



PUBLIC TRANSPORT AUTHORITY

annual report 2006/07



Public Transport  
Authority

# REPORTING PRINCIPLES

## Fulfilling the Government's Vision for Western Australia

The Public Transport Authority (PTA) is required to demonstrate in its annual report that it contributes to the State Government's vision for Western Australia: "The best opportunities for current and future generations". The vision is set out in the September 2006 document Better Planning: Better Futures which establishes strategic outcome goals under the five headings:

### Better Services

### Jobs and Economic Development

### Lifestyle and the Environment

### Regional Development

### Governance and Public Sector

### Improvement

In this report, the PTA fulfils this reporting obligation by identifying the relevant strategic outcomes and the contribution the PTA has made to them in 2006/07 through:

- Operational reports which show the effectiveness and efficiency of the PTA's transport services – see pages 5-38
- Compliance Reports – see pages 48-53
- Audited key performance indicators report – see page 61
- Audited financial report – see page 80

## Measuring Effectiveness and Efficiency

To make its contribution to the Government's vision for Western Australia, the PTA has adopted two outcomes:

1. Accessible, reliable and safe public transport system
2. Protection of the long-term functionality of the railway corridor and railway infrastructure

The PTA's indicators of success in achieving the first of these outcomes are based on patronage and service provision, accessibility, reliability, customer satisfaction, safety and cost-efficiency.

Its indicators of success in achieving the second of these outcomes are based on quality management of the railway corridor and residual issues of the rail freight network. Note that the rail freight network was leased to private sector operators in 2000.

## The Organisation

The Public Transport Authority is responsible for the following transport services in Western Australia:

- rail, bus and ferry services in the metropolitan area under the Transperth brand;
- public transport services in regional centres;
- road coach and rail passenger services to regional areas under the Transwa brand; and
- school buses.

In addition to these transport services, it is responsible for designing and building transport infrastructure, principally through its entity New MetroRail which is extending the Perth metropolitan rail network, and for protecting the long-term viability of Western Australia's freight rail corridor and infrastructure.

## The PTA's Purpose

To increase the use of public transport through the provision of customer-focused, safe and cost-effective passenger transport services.

## The PTA's Aim

To make public transport an attractive and sustainable choice for connecting people and places.

## The PTA's values

The people of the PTA:

- value and respect customers, suppliers and each other;
- are committed to safety;
- encourage each other to reach their full potential;
- are honest and exhibit high levels of integrity, openness and ethical behaviour;
- recognise and reward achievement, initiative and innovation;
- strive for continuous improvement in everything they do; and
- are environmentally responsible.

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Roof construction at Esplanade Station, part of the new Southern Suburbs Railway.

## **To the Hon. Alannah MacTiernan MLA Minister for Planning and Infrastructure**

In accordance with Section 61 of the Financial Management Act 2006, I submit for your information and presentation to Parliament the Annual Report of the Public Transport Authority of Western Australia for the year ended 30 June 2007. The report has been prepared in accordance with the provisions of the Financial Management Act 2006.

**Reece Waldock**

Chief Executive Officer

# CHIEF EXECUTIVE OFFICER'S OVERVIEW



This has been a milestone year for the Public Transport Authority, with Transperth achieving 100 million boardings across its bus, train and ferry services for the first time.

The overall metropolitan passenger growth rate slowed to 2.4% compared with 3.7% last year, largely due to disruptions to bus services in the central and southern areas of Perth for most of the year through work on the Southern

Suburbs Railway. This point is demonstrated by the disparity between the growth of 4.8% for trains and only 1.1% for buses. Nonetheless, most of our customers have chosen to ride out this difficult period and we look forward to their contribution to robust growth across all services in the future, in particular supporting our new Southern Suburbs Railway which will provide a truly competitive option to car travel.

The growth of our business is being underpinned by four key factors:

- strong government investment in public transport infrastructure
- continuing high petrol prices
- accelerated housing and commercial development in public transport corridors fuelled partially by the economic boom
- a growing acceptance that climate change is man-made and that there is a clear need to reduce our impact on the environment

In these circumstances, people are realising that public transport is not just for those who have no choice, but is a critical part of our future as a society.

The economic boom has sparked rapid development in the central city area, where construction has not kept up with demand for office and retail space. Over the next five to six years, the number of people working in the central city is expected to increase by a further 20,000 to 30,000, placing enormous pressure on the

road system and parking facilities. Without doubt, bus and train services will be the major means by which these pressures are overcome. I am confident the PTA can rise to the challenge and stay ahead of demand for transport services.

This year, we took a big step towards meeting this growing demand by ordering another 15 three-car train sets, to be delivered over two and a half years from late 2008. This order is in addition to the new rolling stock purchased for the Southern Suburbs Railway. The new B-Series trains are quieter, offer improved acceleration and comfort, have a practical see-through design and feature regenerative braking for improved energy efficiency. We are also expecting delivery of another 306 Compressed Natural Gas (CNG) buses, with Euro 4 environmental rating, over the next four years. Specialised CNG "fast fill" refuelling facilities are being set up at the PTA's Transperth bus depots across the metropolitan area to support the expanded bus fleet.

There seems to have been a general acceptance over the past 12 months, not least by the Federal Government, that climate change is man-made. This follows the release of many high-level studies on the issue. During the same period, support in Perth for the Southern Suburbs Railway has skyrocketed to 92%. It is notable that this figure reflects responses from people across the city, not just in those areas where there will be a direct transport benefit from the railway. People want rail and public transport in general to help safeguard the future. I believe climate change, combined with ever-increasing petrol prices, is playing a major role in encouraging people to question the viability of their cars for commuting to work and changing the way they think about public transport.

The development of Perth around major public transport corridors is another factor driving increasing passenger numbers. Development in the southern corridor in particular has accelerated dramatically since work on the railway commenced. The PTA is participating in this process by planning for transit oriented developments around key railway stations such as Murdoch, Cockburn and Wellard. These higher density mixed-use developments will ensure the



“PUBLIC TRANSPORT IS NOT JUST FOR THOSE WHO HAVE NO CHOICE, BUT IS A CRITICAL PART OF OUR FUTURE AS A SOCIETY.”

stations become destination stations, not just origin stations. People will travel to them for employment, shopping and other activities.

I'm sure people are frustrated by delays in completion of the Southern Suburbs Railway. At this time, all the major construction work is already finished, including the 1.3km long tunnel under the central city area, but there have been some unavoidable hold-ups with control systems and signalling. This is the biggest, most complex civil construction project ever undertaken in Western Australia. There is always a risk of delays in a project of this magnitude, particularly during a boom when the construction industry is under enormous pressure and demands for skilled labour are extremely strong. However, the project remains under tight budgetary control. When it is finished during the 2007/08 financial year, Perth will have 180km of dual track electrified rail with a fully integrated feeder bus service that will contribute to sustainable development and meet the requirements of growth in the southern suburbs. With support for the railway growing, we are confident it will be an unqualified success and will increase our daily Transperth train patronage to about 160,000 boardings.

In planning to operate the Mandurah Line, the PTA has recruited more than 200 people during the year, increasing our workforce by 17% to 1,236 full-time equivalent staff. Many of the new employees are railcar drivers or transit officers. This successful recruitment drive has positioned us for a smooth transition to include the new Perth to Mandurah service into the Transperth system.

Transperth passengers have been very quick to embrace our exciting new SmartRider smartcard-based ticketing system since its full implementation across the public transport network in March 2007. After just three months, SmartRider already accounted for 55% of Transperth's boardings. This compares with only 50% share for the old Multi-Rider discounted travel system after it had been in operation for many years. I am hopeful the SmartRider system will reach 75% coverage of train, bus and ferry journeys over the next few years.

The PTA and the West Australian Football Commission (WAFC) took a big step towards easing traffic and parking problems on Australian Football League match days at Subiaco, by introducing a joint ticketing arrangement for the 2007 season and beyond.

# CHIEF EXECUTIVE OFFICER'S OVERVIEW



“TRANSPERTH PASSENGERS HAVE BEEN VERY QUICK TO EMBRACE OUR EXCITING NEW SMARTRIDER SMARTCARD-BASED TICKETING SYSTEM”

The WAFC makes a contribution towards covering the cost of the many extra public transport services provided for the football and, in return, football patrons travel to and from matches with public transport provided for in their membership cost. Joint ticketing has been operating for some time for Western Force rugby matches at Subiaco and special events at Burswood. Keen support from patrons ensures this practical arrangement is here to stay.

I am pleased to report that our customer satisfaction level remains high at 83% across all Transperth services, a slight improvement on last year. This is particularly pleasing because the increase was from a high level and there was considerable disruption to bus services because of works on the Southern Suburbs Railway during the year.

A strong organisation such as the PTA is only ever as good as its people. Once again our staff have excelled in a year of solid achievement for the organisation. We continue to value the views of our people, as shown in a raft of initiatives developed in response to last year's organisation-wide opinion poll. The initiatives cover issues such as improved selection procedures, teamwork, training, involvement in decision-making and balance between work and life commitments. Together, we can look forward to another fruitful year in 2007/08, in which major events will include:

- commencement of services on the Southern Suburbs Railway
- roll-out of the Southern Corridor Bus Network to complement the new rail service
- introduction of the Rockingham City Centre Transit System
- delivery of 65 new compressed natural gas buses
- a new customer information system on train stations
- new train stations at Victoria Park and Kelmscott

The management and future planning of public transport in Western Australia is a critical function to our State's sustainable future. As more questions and challenges emerge on future world energy sources, climate change and the detrimental health and economic affects of traffic congestion, public transport in Perth is placed to play a greater role in connecting our community.

A handwritten signature in black ink, reading 'Reece Waldock'. The signature is fluid and cursive, with a large initial 'R'.

**Reece Waldock**

Chief Executive Officer



Transperth is the brand and operating name of the public transport system in metropolitan Perth.

The Transperth system consists of a bus network, a fully electrified suburban train system and a ferry service. The system is managed by the Transperth Branch of the Transperth, Regional and School Bus Services Division.

Transperth bus and ferry services are provided under commercial contract arrangements, while

Transperth train services are provided by the PTA's Transperth Train Operations Division.

Passenger information is provided through information offices and a call centre. The information office at Perth station is operated by Transperth Train Operations while all other information offices are operated by Transperth contractor, Serco.

## OBJECTIVES AND OUTCOMES

The objectives and outcomes for Transperth for 2006/07 were:

OBJECTIVE	OUTCOME
Prepare for the opening of the Southern Suburbs Railway (SSR)	<p>Completed a plan, with community input, to modify the bus route network in the southern corridor and parts of the south-eastern corridor to provide effective feeder services to the new railway.</p> <p>Developed bus and train timetables for the new services.</p> <p>Completed support arrangements to commence operations on the new stations (including training of new passenger staff, ticketing assistants, security arrangements and cleaning).</p> <p>Carried out an initial public information campaign.</p> <p>Established a customer service branch within the Transperth Train Operations division to further improve customer relations in anticipation of southern rail line operations and new City Station arrangements.</p> <p>Constructed a new six-car platform at West Leederville station to allow integration of Subiaco special events services with SSR.</p>
Improve facilities to clear crowds from Subiaco Oval	To allow operation of six-car trains, a special events siding was completed at Daglish station and the main platform at West Leederville station was extended.
Introduction of the Customer Information System (CIS), a component of the PTA's new train control system designed to provide passengers with accurate, up-to-date and timely information.	Installation of equipment commenced in May 2007 with completion planned for December 2007.
Continue the installation of the Recording and Passenger Information Dissemination System (RAPID) to A-series railcar sets.	RAPID installed on 19 A-series railcar sets during the year. The program is expected to be completed in 2009/10.



OBJECTIVE	OUTCOME
Improve passenger safety	Transit Officers (previously Transit Guards) trained in the use of oleoresin spray to help deter anti-social behaviour.
Introduce the SmartRider ticketing system to replace the MultiRider system	Successfully implemented in March 2007. Deployed 98 Passenger Ticketing Assistants to monitor the fare-gates at "closed" stations.
Replace existing ticket vending machines at train stations	Three machines being trialled at Perth and Bayswater stations.
Develop a bus feeder network for the Southern Suburbs Railway	A comprehensive review of the bus route network in the southern corridor and parts of the south-eastern corridor was carried out to modify the network and integrate it with the new train line and a conceptual bus network was developed. The community consultation process to obtain feedback on the conceptual bus network was the largest ever undertaken by Transperth with over 2,600 people attending 32 community displays. Amendments were made to the conceptual network based on community feedback.
Encourage the use of public transport for special events	An agreement was entered into with the West Australian Football Commission (WAFC) with respect to joint ticketing for all Australian Football League (AFL) matches at Subiaco Oval. Under the agreement membership of an AFL club includes entry to matches at Subiaco Oval and transport to the ground on Transperth Services. Other major events for which public transport was organised for the first time were the 2007 Australian Surf Life Saving Championships and the Red Bull Air Race.
Develop a more rigorous approach to measuring on-time running	A new fully automated train control system was implemented. The GPS Reporter functionality of the SmartRider ticketing system was used to check the reliability of bus and ferry services.
Continue to pursue patronage growth, high passenger satisfaction and a high level of on-time running	Continuing the trend over the past seven years, fare-paying boardings on the Transperth system increased by 3.2% while total boardings rose 2.4%*. Despite the pressure on capacity due to the continuing patronage growth, the overall level of satisfaction in 2007 as shown by the Passenger Satisfaction Monitor increased to 83.0% compared with 82.8% in 2006. The introduction of very precise methods of checking service performance showed a decline in the proportion of bus and train services running on-time.

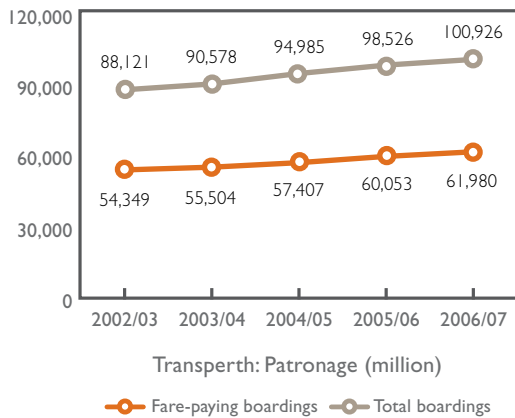
\*Total boardings = fare-paying boardings, free travel on passes, free travel on Central Area Transit services in Perth, Fremantle and Joondalup and free travel on services within the Perth Free Transit Zone, plus transfers between services.





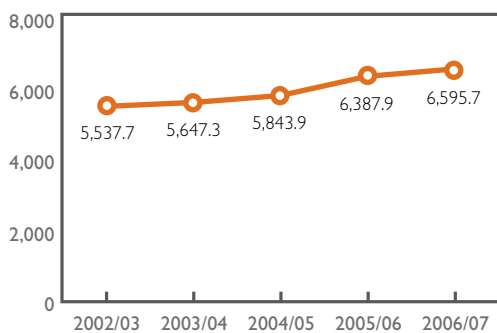
## KEY SERVICE MEASURES

### I. Patronage and Services Provided



In 2006/07, total boardings on Transperth services recorded an increase of 2.4% and exceeded 100 million for the first time. Fare-paying boardings increased by 3.2%.

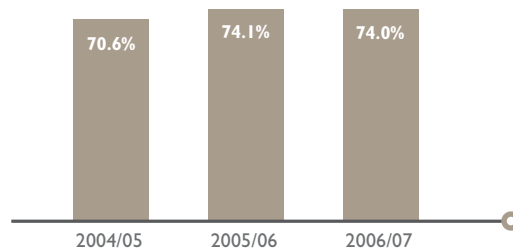
Total boardings are fare-paying boardings, free travel on passes, free travel on Central Area Transit services in Perth, Fremantle and Joondalup and free travel of services within the Perth Free Transit Zone, plus transfers between services.



Passenger place kilometres is based on service kilometres and the average capacity of the fleet and represents the total capacity provided on the Transperth bus, train and ferry network. The expansion of the train network through the establishment of new stations at Clarkson, Greenwood, and Thornlie and the introduction into service of three- and six-car trains were the main factors that led to the expansion of capacity on the Transperth system after 2004/05. Between

2004/05 and 2005/06, train passenger place kilometres increased by 23.1% and total system capacity by 9.3%. In 2006/07, the intensive use of three- and six-car trains resulted in train passenger place kilometres recording a growth rate of 6.2% which helped to increase total system capacity by 3.3%. The contribution of the bus network to the increase in passenger place kilometres over the past five years has been modest due to the relatively low rate of increase in bus service kilometres over this period.

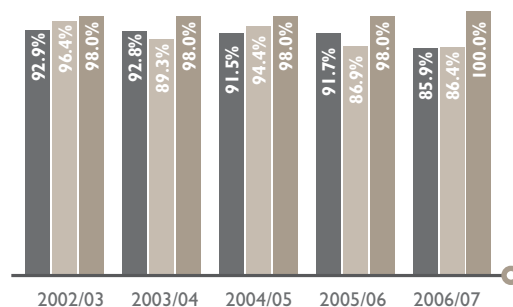
### 2. Access to Public Transport



Transperth: Access to services  
Proportion of Property Street Addresses (PSA) in the Perth Public Transport Area which are within 500 metres of a Transperth stop providing an acceptable level of service

The graph seeks to highlight the relative ease with which the community can access Transperth services. The ease of access is represented by the proportion of property street addresses within the Perth Public Transport Area that are within walking distance of a Transperth stop providing an acceptable level of service.

### 3. Reliability

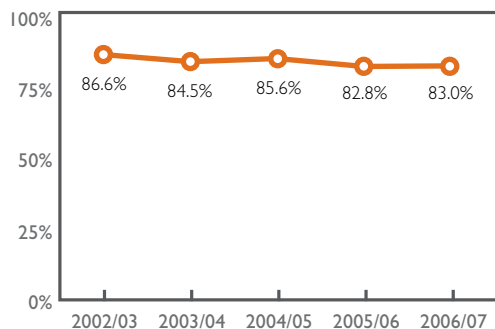


Transperth: Service reliability by mode  
Proportion of services meeting on-time targets



During 2006/07, Transperth adopted more precise methods of gathering data to measure service reliability on all modes. From January 2007, bus and ferry on-time running was measured using the SmartRider ticketing system's "GPS Reporter" functionality. This resulted in a significant reduction in the proportion of bus services meeting the on-time target in 2006/07. Ferry services achieved a 100% result. On trains, the on-time module of the new train control system was brought into operation from January 2007 and resulted in a higher proportion of services not meeting the target, 13.6% in 2006/07 compared with 5.6% in 2004/05. Note that the result in 2005/06 was affected by the Southern Suburbs Railway works program.

## 4. Passenger Satisfaction



Transperth: Customer satisfaction overall

An independent market research firm commissioned by Transperth carries out an annual Passenger Satisfaction Monitor to assess the level of satisfaction/dissatisfaction among patrons in respect of various aspects of all the services provided by Transperth. The graph shows the proportion of respondents who expressed satisfaction with the overall level of service on Transperth bus, train and ferry services, calculated as the weighted average across all modes.

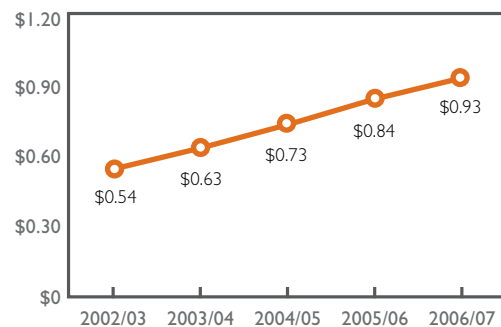
## 5. Passenger Safety



Note: Measures relating to customer perception of safety at other times and at stations/interchanges are shown in sections dealing with individual modes.

The Passenger Satisfaction Monitor assesses customer perception of safety during the day and at night-time, on-board bus, train and ferry, and at bus and train stations and ferry jetties. The graph shows that nearly all passengers feel safe on-board Transperth vehicles during the day.

## 6. Efficiency



Transperth: Total cost per passenger kilometre

The increase in the cost per passenger kilometre over five years to 2006/07 was primarily due to:

- Expansion of the urban train network through extension of the Northern Suburbs line to Clarkson (commissioned in October 2004), the opening of the Thornlie Line (August 2005), the commissioning of 93 additional railcars and the capital charges and pre-implementation operating costs associated with the Southern



Suburbs Rail. Transperth capital charges (interest, depreciation and Capital User Charge) increased four-fold to \$177.9 million over five years to 2006/07. Capital charges represent 40% of the total operating cost. The increase was primarily attributed to train operations,

- Improvements in security in trains and stations, and
- Increased costs of labour, fuel and maintenance for the provisions of bus services.

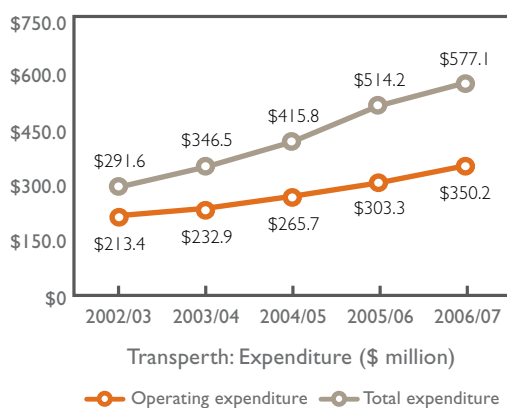
During 2006/07, Transperth train operations recruited 243 railcar drivers, customer service and passenger ticketing assistants and other train system support personnel in readiness for the commissioning of the Southern Suburbs Rail, and the implementation of fare gate management at stations in conjunction with the SmartRider roll out.

Operating costs for provisions of security and customer service and maintenance of the railcar fleet doubled over the period to 2006/07 to \$33.5 million and \$22.1 million respectively.

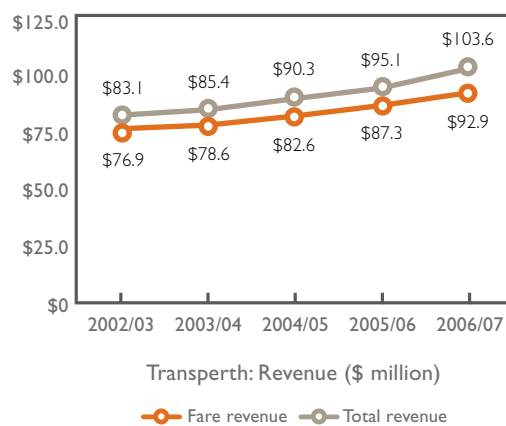
Since 2002/03 passenger kilometres increased by 84.5 million to 622.2 million in 2006/07. The Transperth train system increased by 73.4 million passenger kilometres (36.5%) to 271.6 million, reflecting the expansion of the network and the introduction of 93 new railcars.

With the introduction of SmartRider, which provided improvements to information on zonal travel, student and concession fare average trip length was recalibrated, resulting in reduction of average trip length on buses. The effect of this recalibration on bus passenger kilometres was a reduction in passenger kilometres of 3.4% compared with 2005/06.

## 7. Expenditure and Revenue



In 2006/07, total expenditure on the Transperth system increased by 12.2% and operating expenditure (which excludes capital charges on long-lasting infrastructure) by 15.5%. While total and operating expenditure on the bus system rose by 1.1% and 4.8% respectively, the train network recorded a significant increase in costs. Total expenditure on trains rose 22.9% due to the 200% increase in the Capital User Charge. This accounted for over half of train capital charges in 2006/07. Train operating expenditure increased by 35.0% primarily due to the recruitment of staff for the "closed" train stations, an integral feature of the new SmartRider ticketing system, and for the Southern Suburbs Railway.



In addition to fares paid by users, fare revenue includes funding for the Perth Central Area Transit (CAT) service and contributions for specific services which are paid to Transperth in lieu of fares. In 2006/07, fare revenue increased by 6.4% due to higher fares (an overall average increase of 4%), and a 3.2% increase in fare-paying boardings. Total revenue, increased by 8.9% in 2006/07, and includes fare revenue and sundry income, e.g. advertising, infringements, rent, etc. Note that sundry income tends to fluctuate.

Joint ticketing revenue more than doubled in 2006/07 to \$1.5 million, largely as a result of arrangements with the WA Football Commission.



## REVIEW OF PERFORMANCE

### 1. Service Reliability

During 2006/07, Transperth changed the method of gathering data for its reliability performance, which had a significant effect on the outcomes in this annual report.

**Trains:** The service reliability target for Transperth train services is for 95% of services to arrive within three minutes of the scheduled time. In 2006/07, 86.4% of services met the on-time arrival target compared with 86.9% in 2005/06. The reduced on-time performance was due to delays caused by training of new drivers, infrastructure works speed restrictions, wet weather and heat restrictions. Increased patronage resulting in longer “dwell” times at stations during peak periods also contributed to delays.

Train service reliability has previously been manually determined from train control logs. However, the implementation of a new train control system during the year resulted in a fully automated and more precise reliability assessment. Consequently, a higher proportion of trains than previously were logged marginally outside the three-minute tolerance.



Transperth Train Operations team members work together to deliver outstanding service for customers.

The move to the automated capture of service reliability is likely to have a permanent effect on reliability statistics. In addition, the introduction of services on the Southern Suburbs Railway will increase the average journey time. For both these reasons, the PTA will review its on-time parameters with a view to aligning them with other rail networks in Australia and with its bus services.

**Buses:** The service reliability target for Transperth bus services is for buses to arrive at or depart from a terminus or travel through a mid-route timing point within four minutes of the scheduled time.

Until January 2007, on-time performance was monitored by inspectors from Transperth's Service Performance Unit performing physical checks at various locations on the bus network. In January 2007, following the full roll-out of the new SmartRider ticketing system, Transperth began using the SmartRider system's “GPS Reporter” functionality to check on-time running based on a random sample of 1% of trips in each of the bus contract areas. The method provides a more accurate indication of service reliability.

In 2006/07, an average of 85.9% of bus services met the service reliability target compared with 91.7% in 2005/06. However, on-time running during the first six months averaged 92.6%, based on physical checks, while the average was 81.5% during the period from January 2007 when the SmartRider system's “GPS Reporter” functionality was used. The move to a more precise capture of service reliability is likely to see the reporting of fewer bus services operating within the four-minute on-time tolerance period.

No other public transport authority in Australia has the technology and capacity to provide this precise level of automated checking of bus services.

**Ferries:** The service reliability target for the Transperth ferry services is for services to arrive within three minutes of the scheduled time. Previously, random checks were carried out by inspectors. In March 2007, Transperth began using the SmartRider system's “GPS Reporter” functionality to monitor on-time running on the ferry service. Regardless of the change in recording method, 100% of services met the service reliability target throughout 2006/07.



“IN 2006/07, PATRONAGE ON THE TRANSPERTH SYSTEM EXCEEDED 100 MILLION FOR THE FIRST TIME.”

## 2. Trends in Patronage

In 2006/07, annual patronage on the Transperth system exceeded 100 million for the first time. Total boardings\* increased by 2.4% from 98.526 million to 100.926 million, while initial boardings# recorded an increase of 3.4% from 71.845 million to 74.260 million. Fare-paying boardings rose 3.2% from 60.053 million to 61.980 million.

Over the past five years, total boardings have increased by 15% and fare-paying boardings by 14%, or at an average annual rate of 3.2%. Between 2003/04 and 2006/07, total boardings on bus increased at an average annual rate of 3.1% while on train an average growth rate of 4.7% was recorded. The average rate of increase in fare-paying boardings was 2.3% on bus and 6.3% on train. In 2006/07, the ferry service, (which contributes around 0.5% to total patronage), recorded a high rate of growth (over 8%) in both total and fare-paying boardings for the second year in succession following four years of declining patronage.

Total capacity provided on the Transperth system expressed in terms of passenger place kilometres continued to increase. In 2006/07, Transperth provided total capacity amounting to 6,595.7 million passenger place kilometres, an increase of 3.3% from the 6,387.9 million recorded in 2005/06.

On a per capita basis, public transport usage within the Perth metropolitan area increased from 48.1 to 48.7 initial boardings. This increase of 1.3% compares with an increase in population of 2% in the Perth Statistical Division.

During 2006/07, Transperth successfully undertook a number of marketing initiatives to encourage the use of public transport to access special events. For the first time, the West Australian Football Commission (WAFC) signed up to joint ticketing with Transperth for all AFL matches at Subiaco. This agreement allows patrons to travel to football games on public transport at no additional cost. Other major events for which public transport was organised for the first time were the 2007 Australian Surf Life Saving Championships and Red Bull Air Race.

## 3. Disability Access

Transperth aims to provide wheelchair access to all facilities and services, and made further progress toward achieving this objective during the year.

**Trains:** All Transperth trains are accessible by people in wheelchairs. The current status of accessibility of train stations is shown in the table.

\*Total boardings = fare-paying boardings, free travel on passes, free travel on Central Area Transit services in Perth, Fremantle and Joondalup and free travel on services within the Perth Free Transit Zone, plus transfers between services.

#Initial boardings = fare-paying, free travel on passes, free travel on Central Area Transit services in Perth, Fremantle and Joondalup and free travel on services within the Perth Free Transit Zone.



## Train station disability access

	INDEPENDENT ACCESS*	PARTIAL ACCESS†	LIMITED ACCESS†	TOTAL STATIONS
2002/03	8	34	14	56
2003/04	11	33	12	56
2004/05	15	31	12	58
2005/06	16	31	12	59
2006/07	23	26	10	59

\* Complies with the Disability Standards for Accessible Public Transport and Guidelines under the Disability Discrimination Act 1992

† Assistance available from Transperth customer service staff

**Buses:** Transperth continued its long-term program of increasing the number of accessible buses within its fleet through the purchase of 65 new low-floor accessible Compressed Natural Gas buses as part of the Daimler Chrysler Bus Supply Agreement. At 30 June 2007, the number of accessible buses was 616 in the total fleet of 1,114 buses (55%) compared with 550 in the then fleet of 1,058 buses (52%) at 30 June 2006.

Preference is given to operating accessible buses whenever possible, so that in off-peak periods most buses in service are accessible. During peak periods, when service demand is high, both accessible and non-accessible buses are fully committed. Accessible buses therefore accounted for over 66% of service kilometres during 2006/07 compared with 61% in 2005/06.

An additional 48 Compressed Natural Gas buses will be procured over the term of the bus supply contract to allow for the transfer of 44 existing diesel metropolitan route buses from Perth to major regional towns in Western Australia, part of a program to introduce accessible buses into major country centres over a four-year period from 2007/08. The additional buses will also allow for the introduction of four accessible buses to start the Rockingham City Centre Transit System (RCCTS). The RCCTS, which is due to commence service coinciding with the Southern Suburbs Railway, will be a shuttle service from the Rockingham train station, through the City Centre, to the Rockingham foreshore.

Transperth continued its program of upgrading accessibility at bus stations. During the year, work commenced on providing tactile paving, hazard identification and improved pavement access at Wellington Street and Mirrabooka bus stations to meet the new *Disability Standards for Accessible Public Transport Amendment 2004 (No. 1)*.

**Ferries:** The bulk of Transperth's ferry services are provided by the *Shelley Taylor-Smith*, which is an accessible vessel. While the two primary jetties in operation during the year, at Barrack Street in Perth and Mends Street in South Perth, are accessible, work on improving accessibility at the Barrack Street Jetty to meet the new *Disability Standards for Accessible Public Transport Amendment 2004 (No. 1)* was completed during the year. A new accessible ramp was also being developed at year's end at Barrack Street to provide passengers easier access to the vessel. A more accessible floating jetty was being designed for Mends Street, with construction work expected to commence in late 2007/08.

## 4. Service Coverage

Transperth aims to ensure the maximum number of people in the community have ready access to its services. Service coverage is measured in terms of the proportion of Property Street Addresses (PSAs) within the Perth Public Transport Area (PPTA) which are less than 500 metres from a Transperth stop (bus, train, or ferry) providing an acceptable level of service. An acceptable level of service (ALS) is defined as an hourly service during the day with at least three trips per hour (i.e. at 20-minute intervals) in the peak flow direction in the morning and afternoon peaks.

In 2006/07, the proportion of PSAs within 500 metres of an ALS stop was 74%, relatively unchanged from the proportion in 2005/06. In 2004/05, the proportion was 70.6%.

## 5. Passenger Satisfaction

Transperth's annual customer survey, the Passenger Satisfaction Monitor, showed that, on a system-wide basis, 83.0% of respondents expressed satisfaction with the overall level of service compared with 82.8% in 2006. (Details of satisfaction ratings for train, bus and ferry services are included in individual mode reports from page 14.)



