



Public Transport Authority

annual report 05|06



## fulfilling the government's for western australia

The Public Transport Authority (PTA) is required to demonstrate in its annual report that it contributes to the State Government achieving its vision for Western Australia. The vision is set out in the 2003 document *Better Planning: Better Services* which establishes strategic outcome goals under the five headings:

1. People and Communities
2. The Economy
3. The Environment
4. The Regions
5. Governance

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 2005/06 through:

- Operational reports which show the effectiveness and efficiency of the PTA's transport services
- *A Better Planning: Better Services* report
- Audited key performance indicator report
- Audited financial report

## 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, 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, which 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 brand Transperth;
- public transport services in regional centres;
- road coach and rail passenger services to regional areas under the brand Transwa; 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.

## purpose

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

## aim

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

## values

We:

- value and respect our customers, suppliers and each other;
- are committed to safety;
- encourage each other to reach our 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 we do; and
- are environmentally responsible.



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

In accordance with Section 66 of the Financial Administration and Audit Act 1985, 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 2006. The report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

**Reece Waldock**  
Chief Executive Officer



## chief executive officer's summary



The 2005/06 financial year was another period of extraordinary growth in patronage for Perth's public transport system.

To year's end, customer numbers were up 3.7 per cent across our rail, bus and ferry services to more than 98 million boardings, adding to last year's 4.9 per cent growth. Undoubtedly a large proportion

of the increase, much of it in work-related trips, was a direct result of motorists being persuaded out of their cars by escalating fuel prices.

With no short-term relief in sight, I expect the steady migration to public transport to continue. Indeed, we may well be seeing a fundamental shift in transport patterns in a city where people rely too heavily on cars. It is well documented that public transport is a safer, more cost-effective and more environmentally friendly means of transporting large numbers of people in big cities.

All the world's great cities have efficient public transport systems and in those cities the individual cost of transport is substantially lower. Local market surveys are now telling us that people in Perth are waking up to the paradigm that public transport is not a cost but a benefit, and are demanding more expenditure in this area. I am very pleased to say the PTA has sufficient robustness built into its systems to cope with rising passenger numbers.

In the context of the petrol price escalation, the development of the Southern Suburbs Railway is particularly timely. With an expected 25,000 passengers each day and with a fully integrated bus service, this \$1.6 billion project will be a key contributor to sustainable growth in our city. During the year, there was a \$49.8 million increase in the project's budget and the completion date was pushed back three months to July 2007, but I consider these to be relatively minor issues in what will stand as the biggest public infrastructure project undertaken in Western Australia. The project is proving to be a catalyst for extraordinary growth in Mandurah and the southern suburban corridor, underlining the value of this substantial investment.

The PTA began recruiting the train drivers, transit guards and other staff who will operate the system. Approximately 300 jobs will be created in this process. New MetroRail focused 100 per cent on the Southern Suburbs Railway, following the completion and commissioning of the Thornlie spur line in August last year.

The Government's decision in 2001 that all new buses should be powered by compressed natural gas is also bearing dividends for Western Australia in our high fuel price environment. At the end of 2005/06, we had increased the number of gas-powered buses to 224 and were moving to bring a further 325 into the fleet over a five-year period. The shift to an abundant local resource is helping protect the public transport system from rising fuel prices.

The new vehicles, built to Euro 4 environmental standards, also have a lower impact on our environment.

The PTA is also making a substantial investment in new rollingstock. We have commissioned 90 new 'B' series railcars, and just three more of the current order remained to be delivered at the end of the financial year. The new railcars, costing approximately \$280 million, represent the latest technology and are both faster and more comfortable than existing units. They are earmarked for the Northern and Southern Suburbs Railways where higher speeds are possible because of greater distances between stations. Customer feedback about these railcars has been very positive.

Our new smart card ticketing system called SmartRider, the first of its kind in Australia, was very well received by some 7,000 users chosen to be our control group. This exciting new automatic ticketing system allows credit to be loaded onto a card and for passengers to pass through platform entry and exit gates, knowing the correct fare will be deducted automatically. SmartRider was steadily extended across all buses, trains and ferries. To ensure the system will function at maximum efficiency, the completion date was shifted back to late 2006.

Safety is at the forefront of the PTA's planning for school students. Following the State Government's announcement in late 2005 that seat belts would



be required on all government funded school buses, the PTA purchased 23 buses fitted with belts. These complemented the 46 buses that had already been fitted out to the new requirements.

I am pleased to report that a frustrating series of mechanical problems with the new Prospector train servicing the Goldfields came to an end. Our supplier, United Rail Group, undertook a major upgrade and redesign. This immediately began to put our on-time running figures back on track. Despite the problems, Transwa's customer satisfaction levels for rail services remained stable at approximately 85 per cent. Notably, satisfaction with Transwa bus services was very strong at approximately 91 per cent.

Another benefit was the introduction of a 50-cent standard student fare across the PTA transport system, representing a substantial saving to many families.

Overall, I have been delighted by a year of outstanding progress in many key projects. Our across-the-board satisfaction rating dipped slightly to 82.8 per cent during 2005/06, but this was largely the result of the New MetroRail works in the city, some timetable teething issues on the new Thornlie Line and laying of new sleepers on the Armadale Line. I consider this an acceptable short-term loss for a major longer-term gain.

The coming year is very promising. The whole organisation will look forward to:

- completing the construction phase of the Southern Suburbs Railway and major steps towards commencement of operations;
- rolling out the southern corridor bus network services to complement the new railway;
- starting the Rockingham City Centre Transit System, similar to Perth's Central Area Transit (CAT) service, integrating the new railway with the city centre and the beach;
- implementing a new customer information system on train stations and at train and bus interchanges to improve information delivery to customers;
- constructing new stations at Joondalup (servicing Joondalup Arena) and Victoria Park, along with major station upgrades at Kelmscott and East Perth; and
- completing, and bringing into full operation, Transperth's SmartRider ticketing system.

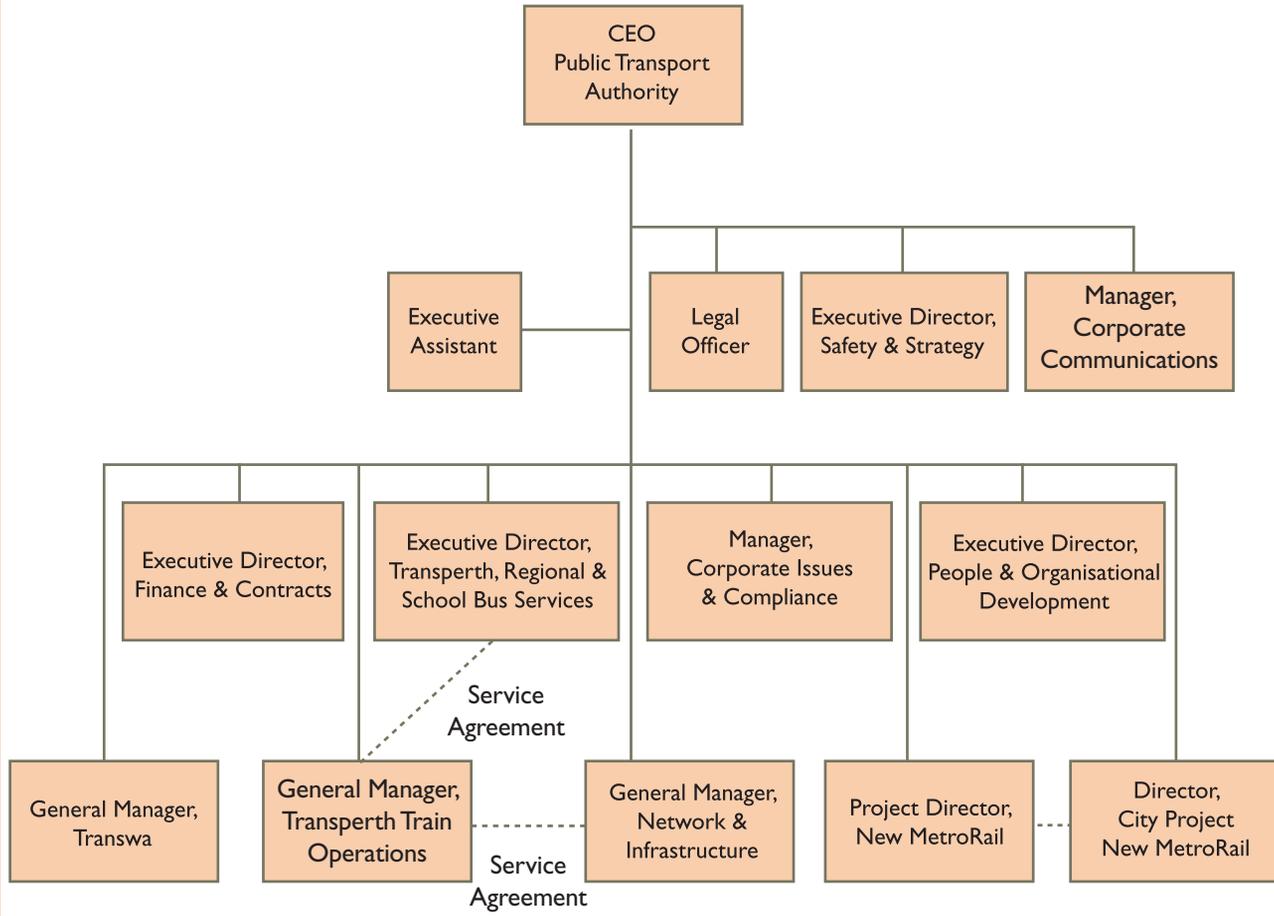
**Reece Waldock**  
Chief Executive Officer



*Station construction at Bull Creek was well under way.*



## Senior Management Structure 30 June 2006



# transperth

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

It consists of a bus network, a suburban electric train system and a ferry service.

Transperth bus and ferry services are provided under commercial contract arrangements, while Transperth train services are provided by Transperth Train Operations, an operating division within the Public Transport Authority. Passenger information is provided through information offices and a call centre. These services are provided by the firm Serco.

## Statement of Objectives

The objectives and outcomes for Transperth for 2005/06 were:

Objective	Outcome
Begin operations on the new spur line to Thornlie.	Train services began on the new line on 7 August 2005.
Commence the installation of the Recording and Passenger Information Dissemination System (RAPID) to the 'A' series railcars to improve passenger security and information. This new system incorporates the latest digital technology, increases the number of cameras installed in railcars, provides passenger information displays and enhances message announcements.	Installation of the RAPID system was completed on three of the 48 'A' series railcars.
Complete upgrading of Perth train station facilities including the installation of new stairs to Platform 7 and new lifts to Platforms 2 and 7.	Upgrading was completed.

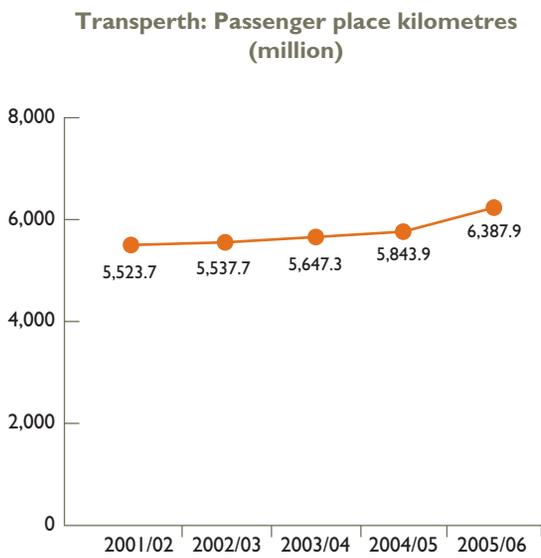


*The new Thornlie Line and train station were opened.*

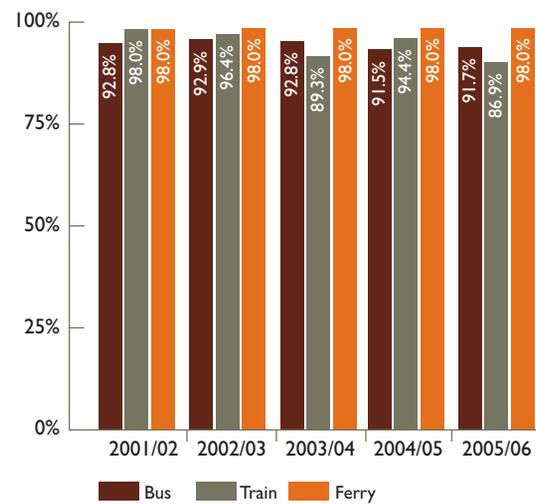
Objective	Outcome
Take delivery of new railcars which comprise part of the new fleet of three-car sets.	The PTA took delivery of 36 new railcars. The three remaining cars in the order were delivered early in the following financial year.
Complete upgrading of signage at train stations.	Signage was upgraded at all train stations during the year.
Continue implementation of the new train control system.	The new system was introduced throughout the rail network.
Launch the new SmartRider ticketing system to replace the MultiRider on Transperth bus, train and ferry services.	As a number of significant technical issues had to be addressed, the testing period was extended and the SmartRider control group increased from the initial 2,000 to 7,000 people. The new group included passengers from all the different Transperth fare groups. The full implementation of the SmartRider system is expected to occur in late 2006.
Continue to pursue patronage growth, high customer satisfaction ratings and a high level of on-time running.	Fare-paying boardings on the Transperth system increased by 4.6 per cent while total boardings rose 3.7 per cent. The increase in demand resulted in significant pressure on bus and train capacity and led to a decline in the overall level of satisfaction as shown by the Passenger Satisfaction Monitor. Bus services maintained a high level of on-time running through improved traffic management and adjusted timetables to deal with disruptions caused by road works associated with construction of the Southern Suburbs Railway. For train services, on-time running was affected by speed restrictions due to re-sleeping. (see the Audited Key Performance Indicators in this Annual Report for more information.)
Continue to review bus services across the metropolitan area, reallocating resources from areas where services are poorly utilised to areas of greater demand.	<p>There was improved frequency on:</p> <ul style="list-style-type: none"> <li>• Peak period services to Clarkson Train Station, and between East Perth and Hamilton Hill.</li> <li>• Off-peak period services to Canning Vale and between Cannington and Midland.</li> <li>• Perth to Mandurah services.</li> <li>• Services to Settlers Hill, Curtin University and Hammond Park.</li> </ul> <p>A new service was introduced to Banksia Grove. A feeder bus service was introduced to the new Thornlie train station. Improved services were introduced to Ellenbrook utilising a new bus transfer point.</p>

Objective	Outcome
Promote a network of high-frequency bus and train routes along major transport corridors.	Marketing and promotion continued to encourage patronage on Transperth's high-frequency bus and train services, with resultant good patronage growth.

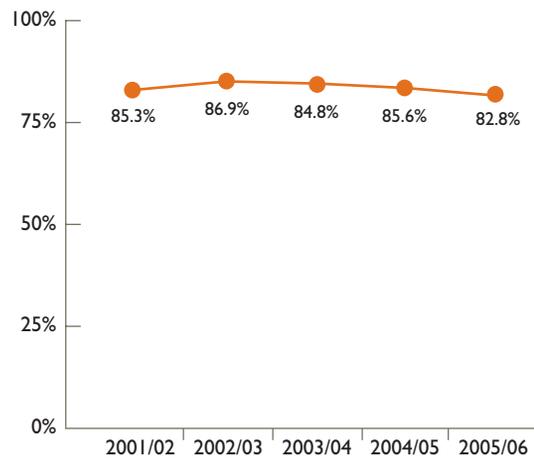
## Service



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

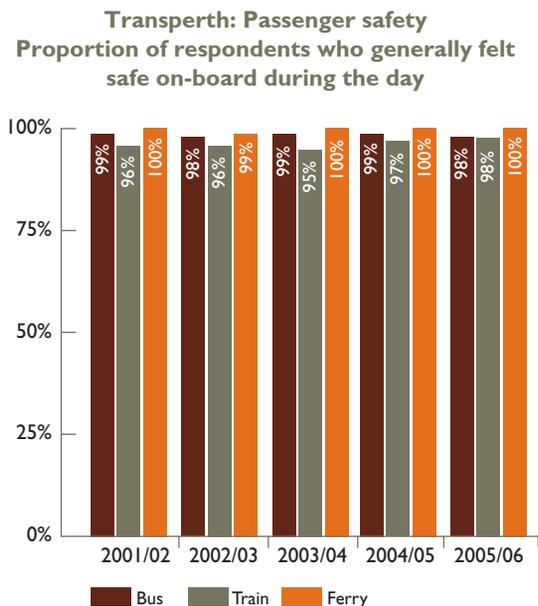


**Transperth: Customer satisfaction overall**



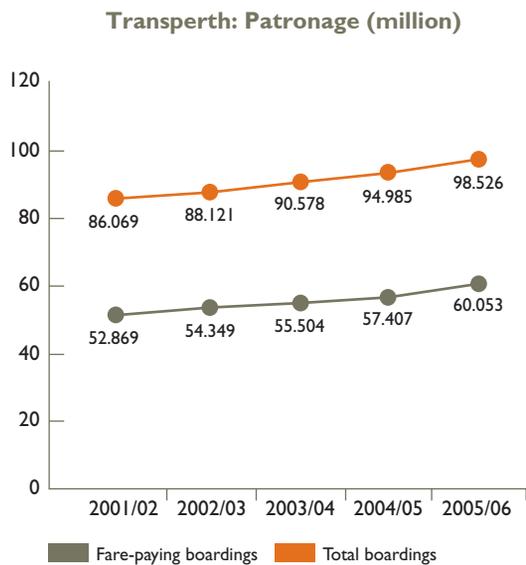
Source: Transperth Passenger Satisfaction Monitor. (Note: The results shown are users' responses to the following prompt in respect of each mode: "How satisfied are you with the Transperth bus/train/ferry system overall?" They have been calculated by weighting the responses for the transport modes according to their initial boardings.)

### Passenger Safety

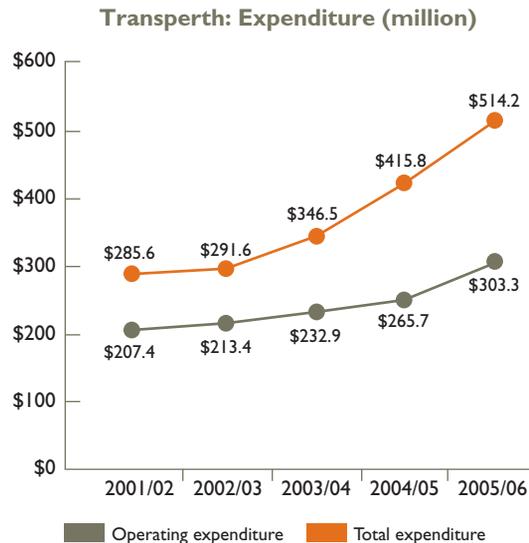


Note: Measures relating to customer perception of safety at other times and at stations/interchanges are shown in sections dealing with individual modes.

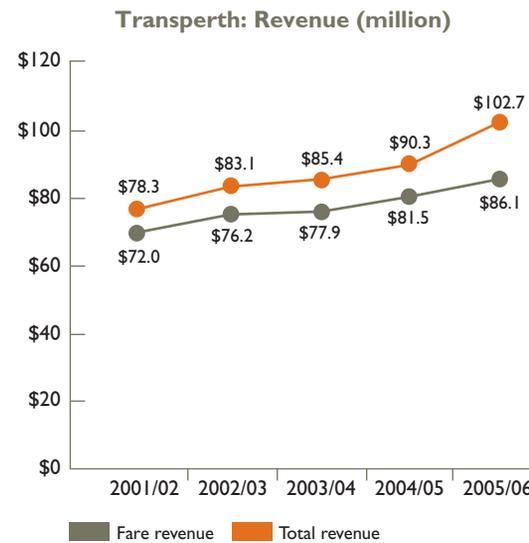
### Patronage



### Revenue/Expenditure



Significant expenditure variances are explained by individual mode in the Audited Key Performance Indicators section of this Annual Report.



### Service Information

Total patronage on the Transperth system increased for the seventh year in succession. In 2005/06, total boardings\* increased by 3.7 per cent to 98.526 million from 94.985 million the previous year, while initial boardings† increased by 4.4 per cent to 71.846 million from 68.820 million. Fare-paying boardings rose 4.6 per cent to 60.053 million from 57.407 million.

\*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 boardings, free travel on passes, free travel on Central Area Transit services in Perth and Fremantle and free travel on services within the Perth Free Transit Zone.



Total capacity provided on the Transperth system expressed in terms of passenger place kilometres rose by 9.3 per cent to 6,387.9 million from 5,843.9 million the previous year. This was due to a significant increase in train passenger place kilometres with the increasing use of trains in three-car and six-car configurations rather than two-car and four-car configurations.

On a per capita basis, public transport usage within the Perth metropolitan area increased from 46.9 initial boardings in 2004/05 to 48.3 in 2005/06. This increase of 3.0 per cent compares favourably with the estimated 1.4 per cent increase in the population of the metropolitan area (Perth Statistical Division).

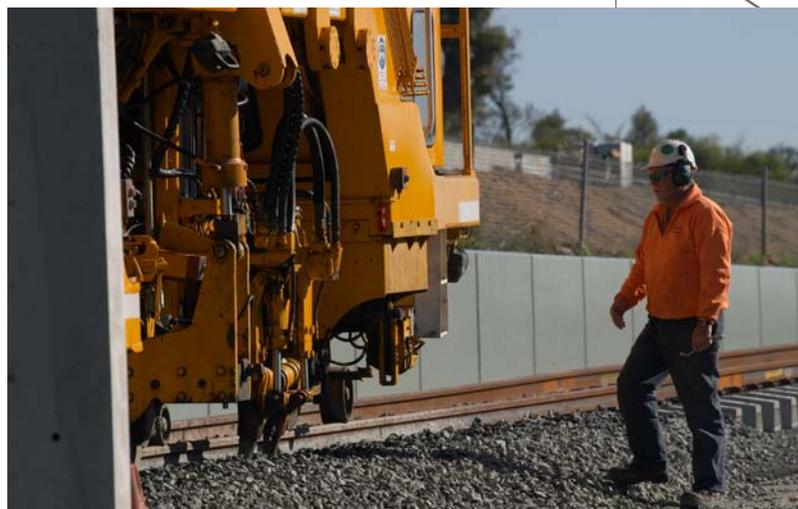
### Service Coverage – Access to Transperth Services

A key outcome which the PTA seeks to achieve is to provide an accessible, reliable and safe public transport system.

One objective in regard to accessibility is to ensure that people with disabilities are able to use Transperth services. During the year, Transperth continued its work toward this objective.

**Trains:** All Transperth trains are accessible by people with disabilities. Therefore, the key issue for train accessibility is whether the access to train stations and the gap between train and platform meet accessibility standards. Of the 59 stations on the suburban train network at 30 June 2006, 21 stations provided independent access to people in wheelchairs, complying with the *Disability Standards for Accessible Public Transport and Guidelines* under the Disability Discrimination Act, 1992. This compares with 15 stations in 2004/05, 11 stations in 2003/04 and 8 stations in 2002/03. Of the remaining 38 stations, 25 provided partial access, while 12 stations provided only limited access. At these 38 stations, people in wheelchairs can seek individual assistance from Transperth customer service staff to access the stations and trains.

During the year, several stations underwent minor upgrades to improve accessibility for people with disabilities, including platform modifications to remove the gap to meet the current standards for disability



*Track-laying along the 72km route of the Southern Suburbs Railway progressed rapidly.*

access, and the installation of Tactile Ground Surface Indicators.

**Buses:** Transperth continued its long-term program of buying accessible buses for its fleet. As at 30 June 2006, the number of accessible buses was 550 out of a total of 1,058 buses compared with 481 out of a total fleet of 1,030 buses a year earlier. Accessible buses are operated whenever possible, so that in off-peak periods most buses on the road are accessible. During peak periods, when service demand is high, both accessible and non-accessible buses are fully committed. For these reasons, accessible buses accounted for over 60 per cent of service kilometres during 2005/06 compared with 54 per cent in 2004/05.

Transperth continued its program of upgrading accessibility at bus stations. During the year, accessibility improvements were completed at Booragoon bus station, and work was in progress at Esplanade Busport and Karrinyup bus station. Also, work began on upgrading accessibility at the bus/rail interchanges at Joondalup, Warwick, Whitfords, Stirling, Glendalough, Oats Street and Cannington to meet the specifications of *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*, an accessible vessel. The two jetties in operation during the year, at Barrack Street in Perth and Mends Street in



South Perth, are both fully accessible. Work began on upgrading accessibility at the Barrack Street Jetty to meet the specifications of *Disability Standards for Accessible Public Transport Amendment 2004 (No. 1)*.

Another equally important aspect of accessibility is providing ready access to the system for the maximum number of people in the Perth community. This second aspect of accessibility is measured in terms of the proportion of point 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 (ALS). An ALS is defined as an hourly service during the day with at least three trips (i.e. at 20-minute intervals) in the peak flow direction in the morning and/or afternoon peak.

During 2005/06, 74 per cent of PSAs were within 500 metres of an ALS stop compared with 71 per cent in 2004/05. This improved access to Transperth services in 2005/06 was due to an increase of 13.5 per cent in the number of PSAs within the PPTA (from 623,548 in March 2005 to 707,455 in March 2006).

### Passenger Satisfaction

The Passenger Satisfaction Monitor 2006 showed that, on a system-wide basis, 82.8 per cent of survey respondents expressed satisfaction with the overall level of service compared with 85.6 per cent in 2005. (See details of passenger satisfaction in the train, bus and ferry service performance reviews below.)

### New MetroRail

The New MetroRail project is the largest public transport undertaking in Western Australia.

Armadale Line improvements and the new Thornlie Line were completed in August 2005.

The Southern Suburbs Railway is the most significant component of the New MetroRail project and is now in the final year of construction prior to commissioning and handover.

The Southern Suburbs Railway will comprise 72 kilometres of double track electric railway between Perth and Mandurah. It will have 11 stations, 770 metres of twin tunnels under the Perth CBD, 18 bridges or

underpasses, 25kv electrical traction power and two electric power feeder stations.

After a thorough review of the progress, cost and timeframe of the project in April 2006, the State Government approved an increase in the overall budget from \$1.563 billion to \$1.613 billion and announced that the time for commencement of train services between Perth and Mandurah would be July 2007.

At the end of the year, construction of the Southern Suburbs Railway infrastructure was about 75 per cent complete.

Expenditure on the whole New MetroRail project stood at \$1.3 billion or 81 per cent of the overall budget. Total expenditure in 2005/06 was \$484 million.

A total of 90 of the 93 new 'B' series electric railcars had been accepted into service at the end of the year.

Other major highlights of the New MetroRail project during 2005/06:

- The Auditor-General on August 31 2005 released his report to Parliament on the management of the City Rail Project (the Perth CBD portion of the Southern Suburbs Railway project). The report found that the PTA was capably fulfilling its contract management role by:
  - o using suitably qualified and experienced people
  - o maintaining sound systems and processes
  - o vigilantly monitoring the contractor's performance
  - o carefully assessing the contractor's payment claims
  - o working cooperatively with the contractor.
- The final section of the new 660-metre Mount Henry freeway bridge spanning the Canning River was completed in October 2005, and the bridge was opened for traffic in January 2006.

The work involved widening and strengthening the 30-year-old bridge to accommodate a rail corridor and associated infrastructure, as well as current and projected traffic volumes.

- Tunnelling for the City Project began in October 2005, the first of the twin tunnels being completed in June 2006.
- Track laying for the Southern Suburbs Railway began in March 2006.
- All Kwinana Freeway and bridge works were completed in May 2006.
- Overall public support of the Southern Suburbs Railway continued at a very high level of 84% in an independent public opinion poll taken in May 2006.

### Gas Fuel

A significant change is occurring in the fuel used by the Transperth bus fleet as a result of the State Government's 2001 decision to require all new bus acquisitions to be powered by compressed natural gas (CNG) engines. At 30 June 2006, Transperth operated 224 CNG buses in its total fleet of 1,058 buses. A further 325 new gas-powered buses are due to be delivered by 2011 under the existing contract with Daimler-Chrysler.

The CNG refuelling facility at the East Perth Central Area Transit (CAT) depot came into operation in late 2005 following delivery of the new natural gas powered CAT buses. The Southern River bus depot was connected to CNG during the year and operations commenced in May 2006. Work was proceeding at year's end on the installation of CNG refuelling stations at a number of other depots which are scheduled to start coming online from early 2007.

