

# **ARTA Statement of Intent**

**1 July 2009 to 30 June 2012**



**Auckland Regional  
Transport Authority**

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## 1 Introduction

This Statement of Intent (SOI) is the sixth for the Auckland Regional Transport Authority (ARTA). It has been prepared within the terms of the Local Government Act 2002, as amended by the Local Government (Auckland) Amendment Act 2004 and the rules established for ARTA.

The Auckland Regional Transport Authority (ARTA) was set up in 2004 to be the central co-ordinating agency for transport in the Auckland Region. Under the Local Government (Tamaki Makaurau Reorganisation) Act 2009, ARTA will cease to exist as an organisation from November 2010.

ARTA is part of the ARC family of organisations, and assists the ARC by delivering the transport component of overall regional objectives. This is expressed in ARTA's mission statement:

To deliver a world-class transport system that makes Auckland an even better place to live, work and play - both now and in the future.

Co-ordinating Auckland transport includes planning and integrating the work of national agencies (NZ Transport Agency and NZ Rail Corporation), local councils and ARTA itself in order to deliver the objectives of the Auckland Regional Land Transport Strategy (ARLTS) and create a better transport system for Aucklanders.

The Statement of Intent (SOI) is the public document which sets out ARTA's responsibility to its shareholder, the ARC. It details the activities and intentions of ARTA for the three years commencing July 2009, and how these objectives will contribute to the objectives set by the ARC for transport in the Auckland Region. It forms the basis for the accountability of the directors of ARTA to the ARC for the performance of the organisation.

This draft SOI is based on the capital work programme and operational funding levels for 2009/10 to 2011/12 set in the ARC final Long Term Council Community Plan, and sets the targets by which ARTA's performance will be judged.

The SOI also specifies the Board's approach to governance of the organisation, and the financial and other information to be provided to the ARC. The ARC has the right to vary the SOI by resolution, after consulting the ARTA Board. The ARC must provide its reasons for proposing any modification.

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## **2 The Auckland Regional view of transport**

### **2.1 Vision**

The transport vision for the Auckland Region is:

A transport system which enhances the Auckland region as a great place to live, work and play.

Auckland Regional Land Transport Strategy 2005

### **2.2 Regional Strategies**

The Auckland Regional Land Transport Strategy (ARLTS) sets out a vision for Auckland's transport system, and a 10-year framework for working towards this vision. ARTA is required to give effect to the ARLTS, both through its own actions and by funding the activities of local councils.

The ARLTS is a complex document, and ARTA has chosen to group the many strategies, policies and targets set out in the ARLTS under three key themes, which sum up the transport system that the strategy envisages for the Auckland Region in 2016.

#### **2.2.1 Growing Auckland**

The transport system will support regional growth and economic development strategies by linking Auckland's main urban centres with a fast, frequent and reliable Rapid Transit Network, comprising an electrified rail system and the Northern Busway.

#### **2.2.2 Moving Aucklanders**

One ticket will take you anywhere in Auckland, on a seamless network of bus, train and ferry services. Aucklanders will be in the habit of quickly checking the options for their trip before leaving home, and will be able to choose between a quality public transport service, safe walking and cycling routes, or predictable car journey times.

#### **2.2.3 Sustaining Communities**

Aucklanders will make safe, healthy and sustainable travel choices. People who do not have access to a car will still have access to employment, education, health, commercial and recreational opportunities.

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### 3 ARTA's Objective, Mission and Values

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.

This objective needs to be read in the context of the statutory functions of other land transport agencies in Auckland. ARTA undertakes some projects directly, but also has an important influence on projects undertaken by local councils, the NZ Transport Agency and the NZ Rail Corporation. ARTA's key roles include:

- Integrating land transport planning for the Auckland Region, and producing an Auckland Transport Plan to guide the detailed planning within ARTA and other transport agencies
- Recommending projects to be funded through the Auckland Land Transport Programme
- Specifying and planning for an electrified passenger rail network in Auckland, improving stations, trains and maintenance facilities, and delivering ferry and Intelligent Transport System projects
- Designing and operating bus, rail and ferry services in the Auckland Region
- Marketing passenger transport services and delivering Travel Plans in partnership with local councils and with schools, workplaces and communities

#### 3.1 Mission

ARTA's mission reflects our role in delivering the overall regional vision that Auckland is a great place to live, work and play. Our mission is:

To deliver a world-class transport system that makes Auckland an even better place to live, work and play - both now and in the future.

