolved to take responsibility for the purchase of new trains and has reiterated its commitment to completing electrification by 2013. Electrification is fundamental to the long term success of public transport in Auckland. However, it remains unclear as to how the Government will achieve this goal, and whether the existing deadline for implementation will be met.

The impact of the changes in this LTCCP 2009-19 on the rating requirement in respect of the ARTA operating and capital funding activity (refer Chapter 3.1), when compared with the draft LTCCP 2009-19, is set out in the table below.

Key Assumptions

In preparing this LTCCP, the ARC has made a number of assumptions which attempt to best reflect the current situation. Most of these are described below, and further information is contained in Chapter 5, particularly in section 5.2.2 on page 181.

As noted above, the Government has made decisions in two areas; the removal of the Auckland Regional Fuel Tax Scheme and the transfer of responsibility for the purchase and funding of electric trains from ARTA to KiwiRail. NZTA has made provision for funding of 60 per cent of the capital cost of future rail stations, together with the provision of one-off funding of \$5 million, and a loan of \$32.8 million to fund the balance of existing rolling stock contracts.

This LTCCP does not provide for the receipt by the ARC of any regional fuel tax revenues. The LTCCP also excludes the provision of any capital funding for ARTA to support the purchase of electric trains. ARTA had previously estimated that the cost of the purchase, together with the provision of a maintenance depot, would cost \$509 million. It has been assumed that full responsibility for this expenditure will transfer to KiwiRail.

In working with the Government to secure the most robust long term framework for passenger rail, the Council's objectives will be to secure for Auckland the public transport system that we have committed to; to protect ratepayers from inappropriate and burdensome rates increases; and to ensure that Auckland has a say over future public transport developments.

With respect to operating funding, the LTCCP assumes the provision of rail operating subsidies consistent with the existing arrangements for the delivery of rail services. This assumption may need to be revised once the Government makes decisions on the future arrangements for the funding and ownership of Auckland metro rail. It is understood that the Government's view is that rail should be managed on a commercial basis where possible, including the provision of a commercial rate of return on investment e.g. new trains. This LTCCP makes no provision for any commercial charge on such assets.

What we want to achieve

Transport is one of the Auckland region's most significant issues. The 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.

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 2036 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 to deal with these additional demands and achieve the goals of the ARLTS.

However, the current financial climate together with a range of other factors mean that the investment in public transport set out in this LTCCP will see the ARC unable to fully achieve goals of the ARLTS by 2016.

For year ending 30 June - dollars in thousands	Plan 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
Increase/ (decrease) in rating requirement	67	1,198	1,477	3,797	6,954	9,462	11,633	12,464	15,164	15,925

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 Management Act 2003. The LGAAA requires that the ARC, in preparing the regional land transport strategy, must not,

- include reference to activities or their prioritisation, unless those activities have high regional significance, or
- include any matters other than those specified in the Land Transport Management Act 2003, or include any regional passenger transport plan.

The current ARLTS was adopted by the ARC in November 2005, following consultation with stakeholders and the community. A review of the ARLTS is underway.

The ARC also 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. 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.

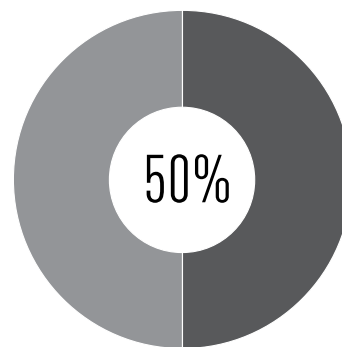
Further information relating to ARTA can be found in Chapter 4 in the section describing council controlled organisations.

Assets required by this group of activities

Under the LGAAA, the ARC's public transport assets and liabilities were vested in ARTA, and the ARC was no longer able to directly own public transport assets. The management of the public transport assets is the responsibility of ARTA. Therefore, this LTCCP contains information on the ARC's funding for ARTA's capital programme, although a description of ARTA's planned capital programme is shown in activity 2: ARTA operating and capital funding.