### SmartRider Project and Ticketing System

A number of significant technical issues had to be addressed during the implementation phase of the SmartRider project, resulting in extending the period of testing by a special "control group". These issues were resolved with the co-operation of the system supplier and it is expected that the SmartRider system will be fully launched to all patrons in late 2006.

The following significant milestones were achieved by the project during 2005/06:

- Installation of SmartRider equipment was completed across the existing bus, rail and ferry network in September 2005. This allowed the initial 2,000-strong control group to start using the SmartRider system the following month. The group was later expanded to a total of 7,000 users to cover all Transperth fare groups.
- A new student fare was introduced for primary and secondary school students at the start of the fourth term in 2005. The fare was set at 50 cents and is valid for unlimited travel up to three hours Monday to Friday between the first and last day of the school year including during mid-term holidays. The new fare is available only as a pre-paid ticket, currently as a MultiRider but soon to be replaced as the SmartRider.
- In May 2006, as a result of a Government initiative to provide seniors with a dual-use card, the Transperth SmartRider and the Western Australian Seniors Card were combined to form one card. These new cards, which were distributed to about 200,000 Western Australian seniors, enables them to access concession fares



*Thousands of passengers began to use SmartRider.*

on public transport services and free travel on public transport on Sundays, public holidays and during Seniors Week.

### In the Future

In the coming year(s), Transperth will:

- Commence recruitment of staff and commissioning of assets leading to commencement of the Southern Suburbs Railway.
- With the start of Southern Suburbs Railway services, adjust the southern corridor bus network to provide feeder services to the new bus/train interchanges on this line.
- Progress the design and construction of infrastructure and vehicles to enable introduction of the Rockingham City Centre Transit System to coincide with the start of train services on the Southern Suburbs Railway.
- Purchase new ticket vending machines for train and ferry services. These state-of-the-art machines will feature touch-screens and have the capability to accept banknotes and debit cards. Initially, the new machines will be installed on the Southern Suburbs Railway for the purchase of cash tickets at the new stations. The current-generation ticket vending machines at existing stations and ferry jetties will be replaced by new machines at a later date.
- Introduce a new Customer Information System at train stations and bus/train interchanges to improve the quality of information provided to passengers, particularly train arrival times.
- Deploy a new group of customer service staff, Passenger Ticketing Assistants, to monitor SmartRider fare gates at major train stations.
- Commence redevelopment of Transperth Train Operations' Claisebrook depot.
- Under the *Building Better Train Stations* program, construct a new special events station at Joondalup, and redevelop Kelmscott and East Perth Train Stations.
- Continue implementation of the Recording and Passenger Information Dissemination System (RAPID) in Transperth's first-generation ('A' series) railcars.
- Pursue and promote a network of high-frequency bus routes along major transport corridors.
- Rebuild/refurbish Mirrabooka bus station.
- Upgrade bus stations to meet new accessibility standards.
- Complete construction and open the relocated Armadale bus station.
- Complete construction and open the new Welshpool bus depot.
- Extend bus services into new and developing areas, such as Butler, Jindalee, Ellenbrook, Ashby, Tapping, Darch and Madeley.
- Continue a rolling program of bus service reviews across the Perth metropolitan region, reallocating resources from areas where services are poorly utilised to areas of greater demand.
- Continue involvement in planning for reconstruction and redevelopment of the Wellington Street Bus Station and the Northbridge Link project.

## review of performance

### Trains

#### Description of Services

Transperth Train Operations (TTO) Division of the PTA operates an electrified suburban train system with more than 890 services on an average weekday and in excess of 5,600 services weekly.

At 30 June 2006, the system covered 101.7 kilometres of track with 59 stations on five lines, and a fleet of 186 railcars which can be coupled in configurations of two, three, four or six car 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 (3.0km).

#### The Year's Developments

An additional 36 railcars were added to the Transperth fleet. These railcars, together with the 54 acquired in the previous year, are to be used mainly on the Southern Suburbs Railway. During the year, all 90 railcars in configurations of three and six railcar trains were used on existing lines.

With the extension of the train network and consequent increase in services, train service kilometres increased by 13.6 per cent, from 7.167 million in 2004/05 to 8.138 million in 2005/06. The use of three and six railcar trains during the year resulted in passenger place kilometres recording an increase of 23.1 per cent, from 2,293.6 million to 2,823.3 million.

Between January and December 2005, a new suburban train control system was progressively introduced throughout the existing PTA urban rail network. The system incorporates new trackside telemetry which, in the near future, will deliver automatic route setting, integrated timetable planning and monitoring, comprehensive performance reporting, and new customer information displays at the stations.

The train control system monitors daily train movements to determine the actual on-time arrival rate. The service reliability target for Transperth train services is for

95 per cent of services to arrive within three minutes of the scheduled time. In 2005/06, 86.9 per cent of services met the on-time arrival target compared with 94.4 in 2004/05. However, when service reliability is based on arrival within five minutes of the scheduled time, 95.4 per cent met the target in 2005/06 and 98.3 per cent in 2004/05.



Stage one of the Fremantle Station facade restoration was completed.

The Urban Securities Initiative Project (USIP) was completed. It improves the safety of customers using the rail system through 622 closed circuit television cameras, a Central Monitoring Room where video data from the cameras is collected, viewed and stored, and emergency/information booths on stations.

Engineering works on the Armadale Line at Victoria Park, Cannington, Thornlie and Gosnells allowed level crossings to be closed at Bishopsgate Street, Crawford Street, Verna Street and Lake Road reducing the risk of level crossing incidents.

The replacement of timber sleepers with concrete sleepers began on the Armadale Line. Approximately 14km were completed and the remaining 16km are scheduled to be completed by March 2007.

A siding to accommodate six car trains was constructed at West Leederville to improve train movements and operational efficiency for special events at Subiaco Oval.



A new train control system was introduced across the suburban rail network.

## review of performance

An upgrade of Cannington Station was carried out to make the station fully accessible.

The first stage of restoration of the historic Fremantle Station façade was completed. This work was undertaken with the guidance of the Heritage Council and will see the entire building restored in time for the 125th anniversary of its opening and the opening of the Fremantle Line in the second half of 2006.

### Cost of the Service

The total cost of providing train services increased by 37.9 per cent, due largely to the increase in capital charges. Total expenditure, which amounted to \$190.2 million in 2004/05, rose to \$262.3 million in 2005/06. Operating cost (which excludes capital charges) increased by 13.3 per cent from \$93.9 million to \$106.9 million.

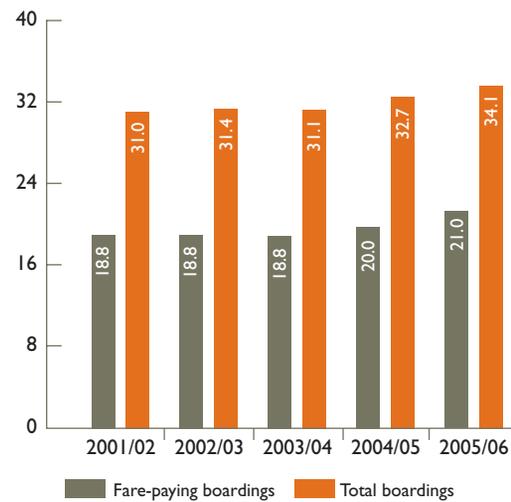
A significant proportion of debt servicing charges included in the total expenditure relates to the Southern Suburbs Railway. Similarly, the operating cost included "ramp-up" expenditure on recruiting and training of train crews for the new railway. However, revenue was yet to be generated from this significant investment which will double Perth's suburban rail network.

### Patronage

Patronage on Transperth train services recorded a substantial increase for the second year in succession. Fare-paying boardings rose by 4.8 per cent from 20.038 million in 2004/05 to 21.002 million in 2005/06. Total boardings increased by 4.5 per cent from 32.652 million to 34.133 million.

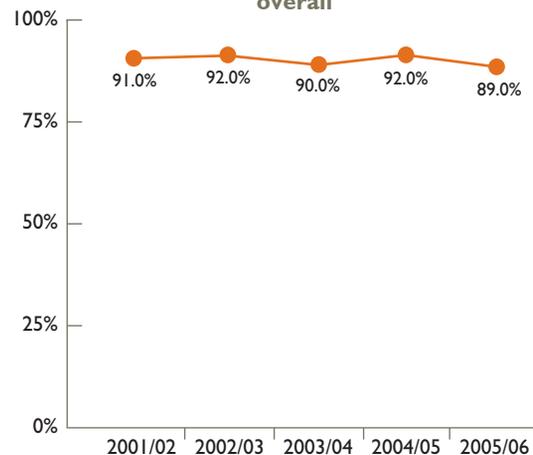
While train patronage recorded this significant increase, the expansion of services resulted in train service kilometres increasing at a higher rate, by 13.6 per cent. Consequently, between 2004/05 and 2005/06 on a per service kilometre basis, fare-paying boardings on train services fell by 7.7 per cent from 2.796 to 2.581, and total boardings fell by 7.9 per cent from 4.556 to 4.194.

Transperth trains: Patronage (million)



### Customer Satisfaction

Transperth trains: Customer satisfaction overall



The Passenger Satisfaction Monitor 2006 showed that a significant proportion of users continued to show high levels of satisfaction with the train system overall although the proportion fell to 89 per cent from 92 per cent in 2005. The table below shows that the main contributing factors in the slight downturn were a significant reduction in the level of satisfaction with punctuality of trains and perceived overcrowding during peak times, in that order. Decreased punctuality was attributable to a program to lay new sleepers on the Armadale Line and some teething issues in the timetabling of services on the new Thornlie Line, which also affected the Armadale Line.

Service characteristic	Satisfaction rating	
	2004/05	2005/06
1. Punctuality of train service	92%	87%
2. Cost of the fare	68%	68%
3. Speed of the trip	92%	92%
4. Number of trains running during the day	83%	86%
5. Cleanliness on board	84%	85%
6. Operation of ticket vending machines	85%	85%
7. Availability of seats	77%	78%
8. Number of trains during peak times	86%	81%

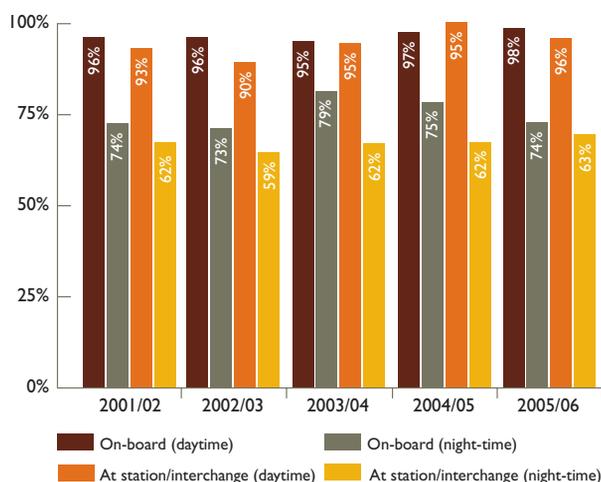
Satisfaction ratings for key service characteristics of Transperth's train services (other than passenger safety) are shown above.

### Passenger Safety

In the Passenger Satisfaction Monitor 2006, train 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 train network.

Transperth trains:  
Passenger safety perceptions



The results for the past five years show that the proportion of train passengers who felt generally 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 trains at night continued to fall, from 79 per cent in 2004 to 75 per cent in 2005 and 74 per cent in 2006. The proportion of respondents who generally felt safe at station/interchanges at night-time improved marginally.

The PTA is committed to ensuring that passengers feel safe on the train network at all times. At year's end, a total of 191 Transit Guards were in service and an additional 14 were in training.

In addition, the centralised monitoring of digital closed circuit TV coverage at all stations via a state-of-the-art monitoring centre manned 24 hours a day continued during the year.

A memorandum of understanding between the PTA and the Western Australian Police remained in force during the year. This memorandum established protocols for the provision of policing services and security arrangements on the suburban rail network aimed at reducing criminal and other anti-social behaviour on the network and ensuring personal safety and security for the commuting public.

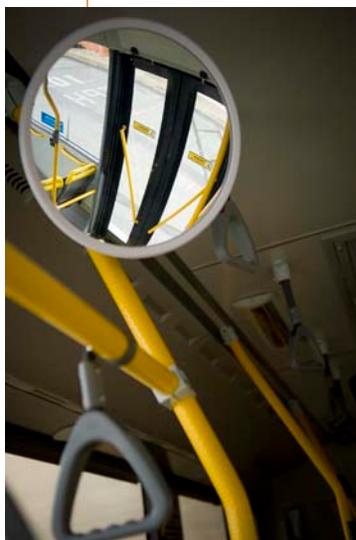
## review of performance

### Buses

#### Description of Services

Transperth bus services were operated by three contractors under 11 contracts in 2005/06:

- 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 Claremont-Belmont contract, which was operated by Swan Transit Riverside, ceased on 10 December 2005. This contract was replaced by two separate contracts for Claremont and

Belmont from 11 December 2005, both awarded to Swan Transit following a competitive tender process.

During 2005/06, the Transperth bus system covered 323 standard routes and 436 school routes, and operated 9,432 standard services and 436 school services on an average weekday. Accessible buses were always used on 38 of the standard routes. A service frequency of 20 minutes or better was provided all day on most major corridors.

#### The Year's Developments

The following major service improvements were introduced during the year:

- A feeder bus network in August 2005 to support the new Thornlie train station.
- A feeder service to a new bus transfer facility at Ellenbrook.
- Improved service frequency on peak period feeder services to Clarkson Train Station and on

peak services between East Perth and Hamilton Hill.

- Improved service frequency on off-peak services to Canning Vale, between Cannington and Midland.
- Improved service frequency on the Perth to Mandurah service.
- Improved service frequency on services to Settlers Hill, Curtin University, and Hammond Park.
- A new service to Banksia Grove.

Working with the City of Joondalup and Edith Cowan University, a new Central Area Transit (CAT) service was introduced at Joondalup. These partners share the cost of this new CAT route with the PTA.

A bus lane at South Street in Leeming came into service to provide peak period priority at a key point on this major east-west route.

A bus priority lane was created on Alexander Drive at the Walcott Street intersection in North Perth.

Transperth developed a network of conceptual feeder bus routes to support the Southern Suburbs Railway when it commences operations. Extensive community consultation was undertaken regarding this new network.

Total service kilometres operated by the Transperth bus network continued to increase. In 2005/06, the network covered 49.146 million service kilometres, an increase of 1.2 per cent from the 48.582 million service kilometres recorded in 2004/05, which was itself an increase of 1.4 per cent compared with the previous year.

Total capacity provided by the bus network was marginally higher in 2005/06 at 3,559.8 million passenger place kilometres, an increase of 0.4 per cent compared with 3,545.3 million passenger place kilometres in 2004/05. The small increase in 2005/06 occurred despite the increasing proportion of gas buses in the fleet which have a lower average passenger capacity compared with diesel buses. However, this was offset by the increase in service kilometres resulting in greater overall capacity being provided.

The service reliability target for Transperth bus services requires buses to arrive at or depart from a terminus or timing point no later than four minutes from the scheduled time. Performance is monitored through regular audits at key locations. In 2005/06, despite the continuing disruption to traffic flow caused by road works associated with the construction of the Southern Suburbs Railway, improved traffic management schemes and timetable adjustments helped to ensure that 91.7 per cent of services met the service reliability target. This result compared with 91.5% in 2004/05. During the period 2001/02 to 2003/04, before the road works commenced, the proportion of bus services meeting the reliability target was close to 93 per cent.

### Cost of the Service

The total cost of providing bus services was \$225.0 million in 2004/05, which increased to \$251.2 million in 2005/06, an increase of 11.7 per cent due largely to the increase in operating costs. The operating cost (which excludes capital charges) recorded an increase of 14.3 per cent, from \$171.3 million in 2004/05 to \$195.8 million in 2005/06 primarily driven by significant increases in the cost of fuel, labour and security.

### Patronage

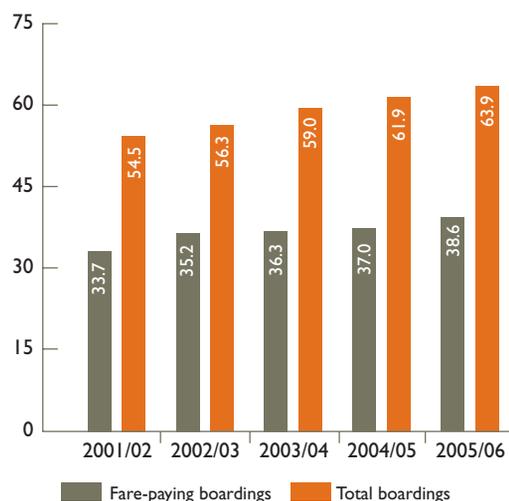
Transperth's bus services experienced patronage growth for the seventh year in succession. In 2005/06, fare-paying boardings rose by 4.5 per cent from 37.0 million to 38.650 million and total boardings rose by 3.3 per cent from 61.873 million to 63.891 million.

Between 1998/99 (the first full year when all bus services were operated on contract) and 2005/06, bus patronage increased as follows:

- fare-paying boardings by 33.6 per cent from 28.929 million to 38.650 million, and
- total boardings by 43.1 per cent from 44.647 million to 63.891 million.

On a per service kilometre basis, fare-paying boardings on bus services increased by 3.3 per cent from 0.762 in 2004/05 to 0.786 in 2005/06, and total boardings increased by 2.1 per cent from 1.274 to 1.3.

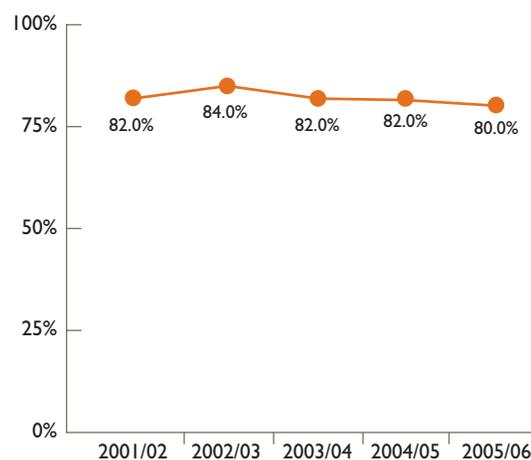
Transperth buses: Patronage (million)



### Customer Satisfaction

The Passenger Satisfaction Monitor 2006 showed that a relatively high proportion of users continued to be satisfied with the bus system overall. However, the proportion who expressed satisfaction fell from 82 per cent in 2005 to 80 per cent in 2006.

Transperth buses: Customer satisfaction overall



## review of performance

Service characteristic	Satisfaction rating	
	2004/05	2005/06
1. Punctuality of the bus	84%	<b>79%</b>
2. Number of buses on weekdays	68%	<b>71%</b>
3. Cost of the fare	75%	<b>72%</b>
4. Driver's handling of the bus	91%	<b>89%</b>
5. Speed of trip	82%	<b>85%</b>
6. Driver's manner	89%	<b>89%</b>
7. Cleanliness on board	91%	<b>87%</b>
8. Availability of seats *	-	<b>88%</b>

\* Replaced "buses on weekends".

The table above shows that the main contributing factors to the adverse result were a significant level of dissatisfaction with punctuality of services and the cost of fares, in that order.

Satisfaction ratings for key service characteristics of Transperth's bus services (other than passenger safety) are shown above.

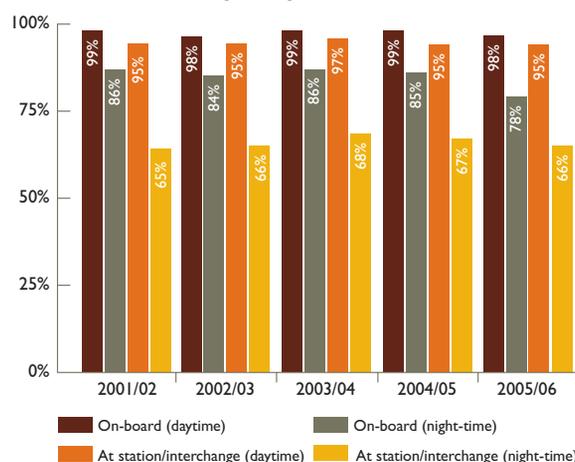
### Passenger Safety

In the Passenger Satisfaction Monitor 2006, 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 system.

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. The proportion of respondents who generally felt safe at night at stations/interchanges has remained relatively stable. However, it is noteworthy that there has been a significant decline, from 85 per cent to 78 per cent, in the proportion of respondents who generally felt safe on-board buses at night.

Transperth buses: Passenger safety perceptions



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

- Two security officers deployed Thursday to Saturday of each week at each major bus station from 2 pm to last bus.
- Mobile patrols on each of the three major sectors – north, south and east.
- Centrally monitored closed circuit TV at all bus stations.
- Closed circuit TV on new buses in the fleet.

## Ferry Services

### Description of services

The Transperth ferry service is provided under contract by Captain Cook Cruises.

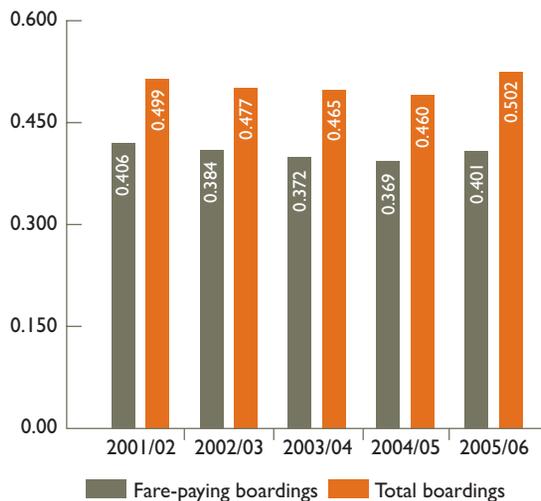
Two vessels operate between the City (Barrack Street) and South Perth (Mends Street) providing 80 services on an average (summer) weekday.

### Patronage

Ferry patronage increased in 2005/06, reversing a negative trend. Previously patronage had declined every year since 2000/01 from a peak of 469,000 fare-paying boardings and 558,000 total boardings. In 2005/06, fare-paying boardings recorded an increase of 8.7 per cent from 369,000 in 2004/05 to 401,000 while total boardings rose by 9.1 per cent from 460,000 to 502,000.

On a per kilometre basis, fare-paying boardings, which had fallen to 10.209 in 2004/05, increased by 13.8 per cent to 11.620. Total boardings were 14.547 per service kilometre in 2005/06, an increase of 14.3 per cent over 12.731 recorded in 2004/05.

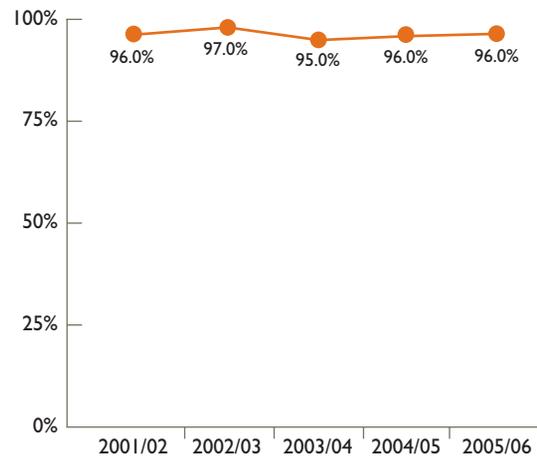
Transperth ferries: Patronage (million)



## Customer Satisfaction

The Passenger Satisfaction Monitor 2006 continued the trend of a very high proportion of passengers consistently expressing satisfaction with Transperth's ferry services overall.

Transperth ferries: Customer satisfaction overall



## review of performance

Satisfaction ratings for key service characteristics of Transperth's ferry services (other than passenger safety) are shown below (in order of importance):

Service characteristic	Satisfaction rating	
	2004/05	2005/06
1. Cleanliness on board	98%	99%
2. Cost of the fare	88%	90%
3. Shelter at jetty	70%	79%
4. Number of ferries during the day	90%	67%
5. Speed of trip	96%	98%
6. Punctuality of ferry	90%	92%
7. Understandability of timetables	66%	78%
8. Availability of seats on the ferry	99%	100%

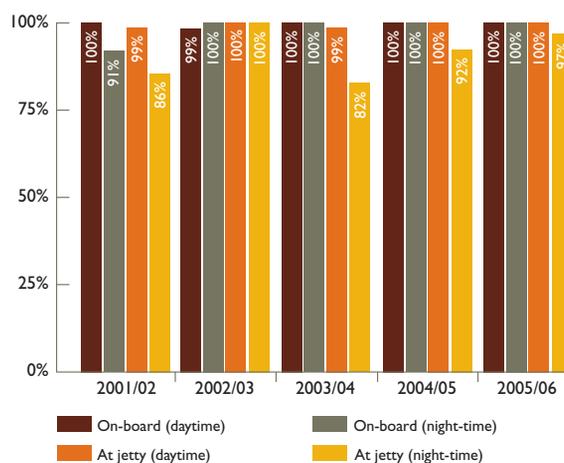
### Passenger Safety

In the Passenger Satisfaction Monitor 2006, 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.

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. Similarly, while almost all users felt safe at the jetty during the day, the proportion of users who felt safe at the jetty at night has increased significantly over the past three years.

Transperth ferries: Passenger safety perceptions



## regional town bus services

### Description of Services

Regional Town Bus Services (RTBS) Branch resides within the Transperth, Regional and School Bus Services Division of the PTA. It is responsible for the management of public transport systems in regional Western Australia, primarily involving bus services within Western Australian regional towns (that is, intra-town services) and a small number of contracted inter-town services.

At 30 June 2006, there were 15 intra-town services operating in 14 major regional towns throughout the State and four inter-town services.

From 2005/06, annual results relating to regional bus operations are being reported separately for intra-town and inter-town services, to improve understanding of their performances.

RTBS is also responsible for the administration of a small number of regular passenger transport (RPT) services operating in the Perth metropolitan area in a complementary capacity to Transperth services. The performance of these services has been included in the RTBS figures for 2005/06.

### Statement of Objectives

In 2005/06, the objectives and outcomes of Regional Town Bus Services were:

Objective	Outcome
Continue with a programmed approach of reviewing regional bus services.	Improved service levels were achieved in Port Hedland, Geraldton, Albany and on the school bus service in Esperance. The improvements in Esperance resulted in a significant increase in patronage.
Find solutions for regional transport problems in consultation with the local communities.	RTBS worked with the Shire of Busselton, Office of Crime Prevention and the WA Police to provide public transport options for government to consider for School Leavers' Week activities in Busselton, scheduled for November 2006.
Conduct field visits and audit contractors' performance.	A standardised reporting format was introduced to maintain passenger and occupational safety records. Service audits of contractors were carried out in Albany, Bunbury, Busselton, Carnarvon, Collie, Dunsborough, Esperance, Geraldton, Kalamunda and Port Hedland.

## regional town bus services

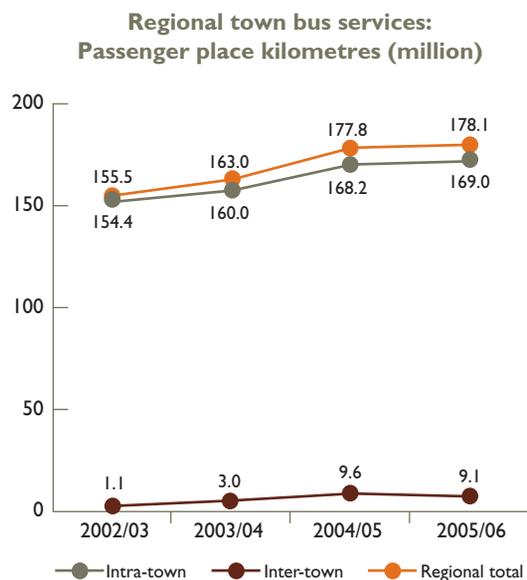
### The Year's Developments

During the year, RTBS completed its program of signing regional town bus operators to a formal 12-year contract with the PTA.

At 30 June 2006, the regional bus fleet totalled 138 vehicles compared with 134 at 30 June 2005. Of these, 131 buses were used to provide intra-town services and 7 vehicles were used to provide inter-town services.