### 3.2 Values

In the complex governance environment of Auckland transport, ARTA is not only responsible for its own activities, but for ensuring that all other transport agencies work together in the best interests of Aucklanders. To achieve this, ARTA must continuously demonstrate a highly principled approach through all of its actions and decisions. This framework of core principles is provided by ARTA's values, which guide our behaviour within ARTA and also our dealings with transport stakeholders, customers, and the wider community.

OPEN - we will be honest, respectful and transparent and communicate clearly

RESPONSIVE – we are committed to delivering customer and community needs

FOCUSED – getting the right results at the right time; real and simple

COLLABORATIVE – working together in partnership, recognising and sharing success

VISIONARY – inspiring creativity and innovation through forward-looking leadership

## 4 Long term regional goals

The ARLTS specifies a number of goals to achieve an integrated, safe, responsive and sustainable transport system by 2016. The key goals that relate to ARTA’s activities are numbered 1-4 below. For goals 1 and 2 (PT mode share) and goal 3 (walking and cycling) ARTA has derived supplementary targets which can be measured more accurately and more frequently, and provide valuable information on progress towards the long term target:

	Current value (date measured)
1 - 49% of motorised trips into the CBD in the morning peak by Passenger Transport	42% (2006)
2 - At peak times, 11% of trips in the Auckland Region are by Passenger Transport	6% (2006)
<i>(ARTA target)</i> 100 million PT boardings per annum <sup>1</sup>	54.4m (2007/08)
3 - Walking and cycling make up 15.5% of all trips	10% (2006)
<i>(ARTA target)</i> 20,000 fewer car trips each morning peak through Travel Plans	6,492 (2008/09)
4 - 6% decline in road casualties per 10,000 population	30.9 (2007)

<sup>1</sup>Dependent upon the PT Network Plan being fully funded

These targets reflect the combined activities of transport agencies to achieve the objectives of the Regional Land Transport Strategy. Currently the Region is on track to achieve, by 2016, three of the four targets:

- Passenger transport trips to the CBD in the morning peak are increasing, and are on track to reach 49% of motorised trips by 2016;
- Travel Plans are proving more successful than anticipated, and the target of 20,000 fewer car trips is likely to be reached prior to 2016.
- Road deaths have declined in the Auckland Region, though casualty rates remain high.

Full details of progress towards these long term targets will be provided in ARTA’s Annual Report.

Currently the Region is not on track to achieve the target of 100 million passenger transport boardings per annum, because ARTA has not, to date, been funded to deliver the level of passenger transport infrastructure and services required. ARTA remains committed to leading the delivery of this target, but can commit in this Statement of Intent to delivering only those actions funded within the ARC’s Long Term Council Community Plan.

## 5 ARTA’s Strategic Plan

ARTA has identified the seven key strategic challenges that the organisation faces, and has developed a strategy to address each of these challenges.

Strategic Challenge	Strategy
Lead implementation of the Auckland Regional Land Transport Strategy	Lead Auckland land transport planning through the Auckland Transport Plan (ATP) and by facilitating constructive debate between all transport agencies.
Design safe & sustainable transport solutions that provide Aucklanders with better transport choices	In collaboration with all parties, complete the network design for Auckland land transport.
Deliver the step-change in Passenger Transport infrastructure that will enable a world class service offering.	Build critical infrastructure and enhance ARTA's capability to manage assets long term.
Deliver quality Passenger Transport services that meet Aucklanders' expectations, within available funding.	Research customer requirements so as to deliver an integrated transport network that meets customer expectations, implemented progressively within funding limits to maximise return for public investment.
Change Aucklanders' travel behaviour by developing, promoting and marketing attractive transport options.	Drive change and influence behaviour by promoting passenger transport and multimodal transport through marketing and promotional campaigns, and by working with organisations to develop Travel Plans.
Build trust in the value ARTA adds.	Measure and communicate how ARTA's activities contribute to transport outcomes.
Build a customer focused organisation with excellent leadership practices, effective teamwork and good processes.	Establish an appropriate structure, recruit the team and continually drive process development.

