



Public Transport
Authority

annual report
2007-2008



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To the Hon. Simon O'Brien MLC Minister for Transport

In accordance with Section 61 of the *Financial Management Act 2006*, I submit for your information and presentation to Parliament the Annual Report of the Public Transport Authority of Western Australia for the year ended 30 June 2008. The report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Reece Waldoock
Chief Executive Officer



introduction

Who are we?

The Public Transport Authority of Western Australia (PTA), which was formed on 1 July 2003, is responsible for the operation of all bus, train and ferry public transport services in the greater metropolitan area under the Transperth brand. It also operates public transport services in regional centres, operates road coach and rail passenger services to regional areas under the Transwa brand, and administers and manages school bus services.

In addition to these transport services, the PTA is responsible for designing, building and maintaining public transport infrastructure, and for protecting the long-term viability of Western Australia's freight rail corridor and infrastructure.

The PTA delivers public transport services seven days a week and in some cases up to 24 hours a day.

As at 30 June 2008, the PTA had 1351 employees spread across the metropolitan area, from Nowargup in the north to Mandurah in the south and Midland in the east, as well as in major regional centres such as Albany, Bunbury, Esperance, Geraldton and Kalgoorlie.

The PTA's purpose

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

The PTA's aim

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

The PTA's values

The people of the PTA:

- ▶ Value and respect customers, suppliers and each other.
- ▶ Are committed to safety.
- ▶ Encourage each other to reach their full potential.
- ▶ Are honest and exhibit high levels of integrity, openness and ethical behaviour.
- ▶ Recognise and reward achievement, initiative and innovation.
- ▶ Strive for continuous improvement in everything they do.
- ▶ Are environmentally responsible.

Fulfilling the Government's vision for Western Australia

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

- ▶ Better Services
- ▶ Jobs and Economic Development
- ▶ Lifestyle and the Environment
- ▶ Regional Development
- ▶ Governance and Public Sector Improvement

In this report, the PTA fulfils this reporting obligation by identifying the relevant strategic outcomes and the contribution the PTA has made to them in 2007/08 through:

- ▶ Operational reports which show the effectiveness and efficiency of the PTA's transport services – see pages 8 - 41.
- ▶ Compliance reports – see pages 50 - 55.

- ▶ Audited key performance indicators report – see pages 69 - 94.
- ▶ Audited financial report – see pages 95 - 137.

Measuring effectiveness and efficiency

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

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

The PTA's indicators of success in achieving the first of these outcomes are based on patronage and service provision, accessibility, reliability, customer satisfaction, safety and cost-efficiency. Its indicators of success in achieving the second of these outcomes are based on quality management of the railway corridor and residual issues of the rail freight network. Note that the rail freight network was leased to private sector operators in 2000.

Customer Service Charter PTA achievements

The PTA is a customer-service oriented organisation, responsible for the delivery of efficient and sustainable passenger transport services to the public. It operates under the following Customer Service Charter:

- ▶ The PTA is committed to providing a quality passenger transport service to the public.
- ▶ Our bus, train and ferry staff and contractors are focussed on delivering safe and reliable services.
- ▶ Our staff and contractors will treat customers in a respectful and professional manner.
- ▶ Our buses, trains, ferries and facilities will be clean and well presented.
- ▶ Current information about all PTA services will be available from customer service staff, brochures, timetables, our call centres and our website.
- ▶ The PTA will plan and review passenger transport services in consultation with the community to get the best results.
- ▶ The PTA will plan and provide transport systems that respect the environment and improve sustainability.
- ▶ To help us improve our services we value your feedback on our PTA CommentLine, 13 16 08, or via our websites, www.pta.wa.gov.au or www.transperth.wa.gov.au for specific Transperth business.

The PTA's major achievements in 2007/08 were:

- ▶ Public transport boardings on the urban system (Transperth) continued to record excellent growth – total boardings increased by 7.8 per cent to 108.794 million, while fare-paying boardings increased by 10.1 per cent to 68.231 million.
- ▶ Transwa services to regional areas were maintained despite major track works being undertaken, which affected patronage and passenger place kilometres. However 88 per cent of passengers were either satisfied or very satisfied with the service they received.
- ▶ The completion of the New MetroRail (NMR) project, with the official opening of the Mandurah Line on 23 December 2007.
- ▶ The introduction of a comprehensive bus feeder network across Perth's southern suburbs (to coincide with the opening of the Mandurah Line), with 62 new services including some into previously unserved areas of the southern corridor.
- ▶ The \$16.3 million Rockingham City Centre Transit System (RCCTS) was opened on 24 December 2007, providing a dedicated bus transit way between Rockingham Station and the Rockingham City Centre.
- ▶ The completion of the SmartRider ticketing project, covering all Transperth services, at an overall cost of \$33.3 million.
- ▶ The opening of the two new underground stations in the CBD – Perth Underground and Esplanade – following the successful completion of the major shutdown on 15 October 2007.
- ▶ Nil non-compliances and 12 observations (compared with three non-compliances and 27 observations in 2006/07) from the annual rail safety compliance audit by the Office of Rail Safety (ORS) in November 2007, with all observations closed out by 28 March 2008.
- ▶ The installation and successful operation of level-crossing infringement cameras at two crossings on the Armadale Line (Welshpool Road, Welshpool and Kelvin Road, Maddington), a project which is an important initiative in reducing the risk of collisions at level crossings.

The PTA is a customer-service oriented organisation, responsible for the delivery of efficient and sustainable passenger transport services to the public.





The year reviewed in this report, 2007/08, has been one of the most significant in the relatively short history of the PTA as well as that of its predecessors.

For an organisation in the business of public transport, there can be few achievements more noteworthy than a major expansion of its network – and that's precisely what we did this year.

The start of passenger services on the Mandurah Line on 24 December, 2007 meant that, overnight, the PTA increased the size of its rail network by 70 per cent; increased its railcar fleet by 34 per cent; added 62 new feeder bus routes; and increased the size of its potential catchment by about four hundred thousand people.

chief executive officer's overview

But the real story of the Mandurah Line did not emerge for several months. As early as mid-March 2008 it was obvious that the line, the \$1.3 billion jewel in the New MetroRail crown, was a runaway success. Patronage was already nudging the forecast 50,000 weekday boardings, with passenger throughput at some stations well in excess of expectations. To a certain extent, the line became a victim of its own success as car parks began to fill up and peak-hour services approached capacity.

At \$1.66 billion, NMR was the biggest public infrastructure undertaking in WA's history, as statistics for the Mandurah Line alone attest. They include:

- ▶ 2 million cubic metres of earthworks
- ▶ 18 bridges and structures
- ▶ 11 stations, more than 5200 car bays, 19 lifts and 26 escalators
- ▶ Two electrical feeder stations (25KV a.c. power)
- ▶ 71.4km of double-track railway
- ▶ 770m of twin-bored tunnel
- ▶ 594m of cut-and-cover tunnel
- ▶ 250,000 concrete sleepers
- ▶ 14,500 tonnes of 50kg rail track and 650 tonnes of 60kg rail track
- ▶ 22km of slab track
- ▶ 45,000 cubic metres of concrete
- ▶ 125,000 cubic metres of ballast
- ▶ 1500 precast concrete masts
- ▶ Planting of 427,000 individual seedlings
- ▶ Collection of 315kg of seed from 100 different local species

As well as the Mandurah Line, NMR had previously delivered the Thornlie spur line and station, improvements on the Armadale Line, a major upgrade and extension of the Joondalup Line (to Clarkson, plus the Nowergup Depot), and 31 state-of-the-art three-car trains, virtually doubling our rollingstock. This year we unveiled the world-class facilities at Perth Underground and Esplanade Station.

NMR was a massive, long-term undertaking and my thanks and congratulations go to everyone who worked on the project or contributed in any way. I firmly believe that it will become an iconic piece of infrastructure and that, years from now, people will be able to look back with great pride and say: "I helped build that."

Our patronage numbers are equally impressive.

By year's-end, total boardings on the bus, train and ferry system which Transperth operates across the greater metropolitan area were at 108.8 million, up 7.8 per cent from 2006/07's 100.9 million (which was the first time we had topped 100 million). Fare-paying boardings rose 10.1 per cent to 68.2 million. In considering the relative contributions, the impact of the Mandurah Line is immediately apparent – with only six months' contribution from the new line, annual train total boardings jumped 19.2 per cent (to 42.6 million) and fare-paying boardings 25.6 per cent (to 28.5 million); while the corresponding bus figures were 1.7 per cent (to 65.7 million) and 1.2 per cent (to 39.4 million). In its first six months of operation (the second half of the year under review) the Mandurah Line contributed around 28 per cent of fare-paying boardings, compared with 27 per cent from the Joondalup Line. Even its most ardent supporters had not expected the Mandurah Line to outstrip the all-conquering Joondalup Line – at least certainly not at this early stage.

To say that we were simply in the right place at the right time ... that we just happened to open the Mandurah Line (and effect a host of other rail, bus and

infrastructure improvements across our whole system) at a time when support for public transport was on the rise, is to do our planners a great injustice. NMR was 10 years in the planning and about five years in construction. We knew that Perth's suburbs would continue to sprawl south and, to a lesser extent, north, and we knew that we had a responsibility to provide the best possible public transport service to these new and future communities.

However, not even the most prescient of planners could have predicted the pace at which patronage would increase, propelled by the pressure of three significant factors:

- ▶ The resources boom in Western Australia continues to generate a massive net inflow of (foreign but especially domestic) migrants to WA, particularly Perth. This has accelerated housing and commercial development in public transport corridors.
- ▶ The sharp increase in the price of fuel, especially in the latter half of the year, is forcing people to reassess their travel options.
- ▶ There has been a dramatic increase in global concern about the impact of climate change, with growing acceptance that it is man-made and that there is a clear need to reduce our impact on the environment. In these circumstances, people are realising that public transport is not just for those who have no choice, but is a critical part of our future as a society.

The confluence of the latter two points meant the uptake of public transport increased around the country (and the world). Factoring in the resources boom,

an influence unique to WA, meant that we were under even more pressure. Further, an analysis of patronage patterns suggests that the improved connectivity offered by the upgrading and expansion of our integrated bus/train system itself became a drawcard, especially for day-trippers and family groups who took advantage of the excellent value offered by our DayRider and FamilyRider tickets.

Despite this pressure, Transperth, continued to provide a very high level of service, as did our regional operator, Transwa. The on-time running (OTR) of our urban trains improved to 90.2 per cent and should continue its upward trend after being kept to the mid-80s for two years in a row because of extensive trackwork, including for NMR. Bus reliability moved in the other direction, falling from 85.9 to 82.6 per cent. However, the result for both modes also reflected the introduction of sophisticated new OTR recording systems, which allow a much higher level of precision. At Transwa, though the AvonLink (99 per cent) and road coaches (95) achieved excellent OTR results, the MerredinLink (84) and especially the Prospector (42) were badly affected by a significant program of works to upgrade the Eastern Goldfields Railway (EGR), which started in August, 2007 and is not due for completion until August 2008. The Australind (83 per cent) was affected by speed restrictions imposed because of track conditions. However, this track is also about to undergo a major upgrade which, though it will disrupt services through much of 2008/09, should provide much better results in years to come.

Transperth and Transwa both continued to enjoy strong customer support during



chief executive officer's overview

the year, as evidenced by another round of high passenger approval and satisfaction levels in our annual Passenger Satisfaction Monitor (PSM). Overall satisfaction with the level of service offered by Transwa was 88 (previously 89) per cent; for Transperth (system-wide) it was virtually steady at 82.4 (83) per cent. Within that Transperth figure, the modal breakdown showed that overall satisfaction with our trains improved to 90 (previously 87) per cent, buses slipped to 78 (81) and ferries edged up to a remarkable 97 (96) per cent. Part of the reason for the train improvement (as well as Mandurah) was a welcome upturn in passenger safety perceptions on our system. Reflecting the big effort the PTA puts into passenger safety and security – especially on the rail system – the number of PSM respondents who said that they felt safe on board our trains at night jumped sharply to 78 (previously 71) per cent. The number who feel safe at stations and interchanges at night went up even more, from 58 to 68 per cent. The daytime figures were unchanged at 98 (on-board) and 96 (at the station) per cent.

Our school and regional town bus operations refined and expanded their services during the year and both continued to offer a high level of service to their respective customer bases.

Another milestone in an eventful year was the successful completion of the first 12 months of full operation of the SmartRider electronic ticketing system. Because of its flexibility and convenience, SmartRider – still the only operating system of its kind in Australia – has ushered in new levels of customer service. It has also given us, for the first time, immediate and precise statistical information on passenger movements, enabling us to more accurately refine our services to better suit our customers.

There is no doubt that we are on the brink of a revolution. Attitudes are changing and behaviour is changing. Public transport is seen as one of the ways in which we can achieve a sustainable future and, just as importantly, it is recognised as a viable solution accessible to everyone. We are on the verge of a period of major expansion for the public transport sector, the scene for which has been set over the past decade. The recent rate of growth has been remarkable. In 1968/69, 78/79 and 88/89, total boardings were in the mid-60s (million). Ten years later it was 74.3 million. In the next financial year, we expect the figure to comfortably exceed 110 million.

The boom has also reinvigorated development in the central city area, where construction is battling to keep up with demand for office and retail space. Over the next five to six years, the number of people working in and around the CBD is expected to increase by 20,000 to 30,000, placing enormous pressure on the already-straining road system and parking facilities. Increasing traffic congestion comes at a huge economic, environmental and social cost to the city. It is now being accepted that we cannot keep building roads; bus and train services will be the major means by which these pressures are overcome.

This also has not been unforeseen – as reported last year, we took a big step towards meeting this growing demand by ordering a further 15 three-car train sets (45 railcars), deliveries of which are expected to start at the beginning of 2009. These trains, the same as those ordered through NMR, are quieter, offer improved acceleration and comfort, have a practical see-through design and feature regenerative braking for improved energy efficiency. We have also accelerated deliveries of the Euro 4 Compressed Natural Gas (CNG) buses, with 233 expected over the next three years. While we have reconfigured and slightly expanded some of our car parking areas along the Mandurah Line and have a program under way to

extend parking on the Joondalup Line, we are also working actively to encourage our customers to look for ways other than Park 'n' Ride (e.g. bus, cycle, walk or drop-off) to get to the train.

Together with these various infrastructure acquisition and construction programs, the successful completion of the NMR project means the PTA is well-placed to stay ahead of the game at a time when transport authorities in other jurisdictions are falling behind or, at best, scrambling to keep up. Most importantly, we have a dedicated and enthusiastic team of people – the most valuable resource of all – who are committed to their workmates, the PTA and the future of their industry.

I am confident the PTA will rise to the occasion and stay ahead of demand for transport services in what seems certain to be one of the most challenging periods the sector has ever faced.



Reece Waldock
Chief Executive Officer





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

The Transperth system consists of a bus network, a fully-electrified urban train system and a ferry service. The system is managed by the Transperth branch of the Transperth System, Regional and School Bus Services division, which provides overall management of the Transperth system, including functions such as system planning, marketing and ticketing. The division also contract-manages key functions including bus service delivery.

Transperth bus and ferry services are provided under commercial contract arrangements, while Transperth train services are provided by the PTA's Transperth Train Operations (TTO) division.

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

objectives and outcomes

The objectives and outcomes for Transperth for 2007/08 were:

OBJECTIVE

Commence operations on the new Mandurah Line.

OUTCOME

Operations commenced on 24 December 2007 supported by:

An extensive feeder bus network, with all southern corridor bus services re-orientated to link the new bus/train interchanges with surrounding suburbs and key facilities.

An expanded customer service branch within TTO, including a large team of Passenger Ticketing Assistants integral to the operation of fare-gated major train stations.

Complete installation of the Customer Information System (CIS), a component of the PTA's new train control system designed to provide passengers with accurate, up-to-date and timely information on train services.

Installation commenced in May 2007 and is scheduled to be completed by August 2008.

OBJECTIVE

OUTCOME

Continue installation of the Recording and Passenger Information Dissemination System (RAPID) to A-series railcars.

RAPID was installed on 15 A-series railcars during the year, bringing the number completed to 34 out of the 48 A-series railcars. The program is expected to be completed in 2009/10.

Install new ticket-vending machines (TVM) for cash ticket sales at train stations on the Mandurah Line and replace existing machines at other train stations.

152 new TVMs were installed at the new Mandurah Line stations and at 42 of the other 60 stations on the network.

Encourage the use of public transport for special events.

The ongoing agreement for joint ticketing with the West Australian Football Commission continues into its second year, with all football and events patrons at Subiaco Oval having a public transport entitlement in their ticket/membership. This year saw the transition for southern suburbs passengers to travel to and from the football at Subiaco Oval with direct services by train. Other major events supported during the year included Anzac Day services, the Christmas Pageant, Skyworks, the Australian Surf Life Saving Championships, the Red Bull Air Race, World Masters Swimming Championships, the Perth Royal Show and the Freeway Bike Hike for Asthma.

Continue to pursue patronage growth, high passenger satisfaction, and a high level of on-time running.

Continuing the trend of the past eight years, fare-paying boardings on the Transperth system increased by 10.1 per cent, while total boardings* rose 7.8 per cent. The main contributing factor to this impressive growth in patronage was the new Mandurah Line, which increased fare-paying boardings on the train network by 25.6 per cent and total boardings by 19.2 per cent.

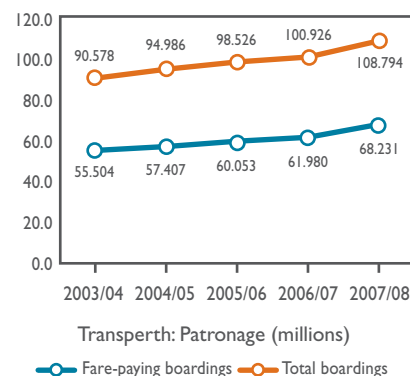
* See glossary

Patronage on the Transperth system continued to record excellent growth, and was significantly boosted from late December by the opening of the new Mandurah Line.

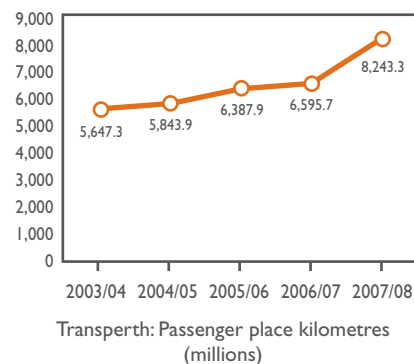


key service measures

Patronage and services provided



Patronage on the Transperth system continued to record excellent growth, and was significantly boosted from late December by the opening of the new Mandurah Line. In 2007/08, total boardings increased by 7.8 per cent to 108.794 million from 100.926 million in 2006/07, and fare-paying boardings rose 10.1 per cent to 68.231 million from 61.980 million.

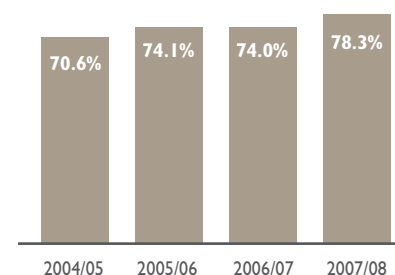


Passenger place kilometres also increased substantially. This metric is based on service kilometres and the average capacity of the fleet, and represents the total passenger carrying capacity provided on the Transperth bus, train and ferry network.

In 2007/08, total system passenger place kilometres recorded an increase of 25 per cent compared to a 3.3 per cent increase in 2006/07. In the five-year period from 2003/04, total capacity on the Transperth system increased by 46 per cent. Capacity on the train network expanded significantly between 2004/05 and 2005/06 following the establishment of new stations at Clarkson, Greenwood and Thornlie and

the introduction into service of three and six-car trains. The 24 December 2007 start of services on the new Mandurah Line resulted in a 44.4 per cent increase in train service kilometres in 2007/08, and a 53.4 per cent increase in train passenger place kilometres. The contribution of the bus network to growth in system passenger carrying capacity was relatively modest. In 2007/08, following a 1.9 per cent increase in service kilometres, bus passenger place kilometres increased by 1.3 per cent.

Access to public transport

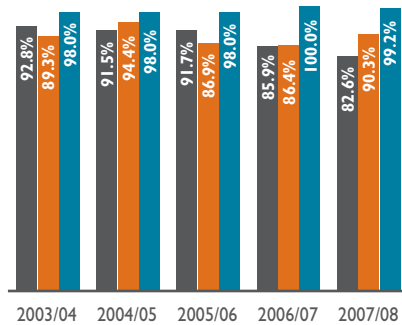


This measures the proportion of property street addresses in the Perth public transport area deemed to have an acceptable level of service.

The graph highlights the relative ease with which the community can access Transperth services. The ease of access is represented by the proportion of street addresses in the Perth Public Transport Area that are within walking distance (500m) of a Transperth bus stop or train station – considered as an Acceptable Service Level (ASL). Due to Transperth's use of modern technology, all bus stops and train stations are precisely located using a Global Positioning System (GPS). This enables the level of accessibility to public transport facilities to be measured against other spatial data, in this case property street addresses. In addition, Transperth has imposed a minimum of ASL, where every stop is assessed as to whether it has a 20-minute or better service in the peak flow direction during peak and at least an hourly service throughout the core of the day.

The increase to 78.3 per cent this year from a relatively static base for a number of years was due to the new Mandurah Line and in particular the expanded southern suburbs feeder bus network. The number of Transperth boarding points (bus stops and train stations) with an ASL rose 12.2 per cent from 5969 to 6698.

Reliability

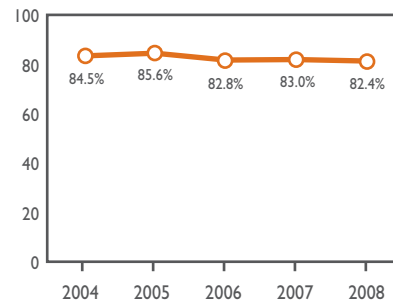


Transperth: Service reliability by mode
Proportion of services meeting on-time targets

■ Bus ■ Train ■ Ferry

The OTR of Transperth bus and ferry services is monitored using the GPS reporter functionality of the SmartRider ticketing system. For trains, on-time running is recorded through the train control system. These new technology-based developments represent more precise methods of gathering data than the physical checks previously used for buses and ferries, and the manual observations and recordings by train control staff. Therefore, while actual on-time running may not have varied significantly, the higher level of recording precision now available has resulted in a decline in the proportion of services meeting their reliability targets.

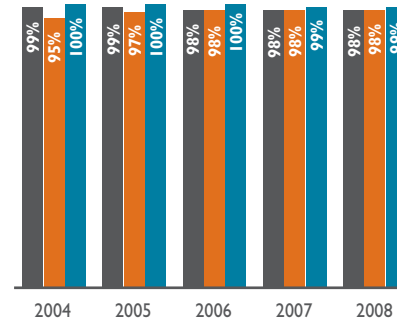
Passenger satisfaction



Customer satisfaction overall

An independent market research firm commissioned by Transperth carries out the annual PSM, to assess the level of satisfaction/dissatisfaction among passengers in regard to various aspects of Transperth services. The above graph shows the proportion of respondents who expressed satisfaction with the overall level of service on Transperth bus, train and ferry services, calculated as the weighted average across all modes. The small reduction in the overall satisfaction level recorded in 2008 was due to the decline in the level of satisfaction with Transperth's bus services, particularly frequency of buses on weekends.

Passenger safety



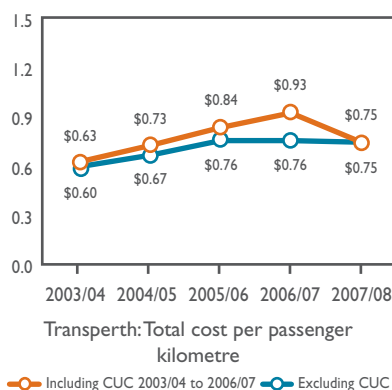
Transperth: Passenger safety
Proportion of respondents who generally feel safe aboard during the day

■ Bus ■ Train ■ Ferry

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

The PSM assesses customer perception of safety during the day and at night, on-board buses, trains and ferries, and at bus and train stations and ferry jetties. The graph shows that nearly all passengers feel safe aboard Transperth buses, trains and ferries during the day.

Efficiency

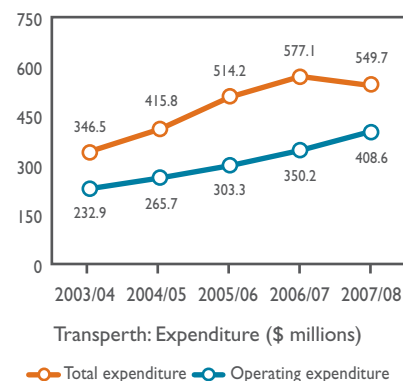


In 2007/08, Transperth system total cost per passenger kilometre fell 19.3 per cent from \$0.93 to \$0.75 following a 4.7 per cent decline in total costs and a 17 per cent increase in passenger kilometres.

The decline in total costs was due to the abolition of the Capital User Charge (CUC) which, in 2006/07, accounted for 29 per cent of total train costs, three per cent of total bus costs and 17.7 per cent of total system costs. Excluding the CUC, the cost per passenger kilometre in 2006/07 was \$0.76. Due to passenger kilometres increasing by 17 per cent, from 622.2 million in 2006/07 to 728.2 million, the cost per passenger kilometre in 2007/08 decreased to \$0.75.

The significant increase in system passenger kilometres was due to the extension of the rail network to Mandurah. The new line helped increase train fare-paying boardings by 25.6 per cent, resulting in train passenger kilometres increasing by 35 per cent from 271.6 million in 2006/07 to 366.6 million. Bus passenger kilometres also increased, by a relatively modest 3.1 per cent.

Expenditure and revenue



In 2007/08, total expenditure on the Transperth system fell by 4.7 per cent due to the abolition of the CUC. While total train costs fell by 14.1 per cent, bus and ferry total costs increased by 7.2 and one per cent respectively.

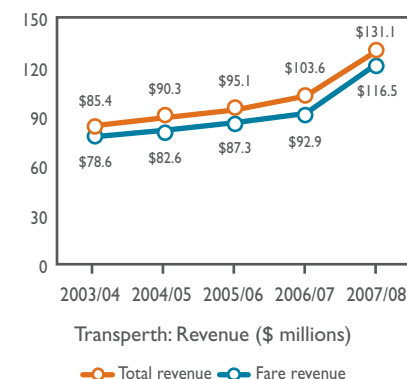
Excluding the CUC, total system cost in 2006/07 was \$475 million, 17.6 per cent less than the reported figure of \$577.1 million. Therefore, the system total cost of \$549.7 million in 2007/08 represents an increase of 15.8 per cent over the total ex-CUC cost in 2006/07. Train costs, excluding the CUC, recorded an increase of 21.7 per cent, and bus costs (also excluding the CUC) increased by 10.3 per cent.

The system operating cost (which excludes capital charges on long-life infrastructure) increased by 16.7 per cent in 2007/08. Train services recorded an increase of 26.2 per cent, while bus and ferry operating costs increased by 10.1 per cent and 1.4 per cent respectively.

The system total cost (excluding the CUC) increased in 2007/08 due mainly to:

- ▶ Energy costs on train services increasing by 35.5 per cent, train staff costs including security increasing by 36 per cent, and a 37.5 per cent increase in the cost of railcar maintenance.
- ▶ Fuel costs for bus services increasing by 17 per cent, and bus wage costs increasing by 4.3 per cent.
- ▶ Set-up costs for the bus feeder services along the Mandurah Line.

- ▶ Annual capital charges on train services (excluding the CUC) increasing by 13.9 per cent.



In 2007/08, fare-paying revenue and total revenue both recorded significant increases, of 25.4 per cent and 26.5 per cent respectively. Fare revenue includes funding for the Perth CAT service and contributions for specific bus services paid to Transperth in lieu of fares, while total revenue takes into account, in addition to fare revenue, other income comprising of advertising, rent, infringements, etc. The increase in fare revenue was due to the significant growth in system fare-paying boardings (10.1 per cent) and higher fares (4.8 per cent higher on average compared to 2006/07).

review of performance

Service reliability

Transperth changed the method of gathering data for its reliability performance in January 2007. More precise methods replaced the physical/staff-based assessments used previously, which resulted in a significant impact on outcomes.

Trains: The target for Transperth train services in 2007/08 was for 95 per cent of services to arrive within four minutes of the scheduled time. The result was 90.3 per cent of services meeting the target, compared with 86.4 per cent in 2006/07. It should be noted that up to 2006/07, the on-time target for train operations was for 95 per cent of trains to arrive within three minutes of the scheduled time. The target was changed in 2007/08 to take account of increased journey times and to ensure consistency across Transperth operations and with other Australian rail operators.

The inability to achieve 95 per cent on-time arrivals in 2007/08 was caused by longer dwell times at stations during peak periods due to increased patronage, the training of new drivers for Mandurah Line operations, system faults and failures, railcar faults and failures, and weather conditions.

Buses: The service reliability target for Transperth buses is to never depart from a terminus or travel through a mid-way timing point early, or more than four minutes later than the scheduled time.

In 2007/08 Transperth used the SmartRider's GPS reporter functionality to monitor bus OTR for the full year. Monitoring is based on a random sample of one per cent of trips in each of the bus contract areas (a substantial number, given there are more than 10,000 bus trips on a typical weekday). No other public transport jurisdiction in Australia has the technology and capacity to provide this precise level of automated checking of bus services.

The use of this precise measure has provided a more accurate picture of bus on-time performance. In 2007/08, 82.6 per cent of bus services operated within the four-minute tolerance period compared with 85.9 per cent in 2006/07. It should be noted that, in the first six months of 2006/07, when Transperth inspectors monitored OTR through physical checks, 92.6 per cent of services met the reliability target. With the checks run by GPS in the second half of the year, the figure fell to an average 81.5 per cent. Therefore, the 2007/08 result actually represents a marginal improvement. During the year, timetabled running times were extended, as required, to deal with the growing impact of traffic congestion on bus service reliability. However, this proved to be a constant catch-up process and the bus contractors had to bear the cost of congestion. In the longer term, more bus priority measures will be needed in Perth to keep bus travel times competitive with the option of car travel and to encourage sustainable transport behaviour.

Ferries: The target for the Transperth ferry is for services to arrive within three minutes of the scheduled time. In 2007/08, using GPS tracking to run the checks, 99.2 per cent of services met the reliability target, compared with 100 per cent in 2006/07.

Trends in patronage

Patronage on the Transperth system increased for the ninth year in succession. The most significant feature of the year's result was the exceptional growth rate on the Transperth train network following the start of services on the Mandurah Line.

In 2007/08, total boardings on the Transperth system increased by 7.8 per cent from 100.926 million in 2006/07 to 108.794 million, while initial boardings recorded an increase of 8.5 per cent to 80.588 million from 74.260 million. Fare-paying boardings rose 10.1 per cent from 61.980 million to 68.231 million.

All fare-paying boardings are recorded accurately, with SmartRider furthering the capability to report on fare-paying boardings precisely and quickly. On average, around 62 per cent of passenger boardings now occur with passengers using SmartRider, and therefore transfers (which are not fare-paying boardings) are also recorded. Though Transperth is still required to estimate transfers for cash ticket passengers, the SmartRider data provides an accurate model of passenger behaviour on which to base these estimates. Previously, cash transfers to



bus and ferry were manually recorded by drivers using the on-board ticket-issuing machines, while MultiRider (the previous ticketing system) transfers were recorded on ticket validating machines on buses and at the ferry jetties. On the train network, cash and MultiRider transfers were determined using a factor derived from the 2005 video count of passengers. This estimation process for cash ticket transfers has been replaced since July 2007 with the much more accurate modelling available with SmartRider.

With regard to longer-term trends, over the period 2003/04 to 2007/08, total boardings on the Transperth system increased by 20.1 per cent, at an average annual rate of 4.7 per cent, while fare-paying boardings rose 22.9 per cent, at an average annual rate of 5.3 per cent. During this period, total boardings on buses increased at an average annual rate of 2.7 per cent, and on trains at an average annual rate of 8.2 per cent. The average annual rate of increase in fare-paying boardings during the period was 2.1 per cent for bus and 10.9 per cent for train. Patronage on the Transperth ferry service, which had achieved significant gains in 2005/06 and 2006/07, fell sharply in 2007/08 with total boardings declining by 15 per cent and fare-paying boardings by five per cent. The change in the methodology for the calculation of transfers (i.e. the change from manual recording to a system based on SmartRider tracking)

had a significant adverse impact on ferry boarding statistics.

Total capacity provided on the Transperth system expressed in terms of passenger place kilometres continued to increase. In 2007/08, Transperth provided total capacity amounting to 8243.3 million passenger place kilometres, an increase of 25 per cent on the 6595.7 million recorded in 2006/07.

On a per-capita basis, public transport usage within the Perth metropolitan area in 2007/08 increased to 49.7 initial boardings from 48.7 in 2006/07. The population of the City of Mandurah was added to the Perth Statistical Division for the 2007/08 calculation, to take account of Mandurah Line operations for six months of the year. With Mandurah included, the population used to calculate per capita usage increased by 6.3 per cent compared to 2006/07, while the increase in per capita usage was 2.1 per cent.