The depreciation costs included in the income statement that follows also includes the overhead costs allocated across all ARC activities.

What this will cost



This is 50% of the ARC's total rates

The total rate requirement for the Activity Group for 2009/10 is \$76.994m.

Key financial assumptions

Refer to assumptions under each activity that follows.

The rationale for funding of this group of activities is contained in the Revenue and finance policy – Funding Profiles by activity in Chapter 6.

The following table is further broken down into the cost of services statement for the two activities that make up the transport group: Land Transport Strategy (LTCCP activity 1) and ARTA operating and capital funding (LTCCP Activity 2).

The ARC's funding for ARTA, shown in ARTA funding grants – Opex, and ARTA funding grants – capex ARH funded, represents only a part of the total funding received by ARTA.


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

Transport	Plan 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
Rates	76,994	82,411	87,680	97,126	108,888	122,041	134,338	140,627	149,393	156,351
ARH distribution - ARTA Opex	28,138	37,117	42,716	35,922	38,071	29,962	24,386	20,093	19,890	12,949
ARH distribution - ARTA Capex	25,912	11,432	13	10	0	0	0	830	3,112	1,850
ARH distribution - CCO Unit	1,534	1,427	1,463	1,499	1,533	1,569	1,608	1,652	1,694	1,741
Service fees	65	63	65	66	68	69	71	77	75	77
Facilities	30	29	30	31	31	32	33	36	35	36
Grants and subsidies	5,517	516	519	521	524	527	530	538	537	540
Investment	3,162	3,980	4,460	4,716	5,187	5,216	5,483	6,218	6,549	6,997
Sundry operating	3	3	3	3	3	3	3	3	3	3
Revenue	141,355	136,978	136,949	139,894	154,305	159,419	166,452	170,074	181,288	180,544
Human resources	2,618	2,651	2,680	2,717	2,783	2,842	2,924	3,044	3,110	3,200
Professional services	659	569	584	596	609	623	636	653	669	684
Technical services	237	212	321	222	259	310	271	243	368	254
Contracted services	1,396	1,111	1,151	1,192	1,232	1,275	1,320	1,368	1,417	1,471
ARTA funding grants – Opex	102,393	116,132	126,562	133,640	136,285	140,473	146,867	148,907	157,491	157,599
ARTA funding grants – Capex ARH funded	79,893	26,068	16,442	10,955	10,179	7,283	4,489	5,574	5,521	4,992
Materials	6	6	6	6	6	6	6	7	7	7
Printing and office supplies	108	38	44	40	41	47	171	111	51	46
Fuel and power	8	8	8	9	11	12	13	16	19	21
Repairs and maintenance	4	4	5	5	5	5	5	5	5	5
Communications	211	215	220	225	230	235	240	247	251	258
Information services	1,021	1,041	1,064	1,093	1,113	1,137	1,165	1,193	1,220	1,250
Occupancy	127	124	125	130	132	133	139	147	143	145
Interest and bank charges	1,604	3,371	4,329	6,162	8,392	8,637	8,509	8,629	8,275	7,998
Other	104	64	70	69	66	69	121	64	70	77
Internal expenditure recovery	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
Vehicle	33	33	35	37	38	39	41	43	44	47
Depreciation	303	279	219	228	239	207	212	217	224	234
Expenditure	190,715	151,916	153,855	157,316	161,610	163,323	167,119	170,458	178,875	178,278
Net surplus/(Deficit)	(49,360)	(14,938)	(16,906)	(17,422)	(7,305)	(3,904)	(667)	(384)	2,413	2,266

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 November 2009.

- Providing ongoing support for transport agencies implementing the ARLTS.
- Monitoring implementation of the ARLTS annually by assessing progress towards achieving the strategy's objectives and outcomes.
- Preparing the ARLTS Report.

