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STATEMENT OF INTENT

2005 – 2006

STATEMENT OF INTENT

2005 — 2006

Triple Bottom Line reporting



..... Environmental



..... Social



..... Economic

Transit New Zealand's Vision

A transport system that builds a better New Zealand

Transit New Zealand
Wellington New Zealand
December 2005

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WHAT WE DO

Transit New Zealand (Transit) is a Crown entity established under the Transit New Zealand Act 1989.

Transit's statutory objective is to operate the state highway system in a way that contributes to an integrated, safe, responsive, and sustainable land transport system.

In meeting its objective, Transit 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) Taking into account the views of affected communities; and
- c) Giving early and full consideration to land transport options and alternatives in a manner that contributes to paragraphs (a) and (b); and
- d) Providing early and full opportunities for specified persons and organisations to contribute to the development of its land transport programmes.

Key facts

- Transit manages state highways which measure 10,894 kilometres
- State highways make up 12% by length of New Zealand's roads
- State highways account for nearly half of the 36 billion vehicle kilometres travelled each year
- Motorways are 0.4% by length of NZ's roads and carry 9% of the traffic
- 24 km of state highways within the Auckland region carry 22% of vehicle kilometres travelled on the total state highway network
- The replacement value of state highways is approximately \$15 billion

THE WIDER CONTEXT

THE NEW ZEALAND TRANSPORT STRATEGY

The Government's New Zealand Transport Strategy was released in December 2002. Its principles are

- Sustainability
- Integration
- Safety, and
- Responsiveness.

It has five objectives:

- Assisting economic development
- Assisting safety and personal security
- Improving access and mobility
- Protecting and promoting public health
- Ensuring environmental sustainability.

THE LAND TRANSPORT MANAGEMENT ACT (LTMA)

The Land Transport Management Act (LTMA) was passed at the end of 2003. It embedded the principles of the NZ Transport Strategy into Transit's statutory objective. The LTMA also

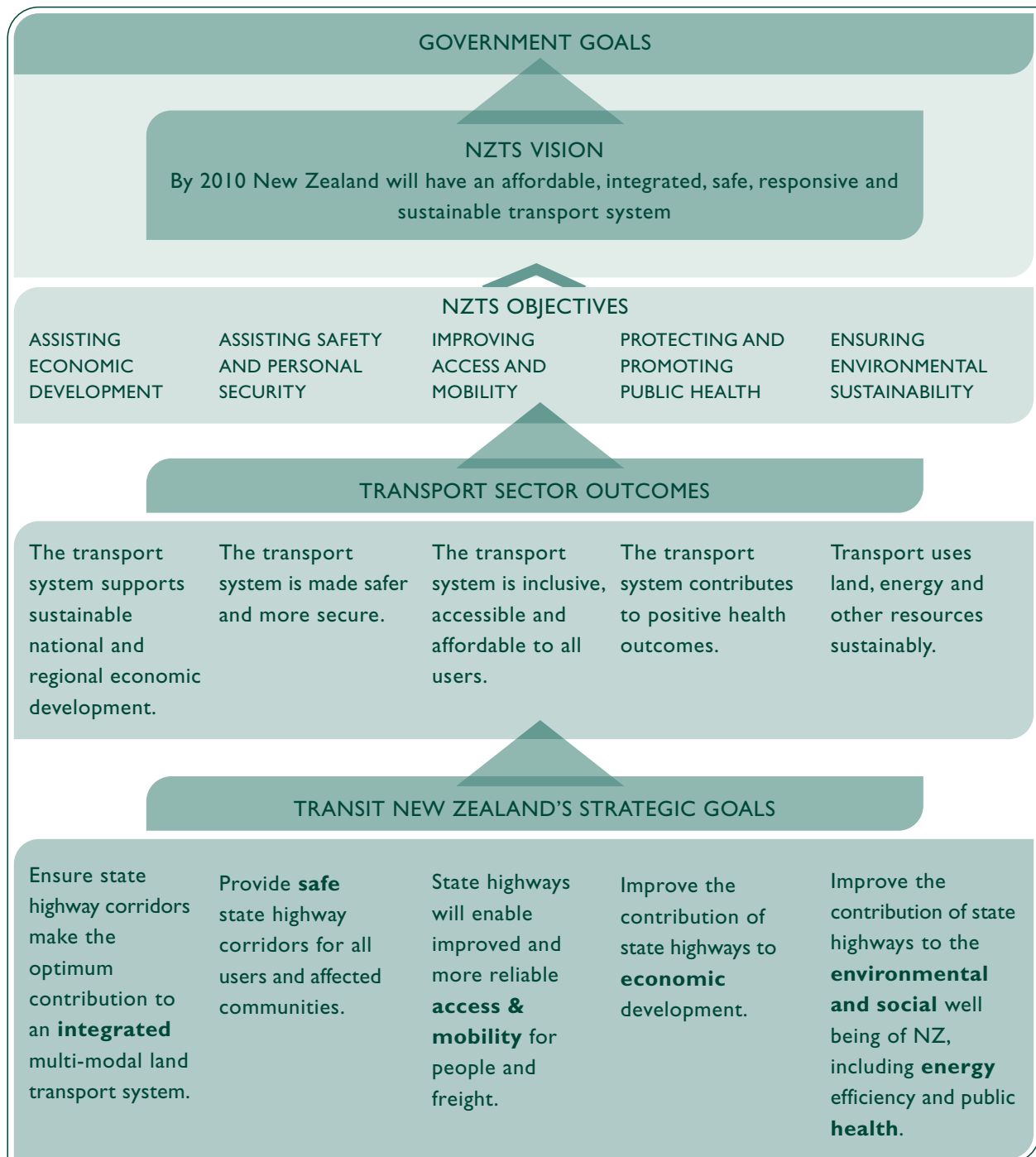
- required that the objectives of the NZ Transport Strategy be taken in to account when land transport programmes are prepared – of which Transit's State Highway Programme (which is approaching \$1 billion in annual value) is the largest; and
- enabled road tolling schemes and concession agreements.

THE TREATY OF WAITANGI

The Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi are recognised in transport legislation, and there are specific provisions in the Land Transport Management Act 2003 and sections 6 and 8 of the Resource Management Act 1991 which govern Transit's interaction with Maori.

CONTRIBUTING TO TRANSPORT SECTOR OUTCOMES

The chart below is designed to show how Transit contributes to the NZ Transport Strategy (NZTS) and the transport outcomes identified in the Ministry of Transport’s Statement of Intent.



Transit’s strategic goals are closely aligned with the principles and objectives of the NZ Transport Strategy. Performance measures, and objectives and targets by which to judge performance against those objectives, are set out in the section “Statement of Projected Performance”. Additional objectives which underpin areas of strategic emphasis are set out in Transit’s Strategic Plan.

FACTORS WHICH ACT AS ACCELERATORS AND BRAKES

Progress on Transit's work programmes and strategic goals is being accelerated over the three year period of this Statement of Intent by Government decisions to provide significant extra funding to the land transport sector. Equally, public expectations are extremely high. Overall, future progress will depend on a number of factors, including:

- Further refinement of priorities after assessment of feedback from consultation.
- Changing scope of major projects – Transit focuses first on cost effective transport solutions which respond to the New Zealand Transport Strategy and are robust under the Land Transport Management Act, but only public consultation, and the planning process under the Resource Management Act deliver certainty about the balance of scope, cost and timing that communities want.
- Completion of investigation phases of projects to ensure a high level of confidence in project scoping and cost estimating.
- Cost escalation.
- Funding contributions from local authorities and developers.
- Use of tolling to accelerate major projects, and to supplement traditional NLTF revenue streams.
- Better integration of land use planning and transport planning to moderate demand for transport systems in the longer term.
- The balance between rail freight charges and RUC.
- Consideration of longer term application of wider road charging policies.
- New transport technologies, including the potential to differentiate road charges according to the time of day of travel and the routes selected.
- Further Government decisions on the level of revenue streams into the National Land Transport Fund eg petrol excise.

