

ACTION

Objectives

The principal objective of ACTION is to meet the needs of the ACT community by providing public transport services consisting of scheduled route bus services, school bus services, and Special Needs Transport services.

2008-09 Priorities

Strategic and operational issues to be pursued in 2008-09 include:

- implementing the new Network 08 system;
- preparing for the demolition of the Belconnen Interchange;
- improving the provision of information to customers about ACTION's services in order to facilitate access to the network and increased patronage;
- progressing the acquisition of 100 buses over four financial years, as part of ACTION's fleet replacement strategy and the Accessible Public Transport Plan;
- undertaking major maintenance works on a number of buses to extend useful life and improve efficiency and reliability;
- implementing the new ticketing system;
- undertaking repairs and maintenance at the Belconnen Bus Depot to improve the safety, security and amenity of the facility;
- implementing the new Gold Pass as part of the surrender your license initiative, in conjunction with the Department of Disability, Housing and Community Services, to provide free travel on ACTION buses for those members of the community 75 years of age or older who surrender their driver's licence; and
- continuing workplace reform to further improve productivity and cost reductions.

Business and Corporate Strategies

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

- a public bus network and school bus services, involving a range of express and route services within all Canberra suburbs;
- school bus services for students living in rural areas of the ACT;
- Special Needs Transport services to clients of the Department of Education and Training (DET) who are unable to access public transport; and
- a bus charter service to a range of customers, at competitive rates.

The Government has made a significant investment in the new bus network (Network 08), increasing the span of hours and frequency of the bus network, with new additional services making the best use of current drivers and maximising the use of fleet resources. ACTION will continue to refine the network during 2008-09, responding to customers' needs within available resources.

As at April 2008, ACTION's fleet consisted of 377 operational buses. Sixteen new buses will be received in June to October 2008, and a further 100 buses will be acquired over the next four financial years, as part of the fleet replacement strategy. This strategy will ensure that transport standards are met under the *Disability Discrimination Act 1992*.

The replacement of ACTION's ageing ticketing system has commenced. A feasibility study completed in 2007 recommended the acquisition of a smart card ticketing system. The proposed system will introduce significant improvements to customers, through ease of use and access, whilst allowing ACTION to collect valuable patronage data, assisting in the improvement of current and future services. ACTION will work closely with key stakeholders to ensure a smooth implementation of the system.

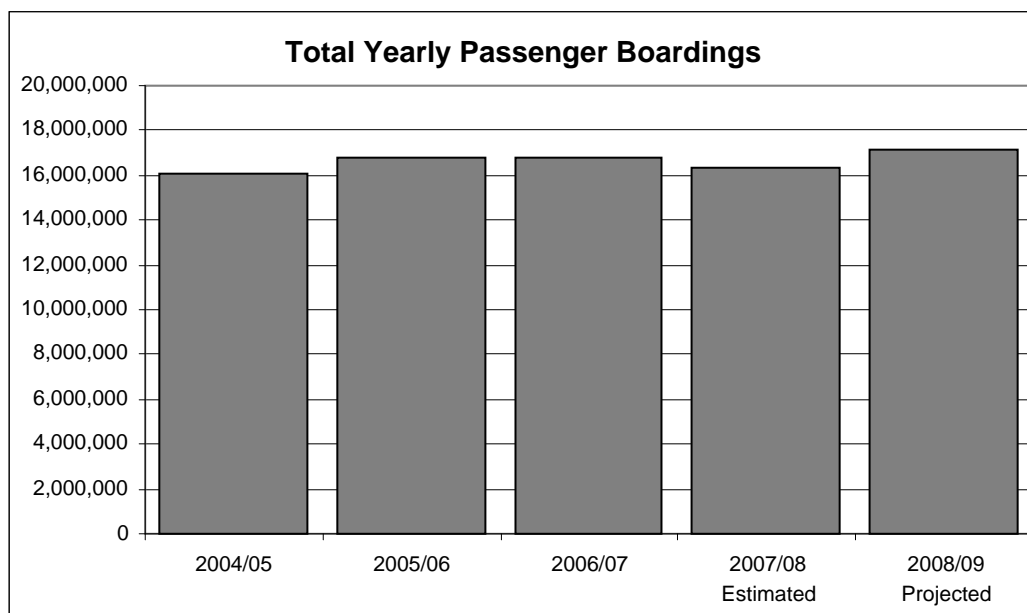
ACTION will continue to benchmark its services against industry best-practice for both private and public bus operators. ACTION has already identified a number of areas in which productivity and efficiency may be improved. These matters will be pursued during 2008-09.