## SMARTRIDER PROJECT AND SYSTEM TICKETING

The SmartRider ticketing system was successfully implemented in March 2007, making the PTA the first public transport authority in Australia to use smartcard technology for ticketing purposes. An extensive press, outdoor, on-line, radio and television marketing campaign was conducted to provide the public with comprehensive information about the new system.

The SmartRider system uses a credit card-sized plastic card containing an embedded microchip and antenna. Passengers' fares are deducted from the stored value on the cards as they tag-on and tag-off the system. Passengers no longer need to buy multiple zonal tickets for trips of varying length to different parts of the Transperth network. SmartRider provides more convenient ticketing for passengers and, as an additional benefit, it provides valuable planning information on travel patterns, patronage and demand, which enables Transperth to serve the community more effectively.

Following the control group trial which commenced in October 2005, SmartRider was

issued to seniors, who became the first regular users of the new ticketing system. In September 2006, the student MultiRider, which was used by primary and secondary school students for travel during the school year at the special student fare, was replaced by the student SmartRider. The SmartRider became available to all Transperth patrons on 14 January 2007. Patrons could still use MultiRiders, however the sale of these tickets at existing outlets ceased on 31 January 2007. From 1 February 2007, MultiRiders were available only from SmartRider retail outlets. The MultiRider was withdrawn from sale on 4 March 2007. The validation of MultiRiders ceased on 8 April 2007 and users were allowed to transfer unused value to a SmartRider.

In July 2006, cash tickets accounted for 48.2% of system-wide fare-paying boardings, MultiRider for 47.7% and SmartRider (used by seniors) for 4.1%. By March 2007, the proportions had changed to cash 46.0%, MultiRider 10.9%, and SmartRider 43.1%. The share of SmartRider in total fare-paying boardings increased to 57.7% in June 2007 while cash tickets accounted for 42.3%.



## TRANSPERTH TRAINS

### DESCRIPTION OF SERVICES

Transperth Train Operations (TTO) operates an electrified suburban train system with more than 867 services on an average weekday and in excess of 5,488 services weekly.

At 30 June 2007, the system covered 101.7 kilometres of track with 59 stations on five lines, and a fleet of 189 railcars which can be coupled in configurations of two, three, four or six railcar trains.

The train network consists of the Joondalup Line (33.2km), the Fremantle Line (19.0km), the Midland Line (16.0km), the Armadale Line (30.5km) and the Thornlie Line (3.7km).

### THE YEAR'S DEVELOPMENTS

- Major construction works were carried out on the suburban rail network during the year:
  - The New MetroRail (NMR) project continued focus on delivering the new Southern Suburbs Railway. Substantial works were carried out during the year including preparing for the move from the “build” stage to “operational and maintenance”. The NMR construction project is covered in more detail on page 19.
  - A special events siding was built adjacent to the Daglish train station on the Fremantle Line to allow for the use of six-car trains to clear crowds from Subiaco Oval. The siding commenced operations in May 2007.
  - The siding at nearby West Leederville train station was improved by the addition of a connection to the main line at the south end. A new six-car platform was constructed to service the improved siding in readiness for the opening of the Southern Suburbs Railway. The main platform at West Leederville was also in the process of being extended to accommodate six-car trains at year's end.
  - A comprehensive community consultation process was conducted for the Daglish and West Leederville projects.
- Station upgrades were completed at Grant Street and Loch Street on the Fremantle Line. The first stage of a major rebuild of Kelmescott Station on the Armadale Line was completed.
- Further work was completed along the Armadale Line in the \$70 million program to replace timber sleepers with concrete ones on the whole suburban rail network.
- Contracts were awarded for the provision of an underfloor railcar wheel lathe at Nowergup and associated infrastructure works to ensure fast turnaround of railcars and provide the ability to machine wheels during the inter-peak period without affecting peak period passenger services.
- Programs to upgrade passenger information and improve passenger safety continued during the year:
  - Installation began of the Customer Information System (CIS), a component of the PTA's new train control system at existing terminal and bus/rail interchange stations, as well as at all stations on the new Mandurah Line. CIS provides passengers with accurate, up-to-date and timely



Mechanical tradesperson Andrew Churchman checks for faults at the Claisebrook railcar depot.





New-style passenger information signage.

- information on train services. It uses a combination of electronic displays and public address announcements. The station displays include information to enable bus drivers to better coordinate bus departures with train arrivals. The installation of the equipment commenced in May 2007 with completion planned for December 2007.
- A program to modernise passenger information signage on train stations was substantially completed during the year. The new signs are more legible, consistent and informative. The program will be completed during 2007/08 with the renewal of signs at Perth Station.
  - The Recording and Passenger Information Dissemination (RAPID) system was installed on 19 A-series\* railcar sets (out of a total A-series fleet of 48 railcar sets). RAPID incorporates the latest in digital technology, increases the number of railcar security cameras, provides passenger information displays in the railcars and provides improved message announcements. It is envisaged that the upgrade program will be completed in 2009/10.
  - The Transit Guard position was re-titled “Transit Officer” and, for improved effectiveness, these staff were decentralised from Perth to each of the train lines. This resulted in better quality customer service as well as improved staff morale as the officers developed specific knowledge of the lines and associated customer needs.
  - Following the introduction of SmartRider, selected larger stations became “closed” stations where passengers are required to pass through fare gates to enter and exit. During the year, 98 Passenger Ticketing Assistants were recruited to staff these fare gates and assist passengers. In addition, a new light, compact, hand-held smartcard reader (HSR) was developed for use by Transit Officers to check SmartRider cards.
  - A new customer service branch was created within Transperth Train Operations to further improve customer service in anticipation of the increase in the customer base which will follow the opening of the Southern Suburbs Railway.

\* Transperth's first series of electric trains.



- During the year, Transperth Train Operations recruited and trained 105 new railcar drivers, mostly for deployment on the Southern Suburbs Railway. The training program consisted of approximately two months theoretical training in the class room and on a driving simulator, followed by over three months of on-the-job supervised in-cab training.
- The “Adopt a Station” program and the “Right Track” program for school students were launched on the Armadale Line. The “Adopt a Station” program seeks to encourage community ownership of the station to assist in reducing incidents of vandalism. The “Right Track” program, which is designed for students in years 5 to 12, addresses issues of trespass, vandalism and anti-social behaviour at train stations and on trains.
- Three new cash ticket vending machines (TVM) went on trial at Perth and Bayswater train stations. The new machines provide a touch screen display and can be configured to accept coins, debit cards and notes in payment of fares. The existing button-based machines only accept coins.

## COST OF THE SERVICE

The total cost of providing train services (inclusive of capital charges) increased 22.9% from \$262.3 million to \$322.3 million. Operating costs (excluding capital charges) rose from \$106.9 million to \$144.3 million, i.e. by 35.1%.

Between 2005/06 and 2006/07, the Capital User Charge increased by over 200% and accounted for over half of PTA’s total capital charges in 2006/07. The increase in operating costs was largely due to expenditure on recruiting and training train crews for the new railway and new Passenger Ticketing Assistants to be deployed at the “closed” stations which is an integral part of the new SmartRider ticketing system.

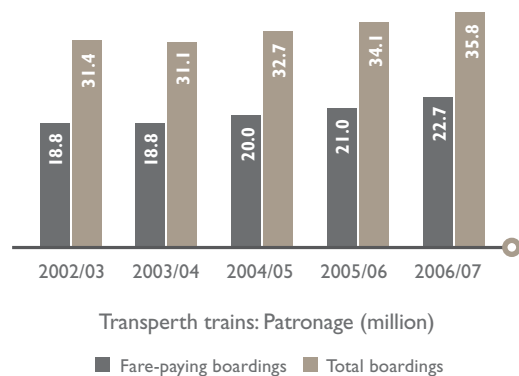
## PATRONAGE

Patronage on Transperth train services recorded a substantial increase for the third year in succession. In 2006/07, fare-paying boardings rose 7.9% to 22.659 million from 21.002 million in 2005/06, while total boardings recorded a 4.8% increase to 35.758 million from 34.133 million.

The significant increase in fare-paying boardings in 2006/07 followed an increase of 6.3% in 2004/05 and 4.8% in 2005/06. This rapid growth in patronage occurred following the expansion of the train fleet and the increasing use of three- and six-car trains in 2006/07. The convenience of park and ride resulting from the 786 parking bays at Clarkson train station and 609 bays at Greenwood train station also helped to attract more patrons to the network resulting in fewer transfer boardings.

For total boardings (which includes transfers), the rate of increase continued at the rate of the previous three years.

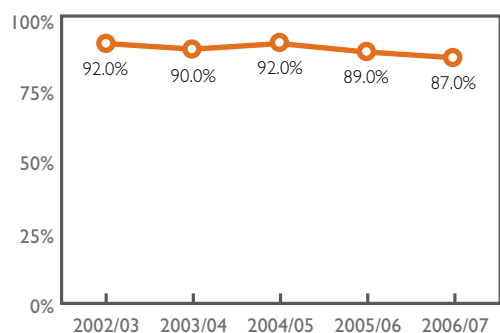
Average boardings per service kilometre also increased in 2006/07, reversing the declining trend seen during the past three years. Between 2005/06 and 2006/07, fare-paying boardings per service kilometre increased from 2.581 to 2.695, i.e. by 4.4%, compared with the decline of 7.7% between 2004/05 and 2005/06. Total boardings per service kilometre increased from 4.194 to 4.253 (1.4%) between 2005/06 and 2006/07 while there had been a decline of 8.1% between 2004/05 and 2005/06. These changes were largely a result of service kilometres only increasing by 3.3% in 2006/07 compared with the 13.6% increase in 2005/06.





## PASSENGER SATISFACTION

The Transperth Passenger Satisfaction Monitor 2007 showed that a significant proportion of users continued to be satisfied with the train system, although the proportion fell to 87% from 89% in 2006 and 92% in 2005. The table shows that the level of satisfaction with key service attributes was high. However, in the case of three specific attributes, the level of dissatisfaction was significant – 18% were dissatisfied with availability of seats, 13% with the number of trains during peak times and 10% with respect to the ease of (or lack of) access to ticket purchasing facilities.



Transperth trains: Customer satisfaction overall

The importance rating of the service characteristics of Transperth's train services (other than passenger safety) and the level of satisfaction/dissatisfaction for each key service characteristic are shown in the table.

## PASSENGER SAFETY

In the Passenger Satisfaction Monitor, train users were asked: "How safe do you generally feel from personal interference or threat from other passengers ...?"

The graph on page 18 shows the proportion of respondents who "always or usually feel safe" at the specified times/locations on the train network.

The results for the past five years show that the proportion of train passengers who generally felt safe on-board trains and at station/interchanges during the day has remained high. However, the proportion of train users who generally felt safe on-board at night continued to fall, from 79% in 2004 to 75% in 2005 and 74% in 2006 and 71% in 2007. There was also a significant decline, from 63% in 2006 to 58% in 2007 in the proportion of respondents who generally felt safe at station/interchanges at night.

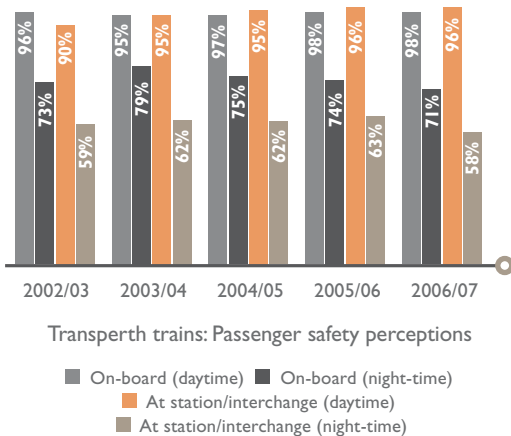
### Passenger rating of characteristics of Transperth train services

SERVICE CHARACTERISTIC	IMPORTANCE RATING		SATISFACTION RATING	
	2006	2007	2006	2007
Cost of fares	70%	<b>74%</b>	68% (6%)	<b>64% (9%)</b>
Speed of the trip	66%	<b>73%</b>	92% (4%)	<b>91% (4%)</b>
Punctuality of the train service	71%	<b>69%</b>	87% (8%)	<b>88% (6%)</b>
Cleanliness on board	55%	<b>61%</b>	85% (5%)	<b>86% (5%)</b>
Availability of seats	53%	<b>60%</b>	78% (16%)	<b>74% (18%)</b>
Number of trains during peak times	52%	<b>56%</b>	81% (13%)	<b>81% (13%)</b>
Number of trains during the day	57%	<b>53%</b>	81% (5%)	<b>86% (5%)</b>
Easy access to ticket purchasing facilities	–	<b>46%</b>	–	<b>82% (10%)</b>

Note: Dissatisfaction level shown in parenthesis.



“THE PTA IS FIRMLY COMMITTED TO ENSURING THAT ALL PASSENGERS FEEL SAFE ON THE TRAIN NETWORK AT ALL TIMES.”



The PTA is firmly committed to ensuring that all passengers feel safe on the train network at all times. The centralised monitoring of digitised CCTV coverage at all stations via a state-of-the-art monitoring centre manned 24 hours a day continued during the year.

Transit Officers were trained in the use of oleoresin spray which was then issued to them. This spray is deterring some people from anti-social behaviour and allows potentially dangerous situations to be better controlled.

To address the issue of achieving full Transit Officer staffing, a very active recruiting program was undertaken during the year and a website was developed to assist in this program.

## PLANNED MAJOR INITIATIVES FOR 2007/08

- Continue recruitment of additional staff to service customer needs on the new Southern Suburbs Railway.
- Commence operation of additional pay 'n' display car parks at Clarkson, Greenwood and Thornlie, improving security at these locations.
- Continue rollout of Recording and Passenger Information Dissemination (RAPID) system into the A-series railcars,
- Complete installation of a wheel lathe at Nowergup,
- Complete installation of Customer Information System.

## NEW METRO RAIL PROGRESS

Work continued on construction of the Southern Suburbs Railway, the centrepiece of the New MetroRail project. Construction of the railway was nearly complete at year's end, and testing, commissioning and handover were underway.

The Southern Suburbs Railway comprises 72 route kilometres of double-track railway between Perth and Mandurah, eleven stations, 770 metres of twin tunnels under the Perth CBD, 18 bridges and structures, significant road and civil works, a 25kv electrical traction power overhead wiring system, signalling and communications and two electrical power feeder stations.

The New MetroRail project also involves the design, construction and maintenance of 93 new B-series electric railcars, the last of which was delivered in July 2006 and all of which are operating successfully on the Joondalup Line between Perth and Clarkson and are stored and maintained at a new depot located at Nowergup.

Total expenditure in 2006/07 was \$276.21 million, bringing total expenditure on the New MetroRail Project to \$1,559.6 million (98.1% of the total budget).

The target date for commencement of services on the Southern Suburbs Railway was 29 July 2007. There were delays in completion of a number of critical areas of the infrastructure and the interface works between major contracts. There were a number of claims from contractors for extensions of time, delays and extra cost. A number of these claims are being disputed through the courts.

In May 2007, it was announced that the 29 July 2007 completion date for the Southern Suburbs Railway was unachievable. At year's end, a completion date had not been determined even though the indication was that the works would be substantially completed by October.

The major highlights of the New MetroRail project during 2006/07 were:

- The last nine of 93 B-series railcars was put into service in July 2006.
- The twin bored tunnels below the CBD were completed in October 2006 while the underground William Street and Esplanade Stations were substantially completed.
- Laying of the mainline railway track between Perth and Mandurah was completed in



December 2006. At year's end approximately 80% of the overhead wiring along the line had been erected, along with associated electrical, signalling and communications equipment.

- Construction of the nine stations between Canning Bridge and Mandurah was completed.
- The first stage of a public safety awareness program was completed, in which all primary and secondary schools within two kilometres of the railway were visited to make the students aware of electrical safety on the railway.
- In October 2006, the Public Transport Authority's internal auditors undertook an audit of New MetroRail and found high standards of administration, contract and financial management of the packages and project management.
- In November 2006, the Office of Rail Safety undertook a Compliance Audit of the management of the New MetroRail Project within the scope of its annual audit of the Public Transport Authority. As with previous audits, the Compliance Audit found a strong commitment to rail safety within New MetroRail.
- Ongoing community consultation by New MetroRail has resulted in resolution of a significant number of claims for damage or adverse impact arising from the construction works.
- Overall public support of the Southern Suburbs Railway continued at a very high level of 92% compared with 87% recorded in November 2006 and 84% recorded in May 2006 in the independent opinion poll undertaken during May 2007.
- Documentation of the construction of the Southern Suburbs Railway is being recorded in a commemorative book, release of which will follow the opening of the railway.



## TRANSPERTH BUSES



### DESCRIPTION OF SERVICES

During 2006/07, the Transperth bus system operated 320 standard timetabled bus routes and 436 school routes. On a typical weekday this involved operating 9,327 standard services and 436 school services. Accessible buses are always used on 55 of the standard routes. A bus service frequency of 20 minutes or better is provided all day on most major corridors, with higher frequencies in peak periods.

Transperth bus services were operated by three contractors under 11 contracts in 2006/07:

- Path Transit (Marmion-Wanneroo and Morley contracts, with the Joondalup Central Area Transit contract forming part of the Morley contract).
- Swan Transit (Canning, Kalamunda, Midland, Southern River, Claremont, and Belmont contracts).
- Southern Coast Transit (Rockingham, Fremantle-Cockburn, and Perth Central Area Transit contracts, with the Fremantle Central Area Transit contract forming part of the Fremantle-Cockburn contract).

The Midland contract was re-tendered and awarded to Swan Transit with effect from 27 January 2007.

The auditing of each of Transperth's bus contractors' safety management systems continued during the year to ensure that they met AS 4901 – OSH Management Systems.

### THE YEAR'S DEVELOPMENTS

As part of planning for the introduction of Southern Suburbs Railway, Transperth carried out a comprehensive review of the bus route network throughout the southern corridor and parts of the south-eastern corridor of Perth with a view to modifying the bus route network to integrate it with the new train line. A conceptual bus route network was developed, identifying service levels and frequencies, using principles successfully established for the northern suburbs bus network.

Feedback on the proposed changes was an important stage in the planning process to ensure that the proposed bus network met community needs. The consultation process began with 22 meetings held with key stakeholders followed by broader community engagement. The community consultation process was centred on a series of public displays at key locations throughout the southern corridor and parts of the south-eastern corridor. In addition a consultation webpage was developed on the Transperth website, outlining proposed changes to the bus route network and providing an avenue for feedback via an online form.

The consultation process for the southern suburbs bus network was the largest ever carried out by Transperth with over 2,600 people attending 32 community displays. Amendments were made to the conceptual bus route network based on community feedback.

In December 2006, Transperth bus services in the Kwinana/Cockburn area were relocated from the temporary bus station facility at Gateway Shopping Centre to the new Cockburn Central bus/train interchange. The temporary facility at the shopping centre, which had operated since 1999, had provided a public transport hub allowing passengers using feeder services to access the main line service operating along the Kwinana Freeway to Perth.

The new bus station, which is the bus component of the future Cockburn Central train/bus interchange, will provide bus services to the area until the Southern Suburbs Railway opens and the network of feeder services commences.

Total service kilometres operated by the Transperth bus network continued to increase. In 2006/07, the network covered 49.961 million kilometres, an increase of 1.7% over the 49.146 million kilometres recorded in 2005/06, which was itself an increase of 1.2% compared with the previous year.

Total capacity provided by the bus network increased for the second year with 3,592.5 million passenger place kilometres being provided in 2006/07 compared with 3,559.8 million passenger place kilometres in 2005/06, an increase of 0.9%, following the increase of 0.4% in the previous year.



At 30 June 2007, Transperth operated 293 gas-powered buses in its fleet of 1,114 buses.

The lower rate of increase in passenger place kilometres compared with the rate of increase in service kilometres is due to the increasing proportion of Compressed Natural Gas (CNG) buses in the fleet which have a slightly lower average carrying capacity compared with diesel buses.

At 30 June 2007, Transperth operated 293 gas-powered buses in its fleet of 1,114 buses. A further 306 new gas buses are due to be delivered by June 2011 under the existing Bus Supply Agreement. In December 2006, a permanent CNG refuelling facility at Fremantle depot began operations, replacing the temporary facility that had been in service since May 2005. CNG refuelling operations commenced at Rockingham bus depot in June 2007. The laying of a high pressure pipeline for the Welshpool bus depot CNG facility commenced during the year. This facility is scheduled to be commissioned in April 2008.

Inspections were carried out at depots with CNG capability to identify the work required to ensure the workshops met all occupational safety and health standards that meet AS2746 – “Working areas for gas fuelled vehicles”.

## COST OF THE SERVICE

The total cost of operating Transperth bus services increased by 1.1% from \$251.2 million in 2005/06 to \$254.0 million. Operating expenditure increased from \$195.8 million to \$205.3 million, i.e. by 4.8%.

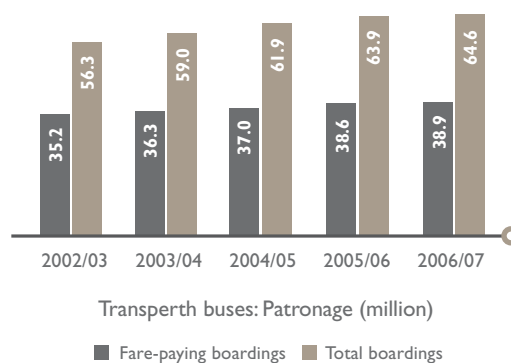
The increase in operating costs was primarily driven by increases in the cost of fuel, labour and security.

## PATRONAGE

Patronage continued to grow on Transperth's bus services in 2006/07 although at a lower rate of increase.

Fare-paying boardings increased from 38.650 million in 2005/06 to 38.886 million in 2006/07, i.e. by 0.6%. This compares with an increase of 4.5% in 2005/06. Total boardings recorded an increase of 1.1% from 63.891 million in 2005/06 to 64.623 million in 2006/07.

The decline in the rate of growth in bus fare-paying boardings was due to a combination of factors – the loss of the Kwinana Freeway busway during most of 2006/07, increasing traffic congestion in peak periods, the lack of bus priority measures on major roads resulting in non-competitive travel times and the low rate of increase in service kilometres over the past few years.





These factors had a major impact on total fare-paying boardings in the southern contract areas, where boardings fell by 1.2% overall, due to a 2.0% decline in Fremantle-Cockburn and no change in the Rockingham-Mandurah contract area. A similar impact was felt in the Canning contract area in 2005/06 when fare-paying boardings fell by 1.9% but this area saw some stabilisation of patronage during 2006/07.

Bus patronage in the northern suburbs was affected by provision of additional parking bays following the opening of train stations at Clarkson in October 2004 and Greenwood in January 2005.

A total of 786 parking bays were provided at Clarkson and 609 at Greenwood, which gave more people in the northern suburbs the opportunity to travel by train without using feeder buses, that is by using the increased Park 'n' Ride facilities. The additional parking bays were quickly taken up, resulting in increased fare-paying boardings on trains but with a commensurate drop on buses. This contributed to the containment of growth in bus boardings in the northern suburbs, with an increase of 1.9% in 2006/07 compared with 3.5% in 2005/06.

Boardings on the Circle Route also fell in 2006/07. While this popular service has generally enjoyed high rates of growth in previous years (e.g. 6.5% in 2005/06), there is an indication that delayed buses and a marginal increase in journey times due to increasing traffic congestion are affecting patronage, particularly in peak periods on major roads such as South Street and Stirling Highway. This was

reflected in the 0.7% decline in fare-paying boardings recorded in 2006/07.

The most positive growth area for fare-paying boardings on the Transperth bus network was the Claremont and Belmont contract areas which showed an increase of 4.8% in 2006/07 following an increase of 6.1% in 2005/06. These contract areas are seeing the accrued benefit of actions some years before, whereby route rationalisation has resulted in more direct routes and reduced journey times. However, the challenge of traffic congestion is likely to impact on these inner city contract areas in coming years unless improved bus priority can be established at "pinch points".

The rate of growth in bus service kilometres over the past five years has been limited. Overall, between 2002/03 and 2006/07, bus service kilometres increased by 4.6%. Service kilometres increased by 1.7% in 2006/07 following an increase on 1.2% in 2005/06.

Average boardings on buses declined in 2006/07 due to service kilometres increasing at a higher rate than patronage (1.7% compared with 0.6%). Fare-paying boardings per service kilometre which had reached 0.786 in 2005/06 declined to 0.778 in 2006/07 (1.0%), while total boardings per service kilometre fell from 1.300 to 1.293 (0.5%), between 2005/06 and 2006/07.

## PASSENGER SATISFACTION

The Transperth Passenger Satisfaction Monitor 2007 showed that the proportion of bus users who were satisfied with the bus system overall increased to 81% from 80% in 2006.

### Passenger rating of characteristics of Transperth bus services

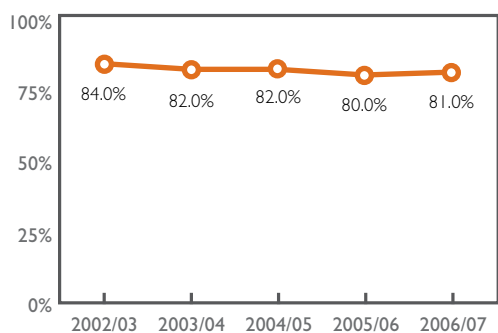
SERVICE CHARACTERISTIC	IMPORTANCE RATING		SATISFACTION RATING	
	2006	2007	2006	2007
Cost of fares	62%	<b>65%</b>	72% (6%)	<b>70% (9%)</b>
Punctuality of the bus	73%	<b>64%</b>	79% (10%)	<b>76% (12%)</b>
Number of buses on weekdays	66%	<b>63%</b>	71% (18%)	<b>72% (17%)</b>
Speed of the trip	54%	<b>62%</b>	85% (6%)	<b>84% (7%)</b>
Cleanliness on board	53%	<b>59%</b>	87% (4%)	<b>89% (3%)</b>
Driver's manner	54%	<b>55%</b>	89% (2%)	<b>90% (2%)</b>
Driver's handling of the bus	55%	<b>53%</b>	89% (3%)	<b>90% (4%)</b>
Number of buses during peak times	–	<b>47%</b>	–	<b>75% (15%)</b>

Note: Dissatisfaction level shown in parenthesis.





The table on page 22 shows that there was a significant level of dissatisfaction with the number of buses on weekdays (17%) punctuality of services (12%), and the cost of fares (9%).



Transperth buses: Customer satisfaction overall

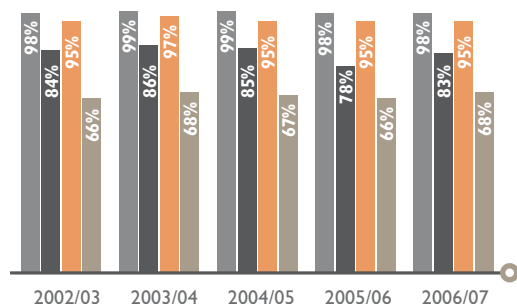
The importance rating of the service characteristics of Transperth's bus services (other than passenger safety – see table below) and the level of satisfaction for each key service characteristic are shown.

## PASSENGER SAFETY

In the Passenger Satisfaction Monitor, bus users were asked: "How safe do you generally feel from personal interference or threat from other passengers ...?"

The graph shows the proportion of respondents who "always or usually feel safe" at the specified times/locations on the bus network.

The results for the past five years show that almost all bus passengers generally felt safe on-board buses and at station/interchanges during the day.



Transperth buses: Passenger safety perceptions

- On-board (daytime)
- On-board (night-time)
- At station/interchange (daytime)
- At station/interchange (night-time)

It is noteworthy that there was a significant increase in the proportion of respondents who generally felt safe on-board buses at night to 83% from 78% in 2006. The proportion of respondents who felt generally safe at night at the station/interchanges also increased, although at a lower rate from 66% to 68%.

Over recent years, Transperth has introduced the following measures to promote passenger safety on the bus network:

- Two security officers are deployed Monday to Saturday each week at each major bus station between 7am and the last bus.
- Mobile patrols are deployed on each of the three major sectors – north, south and east – on busy nights of the week.
- There is centrally monitored CCTV at all bus stations.
- CCTV has been installed on new buses in the fleet.

## PLANNED MAJOR INITIATIVES FOR 2007/08

- Implementation of the SSR bus feeder network
- Acquisition of a further 72 new CNG buses for the bus fleet
- Completion of works to ensure that all CNG workshops achieve the standard required to meet AS2746 – "Working Areas for Gas Fuelled Vehicles".

# TRANSPERTH



“SINCE 2004/05, PATRONAGE ON TRANSPERTH’S FERRY SERVICE HAS INCREASED BY AROUND 18%.”

## TRANSPERTH FERRIES

### DESCRIPTION OF SERVICES

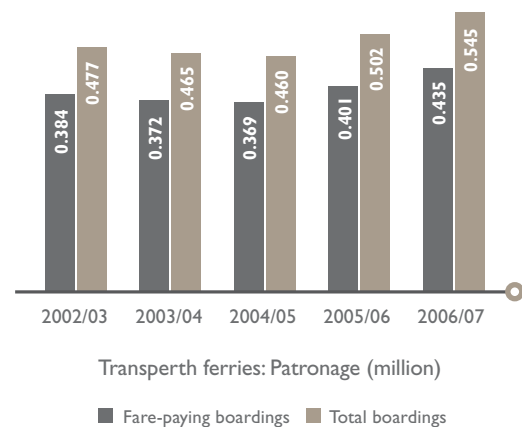
Two vessels operate between the City (Barrack Street) and South Perth (Mends Street) providing 80 services on an average weekday, September to April, and 60 services on an average weekday during winter from May to August.

The Transperth ferry service has been operated by a Transperth contractor since 1995. The service is currently provided under contract by Captain Cook Cruises.

### PATRONAGE

Ferry patronage continued its upward trend in 2006/07. Fare-paying boardings increased by 8.4% from 401,000 in 2005/06 to 435,000 in 2006/07, while total boardings recorded an increase of 8.5% from 502,000 to 545,000. Since 2004/05, patronage on Transperth’s ferry service has increased by around 18%.

On a per kilometre basis, fare-paying boardings which had increased to 11,620 in 2005/06 rose to 12,598 in 2006/07, i.e. by 8.4% and total boardings increased by 8.6%, from 14,547 to 15,799.





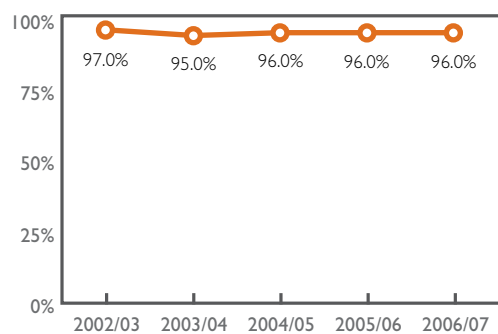
## Passenger rating of characteristics of Transperth ferry services

SERVICE CHARACTERISTIC	IMPORTANCE RATING		SATISFACTION RATING	
	2006	2007	2006	2007
Cleanliness on board	69%	<b>80%</b>	99% (0%)	<b>97% (0%)</b>
Cost of fares	64%	<b>70%</b>	90% (1%)	<b>92% (2%)</b>
Punctuality of the ferry service	54%	<b>66%</b>	92% (2%)	<b>92% (1%)</b>
Number of ferries during the day	59%	<b>62%</b>	67% (17%)	<b>77% (9%)</b>
Shelter at the jetty	62%	<b>55%</b>	79% (16%)	<b>80% (14%)</b>
Availability of seats on the ferry	50%	<b>54%</b>	100% (0%)	<b>100% (0%)</b>
Easy access to ticket purchasing facilities	–	<b>52%</b>	–	<b>92% (4%)</b>
Speed of trip	55%	<b>50%</b>	98%(0%)	<b>96% (1%)</b>

Note: Dissatisfaction level shown in parenthesis.

## PASSENGER SATISFACTION

The Transperth Passenger Satisfaction Monitor 2007 showed that a very high proportion of passengers continued to express satisfaction with Transperth's ferry service overall, continuing the trend over the past five years.



Transperth ferries: Customer satisfaction overall

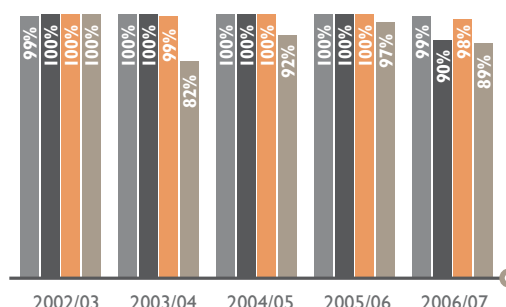
The importance rating of the service characteristics of Transperth's ferry service (other than passenger safety) and the level of satisfaction for each key service characteristic are shown in the table.