In Transit's view, a range of factors will change both the allocation of funds to Transit, and the rate of progress on large projects – even within 2005/06 and certainly in subsequent years. Therefore the Transit Board has resolved to maintain momentum in times of change, by over-allocating against its allocation from Land Transport New Zealand in 2005/06 and 2006/07. Transit's commitment will be to hold expenditure to final approved funding levels, as necessary, as each year proceeds. Potential reductions in activity classes will be carefully managed to ensure that the means to hold expenditure to the approved level, if required, are real and robust.

KEY RESULT AREAS

Transit's key result areas encompass both our 5 strategic goals and essential business processes:



Transit's overall, long term intentions, based on estimates of future funding, are contained in its annual *10-year State Highway Forecast*. The Forecast comprises a firm one-year programme, a three year plan of best estimates (aligned with this Statement of Intent), and a forecast of possible timing and cost for the balance of the 10 years (as required by the Land Transport Management Act).

New areas of focus in 2005/06 include

- Integrating growth, development and land use planning with multi-modal transport planning
- Managing environmental impacts (incl energy use)
- Travel demand management
- Tolling
- Walking and cycling

These and other key areas of Transit's work are outlined below.

NEW AREAS OF FOCUS

Integrating growth, development and land use planning with multi-modal transport planning

Transit's new transport planning function concentrates on planning for the long term. Integration at the macro level is a key shift in our role towards managing transport systems in partnership with key stakeholders. It includes recognising state highways as a strategic component of the transport system and actively protecting their functionality as long distance routes. We will work by managing the natural tension between local travel and long distance travel through intersection design, and by working with councils to incorporate the concept of the roading hierarchy in planning documents. Equally, we aim to integrate transport into planning for growth and development – eg due to tourism, areas of rapid growth, significant urban fringe development – so that a full range of transport options are considered when land use plans are reviewed.

Key initiatives include:

- Promoting appropriate land use development that sustains the capacity of the state highway network and develops an appropriate state highway/local roads hierarchy.
- Working with councils to incorporate the concept of the roading hierarchy in planning documents and, as appropriate, making best use of structure plans. (\$2.5 – \$4 million in 2005/06).

Managing environmental impacts

The management of environmental impacts is guided by Transit's Environmental Plan, which outlines Transit's broad environmental objectives and explains how these objectives will be put into practice. Transit also has a Waste and Energy Management Policy under which waste and energy targets are being incorporated into contracts for improvement projects and maintenance. Other initiatives include encouraging the use of 'alternative' materials, and sharing positive case studies with the industry.

Key initiatives (in addition to measures in new activities to mitigate adverse environmental and social impacts) include:

- New, quieter surfaces on existing high volume roads through built up areas (\$1.5 million in 2005/06)
- Storm water run-off mitigation (\$1 million in 2005/06)
- Recycling and waste minimisation (\$0.4 million in 2005/06)

Travel demand management (TDM)

In addition to making improvements to the capacity of the state highway network, Transit seeks to prevent congestion getting worse, by collaborating with local authorities on land use development and growth strategies, and by managing access to the state highway network.

In addition, Transit will contribute to TDM by

- the application of Advanced Traveller Information Systems and Intelligent Transport Systems
- increasing the priority for public transport on state highways, and
- other forms of traffic management that enhance the effectiveness of state highway travel, eg ramp signalling.

Key initiatives include:

- TDM activities on Auckland's Southern, Northwestern and Northern motorways starting in 2005/06 (total cost approx \$47 million over 4 years)
- New demand management activities planned for Tauranga and Christchurch starting in 2006/07 (total cost approx \$7 million over 4 years)

Tolling

The Land Transport Management Act enables Transit to toll certain new roads. Two projects are now planned as toll roads. These are SH1 Northern Motorway Extension (ALPURT B2) and the Harbour Link project in Tauranga which was developed jointly with Tauranga District Council. Transit, Land Transport NZ and the Ministry of Transport are concurrently developing a national toll management system.

Key initiatives include:

- Continued construction of ALPURT B2 toll road
- Harbour Link construction planned to start in 2006/07
- Continued development of a national management system for toll processing

Walking & cycling

"Getting there – on foot, by cycle" is the Government's strategy to advance walking and cycling. Many high speed state highway corridors are unsuited to walking and cycling due to the safety issues that arise. Equally, there are also many improvement activities on other state highways that contribute to the local walking and cycling networks. Some are relatively low cost activities that remove significant "pinch points" on state highways. Walking and cycling activities are prioritised

nationally, taking account of local priorities and of activities that are part of a local authority strategy or that complete a cycling route. There are also some relatively high cost activities that are needed to complete integrated networks. We will discuss funding plans for these networks with Land Transport New Zealand and the relevant local authorities.

Key initiatives include:

Purpose built facilities for walking and cycling are programmed in West Coast, Otago, Canterbury, Northland, Waikato, Nelson, Bay of Plenty and Hawke's Bay regions totalling approximately \$1 million in 2005/06.

CONTINUED AREAS OF FOCUS

Relieving moderate to severe congestion

Moderate to severe congestion was raised as a significant issue for Auckland, Tauranga, Wellington and Christchurch during consultation on Transit's 2005/06 Draft 10-year State Highway Plan. Transit seeks to prevent worsening congestion by

- collaborating with local authorities on land use development and growth strategies
- managing access to the state highway network
- promoting and contributing to integrated transport, including travel demand management and passenger transport, and
- improving the capacity of road networks.

Key initiatives include:

- Auckland: Complete significant motorway capacity improvements including the Western Ring Route and central motorway improvements. Passenger transport is being promoted by construction of the Northern Busway and a number of bus priority lanes.
- Tauranga: Progressively improve the congested areas of the local strategic roading network.
- Wellington: A study is underway on the Western Corridor to develop the most effective and affordable package.
- Christchurch: The emphasis is on protecting existing and possible new routes including the northern links, SH1 past the airport and the Southern Motorway, together with a package of TDM and other measures.

Safety

Safety on state highways is driven by our State Highway Safety Plan and the Government's "Road Safety to 2010" targets. Our ongoing strategy is to

- remove 'out of context' sections of state highway and provide a "no surprises" environment
- provide median barriers on high volume, 2-lane highways
- remove roadside hazards
- continue safety retrofitting on the most at-risk sections of the network
- safety audit the existing network and new projects
- collect and analyse crash data to prevent crash black spots developing, and
- provide a network of stock effluent disposal sites.

Transit's Strategic Plan seeks to accelerate our contribution to meeting "Safety 2010" targets. A wide range of projects contribute to improving safety, including safety retrofit measures which reduce the potential for crashes or reduce the consequences of vehicles leaving the road. Working with partners including NZ Police and Land Transport New Zealand is essential as Transit continues to implement speed zoning, and to pursue collaborative solutions under the umbrella of the National Road Safety Committee and its Working Group, focusing in particular on the worst performing sections of the state highway network.

Key initiatives include:

- A large number of safety improvement activities which individually cost \$3 million or less (\$48 million for activities of which approximately 70% are primarily safety activities; \$8 million for safety retrofitting; \$1.3 million for stock effluent disposal facilities).
- Minor safety projects (\$25 million in 2005/06).
- Improved levels of service for new and existing rest areas (\$0.3 million in 2005/06), profiled line marking (\$1.5 million), and landscaping improvements that are safety related (\$1.8 million).

