

## **ACTION**

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### **Objectives**

The Government is taking steps to make the ACT Public Sector more efficient, to take greater advantage of its small scale. A number of existing functions will be integrated, and the number of statutory authorities will be reduced.

ACTION has been integrated into the Department of Territory and Municipal Services from 1 July 2006. ACTION will continue as a separate reporting entity with its own financial information, and strategic and accountability measures.

ACTION provides public transport services to the ACT community in the form of scheduled route bus services, school bus services and special needs transport services.

### **2006-07 Priorities**

Strategic and operational issues to be pursued in 2006-07 include:

- continuing to develop strategies to increase adult patronage as set out in the Government's *Sustainable Transport Plan*;
- implementing network improvements to increase network efficiency and direct services, in addition to offering increased services for new areas;
- progressing the bus replacement program in order to improve environmental sustainability and to meet the disability accessibility targets;
- increasing security on buses by fitting additional closed circuit television units, and improving security at depots;
- continuing the review of the ticketing system, including consideration of a smart card option; and
- continuing workplace reforms to further improve productivity and reduce costs.

### **Business and Corporate Strategies**

ACTION's core business activity is to provide public transport services to the community, including:

- public bus network and school services;
- a special needs transport service for disadvantaged people; and
- charter bus services provided at competitive rates.

ACTION is aiming to provide a *Disability Discrimination Act 1992* (DDA) compliant bus fleet to the ACT. ACTION is well on the way to achieving that goal, with the number of DDA compliant accessible buses in the fleet being 82 at the close of 2005-06. By the end of 2006-07 it will increase to 99.

ACTION operates under a Quality System, which complies with the requirements of the International Organisation for Standardisation. The Quality System provides the basis for continuous improvement in all aspects of ACTION's services. The Quality System covers all the activities required to plan, design, schedule, operate and monitor the ACTION network and associated business services. This includes the material and services provided by ACTION's suppliers.

## Estimated Employment Level

	2005-06 Est. Outcome	2006-07 Budget
Staffing (Headcount)	810	796

## Output Class

	Total Cost <sup>1</sup>		Government Payment for Outputs	
	2005-06 Est. Outcome \$'000	2006-07 Budget \$'000	2005-06 Est. Outcome \$'000	2006-07 Budget \$'000
<b>Output Class 1: Public Transport</b>	88,433	85,812	-	-
<b>Output 1.1: Public Transport</b>	88,433	85,812	-	-

### Note:

1. Total cost includes depreciation of \$6.306 million in 2005-06 and \$6.218 million in 2006-07.

### Output Description

Public transport assists the Government in implementing the Sustainable Transport Plan. In particular it will promote the goals of achieving a modal shift from private vehicles to public transport and ensuring that the transport system helps make Canberra a more accessible city.

## Strategic Indicators

Public transport plays a major role in the Government's Sustainable Transport Plan. The initiatives for public transport under this plan are:

- increasing patronage on ACTION Buses to 17.1 million passenger boardings in 2006-07, with a particular emphasis on the modal split for adult patronage; and
- increasing the number of vehicles that run on alternative fuels to minimize the environmental impact of the operations and services of the fleet.

## Accountability Indicators

	2005-06 Targets	2005-06 Est. Outcome	2006-07 Target
<b>Output Class 1: Public Transport<sup>1</sup></b>			
<b>Output 1.1: Public Transport<sup>2</sup></b>			
a. Timeliness of ACTION Services	99.8%	99.8%	99.8%
b. Customer Satisfaction with ACTION Services as assessed by passenger surveys	82%	82%	82%
c. Increase in modal share (adult work trips increase in accordance with the Sustainable Transport Plan)	3.3%	12.8%	3.2%
d. Increase in number of passenger boardings	176,000	438,000	197,000
e. Percentage of buses in the fleet fully compliant with Disability Standards	22.6%	22.2%	26.3%
f. Percentage of fleet Euro 3 emission standard compliant	12%	12.7%	14.3%
g. Total cost per vehicle km	\$3.53	\$3.72	\$3.65
h. Total cost per passenger boarding	\$5.06	\$5.23	\$5.02
i. Farebox <sup>3</sup> recovery as a percentage of total revenue	n/a	n/a	19.8%

**Note:**

1. New output class.
2. This output and associated indicators were previously reported under Output Public Transport in the Department of Urban Services in the 2005-06 Budget Papers. The 2005-06 targets and estimated outcome is identified for comparative purposes only.
3. This is a new indicator from 2006-07.

