



Old meets new: existing urban railcar (left) and new railcar at the Nowagerup railcar depot.

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 2004. The report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

Reece Waldock
Acting Chief Executive Officer¹



*Hon. Alannah MacTiernan MLA
Minister for Planning and
Infrastructure*

¹ Mr Waldock was appointed Chief Executive Officer on 18 August 2004.



Our Purpose

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

Our Aim

To create the best passenger transport service for Western Australians.

Our Values

We value and respect our customers, suppliers and each other.

We are committed to safety.

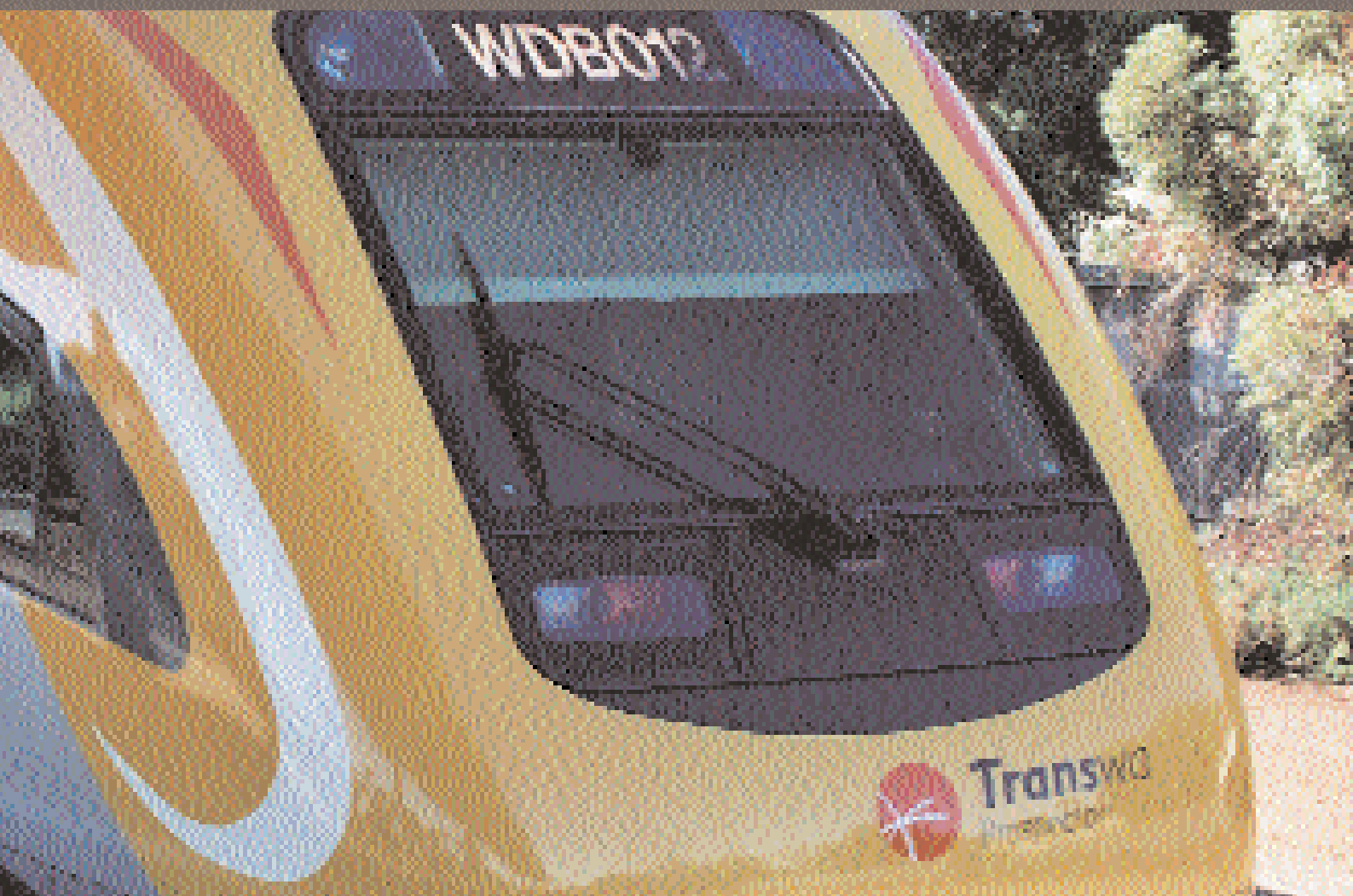
We encourage each other to reach our full potential.

We are honest and exhibit high levels of integrity, openness and ethical behaviour.

We recognise and reward achievement, initiative and innovation.

We strive for continuous improvement in everything we do.

We are environmentally responsible.



The new Prospector in Kalgoorlie.

Contents

Chief Executive Officer's overview	4
The PTA Executive	5
Organisational structure	7
The Transperth system	8
Regional Town Bus Services	14
School Bus Services	15
Transwa	17
Network and Infrastructure	19
New MetroRail project	20
People and Organisational Development	22
Performance Indicators (unaudited)	24
Compliance	29
Compliance statements	31
Explanation of major capital expenditure variations	32
The Electoral Act 1907 – Section 175ZE	33
Audited Key Performance Indicators	34
Financial Statements	45
Notes to the Financial Statements	49
Contact details	68



Reece Waldock

Chief Executive Officer's overview

This was a year of unprecedented change in the operation and management of public transport in Western Australia.

The Public Transport Authority of Western Australia (PTA) was established on 1 July 2003 with the enactment of the Public Transport Authority Act. The PTA provides a central point to manage public transport services in the State. The transition from a fragmented system to one in which all key functions are meshed together in a single organisation has been an exciting experience that is already delivering benefits to the travelling public.

In particular, there have been important synergies in the incorporation of Transperth into the PTA. Transperth coach/bus procurement and fleet management skills proved beneficial to Transwa in the acquisition and operation of its new, high-quality coaches for country routes. Likewise, the skills developed in the PTA for the impending application of smartcard or SmartRider technology across the metropolitan train, bus and ferry systems will be extended to the country rail and bus network. There are also important synergies in the provision of infrastructure.

Our Network and Infrastructure Division now handles the design and construction of facilities for both the rail and bus systems, providing a "critical mass" previously unachievable. We now have access to a much broader body of skills and are able to apply those across the various transport services, thereby improving efficiency and service standards.

Considering all these improvements, the PTA can claim with confidence to be a national pacesetter for the delivery of public transport services. New South Wales, Queensland and South Australia have shown strong interest in the Western Australian model.

The benefits of the new structure are clear where they matter most – in the perceptions of our customers. The latest Passenger Satisfaction Monitor reveals customer satisfaction to be very high at approximately 90 percent across the board. This is the best result of any public transport system in Australia and it comes at a time when we are experiencing unavoidable disruptions through the major capital works being undertaken for the New MetroRail project and the Building Better Train Stations program. It is pleasing to see such enormous loyalty among our customers.

Our staff have warmly accepted the transition to the new era in public transport. With the creation of the PTA and subsequent addition of Transit Guards to the rail network, there are now nearly 950 people in the organisation. I perceive our staff feel at home in the new environment and the working relationships being developed are extremely strong. There will be further significant staff increases as elements of the New MetroRail project are completed and new services are introduced.

All major contracts have been let for the New MetroRail project and preliminary works have proceeded on schedule. The extension to the Northern Suburbs Railway is almost complete and the Thornlie spur development is well under way. While it is early days, the way in which we have minimised traffic disruptions resulting from work on the Perth foreshore and in the city's streets has drawn a very positive response from the community, the City of Perth and Main Roads WA. This gives us enormous confidence as we press forward with the largest public transport development project ever undertaken in WA.

The New MetroRail project is already transforming the landscape for the better, with the old fly-over bridge on the Esplanade and the old Myer building in the central city largely demolished. Communities in the Peel Region which have always been solid supporters of the project, now have more reason to be pleased following the decision of the Government to bring completion of the Mandurah section of the railway forward 12 months to late-2006.

The expansion of the suburban rail network is not the only reason to look forward with excitement. The PTA's growing focus on people, training and customer service represents a paradigm change in culture that will allow us to deliver excellent standards in public transport. Standards in the delivery of school bus services across WA will continue to rise on the back of improved training, resourcing and contract management. The move to compressed natural gas (CNG) powered buses will bring us in line with the latest Euro4 environmental standard, utilise a local energy resource and insulate the PTA against rising energy prices. Approximately 450 of these latest CNG buses will be purchased over the next seven years, rejuvenating the Transperth fleet at a cost of \$250 million. The SmartRider card system, scheduled for introduction in Perth in July 2005, will do away with the need for cash ticket purchases for trains, buses and ferries, resulting in greater convenience for passengers and faster loading.

For these and many other reasons the Public Transport Authority looks forward with great anticipation.

Reece Waldock
Acting Chief Executive Officer

The PTA Executive

Reece Waldock

Acting Chief Executive Officer¹

Reece has 20 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 freight business of the Western Australian Government Railways Commission (WAGRC), Reece acted in the position of Commissioner of Railways until the Commission was extinguished on 30 June 2003.

With the creation of the PTA on 1 July 2003, Reece has acted in the position of Chief Executive Officer.

Prior to his career with the public sector in Western Australia, Reece held a number of senior management roles with BHP.



Reece Waldock

Mark Burgess

Acting Director, Transperth, Regional and School Bus Services²

Mark has gained extensive logistic, transport and people management skills through 21 years in the Army and seven years managing the Transperth system. He joined the PTA at its formation 12 months ago after six years with Transperth, 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 PTA urban passenger rail services. He is also responsible for regional town bus 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.



Mark Burgess

John Powell

General Manager, Transwa

During his 43-year career in the railway industry, John has gained extensive experience in transport policy and human resource management. John has contributed to productivity management changes and the evolution of Transwa into a safe, customer-focused and cost-effective passenger transport provider.



John Powell

Pat Italiano

Acting General Manager, Transperth Train Operations³

During his 31-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 inclusion in the PTA Executive will see a continued commitment towards ensuring that the high service-delivery standards enjoyed on the existing passenger rail network are attained on the passenger rail services now being developed to Clarkson, Thornlie and Mandurah through the New MetroRail project.



Pat Italiano

Hugh Smith

General Manager, Network and Infrastructure

Hugh launched his engineering career at British Steel in the United Kingdom and joined WAGRC 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 WAGRC'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.



Hugh Smith

¹ Reece Waldock was appointed Chief Executive Officer on 18 August 2004.

² Mark Burgess was appointed Director, Transperth, Regional and School Bus Services on 16 July 2004.

³ Pat Italiano was appointed General Manager, Transperth Train Operations on 26 July 2004.



John Leaf

John Leaf

Executive Director, Finance and Contracts

John joined WAGRC 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.

John is a fellow of the Institute of Chartered Accountants and the Institute of Company Directors.



Cliff Gillam

Cliff Gillam

Director, People and Organisational Development

Cliff is an industrial relations, human resources and organisational development professional with 15 years' experience in the Western Australian public sector. He joined the PTA on secondment in September 2003 and was appointed to the Executive in May 2004.

Cliff's goal is to make the PTA an employer of choice by helping provide a satisfying and fulfilling work environment. By this means, the organisation can recruit the best people, develop their skills, provide rewarding careers and further its objectives of delivering outstanding services to the community and increasing the usage of public transport in WA.



Sue McCarrey

Sue McCarrey

Director, Policy Unit

Sue has expertise in government policy and administration including legal frameworks and the mechanics of government. Her expertise also includes making the link between whole-of-government policy and directions at the operational level of the agency.

Prior to joining the PTA in 2002, Sue worked in a number of government administration roles within the Department of Education and Training including coordinating policy development and review, and planning at the corporate, division and operational levels. This work included time as a school principal in both country and metropolitan schools.



Garry Willox

Garry Willox

Project Director, New MetroRail

Garry is a civil engineer who commenced with WAGRC in 1969, working in district engineering offices. He then held a number of senior management positions in Perth.

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 worked on major railway works in Thailand between 1998 and 2000.

He was appointed Project Director in April 2000 and has overseen the New MetroRail project from the end of the planning stage to design, tenders and construction.



Richard Mann

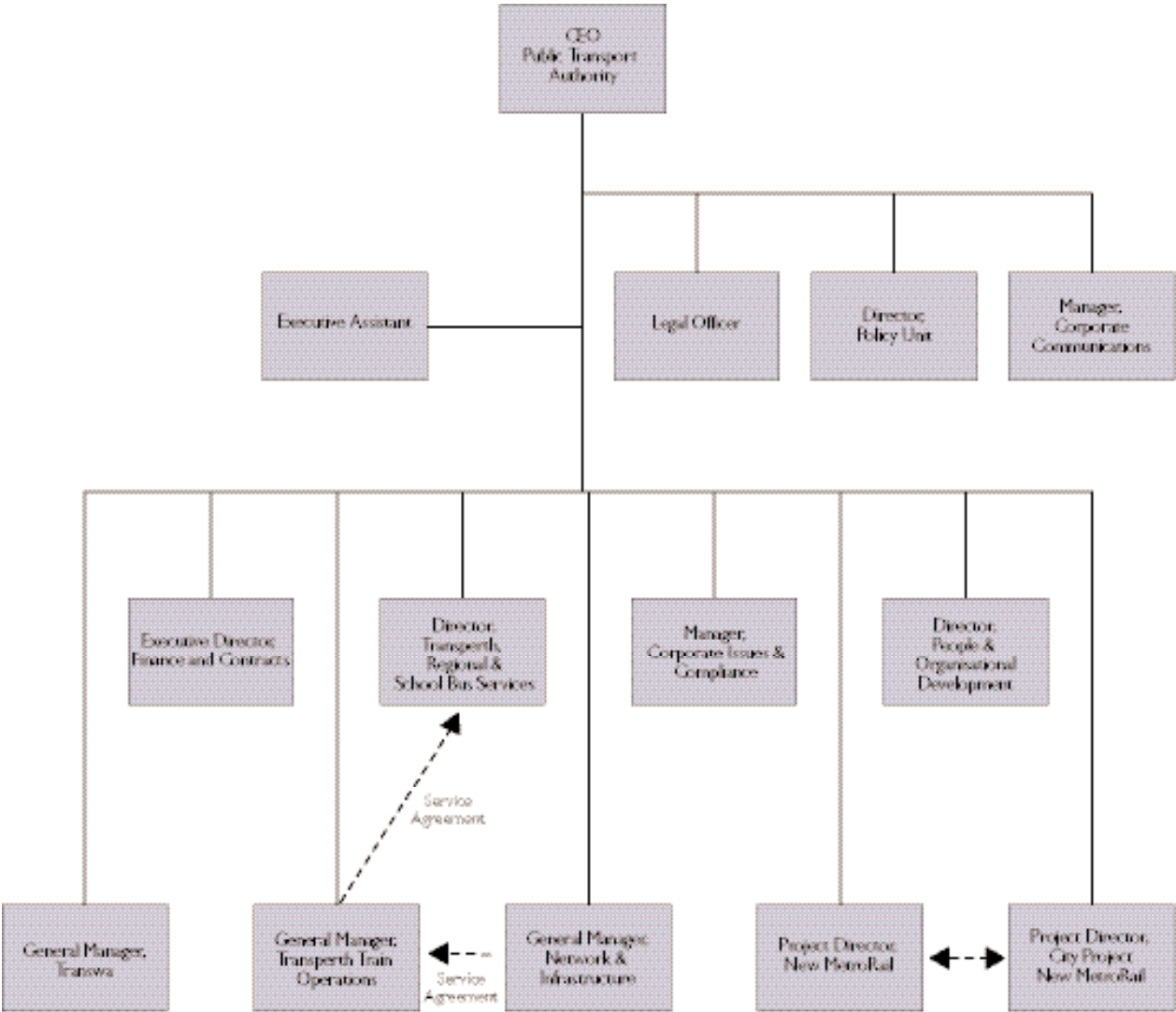
Richard Mann

Project Director, City Project

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 Main Roads Department (MRD) 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 MRD's metropolitan-area assets including the Northbridge tunnel.

He was seconded to the WAGRC 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, Richard stayed on to head up the City Project.

Organisational structure





The Transperth system

Transperth is the brand and operating name of the public transport system in metropolitan Perth, comprising of bus, train and ferry services.

The Transperth system consists of:

- a bus network providing services over 305 standard routes and 482 school service routes, operating a total fleet of 1,015 buses;
- a suburban train network of 56 stations on four railway lines, 95 kilometres of track and a fleet of 48 two-car sets; and,
- a ferry service using two vessels operating between the city (Barrack Street) and South Perth.

Transperth bus and ferry services are provided under commercial contract arrangements, while Transperth train services are provided “in-house” by Transperth Train Operations.

Currently three contractors provide bus services under eleven contracts:

- Path Transit (Marmion–Wanneroo and Morley contracts);
- Swan Transit (Canning, Kalamunda, Midland and Southern River contracts);
- Swan Transit Riverside (Claremont–Belmont contract); and,
- Southern Coast Transit (Rockingham–Mandurah, Fremantle–Cockburn, Perth Central Area Transit and Fremantle Central Area Transit contracts).

Transperth ferry services are contracted to, and operated by, Captain Cook Cruises.

The Transperth passenger information service is provided through information offices and a call centre, operated by a contracted service provider, Serco.

Patronage

Patronage on the Transperth system increased for the fifth year in succession. Total boardings, including free travel and transfers, increased by 2.8% from 88.1 million in 2002/03 to 90.6 million, while fare-paying initial boardings increased by 2.1% from 54.3 million to 55.5 million. The total capacity provided on the Transperth system, expressed in terms of passenger place kilometres, increased by 2.0% due mainly to the increase in the number of four-car train sets.

On a per-capita basis, public transport usage (initial boardings plus free travel) within the Perth metropolitan area increased by 1.8% from 44.4% in 2002/03 to 45.2% in 2003/04. This compares with a 1.4% increase in population in this time.

Accessibility

During the year, Transperth continued a program to make services more accessible to all sections of the community.

Train services

The key issue for train accessibility is whether access to train stations meets accessibility standards. Of the 56 stations on the suburban network, 11 stations complied with the Disability Standards for Accessible Public Transport and guidelines under the Disability Discrimination Act 1992, during the year under review, and provided independent access to people in wheelchairs. This compares with eight stations meeting the requirements in the previous year.

In 2003/04, of the remaining 45 stations, 33 provided partial access while 12 provided limited access. At these stations, people in wheelchairs are assisted to access the station and trains.

Bus services

Transperth is continuing its long-term program of replacing the Transperth bus fleet with new accessible buses. At 30 June 2004, there were 422 accessible buses in the Transperth fleet out of a total fleet number of 1,015. Preference is given to operating accessible buses wherever possible. On bus services during 2003/04, accessible buses completed more than 51.0% of total service kilometres.

Ferry services

Transperth's newer ferry, the Shelley Taylor-Smith, is an accessible vessel and is used for the bulk of Transperth ferry services. New construction at the Barrack Street Jetty and Mends Street Jetty over recent years has made both jetties fully accessible. Efforts to make the second Transperth ferry and Coode Street Jetty accessible will be given priority in future capital works programs.

Customer satisfaction

In the 2004 Passenger Satisfaction Monitor, 82.0% of users expressed overall satisfaction with Transperth bus services, compared with 84.0% in 2003. On trains, 90.0% expressed overall satisfaction, compared with 92.0% in 2003. On ferries, the proportions were 95.0% in 2004 and 97.0% in 2003.

The proportion of users who were satisfied with the way Transperth communicated service changes increased from 58.0% in 2003 to 62.0%.

The proportion of users who were aware of the Transperth website increased from 53.0% to 66.0%. Satisfaction with the site increased from 77.0% to 81.0% and usage from 27.0% to 34.0%.

The organisation's commitment to service means that staff value and respect feedback from its customers. All customer feedback is recorded in a centralised management information system and disseminated for action.