## **6 3-year Programme of Action**

The long term improvement programme for public transport planned by ARTA and the ARC has been significantly curtailed by the revocation of the Regional Fuel Tax.

### **Rail Programme of Action**

The ARC has provided, in its Long Term Council Community Plan, funding to cover the full capital cost of:

- Purchase of interim diesel rolling stock to meet patronage demand until the arrival of electric trains
- Construction of stabling facilities required to house the new rolling stock

The ARC has also provided local share funding for the following rail capital projects. Subject to securing the national share of funding from the NZ Transport Agency, ARTA will:

- Complete Newmarket Station, to open January 2010;
- Complete New Lynn, Grafton and Avondale Stations;
- Upgrade Kingsland station and improve connections to Eden Park;
- Construct stations on the Onehunga line, and provide a half-hourly train service to Onehunga at peak times;
- Construct a new major station at Manukau City, and provide train services to Manukau, subject to completion of the Manukau Link rail track by ONTRACK.
- Deliver some additional station upgrade works from 2011/12.

ARTA will also deliver the following rail service improvements:

- Additional peak capacity on Southern and Eastern lines from 2009/10
- Increased interpeak and late night services on all lines, staged across 3 years
- 10 minute peak services on the Western line from 2010/11

### **Ferry Programme of Action**

Subject to securing the national share of funding from the NZ Transport Agency, ARTA will:

- Complete renewal works and passenger facilities at the Downtown ferry terminal;

- Contribute to a Hobsonville ferry terminal, and commence ferry services to Hobsonville (timing to be determined in consultation with the Hobsonville Land Company);
- Construct improvements to Beach Haven ferry terminal in 2009/10.

(note: improvements at Half Moon Bay and Bayswater have been deferred outside of the three-year period covered by this Statement of Intent)

### **Bus service improvements**

ARTA will:

- Put in place a simpler, more effective network design for bus services in the Eastern, Western and Southern sectors;
- Prepare and implement a Regional Public Transport Plan under new legislation, including changes to bus contracts to achieve better value for money and integration of the overall public transport system.

### **Multimodal projects:**

Subject to securing the national share of funding from the NZ Transport Agency, ARTA will:

- Implement an integrated ticket on bus, rail and ferry services;
- Improve scheduling and passenger information across bus, rail and ferry services;
- Put in place consistent policy standards for CCTV at public transport interchanges, and upgrades CCTV at priority sites from 2010/11.

## 7 Performance Measures

### 7.1 ARTA patronage targets

ARTA notes that progress to date towards the ARLTS goal of 100 million PT boardings per annum by 2016 continues to be constrained by funding. ARTA has developed a Passenger Transport Network Plan which sets out a detailed schedule of projects and services to achieve the ARLTS targets, but notes that many of the improvements set out in the plan cannot be delivered within current funding levels.

Based on the completion of projects already underway, and the operational budget included in the ARC draft Annual Plan, ARTA proposes the following patronage targets for the 2009/10 year.

Patronage forecasts for future years will be significantly impacted by decisions on the ARTA capital budget, and will be agreed between ARC and ARTA through the process of finalising the ARC’s Long Term Council Community Plan, and subsequently reflected in the Statement of Intent.