Marketing of the service

In 2007/08, the Transperth Marketing team successfully undertook the following initiatives:

- ▶ Carried out a large-scale information exercise to ensure that existing and new users of Transperth services were aware of the new Mandurah Line and feeder bus network.

- ▶ Advised passengers about changes to the Joondalup Line feeder bus services, as train times on the Joondalup Line changed in preparation for the new Mandurah Line services.
- ▶ During the week-long shutdown to connect the new Mandurah Line to the Joondalup Line, which affected Joondalup Line and Fremantle Line services, effectively communicated the shutdown, advising passengers and non-users of the disruption and alternative transport options.
- ▶ Developed a campaign to discourage graffiti on the Transperth network and encourage passengers to report graffiti to a special Office of Crime Prevention telephone number.
- ▶ Launched 136213.mobi, a new Transperth website specifically for Wireless Application Protocol (WAP) enabled mobile phones, which allows passengers to use their phone to check service times, SmartRider balances and the latest Transperth news.
- ▶ The community education team made more than 170 *Get on Board* presentations to a broad range of community groups, including seniors, people with disabilities, migrants and school children, to help them understand how the Transperth system works, and to encourage them to use public transport.
- ▶ In an effort to ease congestion at Park 'n' Ride facilities on the Mandurah and Joondalup lines, conducted an education campaign to encourage passengers to catch a bus, walk or ride a bike to the station.
- ▶ Continued to work with major sporting organisations as well as event organisers to ensure that Mandurah Line services were accommodated in plans for their special events.

Disability access

Transperth aims to provide universal access to its bus, train and ferry system, so that the wider community (including people with disabilities and parents with prams) can access services and facilities. In 2007/08, further progress was made towards achieving this objective, as reflected below.

Trains: All Transperth trains are universally accessible. The key accessibility issue is whether access to the station and the gap between train and platform meet accessibility standards. Currently, nearly 50 per cent of train stations provide independent access to people with disabilities and parents with prams.

	INDEPENDENT ACCESS*	PARTIAL ACCESS**	LIMITED ACCESS**	TOTAL STATIONS
2003/04	11	33	12	56
2004/05	15	31	12	58
2005/06	16	31	12	59
2006/07	23	26	10	59
2007/08	34	25	10	69

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

** Assistance available from Transperth customer service staff

Buses: Transperth continued its long-term program of increasing the number of accessible buses in its fleet with the purchase of 72 new low-floor accessible Compressed Natural Gas (CNG) powered buses as part of the Daimler Chrysler bus supply agreement. As at 30 June 2008, the number of accessible buses was 686 out of a total fleet of 1124 buses (61 per cent), compared with 616 out of 1114 (55 per cent) a year earlier.

Preference is given to operating accessible buses whenever possible so that in off-peak periods most of the buses in service are accessible. During peak periods, when service demand is high, both accessible and non-accessible buses are fully committed. Accessible buses accounted for 71 per cent of service kilometres in 2007/08, up from 66 per cent in 2006/07.

During the year, seven diesel low-floor buses were transferred to regional towns, part of the State's public transport system managed by the PTA. The PTA has a

responsibility to ensure the services offered in these regional towns meet the federal requirement of accessible bus fleets. To replace these seven buses, seven new CNG buses were procured for the Transperth fleet. The buses transferred to regional towns this year form part of a program for 41 buses allocated to regional areas over a four-year period.

Transperth continued its program of upgrading accessibility at bus stations and bus/train interchanges to meet the requirements of the *Disability Standards for Accessible Public Transport Amendment 2004 (No. 1)*. During the year, upgrading of tactile paving was completed at Esplanade Busport, Wellington Street Bus Station, Kalamunda Bus Station and Canning Bridge Station. Duress alarms were installed in disabled toilets at the following stations – Armadale, Booragoon, Cannington, Esplanade, Glendalough, Joondalup, Kwinana, Midland, Mirrabooka, Morley, Stirling, Warwick and Whitfords. Additional lighting was provided at

Esplanade Busport as well as Braille signage in lifts. A complete refurbishment of Karrinyup Bus Station was completed to provide improved lighting, seating and tactile paving at surface level and on the ramps from the shopping complex. Work commenced on a similar refurbishment at Kalamunda Bus Station.

Ferries: The bulk of Transperth's ferry services are provided by the *Shelley Taylor-Smith*, an accessible vessel. The second ferry which is used for limited services, the *Countess*, is not accessible and is to be replaced, with expected delivery of a new accessible ferry in the latter half of 2009. When delivered, the new ferry will be the primary vessel. The two jetties used for Transperth ferry services during the year, at Barrack Street in Perth and Mends Street in South Perth, meet the *Disability Standards for Accessible Public Transport Amendment 2004 (No. 1)*.





Service coverage

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

In 2007/08, 78.3 per cent of PSAs were within 500m of an ASL stop compared with 74 per cent in 2006/07, an increase of 5.8 per cent. This was largely due to the introduction of the Mandurah Line, which saw a nine per cent increase in the number of Transperth stops from 11,852 in May 2007 to 12,882 in May 2008, and a 12.2 per cent increase in the number of ASL stops from 5969 to 6698.

Passenger satisfaction

Transperth's annual customer survey, the PSM, showed that in 2008, on a system-wide basis, 82.4 per cent of survey respondents expressed satisfaction with the overall level of service compared with 83 per cent in 2007. (Details of passenger satisfaction with train, bus and ferry services are included in individual mode reports from page 17).

SmartRider project and system ticketing

While other major Australian cities are aiming for a smartcard-based ticketing product, passenger take-up of Transperth's SmartRider ticketing system increased even further in 2007/08. In June 2008, SmartRider accounted for 65.1 per cent of fare-paying boardings on bus, 68.3 per cent on train and 32.3 per cent on ferry services, compared with 56.8, 61.1 and 22.8 per cent respectively a year earlier. On an annual basis, SmartRider accounted for an average of 61.9 per cent of fare-paying boardings for the system as a whole, with the share in each mode as follows: bus 61.3 per cent, train 63.3 per cent, and ferry 25.2 per cent.

The high take-up rate of SmartRider contrasts sharply with the more moderate share achieved by its predecessor, MultiRider. MultiRider recorded a peak of 49 per cent of fare-paying boardings, its highest share, in 2004/05, the last full year it was in use.

During the year, a contract was awarded to Downer EDI Engineering to install state-of-the-art cash ticket vending machines (TVMs) at train stations on the new Mandurah Line, and at other stations and ferry terminals as replacements for existing machines reaching the end of their useful life. The touch-screen on the new machines allows passengers to buy a ticket by either typing in their destination suburb or by touching the zone button, assisting patrons to pay the correct fare. While all machines accept coins, some machines are able to accept banknotes and EFTPOS debit cards, giving passengers more payment options when buying tickets.

A total of 152 new TVMs were installed at 51 of the 70 stations on the train network. It is envisaged that all train stations and ferry terminals on the Transperth system will have the new TVMs installed and operating by October 2008.

Description of services

The Transperth Train Operations (TTO) division operates an electrified suburban train system with more than 1140 services on an average weekday, and more than 7100 weekly services.

At 30 June 2008, the system covered 173.1km of track with 70 stations on five lines, and a fleet of 189 railcars which can be coupled in configurations of two, three, four or six-car trains.

The train network consists of the Joondalup Line (33.2km), the Fremantle Line (19km), the Midland Line (16km), the Armadale/ Thornlie Line (30.5km and a 3km spur line to Thornlie), and the Mandurah Line (71.4km).

The year's developments

- ▶ The new Mandurah Line, 71.4km of double-track railway from Perth to Mandurah, was officially opened on 23 December 2007, with the first paying passengers carried on 24 December 2007. To integrate the new Mandurah Line into the network, major line closures were required in October 2007, affecting the Joondalup and Fremantle lines. This allowed the Joondalup Line to be aligned to Perth Underground and Esplanade stations, in preparation for through-running on to the new Mandurah Line. The two new underground stations were brought into service on 15 October 2007 when the lines were re-opened.
- ▶ Work on the underfloor railcar wheel lathe at Nowergup Depot, designed to re-machine railcar wheels to their original profile, and associated infrastructure works, neared completion during the year. The wheel lathe, which was installed in January 2008, will allow re-machining to be carried out in the inter-peak period and fast turnaround of railcars.
- ▶ Programs to upgrade passenger information and improve passenger safety were ongoing.
 - Installation of the Customer Information System (CIS) continued during the year. This passenger information display system, a component of the PTA's new train control system, has replaced older technology at some existing bus/rail interchange stations, as well as providing new information hardware at all stations on the Mandurah Line. The CIS provides passengers with accurate, up-to-date and timely information on train services. It uses a combination of electronic displays and public address announcements, which are automatically generated. The station displays include information to enable bus drivers to improve coordination of bus departures with train arrivals. The installation of the equipment started in May 2007 with completion planned for August 2008.
 - The Recording and Passenger Information Dissemination (RAPID) system was installed on a further 15 A-series railcar sets during the year, bringing the number of two-car trains completed to 34 out of a total A-series fleet of 48. RAPID incorporates the latest in digital technology, increases the number of railcar security

cameras, provides passenger information displays in the railcars and provides improved message announcements. The upgrade program is expected to be completed in 2009/10.

- ▶ TTO continued to recruit and train new railcar drivers, transit officers, customer service assistants and passenger ticketing assistants, mainly for deployment on the Mandurah Line.
- ▶ Both the Adopt-a-Station and Right Track programs for school students continued during the year. The former seeks to encourage community ownership of stations with a view to reducing incidents of vandalism; the latter, which is designed for students in years five to 12, addresses issues of trespass, vandalism and anti-social behaviour at train stations and on trains.
- ▶ New cash TVMs were installed at 51 train stations.
- ▶ Work started on a new station at Victoria Park, due for completion in August 2008; and on an upgrade of Kelmscott Station, due for completion late in 2008.

- ▶ Over recent years train service kilometres have continued to grow. Following the expansion of train services, service kilometres increased from 6.7 million in 2003/04 to 7.167 million in 2004/05 (up seven per cent), 8.138 million in 2005/06 (13.6 per cent), and 8.408 million in 2006/07 (3.3 per cent). In 2007/08, the introduction of the Mandurah Line resulted in a substantial 44.4 per cent increase to 12.138 million.
- ▶ Similarly, total capacity provided on the train network continued to increase, from 2090.4 million passenger place kilometres in 2003/04 to 2293.6 million (up 9.7 per cent in 2004/05), 2823.3 million in 2005/06 (23.1 per cent) and 2998.3 million in 2006/07 (6.2 per cent). With the opening of the Mandurah Line, passenger place kilometres increased by 53.4 per cent to 4600.8 million in 2007/08.

Cost of the service

In 2007/08, the total cost of providing Transperth train services, including annual capital charges, was \$276.780 million, down 14.1 per cent from \$322.279 million in 2006/07. However, the total cost in 2006/07 included the CUC (\$94.881 million), which was abolished from 2007/08. Excluding the CUC, the total cost in 2006/07 was \$227.398 million, which means the 2007/08 cost represents an increase of 21.7 per cent. Between 2006/07 and 2007/08, annual capital charges (excluding the CUC) increased 13.9 per cent from \$83.049 million to \$94.577 million, while operating costs (excluding capital charges) recorded an increase of 26.2 per cent, from \$144.349 million to \$182.203 million.

The expansion of the rail network to Mandurah resulted in a significant increase in rail operating costs. Compared to 2006/07, energy costs increased by 35.5 per cent, staff costs including security by 36 per cent and the cost of railcar maintenance by 37.5 per cent.

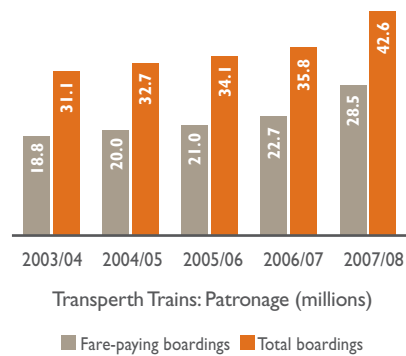
Patronage

Patronage on Transperth train services increased for the fourth year in succession and in 2007/08 recorded one of the highest-ever growth rates. Fare-paying boardings increased by 25.6 per cent, from 22.659 million in 2006/07 to 28.458 million, while total boardings rose 19.2 per cent from 35.758 million to 42.636 million.

The significant increase of 25.6 per cent in fare-paying boardings in 2007/08 followed increases of 6.3 per cent in 2004/05, 4.8 per cent in 2005/06 and 7.9 per cent in 2006/07. Patronage growth in 2007/08 was due largely to the introduction of the Mandurah Line which, during six months of operation contributed around 28 per cent of fare-paying boardings while the Joondalup Line accounted for 27 per cent.

In 2007/08, the rate of increase in total boardings was less than the increase in fare-paying boardings – 19.2 per cent compared with 25.6 per cent – which means the number of transfer boardings declined. A similar feature was noted in 2006/07 when fare-paying and total boardings increased at rates of 7.9 per cent and 4.8 per cent respectively. The decline in transfer boardings was due to more patrons being able to access the rail network directly following the provision of improved Park 'n' Ride facilities at stations. At 30 June 2008, there were 5570 parking bays on the Joondalup Line and 5408 on the Mandurah Line.

In 2007/08, though fare-paying boardings increased by 25.6 per cent, fare-paying boardings per service kilometre fell 13 per cent from 2.695 to 2.345 because of a 44.4 per cent increase in service kilometres. Similarly, while total boardings increased by 19.2 per cent, total boardings per service kilometre fell 17.4 per cent from 4.253 to 3.513.



Passenger satisfaction



The 2008 Transperth PSM showed that the proportion of users who expressed satisfaction with the train system overall increased to 90 per cent in 2008 from 87 per cent in 2007.

The importance rating of the service characteristics of Transperth's train services (other than passenger safety) and the level of satisfaction/dissatisfaction for each key service characteristic are shown in the table below. In 2008, among the top 10 service characteristics, provision of electronic ticketing facilities replaced easy access to ticket purchasing facilities. The survey shows there was an increase in the satisfaction rating for each of the key service characteristics and, except in the case of "cleanliness on board", the level of dissatisfaction had declined.

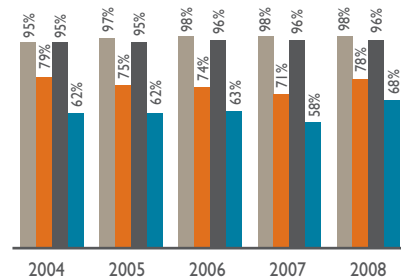
SERVICE CHARACTERISTIC	IMPORTANCE RATING		SATISFACTION RATING	
	2007	2008	2007	2008
Cost of fares	74%	71%	64% (9%)	67% (8%)
Speed of the trip	73%	64%	91% (4%)	93% (2%)
Punctuality of the train service	69%	63%	88% (6%)	90% (5%)
Cleanliness on board	61%	60%	86% (5%)	87% (6%)
Availability of seats	60%	55%	74% (18%)	80% (14%)
Number of trains during the day	53%	51%	86% (5%)	87% (5%)
Number of trains during peak times	56%	50%	81% (13%)	82% (10%)
Provision of electronic ticketing facilities	-	37%	-	90% (5%)
Easy access to ticket purchasing facilities	46%	-	82% (10%)	-

Note: Dissatisfaction level shown in parenthesis.



TTO operates an electrified suburban train system with more than 1140 services on an average weekday, and more than 7100 weekly services.

Passenger safety



Transperth Trains: Passenger safety perceptions

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

One of the more significant outcomes of the PSM (conducted March/April 2008) was a positive improvement for customer views on train security. Train users were asked: "How safe do you generally feel from personal interference or threat from other passengers?"

The above graph shows the proportion of respondents who "always feel safe" or "usually feel safe" at the specified times locations.

The results for the past five years show that the proportion of train passengers who generally felt safe on trains and at station/interchanges during the day has remained

high. The proportion of train users who generally felt safe on the train at night fell from 79 per cent in 2004 to 75 per cent in 2005, 74 per cent in 2006 and 71 per cent in 2007. In 2008, in a pleasing result, this declining trend in customer confidence regarding security was reversed, with 78 per cent of respondents indicating that they felt safe "always" or "usually." Similarly, the proportion of respondents who generally felt safe at stations/interchanges at night – which had declined from 63 per cent in 2006 to 58 per cent in 2007 – chalked up a significant increase to 68 per cent, reflecting the PTA's investment in train security measures.

The PTA is committed to ensuring all passengers feel safe on the network at all times. There is centralised monitoring of digitised CCTV footage from all train stations via a state-of-the-art monitoring centre which is manned 24 hours a day seven days a week.

To improve the capacity of transit officers in their security and customer safety role, an improved Oleoresin Capsicum spray has been issued to transit officers, which has had a positive impact in deterring anti-social behaviour. Banning orders were introduced during the year, which will allow repeat offenders guilty of violence, graffiti, vandalism or anti-social behaviour to be banned from using public transport services.

To achieve full transit officer manning levels, an active recruiting program continued during the year, which included the establishment of a recruitment website www.transitofficer.wa.gov.au.

Major initiatives for 2008/09

- ▶ Continue rollout of RAPID system to the remaining A-series railcars.
- ▶ Complete installation of the wheel lathe at Nowergup.
- ▶ Complete installation of CIS.
- ▶ Continue recruitment of staff to service customer needs on the system.
- ▶ Commence taking delivery of 15 new three-car trains from January 2009.

Description of services

Transperth's bus services are divided into 11 geographic contract areas, which are periodically subject to competitive tender. Currently three contractors operate the 11 contract areas:

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

In 2007/08, the Transperth bus system operated 318 standard timetabled bus routes and 418 school routes. On a typical weekday this involved operating 10,693 standard services and 418 school services. Accessible buses are always used on 90 of the standard routes. A bus service frequency of 20 minutes or better is provided all day on most major corridors, with higher frequencies in peak periods.

The year's developments

To coincide with the opening of the Mandurah Line, Transperth introduced a comprehensive bus feeder network across Perth's southern suburbs. The network consists of 62 new services, including some into previously un-served communities in the southern corridor. In addition, increased frequency was provided along key corridors and a new connection was established between Canning Bridge Station and the Curtin University precinct. Transperth also completed extensive plans for improvements to Joondalup Line feeder bus services in the shoulder of the evening peak, with these improvements winning support in the 2008/09 budget.

During the year, Transperth began an evaluation trial of new low-floor CNG articulated buses, which are expected to replace its ageing diesel-powered articulated fleet. Two buses were introduced in 2007/08 with a third expected to start early in 2008/09.

Total service kilometres operated by the Transperth bus network continued to increase. In 2007/08, the network covered 50.923 million kilometres, up 1.9 per cent on 2006/07's 49.961 million kilometres (itself a 1.7 per cent increase on the previous year). In the five-year period to 2007/08, bus service kilometres increased by 6.3 per cent. Total capacity provided by the bus network increased for the second year with 3637.6 million passenger place kilometres being provided in 2007/08, compared with 3592.5 million in 2006/07,

an increase of 1.3 per cent, following an increase of 0.9 per cent the previous year. The lower rate of increase in passenger place kilometres compared with service kilometres is due to the increasing proportion of CNG buses in the fleet, which have a marginally lower average carrying capacity than diesel buses.

At 30 June 2008, Transperth operated 365 CNG buses in its fleet of 1124 buses. A further 233 CNG buses are due to be delivered by June 2011 under the existing bus supply agreement.

A CNG refuelling facility was commissioned at Rockingham in June 2007, and CNG refuelling operations commenced at the new Welshpool Bus Depot in June 2008. The installation of a high-pressure pipeline for the Karrinyup Bus Depot CNG facility started toward the end of the financial year and is scheduled to be commissioned in June 2009.

The safety audits of Transperth's bus contractors continued in line with standard AS 4801-OSH Management Systems. These regular audits have brought about improved safety management systems. The Lost Time Injury rate for Transperth's contractors continues to be well below the industry standard of 3.9. The safety standards of Transperth's bus contractors continue to be high as reflected below:

- ▶ Swan Transit was re-certified to AS 4801.
- ▶ Path Transit was re-certified to AS 4801 and has recently achieved the WorkSafe Platinum Award.

- ▶ Southern Coast Transit was re-certified to AS 4801 and has achieved the WorkSafe Platinum Award.

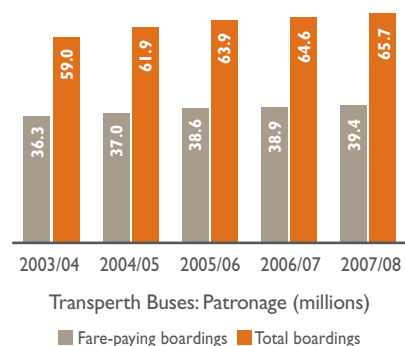
A program began to upgrade Transperth workshop facilities with a view to ensuring that maintenance of CNG-fuelled buses is carried out in a safe environment. In addition to the installation of gas detection sensors at workshops, contractors have been provided with guidance on the requirements for safe-working procedures when carrying out maintenance on CNG buses.

Cost of the service

The total cost of operating Transperth bus services increased 7.2 per cent from \$254.042 million in 2006/07 to \$272.315 million in 2007/08. Operating costs increased 10.1 per cent from \$205.298 million to \$225.931 million. Total cost in 2006/07 included a CUC of \$7.182 million. Excluding this charge, 2006/07 total cost was \$246.860 million; hence the 2007/08 total of \$272.315 million represents an increase of 10.3 per cent.

The increase in bus operating costs was due mainly to the 17 per cent increase in fuel costs and a 4.3 per cent increase in wage costs. There were also cost increases associated with the introduction of the extensive bus feeder network in the southern suburbs.

Patronage



Patronage on Transperth's bus services continued to increase. In 2007/08, total boardings rose 1.7 per cent from 64.623 million in 2006/07 to 65.694 million, and fare-paying boardings rose 1.2 per cent from 38.886 million to 39.361 million.

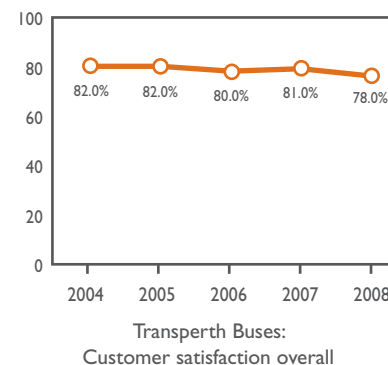
At 1.2 per cent, the rate of increase in fare-paying boardings is twice that of 2006/07 (0.6 per cent). This increase was driven by increases in Marmion-Wanneroo (2.5 per cent), Morley (two per cent), Southern River (7.7 per cent), Belmont (5.3 per cent) and Claremont (6.9 per cent). Fare-paying boardings in Fremantle-Cockburn fell by 0.5 per cent (following a 3.2 per cent reduction in 2006/07), Rockingham-Mandurah dropped 6.4 per cent (down 1.2 per cent in 2006/07) and Canning fell by 5.3 per cent (up 2.4 per cent in 2006/07). The popular Circle Route (a high frequency bus

service connecting major shopping centres, universities, schools and colleges) recorded a small (0.4 per cent) increase.

Despite the recovery in the bus patronage growth rate, road congestion, particularly during peak periods, and the lack of adequate bus priority measures on major roads, will continue to impact on service reliability and affect patronage.

Fare-paying boardings per service kilometre continued to decline, falling 0.7 per cent from 0.778 in 2006/07 to 0.773. This was due to service kilometres increasing at a higher rate than fare-paying boardings – 1.9 per cent compared with 1.2 per cent. The rate of decline in total boardings per service kilometre was less, 0.3 per cent, from 1.293 in 2006/07 to 1.290, due to total boardings increasing at a slightly slower 1.7 per cent than service kilometres (1.9 per cent).

Passenger satisfaction



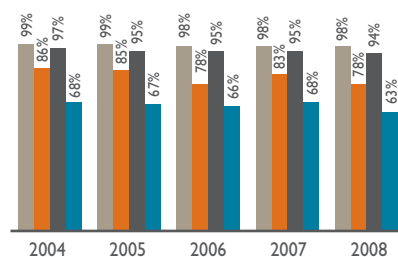
The 2008 PSM showed that the proportion of bus users who were satisfied with the bus system overall fell to 78 per cent from 81 per cent in 2007.

The importance rating of the service characteristics of Transperth's bus services (other than passenger safety) and the level of satisfaction for each key service characteristic are shown in the table opposite. In 2008, "driver's handling of the bus" and "number of buses during peak times" were replaced with "shelter provided at bus stops" and "availability of seats". The survey shows there was a significant level of dissatisfaction with the number of buses on weekdays (20 per cent compared to 17 per cent in 2007), punctuality of the bus (12 per cent), and shelter provided at the bus stop (20 per cent). In addition, as shown in the next section, dissatisfaction was high in respect of "personal safety at station/interchange at night" and "personal safety on board at night".

SERVICE CHARACTERISTIC	IMPORTANCE RATING		SATISFACTION RATING	
	2007	2008	2007	2008
Punctuality of the bus	64%	71%	76% (12%)	77% (12%)
Number of buses on weekdays	63%	64%	72% (17%)	69% (20%)
Cost of fares	65%	61%	70% (9%)	70% (8%)
Cleanliness on board	59%	53%	89% (3%)	90% (3%)
Speed of the trip	62%	52%	84% (7%)	87% (5%)
Shelter provided at the bus stop	–	49%	–	72% (20%)
Availability of seats	–	45%	–	91% (5%)
Driver's manner	55%	40%	90% (2%)	91% (2%)

Note: Dissatisfaction level shown in parenthesis.

Passenger safety



Transperth Buses: Passenger safety perceptions

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

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

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

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

of respondents who generally felt safe on buses at night – which had increased to 83 per cent in 2007 from 78 per cent in 2006 – fell back to 78 per cent in 2008. Similarly, the proportion of respondents who generally felt safe at night at the station/interchange – which also increased from 2006's 66 per cent to 68 per cent in 2007 – fell to 63 per cent in 2008. The security concerns expressed by passengers who use Transperth's bus services at night are being given focussed attention. While noting that most passenger security concerns are based on perception rather than actual events, Transperth will focus even further attention on improving bus system security. Improvements in recent years include:

- ▶ Two security officers are deployed from Monday to Saturday at major bus stations during core hours.
- ▶ Mobile patrols are deployed on each of the three major sectors – north, south and east – on busy nights of the week.
- ▶ There is centrally-monitored CCTV at all bus stations.
- ▶ CCTV on all new buses in the fleet.

Major initiatives for 2008/09

- ▶ Complete the feasibility study of rapid transit plans for Perth's north-eastern corridor.
- ▶ Introduce the new route 79 linking Wellington Street Bus Station and Queen Elizabeth II Medical Centre (QEII) via the Esplanade Busport and University of Western Australia (UWA) to cater for growing demand associated with expansion of the QEII/UWA precinct.
- ▶ Introduce a jointly-funded bus service linking Glendalough Station and the Herdsman Business Park.
- ▶ Commence a trial of an additional Joondalup CAT Service to serve the Arena Sports Complex and Winton Road business park.
- ▶ In conjunction with local government, complete a transport needs analysis for the Byford area.



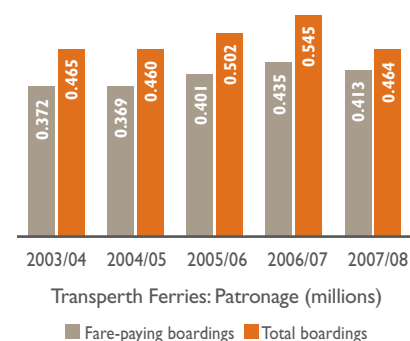
Transperth ferries

Description of services

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

The Transperth ferry service has been competitively tendered since 1995, and the service is provided under contract by Captain Cook Cruises.

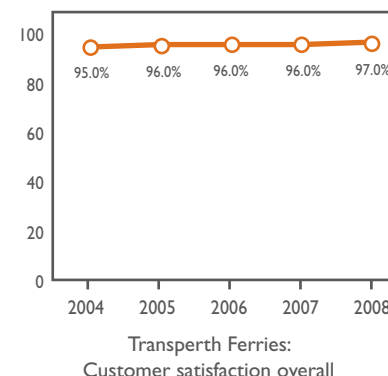
Patronage



The ferry service represents only a very small part of the Transperth system's patronage. The upward trend in ferry patronage recorded in 2005/06 and 2006/07 was reversed in 2007/08 with significant reductions recorded in both fare-paying and total boardings. Fare-paying boardings fell by five per cent from 435,000 in 2006/07 to 413,000, while there was a 15 per cent decrease in total boardings (from 545,357 to 463,673). This significant fall in total boardings was due to the change in the methodology for determining transfers resulting in a 55.6 per cent decline in transfers to the ferry. Previously, cash transfers to the ferry were manually recorded by drivers using the on-board ticket issuing machines, while MultiRider transfers were recorded on ticket validating machines on the jetties. From July 2007, the ratio of SmartRider transfers to SmartRider initial tag-ons on the ferry service was used as a very accurate modelling tool and applied to cash fare-paying boardings to determine cash transfers. This is considered to provide a more accurate estimate of cash transfers as SmartRider transfers are accurately recorded through its tag-on/tag-off facility.

On a per kilometre basis, ferry fare-paying boardings fell by 5.4 per cent from 12.598 to 11.921 in 2007/08. Total boardings per service kilometre fell 15.3 per cent from 15.799 to 13.385.

Passenger satisfaction



The 2008 PSM showed that a very high proportion of passengers continued to express satisfaction with Transperth's ferry service overall, continuing the trend over the past five years.

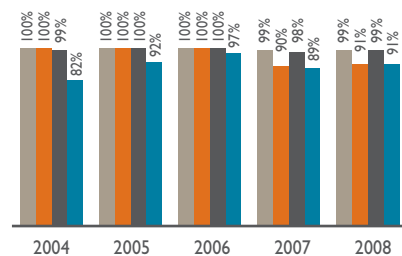
SERVICE CHARACTERISTIC	IMPORTANCE RATING		SATISFACTION RATING	
	2007	2008	2007	2008
Cleanliness on board	80%	80%	97% (0%)	96% (0%)
Cost of fares	70%	67%	92% (2%)	86% (1%)
Availability of seats on the ferry	54%	63%	100% (0%)	98% (0%)
Punctuality of the ferry service	66%	61%	92% (1%)	92% (1%)
Number of ferries during off-peak	62%	60%	77% (9%)	78% (6%)
Speed of trip	50%	57%	96% (1%)	97% (1%)
Shelter at the jetty	55%	55%	80% (14%)	75% (11%)
Availability of timetables	–	49%	–	74% (3%)

Note: Dissatisfaction level shown in parenthesis.

The importance rating of the service characteristics of Transperth's ferry services (other than passenger safety) and the level of satisfaction for each key service characteristic are shown in the table above. In 2008, "availability of timetables" replaced "access ticket purchase facilities."

In the PSM, ferry users were asked: "How safe do you generally feel from personal interference or threat from other passengers?" The graph shows the proportion of respondents who "always feel safe" or "usually feel safe" at the specified times.

Passenger safety



Transperth Ferries: Passenger safety perceptions

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

The results for the past five years show that almost all ferry passengers generally felt safe on the ferry during the day and at night and at the jetty during the day. The proportion of users who felt safe at the jetty at night, which had declined to 89 per cent in 2007, increased to 91 per cent in 2008.

The 2008 PSM showed that a very high proportion of passengers continued to express satisfaction with Transperth's ferry service overall, continuing the trend over the past five years.

regional town bus services

There are seven intra-town services and seven town school services operating in 14 major regional towns throughout WA. In addition, the PTA provides five inter-town regional bus services, one more than in 2006/07 due to the subsidisation of the Kalgoorlie-Laverton service from October 2007.

In previous years, the PTA has been responsible for the administration of three small regular passenger transport services in the outer metropolitan area, complementing Transperth services. Two of these services were transferred to Transperth at the end of the 2006 calendar year, and the third at the end of 2007. In keeping with the reporting method adopted in previous years, the performance of the final service from July to December 2007 has been included in the regional town bus services figures for 2007/08.



objectives and outcomes

OBJECTIVE

Conduct field visits and audit all contractors' performances and passenger boardings.

Continue with a programmed approach to reviewing regional bus services.

Develop solutions for regional transport problems in consultation with local communities.

OUTCOME

A standardised reporting format was introduced to maintain passenger and occupational safety records. Service audits of contractors were carried out in Albany, Broome, Bunbury, Busselton, Carnarvon, Esperance, Karratha, Narrogin and Port Hedland.

Improved service levels in regional towns where new suburbs have resulted in an increase in residents. Service reviews undertaken in Albany, greater Bunbury, Busselton, Esperance, Geraldton and Broome.

The PTA worked with the Roebourne Shire, Rio Tinto and North West Shelf Venture to obtain funding to extend the trial for the existing Karratha, Dampier, Wickham, Roebourne and Point Samson service from two to four days a week. This will provide transport for fly-in/fly-out personnel between the Pilbara towns. The trial will begin in July 2008.