Levels of service	Performance measures	Baseline	Targets	
We will seek to ensure that regional land transport planning contributes to achieving an integrated, safe and sustainable regional land transport system.	TS 1. Prepare the ARLTS by April 2010 and every subsequent six years.	Achieved	2009/10	To be achieved 2010
			2016/17	To be achieved 2016
	TS 2. Monitor and report on the RLTS by 30 September 2011 and every subsequent three years.	Achieved	2009 - 12	To be achieved 2012.
			2012 - 15	To be achieved 2015.
			2015 - 18	To be achieved 2018.

Where to find further information

The Auckland Regional Land Transport Strategy and supporting information can be found at www.arc.govt.nz

What this will cost

Financial assumptions

- Land Transport Strategy receives 25 per cent funding from the New Zealand Transport Agency.

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

Land transport strategy	Plan 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
Revenue	743	778	814	847	883	890	909	962	974	1,003
Expenditure	3,708	2,745	2,485	2,114	1,802	1,810	1,624	1,035	717	197
Net cost of services	2,965	1,967	1,671	1,267	919	920	715	73	(257)	(806)
Reserves	(521)	(125)	(79)	(64)	(43)	(37)	(49)	(50)	(61)	(44)
Rating requirement	2,444	1,842	1,592	1,203	876	883	666	23	(318)	(850)



LTCCP Activity 2: ARTA operating and capital funding

This activity contributes to the 'Improving Public Transport' and 'Destination Auckland' – One Plan programmes of action.

What we plan to deliver

The ARC will provide 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 including support for cycling, forward planning and ARTA's corporate and financial functions.
- Capital funding to support the improvement of the Auckland rail system, and for investment in bus, ferry and multi-modal projects designed to improve public transport in the region.

ARTA's operating activities

The highest priority for ARTA's operating funding in the initial years of the 2006-16 LTCCP was to enable ARTA to give priority to new initiatives on the Rapid Transit Network, which aims to provide fast, frequent and reliable services, unaffected by traffic congestion, on the urban rail network and the Northern Busway. Patronage on the Rapid Transit Network is currently growing by over 20 per cent annually.

The next priority was to enable ARTA to put in place a staged implementation of the Passenger Transport Network Plan across all modes, with the aim of putting in place a simpler, more effective network, with improved services. The key elements of ARTA's passenger transport network plan are:

- the completion of the Rapid Transit Network, comprising the Northern Busway, and the upgraded urban rail system with modern, electric trains arriving at modern stations every 10 minutes (or better) at peak times,
- the creation of a Quality Transit Network through the improvement of bus frequencies and service standards on key corridors, and upgrades to ferry facilities and services,
- a simpler fare structure, and an integrated ticket,
- making the public transport system easier to use and providing customer information in real time, by phone, web and text and at main stops and stations.

The ARC's operating funding for ARTA continues to increase over the initial years of the 2009-19 LTCCP, from \$102 million in 2009/10 to \$116 million in 2010/11, and \$127 million in 2011/12. This is a slightly different funding profile to that contained in the draft 2009-19 LTCCP as a result of a revised funding request from ARTA, and, while these increases are substantial, they are less than the increases proposed in the 2006-16 LTCCP amendment.

Buses and ferries

ARTA had proposed a staged upgrade of bus and ferry services across Auckland with this upgrade being complete by 2011. The main features of this upgrade were set out in the summary of proposed public transport improvements in the 2006-16 LTCCP amendment.

However, this LTCCP proposes that the operating funding provided to ARTA be set at a level which will mean that the public transport service improvements will now be delivered at a slower rate. ARTA has advised that it has developed a new approach for dealing with service improvements for bus and ferry, with the new assumption that service and sector improvements will be made on a zero cost basis. Service changes are budgeted to have no cost impact but to be achieved by efficiencies gained or underperforming service rationalisation. This approach was used in obtaining successful service improvements at very low additional cost for the new Botany/Manukau cross town changes implemented in February 2009.

No new rural bus services have been provided for within the proposed budget, and the majority of new ferry service improvements will be deferred, with the exception of the new service to Hobsonville via Birkenhead. Planned improvements in vehicle quality standards for buses will be delayed. ARTA proposes to continue to improve the integration of the public transport network, including a focus on improving the co-ordination between bus and rail services

The bus and ferry budgets have been prepared on the assumption that ARTA will move to a new method of contact procurement from 2010/11, which would see ARTA adopt a gross cost style contract with incentives for operators to grow patronage and improve service quality.