Outcome	Performance Measure	07/08 actual	08/09 target	08/09 forecast	09/10 target	09/10 target %
Total PT patronage growth	Total PT patronage increases 4%	54,405,000	55,318,000	58,322,000	60,668,000	4%
Made up of:						
RTN patronage growth	Patronage growth on Northern Express busway services	963,000	1,100,000	1,518,000	1,745,000	15.0%
	Patronage growth on the Western Rail Line	2,404,000	2,608,000	2,711,000	2,860,000	5.5%
	Patronage growth on the Southern & Eastern rail	4,390,000	4,595,000	4,994,000	5,444,000	9.0%
QTN & LCN patronage growth	Patronage growth on all other bus services	39,721,000	40,044,000	42,136,000	43,608,000	3.5%
	Patronage growth on ferry services	4,380,000	4,404,000	4,362,000	4,384,000	0.5%
Targeted services	Patronage growth on school bus services	2,547,000	2,567,000	2,601,000	2,627,000	1.0%

## 7.2 Strategic Planning targets

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’s strategic planning activities.

Strategic Challenge	Performance Measure	Target	LTP developed in 07/08	LTP developed in 08/09	LTP to be developed in 09/10	Target (10 year average)
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	33.5%	30%	30%	30%
		32% of planned transport expenditure is on road maintenance and road safety	27.2%	32%	32%	32%
		34% of planned transport expenditure is on passenger transport	36.2%	34%	34%	34%
		4% of planned transport expenditure is on Travel Demand Management	3.0%	4%	4%	4%

## 7.3 Targets for delivery of ARTA’s work programme

Performance Measure	Target	06/07 actual	07/08 actual	08/09 target	09/10 target
Capital projects implemented to schedule and on budget	% of capital budget expended during the year on approved capital project expenditure	50%	92%	85%	85%
Service improvements implemented to schedule and on budget	Service improvements included in the 2009/10 Funding Agreement, are delivered within agreed budgets	N/A	N/A	Achieved	Achieved
Other significant projects implemented to schedule and on budget	Other projects included in the 2009/10 Funding Agreement are progressed to schedule within agreed budgets	N/A	N/A	Achieved	Achieved

**Customer Service targets**

Strategic Challenge	Performance Measure	Target	07/08 actual	08/09 target	09/10 target
To deliver the step-change in Passenger Transport infrastructure that will enable a world class service offering.	Customer satisfaction scores for Rapid and Quality Transit Networks (RTN and QTN) stops/stations and vehicles	% of RTN customers rating stops/stations and vehicles as good, very good or excellent is improved despite major construction works	82% stops & stations 93% vehicles	83% stops & stations 94% vehicles	83% stops & stations 92% vehicles
Deliver quality Passenger Transport services that meet Aucklanders' expectations, within available funding	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%	82%	Above 80%	Above 80%
		RTN satisfaction above 85%	85.1%	Above 85%	Above 85%
		QTN satisfaction above 80%	79%	Above 80%	Above 80%
		LCN satisfaction above 80%	82%	Above 80%	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	64%	68 %	68 %
Improve service punctuality	RTN services arrive at all stations within 5 minutes of scheduled time. Note that disruptions are likely in 2008/09 due to DART projects.	Northern Busway services arrive at destination station within 5 minutes of schedule	99.8% (based on operator reporting)	95% (based on real time data)	99% (based on real time data)
		Western Line rail services arrive at destination station within 5 minutes of schedule	80.8%	80%	85%
		Southern and Eastern Line rail services arrive at stations within 5 minutes of schedule	82.8%	80%	85%
	High frequency bus corridors offer a 15 minute or better service frequency 7am-7pm weekdays.	Proportion of customers on high frequency corridors boarding services for which there was a wait of more than 15 minutes.			Report % boardings on rolled out corridors (from data warehouse)
Improve responsiveness	Closure rates for customer enquiries	Customer enquiries to MAXX and ARTA Enquiry are resolved within timeframes		Number & % resolved within timeframe	85% resolved within timeframe

## 7.4 Cost Effectiveness Targets

ARTA will achieve target patronage at budget costs. The target subsidy per passenger, set out below, is calculated by dividing the budget for bus, ferry and rail service contracts in 2009/10 by the target patronage.

**Bus** subsidies include a 3% provision for inflation, offset by a target 4% increase in bus passengers. This leads to a small decline in the subsidy cost per bus passenger in 2009/10.