Managing large capital projects

State highway improvements (capital projects) account for approximately 60% of Transit's annual State Highway Programme. This is an area of unprecedented growth. In Auckland alone, our construction spend has grown from approximately \$74 million in 2000 to \$374 million programmed in 2005/06. The aggregate cash flow for large projects is very sensitive to the timing of very large activities.

Key initiatives include:

- Accelerated completion of the Western Ring Route (SHs 16, 18, 20) in Auckland, which is Transit's top priority nationwide
- Faster progress on the Waikato Expressway, which is Transit's next highest priority.

Maintenance

Transit's approach is to maintain current levels of service applying least cost whole-of-life measures – recognising that the state highway network is a key transport asset that carries almost half NZ's road traffic and has a replacement value of approximately \$15 billion. At \$355 million, the maintenance provision for 2005/06 makes provision for some improvements to levels of service, in addition to those described under safety and environmental management above.

Key initiatives include:

- Accelerated implementation of Intelligent Transport Systems and Automated Traveller Information Systems (\$2.5 million in 2005/06)
- Seal widening (\$1.5 million in 2005/06)
- Seismic retrofitting of key bridges (\$1.7 million in 2005/06)
- Winter maintenance strategy (\$0.6 million in 2005/06)
- Tunnel upgrades (\$0.5 million in 2005/06)

OUR APPROACH

VISION

As a result of changes to legislation, we produced a revised Strategic Plan, which was finalised in June 2004. Transit's vision is

**A transport system that builds
a better New Zealand**

VALUES

Transit's values are

- Leadership – be a world leader in transport solutions
- Integrity – be honest, show respect for others and courage in our actions
- Stewardship – be environmentally sensitive, socially responsible, and economically efficient
- Responsiveness – proactively engage with communities, road users and partners
- Excellence – do it right, at the right time – and do it with enthusiasm and pride
- Innovation – discover alternatives and challenge assumptions

ONE-PAGE STRATEGY MAP

Transit has developed a “one-page” strategy framework which communicates, drives and monitors our business imperatives. The framework identifies critical success factors, and links our strategic goals to a set of performance measures that measure our achievement.

SUSTAINABLE DEVELOPMENT & TRIPLE BOTTOM LINE REPORTING

Sustainable development can be described as meeting the needs of the present generation without compromising the ability of future generations to meet their own needs (New Zealand Cabinet, January 2000.) Sustainable transport is a key principle in the NZ Transport Strategy.

Triple Bottom Line (TBL) reporting is a tool that can help development become more sustainable through the integration of economic,

environmental and social aspects of decision-making and actions. Transit committed to TBL reporting in 2001 and continues to develop its performance measures in TBL terms. Our economy, society and the environment all need to be maintained in good order. As we achieve transport improvements, we are substantially reducing adverse impacts through the way we work.

Symbols alongside our performance measures in the “Statement of Service Performance” section indicate their contribution to our economic, social and environmental performance.

NEW ORGANISATION STRUCTURE

To give effect to the strategic change, in September 2004 we regrouped Transit's organisation structure into 5 new divisions. Three of these – Transport Planning, Network Operations and Capital Projects – span our 7 regional offices (in Auckland, Hamilton, Napier, Wanganui, Wellington, Christchurch and Dunedin). Strategic Support and Assurance and Compliance are smaller teams centred at National Office. Corporate Services Division provides support to the organisation as a whole, also from National Office in Wellington.

Transit's increased outputs have required growth as well as change. Transit remains committed to

- being a good employer
- supporting the professional development of our staff
- alignment with the State Services Commission's “employer of choice” goal, and
- living our values.

Transit is governed by a Board, with members:

- David Stubbs, chairperson
- Sir Tipene O'Regan, deputy chairperson
- Gary McIver
- Mike Williams
- Dr Janice Wright
- John Wright.

Transit New Zealand Vision

A transport system that builds a better New Zealand

Transit's Strategic Goals

Goal 1
Ensure state highways (SHs) make the optimum contribution to an integrated multi-modal land transport system

Goal 2
Provide safe state highway corridors for all users and affected communities

Goal 3
SHs will enable improved and more reliable access and mobility for people and freight

Goal 4
Improve the contribution of SHs to economic development

Goal 5
Improve the contribution of SHs to the environmental and social well-being of NZ, including energy efficiency and public health

What is required of us?

A. Direction

The Minister requires the Board to operate the state highway network so as to contribute to an integrated, safe, responsive and sustainable land transport system while exhibiting a sense of social and environmental responsibility

B. Transport Planning

The Board requires the Chief Executive (CE) to demonstrate that Transit's plans for the state highway network assist economic development, assist safety and personal security, improve access and mobility, protect and promote public health, and ensure environmental sustainability

C. Operation of the Network

The CE requires management to deliver quality products and services on time without compromising community well-being

What do we deliver?

The Board delivers assurance to the Minister that the views, needs and contributions of opinion leaders and other stakeholders have been taken into account and are considered early and fully

The CE delivers to the Board an unambiguous, clear and stable SH network plan that can be readily implemented by management

Transit management efficiently delivers an integrated, safe, responsive and sustainable state highway network to transport users

How do we manage?