## PASSENGER SAFETY

In the Passenger Satisfaction Monitor, ferry users were asked: "How safe do you generally feel from personal interference or threat from other passengers ...?"

The graph shows the proportion of respondents who "always or usually feel safe" at the specified times/locations on the ferry services.

The results for the past five years show that almost all ferry passengers generally felt safe on-board the ferry during the day and at night. While almost all users felt safe at the jetty during day, the proportion of users who felt safe at the jetty at night fell significantly from 97% to 89%.



Transperth ferries: Passenger safety perceptions

■ On-board (daytime) ■ On-board (night-time)  
 ■ At jetty (daytime) ■ At jetty (night-time)

# REGIONAL TOWN BUS SERVICES



In Broome, a trial school bus service within the township proved successful

The PTA has seven intra-town bus services and eight town school services operating in 15 major regional towns throughout the State. In addition, the PTA provides four inter-town regional bus services.

In past years, the PTA has also been responsible for the administration of three small regular passenger transport (RPT) services operating in the outer part of the Perth metropolitan area in a complementary capacity to Transperth services. Two of these services were transferred to Transperth metropolitan services at the end of the 2006 calendar year. The performance of all three of the services has been included in the regional town bus services figures for 2006/07 in keeping with the reporting method adopted in previous years.

## OBJECTIVES AND OUTCOMES

OBJECTIVE	OUTCOME
Conduct field visits and audit all contractors' performances and passenger boardings.	A standardised reporting format has been introduced to maintain passenger and occupational safety records. Service audits of contractors were carried out in Albany, Bunbury, Busselton, Carnarvon, Collie, Dunsborough, Geraldton, Manjimup and Port Hedland.
Continue with a programmed approach of reviewing regional bus services.	Improved service levels in regional towns where new suburbs have been developed and an increase in residents - Albany, Bunbury, Busselton, Collie, Dunsborough, Geraldton and Broome.
Develop solutions for regional transport problems in consultation with local communities.	Safely transporting students attending leavers' facilities in the South West around Busselton/ Dunsborough which resulted in Police and the local Shires having to deal with the lowest number of misdemeanours for many years, even with the 16% increase in student attendance.  Working with the Office of Crime Prevention to establish funding and services for specialised leavers' week transport support for the Busselton/ Dunsborough area.



## THE YEAR'S DEVELOPMENTS

A comprehensive review of public bus services in the Busselton and Dunsborough areas was carried out. Following the review, the level of service in Busselton was increased to six days a week (with an increase in the number of services during the day), and regular bus services were introduced between Busselton and Dunsborough. In addition, improvements were made to the school bus services operating in the area.

A program to progressively install the Transperth Wayfarer MultiRider system in regional town service buses commenced late in the financial year. The equipment became available following the introduction of the SmartRider ticketing system on the Transperth network during 2006/07. Installation of the MultiRider machines was completed in Kalgoorlie and an assessment of installation requirements commenced in Geraldton.

During the year, a school bus service within the Broome township was trialled and proved to be successful, resulting in the service being made permanent and the service being increased from two to three services twice a day. The new Broome school service and the well-established Karratha school bus service were both tendered in the second half of the year and two seven-year contracts were still to be awarded at year's end.

Regional PTA staff played a high profile role in the planning, co-ordination and implementation of bus transport for School Leavers' Week celebrations in Busselton, Dunsborough and Yallingup during November 2006. Feedback from the local community, police service, students and parents was very complimentary in relation to the success of this project.

Service audits (involving the checking of passenger and occupational safety records) were carried out on contractors in Albany, Bunbury, Busselton, Carnarvon, Collie, Geraldton and Manjimup.

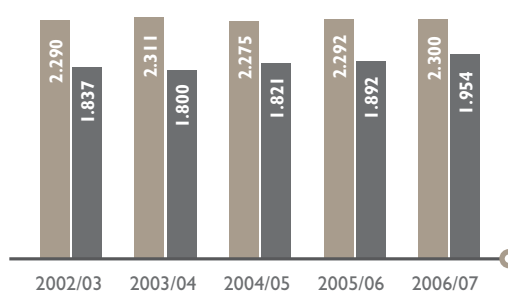
## COST OF THE SERVICE

Total expenditure on regional bus services was \$12.1 million in 2006/07, which represented an increase of 14% over expenditure of \$10.6 million in 2005/06. Expenditure on intra-town services rose from \$10.2 million to \$11.6 million, an increase of 14%, while the cost of inter-town services increased by 13.9% from \$0.459 million to \$0.523 million.

## PATRONAGE

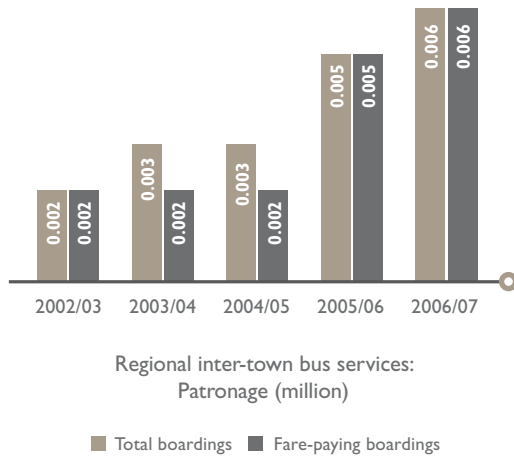
Total boardings on regional bus services increased by 0.4% from 2.297 million in 2005/06 to 2.306 million in 2006/07. Fare-paying boardings increased by 3.3% from 1.897 million to 1.960 million.

On intra-town services, while total boardings showed an increase of 0.3% from 2005/06, fare-paying boardings reached a four year peak of 1.954 million, a 3.3% increase from the 2005/06 level. Patronage on inter-town services recorded significant gains in percentage terms (20% for both total boardings and fare-paying boardings), however, given the minor nature of the contracted inter-town services, the actual numbers were quite small.



Regional intra-town bus services:  
Patronage (million)

■ Total boardings ■ Fare-paying boardings



## PASSENGER SATISFACTION

Customer surveys were carried out to identify possible changes to various services, for example Busselton and Dunsborough for a Tuesday service and a link between the two towns. Due to regional distances it is difficult to undertake regular, comprehensive surveys to ascertain independent outcomes.

## PLANNED MAJOR INITIATIVES FOR 2007/08

- A four-year program will commence in 2007/08 to replace buses in regional centres with the “cascading” of 44 diesel low-floor 2002 model Mercedes buses from the Transperth fleet. The aim is to improve the standard and comfort of country bus services through the introduction of accessible buses to regional town communities. The program will also help to reduce the average age of the regional bus fleet to around 12 years.
- Service reviews scheduled for 2007/08 are:
  - Bunbury: Review of the operational efficiency of major service enhancements introduced during 2003/04. The review will also look at timetables in Bunbury, with a view to improving connection times between Bunbury City Transit (BCT) services, and between BCT and other train and bus services in the area.
  - Albany and Geraldton: Review of the town service boundaries to ensure equity in student fares.
  - Port Hedland: Review of school bus services and the fare structure for Port Hedland and South Hedland passengers.
- Services will be introduced to two new subdivisions in Geraldton.
- The “school special” bus service in Kununurra will be tendered during 2007/08.

# SCHOOL BUS SERVICES

The school bus network comprises 688 school buses servicing mainstream schools, 117 school buses servicing special education schools, centres and units and seven Regular Public Transport service arrangements.

In 2006/07, these services were used by 26,200 students per school day around the State, using predominantly contracted orange school buses. Alternatively, where eligible students could not be accommodated on a school bus, their parents/ carers were paid a conveyance allowance to help meet some of the costs incurred by them in getting their children to their nearest appropriate school.

The total cost of managing the 812 school bus contracts/services and providing the conveyance allowance totalled \$70.826 million in 2006/07.

Transport assistance was also provided to students attending special education schools principally in large regional towns and in metropolitan Perth.

All orange school buses are operated by private contractors. Three contract/service models were used in 2006/07 to provide student transport support:

Composite Rate Model (CRM) Contracts (20-30 years in duration): 694 contracts



David Till and Walter McArthur take time out from their busy school bus inspection schedule.

Fixed term Contracts (Tendered over 1-15 years since 1995): 111 contracts

Regular Passenger Transport (Licence arrangement with fare subsidy): 7 contracts

The Composite Rate Model is an average cost model which was implemented in January 2004 and provides for contractor payments, with the cost elements of the payment model being reviewed over a three-year cycle by an independent review panel.

## OBJECTIVES AND OUTCOMES

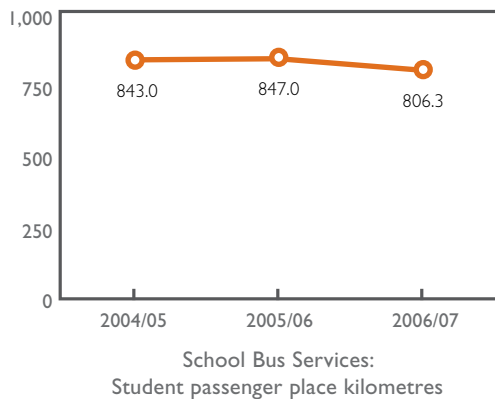
OBJECTIVE	OUTCOME
Provide transport assistance for eligible students to assist them to attend their nearest government or non-government school offering the appropriate year of study.	812 "orange" school bus contracts were managed and conveyance allowances to entitled students totalling \$70.826 million were paid.
Ensure the transport assistance provided to students is appropriate, safe, cost effective and fair in its application.	Continued to manage the introduction of seat belts on government-funded orange school buses. Conducted two safety inspections on every school bus in the fleet during the year.
Ensure that all service contracts are managed effectively and efficiently in accordance with agreements made between the Minister, the PTA and individual contractors and/or their representatives.	Special education bus routes in metropolitan Perth and regional towns were reviewed. School bus routes that serve the fringes of metropolitan Perth were reviewed.



## REVIEW OF PERFORMANCE

### 1. Total Services Provided

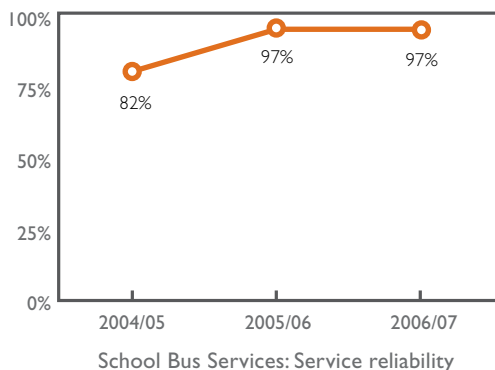
In 2006/07, student passenger place kilometres fell by 4.8% due to the reduction in the number of school days in the year from 187 in 2005/06 to 181 in 2006/07.



### 2. Service Reliability

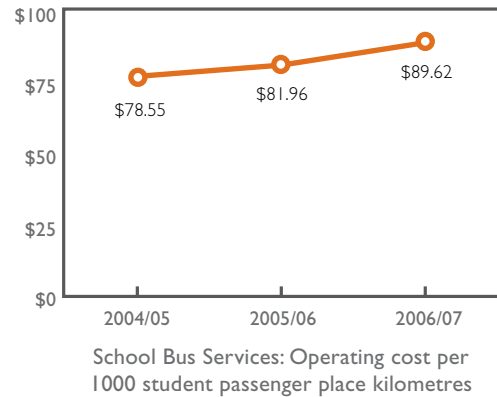
The service reliability measure covers rural mainstream services and Education Support school buses operating in the Perth metropolitan area. The reliability measure is arrival less than 10 minutes before school starts and departure less than 10 minutes after school finishes.

In 2006/07, service reliability was maintained at 97%, which was unchanged from the previous year.



### 3. Cost of the Service

The operating cost per 1000 student passenger place kilometres increased by 9.34% in 2006/07. This was due to higher wage and fuel costs.



## THE YEAR'S DEVELOPMENTS

School bus routes were reviewed to maximise service delivery and efficiencies in metropolitan Perth.

The 50 cent student fare was introduced on orange school bus services operating in the Upper Swan/ Gnangara and Mandurah areas within the Perth Public Transport Area. This was done for equity reasons to ensure that all school students paid the fare to school if they resided in a designated public transport area. In a number of areas, the introduction of the 50 cent fare was deferred until Term 3, 2007 so that duplication of services with Transperth could be removed.

Seven new Education Support Bus services were introduced in the Rockingham area to meet population growth.

School bus routes in Serpentine, Waroona and Bullsbrook were reviewed to maximise service delivery and efficiencies.

The Busselton/Dunsborough Town Public Transport Area and the collection of fares on school buses within this area were implemented.

Progress continued on the project to fit seatbelts on all Government-funded school buses by 2015. This included a tender being awarded in January 2007 to Omnibus Services to retrofit 42 Class B and Class C buses with belted seats. Through normal bus replacement, 125 new buses with seatbelts already fitted entered the fleet and 14 further buses were retrofitted during the year.





A total of 139 buses (over 17% of the school bus fleet) had seat belts fitted by 30 June 2007 – 42 class A buses, 16 class B buses, 35 class C buses, and 46 class D buses.

In March 2007, the PTA pursued further best practice by moving to have drivers' seats also fitted with ADR68 lap-sash seatbelts.

The new Tendered Rate Model (TRM) contract was developed for new school bus services as part of PTA's strategy to replace over 100 fixed-term orange school bus contracts that were either expiring or had recently expired. At 30 June 2007, of the 50 TRM contracts that had been tendered during the year, 28 were awarded and the others were at various stages of evaluation and award.

## PLANNED MAJOR INITIATIVES FOR 2007/08

- Continue installation of seatbelts on all Government-funded school buses by December 2015 in accordance with Government policy.
  - Complete retrofitting the remaining 28 buses under Omnibus Services contract.
  - Implement a student seatbelt compliance communication strategy through the Department of Education and Training.
  - Commence replacing the aging school bus fleet in the RPI "grouped" services that feed into Bunbury from surrounding rural areas, with new buses with belted seats.
- Continue the review and, where required, efficiency rationalisation of school bus routes.
  - Introduce the 50 cent student fare on services in the Kalamunda, Forrestdale, Armadale and Baldivis areas to continue the equity process of applying fares to all children residing in the Perth Public Transport Area and using buses.



Students from Melville Senior High School know to stand for adults when using the 50 cent fare

- Develop a new service contract for Department of Education and Training funded transport assistance for English Second Language students (deferred from 2006/07).
- Relocate/review bus education support services over the next two financial years to the new Kim Beazley Learning Centre sites in Atwell (2008) and Success (2009).
- Place the Bunbury RPT school bus service under long-term contract for future efficiency gains when the service is later tendered.
- Continue re-tendering expiring contracts under the TRM contract (approximately 50 contracts).
- Continue liaison with the Department of Education and Training to review the student transport assistance policy with regard to:
  - integration of students with special needs into mainstream schools,
  - compulsory school attendance to Year 12 (2008),
  - integration of vocational studies into school curriculum through increased usage of TAFE facilities,
  - transport provision when school facilities are opened or closed.



Maintenance supervisor Dave Hillman at Transwa's Kewdale Depot.

Transwa is the brand and operating name of the public transport system operated by the PTA which provides road and rail passenger services to regional centres in the southern half of Western Australia.

## OBJECTIVES AND OUTCOMES

Transwa's purpose is to provide a customer-focused, safe and cost effective public transport services to regional Western Australia.

Transwa monitors its performance against key aspects such as customer satisfaction, on-time running and patronage.

Its objectives and outcomes for 2006/07 were:

OBJECTIVE	OUTCOME
<p>Transwa to provide customer-focused passenger transport services for regional Western Australia.</p>	<p>Results of the current Passenger Satisfaction Monitor showed increasing levels of satisfaction by customers.</p> <p>Recruitment processes were changed to attract and employ staff with strong customer service skills.</p>
<p>Transwa to provide safe and cost effective passenger transport services for regional Western Australia.</p>	<p>There were very few accidents or security incidents on Transwa services.</p> <p>A comprehensive Safety Management Plan was developed which will further improve safety over the coming years.</p>
<p>Transwa services to arrive within acceptable parameters set for punctuality.</p>	<p>Transwa maintained a high level of on-time running during the year delivering the following results:</p> <p>Prospector (77%), Australind (92%), AvonLink (99%), MerredinLink (89%) and Road Coaches (96%).</p>



## REVIEW OF PERFORMANCE

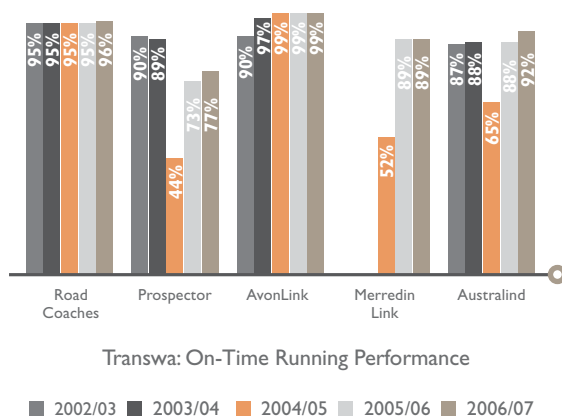
### 1. Service Reliability

Transwa has a number of key performance indicators in relation to the on-time performance of its train and coach services. These are:

<b>Prospector</b>	90% of services to arrive within 15 minutes of schedule
<b>Australind</b>	90% of services to arrive within 10 minutes of schedule
<b>AvonLink</b>	95% of services to arrive within 10 minutes of schedule
<b>MerredinLink</b>	95% of services to arrive within 10 minutes of schedule
<b>Road Coaches</b>	95% of services to arrive within 10 minutes of schedule

The road coaches continued to perform to target – 96% of services arriving within 10 minutes of the scheduled arrival time which is consistent with the high level of reliability over the last four financial years.

The on-time running performance of the Prospector continued to improve on previous years' results, with better mechanical reliability of the railcars. Further improvement in on-time running is expected with the extension of the crossing loops (passing places) on the Perth-Kalgoorlie railway and replacement of the final sections of wooden sleepers. These works are scheduled to commence in October 2007.



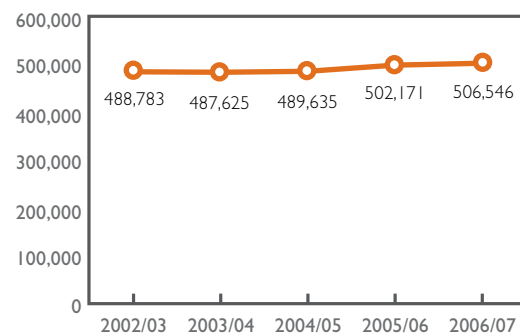
The on-time running of the Australind increased to 92% from 88% because of improved track conditions.

On-time running of the AvonLink and MerredinLink services remained consistently high at 99% and 89% respectively.

### 2. Trends in Patronage

Total patronage on all Transwa services increased by 1% in 2006/07 compared with the previous year. The main growth occurred on train services, predominantly the Prospector service.

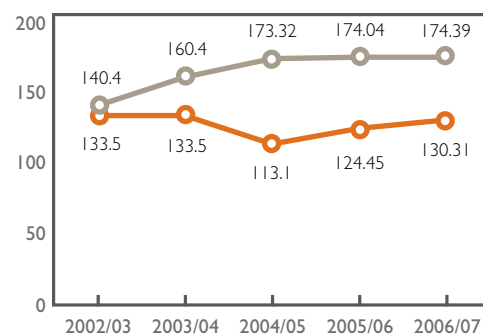
### 3. Service Coverage



Transwa: Total Patronage

The total passenger place kilometres\* for road coaches increased slightly due to service deviations resulting from road closures because of floods in the Esperance area.

The total passenger place kilometres\* for rail services increased due to an increase in the number of railcars used on the Prospector service and the provision of additional AvonLink services on Sundays as part of the "Spring in the Avon" campaign.



Transwa: Total Passenger Place Kilometres (millions)

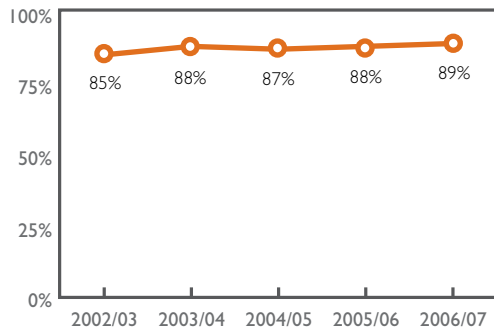
—○— Road Coaches —○— Rail

\*The average seat capacity multiplied by the kilometres travelled while in service



## 4. Passenger Satisfaction

Transwa continued to maintain a high level of customer satisfaction. The percentage of passengers who were satisfied or very satisfied overall was 89% in 2006/07.



Transwa: Customer Satisfaction

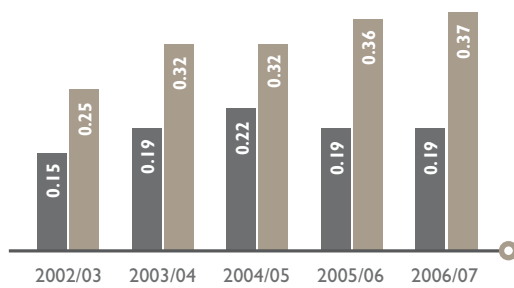
## 5. Passenger Safety

Transwa's commitment to safety, including a continuous review of safety systems, procedures and processes, was reflected in there being no significant incidents which compromised passenger safety during the year.

## 6. Efficiency

There was a slight rise in the cost of providing Transwa services in 2006/07. The rise in the average cost per passenger place kilometre for rail services was largely due to increased maintenance of the Australind railcars.

The average cost per passenger place kilometre for road coaches was unchanged from 2005/06.

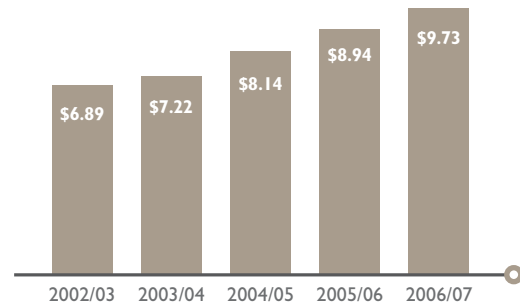


Transwa: Average Cost per passenger kilometre

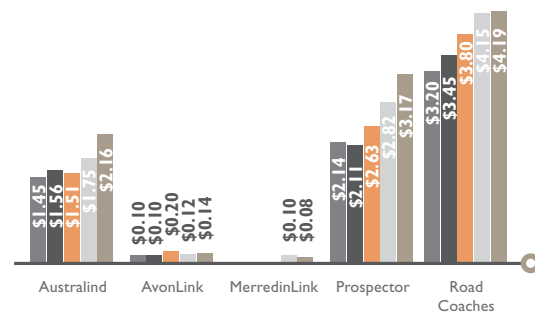
■ Road Coaches ■ Rail

## 7. Revenue and Expenditure

There was a 6.9% increase in revenue due to increased passenger numbers and an increase in the number of full fare paying customers.



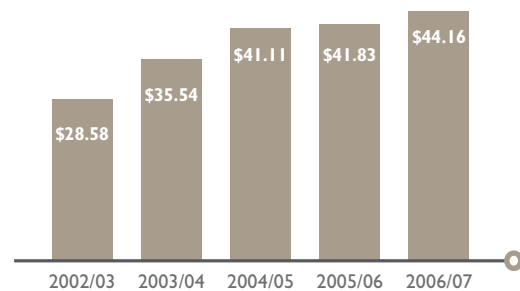
Transwa: Revenue (million)



Transwa: Revenue (million) by service

■ 2002/03 ■ 2003/04 ■ 2004/05 ■ 2005/06 ■ 2006/07

A 5.6% increase in expenditure was mainly due to general cost pressures and increased maintenance of the Australind railcars.



Transwa: Expenditure (million)



## SERVICE INFORMATION

The Prospector and Australind trains continued to be well patronised and this is expected to improve further in 2007/08, particularly for the Prospector with the running of more multi-car sets which will add to the overall seat capacity. The Eastern Goldfields Railway upgrade (see below) will have an adverse short-term effect on this scenario.

In 2006/07 the "Spring in the Avon" Sunday departures of the AvonLink proved to be a successful innovation. The seven departures averaged 96% capacity. With the assistance of the Toodyay and Northam communities, Transwa will repeat the exercise in September and October 2007 with a total of eight Sunday departures as part of its overall marketing strategy. However, the AvonLink and MerredinLink services were again poorly patronised during the year. Other marketing activities are under consideration to improve this situation.

Transwa road coaches continued to perform well although there were slight reductions in patronage on some routes. Detailed analysis of these routes is being undertaken to ascertain what measures could be taken to increase patronage.

## IN THE FUTURE

During the year Transwa started a concerted campaign to promote the Transwa brand in the marketplace, with poster campaigns on Transperth trains, a full "wrap" of a Transperth bus and targeted destination advertising for train and coach services. The campaign will continue in 2007/08.

Customer service will be further improved with upgrades to Transwa's on-line booking facility and by bringing more of Transwa's booking agents on-line.

The refurbishment program of the Australind train will continue in 2007/08 with the outcomes being improved service reliability, greater comfort through refurbished railcars (including new seats) and increased amenity through upgraded toilets and buffets.

Upgrading of the Eastern Goldfields Railway between Perth and Kalgoorlie, which will involve increasing the length of six crossing loops and replacement of old wooden sleepers, will

commence in late October 2007. The crossing loop project will create more places where long freight trains can pull off the main line to allow the Prospector to pass. While there will be some service impacts during the work, these improvements will improve the on-time running performance of the Prospector. The track upgrade has been jointly funded by Westnet Rail (track operator), Pacific National (freight operator), the State Government and the Federal Government (Auslink program).

## TRANSWA TRAINS



Transwa operated 62 scheduled train services every week during 2006/07 covering four distinct services.

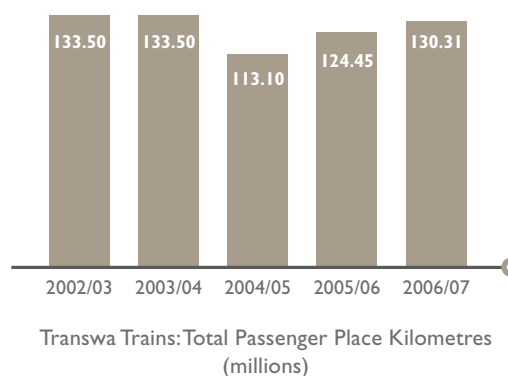
Between Perth and Bunbury, the Australind train operated 28 services per week. The Prospector operated 18 times a week (nine services each way) between East Perth and Kalgoorlie. The AvonLink operated 10 services a week from Northam and Toodyay to Midland on weekdays and the MerredinLink provided an all stops service between East Perth and Merredin and return each Monday, Wednesday and Friday (six services per week).

These services operated over approximately one million service kilometres.

The train fleet consists of 14 railcars made up of seven Prospector railcars, two AvonLink railcars and five Australind railcars.

Transwa employed 17 railcar operators based in Perth and Bunbury.

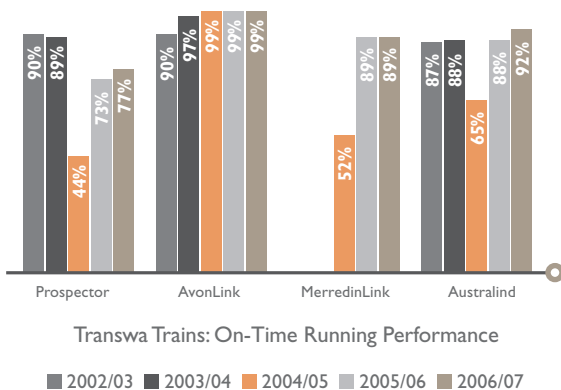
The on-board services on the Australind were provided by eight Bunbury based staff while a contractor provides the on-board services on the Prospector, AvonLink and MerredinLink.





## THE YEAR'S DEVELOPMENTS

The reliability of the Prospector train continued to be a source of concern, though the service achieved some significant gains in serviceability in 2006/07. Transwa continued to work in close partnership with the manufacturer of the Prospector trains, United Group Rail, to ensure that issues affecting reliability were dealt with expeditiously.



Multiple carsets were used during periods of high demand which saw patronage increase by 7.4% during 2006/07. Optimum utilisation of railcars will continue in 2007/08.

The Australind train was part way through a major refurbishment program which began in the latter part of the 2005/06. This program is being implemented in stages to ensure the continuity of daily services. Work carried out in 2006/07 included upgrading of toilets, new carpets and improved lighting in the carriages, improved external visibility and improvements to the traction and car power supply systems.

While this refurbishment program is underway, the Australind will be limited in its capacity, as railcars are taken out of service temporarily. It is expected that this will continue to affect overall patronage numbers until the program is completed. The program will be substantially completed during 2007/08.

The AvonLink service was bolstered by the innovative "Spring in the Avon" Sunday departures during September, October and November 2006. A highlight of the initiative was the very high level of customer satisfaction with the service. More than 97% of passengers surveyed were pleased with their experience and 85% said that they would undertake the journey again. The support for the AvonLink in general improved, with 13% improvement in patronage in 2006/07 (including the "Spring in the Avon" patronage).

### I. Patronage

Patronage on Transwa train services increased by 4.5% compared with the previous year, which equates to nearly 10,000 additional passenger trips.

Significant patronage increases were achieved on the Prospector (7.4%) and AvonLink (13%). The AvonLink figures include the "Spring in the Avon" patronage of 945 passengers which accounts for 5.8% of the growth. A 2% increase in the Australind patronage was particularly pleasing because it occurred despite limited railcar availability due to the refurbishment program.

The MerredinLink declined by just over 800 passenger trips (10%).





Owen Gonzalves at the helm of a Transwa road coach

## 2. Passenger Satisfaction

Again in 2006/07, Transwa rail services achieved commendable levels of customer satisfaction. The Australind and AvonLink/MerredinLink trains led the way with 91% and 87% respective satisfaction among their customers. The Prospector satisfaction levels improved to 85%.



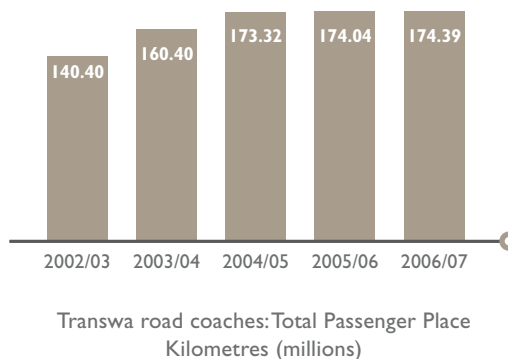
## INFRASTRUCTURE

Planning is underway to complete the upgrade of all train stations to high level platforms. Construction of new stations at Meckering and Doodlakine was nearing completion at year's end.

## TRANSWA COACHES

The Transwa road coach service is a vital transport link to many small communities in the southern half of Western Australia. Transwa operates road coach services on a comprehensive network which extends to Kalbarri, Geraldton and Meekatharra in the North, Augusta, Pemberton and Albany in the South West and Esperance in the South East.

During the year, Transwa operated 144 separate road coach services each week and employed 34 road coach drivers for its fleet of 22 five-star coaches.

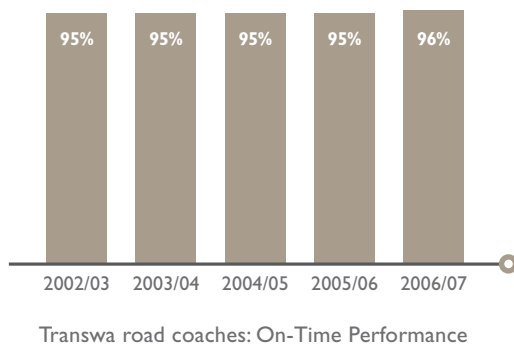




## THE YEAR'S DEVELOPMENTS

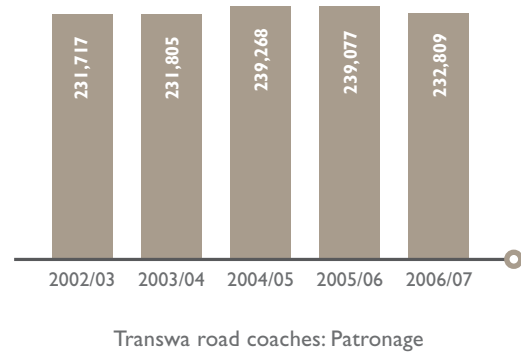
A consistent maintenance program coupled with a good performance of the coaches led to Transwa coach services achieving their punctuality target. Safety for Transwa passengers is paramount, and the coach services again provided a safe travelling environment with only six minor incidents involving passengers in approximately 232,000 journeys.