Service information

Continuing public awareness and interest in TravelEasy, Transperth's database that provides passengers with relevant and timely service information, resulted in a significant increase in registrations from 2,000 in 2002/03 to 15,000.

SmartRider project

This project involves the replacement of the MultiRider magnetic stripe ticketing system with a contactless SmartRider smartcard ticketing system across the existing bus, rail and ferry network as well as the future Southern Suburbs Railway. Delairco Bartrol was awarded the contract for the system in October 2003. Completion is expected in July 2005.

Components of this system include:

- provision of 400,000 standard and concession smartcards;
- provision of fare gates at Perth, Bassendean, Midland, Gosnells, Armadale, Fremantle, Stirling, Warwick, Whitfords and Joondalup train stations to reduce fare evasion and enhance security;
- implementation of a portable smartcard hand-held unit, to enable quick and reliable card enquiries and/or peak period card validation;
- replacement and upgrading of the existing ticket-issuing machines on buses; and,
- commissioning of more than 50 point-of-sale terminals at various agencies across the metropolitan area.

A successful trial of SmartRider was carried out during May 2004. The four-week trial involved 454 patrons who travelled between Stirling and the city using feeder buses and trains, and 20 bus drivers from the Karrinyup depot.

Accessible pathways to public transport facilities

A grant scheme was delivered to assist local councils with the provision of improved accessible pathways in Western Australia. This will result in the installation of 19 new accessible pathways throughout WA during 2004/05.

Bus Shelter Grant Scheme 2003/04

This Scheme provides funding to local councils to assist in the installation of bus stop shelters throughout Western Australia.

In the 2003/04 year, the Scheme provided 87 shelters in metropolitan and regional centres.



SmartRider fare gates at Stirling Station.



Transperth train drivers Elvis Yarran (left) and Brad Lewis.

Review of performance

Train services

Performance

There were more than 4,600 individual services each week on the urban passenger rail system. These services achieved a punctuality (arriving within three minutes of schedule) averaging 89.3%. This result is lower than the PTA achieved in previous years when average punctuality of 97.4% was consistently achieved. The deterioration in performance was mainly a result of train drivers' actions during the Enterprise Bargaining Agreement negotiation process.

Engineering works during the year also exacerbated the difficulties with on-time running.

The Claisebrook railcar depot again retained certification to ISO 9001/2000 for its preventative maintenance, modification and cleaning of electric railcars.

During the year, implementation continued in the initiative to have in-house Transit Guards providing customer service and security on the urban passenger railway network.

Key outcomes

Total boardings on trains fell marginally (0.8%) in 2003/04 to 31.115 million. This followed significant increases recorded between 1998/99 and 2000/01. The decline in 2003/04 was due largely to industrial action by train drivers.

Total boardings per service kilometre fell by 4.9% from 4.88 in 2002/03 to 4.64 in 2003/04 as a result of the decline in total boardings combined with an increase in train service kilometres. The increasing use of four-car sets led to a 4.3% increase in train service kilometres in 2003/04.

Customer satisfaction

An annual survey is conducted by independent marketing consultants to measure performance and passengers' overall satisfaction with the service. Some highlights from this year's survey of train passengers include:

- overall customer satisfaction was 90.0% (92.0% in 2002/03);
- perceptions of cost of the fares as being good value for money was 70.0% (65.0%);
- satisfaction with InfoLine staff knowledge was 88.0% (89.0%);
- satisfaction with InfoLine staff manner was 89.0% (91.0%);
- safety rating on stations during the day was 95.0% (90.0%);
- safety rating on board trains during the day was 95.0% (96.0%); and,
- safety rating on board trains at night increased to 79.0% (73.0%). This measure has shown a steady increase since 1997 when satisfaction was 58.0%.

Passenger security

The development of a centrally-monitored, closed-circuit television (CCTV) video surveillance system, providing images of entry and exit points at all 56 metropolitan stations and improved station lighting, is nearing completion.

Works carried out on the project this year included:

- centralised CCTV monitoring room and digital storage of recorded video images. This work is expected to be completed in early-2005;
- station equipment cubicles were installed at 24 train stations – these units combine passenger information, public address and emergency contact functions such as “help” telephones which ring through to the central monitoring room where staff are in direct contact with the WA Police Service;
- fibre-optic cable route from Midland-Perth-Fremantle was completed. High-speed communication, transmitting video images from station security monitoring cameras back to the central monitoring room is a vital part of the security initiatives project. Fibre-optics work continues on the Armadale line and is expected to be complete in late-2004; and,
- improved lighting at all stations on the Fremantle and Armadale lines. This work began during the year and lighting was completed on the Midland line in early-2004.

Other security initiatives

Planning for the provision of barriers at selected stations was well advanced at year end. Work is expected to be completed to coincide with the introduction of the SmartRider ticketing system in 2005.

Secure car park facilities were introduced at 17 train stations in December 2003. Six of these facilities are patrolled while the remainder are compounds which are locked between 9am and 3.30pm on weekdays.

Building Better Train Stations

The program is intended to create more attractive and safer railway stations, with better access and integration with town centres. Key features of this program in 2003/04 were:

Armadale Station

This station, to be completed in November 2004, will be relocated to create a new focal point for the Armadale town centre, as part of the Department for Planning and Infrastructure's *Vision for the Armadale Station Precinct* report.

Gosnells Station

This station, to be completed in February 2005, will be relocated in accordance with the City of Gosnells' *Town Centre Revitalisation Scheme* to create a new focal point for the town centre.

Bassendean Station

A major upgrade of the Bassendean Station will be completed this year¹ and incorporates the outcomes of the Enquiry-by-Design precinct study. A new pedestrian bridge with three lifts forms part of the new bus-rail interchange to provide universal access to all patrons.

Universal Access upgrades

During the year 10 rail/bus interchanges were audited to assess their compliance with relevant Australian Standards and the Disability Standards for Accessible Public Transport, 2002.

These upgrades also involve the upgrading of several stations in the urban network to meet the requirements of the Disability Discrimination Act including platform modifications to remove the gap between the platform and railcars, and ramp adjustments to meet the current standards for disability access. Tactile ground surface indicators (TSGIs) will also be installed as part of this project. There is a continuous program of station upgrade for accessibility. Upgrades at Mosman Park and McIver stations were completed while TSGIs were installed at Fremantle, Midland and Bayswater stations.

Bus services

Patronage

For the fifth year in succession, Transperth bus services recorded an increase in patronage. Total boardings rose by 4.8% to 58.998 million.

A new passenger count of boardings on Central Area Transit (CAT) and Free Transit Zone (FTZ) services in Perth was carried out in March 2004. This survey revealed that, since the last count in 2000, boardings on CAT services had increased by 50.6% and on FTZ services by 25.1%. The impact of these increases on bus total boardings in 2003/04 has been taken into account from March 2004.

Fare-paying boardings on buses continued to increase, rising by 3.1% to 36.284 million in 2003/04. This followed a 4.4% increase in the previous year.

The increase in bus total boardings, combined with a 0.3% increase in service kilometres, resulted in bus total boardings per service kilometre increasing by 4.5%, from 1.18 to 1.23 in 2003/04.

Reliability

Transperth bus services continued to maintain a high standard of service reliability. In 2003/04, 92.8% of services met the reliability target of arriving or departing from a terminus or timing point no later than four minutes from the scheduled time. This compares with 92.9% in 2002/03. The result was achieved despite disruptions caused by roadworks associated with the New MetroRail project.

Fee structure

In February 2004, the Transperth fares structure was introduced on a number of metropolitan regular public transport services operated by Mindarie Bus Charter and Kalamunda Bus Service.



¹ The Bassendean Station upgrade was completed in July 2004.



Mandurah Bus Station.

Bus station improvements

Mandurah Bus Station

Construction was completed on the new station which features all-weather shelters, a Park 'n' Ride facility containing 220 car bays, 19 passenger drop-off points, taxi bays, access-impaired bays, motorcycle bays, bicycle storage facilities and areas for regional coach services.

Mandurah bus depot

The new Mandurah Bus Station is the first stage of the Mandurah Transit Precinct, which will include the future rail station, a bus depot and train stowage facilities.

This year, the design and tendering of the Mandurah bus depot was completed. Construction is expected to be completed by the end of 2004. The depot will provide a workshop with service pits, wash-down bay, refuel facilities and parking for 72 buses and cars as well as staff accommodation.

Victoria Park bus transfer station

Disability access was improved following substantial consultation with disabled user groups by realigning the main pedestrian crosswalks, allowing widening of one of the platforms. Safety was also improved by installing crash barriers on the adjacent roadways.

Universal Access upgrades

During the year, 10 bus stations were audited to assess their compliance with relevant Australian Standards and the Disability Standards for Accessible Public Transport 2002. Survey and design development was completed for all works required at the bus stations. Construction works will commence in the second half of 2004.

Gas-powered buses

Since 2001, Transperth has required all new buses to be powered by compressed natural gas engines. The composition of Transperth's bus fleet by fuel type will change significantly when the delivery of a further 451 new gas-powered buses is completed by 2011. To service these new buses, Transperth entered into a contract with Origin Energy in 2003/04 for the supply, installation and maintenance of gas bus refuelling equipment along with a 10-year supply of natural gas. Construction of new gas fuelling facilities has commenced at Morley and Bayswater depots. The facility at Morley will allow 25 buses per hour to be continuously fast-filled, replacing an existing 13-year-old slow-fill facility, while Bayswater will be provided with the capacity to refuel 15 buses per hour. Arrangements have been made for further gas refuelling facilities to be provided at other Transperth depots in coming years.

Ferry services

Patronage

The declining trend in ferry patronage that began in 2001/02 continued in 2003/04, when total boardings fell from 477,00 to 465,000, or 2.5%. This followed a 4.4% decline in 2002/03. Ferry patronage is affected by fluctuations in the tourism industry.

Declining patronage on the ferry service resulted in a 3.1% fall in ferry total boardings per service kilometre, from 13.59 to 13.16 in 2003/04.

Reliability

The ferry operation has maintained a high level of service reliability, consistently achieving the target of 98.0% of services arriving and departing within three minutes of the scheduled time.





Owen Thomas, Andrew Foreman and Phil Bradley.

Regional Town Bus Services (RTBS)

The PTA is responsible for the management of public transport systems in regional Western Australia.

At 30 June 2004, there were 14 contracted services operating in 14 major regional towns. In addition, there were a number of minor services which network with other regional transport services via the inland road network thereby providing passenger transport connectivity through regional areas.

Major developments

Services

The total capacity provided on the RTBS system expressed in terms of passenger place kilometres increased by 4.9%. This was the result of a major review and an increase in the number of services operated in Bunbury, an increase in service kilometres in Busselton and the introduction of a subsidised road coach service between Perth and Port Hedland on a six-month trial basis.

The RTBS fleet was increased from 137 to 145 buses.

Accessibility

RTBS continued its program to make its services accessible to all sections of the community with 40.1% of service kilometres being provided by accessible buses.

Satisfaction

A Passenger Satisfaction Survey for regional services was conducted in the first half of 2004, but due to the low response rate, no statistical conclusions could be drawn.

Ticketing

RTBS plans in 2005/06 to introduce the Wayfarer 3 MultiRider ticketing system in all regional towns that currently have an inferior ticketing system.

Review of performance

Patronage

Total boardings (including free travel and transfers) on the RTBS system increased by 0.9%, from 2.291 million in 2002/03 to 2.313 million.

At the same time, fare-paying boardings decreased by 2.0% from 1.839 million to 1.802 million.

Passenger place kilometres

Passenger place kilometres on RTBS increased by 4.9% from 155.473 million to 163.089 million.

There was an increase in service kilometres of 5.8% from 2.283 million to 2.415 million.

School Bus Services

The PTA is responsible for the administration of student transport policy, contract management and service delivery, and for performing inspections of school buses.

At 30 June 2004, 833 school bus contracts were being managed. Under those contracts, more than 24,000 students were transported to school safely each day during the school year.

Contract reform

During the year, negotiations with contractors and their industry associations were finalised and a new contract and payment model was put into place on 16 January 2004. This applied to contractors with pre-1995 contracts, a total of 707 contracts. To move forward with contract reform and to bring arrangements into a modern and standard contractual setting, including providing increased certainty for both parties, these contractors signed new contracts. The new contracts, other than a small number of contracts with metropolitan-based operators, provided security of tenure for 20 or 25 years dependent on the type of bus. The new contracts' strength is that it provides an exit payment if a contract is terminated. There is an option for contractors to terminate their contract if the service route is reduced by 50%, and still receive an exit payment. There is an appeals mechanism with an independent referee to review default notices.

The new payment model provides for fixed and variable costs and a profit margin. The contract allows for all costs to be reviewed by an independent expert panel over a three-year period, with the power to bind both the Government and industry to its decisions.

These contractual changes provide greater certainty for both contractors and government, give clarity to the contractual conditions of service delivery and provide greater safeguards for school bus contractors.

Operational issues

Services

In addition to substantial contractual reform, a number of reviews were undertaken to maximise school bus service efficiency and ensure the school bus budget was used to the maximum advantage of the community, particularly in regional areas. A number of opportunities were identified for bus route improvement and rationalisation, and this allowed the savings to provide school bus services in areas where student transport entitlements had developed. In particular, school bus services were reallocated where there was a direct duplication of either Transperth services in the metropolitan area or government subsidised regional town bus services within regional towns. This was done in Australind and Leschenault where Bunbury City Transit services were expanded and routes rationalised. Similar changes occurred in Mandurah/Rockingham when the new Mandurah Bus Station was opened in September 2003, and most recently a school bus route rationalisation was implemented in the Eastern Hills area.

During the year, a number of new school bus services were introduced at Bullsbrook, Pinjarra, Karratha and Albany to cope with passenger loading issues. Due to changing demographics and declining population trends in some areas, particularly in the Wheatbelt, a small number of school bus services were withdrawn as student numbers fell below the minimum requirement of four students. This occurred in the towns of Westonia, Bruce Rock, Buntine, Ravensthorpe and Williams.

New school bus services for students attending special education facilities were commenced in the metropolitan area and covered the areas of Riverside, Peel and Forrestfield. The relocation of the Carawatha Language Development Centre to Beeliar Primary School saw a number of services re-routed. It also provided opportunity to rearrange a few services that had been travelling in excess of 90 minutes so that they fall within the 90-minute threshold.

Liaison

To effectively manage the wide range of state school bus contracts, liaison visits to school communities are undertaken to discuss transport issues with contractors, school principals and school bus advisory committees. The highlight of these on-site visits in 2003/04 were visits to Aboriginal communities in the Kimberley to gain first-hand understanding of school community transport issues in that region.



School bus driver Sue Spooner.

Bus maintenance

During the year, 1,630 inspections were conducted to ensure school buses were roadworthy and well maintained, and only 29 infringements were issued. This result highlights the benefits of the bus inspection program and no doubt contributes to the high safety record of the State's school bus arrangements.



School buses in Ashworth Street, Cloverdale.

Transwa

Transwa operates coach and rail passenger services to regional centres in 275 locations in Western Australia. These services consist of:

- Australind train services between Perth and Bunbury;
- Prospector train services between Perth and Kalgoorlie;
- AvonLink train services between Perth/Midland and Northam and Merredin; and,
- a comprehensive coach network which extends to Kalbarri, Geraldton and Meekatharra in the north, to Augusta, Pemberton and Albany in the south-west and Esperance in the south-east.

Infrastructure

Station upgrades to meet disability access standards were completed during the year at Merredin, Cunderdin, Tammin, Northam, Toodyay and Kellerberrin. Contracts were let to similarly upgrade the stations at Southern Cross, Bonnie Vale and Moorine Rock.

Tenders were called for the construction of a new railcar depot at Kewdale and funding was approved.

Coach services

Transwa's fleet of new five-star diesel coaches was progressively introduced from late May 2003. The 14.5-metre, 20-tonne coaches feature a Scania chassis and engine. The coach bodies were built by Volgren at its Malaga workshops. The coaches meet the latest Euro3 emission standards.

During 2003/04, 231,822 passengers travelled on Transwa coaches. This compares with 231,736 passengers during 2002/03 - an increase of 0.04%.

Profile of coach customers

	2001/02	2002/03	2003/04
Adult	25%	26%	25%
Pensioner (free travel)	18%	18%	17%
Concession fare	57%	56%	58%

Train services

Prospector

During the year, delivery was taken of two new Prospector railcar sets, each consisting of two cars. Services commenced on 28 June 2004.

A further three-car set will be delivered next financial year.

The new Prospector rollingstock is designed for long-distance passenger service and can travel up to a maximum permissible speed of 160kmh. The seating capacity of each two-car set is 98 plus there is space to accommodate two wheelchairs. The three-car set capacity is 158 which also has space for two wheelchairs.

The standard on-board features include rotating and reclining seats, personal air conditioning controls, personal music channels, movie screens and access to power points for lap top computers, telephone and facsimile services. The railcars also feature wheelchair accessible toilets.

A premium GoldService is available on the new Prospector train, offering consumers a choice of different service levels incorporating in-seat service for meals and designated check-in and portage.

Australind

The Australind service between Bunbury and Perth was introduced in 1947. In recent years the Australind, which runs two services a day, has consistently carried more than 150,000 people annually. The 2003/04 year saw patronage reach 154,040.

AvonLink

Currently the AvonLink services uses the original Prospector railcars. A new two-car AvonLink arrived in Perth towards the end of 2003/04 and will be introduced when track testing is complete.

To coincide with the introduction of the new Prospector, a new AvonLink service was introduced to link Perth and Merredin three days a week. The new service complements the existing commuter service to Northam and Toodyay.

During the year, 255,803 passengers travelled on Transwa trains, down slightly from 256,999 in 2002/03.





Transwa's Mirka Di Salvio.

Profile of railcar customers

	2001/02	2002/03	2003/04
Adult	36%	38%	35%
Pensioner (free travel)	14%	15%	14%
Concession fare	50%	47%	51%

Performance of Transwa services

To measure Transwa service performance, a passenger satisfaction survey is undertaken. This annual survey is conducted by an independent research company. The resultant Passenger Satisfaction Monitor (PSM) measures passenger satisfaction levels over the whole range of Transwa services.

The results of the 2003/04 PSM show that 88% of Transwa passengers were satisfied overall with the services. This strong result reflects passenger responses to fare costs, comfort, cleanliness, staff and the reservation system. Transwa is confident of even better future results with the advent of the new Prospector and AvonLink.

There was a high correlation between the responses on the different services, leading to the following observations:

- the general results of the survey indicate that passengers are predominantly satisfied with Transwa services;
- issues of concern raised by passengers using the Prospector services relating to the duration of the journey, refreshments and entertainment have been addressed with the introduction of new railcars. Coach services rated higher overall and have a higher proportion of very satisfied responses. However, the quality of refreshments served at various refreshment stops on the coach network attracted a lower rating; and,
- the survey results will enable Transwa to continue to assess and meet the demand for quality transport services in regional areas.

Call Centre response

The key performance target in Transwa's reservations call centre is to answer 95% of calls within 40 seconds. The results are as follows:

	2001/02	2002/03	2003/04
Total calls received	402,503	386,550	364,486
Answered within target	382,471	369,063	345,115
Percentage	95.2%	95.48%	94.68%

Training

Transwa continued its program of customer-focused training, enhancing and elaborating on previous training of staff by practical and theoretical application, particularly in respect to cultural awareness and assisting people with disabilities.

An investigation into the theoretical and practical application of training for staff in the areas of manual handling and fire extinguishing was made with the intention of developing a program specifically for use on Transwa railcars and coaches.

Extensive driver training was carried out through the year to acquaint staff with the operation of the new railcars.

Continuing training in skills such as computer applications and front-line management was undertaken throughout the year.

Network and Infrastructure

The management and maintenance of urban railway infrastructure and Transwa regional stopping places was carried out during the year in accordance with the organisation's railway safety accreditation.