Collaborate

Engage opinion leaders & other stakeholders

Form a Board and mgmt. view

Develop positioning strategy

Create momentum

Market Transit successes

Plan for the long term

Plan for macro integration

Plan corridors & consult on projects

Secure revenue & funding

Set LOS standards and specs

Deliver

Manage contracts and suppliers

Build

Manage network demand

Maintain network

Identify improvements

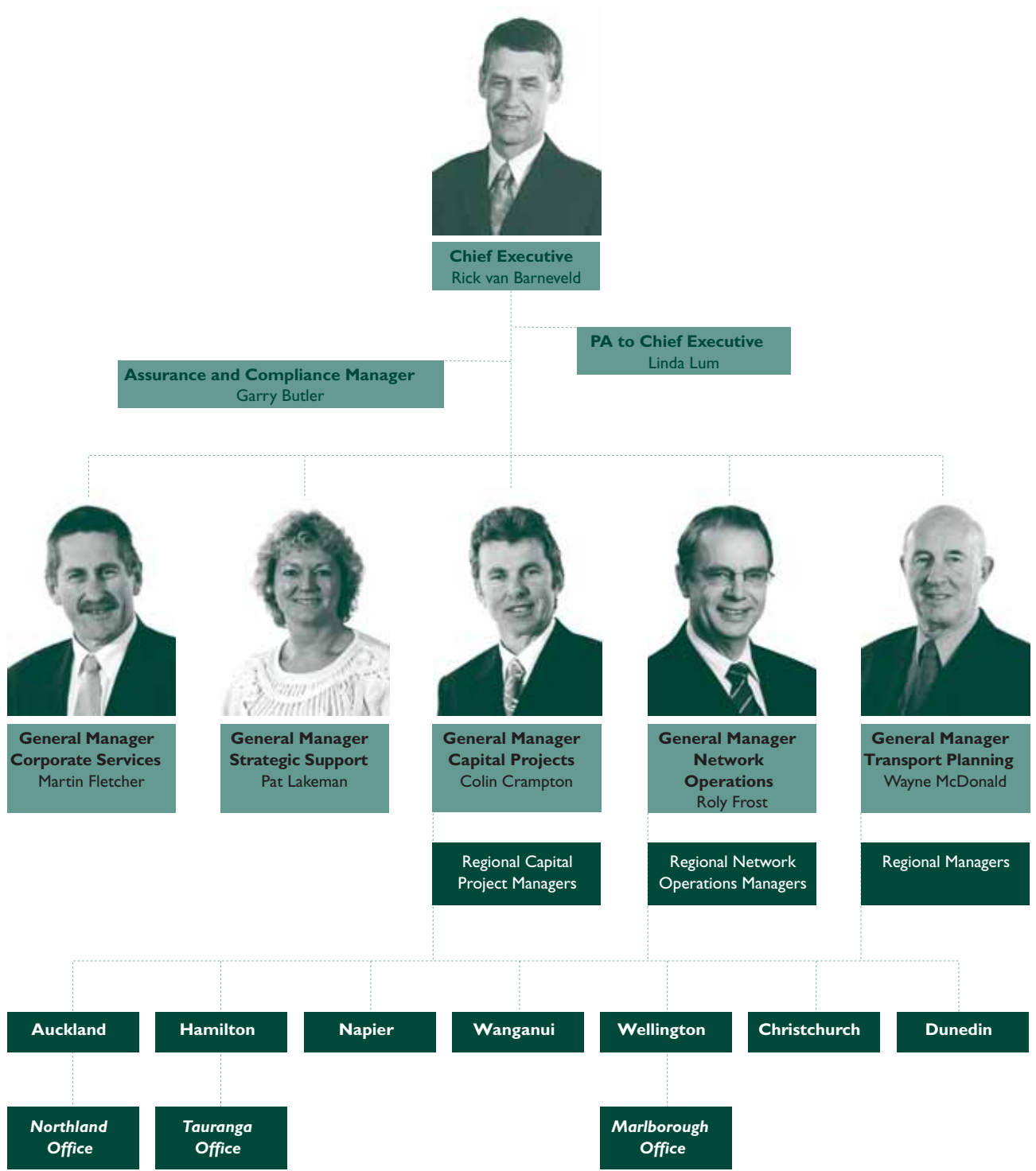
Manage properties

Performance monitoring, risk reporting, advice, counsel and communication

What do we need?

Enhance the people and information capability of Transit and its suppliers to support the aims of the New Zealand Transport Strategy and the Land Transport Management Act

TRANSIT NEW ZEALAND MANAGEMENT STRUCTURE (MARCH 2005)



STATEMENT OF ACCOUNTING POLICIES

ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of financial performance and financial position will be applied.

BUDGET FIGURES

The budget figures shown in Note 6 (State Highway Programme Expenditure) to the Financial Statements are those included in the Statement of Intent, which is approved by the Board at the beginning of the financial year. No account is taken of changes to the level of funding approved by Land Transport New Zealand during the financial year.

The budget figures shown in the Statement of Financial Performance are based on the figures included in the Statement of Intent but are recast to comply with generally accepted accounting practice and are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

REVENUE RECOGNITION

Revenue from Land Transport New Zealand is equal to the total cost of services delivered in accordance with the approved National Land Transport Programme less revenue from property rents and leases and investment interest.

Income from property rents and leases, investment interest and other sources are recognised when earned and are reported in the financial period to which they relate.

PROPERTY, PLANT AND EQUIPMENT

State Highways are valued at depreciated replacement cost based on the estimated present cost of constructing the existing assets by the most appropriate method of construction, reduced by factors for the age and condition of the asset. Land associated with the state highway is valued using an opportunity cost based on adjacent use, as an approximation to fair value.

Bailey bridging is valued at optimised depreciated replacement cost based on the optimum size of asset holding by the unit cost for each category of asset.

Other property, plant and equipment are stated at cost.

The state highway valuation is performed by Opus International Consultants Limited. The state highway regions are subject to a full revaluation on a cyclical basis so that each region is revalued at an interval not exceeding five years. Those regions that are not subject to full revaluation in a particular year are subject to a valuation update through the use of price indices. The Bailey bridging valuation is performed by Opus International Consultants Limited.

The results of revaluing state highways and Bailey bridging are credited or debited to an Asset Revaluation Reserve for that class of asset. Where a revaluation results in a debit balance in the Asset Revaluation Reserve, the debit balance will be expensed in the Statement of Financial Performance.

To the extent that a revaluation gain reverses a loss previously charged to the Statement of Financial Performance, the gain is credited to the Statement of Financial Performance.

DEPRECIATION

Depreciation is provided on a straight line basis on all fixed assets, other than land, formation works, the sub-base component of pavement (base) and items under construction, at a rate which will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

Land, formation and the sub-base component of pavement (base) have not been depreciated as it is considered that the service potential of these components does not reduce over time.

The useful lives and associated depreciation rates of major classes have been estimated as follows:

Assets	Useful Life (Years)	Depreciation Rate (Percent)
State Highways – pavement (base)	50	2
State Highways – pavement (surface)	7	14.3
State Highways – drainage	60	1.7
State Highways – traffic facilities	15	6.7
State Highways – bridges	90-100	1-1.1
State Highways – culverts & subways	50-75	1.3-2.0
State Highways – other structures	100	1
Bailey Bridging – panels	70	1.42
Bailey Bridging – transoms	103	0.57
Bailey Bridging – stringers	100	0.67
Bailey Bridging – chord reinforcing	69	1.45
Bailey Bridging – other miscellaneous	76	1
Buildings	50	2
Computer Equipment	3	33.3
Office Furniture	5	20
Office Equipment	4	25
Motor Vehicles	4	25
Technical Equipment	8	12.5
Plant	10	10

ACCOUNTS RECEIVABLE

Accounts Receivable are stated at their estimated realisable value after providing for doubtful and uncollectable debts.

INVESTMENTS

Investments are stated at the lower of cost and net realisable value.

EMPLOYEE LEAVE ENTITLEMENTS

Provision is made in respect of Transit New Zealand's liability for annual, long service and retirement leave. Entitlements that are expected to be settled within 1 year of reporting date, are measured at nominal values on an actual entitlement basis at current salary levels.

Entitlements that are payable beyond 1 year, such as long service and retirement leave, are calculated on an actuarial basis based on the present value of expected future entitlements.

GOODS AND SERVICES TAX (GST)

The Financial Statements are prepared on a GST exclusive basis, with the exception of Accounts Receivable and Accounts Payable which are stated with GST included. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

TAXATION

Transit New Zealand is a Public Authority in terms of the Income Tax Act 1994 and consequently is exempt from income tax.

OPERATING LEASES

Operating Lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

FINANCIAL INSTRUMENTS

Transit New Zealand is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, debtors, creditors and investments. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

COMMITMENTS

Future payments are disclosed as commitments at the point a contractual obligation arises, to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

STATEMENT OF CASH FLOWS

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Transit New Zealand invests as part of its day-to-day cash management.

Operating Activities include cash received from all income sources of the Crown Entity and records the cash payments made for the supply of goods and services.

Investing Activities are those activities relating to the acquisition and disposal of Non Current Assets.

Financing Activities comprise the change in Equity of Transit New Zealand.

COST OF SERVICE STATEMENTS

The Statement of Objectives and Service Performance reports the net cost of services for the outputs of Transit New Zealand and are represented by the costs of providing the output less all the revenue that can be allocated to these activities.

COST ALLOCATION

Transit New Zealand has derived the net cost of service for each significant activity using the cost allocation system outlined below:

Cost Allocation Policy

Direct costs are those costs directly attributable to a significant activity.

Indirect costs are those costs, which cannot be identified in an economically feasible manner with a specific significant activity. Transit New Zealand has two types of indirect costs – Professional Services and Administration costs.

Cost Drivers for Allocation of Indirect Costs

Professional Services are allocated 72% to the work categories that comprise the funding groups, Structural Maintenance and Resurfacing, on a pro-rata basis and 28% to Corridor Maintenance. This is in accordance with the NLTP Agreement with Land Transport New Zealand.

For Note 6 (State Highway Programme Expenditure) to the Financial Statements, Administration costs are allocated across all outputs on a pro-rata basis.

For the Statement of Financial Performance, Administration costs are allocated across all operating outputs on a pro-rata basis and to Replacement and Improvement expenditure to the extent permitted by Financial Reporting Standard 3.