Some modifications were undertaken to operating conditions at the East Perth coach depot, involving changes to the cleaning, fuelling and service scheduling, which enhanced the service-efficiency of the coaches.



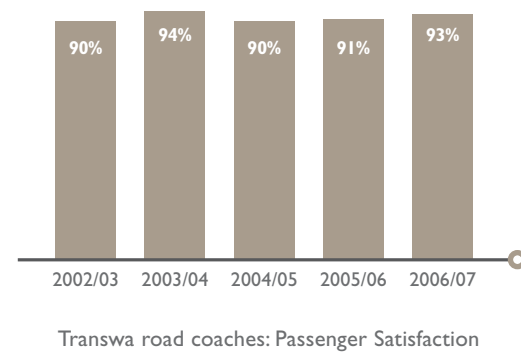
### 1. Patronage

Transwa coach services patronage dropped 2.6% due to a number of contributing factors including the Esperance floods in January 2007, and the decline in the rural population. The reasons for a major downturn in patronage on services to Albany and Geraldton are the subject of further investigation. A review of services will enable Transwa to put in place strategies to positively improve patronage on these services.



### 2. Passenger Satisfaction

The level of customer satisfaction of Transwa coach services remained high at 93%. This was primarily a reflection of drivers' commitment to safety and customer service, in conjunction with the comfort and cleanliness of the coach fleet.



## INFRASTRUCTURE

Preliminary discussions were held prior to the commencement of planning for a road coach fleet replacement program. The first part of the program will establish design guidelines for the coaches and set a timeline for the replacement of the existing fleet.



# PTA PEOPLE



Passenger Ticketing Assistant Ray Strelciunas.

As at 30 June 2007, the PTA had 1,236 full-time equivalent employees. This was an increase of 183 (17.3%) on the previous year:

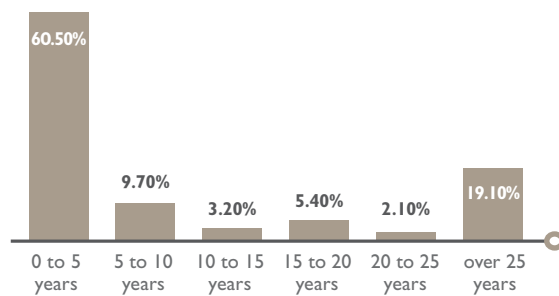
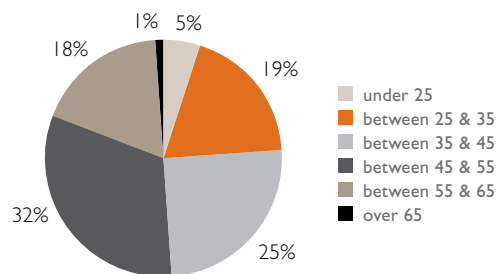
## Strategic People Management

The People Reference Group, a consultative group which represents staff from across the organisation, continued to provide advice directly to the PTA Executive on key people strategies. This included significant input into new corporate initiatives, leadership matters and internal communication.

Set against the backdrop of an ageing population and a lower birth rate, the PTA is experiencing major growth and change with the expansion of services and associated increase in patronage. Global issues such as security, and the skills and labour shortages for engineers and tradespeople are also impacting the organisation.

The age profile of PTA staff and their years of experience are depicted in the graphs below:

Age Profile of PTA Employees at 30 June 2007



PTA Staff: Years of Service as at 30 June 2007

# PTA PEOPLE

With over half of the PTA's workforce aged 45 years and over; 21% of employees with over 20 years of service and 22% female representation, the PTA continued the concerted workforce planning effort to ensure it has the required capability and diversity to meet its current and future business objectives.

The PTA implemented an enhanced Graduate Program to ensure it has the workforce required for the future and to identify and develop future leaders. Seven graduates were recruited in 2006/07 and ten graduates are planned to be recruited in 2007/08. Forward target numbers were set which will bring the total number of graduates to 2% of the total workforce by 2010. The program is available to students from a broad range of disciplines and is widely advertised at career expos and university career fairs.

## Equal Opportunity

The PTA is an equal opportunity employer committed to fostering and supporting a work environment in which all individuals can realise their maximum potential. The Equity and Diversity

Management Plan 2007-2009 builds on the strategies outlined in the 2004-2006 plan to meet corporate objectives and to promote flexibility and equity for staff and to achieve greater workforce diversity.

During the year, the continued growth of the PTA workforce was taken as an opportunity to significantly improve the diversity profile of the organisation.

Key strategies included a review of the recruitment process to ensure there are no barriers to employment for target groups and the promotion and accommodation of flexible workplace strategies where possible.

There was continued attention to the distribution of women throughout the PTA, particularly in senior management positions. Representation objectives for Indigenous Australians and People with Disabilities remained a priority with an increased focus on improving youth representation to meet future capability requirements.

The key equal employment initiatives implemented in 2006/07 were:

## Equal opportunity outcomes

OBJECTIVE	ACTION	OUTCOME
Harassment-free work environment	Reviewed and updated policies on grievance resolution, equity and workplace bullying.	Improved awareness and understanding of relevant legislation and internal procedures.
Attraction and retention of staff to ensure diversity	Analysis of exit questionnaire feedback, particularly from Equal Employment Opportunity group members.	Data analysis has identified opportunities to enhance retention rates and attraction opportunities.
Improved outcomes for youth	A formal review of both the Graduate and Traineeship programs resulted in recommended improvements to the structure of both programs.	Increase in number of Graduates and Trainees participating in the PTA programs.
Improved outcomes for Indigenous Australians	Identification of formal and informal Indigenous networks to promote and communicate job opportunities available at the PTA.	Greater community networking and an increase in the number of Indigenous applicants.

## Workforce Planning

A number of strategies were developed in the PTA's "Building Capability: Workforce Planning Strategy Report V2 - 2006 to 2008" to continue to address the challenges of succession management, attraction, recruitment retention and development and these strategies are progressively being implemented. The key issues identified through the collection of qualitative and quantitative data that require attention include:

- Training opportunities including an emphasis on leadership training and future management of a multigenerational workforce;
- Offer and promote development opportunities including career paths especially in operational areas;
- Succession management to address forecasts of senior management skills shortages through the implementation of the Accelerated Leadership Development Program.
- Knowledge transfer to facilitate the sharing of skills, knowledge and experience. 50 mentoring partnerships were established, with active participation and support from the Executive Team;
- Offer flexible work practice options to promote work/life quality to increase workforce participation in diversity groups; and
- Phased Retirement options as a retention strategy for managing our mature age workforce.

## Performance and Development Plans

The Performance and Development Plan (PDP) process ensures a link between the strategic and operational plans, and the key tasks and projects being carried out by individuals. A revised process for salaried staff and new format for wages employees resulted in a marked increase in the PDP usage rate during the year. Training in the PDP process and performance management was delivered on-line, utilising flexible, self-paced courses.

## Leadership Training

The fourth intake of supervisors and managers commenced Front Line Management training in 2006/07. The training includes work-based projects relating to operational issues. Participants receive a Certificate IV in Business (Frontline Management),

on completion, ensuring that PTA managers hold nationally-recognised qualifications.

To address forecasts of senior management skills shortages, the PTA implemented a robust succession management process with the establishment of the Accelerated Leadership Development Program. A pool of 66 potential successors was identified and these people each completed a 360 feedback process based on the State Government's Leadership Capability Profile. Development was planned based on individual results in conjunction with managers. Participants were also provided with a workplace mentor to facilitate the sharing of skills, knowledge and experience. Fifty mentoring partnerships were established, with active participation and support from the Executive Team.

## Developing a Learning Organisation

The PTA continued to coordinate employee access to a wide range of professional development courses. It also continued its Study Assistance Policy which provides significant support with fees and paid time off for employees to pursue both undergraduate and postgraduate qualifications. The policy includes provision for a Chief Executive Scholarship fund of \$20,000 per annum, and one scholarship was awarded in 2006/07.

## Employee Engagement

In response to the views of employees expressed in an organisation-wide opinion poll in June 2006, the PTA adopted a large program of initiatives and improvements. The views of salaried and wages employees differed somewhat, which is reflected in the program.

These initiatives and improvements relate to:

Salaried employees	Wages employees
Fair and impartial selection process	Opportunities to learn and develop
Cross-divisional teamwork	Involvement in decisions
Performance management	Acknowledgement for suggestions
Training	Freedom from discrimination and harassment
	Work/life balance

## PTA PEOPLE



Railcar Maintenance Supervisor John Churchman

Two important employee engagement projects were conducted during the year specifically among the 263 urban railcar drivers – the PTA's largest individual work group. The projects were intended to improve leadership and inter-personal communications.

A review of the communications climate was conducted during April and May. The purpose of the review was to determine if any improvement in driver engagement had resulted from a raft of communications initiatives during the previous 18 months. The external consultant who conducted the review reported marked improvements in communications throughout the organisation. The overall tone of discussions with drivers was positive. The level of positive engagement between drivers and the organisation had risen significantly, and there was a noticeably higher level of mutual trust and respect.

The second project was an employee opinion poll among the railcar drivers. A total of 145 drivers participated, and 61% said they were satisfied with their job and 59% said they were positively motivated in their work.

The results of both projects are being used to formulate a plan of additional actions to further improve the engagement of drivers.

PTA people are encouraged to participate in charity-related activities on behalf of the organisation. During the year, about 150 staff participated in the Asthma Foundation Bike Hike,

Radio Lollipop, Clean up Australia Day, RSPCA Million Paws Walk, Activ Foundation City to Surf, Red Cross Blood Drive and the Salvation Army Christmas Appeal.

### Healthy Living

The PTA continued to provide access to professionally-delivered fitness assessment and training for employees through its Health and Lifestyle Program. This program was complemented with health promotion information and activity programs such as gym circuits and pilates. There was a 37% increase from previous programs in staff participation in the pathology and lifestyle assessment testing in 2007.

The health promotion program "Cycling 100" was initiated for employees at Claisebrook and Nowergup depots. The program is designed to establish healthy behavioural patterns through a commitment to a minimum of six months of cycling. The PTA version of "Cycling 100" is based on a pilot project run by Department of Environment and modified to account for the shift patterns at the two depots.

There was an overwhelming response to the initiative. More than 160 participants signed up to complete the 60 kilometres per week for the duration of the program. Participants undergo a cardiovascular risk assessment and fitness test at the start and end of the program to measure their progress. By the end of the program, it is expected that the participants will have experienced significant physiological and psychological benefits while collectively travelling over 200,000km on their bikes.

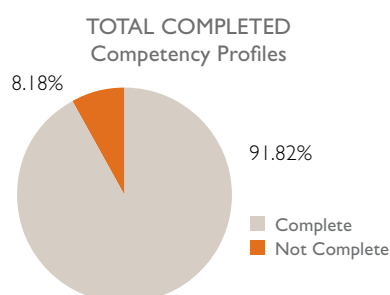
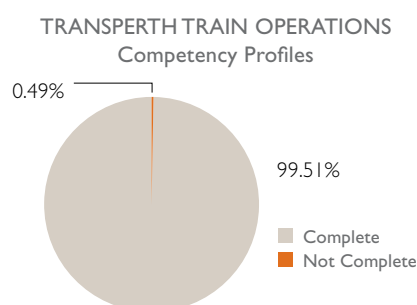
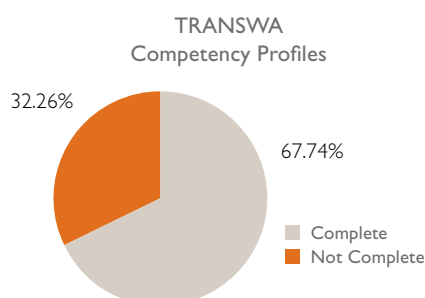
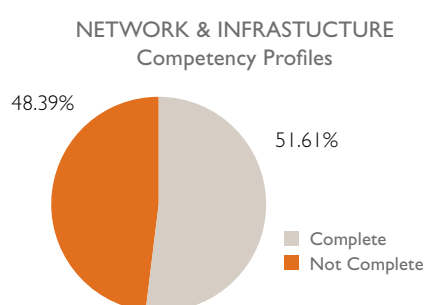
### Competency-Based Training

The PTA is a Registered Training Organisation (RTO) whose purpose is to provide quality training and assessment services for the PTA in compliance with the Australian Quality Training Framework and established best practice guidelines. The PTA RTO is scoped to issue Certificates II and III in Transport and Distribution (Rail Operations) from the TDT02 Transport and Distribution Training Package.

A number of initiatives were undertaken by the RTO in 2006/07. These included:

- Managing the \$1.5 million training contract for Transperth Train Operations
- Delivering and administering re-qualification training for a number of operational areas

- Coordinating the Business Traineeship program and the Apprenticeship program
- Implementing and managing the *Janison* database to facilitate the centralisation of training records across the organisation
- Launching *PTA On-line* in June 2006 to provide online learning opportunities for all staff
- Developing competency profiles for 92% of all wages employees in the illustrated divisions



In 2006/07, the RTO team coordinated, developed, delivered and reviewed competency-based and enterprise specific training and assessment programs for the following:

- Transit Officer training (new employees and re-qualification)
- Urban Railcar Driver training (new employees and re-qualification)
- Urban Railcar Driver Recognition of Prior Learning
- Customer Service Assistants training
- Passenger Ticketing Assistants training
- Train Control Recognition of Prior Learning
- Car Park Attendants training
- Control Monitoring Room Operators training
- PTA Radio Procedures training
- Emergency Management Manual awareness
- Oleoresin capsicum spray training
- Counter-terrorism training
- SmartRider refresher training
- Revenue Protection training for CHUBB guards
- Authorised persons training for Transperth Bus security contractors

### Training Summary

Competency-Based Training 2006/07	PTA Staff	Contract Staff
Number of Courses Delivered	49	8
Number of People Trained	481	96
Total Training Days	818	20

### Labour Relations

Operational divisions continued implementation of the initiatives provided for in the five current enterprise agreements. Pay rates for operational work groups, in particular railcar drivers, were "disaggregated" from July 2006, ensuring greater equity through linking individual employee wages directly to actual time worked. Disaggregation means that shift and weekend penalties are not averaged across the entire group but, instead, the full penalties and loadings are paid to the individuals who actually work the shifts. Disaggregation in other areas will occur after further consultation with affected employees.

## PTA PEOPLE

From January 2007, Transperth Train Operations division implemented a new system for deployment of security and customer service personnel on the urban rail system. Known as the X Plan, the system provides Transit Officers particularly with a more team-based approach. The officers now work predominantly on a single train line rather than across all lines, giving greater "line ownership". X Plan rosters provide better work-life balance while simultaneously significantly improving operational efficiency and effectiveness. The implementation of initiatives in the enterprise agreements and the X Plan together led to a reduction in the level of industrial disputation with relevant unions.

Transit Guards adopted the title "Transit Officers" and "Senior Transit Officers" in March 2007 to more accurately reflect their responsibilities and authority. This change of title reflected a renewed focus on their primary function, which is to maintain safety and security on trains and stations, particularly at night, requiring these officers on occasion to seize, search, arrest, detain and prosecute offenders.

A new group of employee, Passenger Ticketing Assistant (PTA), was introduced into the urban rail system in January 2007. The role of the PTAs is to assist commuters at stations, mainly during daylight hours, by providing advice on timetables, train schedules and train tickets. The PTAs also serve a revenue protection function by checking tickets and issuing fare evasion infringements at fare gates.

### Recruitment

During the financial year 2006/07 there was significant recruitment activity in the Transperth Train Operations Division (TTO) aimed at staffing the Southern Suburbs Railway system and increasing TTO staff numbers from around 700 to over 900. Some of the key recruitment processes included:

- three Transit Officer pooled recruitment processes (One involving a major marketing campaign which launched a Transit Officer recruitment website)
- two Railcar Driver pooled recruitment process
- Transit Supervisors pool

- A Passenger Ticketing Assistant pooled recruitment process
- A Customer Service Assistant pooled recruitment process
- Operations Depot Managers for Mandurah and Nowergup
- Depot Masters for Claisebrook, Nowergup and Mandurah
- Administration staff for Claisebrook Depot
- Driver Coordinators
- Customer Service Supervisor
- Passenger Service Managers

An extensive press campaign ran from Saturday 12 May 2007 to 2 June 2007 inclusive promoting the theme "As a Transit Officer, you'll get serious training" in the West Australian and local community newspapers targeting the southern and south-east metropolitan area.

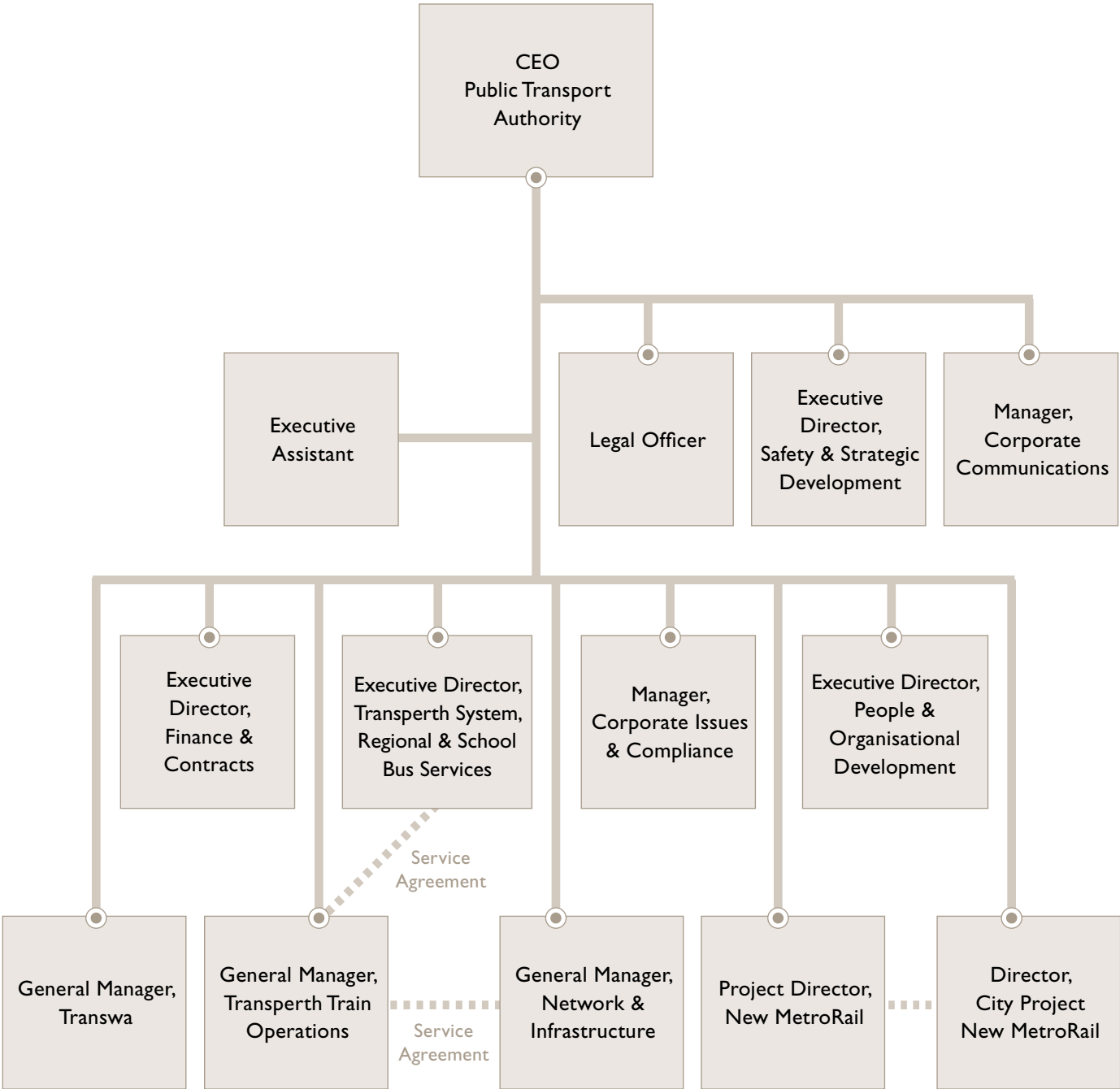
The PTA conducted a total of 191 recruitment processes and reviewed 14 Breach of Standards Claims in 2006/07. Six breach claims were resolved by the PTA without referral to Office of Public Sector Standards Commission (OPSSC). One breach claim was still undergoing an investigation with the OPSSC at year's end. Of the remaining 7 claims, the OPSSC found that there was no Breach of Standards and all selection panel decisions were upheld.

### Compliance with Human Resource Management Standards

Specific reference is made to the standards in relevant human resource policies and information for candidates applying for positions with the PTA, such as Application Kits and at Recruitment Information Sessions. Employees are also made aware of their rights in all recruitment, selection, appointment and grievance management processes and at inductions for all new employees. A review of the Recruitment, Selection and Appointment policy for the PTA was undertaken during the year, and several changes being made to improve compliance in this area.

Monitoring of PTA's compliance with the Standards included the use of checklists and audits by recruitment staff as well as analysis of matters raised through formal or informal claims of a Breach of Standards.

# SENIOR MANAGEMENT STRUCTURE



# THE PTA EXECUTIVE



Reece Waldoock

## **Reece Waldoock** **Chief Executive Officer**

Reece has 23 years experience in strategic management with particular expertise in organisational reform. He held a number of senior executive roles within the Department of Commerce and Trade and Department of Transport from the early 1990s through to the end of 2000. In December 2000, following the sale of the rail freight business of The Western Australian Government Railways Commission, Reece acted in the position of Commissioner of Railways until the Railways Commission was extinguished on 30 June 2003.

With the creation of the Public Transport Authority on 1 July 2003, Reece acted in the position of Chief Executive Officer Public Transport Authority, to which he was appointed on 17 August 2004. Prior to his career with the public sector in Western Australia, Reece held a number of senior management roles with BHP.



Mark Burgess

## **Mark Burgess** **Executive Director Transperth System, Regional and School Bus Services**

Mark has gained extensive logistic, transport and people management skills through 21 years in the Army and ten years managing the Transperth system. He joined the PTA at its formation after six years with the Department of Transport and the Department for Planning and Infrastructure.

Mark is responsible for managing, coordinating and marketing the Transperth system, comprising commercial bus contractors, a commercial ferry contractor and the urban passenger rail services. He is also responsible for regional town bus services and school bus services throughout Western Australia.



Kim Stone

His focus is on delivering quality, reliable public transport services through more than 925 transport service contracts across the State.

## **Kim Stone** **General Manager, Transwa**

Kim joined the PTA in August 2004 after two years' secondment from the Department for Planning and Infrastructure as Director of School Bus Reform. He had previously been Director of Coastal and Facilities Management in the Department of Transport for four years. Kim has worked in both the State and Federal Government arenas in addition to a number of roles in the private sector, including running his own management consulting business. His background is in engineering and management.

Kim is responsible for managing Transwa's regional rail and road coach network as well as implementing the strategic elements of PTA's corporate plan which apply to Transwa. He is also responsible for the delivery of key performance indicators in the areas of customer service, maintenance and revenue building within Transwa.

## **Pat Italiano** **General Manager, Transperth Train Operations**

During his 34 year career in public transport, Pat has gained considerable experience in business management, audit and operational expertise within an integrated urban passenger transit environment.

Pat is responsible for promoting and managing the delivery of passenger rail services to high customer service standards and is committed to ensuring the successful integration and delivery of services on the Southern Suburbs Railway line.

## **Hugh Smith** **General Manager, Network and Infrastructure**

Hugh launched his engineering career at British Steel in the United Kingdom and joined the Western Australian Government Railways (WAGR) in 1972 as an Assistant Engineer at the Midland Workshops, where he subsequently held senior management positions in design and production. He was appointed General Manager of the Urban Passenger Division in 1994.



Pat Italiano



Hugh Smith



In this role he was responsible for developing strategies for customer focus, reliability of services and improved on-time running of trains. Following the sale of WAGR's freight business in December 2000, Hugh was appointed General Manager, Network and Infrastructure in an organisation focused exclusively on passenger transport and customer service.

### **Peter King**

#### **Executive Director, Finance and Contracts**

Peter is a Fellow of the CPA Australia and Chief Finance Officer of the PTA.

His professional interest is in the areas of strategic financial management, business performance, procurement and cost effective service delivery. He has 23 years' senior management experience in financial policy and as Chief Finance Officer in the West Australian Public Sector including senior management roles in Treasury and Finance, Justice, and Health.

Peter joined PTA on secondment in September 2006 and was appointed to the Executive in June 2007.

### **Cliff Gillam**

#### **Executive Director, People and Organisational Development**

Cliff is an industrial relations, human resources and organisational development professional with 17 years experience in The Western Australian Public Sector. He holds post-graduate qualifications in the arts, business, public policy and management, and is a Fellow of the Australian Human Resources Institute. High performance organisations achieve excellence through a genuine commitment to their people, sustained attention to their development and well formulated strategies to ensure effective leadership is underpinned by targeted recruitment aimed at long term sustainability in human capital. Along with his responsibility for strategic people management, Cliff oversees the delivery of functional human resource services for the PTA's people.

He was appointed to the Executive in May 2004.

### **Sue McCarrey**

#### **Executive Director, Safety and Strategic Development**

Sue joined the Western Australian Government Railways in June 2002 as the Director of Policy. A law degree and post-graduate qualifications in policy and administration provide Sue with expertise in government policy and administration, including legal frameworks and the mechanics of government.

Her role includes making the link between high level policy and operations within the agency and driving strategic change in safety, policy development and business management. Prior to joining the PTA, Sue worked in a number of government administration roles within the Department of Education and Training including policy development and review, strategic planning, Commonwealth-State relations, and she spent time as a school principal.

### **Richard Mann**

#### **Project Director, City Project, New MetroRail**

Richard came to New MetroRail with more than 10 years' experience in project and contract management at government and semi-government level. He joined the then Main Roads Department in 1988 after graduating in engineering, and spent the next 14 years predominantly in WA's north-west. He returned to Perth as Manager of Term Contracts (Metro Region) where he was responsible for the maintenance of all of Main Roads' metropolitan-area assets including the Northbridge tunnel. He was seconded to the PTA (then WAGR) in April 2002 to help the Perth City Rail Advisory Committee prepare its second report, including recommendations on the alignment of the Perth-Mandurah line through the city. When the report was finished and its recommended alignment adopted by Government, Richard stayed on to head the City Project.



Peter King



Cliff Gillam



Sue McCarrey



Richard Mann

# COMPLIANCE REPORTS

## COMPLAINT AND COMMENT HANDLING

The Public Transport Authority welcomes feedback, including complaints, from its passengers.

It treats all comments and complaints with a high priority and has in place information systems to log and track complaints, provides responses to customers whenever requested, and has an auditable trail of actions where improvements are identified as necessary.

Although complaints and comments come from a variety of sources including commercial firms and other Government departments or may not relate directly to passengers' experiences the greatest number come directly from customers.

The primary means of passengers registering comments or complaints is through the PTA CommentLine on telephone number 13 16 08. This well-advertised telephone number takes comments on any aspect of PTA business, registers it on the CommentLine system, and forwards the comments/complaints to the appropriate area of the PTA for action. The other key method for passengers to register complaints is through the Transperth website. Additionally passengers occasionally submit comments, commendations or complaints in writing. Generally, complaints received via the PTA CommentLine telephone number and the website are responded to within seven days. In 2006/07, the PTA CommentLine dealt with 15,242 comments, of which 9,139 were complaints.

In early 2007, an independent audit was conducted into the comment and complaint handling process. The audit identified that the PTA has a very strong process, but also noted opportunities for improvement. Based on this audit, the PTA began implementing revised procedures from the start of 2007/08.

## SUBSTANTIVE EQUALITY

All Transperth operational staff, such as bus drivers, Passenger Ticketing Attendants and Transit Officers, all receive comprehensive customer service training, with periodic refresher training.

This customer service training includes disability awareness, awareness of anti-discrimination requirements and, most importantly, PTA values. The first value is "we value and respect our customers, suppliers and each other".

Operational staff understand that each customer is valued and that they must act with courtesy and respect. Customers are afforded the opportunity to provide feedback on the level of service offered by our staff through the PTA CommentLine (13 16 08), and PTA management and supervisors use this feedback to constructively counsel staff and train them if their customer service performance is inadequate.

The PTA encourages a strong focus on customer service via monthly and annual customer service awards. Transwa's operational staff understand that each customer is valued and that they must act with courtesy and respect. Customers are provided the opportunity to provide feedback on the level of service offered by our staff through the PTA's CommentLine (13 16 08) and Transwa management and supervisors use this feedback to counsel, coach and train staff. Additional feedback is also gained from Transwa's annual passenger satisfaction survey.

## SAFETY

The strong focus on safety as a core value of the organisation continued during the year. Representatives of the safety teams from across the PTA had a strategic safety planning day and identified six key focus areas which formed the Health, Safety and Environment (HSE) Strategic Directions for the year. This document is updated annually and endorsed by the Executive Safety and Environment Management Committee to ensure a continued focus on strategic safety management.

## RAIL SAFETY

### 1. Accreditation

A major step was undertaken in overhauling the safety management system to meet the new requirements to AS 4292 and the anticipated national changes to rail safety requirements, including fatigue management, risk management and safety cultural programs.

### 2. Compliance Inspections and Reporting

The annual rail safety compliance audit was conducted by the Office of Rail Safety in November 2006 and a report was issued on 27 November 2007. The Rail Safety Audit found three non-compliances and 27 observations, compared with seven non-compliances and 23 observations the previous year. All non-compliances and observations were closed out at 30 June 2007.

### 3. Inquiries and Inspections

There was one investigation involving Category A incidents requested by the Office of Rail Safety under Section 39(3) of the Rail Safety Act. The incident involved a collision between a passenger train and a person in a wheel chair at Carlisle Station in April 2007.

### 4. Notifiable Occurrences

During the year there were 16 Category A and 627 Category B incidents reported to the Office of Rail Safety during 2006/07. This compares with 18 Category A and 587 Category B incidents in 2005/06.

## OCCUPATIONAL SAFETY AND HEALTH

Several safety and health programs were introduced during 2006/07, including the launch of the HSE Handbook for employees; introduction of the Safety Topic of the Month campaign and launch of the "Safety STAR (Stop; Think; Assess; Respond)" marketing and hazard management program. These initiatives complement the organisation's long-term safety cultural change program.

The functioning of safety committees was improved by the implementation of a new procedure and structural framework. Safety and Health Representatives attended introductory and refresher training courses as they were elected or re-elected.

### 1. Training

Training in safety and health continued to be a priority, with many managers and supervisors completing a two-day training course on their occupational safety and health responsibilities. A contingent of PTA's safety and health representatives, as well as several supervisors, managers and safety coordinators, also attended the 2006 WorkSafe Forum where they heard from and questioned a panel of safety experts and presenters on various topics.

Several new in-house training programs were developed this year, including a half- and full- day corporate Health Safety and Environment (HSE) inductions for administrative and operational staff respectively, as well as a full-day, interactive training course in conducting HSE investigations. PTA coordinated two one-day workshops on Human Factors in Transport, which were facilitated by Dr Matthew Thomas of the Centre for Sleep Research, University of South Australia. The workshops included attendees from PTA, as well as representatives from key contractors, service providers and other stakeholders, including the Office of Rail Safety. Training was also initiated across the organisation on bullying, violence and aggression.

### 2. OSH Reporting System

The PTA's OSH reporting system, which was launched on 1 July 2004, enables the organisation to capture reported hazards, near-misses and incidents, and facilitates interrogation of data to analyse trends.

Several improvements and additions were made to the system in 2006/07, including an action register to track high-level actions arising from audits and investigations and a health assessment form which enables electronic capture and notification of health assessment results and review requirements for all employees.

# COMPLIANCE REPORTS

Two trials were also begun of paper-based hazard report forms that are entered into the electronic system by a central contact, to enable field-based staff to contribute to the proactive reporting and control of hazards. These trials will be evaluated during 2007/08 for consideration of roll-out to the wider organisation.

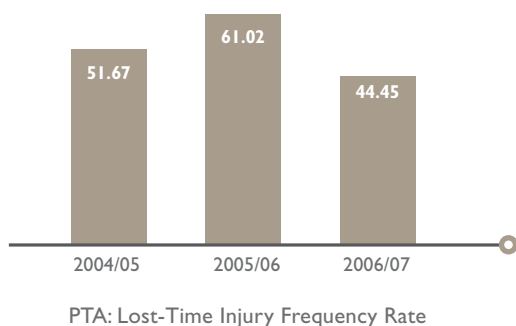
Planning and preliminary development was completed for the re-design of the electronic incident report form in the 2007/08 financial year.