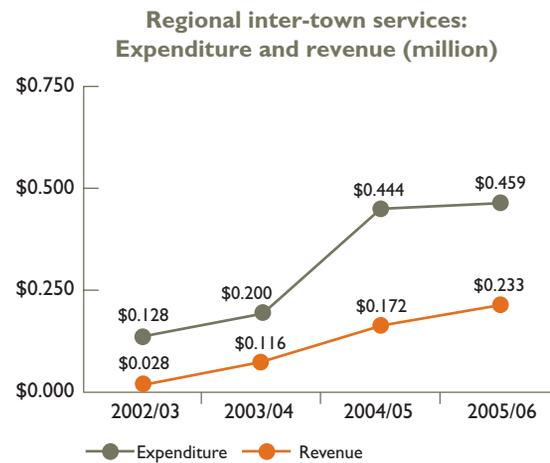
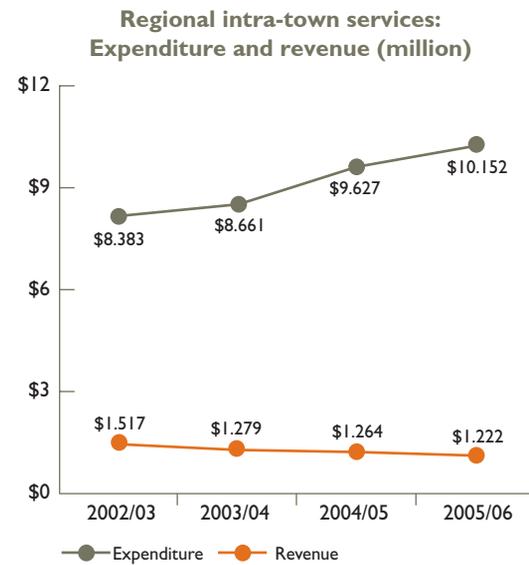
Total capacity provided on intra-town services rose only slightly, from 168.2 million passenger place kilometres in 2004/05 to 169.0 million passenger place kilometres in 2005/06. This followed the significant increase in 2004/05 from 160.0 million passenger place kilometres in 2003/04.

Total capacity on inter-town services fell marginally from 9.6 million passenger place kilometres in 2004/05 to 9.1 million in 2005/06. The Perth to Port Hedland road coach service accounted for over 80 per cent of inter-town passenger place kilometres. This service operated on a trial basis for six months during 2003/04. Regular operations commenced during 2004/05 resulting in a 200 per cent increase in passenger place kilometres.



### Cost of the Service

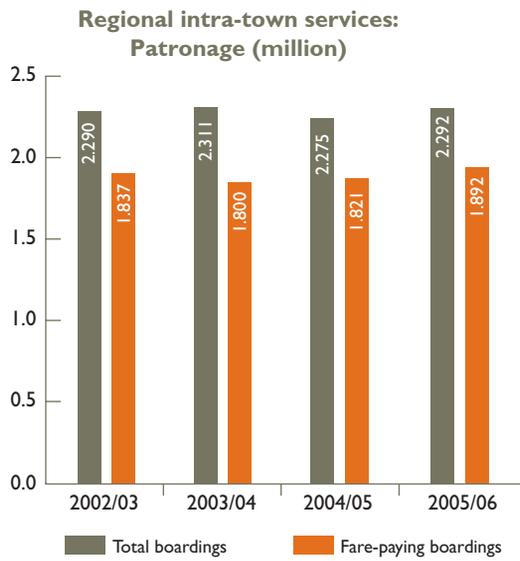
Total expenditure on regional bus services amounted to \$10.6 million in 2005/06, which represented an increase of 5.4 per cent over expenditure of \$10.1 million in 2004/05. Expenditure on intra-town services rose from \$9.6 million to \$10.2 million, an increase of 5.5 per cent, while the cost of inter-town services increased by 3.4 per cent from \$0.444 million to \$0.459 million.



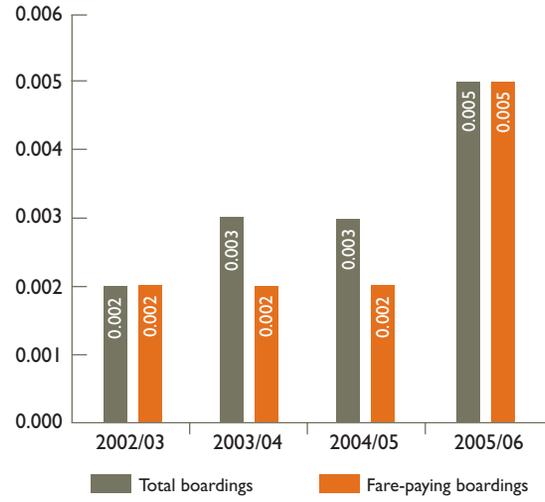
### Patronage

Total boardings on regional bus services increased by 0.8 per cent from 2.278 million in 2004/05 to 2.297 million in 2005/06. Fare-paying boardings increased by 4.1 per cent from 1.823 million to 1.897 million.

On intra-town services, while total boardings showed little change, fare-paying boardings reached a peak of 1.892 million for the four-year period since 2002/03, increasing by 3.9 per cent compared with 2004/05. Patronage on inter-town services recorded significant gains even though the actual numbers were quite small. The increase was 66.7 per cent in total boardings and 150.0 per cent in fare-paying boardings.



**Regional inter-town services:  
Patronage (million)**



### Customer Satisfaction

Passenger satisfaction surveys were conducted during the year only among contractors who were subject to a review. The responses were used to assist in improving services.

## school bus services

### Introduction

School Bus Services (SBS) Branch is located within the Transperth, Regional and School Bus Division of the PTA, and manages Government student transport assistance. This is predominantly provided using contracted “orange” and “green” school buses around the State. Alternatively, where eligible students cannot be accommodated on a school bus, their parents/carers are paid a Conveyance Allowance to help meet some of the costs incurred by them in getting their children to their nearest appropriate school.

In 2005/06, transport support organised by SBS was used by 24,000 students per school day.

SBS managed 818 school bus contracts/services and paid a Conveyance Allowance to entitled students at a total cost of \$70.662 million for Grants and Subsidies. It also provided transport assistance to students attending special education schools principally in large regional towns and in metropolitan Perth.

The school bus network comprised 697 school buses servicing mainstream schools, 114 school

buses servicing special education schools, centres and units and seven Regular Public Transport service arrangements.

All “orange” school buses are operated by private contractors.

Three contract/service models were used to provide student transport support:

Composite Rate Model (CRM) Contracts (20-30 years in duration):	694
Fixed term Contracts (Tendered over 1-15 years since 1995):	117
Regular Passenger Transport (Licence arrangement with fare subsidy):	7

The Composite Rate Model is an average cost model which was implemented in January 2004 and provides for contractor payments to be reviewed by an independent review panel.

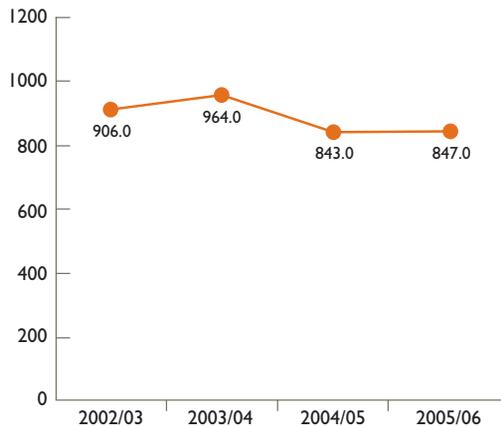
### Statement of Objectives

In 2005/06, the objectives and outcomes of School Bus Services were:

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.	SBS managed 818 “orange” school bus contracts and paid a Conveyance Allowance to entitled students at a cost of \$70.662 million.
Ensure the transport assistance provided to students is appropriate, safe, cost effective and is fair in its application.	Developed a seat belt implementation plan as a result of the Government’s initiative to progressively introduce seat belts on government-funded school buses. Commenced the roll out of a new Safety Management Plan for school bus contractors.
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.	Reviewed special education bus routes in metropolitan Perth and regional towns. Reviewed school bus routes that serve the fringes of metropolitan Perth.

## Service

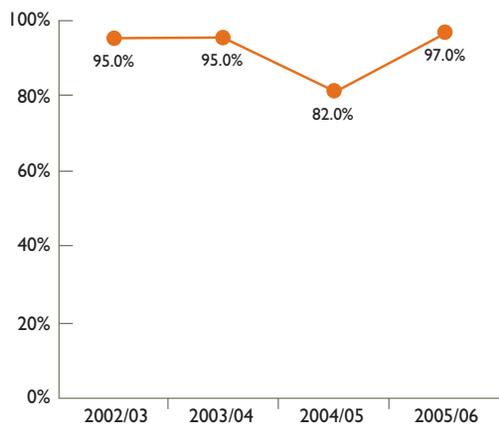
**School bus services:  
Student passenger place kilometres**



The increase in the use of school bus services is measured by comparing the annual number of student bus service place kilometres.

Student passenger place kilometres for 2005/06 showed a slight increase over the previous year.

**School bus services:  
Arrival and departure times**

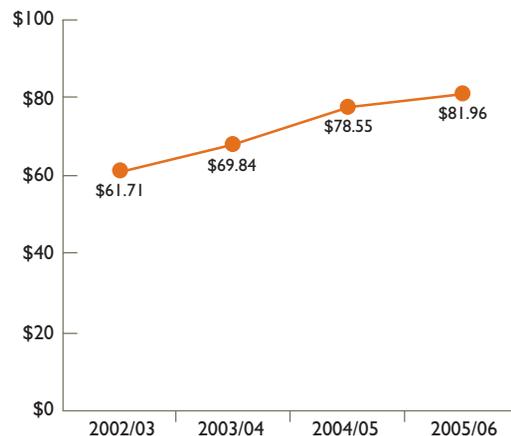


Service reliability measures school bus timetable reliability for the rural mainstream services and Education Support School Buses operating in the Perth metropolitan area. The reliability measure is arrival less than 10 minutes before school starts and departure less than 10 minutes after school finishes.

In 2005/06, reliability was back above the acceptable level of 90%.

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

**School bus services:  
Operating cost per 1000 student place kilometres**



The increase in 2005/06 was a result of higher operational costs such as drivers' wages and fuel.

## The Year's Developments

### Introduction of Seatbelts on School Buses

The State Government announced on 6 November 2005 that WA would be the first state in the nation to ensure seat belts were installed on all dedicated school buses contracted to the State Government. The policy will require from 2006 that all new government-funded school bus contracts must be operated with buses that are fitted with seat belts. In addition, where economically viable, all existing government-funded school buses will be retro-fitted with seat belts. Where it is not economical to retro-fit seat belts on school buses, the buses will be replaced.

In the last six months of the financial year, SBS rolled out 23 new school buses fitted with seatbelts. These complemented the existing 46 Toyota "Commuters" which are fitted with seat belts and already operating on WA roads.

SBS liaised closely with the WA Department of Education and Training to develop a communication strategy to ensure all students who travel on school

## school bus services

buses actually wear the seat belts provided for them. In addition, a student code of conduct was being developed to monitor and act on non-compliance by students. SBS sees compliance with the code as vital to ensure students remain safe. It will work with school bus contractors and the department to ensure there is a high level of compliance.

### Review of School Bus Services

SBS continued its review process for school bus services in order to provide the most efficient use of public funds, balanced against high-quality and safe transport services for eligible students.

During 2005/06, locations reviewed were Dumbleyung, Northampton, Mukinbudin, Ongerup, Eastern Hills/Wundowie and College Row Education Support School, Bunbury. The actions to follow these reviews are the adjustment of routes and the change of bus sizes to match the demographics of the area.

In some cases, school bus services were closed where there were fewer than four students, in accordance with student transport policy, or where school closures meant services were no longer required. In all cases, these changes were in the Wheatbelt where student numbers have generally continued to decline. The affected services were:

Newdegate South East	Mount Magnet Cue
Mukinbudin Wialki	Mount Walker South
Ongerup North West	Eastern Hills
	Mundaring Weir

The review of services also resulted in a number of new temporary or short term services being introduced in areas of rural population growth (i.e. Albany, Australind, Gingin-Bindoon, Comet Bay, Little Grove, Frenchman Bay, Quairading, Fitzroy Crossing Wamali, Wananami Dodnun, Wandering), and also some growth of special education in metropolitan Perth and regional towns (i.e. Mandurah, Rockingham, College Row Bunbury Education). In addition, two new "English Second Language" School Bus Services (Federally funded) were commenced in Mirrabooka and Nollamara.

SBS undertook a review of its school buses operating around Geraldton as part of the introduction of a designated Public Transport Area to better reflect the operation of intra-town services. SBS also

implemented some modified bus routes as part of the introduction of the Esperance Public Transport Area. The modified services began in term 4 in 2005.

### Customer Satisfaction

SBS does not measure customer satisfaction as transport assistance is provided on an entitlement basis.

### Expenditure

SBS's expenditure for 2005/06 was \$74.470 million.

### In the Future

Changes in the Government's policy direction and new initiatives by the WA Department of Education and Training such as retention of children at secondary school and potential changes to the compulsory education age will affect SBS in its delivery of student transport assistance over the next three years.

SBS continues to liaise with the department to ensure a whole-of-government approach is taken to clearly identify the financial implications and the impact on student transport assistance.

### Objectives for 2006/07

- Continue implementation of seat belts on all Government funded school buses by 2010 in accordance with Government policy.
- Continue review of school bus routes to maximise service delivery and efficiencies in rural Western Australia and Metropolitan Perth.
- Continue liaison with the Department of Education and Training to review student transport assistance policy with regards to:
  - o integration of students with special needs into mainstream schools
  - o compulsory school attendance to Year 12 (2008)
  - o integration of vocational studies into school curriculum through increased usage of TAFE facilities
  - o implementation of student seat belt compliance policy
  - o reviewing transport provision when school facilities are opened or closed

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.

### Statement of Objectives

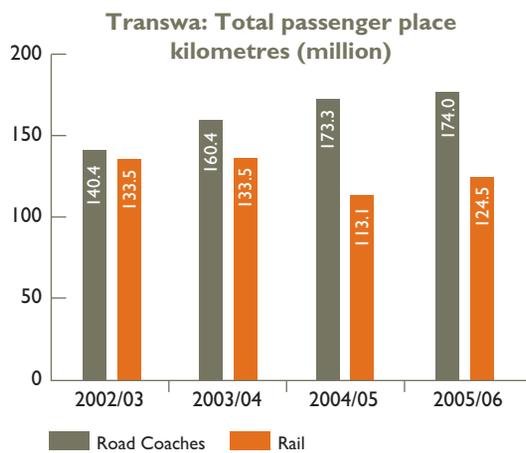
Transwa's objective is to provide customer-focused, safe and cost-effective passenger transport services for regional Western Australia.

Key indicators of performance for Transwa in 2005/06 were services to arrive at their destinations within the acceptable parameters set for punctuality:

- Prospector – within 15 minutes for 90 per cent of services
- Australind – within 10 minutes for 90 per cent of services
- AvonLink – within 10 minutes for 95 per cent of services
- MerredinLink – within 10 minutes for 95 per cent of services
- Road coaches - within 10 minutes for 95 per cent of services

and 90 per cent passenger satisfaction across all rail and road coach services.

### Service



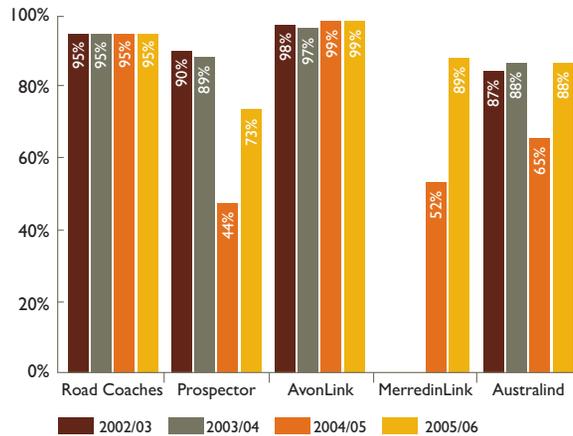
The total of passenger place kilometres for road coaches increased slightly as a result of the completion of the delivery of the new fleet of road coaches (56 seat capacity) which occurred in 2004/05.

The passenger place kilometres for rail services began the recovery to the levels of previous years following

recent equipment upgrades to the new Prospector railcars and general improvements in reliability.

### On-Time Running

Transwa: On-time running performance



The road coach services continued to perform to target, with consistent on-time running across the last four financial years.

The improvement in the on-time running of the Prospector in 2005/06 is representative of improved reliability of the railcars as some major problems were overcome late in the year. Continued improvement is expected in the future.

The introduction of new railcars for the AvonLink and MerredinLink services in August 2005 also resulted in improvements in the on-time performance of these services.

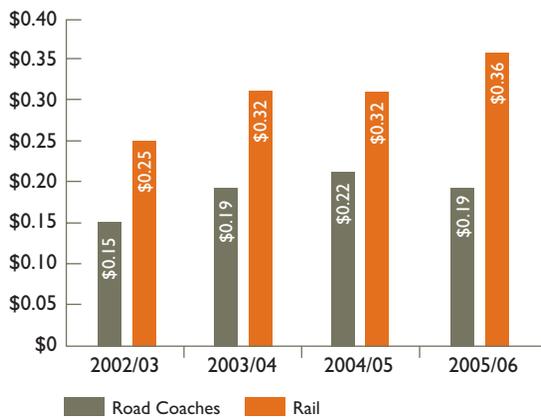
**Customer Satisfaction**



Although overall customer satisfaction levels remained consistent with previous years, Transwa initiated a number of measures to provide improved levels of service to its customers.

**Cost Efficiency**

**Transwa: Average cost per passenger kilometre**



There were some adjustments in the cost per passenger kilometre as a result of changes in the allocation of overhead costs between road and rail services and lower passenger kilometres due to reliability issues with the Prospector.

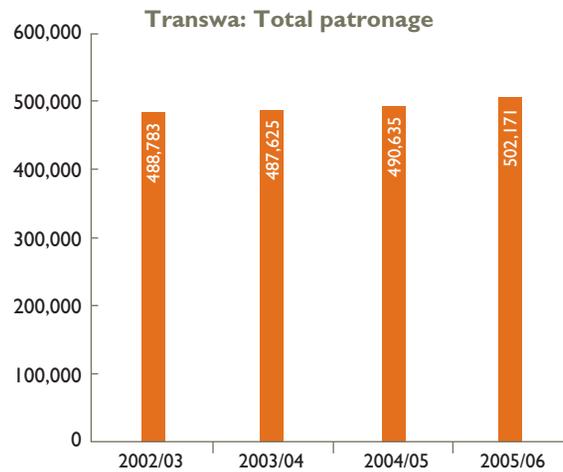
**Passenger Safety**

Very few instances of anti-social behaviour which threatened the safety of other passengers were experienced during the year. Transwa continued to

receive an excellent response from local police when situations arose on the services.

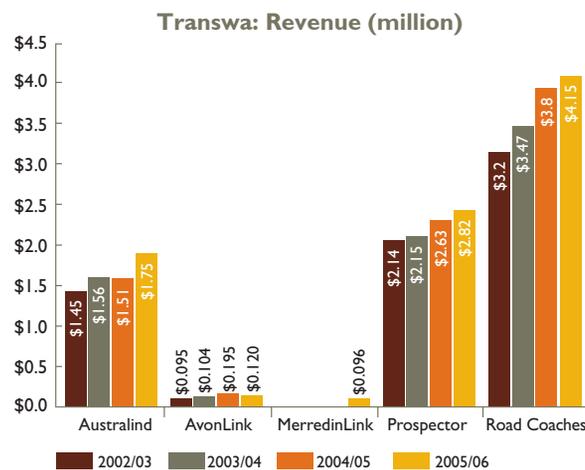
Prospector and AvonLink trains are equipped with closed-circuit television monitoring of the passenger cabins and a similar system is being considered for the Australind.

**Patronage**



Total patronage on Transwa services increased by 2.4 per cent compared with 2004/05, mainly due to increases on the Australind and AvonLink services.

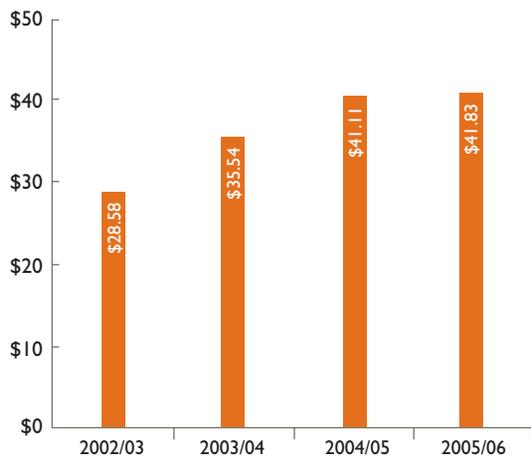
**Revenue/Expenditure**



The 10 per cent increase in revenue was a reflection of the annual increase in fares coupled with a 2.4 per cent increase in overall patronage figures.



Transwa: Expenditure (million)



Expenditure increased due to a number of reasons including rising fuel prices and wage increases.

### Service Information

The introduction in August 2005 of a new train for the AvonLink service as well as equipment upgrades for the Prospector railcar sets boosted the overall on-time performance for the year and promises to deliver further improvements for 2006/07.

Transwa road coach operations continued to provide a high level of service, with excellent on-time performance and a high level of amenity provided by the new fleet of five-star coaches.

### In the Future

Transwa will continue to provide customer-focused, safe and cost-effective passenger services and will increasingly focus on delivering a high level of customer service.

To ensure it understands customer requirements, Transwa has committed to engaging with community groups and to communicate with its customers.

Work will continue on reviewing services around the State to ensure that appropriate changes are made as the requirements of customers' change.

## Review of Performance

### Trains Description of Services

Transwa operated 62 scheduled rail services every week during 2005/06 covering four distinct services.

On the South West Railway 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 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 a total of 969,161 service kilometres.

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

Transwa employs 17 railcar operators based in Perth and Bunbury.

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

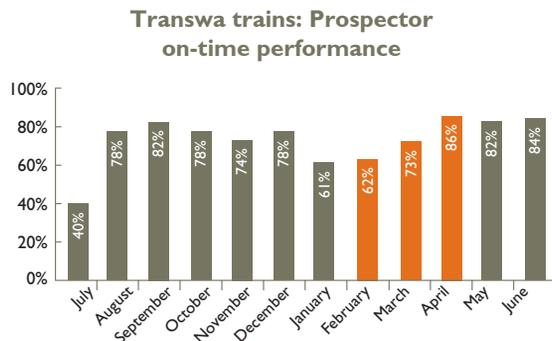


A new-look train was introduced for the AvonLink and MerredinLink services.

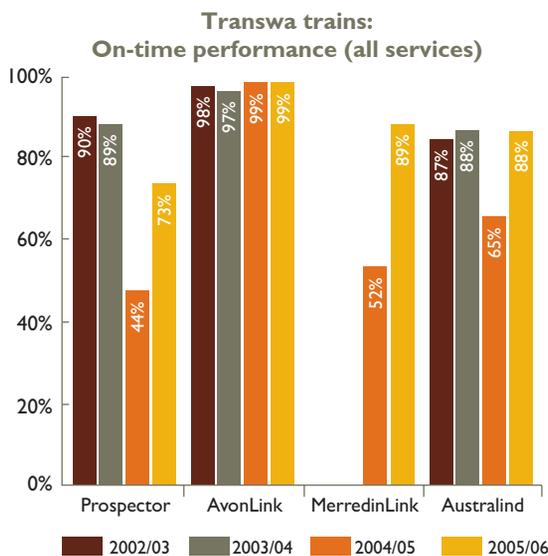


### The Year's Developments

From February to April of 2006, Transwa released one Prospector train at a time for equipment upgrades designed to improve mechanical reliability. These upgrades resulted in immediate improvements in on-time performance and renewed confidence in the Prospector service, as the following graph shows.

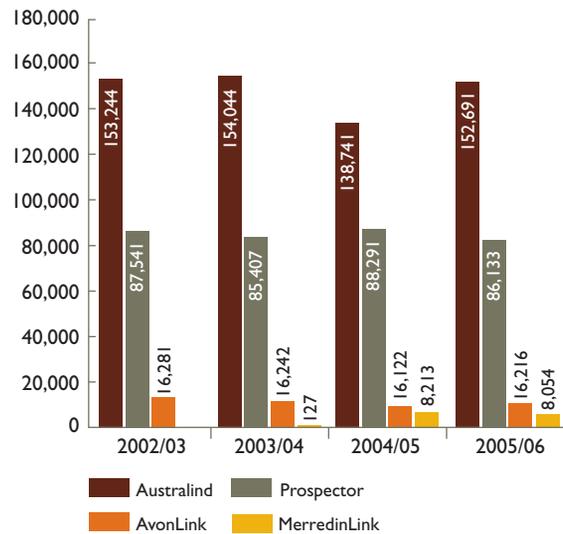


The performance of the Australind service recovered from the disruptions caused by a five-month re-sleeper program in 2004/05. The new high-quality track offered greater comfort and improved running times for Australind services. Unfortunately, the year's on-time performance does not show a significant improvement over previous years due to signalling problems caused by vandalism of signalling wire at Mundijong in March 2006. With repairs under way at year's end, it is expected that the Australind's on-time performance will improve during 2006/07.



### Patronage

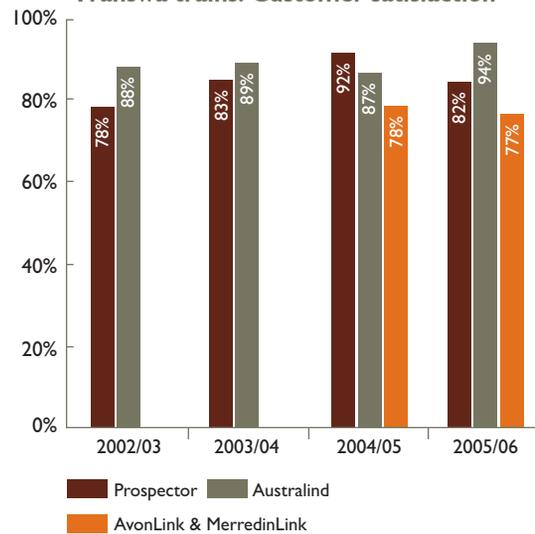
Transwa trains: Patronage



Patronage levels have remained virtually unchanged for the last three years. The reduction in Australind patronage in 2004/05 was due to track re-sleeper works which resulted in some services being replaced by road coaches.

### Customer Satisfaction

Transwa trains: Customer satisfaction



Note: The AvonLink service was included in the survey for the first time in 2004/05.

The effect of improvements in the on-time running performance of the Australind was offset by falls in satisfaction with the AvonLink and Prospector services.

A number of measures were being implemented at year's end to improve the level of service and it is expected that an increase in customer satisfaction will result.

**Infrastructure**

An Australind refurbishment program began during the year and will continue in 2006/07. Under the program, the passenger saloon areas and mechanical equipment of the Australind rollingstock are being upgraded.

The installation of an additional maintenance pit further improved facilities at the new Kewdale Railcar Depot. This permits both routine and unscheduled maintenance of Transwa railcars to be carried out simultaneously. The depot now provides facilities for servicing, repairs, cleaning, provisioning and secure stowage together with driver management and book-on offices.

Commonwealth funding was arranged, and a formal agreement is expected soon, for extensions to the crossing loops on the railway between Perth and Kalgoorlie which will improve the on-time performance of both the Prospector and MerredinLink services.

**Road Coaches**

**Description of Services**

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. The Transwa road coach service is a vital transport link to many small communities in the southern half of Western Australia.

During the year, Transwa operated 144 separate road coach services each week and employed 32 road coach drivers for its fleet of 22 five-star coaches.

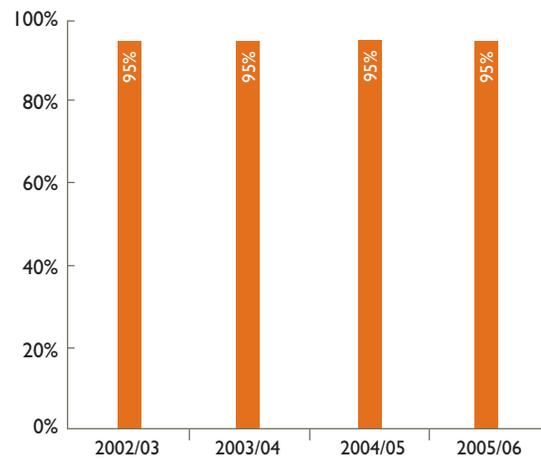
**The Year's Developments**

A range of modifications was undertaken on the road coach fleet during 2005/06 to improve the safety and comfort for passengers and staff. These include

modifications to the coach luggage bins and doors, installation of privacy blinds and air-conditioning boost fans for drivers and additional protection for the steering gear.