Estimated Employment Level

2007-08 Budget		2007-08 Est. Outcome	2008-09 Budget
658	Staffing (FTE)	652	674

Strategic Indicators

Strategic Indicator Passenger Boardings¹



Note:

1. This strategic indicator has changed from the 2007-08 Budget. In previous years, modal share has been selected as the primary indicator and has been graphed. This year "total yearly passenger boardings" has been selected as the primary strategic indicator, as changes to the network have been made to benefit all passengers not just those travelling to work.

Public transport initiatives play an important role in the Sustainable Transport Plan and include:

- increasing patronage and modal share relating to the proportion of people choosing public transport as their preferred method, as opposed to alternative modes such as private vehicles;
- increasing the number of vehicles that run on environmentally friendly fuels to minimise environmental degradation; and
- increasing disability accessible vehicle numbers to meet the standards specified under the *Disability Discrimination Act 1992*.

Output Class

	Total Cost ¹		Government Payment for Outputs	
	2007-08 Est. Outcome \$'000	2008-09 Budget \$'000	2007-08 Est. Outcome \$'000	2008-09 Budget \$'000
Output Class 1: Public Transport	96,560	99,518	59,740	63,847
Output 1.1: Public Transport	96,560	99,518	59,740	63,847

Note:

1. Total cost includes depreciation of \$6.189 million in 2007-08 and \$7.446 million in 2008-09.

Output Description

Provision of a public bus network and school bus services, including a range of express and regular routes within all Canberra suburbs. ACTION also provides Special Needs Transport and a bus charter service.

Accountability Indicators

	2007-08 Targets ¹	2007-08 Est. Outcome	2008-09 Targets
Output Class 1: Public Transport			
Output 1.1: Public Transport			
a. Timeliness of ACTION services ¹	99.8%	99.8%	99.8%
b. Customer satisfaction with ACTION services as assessed by passenger surveys	83%	84%	85%
c. Increase in modal share (adult work trip increase in accordance with the Sustainable Transport Plan) ²	3.2%	3.5%	3.0%
d. Annual increase in number of adult work trips (in accordance with the Sustainable Transport Plan) ³	204,000	50,000	n/a
e. Increase in total patronage ⁴	n/a	n/a	847,000
f. Percentage of fleet fully compliant with standards under the <i>Disability Discrimination Act 1992</i>	30.9%	26.6%	30.3%
g. Percentage of fleet Euro 3 Emission Standard compliant	17.7%	14.8%	18.5%
h. Total cost per vehicle kilometre	\$3.71	\$4.13	\$3.86
i. Total cost per passenger boarding	\$5.01	\$5.89	\$5.69
j. Farebox recovery as a percentage of total cost	22.8%	19.5%	19.8%

Note:

1. This is a measure of the percentage of scheduled services that operate on time.
2. The targets are a function of the increase in modal share under the Sustainable Transport Plan (STP). For example, the STP has a modal share target of 8.25 per cent in 2007-08 moving to 8.5 per cent in 2008-09 - an increase of 3 per cent.
3. Existing measure discontinued. Adult work trips already measured under measure "c". New measure introduced for total patronage, measure "e".
4. Total patronage is a measure of the number of boardings from all customers (adult, concession, student and others) on ACTION services in a financial year. The 2008-09 target aims for an increase of 847,000 passengers over the estimated outcome for 2007-08.

Commonwealth Grants

ACTION receives the following Commonwealth Government grants:

- the Energy Grants Credits Scheme and Fuel Tax Credits Scheme, whereby ACTION receives funds based upon the consumption of diesel and alternative fuels¹; and
- New Apprenticeship schemes².

Name of Grant	Activities Funded by Grant	2008-09 Estimate \$'000
Energy Grants Credits Scheme and Fuel Tax Credits Scheme	Payment by the Commonwealth on consumption of diesel and Compressed Natural Gas for eligible vehicles	434
New Apprenticeship Scheme	Department of Education, Employment and Workplace Relations	60
Total		494

Notes:

1. The Commonwealth Government replaced the Energy Grants Credits Scheme for diesel and petrol powered vehicles in 2006-07 with the Fuel Tax Credits Scheme. The Energy Grants Credits Scheme will be retained for eligible vehicles using alternative fuels until 2010.
2. The dollar value of these grants is dependent upon the number of ACTION employees eligible under the scheme.