On behalf of the Minister for Planning and Infrastructure, the PTA managed the lease of the freight corridor land in accordance with the requirements of the Rail Freight System Act during the year.

Access to the PTA railway network by third-party operators was also managed as per the requirements of the Railway (Access) Act.

Land rationalisation

The planning process to rezone surplus sites prior to disposal is under way at Robb's Jetty, Claremont, Leighton, Kalgoorlie and various smaller sites.

Negotiations continued for development of inter-modal facilities at Kewdale freight terminal consistent with Freight Network Review outcomes. The master plan was near completion and a development application is expected to be submitted in the first half of 2004/05.

Refurbishment of station platforms in the freight corridor to heritage standard

Design work was completed for platforms at York, Brookton and Wongan Hills while construction work was completed at Beverly, Katanning and Donnybrook.



Transit Guard Tamara Videmanis at Glendalough Station Lock 'n' Ride car park.



New MetroRail reception.

New MetroRail project

The New MetroRail division is implementing the Government's strategy to expand the urban passenger railway network to Clarkson in the north, Thornlie in the south-east and Mandurah in the south by managing construction of the required railway infrastructure and associated structures within the budgetary and time constraints that have been set.

The project works constitute the largest public transport project undertaken in Western Australia. After a thorough review of the scope and cost of the project in December 2003, the Government approved an increase in the overall budget to \$1,518 million and decided to advance the completion of the works to Mandurah by one year, with the completion now due in December 2006.

Rollingstock

A contract for the supply and maintenance of 93 new railcars was awarded in May 2002 to EDI Rail Bombardier Transportation Pty Ltd. This order will nearly double the size of the urban passenger system's railcar fleet. The first three units were delivered and began trials on the existing network.

Delivery of railcars is planned to achieve the following service commencement dates:

- Clarkson services, October 4, 2004;
- Thornlie services, end of February 2005; and,
- Mandurah services, end of December 2006.

Infrastructure

Extension to Clarkson

Construction of all of the essential railway infrastructure was completed during the year and the overhead system was energised to enable track trials of the railcars.

Construction of Clarkson and Currabine stations commenced during the year and both stations are due to be completed in September 2004.

The existing platforms at stations on the Northern Suburbs Railway are being lengthened to accommodate six-car trains. Leederville, Edgewater, Warwick and Whitfords were completed during the year and Joondalup, Glendalough and Stirling will be completed early in 2004/05.

Construction of the Nowergup railcar depot was completed in May and the facility is being used for the stowage and maintenance of new railcars.

Construction of a new station at Greenwood commenced in February 2004 and will be completed in December 2004.

Spur line to Thornlie

A contract was awarded in February 2004 for the construction of bridges and the railway infrastructure between Beckenham Junction and Thornlie. Works under the contract are due to be completed early in 2005.

During the year, the railway works through Victoria Park and the road bridge at Miller Street/Roberts Road was completed, allowing the closure of a railway level crossing at Bishopsgate Street. Work was proceeding on construction of the pedestrian footbridge over the railway at Howick Street, and was due for completion in July 2004.

Construction of a new station at Victoria Park was deferred due to lack of competitive tenders in a saturated building market. Tenders are to be re-called in September 2004 with the intention that construction will start in early-2005 and be completed before the end of 2005.

Construction continued on stage two of the Kenwick tunnel including the tunnel structure, with the fit-out of the slab track, overheads, signalling and communications and the railway works between Beckenham Junction and Thornlie to be completed in the second half of 2004.

Works continued on the design and construction of the railway 25Kv feeder station at Beckenham and the 132Kv high voltage power supply to the feeder station from Western Power's Cannington terminal.

Perth to Mandurah (Southern Suburbs Railway)

During the year, three contracts were let for major works of the project. The value of these contracts is \$733 million which is almost half of the total project budget.

A contract was awarded in January 2004 to Leighton Contractors Pty Ltd by the Commissioner of Main Roads WA, on behalf of the PTA for the design and construction of the Southern Suburbs Railway corridor in the median of the Kwinana Freeway between the Narrows Bridge and Glen

Iris. This includes works to the existing new Narrows Bridge, a new railway bridge at the Narrows and widening and strengthening of the Mount Henry Bridge.

All works under the contract are due for completion in December 2005.

A contract was awarded to Leighton Contractors Pty Ltd for civil, drainage, structures, tunnels and track infrastructure works from the Narrows Bridge to the Perth central business district plus two underground stations. These works are the city project part of the New MetroRail project. All works under the contract are due for completion in late-2006.

A contract was awarded to RailLink Joint Venture for the design and construction of structures, civil and 72km of railway works from Mandurah to Perth. All works under the contract will be completed by late-2006.

Other infrastructure works

During the year designs were finalised and tenders called for construction of six of the nine stations between Canning Bridge and Mandurah.

A contract was awarded in July 2003 to Union Switch and Signal for a train control and customer information system. The contract is for both the existing urban passenger network and the extensions under the New MetroRail project. Detailed design and system development works under the contract continued during the year with all works scheduled for completion by December 2006.

Environmental

In November 2003, the Minister for the Environment endorsed the public environmental review process and issued Ministerial Statement 637 which contained the approval and environmental conditions for construction and operation of the Southern Suburbs Railway.



Work under way at Mt Henry Bridge.



George Loo, Louise Madden, Kate Merks, Victoria Paul and David Hynes.

People and Organisational Development

Key achievements

Strategic people management

In order to identify the key strategic people issues and incorporate advice on those issues into the broader corporate planning process, the PTA's Executive endorsed the creation of a cross-divisional people reference group. Comprised of senior managers and technical professionals, the group provides advice directly to the Executive on key people strategies, and monitors and evaluates organisational implementation of people and organisational development initiatives and programs.

Workforce planning

A strategic workforce planning process was initiated to assist the PTA to actively prepare for future needs by ensuring the organisation has the right number of people, with the right capabilities, in place at the right time. The workforce plan assists the PTA to achieve its objectives by ensuring the workforce can deliver the business needs and required outcomes. Workforce planning is particularly crucial in the period of expansion of the rail network and services.

Industrial relations

A new agreement for salaried officers was successfully negotiated during the year, including:

- extended paid parental leave;
- incentives for professional development;
- leave for training with defence force reserves; and,
- improvements to the provisions for consultation between the employer, employees and union representatives.

The bargaining process concluded by year end with final orders to be issued by the Industrial Relations Commission (IRC) in relation to the working arrangements for railcar drivers.

The proposed enterprise agreement for railway employees was completed and lodged with the IRC for ratification.

Workplace agreements were being progressively phased out consistent with WA Government policy and transitional provisions were made following the discontinuance of state workplace agreements.

Other major activities included:

- implementation of strategies to facilitate performance management and address discipline related matters; and,
- development and implementation of a single point of contact for enquiries to provide timely and consistent information to workplace managers and employees.

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 process was implemented through a top-down approach, beginning with the Executive.

Training in the PDP process and performance management was delivered online, using flexible self-paced e-learning courses.

Training

The PTA continued to implement a workplace training system to establish a consistent, auditable training and assessment process to ensure its workforce is appropriately trained and competent. A cross-divisional training committee was established to oversee the specific training priorities in the training plan. The main focus of the committee is to ensure that appropriate strategies are used to address training priorities.

The PTA is a Registered Training Organisation (RTO) and has an approved scope of training for the Transport and Distribution Training Package under the provision of the Australian Quality Training Framework (AQTF).

Training and assessment services conducted during the year were:

- RTO-coordinated training for 574 PTA employees;
- a total of 532.5 dedicated training days for PTA staff;
- RTO-coordinated training for 54 employees of private sector organisations which have a contractual arrangement with PTA; and,
- a total of 12.5 dedicated training days for external trainees.

Leadership training

Following a successful pilot program in 2003, a further group of managers participated in front-line management training, including the completion of work-based projects to improve the provision of customer-focused public transport services.

Equal Employment Opportunity (EEO)

The PTA performed well against its EEO performance objectives in most areas. Equity and grievance resolution training was provided to employees. A family room facility was provided to give greater workplace flexibility.

A peer-support program was established with volunteers from the workplace taking on a stress management mentoring role while carrying out their normal duties.

EEO progress

	% Representation		Equity Index	
	Actual	Objective	Actual	Objective
Women	17.9	19	80	76
People from culturally diverse backgrounds	17	10.4	143	122
Indigenous Australians	1.3	2	N/A	11
People with disabilities	5.2	4.8	91	105
Youth	6.6	5.3	N/A	N/A

Cultural diversity and language services

All Transit Guards were provided with cross-cultural awareness training to equip them with the skills and knowledge necessary to work and effectively communicate in a socially-diverse environment. The employment of people from culturally diverse backgrounds at the PTA increased.

Youth

Consistent with government policy, new employment opportunities for young people were created with the introduction of a structured graduate program for newly qualified engineers and business graduates. The PTA employed four graduates in the year under review, and vacation employment was again provided to engineering students during their summer break.

Workplace English Language and Literacy

The WELL program was conducted for the third year at the PTA. It continued to focus on improving employees' computer skills and focused on literacy and effectiveness in the workplace.

Redeployees

In 2003/04, the number of redeployees was reduced by 55%. Displaced staff continued to receive career transition support services in a variety of areas including one-to-one training in interview and curriculum vitae preparation, on-the-job training, retirement counselling, and assistance in workplace language and literacy, and life skills.

Business improvement

The provision of information more efficiently to employees and managers continued to improve. All employees now have online access to information such as their employment conditions and policies on well-being, workforce mobility and training. In addition, employees will have online access through a web kiosk to their payroll, leave and employment details.

Standards in HR Management

The PTA did not breach any of the Standards in Human Resources Management during 2003/04.

PTA staff

The PTA employed 940* staff at 30 June 2004

Corporate	67
Finance and Contracts	22
Transperth Train Operations	474
Transwa	121
Network and Infrastructure	146
New MetroRail	46
Transperth and Regional Town Bus Services	38
School Bus Services	26
TOTAL	940

* Includes 18 redeployees



*Transperth Customer Service Assistant
Fabio Pontarolo.*

Performance Indicators (unaudited)

Objective measures of effectiveness and efficiency have been developed and applied to ensure that management is able to identify and respond to variations in the performance measures. The measures, shown below for each of the PTA's outputs, are regularly reported and reviewed by the PTA's Executive. Several of these are Key Performance Indicators and are reviewed annually by the Office of the Auditor General. The Key Performance Indicators have been reported separately in the section "Audited Key Performance Indicators".

Output I: Metropolitan and regional passenger services

Provision of customer-focused, safe and cost-effective passenger transport to the metropolitan area and regional towns.

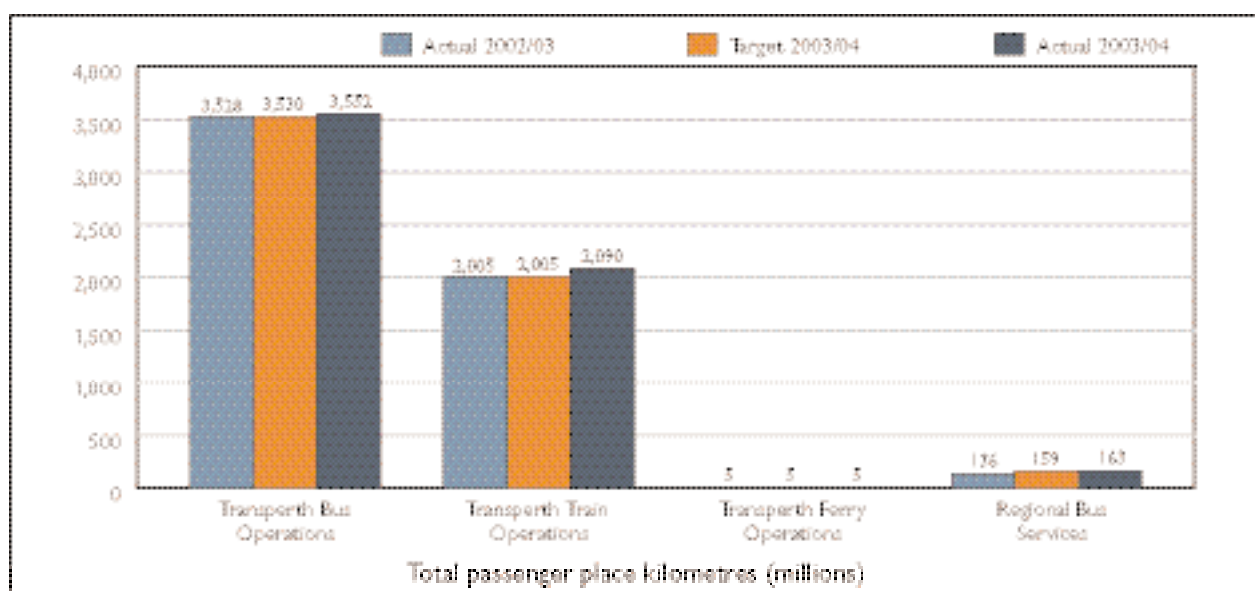
Summary of the outcomes and measures:

Outcomes	Measures
Use of public transport	<ul style="list-style-type: none"> Passengers per service kilometre^(a) Total passenger place kilometres
A high safety standard is continuously achieved	<ul style="list-style-type: none"> Notifiable occurrences^(a) Lost-time injury frequency rate
Customers are satisfied with high-quality, efficient service	<ul style="list-style-type: none"> Customer satisfaction index^(a) Service reliability^(a) Customer perception of safety^(a)
Cost-effective service	<ul style="list-style-type: none"> Cost per passenger kilometre^(a) Cost per 1,000 place kilometres

(a) These measures are included in the section "Audited Key Performance Indicators".

Quantity

Total passenger place kilometres



Transperth Bus Operations: There was little change in both service kilometres and bus fleet size, resulting in a relatively small increase in place kilometres.

Transperth Train Operations: The increase in train passenger place kilometres was due to more four-car trains being operated during the year which improved timetable efficiency and reduced congestion.

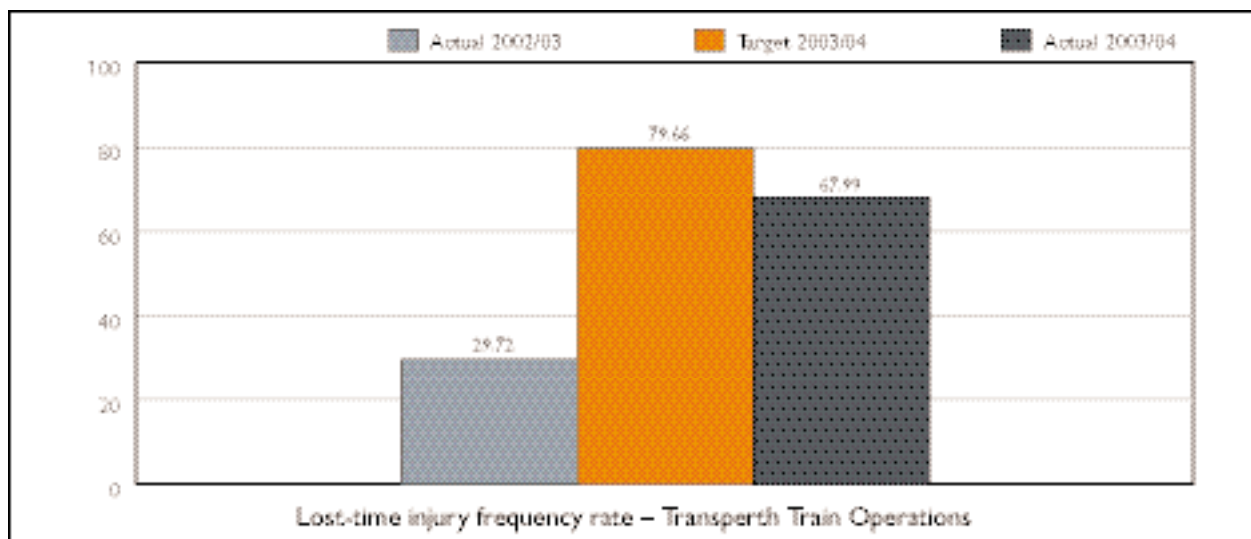
Transperth Ferry Operations: No significant variance.

Regional Bus Services: The significant improvement was due to budget responsibility for 11 public school bus services being transferred to Regional Town Bus Services from School Bus Services.

Quality

Lost-time injury frequency rate

The time lost as a result of work injuries indicates how safe the working environment is for staff and how effectively policies and procedures, designed to ensure staff safety, are operating. The lost-time injury frequency rate is a ratio based on the number of lost-time accidents multiplied by 1,000,000 divided by the total hours worked for all employees.

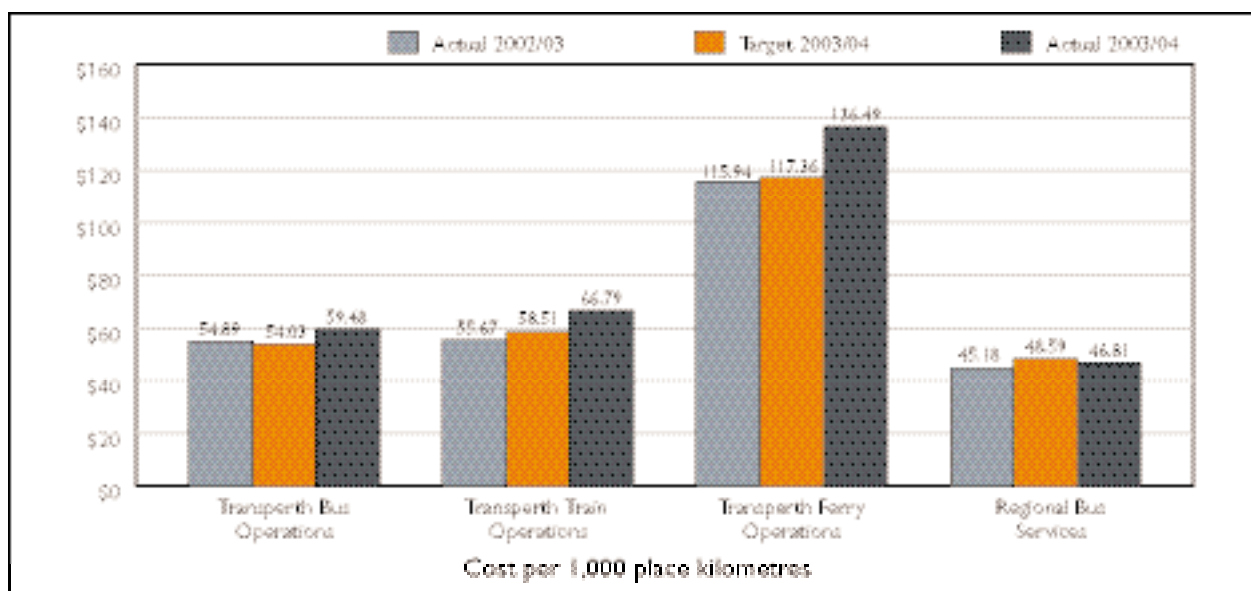


The lost-time injury frequency rate increase in 2003/04 is the result of change in staff composition of the workforce. This composition has changed significantly with the employment of about 180 Transit Guards and has increased the injury-risk profile of the organisation.

New procedures and further training have been introduced to rectify the situation and a peer-support program has been introduced to assist employees to cope with stressful situations. Psychometric testing is now included in the selection process of Transit Guards to assist in determining a person's suitability for the position. The benefits of these procedures are reflected in achieving a result less than the target.

Cost (Efficiency)

Cost per 1,000 place kilometres



Transperth Bus Operations: The variance is due to the increase in depreciation following the revaluation of assets and the reallocation of the capital user charge levy.

Transperth Train Operations: The variance is due to the increase in depreciation following the revaluation of assets and the reallocation of the capital user charge levy.