For the year ended 30 June 2004, Professional Services accounted for 12.3% of Transit New Zealand's total operating expenditure (forecast for 2006: 12.3%).

For the year ended 30 June 2004, Administration costs accounted for 4.4% of Transit New Zealand's total operating expenditure (2003: 4.4%).

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies since the date of the last audited financial statements.

All policies have been applied on a basis consistent with previous years.

WORKING WITH OTHERS

A wide range of important relationships are critical to Transit's success. These include

- Local authorities all over New Zealand with whom we seek integrated solutions in both land development and transport through interactive planning processes.
- Our close relationship with Land Transport New Zealand recognising Transit's major impact on the National Land Transport Programme and the need for alignment in the way we assign priorities.
- Strategic alliances with local authorities that achieve economies of scale in managing our respective road networks.
- Our special relationship with, and impact on, the contracting industry due to the volume and size of state highway contracts and the consequent impact on the financial viability of the industry and local employment opportunities.
- Collaboration between transport sector agencies and the Ministry of Transport, including strategic planning across the transport sector as a whole.
- The Road Controlling Authorities Forum which is a key forum for sharing knowledge and making joint progress on road-related issues across the country.

- Collaboration on improving road safety, notably with Ministry of Transport, NZ Police and Land Transport New Zealand including the activities of the National Road Safety Committee.
- Connections with a number of international transport organisations which assist the development of our staff, bring world wide knowledge into the New Zealand context, and showcase New Zealand achievements.

Extensive consultation takes place under the Land Transport Management Act on Transit's 10-year State Highway Forecast – with Regional Land Transport Committees, local authorities, affected communities, industry groups and the general public. Providing access to information, and receiving and hearing submissions, are key to ensuring we understand and respond to the views of road users and communities.

Responsiveness – proactively engaging with communities, road users and partners – is a core value for Transit. We aim to respect others' views and operate a “no surprises” environment throughout all our relationships.

STATEMENT OF PROJECTED PERFORMANCE

This statement of projected performance contains

- performance measures which measure organisation performance
- objectives, performance measures and targets under four activity classes
- projected financial statements.

The objectives, performance measures and targets shown relate to 2005/06 and the following two financial years.

Objectives and performance measures will be subject to refinement, as appropriate, to improve the way in which they represent Transit's performance.



PERFORMANCE MEASURES

Key:  Environmental  Social  Economic

A. DIRECTION

What is required of us?

The Minister requires the Board to operate the state highway network so as to contribute to an integrated, safe, responsive and sustainable land transport system while exhibiting a sense of social and environmental responsibility

Measure	Comment
   Achievement of all SOI measures	A descriptive summary of progress against all SOI measures will be reported to the Minister. <div style="text-align: right;">Key Goal 1-5</div>

What do we deliver?

The Board delivers assurance to the Minister that the views, needs and contributions of those Transit consults with have been taken into account and are considered early and fully

   The satisfaction with Transit's responsiveness to external views, needs and contributions from those with whom Transit consults	How well Transit is consulting with stakeholders, interest groups and opinion leaders will be measured as part of Transit's overall stakeholder survey. <div style="text-align: right;">Key Goal 1-5</div>
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B. TRANSPORT PLANNING

What is required of us?

The Board requires the Chief Executive (CE) to demonstrate that Transit's plans for the state highway network assist economic development, assist safety and personal security, improve access and mobility, protect and promote public health, and ensure environmental sustainability

   Degree of alignment between the state highway network plan and macro planning of land use, demand management, network and corridors	Demonstrates how well Transit has aligned its state highway network plan to those of others in the land transport sector. <div style="text-align: right;">Key Goal 1</div>
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Measure**Comment**

Number of fatal accidents on state highways

Overall state highway safety is a function of driver behaviour, road design and vehicle factors. Transit will work with others in the wider transport sector to influence all these elements. The more direct influence of the road on crashes is covered by another measure (accident hotspot management).

Key Goal 2



Proportion of memoranda of understanding and protocols with other agencies that are healthy

The level of active engagement with partners such as territorial authorities, iwi, agencies and recognised interest groups will vary depending on the needs of each partner.

Key Goal 1-5



Total amount of nitrogen dioxide (NO₂) particulate matter (PM₁₀) and carbon monoxide (CO) attributed to vehicle emissions

The greatest impact on public health related to road operation is vehicle emissions. Transit will work with others in the wider transport sector to reduce vehicle emissions.

Key Goal 5



Total amount of carbon dioxide (CO₂) attributed to vehicle emissions

The transport sector is a significant contributor to carbon dioxide emissions that contribute to the greenhouse gas effect and climate change. Transit will work with others in the wider transport sector to reduce carbon dioxide emissions from vehicles.

Key Goal 5



Energy usage by, and non-recycled wastage from, Transit offices

Extent of conservation of energy and reduced raw material usage within Transit offices.

Key Goal 5



Proportion of urban state highways with a speed environment greater than 70 km/h in noise-sensitive areas where traffic noise is treated by designed solutions

Urban areas with a higher speed environment are most likely to suffer from noise impacts. Designed solutions such as quiet road surfaces and noise barriers offer noise-reduction solutions.

Key Goal 5

Measure	Comment
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 <p>Proportion of the network within sensitive receiving environments where stormwater run-off is treated by designed solutions</p>	<p>Potential water pollution caused by rain washing vehicle contaminants from the road into sensitive areas is a risk for New Zealand. Designed solutions include both natural and mechanical water-filtering systems.</p> <p style="text-align: right;">Key Goal 5</p>
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 <p>Road user and stakeholder satisfaction with the visual amenity of state highways</p>	<p>Landscaping and other solutions to mitigate the visual impact of state highways will be measured as part of Transit’s road user surveys.</p> <p style="text-align: right;">Key Goal 5</p>
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 <p>Benefits forecast for large projects which are scheduled for completion in the current year</p>	<p>The forecast benefits of Transit projects will be classified as environmental, social and economic to provide transparency in terms of Transit’s triple bottom line.</p> <p style="text-align: right;">Key Goal 2-5</p>
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 <p>Actual project dollar benefits compared to forecast benefits</p>	<p>A sample of post-construction audits will be carried out to ensure forecast benefits were realised through project planning and development.</p> <p style="text-align: right;">Key Goal 4</p>
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What do we deliver?




The CE delivers to the Board an unambiguous, clear and stable state highway network plan that can be readily implemented by management

 <p>Variance between actual large projects commenced in the reporting year versus what was planned in each of the two previous years</p>	<p>The stability of the 10-year plan is important to ensure Transit’s credibility with the community and stakeholders is maintained by minimising late changes to the project schedule.</p> <p style="text-align: right;">Key Goal 4</p>
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C. OPERATION OF THE STATE HIGHWAY NETWORK



What is required of us?








The CE requires management to deliver quality products and services on time without compromising community well-being

Measure	Comment
 <p>Proportion of projects listed in Transit's performance agreement that are on time</p>	<p>Transit's achievement in meeting critical milestones in project delivery.</p> <p style="text-align: right;">Key Goal 4</p>
 <p>Compliance with legislation, legislative instruments and external policy requirements</p>	<p>Examples of legislation and external policy requirements Transit has to comply with include the Resource Management Act, Health and Safety in Employment Act and Competitive Pricing Procedures. Transit strives to achieve compliance. However, given the extent of Transit's activities, non-compliance can occur and warrants explanation in our performance reporting.</p> <p style="text-align: right;">Key Goal 1-5</p>
 <p>Percentage forecast and actual annual dollar variance against state highway maintenance and improvement programme</p>	<p>Cash flow variance will be measured to track the delivery of Transit's annual maintenance and improvement programme.</p> <p style="text-align: right;">Key Goal 4</p>

What do we deliver?