### 3. Injury Management

Injury prevention and injury management continues to be a focus for the PTA.

Previously implemented changes to the PTA's injury management procedures, including more transparent systems of work, proved to be helpful when managing long-term claims and reducing conflict during the management of claims. To support the continued development of injury management, a review of all procedures was conducted to ensure they were current and met the requirements of regulation and codes of practice.

Despite a significant increase in the number of hours worked, due to an increase in the number of employees, PTA's 2006/07 injury frequency rates are the lowest in 3 years. The lost-time injury frequency rate for the organisation for the year was 44.45 per million hours worked compared to 61.02\* in 2005/06. The average duration for employees with lost-time injuries returning to work increased slightly this year to 20.81 days from 14.65 in 2005/06 due to 4 long term injuries. In addition to these claims, proactive management of smaller issues that were progressing to claims reduced the number of claims that were made.



\* Adjusted due to time lost post 30 June 2006

### 4. Health Assessment Standards

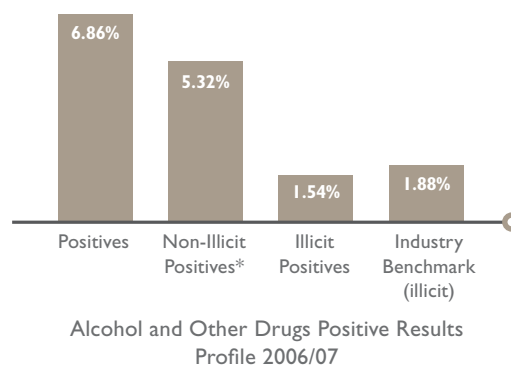
On July 1 2004, the National Transport Commission introduced the National Standard for Health Assessment of Rail Safety Workers. The Standard applies to all rail safety workers as defined in the Rail Safety Act. It relates to health assessments and procedures for monitoring the health and fitness of workers to perform rail safety duties.

Regular updates continued to be provided across the organisation this year, to ensure the currency of safety critical health assessments was maintained. To assist with this goal, a project transferring all health assessment records from the PTA's human resources records system to a custom-built section of the Safety reporting system was completed in 2006/07. The new arrangement resulted in a reduction in the number of health assessments not completed by their due date.

### 5. Testing for Alcohol and Other Drugs

Random and "for cause" testing of employees and contractors for alcohol and other drugs continued throughout the year as part of the organisation's alcohol and other drugs management program.

The PTA's positive results for illicit substances were again below the industry average. Of the 714 random tests conducted, 11 positive results due to illicit substances were recorded. Only one of the illicit positive results was for a direct PTA employee, the remaining 10 were for contractors. No illicit positive results were recorded following "for cause" (post-incident) tests. The organisation continues to monitor trends in alcohol and other drug use to ensure that its awareness sessions reflect these trends, thus maintaining relevance and maximising their impact.



\* non-illicit positives include over-the-counter or prescribed medications (supported by doctor's letter)

## DISABILITY ACCESS AND INCLUSION PLAN (DAIP) OUTCOMES

The PTA continued to strengthen its relationships with Disability Support Agencies to improve access to public transport for people with disabilities. The DAIP for 2007-2012 was released in June for public comment. See section "Accessibility for People with Disabilities" for additional information.

## RECORDKEEPING

In 2006/07, the PTA commenced a recordkeeping improvement program, resulting in the development and approval of the PTA's Retention and Disposal Authority, development and implementation of a File Plan and Thesaurus and development of recordkeeping policies and procedures. The evaluation of the effectiveness and efficiency of the recordkeeping system will be undertaken in 2008, once these initiatives have been embedded in the agency as standard recordkeeping practices.

In the recordkeeping improvement program, the development of a training and information program was identified as a key strategy in improving corporate knowledge and understanding and the application of good recordkeeping practices. An integral part of the program will be recordkeeping awareness training. The PTA purchased a commercial training package for recordkeeping awareness training, which will initially be introduced to administrative employees at the Public Transport Centre. The package will be rolled out to at least 90% of employees at this location within 12 months of its implementation.

Pending formalisation of the new training and information program, the PTA continued delivering its existing recordkeeping information and training in 2006/07.

This was provided through:

- presentations for new PTA employees and information provided in the Induction Manual
- information sessions at the invitation of business areas

- informal training and information sessions where staff are consulted or interviewed relating to recordkeeping activities
- regular notices on the intranet newsletter "Transnews"
- one-to-one and group training in the use of the records management system (for new staff and at a recent system upgrade)

The PTA will also formalise methods for measuring and evaluating efficiency and effectiveness of the PTA's recordkeeping system. This will be modelled on the quality management framework for ISO9001:2000.

## SUSTAINABILITY

The PTA five-year Sustainability Action Plan was submitted in February 2005. The plan outlines a number of priority areas to maximise sustainability during the planning, development and operations of its integrated public transport system. The plan also encourages PTA staff to actively participate in the activities that make a contribution towards a better future. These activities include energy conservation, recycling, fundraising, travel by public transport, and occupational safety and health.

In 2006/07, the PTA continued to work with relevant external parties to identify opportunities to maximise sustainability during the development and planning of transport services. This included:

- Transit Oriented Development (TOD) planning
- Integration of infrastructure for pedestrians and cyclists
- Protection and restoration of local air, water, soils, flora and fauna
- Services to assist people with disabilities

Highlights of the implementation of the PTA's Sustainability Action Plan's priorities for 2006/07 include:

- First PTA report to the Western Australia Greenhouse Gas Inventory
- Establishment of a Green Transport Team to develop a Green Transport Plan for the PTA
- Participation in the development of the Premier's Climate Change Statement

# COMPLIANCE REPORTS

- Full implementation of the paperless SmartRider ticket system in Transperth
- Implementation of the environmental management system training program and related E learning
- Appointment of a Cycling Coordinator to establish an employee cycle-to-work program
- Implementation of an environmental induction program
- Implement recommendations of the energy audit and building greenhouse rating conducted in 2005/06
- Implemented recommendations of a water audit and worked with Water Corporation to identify improvement strategies including the trial of waterless urinals
- Participation in the "Clean Run" program
- Continued biodiesel trials
- Employee participation in the Business Clean-up Australia Day

Many objectives and priorities of the Sustainability Action Plan are integrated into other PTA initiatives, for example:

- Accessibility for People with Disabilities
- SmartRider
- Gas Buses
- Building Better Station program
- New MetroRail
- Disability Access and Inclusion Plan

## GREENHOUSE EMISSION REDUCTION ACTIVITIES

During 2006/07, the PTA:

- Continued implementation of its Sustainability Action Plan
- Assisted the Department for Planning and Infrastructure in its research project into hydrogen-powered buses
- Completed delivery of its new (B-series) suburban railcars which use re-generative brakes to improve energy efficiency by over 20% (implements a similar principle which applies to hybrid cars)
- Continued purchase of gas buses which reduce greenhouse gas emissions by 12%

## HIGH LEVEL OF URBAN AIR QUALITY

The PTA continued its program to replace diesel-fuelled Transperth buses with compressed natural gas buses.

A total of 109 Transperth diesel buses were tested through the "Clean Run" program, including nine buses from the biodiesel fleet. The result of the tests were used to confirm the suitability of the current maintenance program and will be used to identify high emission buses for additional preventative maintenance.

All pre 1996 Transperth buses passed the emission testing requirements set by the Federal Government.

## PRICING POLICY

Government continued to maintain public transport fares at an affordable level by restricting fare increases to the change in CPI. In accordance with government policy student fares were held at 50 cents.

Transwa fares are established by the State Government to ensure affordability for regional Western Australians. For the 2006/07 financial year, fares were held at 2005/06 levels.

Transperth fare information is provided at [www.transperth.wa.gov.au](http://www.transperth.wa.gov.au).

Transwa fare information is provided at [www.transwa.gov.au](http://www.transwa.gov.au).

# COMPLIANCE STATEMENTS

## Statement of Compliance with Public Sector Standards

PTA's human resource management policies and practices are subject to ongoing review and, in accordance with section 31 (1) of the Public Sector Management Act, comply fully with the Public Sector standards in Human Resource Management.

## Statement of Compliance with relevant written law

### Enabling Legislation

PTA is established under the Public Transport Authority Act 2003, an Act to establish a State agency responsible for providing public passenger transport services anywhere in the State and performing functions under other Acts, such as management of railway land corridors under the Rail Freight System Act 2000 and the construction of railways under various railway enabling Acts and the management of government railways under the Government Railways Act 1904. Currently the Minister responsible for PTA is the Minister for Planning and Infrastructure.

### Legislation impacting on the PTA's Activities

In the performance of its functions PTA complies with all written relevant laws of Western Australia and where relevant, reports on an annual basis in accordance with the following key legislation:

Financial Management Act 2006; Electoral Act 1907; Equal Opportunity Act 1984; Superannuation and Family Benefit Act 1938; Heritage of Western Australia Act 1990; Freedom of Information Act 1992; State Supply Commission Act 1991; Public Sector Management Act 1994; Disability Services Act 1993 (Cth); Rail Safety Act 1998; Railways (Access) Act 1998; State Trading Concerns Act 1916; Occupational Safety & Health Act 1984; Environmental Protection Act 1986; and Public Interest Disclosure Act 2003.

Other various Agreements/Acts and written laws impact on the PTA's activities from time to time.

In the financial administration of PTA, we have complied with the requirements of the Financial Management Act 2006. We have also complied with every other relevant written law and exercised controls to provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of public property and the incurring of liabilities have been in accordance with legislative provisions.

As at the date of signing we are not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.



**Reece Waldock**

Accountable Authority

30 August 2007



**Peter King**

Chief Financial Officer

30 August 2007

## ELECTORAL ACT 1907 – SECTION 175ZE

In compliance with section 175ZE of the Electoral Act 1907, the PTA is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

The details of the report are:

	2007 \$
<b>Expenditure with Advertising Agencies:</b>	
Abbott & Co Printers	5,875
Bunbury Key Management Pty Ltd	2,804
Buspak Advertising Group	39,070
CISWA	1,700
Concept Media	6,912
Creative Page	9,516
Definition	41,560
Design Graphic Management	4,520
Discus Digital Print	60,865
Exposure Print Strategies	46,345
Gatecrasher Advertising	244,320
Graduate Careers Australia	6,000
Image Source	345,480
Information Radio	7,800
Jason Signmakers	1,544,134
Key 2 Design	131,515
Market United Pty Ltd	157,545
Raw Image	13,210
Swan Television	59,085
Wilson Sign Solutions	2,185
	<b>2,730,441</b>
<b>Expenditure with Market Research Agencies:</b>	
Patterson Market Research	52,079
Taylor Nelson Sofres	309,105
	<b>361,184</b>
<b>Expenditure with Polling Agencies:</b>	
	<b>Nil</b>
<b>Expenditure with Direct Mail Agencies:</b>	
	<b>Nil</b>



2007  
\$

**Expenditure with Media Advertising Agencies:**

Advance Press Pty Ltd	783,225
Australia's Golden Outback	1,636
Artsource	10,250
Australia's South West	2,364
Countrywide Publications	17,386
Evoke Media	1,490
Great Aussie Holidays	8,436
Marketforce Limited	214,590
Media Decisions	1,062,014
Picton Press	5,481
Rare Creative Thinking	195,208
Rural Press Regional Media	3,500
State Law Publisher	2,923
The Artists Foundation	6,700
Toodyay Tourist Community Inc	1,640
The Write Idea	1,310
	<b>2,318,153</b>

**TOTAL EXPENDITURE**

**5,409,778**

# EXPLANATION OF MAJOR CAPITAL EXPENDITURE VARIATIONS 2006/07

## (a) Budgeted estimates and actual results for 2006/07

	Budget \$000	Actual \$000	Variation \$000	Comments
<b>Metropolitan and regional passenger services</b>				
Bus acquisition program	37,277	32,367	4,910	Project scheduling
Smartcard ticketing system	6,661	3,626	3,035	Project delayed
Rockingham city centre transit system	8,600	5,793	2,807	Project scheduling
Station facilities improvements	13,231	10,479	2,752	Project scheduling
Replacement cash ticket vending machines (TVM's) at railway stations	5,003	2,591	2,412	Project delayed
Wheel lathe acquisition and facility	2,684	1,227	1,457	Project scheduling
Safer rail initiative	1,444	50	1,394	Project delayed
Perway track and associated works	5,119	3,921	1,198	Project scheduling
Accessible public transport upgrade program	2,150	968	1,182	Project scheduling
EMU railcar modifications	2,717	1,857	860	Project delayed
Bus priority projects	1,090	308	782	Project scheduling
Concrete resleepering projects	8,700	9,868	(1,168)	Project scheduling
Other	60,821	55,540	5,281	Project scheduling
<b>Corporate</b>				
Geraldton Southern Rail Corridor	1,300	1,116	184	Project complete
North Quay Rail Loop	300	168	132	Project complete
<b>New MetroRail</b>	306,829	276,212	30,617	Project delayed
<b>Total</b>	<b>463,926</b>	<b>406,091</b>	<b>57,835</b>	

## (b) Major uncompleted works

Description of work	Estimated total cost previous year (as per budget) \$000	Estimated total cost current year (as per budget) \$000	Estimated cost to complete \$000	Year of completion	Comments
Bus acquisition	398,309	413,227	161,582	2010/11	Additional CAT bus acquisition
45 New EMU railcars	0	160,000	128,584	2010/11	ERC approval current year
Station facilities improvements	49,168	66,718	53,659	2012/13	Project cost escalations
Concrete resleepering project	60,060	60,060	37,343	2010/11	
New MetroRail	1,613,173	1,613,173	37,166	2007/08	
Bus priority projects	26,330	26,330	26,022	2012/13	
Kewdale freight complex redevelopment	0	14,500	13,402	2009/10	ERC approval current year
Replacement cash ticket vending machines (TVM's) at railway stations	15,400	15,400	12,809	2008/09	
Split and replace radio system	12,215	12,215	11,116	2011/12	
Accessible public transport upgrade program	8,577	8,577	5,934	2012/13	
Rockingham transit system	10,800	15,008	4,607	2007/08	Project cost escalations
Smartcard ticketing project	29,152	29,152	4,035	2007/08	

## (c) Major completed works

	Total cost \$000
Buildings	7,534
Land	1,320
Rollingstock	24,815
Rail infrastructure	171,157
Plant, equipment and motor vehicles	1,575
Bus infrastructure	14,501
Bus acquisitions	46,395
<b>Total</b>	<b>267,297</b>

# INDEPENDENT AUDIT OPINION



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**PUBLIC TRANSPORT AUTHORITY OF WESTERN AUSTRALIA  
FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2007**

I have audited the accounts, financial statements, controls and key performance indicators of the Public Transport Authority of Western Australia.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Chief Executive Officer's Responsibility for the Financial Statements and Key Performance Indicators**

The Chief Executive Officer is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**Public Transport Authority of Western Australia  
Financial Statements and Key Performance Indicators for the year ended 30 June 2007**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Public Transport Authority of Western Australia at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2007.



COLIN MURPHY  
AUDITOR GENERAL  
31 August 2007

# CERTIFICATION OF KEY PERFORMANCE INDICATORS

FOR THE YEAR ENDED 30 JUNE 2007

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Public Transport Authority's performance, and fairly represent the performance of the Public Transport Authority of Western Australia for the financial year ended 30 June 2007.



**R Waldock**

Accountable Authority

30 August 2007

# AUDITED KEY PERFORMANCE INDICATORS

FOR THE YEAR ENDED 30 JUNE 2007

To make its contribution to the Government's goal, 'To enhance the quality of life and wellbeing of all people throughout Western Australia', the PTA has adopted two outcomes:

1. Accessible, reliable and safe public transport system
2. Protection of the long-term functionality of the rail corridor and railway infrastructure

It aims to achieve the first of these outcomes through the:

- Metropolitan and Regional Passenger Services – these include
  - Perth Metropolitan Train, Bus and Ferry Services of Transperth; and
  - Regional Town Bus Services;

- Country Passenger Rail and Road Coach Services of Transwa; and
- Regional School Bus Services

The indicators of success in achieving this outcome and running these services are based on the use of public transport, accessibility, reliability, customer satisfaction, safety and cost efficiency.

The PTA aims to achieve the second outcome - protection of the long-term functionality of the freight rail corridor and railway infrastructure - through its quality management of the rail corridor and residual issues for the rail freight operations which were leased to private sector operators in 2000.

## Links to the Government Strategic Goal

The links to the Government Strategic Goal are presented in the table below:

GOVERNMENT STRATEGIC GOAL	PTA OUTCOMES	SERVICES
To enhance the quality of life and wellbeing of all people throughout Western Australia.	Accessible, reliable and safe public transport system	1. Metropolitan and regional passenger services 2. Country passenger rail and road coach services 3. Regional school bus services
	Protection of the long term functionality of the rail corridor and railway infrastructure	4. Rail corridor and residual freight issues management

# AUDITED KEY PERFORMANCE INDICATORS

FOR THE YEAR ENDED 30 JUNE 2007

## MEASURING PERFORMANCE

### OUTCOME 1:

Accessible, reliable and safe public transport system

## EFFECTIVENESS INDICATORS

The PTA's effectiveness in providing an accessible, reliable and safe public transport system is measured using the following key effectiveness indicators for:

1. Use of public transport
2. Accessible public transport
3. Service reliability
4. Level of overall customer satisfaction
5. Customer perception of safety
6. Level of notifiable safety incidents

### 1. USE OF PUBLIC TRANSPORT

The use of public transport is measured by comparing the annual number of passengers carried with the number of service kilometres. Service kilometres are kilometres operated on scheduled passenger services and exclude "non-productive running" i.e. travelling from the depot to commence a service trip, and travelling back after completing a service trip.

The measure indicates the extent to which services provided, as represented by the number of kilometres operated, are being utilised. An increasing trend in the indicator will generally signify that patronage is rising at a rate greater than the rate of increase in service kilometres operated and represents an improvement in effectiveness as well as an increase in the use of public transport.

This effectiveness indicator is applied to each mode of public transport. The indicator is based on total boardings on Transperth services and includes fare-paying boardings plus free travel and transfers. Transfers are boardings which occur either between services within the same mode or between modes during the specified free transfer time.

### Transperth Bus Services



The result for 2006/07 was below the target for the year and lower than the 2005/06 result. The 2006/07 target was not achieved because while total boardings exceeded the target by 0.5%, service kilometres were 1.3% above target. The target of 1.30 was based on total boardings of 64.290 million and service kilometres of 49.298 million. The results for 2006/07 were total boardings 64.623 million and service kilometres 49.962 million, which resulted in average boardings of 1.29 for 2006/07.



Total boardings in 2006/07 recorded an increase of 1.1% compared to the 3.3% increase in 2005/06.

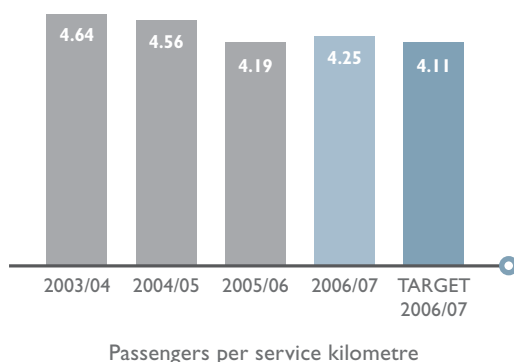
The decline in the rate of increase in total boardings was due to a combination of factors:

- In the southern suburbs the loss of the Kwinana Freeway busway during 2006/07 adversely affected patronage in the Fremantle-Cockburn and Rockingham-Mandurah contract areas; and
- In the northern suburbs the availability of parking bays at the new train stations in Clarkson and Greenwood gave patrons the opportunity to travel by train without using feeder buses.

These negative trends were partly offset by the positive result in the Claremont and Belmont contract areas where route rationalisation and reduced journey times resulted in total boardings increasing by 4.8% in 2006/07 following an increase of 3% in 2005/06.

Increased traffic congestion and the lack of adequate bus priority measures on major roads resulting in non-competitive travel times were the main factors contributing to the reduction in the rate of growth in bus boardings in 2006/07 as compared to previous years.

### Transperth Train Services



There was an improvement in 2006/07 result as compared to 2005/06.

The 2006/07 result was above the target set for the year due to total boardings and service kilometres exceeding target by 5.3% and 1.7% respectively.

Compared to 2005/06, total boardings increased by 4.8% following an increase of 4.5% in 2005/06. The rapid growth in patronage was due to:

- the expansion of the train fleet;
- the increasing use of three-car and six-car trains in 2006/07; and
- the availability of parking bays at the new train stations in Clarkson and Greenwood.

### Regional Town Bus Services

In order to provide a more meaningful result in reporting the performance of regional town bus services, the effectiveness indicator for passengers per service kilometre has been separated into intra-town and inter-town components.

Intra-town services operate within rural town boundaries, while inter-town services run between regional centres.

#### a. Intra-Town Bus Services



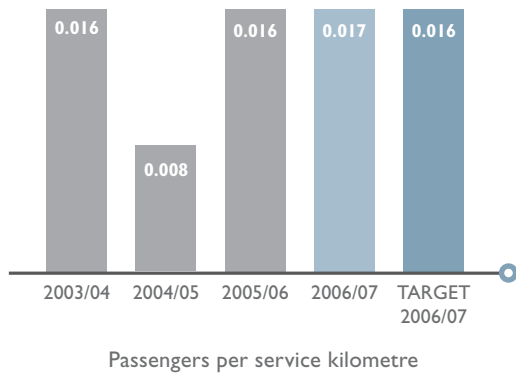
For regional intra-town services, the result for 2006/07 exceeded the target set for the year and improved on the previous year performance.

The increase in passengers per service kilometre for 2006/07 compared to target was mainly due to the strong performance of the services in Bunbury, Port Hedland, Albany, Carnarvon, Kalgoorlie, Collie, Esperance and Manjimup.

# AUDITED KEY PERFORMANCE INDICATORS

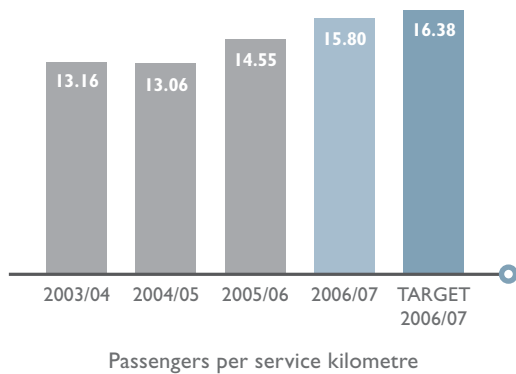
FOR THE YEAR ENDED 30 JUNE 2007

## b. Inter-Town Bus Services



The 2006/07 result was slightly better than both the target set for 2006/07 and the previous year's performance.

## Transperth Ferry Services

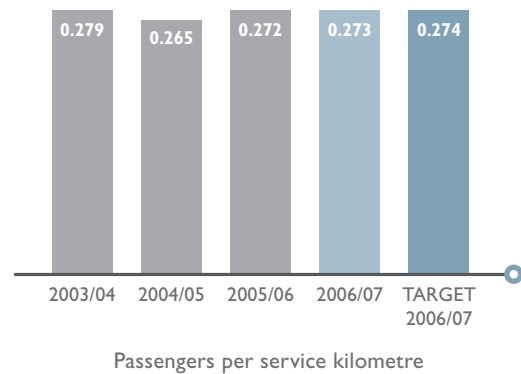


The 2006/07 result was below target. In setting the target the reduction in service kilometres following the termination of the Coode Street service in Como, was over-estimated and the reduction in patronage was under-estimated. The target assumed total boardings of 524,000, service kilometres of 32,000 and a target effectiveness indicator of 16.38. However, actual total boardings were 545,357 and service kilometres were 34,519 for 2006/07, resulting in the passenger per service kilometre of 15.80.

After a decline in patronage over four years since 2000/01, total boardings on the ferry service have increased with high rates of growth in 2005/06 (9.1%) and 2006/07 (8.5%).

While the ferry service has always been popular with tourists, the turn-around in patronage appears to be due to the increasing number of commuters from South Perth seeking the relative convenience of a fast ferry trip instead of the congested freeway.

## Transwa Train Services



The 2006/07 result was slightly below target and slightly above the 2005/06 result.

## Transwa Road Coach Services



The result for 2006/07 was below target because of a lower patronage than estimated.

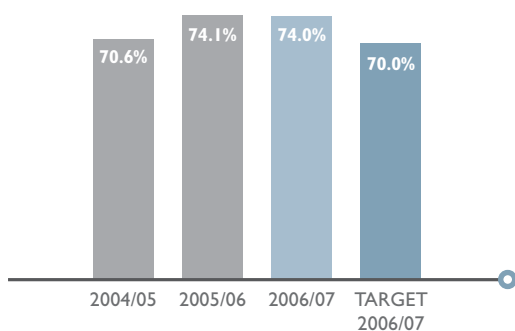
## 2. ACCESSIBLE PUBLIC TRANSPORT

Accessibility to public transport, in terms of service coverage, is measured as the proportion of Property Street Addresses (PSAs) within the Perth Public Transport Area (PPTA) which are within 500 metres of a Transperth stop providing an acceptable level of service. The PPTA defines the core operational areas for Transperth services.

“Acceptable Service Level” (ASL) is defined as an hourly service during the day with at least three trips per hour (i.e. at 20 minute intervals) in the peak flow direction in the morning and/or afternoon peaks, excluding dedicated school bus services.

The indicator uses PSA data from Landgate (formerly Department of Land Information) and service information and stop location data from the Transperth Route Information System (TRIS).

The measure demonstrates the extent to which the PTA meets its accessibility standards in the Perth metropolitan area.



The proportion of street addresses within the PPTA which are within 500 metres of a Transperth stop providing an acceptable level of service

*This is a new measure and comparative data for actuals 2003/04 is not available.*

The 2006/07 result demonstrated that the PTA met its accessibility target in the Perth metropolitan area.

There was an increase in both Property Street Addresses (PSA) and the stop count within the PPTA by 1.7% and 5.9% respectively in 2006/07.

Consequently PSAs, less than 500 metres from an ASL stop, increased by 1.6% from 524,054 to 532,271 while PSAs, less than 500 metres from a non-ASL stop, increased by 2.5 % from 147,906 to 151,548.

## 3. SERVICE RELIABILITY

According to an independent survey which measured customer satisfaction, service reliability is regarded as one of the most significant characteristics of a quality service. Service reliability is essentially a combination of two main factors, punctuality and consistency.

Services are considered to be punctual if they arrive within a defined period of time after the scheduled arrival time. This parameter is referred to as ‘on-time arrival’ and is shown in the table for each operation.

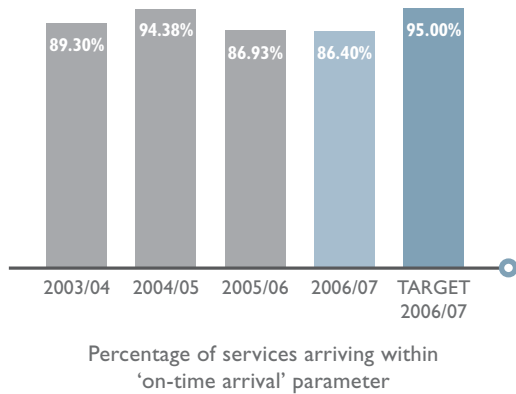
OPERATION	‘ON-TIME ARRIVAL’ PARAMETER
<b>Metropolitan and Regional Passenger Services</b>	
Transperth Trains	3 minutes
Transperth Buses	4 minutes
Transperth Ferries	3 minutes
<b>Country Passenger Rail and Road Coach Services</b>	
Transwa Rail	
Prospector	15 minutes
Australind	10 minutes
AvonLink	10 minutes
MerredinLink	10 minutes
Road Coaches	10 minutes
<b>Regional School Bus Services</b>	
Regional school bus services	Drop off no less than 10 minutes before school starts and pick up within 10 minutes of school ending

The ‘on-time arrival’ measure demonstrates the extent to which the PTA meets its service reliability standards.

# AUDITED KEY PERFORMANCE INDICATORS

FOR THE YEAR ENDED 30 JUNE 2007

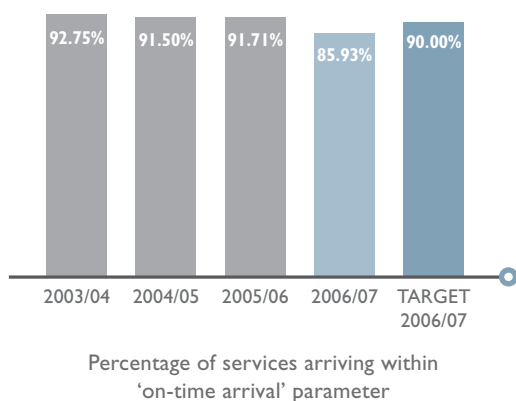
## Transperth Train Services



The 2006/07 result was below target because of on-time running delays for the metropolitan train services as a result of:

- Works and infrastructure changes on the network and preparation for Southern Suburbs Railway;
- Weather issues and increased dwell times during peak periods as result of increased patronage; and
- New drivers undergoing training on the system.

## Transperth Bus Services



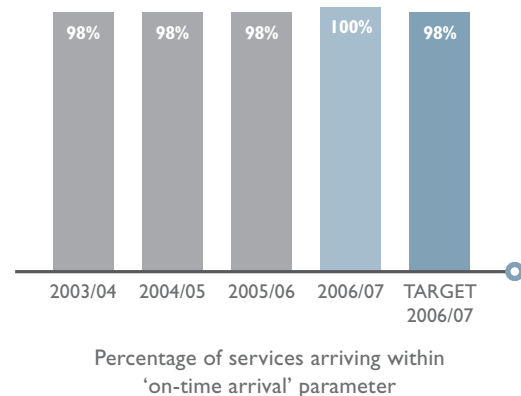
The 2006/07 result was below both the target for the year and the 2005/06 result.

Until December 2006, bus on-time running was monitored by Transperth inspectors carrying out physical checks at various locations. The target for 2006/07 was based on the results of these physical checks.

In January 2007, Transperth began using the SmartRider system's "GPS Reporter" functionality to check on-time running based on a random sample of 1% of trips in each of the bus contract areas. This method provides a more accurate indication of service reliability.

In 2006/07, on-time running during the first six months averaged 92.6% (based on the physical checks) but the average fell to 81.5% during the following six months, when "GPS Reporter" was used and allowed a more precise capture of service reliability. No other factors caused the result to fall.

## Transperth Ferry Services



The 2006/07 results reflected excellent on-time running for the ferry service.

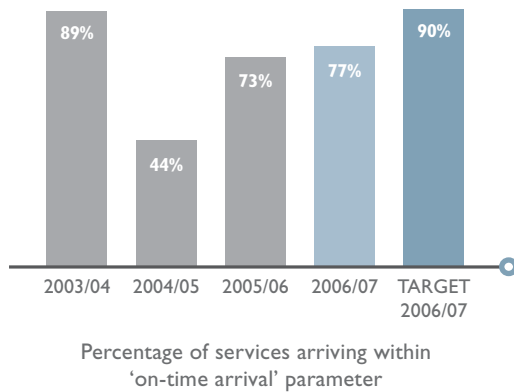
In 2005/06 the on-time arrival parameter was not reported as the data provided was based on estimates. The result shown above for 2005/06 is therefore unaudited.

The method of measuring on-time running changed for ferries during 2006/07. From July 2006 to February 2007, Transperth inspectors carried out a prescribed number of physical checks to monitor on-time running. In March 2007, Transperth began using "GPS Reporter" to monitor more accurately on-time running on the ferry service.

## Transwa Rail Services

Indicators of the 'on-time arrival' performance for Transwa rail services are reported separately for each service.

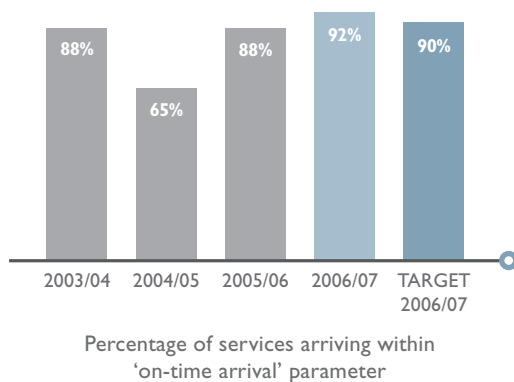
### a. Prospector



In spite of an improvement compared to 2005/06, the 2006/07 result was below the target, primarily due to delays as a result of track works and crossing of freight trains.