## Commonwealth Grants

The major Commonwealth payments for which ACTION is responsible are:

<b>Name of Grant</b>	<b>Activities Funded by Grant</b>	<b>2006-07 Estimate \$'000</b>
Energy Grants Credits Scheme	This grant provides a fuel subsidy for both diesel and Compressed Natural Gas buses.	424
New Apprenticeship Scheme	This grant provides an employment subsidy for apprentices.	60
Structured Training and Employment Programs (STEP)	This grant provides subsidies for driver training and Aboriginal employment.	10
<b>Total</b>		<b>494</b>

## ACTION Operating Statement

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
<b>Income</b>							
<b>Revenue</b>							
17,322	User Charges - Non ACT Government	18,319	19,067	4	19,542	20,030	20,531
59,834	User Charges - ACT Government	61,425	61,671	..	59,265	60,280	61,241
0	Grants from the Commonwealth	437	494	13	494	494	494
209	Interest	106	178	68	183	183	183
50	Resources Received free of charge	50	50	-	50	50	50
<b>77,415</b>	<b>Total Revenue</b>	<b>80,337</b>	<b>81,460</b>	<b>1</b>	<b>79,534</b>	<b>81,037</b>	<b>82,499</b>
<b>Gains</b>							
<b>0</b>	<b>Total Gains</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>77,415</b>	<b>Total Income</b>	<b>80,337</b>	<b>81,460</b>	<b>1</b>	<b>79,534</b>	<b>81,037</b>	<b>82,499</b>
<b>Expenses</b>							
47,462	Employee Expenses	51,466	47,307	-8	45,003	45,598	45,929
6,246	Superannuation Expenses	5,272	7,689	46	7,325	7,421	7,457
21,264	Supplies and Services	23,850	23,278	-2	23,378	23,932	24,341
6,306	Depreciation and Amortisation	6,306	6,218	-1	6,208	5,633	5,633
966	Borrowing Costs	966	883	-9	798	744	744
915	Other Expenses	573	437	-24	437	437	437
<b>83,159</b>	<b>Total Ordinary Expenses</b>	<b>88,433</b>	<b>85,812</b>	<b>-3</b>	<b>83,149</b>	<b>83,765</b>	<b>84,541</b>
<b>-5,744</b>	<b>Operating Result</b>	<b>-8,096</b>	<b>-4,352</b>	<b>46</b>	<b>-3,615</b>	<b>-2,728</b>	<b>-2,042</b>

## ACTION Balance Sheet

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
<b>Current Assets</b>							
1,592	Cash	1,306	2,434	86	3,935	5,267	6,635
2,276	Receivables	1,626	1,620	..	1,624	1,629	1,634
2,000	Investments	0	0	-	300	1,600	3,600
1,515	Other	2,238	2,238	-	2,238	2,238	2,238
<b>7,383</b>	<b>Total Current Assets</b>	<b>5,170</b>	<b>6,292</b>	<b>22</b>	<b>8,097</b>	<b>10,734</b>	<b>14,107</b>
<b>Non Current Assets</b>							
75,782	Property, Plant and Equipment	74,590	72,947	-2	66,398	60,424	54,450
<b>75,782</b>	<b>Total Non Current Assets</b>	<b>74,590</b>	<b>72,947</b>	<b>-2</b>	<b>66,398</b>	<b>60,424</b>	<b>54,450</b>
<b>83,165</b>	<b>TOTAL ASSETS</b>	<b>79,760</b>	<b>79,239</b>	<b>-1</b>	<b>74,495</b>	<b>71,158</b>	<b>68,557</b>
<b>Current Liabilities</b>							
2,885	Payables	4,212	3,827	-9	3,440	3,053	2,666
539	Interest Bearing Liabilities	538	549	2	561	573	585
547	Finance Leases	551	582	6	50	0	0
6,131	Employee Benefits	5,716	5,998	5	6,388	6,778	7,168
0	Other	797	797	-	797	797	797
<b>10,102</b>	<b>Total Current Liabilities</b>	<b>11,814</b>	<b>11,753</b>	<b>-1</b>	<b>11,236</b>	<b>11,201</b>	<b>11,216</b>
<b>Non Current Liabilities</b>							
903	Payables	1,008	1,008	-	1,008	1,008	1,008
7,189	Interest Bearing Liabilities	7,190	6,640	-8	6,078	5,504	4,930
860	Finance Leases	632	50	-92	0	0	0
6,855	Employee Benefits	7,506	7,360	-2	7,360	7,360	7,360
<b>15,807</b>	<b>Total Non Current Liabilities</b>	<b>16,336</b>	<b>15,058</b>	<b>-8</b>	<b>14,446</b>	<b>13,872</b>	<b>13,298</b>
<b>25,909</b>	<b>TOTAL LIABILITIES</b>	<b>28,150</b>	<b>26,811</b>	<b>-5</b>	<b>25,682</b>	<b>25,073</b>	<b>24,514</b>
<b>57,256</b>	<b>NET ASSETS</b>	<b>51,610</b>	<b>52,428</b>	<b>2</b>	<b>48,813</b>	<b>46,085</b>	<b>44,043</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
57,256	Accumulated Funds	51,610	52,428	2	48,813	46,085	44,043
<b>57,256</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>51,610</b>	<b>52,428</b>	<b>2</b>	<b>48,813</b>	<b>46,085</b>	<b>44,043</b>