Transit management efficiently delivers an integrated, safe, responsive and sustainable state highway network to transport users

 <p>Road user satisfaction with state highways</p>	<p>Regular surveys will measure the extent to which Transit is meeting road user expectations.</p> <p style="text-align: right;">Key Goal 1-5</p>
 <p>Number of accident blackspots that are still in existence 12 months after identification</p>	<p>This measure recognises that remedying blackspots can take time due to planning and other considerations. It is intended to ensure Transit is making every possible effort to remedy blackspots.</p> <p style="text-align: right;">Key Goal 2</p>

Measure	Comment
 <p>Congestion through travel time delays</p>	<p>Travel time delays are measured through travel time surveys and then benchmarked to international standards to evaluate Transit's performance.</p> <p>Key Goal 3-5</p>
 <p>Total unplanned lane closures for periods greater than 12 hours for low-density urban roads, or 2 hours for high-density urban roads, at peak times</p>	<p>Lane closures have significant operational impact on road safety and congestion. Short incident-response times are critical to ensure smooth traffic flows.</p> <p>Key Goal 3,4</p>
 <p>Performance of 0800 service against level-of-service requirements</p>	<p>Levels of service have been set to ensure a responsive 0800 customer service.</p> <p>Key Goal 1-5</p>
 <p>Proportion of capital projects completed within expected cost and time parameters</p>	<p>Timely, on-budget delivery of Transit's construction programme will be reported in terms of block projects (less than \$3M) and large projects (greater than \$3M).</p> <p>Key Goal 4</p>
 <p>Proportion of kilometres on high-volume urban areas of the network meeting level-of-service requirements for traffic flow</p>	<p>This measure is intended to reflect the extent of uncongested traffic flow on high-volume sections of the network</p> <p>Key Goal 3-5</p>
 <p>Proportion of network maintained to level-of-service for road condition</p>	<p>A measure of how well Transit maintains the state highway network to required road condition standards.</p> <p>Key Goal 2, 4, 5</p>
 <p>Maximised returns on the value of Transit properties without compromising construction start dates</p>	<p>A measure of how well Transit achieves investment returns while ensuring property availability for project commencement.</p> <p>Key Goal 4</p>

OBJECTIVES, PERFORMANCE MEASURES AND TARGETS BY ACTIVITY CLASS

The four activity classes reported correspond to Land Transport New Zealand activity classes:

1. State highway maintenance (“maintenance of state highways”)
2. State highway replacement and improvement (“new and improved infrastructure for state highways”)
3. Passenger transport (“passenger transport”)
4. Walking and cycling (“transport demand management – walking and cycling facilities”)

Table 1

SUMMARY OF COSTS OF ACTIVITY CLASSES¹ (\$M)

Activity Classes	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
Activity Class 1: State Highway Maintenance				
Structural Maintenance	221.2	236.0	245.8	266.0
Corridor Maintenance	92.9	94.7	98.7	106.7
Preventive Maintenance	9.0	3.7	3.8	4.1
Property Management	11.0	15.6	16.2	17.6
Emergency Works ²	27.8	18.8	19.5	21.3
Subtotal	363.1	368.8	383.9	415.6
Activity Classes 2, 3 and 4: • State highway replacement and improvement • Passenger transport • Walking and cycling				
Construction	342.8	501.9	613.2	662.1
Minor Safety Projects	26.1	26.1	27.7	29.0
Property Purchase	62.0	85.7	80.4	82.7
Passenger Transport Roding Infrastructures	13.6	38.4	59.6	61.4
Walking and Cycling Facilities	0.9	1.1	1.2	1.2
Subtotal	445.4	653.2	782.1	836.4
Total (GST exclusive)	808.5	1,022.0	1,166.0	1,252.0
Add GST	101.1	127.8	145.8	156.5
Total cost of Activity Classes	909.6	1,149.8	1,311.8	1,408.5

Notes

1. Professional Services have been allocated across Structural (72%) and Corridor Maintenance (28%). Transit's Administration costs have been allocated across all activity classes.
2. This amount is held and managed by Land Transport New Zealand. Where funding is required, it is released on a case-by-case basis.
3. Shaded rows of 2006/07 and 2007/08 targets in Table 1 above include expenditure planned to be funded from borrowing. Transit does not intend to raise any debt in 2005/06 financial year. However, Transit is working with the Ministry of Transport, Treasury, New Zealand Debt Management Office and Land Transport New Zealand to raise debt in the 2006/07 financial year as part of the ALPUR B2 and Tauranga Harbour Link toll projects. Transit will also advise the Minister in November 2005, its proposals for debt funding the SH20 Avondale Extension, SH20 Manukau Crossing and SH1 Te Rapa Bypass as advised in its 2005/06 – 2014/15 10-year State Highway Forecast.

ACTIVITY CLASS 1: State highway maintenance

DESCRIPTION

Transit will provide the maintenance of the state highway assets under this activity class.

OBJECTIVES

The objectives of Activity Class 1 are to:

- Minimise the sum of road agency and road user costs
- Contribute to reductions in the rate and severity of highway crashes
- Limit effects on the environment wherever reasonable and practicable
- Operate the state highway network to maximise its capacity and the reliability of travel times.

OUTPUTS

The following outputs are produced by Activity Class 1:

- Structural Maintenance: all maintenance of carriageways and bridges/structures, and resurfacing of existing carriageways, including resealing and thin asphaltic concrete.
- Corridor Maintenance: traffic management; provision and maintenance of delineation assets; maintenance of traffic signals, street lighting, guardrails and other safety facilities; incidence response and vegetation, graffiti and litter removal.
- Preventive Maintenance: non-routine maintenance works to protect the serviceability of the road assets and to minimise the threat of road closures.
- Property Management: management and maintenance of Crown-owned property held by Transit for future projects.
- Emergency Works: unexpected work requiring the urgent reinstatement or provision of a safe trafficable highway.

Table 2

ACTIVITY CLASS I: State highway maintenance – by output

Description	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
Structural Maintenance				
• Cost (\$M)	221.2	236.0	245.8	266.0
• Length (km)	10,894	10,910	10,930	10,950
• Unit cost (\$/km)	20,304	21,631	22,488	22,259
Corridor Maintenance				
• Cost (\$M)	92.9	94.7	98.7	106.7
• Length (km)	10,894	10,910	10,930	10,950
• Unit cost (\$/km)	8,527	8,680	9,030	9,744
Preventive Maintenance				
• Cost (\$M)	9.0	3.7	3.8	4.1
Property Management				
• Cost (\$M)	11.0	15.6	16.2	17.6
• Asset value (\$M) ¹	545	625	665	705
Emergency Works				
• Cost (\$M)	27.8	18.8	19.5	21.3
Activity Class I: Total Cost (\$M)	363.1	368.8	383.9	415.6

Notes

1. The value of the total portfolio, including properties that do not generate income.

Table 3

ACTIVITY CLASS 1: State highway maintenance PERFORMANCE MEASURES AND TARGETS

Description	2004/05 Target	2005/06 Target	2006/07 Target	2007/08 Target
Emergency Works				
• Total unplanned lane km closures for periods greater than 12 hours for low density urban roads at peak times	No closures over 12 hours	No closures over 12 hours	No closures over 12 hours	No closures over 12 hours
• Total unplanned lane km closures for periods greater than 2 hours for high-density urban roads at peak times	No closures over 2 hours	No closures over 2 hours	No closures over 12 hours	No closures over 12 hours
(Peak times are 7.30-9.00am and from 4.30-6.00pm. Low density road = <10,000 vpd. High density road = >10,000 vpd.)				
Percentage of dollar variance against State Highway Maintenance Programme	95-105%	95-105%	95-105%	95-105%
Comparison of Periodic Maintenance* Costs				
• Percentage completion of National Rooding Programme by cost of activity class ¹	98.5%	98.5%	98.5%	98.5%
• Percentage achievement of National Land Transport Programme activity classes ²	97.5-102.5%	97.5-102.5%	97.5-102.5%	97.5-102.5%
Levels of Service				
• Percentage of state highway network maintained to level of service for road condition, classified by:				
– Roughness				
• smoothness ³	97%	97%	97%	97%
• smooth travel exposure ⁴	97%	97%	97%	97%
– Rutting – less than 20mm ruts ⁵	99%	99%	99%	99%
– Skid resistance – good skid exposure above threshold level ⁶	98%	98%	98%	98%
– Texture – greater than 0.5mm ⁷	98%	98%	98%	98%

* Periodic Maintenance is defined as Area Wide Pavement Treatments, Maintenance Chip Seals and Thin Asphaltic Concrete resurfacing.