While this is ARTA's initial position, a review of potential procurement models is an integral part of the consultation on the Regional Passenger Transport Plan, and ARTA remains open to suggestions from stakeholders on delivering its policy goals by other mechanisms.

In financial terms, this results in ARTA receiving fare revenue from contracted bus and ferry services, and having correspondingly higher expenditure on those services, with cost savings expected through improved competition for services. There is no net impact forecast on ARC funding, although depending on the level of incentives, the proposed procurement model would transfer the fare revenue risk from private sector operators to ARTA. ARTA is confident that it can manage this risk effectively through improved monitoring systems. This initial position is likely to be included in ARTA's formal consultation process under the Public Transport Management Act 2008, and changes may be made result of the consultation process. The Minister of Transport has also announced a review of the Public Transport Management Act 2008, but the impact of this review on ARTA's plans is not yet clear.

Rail

An effective urban rail system is a critical component of the rapid transit network that is a fundamental ARLTS requirement.

The Government has not announced any decisions in relation to the future arrangements for the delivery of rail services in Auckland; and the LTCCP assumes that the existing operational arrangements are maintained.

Currently, ARTA contracts with Veolia for the provision of passenger rail services in Auckland, and the LTCCP has been prepared on the basis that existing funding and operating arrangements are maintained (including funding from NZTA), and on the assumption that no capital charge is payable on rail assets as part of the rail operating contract. These assumptions may need to be revised once further Government decisions are announced.

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.

ARTA will continue to increase peak frequencies as patronage demand increases, and when new track layouts at Newmarket and Britomart are completed. Rail service improvements, including 10 minute services programmed in the draft 2009/19 LTCCP to commence 2009/10, have been deferred one year. The major changes reflect expectations in relation to the DART programme being delivered by KiwiRail, but some delays reflect cost constraints.

ARTA's rail service delivery programme assumes that KiwiRail will provide the rail infrastructure improvements previously planned by ARTA. In some cases ARTA will be unable to provide the planned services until those upgrades are complete. Examples include the new Onehunga and Manukau services in 2009/10 and 2010/11 respectively, which are reliant on both the track and stations being available.

The assumed delivery date for the first new electric trains has been deferred until 2012, delaying the increases to capacity previously planned. The Government has not yet announced the procurement plan or funding approval for electric trains, and ARTA's plans will need to be reviewed when more information becomes available.

There also remains uncertainty as to whether the Government will ensure the provision of a rail network with the capacity to provide 10 minute service frequencies, consistent with previous commitments. Should this level of rail network capacity not be provided, the extent of rail service improvements that can be delivered would need to be reviewed.

Forward planning

ARTA has a statutory objective to plan, fund, and develop the Auckland regional land transport system, including the preparation of Regional Land Transport Programmes.

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. The work programme includes planning for the rail link to the airport.

Future years will see ongoing review and development of plans, in particular in view of the upcoming review of the ARLTS and changed legislative requirements under the Public Transport Management Act 2008 and the Land Transport Management Act 2003.

Customer services initiatives

This programme includes the planning, procurement, contract management, promotion, marketing and auditing of bus, rail and ferry services.

Operational expenditure has been forecast on the basis that ARTA continues with the implementation of its smartcard ticketing system. The introduction of integrated fares is proposed to be deferred until approximately 2013, with an interim flag-fall integrated fare for 2010/11 and 2011/12 to provide a discount for transfers between services.

ARTA also has 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.

The ARTA TravelWise team works with schools and workplaces to address their transport needs, and provides support for walking school buses, workplace travel plans, and cycling initiatives.

Corporate and financial services

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

Investigations

The investigations function includes the initial planning for ARTA's capital projects, including station and ferry terminal upgrades, and planning for the CBD rail tunnel.