Transperth Ferry Operations: The variance is due to the significant increase in depreciation following the revaluation of assets and the application of the capital user charge levy.

Regional Bus Services: An increase in place kilometres helped to maintain a similar performance to 2002/03.

Output 2: Country passenger rail and road coach services

Provision of customer-focused, safe and cost-effective passenger transport to regional communities.

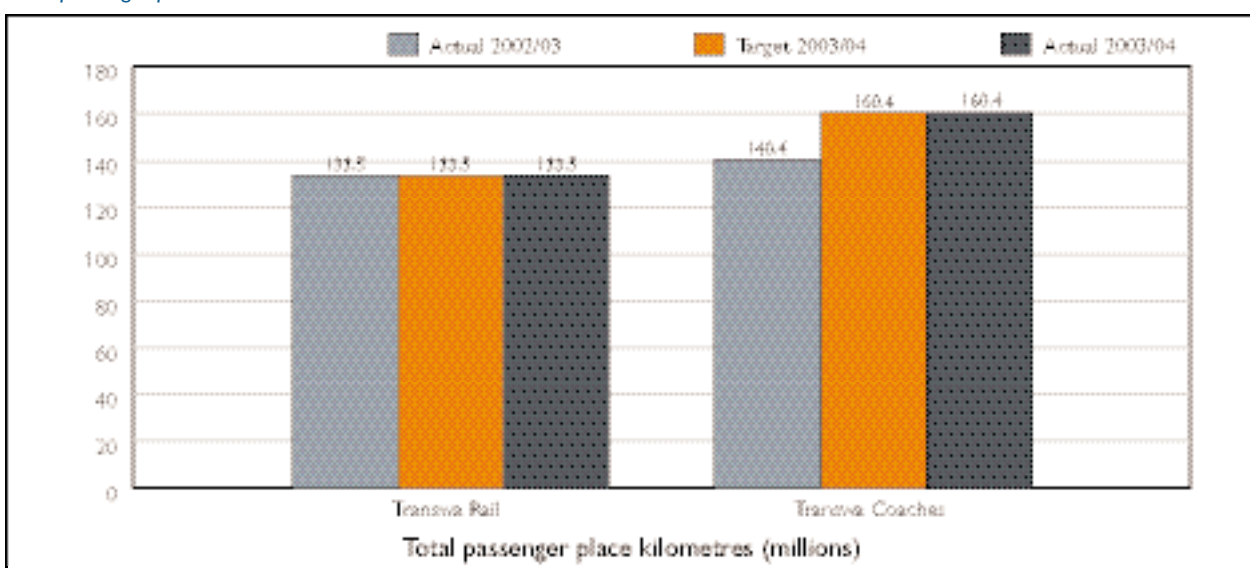
Summary of the outcomes and measures:

Outcomes	Measures
Use of public transport	<ul style="list-style-type: none"> • Passengers per service kilometres^(a) • Total passenger place kilometres
Customers are satisfied with high-quality, efficient service	<ul style="list-style-type: none"> • Customer satisfaction index^(a) • Service reliability^(a)
Cost-effective service	<ul style="list-style-type: none"> • Cost per passenger kilometre^(a) • Cost per 1,000 place kilometres

(a) These measures are included in the section "Audited Key Performance Indicators"

Quantity

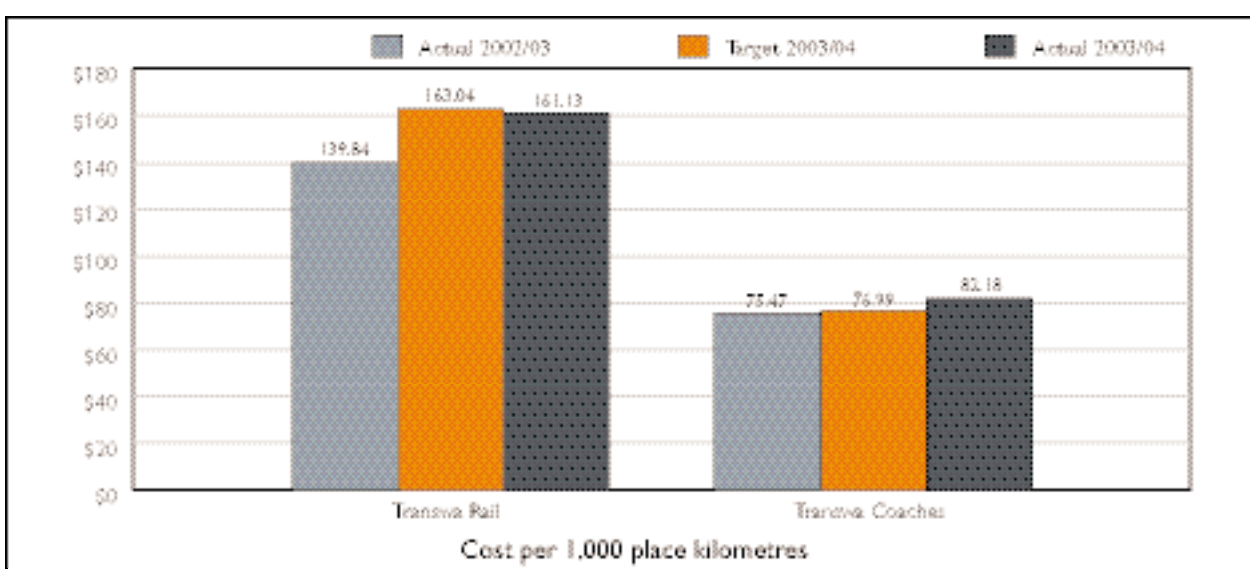
Total passenger place kilometres



The coach place kilometres increase was due to the increased seating capacity of the new coach fleet.

Cost (Efficiency)

Cost per 1,000 place kilometres



The increase in cost compared to last year is largely attributable to an increase in depreciation and interest costs associated with capital expenditure on the new Prospector and the new coach fleet.

Transva rail costs were slightly less than target because the new Prospector service was delayed due to commissioning difficulties.

Output 3: Regional school bus services

Provision of regional school bus transport to Western Australian school students by the School Bus Services branch.

Summary of the outcomes and measures:

Outcomes	Measures
Use of school bus transport	<ul style="list-style-type: none">• Student bus service passenger place kilometres
Customers are satisfied with high-quality, efficient service	<ul style="list-style-type: none">• Safety level of notifiable incidents^(a)• Service reliability^(a)
Cost-effective service	<ul style="list-style-type: none">• Cost per student place kilometre^(a)

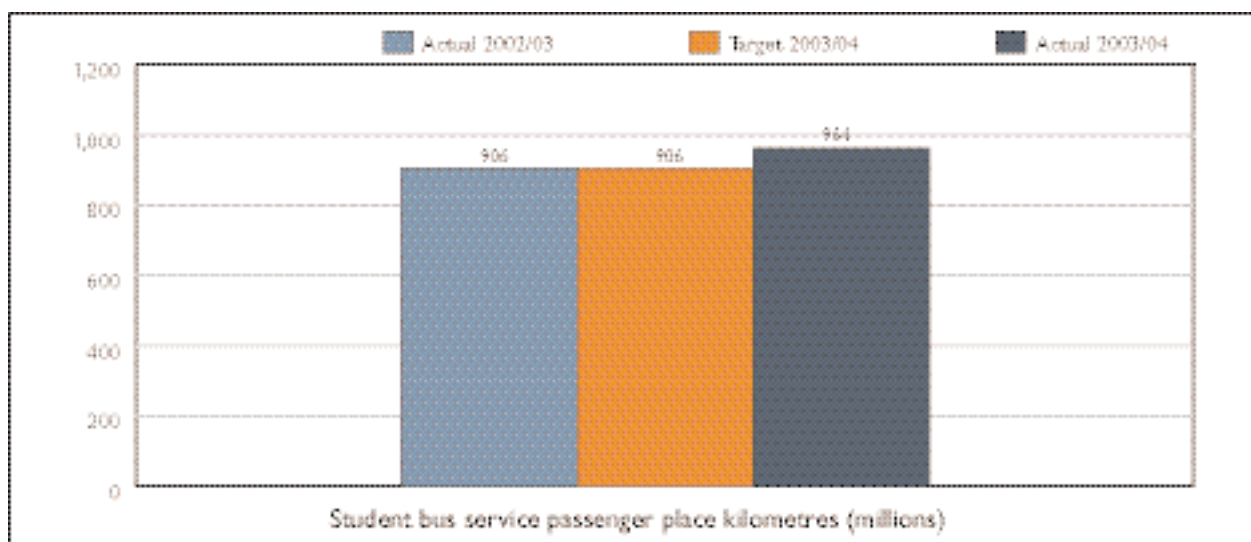
(a) These measures are included in the section "Audited Key Performance Indicators"

Quantity

Student bus service passenger place kilometres

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

A student bus service passenger place kilometre is based on capacity of the bus multiplied by the distance travelled (this includes both loaded and unloaded kilometres).



The increase in 2003/04 is attributable to an increase in new services. These services were required to meet demand for students attending special education centres and mainstream schools. The demand increased in areas such as Rockingham/Warnbro, Bullsbrook and Kalamunda/Forrestfield.

Output 4: Rail corridor and residual freight issues management

Managing the rail freight corridor and infrastructure leased to the private sector and associated freight transport issues.

Indicators	2002/03 Actual	2003/04 Target	2003/04 Actual	Reason for significant variation between 2003/04 Target and 2003/04 Actual
Quantity Rail corridor and residual freight issues management	1 program	1 program	1 program	
Quality^(a)	n/a	n/a	n/a	
Timeliness^(a)	n/a	n/a	n/a	
Cost (Efficiency)				Cost-efficiency indicator is included in the section "Audited Key Performance Indicators"

(a) Under the terms and conditions of the Railway Infrastructure Lease, an independent inspection of the railway infrastructure is carried out every five years.



Transit Guards Brett Battilana (left) and Warren Ellson at Perth Train Station.

Compliance

Rail safety

Accreditation

The organisation demonstrated continuing 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 safety management plan addressing the requirements of Australian Standard AS 4292.1 Railway Safety Management – Part 1: General and interstate requirements was revised to take account of ongoing changes made to the organisation, the responsibilities and authorities. The revised document was submitted to the Director Rail Safety at DPI in accordance with the Rail Safety Act Section 10(2).

Following consultation with key stakeholders during the year, the rail safety and occupational safety and health plans were combined into one PTA safety plan. This facilitated the development of one safety system, enabling processes to be streamlined, avoiding duplication of documentation and assisting the organisation in working towards achieving accreditation to AS/NZ 4801:2000.

Compliance inspections and reporting

The annual rail safety compliance audit was conducted by the Office of Rail Safety in October 2003 and a report was issued on 14 November 2003. The rail safety audit found three non-compliances and 20 observations. There were no directions issued to undertake remedial safety work as a result of a safety compliance inspection.

The PTA annual safety report dealing with the general conduct of the railway operations for the year ended June 2004 showed there were 164 notifiable occurrences reported in accordance with Section 38 (1) of the Rail Safety Act, one less than the previous year.

Inquiries and inspections

There were no independent investigations involving a person's death, serious injury or major damage to property conducted under the direction of the Director Rail Safety for the year under review.

The Director Rail Safety issued four instructions in accordance with Section 39(3) of the Rail Safety Act for the organisation to conduct an investigation and provide a written report.

Investigations into Category A occurrences included:

- collision between an Electrical Multiple Unit (EMU) railcar and the rear of a truck-trailer carrying earth-moving equipment across the Jarrad Street (Cottesloe) level crossing, 24 February 2004.

Notifiable occurrences

No serious occurrences (Category A) were reported during the year, which followed a four-year downtrend since the sale of the freight business in 2000. The accumulated average was well below the upper control limit set at the beginning of the year.

There was a steady increase in the number of Category B occurrences with the accumulated average just under the upper control limit.

The increase in the incidence of signals passed at danger continued into the closing weeks of the year with no indication of a decline based on a seasonally-adjusted pattern. Improvements were noted in the number of collisions (other than at level crossings) and slips, trips and falls.

Considerable improvement was also noted in the number of incidents at level crossings since Main Roads WA made improvements to the early warning road signage and road markings in compliance with Australian Standard AS 1742.7.

There was a derailment of a railcar set in the Claisebrook Depot on 26 March 2004 resulting in significant damage to the railcar underfloor equipment and bogies, inter-car connecting equipment and coupler, electrical overhead catenary, track and a set of points.



Kate Merks.



Heidi Albrecht at Transperth reception.

Occupational safety and health

The strong focus on safety and health as a core value of the organisation was unrelenting. Training in occupational safety and health continued to be a priority with a significant number of managers and supervisors attending a two-day training course on their occupational safety and health responsibilities.

Safety committees continued to function effectively. All safety representatives attended the safety representatives' training course.

SiteSafe

The occupational safety and health database SiteSafe was installed during the second half of the year and will be operational from the beginning of 2004/05. This database will enable the organisation to capture reported hazards, accidents or incidents and will facilitate interrogation of data to analyse trends. Program analysts have been trained to undertake this task, and all managers and supervisors have been trained in the use of the program.

Injuries

The lost-time injury frequency rate for the organisation was 67.99 per million hours worked, compared with 29.7 for the previous year. This increase is attributed to injuries and post-traumatic stress disorders sustained by Transit Guards in the performance of their duties. New procedures and further training were introduced to rectify the situation, and a peer support program introduced to help employees cope with stressful situations. Psychometric testing is now included in the selection process of Transit Guards to determine a person's suitability for the position.

All managers and supervisors underwent further training in injury management. Also, revised procedures were introduced to improve the rehabilitation management of employees following a work-related injury or illness so that employees can return to meaningful work as quickly as possible.

Testing for alcohol and other drugs

Random testing of employees and contractors for alcohol and other drugs continued as part of the organisation's alcohol and other drugs control program. No adverse trends were identified.

Environment

No significant environmental incidents occurred during the year and the organisation continued to progress the development of an environmental management system.

Disability Services Act

The PTA recognises that people with disabilities should have the same opportunities as others to join in all aspects of community life. This includes access to premises, infrastructure and transport services.

During the year, the PTA continued implementation of the disability services plan (access plan) in accordance with the Disability Services Act and compliance with the Disability Standards for Accessible Public Transport 2002.

All new trains and coaches purchased during the year were in full compliance with the Disability Standards for Accessible Public Transport 2002. All work carried out to modify or upgrade railway stations, platforms or waiting areas was in accordance with these standards.

Concessions

There were no concessions applied for by the organisation as exceptional cases or unjustifiable hardship under the Disability Services Act.

Complaints

There were no complaints registered with the Human Rights and Equal Opportunity Commission or the organisation in regard to access to services for the year under review.

Compliance statements

Statement of compliance with public sector standards

The 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

The PTA is established under the Public Transport Authority Act 2003, an Act to establish a State agency responsible for providing public transport services anywhere in the State and performing functions under other Acts, to amend or repeal certain Acts, and to provide for related matters. Currently the Minister responsible for the PTA is the Minister for Planning and Infrastructure.

Legislation impacting on the PTA's activities

In the performance of its functions, the PTA complies with all written relevant laws of Western Australia, and 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 Australian Act 1990; Freedom of Information Act 1992; State Supply Commission Act 1991; Occupational Safety & Health Act 1994; Public Sector Management Act 1994; Disability Services Act WA No 36 of 1993; 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 the 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.



A handwritten signature in black ink, appearing to read 'R. Waldock'.

R Waldock
Accountable Authority
31 August 2004

A handwritten signature in black ink, appearing to read 'J.W. Leaf'.

JW Leaf
Principal Accounting Officer
31 August 2004

Explanation of major capital expenditure variations

(a) Budgeted estimates and actual results for 2003/04

	Budget \$000	Actual \$000	Variation \$000	Comments
Metropolitan and regional passenger services				
EMU railcar modifications	5,596	902	4,694	Project delayed
Perway track and associated works	8,073	4,226	3,847	Projects delayed
Greenwood Station	4,450	2,273	2,177	Project delayed
Armada Station upgrade	6,206	4,060	2,146	Project delayed
Bus acquisition	6,700	4,960	1,740	Project delayed
Gosnells Station upgrade	2,500	953	1,547	Project delayed
Other	42,088	34,492	7,596	Projects delayed
Transwa				
Prospector, Australind and AvonLink railcars	14,379	4,666	9,713	Project delayed
Other	1,136	2,087	(951)	Project scheduling
Corporate				
Geraldton Southern Rail Corridor	7,000	5,541	1,459	Project delayed
Other	2,846	2,248	598	Project delayed
New MetroRail	201,326	203,591	(2,265)	Project scheduling
Total	302,300	269,999	32,301	

(b) Major uncompleted works

Description of work	Estimated total cost (as per Budget) \$000	Estimated cost to complete \$000	Year of completion
New MetroRail	1,518,172	1,114,005	2006/07
Bus acquisition	398,309	247,262	2010/11
Prospector, Australind and AvonLink railcars	59,000	10,387	2004/05
Geraldton Southern Rail Corridor	52,114	41,921	2005/06
Perway track and associated works	23,903	10,043	2006/07
Safer Rail initiative	23,739	4,593	2007/08
EMU railcar modifications	17,718	8,644	2004/05
SmartRider ticketing system	12,788	7,701	2004/05
Split and replace radio system	12,487	12,248	2008/09
North Quay rail loop	11,300	9,583	2005/06
Accessible public transport upgrade	7,928	7,557	2005/06
Greenwood Station	7,101	4,792	2004/05
Armada Station upgrade	6,778	2,246	2004/05
Gosnells Station upgrade	6,200	4,860	2004/05
Train Control upgrade	5,001	2,982	2004/05

(c) Major completed works

	Total cost \$000
Buildings	6,783
Rollingstock	26,365
Rail infrastructure	19,221
Plant, equipment and motor vehicles	1,616
Bus infrastructure	5,602
Buses	10,682
Total	70,269

The Electoral Act 1907 - Section 175ZE

Under Section 175ZE of the above mentioned Act, the PTA is required to disclose expenditure for advertising agencies, market research organisations, polling organisations, direct mail organisations, and media advertising organisation costs. The following costs were recorded against these items:

	2004 \$
<i>Advertising agencies:</i>	
Ascot Sign Company	506,885
Awesome Arts	5,000
Bowtell Clarke & Yole	13,905
Buspak Advertising Group Pty Ltd	12,270
Campbell Rival Trust	10,532
Circling Shark Productions	23,145
Core Marketing Group Pty Ltd	2,750
Definition	80,287
Design Design Graphic Management	17,288
Discus Digital Print	66,680
Exposure Digital	21,948
The Factory	60,474
Gatecrasher Advertising	269,075
Image Source	35,761
Jason Signmakers	848,608
John Davis Advertising Pty Ltd	28,024
123 Jump	32,031
Key 2 Design	14,356
Market United Pty Ltd	42,219
P K Signs	2,309
The Sign Shop	15,839
Telford Design	26,104
	2,135,490
<i>Market research organisations:</i>	
Centre for Industry Research	29,150
Donovan Research	58,953
Market Equity	40,500
Patterson Market Research	43,874
Taylor Nelson Sofres	93,750
	266,227
<i>Polling organisations:</i>	Nil
<i>Direct mail organisations:</i>	
PMP Print	1,654
<i>Media advertising organisations:</i>	
Advance Press	630,430
A R T Publishing	1,818
Dowd Publications	4,190
Echo Newspaper	1,183
Eventscorp	8,000
Marketforce Limited	221,052
Media Decisions	506,108
Mills Wilson	5,900
Picton Press	8,450
State Law Publisher	12,384
WBMC	10,166
	1,409,681
TOTAL	3,813,052

Audited Key Performance Indicators

Outcome I – Accessible, reliable and safe public transport system

Effectiveness indicators

The PTA's outcome of an accessible, reliable and safe public transport system is seen as a key requirement for increasing the use of public transport. Achieving a sustainable increase in the use of public transport depends on accessibility, reliability and safety.