Notes

1. Reflects the degree to which the actual costs of periodic road maintenance match the allocations in the National Land Transport Programme following Land Transport New Zealand's last programme review. Trends will be analysed on a three-year rolling average, which will provide a refined basis for projecting targets for future years.
2. Reflects the degree of actual delivery of periodic road maintenance project lengths against the planned periodic road maintenance project lengths in Transit's State Highway Programme. Targets are based on the Agreement between Land Transport New Zealand and Transit. Trends will be analysed on a three-year rolling average, which will provide a refined basis for projecting targets in the future.
3. Measures the proportion of the state highway network, which is classified as smooth. Smoothness targets vary by highway class. Targets over the forward years are based on the calculations using the latest roughness survey. Trends will be analysed on a three-year rolling average, which will provide a basis for projecting targets in the future.
4. Measures the proportion of travel on sections of the state highway network, which are classified as smooth. Smoothness targets vary by highway class. Targets over the forward years are based on the calculations using the latest roughness survey and traffic data. Trends will be analysed on a three-year rolling average, which will provide a basis for projecting targets in the future.
5. A depression in the wheel path of a lane is defined as a "rut". When the depression exceeds 20mm in depth, it can hold water and cause a vehicle to aquaplane. Trends will be analysed on a three-year rolling average, which will provide a basis for projecting targets in the future.
6. Good Skid Exposure reflects the volume of traffic exposed to highway lengths that are currently above the threshold value for providing good skid resistance road surfaces.
7. When bitumen rises to the top of chips, the pavement is defined as "flushed". Typically, this occurs when a chipseal has a texture depth less than 0.5mm Mean Profile Depth.

ACTIVITY CLASSES 2, 3 and 4:

- State highway replacement and improvement
- Passenger transport
- Walking and cycling

DESCRIPTION

Transit will provide replaced and improved state highway assets under this activity class.

OBJECTIVES

The objectives of Activity Classes 2, 3 and 4 are to:

- Respond to the demand for improved capacity of strategic roads
- Contribute to reductions in the rate and severity of highway crashes
- Minimise the sum of road user and road agency costs
- Limit effects on the environment wherever reasonable and practicable
- Limit disruption to traffic as far as practicable
- Recognise community aspirations through consultation
- Enhance walking and cycling opportunities.

OUTPUTS

The following outputs are produced by Activity classes 2, 3 and 4:

- Construction: improvement of existing roads and bridges; and construction of new roads and bridges including seal extension.
- Minor Safety Projects: safety improvement projects with total cost of up to \$150,000 each and currently based on 8% of the Maintenance allocation.
- Property Purchase: purchase of land needed for replacement and improvement projects.
- Passenger transport improvement projects on state highways (North Shore Busway).
- Walking and cycling infrastructure projects and promotion of walking and cycling activities.

Table 4

ACTIVITY CLASSES 2, 3 and 4: State highway replacement and improvement; Passenger transport; Walking and cycling – by output

Description	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
Construction¹				
• Cost (\$M)	342.8	501.9	613.2	662.1
Minor Safety Projects				
• Cost (\$M)	26.1	26.1	27.7	29.0
Property Purchase¹				
• Cost (\$M)	62.0	85.7	80.4	82.7
Passenger Transport Roothing Infrastructures				
• Cost (\$M)	13.6	38.4	59.6	61.4
Walking and Cycling				
• Cost (\$M)	0.9	1.1	1.2	1.2
Activity Classes Groups 2, 3 and 4: Total Cost (\$M)	445.4	653.2	781.1	836.4

Notes

1. Construction and Property Purchase projections are based on Transit's 10-year State Highway Forecast, smoothed by taking account of factors affecting project development and including uncertainties associated with forecasting projects and available roading funds.
2. Shaded rows of 2006/07 and 2007/08 targets in Table 4 above include expenditure planned to be funded from borrowing. Transit does not intend to raise any debt in 2005/06 financial year. However, Transit is working with the Ministry of Transport, Treasury, New Zealand Debt Management Office and Land Transport New Zealand to raise debt in the 2006/07 financial year as part of the ALPURT B2 and Tauranga Harbour Link toll projects. Transit will also advise the Minister in November 2005 of its proposals for debt funding the SH20 Avondale Extension, SH20 Manukau Crossing and SH1 Te Rapa Bypass as advised in its 2005/06 – 2014/15 10-year State Highway Forecast.

Table 5

ACTIVITY CLASSES 2, 3 and 4: State highway replacement and improvement; Passenger transport; Walking and cycling
PERFORMANCE MEASURES AND TARGETS

Description	2004/05 Target	2005/06 Target	2006/07 Target	2007/08 Target
Capital Works Costs				
• Percentage of dollar variance against State Highway Improvement Programme	95-105	95-105	95-105	95-105
• Percentage completion of National Land Transport Programme by fee costs of capital works ¹	≤103	≤103	≤103	≤103
• Percentage achievement of National Land Transport Programme by construction costs of capital works ¹	≤103	≤103	≤103	≤103
Capital Works Achievements				
• Number of Major Projects listed in the Performance Agreement that are on time	All projects	All projects	All projects	All projects
• Percentage of capital projects completed within expected cost and time parameters	≤103	≤103	≥95	≥95
Property				
• Maximised returns on the value of Transit properties without compromising construction start dates	2.6%	2.4%	2.3%	2.1%

Notes

1. Targets are consistent with the Agreement between Transit and Land Transport New Zealand. Trends will be analysed on a three-year rolling average, which will provide a refined basis for projecting targets for future years.

PROJECTED FINANCIAL STATEMENTS

The following projected financial statements are for the three years ended 30 June 2008 and comprise:

- Statement of financial performance
- Statement of financial position
- Statement of cash flow
- Statement of movements in equity

TRANSIT NEW ZEALAND

FORECAST STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE (GST EXCLUSIVE)

	30-Jun-2005 Forecast (\$000)	30-Jun-2006 Target (\$000)	30-Jun-2007 Target (\$000)	30-Jun-2008 Target (\$000)
REVENUE				
Land Transport New Zealand	789,510	1,006,700	1,062,500	1,159,081
Overweight Permit Fees	260	206	212	219
Investment Interest	1,050	800	800	800
Rents & Leases From Property	14,173	14,500	17,000	18,000
Miscellaneous Receipts	43	100	100	100
Self Funding Units	533	400	400	400
Declared and Revoked Highways	86,400	0	0	0
TOTAL REVENUE	891,969	1,022,706	1,081,012	1,178,600
Note: see page 40				
EXPENDITURE				
OPERATING (Maintenance)				
Pavement Maintenance	61,626	60,733	63,109	65,352
Bridge Maintenance	20,099	23,701	24,604	27,799
Corridor Maintenance	93,392	95,282	98,630	105,071
Emergency Work	36,506	19,417	19,666	20,363
Property Management	11,038	16,077	16,649	18,286
Feasibility Studies	9,126	7,308	7,388	7,377
Other Operating Expenditure	11,091	26,615	34,431	41,442
Total Operating (Maintenance) Expenditure	242,878	249,133	264,477	285,689
OTHER				
Depreciation on the State Highway Network	224,748	230,100	241,680	254,960
Interest on Debt Funding	0	0	1,430	8,147
State Highway Asset Write Off	12,610			
Total Other Expenditure	237,358	230,100	243,110	263,107
TOTAL EXPENDITURE	480,236	479,233	507,587	548,797
SURPLUS AVAILABLE FOR STATE HIGHWAY IMPROVEMENTS	411,733	543,473	573,425	629,803