ARTA operating expenditure and funding 2010 - 2019 for year ending 30 June - dollars in thousands

	Plan 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
Total ARC Opex funding	102,393	116,132	126,562	133,640	136,285	140,473	146,867	148,907	157,491	157,599
Total NZTA Opex funding	120,602	137,445	148,879	157,318	159,961	165,453	171,765	172,626	181,905	173,514
Rail fare revenue	19,957	24,210	30,762	34,541	38,429	43,439	48,541	55,424	62,717	70,305
Bus fare revenue*	5,004	64,477	68,226	72,910	76,465	78,963	82,964	88,025	89,737	91,449
Ferry operator wharf revenue	1,951	2,045	2,115	2,186	2,257	2,326	2,395	2,464	2,535	2,607
Other	1,957	2,030	2,064	2,098	2,020	1,749	1,777	1,803	1,831	1,839
Total Operating Funding	251,864	346,339	378,608	402,693	415,417	432,403	454,309	469,249	496,216	497,313
Activity										
Board costs	502	516	529	542	555	567	578	590	601	612
Travel demand management	4,933	5,380	5,713	5,413	5,265	5,378	5,489	5,595	5,704	5,813
Para-transit	4,572	5,436	5,721	6,049	6,409	6,742	7,075	7,438	7,791	8,155
Wheel chair hoists	100	103	106	110	114	118	121	124	127	131
Bus contracts* (including Schools)	104,936	183,267	193,187	205,475	211,693	214,070	229,912	242,349	256,981	251,578
Ferry contracts	6,020	9,755	10,067	10,436	10,798	11,135	11,454	11,758	12,070	12,383
Concessionary fares	10,876	3,920	4,168	4,451	4,746	5,045	5,348	5,660	5,990	6,336
Service delivery projects	9,420	13,669	17,825	16,560	16,940	17,316	17,659	18,015	18,354	18,715
Forward planning	3,763	3,587	3,867	3,761	3,138	3,357	3,317	3,334	3,507	3,623
Corporate and finance services	3,438	3,509	3,599	3,688	3,775	3,856	3,935	4,012	4,090	4,168
Passenger information	10,826	11,955	11,918	11,144	11,407	11,652	11,891	12,123	12,358	12,594
Rail contract	83,452	96,787	113,378	127,812	133,355	145,825	150,017	150,570	160,789	165,177
Ferry maintenance	2,423	2,530	2,613	2,696	2,779	2,859	2,939	3,018	3,100	3,183
Rail service delivery and upgrade	3,784	3,779	3,663	3,585	3,559	3,580	3,653	3,724	3,797	3,869
Investigations	2,819	2,146	2,254	971	884	903	921	939	957	976
Total ARTA Operating Expenditure	251,864	346,339	378,608	402,693	415,417	432,403	454,309	469,249	496,216	497,313

*These forecasts have been prepared on the assumption that ARTA will move to a new method of bus and ferry contact procurement from 2010/11, which would see ARTA adopt a gross cost style contract with incentives for operators to grow patronage and improve service quality. In financial terms, this results in ARTA receiving fare revenue from contracted bus and ferry services, and having correspondingly higher expenditure on those services. This proposal is subject to a formal consultation process, and there is no net impact forecast on ARC funding.

ARTA's capital programme

Rail

Rail investment to date has delivered service frequency improvements, upgraded rolling stock, infrastructure and stations, resulting in Auckland's rail patronage increasing from two million journeys per annum in 2002 to over seven million in 2008. Existing commuter trains are reaching capacity and are aging. The ARC will provide funding to ARTA to complete the purchase of interim diesel rolling stock (SA trains 18-23), as well as funding rolling stock renewals and a rail depot and stabling. ARTA's ability to provide additional capacity to meet projected demand after 2010 is dependent on the Government's purchase of electric trains.

ARTA's programme includes completing the remodelling of the Newmarket station and the Grafton, New Lynn, and Avondale stations that are already underway. Enhancements for major events (including the Rugby World Cup) will be carried out at Kingsland Station, and new stations will be provided at Parnell, Manukau, and on the Onehunga line.