**Ferry** subsidy per passenger is relatively low because 80% of ferry passengers travel on the commercial Waiheke and Devonport services.

**Rail** service costs increase in 2009/10, in order to improve frequencies and customer service and to manage the ongoing impacts of rail upgrade projects and an ageing rail fleet. These investments include:

- Increased provision of public announcement and customer service staff
- Improved customer information around planned disruption and engineering works, and the provision of bus replacement services.
- The costs of hiring and training additional drivers in order to achieve 10 minute service frequencies on the Southern and Eastern lines from February 2010, and on the Western line from July 2010.

Taking a one-year view of these investments sets a full year of cost against a relatively small incremental benefit in the first year, and obscures the significant long-term benefits of patronage increases on the rail system. The rail subsidy per passenger is based on a fuel cost of \$1.05/litre (the most recent 12-month average cost) and is net of a contingency provided for within the 2009/10 rail budget potential fuel cost increases.

Outcome	Performance Measure	07/08 actual	08/09 target	09/10 target
Deliver quality Passenger Transport services that meet Aucklanders' expectations, within available funding	Bus subsidy per passenger	\$1.85	\$2.12	\$2.06
	Ferry subsidy per passenger	\$0.94	\$1.39	\$1.37
	Rail subsidy per passenger	\$4.42	\$4.82	\$5.87

Subsidy per passenger km is similar for rail and bus, as rail customers make longer trips.

Performance Measure	Average trip	08/09 target	09/10 target
Bus subsidy per passenger km	6.6 km	\$0.32	\$0.31
Ferry subsidy per passenger km (equivalent road trip)	16.0 km	\$0.09	\$0.09
Rail subsidy per passenger km	16.5 km	\$0.29	\$0.36

## 7.5 Travel Demand Management targets

Strategic Challenge	Performance Measure	Target	06/07 actual	07/08 actual	08/09 target	08/09 actual	09/10 target
Change Aucklanders' travel behaviour by developing, promoting and marketing attractive transport options	Reduction in car trips to TravelWise schools	12,600 fewer car trips in morning peak by 2016 = 3,780 by 2007. Measured via surveys of TravelWise schools in Term 4.	3,240	4,503	5,000	5,010	5,700
	Reduction in morning peak car trips to TravelWise workplaces/ Tertiary institutions	3,500 fewer car trips each morning peak by 2016. Measured by repeat surveys.	75	1,282	1,400	1,482	2,000

## 7.6 Governance Measures

Strategic Challenge	Performance Measure	Target	06/07 actual	07/08 actual	08/09 target	09/10 target
Build a customer focused organisation with excellent leadership practices, effective teamwork and good processes.	Administration costs managed to budget	Administration costs in any financial year do not exceed the amounts approved by the ARC.	Achieved	Achieved	Achieved	Achieved
	Adherence to capital and operational funding limits	Costs in any financial year do not exceed the amounts approved by the ARC.	Achieved	Achieved	Achieved	Achieved
	Accounting policies are consistent with the ARC Group and all legal and audit requirements are met.	100% compliance as measured by Audit NZ annual audit	Achieved	Achieved	Achieved	Achieved
	Policies, procedures and processes consistent with NZ Transport Agency requirements.	100% compliance as measured by NZ Transport Agency annual audit.	Achieved	Achieved	Achieved	Achieved

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## 8 Statutory and Governance Framework

### 8.1 ARTA's statutory framework

The Auckland Regional Transport Authority was established under the Local Government (Auckland) Amendment Act 2004, which came into force on 1 July 2004, as a statutory council controlled organisation accountable to the ARC.

The objective of ARTA 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.

In meeting its objective, ARTA must exhibit a sense of social and environmental responsibility, which includes:

- (a) avoiding, to the extent reasonable in the circumstances, adverse effects on the environment; and
- (b) ensuring, to the extent practicable, that
  - (i) the views of affected communities are taken into account; and
  - (ii) land transport options and alternatives are given early and full consideration in a manner that contributes to paragraph (a) and subparagraph (i); and
  - (iii) early and full opportunities are provided to the persons and organisations who are required to be consulted in order to contribute to the development of land transport programmes.