The year's developments

The regional bus replacement program began in 2007/08 and involved transferring relatively new low-floor accessible buses from the Transperth fleet to regional town operators. Under the program, 41 vehicles will be allocated from 2007/08 to 2010/11 with a view to meeting Federal disability access standards, reducing the average age of the regional bus fleet to around 12 years and improving the standard and comfort of the regional bus services.

Service review highlights during the year included:

- ▶ Collie – A comprehensive review of the public school bus service was completed and resulted in the re-design of routes and trip timings to better meet community needs.
- ▶ Bunbury – A major review of the services in greater Bunbury was undertaken towards the end of 2007/08, which focussed on linking new subdivisions in the greater Bunbury area into the town and school integrated transport system, and improving connection times between Bunbury City Transit and other train and bus services in the region.
- ▶ Albany and Geraldton – Reviews in both towns focussed on town bus service boundaries, ensuring equity in relation to the payment of fares by students. In addition, services were introduced to two new subdivisions in Geraldton, while an additional bus was brought on to cater for increased student transport demand in Albany.

- ▶ Port Hedland – A review of school services placed particular emphasis on achieving fare-paying equity for Port Hedland and South Hedland students.

In October 2007, the PTA began subsidising the Kalgoorlie-Laverton road coach service due to the non-viability of the operation, and resulting concerns that there would be no community transport option. The continuity of this service was considered to be very important for the communities involved, particularly for the transport of patients to and from the Kalgoorlie Regional Hospital.

During the year, a number of service audits were carried out on the PTA's regional town bus service contractors in Albany, Broome, Bunbury, Busselton, Carnarvon, Esperance, Karratha, Narrogin and Port Hedland. The audits involved checking route effectiveness, passenger and occupational safety records.

Cost of the service

Total expenditure on regional bus services was \$13.1 million, an increase of 8.3 per cent from \$12.1 million in 2006/07. Expenditure on intra-town services rose 7.8 per cent from \$11.6 million to \$12.5 million, while the cost of inter-town services increased by 15.3 per cent from \$0.523 million to \$0.603 million.

Patronage

Total boardings on regional bus services eased 1.1 per cent from 2.306 million in 2006/07 to 2.281 million, while fare-paying boardings edged up 2.3 per cent from 1.960 million to 2.005 million.

Intra-town service total boardings showed a small (1.1 per cent) decrease, but fare-paying boardings rose 2.3 per cent to a five-year peak of 1.999 million. On inter-town services, both total and fare-paying boardings increased by 2.3 per cent but, given the minor nature of contracted inter-town services, the actual numbers were quite small.

Passenger consultation

Customer surveys were carried out in several regional towns to identify whether service changes were required. The use of such a survey was instrumental in identifying the need for an extended service in the Karratha, Dampier, Wickham, Roebourne and Point Samson areas. As previously reported, this will result in the existing service (two days a week) being expanded to four days on a trial basis from July 2008.

regional town bus services



Planned major initiatives for 2008/09

- ▶ Completion of the service review of the greater Bunbury area, particularly in relation to:
 - Reviewing the operational efficiency of major service enhancements introduced in 2003/04.
 - Further refining connection times between Bunbury City Transit's bus services and other train and bus services in the region.
 - Expanding Bunbury City Transit's services to cater for new sub-divisions in the area that have no public transport for general commuters or students.
- ▶ Continuation of the scheduled bus replacement program, with low-floor buses transferred to regional centres to meet disability requirements and improve the standard and comfort of regional services.
- ▶ In Geraldton, the replacement of the existing bus fleet with ex-Transperth vehicles and the purchase of the bus depot.
- ▶ Major service reviews scheduled for 2008/09 include:
 - Kalgoorlie: Reviewing all the town and school services for operational efficiency, and installing bus stops and shelters for the accurate recording of data into the Transperth Route Information System (TRIS).
 - Geraldton: Evaluating the transport needs of new sub-divisions and obtaining global positioning references of all bus stops for TRIS purposes.
 - Karratha: Reviewing the operational efficiency of existing student services and examining the transport requirements of new sub-divisions in the town.

school bus services

The PTA manages the policy and entitlement framework, system management and contract management of more than 800 orange school buses around the State. These buses provide access to school for students in rural areas, picking them up from the farm gate (where appropriate), as well as providing access to schools in metropolitan areas for students attending special education facilities. Responsibility for the management of these services rests with the School Bus Services (SBS) branch within the PTA's Transperth System, Regional and School Bus Services division.

In 2007/08, the school bus network comprised 693 school buses servicing mainstream schools, 117 school buses servicing special education facilities, and six regular public transport service arrangements.

These services were accessed by 26,000 students each school day around the State, using mainly the contracted orange school buses. Alternatively, where eligible students could not be accommodated on a school bus, their parents/carers were paid a conveyance allowance to help meet some

of the costs incurred in getting their children to the nearest appropriate school.

Transport assistance was also provided to students attending special education facilities, mainly in large regional towns and in metropolitan Perth.

objectives and outcomes

OBJECTIVE	OUTCOME
Provide transport assistance for eligible students to assist them to attend their nearest government or non-government school offering the appropriate year of study.	810 orange school bus contracts, which paid a conveyance allowance to entitled students at a total cost of \$75.697 million. Including administration and seatbelt costs, total cost was \$86.432 million.
Ensure the transport assistance provided to students is appropriate, cost-effective, safe and fair in its application.	Continued to manage the introduction of seat belts on government-funded school buses. Conducted two safety inspections on every school bus in the fleet during the year.
Ensure that all service contracts are managed effectively and efficiently in accordance with agreements made between the Minister, the PTA and individual contractors and/or their representatives.	Reviewed special education bus routes in metropolitan Perth and regional towns. Reviewed school bus routes that serve the fringes of metropolitan Perth.

school bus services

Cost of the service

The cost of providing 810 school bus services and payment conveyance allowance was \$75.697 million in 2007/08. The inclusion of administration and seatbelt costs meant total costs for SBS were \$86.432 million in 2007/08.

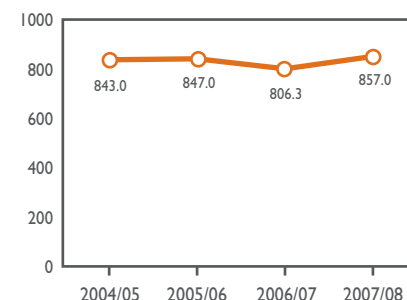
All orange school buses are operated by private contractors. Three contract/service models were used in 2007/08 to provide student transport support:

- ▶ Composite Rate Model (CRM) contracts (20-30 years in duration) – 693 contracts
- ▶ Fixed-term contracts (tendered over 1-15 years since 1995) – 117 contracts
- ▶ Regular passenger transport (licence arrangement with fare subsidy) – six arrangements

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

Description of services

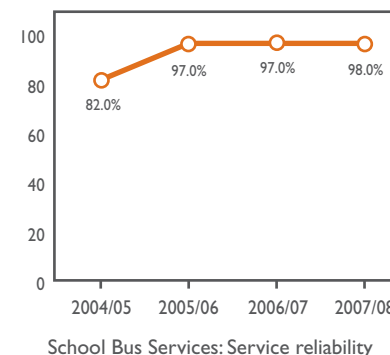
In 2007/08, student passenger place kilometres rose by 6.3 per cent due to the increase in the number of school days in the year from 181 in 2006/07, to 186 in 2007/08, and the subsequent increase in passenger service kilometres.



School Bus Services:
Student passenger place kilometres

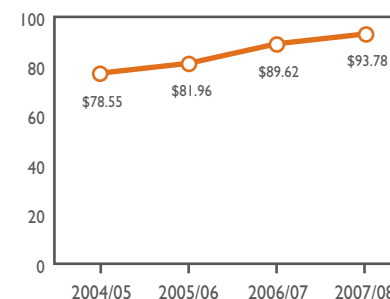
The service reliability measure covers rural mainstream services and education support school buses operating in the Perth metropolitan area. The reliability measure is arrival less than 10 minutes before school starts and departure less than 10 minutes after school finishes.

In 2007/08, service reliability was 98 per cent, slightly higher than the previous year.



School Bus Services: Service reliability

The operating cost per 1000 student passenger place kilometres increased by 4.6 per cent in 2007/08. This was due to an increase in service days, higher wage and fuel costs and the cost of implementing seatbelts.



School Bus Services: Operating cost per
1000 student place kilometres

The year's developments

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

School bus services to Busselton schools, and into the town centre, were reviewed to alleviate traffic congestion around the high schools and transfer areas where possible. Changes were implemented at the start of the school year.

A review was conducted in the Bindoon, Gingin, Lower Chittering, Muchea and Bullsbrook area to place students getting a conveyance allowance on to school bus services. As a result, a number of new orange school bus services will be commissioned in June 2009.

A review was conducted of school bus services operating around Geraldton. A number of services were realigned to provide more capacity for students living in and around Dongara to travel to schools in Geraldton.

The Loves Taxi and Bus Service, previously operating under a licensing arrangement in Bunbury, have signed a fixed-term contract. This replaces a licensing arrangement which had been in place since the mid-1970s, under which Loves

had been paid a fare subsidy for students transported. This informal arrangement was not consistent with State Supply Commission requirements and has been replaced by a formal contract to provide transport services to students within a specified area.

Standardising the contract arrangements also entails standardising service delivery in the area covered by the contract so that, among other things, the buses used will meet the required school bus specifications, including the requirement that school buses be fitted with lap/sash seat belts.

Progress continued on the project to fit seat belts on all Government-funded school buses by December 2015. The contract awarded in January 2007 to Omnibus Services to retrofit 42 buses with seatbelts was completed in June 2008. Through normal bus replacement, 112 new buses with seatbelts entered the fleet and 28 buses were retrofitted during the year.

At the end of 2007/08 there were 288 school buses (35.5 per cent of the contracted fleet) fitted with seat belts.

With input from the Department of Education and Training, a new training package for bus aides on education support services was developed to help them better perform their duties.

Major initiatives for 2008/09

- ▶ Continue implementation of the Government policy to fit seat belts on all Government-funded school buses by 2015:
 - Begin replacing with new buses, the ageing school bus fleet that feeds into Bunbury from surrounding rural areas
- ▶ Continue the review and, where required, introduce efficiency rationalisation of school bus routes as follows:
 - Introduce new school bus services in Lower Chittering, Bullsbrook, Bindoon, Gingin and Muchea area for students attending schools in the Perth Public Transport Area.
 - Review all school bus services operating in the greater Bunbury area.
 - Develop a new service contract for the Department of Education and Training-funded transport assistance for Aboriginal Education Colleges.
- ▶ Continue liaison with the Department of Education and Training to review the student transport assistance policy with regard to:
 - Integration of students with special needs into mainstream schools
 - Integration of vocational studies into school curriculum through increased usage of TAFE facilities
 - Review of transport provision when school facilities are opened or closed
- ▶ Roll out new training package to all bus aides employed on orange school buses.

In 2007/08, the school bus network comprised 693 school buses servicing mainstream schools, 117 school buses servicing special education facilities, and six regular public transport service arrangements.

Transwa is the brand and operating name for the road and rail public transport system serving regional centres in the southern half of Western Australia.

Transwa's purpose is to provide a customer-focussed, safe and cost-effective public transport service to regional Western Australia. To achieve this, it is recruiting people, and planning safe, clean and reliable services to meet customers' current and future needs.

Transwa monitors its performance against key aspects such as customer satisfaction, OTR and cost per passenger kilometre.



objectives and outcomes

OBJECTIVE

To provide customer-focussed passenger transport services for regional Western Australia.

To provide safe and cost-effective passenger transport services for regional Western Australia.

Services to arrive within acceptable punctuality parameters.

OUTCOME

The 2008 PSM indicated that Transwa is maintaining a high level of customer satisfaction.

A new web-based call management system was introduced, ahead of schedule, to improve performance of the reservations area and deliver a more efficient service to our customers.

Transwa's excellent safety record continued with a decrease in the number of incidents or accidents recorded.

Further initiatives in safety were implemented including a comprehensive training program for all Transwa staff on safety legislation, regulations and systems.

During 2007/08 Transwa maintained a high-level of OTR for the AvonLink, MerredinLink and road coach services.

Prospector and Australind punctuality was adversely affected by track conditions. Track upgrades being completed during 2008/09 by the network owner should improve this performance.

The following results were delivered during the year:

- ▶ AvonLink – 99 per cent of services arrived within 10 minutes of schedule
- ▶ MerredinLink – 84 per cent of services arrived within 10 minutes of schedule
- ▶ Australind – 83 per cent of services arrived within 10 minutes of schedule
- ▶ Prospector – 42 per cent of services arrived within 15 minutes of schedule
- ▶ Road Coaches – 95 per cent of services arrived within 10 minutes of schedule

review of performance

Transwa key performance indicators target for the on-time performance of its train and coach services for 2007/08 were:

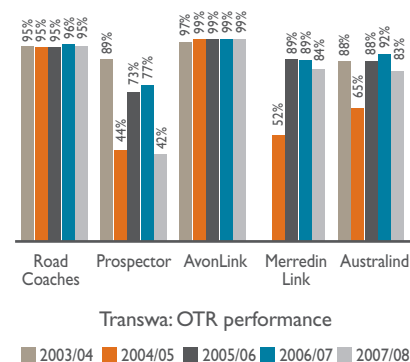
Prospector	80 per cent of services to arrive within 15 minutes of schedule
Australind	90 per cent of services to arrive within 10 minutes of schedule
AvonLink	95 per cent of services to arrive within 10 minutes of schedule
MerredinLink	95 per cent of services to arrive within 10 minutes of schedule
Road Coaches	95 per cent of services to arrive within 10 minutes of schedule

The road coaches maintained a high level of reliability with 95 per cent of services arriving within 10 minutes of the scheduled arrival time, continuing a record of performance at or above target since 2000/01.

Results for the AvonLink remained high at 99 per cent but the MerredinLink experienced delays as a result of being held for late-running Prospector services, resulting in an on-time performance of 84 per cent.

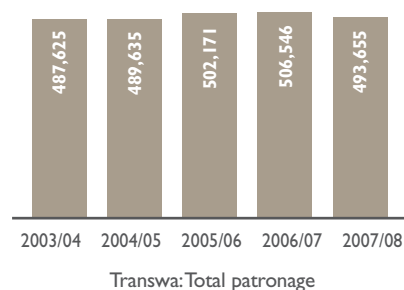
Prospector performance declined to 42 per cent due to trackwork (involving the laying of concrete sleepers and the extension of crossing loops) on the Eastern Goldfields Railway (EGR). The track upgrade, scheduled for completion in August 2008, is expected to improve the Prospector's OTR performance. Since work started in October 2007, Transwa has been able to provide all scheduled services either by rail or road.

The Australind's performance was down to 83 per cent due to speed restrictions required to maintain safe running over sections of the track with old wooden sleepers. Track upgrade work planned for the coming financial year will have a detrimental effect on performance in 2008/09 but, when completed in June 2009, should enable the Australind's OTR to return to the previous high levels. Transwa will provide a combination of rail and road services to accommodate passengers during the upgrade period and a comprehensive communications strategy is in place to keep customers informed.



Trends in patronage

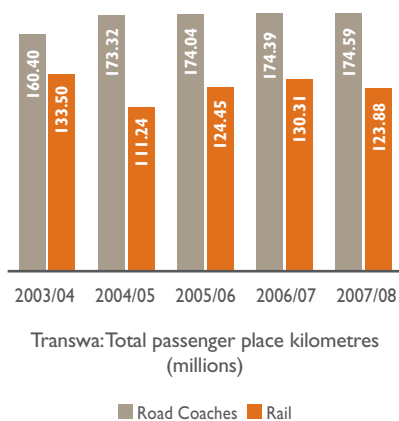
Overall patronage decreased by 2.5 per cent in 2007/08 due mainly to a decline in road coach passengers to the mid-west and lower south-west regions. The non-availability of some Australind railcars due to refurbishment work also impacted on patronage.



Service coverage

The total passenger place kilometres for rail services has decreased due to a reduction in rail service kilometres as a result of eight months of replacement road coach services while track upgrades were conducted on the EGR.

Total passenger place kilometres for road coach services remained static in 2007/08.



Passenger satisfaction

Customer satisfaction continued at a high level in 2007/08 with 88 per cent of passengers either satisfied or very satisfied. The key areas of cleanliness, staff manner and comfort all rated highly.



Passenger safety

Transwa achieved a reduction in safety-related incidents for passengers through its continued commitment to safety and ongoing reviews of safety systems, procedures and processes.

Efficiency

The cost of providing Transwa services in 2007/08 was above expectations, due to the provision of contract coach services in lieu of the Prospector during track upgrades, and increased capital costs resulting from a revaluation of Transwa assets.

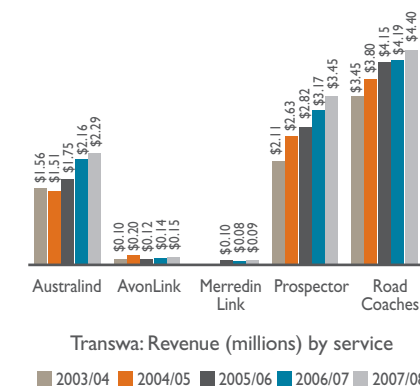
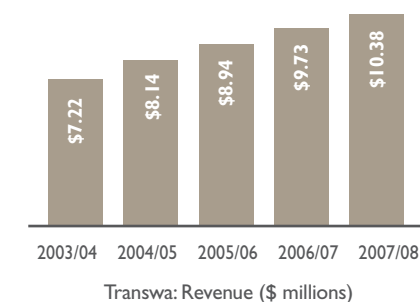


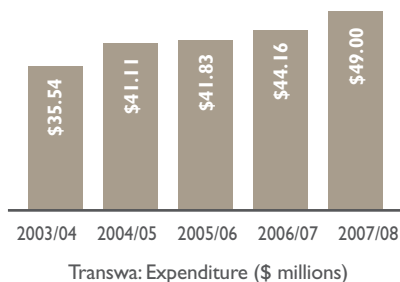
Revenue and expenditure

Revenue increased by 6.7 per cent in 2007/08, with a continuing trend of increasing numbers of full fare paying customers.

Expenditure in 2007/08 increased by 11 per cent due to maintenance of the Australind and Prospector railcars to maintain high levels of reliability.

The provision of contract replacement coach services for the Prospector and higher depreciation due to the revaluation of assets also impacted on the levels of expenditure in 2007/08.





Service information

For much of 2007/08, a number of Prospector services were replaced by coaches (operated by Goldrush Tours) due to the track upgrade work on the EGR. Despite the disruption to services, patronage figures have remained relatively stable with only a 1.2 per cent drop in passengers over the course of the year. The trackwork are due for completion in August 2008 and improvements in both OTR and patronage for 2008/09 are expected.

Transwa continued its refurbishment of the Australind railcars in 2007/08 and, as a result, was not able to provide the same level of railcar availability. This impacted on passenger numbers with a 2.9 per cent fall over the course of the year. It is expected that the south-west railway track upgrade scheduled for September 2008 to June 2009 is likely to have an adverse impact on the Australind's patronage and on-time performance in 2008/09.

During the year, AvonLink patronage edged up 0.5 per cent and MerredinLink patronage rose seven per cent. While this is pleasing, overall passenger levels on these services remain low and Transwa will continue to identify opportunities to promote them.

Passenger numbers on Transwa's road coach services continued to decline in the first half and, by January, were almost seven per cent below the figures for the previous corresponding period. However, this trend started to reverse in the second half of the year and, at year-end, patronage was down only 3.4 per cent. It is expected that passenger numbers will further increase in 2008/09 following changes to services in the mid-west.

In the future

Transwa will continue a campaign to promote its brand through the placement of posters on Transperth trains, a full wrap on a Transperth bus, and bus-back advertising on Transwa coaches.

Transwa has created a commercial branch to continually monitor and review its performance, and to drive strategies and initiatives to improve customer service. One of its first milestones was the introduction in June 2008 – ahead of schedule – of a new, web-based call management system. This new system will deliver a more efficient service to

customers and enhance the performance of the reservations area. Improvements to the Transwa online booking facility are also planned for 2008/09 to progressively offer concession cardholders an opportunity to book online.

Ongoing refurbishment programs for railcars and road coaches will continue in 2008/09 with the aim being improved service comfort and increased amenity.

Upgrading of the south-west railway track by WestNet Rail between Pinjarra and Brunswick Junction will involve the replacement of old wooden sleepers with concrete sleepers and is due to start in September 2008. During the works, the on-time performance of the Australind will be reduced, but the work is expected to deliver significant improvements in the future.

Transwa will provide a combination of rail and road coach services to maintain all scheduled services to its customers, and to reduce passenger inconvenience as much as possible.

Transwa Trains

In 2007/08, Transwa's 62 scheduled weekly train services were provided by a mix of rail and road due to the unavailability of rail access during periods of track upgrade work.

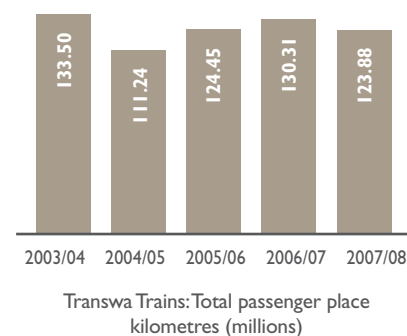
Four distinct train services were operated:

- ▶ The Australind operated a daily return service between Perth and Bunbury for a total of 28 services a week.
- ▶ Train services between Perth and Kalgoorlie were operated by the Prospector and by contracted road coaches providing daily services for a total of 18 services a week. The mix of rail and road services was necessitated by the EGR works.
- ▶ Between Northam and Midland the AvonLink provides 10 services a week on weekdays.
- ▶ The MerredinLink provides an all-stops service between East Perth and Merredin six times a week on Monday, Wednesday and Friday.

The train fleet consists of 14 railcars – seven Prospector railcars, two AvonLink railcars (also used to provide the MerredinLink services) and five Australind railcars.

Transwa employed 17 railcar operators based at East Perth and Bunbury.

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



The year's developments

The mechanical reliability of the Prospector train improved in 2007/08 as PTA maintenance personnel continued to work in close partnership with Prospector manufacturer United Group Rail to ensure that issues affecting reliability were dealt with quickly. Additional maintenance and servicing was carried out when railcars were unable to operate due to the track upgrade works.

Increased utilisation of multiple car sets during periods of high demand saw Prospector patronage increase by 5.1 per cent before the trackwork started. However, demand reduced while the work was taking place, resulting in a 1.2 per cent decrease overall at year's end. With the expected completion of the work in August 2008 and the cessation of services by Goldrush Tours, patronage levels on the Prospector are expected to increase in 2008/09.

The capacity of the Australind in 2007/08 was limited as a result of ongoing upgrades which contributed to a 2.9 per cent decrease in the number of passengers. The continuation of this refurbishment program and the program of track upgrades on the south-west railway track are expected to further affect patronage numbers in 2008/09.

The AvonLink and MerredinLink continued their high standard of performance in OTR and customer satisfaction as well as recording increases in passenger numbers.

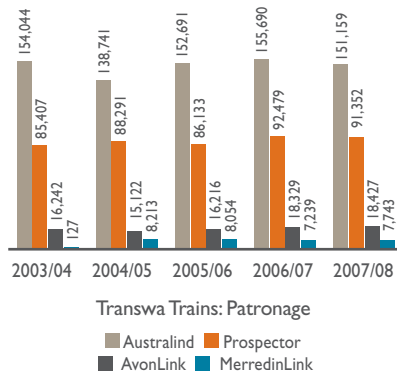
Transwa's commitment to safety saw a continuation in the downward trend achieved in the previous year for rail-related incidents.

Patronage

Patronage on Transwa train services decreased by 1.8 per cent compared with the previous year, a downturn which was expected because of the EGR track upgrades and the reduced capacity available for the Prospector while the upgrading program was progressing.

Trackwork scheduled for the south-west line from September 2008 to May 2009 is expected to have an adverse impact on the Australind's patronage. However, Transwa will maintain all scheduled services by either rail or road to offset passenger inconvenience as much as possible.

Prospector results were particularly pleasing in light of the adverse effect of the track upgrading work, with several services replaced by road coaches and the on-time performance for those services provided by rail being regularly affected.



Passenger satisfaction

The PSM continued to show good overall satisfaction levels for Transwa trains with the Prospector improving slightly to 86 per cent, the AvonLink/MerredinLink maintaining a rating of 87 per cent and the Australind constant at 89 per cent.



Infrastructure

Construction of new accessible stations at Meckering and Doodlakine were completed in November 2007. A detailed maintenance agreement for all Transwa facilities is being developed to ensure all facilities are regularly inspected and maintained to a high level.

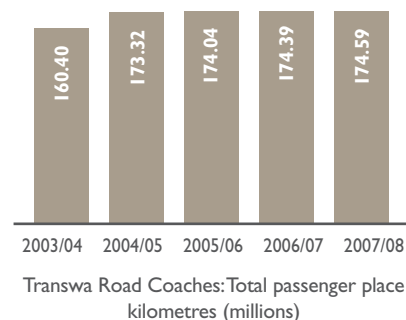
Transwa's purpose is to provide a customer-focussed, safe and cost-effective public transport service to regional Western Australia.



Transwa road coaches

Transwa delivered all scheduled road coach services as a vital transport link to regional communities in the south-west of Western Australia. The Transwa network extends to Kalbarri, Geraldton and Meekatharra in the north, Augusta, Pemberton and Albany in the south-west and Esperance in the south-east.

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



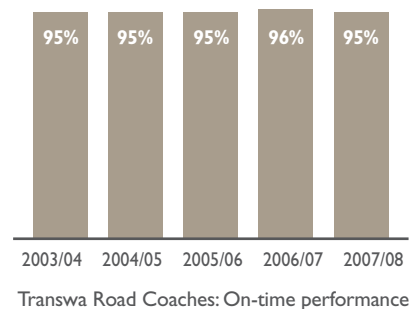
The year's developments

A program of preventative and restorative maintenance including repainting, equipment upgrades and interior detailing was put in place in 2007/08 to ensure the

road coaches continue to offer customers a high level of reliability and amenity.

Transwa's commitment to safety was recognised by a reduction in overall incidents, with no major incidents occurring across some 225,000 coach journeys.

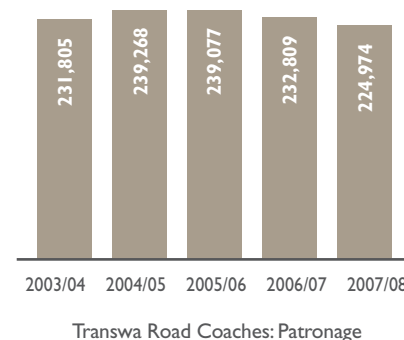
In an effort to improve services to the community, Transwa is planning some service enhancement to the Geraldton region in 2008/09.



Patronage

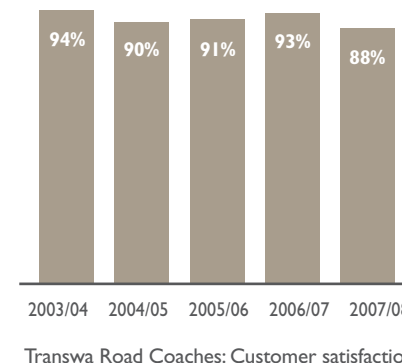
Transwa coach service patronage was down 3.4 per cent on the previous year and a detailed analysis of patronage showed a decline across most services.

The decline was attributed to a number of external factors including a population and demographic shift in regional areas, increased vehicle ownership, high employment rate and a buoyant economy. The continued rise in the cost of fuel, modifications to schedules and provision of additional services to the Geraldton region is expected to reverse this decline.



Passenger satisfaction

Customer satisfaction with Transwa coach services was down slightly at a still-commendable 88 per cent.



Infrastructure

Work has started on the trialling of GPS locating sensors, to improve on-time performance information with a view to providing real-time information to customers.

From a safety perspective, GPS technology also ensures Transwa is able to maintain contact with all services even in isolated areas. The results of the trial will be reviewed in 2008/09.

new metrorail

The NMR division was created to deliver the NMR project, the biggest public infrastructure project ever undertaken in WA.

It was the most expensive and most significant improvement ever made to WA's public transport. The budget was \$1655.634 million (excluding Victoria Park Station) and, at the end of 2007/08, total project expenditure was \$1654.146 million (99.9 per cent of budget).

The NMR project was completed on Sunday 23 December 2007 with the opening of the Mandurah Line, the biggest and final component. The NMR project was successfully delivered as follows:

- ▶ Nowergup Depot (railcar stowage, maintenance and cleaning) – completed June 2004.
- ▶ Extension of the Joondalup Line to a new end-station at Clarkson, and the extension of existing platforms on the Joondalup Line – completed October 2004.
- ▶ Construction of a new spur line to Thornlie, and the upgrade of infrastructure on the Armadale Line in the Victoria Park area – completed August 2005.

- ▶ The acquisition of 31 new state-of-the-art three-car trains – the last train entered service in July 2006.
- ▶ Commissioning and commencement of operations of the Mandurah Line – December 2007.

Since the opening of the Mandurah Line in December, the NMR division worked on issues relating to rectification of defects by contractors under their defects liability obligations. The defects liability periods for different contracts are between one and 10 years, with management of the defects period and any remaining contract issues transferring to Network and Infrastructure (N&I) on 1 July 2008.

At year's end, the PTA was engaged in legal action in the Supreme Court with NMR package contractor, Leighton Contractors. At the end of June 2008, there was no outcome to these court proceedings and no costs provisions have been made in respect to any judgement (see Contingent Liability note in the Financial Section).

network and infrastructure

The N&I division is responsible for the management and maintenance of the urban passenger rail network; the planning, design and delivery of PTA's capital works program; the delivery of PTA's information technology; the management of the non-railway issues associated with the corridor land on which the freight network is located; and the lease of the freight corridor. It also ensures the requirements of the *Railway (Access) Act 1998* are met by external operators on the urban network.

New developments

Following a restructure of N&I's Property and Planning branch in late 2007, a new branch – Rail Infrastructure Planning – was formed. This branch is responsible for the coordination and preparation of strategic transport planning policies and for major improvements and extensions to the rail network (urban and freight), as well as land rationalisation, heritage approvals and planning for extensions and improvements to the freight network.

Capital works program

Kelmscott Station

A \$12.8 million major upgrade of Kelmscott Station train/bus interchange began in September 2007, linking in with the Kelmscott Town Centre re-development. The project is due for completion in September 2008.

Victoria Park Station

Work began (August 2007) on the construction of a new Victoria Park Station, 230m south of the existing station. The cost

of the new station was \$9.2 million, and included an island platform, a lift between the footbridge and platform, access ramps and stairs. The entire project, which includes realignment of track, signalling, and the demolition of the old station is \$12.1 million and is due for completion in August 2008.

Joondalup Line car park extension project

With a total budget of \$18 million for the addition of more than 1000 car bays, Stage 1 work began this year with car parks being extended at Edgewater and Greenwood. The total program, which includes three further stages, will be completed in 2010.

Roe Street Bus Bridge

The new bus bridge, which will provide a grade-separated direct bus route between Fitzgerald Street and Wellington Street Bus Station, is being implemented as part of the Perth Arena Project. The budget is \$15.7 million with completion scheduled for the third quarter of 2009.

SmartRider ticketing project

The SmartRider ticketing project covering all Transperth services was completed with the commissioning of the new stations on the Mandurah Line. Overall cost of the project was \$33.3 million.

Transperth TVM project

The TVM project replaces the old cash ticket machines on the Transperth network. The cost of the project is \$15.4 million and it is due for completion in August 2008.

Rockingham City Centre Transit System

The \$16.3 million project complements the new Mandurah Line by providing a dedicated bus transit way to cater for train patrons between Rockingham Station and the Rockingham City Centre. The project was completed in December 2007.

Bus priority projects

- ▶ Centenary Avenue bus lane, Wilson – the PTA contributed \$213,750 to the City of Canning for these works, which were completed in January 2008.
- ▶ Alexander Drive / Illawarra Crescent intersection works – the PTA provided \$453,000 to the City of Swan to undertake the work, which was completed in June 2008.

Bus Shelter Grant Scheme

The State Government's Bus Shelter Grants Scheme (managed by the PTA), provides funding to local councils on a 50/50 basis to buy, build or upgrade bus shelters. In 2007/08, 30 grants totalling \$573,008 were approved, covering 82 bus shelters.

Claisebrook Depot

Construction was completed on the new \$5.9 million Claisebrook Depot office. Stage 2 of the project (Stage 1 was completed in April 2005) addressed sub-standard accommodation issues for mechanical, electrical and civil operational staff at Claisebrook Depot.

Kwinana Maintenance Depot

A new maintenance depot for infrastructure staff was constructed at Kwinana to ensure an effective and quick response to any infrastructure faults on the new Mandurah Line. The depot was built at a cost of \$680,000, and was completed in December 2007.

Welshpool Maintenance Depot

Earthworks started for a new maintenance depot at Welshpool. The new depot will replace the storage yard at Guildford and is due for completion in the first half of 2008/09. The cost of the project is \$670,000.