The PTA was established on 1 July 2003. Comparative data for the performance indicators has been derived from details previously recorded by the Department for Planning and Infrastructure or the Western Australian Government Railways Commission.

The PTA's effectiveness in meeting its outcome on the provision of an accessible, reliable and safe public transport system is measured by the following criteria:

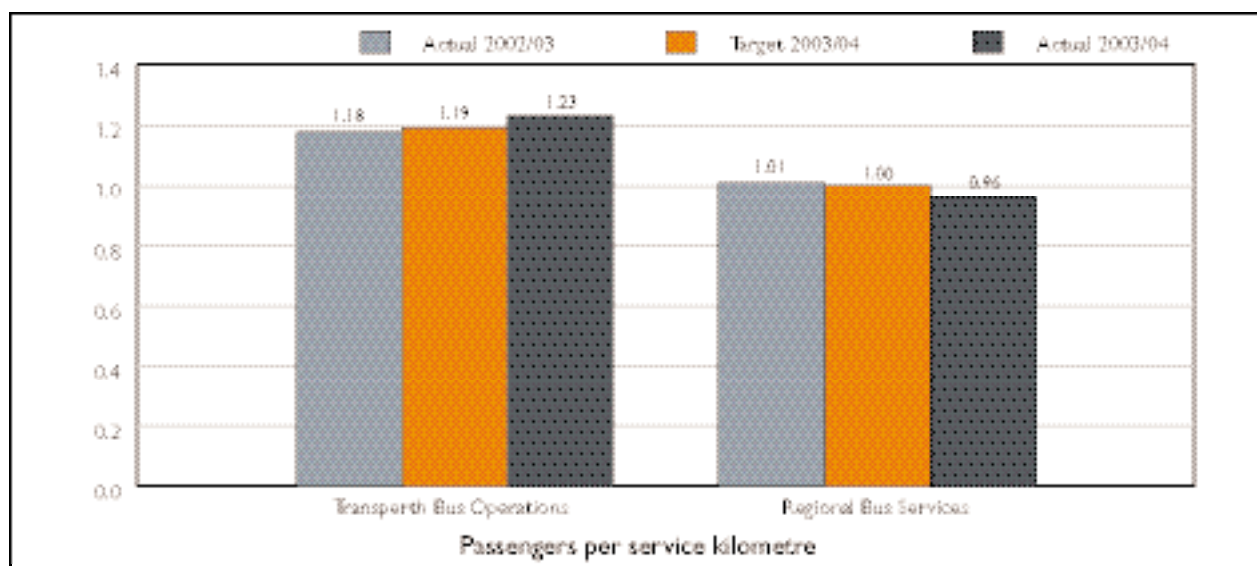
1. Use of public transport
2. Service reliability
3. Level of overall customer satisfaction
4. Customer perception of safety
5. Level of notifiable safety incidents

Use of public transport

Metropolitan and regional passenger services

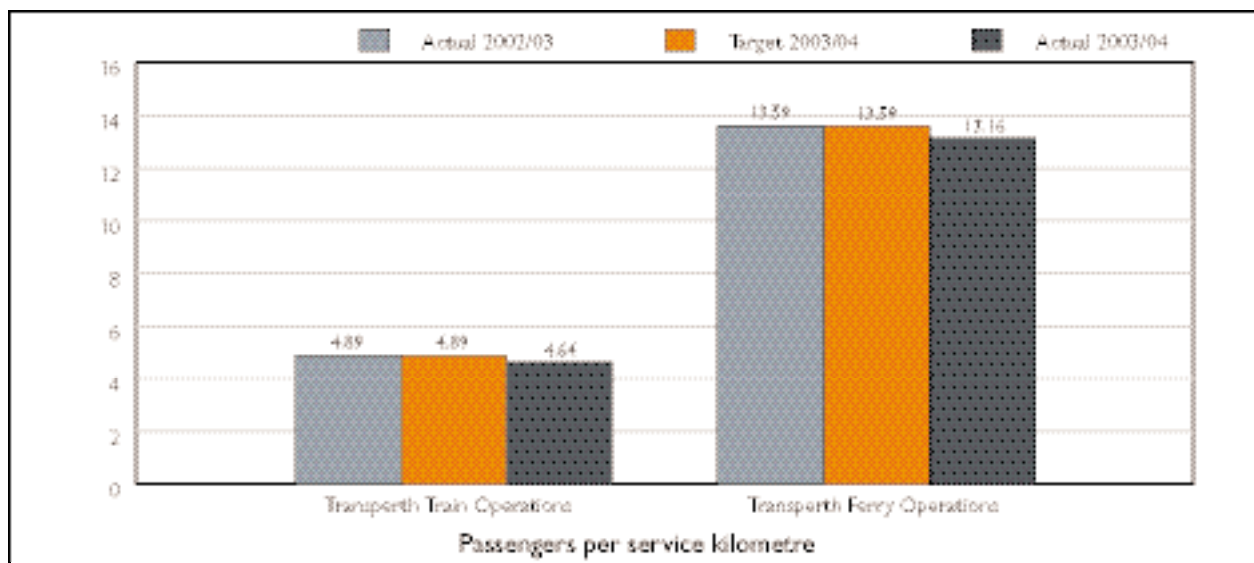
Passengers per service kilometre

The use of public transport is measured by comparing the annual number of passengers against the number of productive service kilometres. A service kilometre is a kilometre where passengers are carried. This effectiveness indicator is applied to each mode of public transport.



Transperth Bus Operations: The 2003/04 data included the March 2004 count of boardings on CAT (Central Area Transit) and FTZ (Free Transit Zone) services. The previous year actual and the target were based on the results of the last count done in 2000. The inclusion of this additional patronage from March 2004, combined with an increase in fare-paying boardings, contributed to the improvement in bus passengers per service kilometre in 2003/04.

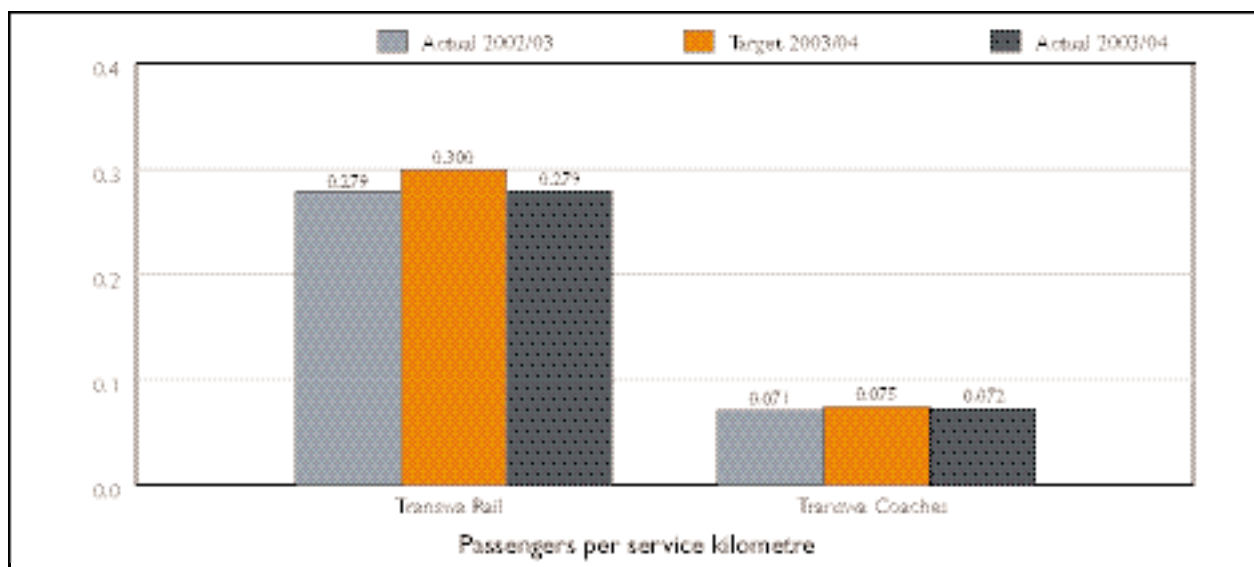
Regional Bus Services: Passenger numbers on the Port Hedland, Esperance, Karratha and Mindarie services fell in 2003/04 due to local regional factors. In addition, the actuals for 2003/04 include the Perth to Port Hedland trial road coach service, which is a long haul and does not attract that many passengers. The target did not include this journey, hence the decline in the overall passengers per service kilometre.



Transperth Train Operations: The decline in train passengers per service kilometre in 2003/04 was due mainly to a temporary decline in boardings resulting from a period of industrial action during the year.

Transperth Ferry Operations: Ferry boardings continued to decline while service kilometres operated remained unchanged. Approximately half of the ferry patrons are tourists. The ferry service is therefore very susceptible to tourism fluctuations such as downturns associated with international economic issues and tourism security concerns. These issues have impacted ferry numbers for the last few years.

Country passenger rail and road coach services



The rail targets for 2003/04 were not met due to the late introduction of the new Prospector service.

Coaches were in line with targets.

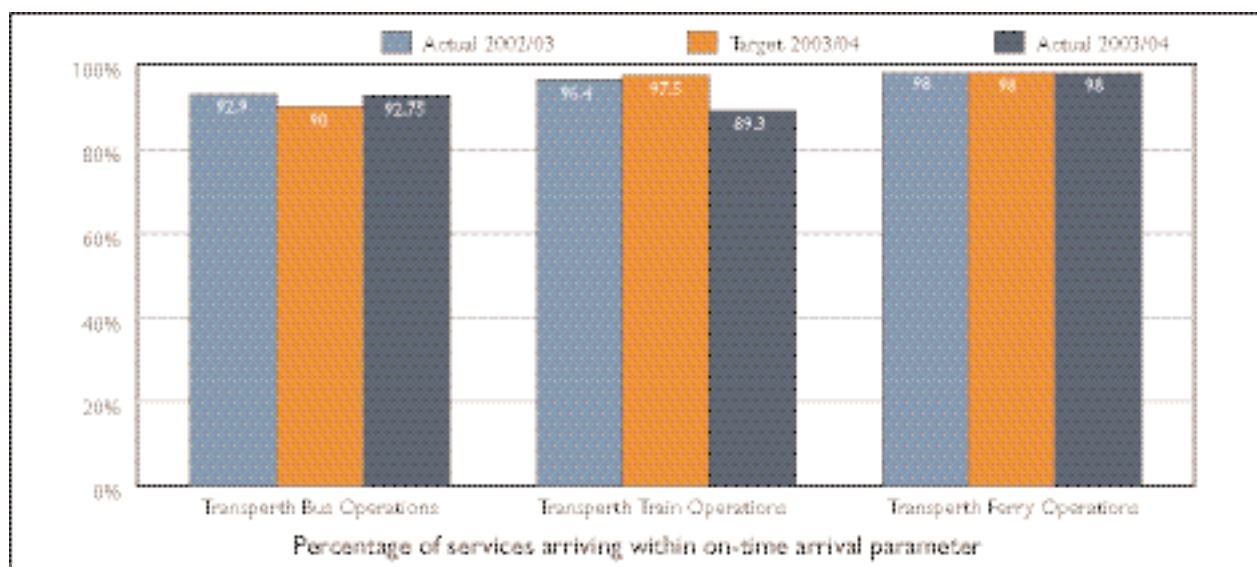
Service reliability

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.

Metropolitan and regional passenger services

Punctuality is defined by acceptable parameters that are considered to represent on-time arrival. These are shown below for each operation:

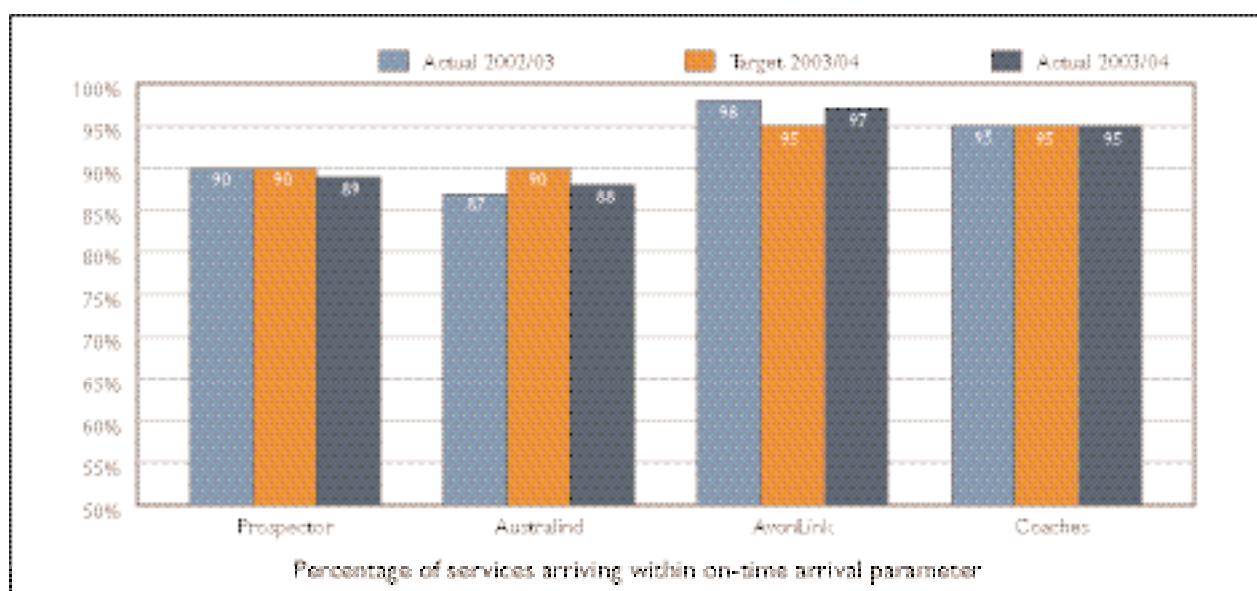
Operation	On-time arrival parameter
Transperth bus	4 minutes
Transperth train	3 minutes
Transperth ferry	3 minutes



Bus service reliability has almost been maintained at the 2002/03 level despite disruptions caused by roadworks associated with the New MetroRail project. For the train services, on-time running delays were mainly due to a period of industrial action during the negotiation of award conditions.

Country passenger rail and road coach services

Operation	On-time arrival parameter
Prospector	15 minutes
Australind	10 minutes
AvonLink	10 minutes
Coaches	10 minutes



Results are in line with targets.

Regional school bus services

For the regional school bus services, the on-time arrival parameter is to arrive at school no less than 10 minutes before school starts and within 10 minutes of school ending.

This was not measured during the year as no system of measurement was in place at the time. A system has now been developed and implemented and this will be measured in 2004/05.

Level of overall customer satisfaction

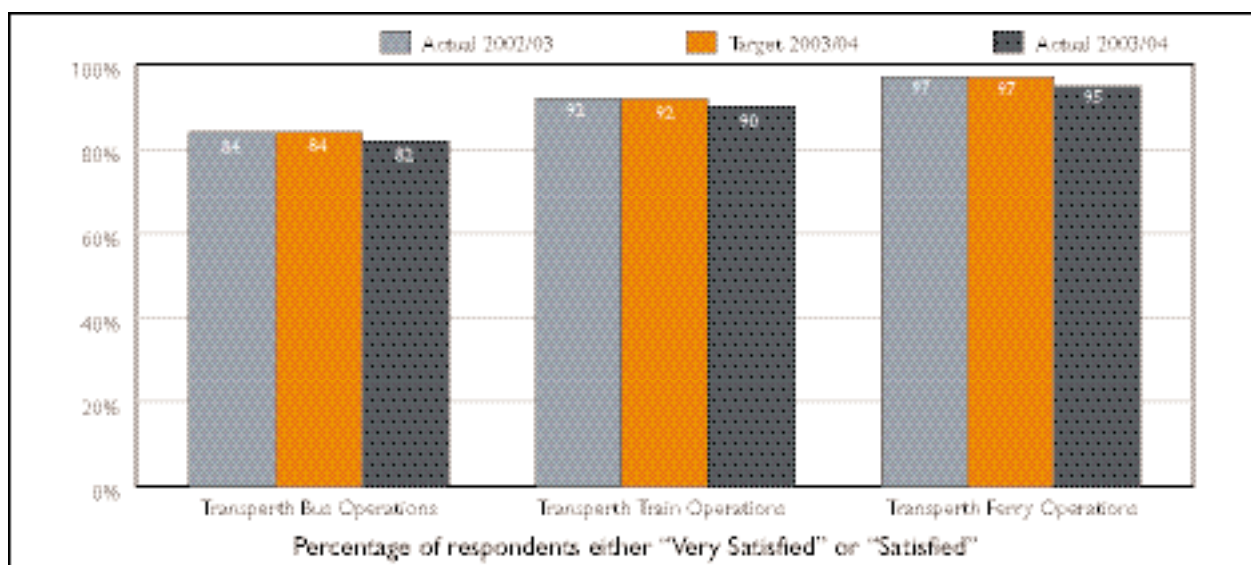
Metropolitan and regional passenger services

The percentage of patrons that were satisfied with services overall measures public perception of the organisation's performance in providing a high-quality and attractive passenger service. The measure is derived from an extensive annual survey conducted by independent consultants who interview a large sample of passengers. Interviewers were assigned to various services and transit station locations over a four-week period covering the working week and weekend. A questionnaire was used by the interviewer and respondents were asked to provide a wide range of responses regarding their views on public transport performance.

The passenger satisfaction survey results provide 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 train and station amenities. The information is used by management to develop strategies for improving service performance and infrastructure.

The sample error estimate is within + or - 2% to 3% at 95% confidence level for Transperth Bus and Ferry Operation; + or - 6% at 95% confidence level for Transperth Train Operations.

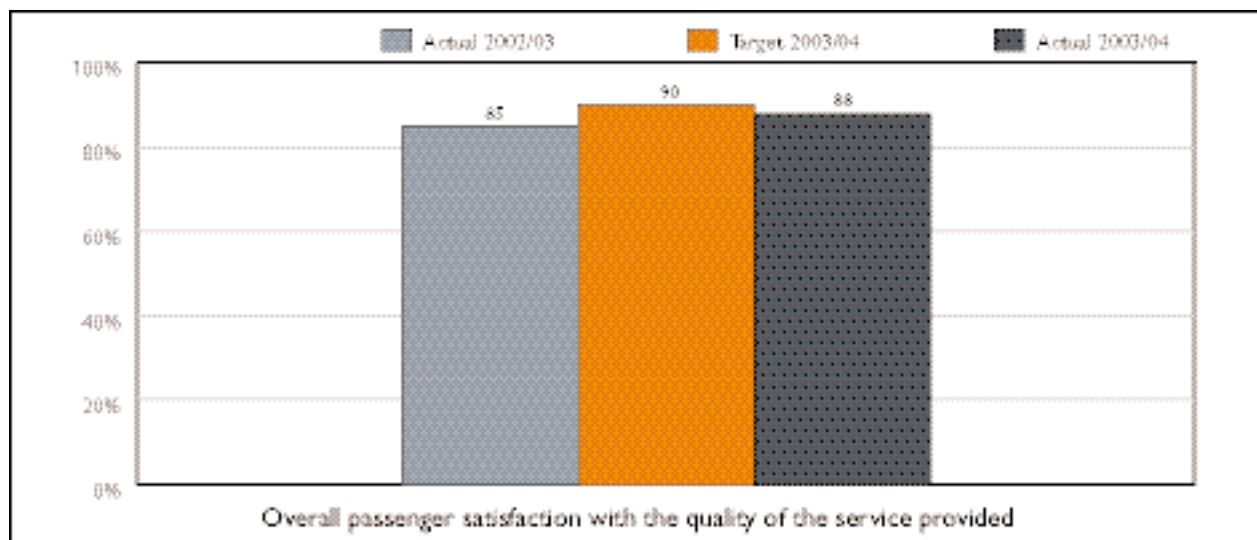
The data is collected from the Passenger Satisfaction Monitor 2004, the annual survey carried out by consultants for Transperth. The 2004 results show that the high levels achieved in 2003 have been maintained.