Additionally, minor improvements were made to the road coach depot in East Perth.

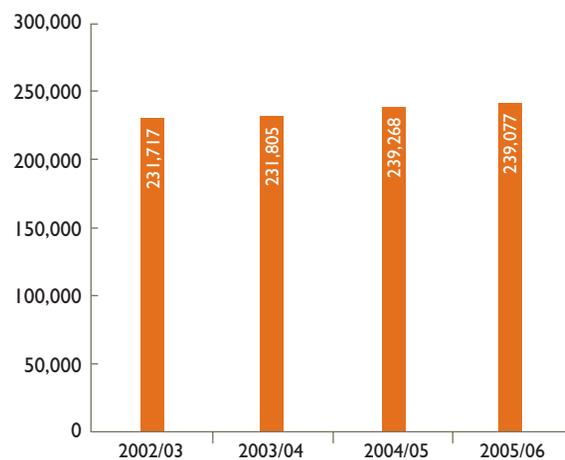
**Transwa road coaches: On-time performance**



**Patronage**

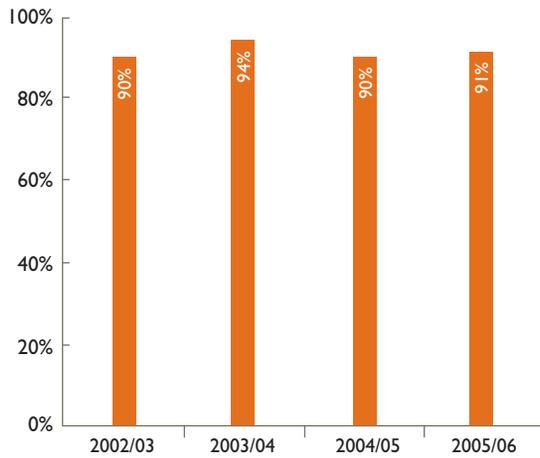
Patronage for the road coach services remained relatively consistent with previous years.

**Transwa road coaches: Patronage**



### Customer Satisfaction

Transwa road coaches: Customer satisfaction



Transwa's attention to its customers' needs, and the high levels of comfort, reliability and on-time performance of its fleet of five-star coaches, were reflected in the continuing high level of customer satisfaction.

### Infrastructure

Transwa introduced systems to closely monitor the performance of the coach fleet to assist in improving maintenance. This will provide important information for Transwa in considering the optimal time for fleet replacement.

## pta people

At 30 June 2006, there were 1,053 full-time-equivalent staff members of the PTA.

### Strategic People Management

The People Reference Group, which was formed in June 2004, continued to provide advice directly to the PTA Executive on key people strategies. This included significant input into the formation of the 2006 Employee Opinion Poll, consideration of new corporate initiatives, recommendations on leadership matters and internal communication.

To ensure continuing expertise and skills are available to meet the PTA's business objectives, key strategies in the PTA's Building Capability Workforce Plan were implemented, such as a succession management strategy, an individual development planning process, mentoring guidelines and phased retirement options.

The PTA is an equal opportunity employer committed to achieving greater workforce diversity. The strategies in the PTA's Equity and Diversity Management Plan 2004-2006 identify and set priorities to improve equity and service delivery through increasing diversity. The Director of Equal Opportunity in Public Employment commended the plan as a best practice example of planning in this critical area, with the PTA providing an overview of the planning process at a Diversity Forum held by the Office of Equal Employment Opportunity.

Innovation is a key driver of sustainable business performance. The PTA developed an internal interactive software program harnessing employee suggestions for improvement in processes, systems and customer service. Since the inception of the program in 2005, more than 120 employee-initiated suggestions have been received and assessed.

### Workforce Planning

To meet its future business objectives and to ensure it has the required ongoing skills and expertise, the organisation began a process of reviewing the workforce plan and new strategies will be progressively implemented in the forthcoming year.

### 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. The revised process for salaried staff and new format for wages employees resulted in a marked increase in the PDP usage rate. Training in the PDP process and performance management was delivered on-line, utilising flexible, self-paced e-learning courses.

### Leadership Training

The third intake of supervisors and managers commenced Front Line Management training in 2004/05, including the completion of work-based projects relating to operational issues. Upon completion in 2005/06, participants received a Certificate IV in Business (Frontline Management), ensuring that PTA managers hold nationally-recognised qualifications.

The inaugural PTA Leadership and Development Program was undertaken with a group of middle and senior managers. The program was tailored to meet the specific needs of PTA managers. It is designed to consolidate existing management skills and develop the more strategic skills associated with planning, leadership and workforce planning. On completion, participants received an Advanced Diploma of Business Management.

As a result of a management development project undertaken by the Organisational Development Team, the PTA developed a Professional Development Capability Framework. The competency elements in the framework will assist managers and supervisors identify development needs, and serve as a guide in planning future development programs and training courses.



*Therese Martinovich became a suburban train driver, joining her father Peter (left) and uncle Bernie who are long-serving members of the PTA - Therese and Peter also fly planes.*

## pta people

### Developing a Learning Organisation

Apart from the co-ordination of access to a wide range of professional development courses for PTA employees, the Study Assistance Policy provides



Kate Babidge is one of Transperth's suburban train drivers.

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.

### Employee Engagement

The PTA surveyed all its employees in May 2006 through an "opinion poll" conducted by an external polling organisation.

Analysis of the results showed that the levels of engagement, trust and respect improved significantly since the last survey in 2003. The PTA accomplished a rating in the top quarter of 180 public and private organisations across Australia which were used to compare employee job satisfaction, motivation, commitment, pride and willingness to recommend the PTA as an employer.

The results were subsequently made available to all staff through briefings by senior managers. The PTA Executive also made a commitment for continuing attention to the areas of priority action identified by staff.

### Public Sector Standards in Human Resource Management

The PTA advertised for 221 recruitment processes in the last financial year. No substantiated breaches were found against any human resource standard.

### Healthy Living

Following a corporate wellness program first delivered in 2003, the organisation continued to provide access to professionally-delivered fitness assessment and training for PTA employees. This program was

complemented with health promotion information and activity programs such as gym circuits and yoga.

PTA people were encouraged to participate in charity-related activities. During the year, about 130 staff participated in the Asthma Foundation Bike Hike, Radio Lollipop, Loud Shirt Day for Telethon, Activ Foundation City to Surf and the Fremantle Triathlon.

### 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 2005/06. These included:

- Implementing the *Janison* database to facilitate the centralisation of training records from across the organisation.
- Launching *PTA On-line* in June 2006 to provide online learning opportunities for all staff.
- Developing and reviewing competency profiles for Signal Technicians and Maintainers, Overhead Catenary Maintainers, Passenger Ticketing Assistants and Transit Guards.
- Delivering and administering re-qualification training for a number of operational areas.
- Managing the \$1.5 million training contract for Transperth Train Operations.

In 2005/06, the RTO team developed, delivered and reviewed competency-based training programs for the following courses:

- Transit Guard training (new employees and re-qualification)
- Urban Railcar Driver training (new employees and re-qualification)
- Customer Service Assistants
- Passenger Ticketing Assistants
- Counter-terrorism
- SmartRider

## Training Summary

Competency-Based Training in 2005/06	PTA Staff	Contract Staff
Number of courses delivered	64	4
Number of people trained	705	41
Total training days	3,744	385

This commitment to training was recognised by the Australian Department of Education, Science and Training and PTA was presented with the 2005 Australian Training Award for excellence in Transport and Logistics.

The PTA was also recognised by the Western Australian Department of Education and Training for outstanding achievement in vocational education and training as a finalist in the 2005 Western Australian Training Excellence Awards (Large Employer of the Year).

### Professional Development Training

A wide range of professional development training and education opportunities is offered to all employees through the WELL program. Courses offered include:

- Computer training (Word, Excel, Outlook, PowerPoint)
- Report writing
- Successful meetings
- Managing work priorities
- Emotional intelligence
- Workplace trainer and assessor

### Labour Relations

The Organisation reviewed and modernised the Railway Employees Award and the Government Railways Locomotive Enginemen's Award [now titled Public Transport Authority Railcar Drivers (Transperth Train Operations) Award 2006] to ensure that they are easy to understand and support workplace efficiency. The awards were then ratified in the State Industrial Tribunal.

Arising out of the award review and modernisation, the Organisation also created a new award amalgamating all the occupational groups in Transwa under a single

industrial award titled Public Transport Authority (Transwa) Award 2006. It too was ratified by the Western Australian Industrial Relations Commission.

The PTA also successfully negotiated five separate enterprise agreements that removed restrictive work practices which had been major sources of industrial disputation with unions. The five agreements are:

- *Public Transport Authority Railcar Drivers' Agreement 2006* (covering railcar drivers engaged in Transperth Train Operations);
- *Public Transport Authority (Transwa) Enterprise Agreement 2006* (covering all wages employees including railcar drivers, road coach operators and passenger service assistants engaged in Transwa);
- *Public Transport Authority Railway Employees' Enterprise Agreement 2006* (covering wages employees employed in Transperth Train Operations division and Network and Infrastructure division);
- *Public Transport Authority Railway Employees' (Trades) Enterprise Agreement 2006* (covering all wages employees with trade qualifications); and
- *Salaried Officers' Certified Agreement (Public Transport Authority) 2006* (covering all salaried employees of the Public Transport Authority).



The General Manager of Transperth Train Operations, Pat Italiano, initiated information forums for staff.

## the pta executive



*Reece Waldock*

*Mark Burgess*

*Kim Stone*

*Pat Italiano*

*Hugh Smith*

### **Reece Waldock**

#### *Chief Executive Officer*

Reece has 22 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**

#### *Executive Director Transperth, Regional and School Bus Services*

Mark has gained extensive logistic, transport and people management skills through 21 years in the Army and eight 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. 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 33-year railway career, Pat has gained extensive experience in business management, financial management, procurement, audit and, more recently, operational experience within an urban rail mass transit environment. A qualified accountant, he also has considerable experience in strategic management and is a leader in risk management.

Pat's role in the Executive includes the commitment to ensuring that the high service delivery standards enjoyed on the existing passenger rail network are attained on the passenger rail services being developed to Mandurah through the New MetroRail project.

### **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.

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.



*John Leaf*

*Cliff Gillam*

*Sue McCarrey*

*Garry Willox*

*Richard Mann*

### **John Leaf**

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

John is a fellow of the Institute of Chartered Accountants and the Institute of Company Directors. He joined the Western Australian Government Railways in 1989 and performed a strategic role in the continuous improvement and restructuring of the organisation, as well as its evolution into a customer-focused public transport service provider.

### **Cliff Gillam**

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

Cliff is an industrial relations, human resources and organisational development professional with 16 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. He believes that high performance organisations achieve excellence through a genuine commitment to their people and sustained attention to their development.

He joined the Public Transport Authority on secondment in September 2003, and was appointed to the Executive in May 2004.

### **Sue McCarrey**

#### *Acting Executive Director, Safety and Strategy*

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 expertise also includes making the link between high level policy and operations within the agency. 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.

### **Garry Willox**

#### *Project Director, New MetroRail*

Garry was appointed Project Director in April 2000 and has overseen the New MetroRail Project from the end of the planning stage to implementation.

He is a Civil Engineer who joined the Western Australian Government Railways (WAGR) in 1969, working in district engineering offices. He then held a number of senior management positions within WAGR.

From 1988 to 1993 he was Project Manager for the Perth Urban Rail Electrification Project and Project Director for the Northern Suburbs Railway Project. He was then General Manager Engineering and Supply, before joining National Rail Corporation in Sydney. He also worked on major railway works in Thailand between 1998 and 2000.

### **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.



## better planning: better services

The PTA's *Strategic Plan* is aligned with the State Government's *Better Planning: Better Services* (November 2003) strategic planning framework for the WA public sector.

The PTA identifies those strategic outcomes specified in *Better Planning: Better Services* that relate most closely to its own business. These strategic outcomes are reported below, along with the obligatory reporting requirements specified in the *Western Australian Public Sector Annual Report Framework* for 2005/06.

This section summarises the significant developments and should be read in conjunction with other information presented throughout the annual report.

### People and Communities

Goal 1: To enhance the quality of life and wellbeing of all people throughout Western Australia.

#### *Strategic Outcomes Relevant to the PTA*

Government Strategic Outcome	Applicable PTA Outcome*	Significant Developments in 2005/06
6. Safe and secure Western Australian communities	I	<p>In the metropolitan area, the PTA maintained its efforts to provide safe and secure transport services by rail, bus and ferry (see detail in the next item below). In these efforts, it worked closely with State Government and the WA Police.</p> <p>It conducted its annual research of passengers' perceptions about their safety (see Transperth in this Annual Report).</p> <p>In regional WA, the PTA resolved to put in place protocols detailing the increased levels of security which are to apply as the Federal Government changes the level of security alert. This is anticipated to include pre-departure checking of trains and road coaches.</p>
8. Enhanced safety, security and wellbeing of the vulnerable within our community	I and 2	<p>The recommendations of a 2005 functional review of safety were progressively implemented through the newly established Safety and Strategy Directorate. Safety improvements will benefit the travelling public and the PTA's own staff.</p>



Government Strategic Outcome	Applicable PTA Outcome*	Significant Developments in 2005/06
		<p>Passenger security on the Transperth train network was increased with the completion of the Urban Securities Initiative Project, with its 622 closed circuit television cameras, a central facility for real-time monitoring of CCTV images and emergency/information booths on stations. There were also 191 Transit Guards as well as other security personnel deployed. Counter-terrorism training was conducted for staff across the organisation.</p>
<p>10. A positive difference to the lives of people with disabilities, their families and carers</p>	<p>4</p>	<p>High disability standards continued to be progressively implemented in the PTA's infrastructure. These are applied during construction and redevelopment work.</p> <p>Twenty-one of the 59 stations on the suburban train network provide independent access to people with disabilities.</p> <p>Transperth uses fully accessible trains and ferries, and almost half the bus fleet is now also accessible to people with disabilities.</p> <p>Generally, accessible buses are used on off-peak services, so that 60% of total bus service kilometres were provided by accessible buses in 2005/06.</p> <p>In the regions, Transwa's latest trains and all road coaches are designed to meet the needs of people with disabilities.</p>



## better planning: better services

Government Strategic Outcome	Applicable PTA Outcome*	Significant Developments in 2005/06
16. Accessible and reliable public transport	4	74% of street addresses within the Perth public transport system are within 500 metres of a Transperth stop providing an acceptable level of service. (An acceptable level of service is defined as an hourly service with at least three trips at 20-minute intervals in the peak-flow direction in the morning and afternoon.)
17. Vibrant communities that enhance and promote safety, a sense of openness, walkability, our cultural diversity and the Western Australian lifestyle	1 and 3	Public transport continued to contribute to this outcome particularly through train and bus rich stations which encourage local transit-oriented development (TOD). The PTA continued its representation on the Government's TOD committee and undertook TOD-related planning on railway and bus stations in its capital works program. The Government's <i>Building Better Train Stations</i> program saw the completion of Thornlie Station during the year, and planning for upgrades of Kelmscott, Maddington and East Perth stations.



**Obligatory reporting requirements relevant to the PTA**

<p>Disability Access and Inclusion Plan (DAIP)</p>	<p>The PTA continued to strengthen its relationships with disability support agencies to improve access to public transport for people with disabilities. It began developing the DAIP for 2006-2010. (See Transperth in this Annual Report for additional information.)</p>
<p>Cultural Diversity and Language Outcomes</p>	<p>Cross-cultural awareness training was provided for front-line staff, including Transit Guards, to equip them with the skills and knowledge necessary to work and effectively communicate in a socially diverse environment.</p> <p>When passengers whose first language is not English call the PTA call centre, their call can be transferred to the Commonwealth Government's Translating and Interpreting Service (TIS). The PTA also promotes the TIS number on all its relevant brochures and websites.</p>
<p>Youth Outcomes</p>	<p>From October 2005, the Government fulfilled its 2005 election commitment to offer a 50 cent student fare to secondary and primary school students on all State Government controlled/subsidised public transport services in Perth and regional centres.</p> <p>In relation to employment, the PTA continued its graduate recruitment program across a range of technical and non-technical disciplines. Vacation employment for engineering students was provided over the summer break.</p> <p>Three business traineeships were implemented across the PTA. Apprenticeship opportunities were created and work experience for pre-apprentices was trialled.</p>



# better planning: better services

## The Economy

**Goal 2:** To develop a strong economy that delivers jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth.

### Strategic Outcomes relevant to the PTA

Government Strategic Outcome	Applicable PTA Outcome*	Significant Developments in 2005/06
5.A workforce which reflects State's diverse population	2	<p>Strategies were implemented in the accordance with the <i>Equity and Diversity Management Plan 2004 - 2006</i>. The plan was being reviewed and updated in line with the new diversity objectives outlined in the Government's <i>Equity and Diversity Plan 2006 - 2009</i>.</p> <p>The organisation maintained its corporate objective to promote diversity and equity.</p> <p>The PTA targeted recruitment at diversity groups, particularly during mass recruitment drives.</p> <p>The <i>Building Capability Workforce Planning Strategy Report 2004 - 2006</i> was implemented, with further workforce planning sessions underway for the 2007 - 2009 plan.</p>
8. Greater economic infrastructure that facilitates new development	7	<p>The direct freight rail loop line into North Quay at Fremantle was completed, allowing freight trains to access the port without having to shunt through the former Leighton Marshalling Yard. The Leighton yard tracks were being removed, allowing the rehabilitation and redevelopment works to begin.</p>



Government Strategic Outcome	Applicable PTA Outcome*	Significant Developments in 2005/06
		<p>Planning for the redevelopment of the Kewdale Intermodal Terminal continued, with stage I construction due to commence in the first half of 2007. The site, leased to Pacific National Ltd, is the major intermodal terminal for interstate rail freight in the Perth metropolitan area. The railway portion of the Geraldton Southern Transport Corridor was completed (see The Regions below).</p>
<p>14. Social infrastructure such as schools, health, facilities and recreational areas built and maintained to a high standard</p>	<p>6</p>	<p>Infrastructure produced under the New MetroRail project and the <i>Building Better Train Stations</i> program, as well as other projects, is built and maintained to high levels of safety, service and amenity.</p>

## The Environment

**Goals 3:** To ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved and habitats protected.

### *Strategic Outcomes relevant to the PTA*

Government Strategic Outcome	Applicable PTA Outcome*	Significant Developments in 2005/06
<p>3. Effective contributions to global efforts to reduce greenhouse emissions</p>	<p>3</p>	<p>The PTA continued to implement its <i>Sustainability Action Plan</i> throughout the year.</p> <p>The PTA assisted the Department for Planning and Infrastructure in its research project into hydrogen-powered buses.</p>



## better planning: better services

Government Strategic Outcome	Applicable PTA Outcome*	Significant Developments in 2005/06
		<p>Delivery continued of new ('B'-series) suburban railcars which are 20% more energy efficient than their predecessors.</p> <p>The Government announced that, during 2006/07, 78 Transperth buses (about 7% of its fleet) will trial bio-diesel. The buses will operate on B5 fuel, which contains 5% bio-fuel.</p>
12. High level of urban air quality	3	The PTA continued its program to replace diesel-fuelled Transperth buses with compressed natural gas buses.

### Obligatory reporting requirements relevant to the PTA

Waste paper recycling	<p>Waste paper continued to be collected for recycling from the Public Transport Centre in East Perth under contract. During 2005/06, waste paper recycling programs commenced at Transperth's operations at Claisebrook and Nowergup Railcar Depots, and at Perth, Fremantle, Currambine, Armadale and Midland train stations.</p>
Energy Smart Government Policy	<p>The PTA is a voluntary participant in the Energy Smart Program. Its Public Transport Centre (PTC) in East Perth is the principal energy consumer of the PTA's locations.</p> <p>Over the last four years, the PTC has achieved a reduction in energy consumption of 21.6%. This compares with the Government's Energy Smart objective of 12% by 2006/07.</p> <p>The PTC's energy performance in 2005/06 was:</p> <ul style="list-style-type: none"> <li>• Total energy consumption 4,681,111kW (16,852,000MJ)</li> <li>• Total energy costs \$436,879 – a reduction of \$54,883 or 11.2% on 2004/05</li> <li>• Total greenhouse gas emissions 5,347 tonnes</li> <li>• Rate of energy consumption 19,919MJ/person/annum (1,081MJ/m2/annum).</li> </ul>

## The Regions

**Goal 4:** To ensure that regional Western Australia is strong and vibrant.

### Strategic Outcomes relevant to the PTA

Government Strategic Outcome	Applicable PTA Outcome*	Significant Developments in 2005/06
3. Effective government service delivery to regions that is responsive to the needs of diverse communities	4	The PTA continued to provide reliable, safe and modern transport services to regional WA through Transwa, Regional Town Bus Services and School Bus Services.
5. Improved regional infrastructure	7	The railway portion of the Geraldton Southern Transport Corridor was completed in September of 2005 providing a new rail connection to the Port of Geraldton. The rail infrastructure on the old alignment along the Geraldton foreshore was removed allowing the redevelopment of the town beach to commence.

### Obligatory reporting requirements relevant to the PTA

Regional Development Policy	<p>Transwa regularly reviews its services to ensure they continue to provide the best possible public transport service within the normal budgeting constraints.</p> <p>During 2005/06, possible changes to South West services were considered and, during 2006/07, Transwa will work closely with South West communities on implementing changes which will better serve the needs of the community.</p>
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# better planning: better services

## Governance

**Goal 5:** To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future.

### Strategic Outcomes relevant to the PTA

Government Strategic Outcome	Applicable PTA Outcome*	Significant Developments in 2005/06
1. Co-ordinated, integrated high quality service delivery to the community	4	The PTA continued to provide an integrated bus, train and ferry service in the metropolitan area and in regional towns as well as school bus services.
3. Whole of Government approaches to planning, decision making and resource allocation	6	The PTA <i>Corporate Plan 2006 - 2010</i> was developed to incorporate the State Government's <i>Better Planning: Better Services</i> strategic goals, Government priorities and portfolio directions.
7. Increased use of Information Communications and Technology to provide better service to the community	6	<p>The PTA increased its use of the internet to inform its passengers and the community. The number of people registered with Transperth's TravelEasy email service increased by 56% to 32,730 in 2005/06.</p> <p>The PTA worked to maximise accessibility to information on its websites by people with visual impairment including through the greater use of html. (This annual report is presented in both html and downloadable pdf formats.)</p>
10. An efficient Government sector that provides value for money service delivery	5	The PTA continued to provide the State's metropolitan and regional public transport through competitively tendered, value-for-money contracts, and its own professional staff recruited and trained to deliver quality customer services.



13. Appropriate and competitive pricing regimes for public goods and services	5	The Government continued to maintain public transport fares at an affordable level by restricting fare increases to the change in CPI. Transwa fares are established by the State Government to ensure affordability for regional West Australians.
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**Obligatory reporting requirements relevant to the PTA**

Equal Employment Opportunity Outcomes	<p>PTA maintained EEO performance objectives. The representation of several target groups was higher than Government sector-wide objectives. Other outcomes included:</p> <ul style="list-style-type: none"> <li>• Increase in access to parental leave and flexible return to work arrangements.</li> <li>• A diversity survey sent to all employees to update diversity data.</li> <li>• Continued provision of contact officer network and peer support program.</li> <li>• Establishment of PTA women's network.</li> </ul>
Evaluations	<p>The PTA undertakes routine evaluations of all capital expenditure projects. There were no significant strategic evaluations that impacted on the long-term performance of public transport infrastructure and services in the year.</p> <p>A survey of all PTA employees was held during the year, revealing a significant advance in all key measures of engagement.</p>
Information Statement Reporting of Record Keeping Plans	<p>In accordance with Section 94 of the Freedom of Information Act, the <i>Information Statement</i> was developed for placement on the PTA website. It was subsequently adopted in August 2006.</p> <p>The PTA's <i>Record Keeping Plan</i>, approved in 2004 by the State Records Office, will be reviewed in 2009.</p> <p>The PTA conducted record keeping awareness for staff, particularly new employees.</p>
Compliance with Public Sector Standards and Ethical Codes	<p>PTA policies were in place for all Human Resource Management (HRM) Standards.</p> <p>An external human resources audit identified no gaps.</p> <p>The PTA maintained its Grievance Resolution Policy.</p>



## better planning: better services

	<p>The organisation's Code of Ethics and Code of Conduct Overview were provided at all Corporate Inductions and at Transit Guard refresher training sessions.</p> <p>PTA did not breach any of the Standards in HRM during 2005/06.</p> <p>Feedback from OPSSC Human Resources Standards, Ethics and Equal Employment Opportunity survey was actioned.</p>
Public Interest Disclosures	<p>The Manager Corporate Issues and Compliance is the Public Interest Disclosure officer for the Authority and is responsible for receipt of disclosures of public interest information.</p> <p>The PTA first prepared and published Public Interest Disclosure internal procedures in 2004. During 2005/06, it raised awareness of the Public Interest Disclosure Act 2003 and of disclosure-making through staff inductions, the intranet and posters. Additionally in 2006/07, it will use the intranet to promote public interest disclosure procedures and make presentations to PTA Executive members and complaints grievance officers.</p>
Advertising and Sponsorship	<p>See Electoral Act 1907 - Section 175ZE in this Annual Report.</p>
Sustainability	<p>The PTA's 5-year <i>Sustainability Action Plan</i> 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 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.</p> <p>The PTA continued to work with relevant external parties to identify opportunities to maximise sustainability during the development and planning of transport services. This includes:</p> <ul style="list-style-type: none"> <li>• Transit Oriented Development (TOD) planning</li> <li>• Integration of infrastructure for pedestrians and cyclists</li> <li>• Protection and restoration of local air, water, soils, flora and fauna</li> </ul>



	<ul style="list-style-type: none"> <li>• Services to assist people with disabilities</li> </ul> <p>Highlights of the implementation of the PTA's <i>Sustainability Action Plan's</i> priorities for 2005/06 include:</p> <ul style="list-style-type: none"> <li>• Development and implementation of its environmental management system after wide consultation within the organisation</li> <li>• Appointment of a sustainability coordinator</li> <li>• Implementation of an environmental induction program</li> <li>• Conduct of an energy audit and building greenhouse rating</li> <li>• Conduct of a water audit and workshop with Water Corporation</li> <li>• Start of bio-diesel bus trials</li> </ul> <p>Many objectives and priorities of the <i>Sustainability Action Plan</i> are integrated into other PTA initiatives, for example:</p> <ul style="list-style-type: none"> <li>• Accessibility for people with disabilities</li> <li>• SmartRider ticketing system</li> <li>• Gas-fuelled Transperth buses</li> <li>• <i>Building Better Train Stations</i> program</li> <li>• New MetroRail project</li> <li>• <i>Disability Access and Inclusion Plan</i></li> <li>• Reducing greenhouse emissions</li> <li>• High level of urban air quality</li> <li>• Waste paper recycling</li> <li>• Energy Smart Government</li> </ul>
Corruption Prevention	<p>PTA is committed to risk management (in accordance with Treasurer's Instruction 825) and worked closely with its insurer RiskCover to meet best practice standards across the whole organisation, as defined in AS4360 "Risk Management". The Audit Committee has in place an annual plan to ensure that internal controls identified to minimise risk are effectively applied.</p> <p>The PTA's Procurement Policies and Procedures are accredited to ISO9001.2000 and subject to regular audit. These measures, whilst not specifically designed to prevent corruption, provide a culture of sound governance and effectively minimise the risk of corruption.</p>





## better planning: better services

**\*The PTA's outcomes are:**

1. An extremely high safety standard
2. A committed workforce prepared for current and future needs
3. Increased use of public transport
4. Customers are satisfied with the quality of services
5. A cost-effective service
6. Effective organisational management
7. The long-term value of the freight rail corridor is protected and the railway remains fit for purpose during and after the current lease
8. Residual freight issues managed effectively



*Jonathan Beninca's media interviews and school visits were a prominent feature of the PTA's track safety and behaviour program. Jonathan lost an arm and leg while trespassing on tracks as a teenager.*



*This simulator was central in training new drivers such as Eddie McGrath for the new Southern Suburbs Railway.*



## compliance

### I. Rail Safety

#### *Accreditation*

The organisation demonstrated continued compliance with the requirements of the Rail Safety Act 1998 and rail safety accreditation as an owner and operator of a railway.