Joondalup Line crash barrier upgrade

The upgrading of certain sections of the crash barriers between the railway line and the Mitchell Freeway began with the first of three stages costing \$3.9 million. Work will progress over the next two years.

Upgrade of turnouts at Showgrounds Station

Five new 1-in-10 60kg swing-nose crossing turnouts were installed at Showgrounds Station over an Easter weekend shutdown, at a cost of \$1.4 million. The new turnouts will improve reliability and reduce noise.

Trackwork resleepering

\$1.1 million was spent on replacing deteriorated wooden sleepers with concrete sleepers on a section of the Fremantle to Robb Jetty Line, while the two tracks past Seaforth Station on the Armadale Line were also rehabilitated and concrete sleepered.

Kewdale Freight Complex redevelopment

To meet increased interstate container traffic demand (projected to increase at 10 per cent per annum), the Kewdale Freight Terminal is being redeveloped. The first part of the redevelopment, Terminal 1, is based on a 50-year lease of 67.8ha to Asciano Services Pty Ltd. Asciano will redevelop the lease area, while the PTA has capital funding of \$14.5 million to provide power, water and sewerage services to the lease as well as the creation of drainage basins, new entry roads, and demolition works. Clearing works were carried out in January 2007, demolition started in May 2008, and planning, design and survey works were continuing at year's end.

Level crossing cameras

This project is an important initiative in reducing the risk of collisions at level crossings with the installation of CCTV cameras at crossings. Two crossings on the Armadale Line (Welshpool Road, Welshpool and Kelvin Road, Maddington) had cameras installed at a total cost of \$635,000. Caution notes were issued from 1 May 2008, and infringement notices from 1 June 2008 for offences captured by the cameras.

Train Control Centre

Implementation of the new Train Control System, which commenced in 2005, was completed with the commissioning of the Mandurah Line component. The project, which cost \$13.6 million, completely upgraded the PTA's signalling system and provided the PTA with the latest train control system technology.

Creating and managing the future network

N&I have a service level agreement with TTO, which details their responsibility for the provision and maintenance of the infrastructure required by TTO to operate services reliably, efficiently and safely.

The key drivers in maintaining both the new and existing infrastructure are in providing a system which is attractive to our passengers, safe, reliable and also cost-effective. N&I's performance is measured against a range of key performance indicators.

The NMR project has provided systems incorporating leading-edge technology, which greatly benefits the overall PTA network with increased efficiency and safety which, in turn, provides improved service reliability to passengers. The project has provided the impetus to ensure the existing rail network was upgraded in a number of areas to link in with the new technology implemented by the project.

The NMR Project has also brought about a change in maintenance management practices. The Leighton Kumagai Joint Venture Package F contract, which included the delivery of the two CBD underground stations, includes a 10-year maintenance contract for complex critical systems such as fire control, ventilation, tunnel control and tunnel structure. This model will be monitored and evaluated for future use.



The People and Organisational Development (POD) division provides labour relations, human resource (recruitment and payroll), organisational development and competency-based training services to support the PTA and its employees.

There are more than 400 diverse job roles and career paths at the PTA, including operational areas and front-line customer service, infrastructure delivery and maintenance, security and corporate support roles including contract management, finance and corporate communications. As at 30 June 2008, the PTA had 1351 employees, an increase of 26 (1.9 per cent) on the previous year.



Strategic people management

During the year, a detailed and systematic approach to building and maintaining organisational capability through workforce planning was continued, by furthering the strategies and programs outlined in the *Building Capability Workforce Planning Strategy Report*. Workforce planning remains a key focus to ensure the operation of an efficient and effective public transport system, particularly during a period of economic prosperity in Western Australia.

Various cross-divisional groups and committees ensured a consultative process to represent staff from across the organisation, particularly where key people strategies are involved. An Equity Advisory Group was established to raise the profile of diversity issues to ensure an inclusive workplace.

With the current workforce competition for staff, developing our own people remains a priority. Strong leadership and staff capability is critical for the future positioning of the PTA.

Seven graduates were recruited in 2007/08 with an intake of 13 planned for 2008/09.

The program is available to students from a broad range of disciplines and is widely advertised at career expos and university career fairs.

Equal opportunity and work-life balance

The diversity of the PTA workforce continues to grow as the objectives of the PTA Equity and Diversity Management Plan 2007-2009 are implemented. The accommodation of flexible workplace strategies is highlighted as part of

workforce planning for staff. These strategies include flexible start and finish times, part-time and job-share work, a wide range of paid leave arrangements, free travel entitlements, family room and breastfeeding facilities, peer support and various other programs.

A greater proportion of women remains a priority as does the representation objectives for Indigenous people and those with disabilities. An increased focus has been placed on improving youth representation to meet future capability requirements. The key equal employment initiatives implemented for these groups in 2007/08 were:

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

Workforce planning

In 2007/08 the PTA continued to actively implement strategies to attract, retain and expand the capability of its workforce in a highly-competitive labour market. The organisation widened its approach to workforce planning by participating in the Australasian Railway Association's Human Capital Strategy project to develop initiatives and actions to attract, develop and retain a capable rail workforce. The third iteration of the internal workforce planning process will begin in the latter half of 2008.

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 PTA monitored PDP completion rates throughout 2007/08 and continued to provide managers and supervisors self-paced, online performance management training.

Building future capability

The fifth intake of supervisors and managers commenced Front Line Management training in 2007/08. The training includes work-based projects relating to operational issues. Upon completion of the course, participants receive a Certificate IV in Business (Front Line Management), ensuring that PTA managers hold nationally-recognised qualifications.

The successful Accelerated Leadership Development Program (ALDP) pool has increased in size to include 80 potential

successors for future management roles. The program includes a 360 degree feedback process based on the State Government's leadership capability profile. Participants were also provided with a workplace mentor to facilitate the sharing of skills, knowledge and experience. The ALDP is complemented by the PTA mentoring program, job shadowing, in-house Myer Briggs-type indicator training, and active participation and support from the PTA executive.

During the year, the PTA continued to coordinate employee access to a wide range of professional development courses, and continued its study assistance policy. This policy provides significant support with fees and paid leave for employees to pursue both undergraduate and postgraduate qualifications. The policy includes provision for a Chief Executive Scholarship fund of \$20,000 per year.

A suite of development courses is available in-house as part of the corporate training calendar, including computer skills, time management and internal auditor training.

Healthy living

The PTA's health and lifestyle program *Travelling Well* continued to be a popular staff benefit in providing free, professionally-delivered health and lifestyle advice and gymnasium facilities to employees. This program is complemented with online health promotion information, weekly motivational emails and activity programs such as gym circuits and pilates classes. On-site health consultations and assessments are available each week at work sites.

The Cycling 100 program continued in 2007/08, and was extended to the new Mandurah Depot. The program is designed to establish healthy behavioural patterns through a commitment to a minimum of six months of cycling. It has been a resounding success for both the participants and the PTA. The participants have travelled more than 150,000km and have shown an average 12.5 per cent improvement in cardiovascular fitness.

Staff community engagement is demonstrated by encouraging PTA people to participate in charity-related activities on behalf of the organisation. During the

year, approximately 250 staff participated in activities/events such as Jeans for Genes Day, City to Surf, Salvation Army Christmas Appeal, Asthma Foundation Bike Hike, Radio Lollipop and the Red Cross Blood Donations Winter Appeal.

Competency-based training

As a Registered Training Organisation (RTO) the PTA provides quality training and assessment services in compliance with the Australian Quality Training Framework (AQTF2007) and established best practice guidelines.

The PTA RTO is scoped to issue Certificates II, III and IV in Transport and Logistics (Rail Operations) from the TLI 07 Transport and Logistics Training Package. A number of initiatives were undertaken by the RTO in 2007/08 including:

- ▶ Managing the \$1.5 million training contract for TTO.
- ▶ Delivering and administering re-qualification training for a number of operational areas.
- ▶ Coordinating the apprenticeship program.
- ▶ Developing competency profiles for 95 per cent of wages employees.

- ▶ Implementing a new online learning system for courses such as recordkeeping awareness training, counter-terrorism awareness, and the environmental management system.

In 2007/08, the RTO team coordinated, developed, delivered and reviewed competency-based and enterprise-specific training and assessment programs for the following:

- ▶ Transit officer training (new employees and re-qualification).
- ▶ Urban railcar driver training (new employees and re-qualification).
- ▶ Customer service and passenger ticketing assistant training.
- ▶ Train controller recognition of prior learning.
- ▶ Car park attendants training.
- ▶ Central Monitoring Room operator training.
- ▶ PTA radio procedures training.
- ▶ Emergency management manual.
- ▶ Training for private sector revenue protection personnel.
- ▶ Authorised persons training for Transperth bus security contractors.

Labour relations

With the expiry of the five enterprise agreements in December 2007, the PTA, with union consent, deferred bargaining for replacement agreements because of uncertainty about the impact on the State framework, of proposed changes to the Federal industrial legislation. TTO railcar drivers could not agree on terms for the deferral and opted to return to the award. This took place progressively from February 2008. A dispute developed over the wording of some award clauses and in May the Industrial Relations Commission heard an application by the PTA to vary the award to rectify the anomalies. A decision was still to be handed down at balance date.

In the second half of the year under review, the PTA experienced a significant loss of railcar drivers to the private sector, reflecting an unprecedented increase in rail construction and transport associated with mining activities in the State's north-west. To counter this, a major recruitment drive was launched.

During the year, the PTA ensured that appropriate dispute resolution procedures were in place. Joint Consultative Committees provide a process by which management and employees can jointly examine and discuss issues of mutual concern and develop solutions to problems.

There was no time lost through industrial action.

Recruitment

There was significant recruitment in 2007/08. In conjunction with a review to fast-track recruitment processes, the PTA enhanced its employer branding and range of marketing campaigns. The organisation took part in an international careers expo to recruit and encourage awareness and interest in the PTA. As a result, several people were appointed to transit officer positions. The PTA also engaged the services of Rail Personnel and successfully recruited several international employees to trainee signal technician positions.

In early 2008, a recruitment strategies working group was formed to review existing recruitment, selection and appointment procedures. It will also identify attraction and retention issues and make recommendations to improve recruitment.

A campaign to actively recruit for a variety of training and development roles including graduates, trainees, apprentices and vacation students was continued during the year.

More than 110 appointments were made in 2007/08 as a direct result of pool recruitment processes. TTO will continue to use pool recruitment for positions such as transit officers, railcar drivers and passenger ticketing assistants.

One of the key issues coming from the 2007 transit officer processes was the increased interest from applicants from a non-English speaking background. Recognising this, the PTA, in partnership with Central TAFE, created a transit officer preparatory course.

Staff profiles

	2006/07	2007/08
Full-time permanent	1134	1187
Full-time contract	122	104
Part-time measured on FTE	63 (headcount) 34.42 (FTE)	53 (headcount) 28.82 (FTE)
On secondment	6	7
Total	1325	1351

Workers compensation

The number and value of workers compensation claims during the 2007/08 financial year are disclosed below. The pre-1997 claims relate to insurance periods before RiskCover was PTA's insurer.

	2008		2007	
	Number of claims	\$000	Number of claims	\$000
Pre 1997	7	623	10	1,232
After 1997	99	855	104	1,287
	106	1,478	114	2,519

Compliance with Human Resource Management Standards

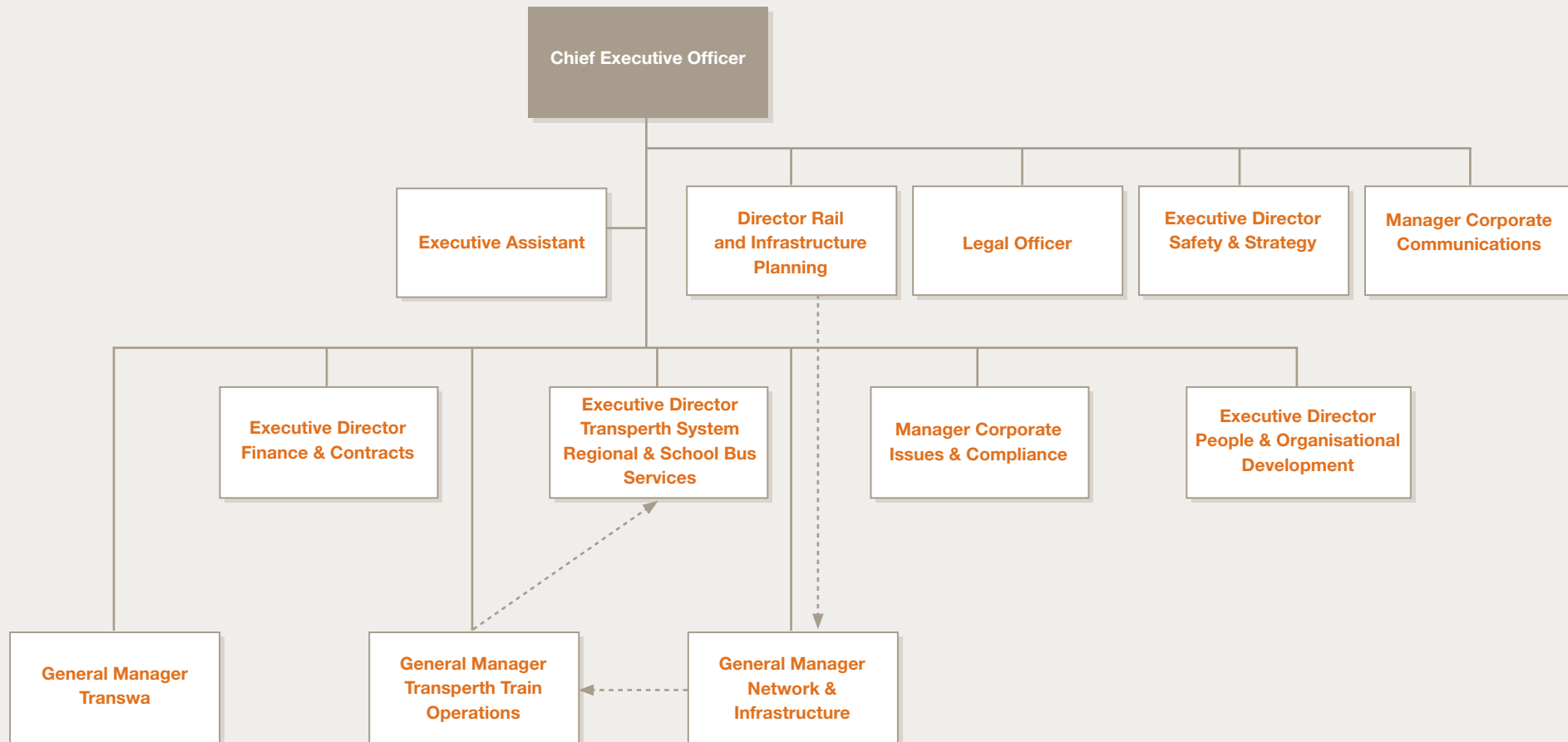
The PTA conducted 203 recruitment processes and reviewed four breach-of-standards claims in 2007/08. Two breach claims were resolved by the PTA without referral to Office of the Public Sector Standards Commissioner (OPSSC). The OPSSC found that there was no breach of the recruitment, selection and appointment standard for the other two claims and the selection panels' decisions were upheld.

A comprehensive review of the recruitment, selection and appointment policy began during the year. This is expected to generate innovative recruitment strategies to help the PTA meet resource requirements and contribute towards effective attraction and retention initiatives. It is also expected to enhance compliance in these areas.

Monitoring the PTA's standards compliance included the use of checklists, quality assurance checks undertaken on all recruitment, selection and appointment processes by recruitment staff, and analysis of issues raised through breach of standards claims.



organisational structure



executive profiles



Reece Waldock

Chief Executive Officer

Reece has 24 years experience in strategic management with particular expertise in organisational reform. He held a number of senior executive roles within the Department of Commerce and Trade and Department of Transport from the early 1990s through to the end of 2000. In December 2000, following the sale of the rail freight business of the Western Australian Government Railways Commission (WAGRC), Reece acted in the position of Commissioner of Railways until the Railways Commission was extinguished on 30 June 2003.

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



Mark Burgess

Executive Director Transperth System, Regional and School Bus Services

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

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

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



Hugh Smith

General Manager, Network & 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 OTR of trains. Following the sale of WAGR's freight business in December 2000, Hugh was appointed General Manager, Network and Infrastructure in an organisation focused exclusively on passenger transport and customer service.

executive profiles



Pat Italiano

**General Manager,
Transperth Train Operations**

Pat is a qualified accountant and member of CPA Australia. During his 35-year career in public transport, Pat has acquired considerable expertise in business and strategic management, risk management, audit and more recently operational experience within a fully-integrated urban passenger transit environment.

Pat is responsible for promoting and managing the delivery of urban passenger rail services to the highest of customer service standards and is committed to ensuring the successful integration and delivery of all urban passenger rail services. He was appointed to the Executive in June 2004.



Kim Stone

**General Manager,
Transwa**

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

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



Sue McCarrey

**Executive Director,
Safety and Strategic Development**

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

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



Peter King

**Executive Director,
Finance and Contracts**

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

His professional interest is in the areas of financial management, business performance, procurement and cost-effective service delivery. He has 24 years senior management experience in financial policy and as Chief Finance Officer in the Western Australian public sector including senior management roles in Treasury and Finance, Justice, and Health.



Brian Appleby

**A/Executive Director,
People & Organisational Development**

Brian brings to the organisation more than 20 years experience in labour relations, human resource management, workforce services issues and learning and development. Having commenced his career in the private sector, Brian has undertaken a range of roles as an operative, operational manager, and director in key public sector agencies and central government departments. He holds a post-graduate qualification in Industrial Relations, is a former officer in the Australian Army Reserve and is currently a Director of the Rail Skills Career Council.

Along with his responsibility for strategic people management, Brian oversees the delivery of functional human resource services for the PTA's people. He commenced his appointment in February 2008.



Richard Barrett

**Manager,
Corporate Communications**

Richard is a professional communicator with more than 12 years experience in Australia and the UK. He began his career in the private sector, and now is responsible for strategic communications, internal and external communications, crisis and issues management, media relations, event management and community relations at the PTA. He previously oversaw the communications effort for NMR, which culminated with the opening of the Mandurah Line in December 2007.

Richard, who joined the Executive in September 2007, has a Bachelor of Arts (UWA), Bachelor of Commerce (Curtin University), and is a member of the Public Relations Institute of Australia.

compliance reports

Safety

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

Rail Safety

Accreditation

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

Compliance inspections and reporting

The annual rail safety compliance audit was conducted by the Office of Rail Safety (ORS) in November 2007, and a report was issued on 4 January 2008. The rail safety audit did not identify any non-compliances,

but found 12 observations, compared with three non-compliances and 27 observations the previous year. All observations were closed out by 28 March 2008.

Inquiries and inspections

The ORS did not request any Category A incidents be investigated under Section 39(3) of the *Rail Safety Act (1998)*.

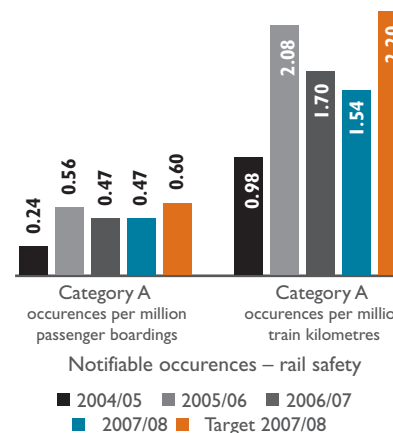
Notifiable occurrences

Railway safety incidents are recorded and notified to the ORS. These notifiable occurrences are defined in the *Rail Safety Regulations 1999* as Category A (incidents causing serious injury, death, or significant damage) or Category B (incidents that may have the potential to cause a serious accident) and *Australian Standard Railway Safety Management 4292 - 2006*. Notifiable occurrence reporting is a legislated requirement under the *Rail Safety Act 1998* for the accredited owner and operator of a rail system, and therefore part of the PTA's safety management system. These arrangements do not cover bus operations.

The performance measurement for Category A and B occurrences is expressed as the number of occurrences per million passenger boardings and per million track kilometres. A low rate of incidents indicates that sound safety and

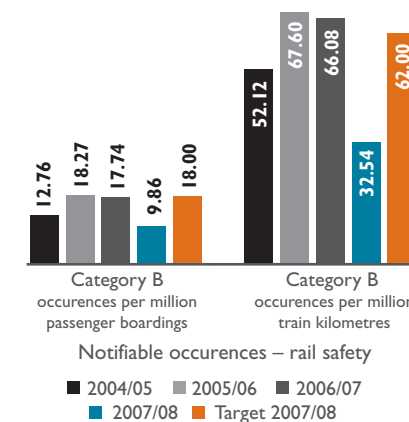
risk management procedures/controls are operating effectively throughout the system. The benchmark values for Category A and B incidents are calculated on estimations of the number of future passenger boardings and train kilometres.

There were 20 Category A notifiable incidents in 2007/08, compared with 16 the previous year. Excluding incidents involving actions beyond the PTA's control (i.e. suicides or attempted suicides), there were four Category As in 2007/08 and 10 in 2006/07.



Category A incidents per million passenger boardings and per million train kilometres were comparable to 2006/07.

There were 419 Category B notifiable incidents in 2007/08, compared with 627 the previous year. This is a significant reduction in notifiable occurrences before the increased passenger kilometres are taken into account.



Category Bs against passenger boardings and train kilometres were significantly lower than in 2006/07. The 2007/08 results for both categories were encouragingly lower than the respective benchmarks. The reduction in incidents reflects the PTA's risk management initiatives and controls.

The PTA's overall normalised figures for 2007/08 reduced considerably. This can be attributed to an improvement in safety performance and the increase in patronage and kilometres travelled as a result of the Mandurah Line – on which level crossings were designed out of the system to reduce risk – coming on stream.

Occupational safety and health

Several safety and health programs launched in 2006/07 continued throughout the year, including the Safety Topic of the Month campaign and the Safety STAR (Stop Think Assess Respond) marketing and hazard management program. These initiatives complement and promote the organisation's long-term safety cultural change program. There were also several health initiatives including free annual influenza inoculations and mole check clinics conducted.

Training

Training in safety and health continued to be a priority, with many managers and supervisors completing a two-day training course on their occupational safety and health responsibilities. A contingent of PTA safety and health representatives, as well as several supervisors, managers and safety coordinators, attended the 2007 WorkSafe Forum where they heard from and questioned a panel of safety experts and presenters on various topics.

In-house training programs continue to be run regularly, including half and full-day corporate HSE inductions for, respectively,

administrative and operational staff, and a full-day, interactive training course in conducting HSE investigations. Training in the management of violence, aggression and bullying was launched in 2007 and continues to be rolled out across the organisation. Fatigue management training for supervisors started in June 2008 and will be followed by training for employees in the coming year. Training in specific hazards, such as confined spaces, was also provided to targeted workers.

The PTA also coordinated a workshop on corporate governance and management responsibilities presented by leading British barrister Gerard Forlin. The workshops included attendees from PTA as well as representatives from key contractors, service providers and other stakeholders, including the ORS.

OSH reporting system

The PTA's OSH reporting system, launched on 1 July 2004, enables the organisation to capture reported hazards, near-misses and

incidents, and facilitates interrogation of data to analyse trends. Hazard reporting reached an all-time high this financial year, enabling the organisation to manage hazards proactively, before an incident occurs. The system is due to be upgraded in the next financial year.

OSH and injury management performance

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

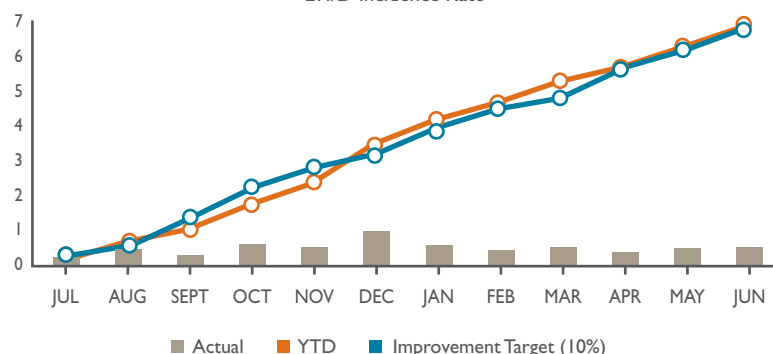
	2007/08 Target	2007/08 Actual	% Difference from 2006/07
Number of (employee) fatalities	0	0	0
Lost time injury incidence rate	6.08*	6.12	-9.5%
Lost time injury severity rate	6.59*	6.17	-15.67%

* target = 10% reduction from 2006/07

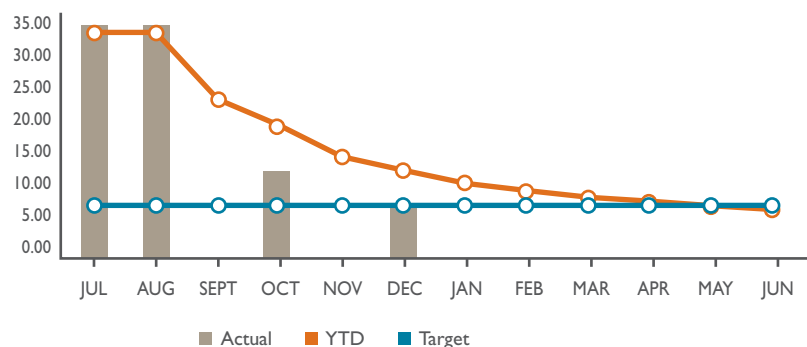


compliance reports

PTA 2007/08 Government Mandatory OSH Reporting:
LTI/D Incidence Rate



PTA 2007/08 Government Mandatory OSH Reporting:
LTI/D Severity Rate



The PTA again did not record a fatal incident to a worker on the system. Though the 10 per cent improvement target was not met, the 2007/08 lost time injury (LTI) incidence rate decreased by 9.5 per cent from the previous year. The 10 per cent improvement target for severe injuries was exceeded, reducing by 15.67 per cent from the previous year.

Slightly more than a third of the LTIs recorded during the year were due to psychological trauma as a result of attempted or suspected suicides on the rail system. When these injuries are isolated, the incidence rate for all other injuries is 4.16, a 32.69 per cent reduction on the equivalent 2006/07 figure. This indicates that injuries within the direct control of the PTA to prevent, are decreasing at a faster rate than the total figure would suggest. The PTA will be working with mental health experts in the coming year to study the increasing impact of suspected or attempted suicides on our employees with a view to implementing further psychological resilience and recovery mechanisms.

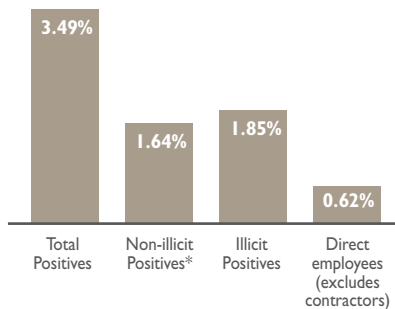
Health assessment standards

On July 1 2004, the National Transport Commission introduced the *National Standard for Health Assessment of Rail Safety Workers*. The national standard applies to all rail safety workers as defined in the *Rail Safety Act (1998)*. It relates to health assessments and procedures for monitoring the health and fitness of workers who perform rail safety duties. Regular updates continued to be provided across the organisation this year, to ensure the currency of safety critical health assessments was maintained. A post-implementation review of the introduction of the national standard was conducted, resulting in Executive approval of several actions to ensure the continuous improvement and efficiency of the PTA's health management program.

Testing for alcohol and other drugs

Random and for-cause testing of employees and contractors for alcohol and other drugs continued throughout the year as part of the PTA's alcohol and other drugs management program. Of the 431 random tests conducted, nine positive results due to illicit substances were recorded. Three of the illicit positive results were for direct PTA employees; six were for contractors. No illicit positive results were recorded following for-cause (post-incident) tests (n = 56).

Occupations of workers who tested positive for illicit substances included: track maintenance workers, transit officers and station staff. Illicit substance results included: alcohol; cannabinoids; sympathomimetic amines (amphetamine class); and cocaine. The PTA continues to monitor trends in alcohol and other drug use to ensure that its awareness sessions reflect these trends, thus maintaining relevance and maximising their impact.



AOD positive results profile 2007/08

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

Corruption prevention

The PTA has a comprehensive risk management strategy to prevent corruption. A Code of Conduct and a suite of policies and procedures exist and have been communicated to employees to guide them in their professional and personal conduct.

Audit and review practices are regularly undertaken across the PTA to ensure the applicability and take up of the Code and prevent misconduct and corruption.

Complaint and comment handling

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

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

The primary means of passengers registering comments or complaints is through the PTA CommentLine (13 16 08). This well-advertised telephone number takes comments on any aspect of PTA business, registers it on the CommentLine system, and forwards the comments/complaints to the appropriate

division for action. The other key method for registering complaints is through the Transperth website. Additionally passengers occasionally submit comments, commendations or complaints in writing. Generally, complaints received via the PTA CommentLine telephone number and the website are responded to within seven days. In 2007/08, the PTA CommentLine dealt with 13,319 comments, of which 11,651 were complaints.

An extensive audit of the PTA's complaint management process in 2007 led to further improvements in procedures and systems, which were implemented in 2007/08. The improvements ensure that any written correspondence to the PTA is carefully scrutinised to determine whether it constitutes a complaint, and any relevant areas of complaint are recorded and managed in the complaints management system; by doing this the PTA has ensured that any emerging trends are captured, such as particular bus or train trips or services which are cause for complaint. Resources can then be focussed on non-performing services which are generating the complaints and remedial action to rectify the issue can be implemented.

Substantive equality

All Transperth operational staff, including passenger ticketing assistants, transit officers and bus drivers, receive comprehensive customer service training, with periodic refresher training. This training includes disability awareness, awareness of anti-discrimination requirements and, most importantly, PTA values.

compliance reports

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

To further promote respect and positive customer interaction, the PTA recognises outstanding individual or team performance via monthly and annual customer service awards. Nominations for these monthly and annual awards are actively sought across the organisation with any member able to nominate a fellow worker's outstanding performance; the high visibility and profile of the awards in itself promotes a consciousness of the need for customer service. Standards of customer service are also independently assessed across the PTA's Transperth and Transwa systems via the annual PSM, the most extensive public transport survey of passenger satisfaction undertaken in Australia. Results of what our customers think about customer service are actively used to guide staff behaviour, improve training and refine the allocation of customer service resources.

Sustainability

The PTA Sustainability Action Plan 2005-2007 outlined a number of priority areas to maximise sustainability during the planning, development and operations of its integrated public transport system. The plan also encouraged PTA staff to actively participate in activities that make a contribution towards a better future. These activities included energy conservation, recycling and use of public transport.

In 2007/08, the PTA continued to work with relevant external parties to identify opportunities to maximise sustainability during the development and planning of transport services. This included:

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

Highlights of the implementation of the PTA's Sustainability Action Plan for 2007/08 include:

- ▶ Annual report submitted to the Western Australia Greenhouse Gas Inventory.

- ▶ Participation in workshops held to increase sustainability across the Planning and Infrastructure portfolio.
- ▶ Employee participation in the Business Clean-up Australia Day.
- ▶ Implementation of an environmental induction program.
- ▶ Continued implementation of the recommendations of the energy audit completed in 2006, including the use of energy-smart posters within offices.
- ▶ Continued implementation of the recommendations of a water audit (worked with the Water Corporation to identify improvement strategies including a trial of waterless urinals).

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

- ▶ Extending the metropolitan rail system with the establishment of the Mandurah Line.
- ▶ Accessibility for people with disabilities.
- ▶ SmartRider ticketing system.
- ▶ Bus priority improvements to reduce transit times and improve OTR.
- ▶ Disability Access and Inclusion Plan.

Greenhouse gas emission initiatives

During 2007/08, the PTA:

- ▶ Continued implementation of its Sustainability Action Plan.
- ▶ Trialled the use of waterless urinals in the Public Transport Centre.
- ▶ Registered for energy efficiency opportunities with the Department of Resources, Energy and Technology.
- ▶ Conducted water efficiency assessments of two PTA sites to determine water-saving opportunities.
- ▶ Developed an online Greenhouse Gas Savings calculator which uses travel information (including the car size and distance travelled) to calculate a passenger's greenhouse gas savings. This calculator is available on the Transperth website.

Disability access and inclusion plan (DAIP)

In 2007/08, the PTA continued to improve access to public transport for people with disabilities. The DAIP for 2007-2012 was released in July 2007, and highlights for 2007/08 included:

- ▶ Continued implementation of the *Get on Board* programs to encourage participation by the disabled community.
- ▶ Development and publication of pamphlet on *Using Mobility Aids on Transperth's Public Transport System*.
- ▶ Launch of the RCCTS to provide an accessible shuttle service between Rockingham's new train station, the CBD and the foreshore.
- ▶ Continued implementation of a 12-year program to progressively replace the existing fleet with new accessible buses.
- ▶ Continued administration of the *Bus Shelters Grant Scheme*, which provides dollar-for-dollar funding to local councils for the construction of accessible shelters at selected bus stops.
- ▶ Upgraded or replaced four train stations, including those at Victoria Park and Kelmscott (work on which is scheduled for completion in 2008/09).
- ▶ Commissioned the last of the 31 state-of-the-art, three-car trains, which are fully accessible.
- ▶ Officially opened two new regional train stations in Meckering and Doodlakine, stopping points for Transwa's Prospector service, to provide an accessible entry point from the platform to the railcar for passengers with mobility issues.