Country passenger rail and road coach services

In 2004 an independent passenger satisfaction survey was undertaken for each service – Australind, Prospector and coaches. Overall satisfaction remains very high at 88%, with 40% of passengers indicating they were very satisfied and a further 48% satisfied, indicating a high level of passenger satisfaction.

The sample error estimate is within + or – 3% to 5% at 95% confidence level.

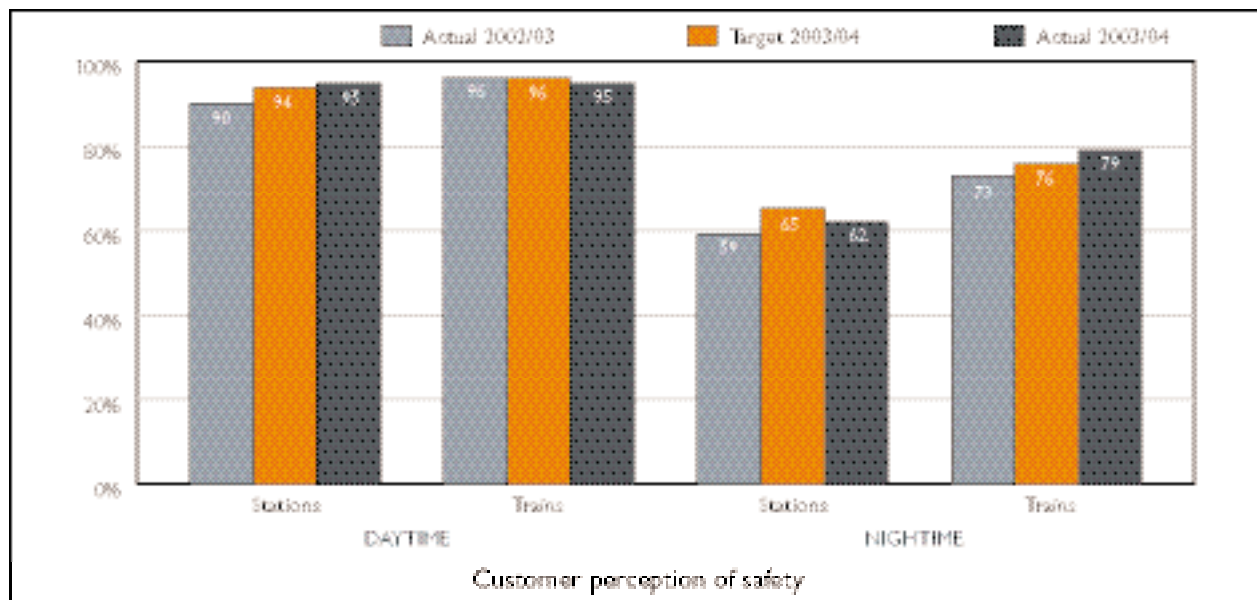


Customer perception of safety

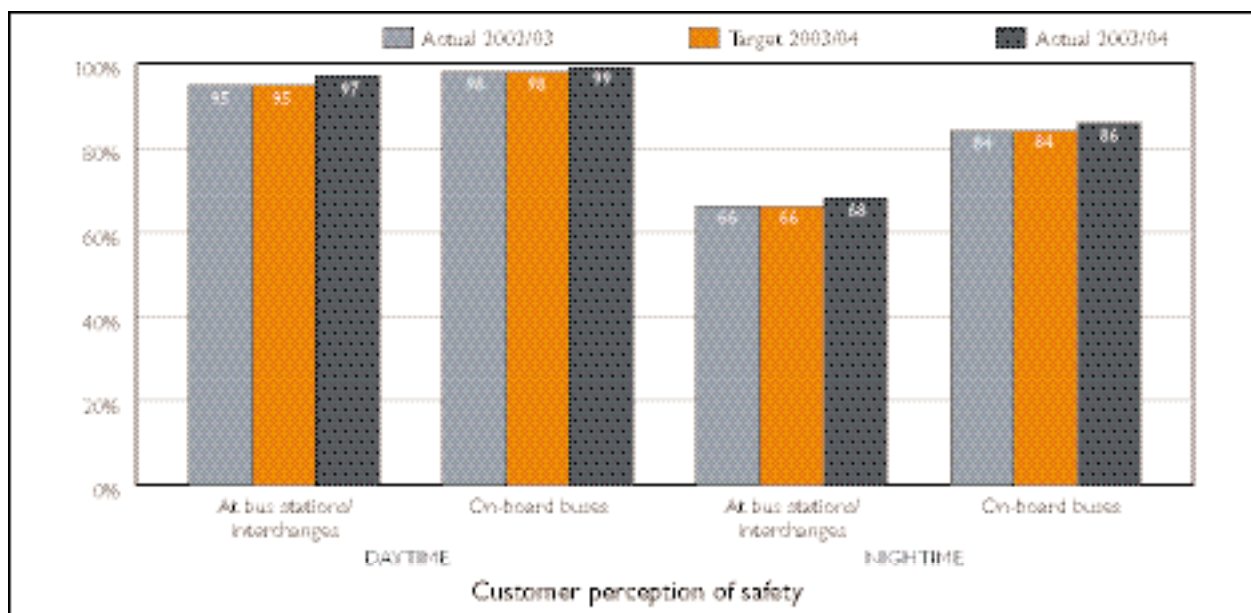
How safe customers feel on trains and buses and at stations is an important factor in deciding to use public transport. The PTA has invested capital funds in security-related infrastructure and increased its security staff to ensure that customers can see tangible measures to increase their safety. Perception is measured by survey and distinguishes between trains and buses and at stations, at night and during the day.

Metropolitan and regional passenger services

Transperth Trains



Transperth Buses



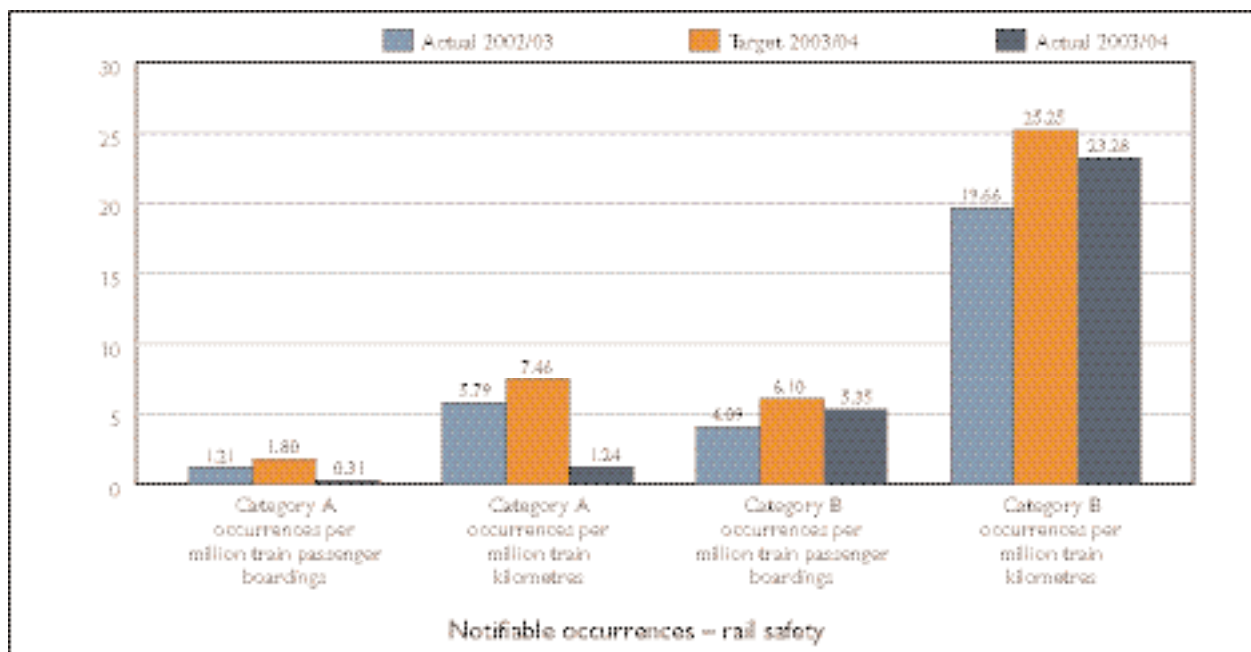
The data is derived from the Passenger Satisfaction Monitor 2004, an annual survey carried out by consultants for Transperth. The 2004 results show that the high levels achieved in 2003 have improved, particularly at night time.

Level of notifiable safety incidents

Metropolitan and regional passenger train services

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 (potential to cause a serious accident).

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.

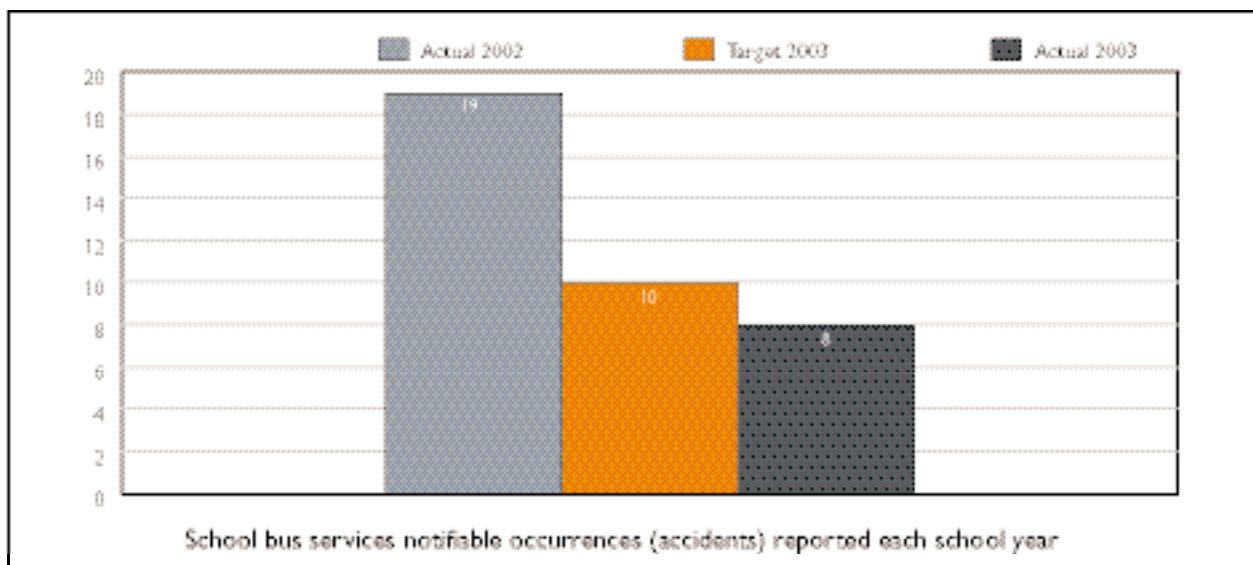


Safety incidents were below target, indicating that procedures and controls, particularly in the area of identifying and controlling risk, are operating effectively.

Regional school bus services

Accidents attributable to all causes are notified to and recorded by the Team Leader Vehicle Inspector.

The performance measure for the notifiable occurrences is 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.



The reduced number of accidents involving school buses shows a concerted effort by the PTA and school bus industry to maintain high safety standards. Driver awareness of road conditions has also assisted in this area.

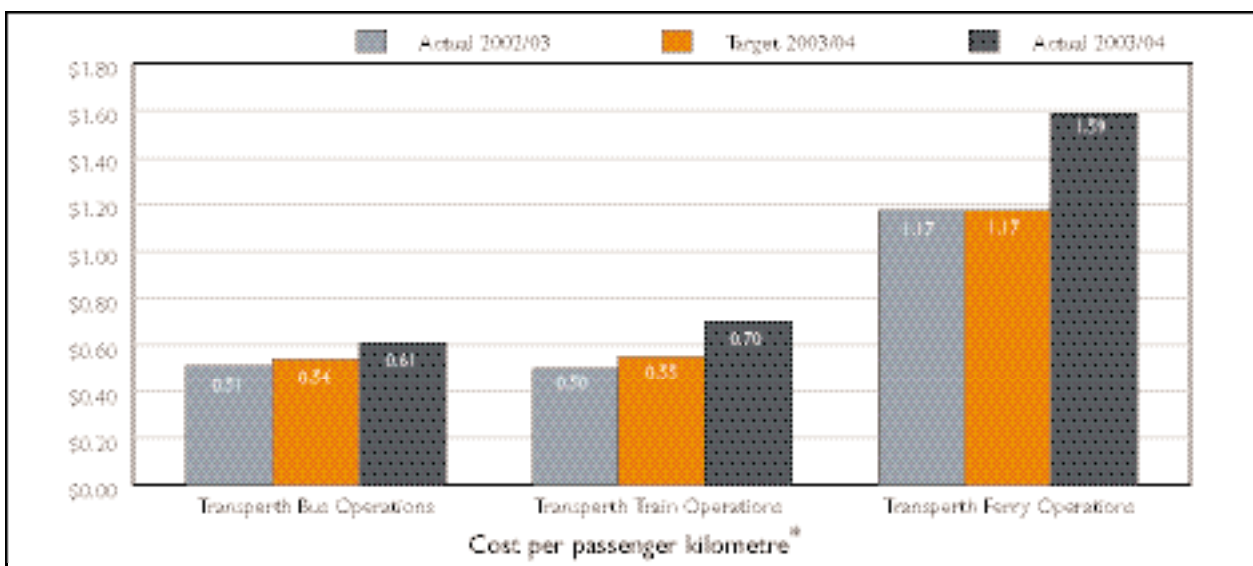
Efficiency indicators

Output 1 – Metropolitan and regional passenger services

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.

It is calculated by dividing the total annual cost for each service mode by the number of passengers and the average distance travelled.



*Passenger kilometres are a management estimate derived from the zonal distribution of ticket sales because actual average passenger trip length is not known

Transperth Bus and Ferry Operations: The increase in the average cost compared to the target and the previous year's result was mainly due to an increase in depreciation charges following the revaluation of assets and a reallocation of the capital user charge levy.

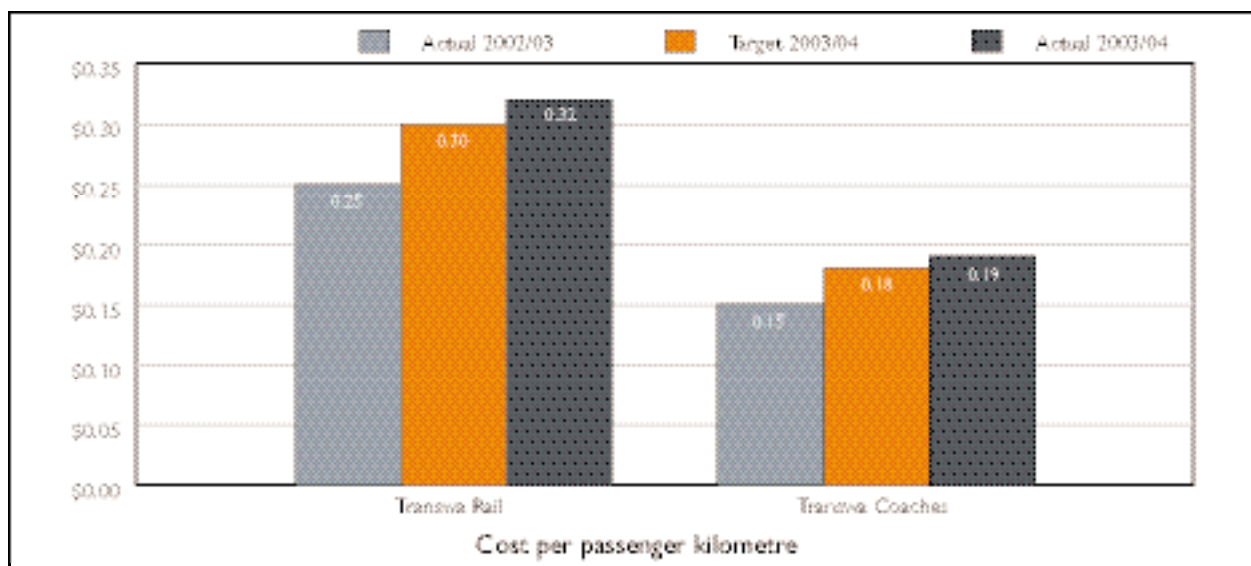
Transperth Train Operations: The increase in the average cost compared to the target and the previous year's result was mainly due to an increase in depreciation charges following the revaluation of assets and a reallocation of the capital user charge levy which was not previously applied to the former Western Australian Government Railways' assets.

Output 2 – Country passenger rail and road coach services

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.

It is calculated by dividing the total annual cost for each service mode by the number of passengers and the average distance travelled.



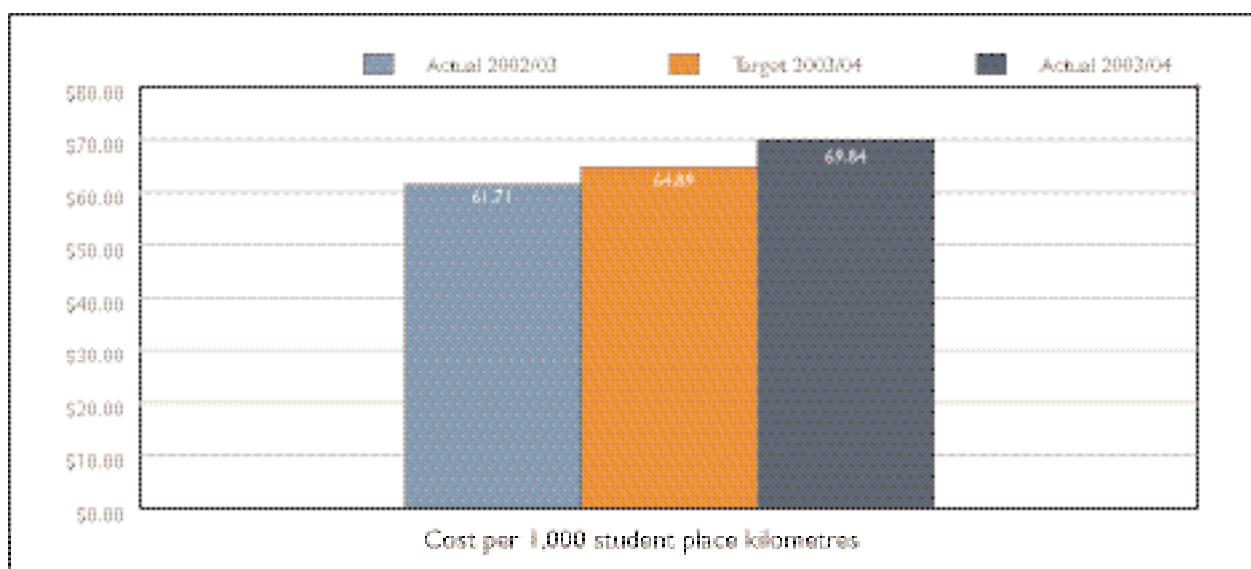
The results for 2003/04 were close to target. The increase compared to last year is largely attributable to the capital user charge levy which was not previously applied to the former Western Australian Government Railways' assets.

Output 3 – Regional school bus services

Cost per 1,000 student place kilometres

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

It is calculated by dividing the total average cost of the service by the number of student places on each service and the distance travelled.



The increase compared to both target and last year is mainly due to the renegotiation of the majority of school bus contracts, which resulted in increased rates, and there was a substantial back pay adjustment in 2003/04.