#### *Safety Standards and Measures*

The newly formed PTA Safety and Strategy Directorate created a business plan to address the requirements of the existing Australian Standard AS4292.1 and the 2006 replacement Standard. The

report addressed the requirements of the new Standard and the implementation of the changes was submitted to the Director Rail Safety in accordance with legislative compliance.

Since the inception of the new directorate, a more integrated approach has been developed to address rail safety and OSH requirements. The objective of the above work is to ensure legislative compliance and achieve corporate

governance requirements. There is a program of work that is continuing which will also embrace the legal rail reforms expected to be introduced in 2007.

#### *Compliance Inspections and Reporting*

The annual rail safety compliance audit was conducted by the Office of Rail Safety in November 2005 and a report was issued on 22 December 2005. The Rail Safety Audit found seven non-compliances and 23 observations, compared to 11 non-compliances and 23 observations the previous year. All but one 2005 non-compliances and observations were closed out at 30 June 2006. The remaining one was closed out subsequently. There were no directions issued to undertake remedial safety work as a result of a safety compliance inspection.

The PTA Annual Safety Report to the Director Rail Safety dealing with the general conduct of railway operations for the year ended June 2005 showed there were 605 notifiable occurrences reported (Category A and Category B). Notifiable occurrences are defined in the Rail Safety Regulations 1999 as Category A (serious injury, death or significant damage) or Category B (potential to cause a serious accident) and National Definitions under instructions issued on 15 December 2004.

The number of notifiable occurrences increased as a result of the change to reporting in accordance with the National Definitions which are much broader in reporting category requirement terms.

#### *Inquiries and Inspections*

There were three investigations involving Category A incidents requested by the Office of Rail Safety under Section 39(3) of the Rail Safety Act:

- Incident involving a collision between a passenger train and motor vehicle at a level crossing in East Guildford.
- Circumstances involving a motor vehicle that collided with a barrier on the Mitchell Freeway north of Erindale Road, Warwick.
- An incident involving the obstruction of a Hotham Valley Tourist Railway train.

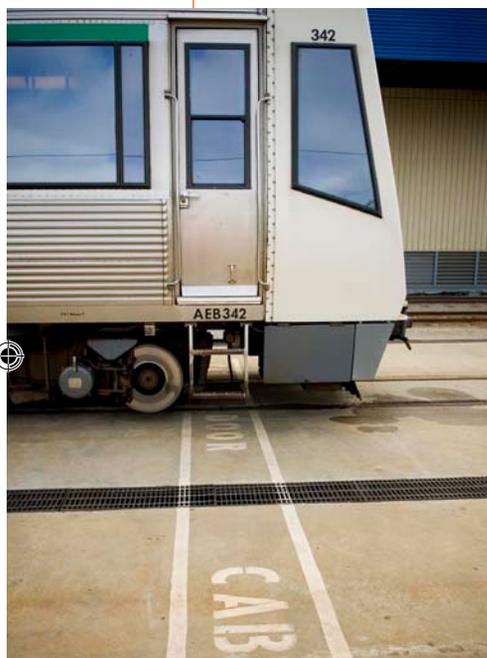
#### *Notifiable Occurrences*

During the year there were 18 Category A and 587 Category B incidents reported, an increase on previous years. This reflected the altered requirement to report in accordance with the expanded National Definitions and an increase in rail operations.

Reporting in accordance with the National Definitions commenced on January 1, 2005. The 2005/06 figures are the first year that all reporting will be carried out in line with the new requirements.

### 2. Occupational Safety and Health

The strong focus on safety and health as a core value of the organisation continued during the year. As of 1 July 2005, the new Safety and Strategy Directorate was established, incorporating the safety and corporate policy functions of the organisation. One





of the directorate's first activities was to update the PTA's Safety and Health Policy (corporate statement of intent and commitment), the cornerstone of the organisation's commitment to safety and health, to reflect recent changes to the Occupation Safety and Health Act 1984 (OSH Act) and to incorporate an increased focus on human factor principles in safety.

The improved policy is intended to complement the organisation's safety culture change program, by embedding the safety values of the organisation in a functional policy. The revised policy was approved by the Executive and endorsed by the Office of Rail Safety.

The directorate also ran a strategic planning day in conjunction with representatives from the safety teams within each division and identified six key focus areas which form the Health, Safety and Environment (HSE) Strategic Directions for the organisation over the next 12-24 months.

Safety committees continued to function effectively. Safety representatives attended a transitional training course for the changes to the OSH Act, which included Provisional Improvement Notices.

### **Training**

Training in occupational 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 series of workshops was conducted in August 2005 to inform and educate supervisors and managers on managing OSH risks with contractors. These sessions also incorporated information on recent changes to the State's OSH Act. Ninety-five managers and supervisors from all divisions attended the workshops, engaging in a tailored case study.

A contingent of PTA's safety and health representatives, as well as several supervisors, managers and safety coordinators, also attended the 2005 WorkSafe Forum where they heard from and questioned a panel of safety experts and presenters on issues such as the national agenda, long work hours, bullying and young workers.

The corporate safety induction, typically presented to new employees on their first day at work, was also revised. The new induction focuses on key issues relevant to all employees and is intended to be more interactive and engaging. The PTA's Executive members were re-inducted using this new presentation in early 2006.

A level four accident/investigation course was also introduced in the year which importantly included human factor/just culture elements.

### **OSH Reporting System**

The SiteSafe 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. A free upgrade of the system was successfully completed in April 2006, as part of the original SiteSafe contract. This upgrade affords increased functionality for both users and administrators of the system. A new NetForm for Hazard Reporting was launched in October 2005. This NetForm enables users to report hazards proactively, assess the risk, record control measures and assign and track actions to make the workplace safer.

### **Injury Management**

In 2004/05, the PTA implemented improved workers' compensation and injury management practices. The year saw the continued development of this area with the appointment of an Injury Management Coordinator and later the appointment of an Injury Management Assistant. A review of current policies and procedures was conducted and several areas of improvement were highlighted. The recommended improvements included more transparent systems of work, improved document control and the provision of supernumerary duties funded by the insurer to increase the amount of duties available to assist in the rehabilitation of injured workers. This subsequently improved the PTA's ability to manage claims and ensured compliance with legislation whilst reducing overall costs.



## compliance

The total number of injuries sustained by PTA employees remained steady compared with 2004/05. The lost-time injury frequency rate for the organisation for the year was 48.44 per million hours worked, compared with 49.24 for the previous year. The duration of lost-time injuries decreased from a 2004/05 average of 20.06 days to a 2005/06 average of 16.08 days.

These results suggest that the PTA's improved workers' compensation and injury management practices functioned to get employees back to meaningful work sooner after an injury.

### **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. The phase-in periods for these health assessments ended this financial year, with all Category 1 assessments requiring completion by 31 December 2005 and all Category 2 assessments by 30 June 2006. With the exception of some employees on workers' compensation, all Category 1 and 2 health assessments were undertaken by their respective phase-in dates. Regular updates continued to be provided to all divisions to ensure the currency of safety critical health assessments was maintained.

To assist with this goal, a project is currently underway to transfer all health assessment records from the PTA's HR system to the SiteSafe system, which will enable them to be managed more effectively using custom-made recording and reporting mechanisms. This project is scheduled for completion in the first quarter of the 2006/07 financial year.

Procedures were developed and processes were put in place to ensure that the PTA completes the relevant medicals in the allotted time frame. A Health Management Plan is in place which documents the process for managing employees who are deemed temporarily or permanently unfit for their particular risk category.

### **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 program.

The PTA's positive results for illicit substances continued to be below the industry average. The organisation continued to monitor trends to ensure that the alcohol and other drugs awareness sessions it provides reflect such changes, thus maintaining relevance and aiming to maximise their effect.



## 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. 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 Administration and Audit Act 1985; 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 Administration and Audit Act 1985. 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  
28 August 2006

John Leaf  
Chief Financial Officer  
28 August 2006



## explanation of major capital expenditure variation 2005/06

(a) Budgeted estimates and actual results for 2005/06

	<b>Budget</b>	<b>Actual</b>	<b>Variation</b>	
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	
<b>Metropolitan &amp; Regional Passenger Services</b>				
Station Facilities Improvements	7,667	1,989	5,678	Project scheduling
School Buses	4,000	179	3,821	Project delayed
Electric Railcar Modifications	5,710	2,230	3,480	Project delayed
Perway Track and Associated Works	5,908	2,488	3,420	Project scheduling
Claisebrook Depot Upgrade	2,549	297	2,252	Project scheduling
Wheel Lathe - Nowergup	2,230	52	2,178	Project delayed
Regional Rail Station Program	2,330	551	1,779	Project scheduling
Rockingham Transit System	6,000	4,608	1,392	Project scheduling
Computing Hardware & Software	1,456	97	1,359	Project scheduling
Claisebrook Washdown Plant	1,300	0	1,300	Project delayed
Concrete Re-sleeping Project	9,419	8,183	1,236	Project scheduling
New Train Control Centre	3,130	2,098	1,032	Project scheduling
Metro Bus Acquisitions	32,286	31,633	653	Project scheduling
Perth Station Barriers & Associated Works	2,869	2,445	424	Project scheduling
Safer Rail Initiative	402	2,331	(1,929)	Project scheduling
Other	30,728	20,788	9,940	Project scheduling
<b>Corporate</b>				
Geraldton Southern Rail Corridor	13,491	11,325	2,166	Project scheduling
<b>New MetroRail</b>	<b>431,689</b>	<b>476,689</b>	<b>(45,000)</b>	Project scheduling
<b>Grand Total</b>	<b>563,164</b>	<b>567,983</b>	<b>(4,819)</b>	



(b) Major Uncompleted Works

Description of Work	Estimated Total Cost (as per Budget) \$000	Estimated Cost to Completion \$000	Year of Completion
New MetroRail	1,613,173	329,758	2006/07
Bus Acquisitions	398,309	179,031	2010/11
Station Facilities Improvements	49,168	46,994	2010/11
Concrete Re-sleeping Project	60,060	46,752	2010/11
Split and Replace Radio System	12,215	11,400	2010/11
Smartcard Ticketing Project	29,152	8,259	2006/07
Accessible Public Transport Upgrade Program	8,577	6,902	2006/07
Rockingham Transit System	10,800	6,192	2006/07
Claisebrook Depot Upgrade	6,100	4,251	2006/07
North Quay Rail Loop	14,910	2,185	2006/07

(c) Major Completed Works

	Total Cost \$000
Buildings	17,140
Freight Network Infrastructure	50,587
Rollingstock	106,005
Software	621
Rail Infrastructure	106,309
Plant, Equipment & Motor Vehicles	989
Bus Infrastructure	500
Buses	26,152
<b>Total</b>	<b>308,303</b>



## Electoral Act 1907 - section 175ZE

In compliance with section 175ZE of the Electoral Act 1907, the Public Transport Authority of Western Australia 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 as follow:

	<b>2006</b>
	<b>\$</b>
<b>Expenditure with Advertising Agencies:</b>	
Buspak Advertising Group	27,000
Character Creations	2,780
Concept Media	1,168
Definition	66,290
Design Graphic Management	4,525
Discus Digital Print	50,705
Esperance Holdings Pty Ltd	8,409
Exposure Print Strategies	23,992
Gatecrasher Advertising	335,264
Image Source	86,964
Information Radio	7,800
Jason Signmakers	1,537,191
Key 2 Design	144,094
Market United Pty Ltd	51,195
Reel Image Pty Ltd	40,635
The Creative Page	19,717
	<b><u>2,407,730</u></b>
<b>Expenditure with Market Research Agencies:</b>	
Centre for Industry Research	18,948
Patterson Market Research	72,963
Taylor Nelson Sofres	204,704
	<b><u>296,615</u></b>
<b>Expenditure with Polling Agencies:</b>	
	<b>Nil</b>
<b>Expenditure with Direct Mail Agencies:</b>	
	<b>Nil</b>
<b>Expenditure with Media Advertising Agencies:</b>	
Advance Press Pty Ltd	930,290
Countrywide Publications	7,209
Hello Perth and Fremantle	4,368
JMG Marketing	1,636
Marketforce Limited	220,259
Media Decisions	545,953
Picton Press	5,034
State Law Publisher	4,739
	<b><u>1,719,489</u></b>
<b>TOTAL EXPENDITURE</b>	<b><u>4,423,834</u></b>



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### PUBLIC TRANSPORT AUTHORITY OF WESTERN AUSTRALIA FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

#### 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 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key effectiveness and efficiency 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 2006.

#### Scope

The Chief Executive Officer is responsible for keeping proper accounts and maintaining adequate systems of internal control, for preparing the financial statements and performance indicators, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and the Notes to the Financial Statements.

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

#### Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. 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 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 performance indicators.

JOHN DOYLE  
ACTING AUDITOR GENERAL  
31 August 2006

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664



## certification of key performance indicators

For the year ended 30 June 2006

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 2006.

**R Waldock**  
Accountable Authority

28 August 2006

## audited key performance indicators

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
  - o Perth Metropolitan Train, Bus and Ferry Services of Transperth and
  - o Regional Town Bus Services;
- Country Passenger Rail and Road Coach Services

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

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(s)	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

### MEASURING PERFORMANCE

of Transwa; and  
 Outcome: Accessible, reliable and safe public transport system  
 Regional School Bus Services.

### EFFECTIVENESS INDICATORS

The PTA's outcome of an accessible, reliable and safe public transport system is achieved through the provision of the following services.

- Perth metropolitan train, bus and ferry services of Transperth;
- Regional Town Bus Services;
- Country passenger train and road coach services of Transwa; and
- Regional School Bus Services

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

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

## audited key performance indicators

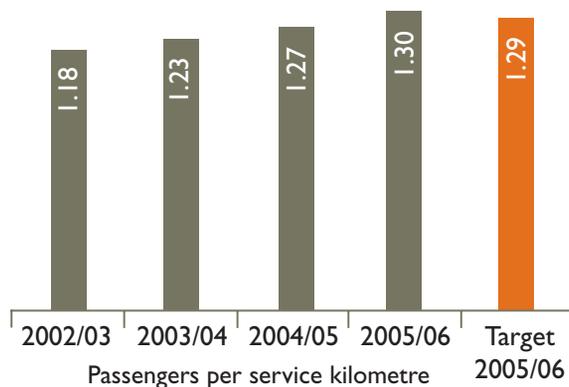
### 1. Use of Public Transport

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 excludes "dead running", i.e. buses/trains 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.

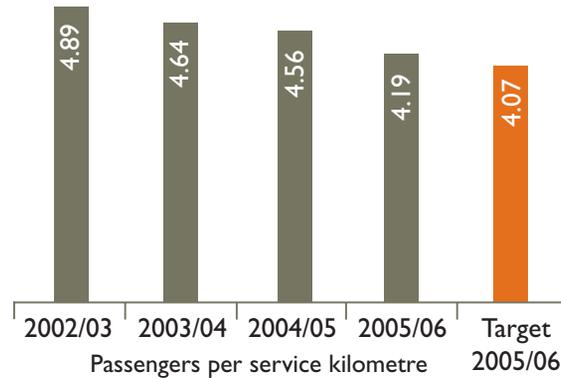
This effectiveness indicator is applied to each mode of public transport. The indicator is based on total boardings on Transperth services and includes fare-paying boardings plus free travel and transfers. Transfers are boardings which occur either between services within the same mode or between modes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

#### Transperth Bus Services



The results for 2005/06 were higher than the previous year's actuals following an increase of 3.3% in total boardings compared to an increase of 1.2% in service kilometres.

#### Transperth Train Services



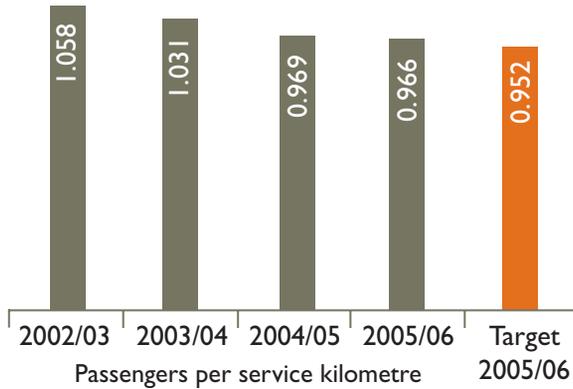
The extension of the rail network to Thornlie in August 2005 resulted in service kilometres increasing by 13.6%, compared to the previous year actual. The target was set to take account of the increase in service kilometres, and an estimate of increasing patronage of the rail extension. Actual boardings increased by 4.5%, surpassing the targeted increase.

#### Regional Town Bus Services

The passengers per service kilometre have in the past years been reported as a single indicator for both intra-town and inter-town services. Intra-town services operate within rural town boundaries, while inter-town services run between regional centres.

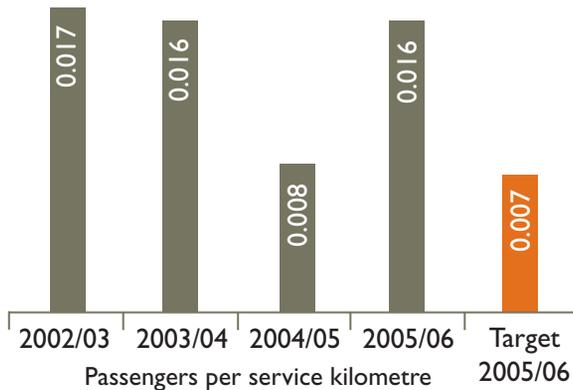
In order to provide a more meaningful result in reporting on the performance of regional town bus services for 2005/06, the services have been split into intra-town and inter-town components.

**a. Intra-Town Bus Services**



For regional intra-town services, the result for 2005/06 slightly exceeded the target set for the year and was in line with the 2004/05 performance.

**b. Inter-Town Bus Services**

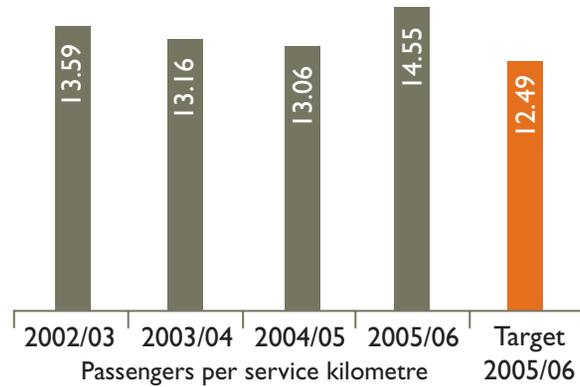


The result of 0.016 passenger per service kilometre was higher than the 2005/06 target. This was as a result of:

- a. The target for 2005/06 did not include the Perth to Port Hedland road coach service because the future of this service was subject to successful trial; and
- b. The target did not include the Roebourne youth bus service which was a new service introduced during the year.

The 2004/05 actual passenger per service kilometre was only 0.008 primarily due to the performance of the Perth to Port Hedland road coach service during this year, carrying an average of only 0.006 passengers per service kilometre. This improved to an average of 0.011 passengers per service kilometre in 2005/06.

**Transperth Ferry Services**



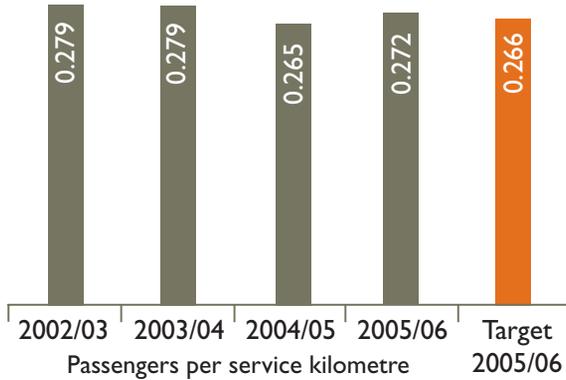
2005/06 results were above target as a result of an increase of 9.1% (compared to the previous year) in ferry boardings, reversing the declining trend seen during the recent past.

The 2005/06 results were also affected by the decline in service kilometres which have fallen by 4.5% due to the service rationalisation introduced on 1 May 2005 when Coode Street services ceased.

The reallocation of resources to focus on the primary demand for services between Barrack Street and Mends Street has resulted in a significantly better performance compared to the previous three years.

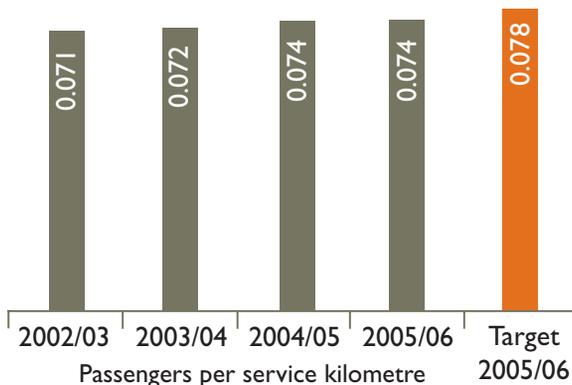
## audited key performance indicators

### Transwa Train Services



The 2005/06 results were higher compared to target and have been impacted by a reduction of 6.6% in service kilometres with a corresponding decrease of only 4.5% in boardings. The reduction in service kilometres and total boardings has been as a result of derailments of freight trains, track works and less services run by railcars due to mechanical problems with the new Prospector railcars.

### Transwa Road Coach Services



2005/06 was below target following a reduction in total boardings of 2.4% (compared to the target), as a result of the flooding in Esperance and Lake Grace which resulted in Transwa being unable to operate services.

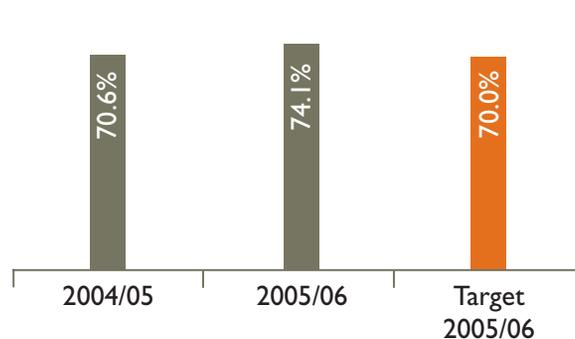
## 2. Accessible Public Transport

Accessibility to public transport, in terms of service coverage, is measured as the proportion of Point 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. PSAs' data is obtained from the Department of Land Information (DLI) and defines the central part of a street address. The PPTA is the area where Transperth services operate and the frequency of services is on average 3 trips per hour or more in the peak direction, or where a Transperth bus runs catering for students.

"Acceptable level of service" 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.

The indicator uses PSAs data from DLI 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 2002/03 and 2003/04 is not available.

A significant increase has been recorded in 2005/06 in the proportion of PSAs within the PPTA which were less than 500 metres of an acceptable level of service stop. The improved result is due to a significant increase (13.5%) in the number of PSAs within the PPTA from 623,548 in March 2005 to 707,455 in March 2006. The number of stops remained unchanged.

The results demonstrate that the PTA meets its accessibility target in the Perth metropolitan area.

### 3. Service Reliability

According to an independent survey to measure customer satisfaction, service reliability is ranked 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 limited period of time after the scheduled arrival time. These parameters referred to as 'on-time arrival' are 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

#### Country Passenger Rail and Road Coach Services

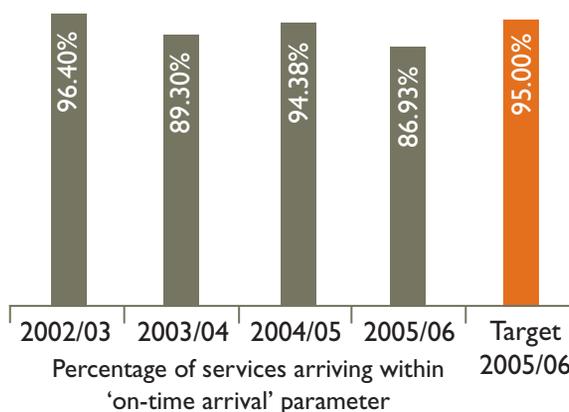
<b>Transwa Rail</b>	
Prospector	15 minutes
Australind	10 minutes
AvonLink	10 minutes
MerredinLink	10 minutes
<b>Transwa Road Coaches</b>	
	10 minutes

#### Regional school bus services

Regional school bus services	Drop off no less than 10 minutes before school starts and pick up within 10 minutes of school ending
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The 'on-time arrival' measure demonstrates the extent to which the PTA meets its service reliability standards.

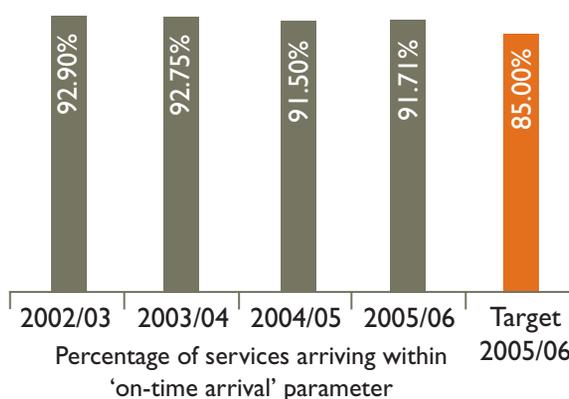
#### Transperth Train Services



On-time running delays for the metropolitan train services were experienced as a result of:

- operational issues related to the Thornlie line commissioning;
- speed restrictions due to resleeping;
- line closures for the new works associated with the Southern Suburbs railway project; and
- line congestions.

#### Transperth Bus Services

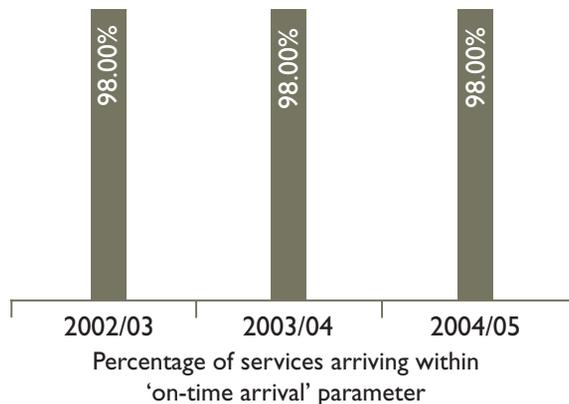


This KPI is calculated using a sample which ties in with Transperth's internal monthly punctuality audit plan. The total number of observations made in the year 2005/06 was 21,064. The sample error estimate was within + or - 0.67% at 95% confidence level for Transperth Bus Services.

## audited key performance indicators

The general network of Transperth bus services performed at a high level of reliability consistent with previous years. The southern suburbs bus services succeeded in minimising the impact of construction works associated with the Southern Suburbs Railway on bus punctuality through improved traffic management schemes and timetable adjustments. As a result of these measures the actual result for 2005/06 was better than the target.

### Transperth Ferry Services



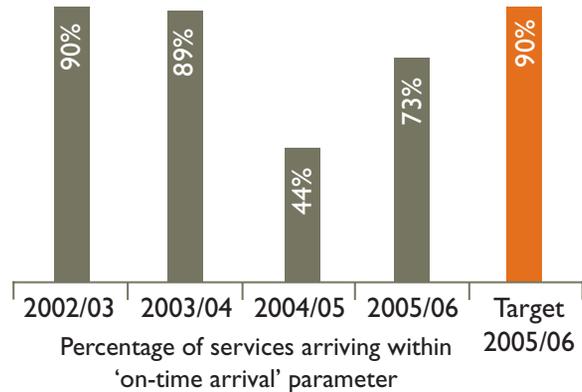
The 'on-time arrival' parameter has been dropped for 2005/06 as the data provided in previous years has been based on estimates. Currently the ticketing system is used to confirm that the numbers of scheduled trips are actually performed.

Additionally it should be noted that the Passenger Satisfaction Monitor survey has revealed that patrons have expressed an extremely high level of satisfaction with ferry reliability.

### Transwa Rail Services

Indicators on the 'on-time arrival' for Transwa rail services have been reported separately for each of the different services run.

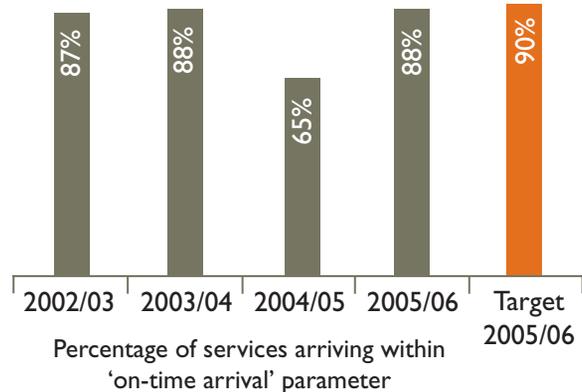
### a. Prospector



The 2005/06 results were below target due to continuing mechanical problems experienced with railcars. The results were also affected by a significant increase in freight traffic which required more train crossings, thus increasing travel time.