- ▶ Continued recognition of *Companion Cards* to allow a companion to travel with a person with a permanent disability at no additional cost.

Recordkeeping

The PTA has continued the program of improvement for recordkeeping which commenced in 2007 after the approval of its Recordkeeping Plan by the State Records Commission. The PTA has demonstrated its commitment to meeting the State Records Commission's minimum compliance requirements through the achievements as detailed below.

A recordkeeping effectiveness framework was implemented in 2007/08, which will be reported on annually. In addition, the PTA's recordkeeping processes were tested under internal audit in 2007/08 and produced favourable outcomes (Compliance Requirement 1). The PTA has purchased an electronic document record management system, which will be implemented in 2009. During the detailed design phase of the system, the PTA has taken the opportunity to review the efficiency and effectiveness of its recordkeeping processes, including meeting the compliance requirements.

An online records training and awareness package for clerical, administrative and business staff was progressively implemented during 2007/08, with the majority of this group of staff having completed the training. Training packages for regional-based staff will be implemented in 2008/09. Training content is reviewed periodically to ensure it reflects current operational and administrative practices and processes. The online training program is regularly monitored

and feedback will be sought from staff via survey. The PTA also continues to keep all staff informed on recordkeeping matters through regular intranet bulletins and informal training sessions (Compliance Requirement 2 and 3).

The PTA's induction manual lists the employee's recordkeeping roles and responsibilities and is communicated to all new staff at the induction training. In addition, PTA has made the online records training and awareness package mandatory for all new clerical, administrative and business staff since 2008 (Compliance Requirement 4).

Pricing policy

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

Transwa fares are established by the State Government to ensure affordability for regional Western Australians. For the 2007/08 financial year, Transwa had an average fare increase of seven per cent subject to a biennial review of the fares from 2009/10.

Transperth fare information is provided at www.transperth.wa.gov.au.

Transwa fare information is provided at www.transwa.wa.gov.au.



glossary of terms

ALDP	Accelerated Leadership Development Program	PDP	Performance and Development Plan	Acceptable Service Level (ASL)	Is defined as an hourly service during the day with at least three trips, i.e. at 20-minute intervals, in the peak flow direction in the morning and afternoon peaks.
ARA	Australasian Railway Association	POD	People and Organisational Development (PTA division)	Category A	Incident causing serious injury, death, or significant damage.
ASL	Acceptable Service Level	PSA	Property Street Addresses	Category B	Incident that may have the potential to cause a serious accident.
CAT	Central Area Transit	PSM	Passenger Satisfaction Monitor	Circle Route	A high frequency bus service connecting major shopping centres, universities, schools and colleges.
CIS	Customer Information System	PTA	Public Transport Authority of Western Australia	Fare-paying boardings	Covers only those people, standard fare or concession, who pay (either by tagging on or by the purchase of a cash ticket) as they enter the system.
CNG	Compressed Natural Gas	QEII	Queen Elizabeth II Medical Centre	Initial boardings	Fare-paying boardings, plus free travel on passes, free travel on CAT services in Perth, Fremantle and Joondalup and free travel on services within the Perth FTZ.
CRM	Composite Rate Model	RAPID	Recording and Passenger Dissemination System	Passenger place kilometres	The average seat capacity multiplied by the kilometres travelled while in service.
CUC	Capital User Charge	RCCTS	Rockingham City Centre Transit System	Service kilometres	The kilometres travelled while in service.
DAIP	Disability Access and Inclusion Plan	RTO	Registered Training Organisation	Total boardings	Fare-paying boardings, plus free travel on passes, free travel on CAT services in Perth, Fremantle and Joondalup and free travel on services within the Perth FTZ, plus transfers between services.
EGR	Eastern Goldfields Railway	SBS	School Bus Services (PTA branch)		
FTZ	Free Transit Zone	STAR	Stop Think Assess Respond		
GPS	Global Positioning System	TOD	Transit Oriented Development		
HSE	Health, Safety and Environment	TRIS	Transperth Route Information System		
LTI	Lost Time Injury	TTO	Transperth Train Operations (PTA division)		
N&I	Network and Infrastructure (PTA division)	TVM	Ticket-Vending Machine		
NMR	New MetroRail (former PTA division)	UWA	University of Western Australia		
OPSSC	Office of the Public Sector Standards Commissioner	WAGRC	West Australian Government Railways Commission (PTA predecessor)		
ORS	Office of Rail Safety	WAP	Wireless Application Protocol		
OSH	Occupational Safety and Health				
OTR	On-time running				

compliance statements

Statement of compliance with public sector standards

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

Statement of compliance with relevant written law

Enabling legislation

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

Legislation impacting on the PTA's activities

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

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

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

In the financial administration of PTA, we have complied with the requirements of the *Financial Management Act 2006*. We have also complied with every other relevant written law and exercised controls to provide reasonable assurance that the

receipt and expenditure of moneys, the acquisition and disposal of public property and the incurring of liabilities have been in accordance with legislative provisions.

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



Reece Waldock
Accountable Authority

4 September 2008

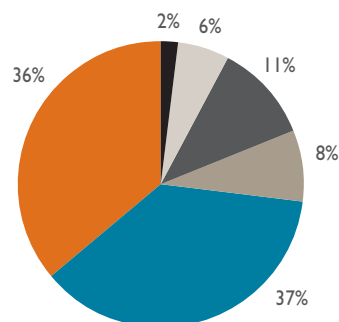


John Chung
Acting/Chief Financial Officer

4 September 2008

service and financial achievements

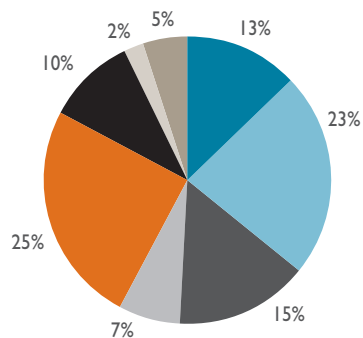
During the financial year 2007/08, the PTA has delivered public transport services to the people of Western Australia worth \$775.1 million. The graph below shows how these funds were spent across each service. Refer to the individual sections of Review of Performance by mode for further details on expenditure by services.



Expenditure by service

- Transperth Metropolitan Bus and Ferry Operations
- Transperth Train Operations
- Regional Bus Operations
- Country Passenger Rail and Road Coach Services
- Regional School Bus Services
- Rail Corridor and Residual Freight Issues

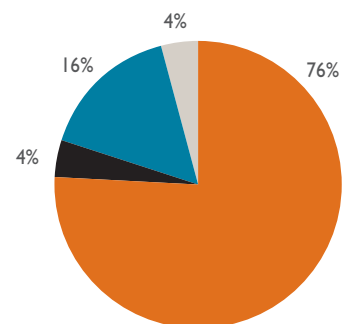
A breakdown by type of expenditure is shown in the graph below:



Total expenditure by type

- Employee benefits expense
- Supply, services and utilities
- Depreciation and amortisation
- Borrowing expenses
- Bus, ferry and regional bus operators
- School bus and student fare concessions
- Grants to local governments
- EGR project

Total revenue and funding received during the year amounted to \$790.8 million. The following graph shows the percentage of various revenue and funding sources.



Revenue and funding sources

- State
- Commonwealth
- User charges and fees
- Other Income

Financial targets: Actuals compared to budget targets

The following table provides a comparison of the financial targets and outcomes against criteria included in the Resource Agreement between the Chief Executive Officer, Minister for Planning and Infrastructure and the Treasurer.

	2007-08 Target ⁽¹⁾ \$000	2007-08 Actual \$000	Variation ⁽²⁾ \$000	
Total cost of services	759,313	775,106	-15,793	Note 2.1
Net cost of services	569,906	583,197	-13,291	Note 2.1
Total Equity	2,342,611	3,126,800	-784,189	Note 2.2
Net increase/(decrease) in cash held	(13,149)	1,782	14,931	Note 2.3

	Number	Number	Number	
Approved Full Time Equivalent staff level	1,438	1,284	154	Note 2.4

1. As specified in the 2007/08 budget statements.

2. Explanation of Variations:

Notes:

(2.1) The variations to total and net cost of services are mainly due to:

- an increase in grants and subsidies of \$9 million for the concrete re-sleeper and loop extensions of the Eastern Goldfields Railway line; and
- an increase in grant to Local Government of \$8.5 million due to transfer of roads and associated infrastructure controlled by local government and constructed as part of the New MetroRail Project. (Further explanation is contained in Note 43 of the Financial Statements.)

(2.2) The variation to total equity are mainly due to revaluation of land, buildings, rollingstock, rail infrastructure, bus infrastructure and bus to fair value.

(2.3) The increase in cash is mainly related to an underspent cash funding from DPI for the North Greenbushes project which is being carried over to 2008/09.

(2.4) The variation to the approved Full Time Equivalent staff level is mainly due to the difficulty in the recruitment of transit officers, Passenger Ticketing Attendants and other administrative staff to a lesser extent. The positions were being temporarily filled with contractors.

service and financial achievements

SUMMARY OF KEY PERFORMANCE INDICATORS: Actuals compared to budget targets

	2007-08 Target	2007-08 Actual	Variation
Outcome: Accessible, Reliable and Safe Public Transport System			
Key Effectiveness Indicators			
Use of public transport - passengers per service kilometre:			
• Metropolitan bus services	1.32	1.29	-0.03
• Metropolitan train services	3.36	3.51	0.15
• Metropolitan ferry services	16.86	13.39	-3.47
• Regional bus services	0.85	0.83	-0.02
• Country passenger rail services	0.280	0.304	0.024
• Country passenger road coach services	0.08	0.07	-0.01
Accessible Public Transport:			
The proportion of street addresses within the Perth Public Transport Area which are within 500 metres of a Transperth stop providing an acceptable level of service	74%	78.3%	4.3%
Metropolitan and regional passenger services reliability:			
• Bus services within four minutes of scheduled time	85%	82.62%	-2.38%
• Train arriving within four minutes of scheduled time	95%	90.29%	-4.71%
• Ferries arriving within three minutes of scheduled time	98%	99.21%	1.21%
Transwa rail and road coach services reliability:			
• Prospector arriving within 15 minutes of scheduled time (a)	80%	42%	-38%
• Australind arriving within 10 minutes of scheduled time	90%	83%	-7%
• MerredinLink arriving within 10 minutes of scheduled time (b)	95%	84%	-11%
• AvonLink arriving within 10 minutes of scheduled time	95%	99%	4%
• Road coaches arriving within 10 minutes of scheduled time	95%	95%	0

	2007-08 Target	2007-08 Actual	Variation
Regional school bus services reliability:			
Drop off no less than 10 minutes before the school starts and pick up within 10 minutes of school ending	96%	98%	2%
Level of overall customer satisfaction - customer satisfaction index:			
• Metropolitan bus services	82%	78%	-4%
• Metropolitan train services	92%	90%	-2%
• Metropolitan ferry services	96%	97%	1%
• Regional rail and road coach services	90%	88%	-2%
Customer perception of safety - independent external surveys:			
• Train station - daytime	96%	96%	0
• On-board train - daytime	97%	98%	1%
• Train station - night-time	65%	68%	3%
• On-board train - night-time	75%	78%	3%
• Bus station - daytime	95%	94%	-1%
• On-board bus - daytime	99%	98%	-1%
• Bus station - night-time	67%	63%	-4%
• On-board bus - night-time (c)	85%	78%	-7%
Level of notifiable safety occurrences - notifiable occurrences:			
• Category A: occurrences per million passenger boardings	0.60	0.47	-0.13
• Category A: occurrences per million train kilometres	2.20	1.54	-0.66
• Category B: occurrences per million passenger boardings (d)	18.00	9.86	-8.14
• Category B: occurrences per million train kilometres (d)	62.00	32.54	-29.46
• Regional school bus services: notifiable occurrences (accidents) reported each school year	10	14	4
Outcome: Protection of the long-term functionality of the rail corridor and railway infrastructure:			
• Number of lease breaches	Nil	Nil	Nil

Note: For more explanations on the variation, please refer to the section Audited Key Performance Indicators.



service and financial achievements

	2007-08 Target	2007-08 Actual	Variation
Key Efficiency Indicators			
Service 1 : Metropolitan and Regional Passenger Services			
Average cost per passenger kilometre			
• Transperth bus operations	\$0.68	\$0.75	\$0.07
• Transperth train operations	\$0.77	\$0.75	-\$0.02
• Transperth ferry operations	\$1.30	\$1.36	\$0.06
Average cost per 1,000 place kilometres			
• Transperth bus operations	\$71.02	\$74.86	\$3.84
• Transperth train operations	\$53.22	\$60.16	\$6.94
• Transperth ferry operations	\$155.55	\$158.49	\$2.94
• Regional bus services	\$68.37	\$69.98	\$1.61
Total passenger place kilometres (millions)			
• Transperth bus operations	3,671.9	3,637.6	-34.30
• Transperth train operations (e)	5,425.7	4,600.8	-824.90
• Transperth ferry operations	4.90	4.88	-0.02
• Regional bus services	184.0	181.6	-2.40
Service 2 : Country Passenger Rail and Road Coach Services			
Average cost per passenger kilometre			
• Transwa rail	\$0.32	\$0.44	\$0.12
• Transwa road coaches	\$0.19	\$0.19	0
Average cost per 1,000 place kilometres			
• Transwa rail (f)	\$177.31	\$280.25	\$102.94
• Transwa road coaches	\$85.90	\$76.90	-\$9.00
Total passenger place kilometres (millions)			
• Transwa rail (g)	148.47	123.88	-24.59
• Transwa road coaches	172.37	174.59	2.22

	2007-08 Target	2007-08 Actual	Variation
Service 3: Regional School Bus Services			
Average cost per 1,000 place kilometres: student bus services	\$100.70	\$93.78	-\$6.92
Total passenger place kilometres: student bus services (millions)	869	857	-12
Service 4: Rail Corridor and Residual Freight Issues			
Total cost of managing the rail freight corridor and residual freight issues	\$60,723,000	\$62,470,000	\$1,747,000

Note: For more explanations on the variation, please refer to the section Audited Key Performance Indicators

- | | | |
|---|---|--|
| <p>a. The variation in Prospector service reliability was due to major disruptions in services due to trackwork on the EGR which commenced in October 2007 and continued throughout 2007/08.</p> <p>b. The variation in relation to MerredinLink service reliability arose from delays caused by late running Prospector services.</p> <p>c. The decrease in customer perception of safety on board buses at night-time was due to increased anti-social behaviour and violence at bus stations and on-board buses.</p> | <p>d. Category B occurrences per million passenger boardings and per million train kilometers were significantly lower due to PTA's risk management initiatives and controls, and the introduction of the Mandurah Line with level crossings designed out of the system to reduce risk.</p> <p>e. The variation in TTO total passenger place kilometres was due to the Mandurah Line starting operations in December 2007 instead of August 2007.</p> | <p>f. Increase in average cost per 1,000 place kilometres for Transwa rail was mainly due to the effect of increased depreciation and additional maintenance of the railcars coupled with reduced place kilometres as a result of the partial reduction in Prospector rail services.</p> <p>g. Total passenger place kilometres for Transwa rail decreased due to the reduction in Prospector rail services arising from trackwork and the reduced capacity of Australind services due to railcar refurbishment.</p> |
|---|---|--|

electoral act 1907 - section 175ze

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

The details of the report are as follows:

	2008 \$
Expenditure with Advertising Agencies:	
Australia's South West	2,279
Australian Posters Pty Ltd	2,865
Bladon (WA) Pty Ltd	11,375
Concept Media	4,614
Definition Pty Ltd	69,495
Exclusive Trophies	2,657
Exposure Print Strategies	23,361
Great Aussie Holidays	6,595
Hutchinson Telecoms (Aust) Ltd	4,364
Image Source	266,480
Key 2 Design	218,143
Marketforce Limited	102,808
Print Image Pty Ltd	4,480
Roc Candy	2,479
Rural Press Regional Media	7,110
Salmat Targeted Media Pty Ltd	11,937
Seek Limited	6,750
State Law Publisher	2,396
	750,188

	2008 \$
Expenditure with Market Research Agencies:	
Avon Comm Development Foundation	5,000
Curtin University of Technology	48,592
Patterson Market Research	22,058
Taylor Nelson Sofres	206,071
	281,721
Expenditure with Polling Agencies:	Nil
Expenditure with Direct Mail Agencies:	Nil
Expenditure with Media Advertising Agencies:	
Advance Press Pty Ltd	960,143
Australia's Golden Outback	1,875
Cooch Creative	238,184
Countrywide Publications	24,091
Ego Creative Media Pty Ltd	7,360
Elephant Productions	104,784
Gatecrasher Advertising	87,480
Information Radio	5,850
Market United Pty Ltd	29,825
Media Decisions	824,722
M.R.G. International	2,000
Rare Creative Thinking	283,155
	2,569,469
TOTAL EXPENDITURE	3,601,378

explanation

of major capital expenditure variations 2007/08

Explanation of major capital expenditure variations 2007/08

(a) Budgeted estimates and actual results for 2007/08

	Budget \$000	Actual \$000	Variation \$000	Comments
Metropolitan and regional passenger services				
Replacement cash ticket vending machines (TVM's) at railway stations	10,540	8,782	1,758	Project scheduling
Acquisition of Geraldton bus depot	1,100	0	1,100	Project delayed
Accessible public transport upgrade program	2,098	1,106	992	Project scheduling
45 new EMU railcars (15 sets)	30,401	29,549	852	Project scheduling
Perway track and associated works	2,135	1,431	704	Project scheduling
Wheel lathe acquisition and facility	3,829	3,302	527	Project delayed
Train control upgrade	4,394	4,022	372	Project delayed
Roe Street Bus Bridge	2,450	2,249	201	Project scheduling
Regional rail station program	700	651	49	Project scheduling
Safer rail initiative	1,394	1,445	(51)	Project scheduling
Smartcard ticketing system	4,035	4,437	(402)	Project scheduling
Rockingham City Centre Transit System	5,307	5,952	(645)	Project delayed
Bus acquisition program	36,039	36,940	(901)	Project scheduling
Station facilities improvements	18,998	19,951	(953)	Project scheduling
Other	24,024	21,317	2,707	Project scheduling
Corporate				
Kewdale freight complex redevelopment	1,818	1,220	598	Project scheduling
New MetroRail⁽ⁱ⁾				
	79,627	78,139	1,488	Project scheduling
Total	228,889	220,493	8,396	

(i) Actual cash expenditure.



explanation

of major capital expenditure variations 2007/08

(b) Major uncompleted works

Description of work	Estimated total cost (previous year) (as per budget) \$000	Estimated total cost (current year) (as per budget) \$000	Estimated cost to complete \$000	Year of completion	
Bus acquisition program	413,227	413,227	124,642	2010/11	
45 new EMU railcars (15 sets)	160,000	160,000	99,035	2010/11	
Regional bus acquisition	44,108	52,108	48,533	2018/19	
Concrete resleeper projects	60,060	61,741	38,724	2011/12	
South Perth station	23,194	31,723	31,690	2012/13	Project cost escalations
Bus priority projects	26,330	26,330	25,388	2013/14	
Northern suburbs car park extension	18,000	18,022	16,574	2010/11	
Minor capital works corporate	13,650	14,913	14,585	2015/16	
Perway track and associated infrastructure	15,550	15,550	13,793	2014/15	
James Street bus bridge	0	15,705	13,456	2008/09	ERC approval current year
Kewdale freight complex redevelopment	14,500	14,500	12,182	2009/10	
Split and replace radio system	12,215	12,216	11,117	2012/13	

(c) Major completed works

	Total cost \$000
Buildings	12,689
Land	20,385
Rollingstock	2,046
Rail infrastructure	906,851
Plant, equipment and motor vehicles	2,933
Bus infrastructure	13,198
Bus acquisitions	38,888
Total	996,990

independent audit opinion



Auditor General

INDEPENDENT AUDIT OPINION To the Parliament of Western Australia

PUBLIC TRANSPORT AUTHORITY OF WESTERN AUSTRALIA FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2008

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

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

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

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

Summary of my Role

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

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

independent audit opinion

**Public Transport Authority of Western Australia
Financial Statements and Key Performance Indicators for the year ended 30 June 2008**

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Public Transport Authority of Western Australia at 30 June 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2008.



COLIN MURPHY
AUDITOR GENERAL

11 September 2008



audited key performance indicators

for the year ended 30 June 2008

certification of key performance indicators

for the year ended 30 June 2008

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the PTA, and fairly represent the performance of the PTA for the financial year ended 30 June 2008.

A handwritten signature in dark ink, appearing to read 'R Waldock', is positioned above the printed name and title.

R Waldock

Accountable Authority

4 September 2008

audited key performance indicators

for the year ended 30 June 2008

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

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

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

- ▶ Metropolitan and Regional Passenger Services – these include
 - Perth Metropolitan Train, Bus and Ferry Services of Transperth; and
 - Regional Town Bus Services
- ▶ Country Passenger Rail and Road Coach Services of Transwa; and
- ▶ Regional School Bus Services

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

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

Links to the Government Strategic Goal

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

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

audited key performance indicators

for the year ended 30 June 2008

Measuring Performance

OUTCOME 1: Accessible, reliable and safe public transport system

EFFECTIVENESS INDICATORS

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

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

1. Use of public transport **Transperth bus services**

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

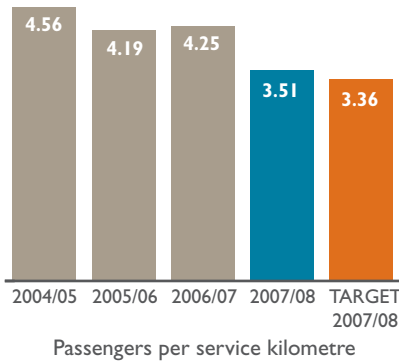
The measure indicates the extent to which services provided, as represented by the number of kilometres operated, are being utilised. An increasing trend in the indicator will generally signify that patronage is rising at a rate greater than the rate of increase in service kilometres operated and represents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

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



The result for 2007/08 remained unchanged compared to 2006/07 but was 2.3% below the target for the year. Total boardings on bus increased by 1.7% from 64.623 million in 2006/07 to 65.694 million, while service kilometres rose by 1.9% from 49.961 million to 50.923 million. The 2007/08 target of 1.32 was based on projected total boardings of 67.541 million and projected service kilometres of 51.0 million on the assumption that operations on the Mandurah Line would commence in August 2007. The Mandurah Line started operations in December 2007.

Transperth train services



The 2007/08 result showed a decline in passengers per service kilometre compared to 2006/07 but was above the target.

Total boardings on train recorded an increase of 19.2% in 2007/08, from 35.758 million in 2006/07 to 42.636 million, reflecting the significant impact of the Mandurah Line on train patronage, while service kilometres increased by 44.4%, from 8.408 million to 12.138 million. As a result, passengers per service kilometre fell 17.4% in 2007/08 compared to 2006/07.

Compared to target, passengers per service kilometre showed an increase of 4.5% in 2007/08 due to a 17.7% reduction in projected service kilometres. The target was based on projected total boardings of 49.546 million and 14.741 million service kilometres on the assumption that the Mandurah Line would start operations in August 2007. The Mandurah Line started operations in December 2007.

Regional town bus services

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

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

a. Intra-town bus services



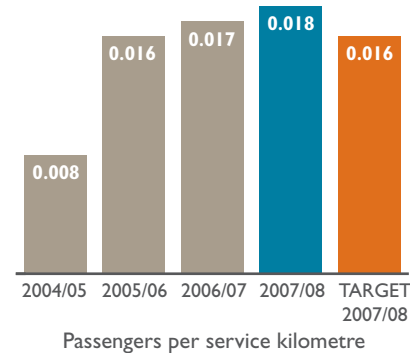
For regional intra-town services, the result for 2007/08 was below the target for the year and when compared to the previous years, there was a decrease in passengers per service kilometre.

The decrease in passengers was particularly significant on the Port Hedland and Kalgoorlie services.

On the Port Hedland service the drop in passengers was due to the implementation of the PTA's policy, requiring students who reside within the defined Public Transport Area of a regional town to pay a fare for using public transport. Previously due to an anomaly many students in Port Hedland were travelling free of charge.

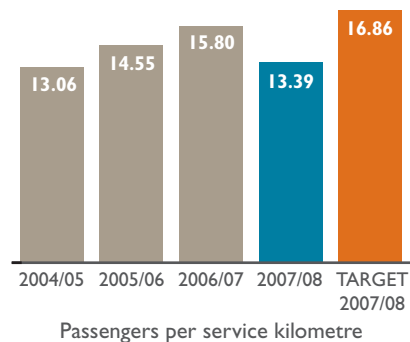
On the Kalgoorlie service, the decrease was probably due to the change over from a manual to an electronic ticketing system in 2007/08, resulting in more accurate figures for passengers.

b. Inter-town bus services



The 2007/08 result was above target and better than the previous years' performance as a result of the inclusion of the subsidised service between Kalgoorlie and Laverton from 1 October 2007.

Transperth ferry services



Passengers per service kilometre declined in 2007/08 compared to 2006/07 and was below target.

audited key performance indicators

for the year ended 30 June 2008

Measuring Performance

OUTCOME 1: Accessible, reliable and safe public transport system

Total boardings on ferry fell 15% in 2007/08 to 463,673 from 545,357 in 2006/07, while service kilometres increased marginally from 34,519 to 34,641, resulting in a 15.3% decline in passengers per service kilometre from the previous year.

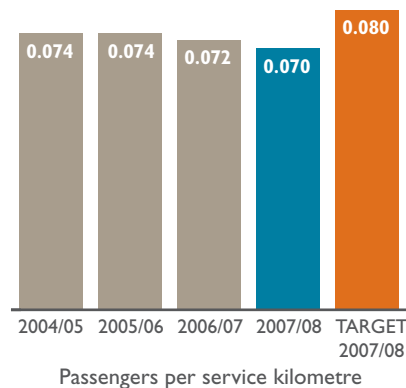
The 2007/08 result was 20.6% below target. The target was based on 590,000 total boardings and 35,000 service kilometres. In setting the target, it was assumed that the significant increase in ferry patronage in 2005/06 and in 2006/07 would be sustained.

Transwa rail services



Despite a decrease in patronage, passengers per service kilometre in 2007/08 increased by 8.6% against the target for the year. That was due to the partial replacement of Prospector services with road coaches due to track works on the Eastern Goldfields Line, resulting in lower service kilometres.

Transwa road coach services



The 2007/08 result was below target and slightly below 2006/07. Road Coach patronage has fallen 9% below target, contributing in passengers per service kilometres to fall 12.5% against target.

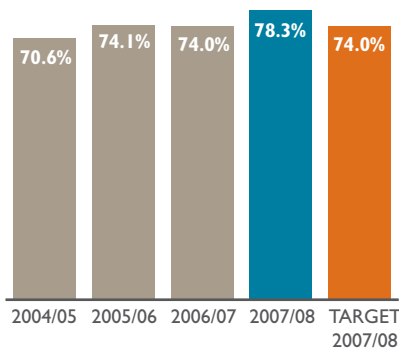
2. Accessible public transport

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

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

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

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



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

The 2007/08 result demonstrated that the PTA exceeded its accessibility target in the Perth metropolitan area.

The proportion of Property Street Addresses (PSAs) within 500 metres of an ASL stop increased by 5.8% in 2007/08 compared to 2006/07. The improvement was due mainly to the introduction of the Mandurah Line which resulted in a 9% increase in the number of Transperth stops, from 11,852 in May 2007 to 12,882 in May 2008, and in 12% increase in the number of ASL stops, from 5,969 to 6,698. More of Perth's population is now within accessible distance of a public transport stop/station with a good service level.

3. Service reliability

According to an independent survey which measured customer satisfaction, service reliability is regarded as one of the most significant characteristics of a quality service. Service reliability is essentially a combination of two main factors, punctuality and consistency. Services are considered to be punctual if they arrive within a defined period of time after the scheduled arrival time. This parameter is referred to as 'on-time arrival' and is shown in the table for each operation.

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

**The 'on-time arrival' parameter for Transperth Train has been changed to less than four minutes in 2007/08 as against less than three minutes in 2006/07 and the previous years due to changes to methodology and to ensure consistency across Transperth operations and other Australian rail operators.*

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

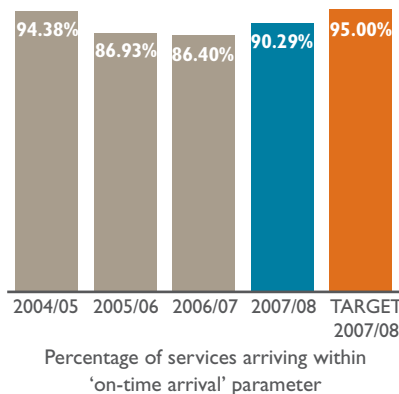
audited key performance indicators

for the year ended 30 June 2008

Measuring Performance

OUTCOME 1: Accessible, reliable and safe public transport system

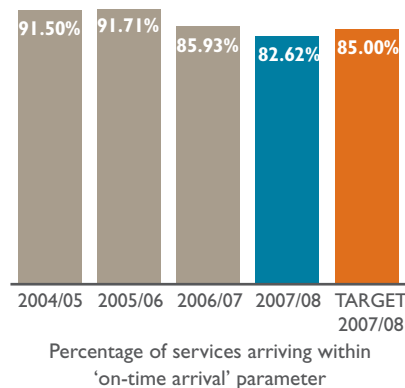
Transperth train services



The 2007/08 result was below target because of on-time running delays for the metropolitan train services as a result of:

- ▶ Heavy passenger loadings and increased dwell times at stations;
- ▶ System faults and failures;
- ▶ Drivers undergoing training and the impacts of the Mandurah Line;
- ▶ Weather; and
- ▶ Railcar faults and failures.

Transperth bus services

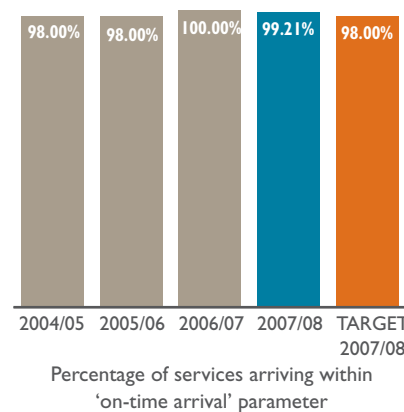


The 2007/08 result was below both the target for the year and the 2006/07 result.

During 2007/08, Transperth used the highly accurate "GPS Reporter" functionality of the SmartRider system to monitor bus on-time running for the full year. In 2006/07 when the "GPS Reporter" functionality was used during the second six-month period of the year, average on-time performance was 81.5%. The 2007/08 result (82.6%) showed a marginal improvement in the on-time performance of the Transperth bus operation.

The 2007/08 was below target despite timetabled running times being extended as required to deal with the impact of traffic congestion on bus service reliability. However this proved to be a constant catch-up process and the bus system is bearing an increased impact and cost from congestion.

Transperth ferry services

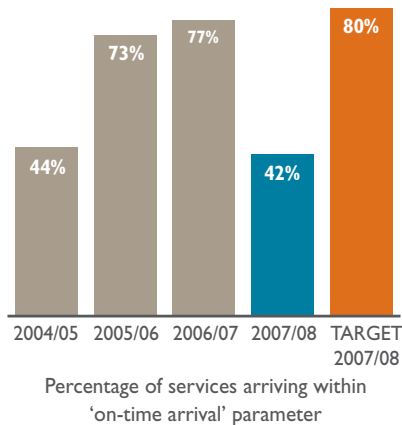


The 2007/08 result was above target but marginally below the 2006/07 result. During 2007/08, Transperth used the highly accurate "GPS Reporter" functionality of the SmartRider system to monitor on-time running on the ferry service.