**ACTION**  
**Cash Flow Statement**

2005-06 Budget \$'000		2005-06 Est.Outcome \$'000	2006-07 Budget \$'000	Var %	2007-08 Estimate \$'000	2008-09 Estimate \$'000	2009-10 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
77,156	User Charges	79,198	80,738	2	78,807	80,310	81,772
209	Interest Received	106	178	68	183	183	183
0	Grants Received from the Commonwealth	437	494	13	494	494	494
3,937	Other Revenue	3,949	3,993	1	4,045	4,152	4,153
<b>81,302</b>	<b>Operating Receipts</b>	<b>83,690</b>	<b>85,403</b>	<b>2</b>	<b>83,529</b>	<b>85,139</b>	<b>86,602</b>
<b>Payments</b>							
53,032	Related to Employees	55,588	54,606	-2	51,938	52,629	52,996
21,603	Related to Supplies and Services	22,893	23,618	3	23,718	24,272	24,681
966	Borrowing Costs	966	883	-9	798	744	744
4,267	Other	4,079	4,078	..	4,142	4,250	4,251
<b>79,868</b>	<b>Operating Payments</b>	<b>83,526</b>	<b>83,185</b>	<b>..</b>	<b>80,596</b>	<b>81,895</b>	<b>82,672</b>
<b>1,434</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>164</b>	<b>2,218</b>	<b>#</b>	<b>2,933</b>	<b>3,244</b>	<b>3,930</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
527	Proceeds from Sale of Property, Plant & Equipment	396	0	-100	0	0	0
<b>527</b>	<b>Investing Receipts</b>	<b>396</b>	<b>0</b>	<b>-100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Payments</b>							
8,715	Purchase of Property, Plant and Equipment	8,327	4,916	-41	0	0	0
<b>8,715</b>	<b>Investing Payments</b>	<b>8,327</b>	<b>4,916</b>	<b>-41</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>-8,188</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-7,931</b>	<b>-4,916</b>	<b>38</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
8,440	Capital Injection from Government	5,440	4,916	-10	0	0	0
<b>8,440</b>	<b>Financing Receipts</b>	<b>5,440</b>	<b>4,916</b>	<b>-10</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Payments</b>							
529	Repayment of Borrowings	529	539	2	550	562	562
521	Repayment of Finance Lease	521	551	6	582	50	0
<b>1,050</b>	<b>Financing Payments</b>	<b>1,050</b>	<b>1,090</b>	<b>4</b>	<b>1,132</b>	<b>612</b>	<b>562</b>

**ACTION**  
**Cash Flow Statement**

<b>2005-06 Budget \$'000</b>		<b>2005-06 Est.Outcome \$'000</b>	<b>2006-07 Budget \$'000</b>	<b>Var %</b>	<b>2007-08 Estimate \$'000</b>	<b>2008-09 Estimate \$'000</b>	<b>2009-10 Estimate \$'000</b>
7,390	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	4,390	3,826	-13	-1,132	-612	-562
636	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	-3,377	1,128	133	1,801	2,632	3,368
2,956	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	4,683	1,306	-72	2,434	4,235	6,867
3,592	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	1,306	2,434	86	4,235	6,867	10,235



## ACTION Statement of Changes in Equity

Budget as at 30/6/06 \$'000		Est.Outcome as at 30/6/06 \$'000	Planned as at 30/6/07 \$'000	Var %	Planned as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000
54,560	<b>Opening Balance</b>	54,173	51,610	-5	52,428	48,813	46,085
	<b>Accumulated Funds</b>						
-5,744	Operating Result for the Period	-8,096	-4,352	46	-3,615	-2,728	-2,042
	<b>Reserves</b>						
-5,744	<b>Total Income And Expense For The Period</b>	-8,096	-4,352	46	-3,615	-2,728	-2,042
	<b>Transactions Involving Equity Holders Affecting Accumulated Funds</b>						
8,440	Capital Injections	5,440	4,916	-10	0	0	0
0	Inc/Dec in Net Assets due to Admin Restructure	93	254	173	0	0	0
57,256	<b>Closing Balance</b>	51,610	52,428	2	48,813	46,085	44,043