Outcome 2: Protection of the long-term functionality of the leased 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. An independent inspection of the railway infrastructure is carried out every five years. The first inspection will be carried out in 2005/06. The results of this inspection will be reported to demonstrate the PTA's effectiveness in achieving this outcome over that five-year period.

In the interim, effective internal management is measured by the number of legislative and lease breaches that have occurred under the corridor lease.

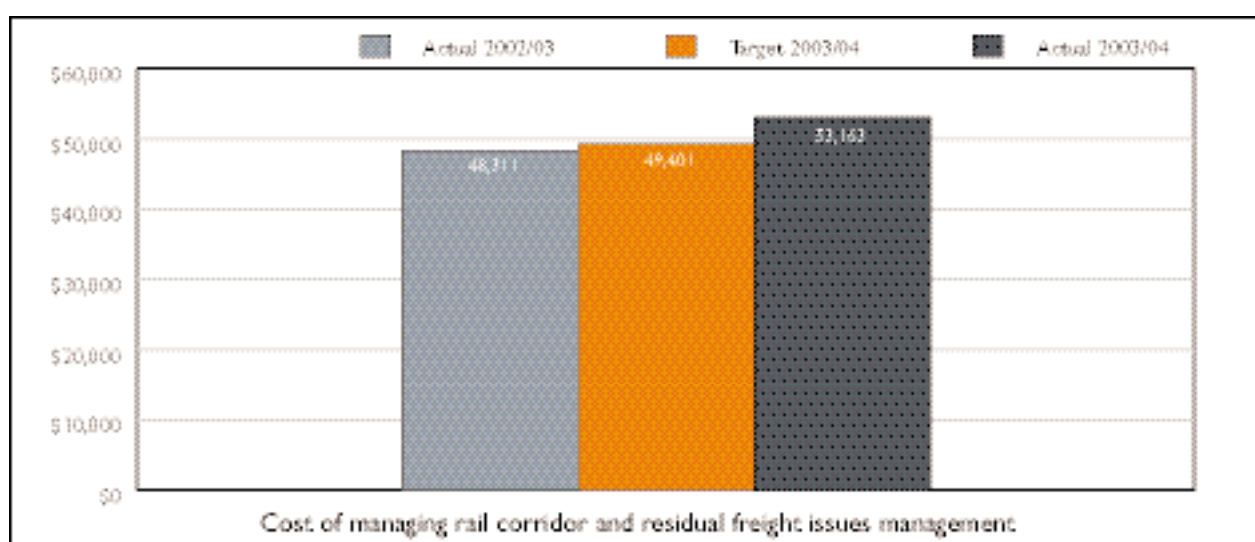
Effectiveness indicator	Actual 2002/03	Actual 2003/04
Legislative breaches	Nil	Nil
Lease breaches	Nil	Nil

Efficiency indicator

Output 4: Rail corridor and residual freight issues management

Total annual cost of managing the rail corridor and residual freight issues

The cost-efficiency of the output is measured by comparing the total annual cost of managing rail corridor and residual freight issues.



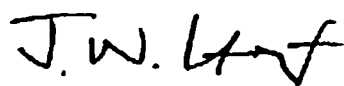
The increase in the average cost compared to the target and the previous year's result was mainly due to a reallocation of the capital user charge levy.

Certification of Performance Indicators for the year ended 30 June 2004

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 2004.



R Waldock
Accountable Authority
31 August 2004



J W Leaf
Principal Accounting Officer
31 August 2004



Information Officers James Phyland (left) and William Smith at Perth Train Station InfoCentre.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

PUBLIC TRANSPORT AUTHORITY OF WESTERN AUSTRALIA PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Public Transport Authority of Western Australia are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended June 30, 2004.

Scope

The Chief Executive Officer's Role

The Chief Executive Officer is responsible for developing and maintaining proper records and systems for preparing performance indicators.

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

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it 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 performance indicators.

D D R PEARSON
AUDITOR GENERAL
September 24, 2004

2004 Financial Statements Index

	Page Number
Statement of Financial Performance for the year ended 30 June 2004.....	46
Statement of Financial Position as at 30 June 2004	47
Statement of Cash Flows for the year ended 30 June 2004	48
Notes to the Financial Statements for the year ended 30 June 2004	
Note 1 Significant accounting policies.....	49
Note 2 Employee expenses.....	53
Note 3 Supplies and services	53
Note 4 Depreciation and amortisation expense.....	53
Note 5 Borrowing costs expense	53
Note 6 Grants and subsidies expense	53
Note 7 Capital user charge	53
Note 8 Other expenses from ordinary activities.....	54
Note 9 User charges and fees	54
Note 10 Land rationalisation lease revenue	54
Note 11 Operating lease revenue.....	54
Note 12 Grants and subsidies	54
Note 13 Net gain/(loss) on disposal of non-current assets	54
Note 14 Other revenues from ordinary activities	54
Note 15 Revenues from State Government.....	55
Note 16 Restricted cash assets.....	55
Note 17 Inventories	55
Note 18 Receivables	55
Note 19 Amounts receivable for outputs.....	55
Note 20 Other assets	55
Note 21 Property, plant, equipment and vehicles	56
Note 22 Payables.....	56
Note 23 Interest-bearing liabilities.....	57
Note 24 Provisions.....	57
Note 25 Other liabilities.....	58
Note 26 Deferred income – operating leases.....	58
Note 27 Contributed equity.....	58
Note 28 Accumulated surplus/(deficiency)	58
Note 29 Notes to the Statement of Cash Flows.....	59
Note 30 Commitments for expenditure	60
Note 31 Contingent liabilities and contingent assets	60
Note 32 Remuneration of members of the Accountable Authority and senior officers	61
Note 33 Financial instruments.....	61
Note 34 Supplementary financial information	63
Note 35 Revenue and cost of services explanatory statement	63
Note 36 Output information.....	64
Note 37 The impact of adopting International Accounting Standards	65
Certification of Financial Statements for the year ended 30 June 2004.....	66
Independent Audit Opinion	67

Statement of Financial Performance

for the year ended 30 June 2004

	NOTES	2004 \$'000
COST OF SERVICES		
Expenses from ordinary activities		
Employee expenses	2	62,088
Supplies and services	3	73,620
Depreciation and amortisation expense	4	63,807
Borrowing costs expense	5	69,697
Grants and subsidies expense	6	208,723
Capital user charge	7	23,976
Energy and fuel		8,780
Land rationalisation expense		2,713
Other expenses from ordinary activities	8	2,108
Total cost of services		515,512
REVENUES FROM ORDINARY ACTIVITIES		
Revenues from operating activities		
User charges and fees	9	79,723
Land rationalisation lease revenue	10	83
Operating lease revenue	11	18,540
Grants and subsidies	12	19,787
Revenues from non-operating activities		
Interest revenue		1,326
Profit on disposal of non-current assets	13	1,400
Other revenues from ordinary activities	14	20,295
Total revenues from ordinary activities		141,154
NET COST OF SERVICES		374,358
REVENUES FROM STATE GOVERNMENT		
Output appropriation	15	399,714
Resources received free of charge	15	1,013
Total revenues from State Government		400,727
CHANGE IN NET ASSETS		26,369
Total changes in equity other than those resulting from transactions with the WA State Government as owner		26,369

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2004

	NOTES	2004 \$000
Current assets		
Cash assets	29	9,815
Restricted cash assets	16	1,002
Inventories	17	7,439
Receivables	18	11,711
Other assets	20	56,904
Total current assets		86,871
Non-current assets		
Amounts receivable for outputs	19	75,575
Property, plant, equipment and vehicles	21	1,856,418
Total non-current assets		1,931,993
TOTAL ASSETS		2,018,864
Current liabilities		
Payables	22	66,316
Interest-bearing liabilities	23	42,985
Provisions	24	13,098
Other liabilities	25	53,241
Deferred income-operating leases	26	14,402
Total current liabilities		190,042
Non-current liabilities		
Interest-bearing liabilities	23	1,087,604
Provisions	24	2,307
Deferred income-operating leases	26	228,784
Total non-current liabilities		1,318,695
TOTAL LIABILITIES		1,508,737
NET ASSETS		510,127
Equity		
Contributed equity	27	483,758
Accumulated surplus/(deficiency)	28	26,369
TOTAL EQUITY		510,127

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2004

NOTES

2004
\$'000

CASH FLOWS FROM GOVERNMENT

Output appropriations	340,006
Capital contributions	108,629
Net cash provided by Government	448,635

Utilised as follows:

CASH FLOWS FROM OPERATING ACTIVITIES

Payments

Employee costs	(57,395)
Supplies and services	(97,236)
Grants and subsidies	(208,126)
Borrowing costs	(63,596)
Capital user charge	(23,976)
GST on purchases	(55,426)

Receipts

Contribution-other government agencies	15,139
Transwa	7,930
Transperth Train Operations	24,575
Transperth Buses	59,301
Interest received	1,335
GST on sales	11,160
GST receipts from taxation authority	41,826
Receipts from customers	17,994

Net cash used in operating activities	29	(326,495)
--	-----------	------------------

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of non-current assets	2,430
Purchase of non-current assets Public Transport Authority	(52,152)
Purchase of non-current assets New MetroRail	(205,054)

Net cash used in investing activities	(254,776)
--	------------------

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from borrowings	288,765
Repayment of borrowings	(153,843)
Other repayments	(9,571)

Net cash provided by financing activities	125,351
--	----------------

Net increase/(decrease) in cash held	(7,285)
---	----------------

Cash assets transferred from other sources	18,102
--	--------

CASH ASSETS AT THE END OF THE FINANCIAL YEAR	29	10,817
---	-----------	---------------

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

Notes to the Financial Statements

for the year ended 30 June 2004

I. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements.

General statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) consensus views 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 Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG consensus views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and, where practicable, the resulting financial effect are disclosed in individual notes to these financial statements.

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

a) Output appropriations

Output Appropriations are recognised as revenues in the period in which the PTA gains control of the appropriated funds. The PTA gains control of appropriated funds 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.

b) Contributed equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statement. Capital contributions (appropriations) and the non-discretionary transfer of net assets from other government agents have been designated as contributions by owners and have been credited directly to contributed equity in the Statement of Financial Position.

c) Grants and other contributions revenue

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the PTA obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions 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.

d) Revenue recognition

Revenue from the provision of services, goods and disposal of other assets, is recognised when the PTA has provided the services, goods or other assets to the customer.

e) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.





Work under way on the city component of the New MetroRail project.

f) Depreciation of non-current assets

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.

Depreciation 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 40 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 commissioned.

g) Revaluation of non-current assets

Methodology

Property, plant, equipment and vehicles are valued at fair value, being the amounts for which assets could be exchanged between willing parties in an arm's-length transaction. Valuation methods are applied to suit the specific circumstances of each class of assets.

Valuation

Land controlled by the PTA, including metropolitan and regional corridor land, not subject to commercial lease, was independently valued by the Valuer General's Office as at 1 July 2003.

Land and buildings which are commercially leased were independently valued based on the capitalised value of current leases as at 1 July 2003.

Rollingstock, permanent way, plant, equipment and vehicles were valued by the 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 that commenced in December 2000, was valued by independent expert, based on the present value of the unearned lease income at 1 July 2003.

h) Leases

The PTA's rights and obligations under finance leases, which are leases that effectively transfer to the PTA substantially all of the 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. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated to the Statement of Financial Performance over the period during which the PTA is expected to benefit from use of the leased assets. Minimum lease payments are allocated between interest expense 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 all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased assets.

i) 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 WAGRC and Westnet Rail Pty Ltd. 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 using a nominal discount rate that recognises the real discount rate and underlying inflation.

j) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets net of outstanding bank overdrafts.

k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average cost basis.

l) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement generally no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists.

m) Intangible assets and expenditure carried forward

Software

Significant costs associated with the acquisition or development 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.

Website costs

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

n) 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. Payables are generally settled within 30 days.

o) Interest-bearing liabilities

Loans are recorded at an amount equal to the net proceeds received. Borrowing costs expense is recognised on an accrual basis.

p) Employee benefits

Annual leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits, and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on-costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The liability for superannuation charges incurred under the Pension Scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, has been assumed by the Treasurer.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to the GESB.

Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses.



Transwa's Elisabeth Halden.

q) Accrued salaries

Accrued salaries 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 did not coincide with the end of the financial year. The PTA considers the carrying amount approximates net fair value.

r) Resources received free of charge or for nominal value

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

s) Foreign currency translation and hedges

Transactions denominated in a foreign currency are translated at the rates in existence at the dates of the transactions. Foreign currency monetary items that are outstanding at reporting date are translated at exchange rates current at reporting date. Except as stated in the following paragraph, resulting exchange gains and losses are brought to account in determining the result for the year.

Forward foreign exchange contracts are entered into as hedges to avoid or minimise possible adverse financial effects of movements in exchange rates. Exchange gains and losses and costs arising from these contracts are deferred and included in the determination of the amounts at which the transactions are brought to account.

t) Comparative figures

The PTA was established on 1 July 2003 and consequently comparative figures are not available.

u) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars.



Transwa's Josephine Celenza, Mirka Di Salvio, Paul Nayler and Steve McCullagh.

2. Employee expenses

Wages and salaries	47,475
Payroll tax	3,396
Superannuation	4,579
Workers compensation	2,826
Changes to provision for annual and long service leave (i)	3,812
TOTAL	62,088

(i) These employee expenses include superannuation, payroll tax and workers compensation premiums as employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefit liabilities at Note 24.

3. Supplies and services

Consultants and contractors	45,723
Materials	6,204
Vehicle costs, computer supplies, commissions and other	21,693
TOTAL	73,620

4. Depreciation and amortisation expense

Buildings	1,635
Freight network infrastructure	5,431
Rollingstock	6,095
Railway infrastructure	21,255
Plant, equipment and motor vehicles	1,484
Bus infrastructure	4,139
Vessels	176
Buses	19,998
Leased railcars	3,594
TOTAL	63,807

5. Borrowing costs expense

Western Australian Treasury Corporation loans	65,818
Commonwealth loans	313
Financial lease finance charges	127
Interest expense on prepaid freight network infrastructure operating lease	3,362
Other interest	77
TOTAL	69,697

6. Grants and subsidies expense

Bus operators	132,676
Ferry services	503
Regional bus services	6,651
Student fare concessions	3,765
School bus services	65,128
TOTAL	208,723

7. Capital user charge

Capital user charge	23,976
---------------------	--------

A capital user charge rate of 8% has been set by the Government for 2003/04 and represents the opportunity cost of capital invested in the net assets of the PTA used in the provision of outputs. 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.

8. Other expenses from ordinary activities

Grant to Main Roads Western Australia for the construction of Mandurah Bus Station	799
Grant to City of Mandurah for construction of Mandurah Bus Station	296
Notional charge for land valuation provided by Department of Land Information	1,013
TOTAL	2,108

9. User charges and fees

Transperth system revenue	72,115
Country passenger operations revenue	7,608
TOTAL	79,723

10. Land rationalisation lease revenue

Rental income from land rationalisation	83
---	-----------

A 99-year operating lease for 118 grain receival sites was entered into with Co-operative Bulk Handling (CBH) in 2003. Rental income for 99 years of \$7.45 million was received in full at the commencement of the lease, and is accounted for as revenue over the 99-year lease period, with the prepaid portion shown as deferred income (see Note 26).

A further 99-year operating lease for 15 grain receival sites was entered into with CBH in 2004. Rental income for 99 years of \$852,500 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 26).

11. Operating lease revenue

Rental income from freight network infrastructure	18,540
---	---------------

12. Grants and subsidies

Department for Planning and Infrastructure (DPI) – Perth CAT costs	6,731
Department of Education grant	359
Moorine Rock primary school	3
DPI – Safer Transport grant	12,694
TOTAL	19,787

13. Net gain/(loss) on disposal of non-current assets

Gain on disposal of non-current assets:

Buses	95
Land	920
Other	385

NET GAIN/(LOSS)	1,400
------------------------	--------------

Comprised:

Gross proceeds on sale of buses, land and others	2,805
Less: written-down value	(1,405)

NET PROFIT/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS	1,400
--	--------------

14. Other revenues from ordinary activities

Rents and leases	7,024
External works	1,352
Contribution of assets – City of Wanneroo	3,000
Advertising income	3,249
Liquidated damages	2,272
Miscellaneous	3,398
TOTAL	20,295

15. Revenues from State Government

Appropriation revenue received during the year:

Output appropriations (i)	399,714
Resources received free of charge (ii):	
Department of Land Information	1,013
TOTAL	400,727

(i) Output appropriations are accrual amounts reflecting the full cost of outputs 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) Commencing with the 2003/04 audit, the Office of the Auditor General will be charging a fee for auditing the accounts, financial statements and performance indicators. The fee for the 2003/04 audit is \$132,000 (GST inclusive) and will be due and payable in the 2004/05 financial year.

16. Restricted cash assets

The following cash assets are restricted because they are held by the PTA on behalf of third parties, subject to certain conditions.

Contractors' deposits	719
Railway Servants' Benefit Fund	283
TOTAL	1,002

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.

17. Inventories

Inventories at cost	7,857
Less: provision for obsolescence	(418)
TOTAL	7,439

18. Receivables

Debtors	6,105
Less: provision for doubtful debts	(379)
Goods and Services Tax receivable	5,954
Other receivables – external works	31
TOTAL	11,711

19. Amounts receivable for outputs

Non-current	75,575
TOTAL	75,575

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

20. Other assets

Other current assets:

Prepayments	952
Cash advance to Main Roads WA on New MetroRail project	3,900
Deferred cost on foreign exchange hedging contract	1,765
Foreign exchange hedging contract receivable	50,287
TOTAL	56,904

21. Property, plant, equipment and vehicles

2004	Fair value \$000	Accumulated depreciation \$000	Carrying amount at 30 June 2004 \$000
Owned assets:			
Freehold land	174,913	0	174,913
Buildings	37,784	1,635	36,149
Freight network infrastructure	250,298	5,431	244,867
Rollingstock	136,878	6,095	130,783
Railway infrastructure	520,763	21,255	499,508
Plant, equipment and motor vehicles	4,509	1,484	3,025
Bus infrastructure	73,739	4,139	69,600
Vessels	576	176	400
Buses	178,220	19,998	158,222
Leased assets:			
Railcars	65,828	3,594	62,234
Construction in progress	476,717	0	476,717
TOTAL	1,920,225	63,807	1,856,418

Fair value has been determined on the basis of engineering expert valuation, or Valuer General's Office, or latest prices in the market for equivalent assets as at 1 July 2003. Additions during the year have been included at cost.

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

Reconciliations

2004	Carrying amount at the start of the year \$000	Non- reciprocal transfers from govt agencies* \$000	Additions at cost \$000	Disposals \$000	Depreciation \$000	Carrying amount at the end of the year \$000
Freehold land	0	196,814	0	(21,901)	0	174,913
Buildings	0	31,001	6,783	0	(1,635)	36,149
Freight network infrastructure	0	250,298	0	0	(5,431)	244,867
Rollingstock	0	110,513	26,365	0	(6,095)	130,783
Railway infrastructure	0	501,542	19,221	0	(21,255)	499,508
Plant, equipment and motor vehicles	0	2,893	1,616	0	(1,484)	3,025
Bus infrastructure	0	68,137	5,602	0	(4,139)	69,600
Vessels	0	576	0	0	(176)	400
Buses	0	168,470	10,682	(932)	(19,998)	158,222
Leased railcars	0	65,828	0	0	(3,594)	62,234
Construction in progress	0	278,548	198,169	0	0	476,717
TOTAL	0	1,674,620	268,438	(22,833)	(63,807)	1,856,418

* Following the establishment of the PTA on 1 July 2003, all assets transferred from WAGRC and Transperth assets from DPI are recorded at fair value, as required by Treasurer's Instruction 955.