Transwa rail services

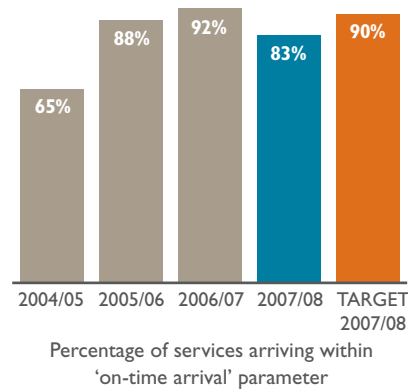
Indicators of the 'on-time arrival' performance for Transwa rail services are reported separately for each service.

a. Prospector



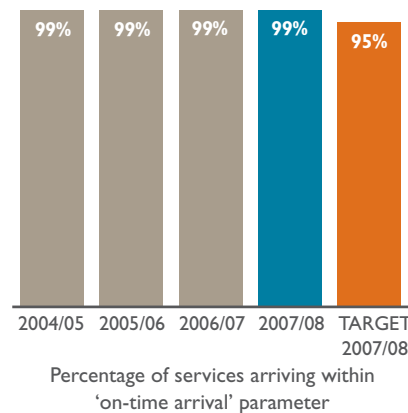
The on-time performance for 2007/08 was significantly below target as a result of major disruptions in services due to track works on the Eastern Goldfields Railway (re-sleeping and construction of new crossing loops) which commenced in October 2007 and continued throughout 2007/08.

b. Australind



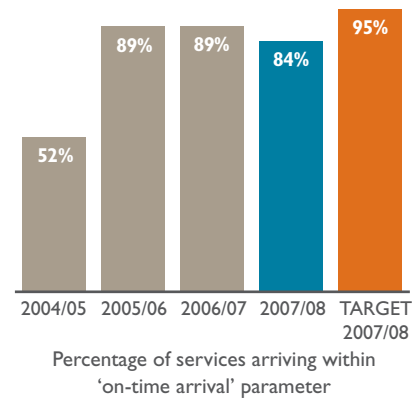
The on-time performance for 2007/08 was below target as a result of speed restrictions applied to track sections with wooden sleepers.

c. AvonLink



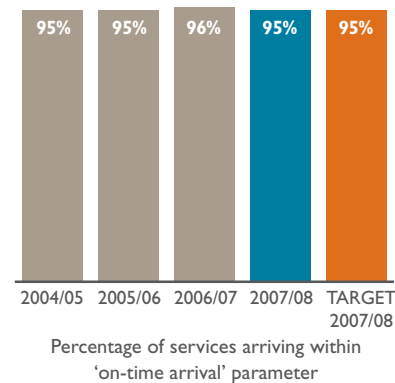
The 2007/08 result was slightly higher than target. The on-time performance of the AvonLink continued at high levels for 2007/08.

d. MerredinLink



The 2007/08 result was below target as a result of delays caused by late running Prospector services.

Transwa road coach services



The 2007/08 result was in line with target. Transwa road coach services on-time running was consistent over previous years.

audited key performance indicators

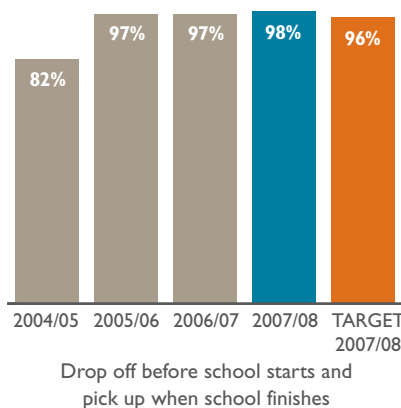
for the year ended 30 June 2008

Measuring Performance

OUTCOME 1: Accessible, reliable and safe public transport system

Regional school bus services

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



The variance between the 2007/08 result and target showed improvements in on-time arrivals. 1,046 Mainstream and Education Support services were observed of which 1,022 were compliant.

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

The result for 2007/08 was above target.

Year	Number of observations for compliance with 'on-time' arrival	Observations that were compliant
2004/05	517	452
2005/06	1,188	1,156
2006/07	1,086	1,048
2007/08	1,046	1,022

The sample error rate of 3.02% was within + or - 5%, the acceptable tolerance level.

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

4. Level of overall customer satisfaction

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

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

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

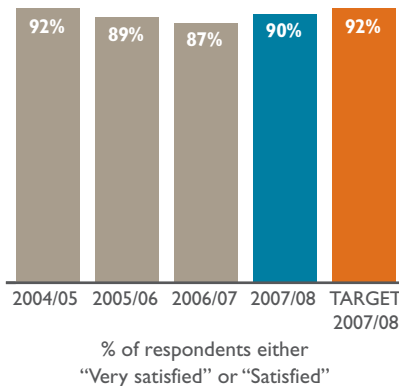
Transperth train services

For the rail PSM, a total of 1,001 rail patrons were surveyed, that is, an additional of 200 interviews with patrons using the new Mandurah Line compared to 2006/07.

The overall sample comprised of:

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

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



The results for 2007/08 showed an increase in overall satisfaction from 87% to 90% as compared to 2006/07, with very high levels of satisfaction recorded on the Mandurah Line. The target of 92% was not achieved due to overcrowded trains and issues relating to service reliability and on-time running.

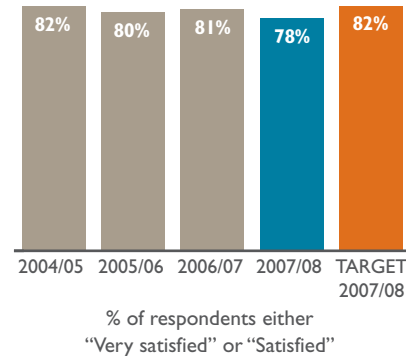
The expressed levels of dissatisfaction remained relatively low with the main reasons related mostly to overcrowding of trains during peak periods and trains not running on time.

Transperth bus services

For the Transperth bus PSM, a total of 3,054 bus patrons were surveyed. The overall sample comprised of:

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

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



The 2007/08 result was below both the target and the 2006/07 result.

Amongst the 12% of respondents expressing dissatisfaction overall the main issues related to service frequency and punctuality, with 35% dissatisfied because of infrequent buses (35% in 2006/07) and 27% dissatisfied because of no buses/poor service outside normal times (compared to 25% in 2006/07).

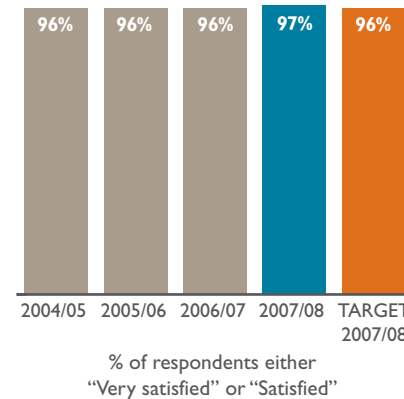
One contract area, Morley, recorded a significant lower level of satisfaction (67% in 2007/08 compared to 70% in 2006/07) and a significantly higher level of dissatisfaction (28% as compared to 25%) which contributed to the overall average result.

Transperth ferry services

For the ferry PSM, a total of 201 ferry patrons were surveyed. The overall sample comprised of:

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

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



The 2007/08 results showed that overall satisfaction remains high at 97% with a small increase of 1% over each of the previous three years 2004/05 to 2006/07.

audited key performance indicators

for the year ended 30 June 2008

Measuring Performance

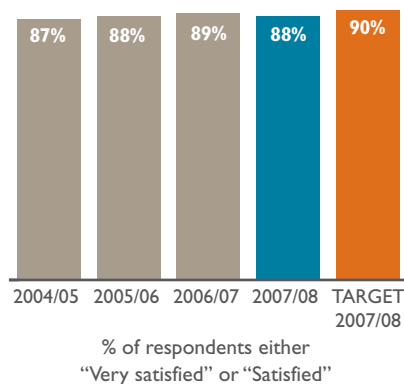
OUTCOME 1: Accessible, reliable and safe public transport system

Transwa train and road coach services

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

In 2007/08, a total of 970 country services patrons were surveyed via a self-completion questionnaire.

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



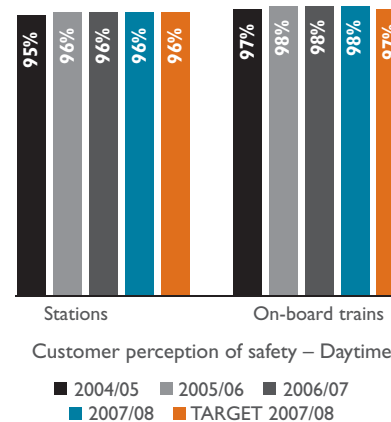
In 2007/08, overall satisfaction with country passenger services decreased slightly to 88%, compared to 89% in 2006/07, with 42% of passengers indicating they were very satisfied and 46% satisfied.

5. Customer perception of safety

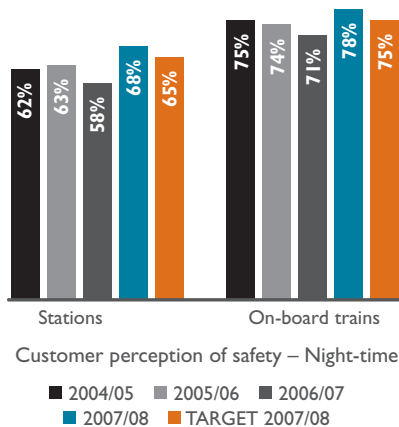
Safety perceptions are an important factor in the public deciding whether to use public transport. The PTA is continuing to invest capital funds in security-related infrastructure and has increased its security staff to ensure that customers can see the tangible measures being taken to increase their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

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

Transperth train services



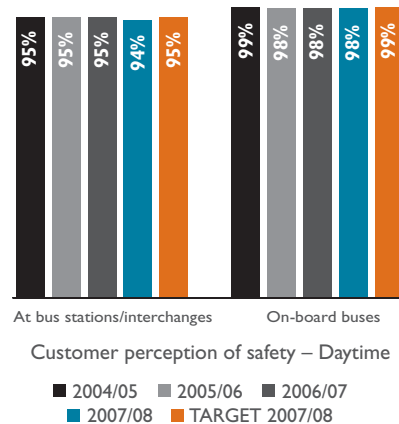
The results for 2007/08 showed that the daytime passenger perception of safety at stations and on-board trains remained very high at 96% and 98% respectively and the results were close to targets. The customers' perception of safety had remained constant with the two previous years 2005/06 and 2006/07.



The stations and on-board trains at night time results for 2007/08 PSM were higher and represented significant increase from 2006/07 and the previous years.

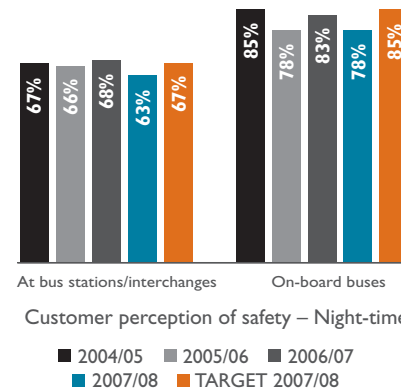
The 2007/08 PSM reported that 67% of respondents perceived security to have improved, with 24% 'very much' and 43% 'to some extent'; a result almost identical to the 2006/07 result and a high proportion of rail patrons, acknowledged that Transperth was perceived to be at least 'doing something' to address security concerns.

Transperth bus services



The 2007/08 result was marginally below the targets for both bus stations/interchanges and on-board buses.

The 2007/08 PSM showed that 98% and 94% of respondents 'always or usually feel safe' on-board and at bus stations/interchanges during daytime. The results were slightly below the targets of 95% and 99% respectively.



The 2007/08 night-time result for bus stations/interchanges was below target. 63% of respondents indicated they 'always or usually feel safe' at that time compared to 68% in 2006/07. Furthermore in 2007/08, 34% of the respondents indicated that they 'don't feel very safe' at that time compared to 30% in 2006/07.

The proportion of respondents who 'always or usually feel safe' on-board buses at night-time fell from 83% in 2006/07 to 78% in 2007/08.

Violence on the bus system is unfortunately an increasing event. The marked increase in passengers' concern with safety reflects their observation and/or perception of increased anti-social behaviour at bus stations and on-board buses.

audited key performance indicators

for the year ended 30 June 2008

Measuring Performance

OUTCOME 1: Accessible, reliable and safe public transport system

6. Level of notifiable occurrences

Rail safety

Railway safety incidents are recorded and notified to the Office of Rail Safety. These incidents are termed 'notifiable occurrences' and are defined in the Rail Safety Regulations 1999 as Category 'A' (serious injury, death, or significant damage) or Category 'B' (incidents that may have the potential to cause a serious accident) and Australian Standard "Railway Safety Management" 4292 - 2006. Notifiable occurrences reporting is a legislated requirement under the Rail Safety Act 1998 for the accredited owner and operator of a rail system and therefore form part of the PTA's safety management system. These arrangements do not cover bus operations.

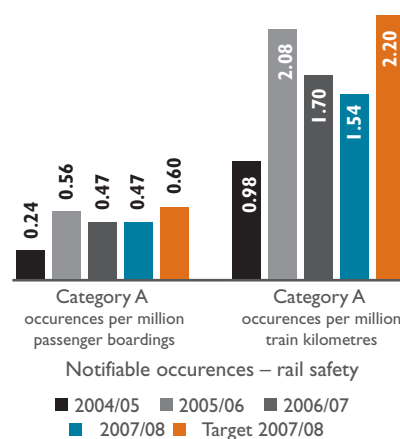
The performance measure for Category 'A' and 'B' occurrences is expressed as the number of occurrences per million passenger boardings and per million train kilometres. A low rate of incidents indicates that sound safety procedures and risk management procedures/controls exist and are operating effectively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

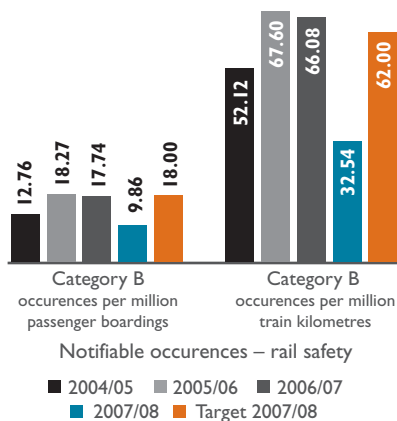
The benchmark values for Category 'A' and Category 'B' incidents are calculated on the projected estimations of the number of future passenger boardings and train kilometres.

Category 'A' incidents per million passenger boardings and per million train kilometres were comparable to 2006/07.

There were 20 Category 'A' notifiable incidents for the year 2007/08 compared to 16 in 2006/07, with suicides included. However when excluding suicides and attempted suicides, there were only 4 Category 'A' notifiable incidents as compared to 10 in 2006/07.

There were 419 Category 'B' notifiable incidents for the year 2007/08 compared to 627 in 2006/07. That showed a significant reduction in notifiable occurrences before taking into account the increased passenger kilometres.



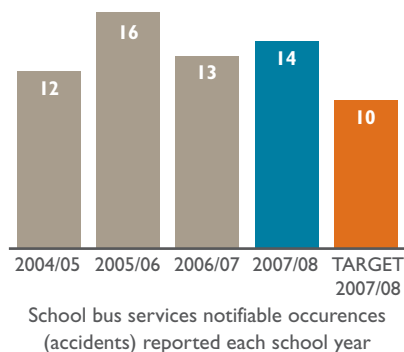


The Category 'B' incidents per passenger boardings and train kilometres were significantly lower for 2007/08 compared to 2006/07.

The 2007/08 showed a reduction in incidents as a result of PTA's risk management initiatives and controls. PTA's normalized figures for the year 2007/08 were considerably reduced and could be attributed to an improvement in safety performance and the increase in patronage and kilometres as a result of the introduction of Mandurah Line with level crossings designed out of the system to reduce the risk.

Regional school bus services safety

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



There were 14 'on-road' school bus accidents recorded to date, comprising of 5 major and 9 minor accidents. Approximately 64% of the accident cases occurred through no fault of the school bus driver. No fatalities were recorded.

audited key performance indicators

for the year ended 30 June 2008

Measuring Performance

OUTCOME 1: Accessible, reliable and safe public transport system

EFFICIENCY INDICATORS

The PTA's effectiveness in providing a cost efficient public transport system is measured using the following key efficiency indicators:

1. **Average cost per passenger kilometre**
2. **Average cost per 1,000 place kilometres**
3. **Total Passenger place kilometres (millions)**

Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the efficiency indicators in 2007/08 exclude CUC compared to the previous years (where CUC was included) 2004/05 to 2006/07. Where the CUC amounts are material, a comparison graph excluding CUC for the previous three years is provided

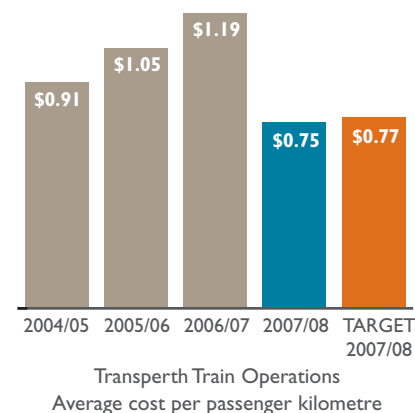
1. Average cost per passenger kilometre

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

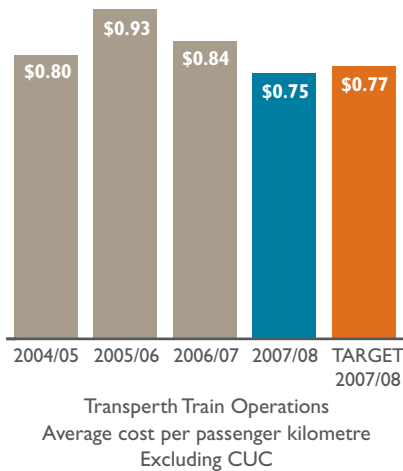
Passenger kilometres are currently based on the zonal distribution of passenger trips and an assumed average trip length for each zone.

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

Transperth train services



Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.



Note: For comparison purposes, CUC has been excluded from the previous years 2004/05 to 2006/07.

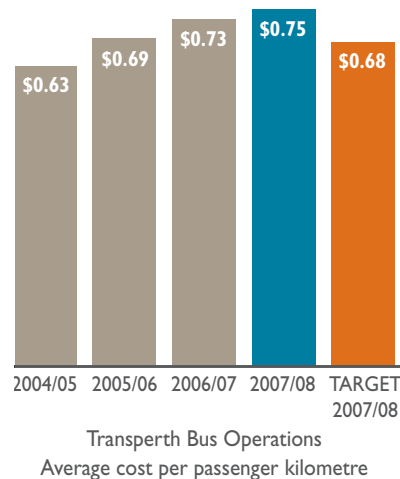
The average cost per passenger kilometre (excluding CUC) fell 10.7% in 2007/08 compared to 2006/07 and was 2.6 % below the target.

Following the opening of the Mandurah Line in December 2007, fare-paying boardings rose 25.6% over 2006/07 and resulted in passenger kilometres increasing 35% from 271.567 million in 2006/07 to 366.639 million in 2007/08. The increase in passenger kilometres combined with a lower percentage increase in costs of 21.72% from \$227.398 million (excluding CUC of \$94.881 million) in 2006/07 to \$276.780 million in 2007/08 contributed to the decrease in the average cost per passenger kilometre in 2007/08.

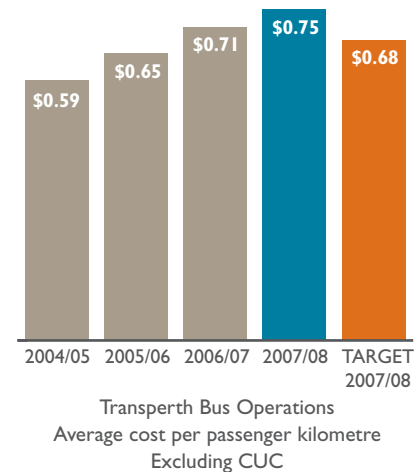
The average cost was below target as the target was based on 375.6 million passenger kilometres and projected total costs of \$288.7 million on the assumption that the Mandurah Line would start operations in August 2007.

Note that passenger kilometres are estimated using the zonal distribution of fare-paying boardings, therefore the calculated average trip length may not be accurate. In future it is intended to use the SmartRider tag-on/tag-off functionality to determine a more accurate average trip length on train.

Transperth bus services



Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.



Note: For comparison purposes, CUC has been excluded from the previous years 2004/05 to 2006/07.

Total cost per passenger kilometre on the bus network (excluding CUC) increased by 5.6% in 2007/08 compared to 2006/07 and was 10.3% above target. While fare-paying boardings on bus increased by 1.4%, more services and longer trip distances on bus feeder services to the Mandurah Line led to a 3.1% increase in bus passenger kilometres, from 350.136 million in 2006/07 to 361.033 million in 2007/08. However the increase in patronage and passenger kilometres did not keep pace with cost increases. Total costs rose 10.3% from \$246.860 million (excluding CUC of \$7.182 million) to \$272.315 million resulting in the average cost per passenger kilometre exceeding the target for the year and the 2006/07 result. The increase in costs was due to the increase in fuel costs and a 4.3% increase in wage costs. There were also cost increases associated with the introduction of the extensive bus feeder network in the southern suburbs.

audited key performance indicators

for the year ended 30 June 2008

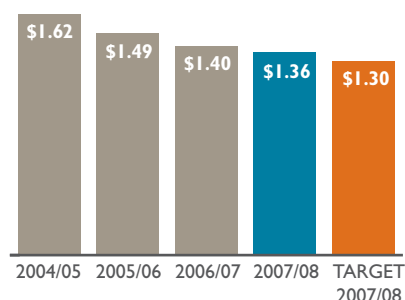
Measuring Performance

OUTCOME 1: Accessible, reliable and safe public transport system

The target was based on 383.9 million passenger kilometres expected to be achieved if the Mandurah Line commenced operations in August 2007 and projected total costs of \$260.8 million.

Note that passenger kilometres are estimated using the zonal distribution of fare-paying boardings, therefore the calculated average trip length may not be accurate. In the future it is intended to use the SmartRider tag-on/tag-off functionality to determine a more accurate average trip length on bus.

Transperth ferry services



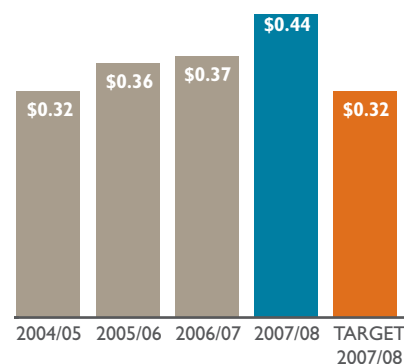
Transperth Ferry Operations
Average cost per passenger kilometre

Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.

The 2007/08 result was 2.9% below 2006/07 result but 4.6% above the target for the year.

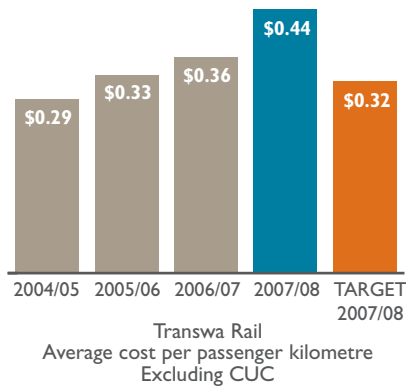
In 2007/08, the decline in average cost was due to passenger kilometre increasing from 547,119 in 2006/07 to 569,898 in 2007/08 despite total cost increasing by 1% from \$765,000 in 2006/07 to \$773,000 in 2007/08. The increase in ferry passenger kilometres was due to the inclusion of total fare - paying in the calculation instead of only two-section boarding as in previous years.

Transwa rail services



Transwa Rail
Average cost per passenger kilometre

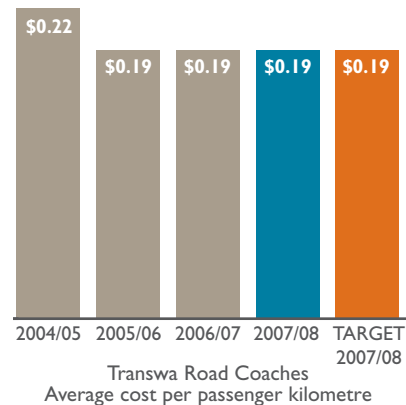
Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.



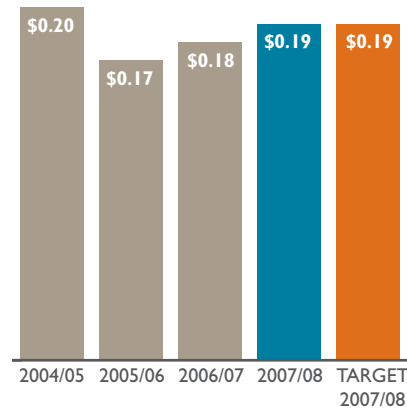
Note: For comparison purposes, CUC has been excluded from the previous years 2004/05 to 2006/07.

The 2007/08 result was 22.2% higher than 2006/07 and 37.5% above the target for the year. The cost per passenger kilometre was higher in 2007/08 mainly due to additional maintenance of the rail cars and increased depreciation as a result of the rolling stock revaluations coupled with the declining passenger numbers on rail services.

Transwa road coach services



Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.



Note: For comparison purposes, CUC has been excluded from the previous years 2004/05 to 2006/07.

The average cost per passenger kilometre in 2007/08 was slightly higher than the 2006/07 result due to increased depreciation as a result of road coach revaluation coupled with the declining passenger numbers on road coach services.

2. Average cost per 1000 place kilometres

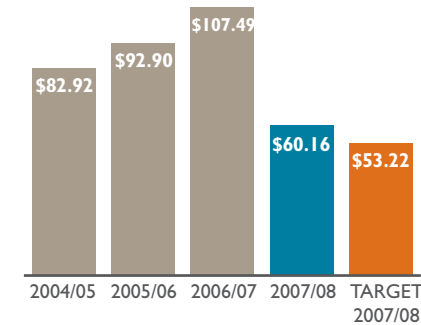
Note: This efficiency indicator was not audited in the previous years 2004/05 to 2006/07.

This indicator measures the cost efficiency of providing the service per 1000 place kilometres and it is calculated for each mode by dividing total cost by place kilometres.

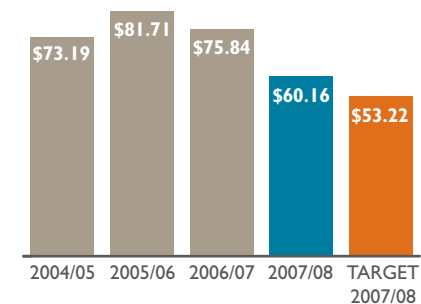
Place kilometres are calculated by multiplying the average fleet capacity by the service kilometres.

A declining trend indicates that capacity is being provided at a lower cost and that services are being provided more efficiently.

Transperth train services



Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.



Note: For comparison purposes, CUC has been excluded from the previous years 2004/05 to 2006/07.

audited key performance indicators

for the year ended 30 June 2008

Measuring Performance

OUTCOME 1: Accessible, reliable and safe public transport system

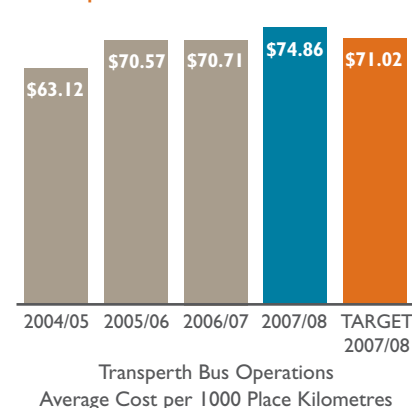
The half-year impact of high-frequency services on the longer Mandurah Line increased train passenger place kilometres. As a result the average cost per 1000 place kilometres on train decreased by 20.7% in 2007/08 compared to 2006/07 but was 13% over target.

Passenger place kilometres on the train network increased by 53.4% from 2,998.3 million in 2006/07 to 4,600.8 million in 2007/08. The increase in passenger place kilometres combined with a lower percentage increase in costs of 21.72% from \$227.398 million (excluding CUC of \$94.881 million) in 2006/07 to \$276.780 million in 2007/08 contributed to the decrease in the average cost per 1000 place kilometres in 2007/08.

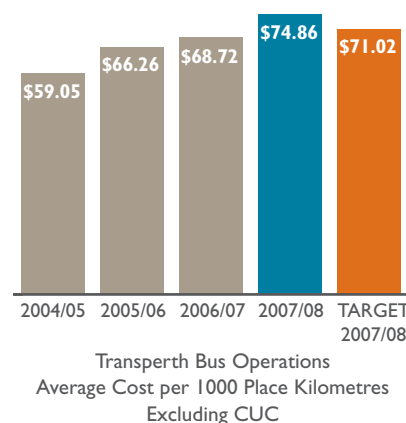
The target was exceeded because it was based on 5,425.7 million passenger place kilometres expected to be achieved if the Mandurah Line commenced operations in August 2007 with a projected total expenditure of \$288.7 million.

The Mandurah Line started operations in December 2007.

Transperth bus services



Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.



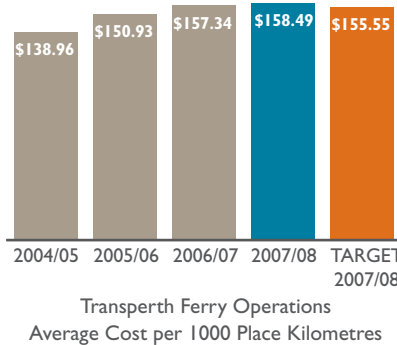
Note: For comparison purposes, CUC has been excluded from the previous years 2004/05 to 2006/07.

Total cost per 1000 passenger place kilometres on bus services increased by 8.9% (excluding CUC) in 2007/08 compared to 2006/07, and was 5.4% above target. Total passenger place kilometres on the bus network increased by 1.3% from 3,592.5 million in 2006/07 to 3,637.6 million in 2007/08 but total costs rose 10.3%, from \$246.860 million (excluding CUC of \$7.182 million) to \$272.315 million, resulting in average

cost exceeding both the 2006/07 result and the 2007/08 target. The increase in place kilometres was outstripped by the increase in total costs. Timing of the new southern bus network start-up impacted the target estimate. The target was based on 3,671.9 million passenger place kilometres expected to be achieved if the Mandurah Line commenced operations in August 2007 and projected total expenditure of \$260.8million.

The Mandurah Line started operations in December 2007.

Transperth ferry services

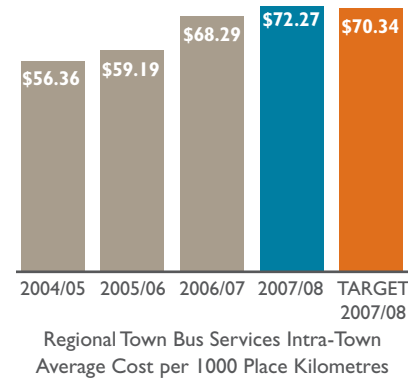


Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.

In 2007/08, total cost per 1000 passenger place kilometres on the ferry service increased 0.7% over 2006/07 and was 1.9% over target. Ferry passenger place kilometres increased marginally from 4.86 million in 2006/07 to 4.88 million in 2007/08 while total costs rose by 1.0% from \$765,000 in 2006/07 to \$773,000 in 2007/08. The target was based on total costs of \$756,000 and 4.86 million passenger place kilometres.

Regional town bus services

a. Intra-town services

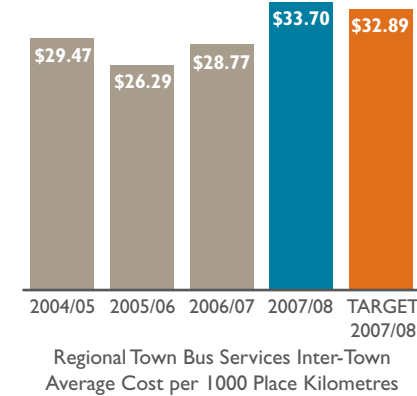


Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.

The 2007/08 result was higher than target as a result of the following:

- ▶ the cost of the rollout of the Transperth Wayfarer Ticket Machines on to the regional bus fleet was not identified and taken into account when the target was set up and the average cost in 2007/08 included the costs for the new ticketing equipment fitted on the buses in Kalgoorlie; and
- ▶ the introduction of two new low floor buses in Bunbury in accordance with the current contract between the PTA and Bunbury City Transit.

b. Inter-town services



Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.

The 2007/08 result was higher than target due to the additional costs associated with the subsidisation of the services from Kalgoorlie to Laverton.

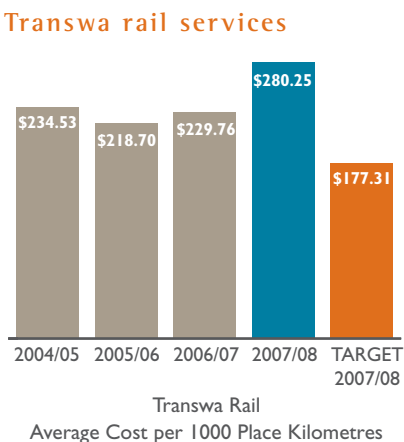
audited key performance indicators

for the year ended 30 June 2008

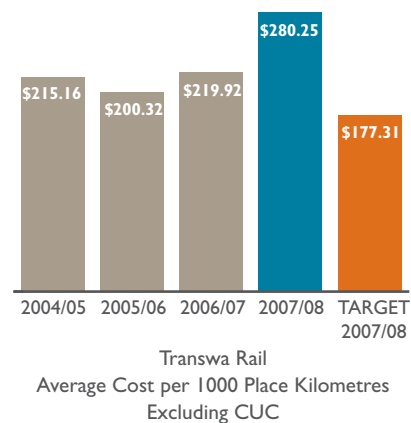
Measuring Performance

OUTCOME 1: Accessible, reliable and safe public transport system

Transwa rail services



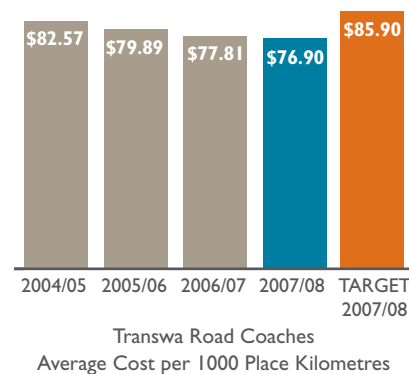
Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.