### Notes to the Budget Statements

#### *Operating Statement*

- user charges - non ACT Government: the increase of \$0.997 million in the 2005-06 estimated outcome from the original budget is due to increased patronage, as well as minor increases in charter and advertising revenue. The increase of \$0.748 million for the 2006-07 Budget on the 2005-06 estimated outcome is largely due to a 6 per cent increase in fares and higher passenger numbers;
- user charges - ACT Government: the increase of \$1.591 million in the 2005-06 estimated outcome from the original budget is due to funding for increased fuel costs of \$1.325 million and additional revenue generated from the provision of special needs transport services to other ACT Government agencies. The increase in the 2006-07 Budget of \$0.246 million from the 2005-06 estimated outcome is due to increased funding for revised notional superannuation contribution rates offset by savings in overheads and operating costs;
- grants from the Commonwealth: the increase of \$0.437 million in the 2005-06 estimated outcome from the original budget is due to access to various Commonwealth funding programs such the energy grants credit scheme and various employee vocational and accreditation schemes. The increase of \$0.057 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to additional revenue from the introduction of the Commonwealth's fuel tax credits scheme which replaces the energy grants credits scheme on 1 July 2006;

- employee expenses: the increase of \$4.004 million in the 2005-06 estimated outcome from the original budget is largely due to an increase in the number of employees employed in 2005-06. The decrease of \$4.159 million in the 2006-07 budget from the 2005-06 estimated outcome reflects savings in overhead and operating costs;
- superannuation expenses: the decrease of \$0.974 million in the 2005-06 estimated outcome from the original budget is largely due to a reallocation of superannuation costs to employee expenses. The increase of \$2.417 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to increased notional superannuation contribution rates;
- supplies and services: the increase of \$2.586 million in the 2005-06 estimated outcome from the original budget is due to increases in fuel costs throughout the year as well as increases in security, accidents, repairs and maintenance and other operating expenses. The decrease of \$0.572 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to estimated savings in maintenance costs resulting from the introduction of new buses, and an expected stabilisation in the cost of fuel;
- borrowing costs: the decrease of \$0.083 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to repayments of capital for both finance leases and loans; and
- other expenses: the decrease of \$0.342 million in the 2005-06 estimated outcome from the original budget is due to a decrease in sales of buses targeted for disposal through the bus replacement program. The decrease of \$0.136 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects the retention of a higher number of buses targeted for disposal.

#### *Balance Sheet*

- cash and investments: the decrease of \$2.286 million in the 2005-06 estimated outcome from the original budget is due to increased costs, particularly fuel and employee costs, offset by estimated increases in revenue from fares. The increase of \$1.128 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to an anticipated increase in operating cash through a reduction in costs and increased revenue from fares;
- current receivables: the decrease of \$0.650 million in the 2005-06 estimated outcome from the original budget is due to improved collections;
- other current assets: the increase of \$0.723 million in the 2005-06 estimated outcome from the original budget is due to an increase in stocks of parts and diesel;
- property, plant and equipment: the decrease of \$1.192 million in the 2005-06 estimated outcome from the original budget is due to a delay in the 2005-06 bus replacement program. The decrease of \$1.643 million in the 2006-07 Budget from the 2005-06 estimated outcome is due to depreciation, offset by the 2005-06 rollover of the bus replacement program;
- current payables: the increase of \$1.327 million in the 2005-06 estimated outcome from the original budget largely reflects increased accounts payable, especially fuel, which has changed from a 7 to a 30 day payment cycle. The decrease of \$0.385 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects decreased expenditure in 2006-07, particularly relating to Supplies and Services;

- current and non-current interest bearing liabilities: the decrease of \$0.539 million in the 2006-07 Budget from the 2005-06 estimated outcome reflects decreased debt levels;
- current and non-current finance leases: the decrease of \$0.551 millions in the 2006-07 Budget from the 2005-06 estimated outcome reflects decreased debt levels; and
- other current liabilities: the increase of \$0.797 million in the 2005-06 estimated outcome over the original budget is due to the recognition of revenue received in advance.