ARTA is charged with managing its assets and liabilities prudently and co-operating with the ARC to assist in achieving the overall objectives of the ARC, ensuring prudent stewardship and the efficient and effective use of resources, undertaking its commercial activities in accordance with sound business practice and concurrently exhibiting a sustainable development approach in its decision making.

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

- (a) ARTA should have a focus on both the overall needs of the Auckland Region and the views of communities in the Auckland Region; and
- (b) ARTA should have regard to the reasonably foreseeable needs of future generations, including the economic and cultural well-being of people and communities; and
- (c) ARTA should foster co-operative and collaborative working relationships; and

- (d) ARTA should contribute to the achievement of its objective, including its environmental and social responsibilities, in an efficient and effective manner; and
- (e) ARTA should have clear accountability for the way that it contributes to an integrated, safe, responsive, and sustainable land transport system for the Auckland Region; and
- (f) ARTA should be a good employer within the meaning of clause 36 of Schedule 7 of the principal Act and the Employment Relations Act; and
- (g) ARTA should operate in a financially responsible manner

Under the Local Government (Tamaki Makaurau Reorganisation) Act 2009, ARTA will cease to exist as an organisation from November 2010. During the transition period, ARTA will refer all decisions defined in the Act as requiring the confirmation of the Auckland Transition Agency for confirmation in writing, prior to implementing the decision.

## **8.2 Nature and Scope of Activities**

Consistent within the above statutory framework, ARTA's key functions are to:

- Prepare a land transport programme for the Auckland region which gives effect to the Regional Land Transport Strategy, subject to the constraints recognised in the LGAAA.
- Perform the functions allocated to it under the Passenger Transport Management Act 2008
- Undertake and exercise any functions and powers of a road controlling authority delegated to it by an Auckland territorial local authority
- Carry out research, education or training in relation to land transport in the Auckland region.

The LGAAA requires ARTA to operate in accordance with a framework of social and environment responsibility, including inter-generational considerations, be collaborative, efficient, effective, financially responsible, and be a good employer.

ARTA will receive funding from the ARC and the NZ Transport Agency (NZTA) to carry out its functions. ARTA will enter into an annual Funding Agreement with the ARC in respect of the revenues to be provided and the deliverables to be achieved. ARTA currently receives funding from NZTA in accordance with its allocation process, and funding policies and procedures. ARTA will be proactive in identifying and evaluating alternative sources of revenue to supplement these funds in future.

### **8.3 The ARTa Board’s approach to governance**

#### **(a) Introduction**

ARTa is a statutory entity, being a council controlled organisation accountable to the ARC. It was established to assist the ARC to fulfil its responsibilities and must act in the long-term interests of the Auckland region. This makes ARTa a unique organisation with broader objectives than a commercial corporate entity, but still required to meet the same financial standards.

#### **(b) Governance Approach**

The Board of ARTa is committed to the highest standards of governance and business behaviour. The Board will continue to monitor developments in corporate and public sector governance to ensure ARTa implements the highest standards of governance at all times.

In undertaking its current and future activities ARTa will exhibit and ensure:

- Sound business practice in its commercial undertakings;
- Sustainable business practice;
- Ethical and good behaviour in dealing with all parties;
- An active partnership approach with ARC and key ARC Group stakeholders.

#### **(c) No Surprises Approach**

ARTa will adopt a ‘no surprises’ approach in its dealings with the ARC, and will ensure the ARC is informed well in advance of anything considered potentially contentious in the public arena, whether the issue is inside or outside issues outlined in the SOI, ARTa Rules and the relevant legislation.

The ARTa Board will keep in mind that the ARC has interests wider than those of ordinary shareholders in private companies, and will be sensitive to the demand for accountability placed on the ARC from citizens, ratepayers, and other bodies who hold the ARC directly accountable for ARTa’s actions.

#### **(d) Role of the Board**

All decisions relating to the operation of ARTa will be made by, or under the authority of, the Board of ARTa in accordance with its SOI, Rules and relevant legislation.