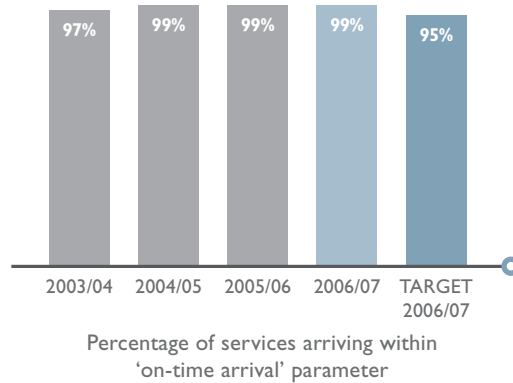
Further improvement in on-time running is expected with the extension of crossing loops and replacement of wooden sleepers. This work is scheduled to commence midway through 2007/08.

### b. Australind



There was an improvement in the results for 2006/07 as compared to last year and the target for 2006/07 was exceeded.

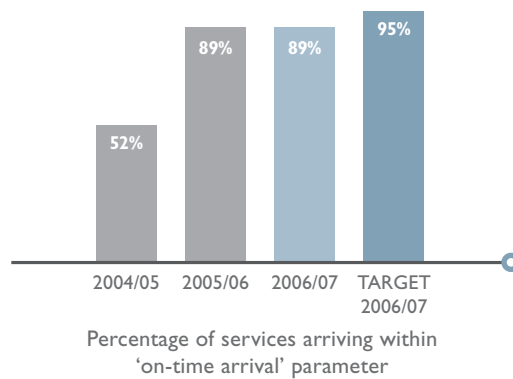
### c. AvonLink



The graph shows constant good performance in this service over the last three financial years.

This has been mainly due to the short journey time on predominantly dual track.

### d. MerredinLink



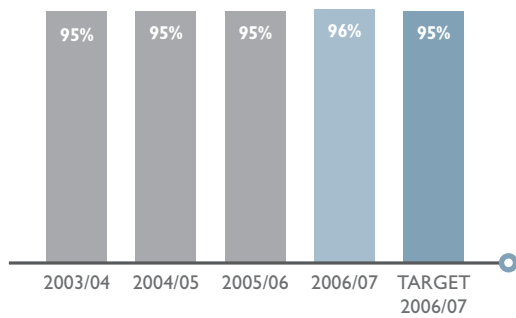
The service was introduced in 2004/05, hence no comparative data for actual 2003/04.

The 2006/07 target was not achieved because of difficulties with the crossing of freight trains and mechanical problems with the new railcars.

# AUDITED KEY PERFORMANCE INDICATORS

FOR THE YEAR ENDED 30 JUNE 2007

## Transwa Road Coach Services

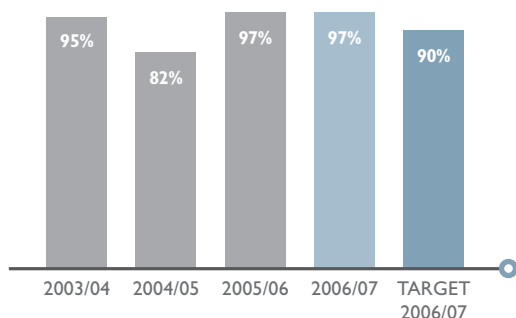


Percentage of services arriving within 'on-time arrival' parameter

Transwa road coach services on-time running was consistent throughout 2006/07 compared with the previous financial years. It exceeded the target for 2006/07.

## Regional School Bus Services

This effectiveness indicator measures school bus timetable reliability for rural mainstream services and Special Education School buses operating in the metropolitan area. The on-time arrival parameter is to arrive at school no less than 10 minutes before school starts and departing within 10 minutes of school ending.



Drop off before school starts and pick up when school finishes

This effectiveness indicator is calculated using a random sample which ties in with the inspection program.

The result for 2006/07 was above target.

Year	Number of observations for compliance with 'on-time' arrival	Observations that were compliant
2004/05	517	452
2005/06	1,188	1,156
2006/07	1,086	1,048

The sample error estimates were within the acceptable tolerance level at the 95% confidence level.

The improvements were related to clearer standards in new contracts and stronger compliance.

## 4. LEVEL OF OVERALL CUSTOMER SATISFACTION

The percentage of patrons who, overall, were satisfied with the services measures the public perception of the organisation's performance in providing a high-quality and attractive public transport service.

The measure for Transperth services is derived from an extensive annual survey conducted by independent pollsters. The survey, known as the 'Passenger Satisfaction Monitor' (PSM), provides an objective, unbiased view over time of patrons' overall satisfaction with the system, e.g. safety, on-time running, courtesy of staff, service frequency and station amenities. The information is used by Transperth to develop strategies for improving service performance and infrastructure.

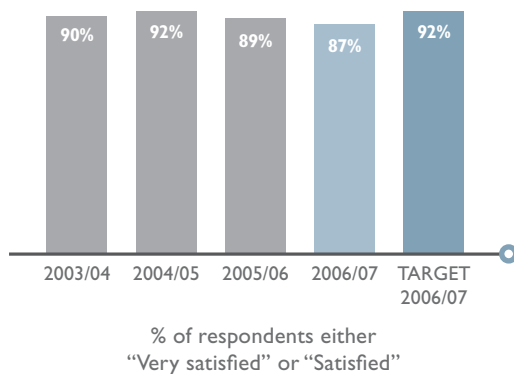
The pollsters interview a large sample of passengers. Interviewers are assigned to various services and transit station locations over a four week period covering the working week and weekend. This is the most comprehensive public transport survey of passengers in Australia.

## Transperth Train Services

For the rail PSM, a total of 800 rail patrons were surveyed. The overall sample comprised of:

- Adults aged 18 years or over resident within the Perth Metropolitan area;
- Current users of Transperth train services (excluding school students); and
- Patrons who travel on trains at least once per fortnight.

The sample error estimates were within + or - 6% at the 95% confidence level.



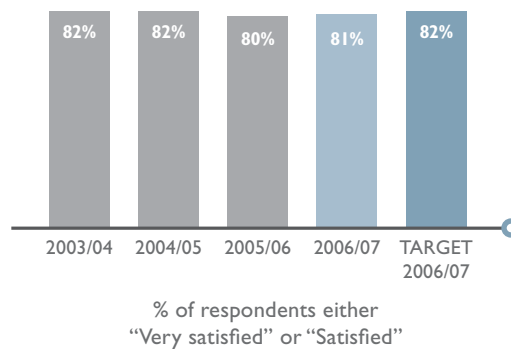
The results for 2006/07 showed that there was some dissatisfaction expressed by respondents due to the trains being overcrowded during peak periods and not being on time. The overall rate of satisfaction was 87%.

## Transperth Bus Services

For the Transperth bus PSM, a total of 3,064 bus patrons were surveyed. The overall sample comprised of:

- Adults aged 18 years or over resident within the Perth Bus Contract region;
- Current users of Transperth bus services (excluding school students); and
- Patrons who travel on bus at least once per fortnight.

The sample error estimates were within + or - 2 to 3% at the 95% confidence level.



The results showed that the number of users who expressed overall satisfaction with Transperth bus operations increased from 80% in 2005/06 to 81% in 2006/07.

However, the target of 82% was not achieved due to one contract area, Morley, recording a significantly lower level of satisfaction (70% in 2006/07 compared to 75% in 2005/06) and a significantly higher level of dissatisfaction (25% as compared to 19%) which affected the overall average result.

## Transperth Ferry Services

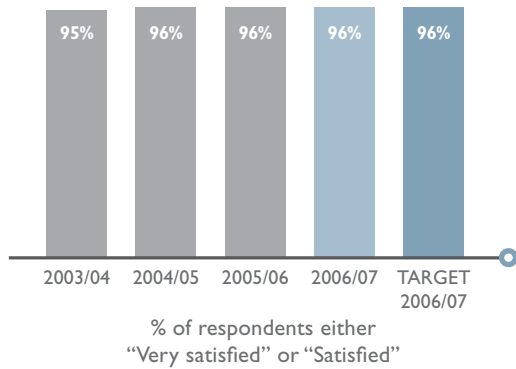
For the ferry PSM, a total of 202 ferry patrons were surveyed. The overall sample comprised of:

- Adults aged 18 years or over resident within the Perth Metropolitan area; and
- Patrons who were users of Transperth Ferry services and used it more than once a fortnight for Perth residents and whilst visiting for non-resident visitors to Perth. School students were excluded from the sample.

The sample error estimates were within + or -10% at the 95% confidence level.

# AUDITED KEY PERFORMANCE INDICATORS

FOR THE YEAR ENDED 30 JUNE 2007



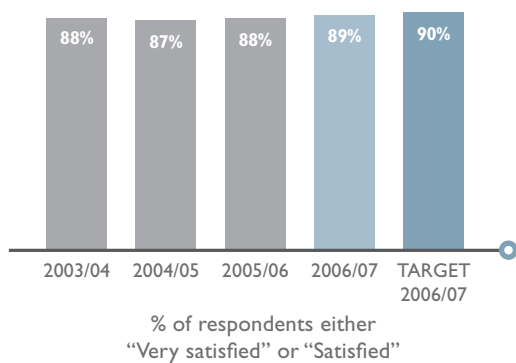
The results showed that, overall customers were highly satisfied with the service.

## Transwa Train and Road Coach Services

An independent passenger satisfaction survey is undertaken annually for each service: Australind, Prospector, Avonlink, MerredinLink and Road Coaches.

In 2007, a total of 936 country services patrons were surveyed via a self-completion questionnaire.

The sample error estimates were within + or - 3 to 5% at the 95% confidence level.



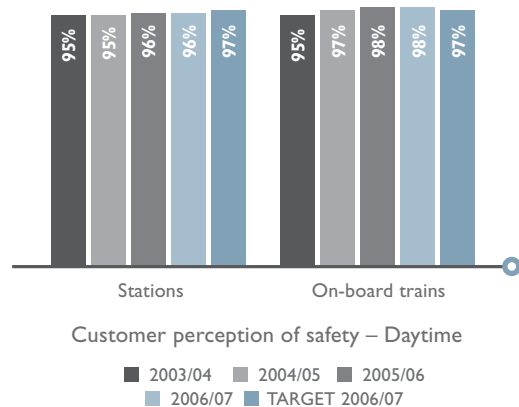
In 2006/07, overall satisfaction with country passenger services increased slightly to 89%, compared to 88% in 2005/06, with 46% of passengers indicating they were very satisfied and 43% satisfied.

## 5. CUSTOMER PERCEPTION OF SAFETY

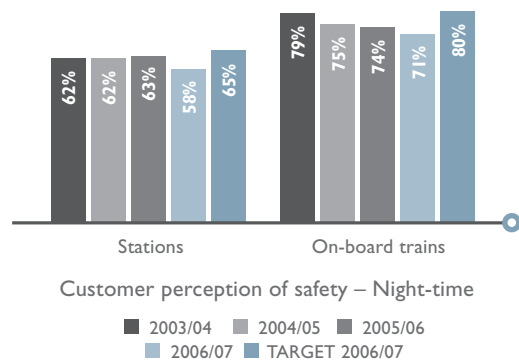
Safety perceptions are an important factor in the public deciding whether to use public transport. The PTA is continuing to invest capital funds in security-related infrastructure and has increased its security staff to ensure that customers can see the tangible measures being taken to increase their safety.

Customer perceptions of safety are measured through data gathered in the Passenger Satisfaction Monitor (PSM) which distinguishes between on-train and on-bus and at stations, at night and during the day for the Transperth train and bus services.

### Transperth Train Services



The daytime results for the 2006/07 were close to targets.

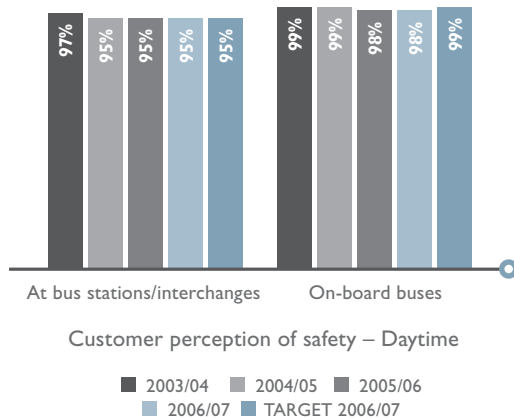




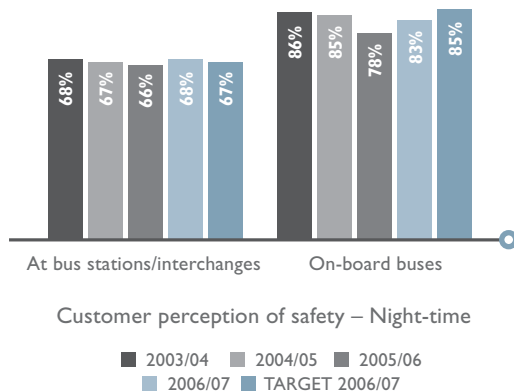
The on-stations and on-board at night time results for 2006/07 PSM were lower than target and the previous year's results.

The PSM reported that a higher proportion of rail patrons, compared to that of the previous year, perceived security to have improved and that Transperth was perceived to be 'doing something' to address security concerns.

### Transperth Bus Services



The 2006/07 PSM survey showed that customer perceptions of safety during the daytime at bus stations and interchanges remained high at 95% (which was on target) and on-board buses at 98% (slightly below target) respectively.



The night-time result for bus stations/interchanges was above target. 68% of respondents indicated they 'always or usually feel safe' at that time,

compared to 66% the previous year. This improvement was attributed to the increased security personnel at bus stations. However, 30% of respondents indicated that they 'don't feel very safe' at that time as compared with 27% the previous year.

There was a significant improvement in the perception of safety on-board buses at night-time - 83% of users indicated they 'always or usually feel safe' as compared to 78% the previous year.

Transperth had taken a number of measures to address the security concerns including an increase in the security personnel at bus stations/interchanges which may explain the significant improvement in 2006/07 result.

## 6. LEVEL OF NOTIFIABLE OCCURRENCES

### Rail Safety

Railway safety incidents are recorded and notified to the Office of Rail Safety. These incidents are termed 'notifiable occurrences' and are defined in the Rail Safety Regulations 1999 as Category 'A' (serious injury, death, or significant damage) or Category 'B' (incidents that may have the potential to cause a serious accident) and Australian Standard "Railway Safety Management" 4292 - 2006. Notifiable occurrence reporting is a legislated requirement under the Rail Safety Act for the accredited owner and operator of a rail system and therefore form part of the PTA's safety management system. These do not cover bus operations.

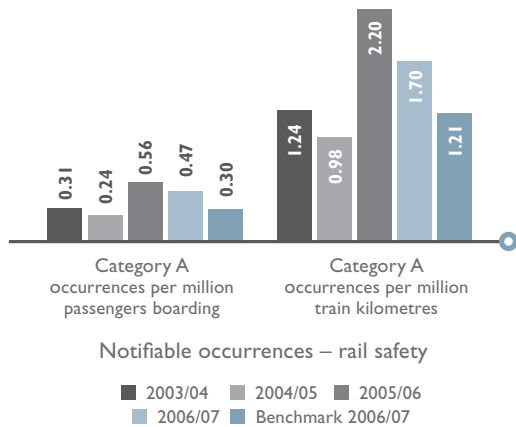
The performance measure for Category 'A' and 'B' occurrences is expressed as the number of occurrences per million passenger boardings and per million train kilometres. A low rate of incidents indicates that sound safety procedures and controls exist and are operating effectively throughout the rail system.

The benchmark values for Category 'A' and Category 'B' incidents are calculated on the projected estimations of the number of future passenger boardings and train kilometres.

# AUDITED KEY PERFORMANCE INDICATORS

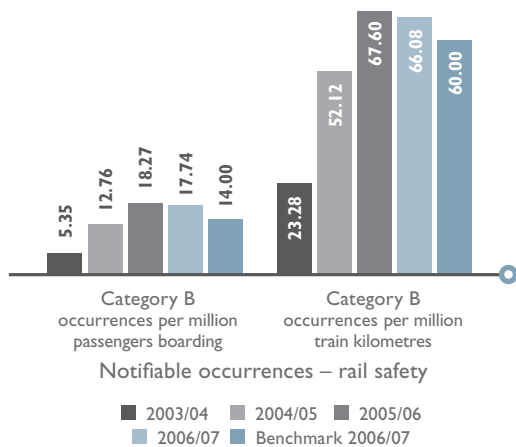
FOR THE YEAR ENDED 30 JUNE 2007

There were 16 Category 'A' notifiable incidents for the year 2006/07 compared to 18 in the previous year.



Category 'A' incidents per million passenger boardings were down compared with 2005/06.

There were 627 Category 'B' notifiable incidents for the year 2006/07 compared to 587 in the previous year.



The Category 'B' incidents per passenger boardings and train kilometre were lower for 2006/07 compared to 2005/06.

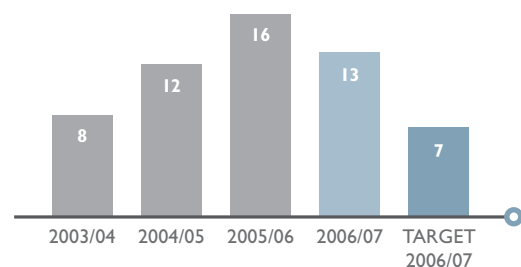
The 2006/07 results for both Category 'A' and 'B' were higher than the benchmark. This was partly due to the amount of work being carried out on the rail system during the year and an increase in level crossing incidents.

PTA has undertaken a number of initiatives as outlined below to combat level crossing incidents:

- Red light cameras: The PTA is working with the WA Police to install red light cameras on selected level crossings. The police will manage the infringement and issuing of fines process as part of their existing infringement system;
- Level crossing audits: In conjunction with Main Roads Western Australia, the PTA will continue to undertake an audit of all level crossings to identify deficiencies in signs and road markings; and
- National level crossing behaviour review: The PTA is working with the Australasian Railway Association (ARA) on a review of various education campaigns to evaluate their effectiveness.

## Regional School Bus Services Safety

Accidents attributable to all causes are notified to the School Bus Team Leader Vehicle Inspector in the PTA. The performance measure is expressed as the number of notifiable occurrences (accidents) reported during the school year. A low number of occurrences incidents indicates that sound safety procedures and controls exist and are being adhered to throughout the regional school bus fleet.



School bus services notifiable occurrences (accidents) reported each school year

There were 13 'on-road' recorded school bus accidents comprising of 10 minor and 3 major accidents during the year.

Approximately 69% of the accidents occurred through no fault of the school bus driver.

## EFFICIENCY INDICATORS

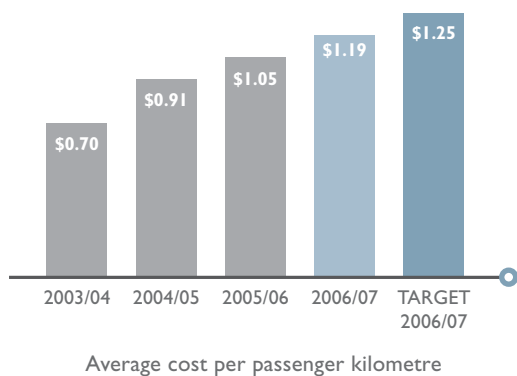
### COST PER PASSENGER KILOMETRE

This effectiveness indicator measures the cost efficiency of providing passenger services, expressed as the cost of carrying one passenger one kilometre.

Passenger kilometres are currently based on the zonal distribution of passenger trips and an assumed average trip length for each zone.

The indicator measures the cost efficiency of the services, i.e. the trend in the cost of carrying one passenger over one kilometre. A declining trend indicates that the resources used to provide the services are being utilised in a cost efficient manner.

#### Transperth Train Services



The 2006/07 result was better than target for the year due to passenger kilometres being 3.1% above target and total costs (which include expenditure associated with SSR) being \$11.2 million below budget.

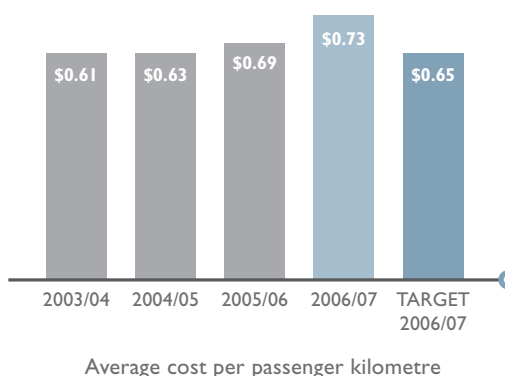
The average cost in 2006/07 was higher than in 2005/06 in spite of an increase of 9.2% in passenger kilometres. This was due to total costs increasing by 22.9% from \$262.2 million in 2005/06 to \$322.3 million in 2006/07. In preparation for the Southern Suburbs Railway opening in 2007/08, expenditure for 2006/07 was higher than 2005/06 on account of:

- recruitment of transit officers, drivers and customer service staff for Mandurah Line;
- provision of security services for the new SSR stations;
- set-up of depots and offices on Mandurah Line; and
- an increase in capital user charge due to the New MetroRail (NMR) debt being funded by equity offset by a decrease in interest charges following the repayment of the NMR debt in September 2006.

The increase in passenger kilometres was due to the following:

- an increase of 8% in initial boardings; and
- the use of a more accurate average trip length for the school trip (50 cent fare) of around 11.3km estimated from SmartRider boardings data in 2006/07. Previously the average school trip length had been assumed at 10 km. The new average trip length was used in the calculation and therefore contributed to the increase in train passenger kilometres.

#### Transperth Bus Services



In 2006/07 the average cost per passenger kilometre was higher than the target for 2006/07 and the 2005/06 actual. That was due to a reduction of 3.7% in passenger kilometres between 2005/06 and 2006/07 while total costs increased by just 1.1% from \$251.2 million to \$254 million over the same period.

# AUDITED KEY PERFORMANCE INDICATORS

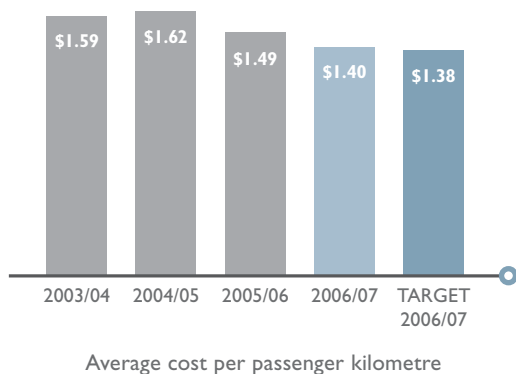
FOR THE YEAR ENDED 30 JUNE 2007

The decline in passenger kilometres was due to the change in the relative share of initial boardings accounted for by concession passengers and students paying the student fare of 50 cents during the school year.

In 2005/06, concession passengers on the bus system accounted for 62.7% of initial boardings and their average trip length was 8.8 kilometres. Students paying the 50 cent fare accounted for 8.8% of initial boardings and their average trip length was assumed at 8.5 kilometres in the absence of ticketing and survey data.

In 2006/07, the share of concession passengers in initial boardings fell to 55.7% and their average trip length fell to 8.4 kilometres. The student share in initial boardings increased to 13.1% while the average trip length for the school trip fell to 7.1 kilometres. This reduction in the average school trip length was based on boardings data from the SmartRider ticketing system which became available in 2006/07.

## Transperth Ferry Services

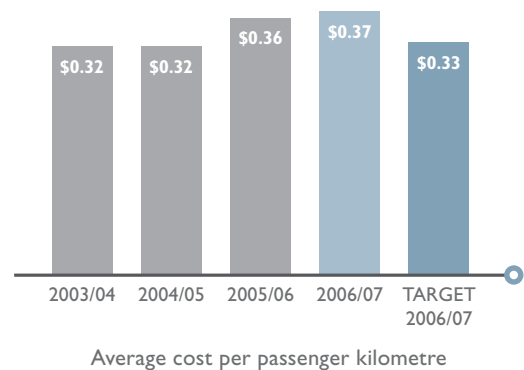


The result in 2006/07 was marginally higher than the target but significantly lower than 2005/06.

In 2006/07, while total boardings and passenger kilometres both exceeded target by 4.1% and 9.6% respectively, total costs exceeded the budget by 10.7%. As a result, the average cost for 2006/07 was higher than target. The increase in total costs was due to higher operating costs.

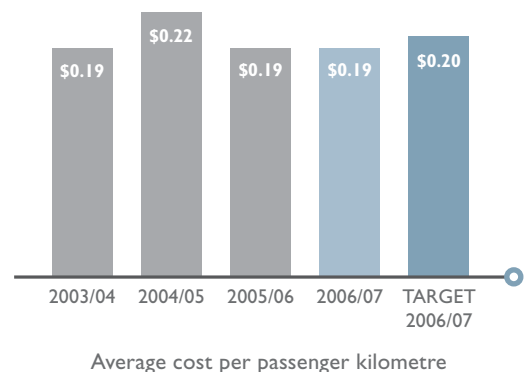
The average cost per passenger kilometres in 2006/07 fell by 6% compared to 2005/06 even though total costs increased by 4.2% from \$734,000 to \$765,000. The average cost was lower in 2006/07 due to the increase of 11.1% in passenger kilometres as a result of the 8.3% increase in initial boardings.

## Transwa Rail Services



The average cost per passenger kilometre for 2006/07 exceeded target by 15.6% due to the increase in expenditure for the maintenance of Australind and Prospector trains.

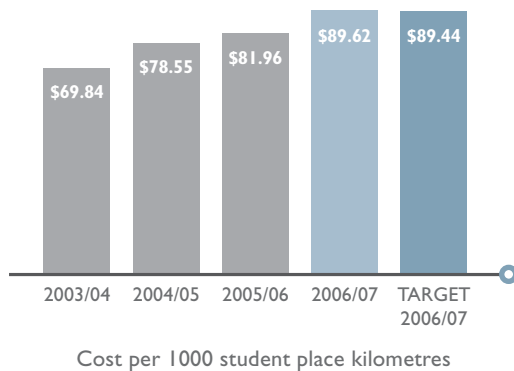
## Transwa Road Coach Services



The average cost was slightly lower than target due to a reduction in passenger kilometres as a result of lower patronage.

## Regional School Bus Services

The cost efficiency measure for school bus services measures the cost of funding student place kilometres provided to meet student requirements.



The 2006/07 results was slightly higher than target and the variance was not material. However, when compared to 2005/06 actual, the cost for 2006/07 was higher due to:

- the reduction in place kilometres from 847,082,000 in 2005/06 to 806,261,000 in 2006/07, partly due to the decrease in the actual number of service days from 189 in 2005/06 to 181 in 2006/07;
- change in transfer of overhead expenditure to a full cost recovery method in 2006/07; and
- additional costs in respect of the implementation of seatbelts on government contracted school buses in accordance with government policy.

# AUDITED KEY PERFORMANCE INDICATORS

FOR THE YEAR ENDED 30 JUNE 2007

## OUTCOME 2:

Protection of the long-term functionality of the rail corridor and railway infrastructure

### EFFECTIVENESS INDICATOR

The most significant issue for this outcome is the management of the long-term lease of the rail freight infrastructure to WestNet Rail Pty Ltd.

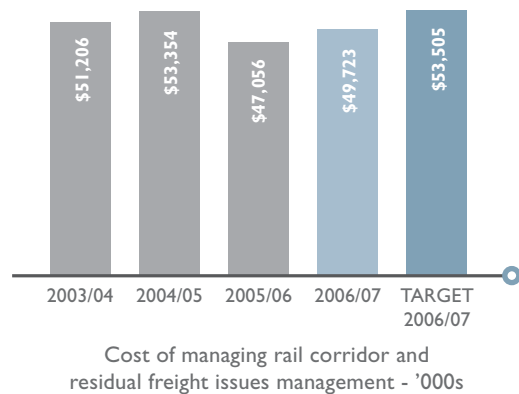
WestNet Rail manages and operates the rail freight infrastructure under the terms of the Railway Infrastructure Lease. Under the Lease, WestNet Rail is the 'accredited owner' of the infrastructure as defined in the Rail Safety Act 1998. WestNet Rail's holding company Australian Railroad Group was acquired during the year by a Babcock and Brown Company. WestNet Rail retains all of its legal responsibilities under the lease agreement.

Under the terms and conditions of the Railway Infrastructure Lease, an independent inspection of the railway infrastructure is carried out every five years. The first independent inspection was completed in June 2005.

The results of this inspection did not indicate any cause for concern and confirmed that the rail corridor and infrastructure was being satisfactorily maintained.

### COST EFFICIENCY

The cost efficiency for the management of the long-term lease of the rail freight infrastructure to WestNet Rail is monitored using the total cost of managing the rail corridor and residual freight issues.



Compared to 2005/06, the total costs in 2006/07 increased as a result of an increased equity position which resulted in a higher capital user charge offset by a reduction of interest due to the repayment of the freight debt.

The 2006/07 cost was lower compared to target due to a change in accounting policy for recognising the Freight Network lease income on a straight line basis rather than on a schedule recognising the present value principles.



financial statements



Public Transport  
Authority

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# CERTIFICATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

The accompanying financial statements of the Public Transport Authority of Western Australia have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2007 and the financial position as at 30 June 2007.

At the date of signing we are not aware of any circumstances which would render any particulars included in financial statements misleading or inaccurate.



**R Waldock**

Accountable Authority

30 August 2007



**P King**

Chief Financial Officer

30 August 2007

# INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	2007 \$000	2006 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefit expense	6	79,736	68,874
Supplies and services	7	131,710	98,828
Depreciation and amortisation expense	8	85,546	92,477
Finance costs	9	62,734	100,047
Grants and subsidies	10	249,176	243,341
Capital user charge	11	130,340	65,052
Energy and fuel		8,883	8,128
Land rationalisation expense		4,492	6,223
Loss on disposal of non-current assets	19	1,031	83
Other expenses	12	9,113	10,933
<b>Total cost of services</b>		<b>762,761</b>	<b>693,986</b>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	13	105,029	98,727
Land rationalisation lease revenue	14	83	83
Operating lease revenue	15	5,383	5,383
Commonwealth grants and contributions	16	0	210
Interest revenue	17	2,341	1,084
Other revenue	18	21,999	21,613
<b>Total revenue</b>		<b>134,835</b>	<b>127,100</b>
<b>Total income other than income from State Government</b>		<b>134,835</b>	<b>127,100</b>
<b>NET COST OF SERVICES</b>		<b>627,926</b>	<b>566,886</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
Service appropriation	20	649,238	559,824
Resources received free of charge	20	2,056	41
Contribution - Other Government Agencies	20	17,594	7,592
<b>Total income from State Government</b>		<b>668,888</b>	<b>567,457</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>40,962</b>	<b>571</b>

The Income Statement should be read in conjunction with the accompanying notes.

# BALANCE SHEET

AS AT 30 JUNE 2007

	NOTES	2007 \$'000	2006 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	36	52,182	1,146
Restricted cash and cash equivalents	21	638	694
Inventories	22	10,263	7,646
Receivables	23	14,270	12,584
<b>Total Current Assets</b>		<b>77,353</b>	<b>22,070</b>
<b>Non-Current Assets</b>			
Amounts receivable for services	24	311,338	224,040
Infrastructure, property, plant, equipment and vehicles	26	3,313,331	2,847,108
Intangible assets	27	438	735
<b>Total Non-Current Assets</b>		<b>3,625,107</b>	<b>3,071,883</b>
<b>TOTAL ASSETS</b>		<b>3,702,460</b>	<b>3,093,953</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	29	64,652	98,877
Borrowings	30	222,823	1,122,678
Provisions	31	21,880	17,389
Other current liabilities	32	727	753
Derivatives	33	1,294	996
Deferred income operating lease	34	5,466	5,466
<b>Total Current Liabilities</b>		<b>316,842</b>	<b>1,246,159</b>
<b>Non-Current Liabilities</b>			
Borrowings	30	635,343	598,794
Provisions	31	4,781	4,139
Deferred income operating lease	34	231,118	236,584
<b>Total Non-Current Liabilities</b>		<b>871,242</b>	<b>839,517</b>
<b>Total Liabilities</b>		<b>1,188,084</b>	<b>2,085,676</b>
<b>NET ASSETS</b>		<b>2,514,376</b>	<b>1,008,277</b>
<b>EQUITY</b>			
Contributed equity	35	2,168,892	939,871
Reserves	35	263,029	26,913
Accumulated surplus	35	82,455	41,493
<b>TOTAL EQUITY</b>		<b>2,514,376</b>	<b>1,008,277</b>

The Balance Sheet should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	2007 \$'000	2006 \$'000
<b>Balance of equity at start of period</b>		<b>1,008,277</b>	<b>593,932</b>
<b>CONTRIBUTED EQUITY</b>			
Balance at start of period		939,871	530,424
Capital contribution		1,316,946	424,947
Distributions to owners		(87,925)	(15,500)
Balance at end of period	35	<b>2,168,892</b>	<b>939,871</b>
<b>RESERVES</b>			
<b>Asset Revaluation Reserve</b>			
Balance at start of the period		26,913	0
Revaluation of land		12,316	26,913
Revaluation of buildings		7,447	0
Revaluation of rolling stock		176,241	0
Revaluation of bus infrastructure		20,065	0
Revaluation of buses		20,047	0
Balance at end of the period	35	<b>263,029</b>	<b>26,913</b>
<b>ACCUMULATED SURPLUS</b>			
Balance at start of period		41,493	63,508
Net adjustment on transition to AIFRS		0	(3,854)
Change in accounting policy or correction of prior period error		0	(18,732)
Restated balance at start of period		41,493	40,922
Surplus/(deficit) for the period		40,962	571
Balance at end of period	35	<b>82,455</b>	<b>41,493</b>
<b>Balance of equity at end of period</b>		<b>2,514,376</b>	<b>1,008,277</b>
<b>Total income and expense for the period (a)</b>		<b>277,078</b>	<b>27,484</b>

(a) The aggregate net amount attributable to each category of equity is: surplus \$40,962k plus gains from asset revaluation reserve \$236,116k (2006: surplus \$571k plus gains from assets revaluation reserve \$26,913k).