22. Payables

	2004 \$000
Trade payables	5,694
Accrued expenses – operational	37,489
Accrued expenses – salaries	3,321
Accrued expenses – interest	18,356
Other payables	1,456
TOTAL	66,316

2004
\$000

23. Interest-bearing liabilities

(a) Current

Western Australian Treasury Corporation loans	33,735
Finance lease liability (i)	8,868
Commonwealth loans	382
TOTAL	42,985

(b) Non-current

Western Australian Treasury Corporation loans	1,072,318
Finance lease liability (i)	10,648
Commonwealth loans	4,638
TOTAL	1,087,604

Finance lease liability

Minimum lease payments	19,624
Deduct - future finance charges	(108)
TOTAL	19,516

(i) Lease liabilities are effectively secured under the terms and conditions of the lease. The carrying amounts of non-current assets under the finance lease are:

Electric railcars	62,234
--------------------------	---------------

24. Provisions

Provisions for employee benefits

(a) Current

Annual leave	6,101
Long service leave	4,614
TOTAL	10,715

(b) Non-current

Long service leave	2,307
TOTAL	13,022

Other provisions

Current

Public liability provision	792
Workers compensation	1,591
TOTAL	2,383

TOTAL PROVISIONS

Current	13,098
Non-current	2,307
TOTAL	15,405

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation, payroll tax and workers compensation premiums. The liability for such on-costs is included here.

The PTA considers the carrying amount of employee benefits approximates the net fair value.

Movements in provisions

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

	2004 \$000 Public liability provision	2004 \$000 Workers compensation
Carrying amount at the start of the year	700	725
Additional provisions recognised	235	2,905
Payments/other sacrifices of economic benefit	(143)	(2,039)
Carrying amount at the end of the year	792	1,591

2004

\$'000

25. Other liabilities

Contractors' deposits	719
Payments held in suspense	187
Railway Servants' Benefit Fund	283
Foreign exchange hedging contract payable	52,052
TOTAL	53,241

26. Deferred income – operating leases

(a) Current

Freight network infrastructure prepaid operating lease	14,319
Co-operative Bulk Handling 99-year lease	83
TOTAL	14,402

(b) Non-current

Freight network infrastructure prepaid operating lease	220,801
Co-operative Bulk Handling 99-year lease	7,983
TOTAL	228,784

TOTAL	243,186
--------------	----------------

27. Contributed equity

Contributions by owner from WAGRC (i)	391,467
Contributions by owner from DPI (i)	5,185
Capital contributions (ii)	108,533
Distribution to owner	(21,427)
CLOSING BALANCE	483,758

(i) Transfer of net assets from WAGRC and DPI following the establishment of the PTA on 1 July 2003 has been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position. The net assets were transferred at fair value.

(ii) Capital contributions received during the financial year ending 30 June 2004 have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.

28. Accumulated surplus/(deficiency)

Change in net assets	26,369
CLOSING BALANCE	26,369

29. Notes to the Statement of Cash Flows

a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash assets	9,815
Restricted cash assets (refer to note 16)	1,002
TOTAL	10,817

b) Financing facilities

The PTA has a short-term liquidity facility of \$200 million with the Western Australian Treasury Corporation.

Amounts drawn from this facility as at 30 June 2004	0
---	----------

The Western Australian Treasury Corporation has provided a facility of \$US 99 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 2004 none of this facility has been drawn.

c) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net (cost of)/surplus from services	(374,358)
Non-cash items:	
Depreciation	63,807
Asset contribution	(4,309)
Resources received free of charge	1,013
Main Roads WA contribution	427
Other non-cash adjustments	130
(Increase)/decrease in assets:	
Current receivables	(3,420)
Current inventories	(2,076)
Other current assets	(56,674)
Increase/(decrease) in liabilities:	
Current payables	8,716
Current provisions	3,928
Other current liabilities	52,506
Deferred income operating lease	(851)
Non-current provisions	841
Non-current deferred operating lease revenue	(13,635)
Change in GST receivables/payments	(2,540)
NET CASH USED IN OPERATING ACTIVITIES	(326,495)

30. Commitments for expenditure

a) Capital expenditure commitments contractually committed as at 30 June 2004

Within one year	437,300
Later than one year and not later than five years	687,556
Later than five years	65,340
TOTAL	1,190,196

The capital commitments include amounts for:

Railway infrastructure	794,793
Bus infrastructure	2,858
Railcars – Transperth Train Operations	125,434
Railcars – Transwa	4,206
Plant, equipment and motor vehicles	18,158
Buses	244,747
TOTAL	1,190,196

b) Finance leases amounts due

Within one year	8,942
Later than one year and not later than five years	10,682
Later than five years	0
Minimum lease payments	19,624
Deduct – future finance charges	(108)
TOTAL	19,516

c) Non-cancellable operating leases amounts due

Within one year	400
Later than one year and not later than five years	330
TOTAL	730

d) Maintenance contract commitments

Within one year	11,037
Later than one year and not later than five years	43,183
Later than five years	127,103
TOTAL	181,323

31. Contingent liabilities and contingent assets

(a) There is a potential claim related to a disputed contract. The contract was transferred as part of the sale of the Westrail freight business on 17 December 2000, but the dispute dates back to the period when WAGRC was the contractor. The PTA has not yet received a direct claim under the contract. At this stage, the extent of the PTA's potential liability cannot be reliably quantified.

(b) The PTA has provided an income tax indemnity to Deutsche Bank concerning the early termination of a rollingstock lease that cannot be reliably quantified.

(c) The PTA has provided an income tax indemnity to LUL Nominees concerning the early termination of a rollingstock lease that cannot be reliably quantified.

(d) The PTA has entered into an agreement with the City of Wanneroo which will require the PTA to pay \$3 million to the City of Wanneroo if the Government of Western Australia approves the allocation of funds to the PTA to extend the passenger railway line north of Clarkson.

32. Remuneration of members of the Accountable Authority and senior officers

a) 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:

	2004
\$190,001-\$200,000	1

2004
\$000
194

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

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.

b) Remuneration of senior officers of the Accountable Authority

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:

	2004
\$10,001-\$20,000	1
\$20,001-\$30,000	1
\$60,001-\$70,000	1
\$100,001-\$110,000	2
\$120,001-\$130,000	5
\$180,001-\$190,000	1
	11

2004
\$000
1,119

The total remuneration of the senior officers is:

The superannuation included here represents the superannuation expense incurred by the PTA in respect of senior officers, other than the senior officer reported as a member of the Accountable Authority.

No senior officer is a member of the Pension Scheme.

33. Financial instruments

a) Interest rate risk exposure

The following table details the PTA's exposure to interest risk as at the reporting date:

2004	Note	Weighted average effective interest rate %	Floating interest rate(i) \$000	1 year or less \$000	Fixed interest rate over 1 to 5 years \$000	maturing in: more than 5 years \$000	Non- interest bearing \$000	Total \$000
Financial assets								
Cash assets	29	4.96%	9,815					9,815
Restricted cash assets	16	4.96%	1,002					1,002
Receivables	18						11,711	11,711
TOTAL			10,817				11,711	22,528
Financial liabilities								
Payables	22						66,316	66,316
Other liabilities	25						1,189	1,189
Interest-bearing liabilities								
W.A.T.C. loans (ii)	23	5.98%		408,102	306,036	391,915		1,106,053
Commonwealth loans	23	5.92%				5,020		5,020
Lease liabilities	23	6.53%	19,516					19,516
TOTAL			19,516	408,102	306,036	396,935	67,505	1,198,094

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

(ii) Western Australian Treasury Corporation loans.

b) Credit risk exposure

The PTA's credit risk on financial assets, which have been recognised in the Statement of Financial Position, 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 credit-worthiness 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.

c) Financial exchange risk exposure

The purpose of foreign currency hedging activities is to protect against the risk that the eventual Australian dollar outflows in respect of purchases in foreign currency may be adversely affected by changes in exchange rates. The PTA does not enter into hedge transactions for speculative purposes.

The PTA has an exposure to changes in foreign exchange rates resulting from the following:

i) Bus replacement program

The bus replacement program requires payment for bus chassis to be made in Euros. The PTA uses forward exchange contracts in Euros to hedge this risk. The contracts are timed to mature when major bus chassis components are scheduled to be delivered and to cover anticipated purchases for the ensuing financial years.

ii) Smartcard ticketing

The smartcard ticketing program requires payment for equipment purchases to be made in Great Britain pounds. The PTA uses forward exchange contracts in Great Britain pounds to hedge this risk. The contracts are timed to mature when the equipment is scheduled to be delivered and to cover anticipated purchases for the ensuing financial year.

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

Contracts	2004 \$000 Buy Euro Sell Aus \$	2004 \$000 Buy Great Britain Pound Sell Aus \$	2004 \$000 Total
Maturity:			
0-6 months	9,630	8,630	18,260
6-12 months	6,111	846	6,957
12-24 months	12,570		12,570
24-36 months	12,500		12,500
Total	40,811	9,476	50,287

Average exchange rates

	2004 Rate	2004 Rate
Maturity:		
0-6 months	0.5430	0.4109
6-12 months	0.5445	0.3713
12-24 months	0.5445	
24-36 months	0.5445	

As these contracts are hedging anticipated purchases of bus chassis and smartcard ticketing equipment, any unrealised gains or losses on the contracts, together with the cost of the contracts, have been deferred and will be recognised in the financial statements at the time the purchase occurs.

Amounts receivable and payable on forward contracts are included in the Statement of Financial Position as at 30 June 2004.

The following gains or losses have been deferred at 30 June 2004 and included in the Statement of Financial Position:

	2004 \$000
Deferred losses	1,765

d) Net 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, determined in accordance with the accounting policies disclosed in Note 1 to the Financial Statements.

34. Supplementary financial information

(a) Losses written off:	
Thefts of cash, equipment and stores	12
(b) Stocks – discrepancies	0
– obsolescence, damage, surplus	0
(c) Revenue written off	10
(d) Gifts of public property	0
TOTAL	22

35. Revenue and cost of services explanatory statement

The PTA was established on 1 July 2003 and consequently a comparison with previous year results is not possible.

Comparison of the actual results for 2003/04 compared to the estimated income and expenses

	Estimate \$000	Actual \$000	Variance \$000
Revenue from ordinary activities	128,728	141,154	12,426
Total cost of services	524,368	515,512	8,856
Net cost of (surplus from) services	395,640	374,358	21,282

Revenue

Revenue was \$12.4 million (9.6%) above the estimate. The variations include the following major items that were not budgeted for:

- i) A contribution of \$3 million from the City of Wanneroo for the construction of a road bridge at Quinns Road;
- ii) A claim for liquidated damages of \$2.3 million in accordance with contract conditions;
- iii) External works of \$1.4 million including principal shared paths and electrical isolations;
- iv) Advertising revenue of \$1.7 million from changed contractual arrangements and timing of receipt of funds;
- v) Resources received free of charge of \$1 million from the Department of Land Information; and,
- vi) Sale of land at Joondalup of \$900,000.

Total cost of services

Cost of services for the year was \$8.8 million (1.7%) under the estimate. There were several significant positive and negative variations compared to budget that contributed to this minor overall variation. These variations include:

- i) A lower capital-user charge of \$16 million, arising out of a decision not to transfer the residual debt, following the sale of the Westrail freight business, from the PTA to the Department of Treasury and Finance because of legislative restrictions;
- ii) Increased depreciation of \$4.3 million due to the recording of assets at fair value;
- iii) Increased infrastructure maintenance costs of \$1.9 million, including Goongoonup Bridge and Stirling Station; and,
- iv) The cost of \$1 million for land valuation services provided free of charge by the Department of Land Information.

36. Output information

2004	Metropolitan and regional passenger services	Country passenger rail and road coach services	Regional school bus services	Rail corridor and residual freight issues	Total
	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES					
Expenses from ordinary activities					
Employee expenses	44,908	9,185	2,012	5,983	62,088
Supplies and services	51,747	14,746	1,688	5,439	73,620
Depreciation and amortisation expense	51,277	4,389	109	8,032	63,807
Borrowing costs expense	38,970	4,149	0	26,578	69,697
Grants and subsidies expense	140,934	0	67,789	0	208,723
Capital user charge	19,413	1,629	0	2,934	23,976
Energy and fuel	6,868	1,441	0	471	8,780
Land rationalisation expense	0	0	0	2,713	2,713
Other expenses from ordinary activities	1,095	0	0	1,013	2,108
Total cost of services	355,212	35,539	71,598	53,163	515,512
REVENUES FROM ORDINARY ACTIVITIES					
Revenues from operating activities					
User charges and fees	72,115	7,608	0	0	79,723
Land rationalisation lease revenue	0	0	0	83	83
Operating lease revenue	0	0	0	18,540	18,540
Grants and subsidies	6,731	0	362	12,694	19,787
Revenues from non-operating activities					
Interest revenue	0	0	0	1,326	1,326
Profit on disposal of non-current assets	0	95	0	1,305	1,400
Other revenues from ordinary activities	6,764	17	27	13,487	20,295
Total revenues from ordinary activities	85,610	7,720	389	47,435	141,154
NET COST OF SERVICES	269,602	27,819	71,209	5,728	374,358
REVENUES FROM STATE GOVERNMENT					
Output appropriation	262,081	27,601	69,954	40,078	399,714
Resources received free of charge	0	0	0	1,013	1,013
Total revenues from State Government	262,081	27,601	69,954	41,091	400,727
CHANGE IN NET ASSETS	(7,521)	(218)	(1,255)	35,363	26,369

37. The impact of adopting International Accounting Standards

The Australian Accounting Standards Board (AASB) is adopting the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005. AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires financial reports to disclose information about the impacts of any changes in accounting policies in the transition period leading up to the adoption date.

The PTA is managing the transition to Australian Equivalents to International Financial Reporting Standards (IFRS's) with the establishment of a project team consisting of a working group analysing the current Australian Accounting Standards, Financial Administration and Audit Act, and Treasurer's Instructions and comparing them to the proposed Australian Equivalents to IFRS's and the associated new Treasurer's Instructions and Financial Administration and Audit Act. Any differences in accounting policies that are expected to arise are then documented and the project team is responsible for implementing new accounting policies and procedures to comply with the Australian Equivalents to IFRS's.

A steering committee has also been established to monitor the progress towards adoption of the Australian Equivalents to IFRS's and to provide key policy decision making.

Currently there appears to be no key differences in the PTA's accounting policies that are expected to arise from adopting Australian Equivalents to IFRS's.



New railcar undergoing track testing on the Northern Suburbs Railway.

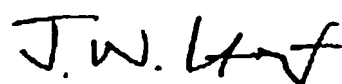
Certification of Financial Statements for the year ended 30 June 2004

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 2004 and the financial position as at 30 June 2004.

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



R Waldock
Accountable Authority
31 August 2004



J W Leaf
Principal Accounting Officer
31 August 2004



Bernard Currin tests a railcar saloon door.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

PUBLIC TRANSPORT AUTHORITY OF WESTERN AUSTRALIA FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion,

- (i) the controls exercised by the Public Transport Authority of Western Australia 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
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Authority at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

Scope

The Chief Executive Officer's Role

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

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

An audit does not guarantee that every amount and disclosure in the financial statements 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.

D D R PEARSON
AUDITOR GENERAL
September 24, 2004

Contact details

Principal office

Street address: Public Transport Authority of Western Australia
Public Transport Centre
West Parade
East Perth WA 6004

Postal address PO Box 8125
Perth Business Centre
Perth WA 6849

Australian Business Number: 61 850 109 576

Telephone

General administration enquiries (08) 9326 2000
(office hours only)

Transperth InfoLine 13 62 13

Transwa Booking Centre 1300 6622 05
(Prospector, Australind, AvonLink and coach services)

Internet

www.pta.wa.gov.au

Publications available to the public

For copies of publications available to the general public, please contact:

David Leith, Manager, Corporate Communications

Ph: 08 9326 2764

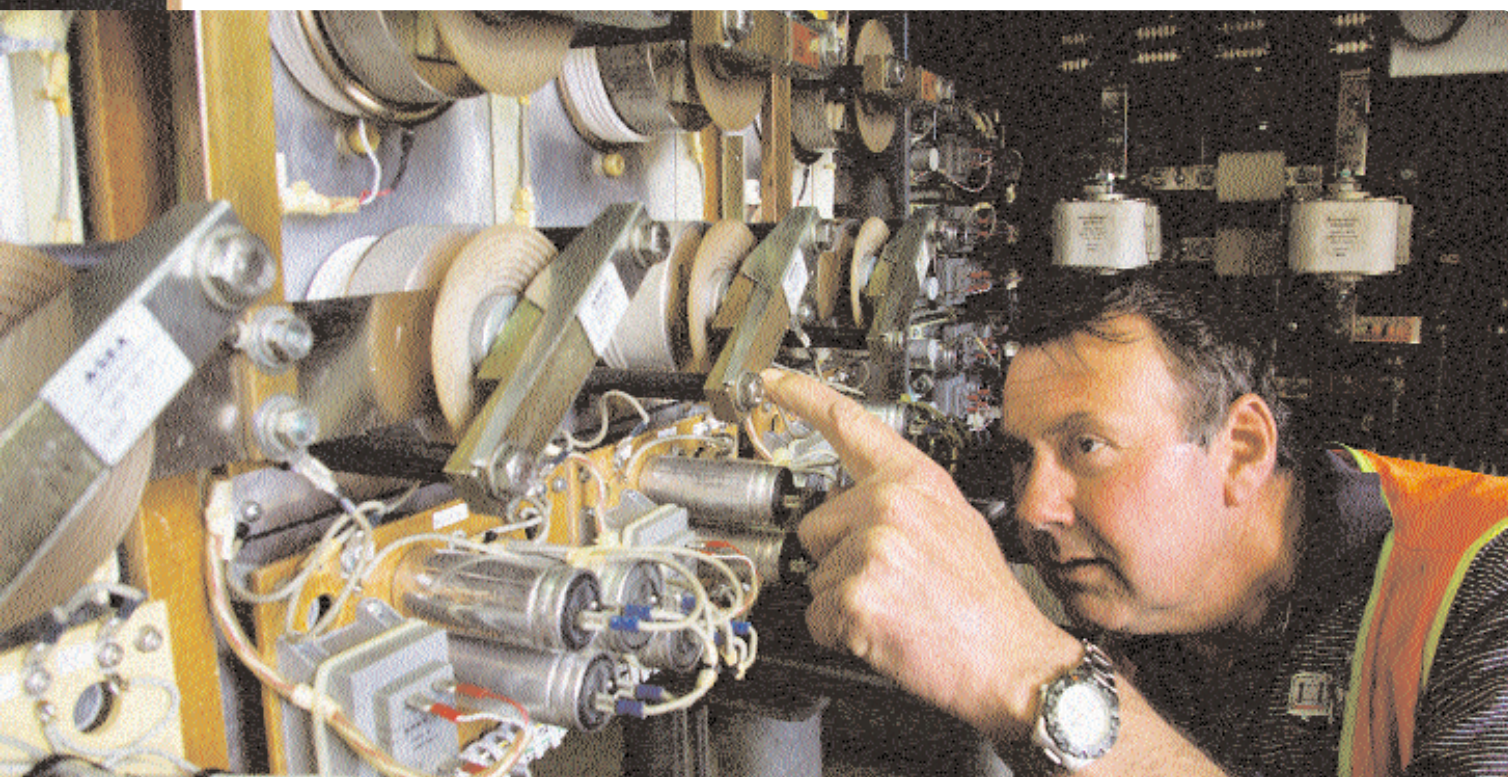
Fax: 08 9326 2755

Freedom of Information Act Information Statement inquiries should be directed to:

Bernard Martinovich, Manager, Corporate Issues and Compliance

Ph: 08 9326 2368

Fax: 08 9326 2936



John Churchman inspects an urban railcar's main converter.