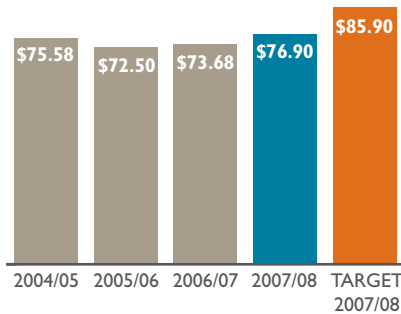
Note: For comparison purposes, CUC has been excluded from the previous years 2004/05 to 2006/07.

The cost per 1000 place kilometres in 2007/08 rose significantly mainly due to the effect of increased depreciation and the additional maintenance of the rail cars coupled with reduced placed kilometres as a result of the partial reduction in Prospector rail services.

Transwa road coach services



Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.



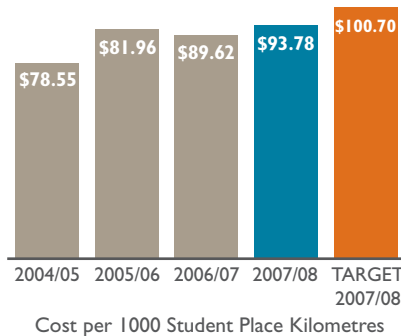
Transwa Road Coaches
Average Cost per 1000 Place Kilometres
Excluding CUC

Note: For comparison purposes, CUC has been excluded from the previous years 2004/05 to 2006/07.

The 2007/08 result was 4.4% above the 2006/07 due to higher than expected maintenance costs.

Regional school bus services

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



Cost per 1000 Student Place Kilometres

Note: Due to the abolition of the Capital User Charge (CUC) in 2007/08, the costs for calculating the indicator in 2007/08 exclude CUC compared to the previous years 2004/05 to 2006/07 where CUC was included.

The 2007/08 results as compared to 2006/07 showed an increase of 4.6% in the cost per 1000 place kilometres. The factors which contributed to the increase were a combination of the following:

- ▶ continued growth in service levels driven by increase in students patronage and contract kilometres;
- ▶ seat belt implementation; and
- ▶ additional service days in 2007/08.

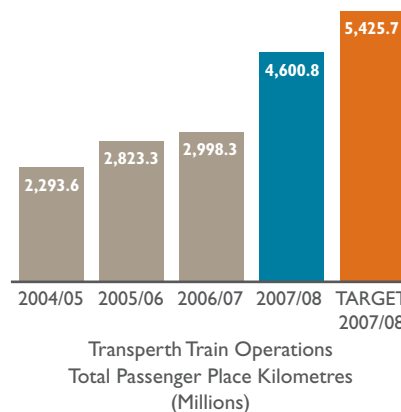
3. Total passenger place kilometres (millions)

Note: This performance indicator was not audited in the previous years 2004/05 to 2006/07.

This effectiveness indicator measures the total number of passengers that can be carried for the service kilometres.

It is calculated for each mode of transport by multiplying the average fleet capacity by the service kilometres and this represents the capacity provided on each mode.

Transperth train services

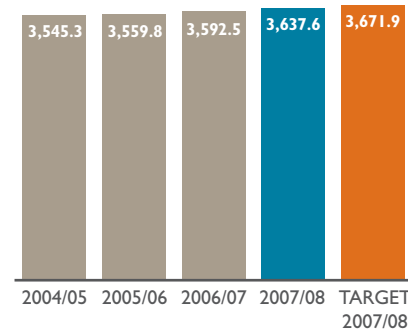


Transperth Train Operations
Total Passenger Place Kilometres
(Millions)

Passenger place kilometres on the train network increased by 53.4% in 2007/08 compared to 2006/07 following the commencement of services on the Mandurah Line. However, the 2007/08 result was 15.2% below target. The target assumed that operations on the Mandurah Line would commence in August 2007.

The Mandurah Line started operations in December 2007.

Transperth bus services



Transperth Bus Operations
Total Passenger Place Kilometres
(Millions)

Passenger place kilometres on the bus network increased by 1.3% in 2007/08 compared to 2006/07 reflecting the expanded capacity being provided in the southern suburbs by bus feeders following the commencement of services on the Mandurah Line. However, the annual result was 0.9% below target. The target was based on the expectation that operations on the Mandurah Line would commence in August 2007.

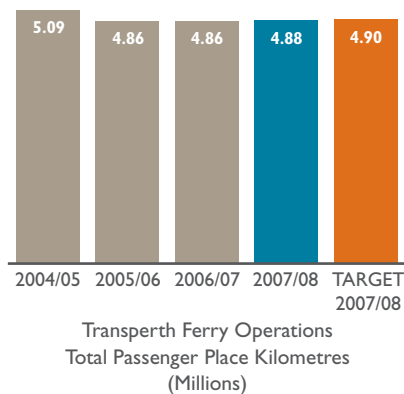
The Mandurah Line started operations in December 2007.

audited key performance indicators

Measuring Performance

OUTCOME 1: Accessible, reliable and safe public transport system

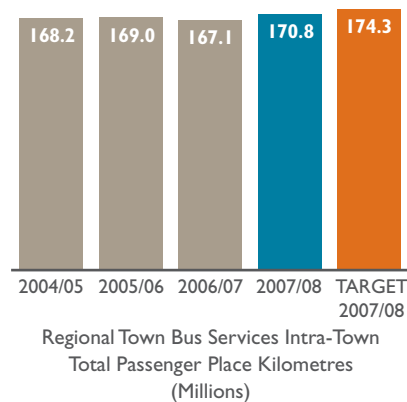
Transperth ferry services



Ferry passenger place kilometres increased from 4.86 in 2006/07 to 4.88 in 2007/08 and was marginally lower than the target.

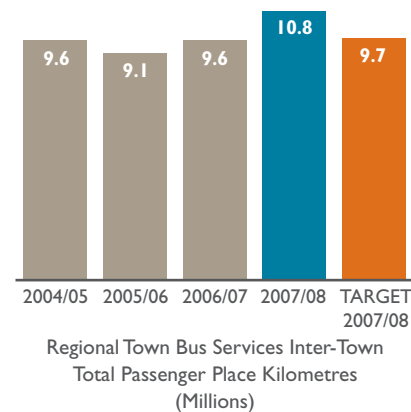
Regional town bus services

a. Intra-town services



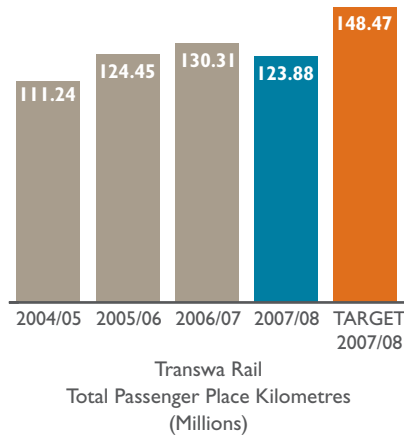
The 2007/08 result was lower than target as a result of the decrease in service kilometres in Bunbury, Port Hedland and Geraldton due to the implementation of route efficiencies in these towns.

b. Inter-town services



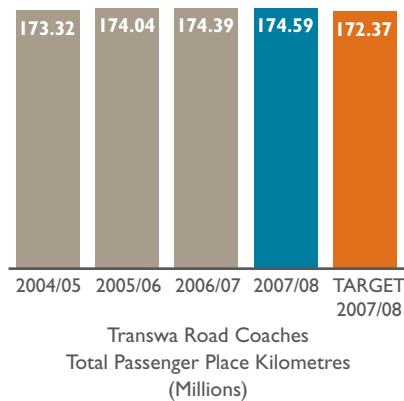
The 2007/08 result was higher than 2006/07 as a result of the introduction of the service between Kalgoorlie and Laverton.

Transwa rail services



The 2007/08 result was 16.6% below target due to the reduction in Prospector rail services arising from track works on the Eastern Goldfields Railway and the reduced capacity of Australind services due to railcar refurbishment.

Transwa road coach services

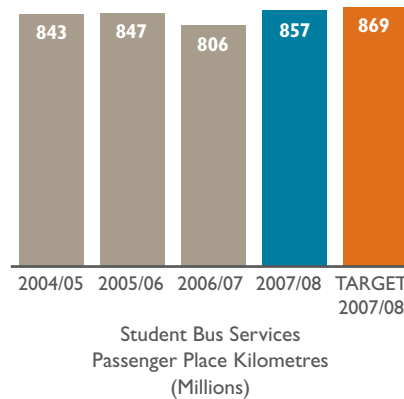


The slight increase in total passenger place kilometres for road coaches in 2007/08 reflected a change in passenger travel patterns.

Regional school bus services

The student bus service passenger kilometre is calculated by multiplying the average fleet capacity of the bus with the service kilometres. This indicator measures the total number of students that can be carried for the service kilometres.

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



The 2007/08 result showed a 6.3% increase in place kilometres compared to 2006/07.

The factors which contributed to the increase in 2007/08 were a combination of sustained growth in service levels driven by increase in students' patronage and contract kilometres, seat belt implementation and additional service days.

Passenger place kilometres was below target in 2007/08 due to the following factors:

- ▶ delays in the implementation of new services. A full year operating cycle was assumed when the target was set up; and
- ▶ over-estimation in the number of additional services and service kilometres emanating from the seat belt program.

audited key performance indicators

OUTCOME 2: Protection of the long-term functionality of the rail corridor and railway infrastructure

EFFECTIVENESS INDICATORS

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

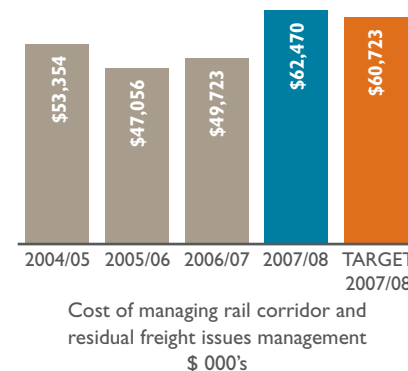
WestNet Rail manages and operates the rail freight infrastructure under the terms of the Railway Infrastructure Lease. Under the Lease, WestNet Rail is the 'accredited owner' of the infrastructure as defined in the Rail Safety Act 1998. WestNet Rail's holding company Australian Railroad Group was acquired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

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

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

Cost efficiency

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



The 2007/08 cost was marginally higher than target. The cost was higher compared to 2006/07 due to the following contributing factors:

- ▶ the implementation of the Eastern Goldfields Railway project at a cost of \$37.1 million;
- ▶ higher interest charges due to increase in interest rates; and
- ▶ higher depreciation charges as a result of assets revaluation.

These additional costs were partially offset by the abolition of the capital user charge in 2007/08. The amount spent on CUC in 2006/07 was \$26.2 million.

financial statements

for the year ended 30 June 2008

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certification of financial statements

for the year ended 30 June 2008

The accompanying financial statements of the Public Transport Authority of Western Australia have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2008 and the financial position as at 30 June 2008.

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



R Waldock
Accountable Authority

4 September 2008



J Chung
Acting, Chief Financial Officer

4 September 2008

income statement

for the year ended 30 June 2008

	NOTES	2008 \$000	2007 \$000
Cost Of Services			
Expenses			
Employee benefits expense	6	97,228	79,736
Supplies and services	7	154,827	131,710
Depreciation and amortisation expense	8	114,600	85,546
Finance costs	9	53,570	62,734
Grants and subsidies	10	332,086	249,176
Capital user charge	11	0	130,340
Energy and fuel		11,420	8,883
Land rationalisation expense		2,014	4,492
Loss on disposal of non-current assets	19	782	1,031
Other expenses	12	8,579	9,113
Total cost of services		775,106	762,761
Income			
Revenue			
User charges and fees	13	129,994	105,029
Land rationalisation lease revenue	14	83	83
Operating lease revenue	15	5,383	5,383
Commonwealth grants and contributions	16	28,112	0
Interest revenue	17	2,058	2,341
Other revenue	18	26,279	21,999
Total revenue		191,909	134,835
Total income other than income from State Government		191,909	134,835
Net Cost Of Services		583,197	627,926
Income From State Government			
Service appropriation	20	595,799	649,238
Resources received free of charge	20	2,041	2,056
Contribution - Other Government Agencies	20	1,077	17,594
Total income from State Government		598,917	668,888
Surplus For The Period		15,720	40,962

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

	NOTES	2008 \$000	2007 \$000
Assets			
Current Assets			
Cash and cash equivalents	36	54,093	52,182
Restricted cash and cash equivalents	21	509	638
Inventories	22	11,253	10,263
Receivables	23	22,086	14,270
Derivatives	33	5	0
Total Current Assets		87,946	77,353
Non-Current Assets			
Amounts receivable for services	24	430,814	311,338
Infrastructure, property, plant, equipment and vehicles	26	3,856,609	3,313,331
Intangible assets	27	279	438
Total Non-Current Assets		4,287,702	3,625,107
TOTAL ASSETS		4,375,648	3,702,460
Liabilities			
Current Liabilities			
Payables	29	89,113	64,652
Borrowings	30	260,973	222,823
Provisions	31	18,478	21,880
Other current liabilities	32	594	727
Derivatives	33	0	1,294
Deferred income operating lease	34	5,466	5,466
Total Current Liabilities		374,624	316,842
Non-Current Liabilities			
Borrowings	30	642,512	635,343
Provisions	31	6,060	4,781
Deferred income operating lease	34	225,652	231,118
Total Non-Current Liabilities		874,224	871,242
TOTAL LIABILITIES		1,248,848	1,188,084
Net Assets		3,126,800	2,514,376
Equity			
Contributed equity	35	2,233,737	2,168,892
Reserves	35	794,888	263,029
Accumulated surplus	35	98,175	82,455
TOTAL EQUITY		3,126,800	2,514,376

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

Balance sheet
as at 30 June 2008

Statement of changes in equity
for the year ended 30 June 2008

	NOTES	2008 \$'000	2007 \$'000
Balance of equity at start of period		2,514,376	1,008,277
Contributed Equity			
Balance at start of period		2,168,892	939,871
Capital contribution		136,744	1,316,946
Distributions to owners		(71,899)	(87,925)
Balance at end of period	35	2,233,737	2,168,892
Reserves			
Asset Revaluation Reserve			
Balance at start of the period		263,029	26,913
Revaluation of land		77,816	12,316
Revaluation of buildings		0	7,447
Revaluation of rolling stock		0	176,241
Revaluation of rail infrastructure		454,043	0
Revaluation of bus infrastructure		0	20,065
Revaluation of buses		0	20,047
Balance at end of the period	35	794,888	263,029
Accumulated Surplus			
Balance at start of period		82,455	41,493
Surplus for the period		15,720	40,962
Balance at end of period	35	98,175	82,455
Balance of equity at end of period		3,126,800	2,514,376
Total income and expense for the period (a)		547,579	277,078

(a) The aggregate net amount attributable to each category of equity is: surplus \$15,720k plus gains from asset revaluation reserve \$531,859k (2007: surplus \$40,962k plus gains from assets revaluation reserve \$236,116k).

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

	2008 \$000	2007 \$000
Cash Flows From State Government		
Service appropriation	476,323	561,940
Capital contribution - land sale proceeds and expenses	2,285	5,753
Capital contribution - Other Government agencies	992	17,594
Capital contribution - New MetroRail	82,217	1,271,798
Capital contributions - other	45,202	39,395
Net cash provided by State Government	607,019	1,896,480
Utilised as follows:		
Cash Flows From Operating Activities		
Payments		
Employee benefits	(94,718)	(81,183)
Supplies and services	(160,330)	(140,459)
Finance costs	(51,584)	(72,495)
Grants and subsidies	(313,389)	(253,477)
Capital user charge	0	(130,340)
GST payments on purchases	(67,551)	(81,669)
Other payments	(9,019)	(7,548)
Receipts		
User charges and fees: Transwa	10,184	11,115
User charges and fees: Transperth train operations	28,122	27,241
User charges and fees: Transperth buses	104,651	76,351
Commonwealth Grants and contributions	28,110	0
Other receipts	15,414	10,816
Interest received	2,113	2,291
GST receipts on sales	16,237	13,843
GST receipts from taxation authority	48,721	68,807
Net cash used in operating activities	36 (443,039)	(556,707)
Cash Flows From Investing Activities		
Proceeds from sale of non-current physical assets	2,651	1,081
Purchase of non-current physical assets - PTA	(132,029)	(125,096)
Purchase of non-current physical assets - New MetroRail	(78,140)	(301,472)
Net cash used in investing activities	(207,518)	(425,487)
Cash Flows From Financing Activities		
Proceeds from borrowings	328,538	258,000
Repayment of borrowings	(282,836)	(1,118,024)
Other repayments	(382)	(3,282)
Net cash provided by/used in financing activities	45,320	(863,306)
Net increase in cash held	1,782	50,980
Cash and cash equivalents at the beginning of the period	52,820	1,840
Cash And Cash Equivalents At The End Of The Period	36 54,602	52,820

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

notes to the financial statements

for the year ended 30 June 2008

1 Australian equivalents to International Financial Reporting Standards

General

The Public Transport Authority of Western Australia's (PTA) financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

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

Early adoption of standards

The PTA cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the PTA for the annual reporting period ended 30 June 2008.

2 Summary of significant accounting policies

a) General statement

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

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

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

b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings, rollingstock, vessels, buses, infrastructure, and derivatives which have been measured at fair value. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

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

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

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

c) Reporting entity

The PTA is the reporting entity and there are no other related or affiliated bodies.

d) Contributed equity

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

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

e) Income

Revenue recognition

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

Sale of goods

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

Rendering of services

Revenue from services is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction, except for the following:

- i) Cash fares collected by contractors delivering bus services to PTA are accounted for at the time the contract for services invoice is approved for payment.
- ii) MultiRider fares collected by contractors delivering bus services to PTA in WA's regional areas are accounted for at the time the contract for services invoice is approved for payment. Unused MultiRider travel entitlements are not recognised as liabilities in the financial statements.

Interest

Revenue is recognised as the interest accrues.

Lease income

Lease income from operating leases is recognised as income on a straight-line basis over the term of the lease. (See Note 15 'Operating lease revenue' and 34 'Deferred income – operating leases').

Service Appropriations

Service Appropriations are recognised as revenues at nominal value in the period in which the PTA gains control of the appropriated funds, which is at the time those funds are deposited into PTA's bank account or credited to the holding account held at Treasury. (See Note 20 'Income from State Government').

Grants, donations, gifts and other non-reciprocal contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

Infringements

Infringements are recorded on a cash basis.

Gains

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

f) Borrowing costs

All borrowing costs are recognised as expenses in the period in which they are incurred. (See Note 3 'Judgement made by management in applying accounting policies').

g) Infrastructure, property, plant and equipment and vehicles

Capitalisation/Expensing of assets

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

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

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

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

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

Infrastructure is revalued, at least once every five years, to its fair value based on depreciated replacement cost. When infrastructure is revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Construction in progress is recognised at cost.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to

assets and in determining estimated useful life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

Depreciation

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

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

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

* Software that is integral to the operation of related hardware.

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

h) Intangible assets

Capitalisation/Expensing of assets

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

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

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

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

i) Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset and is capitalised and amortised on a straight-line basis

over the periods of the expected benefit, which varies from 3 to 5 years. Software costing less than \$5,000 is expensed in the year of acquisition.

ii) Web site costs

Costs in relation to web sites controlled by PTA are charged as expenses in the period in which they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised or amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

i) Impairment of assets

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

The risk of impairment is generally limited to circumstances where an asset's

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

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

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

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

j) Leases

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

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

k) Prepaid lease revenue

The sale of the Westrail Freight Business on 17 December 2000 included an operating lease of the freight network infrastructure for 49 years between The Western Australian Government Railways Commission (WAGR) – now Public Transport Authority of Western Australia (PTA) and Westnet Rail Pty Ltd. The lease rentals were fully prepaid on 17 December 2000, and credited to deferred operating lease revenue. 133 grain receival sites were leased for a 99 year period in two tranches in 2003 and 2004. The rental for sites was prepaid and credited to deferred income operating lease. (See note 2(e)).

l) Financial instruments

In addition to cash and cash equivalents, the PTA has three categories of financial instruments:

- ▶ Loans and receivables (includes cash and cash equivalents, receivables);
- ▶ Financial liabilities measured at amortised cost; and
- ▶ Financial assets at fair value through profit and loss (foreign exchange forward contracts).

These have been disaggregated into the following classes:

Financial assets

- ▶ Cash and cash equivalents
- ▶ Restricted cash and cash equivalents
- ▶ Receivables
- ▶ Amounts receivable for services
- ▶ Derivatives

Financial liabilities

- ▶ Payables
- ▶ Other current liabilities
- ▶ Derivatives
- ▶ Western Australian Treasury Corporation loans
- ▶ Commonwealth loans

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

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

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

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

m) Cash and cash equivalents

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

n) Accrued salaries

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

o) Amounts receivable for services (Holding Account)

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

p) Inventories

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

Inventories not held for resale are valued at cost unless they are no longer

required, in which case they are valued at net realisable value. (See note 22 'Inventories').

q) Receivables

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

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that PTA will not be able to collect the debts. The carrying amount is equivalent to fair value as they are generally settled within 30 days. (See note 2(l) 'Financial Instruments' and note 23 'Receivables').

r) Payables

Payables are recognised at the amounts payable when PTA becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as they are generally settled within 30 days. (See note 2(l) 'Financial Instruments' and note 29 'Payables').

s) Borrowings

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

t) Provisions

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

(i) Provisions - employee benefits **Annual leave and long service leave**

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

The expected future payments are discounted using valuation factors based on employees' age at the balance sheet date. These factors were provided as a result of an actuarial assessment of PTA's long service leave provision and would be used to discount future expected payments between valuations.

notes to the financial statements

for the year ended 30 June 2008

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

Sick leave

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

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

Deferred leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a non-current provision until the fifth year.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement

to self-fund up to an additional four weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

Superannuation

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

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

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

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-

contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The PTA makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS schemes. See also note 2(u) 'Superannuation expense'.

(ii) Provisions - other

Employment on-costs

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

Public liability

Provision is made for all outstanding public liability claims before 1 July 2007 worth less than \$1 million. The amount of the provision is the estimated outstanding value of the claims as at the balance sheet date.

Workers' Compensation

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

Contaminated sites

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

u) Superannuation expense

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

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

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

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

v) Resources received free of charge or for nominal cost

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

w) Comparative figures

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

x) Foreign currency translation

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

3 Judgement made by management in applying accounting policies

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

Borrowing costs

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

4 Key sources of estimation uncertainty

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

Discount rates used in estimating provisions

The PTA undertook an actuarial assessment of its long service leave provision and is using employees' age based factors for discounting its expected future payments between valuations. These factors incorporate a series of assumptions like demographics, salary inflation, and market yields on commonwealth government bonds. Fluctuations in any of the assumptions used to calculate these factors may impact the provision for annual and long service leave.

Estimating useful life of key assets

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

The estimated useful life of Freight Network Infrastructure is based on the term of the freight lease, i.e. 49 years.

Depreciated replacement cost of railway infrastructure assets

The Building Cost Index from the Department of Housing and Works has been applied in a model developed by the PTA for measuring the current replacement cost of railway infrastructure.

Contingencies

The PTA is defending all claims lodged against it by Leighton Contractors and RailLink Joint Venture but the outcome of these is not quantifiable in its entirety and might impact on the PTA's future year's financial performance.

The PTA is unable to assess the outcome of the classification process for 41 possible contaminated sites. Possible remediation costs associated with these sites might have an impact on the provision for contaminated sites.

PTA has issued indemnities to parties to cross border lease transactions for the financial obligations and performance of the lessees and deposit takers. In the event of default by lessees or deposit takers the PTA will need to meet these liabilities and it will have an impact on its financial performance. PTA has issued indemnities to cross border lease parties in respect to taxation resulting from changes in law, taxation administration determinations or as a result of loss of railcars. In case of adverse taxation circumstances the PTA will need to honour its obligations.

See note 38 'Contingent liabilities and contingent assets' for more details.

5 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The PTA has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007 that impacted the Authority:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the PTA's exposure to risks, including enhanced disclosure regarding components of the PTA's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

Future impact of Australian Accounting Standards not yet operative

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

AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The PTA does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2009.

Review of AAS 27 'Financial Reporting by Local Governments', AAS 29 'Financial Reporting by Government Departments' and AAS 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

- ▶ AASB 1004 'Contributions' (December 2007). The Standard is required to be applied for reporting periods beginning on or after 1 July 2008.

- ▶ AASB 1050 'Administered Items' (December 2007). The Standard is required to be applied for reporting periods beginning on or after 1 July 2008.
- ▶ AASB 1051 'Land Under Roads' (December 2007). The Standard is required to be applied for reporting periods beginning on or after 1 July 2008.
- ▶ AASB 1052 'Disaggregated Disclosures' (December 2007). The Standard is required to be applied for reporting periods beginning on or after 1 July 2008.
- ▶ AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137] (December 2007). The Standard is required to be applied for reporting periods beginning on or after 1 July 2008.
- ▶ Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (revised) (December 2007). The Standard is required to be applied for reporting periods beginning on or after 1 July 2008.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 only apply to government departments. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise, there will be no financial impact.

AASB 123 'Borrowing Costs' (June 2007). This Standard has been revised to mandate the capitalisation of all borrowing costs attributable to the acquisition, construction or production of qualifying assets. The PTA is presently expensing such borrowing costs attributable to the acquisition, construction or production of qualifying assets and will report the impact on the financial statements when the Standard is first applied. The Standard is required to be applied for reporting periods beginning on or after 1 January 2009.

	2008 \$000	2007 \$000
6 Employee benefit expense		
Wages and salaries (i)	80,749	65,960
Superannuation - defined contribution plans (ii)	7,346	6,547
Long service leave (iii)	2,061	1,266
Annual leave (iii)	7,072	5,963
	97,228	79,736
(i) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component.		
(ii) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).		
(iii) Includes a superannuation contribution component.		
Employment on-costs such as workers' compensation insurance and payroll tax are included at note 12 'Other Expenses'. The employment on-cost liability is included at note 31 'Provisions'.		
7 Supplies and services		
Consultants and contractors	106,217	85,876
Materials	16,443	15,589
Consumables	9,642	6,964
Travel	7,285	6,524
Communications	1,260	987
Other	13,980	15,770
	154,827	131,710
8 Depreciation and amortisation expense		
Depreciation		
Buildings	3,353	3,034
Freight Network Infrastructure	6,608	6,608
Rollingstock	29,370	17,347
Railway infrastructure	47,652	31,465
Plant, equipment and motor vehicles	993	953
Bus infrastructure	6,216	4,011
Vessels	0	112
Buses	20,141	19,316
Total depreciation	114,333	82,846
Amortisation		
Intangible assets	266	401
Leased railcars	1	2,299
Total amortisation	267	2,700
Total depreciation and amortisation	114,600	85,546

	2008 \$000	2007 \$000
9 Finance costs		
Interest expense on Western Australian Treasury Corporation loans	53,345	60,806
Interest expense on Commonwealth loans	225	248
Net change in fair value of financial assets designated at fair value through profit and loss	0	1,648
Finance lease finance charges	0	32
	53,570	62,734

10 Grants and subsidies expense

Bus operators	182,427	164,654
Ferry services	597	589
Regional bus services	12,713	11,688
Student fare concessions	4,219	3,902
School bus services	75,790	68,343
Grants to local government	19,240	0
Rail corridor and freight issues management (Eastern Goldfields Railway project)	37,100	0
	332,086	249,176

11 Capital user charge

	0	130,340
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The charge was a levy applied by Government for the use of its capital. The final charge was levied in 2006-07.

12 Other expenses

Employment on-costs (i)	(111)	(136)
Payroll tax	5,036	4,172
Workers' compensation	1,613	2,921
Notional charge for land valuation provided by Landgate	2,041	2,048
Advice on Building Cost Index provided by Department of Housing and Works	0	8
Contribution to Stubbs Terrace cycle path to City of Subiaco	0	100
	8,579	9,113

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

	2008 \$000	2007 \$000
13 User charges and fees		
Transperth system revenue	117,608	94,007
School bus services revenue	2,007	1,295
Country passenger operations revenue	10,379	9,727
	129,994	105,029

14 Land rationalisation lease revenue

Rental income from land rationalisation	83	83
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A 99 year operating lease for 118 grain receival sites was entered into with Co-operative Bulk Handling (CBH) in 2003. Rental Income for 99 years of \$7.45 million was received in full at the commencement of the lease, and is accounted for as revenue over the 99 year lease period, with the prepaid portion shown as deferred income. (See Note 34 'Deferred income – operating leases').

A further 99 year operating lease for 15 grain receival sites was entered into with CBH in 2004. Rental Income for 99 years of \$775,000 was received in full at the commencement of the lease, and is accounted for as revenue over the 99 year lease period, with the prepaid portion shown as deferred income. (See Note 34 'Deferred income – operating leases').

15 Operating lease revenue

Rental income from Freight Network Infrastructure	5,383	5,383
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16 Commonwealth grants and contributions

Department of Infrastructure, Transport, Regional Development and Local Government - Eastern Goldfields Railway Project	28,100	0
Chamber of Commerce and Industry -Employfast	12	0
	28,112	0

17 Interest revenue

Interest Revenue	2,058	2,341
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Interest revenue is received quarterly from Department of Treasury and Finance calculated on the daily balance held on the interest bearing bank account.

	2008 \$000	2007 \$000
18 Other revenue		
Rents and leases	8,693	7,576
Advertising income	4,647	3,911
Parking and infringements	3,399	2,254
External works	4,032	4,474
Marketing	1,504	1,548
SmartRider card sales	1,027	964
Net change in fair value of financial assets designated at fair value through profit and loss	932	0
Liquidated damages	335	0
Miscellaneous	1,710	1,272
	26,279	21,999

19 Net loss on disposal of non-current assets

Cost of disposal of non-current assets

Buildings	2,796	290
Buses	515	1,716
Other	122	143

Proceeds from disposal of non-current assets

Buildings	1,750	359
Buses	871	759
Other	30	0

Net loss on disposal of non-current assets	(782)	(1,031)
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20 Income from State Government

Appropriation received during the year:

Service appropriations (i)	595,799	649,238
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Resources received free of charge (ii)

Landgate	2,041	2,048
Department of Housing and Works	0	8
	<u>2,041</u>	<u>2,056</u>

Contribution - other government agencies

Department for Planning and Infrastructure:		
Funding for CAT bus replacement and new CAT depot	992	992
Grant for the North Greenbushes project	0	13,150
Main Roads WA - New MetroRail additional bridge and road works	0	3,452
Heritage Council of WA - Grant for refurbishment of Boulder subway	85	0
	<u>1,077</u>	<u>17,594</u>
	598,917	668,888

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

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

21 Restricted cash and cash equivalents

Contractors' deposits	474	508
Railway Servants' Benefit Fund	35	130
	<u>509</u>	<u>638</u>

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

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

22 Inventories

Current

Inventories not held for resale:

Maintenance spares - at cost	11,253	10,263
	<u>11,253</u>	<u>10,263</u>

	2008 \$000	2007 \$000
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23 Receivables

Current

Receivables	5,979	4,238
Allowance for impairment of receivables	(14)	(47)
Accrued revenue	3,558	2,341
GST receivable	9,180	6,819
Other receivables – external works	1,256	323
	19,959	13,674

Prepayments	2,127	596
	22,086	14,270

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of year	47	104
Doubtful debts expense recognised in the income statement	0	6
Amounts written off during the year	(33)	(63)
Balance at end of year	14	47

Ageing of receivables past due but not impaired based on the information provided to senior management, at balance sheet date:

Not more than 3 months	1,850	49
More than 3 months but less than 6 months	85	43
More than 6 months but less than 1 year	1	2
More than 1 year	2	49
	1,938	143

Receivables individually determined as impaired at the balance sheet date:

Carrying amount, before deducting any impairment loss	14	47
Impairment loss	0	(47)
	14	0

The PTA does not hold any collateral as security or other credit enhancements relating to receivables.

24 Amounts receivable for services

Non-current	430,814	311,338
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This asset represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

25 Act of Grace Payments

Six Act of Grace payments made pursuant to authorisations given under Section 80(1) of the Financial Management Act 2006. (2007: 5 payments).