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	2007 \$'000	2006 \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		561,940	480,341
Contribution - Other Government agencies		17,594	7,592
Capital contributions		1,316,946	424,947
<b>Net cash provided by State Government</b>		<b>1,896,480</b>	<b>912,880</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(81,183)	(65,831)
Supplies and services		(140,459)	(114,990)
Finance costs		(72,495)	(101,388)
Grants and subsidies		(253,477)	(234,193)
Capital user charge		(130,340)	(64,682)
GST payments on purchases		(81,669)	(92,173)
Other payments		(7,548)	(6,917)
<b>Receipts</b>			
User charges and fees:Transwa		11,115	10,000
User charges and fees:Transperth train operations		27,241	26,851
User charges and fees:Transperth buses		76,351	68,000
Interest received		2,291	833
GST receipts on sales		13,843	9,806
GST receipts from taxation authority		68,807	79,665
Other receipts		10,816	10,801
<b>Net cash used in operating activities</b>	36	<b>(556,707)</b>	<b>(474,218)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets		1,081	299
Purchase of non-current physical assets PTA		(125,096)	(93,344)
Purchase of non-current physical assets New MetroRail		(301,472)	(483,907)
<b>Net cash used in investing activities</b>		<b>(425,487)</b>	<b>(576,952)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		258,000	631,361
Repayment of borrowings		(1,118,024)	(488,175)
Other repayments		(3,282)	(7,749)
<b>Net cash provided by financing activities</b>		<b>(863,306)</b>	<b>135,437</b>
<b>Net increase/(decrease) in cash held</b>		50,980	(2,853)
Cash and cash equivalents at the beginning of the period		1,840	4,693
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	36	<b>52,820</b>	<b>1,840</b>

The Cash Flow Statement should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

## 1 Australian equivalents to International Financial Reporting Standards

### General

The Public Transport Authority of Western Australia (PTA) financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the PTA has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

### Early adoption of standards

The PTA cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the PTA for the annual reporting period ended 30 June 2007.

## 2 Summary of significant accounting policies

### a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings, rollingstock, vessels, buses, infrastructure and financial asset at fair value through profit and loss (foreign exchange contracts), which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The judgements that have been made in the process of applying the PTA's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 4 'Key sources of estimation uncertainty'.

### **c) Reporting Entity**

The Public Transport Authority of Western Australia is the reporting entity and there are no other related or affiliated bodies.

### **d) Contributed Equity**

Under UIG 1038 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) are designated as contributions by owners by TI 955 'Contributions by Owners made to wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfer of net assets to and from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. (See note 35 'Equity')

### **e) Income**

#### **Revenue recognition**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

#### ***Sale of goods***

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser.

#### ***Rendering of services***

Revenue from services is recognised on delivery of the service to the client except for the following:

- i) Cash fares collected by contractors delivering bus services to PTA are accounted for at the time the contract for services invoice is approved for payment.
- ii) Fares for MultiRider sales are accounted on a regular basis (at least weekly) when cash is received from sales agents. Unused MultiRider travel entitlements are not recognized as liabilities in the financial statements. Transperth MultiRider tickets have been discontinued since April 8, 2007 and are no longer valid.

#### ***Interest***

Revenue is recognised as the interest accrues.

#### ***Lease Income***

Lease income from operating leases is recognised as income on a straight-line basis over the term of the lease (see notes 15 and 34).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

## ***Service Appropriations***

Service Appropriations are recognised as revenues at nominal value in the period in which the Public Transport Authority of Western Australia (PTA) gains control of the appropriated funds, which is at the time those funds are deposited into PTA's bank account or credited to the holding account held at Treasury.

## ***Grants, donations, gifts and other non-reciprocal contributions***

Revenue is recognised at fair value when PTA obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

## ***Infringements***

Infringements are recorded on a cash basis.

## ***Gains***

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

## **f) Borrowing Costs**

All borrowing costs are recognised as expenses in the period in which they are incurred (see Note 3).

## **g) Infrastructure, Property, Plant and Equipment and Vehicles**

### ***Capitalisation/Expensing of assets***

Items of infrastructure, property, plant and equipment and vehicles costing over \$5,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of infrastructure, property, plant and equipment and vehicles costing less than \$5,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

### ***Initial recognition and measurement***

All items of infrastructure, property, plant and equipment and vehicles are initially recognised at cost.

For items of infrastructure, property, plant and equipment and vehicles acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

### ***Subsequent measurement***

After recognition as an asset, the revaluation model is used for the measurement of land, buildings, infrastructure, rollingstock, vessels and buses, and the cost model for plant and equipment and motor vehicles. Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. Plant and equipment and motor vehicles are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.



Where market-based evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

The revaluation of land controlled by PTA including metropolitan and regional corridor land, not subject to commercial lease is provided independently on an annual basis by Landgate (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the assets fair value at the balance sheet date.

The revaluation of land and buildings which are commercially leased were independently valued at fair value based on the capitalised value of current leases. Independent valuations are provided annually.

Buildings, bus infrastructure, rollingstock, vessels and buses have been revalued at fair value using depreciated replacement cost by independent valuers, engineering and management professionals. Valuations are provided every 3 to 5 years.

Infrastructure is revalued, at least once every five years, to its fair value based on depreciated replacement cost.

Construction in progress is recognised at cost.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

**Depreciation**

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits.

Land is not depreciated. Depreciation on other assets is calculated on the straight line basis, using rates which are reviewed annually. Expected useful lives for each class of depreciable asset are:

Class of asset	Useful life
Buildings	30 to 50 years
Rollingstock	30 years
Infrastructure	15 to 75 years
Plant and equipment	10 to 15 years
Buses	7 to 18 years
Motor vehicles	5 to 10 years
Vessels	10 years
Office equipment	3 to 5 years
Software	3 to 5 years

Assets under construction are not depreciated until they are available for use.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

## **h) Intangible Assets**

### ***Capitalisation/Expensing of assets***

Acquisitions of intangible assets costing over \$5,000 are capitalised and internally generated intangible assets costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below this threshold are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition. Computer software that is not an integral part of the relevant hardware is treated as an intangible asset.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the PTA have a finite useful life and zero residual value.

### **i) Computer software**

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset and is capitalised and amortised on a straight line basis over the periods of the expected benefit, which varies from 3 to 5 years. Software costing less than \$5,000 is expensed in the year of acquisition.

### **ii) Web site costs**

Costs in relation to web sites controlled by PTA are charged as expenses in the period in which they are incurred.

## **i) Impairment of Assets**

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the PTA is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market based evidence. Where fair value is determined by reference to the depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairments at each reporting date.

Refer to note 28 'Impairment of Assets' for the outcome of impairment reviews and testing.

## **j) Leases**

The PTA's rights and obligations under finance leases, which are leases that effectively transfer to PTA substantially the entire risks and benefits incident to ownership of the leased items, are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated to the Income Statement over the period during which PTA is expected to benefit from use of the leased assets. Minimum lease payments are allocated between finance costs and reduction of the lease liability, according to the interest rate implicit in the lease.

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

The PTA has entered into a number of operating lease arrangements where the lessor effectively retains the entire risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased assets.

An arrangement comprising a series of lease transactions involving the legal form, but not the economic substance of a lease is accounted for as one linked transaction rather than as a lease. See note 26(x).

## **k) Prepaid Lease Revenue**

The sale of the Westrail Freight Business on 17 December 2000 included an operating lease of the freight network infrastructure for 49 years between The Western Australian Government Railways Commission (WAGR) – now Public Transport Authority (PTA) and Westnet Rail Pty. The lease rentals were fully prepaid on 17 December 2000, and credited to deferred operating lease revenue. 133 grain receival sites were leased for a 99 year period in two tranches in 2003 and 2004. The rental for sites was prepaid and credited to deferred income operating lease (see note 1(e)).

## **l) Financial Instruments**

The PTA has three categories of financial instruments:

- Loans and receivables (includes cash and cash equivalents, receivables);
- Non-trading financial liabilities (includes borrowings, payables); and
- Financial asset at fair value through profit and loss (foreign exchange contracts).

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

When a foreign exchange contract (FEC) is entered into, no amount is recognised through the Income Statement or the Balance Sheet. When the FEC are utilised, the differences between the prevailing spot rate and the original or revised FEC rate are recognised through the Income Statement.

At balance sheet date the fair value change in the remaining FEC balance is recognised in the Income Statement creating a derivative asset or liability. This is calculated by comparing the original FEC rate and the current forward rate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

## **m) Cash and Cash Equivalents**

For the purpose of the Cash Flow Statement, cash and cash equivalents (and restricted cash and cash equivalents) assets comprise of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

## **n) Accrued Salaries**

Accrued salaries (refer to note 29 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The PTA considers the carrying amount approximates net fair value.

## **o) Amounts Receivable for Services (Holding Account)**

The PTA receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement. See also note 20 'Income from State Government' and note 24 'Amounts receivable for services'.

## **p) Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory. Inventory recorded using the inventory control system is valued at the weighted average cost and the remainder is valued on a first in first out basis.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value. See note 22 'Inventories'.

## **q) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (impairment).

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off. An allowance for uncollectible amounts is raised when there is objective evidence that PTA will not be able to collect the debts.

The carrying amount is equivalent to fair value as they are generally settled within 30 days. See note 2(l) 'Financial Instruments' and note 23 'Receivables'.

## **r) Payables**

Payables, including accruals not yet billed, are recognised when PTA becomes obliged to make future payments as a result of a purchase of assets or services.

The carrying value is equivalent to fair value as they are generally settled within 30 days. See note 2(l) 'Financial Instruments' and note 29 'Payables'.

## s) Borrowings

All loans are initially recorded at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method. See note 2(l) 'Financial Instruments' and note 30 'Borrowings'.

## t) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance date. See note 31 'Provisions'.

### (i) Provisions - Employee Benefits

#### *Annual Leave and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the end of the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual and unconditional long service leave provisions are classified as current liabilities as the PTA does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### *Sick Leave*

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the Income Statement for this leave as it is taken.

#### *Superannuation*

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation (GSS) Scheme, a defined benefit lump sum scheme now also closed to new members.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

The PTA has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded Pension Scheme and the unfunded GSS Scheme transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the PTA to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.

Employees commencing prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The PTA makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS schemes. See also note 2(u) 'Superannuation expense'.

The GESB makes all benefit payments in respect of the Pension and GSS schemes and is recouped by the Treasurer for the employer's share.

## (ii) Provisions - Other

### **Employment On-Costs**

Employment on-costs, including payroll tax and workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other Expenses' and are not included as part of the PTA's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision' (see notes 6 and 31).

### **Public Liability**

Provision is made to cover for all outstanding public liability claims before 1 July 2006 worth less than \$1 million. The amount of the provision is the estimated outstanding value of the claims as at the balance sheet date.

### **Workers' Compensation**

Provision is made to cover for all outstanding claims from periods before 1 July 1997 and any previous years fund contribution assessments based on claims experience. The amount of the provision is the estimated outstanding value of claims plus any actuarial assessments of the previous years adjusted fund contribution as at the balance sheet date.

### **Contaminated Sites**

Provision is recognised for the sites that are classified as contaminated – remediation required or possibly contaminated – investigation required, and where the PTA has a liability in respect of investigation or remediation expenses. Estimates are based on the present value of expected future cash outflows.

## **u) Superannuation Expense**

The following element is included in calculating the superannuation expense in the Income Statement:

- i) Defined contribution plans – Employer contributions paid to the GSS, the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

#### **v) Resources Received Free of Charge or for Nominal Cost**

Resources received free of charge or for nominal cost which can be reliably measured are recognised as revenues and as assets or expenses as appropriate, at fair value.

#### **w) Comparative Figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

#### **x) Foreign Currency Translation**

Transactions denominated in a foreign currency are translated at the rates in existence at the dates of the transactions. Foreign currency receivables and payables are translated at exchange rates current at balance sheet date. Exchange gains and losses are brought to account in determining the result for the year.

### **3 Judgement made by management in applying accounting policies**

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- The PTA has made a determination to expense all borrowing costs associated with the construction of capital projects such as New MetroRail as allowed by the alternative accounting treatment under AASB 123 'Borrowing Costs'.

### **4 Key sources of estimation uncertainty**

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

#### ***Discount rates used in estimating provisions***

The PTA is using market yields on national government bonds with terms to maturity that match, as closely as possible, to the estimated future cash outflows to discount the estimated value of the provisions for annual and long service leave. Fluctuations in the government bond yields may impact the provision for annual and long service leave.

#### ***Estimating useful life of key assets***

The useful lives are estimated having regard to such factors as asset maintenance, rate of technical and commercial obsolescence, asset usage. The useful lives of key assets are reviewed annually.

The estimated useful life of Freight Network Infrastructure is based on the term of the freight lease.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

## 5 Disclosure of changes in accounting policy and estimates

### Change in accounting policy

The PTA recognises the annual rental from a prepaid 49 years operating lease as revenue on a straight-line basis.

In its financial statements for periods beginning before 1 July 2006, PTA recognised the annual rental from a prepaid 49 years operating lease as revenue, together with an associated interest expense, in accordance with net present value principles.

This change in accounting policy was due to applying AASB 117(50) Leases which requires operating lease income to be recognised on a straight-line basis over the term of the lease unless other systematic basis is more representative of the time pattern in which use benefit derived from the asset is diminished.

The benefits of the use of the assets are constant over time. Accordingly straight-line recognition has been adopted.

The change in accounting policy was recognised retrospectively in accordance with the transitional provisions of the standard, and comparatives have been restated. See Note 46 'Correction of error in applying AASB 117 Leases'.

### Initial application of an Australian Accounting Standard

The PTA has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006:

1. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The PTA does not currently undertake these types of transactions, resulting in no financial impact in applying the Standard.
2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease' as issued in June 2005. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At balance sheet date, the PTA has not entered into any arrangements as specified in the Interpretation, resulting in no impact in applying the Interpretation.
3. UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the PTA has not entered into any contracts as specified in the Interpretation, resulting in no impact in applying the Interpretation.

The following Australian Accounting Standards and Interpretations are not applicable to the Authority as they have no impact or do not apply to not-for-profit entities:

2005-1 'Amendments to Australian Accounting Standard' (AASB 139 – Cash flow hedge accounting of forecast intragroup transactions)

2005-5 'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'



2006-1 'Amendments to Australian Accounting Standards [AASB 121]'

2006-3 'Amendments to Australian Accounting Standards [AASB 1045]'

2006-4 'Amendments to Australian Accounting Standards [AASB 134]'

2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraph 9

UIG 5 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'

UIG 6 'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'

UIG 7 'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'

UIG 8 'Scope of AASB 2'

### **Future impact of Australian Accounting Standards not yet operative**

The PTA cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the PTA has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the PTA's exposure to risks, enhanced disclosure regarding components of the PTA's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The PTA does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
2. AASB 2005-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, & AASB 1038)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure requirements in these standards. The PTA does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
3. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The PTA is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

4. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.
5. AASB 2007-5 'Amendment to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)'. This amendment changes AASB 102 'Inventories' so that inventories held for distribution by not-for-profit entities are measured at cost, adjusted when applicable for any loss of service potential. The PTA does not have any inventories held for distribution so does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.
6. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the PTA has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.
7. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the PTA if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the PTA has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.
8. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the PTA has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

9. AASB 2007-6 'Amendments to Australian Accounting Standards arising from [AASB 123] [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]'. The revision of AASB 123 necessitates consequential amendments to the pronouncements listed above. The amendments principally remove references to expensing borrowing costs on qualifying assets, as AASB 123 was revised to require such borrowing costs to be capitalised. This Standard is applicable to annual reporting periods beginning on or after 1 January 2009, with early adoption permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2009, provided AASB 123 is also adopted for the same period. This Standard is applied when AASB 123 is applied. The PTA has not yet adopted the AASB 123 and will continue expensing the borrowing costs until the standard comes into force.
10. AASB 2007-7 'Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]'. These amendments follow the issuance, in April 2007, of AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments*. That Standard implemented the AASB's decision that, in principle, all options that currently exist under International Financial Reporting Standards should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those considered particularly relevant in the Australian reporting environment.

In addition to editorial amendments, this Standard removes the encouragement in paragraph Aus12.1 of AASB 107 to adopt a particular format for the cash flow statement, as it is no longer relevant due to the amendments made to AASB 107 by AASB 2007-4. The superseded implementation guidance accompanying AASB 4 is also deleted. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by the AASB 2007-4 amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

The following Australian Accounting Standards and Interpretations are not applicable to the PTA as they will have no impact or do not apply to not-for-profit entities:

AASB 8 'Operating Segments'

AASB 1049 'Financial Reporting of General Government Sectors by Governments'

AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'

AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8

AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'

Interpretation 10 'Interim Financial Reporting and Impairment'

Interpretation 11 'AASB 2 – Group and Treasury Share Transactions'

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$000	2006 \$000
<b>6 Employee benefit expense</b>		
Wages and salaries (i)	65,960	56,407
Superannuation - defined contribution plans (ii)	6,547	5,541
Long service leave (iii)	1,266	1,855
Annual leave (iii)	5,963	5,071
	<b>79,736</b>	<b>68,874</b>

- i) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component.  
 ii) Defined contribution plans include West State, GESB Super and Gold State (contributions paid).  
 iii) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance and payroll tax are included at note 12 'Other Expenses'. The employment on-cost liability is included at note 31 'Provisions'.

## 7 Supplies and services

Consultants and contractors	85,876	61,762
Communications	987	1,618
Consumables	6,964	5,648
Travel	6,524	7,047
Materials	15,589	12,506
Other	15,770	10,247
	<b>131,710</b>	<b>98,828</b>

## 8 Depreciation and amortisation expense

<b>Depreciation</b>		
Buildings	3,034	3,306
Freight Network Infrastructure	6,608	6,380
Rollingstock	17,347	13,165
Railway infrastructure	31,465	41,573
Plant, equipment and motor vehicles	953	1,244
Bus infrastructure	4,011	4,215
Vessels	112	112
Buses	19,316	18,248
<b>Total depreciation</b>	<b>82,846</b>	<b>88,243</b>
<b>Amortisation</b>		
Intangible assets	401	640
Leased railcars	2,299	3,594
<b>Total amortisation</b>	<b>2,700</b>	<b>4,234</b>
<b>Total depreciation and amortisation</b>	<b>85,546</b>	<b>92,477</b>

	2007 \$'000	2006 \$'000
<b>9 Finance costs</b>		
Interest expense on Western Australian Treasury Corporation loans	60,806	99,748
Interest expense on Commonwealth loans	248	269
Net change in fair value of financial assets designated at fair value through profit and loss	1,648	0
Finance lease finance charges	32	30
	<b>62,734</b>	<b>100,047</b>

### 10 Grants and subsidies expense

Bus operators	164,654	159,918
Ferry services	589	558
Regional bus services	11,688	11,038
Student fare concessions	3,902	3,191
Grant to local government	0	1,165
School bus services	68,343	67,471
	<b>249,176</b>	<b>243,341</b>

### 11 Capital user charge

	<b>130,340</b>	<b>65,052</b>
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The charge was a levy applied by Government for the use of its capital. In 2006/07, the final year in which the charge was levied, a single payment was made equal to the appropriation for 2006/07.

### 12 Other expenses

Employment on-costs (i)	(136)	346
Payroll tax	4,172	3,741
Workers' compensation	2,921	3,156
Notional charge for land information provided by Landgate	2,048	41
Advice on Building Cost Index provided by Department of Housing and Works	8	0
Contribution to Stubbs Terrace cycle path to City of Subiaco	100	0
Contribution to Main Roads WA for the South Street bus lane	0	3,000
Contribution to City of Joondalup for car parking	0	649
	<b>9,113</b>	<b>10,933</b>

(i) Includes workers' compensation insurance and payroll tax relating to annual and long service leave. The corresponding liability is included at note 31 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

### 13 User charges and fees

Transperth system revenue	94,007	88,424
School bus services revenue	1,295	1,042
Country passenger operations revenue	9,727	9,261
	<b>105,029</b>	<b>98,727</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$000	2006 \$000
<b>14 Land rationalisation lease revenue</b>		
Rental income from land rationalisation	83	83
<p>A 99 year operating lease for 118 grain receival sites was entered into with Co-operative Bulk Handling (CBH) in 2003. Rental Income for 99 years of \$7.45 million was received in full at the commencement of the lease, and is accounted for as revenue over the 99 year lease period, with the prepaid portion shown as deferred income (see Note 34).</p> <p>A further 99 year operating lease for 15 grain receival sites was entered into with CBH in 2004. Rental Income for 99 years of \$775,000 was received in full at the commencement of the lease, and is accounted for as revenue over the 99 year lease period, with the prepaid portion shown as deferred income (see Note 34).</p>		
<b>15 Operating lease revenue</b>		
Rental income from Freight Network Infrastructure	5,383	5,383
<b>16 Commonwealth grants and contributions</b>		
Department of Environment and Heritage	0	210
	<b>0</b>	<b>210</b>
<b>17 Interest revenue</b>		
Interest Revenue	2,341	1,084
<p>Interest revenue is received quarterly from Department of Treasury and Finance calculated on the daily balance held on the interest bearing bank account.</p>		
<b>18 Other revenue</b>		
Rents and leases	7,576	7,157
Advertising income	3,911	3,465
Parking and infringements	2,254	1,872
Foreign Exchange Gain	0	1,260
External works	4,474	1,222
Marketing	1,548	658
Liquidated damages	0	44
Land sales	0	2,899
Contribution from Town of Victoria Park	0	750
SmartRider card sales	964	43
Miscellaneous	1,272	2,243
	<b>21,999</b>	<b>21,613</b>

	2007 \$000	2006 \$000
<b>19 Net gain/ (loss) on disposal of non-current assets</b>		
<u>Cost of disposal of non-current assets</u>		
Buildings	290	0
Land	0	50
Buses	1,716	387
Other	143	168
<u>Proceeds from disposal of non-current assets</u>		
Buildings	359	0
Land	0	339
Buses	759	183
Other	0	0
<b>Net gain/(loss) on disposal of non-current assets</b>	<b>(1,031)</b>	<b>(83)</b>

## 20 Income from State Government

### Appropriation received during the year:

Service appropriations (i)	649,238	559,824
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### Resources received free of charge (ii)

Landgate	2,048	41
Department of Housing and Works	8	0
	<b>2,056</b>	<b>41</b>

### Contribution - Other Government Agencies

Department for Planning and Infrastructure:		
Funding for CAT bus replacement and new CAT depot	992	7,592
Grant for the North Greenbushes project	13,150	0
Main Roads WA - New MetroRail additional bridge and road works	3,452	0
	<b>17,594</b>	<b>7,592</b>
	<b>668,888</b>	<b>567,457</b>

(i) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(ii) Where assets or services have been received free of charge or for nominal consideration, the PTA recognises revenues (except where the contribution of assets or services is in the nature of contributions by owners, in which case the PTA shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$000	2006 \$000
<b>21 Restricted cash and cash equivalents</b>		
Contractors' deposits	508	459
Railway Servants' Benefit Fund	130	235
	<b>638</b>	<b>694</b>

Contractors' deposits are held by the PTA as security for contractor performance according to the terms and conditions of the contracts established with each contractor. Generally, the contracts require that these deposits must be maintained intact by the PTA for repayment to the contractor on successful performance of contract conditions.

The Railway Servants' Benefit Fund is to be used only for the purpose of providing welfare to staff.

## 22 Inventories

### Current

Inventories not held for resale:

Maintenance spares - at cost	10,263	7,777
Less provision for obsolescence	0	(131)
	<b>10,263</b>	<b>7,646</b>

## 23 Receivables

### Current

Receivables	6,579	3,122
Allowance for impairment of receivables	(47)	(104)
GST receivable	6,819	8,942
Other receivables – external works	323	64
	13,674	12,024
Prepayments	596	560
	<b>14,270</b>	<b>12,584</b>

## 24 Amounts receivable for services

Non-current	311,338	224,040
	<b>311,338</b>	<b>224,040</b>

This asset represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

## 25 Act of Grace Payments

Five Act of Grace payments made pursuant to authorisations given under Section 80(1) of the Financial Management Act 2006.

(2006: 11 payments)	37	223
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## 26 Infrastructure, property, plant, equipment and vehicles

	2007	2007	2007	2007	2006	2006	2006	2006
	Cost	At Fair Value	Accumulated depreciation	Carrying amount as at 30 June 2007	Cost	At Fair Value	Accumulated depreciation	Carrying amount as at 30 June 2006
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Owned Assets:</b>								
Land (i)	0	213,620	0	213,620	0	199,984	0	199,984
Buildings (ii)	0	164,754	111,383	53,371	0	54,925	6,611	48,314
Freight Network Infrastructure (iii)	0	300,885	23,850	277,035	0	300,885	17,242	283,643
Rollingstock (iv), (x)	0	933,124	333,964	599,160	0	391,611	28,791	362,820
Railway infrastructure (v)	0	925,364	106,890	818,474	0	745,721	73,459	672,262
Plant, equipment and motor vehicles	7,738	0	3,571	4,167	0	7,061	3,409	3,652
Bus infrastructure (vi)	0	173,815	81,535	92,280	0	74,177	12,451	61,726
Vessels (iv)	0	1,850	1,850	0	0	576	464	112
Buses (iv)	0	529,676	314,626	215,050	0	225,287	55,647	169,640
<b>Leased Assets: (vii)</b>								
Railcars	68	0	12	56	0	65,828	10,782	55,046
<b>Construction in progress (viii)</b>								
	1,040,118	0	0	1,040,118	989,909	0	0	989,909
<b>TOTAL</b>	<b>1,047,924</b>	<b>3,243,088</b>	<b>977,681</b>	<b>3,313,331</b>	<b>989,909</b>	<b>2,066,055</b>	<b>208,856</b>	<b>2,847,108</b>

(i) Land controlled by the PTA has been revalued as at 1 July 2006 by Landgate (Valuation Services) and Burgess Rawson. The valuations were performed during the year ended 30 June 2006 and recognised at 30 June 2007. The fair value was determined by reference to market values. See note 2g.

To ensure the valuations provided by Valuation Services were compliant at 30 June 2007 with the fair value requirements under AASB 116, Valuation Services provided the Department of Treasury and Finance (DTF) with information that tracked the general movement in the market value of land and in building construction costs from the 1 July 2006 (the date of valuation) to 31 March 2007. DTF reviewed the information and determined that the valuations provided by Valuation Services (as at 1 July 2006) were compliant with fair value requirements for 30 June 2007 reporting without further adjustment by reference to market values based on existing use.

Land and buildings which are commercially leased were independently valued on the capitalised value of current lease by Burgess Rawson. The valuations were performed during the year ended 30 June 2006 and recognised at 30 June 2007.

(ii) Buildings have been revalued in accordance with independent valuations by Burgess Rawson. The methodology adopted was depreciated replacement cost. The effective date of valuation is 30 June 2007.

(iii) Freight network infrastructure was recognised at fair value on the 1 July 2003 based on the value of the unearned income on the prepaid operating lease of the asset.

(iv) Rollingstock, vessels and buses have been revalued by PTA's engineering and management professionals and Third party vendors based on depreciated replacement cost with a modern equivalent asset capable of delivering the same service potential. The effective date of valuation is 30 June 2007.

(v) Railway infrastructure was last revalued on the 1 July 2003. Railway infrastructure is scheduled for revaluation in 2007/08.

(vi) Bus infrastructure has been revalued in accordance with independent valuations by Ralph Beattie Bosworth. The methodology adopted has been depreciated replacement cost. The effective date of valuation is 30 June 2007.

(vii) For leased assets the fair value has been deemed to be their cost as at 30 June 2007.

(viii) Construction in progress is valued at cost.

(ix) In the current year PTA adopted the gross basis of accounting for accumulated depreciation. On the establishment of PTA on 1 July 2003 the net basis of accounting for accumulated depreciation was used.

(x) Some rollingstock is subject to an arrangement, involving a series of leases, prepayment and deposit transactions. The arrangement is accounted for as one linked transaction in accordance with its economic substance. The arrangement (i) does not restrict PTA's use of rolling stock, (ii) has a term of between 13 and 19 years, and (iii) includes options allowing PTA to purchase the rollingstock on certain specified dates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

Reconciliations of the carrying amounts of infrastructure, property, plant, equipment and vehicles at the beginning and end of the current financial year are set out below.

2007	Carrying amount at the start of the year	Additions	Transfers	Revaluation Increments	Disposals	Depreciation	Carrying amount at the end of the year
<b>Owned Assets:</b>							
Land	199,984	1,320	0	12,316	0	0	213,620
Buildings	48,314	0	934	7,447	(290)	(3,034)	53,371
<b>Freight Network</b>							
Infrastructure	283,643	0	0	0	0	(6,608)	277,035
Rollingstock	362,820	0	77,506	176,241	(60)	(17,347)	599,160
Railway infrastructure	672,262	124	177,633	0	(80)	(31,465)	818,474
<b>Plant, equipment and motor vehicles</b>							
Bus infrastructure	61,726	1,430	13,070	20,065	0	(4,011)	92,280
Vessels	112	0	0	0	0	(112)	0
Buses	169,640	0	46,395	20,047	(1,716)	(19,316)	215,050
<b>Leased assets</b>							
Leased Railcars	55,046	0	(52,691)	0	0	(2,299)	56
<b>Construction in progress</b>							
	989,909	402,108	(351,899)	0	0	0	1,040,118
<b>TOTAL</b>	<b>2,847,108</b>	<b>405,326</b>	<b>(87,925)</b>	<b>236,116</b>	<b>(2,149)</b>	<b>(85,145)</b>	<b>3,313,331</b>

(i) On the 28 June 2007 the PTA recognised transferred assets to Main Roads WA for road and construction works of the Mt Henry's bridge.

2006	Carrying amount at the start of the year	Additions	Revaluation	Disposals	Depreciation	Carrying amount at the end of the year
<b>Owned Assets:</b>						
Land	173,121	0	26,913	(50)	0	199,984
Buildings	34,479	17,141	0	0	(3,306)	48,314
<b>Freight Network</b>						
Infrastructure	239,436	50,587	0	0	(6,380)	283,643
Rollingstock	270,061	106,005	0	(81)	(13,165)	362,820
Railway infrastructure	607,534	106,308	0	(7)	(41,573)	672,262
<b>Plant, equipment and motor vehicles</b>						
Bus infrastructure	65,487	501	0	(47)	(4,215)	61,726
Vessels	224	0	0	0	(112)	112
Buses	162,123	26,152	0	(387)	(18,248)	169,640
<b>Leased assets</b>						
Leased Railcars	58,640	0	0	0	(3,594)	55,046
<b>Construction in progress</b>						
	744,133	245,776	0	0	0	989,909
<b>TOTAL</b>	<b>2,359,177</b>	<b>553,459</b>	<b>26,913</b>	<b>(604)</b>	<b>(91,837)</b>	<b>2,847,108</b>

	2007 \$000	2006 \$000
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## 27 Intangible assets

Software - at cost	2,641	2,602
Accumulated amortisation	(2,203)	(1,867)
	<b>438</b>	<b>735</b>

Reconciliations of the carrying amounts of intangibles at the beginning and end of the current financial year are set out below.

Carrying amount at start of the year	735	754
Additions	104	621
Amortisation expense	(401)	(640)
Carrying amount at end of the year	<b>438</b>	<b>735</b>

## 28 Impairment of assets

There are no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2007.