The improvement in the on-time running over 2004/05 are representative of improved reliability of the railcars as some major problems were overcome later in the year and continued improvement is expected in the future.

### b. Australind

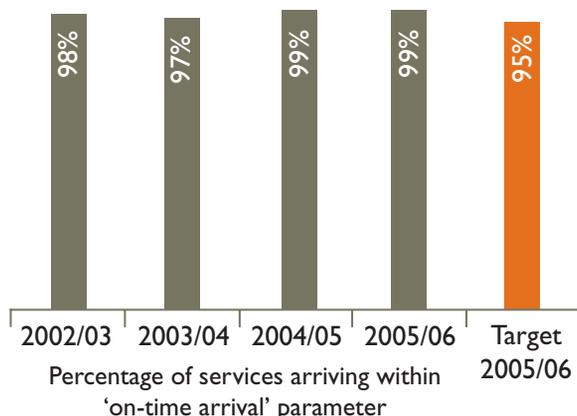


The target for 2005/06 could not be achieved as a result of:

1. Resleeping of track between Brunswick and Picton by WestNet Rail. This section has now been completed; and
2. Automatic signalling functionalities lost following

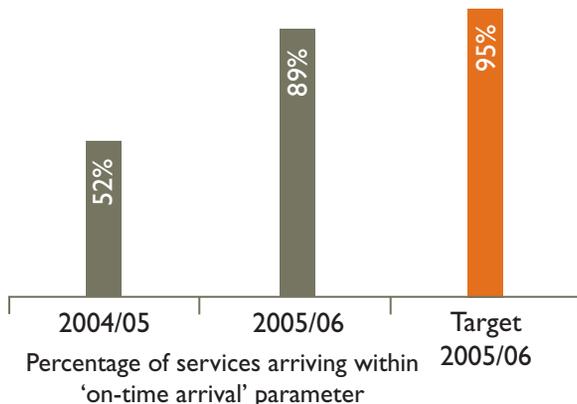
the theft of signal wires by vandals resulted in the operation of manual controls. An upgraded signalling system which will prevent future problems of this nature being installed.

**c. AvonLink**



The 2005/06 results were better compared to the target due to the smooth running of the AvonLink throughout the year.

**d. MerredinLink**

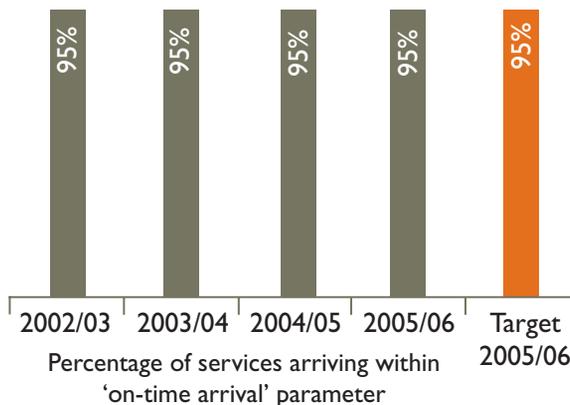


This is a new service introduced in 2004/05, hence no comparative data.

The 2004/05 results were affected by the crossing of freight trains and mechanical problems with the new railcars.

Most of the problems were addressed in 2005/06.

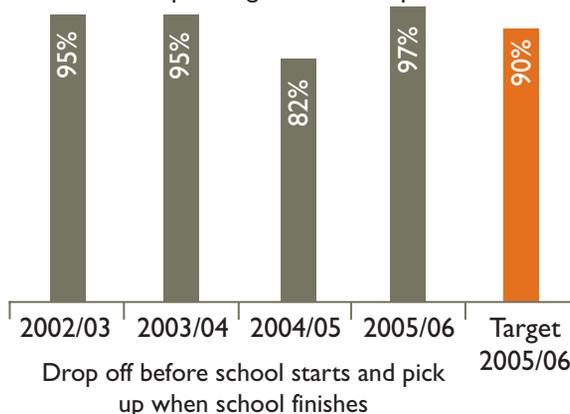
**Transwa Road Coach Services**



Transwa road coach services on-time running has been consistent and in line with targets.

**Regional School Bus Services**

This KPI measures school bus timetable reliability for rural mainstream services and Special Education School Buses operating in the metropolitan area.



This KPI is calculated using a random sample which ties in with the inspection programme. The results are provided in the table below:

Year	Number of observations for compliance with 'on-time arrival'	Observations that were compliant
2004/05	517	452
2005/06	1188	1156

## audited key performance indicators

The sample error estimates was within + or – 2.8% at 95% confidence level for Regional School Bus Services.

The improvements are 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 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 consultants. The survey referred to 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.

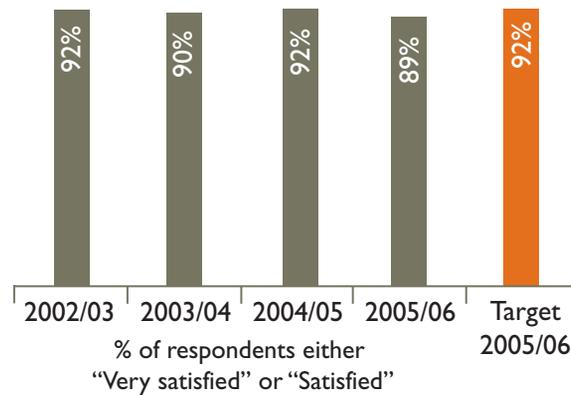
The independent consultants interview a large sample of passengers. Interviewers are assigned to various services and transit station locations over a four week period covering the working week and weekend. A questionnaire is used by the interviewer and respondents are asked to provide a wide range of responses regarding their views on public transport performance. This is a face-to-face interview and is the most comprehensive public transport survey of passengers/users in Australia.

#### Transperth Train Services

For the Transperth Train PSM 2006, a total of 799 rail patrons were surveyed. The overall sample comprised:

- 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 95% confidence level for Transperth Train Services.



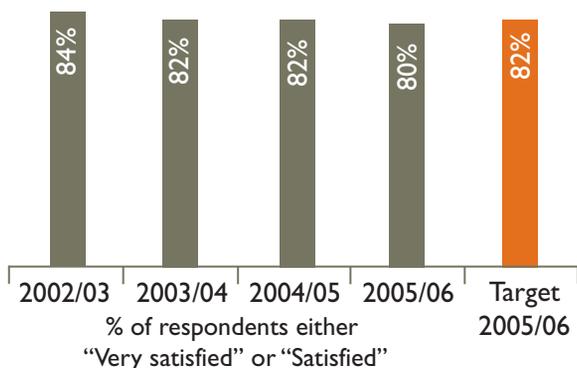
The 2006 survey results provided by the PSM reflect an overall reduction in the customer satisfaction index. The main drivers for this decline have been problems with the on-time performance of trains (see also section 3 for service reliability) and customer complaints about overcrowding during peak hours.

#### Transperth Bus Services

For the Transperth Bus PSM 2006, a total of 2,850 bus patrons were surveyed. The overall sample comprised:

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

The sample error estimates were within + or – 2% to 3% at 95% confidence level for Transperth Bus Services.



The 2006 PSM survey results show that customer satisfaction with the Transperth bus system overall declined marginally (not statistically significant) compared to 2004/05 and was below the 2005/06 target. Reasons for this reduction identified by the sampled patrons are:

- i. A decline (from 75% to 72%) in the proportion of respondents who indicated fares to be excellent/good value.  
(Fares did not increase above CPI).
- ii. A reduction (from 79% to 76%) in the level of overall satisfaction with the frequency of buses during peak times.  
(Frequency of services did not reduce).

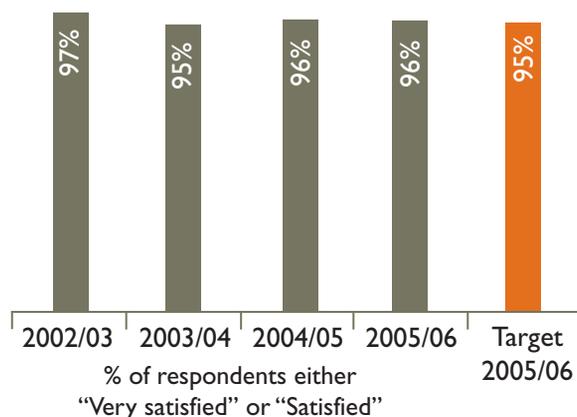
#### Transperth Ferry Services

For the Transperth Ferry PSM 2006, a total of 200 ferry patrons were surveyed.

The overall sample comprised:

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

The sample error estimates were within + or – 10% at 95% confidence level for Transperth Ferry Services.



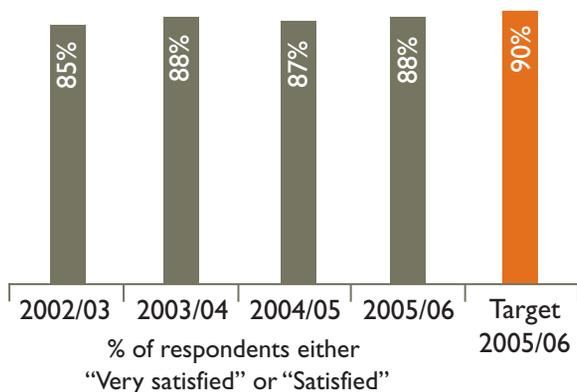
The 2006 PSM survey results show that high customer satisfaction targets have been achieved.

#### Transwa Train and Road Coach Services

An independent passenger satisfaction survey is undertaken for each service - Australind, Prospector, AvonLink, MerredinLink and Road Coaches.

For the Transwa rail and road coach PSM survey for 2006, a total of 874 country services patrons were surveyed via a self-completion survey.

The sample error estimates were within + or – 3% to 4% at a 95% confidence level.



Overall passenger satisfaction remains very high at 88%, with 46% of passengers indicating they were "very satisfied" and a further 42% "satisfied".



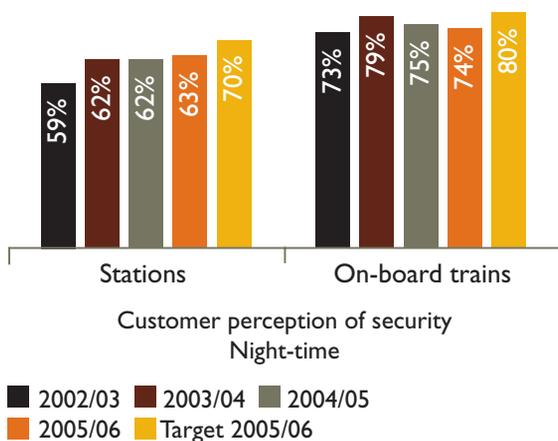
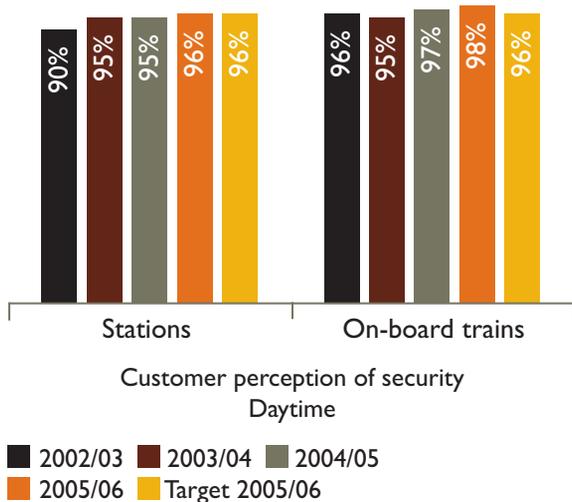
# audited key performance indicators

## 5. Customer Perception of Safety

How safe customers feel on trains and buses and at stations is an important factor in 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 perception of security is measured through data gathered in the Passenger Satisfaction Monitor (PSM) survey. The passenger satisfaction survey results provide an objective, unbiased view over time of patrons' perceptions of security and distinguishes between on-train and on-bus and at stations, at night and during the day for the Transperth Train and Bus Services.

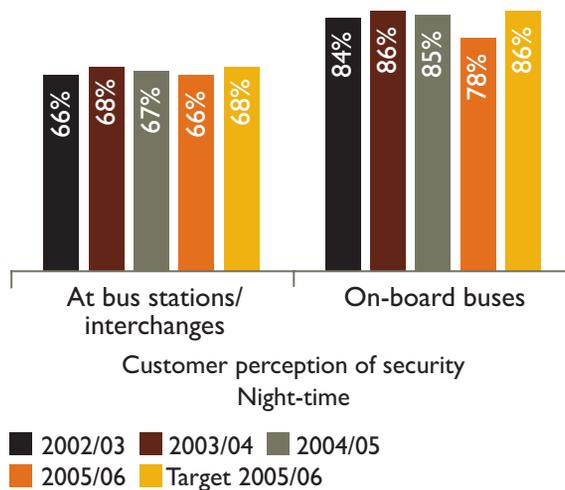
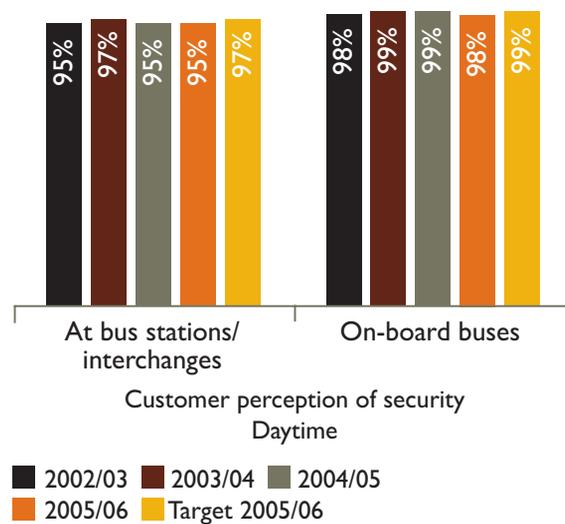
### Transperth Train Services



The results of the 2006 Survey reported in the Transperth PSM report showed that the daytime targets have been met and exceeded. Compared with previous years the perceptions of security at night time have had minimal change.

The report further stated that a high proportion of patrons acknowledged that Transperth is perceived to be taking action to address security concerns.

### Transperth Bus Services



The PSM 2006 showed that customer perceptions of safety on-board buses and at bus stations and interchanges during daytime, while remaining high, were generally slightly below target.

The night-time result for bus stations/interchanges was also slightly below target.

However, there was a significant reduction in the perception of safety on-board buses at night-time when 78% of respondents indicated they “always or usually feel safe” at this time compared to 85% in 2005. In 2005, 33% of respondents indicated they “always” feel safe, whereas this proportion fell to 23% in 2006.

Transperth has taken a number of measures to address the security concerns. Details of the measures are included under passenger safety in the Transperth section of this report (see page 15 and 18).

## 6. Level of Notifiable Occurrences

### Rail Safety

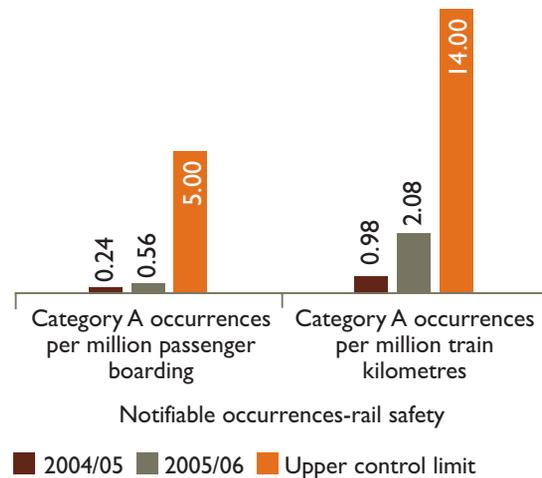
Railway safety incidents are recorded and notified to the Office of Rail Safety. These incidents are termed notifiable occurrences and are defined in the Rail Safety Regulations 1999 as Category A (serious injury, death, or significant damage) or Category B (incidents that may have the potential to cause a serious accident) and Australian Standard “Railway Safety Management” 4292 - 2006. Notifiable occurrences are a legislative requirement under the Rail Safety Act 1998 for the accredited owner and operator of a rail system and therefore form part of the organisation’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 level of incidents indicates that sound safety procedures and controls exist and are operating effectively throughout the rail system.

Under direction of General Manager Rail Safety, Department for Planning and Infrastructure, the PTA adopted national reporting definitions for notifiable occurrences effective 1 January 2005. In January 2006 the General Manager issued further instructions to implement changes to AS 4292 including definitions for notifiable occurrences.

The results below do not include the comparatives for 2002/03 and 2003/04 as the data would not be comparable due to the change in reporting definitions.

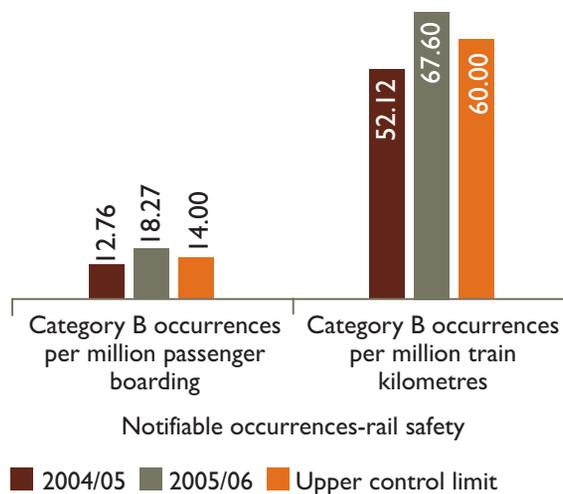
### Category A Occurrences (serious injury, death, or significant damage)



The upper control limit represents the limit beyond which management intervention would be appropriate.

The results for the Category A occurrences continue to be at a low level as a result of increased risk management initiatives and controls.

### Category B Occurrences (incidents that may have the potential to cause a serious accident)



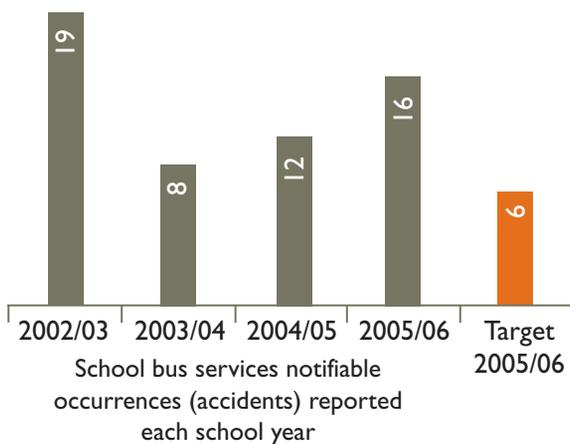
The upper control limit represents the limit beyond which management intervention would be appropriate.

## audited key performance indicators

The results for 2005/06 were above the upper control limit and can be attributed to the high level of new project work being carried out on the operating railway.

### Regional School Bus Services Safety

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



There were 16 'on-road' recorded school bus accidents in 2005/06 comprising 11 minor and 5 major accidents.

Approximately 81% of the accident cases occurred through no fault of the school bus driver.

As part of an ongoing campaign to educate school bus contractors about the relative risks associated with accidents, measures such as the rollout of the Safety Management plan is an effective means of improving safety.

This action is expected to assist in lowering the number of notifiable occurrences.

## EFFICIENCY INDICATORS

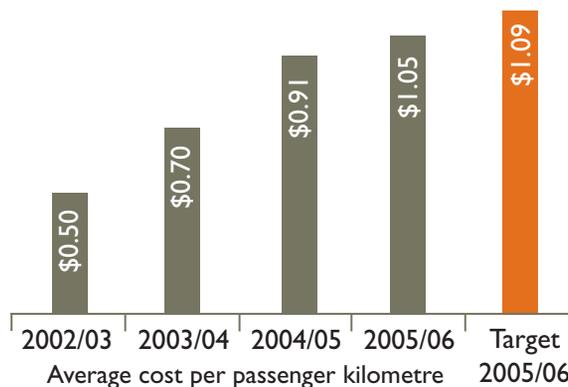
### Cost per Passenger Kilometre

The cost per passenger kilometre 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. Ideally, the average passenger trip length on each mode should be determined more accurately, through a survey, and multiplied by the number of trips on that mode to calculate passenger kilometres.

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

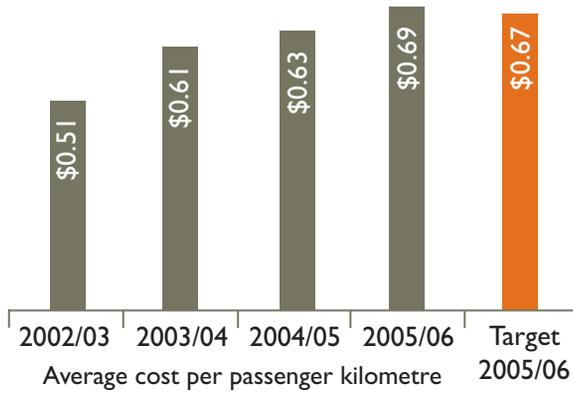


The 2005/06 average cost was below the target. This was due to:

- An increase in passenger kilometres resulting from higher patronage; and
- Lower than budgeted borrowing costs.

Compared to prior years the 2005/06 actuals are higher due to increased capital charges which include borrowing costs, depreciation and capital user charges as a result of the expanded train network.

### Transperth Bus Services

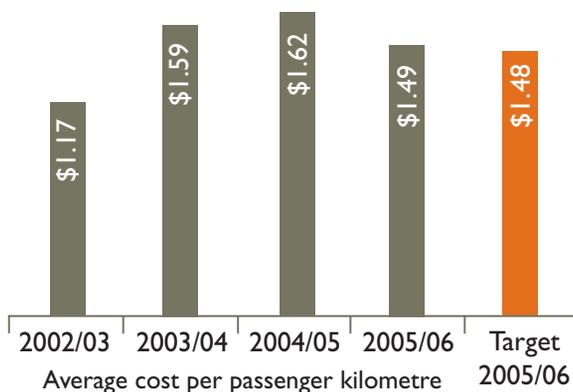


The 2005/06 cost was higher than the target due to cost pressures. Total expenditure increased 11.7% while passenger kilometres recorded an increase of only 2.1%.

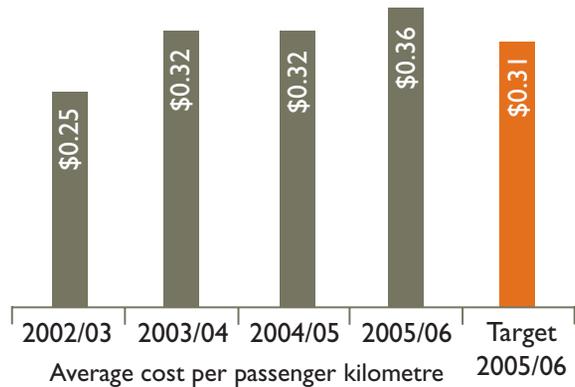
The increase in total expenditure was due to:

1. Higher contract costs due to fuel and wages increases;
2. Increased security costs for security patrols and closed circuit television systems;
3. Increased marketing costs following public awareness campaigns in particular security e.g. "See Something Say Something", SmartRider; and
4. Costs incurred in relation to connection of natural gas supplies at various depots.

### Transperth Ferry Services



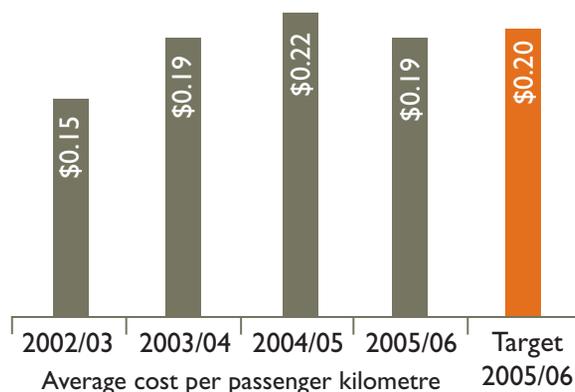
### Transwa Rail Services



The 2005/06 results are above the target due to:

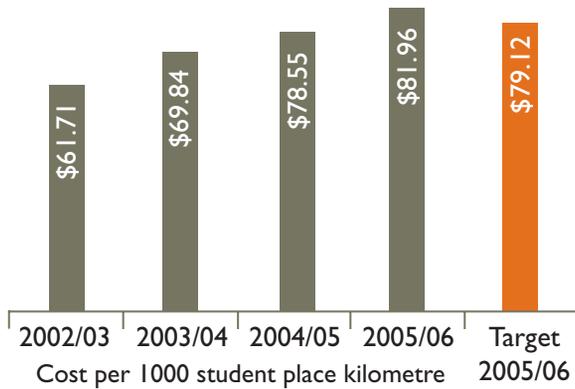
1. Change in internal operating cost allocation between Transwa rail and road services which was finalised after targets were set; and
2. Lower passenger kilometres compared to the estimate due to mechanical problems with the Prospector railcars.

### Transwa Road Coach Services



### 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 results for 2005/06 did not meet the target due to an increase in financial commitments resulting from the actual number of contracted service days being higher than the budget estimate.

**Outcome: 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.

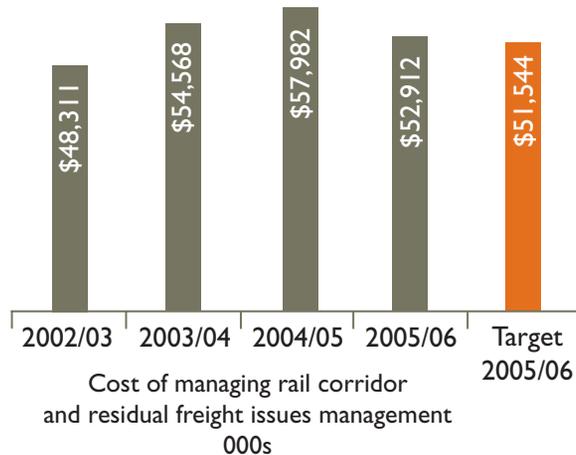
WestNet Rail manages and operates the rail freight infrastructure under the terms of the Railway Infrastructure Lease. Under the Lease, WestNet Rail is the 'accredited owner' of the infrastructure as defined in the Rail Safety Act 1998. WestNet Rail's holding company Australian Railroad Group was acquired 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 that the rail corridor and infrastructure is 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 2004/05 the total costs in 2005/06 have dropped as a result of the settlement of a claim of \$4.55M related to a disputed contract in 2004/05.



financial statements



Public Transport  
Authority



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## certification of financial statements

For the year ended 30 June 2006

The accompanying financial statements of the Public Transport Authority of Western Australia have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2006 and the financial position as at 30 June 2006.