	7	37
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26 Infrastructure, property, plant, equipment and vehicles

	2008	2008	2008	2008	2007	2007	2007	2007
	Cost	At Fair Value	Accumulated depreciation	Carrying amount as at 30 June 2008	Cost	At Fair Value	Accumulated depreciation	Carrying amount as at 30 June 2007
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Owned Assets:								
Land (i)	0	306,476	0	306,476	0	213,620	0	213,620
Buildings	0	125,043	65,132	59,911	0	164,754	111,383	53,371
Freight Network Infrastructure (ii)	0	300,885	30,458	270,427	0	300,885	23,850	277,035
Rollingstock (vi)	0	922,827	350,992	571,835	0	933,124	333,964	599,160
Railway infrastructure (iii)	0	2,755,187	628,039	2,127,148	0	925,364	106,890	818,474
Plant, equipment and motor vehicles	10,434	0	4,342	6,092	7,738	0	3,571	4,167
Bus infrastructure	0	187,914	88,686	99,228	0	173,815	81,535	92,280
Vessels	0	1,850	1,850	0	0	1,850	1,850	0
Buses	0	543,439	310,159	233,280	0	529,676	314,626	215,050
Leased Assets: (iv)								
Railcars	0	0	0	0	0	68	12	56
Construction in progress (v)	182,212	0	0	182,212	1,040,118	0	0	1,040,118
TOTAL	192,646	5,143,621	1,479,658	3,856,609	1,047,856	3,243,156	977,681	3,313,331

(i) Land controlled by the PTA has been revalued as at 1 July 2007 by Landgate (Valuation Services) and Burgess Rawson. The valuations were performed during the year ended 30 June 2008 and recognised at 30 June 2008. The fair value was determined by reference to market values. See note 2(g). To ensure the valuations provided by Valuation Services were compliant at 30 June 2008 with the fair value requirements under AASB 116, Valuation Services provided the Department of Treasury and Finance (DTF) with information that tracked the general movement in the market value of land and in building construction costs from the 1 July 2007 (the date of valuation) to 30 June 2008. DTF reviewed the information and determined that the valuations provided by Valuation Services (as at 1 July 2007) were compliant with fair value requirements for 30 June 2008 reporting without further

adjustment by reference to market values based on existing use.

Land and buildings which are commercially leased were independently valued on the capitalised value of current lease by Burgess Rawson. The valuations were performed during the year ended 30 June 2008 and recognised at 30 June 2008.

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

(iii) Railway infrastructure was last revalued on 1 July 2003. Railway infrastructure has been revalued by PTA's management professionals and third party vendors. A model has been developed based on contemporary costs from the New MetroRail Project adjusted by an appropriate index to reflect current replacement cost. The

revaluation approach adopted also forms part of PTA costing guidelines applied to the Rail Access Regime. The methodology adopted has been depreciated replacement cost with a modern equivalent asset capable of delivering the same service potential. The effective date of valuation is 30 June 2008.

(iv) For leased assets the fair value has been deemed to be their cost as at 30 June 2008.

(v) Construction in progress is valued at cost.

(vi) Some rollingstock is subject to an arrangement, involving a series of leases, prepayment and deposit transactions. The arrangement is accounted for as one linked transaction in accordance with its economic substance. The arrangement (i) does not restrict PTA's use of rolling stock, (ii) has a term of between 13 and 17 years, and (iii) includes options allowing PTA to purchase the rolling stock on certain specified dates.

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

	Carrying amount at the start of the year	Additions	Transfers	Revaluation Increments	Disposals	Depreciation	Carrying amount at the end of the year
2008							
Owned Assets:							
Land	213,620	0	15,040	77,816	0	0	306,476
Buildings	53,371	0	12,689	0	(2,797)	(3,352)	59,911
Freight Network Infrastructure	277,035	0	0	0	0	(6,608)	270,427
Rollingstock	599,160	0	2,045	0	0	(29,370)	571,835
Railway infrastructure	818,474	0	906,851	454,043	(4,568)	(47,652)	2,127,148
Plant, equipment and motor vehicles	4,167	0	2,933	0	(15)	(993)	6,092
Bus infrastructure	92,280	8,092	5,107	0	(35)	(6,216)	99,228
Vessels	0	0	0	0	0	0	0
Buses	215,050	0	38,886	0	(515)	(20,141)	233,280
Leased assets							
Leased Railcars	56	0	0	0	(55)	(1)	0
Construction in progress	1,040,118	216,806	(1,074,712)	0	0	0	182,212
TOTAL	3,313,331	224,898	(91,161)	531,859	(7,985)	(114,333)	3,856,609

	Carrying amount at the start of the year	Additions	Transfers	Revaluation Increments	Disposals	Depreciation	Carrying amount at the end of the year
2007							
Owned Assets:							
Land	199,984	1,320	0	12,316	0	0	213,620
Buildings	48,314	0	934	7,447	(290)	(3,034)	53,371
Freight Network Infrastructure	283,643	0	0	0	0	(6,608)	277,035
Rollingstock	362,820	0	77,506	176,241	(60)	(17,347)	599,160
Railway infrastructure	672,262	124	177,633	0	(80)	(31,465)	818,474
Plant, equipment and motor vehicles	3,652	344	1,127	0	(3)	(953)	4,167
Bus infrastructure	61,726	1,430	13,070	20,065	0	(4,011)	92,280
Vessels	112	0	0	0	0	(112)	0
Buses	169,640	0	46,395	20,047	(1,716)	(19,316)	215,050
Leased assets							
Leased Railcars	55,046	0	(52,691)	0	0	(2,299)	56
Construction in progress	989,909	402,108	(351,899)	0	0	0	1,040,118
TOTAL	2,847,108	405,326	(87,925)	236,116	(2,149)	(85,145)	3,313,331

	2008 \$000	2007 \$000
27 Intangible assets		
Software - at cost	2,728	2,641
Accumulated amortisation	(2,449)	(2,203)
	279	438
Reconciliations of the carrying amounts of intangibles at the beginning and end of the current financial year are set out below.		
Carrying amount at start of the year	438	735
Additions	107	104
Amortisation expense	(266)	(401)
Carrying amount at end of the year	279	438
28 Impairment of assets		
There are no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2008.		
PTA held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.		
29 Payables		
Current		
Trade payables	6,084	3,041
Accrued expenses - operational	65,090	46,813
Accrued expenses - salaries	5,026	3,948
Accrued expenses - interest	11,798	9,812
Other payables	1,115	1,038
	89,113	64,652
30 Borrowings		
Current		
Western Australian Treasury Corporation loans	260,589	222,440
Commonwealth loans	384	383
	260,973	222,823
Non-Current		
Western Australian Treasury Corporation loans	639,404	631,851
Commonwealth loans	3,108	3,492
	642,512	635,343

31 Provisions

Current

Employee benefits provision

Annual leave (i)	9,146	8,007
Long service leave (ii)	5,830	6,226
	14,976	14,233

Other provisions

Public liability provision	663	460
Workers' compensation	472	3,774
Contaminated Sites	1,444	2,284
Employment on-costs (iii)	923	1,129
	3,502	7,647

18,478	21,880
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Non-Current

Employee benefits provision

Long service leave (ii)	5,086	3,616
Deferred salary scheme	100	42
	5,186	3,658

Other provisions

Contaminated Sites	532	842
Employment on-costs (iii)	342	281
	874	1,123

6,060	4,781
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(i) Annual leave has been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of liabilities will occur as follows:

Within 12 months of balance sheet date	6,029	5,319
More than 12 months after balance sheet date	3,117	2,688
	9,146	8,007

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

Within 12 months of balance sheet date	981	885
More than 12 months after balance sheet date	9,935	8,957
	10,916	9,842

(iii) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including payroll tax and workers' compensation premiums. The provision is the present value of expected future payments. The associated expense is included under note 12 'Other expenses'.

	2008 \$000	2007 \$000
Movements in other provisions		
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
Public liability provision		
Carrying amount at the start of the year	460	443
Additional provisions recognised	1,212	1,288
Payments/other sacrifices of economic benefit	(1,009)	(1,271)
Carrying amount at the end of the year	663	460
Workers' compensation provisions		
Carrying amount at the start of the year	3,774	3,075
Additional provisions recognised	1,619	2,952
Payments/other sacrifices of economic benefit	(4,921)	(2,253)
Carrying amount at the end of the year	472	3,774
Employment on-cost provision		
Carrying amount at the start of the year	1,410	1,549
Additional provisions recognised	483	385
Payments/other sacrifices of economic benefit	(628)	(524)
Carrying amount at the end of the year	1,265	1,410
Contaminated sites provision		
Carrying amount at the start of the year	3,126	0
Additional provisions recognised	279	3,126
Payments/other sacrifices of economic benefit	(1,429)	0
Carrying amount at the end of the year	1,976	3,126
Provision has been established to cover for the costs related to 15 contaminated sites.		
32 Other current liabilities		
Contractors' deposits	474	508
Payments held in suspense	85	89
Railway Servants' Benefit Fund	35	130
	594	727

2008 \$000	2007 \$000
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33 Derivatives

Foreign exchange forward contracts

(5)	1,294
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The PTA has an exposure to changes in foreign exchange rates resulting from the bus replacement program. This program requires payment for bus chassis to be made in Euros. The PTA uses forward exchange contracts in Euros to hedge the risk.

The PTA has also used forward exchange contracts in Swiss Francs (CHF) in order to hedge the risk of changes in foreign exchange rates for the purchase of ticket vending machines.

At the balance sheet date the net fair value of these contracts was an asset of \$5k (2007: NIL) and a liability of \$Nil (2007 - \$1,294k) comprising assets of \$14,343k (2007 - \$28,057k) and liabilities of \$14,338k (2007 - \$29,351k).

At balance sheet date, the details of outstanding foreign exchange contracts are:

	2008 \$000	2007 \$000	2008	2007
	Sell Australian Dollars		Average Exchange Rate	
Buy Euro				
Maturity				
0-6 months	0	588		0.5418
	0	1,288		0.5431
	0	22,636		0.6185
Over one year	14,338	0	0.5873	
Buy CHF				
Maturity				
0-6 months	0	4,839		0.8904
		2008 \$000		2007 \$000

34 Deferred income – operating leases

Current

Freight Network Infrastructure prepaid operating lease
Co-operative Bulk Handling 99 year lease

5,383	5,383
83	83
5,466	5,466

Non-Current

Freight Network Infrastructure prepaid operating lease
Co-operative Bulk Handling 99 year lease

218,001	223,384
7,651	7,734
225,652	231,118
231,118	236,584

2008
\$000

2007
\$000

35 Equity

Equity represents the residual interest in the net assets of the PTA. The Government holds the equity interest in the PTA on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of the non-current assets.

Contributed equity

Balance at start of year	2,168,892	939,871
Capital contributions (i)	136,744	1,316,946
Distribution to owner (ii), (iii)	(71,899)	(87,925)
Balance at end of year	2,233,737	2,168,892

Asset revaluation reserve

Balance at start of year	263,029	26,913
Revaluation of land	77,816	12,316
Revaluation of buildings	0	7,447
Revaluation of Rollingstock	0	176,241
Revaluation of rail infrastructure	454,043	0
Revaluation of bus infrastructure	0	20,065
Revaluation of buses	0	20,047
Balance at end of year	794,888	263,029

Accumulated surplus

Balance at start of year	82,455	41,493
Result for the period	15,720	40,962
Balance at end of year	98,175	82,455

(i) Capital contributions received during the year have been designated as contributions by owners and are credited directly to equity in the Balance Sheet.

(ii) Transfer of land to the Department of Planning and Infrastructure (\$5.346 million).
Transfer of road and bridge works constructed as part of the New MetroRail project to Main Roads WA (\$66.552 million).

(iii) Transfer of road and construction works of the Mount Henry's bridge to Main Roads WA (\$87.925 million).

2008
\$000

2007
\$000

36 Notes to the cash flow statement

a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flow is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	54,093	52,182
Restricted cash and cash equivalents (refer to note 21)	509	638
	54,602	52,820

b) Financing facilities

The PTA has a short-term liquidity facility of \$200 million (2006/07: \$200 million) with the Western Australian Treasury Corporation.

Amounts drawn from this facility at June 30	100,852	118,000
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The Western Australian Treasury Corporation has provided a facility of \$US 42.8 million (2007: \$US 76.5 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 2008, none of this facility has been drawn (2007: Nil).

c) Reconciliation of net cost of services to net cash flows used in operating activities

Net cost of services	(583,197)	(627,926)
Non cash items:		
Depreciation and amortisation expense	114,600	85,546
Loss on sale of property, plant and equipment	782	1,031
Resources received free of charge	2,041	2,056
Transfer of assets to Local Government	19,240	0
Other non-cash adjustments	0	(23)
(Increase)/ Decrease in assets:		
Current receivables	(5,456)	(3,809)
Current inventories	(990)	(2,617)
Other current assets	13,713	13,629
Increase/ (Decrease) in liabilities:		
Current payables	21,323	(13,026)
Current provisions	(3,402)	4,490
Other current liabilities	(15,146)	(13,357)
Deferred income operating lease	0	(7,361)
Non-current provisions	1,279	641
Non-current deferred operating lease revenue	(5,465)	28,753
Adjustment to Freight Lease Income	0	(26,857)
Change in GST receivables/payments	(2,361)	2,123
Net cash used in operating activities	(443,039)	(556,707)

2008
\$000

2007
\$000

37 Commitments

a) Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within one year	124,273	115,102
Later than one year and not later than five years	138,227	273,300
Later than five years	1,405	7,164
	263,905	395,566

The capital commitments include amounts for:

Railway Infrastructure	13,064	30,499
Bus Infrastructure	5,104	13,945
Railcars - Transperth Train Operations	108,001	138,709
Plant, equipment and motor vehicles	8,156	19,254
Buses	129,580	193,159
	263,905	395,566

b) Non-cancellable operating lease commitments:

Commitments for minimum lease payments are payable as follows:

Within one year	557	793
Later than one year and not later than five years	192	356
	749	1,149

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

Within one year	338,071	308,547
Later than one year and not later than five years	1,066,822	882,383
Later than five years	1,062,448	871,528
	2,467,341	2,062,458

The other expenditure commitments include amounts for:

Land and building maintenance	67,822	22,637
Transperth train operations	218,081	232,668
Railway infrastructure	600	4,800
Railcars and road coaches	4,225	3,321
Buses and support services	685,971	624,803
School bus services	1,484,461	1,173,096
Miscellaneous	6,181	1,133
	2,467,341	2,062,458

The commitments are all inclusive of GST.

38 Contingent liabilities and contingent assets

Contingent liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Litigation in progress

Quantifiable contingencies

Leighton Contractors Pty Ltd, the contractor engaged by the PTA to design and construct the City portion of the Southern Suburbs Railway has lodged claims against the PTA totalling \$238 million which have been rejected by PTA.

Leighton Contractors has commenced four Supreme Court actions against the PTA relating to certain components of its \$238 million claim, being alleged entitlements under the rise and fall and contaminated material provisions of the contract, concerning PTA's obligation to effect contract works insurance for the project on certain terms and obligations relating to dewatering and recharge of the City Project site. PTA has denied all liability and is vigorously defending the actions. A trial has been held in respect of the rise and fall claim and the parties are waiting for a judgement to be delivered. The estimated value of the quantifiable parts of these four claims, as they stand after the trial of the rise and fall claim, is \$49.4 million, plus legal costs of approximately \$8 million.

The amount that has been claimed by RailLink Joint Venture, the contractor engaged by the PTA to construct the civil, rail and structures portion of the Southern Suburbs Railway, but rejected by PTA, is \$102 million. The claims are without basis and a significant number of claims have already been assessed and rejected.

PTA has issued indemnities to parties to cross border lease transactions for the financial obligations and performance of the lessees and deposit takers. In the event of default by the lessees or deposit takers to pay for obligations when due or perform functions required of them. PTA as issuer of the indemnity is required to meet the liabilities, losses, costs and charges of the indemnity to other parties to the contracts. In the event of default the maximum obligation at 30 June 2008 is \$11.6 million for lessee obligations and \$43.1 million for deposit taker obligations. There have been no notifications of default.

PTA has entered into an agreement with the City of Wanneroo which will require the PTA to pay \$3 million to the City of Wanneroo plus the increase in CPI from the quarter ended September 30, 2003. The PTA will be obligated to make the payment to the City of Wanneroo when the Government of Western Australia approves the allocation of funds to PTA to extend the passenger railway line north of Clarkson.

Unquantifiable contingencies

One of the Supreme Court actions commenced by Leighton Contractors includes an allegation of misleading and deceptive conduct in relation to the contracts work insurance effected by the PTA pursuant to the City portion of the Southern Suburbs Railway. PTA has denied liability and is defending the claim. It is not possible to estimate the amount of any eventual payments in relation to this part of the claim at balance sheet date.

PTA has issued indemnities to cross border lease parties in respect to taxation resulting from changes in law, taxation administration determinations or as a result of loss of railcars which result in loss of economic benefits to parties to

the leases or result in increased costs. There are no notifications of adverse taxation circumstances. It is not possible to estimate the amount of any payments that may arise from these indemnities at balance sheet date.

Contaminated sites

Under the Contaminated Sites Act 2003, the PTA is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the PTA may have a liability in respect of investigation or remediation expenses.

During the year the PTA reported 13 known or suspected contaminated sites to DEC (a total of 56 sites). Four sites previously reported have been classified contaminated – remediation required, and seven sites as Possibly Contaminated – Investigation Required. A provision has been recognised to cover for investigation and remediation of 15 sites. The PTA is unable to assess the outcome of the classification process for the remaining 41 sites, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the PTA may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

39 Remuneration of members of the Accountable Authority and senior officers

Remuneration of Members 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:

\$	2008	2007
350,001 - 360,000	1	0
320,001 - 330,000	0	1

	2008 \$000	2007 \$000
The total remuneration of the members of the Accountable Authority is:	360	330

The superannuation included here represents the superannuation expense incurred by the PTA in respect of the member of the Accountable Authority.

No member of the Accountable Authority is a member of the Pension Scheme.

Remuneration of senior officers

The number of senior officers other than senior officers reported as members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

\$	2008	2007
0 - 100,000	2	1
100,001 - 110,000	0	0
110,001 - 120,000	0	0
120,001 - 130,000	0	2
130,001 - 140,000	1	1
140,001 - 150,000	2	2
150,001 - 160,000	1	2
160,001 - 170,000	0	1
170,001 - 180,000	3	0
180,001 - 190,000	0	2
	9	11
	2008 \$000	2007 \$000

Total remuneration of the senior officers is:	1,278	1,567
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The superannuation included here represents the superannuation expense incurred by the PTA in respect of Senior Officers, other than the Senior Officers reported as a member of the Accountable Authority.

No Senior Officers are members of the Pension Scheme.

40 Financial instruments

a) Financial risk management objectives and policies

Financial instruments held by the PTA are cash and cash equivalents, foreign exchange forward contracts, borrowings, receivables and payables. The PTA has limited exposure to financial risks. The PTA's overall risk management program focuses on managing the risks identified below.

Credit risk

The PTA trades only with recognised, creditworthy third parties. The PTA has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the PTA's exposure to bad debt is minimal. There are no significant concentrations of credit risk.

Liquidity risk

The PTA has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

The PTA has a short-term liquidity facility of \$200 million on which it can draw down to fund temporary cash shortfall. The PTA is currently in a net current liability position but can convert their short term borrowings at any time as approval from the Western Australian Treasury Corporation (WATC) has been obtained. As such, this does not pose a liquidity risk to the PTA.

Cash flow interest rate risk

The PTA's exposure to market risk for changes in interest relates primarily to the long-term debt obligations. The PTA's borrowings are all obtained through Western Australian Treasury Corporation

(WATC) and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. The PTA earns interest on the daily balance of its bank account.

Foreign exchange risks

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

Forward contracts transacted with WATC are used to manage these risks. The purpose of the foreign currency contracts is to protect against the risk that eventual dollar outflows in respect of purchases in foreign currency may be adversely affected by changes in exchange rates.

b) Categories of financial instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at balance sheet date are as follows:

	2008 \$'000	2007 \$'000
Financial Assets		
Cash and cash equivalents	54,093	52,182
Restricted cash and cash equivalents	509	638
Amounts receivable for services	430,814	311,338
Receivables (i)	12,906	7,451
Derivatives	5	0
Financial Liabilities		
Payables	89,113	64,652
Other current liabilities	594	727
WATC loans	899,993	854,291
Commonwealth loans	3,492	3,874
Derivatives	0	1,294

(i) The amount of receivables excludes GST recoverable from ATO (statutory receivable).

c) Financial instrument disclosures

Credit risk, liquidity risk, interest rate risk and foreign exchange risk exposures

The following table details the exposure to liquidity risk and interest rate risk as at balance sheet date. The PTA's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the PTA. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

The PTA does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The PTA does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	Notes	Weighted average effective interest rate %	Variable interest rate (i)	Fixed interest rate maturity			Non- interest bearing	Total
			\$000	\$000	\$000	\$000	\$000	\$000
2008								
Financial Assets								
Cash and cash equivalents	36	6.87	54,093	0	0	0	0	54,093
Restricted cash and cash equivalents	36	6.87	509	0	0	0	0	509
Receivables (ii)	23		0	0	0	0	12,906	12,906
Amounts receivable for services	24		0	0	0	0	430,814	430,814
Derivatives	33		0	0	0	0	5	5
			54,602	0	0	0	443,725	498,327
Financial Liabilities								
Payables	29		0	0	0	0	89,113	89,113
Other current liabilities	32		0	0	0	0	594	594
WATC Loans	30	6.68	0	260,589	348,945	290,459	0	899,993
Commonwealth Loans	30	5.93	0	384	1,506	1,602	0	3,492
			0	260,973	350,451	292,061	89,707	993,192

	Notes	Weighted average effective interest rate %	Variable interest rate (i)	Fixed interest rate maturity			Non- interest bearing	Total
				1 or less than 1 year	1 to 5 years	more than 5 years		
2007			\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets								
Cash and cash equivalents	36	5.98	52,182	0	0	0	0	52,182
Restricted cash and cash equivalents	36	5.98	638	0	0	0	0	638
Receivables (ii)	23		0	0	0	0	7,451	7,451
Amounts receivable for services	24		0	0	0	0	311,338	311,338
			52,820	0	0	0	318,789	371,609
Financial Liabilities								
Payables	29		0	0	0	0	64,652	64,652
Other current liabilities	32		0	0	0	0	727	727
Derivatives	33		0	0	0	0	1,294	1,294
WATC Loans	30	6.39	0	222,440	374,783	257,068	0	854,291
Commonwealth Loans	30	5.93	0	383	1,525	1,967	0	3,875
			0	222,823	376,308	259,035	66,673	924,839

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

(ii) The amount of receivables excludes GST recoverable from ATO (statutory receivable).

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the PTA's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. Considering the current situation, it is highly unlikely that the interest rate will move by more than 1%. It is assumed that the change in interest rate is held constant throughout the reporting period.

	Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity
2008	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash and cash equivalents	54,093	(541)	(541)	541	541
Restricted cash and cash equivalents	509	(5)	(5)	5	5
Total increase/ (decrease)		(546)	(546)	546	546

	Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity
2007	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash and cash equivalents	52,182	(522)	(522)	522	522
Restricted cash and cash equivalents	638	(6)	(6)	6	6
Total increase/ (decrease)		(528)	(528)	528	528

Currency sensitivity analysis

The PTA has an exposure to changes in foreign exchange rates resulting from the bus replacement program. Payment for bus chassis is to be made in Euros. PTA uses forward exchange contracts in Euros (EUR) to hedge the risk. The derivatives asset is the net fair value of the contract and it comprises of assets of \$14,343k and liabilities of \$14,338k.

The following table represents a summary of the currency rate sensitivity of PTA's financial assets and liabilities at balance sheet date on the surplus for the period and on equity for a +/- 1% change in spot rate.

	Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity
2008	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Derivatives	5	161	161	(136)	(136)
Total increase/ (decrease)		161	161	(136)	(136)

	Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity
2007	\$000	\$000	\$000	\$000	\$000
Financial Liabilities					
Derivatives	1,294	284	284	(279)	(279)
Total increase/ (decrease)		284	284	(279)	(279)

Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

41 Supplementary financial information

Losses through theft, defaults and other causes

Losses of public moneys and public and other property through theft and default

Revenue written off

3	4
13	5
16	9

42 Events occurring after the balance sheet date

The PTA has not identified any material events after balance sheet date that would require adjustment or disclosure to be made.

43 Explanatory statement

a) Significant variations between estimates and actual results for the financial year

Details and reasons for significant variations between estimates and actual results are detailed below. Significant variations are considered to be those greater than 10% or \$1.0 million.

	2008 Actual \$000	2008 Estimate \$000	Variance \$000
Income	191,909	189,407	2,502
Cost of Services	775,106	759,313	(15,793)
Net Cost of (Surplus from) Services	583,197	569,906	(13,291)

Revenue

Revenue was \$2.5 million (1.3%) above the estimate. The positive variations include the following significant items:

- i) Increased revenue recouped from Department of Education and Training of \$1.6 million;
- ii) Resources received free of charge from Landgate of \$2.0 million;
- iii) Increase in revenue from External works recoveries of \$2.9 million;
- iv) Advertising revenue increased by \$3.2 million from changed contractual arrangements;
- v) Increase in rental revenue of \$3.2 million;
- vi) Increase in interest revenue of \$1.3 million;
- vii) Service contribution revenue \$1.5 million due to joint ticketing of various sporting and entertainment events; and
- viii) This is offset by a reduction in the lease income from the prepaid freight network of \$14.8 million due to a change in accounting policy of amortising the deferred lease income to straight-line method.

Total cost of services

Cost of services for the year was \$15.8 million (2%) above estimate.

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

- i) Increased grants and subsidies – \$9.0 million for the concrete sleeping and loop extensions of the Eastern Goldfields Railway line;
- ii) Increased Transperth bus costs of \$10.0 million mainly due to remedial works related to contaminated sites, building maintenance (AS1940 compliance and CNG workshop upgrade to comply with Australian and International Standards), provision of bus replacement services for the

- connection of the Joondalup and Mandurah line, increased fuel costs, SmartRider costs (partially offset by SmartRider card sale);
- iii) Increased grant to Local Government of \$8.5 million due to transfer of roads and associated infrastructure controlled by local government constructed as part of the New MetroRail Project;
- iv) Increased depreciation of \$6.3 million mainly due to revaluation of buildings, rollingstock, vessels, buses, and bus infrastructure assets;
- v) Increased costs of \$2.4 million related to railcar maintenance of the Australind and Prospector and provision of coach replacements during track works on the Eastern Goldfields Railway line;
- vi) Increased costs related to external works \$2.5 million;
- vii) Notional charge for land valuation provided by Landgate \$2.0 million; and
- viii) Loss of \$0.8 million mainly due to disposal of buildings and infrastructure at Kewdale.
- offset by:
- ix) Reduced interest of \$20.0 million due to lower than budgeted interest rate and delay in capital works program including a reduction of \$8.0 million on notional interest due to a change in accounting policy of amortising the deferred lease income to straight-line method; and
- x) Reduced school bus grants and subsidies of \$8.0 million mainly due to a revised implementation plan of the school buses seatbelt program.

b) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% or \$1.0 million.

	2008 Actual \$000	2007 Actual \$000	Variance \$000
Employee benefit expense	97,228	79,736	17,492
Supplies and Services	154,827	131,710	23,117
Depreciation and amortisation expense	114,600	85,546	29,054
Finance costs	53,570	62,734	(9,164)
Grants and subsidies expense	332,086	249,176	82,910
Capital user charge	0	130,340	(130,340)
Energy and fuel	11,420	8,883	2,537
Land rationalisation expense	2,014	4,492	(2,478)
Loss on disposal of non-current assets	782	1,031	(249)
User charges and fees	129,994	105,029	24,965
Other revenue	26,279	21,999	4,280
Commonwealth grants and contributions	28,112	0	28,112

Employee benefit expense

Increase in employee benefit expense due to increase in transit officers, train drivers and other personnel employed for the Mandurah line.

Supplies and services

- i) Increased security costs of \$5.3 million for revenue protection and security on the Mandurah line;
- ii) Increased maintenance of \$5.0 million for the 'B' series railcars mainly due to the expansion of the rail network to Mandurah;
- iii) Increased remediation works on AS1940 compliance and CNG workshop upgrade to comply with Australian and International Standards \$2.7 million;
- iv) Increased energy and fuel of \$2.5 million mainly due to expansion of the rail network to Mandurah;
- v) Increased Information Technology maintenance costs \$1.9 million to improve the reliability and robustness of the existing network and replace end of life equipment;
- vi) Increased maintenance of Prospector and Australind railcars \$1.4 million;
- vii) Increased legal costs of \$1.4 million due to the New MetroRail Project (including City Rail project);
- viii) Increased bus fleet registration \$1.0 million;
- ix) Increased costs of \$1.0 million for coach hire during the track works on the Eastern Goldfields Railway line; and
- x) Increased cost of sales of \$0.8 million due to increase in External Works (this is offset by revenue).

Depreciation and amortisation expense

Increase in depreciation of \$29.0 million is mainly due to the Mandurah line including infrastructure and train stations accounting for \$12.0 million and \$17.0 million for increased depreciation as a result of revaluation of assets to fair value.

Finance costs

Decrease in Finance costs of \$9.2 million is mainly due to savings of \$14.7 million on the repayment of the New MetroRail debt of \$913.0 million in September 2006.

Grants and subsidies expense

Increased Grants and subsidies expense of \$82.9 million are mainly due to:

- ▶ \$37.1 million expenditure for the concrete sleepers and loop extensions of the Eastern Goldfields Railway line.
- ▶ \$19.2 million expenditure for transfer of roads and paths to Local Government as part of the New MetroRail project.
- ▶ \$18.0 million increase for the Transperth bus operators mainly due to increase in bus contract cost as a result of feeder services connecting to the Mandurah line, increase in fuel and labour costs.
- ▶ \$7.0 million increase for the school bus services mainly due to providing seatbelts on school buses, increase in fuel and labour costs.

Capital user charge

Following the enactment of the Financial Management Act 2006, the capital user charge has been abolished from 2007-08.

Land rationalisation expense

Decrease in expenditure due to lower land rationalisation activity.

User charges and fees

Increase due to fare increase based on CPI of 4.8% and increased patronage on the Transperth system including the half year impact of the Mandurah line.

Commonwealth Grants and contributions

Commonwealth Grants of \$28.1 million for the concrete re-sleepers and loop extensions of the Eastern Goldfields Railway line.

Other revenue

Increase in other revenue mainly due to the foreign exchange gain on the appreciation of the Australian currency, parking, infringements and rental income.

44 Schedule of income and expenses by service

	Metropolitan and regional passenger services		Country passenger rail and road coach services		Regional School Bus Services		Rail corridor and Residual Freight Issues		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES										
Expenses										
Employee benefit expense	80,439	65,566	11,150	9,783	4,000	3,568	1,639	819	97,228	79,736
Supplies and Services	125,742	107,316	20,536	17,766	2,193	1,511	6,356	5,117	154,827	131,710
Depreciation and amortisation expense	95,417	71,344	9,629	6,742	3	3	9,551	7,457	114,600	85,546
Finance costs	45,719	55,261	4,285	4,482	0	207	3,566	2,784	53,570	62,734
Grants and subsidies	214,977	176,931	0	0	80,009	72,245	37,100	0	332,086	249,176
Capital user charge	0	102,063	0	2,005	0	1	0	26,271	0	130,340
Energy and fuel	8,920	6,272	2,497	2,611	0	0	3	0	11,420	8,883
Land rationalisation expense	0	0	0	0	0	0	2,014	4,492	2,014	4,492
Loss on disposal of non-current assets	782	976	0	9	0	0	0	46	782	1,031
Other expenses	5,205	5,412	907	767	226	197	2,241	2,737	8,579	9,113
Total cost of services	577,201	591,141	49,004	44,165	86,431	77,732	62,470	49,723	775,106	762,761
Income										
User charges and fees	117,608	93,968	10,379	9,728	2,007	1,333	0	0	129,994	105,029
Land rationalisation lease income	0	0	0	0	0	0	83	83	83	83
Operating lease revenue	0	0	0	0	0	0	5,383	5,383	5,383	5,383
Commonwealth grants and contributions	0	0	0	0	0	0	28,112	0	28,112	0
Interest revenue	0	0	0	0	0	0	2,058	2,341	2,058	2,341
Other revenue	13,650	10,654	63	47	66	51	12,500	11,247	26,279	21,999
Total income other than income from State Government	131,258	104,622	10,442	9,775	2,073	1,384	48,136	19,054	191,909	134,835
NET COST OF SERVICES	445,943	486,519	38,562	34,390	84,358	76,348	14,334	30,669	583,197	627,926
INCOME FROM STATE GOVERNMENT										
Service Appropriation	467,865	493,988	37,340	33,314	89,361	80,868	1,233	41,068	595,799	649,238
Resources received free of charge	0	0	0	0	0	0	2,041	2,056	2,041	2,056
Contributions - Other Government Agencies	1,077	4,444	0	0	0	0	0	13,150	1,077	17,594
Total income from State Government	468,942	498,432	37,340	33,314	89,361	80,868	3,274	56,274	598,917	668,888
Surplus/(deficit) for the period	22,999	11,913	(1,222)	(1,076)	5,003	4,520	(11,060)	25,605	15,720	40,962

2008
\$000

2007
\$000

45 Remuneration of auditor

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

Auditing the accounts, financial statements and performance indicators

143

135

The image features a large, solid teal rectangle on the right side. On the left, there are several overlapping circles in various colors: a large light beige circle, a medium teal circle, a smaller olive green circle, and a small orange circle. These circles overlap each other and the teal rectangle. The text "This page has been left blank intentionally." is centered within the teal rectangle.

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