The Board is accountable to the ARC to ensure that ARTA:

- Achieves its objectives;
- Performs its functions;
- Acts in accordance with relevant legislation and ARTA Rules; and
- Achieves the objectives, performance targets and other measures set out in this SOI.

The Board will:

- Obtain full and timely information necessary to discharge its obligations fully and effectively;
- Actively review and direct the overall strategy of ARTA;
- Actively review its Policies and Delegations;
- Negotiate the SOI with the ARC;
- Monitor the external and internal environment and identify, evaluate and mitigate controllable risk factors;
- Ensure ARTA remains, an effective, focused organisation with core competencies and appropriate systems necessary to carry out its functions; and
- Undertake appropriate training to ensure Directors remain current on how best to perform their duties as Directors;
- Manage and monitor the performance of the Chief Executive Officer;
- Establish remuneration policies and practices for ARTA, and set and review remuneration for the organisation's Chief Executive Officer, other senior executives, and
- Provide leadership in relationships with key stakeholders.

## **8.4 Board Committees**

When establishing any Committee the Board will:

- Produce written terms of reference that describe its authority, duties, responsibilities and relationship with the Board; and

- Review regularly the performance of the Committee having regard to those terms of reference.

The Board has established the following committee:

#### **8.4.1 Risk and Assurance Committee**

The objectives of the Risk and Assurance Committee are to;

- ensure an annual risk management plan is developed and implemented
- assist the Board in discharging its responsibilities relative to financial reporting and regulatory compliance, including health and safety.

### **8.5 Accounting Policies**

ARTA will comply with the accounting and disclosure practices set out in all the relevant Financial Reporting Standards (FRS) issued by the New Zealand Institute of Chartered Accountants as periodically updated and as required by the Financial Reporting Act 1993. The current ARTA Group Accounting Policies are contained in the most recent ARTA Annual Report available at [www.arta.co.nz](http://www.arta.co.nz).

### **8.6 Information to be provided to ARC by ARTA**

#### **8.6.1 Annual Statement of Intent**

ARTA will provide the ARC with a draft and final SOI for each financial year in accordance with Schedule 8 of the principal Act.

#### **8.6.2 10 Year Funding Forecast**

ARTA will provide a 10 year funding forecast to the ARC each year in a timely manner to assist in preparation of the ARC's Long Term Council Community Plan or Annual Plan.

#### **8.6.3 Transport Outcome Monitoring**

ARTA will provide information to the ARC on transport system performance, and on the contribution of transport projects to long term outcomes, in a timely manner to assist the ARC in preparing the ARLTS Annual Report.

#### **8.6.4 Annual Report**

Within six weeks from the end of each financial year, ARTA will provide to the ARC an executive summary of ARTA performance against the SOI, and the unaudited annual financial statements of ARTA. With best endeavours ARTA will provide to ARC no later than ten weeks after the end of each financial year its audited financial statements, and by mid September a full Annual Report. This will comply with section 68 of the Act and include the following:

- Directors Report;
- Statement of Financial Performance;
- Statement of Financial Position;
- Statement of Cash Flows;
- Statements of Movements in Equity;
- Notes to the Financial Statements;
- Auditors Report in terms of section 69 of the Act on:
  - The above Financial Statements and Statement of Service Performance; and
  - The performance targets and other measures by which ARTA was judged in relation to its objectives as per the SOI.

#### **8.6.5 Half Year Report**

Within six weeks after the end of the of the first six months of each year ARTA will provide to the ARC an unaudited Half Year Report that includes:

- Statement of Financial Performance;
- Statement of Financial Position;
- Statement of Cash Flows; and
- Report on performance.

#### **8.6.6 Quarterly Report**

Within six weeks after the end of the September and March quarters of the financial year ARTA will provide to the ARC an unaudited quarterly report that includes:

- Statement of Financial Performance;
- Statement of Financial Position;

- Statement of Cash Flows; and
- Report on performance, including cost effectiveness measures for passenger transport services.