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

28 August 2006

J W Leaf  
Chief Financial Officer

28 August 2006



# income statement

For the year ended 30 June 2006

	NOTES	2006 \$000	2005 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefit expense	5	68,874	60,910
Supplies and services	6	98,828	92,841
Depreciation and amortisation expense	7	92,477	69,484
Finance costs	8	105,903	85,492
Grants and subsidies	9	243,341	220,274
Capital user charge	10	65,052	44,010
Energy and fuel		8,128	7,959
Land rationalisation expense		6,223	2,903
Loss on disposal of non-current assets	18	83	0
Other expenses	11	10,933	11,339
<b>Total cost of services</b>		<b>699,842</b>	<b>595,212</b>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	12	90,258	85,175
Land rationalisation lease revenue	13	83	83
Operating lease revenue	14	19,364	18,947
Grants and subsidies	15	17,021	10,639
Interest revenue	16	1,084	1,342
Other revenue	17	20,863	16,400
<b>Total revenue</b>		<b>148,673</b>	<b>132,586</b>
<b>Gains</b>			
Gain on disposal of non-current assets	18	0	22,777
<b>Total income other than income from State Government</b>		<b>148,673</b>	<b>155,363</b>
<b>NET COST OF SERVICES</b>		<b>551,169</b>	<b>439,849</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
Service appropriation	19	559,824	475,370
Resources received free of charge	19	41	1,618
<b>Total income from State Government</b>		<b>559,865</b>	<b>476,988</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>8,696</b>	<b>37,139</b>

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

# balance sheet

As at 30 June 2006

	NOTES	2006 \$000	2005 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	35	1,146	3,761
Restricted cash and cash equivalents	20	694	932
Inventories	21	7,646	7,468
Receivables	22	12,584	20,423
Other current assets	24	0	28,934
<b>Total Current Assets</b>		<b>22,070</b>	<b>61,518</b>
<b>Non-Current Assets</b>			
Amounts receivable for services	23	224,040	144,557
Infrastructure, property, plant, equipment and vehicles	25	2,847,108	2,359,177
Intangible assets	26	735	754
<b>Total Non-Current Assets</b>		<b>3,071,883</b>	<b>2,504,488</b>
<b>TOTAL ASSETS</b>		<b>3,093,953</b>	<b>2,566,006</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	28	98,877	107,059
Borrowings	29	1,122,678	382,723
Provisions	30	17,389	16,748
Other current liabilities	31	753	29,944
Derivatives	32	996	0
Deferred income operating lease	33	12,827	13,591
<b>Total Current Liabilities</b>		<b>1,253,520</b>	<b>550,065</b>
<b>Non-Current Liabilities</b>			
Borrowings	29	598,794	1,203,692
Provisions	30	4,139	3,124
Deferred income operating lease	33	202,366	215,193
<b>Total Non-Current Liabilities</b>		<b>805,299</b>	<b>1,422,009</b>
<b>Total Liabilities</b>		<b>2,058,819</b>	<b>1,972,074</b>
<b>NET ASSETS</b>		<b>1,035,134</b>	<b>593,932</b>
<b>EQUITY</b>			
Contributed equity	34	939,871	530,424
Reserves	34	26,913	0
Accumulated surplus/(deficit)	34	68,350	63,508
<b>TOTAL EQUITY</b>		<b>1,035,134</b>	<b>593,932</b>

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

# statement of changes in equity

For the year ended 30 June 2006

	NOTES	2006 \$000	2005 \$000
<b>Balance of equity at start of period</b>		<b>593,932</b>	<b>510,127</b>
<b>CONTRIBUTED EQUITY</b>			
Balance at start of period		530,424	483,758
Capital contribution		424,947	71,515
Distributions to owners		(15,500)	(24,849)
<b>Balance at end of period</b>	<b>34</b>	<b>939,871</b>	<b>530,424</b>
<b>RESERVES</b>			
<b>Asset Revaluation Reserve</b>			
Balance at start of the period		0	0
Revaluation of land		26,913	0
<b>Balance at end of the period</b>	<b>34</b>	<b>26,913</b>	<b>0</b>
<b>ACCUMULATED SURPLUS (RETAINED EARNINGS)</b>			
Balance at start of period		63,508	26,369
Net adjustment on transition to AIFRS		(3,854)	0
Restated balance at start of period		59,654	26,369
Surplus/(deficit) for the period		8,696	37,139
<b>Balance at end of period</b>	<b>34</b>	<b>68,350</b>	<b>63,508</b>
<b>Balance of equity at end of period</b>		<b>1,035,134</b>	<b>593,932</b>
<b>Total income and expense for the period (a)</b>		<b>35,609</b>	<b>37,139</b>

(a) The aggregate net amount attributable to each category of equity is: surplus \$8,696k plus gains from asset revaluation reserve \$26,913k (2005: surplus \$37,139k).

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

# cash flow statement

For the year ended 30 June 2006

NOTES	2006 \$000	2005 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>		
Service appropriation	480,341	406,388
Capital contributions	424,947	71,515
<b>Net cash provided by State Government</b>	<b>905,288</b>	<b>477,903</b>
<b>Utilised as follows:</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Payments</b>		
Employee benefits	(65,831)	(58,123)
Supplies and services	(114,990)	(108,197)
Finance costs	(101,388)	(76,781)
Grants and subsidies	(234,193)	(219,009)
Capital user charge	(64,682)	(44,010)
GST payments on purchases	(92,173)	(84,905)
Other payments	(6,917)	(9,721)
<b>Receipts</b>		
Contribution other Government Agencies	15,458	11,276
Transwa	10,000	9,662
Transperth train operations	26,851	25,538
Transperth buses	60,573	56,280
Interest received	833	1,367
GST receipts on sales	9,806	10,512
GST receipts from taxation authority	79,665	72,074
Other receipts	10,362	9,847
<b>Net cash used in operating activities</b>	<b>35 (466,626)</b>	<b>(404,190)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of non-current physical assets	299	1,015
Purchase of non-current physical assets PTA	(93,344)	(147,602)
Purchase of non-current physical assets New MetroRail	(483,907)	(389,077)
<b>Net cash used in investing activities</b>	<b>(576,952)</b>	<b>(535,664)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	631,361	553,524
Repayment of borrowings	(488,175)	(88,449)
Other repayments	(7,749)	(9,248)
<b>Net cash provided by financing activities</b>	<b>135,437</b>	<b>455,827</b>
<b>Net increase/(decrease) in cash held</b>	<b>(2,853)</b>	<b>(6,124)</b>
Cash and cash equivalents at the beginning of the period	4,693	10,817
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>35 1,840</b>	<b>4,693</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 2006

## 1 First time adoption of Australian equivalents to International Financial Reporting Standards

This is the Public Transport Authority of Western Australia's (PTA) first published financial statements prepared under Australian equivalents to International Financial Reporting Standards (AIFRS). Accounting Standard AASB 1 'First time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements of PTA have been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction (TI) 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information has been prepared under the AIFRS basis.

### Early adoption of standards

The PTA cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards, AASB 2005-3 'Amendments to Australian Accounting Standards [AASB 119]', AASB 2005-4 'Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]' and AASB 2005-6 'Amendments to Australian Accounting Standards [AASB 3]' to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 45 'Reconciliations explaining the transition to AIFRS'.

## 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 Administration and Audit 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 and infrastructure 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 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 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 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/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal (See note 34 'Equity').

### e) Income

#### *Revenue*

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 is recognised on delivery of the service or by reference to the stage of completion 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 recognised in the financial statements.

#### *Interest*

Revenue is recognised as the interest accrues.

#### *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 the PTA's bank account or credited to the holding account held at the Department of Treasury and Finance.

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

Revenue is recognised at fair value when PTA obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

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.

Lease income from operating leases is recognised as income on a straight-line basis over the term of the lease (see Note 13 and 33), with the exception of the 49 years lease of the Freight Network Infrastructure which is based on a net present value annuity schedule.

#### *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 property, plant and equipment and infrastructure costing over \$5,000 are recognised as assets and the cost of utilising



## notes to the financial statements

For the year ended 30 June 2006

assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure 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 property, plant and equipment and infrastructure are initially recognised at costs.

For items of property, plant and equipment and infrastructure 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 and infrastructure and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market 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 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 the PTA including metropolitan and regional corridor land, not subject to commercial lease has been provided independently by the Department of Land and Information (Valuation Services).

Fair value was determined for all other assets as at 1 July 2003, based on valuation methods to suit specific asset types. Additions since 1 July 2003 have been added to the fair value based on actual cost.

The revaluation of land and buildings which are commercially leased were independently valued based on the capitalised value of current leases.

Rollingstock, permanent way, plant, equipment and vehicles were valued by PTA's engineering and management professionals based on the written down value of the current cost to replace the asset with a modern equivalent asset capable of delivering the same service potential. The written down value was determined by calculating the unexpired component of each asset's total useful life.

The Freight Network Infrastructure, subject to a 49 year prepaid lease was valued by an independent expert based on the net present value of the unearned lease income.

Improvements to the Freight Network Infrastructure, funded by the PTA, have been added to the fair value based on actual cost.

Infrastructure, property, plant and equipment is revalued, at least once every five years, to its fair value having regard to its highest and best use.

Construction in progress is recognised at cost.

### *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 years

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

#### **h) Intangible Assets**

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

Acquisitions of intangible assets costing over \$5,000 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.

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

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

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 are 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 the 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 reporting 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 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 or where the replacement cost is falling. 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.

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 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 27 'Impairment of Assets' for the outcome of impairment reviews and testing.

# notes to the financial statements

For the year ended 30 June 2006

## j) Leases

The PTA's rights and obligations under finance leases, which are leases that effectively transfer to the 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.

## 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. The annual rental from this lease is recognised as revenue, together with an associated interest expense, in accordance with net present value principles.

## 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 finance leases, payables); and
- Financial asset at fair value through profit or loss.

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.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently restated to their fair value at each reporting date. Changes in fair value are recognised through the Income Statement.

## 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 28 '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 19 'Income from State Government' and note 23 '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 whereas the balance 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 21 'Inventories'.

#### q) Receivables

Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when there is objective evidence that the PTA will not be able to collect the debts.

The carrying value is equivalent to fair value as it is due for settlement within 30 days.

See note 2(l) 'Financial Instruments' and note 22 'Receivables'.

#### r) Payables

Payables, including accruals not yet billed, are recognised when the 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 it is due for settlement within 30 days.

See note 2(l) 'Financial Instruments' and note 28 '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 29 '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 economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance date. See note 30 '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 reporting 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 reporting 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 reporting 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 reporting date on national government bonds with terms to maturity that match, as closely as possible, to 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.



# notes to the financial statements

For the year ended 30 June 2006

Staff 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. 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 who are not members of either the Pension or the GSS Schemes become non-contributory members of the West State Superannuation (WSS) Scheme. The PTA makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. The WSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the WSS Scheme. 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 as separate liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the PTA's 'Employee benefits expense' and the related liability is included in Employment on-costs provision (see notes 5 and 30).

## u) Superannuation Expense

The following elements are included in calculating the superannuation expense in the Income Statement:

- i) Defined benefit plans – change in the unfunded employers' liability (i.e. current service cost and actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and
- ii) Defined contribution plans – employer contributions paid to the GSS and the West State Superannuation Scheme (WSS).

## 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 have been restated on the AIFRS basis except for financial instruments which have been prepared under the previous AGAAP Australian Accounting Standard AAS 33. The transition date to AIFRS for financial instruments is 1 July 2005 in accordance with the exemption allowed under AASB 1, paragraph 36A and Treasurer's Instruction 1101.

## x) Derivatives

The Public Transport Authority has exercised the exemption available under AASB 1.36A and as per the Treasurer's Instruction 1101 to apply AASB 132 and AASB 139 from 1 July 2005. The PTA has applied previous AGAAP for the comparative period ending 30 June 2005 (see note 2w) for comparative information.

### Forward foreign exchange contracts from 1 July 2004 and 30 June 2005

The PTA has applied previous AGAAP for the comparative period ending 30 June 2005.

Under the previous AGAAP gains or losses from entering into a contract intended to hedge the purchase of goods together with the subsequent gains or losses resulting from the restatement of those contracts by reference to movements in spot exchange rates were deferred in the balance sheet from the inception of the hedging transaction up to the date of the purchase and included in the subsequent purchase price of the assets.

### Adjustments on transition date: 1 July 2005

At the date of transition, 1 July 2005, in line with AASB 132 and AASB 139 the foreign exchange contracts were measured on the fair value basis. The changes in the fair value were taken to retained earnings.

For future information concerning adjustments on transition date reference should be made to: Note 32 'Derivatives', Note 39 'Financial Instruments' and Note 34 'Equity'.

From 1 July 2005

The foreign exchange contracts are initially recognised at fair value on the date the contract is entered into and are subsequently restated to their fair value at each reporting date. Changes in the fair value of the contracts are recognised in the income statement and are included in the income or other expenses.

At balance date the amount receivable and payable under the foreign exchange contracts are disclosed on a net basis representing the future cash flow required to settle the contracts.

#### y) 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 at reporting date are translated at exchange rates current at reporting date. Exchange gains and losses are brought to account in determining the result for the year.

#### z) Future impact of Australian Accounting Standards not yet operative

The PTA cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. As referred to in Note 1, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6.

Consequently, the PTA has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their application date:

- a) 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 required to be applied to annual reporting periods beginning on or after 1 January 2007. The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of a financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.

- b) 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 undertake these types of transactions resulting in no 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 2006.

- c) UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'.

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 reporting date, the PTA has not entered into any arrangements as specified in the Interpretation 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 2006.

The following amendments are not applicable to the PTA as they will have no impact:

- i) 2005-1 AASB 139: (Cash flow hedge accounting of forecast intragroup transactions).
- ii) 2005-5 'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'.
- iii) 2006-1 AASB 121 (Net investment in foreign operations).
- iv) UIG 5 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.
- v) UIG 6 'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'.
- vi) UIG 7 'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'.
- vii) UIG 8 'Scope of AASB 2'.
- viii) UIG 9 'Reassessment of Embedded Derivatives'.

# notes to the financial statements

For the year ended 30 June 2006

## 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 decided to expense all borrowing costs associated with the construction of major 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 useful life of the Freight Network Infrastructure is based on the term of the lease.

	2006 \$000	2005 \$000
<b>5 Employee benefit expenses</b>		
Wages and salaries	56,407	49,475
Superannuation - defined contribution plans	5,541	5,132
Long service leave (i)	1,855	1,685
Annual leave (i)	5,071	4,618
	<b>68,874</b>	<b>60,910</b>

(i) Includes a superannuation contribution component

## 6 Supplies and services

Consultants and contractors	61,762	58,419
Communications	1,618	1,265
Consumables	5,648	5,342
Travel	7,047	5,872
Materials	12,506	12,602
Other	10,247	9,341
	<b>98,828</b>	<b>92,841</b>

## 7 Depreciation and amortisation expense

### **Depreciation**

Buildings	3,306	1,670
Freight Network Infrastructure	6,380	5,431
Rollingstock	13,165	9,561
Railway infrastructure	41,573	25,059
Plant, equipment and motor vehicles	1,244	1,557
Bus infrastructure	4,215	4,113
Vessels	112	176
Buses	18,248	17,702
<b>Total depreciation</b>	<b>88,243</b>	<b>65,269</b>



	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
<b>Amortisation</b>		
Intangible assets	640	621
Leased railcars	3,594	3,594
<b>Total amortisation</b>	<b>4,234</b>	<b>4,215</b>
<b>Total depreciation and amortisation</b>	<b>92,477</b>	<b>69,484</b>

#### 8 Finance costs

Western Australian Treasury Corporation loans	99,748	80,421
Commonwealth loans	269	291
Financial lease finance charges	30	75
Interest expense on prepaid Freight Network Infrastructure operating lease	5,856	4,628
Other interest	0	77
	<b>105,903</b>	<b>85,492</b>

#### 9 Grants and subsidies expense

Bus operators	159,918	143,241
Ferry services	558	514
Regional bus services	11,038	10,762
Student fare concessions	3,191	2,837
Grant to local government	1,165	0
School bus services	67,471	62,920
	<b>243,341</b>	<b>220,274</b>

#### 10 Capital user charge

	<b>65,052</b>	<b>44,010</b>
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A capital user charge rate of 8% (2004/05: 8%) has been set by the Government for 2005/06 and represents the opportunity cost of capital invested in the net assets of the PTA used in the provision of services. The charge is calculated on the net assets adjusted to take account of exempt assets. Payment was made to the Department of Treasury and Finance on a quarterly basis.

#### 11 Other expenses

Employment on-costs (i)	346	1,166
Payroll tax	3,741	3,742
Workers' compensation	3,156	4,813
Notional charge for land valuation provided by Department of Land Information	41	1,618
Contribution to Main Roads for the South Street bus lane	3,000	0
Contribution to City of Joondalup for car parking	649	0
	<b>10,933</b>	<b>11,339</b>

(i) Includes workers' compensation insurance and payroll tax relating to annual and long service leave. The corresponding liability is included at note 30 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

#### 12 User charges and fees

Transperth system revenue	80,997	76,760
Country passenger operations revenue	9,261	8,415
	<b>90,258</b>	<b>85,175</b>

#### 13 Land rationalisation lease revenue

<b>Rental income from land rationalisation</b>	<b>83</b>	<b>83</b>
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A 99 year operating lease for 118 grain receival sites was entered into with Co-operative Bulk Handling (CBH) in 2003.



# notes to the financial statements

For the year ended 30 June 2006

**2006**                      **2005**  
**\$000**                              **\$000**

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 33).

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 33).

## 14 Operating lease revenue

Rental income from Freight Network Infrastructure	<b>19,364</b>	<b>18,947</b>
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## 15 Grants and subsidies revenue

Department for Planning and Infrastructure - Perth CAT costs	7,427	6,958
Department for Planning and Infrastructure - Funding for CAT bus replacement and new CAT depot	7,592	0
Department of Education grant	1,042	682
Department for Planning and Infrastructure - Safer Transport grant	0	2,999
Department of Environment and Heritage	210	0
Town of Victoria Park	750	0
	<b>17,021</b>	<b>10,639</b>

## 16 Interest revenue

Interest Revenue	<b>1,084</b>	<b>1,342</b>
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Interest revenue is received quarterly from Department of Treasury and Finance calculated on the daily balance held on the interest bearing bank account.

## 17 Other revenue

Rents and leases	7,157	6,778
Advertising income	3,465	2,673
Parking and infringements	1,872	2,042
Foreign exchange gain	1,260	0
External works	1,222	2,040
Marketing	658	246
Liquidated damages	44	806
Land sales(i)	2,899	3
Miscellaneous	2,286	1,812
	<b>20,863</b>	<b>16,400</b>

(i) Proceeds from DPI for sale of land not previously recognised by the PTA.

## 18 Net gain/(loss) on disposal of non-current assets

<u>Cost of Disposal of Non-Current Assets</u>		
Land and buses	605	3,111
<u>Proceeds from Disposal of Non-Current Assets</u>		
Land and buses	522	25,888
	<b>(83)</b>	<b>22,777</b>

## 19 Income from State Government

### Appropriation revenue received during the year:

Service appropriations (i)	<b>559,824</b>	<b>475,370</b>
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### Resources received free of charge (ii)

Department of Land Information	41	1,618
	<b>559,865</b>	<b>476,988</b>



**2006**                      **2005**  
**\$000**                              **\$000**

(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.

## 20 Restricted cash and cash equivalents

Contractors' deposits	459	644
Railway Servants' Benefit Fund	235	288
	<b>694</b>	<b>932</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.

## 21 Inventories

### Current

Inventories not held for resale:

Maintenance spares - at cost	7,777	7,599
Less provision for obsolescence	(131)	(131)
	<b>7,646</b>	<b>7,468</b>

## 22 Receivables

### Current

Receivables	3,122	3,034
Provision for doubtful debts	(104)	(346)
GST receivable	8,942	9,158
Other receivables – external works	64	47
	<b>12,024</b>	<b>11,893</b>

Prepayments	560	430
Cash advance to Main Roads on New MetroRail project	0	8,100
	<b>12,584</b>	<b>20,423</b>

## 23 Amounts receivable for services

Non-current	224,040	144,557
	<b>224,040</b>	<b>144,557</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.

## 24 Other current assets

Deferred loss on foreign exchange hedging contract (i)	0	3,854
Foreign exchange hedging contract receivable	0	25,080
	<b>0</b>	<b>28,934</b>

(i) On 1 July 2005 derivatives were measured at fair value as per AASB 132 and AASB 139.

Changes in fair value at transition date on 1 July 2005 were taken to retained earnings. See note 34.



## notes to the financial statements

For the year ended 30 June 2006

### 25 Infrastructure, property, plant, equipment and vehicles

	2006 Cost	2006 At Fair Value	2006 Accumulated depreciation	2006 Carrying amount as at 30 June 2006	2005 Cost	2005 At Fair Value	2005 Accumulated depreciation	2005 Carrying amount as at 30 June 2005
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Owned Assets:</b>								
Freehold land (iii)	-	199,984	-	199,984	-	173,121	-	173,121
Buildings	-	54,925	6,611	48,314	-	37,784	3,305	34,479
Freight Network Infrastructure	-	300,885	17,242	283,643	-	250,298	10,862	239,436
Rollingstock	-	391,611	28,791	362,820	-	285,717	15,656	270,061
Railway infrastructure	-	745,721	73,459	672,262	-	653,848	46,314	607,534
Plant, equipment and motor vehicles	-	7,061	3,409	3,652	-	6,361	2,422	3,939
Bus infrastructure	-	74,177	12,451	61,726	-	73,739	8,252	65,487
Vessels	-	576	464	112	-	576	352	224
Buses	-	225,287	55,647	169,640	-	199,716	37,593	162,123
<b>Leased Assets: (i)</b>								
Railcars	-	65,828	10,782	55,046		65,828	7,188	58,640
<b>Construction in progress (ii)</b>	989,909	-	-	989,909	744,133	-	-	744,133
<b>TOTAL</b>	<b>989,909</b>	<b>2,066,055</b>	<b>208,856</b>	<b>2,847,108</b>	<b>744,133</b>	<b>1,746,988</b>	<b>131,944</b>	<b>2,359,177</b>

(i) For leased assets the fair value has been deemed to be capitalised cost.

(ii) Construction in progress is valued at cost.

(iii) Land controlled by the PTA has been revalued as at 1 July 2005 by the Department of Land and Information (Valuation Services). The valuations were performed during the year ended 30 June 2005 and recognised at 30 June 2006. The fair value was determined by reference to market values. See note 2g.

For all other assets fair value has been determined on the basis of engineering expert valuation or latest prices in the market for equivalent assets at 1 July 2003.

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.

2006	Carrying amount at the start of the year	Additions	Revaluation	Disposal	Depreciation	Carrying amount at the end of the year
<b>Owned Assets:</b>						
Freehold land	173,121	-	26,913	(50)	-	199,984
Buildings	34,479	17,141	-	-	(3,306)	48,314
Freight Network Infrastructure	239,436	50,587	-	-	(6,380)	283,643
Rollingstock	270,061	106,005	-	(81)	(13,165)	362,820
Railway infrastructure	607,534	106,308	-	(7)	(41,573)	672,262
Plant, equipment and motor vehicles	3,939	989	-	(32)	(1,244)	3,652
Bus infrastructure	65,487	501	-	(47)	(4,215)	61,726
Vessels	224	-	-	-	(112)	112
Buses	162,123	26,152	-	(387)	(18,248)	169,640
<b>Leased assets:</b>						
Leased Railcars	58,640	-	-	-	(3,594)	55,046
<b>Construction in progress</b>	<b>744,133</b>	<b>245,776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>989,909</b>
<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>

2005	Carrying amount at the start of the year	Additions	Disposal	Depreciation	Carrying amount at the end of the year
<b>Owned Assets:</b>					
Freehold land	174,913	304	(2,096)	-	173,121
Buildings	36,149	-	-	(1,670)	34,479
Freight Network Infrastructure	244,867	-	-	(5,431)	239,436
Rollingstock	130,783	148,839	-	(9,561)	270,061
Railway infrastructure	499,508	133,085	-	(25,059)	607,534
Plant, equipment and motor vehicles	1,650	3,846	-	(1,557)	3,939
Bus infrastructure	69,600	-	-	(4,113)	65,487
Vessels	400	-	-	(176)	224
Buses	158,222	22,624	(1,021)	(17,702)	162,123
<b>Leased assets:</b>					
Leased Railcars	62,234	-	-	(3,594)	58,640
<b>Construction in progress</b>	<b>476,717</b>	<b>267,416</b>	<b>-</b>	<b>-</b>	<b>744,133</b>
<b>TOTAL</b>	<b>1,855,043</b>	<b>576,114</b>	<b>(3,117)</b>	<b>(68,863)</b>	<b>2,359,177</b>

	2006 \$000	2005 \$000
<b>26 Intangible assets</b>		
Software - at cost	2,602	1,981
Accumulated amortisation	(1,867)	(1,227)
	<b>735</b>	<b>754</b>

Significant costs associated with the acquisition of computer software are capitalised and amortised on a straight line basis over the periods of the expected benefit, which varies from three to five years. Computer software that is not an integral part of the relevant hardware is treated as an intangible asset.

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

<b>Software</b>		
Carrying amount at start of the year	754	1,375
Additions	621	0
Amortisation expense	(640)	(621)
<b>Carrying amount at end of the year</b>	<b>735</b>	<b>754</b>

## 27 Impairment of assets

There are no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2006.

PTA held no goodwill or intangible assets with an indefinite useful life during 2005/06 and at 30 June 2006 there were no intangible assets not yet available for use.

## 28 Payables

<b>Current</b>		
Trade payables	8,952	14,501
Accrued expenses - operational	65,871	66,261
Accrued expenses - salaries	2,162	2,689
Accrued expenses - interest	21,221	22,547
Other payables	671	1,061
	<b>98,877</b>	<b>107,059</b>

# notes to the financial statements

For the year ended 30 June 2006

	2006 \$000	2005 \$000
<b>29 Borrowings</b>		
<b>(a) Current</b>		
Western Australian Treasury Corporation Loans	1,119,396	374,612
Finance lease liability (i)	2,899	7,730
Commonwealth Loans	383	381
	<b>1,122,678</b>	<b>382,723</b>
<b>(b) Non-Current</b>		
Western Australian Treasury Corporation Loans	594,920	1,196,517
Finance lease liability (i)	0	2,918
Commonwealth Loans	3,874	4,257
	<b>598,794</b>	<b>1,203,692</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>36,841</b>	<b>58,640</b>
<b>30 Provisions</b>		
<b>Current</b>		
<b>Employee benefits provision</b>		
Annual leave(a)	6,980	6,704
Long service leave(b)	5,699	5,226
	<b>12,679</b>	<b>11,930</b>
<b>Other provisions</b>		
Public liability provision	443	557
Workers' compensation	3,075	3,318
Employment on-costs(c)	1,192	943
	<b>4,710</b>	<b>4,818</b>
	<b>17,389</b>	<b>16,748</b>
<b>Non-Current</b>		
<b>Employee benefits provision</b>		
Long service leave(b)	3,752	2,890
Deferred salary scheme	30	12
	<b>3,782</b>	<b>2,902</b>
<b>Other provisions</b>		
Employment on-costs(c)	357	222
	<b>357</b>	<b>222</b>
	<b>4,139</b>	<b>3,124</b>
a) Annual leave has been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessment indicate that actual settlement of liabilities will occur as follows:		
Within 12 months of reporting date	4,141	3,181
More than 12 months after reporting date	2,839	3,523
	<b>6,980</b>	<b>6,704</b>



**2006**                      **2005**  
**\$000**                              **\$000**

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

Within 12 months of reporting date	709	584
More than 12 months after reporting date	8,742	7,531
	<b>9,451</b>	<b>8,115</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 11 'Other expenses'.

**Movements in Other Provisions**

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

**Public liability provision**

Carrying amount at the start of the year	557	792
Additional provisions recognised	705	563
Payments/other sacrifices of economic benefit	(819)	(798)
<b>Carrying amount at the end of the year</b>	<b>443</b>	<b>557</b>

The public liability provision represents the PTA's estimate of outstanding claims from previous years.

**Workers' compensation provisions**

Carrying amount at the start of the year	3,318	1,591
Additional provisions recognised	3,155	4,813
Payments/other sacrifices of economic benefit	(3,398)	(3,086)
<b>Carrying amount at the end of the year</b>	<b>3,075</b>	<b>3,318</b>

The PTA pays a deposit contribution to RiskCover each year. This contribution is based on claims experience and is adjusted by actuarial assessments as claims prevail.

**Employment on-cost provision**

Carrying amount at the start of the year	1,166	1,195
Additional provisions recognised	988	366
Payments/other sacrifices of economic benefit	(605)	(395)
<b>Carrying amount at the end of the year</b>	<b>1,549</b>	<b>1,166</b>

**31 Other current liabilities**

Contractors' deposits	459	644
Payments held in suspense	59	78
Railway Servants' Benefit Fund	235	288
Foreign exchange hedging contract payable (i)	0	28,934
	<b>753</b>	<b>29,944</b>

(i) On 1 July 2005 derivatives were measured at fair value as per AASB 132 and AASB 139. Changes in fair value at transition date on 1 July 2005 were taken to retained earnings. See note 34.

**32 Derivatives**

Foreign exchange contracts	996	0
	<b>996</b>	<b>0</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 2006

At the balance sheet date the net fair value of these contracts was \$996k (2005 - nil) comprising assets of \$13,630k (2005 - \$25,080k) and liabilities of \$14,626k (2005 - \$28,934k).

In the year ended 30 June 2006:

- On the date of transition to AASB 132 and 139 on 1 July 2005 the deferred loss on the contracts of \$3,854k was debited to retained earnings; and
- There was a gain of \$1,260k from the change in the fair value of the asset during the year.