PTA held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

## 29 Payables

### Current

Trade payables	3,041	8,952
Accrued expenses - operational	46,813	65,871
Accrued expenses - salaries	3,948	2,162
Accrued expenses - interest	9,812	21,221
Other payables	1,038	671
	<b>64,652</b>	<b>98,877</b>

## 30 Borrowings

### (a) Current

Western Australian Treasury Corporation Loans	222,440	1,119,396
Finance lease liability (i)	0	2,899
Commonwealth Loans	383	383
	<b>222,823</b>	<b>1,122,678</b>

### (b) Non-Current

Western Australian Treasury Corporation Loans	631,851	594,920
Commonwealth Loans	3,492	3,874
	<b>635,343</b>	<b>598,794</b>

(i) Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The carrying amounts of non-current assets leased as security are:

<b>Railcars</b>	<b>0</b>	<b>36,841</b>
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$000	2006 \$000
<b>31 Provisions</b>		
<b>Current</b>		
<b>Employee benefits provision</b>		
Annual leave(a)	8,007	6,980
Long service leave(b)	6,226	5,699
	14,233	12,679
<b>Other provisions</b>		
Public liability provision	460	443
Workers compensation	3,774	3,075
Contaminated Sites	2,284	0
Employment on-costs(c)	1,129	1,192
	7,647	4,710
	<b>21,880</b>	<b>17,389</b>
<b>Non-Current</b>		
<b>Employee benefits provision</b>		
Long service leave(b)	3,616	3,752
Deferred salary scheme	42	30
	3,658	3,782
<b>Other provisions</b>		
Contaminated Sites	842	0
Employment on-costs(c)	281	357
	1,123	357
	<b>4,781</b>	<b>4,139</b>

a) Annual leave has been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of liabilities will occur as follows:

Within 12 months of balance sheet date	5,319	4,141
More than 12 months after balance sheet date	2,688	2,839
	<b>8,007</b>	<b>6,980</b>

b) Long service liability has been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	885	709
More than 12 months after balance sheet date	8,957	8,742
	<b>9,842</b>	<b>9,451</b>

c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including payroll tax and workers' compensation premiums. The provision is the present value of expected future payments. The associated expense is included under note 12 'Other expenses'.

	2007 \$000	2006 \$000
<b>Movements in Other Provisions</b>		
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
<b>Public liability provision</b>		
Carrying amount at the start of the year	443	557
Additional provisions recognised	1,288	705
Payments/other sacrifices of economic benefit	(1,271)	(819)
Carrying amount at the end of the year	<b>460</b>	<b>443</b>
<b>Workers' compensation provisions</b>		
Carrying amount at the start of the year	3,075	3,318
Additional provisions recognised	2,952	3,155
Payments/other sacrifices of economic benefit	(2,253)	(3,398)
Carrying amount at the end of the year	<b>3,774</b>	<b>3,075</b>
<b>Employment on-cost provision</b>		
Carrying amount at the start of the year	1,549	1,166
Additional provisions recognised	385	988
Payments/other sacrifices of economic benefit	(524)	(605)
Carrying amount at the end of the year	<b>1,410</b>	<b>1,549</b>
<b>Contaminated Sites Provision</b>		
Carrying amount at the start of the year	0	0
Additional provisions recognised	3,126	0
Payments/other sacrifices of economic benefit	0	0
Carrying amount at the end of the year	<b>3,126</b>	<b>0</b>

Provision has been established to cover for the costs related to 15 contaminated sites.

### 32 Other current liabilities

Contractors' deposits	508	459
Payments held in suspense	89	59
Railway Servants' Benefit Fund	130	235
	<b>727</b>	<b>753</b>

### 33 Derivatives

Foreign exchange contracts	1,294	996
	<b>1,294</b>	<b>996</b>

The PTA has an exposure to changes in foreign exchange rates resulting from the bus replacement program. This program requires payment for bus chassis to be made in Euros. The PTA uses forward exchange contracts in Euros to hedge the risk.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

The PTA has also used forward exchange contracts in Swiss Francs (CHF) in order to hedge the risk of changes in foreign exchange rates for the purchase of ticket vending machines.

At the balance sheet date the net fair value of these contracts was a liability of \$1,294k (2006 - \$996k) comprising assets of \$28,057k (2006 - \$13,630k) and liabilities of \$29,351k (2006 - \$14,626k).

At balance sheet date, the details of outstanding foreign exchange contracts are:

	2007 \$000	2006 \$000	2007	2006
	Sell Australian Dollars		Average Exchange Rate	
Buy Euro				
Maturity				
0-6 months	588	8,469	0.5418	0.5430
	1,288		0.5431	
	22,636		0.6185	
6-12 months		6,157		0.5445
Buy CHF				
Maturity				
0-6 months	4,839	0	0.8904	0
			2007 \$000	2006 \$000

## 34 Deferred income – operating leases

### Current:

Freight Network Infrastructure prepaid operating lease	5,383	5,383
Co-operative Bulk Handling 99 year lease	83	83
	5,466	5,466

### Non-Current:

Freight Network Infrastructure prepaid operating lease	223,384	228,767
Co-operative Bulk Handling 99 year lease	7,734	7,817
	231,118	236,584
	<b>236,584</b>	<b>242,050</b>

2007  
\$'0002006  
\$'000

### 35 Equity

Equity represents the residual interest in the net assets of the PTA. The Government holds the equity interest in the PTA on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of the non-current assets.

#### Contributed Equity

Balance at start of year	939,871	530,424
Capital contributions (i)	1,316,946	424,947
Distribution to owner (ii), (iii)	(87,925)	(15,500)
Balance at end of year	<b>2,168,892</b>	<b>939,871</b>

#### Asset Revaluation Reserve

Balance at start of year	26,913	0
Revaluation of land	12,316	26,913
Revaluation of buildings	7,447	0
Revaluation of Rollingstock	176,241	0
Revaluation of bus infrastructure	20,065	0
Revaluation of buses	20,047	0
Balance at end of year	<b>263,029</b>	<b>26,913</b>

#### Accumulated surplus/(deficit)

Balance at start of year	41,493	63,508
Net adjustment on transition to AIFRS (iv)	0	(3,854)
Change in accounting policy or correction of prior period error (v)	0	(18,732)
Restated balance at start of period	41,493	40,922
Result for the period	40,962	571
Balance at end of year	<b>82,455</b>	<b>41,493</b>

(i) Capital contributions received during the year have been designated as contributions by owners and are credited directly to equity in the Balance Sheet.

(ii) Transfer of assets to Main Roads WA for road and construction works of the Mt Henry's bridge (\$87,925 million).

(iii) Proceeds from DPI for sale of land not previously recognised by PTA (\$2.8 million) and transfer of Miller's Way and Spencer Road bridge assets to Main Roads WA as part of New MetroRail project (\$12.8 million).

(iv) Adjustment on adoption of AASB 132 Financial Instruments – Presentation and AASB 139 Financial Instruments – Recognition and Measurements.

(v) Refer to note 46.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$000	2006 \$000
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## 36 Notes to the Cash Flow Statement

### a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flow is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	52,182	1,146
Restricted cash and cash equivalents (refer to note 21)	638	694
	<b>52,820</b>	<b>1,840</b>

### b) Financing facilities

The PTA has a short-term liquidity facility of \$200 million (2005/06: \$200 million) with the Western Australian Treasury Corporation.

Amounts drawn from this facility at June 30	<b>118,000</b>	<b>30,000</b>
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The Western Australian Treasury Corporation has provided a facility of \$US 76.5 million (2006: \$US 85 million) to the PTA to meet contingent obligations under a lease agreement that may eventuate during the life of the lease. As at 30 June 2007, none of this facility has been drawn (2006: Nil).

### c) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

<b>Net cost of services</b>	(627,926)	(566,886)
Non-cash items:		
Depreciation and amortisation expense	85,546	92,477
Loss/(gain) on sale of property, plant and equipment	1,031	83
Resources received free of charge	2,056	41
Other non-cash adjustments	(23)	(238)
Sale of land by Department for Planning and Infrastructure	0	(2,728)
<b>(Increase)/ Decrease in assets:</b>		
Current receivables	(3,809)	7,622
Current inventories	(2,617)	(178)
Other current assets	(14,427)	15,304
<b>Increase/ (Decrease) in liabilities:</b>		
Current payables	(13,026)	(1,556)
Current provisions	4,490	640
Other current liabilities	14,699	(14,565)
Deferred income operating lease	(7,361)	(764)
Non-current provisions	641	1,016
Non-current deferred operating lease revenue	28,753	(12,827)
Adjustment to Freight Lease Income	(26,857)	8,125
Change in GST receivables/payments	2,123	216
<b>Net cash used in operating activities</b>	<b>(556,707)</b>	<b>(474,218)</b>



2007  
\$'000

2006  
\$'000

### 37 Commitments

**a) Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:**

Within one year	115,102	274,977
Later than one year and not later than five years	273,300	156,823
Later than five years	7,164	9,650
	<b>395,566</b>	<b>441,450</b>

The capital commitments include amounts for:

Railway Infrastructure	30,499	269,490
Bus Infrastructure	13,945	14,790
Railcars	138,709	6,670
Plant, equipment and motor vehicles	19,254	13,000
Buses	193,159	137,500
	<b>395,566</b>	<b>441,450</b>

**b) (i) Finance lease commitments:**

Minimum lease payment commitments in relation to finance leases are payable as follows:

Within one year	0	2,904
Later than one year and not later than five years	0	0
Minimum finance lease payments	0	2,904
Less future finance charges	0	(5)
Present value of finance lease liabilities	<b>0</b>	<b>2,899</b>

The present value of finance leases payable is as follows:

Within one year	0	2,899
Later than one year and not later than five years	0	0
	<b>0</b>	<b>2,899</b>

**(ii) Non-cancellable operating lease commitments:**

Commitments for minimum lease payments are payable as follows:

Within one year	793	924
Later than one year and not later than five years	356	184
	<b>1,149</b>	<b>1,108</b>

**c) Other expenditure commitments contracted for at the reporting date but not recognised as liabilities, are payable as follows:**

Within one year	308,547	274,128
Later than one year and not later than five years	882,383	877,355
Later than five years	871,528	984,675
	<b>2,062,458</b>	<b>2,136,158</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$000	2006 \$000
The other expenditure commitments include amounts for:		
Land and building maintenance	22,637	14,112
Transperth train operations	232,668	211,198
Railway infrastructure	4,800	14,141
Railcars and road coaches	3,321	7,216
Buses and support services	624,803	646,566
School bus services	1,173,096	1,236,748
Miscellaneous	1,133	6,177
	<b>2,062,458</b>	<b>2,136,158</b>

The commitments are all inclusive of GST.

## 38 Contingent liabilities and contingent assets

### Contingent Liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

#### *Litigation in progress*

##### Quantifiable Contingencies

Leighton Contractors Pty Ltd, the contractor engaged by the PTA to design and construct the City portion of the Southern Suburbs Railway, has commenced Supreme Court actions against the PTA. Two of the actions relate to contractual disputes between the PTA and Leighton Contractors, on Leighton Contractors' alleged entitlements under the rise and fall and contaminated material provisions of the contract. The estimated value of these two claims is \$64 million. The PTA has denied all liability and is vigorously defending the action.

The amount that has been claimed by John Holland Pty Ltd, the contractor engaged by the PTA to construct a package of three stations on the Southern Suburbs Railway, but rejected by PTA, which is now subject to dispute, is \$6.89million. PTA is defending the claims.

The amount that has been claimed by RailLink Joint Venture, the contractor engaged by the PTA to construct the civil, rail and structures portion of the Southern Suburbs Railway, but rejected by PTA, which is now subject to dispute, is \$2.62million. PTA is defending the claims.

PTA has issued indemnities to parties to Cross Border lease transactions for the financial obligations and performance of the lessees and deposit takers. In the event of default by the lessees or deposit takers to pay for obligations when due or perform functions required of them PTA as issuer of the indemnity is required to meet the liabilities, losses, costs and charges of the indemnity and to other parties to the contracts. In the event of default the maximum obligation at 30 June 2007 is \$18.9 million for lessee obligations and \$26.3 million for deposit taker obligations. There have been no notifications of default.

PTA has entered into an agreement with the City of Wanneroo which will require the PTA to pay \$3 million to the City of Wanneroo plus the increase in CPI from the quarter ending September 30, 2003 to the date the Government of Western Australia approves the allocation of funds to PTA to extend the passenger railway line north of Clarkson.

### Unquantifiable Contingencies

As at 30 June 2007, PTA has a number of claims lodged against it by several contractors engaged in construction of the Southern Suburbs Railway. One significant claim is from Leighton Contractors on allegations of misleading and deceptive conduct in relation to the contracts work insurance effected by the PTA pursuant to the contract. PTA has denied liability and is defending the claim. It is not possible to estimate the amount of any eventual payments in relation to these claims at balance sheet date.

PTA has issued indemnities to Cross Border lease parties in respect to taxation resulting from changes in law, taxation administration determinations or as a result of loss of railcars which result in loss of economic benefits to parties to the leases or result in increased costs. There are no notifications of adverse taxation circumstances. It is not possible to estimate the amount of any payments that may arise from these indemnities at balance sheet date.

### Contaminated sites

Under the Contaminated Sites Act 2003, the PTA is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the PTA may have a liability in respect of investigation or remediation expenses.

During the year the PTA reported 43 suspected contaminated sites to DEC. Two sites previously reported have been classified contaminated – remediation required. Of the 43 sites reported during the year the PTA has professional advice that 13 sites are contaminated and will be classified as contaminated – remediation required. A provision has been recognised to cover for remediation of the 15 sites. The PTA is unable to assess the outcome of the classification process for the remaining 30 sites, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the PTA may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

## 39 Remuneration of members of the Accountable Authority and senior officers

### Remuneration of Member of the Accountable Authority

The number of members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

\$	2007	2006
320,001 - 330,000	1	0
260,001 - 270,000	0	1

	2007 \$000	2006 \$000
The total remuneration of the members of the Accountable Authority is:	330	266

The superannuation included here represents the superannuation expense incurred by the PTA in respect of the member of the Accountable Authority.

No member of the Accountable Authority is a member of the Pension Scheme.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

## Remuneration of senior officers

The number of senior officers other than senior officers reported as members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

\$	2007	2006
0 - 100,000	1	0
100,001 - 110,000	0	1
120,001 - 130,000	2	0
130,001 - 140,000	1	4
140,001 - 150,000	2	1
150,001 - 160,000	2	4
160,001 - 170,000	1	0
180,001 - 190,000	2	0
	<b>11</b>	<b>10</b>
	<b>2007</b>	<b>2006</b>
	<b>\$000</b>	<b>\$000</b>
Total remuneration of the senior officers is:	<b>1,567</b>	<b>1,414</b>

The superannuation included here represents the superannuation expense incurred by the PTA in respect of Senior Officers, other than the Senior Officers reported as a member of the Accountable Authority.

No Senior Officers are members of the Pension Scheme.

## 40 Financial instruments

### a) Financial Risk Management Objectives and Policies

Financial instruments held by the PTA are cash and cash equivalents, foreign exchange contracts, borrowings, finance lease, receivables and payables. The PTA has exposure to a variety of financial risks. The PTA's overall risk management program focuses on managing the risks identified below.

#### Credit risk

The PTA trades only with recognised, creditworthy third parties. The PTA has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the PTA's exposure to bad debt is minimal. There are no significant concentrations of credit risk.

#### Liquidity risk

The PTA has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

The PTA has a short-term liquidity facility of \$200 million on which it can draw down to fund temporary cash shortfall.

### Cash flow interest rate risk

The PTA's exposure to market risk for changes in interest relates primarily to the long-term debt obligations. The PTA's borrowings are all obtained through Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. The PTA earns interest on the daily balance of its bank account.

### Foreign exchange risks

The PTA is exposed to foreign exchange risk arising from currency exposure to the Euro and Swiss Francs.

Forward contracts transacted with WATC are used to manage these risks. The purpose of the foreign currency contracts is to protect against the risk that eventual dollar outflows in respect of purchases in foreign currency may be adversely affected by changes in exchange rates.

## b) Financial Instrument disclosures

### Interest Rate Risk Exposure

The following table details the PTA's exposure to interest risk as at the balance sheet date:

	Notes	Weighted average effective interest rate %	Variable interest rate (i) \$000	1 or less than 1 year \$000	1 to 5 years \$000	More than 5 years \$000	Non-interest bearing \$000	Total \$000
<b>2007</b>								
<b>Financial Assets</b>								
Cash and cash equivalents	36	5.98	52,182	0	0	0	0	52,182
Restricted cash and cash equivalents	36	5.98	638	0	0	0	0	638
Receivables	23		0	0	0	0	14,270	14,270
Amounts receivable for services	24		0	0	0	0	311,338	311,338
			<b>52,820</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>325,608</b>	<b>378,428</b>
<b>Financial Liabilities</b>								
Payables	29		0	0	0	0	64,652	64,652
Other current liabilities	32		0	0	0	0	727	727
Derivatives	33		0	0	0	0	1,294	1,294
WATC Loans	30	6.39	0	222,440	374,783	257,068	0	854,291
Commonwealth Loans	30	5.93	0	383	1,525	1,967	0	3,875
			<b>0</b>	<b>222,823</b>	<b>376,308</b>	<b>259,035</b>	<b>66,673</b>	<b>924,839</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Weighted average effective interest rate %	Variable interest rate (i)	Fixed interest rate maturity			Non-interest bearing	Total
				1 or less than 1 year	1 to 5 years	More than 5 years		
2006			\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial Assets</b>								
Cash and cash equivalents	36	5.55	1,146	0	0	0	0	1,146
Restricted cash and cash equivalents	36	5.55	694	0	0	0	0	694
Receivables	23		0	0	0	0	12,584	12,584
Amounts receivable for services	24		0	0	0	0	224,040	224,040
			<b>1,840</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>236,624</b>	<b>238,464</b>
<b>Financial Liabilities</b>								
Payables	29		0	0	0	0	98,877	98,877
Other current liabilities	32		0	0	0	0	753	753
Derivatives	33		0	0	0	0	996	996
WATC Loans	30	6.05	0	1,119,396	324,783	270,137	0	1,714,316
Commonwealth Loans	30	5.93	0	383	1,542	2,332	0	4,257
Lease Liabilities	30	6.35	0	2,899	0	0	0	2,899
			<b>0</b>	<b>1,122,678</b>	<b>326,325</b>	<b>272,469</b>	<b>100,626</b>	<b>1,822,098</b>

(i) Variable interest rates represent the most recently determined rate applicable to the instrument at balance sheet date.

## Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

## Credit Risk Exposure

The PTA's credit risk on financial assets, which have been recognised in the Balance Sheet, is generally the carrying amount, net of any provision for doubtful debts.

Concentrations of credit risk on financial assets are primarily related to property rental agreements and other miscellaneous revenue.

Except for securities held to ensure the performance of contractor guarantees or warranties, amounts due from major debtors are not normally secured by collateral. However the creditworthiness of debtors is regularly monitored. Securities held to ensure the performance of contractor guarantees or warranties include Bank Guarantees, Personal (Directors) Guarantees or cash. The value of securities held is dependant on the nature, including the complexity and risk, of the contract.

2007 \$000	2006 \$000
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#### 41 Supplementary financial information

##### Losses through theft, defaults and other causes

Losses of public moneys and public and other property through theft and default

4	7
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##### Revenue written off

5	24
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##### Gifts of public property

Gifts of public property provided by PTA

0	0
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<b>9</b>	<b>31</b>
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#### 42 Events occurring after the balance sheet date

The PTA has not identified any significant events after balance sheet date that would require adjustment or disclosure to be made.

#### 43 Explanatory Statement

##### a) Significant variations between estimates and actual results for the financial year

Details and reasons for significant variations between estimates and actual results are detailed below.

Significant variations are considered to be those greater than 10% or \$1 million.

	2007 Actual \$000	2007 Estimate \$000	Variance \$000
Revenue from ordinary activities	134,835	125,647	9,188
Cost of Services	762,761	797,426	34,665
Net Cost of (Surplus from) Services	<b>627,926</b>	<b>671,779</b>	<b>43,853</b>

##### Revenue

Revenue was \$9.2 million (7.3%) above the estimate. The positive variations include the following significant items:

- i) MultiRider, SmartRider and cash fares increased by \$8.8 million as a result of increased patronage;
- ii) Increase in revenue from External works of \$5.0 million;
- iii) Advertising revenue increased by \$2.3 million from changed contractual arrangements;
- iv) Increase in rental revenue of \$2.1 million;

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

- v) Increase in interest revenue of \$1.6 million; and
- vi) Service contribution revenue \$1.5 million due to joint ticketing of various sporting and entertainment events.
- vii) This is offset by a reduction in the lease income from the prepaid freight network of \$14.4 million due to a change in accounting policy of amortising the deferred lease income to straight line method.

## **Total cost of services**

Cost of services for the year was \$34.6 million (4.3%) below estimate.

There were several significant positive and negative variations that contributed to this overall variation. These variations include:

- i) Reduced interest of \$23.3 million due to lower than budgeted interest rate and delay in Capital works program and a reduction of \$7.0 million on notional interest due to a change in accounting policy of amortising the deferred lease income to straight line method;
- ii) Reduced depreciation of \$7.5 million mainly due to delay in the start of the Southern Suburbs Railway;
- iii) Reduced grants and subsidies of \$10.0 million mainly due to delay in implementation of school buses seatbelts;
- iv) Reduced grant to Local Government of \$9.0 million due to deferral of asset transfers to Local Governments by New MetroRail because construction was not completed at 30 June 2007; offset by
- v) Increased Transperth bus costs of \$7.0 million mainly due to remedial works related to contaminated sites, settlement of long service leave as a result of an amendment to the *Long Service Leave Act 1958*, security and maintenance contracts;
- vi) Increase in land rationalisation expenses \$3.8 million mainly due to clean up of contamination, investigation and remediation at Kewdale;
- vii) Increased infrastructure costs of \$2.0 million mainly due to concrete re-sleepering on the Midland line and painting of station structures at Warwick station;
- viii) Foreign exchange loss of \$1.6 million on Euros for the purchase of bus chassis and Swiss Francs for the purchase of ticket vending machines;
- ix) Increased costs related to external works \$1.4 million; and
- x) Loss of \$1.0 million mainly due to disposal of CAT buses.

## **b) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year**

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% or \$1 million.



	2007 Actual \$000	2006 Actual \$000	Variance \$000
Employee benefit expenses	79,736	68,874	10,862
Supplies and Services	131,710	98,828	32,882
Depreciation and amortisation expense	85,546	92,477	(6,931)
Finance costs	62,734	100,047	(37,313)
Grants and subsidies expense	249,176	243,341	5,835
Capital user charge	130,340	65,052	65,288
Land rationalisation expense	4,492	6,223	(1,731)
Loss on disposal of non-current assets	1,031	83	948
Other expenses	9,113	10,933	(1,820)
User charges and fees	105,029	98,727	6,302
Interest revenue	2,341	1,084	1,257

#### Employee benefit expense

Increase in employee benefit expense due to increase in transit guards and train drivers in preparation for the opening of the Southern Suburbs line to Mandurah, and the increase in salary and wage rates in accordance with EBA arrangements.

#### Supplies and Services

- i) External works costs of \$1.3 million for project costs recovered from third party.
- ii) Increased remediation works on fuel line leakage, ASI 940 compliance and provision for contaminated sites \$4.2 million.
- iii) Increased security costs relating to special events and NightRider \$1.0 million.
- iv) Write off of concept or discontinued capital works \$4.7 million.
- v) Increased maintenance of EMU railcars and security \$8.6 million.
- vi) Increased maintenance of Prospector and Australind railcars \$2.4 million.
- vii) Increase costs in preparation for the opening of the Southern Suburbs Railway in 2007/08 including provision of security services for new stations not yet operational, set up costs for new depot and offices, advertising and promotion.

#### Depreciation and amortisation expense

Decrease in depreciation of \$6.9 million is mainly due to depreciation in the prior year on stations and train control system no longer used.

#### Finance costs

- i) Decrease in Finance costs of \$37.3 million is mainly due to repayment of the New MetroRail debt of \$913 million.
- ii) Foreign exchange loss of \$1.6 million on Euros for the purchase of bus chassis and Swiss Francs for the purchase of ticket vending machines.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

## **Grants and subsidies expense**

Increased Transperth bus contract costs mainly due to fuel, labour and settlement of long service leave as a result of an amendment to the *Long Service Leave Act 1958*.

## **Capital user charge**

The capital user charge is based on the average net assets multiplied by 8%. The variance is mainly due to the repayment of the New MetroRail (NMR) debt - \$913 million and this year's NMR capital works being funded by an equity injection from DTF.

## **Land rationalisation expense**

Decrease in expenditure due to lower land rationalisation activity.

## **Loss on disposal of non-current assets**

Increase in loss on disposal of non-current assets is mainly due to the disposal of the Central Area Transit buses.

## **Other expenses**

Decrease expenditure due to 2005/06 contribution to Main Roads WA - \$3.0 million and City of Joondalup - \$0.6 million offset by 2006/07 notional charge for services provided by Landgate (\$2.0 million).

## **User charges and fees**

Increase due to fare increase by 10 cents and increased patronage on the Transperth system including the full year impact of the Thornlie line.

## **Interest revenue**

Increase due to maintaining a higher cash balance in the bank as a result of the timing of the drawdown of capital user charge funding and the actual payment of the capital user charge.

## 44 Schedule of income and expenses by service

	Metropolitan and regional passenger services		Country passenger rail and road coach services		Regional School Bus Services		Rail corridor and Residual Freight Issues		Total	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000
<b>COST OF SERVICES</b>										
<b>Expenses</b>										
Employee benefit expenses	65,566	55,664	9,783	9,650	3,568	2,139	819	1,421	79,736	68,874
Supplies and Services	107,316	77,161	17,766	15,458	1,511	1,503	5,117	4,706	131,710	98,828
Depreciation and amortisation expense	71,344	79,614	6,742	5,744	3	14	7,457	7,105	85,546	92,477
Finance costs	55,261	84,726	4,482	4,521	207	0	2,784	10,800	62,734	100,047
Grants and subsidies	176,931	172,679	0	0	72,245	70,661	0	1	249,176	243,341
Capital user charge	102,063	46,964	2,005	3,574	1	11	26,271	14,503	130,340	65,052
Energy and fuel	6,272	5,992	2,611	2,133	0	1	0	2	8,883	8,128
Land rationalisation expense	0	0	0	0	0	0	4,492	6,223	4,492	6,223
Loss on disposal of non-current assets	976	(84)	9	113	0	3	46	51	1,031	83
Other expenses	5,412	7,914	767	636	197	139	2,737	2,244	9,113	10,933
<b>Total cost of services</b>	<b>591,141</b>	<b>530,630</b>	<b>44,165</b>	<b>41,829</b>	<b>77,732</b>	<b>74,471</b>	<b>49,723</b>	<b>47,056</b>	<b>762,761</b>	<b>693,986</b>
<b>Income</b>										
User charges and fees	93,968	88,356	9,728	9,261	1,333	1,110	0	0	105,029	98,727
Land rationalisation lease income	0	0	0	0	0	0	83	83	83	83
Operating lease revenue	0	0	0	0	0	0	5,383	5,383	5,383	5,383
Commonwealth grants and contributions	0	210	0	0	0	0	0	0	0	210
Interest revenue	0	0	0	0	0	0	2,341	1,084	2,341	1,084
Other revenue	10,654	9,022	47	25	51	39	11,247	12,527	21,999	21,613
<b>Total income other than income from State Government</b>	<b>104,622</b>	<b>97,588</b>	<b>9,775</b>	<b>9,286</b>	<b>1,384</b>	<b>1,149</b>	<b>19,054</b>	<b>19,077</b>	<b>134,835</b>	<b>127,100</b>
<b>NET COST OF SERVICES</b>	<b>486,519</b>	<b>433,042</b>	<b>34,390</b>	<b>32,543</b>	<b>76,348</b>	<b>73,322</b>	<b>30,669</b>	<b>27,979</b>	<b>627,926</b>	<b>566,886</b>
<b>INCOME FROM STATE GOVERNMENT</b>										
Service Appropriation	493,988	427,658	33,314	33,149	80,868	75,286	41,068	23,731	649,238	559,824
Resources received free of charge	0	0	0	0	0	0	2,056	41	2,056	41
Contribution - Other Government Agencies	4,444	7,592	0	0	0	0	13,150	0	17,594	7,592
<b>Total income from State Government</b>	<b>498,432</b>	<b>435,250</b>	<b>33,314</b>	<b>33,149</b>	<b>80,868</b>	<b>75,286</b>	<b>56,274</b>	<b>23,772</b>	<b>668,888</b>	<b>567,457</b>
<b>Surplus/(deficit) for the period</b>	<b>11,913</b>	<b>2,208</b>	<b>(1,076)</b>	<b>606</b>	<b>4,520</b>	<b>1,964</b>	<b>25,605</b>	<b>(4,207)</b>	<b>40,962</b>	<b>571</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$000	2006 \$000
<b>45 Remuneration of auditor</b>		
Remuneration to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	135	141
<b>46 Correction of error in applying AASB 117 Leases</b>		
Due to incorrect application of AASB 117 Leases on adoption of AIFRS, income from a prepaid operating lease was overstated (see note 5). The error has been corrected as shown below:		
<b>Income statement for the year ended 30 June</b>		
Increase/(decrease) in operating lease revenue	(14,407)	(13,981)
(Increase)/decrease in finance costs	7,046	5,856
Increase/(decrease) in surplus/(deficit) for the period	<b>(7,361)</b>	<b>(8,125)</b>
<b>Statement of Changes in Equity for the year ended 30 June</b>		
Increase/(decrease) in accumulated surplus at start of period	(26,857)	(18,731)
Increase/(decrease) in surplus/(deficit) for the period	(7,361)	(8,125)
Increase/(decrease) in accumulated surplus for the period	<b>(34,218)</b>	<b>(26,856)</b>
<b>Balance Sheet as at 30 June</b>		
Cumulative (increase)/decrease in deferred income operating lease	(34,218)	(26,856)
Cumulative increase/(decrease) in accumulated surplus	<b>(34,218)</b>	<b>(26,856)</b>

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## Publications available to the public

For copies of publications available to the general public, please contact:

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Ph: 08 9326 2764

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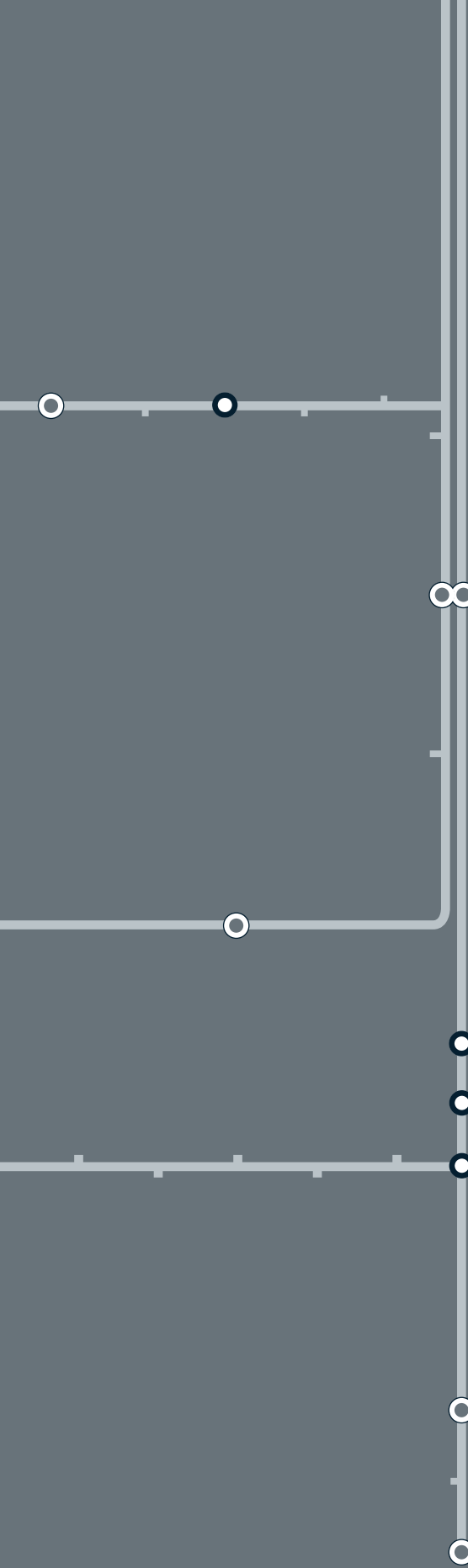
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