#### **8.6.7 Additional Information**

ARTA will provide additional information to the ARC as required to ensure that the ARC is informed in a timely manner of significant events which relate to ARTA and which may affect the ARC.

Relevant information which is confidential under the terms of the Local Government Official Information and Meetings Act will be shared with the ARC as permitted by other agreements. When sharing such information, ARTA will clearly state the nature of the information and the reason for confidentiality.

#### **8.7 The Board's estimate of the commercial value of the ARTA group assets.**

The Board of ARTA considers that the ARC's investment in ARTA has a commercial value equal to the asset valuation in the audited Balance Sheet of ARTA's Annual Report.

#### **8.8 Statutory Requirements deemed to not apply**

The Board of ARTA considers that the following 2 requirements of the Local Government Act 2002, Schedule 8, Section 9 (1) are deemed to not apply given the organisational form of ARTA.

- The ratio of shareholders' funds to total assets
- The amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders.

#### **8.9 Events Requiring the Approval of the ARC**

As outlined in the Rules, the Directors will ensure that ARTA does not (either itself or through an ARTA controlled organisation) without the approval of the ARC:

- Enter into any transaction or series of linked or related transactions which constitutes a Material Transaction; or
- Establish or dispose of any organisation.

ARTA will not make any decision to acquire or dispose of any assets deemed to be of a “material transaction” without the prior written approval of the ARC. A Material Transaction means:

- The acquisition of, or an agreement to acquire (whether contingent or not):
  - any strategic asset; or
  - any other asset which is material to the financial position of ARTA;
- The disposition of, or an agreement to dispose of (whether contingent or not):
  - any strategic asset; or
  - any other asset which is material to the financial position of ARTA;
- A transaction that has or is likely to have the effect of ARTA acquiring rights or interests or incurring obligations which are likely to have a material adverse effect on:
  - the financial position or performance of the ARC; or
  - the ability of the ARC to perform its responsibilities, functions or powers (which includes any material change (in terms of financial risk, service specification or performance specification) on which ARTA contracts for the provision of passenger transport services); or
- Any transaction which may change the essential nature or scope of the activities of ARTA or any ARTA controlled organisation.

The approval of the ARC under the provisions relating to restricted transactions is not required for any transaction or other matter authorised in the Funding Agreement in relation to the current financial year of ARTA.

#### **8.10 Any activities for which the board seeks compensation from any local authority** (whether or not the local authority has agreed to provide the compensation)

The Board of ARTA seeks compensation from the ARC in respect of the following activity.

##### *Transport Grants*

Section 29(1)(d) of the LGAAA vests all liabilities of Infrastructure Auckland under transport grants in ARTA. ARTA has no assets to meet those liabilities and depends on the ARC to provide funds to enable it to meet those liabilities.

## **8.11 ARTNL**

The business functions associated with the rail and ferry operations of ARTNL were transferred to the ARC family of entities on 1 October 2007. ARTA notes that at the time of preparing this SOI, ARTNL still holds some transport assets and liabilities, including the lease of the Britomart Transport Centre, which have not been transferred to the ARC group.

## **8.12 Any other matters that are agreed by the ARC and the ARTA Board**

ARTA will proactively work with its owner to achieve the objectives of the governing legislation and in doing so, achieve alignment between the roles, responsibilities and values of the respective organisations. ARTA and ARC will work together in a collaborative and cooperative manner which ensures that there are no surprises.

### **8.12.1 Shared Services**

ARTA and the ARC have negotiated a shared services arrangement for the provision of support services by the ARC.

Arrangements for the provision of services to ARTA from ARC related to transport modelling and associated matters will also be agreed between ARTA and the ARC.

Where appropriate, ARTA intends to use the ARC's principal legal and accounting advisers. This provision does not limit ARTA's ability to seek separate advice, where it considers this to be appropriate.

## **8.13 Disputes Procedure**

If ARTA or ARC identifies any matters of disagreement both parties will endeavour to discuss and consult on these matters at the earliest opportunity, and seek resolution between them.