The timing of the non-DART station upgrades has been adjusted to smooth the requirement for funding, with the start of these upgrades being delayed until 2011/12, and the stations will be completed at a slower rate. This will result only 8 of the 10 stations being completed within the period of the 2009-19 LTCCP.

Under current funding arrangements for Auckland rail, responsibility for rail capital funding is shared between ARTA, ONTRACK, and Auckland territorial authorities. ARTA, with funding from the ARC, is responsible for 'above track' elements including trains, and train maintenance facilities. From 2009/10,

ARTA will receive funding from the ARC and NZTA for above platform station elements. ONTRACK, with funding from central government, is responsible for below track elements including track, structures, signalling, station platforms and access. Territorial authorities are responsible for rail related assets at stations such as park and ride and bus interchanges.

Bus, ferry and multi-modal projects

ARTA's ferry terminal programme provides for new ferry terminals at Hobsonville, Beach Haven and at Bayswater. Other ferry terminals will be maintained and improved, including the Downtown ferry terminal, Half Moon Bay, and Birkenhead.

ARTA is also responsible for 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. Ferry berthage and passenger charges meet the majority of the costs of the service.

ARTA's multimodal programme includes an integrated smartcard ticketing system for rail, bus and ferry services in the Auckland region from 2010/11. Smartcards will make it simpler for customers to pay for rail, bus and ferry services while speeding up boarding times and improving fare collection rates. Equipment mounted at major transit stations and on buses, trains and ferries will automatically "tag on" and "tag off" customers and calculate the fare for their trip, and the discounts to which they are entitled. A central database will ensure that operators receive the correct fare payments for the passengers they carry.

Other projects in this category include real time passenger information, timetable information infrastructure, route scheduler, and multi-modal passenger information systems.




ARTA's capital expenditure and funding for 2010 - 2019 for year ending 30 June - dollars in thousands

	Plan 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
ARC funding	79,893	26,068	16,442	10,955	10,179	7,282	4,489	5,574	5,522	4,992
NTZA funding	49,413	7,601	12,696	4,497	9,745	7,254	3,353	4,960	4,862	4,050
Total funding for capital expenditure	129,306	43,668	29,138	15,452	19,923	14,536	7,842	10,534	10,384	9,042
Activity										
Interim Rolling Stock (SA Trainsets 18 - 23)	26,500	6,294	-	-	-	-	-	-	-	-
Rolling stock renewals	7,500	7,679	7,732	7,786	3,510	2,273	2,079	2,092	2,104	2,115
Rail depot and stabling	11,980	-	-	-	-	-	-	-	-	-
Newmarket remodelling	15,274	-	-	-	-	-	-	-	-	-
Rail Stations underway (Grafton, New Lynn, and Avondale)	15,141	4,858	-	-	-	-	-	-	-	-
Kingsland Station	4,500	1,518	-	-	-	-	-	-	-	-
Onehunga Rail Stations	3,690	-	-	-	-	-	-	-	-	-
Manukau Rail Station	11,764	3,036								
Parnell and Newmarket Heritage Stations	-	-	1,500	1,000	-	-	-	-	-	-
Non-DART Stations	-	-	3,577	3,602	3,627	3,649	3,671	3,693	3,715	3,735
Rail station renewals and CCTV review	1,000	1,518	1,529	1,026	1,033	1,040	1,046	1,052	1,059	1,064
Ferry terminals	7,443	1,313	500	1,012	9,429	5,235	-	-	-	-
Ferry renewals	4,884	506	1,223	1,026	1,033	1,040	1,046	1,263	1,058	2,128
Multimodal infrastructure	19,630	16,947	13,077	-	1,292	1,300	-	2,434	2,448	-
Total ARTA Capital expenditure	129,306	43,669	29,138	15,452	19,924	14,536	7,842	10,534	10,384	9,042