At reporting date, the details of outstanding forward contracts are:

	2006 \$000	2005 \$000	2006 Average Exchange Rate	2005 Average Exchange Rate
Buy Euro				
Maturity:				
0-6 months	8,469	8,539	0.5430	0.5440
6-12 months	6,157	5,794	0.5445	0.5445
12-24 months	0	13,090	0	0.5445
Buy GBP				
Maturity:				
0-6 months	0	1,511	0	0.4030

### 33 Deferred income – operating leases

	2006 \$000	2005 \$000
<b>Current:</b>		
Freight Network Infrastructure prepaid operating lease	12,744	13,508
Co-operative Bulk Handling 99 year lease	83	83
	<b>12,827</b>	<b>13,591</b>
<b>Non-Current:</b>		
Freight Network Infrastructure prepaid operating lease	194,549	207,293
Co-operative Bulk Handling 99 year lease	7,817	7,900
	<b>202,366</b>	<b>215,193</b>
	<b>215,193</b>	<b>228,784</b>

2006  
\$000

2005  
\$000

### 34 Equity

Equity represents the residual interest in the net assets of the PTA. The Government holds the equity interest in the Authority on behalf of the community.

#### Contributed Equity

Balance at start of the period	530,424	483,758
Capital contributions (i)	424,947	71,515
Distribution to owner (ii), (iii)	(15,500)	(24,849)
<b>Balance at end of the period</b>	<b>939,871</b>	<b>530,424</b>

#### Asset Revaluation Reserve

Balance at start of the period	0	0
Revaluation of land	26,913	0
<b>Balance at end of the the period</b>	<b>26,913</b>	<b>0</b>

#### Accumulated surplus/(deficit)

Opening balance	63,508	26,369
Adjustment on adoption of AASB 132 and AASB 139	(3,854)	0
Surplus/(deficit) for the period	8,696	37,139
<b>Balance at end of period</b>	<b>68,350</b>	<b>63,508</b>

#### Balance of equity at the end of period

**1,035,134**      **593,932**

- (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) Proceeds from DPI for sale of land not previously recognised by the PTA - \$2.8 million.
- (iii) As part of the New MetroRail project, Miller's way and Spencer Road bridge assets were transferred to Main Roads Western Australia - \$12.8 million.

### 35 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	1,146	3,761
Restricted cash and cash equivalents (refer to note 20)	694	932
	<b>1,840</b>	<b>4,693</b>

#### b) Financing facilities

The PTA has a short-term liquidity facility of \$200 million (2004/05: \$200 million) with the Western Australian Treasury Corporation.

Amounts drawn from this facility at June 30	30,000	0
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The Western Australian Treasury Corporation has provided a facility of \$US 85 million (2004/05: \$US 93 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 2006, none of this facility has been drawn (2004/05: Nil).

# notes to the financial statements

For the year ended 30 June 2006

	2006 \$000	2005 \$000
<b>c) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</b>		
Net cost of services	(551,169)	(439,849)
Non cash items:		
Depreciation and amortisation expense	92,477	69,484
Loss/(gain) on sale of property, plant and equipment	83	(22,777)
Resources received free of charge	41	1,618
Other non-cash adjustments	(238)	(60)
Sale of land by Department of Planning and Infrastructure	(2,728)	0
(Increase)/ Decrease in assets:		
Current receivables	7,622	(5,509)
Current inventories	(178)	(29)
Other current assets	15,304	27,971
Increase/ (Decrease) in liabilities:		
Current payables	(1,556)	1,398
Current provisions	640	3,650
Other current liabilities	(14,565)	(23,298)
Deferred income operating lease	(764)	(811)
Non-current provisions	1,016	817
Non-current deferred operating lease revenue	(12,827)	(13,591)
Change in GST receivables/payments	216	(3,204)
<b>Net cash used in operating activities</b>	<b>(466,626)</b>	<b>(404,190)</b>

## 36 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	274,977	519,951
Later than one year and not later than five years	156,823	419,148
Later than five years	9,650	0
	<b>441,450</b>	<b>939,099</b>

The capital commitments include amounts for:

Railway infrastructure	269,490	661,902
Bus infrastructure	14,790	0
Railcars - Transperth Train Operations	6,670	45,615
Plant, equipment and motor vehicles	13,000	20,132
Buses	137,500	211,450
	<b>441,450</b>	<b>939,099</b>

b) (i) Finance lease commitments:

Minimum lease payment commitments in relation to finance leases are payable as follows:

Within one year	2,904	7,761
Later than one year and not later than five years	0	2,922
Minimum finance lease payments	2,904	10,683
Less future finance charges	(5)	(35)
Present value of finance lease liabilities	<b>2,899</b>	<b>10,648</b>



	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
The present value of finance leases payable is as follows:		
Within one year	2,899	7,730
Later than one year and not later than five years	0	2,918
	<b>2,899</b>	<b>10,648</b>

(ii) Non-cancellable operating lease commitments:

Commitments for minimum lease payments are payable as follows:

Within one year	924	718
Later than one year and not later than five years	184	179
	<b>1,108</b>	<b>897</b>

c) Other expenditure commitments contracted for at the reporting date but not recognised as liabilities, are payable as follows:

Within one year	274,128	267,228
Later than one year and not later than five years	877,355	960,656
Later than five years	984,675	1,062,691
	<b>2,136,158</b>	<b>2,290,575</b>

The other expenditure commitments include amounts for:

Land and building maintenance	14,112	820
Transperth train operations	211,198	214,775
Railway infrastructure	14,141	2,500
Railcars and road coaches	7,216	10,280
Buses and support services	646,566	748,200
School bus services	1,236,748	1,301,239
Miscellaneous	6,177	12,761
	<b>2,136,158</b>	<b>2,290,575</b>

The commitments are all inclusive of GST.

### **37 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

Leighton Contractors Pty Ltd, the contractor engaged by the PTA to design and construct the City portion of the Southern Suburbs Railway, has commenced 3 Supreme Court actions against the PTA, claiming an aggregate of \$177 million. The actions relate to contractual disputes between the PTA and Leighton Contractors, on Leighton Contractors' alleged entitlements under the rise & fall and contaminated material provisions of the contract, and a dispute relating to the adequacy of the contracts work insurance effected by the PTA pursuant to the contract. The PTA has denied all liability and is vigorously defending the actions.



# statement of financial performance

For the year ended 30 June 2006

## 38 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:

\$	2006	2005
190,001 - 200,000	0	0
260,001 - 270,000	1	1
	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>

The total remuneration of the members of the Accountable Authority is:

266	263
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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.

### 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:

\$	2006	2005
100,001 - 110,000	1	2
110,001 - 120,000	0	1
120,001 - 130,000	0	2
130,001 - 140,000	4	3
140,001 - 150,000	1	3
150,001 - 160,000	4	0
	<b>10</b>	<b>11</b>
	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>

Total remuneration of the senior officers is:

1,414	1,450
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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.

## 39 Financial instruments

### a) Financial Risk Management Objectives and Policies

Financial instruments held by the PTA are cash and cash equivalents, loans, 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 risk

The PTA is exposed to foreign exchange risk arising from currency exposure to the Euro.

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 reporting date:

	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	35	5.55	1,146					1,146
Restricted cash and cash equivalents	35	5.55	694					694
Receivables	22						12,584	12,584
Amounts receivable for services	23						224,040	224,040
			<b>1,840</b>				<b>236,624</b>	<b>238,464</b>
<b>Financial Liabilities</b>								
Payables	28						98,877	98,877
Other current liabilities	31						753	753
Derivatives	32						996	996
WATC Loans (ii)	29	6.05		1,119,396	324,783	270,137		1,714,316
Commonwealth Loans	29	5.93		383	1,542	2,332		4,257
Lease Liabilities	29	6.35		2,899				2,899
				<b>1,122,678</b>	<b>326,325</b>	<b>272,469</b>	<b>100,626</b>	<b>1,822,098</b>

# statement of financial performance

For the year ended 30 June 2006

	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		
2005			\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial Assets</b>								
Cash and cash equivalents	35	5.29	3,761					3,761
Restricted cash and cash equivalents	35	5.29	932					932
Receivables	22						20,423	20,423
Amounts receivable for services	23						144,557	144,557
			<b>4,693</b>				<b>164,980</b>	<b>169,673</b>
<b>Financial Liabilities</b>								
Payables	28						107,059	107,059
Other current liabilities	31						29,944	29,944
Derivatives	32							
WATC Loans (ii)	29	6.05		656,149	356,199	558,781		1,571,129
Commonwealth Loans	29	5.93				4,638		4,638
Lease Liabilities	29	6.47	10,648					10,648
			<b>10,648</b>	<b>656,149</b>	<b>356,199</b>	<b>563,419</b>	<b>137,003</b>	<b>1,723,418</b>

(i) Variable interest rates represent the most recently determined rate applicable to the instrument at balance date.

(ii) Western Australian Treasury Corporation loans.

## Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

## 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.

	2006 \$000	2005 \$000
<b>40 Supplementary financial information</b>		
<b>Losses through theft, defaults and other causes</b>		
Losses of public moneys and public and other property through theft and default	7	2
<b>Stocks</b>		
Obsolescence, damage, surplus	0	287
<b>Revenue written off</b>		
	24	31
<b>Gifts of public property</b>		
Gifts of public property provided by PTA	0	12
	<b>31</b>	<b>332</b>

#### 41 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.

#### 42 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.

	2006 Actual \$000	2006 Estimate \$000	Variance \$000
Income	148,673	123,419	25,254
Cost of Services	699,842	657,956	(41,886)
<b>Net Cost of Services</b>	<b>551,169</b>	<b>534,537</b>	<b>(16,632)</b>

##### Income

Income was \$25 million (20%) above the estimate. The variations include the following significant items:

- i) Capital Grant of \$7.6 million from Department for Planning and Infrastructure for the Central Area Transit (CAT) bus replacement, CAT depot and yellow CAT extension;
- ii) MultiRider and cash fares increased by \$3.4 million as a result of increased patronage;
- iii) Proceeds from DPI for sale of land not previously recognised by the PTA - \$2.8 million;
- iv) Advertising revenue increased by \$2.0 million from changed contractual arrangements;
- v) Foreign exchange gain of \$1.3 million on foreign exchange transactions during the year and foreign exchange contracts outstanding at year end;
- vi) Grants and subsidies revenue of \$1.2 million mainly due to a contribution from the City of Victoria Park for Miller's crossing bridge;
- vii) Regional Town Bus Services \$1.1 million being brought into account as revenue (in the estimate, revenue was netted off against expenditure);
- viii) Increase in revenue from external works of \$0.8 million; and
- ix) Service contribution revenue \$0.8 million due to joint ticketing of various sporting and entertainment events.

##### Total cost of services

Cost of services for the year was \$42 million (6.0%) above estimate.

There were several significant positive and negative variations that contributed to this overall variation. These variations include:

- i) Increased depreciation of \$17 million due to write down of stations and train control system no longer used due to upgrades;
- ii) Increased Transperth bus contract costs of \$14 million mainly due to fuel, labour, security and maintenance contracts;
- iii) Increased capital user charge of \$5 million arising from the deferral of asset transfers to Local Governments and Main Roads WA by New MetroRail because construction was not completed at 30 June 2006;
- iv) Increased railcar maintenance costs of \$4 million mainly due to railcar overhauls;
- v) Contribution of \$3 million to Main Roads for the South Street bus lane;
- vi) Increase in land rationalisation expenses \$2.8 million due to clean up of contaminated site, remediation and subdivision at Forrestfield, Leighton and Robb's Jetty;
- vii) Increased infrastructure costs of \$2 million mainly due to concrete re-sleepering on the Armadale line;
- viii) Grants of \$2 million to Town of Victoria Park for Miller's crossing bridge as part of the New MetroRail project and City of Joondalup for car park;
- ix) Expenditure of \$1 million due to installation of infrastructure for the connection of natural gas supplies to new CAT Depot;
- x) Increased infrastructure costs of \$1 million related to Goongonup bridge; offset by
- xi) Lower interest on borrowings of \$13 million due to delays in capital works expenditure and lower than projected interest rate.

**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

	2006 \$000	2005 \$000	Variance \$000
Employee benefit expense	68,874	60,910	7,964
Supplies and services	98,828	92,841	5,987
Depreciation and amortisation expense	92,477	69,484	22,993
Finance costs	105,903	85,492	20,411
Grants and subsidies expense	243,341	220,274	23,067
Capital user charge	65,052	44,010	21,042
Land rationalisation expense	6,223	2,903	3,320
User charges and fees	90,258	85,175	5,083
Grants and subsidies revenue	17,021	10,639	6,382
Other revenue	20,863	16,400	4,463
Gain on disposal of non-current assets	0	22,777	(22,777)

Employee benefit expense

Increase in employee benefit expense due to increase in transit guards and train drivers for the Northern Suburbs line extension to Clarkson and the Thornlie line.

Supplies and services

- i) Increased infrastructure costs of \$1.6 million due to concrete re-sleeper on the Armadale line.
- ii) Installation of connection of natural gas supplies to new CAT Depot - \$1 million.
- iii) Increased security and maintenance contracts.

Depreciation and amortisation expense

Increase in depreciation of \$23 million mainly due to increased depreciation of stations and train control system which have been upgraded and the commissioning of 12 three-car units electric Railcars, 53 new gas buses, AvonLink train, Thornlie rail infrastructure, train control system, closed circuit television systems (CCTV) infrastructure and the Geraldton Southern Rail Corridor during the financial year.

Borrowing costs expense

Increase in borrowings to purchase buses, railcars and construction of the Southern Suburbs Railway line.

Grants and subsidies

Increased Transperth bus contract costs mainly due to fuel, labour and increased kilometers, School Bus Services Composite Rate model indexation costs and Grant to Town of Victoria Park for Miller's crossing bridge as part of the New MetroRail project.

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 Freight debt in August 2005 - \$325 million funded by an equity injection from DTF.

Land rationalisation expense

Increase in expenditure due to clean up of contaminated site, remediation and subdivision at Forrestfield, Leighton and Robb's Jetty.

User charges and fees

Increase in patronage and additional revenue from the opening of new Thornlie station.



Grant and subsidies revenue

Increase in capital grants and subsidies revenue from the Department for Planning and Infrastructure of \$7.6 million for the CAT bus replacement , new CAT Depot at Claisebrook and Yellow CAT extension.

Other revenue

Increased revenue of \$4.5 million mainly due to:

- a. A favourable exchange rate movement on foreign exchange transactions during the year and foreign exchange contracts outstanding at year end - \$1.3 million and
- b. Proceeds from DPI for sale of land not previously recognised by the PTA - \$2.8 million.

Gain on disposal of non-current assets

No material disposal of non-current assets in 2005/06.



43 Schedule of income and expenses by service

	Metropolitan and regional passenger services		Country passenger rail and coach services		Regional school bus service		Rail corridor and residual freight issues		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>COST OF SERVICES</b>										
<b>Expenses</b>										
Employee benefit expenses	55,664	46,218	9,650	9,662	2,139	2,061	1,421	2,969	68,874	60,910
Supplies and services	77,161	63,997	15,458	16,235	1,503	988	4,706	11,621	98,828	92,841
Depreciation and amortisation expense	79,614	58,636	5,744	4,845	14	16	7,105	5,987	92,477	69,484
Finance costs	84,726	54,644	4,521	4,287	0	0	16,656	26,561	105,903	85,492
Grants & subsidies	172,679	154,516	0	0	70,662	65,758	0	0	243,341	220,274
Capital user charge	46,964	36,809	3,574	3,366	11	10	14,503	3,825	65,052	44,010
Energy and fuel	5,992	6,129	2,133	1,830	1	0	2	0	8,128	7,959
Land rationalisation expense	0	0	0	0	0	0	6,223	2,903	6,223	2,903
Loss on disposal of non-current assets	(84)	0	113	0	3	0	51	0	83	0
Other expenses	7,914	6,186	636	885	139	156	2,244	4,112	10,933	11,339
<b>Total cost of services</b>	<b>530,630</b>	<b>427,135</b>	<b>41,829</b>	<b>41,110</b>	<b>74,472</b>	<b>68,989</b>	<b>52,911</b>	<b>57,978</b>	<b>699,842</b>	<b>595,212</b>
<b>Income</b>										
User charges and fees	80,929	76,727	9,261	8,415	68	33	0	0	90,258	85,175
Land rationalisation lease income	0	0	0	0	0	0	83	83	83	83
Operating lease revenue	0	0	0	0	0	0	19,364	18,947	19,364	18,947
Grants and subsidies	15,229	6,959	0	0	1,042	681	750	2,999	17,021	10,639
Interest revenue	0	0	0	0	0	0	1,084	1,342	1,084	1,342
Gain on disposal of non-current assets	0	(71)	0	0	0	0	0	22,848	0	22,777
Other revenue	9,022	6,801	25	6	39	2	11,777	9,591	20,863	16,400
<b>Total income other than income from State Government</b>	<b>105,180</b>	<b>90,416</b>	<b>9,286</b>	<b>8,421</b>	<b>1,149</b>	<b>716</b>	<b>33,058</b>	<b>55,810</b>	<b>148,673</b>	<b>155,363</b>
<b>NET COST OF SERVICES</b>	<b>425,450</b>	<b>336,719</b>	<b>32,543</b>	<b>32,689</b>	<b>73,323</b>	<b>68,273</b>	<b>19,853</b>	<b>2,168</b>	<b>551,169</b>	<b>439,849</b>
<b>INCOME FROM STATE GOVERNMENT</b>										
Service Appropriation	427,658	331,029	33,149	31,764	75,286	69,289	23,731	43,288	559,824	475,370
Resources received free of charge	0	0	0	0	0	0	41	1,618	41	1,618
<b>Total income from State Government</b>	<b>427,658</b>	<b>331,029</b>	<b>33,149</b>	<b>31,764</b>	<b>75,286</b>	<b>69,289</b>	<b>23,772</b>	<b>44,906</b>	<b>559,865</b>	<b>476,988</b>
<b>Surplus/(deficit) for the period</b>	<b>2,208</b>	<b>(5,690)</b>	<b>606</b>	<b>(925)</b>	<b>1,963</b>	<b>1,016</b>	<b>3,919</b>	<b>42,738</b>	<b>8,696</b>	<b>37,139</b>

2006  
\$000

2005  
\$000

#### 44 Remuneration of auditor

Remuneration to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators	141	128
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#### 45 Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

##### Reconciliation of equity at the date of transition to AIFRS: 1 July 2004 (AASB 1.39 (a)(i))

Note	Previous AGAAP 1 July 2004 \$000	Adjustments 1 July 2004 AASB 101.68(c) \$000	AIFRS 1 July 2004 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9,815		9,815
Restricted cash and cash equivalents	1,002		1,002
Inventories	7,439		7,439
Receivables	11,711		11,711
Other current assets	56,904		56,904
<b>Total Current Assets</b>	<b>86,871</b>	<b>0</b>	<b>86,871</b>
<b>Non-Current Assets</b>			
Amounts receivable for services	75,575		75,575
45.1a Property, plant, equipment and vehicles	1,856,418	(1,374)	1,855,044
45.1a Intangible assets	0	1,374	1,374
<b>Total Non-Current Assets</b>	<b>1,931,993</b>	<b>0</b>	<b>1,931,993</b>
<b>Total Assets</b>	<b>2,018,864</b>	<b>0</b>	<b>2,018,864</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	66,316		66,316
Borrowings	42,985		42,985
Provisions	13,098		13,098
Other current liabilities	53,241		53,241
Deferred Income-Operating Leases	14,402		14,402
<b>Total Current Liabilities</b>	<b>190,042</b>	<b>0</b>	<b>190,042</b>
<b>Non-Current Liabilities</b>			
Borrowings	1,087,604		1,087,604
Provisions	2,307		2,307
Deferred Income-Operating Leases	228,784		228,784
<b>Total Non-Current Liabilities</b>	<b>1,318,695</b>	<b>0</b>	<b>1,318,695</b>
<b>Total Liabilities</b>	<b>1,508,737</b>	<b>0</b>	<b>1,508,737</b>
<b>Net Assets</b>	<b>510,127</b>	<b>0</b>	<b>510,127</b>
<b>Equity</b>			
Contributed equity	483,758		483,758
Accumulated surplus	26,369		26,369
<b>Total Equity</b>	<b>510,127</b>	<b>0</b>	<b>510,127</b>

# statement of financial performance

For the year ended 30 June 2006

## Reconciliation of equity at the end of last reporting period under previous AGAAP: 30 June 2005 (AASB 1.39(a)(ii))

Note	AGAAP	Adjustments		AIFRS
	30 June 05	AASB 116 AASB 138	AASB 101.75(b)	30 June 05
	\$000	\$000	\$000	\$000
<b>ASSETS</b>				
<b>Current Assets</b>				
	Cash assets	3,761		3,761
	Restricted cash assets	932		932
	Inventories	7,468		7,468
45.2a	Receivables	11,893	8,530	20,423
45.2a	Other current assets	37,464	(8,530)	28,934
	<b>Total Current Assets</b>	<b>61,518</b>	<b>0</b>	<b>61,518</b>
<b>Non-Current Assets</b>				
	Amounts receivable for services	144,557		144,557
45.1b	Property, plant, equipment and vehicles	2,359,931	(754)	2,359,177
45.1b	Intangible assets	0	754	754
	<b>Total Non-Current Assets</b>	<b>2,504,488</b>	<b>0</b>	<b>2,504,488</b>
	<b>Total Assets</b>	<b>2,566,006</b>	<b>0</b>	<b>2,566,006</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
	Payables	107,059		107,059
	Borrowings	382,723		382,723
	Provisions	16,748		16,748
	Other current liabilities	29,944		29,944
	Deferred Income-Operating Leases	13,591		13,591
	<b>Total Current Liabilities</b>	<b>550,065</b>	<b>0</b>	<b>550,065</b>
<b>Non-Current Liabilities</b>				
	Borrowings	1,203,692		1,203,692
	Provisions	3,124		3,124
	Deferred Income-Operating Leases	215,193		215,193
	<b>Total Non-Current Liabilities</b>	<b>1,422,009</b>	<b>0</b>	<b>1,422,009</b>
	<b>Total Liabilities</b>	<b>1,972,074</b>	<b>0</b>	<b>1,972,074</b>
	<b>Net Assets</b>	<b>593,932</b>	<b>0</b>	<b>593,932</b>
<b>Equity</b>				
	Contributed equity	530,424		530,424
	Accumulated surplus/(deficit)	63,508		63,508
	<b>Total Equity</b>	<b>593,932</b>	<b>0</b>	<b>593,932</b>

Reconciliation of Income Statement for the year ended 30 June 2005 (AASB 1.39(b))

Note	AGAAP	Adjustments		AIFRS
	30 June 05	AASB 116	AASB 119	30 June 05
	\$000	\$000	\$000	\$000
<b>COST OF SERVICES</b>				
<b>Expenses</b>				
45.3a	Employee benefit expense	70,631	(9,721)	60,910
	Supplies and Services	92,841		92,841
	Depreciation and amortisation expense	69,484		69,484
	Finance costs	85,492		85,492
	Grants and subsidies	220,274		220,274
	Capital user charge	44,010		44,010
	Energy and fuel	7,959		7,959
	Land rationalisation expense	2,903		2,903
45.4	Carrying amount of non-current assets disposed of	3,111	(3,111)	0
45.3a	Other expenses	1,618	9,721	11,339
	<b>Total cost of services</b>	<b>598,323</b>	<b>(3,111)</b>	<b>595,212</b>
<b>Income</b>				
<b>Revenue</b>				
	User charges and fees	85,175		85,175
	Land rationalisation lease revenue	83		83
	Operating lease revenue	18,947		18,947
	Grants and subsidies	10,639		10,639
	Interest revenue	1,342		1,342
45.4	Proceeds from disposal of non-current assets	25,888	(25,888)	0
	Other revenue	16,400		16,400
	<b>Total revenue</b>	<b>158,474</b>	<b>(25,888)</b>	<b>132,586</b>
<b>Gains</b>				
45.4	Gain on disposal of non-current assets	0	22,777	22,777
45.4	<b>Total income other than income from State Government</b>	<b>158,474</b>	<b>(3,111)</b>	<b>155,363</b>
	<b>NET COST OF SERVICES</b>	<b>439,849</b>	<b>0</b>	<b>439,849</b>
<b>INCOME FROM STATE GOVERNMENT</b>				
	Service appropriation	475,370		475,370
	Resources received free of charge	1,618		1,618
	<b>Total income from State Government</b>	<b>476,988</b>	<b>0</b>	<b>476,988</b>
	<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>37,139</b>	<b>0</b>	<b>37,139</b>

# statement of financial performance

For the year ended 30 June 2006

## Reconciliation of Cash Flow Statement for the year ended 30 June 2005 (AASB 1.40)

Note	AGAAP 2005 \$000	Adjustments AASB 119 \$000	AIFRS 2005 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
	406,388		406,388
	71,515		71,515
<b>Net cash provided by State Government</b>	<b>477,903</b>	<b>0</b>	<b>477,903</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
45.3b Employee benefits	(67,844)	9,721	(58,123)
Supplies and services	(108,197)		(108,197)
Finance costs	(76,781)		(76,781)
Grants and subsidies	(219,009)		(219,009)
Capital user charge	(44,010)		(44,010)
GST payments on purchases	(84,905)		(84,905)
45.3b Other payments	0	(9,721)	(9,721)
<b>Receipts</b>			
Contribution-other Government Agencies	11,276		11,276
Transwa	9,662		9,662
Transperth train operations	25,538		25,538
Transperth buses	56,280		56,280
Interest received	1,367		1,367
GST receipts on sales	10,512		10,512
GST receipts from Taxation Authority	72,074		72,074
Receipts from customers	9,847		9,847
<b>Net cash used in operating activities</b>	<b>(404,190)</b>	<b>0</b>	<b>(404,190)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non current assets	1,015		1,015
Purchase of non-current assets PTA	(147,602)		(147,602)
Purchase of non-current assets New MetroRail	(389,077)		(389,077)
<b>Net cash used in investing activities</b>	<b>(535,664)</b>	<b>0</b>	<b>(535,664)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	553,524		553,524
Repayment of borrowings	(88,449)		(88,449)
Other repayments	(9,248)		(9,248)
<b>Net cash provided by financing activities</b>	<b>455,827</b>	<b>0</b>	<b>455,827</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(6,124)</b>		<b>(6,124)</b>
Cash and cash equivalents at the beginning of the period	10,817		10,817
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4,693</b>	<b>0</b>	<b>4,693</b>



## Notes to reconciliations

### Note 45.1 Intangible assets (AASB 138)

AASB 138 requires that software not integral to the operation of a computer must be disclosed as intangible assets. Intangible assets must be disclosed on the balance sheet. All software has previously been classified as property, plant and equipment (office equipment). The following adjustments have been made:

#### 45.1a Adjustments to opening Balance Sheet (1 July 2004)

The PTA has transferred \$1,374k in software from property, plant and equipment to intangible assets.

#### 45.1b Adjustments to 30 June 2005 Balance Sheet

The PTA has transferred \$754k in software from property, plant and equipment to intangible assets. This represents the opening balance sheet adjustment of \$1,374k less \$621k depreciation for the year.

### Note 45.2 Receivable (AASB 101)

AASB 101 requires receivables be disaggregated into amounts receivable from trade customers, prepayments and other amounts.

#### 45.2a Adjustments to 30 June 2005 Balance Sheet

Prepayments and cash advances on New MetroRail project have been reclassified from 'Other assets' to 'Receivables' (\$8,530k).

### Note 45.3 Employee benefits (AASB 119 and AASB 101)

Employment on-costs are not included in employee benefits under AGAAP or AIFRS. However, under AGAAP employee benefits and on-costs are disclosed together on the face of the Income Statement as employee costs. Under AIFRS employee benefits will be the equivalent item disclosed on the face. On-costs are transferred to other expenses.

#### 45.3a Adjustments to the Income Statement for the period ended 30 June 2005

Employment on-costs expense has been reclassified from employee benefits expense to other expense (\$9,721k).

#### 45.3b Adjustments to the Cash Flow Statement for the period ended 30 June 2005

Employment on-costs payments have been reclassified from employee benefit payments to other payments (\$9,721k).

### Note 45.4 Net gain on disposal of non-current assets (AASB 116)

Under AGAAP the disposal of non-current assets is disclosed on the gross basis. That is, the proceeds of disposal are revenue and the carrying amounts of assets disposed of are expense. The disposal of non-current assets is disclosed on the net basis (gains or losses) under AIFRS.

#### Adjustments to the Income Statement for the period ended 30 June 2005

The carrying amounts of assets disposed of were previously recognised as expense. This has been derecognised (\$3,111k).

The proceeds of disposal of non-current assets were previously recognised as income. This has been derecognised (\$25,888k).

A gain on the disposal of non-current assets of \$22,777k has been recognised as income.





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