TRANSIT NEW ZEALAND

FORECAST STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE (GST EXCLUSIVE)

	30-Jun-2005 Forecast (\$000)	30-Jun-2006 Target (\$000)	30-Jun-2007 Target (\$000)	30-Jun-2008 Target (\$000)
GENERAL FUNDS	12,730,498	13,262,065	13,835,491	14,465,294
ASSET REVALUATION RESERVE	2,192,778	2,192,778	2,192,778	2,192,778
TOTAL EQUITY	14,923,276	15,454,843	16,028,269	16,658,072
CURRENT ASSETS				
Cash in Bank	2,818	1,500	1,500	1,500
Investments	7,800	18,500	18,500	18,500
Accounts Receivable	14,390	8,420	8,420	8,420
Receivable from Land Transport New Zealand	115,634	120,000	120,000	120,000
TOTAL CURRENT ASSETS	140,642	148,420	148,420	148,420
LESS CURRENT LIABILITIES				
Accounts Payable	134,012	143,899	143,922	128,949
Employee Entitlements	1,762	2,060	2,122	2,185
TOTAL CURRENT LIABILITIES	135,774	145,959	146,044	131,135
NET CURRENT ASSETS	4,868	2,461	2,376	17,285
PLUS NON CURRENT ASSETS				
Other Property, Plant and Equipment	4,901	4,273	4,402	4,534
State Highway Network	14,908,789	15,443,663	16,155,096	16,925,228
Bailey Bridging	5,445	5,167	5,167	5,167
TOTAL NON CURRENT ASSETS	14,919,135	15,453,103	16,164,665	16,934,928
LESS NON CURRENT LIABILITIES				
Employee Entitlements	727	721	743	765
Debt Funding	0	0	138,030	293,377
TOTAL NON CURRENT LIABILITIES	727	721	138,773	294,142
NET FUNDS EMPLOYED	14,923,276	15,454,843	16,028,269	16,658,072

TRANSIT NEW ZEALAND

FORECAST STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE (GST EXCLUSIVE)

	30-Jun-2005 Target (\$000)	30-Jun-2006 Forecast (\$000)	30-Jun-2007 Forecast (\$000)	30-Jun-2008 Forecast (\$000)
CASH FLOW FROM OPERATING ACTIVITIES				
Cash was provided from:				
Land Transport New Zealand	769,147	1,006,700	1,062,500	1,159,081
Investment Interest	1,025	800	800	800
Property Rental	14,035	15,000	17,000	18,000
Other Receipts	954	706	712	719
Net GST Received	1,724	-800	-800	-800
Total	786,885	1,022,406	1,080,212	1,177,800
Cash was disbursed to:				
Interest payments				3,713
Payments to Suppliers and Employees	238,774	249,133	264,477	285,689
Total	238,774	249,133	264,477	289,402
Net Cash Flow from Operating Activities	548,111	773,273	815,735	888,397
CASH FLOW FROM INVESTING ACTIVITIES				
Cash was provided from:				
Sale of Fixed Assets	76	0	0	0
Sale of State Highway Property	8,706	15,000	17,000	15,000
Total	8,782	15,000	17,000	15,000
Cash was disbursed to:				
Purchase of Fixed Assets	3,189	3,000	3,000	3,000
State Highway Capital Expenditure	562,059	775,891	967,765	1,030,745
Total	565,248	778,891	970,765	1,033,745
Net Cash Flow from Investing Activities	(556,466)	(763,891)	(953,765)	(1,018,745)
CASH FLOW FROM FINANCING ACTIVITIES				
Cash was provided from:				
Debt Funding	0	0	138,030	155,347
Cash was disbursed to:				
Repayment of Debt	0	0	0	25,000
Net Cash Flow from Investing Activities	0	0	138,030	130,347
Net Increase/(Decrease) in Cash	(8,355)	9,382	0	0
Add Opening Cash Brought Forward	18,973	10,618	20,000	20,000
Ending Cash Carried Forward	10,618	20,000	20,000	20,000
Ending Cash Represented By:				
Cash in Bank	2,818	1,500	1,500	1,500
Investments	7,800	18,500	18,500	18,500
	10,618	20,000	20,000	20,000

TRANSIT NEW ZEALAND

FORECAST STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE (GST EXCLUSIVE)

	30-Jun-2005 Forecast (\$000)	30-Jun-2006 Target (\$000)	30-Jun-2007 Target (\$000)	30-Jun-2008 Target (\$000)
BALANCE AS AT 1 JULY	13,094,737	14,911,370	15,454,843	16,028,269
Surplus Available for State Highway Improvements	411,733	543,473	573,425	629,803
Increase in Asset Revaluation Reserve	0	0	0	0
TOTAL RECOGNISED REVENUES AND EXPENSES FOR THE YEAR	411,733	543,473	573,425	629,803
BALANCE AS AT 30 JUNE	14,923,276	15,454,843	16,028,269	16,658,072
Note:				
Reconciliation to Transit New Zealand's 10-year State Highway Forecast 2005/6 – 2014/15 August update		05/06	06/07	07/08
Total spend		1,022,706	1,081,012	1,178,600
Expenditure not funded by Land Transport New Zealand. Transit New Zealand will manage this expenditure within funding levels		18,100	26,000	-8,100
		1,040,806	1,107,012	1,170,500
Anticipated additional funding for Harbour Link project not included in August update. It is probable that this funding will be available from Land Transport New Zealand from reallocated Local Roding funds			-20,000	-66,500
Transit New Zealand's 10-year State Highway Forecast 2005/6 – 2014/15 August update, total expenditure, Table 1		1,040,806	1,087,012	1,104,000

APPENDIX II: Glossary

Alliancing

This is a contracting option that brings together the project owner and service providers to work as a totally integrated team. Each party has collective responsibility for delivering the project and each shares in the risks and rewards.

Austroads

The Association of Australasian and New Zealand road transport and traffic authorities comprising a formally constituted consultative entity of which Transit is a full member.

B/C

Also referred to as the benefit to cost ratio, is essentially the number of dollars of public benefit gained per dollar of roading authority expenditure, both capital and maintenance over a 25-year period.

GST

Goods and Services Tax.

LTMA

Land Transport Management Act 2003

Lane kilometre

A measure of length along one lane of a road.

Materiality

Limits of materiality for each of the relevant measures are being determined in consultation with Audit New Zealand.

NLTP

For each year a National Land Transport Programme is approved by the Board of Land Transport New Zealand and produced in accordance with the Land Transport Management Act 2003.

Output class

A grouping of goods and services as defined in the Public Finance Act 1989.

RMA

Resource Management Act 1991

SOI

Statement of Intent comprising the approved objectives and performance targets for that year against which Transit New Zealand is evaluated.

Transit

Transit New Zealand, as established under the Transit New Zealand Act 1989 and continued under the Land Transport Management Act 2003.

Triple Bottom Line (TBL) reporting

Triple Bottom Line reporting involves reporting that gives consideration to economic outcomes, environmental quality and social equity.