Levels of service	Performance measures	Baseline	Targets	
<p>The ARC will ensure that ARTA will give effect to the ARLTS to the extent it can do so, given:</p> <ul style="list-style-type: none"> operational considerations that affect the sequencing and timing of activities the funding available to it its statutory functions 	ARTA's measures:			
	1. Percentage of motorised trips into the CBD in the morning peak by Passenger Transport	42% in 2006	By 2015/16	49%
	2. At peak times, the percentage of trips in the Auckland Region that are by Passenger Transport <i>ARTA target - 100 m PT boardings per annum (2016)</i>	7% in 2001 <i>ARTA 54.4m in 2007/08</i>	By 2015/16	11%
	3. Walking and cycling make up a percentage of all trips <i>ARTA target - 20,000 fewer car trips each morning peak through Travel Plans (2016)</i>	15.4% in 2001 <i>ARTA 5,785 in 2007/08</i>	By 2015/16	15.5%
	4. Percentage of decline in road casualties per 10,000 population.	Rate of 32.2 in 2005	By 2015/16	6% reduction on 2005 rate

Current uncertainties

In addition to the uncertainties discussed above, a range of other factors have the potential to impact upon the ability of the ARC to fund, and ARTA to implement, planned activities and projects.

New Zealand Transport Agency (previously Land Transport New Zealand) - ARTA's operating activities are funded on approximately a 50/50 basis by the ARC and New Zealand Transport Agency (NZTA). ARTA has made its best estimate of the NZTA funding expected to be available during the period of the LTCCP. ARTA's programme and budget may, however, change once final confirmation of all available funding is received.

The forecast funding for ARTA also assumes that ARTA continues to fund a level of operating costs for rail services, and NZTA's current policy for funding rail services will continue over the term of this LTCCP.

Fuel Price – ARTA's contracts with bus and ferry operators have regular reviews to address increases in input prices, including fuel and wages. ARTA is also directly exposed to increases in diesel and wages for the rail contract. For the purposes of LTCCP forecasts, ARTA has included a cost

adjustment factor in its forecasts, based on forecasts of a composite of Statistics New Zealand indices. However, fuel price inflation has been extremely volatile in recent years. If fuel price inflation is significantly greater than that allowed for, the planned service improvements may not be achievable within the funding available.

There is considerable uncertainty in relation to the level of return which ARH achieves on its investment portfolio. If these revenues are less than forecast, the ARC will need to consider the funding for the projects and services outlined in this chapter. It is expected that the ARC will need to continuously review its financial position going forward, and adjust its expenditure to meet the income available to it.

The Government has not announced any decisions in relation to the future arrangements for the delivery of rail services in Auckland; for example which party will operate the services, which party will contract, the form of any contract, and the responsibility for funding any such contract. However there has been a suggestion that these arrangements may change to reflect a more commercial approach under which KiwiRail could be expected to achieve a return on capital invested. This approach would be unaffordable for the ARC.



What this will cost

Key financial assumptions

- NZTA will provide funding for 60 per cent of ARTA's rail station expenditure from 1 July 2009.
- NZTA will provide a loan of \$32.8m for completion of SA train sets 18-23, at an interest rate equivalent to the Government bond rate, repayable 30 June 2013. Repayment will be funded from debt. Interest will be capitalised to the loan.
- NZTA will make a one-off grant of \$5m as a contribution to the construction costs already incurred in relation to the Newmarket station development.
- Other funding arrangements for the provision of public transport infrastructure and services remain unchanged.

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

ARTA operating and capital funding	Plan 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
Revenue	63,618	53,789	48,455	41,921	44,534	36,488	31,205	28,485	30,921	23,190
Expenditure	187,007	149,171	151,370	155,202	159,808	161,513	165,495	169,423	178,158	178,081
Net cost of services	123,389	95,382	102,915	113,281	115,274	125,025	134,290	140,938	147,237	154,891
Reserves	(48,839)	(14,813)	(16,827)	(17,358)	(7,262)	(3,867)	(618)	(334)	2,474	2,310
Rating requirement	74,550	80,569	86,088	95,923	108,012	121,158	133,672	140,604	149,711	157,201