ACTION Operating Statement

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
Income							
Revenue							
19,845	User Charges - Non ACT Government	19,845	20,363	3	21,569	21,860	21,812
60,908	User Charges - ACT Government	66,930	71,318	7	72,147	73,371	74,445
494	Grants from the Commonwealth	494	494	-	494	494	494
81,247	Total Revenue	87,269	92,175	6	94,210	95,725	96,751
Gains							
0	Total Gains	0	0	-	0	0	0
81,247	Total Income	87,269	92,175	6	94,210	95,725	96,751
Expenses							
47,449	Employee Expenses	51,636	55,549	8	56,971	57,575	58,125
6,512	Superannuation Expenses	6,880	7,294	6	7,510	7,696	7,701
24,468	Supplies and Services	27,120	28,048	3	28,261	28,987	29,065
6,483	Depreciation and Amortisation	6,189	7,446	20	8,831	10,041	10,890
798	Borrowing Costs	798	744	-7	744	744	744
437	Other Expenses	3,937	437	-89	437	437	437
86,147	Total Ordinary Expenses	96,560	99,518	3	102,754	105,480	106,962
-4,900	Operating Result	-9,291	-7,343	21	-8,544	-9,755	-10,211

ACTION Balance Sheet

Budget as at 30/6/08 \$'000		Est.Outcome as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Var %	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000
Current Assets							
1,952	Cash and Cash Equivalents	2,130	2,394	12	2,496	2,595	3,087
2,280	Receivables	1,853	1,858	..	1,863	1,868	1,873
2,254	Inventories	0	0	-	0	0	0
48	Other	2,654	2,654	-	2,654	2,654	2,654
6,534	Total Current Assets	6,637	6,906	4	7,013	7,117	7,614
Non Current Assets							
72,956	Property, Plant and Equipment	67,047	77,610	16	84,406	90,011	91,786
0	Capital Works in Progress	10	10	-	10	10	10
72,956	Total Non Current Assets	67,057	77,620	16	84,416	90,021	91,796
79,490	TOTAL ASSETS	73,694	84,526	15	91,429	97,138	99,410
Current Liabilities							
4,853	Payables	5,533	5,146	-7	4,759	4,372	3,985
562	Interest Bearing Liabilities	562	574	2	586	598	610
50	Finance Leases	59	9	-85	9	9	9
14,369	Employee Benefits	13,543	14,364	6	14,790	15,216	15,642
922	Other	2,608	2,608	-	2,608	2,608	2,608
20,756	Total Current Liabilities	22,305	22,701	2	22,752	22,803	22,854
Non Current Liabilities							
13	Payables	68	68	-	68	68	68
6,078	Interest Bearing Liabilities	6,078	5,504	-9	4,930	4,356	3,782
0	Finance Leases	23	23	-	23	23	23
81	Employee Benefits	489	492	1	494	494	494
6,172	Total Non Current Liabilities	6,658	6,087	-9	5,515	4,941	4,367
26,928	TOTAL LIABILITIES	28,963	28,788	-1	28,267	27,744	27,221
52,562	NET ASSETS	44,731	55,738	25	63,162	69,394	72,189
REPRESENTED BY FUNDS EMPLOYED							
47,562	Accumulated Funds	39,731	50,738	28	58,162	64,394	67,189
5,000	Reserves	5,000	5,000	-	5,000	5,000	5,000
52,562	TOTAL FUNDS EMPLOYED	44,731	55,738	25	63,162	69,394	72,189

ACTION
Cash Flow Statement

2007-08 Budget \$'000		2007-08 Est.Outcome \$'000	2008-09 Budget \$'000	Var %	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
80,753	User Charges	86,775	91,681	6	93,716	95,231	96,257
494	Grants Received from the Commonwealth	494	494	-	494	494	494
4,053	Other Revenue	4,053	4,162	3	4,165	4,165	4,165
85,300	Operating Receipts	91,322	96,337	5	98,375	99,890	100,916
	Payments						
52,744	Related to Employees	57,299	62,019	8	64,053	64,845	65,400
24,858	Related to Supplies and Services	27,510	28,438	3	28,651	29,377	29,455
798	Borrowing Costs	798	744	-7	744	744	744
4,150	Other	4,150	4,260	3	4,263	4,263	4,263
82,550	Operating Payments	89,757	95,461	6	97,711	99,229	99,862
2,750	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1,565	876	-44	664	661	1,054
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Payments						
7,395	Purchase of Property, Plant and Equipment	7,631	18,350	140	15,968	15,987	13,006
7,395	Investing Payments	7,631	18,350	140	15,968	15,987	13,006
-7,395	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-7,631	-18,350	-140	-15,968	-15,987	-13,006
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
7,395	Capital Injection from Government	7,631	18,350	140	15,968	15,987	13,006
7,395	Financing Receipts	7,631	18,350	140	15,968	15,987	13,006
	Payments						
550	Repayment of Borrowings	550	562	2	562	562	562
582	Repayment of Finance Lease	582	50	-91	0	0	0
1,132	Financing Payments	1,132	612	-46	562	562	562
6,263	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	6,499	17,738	173	15,406	15,425	12,444
1,618	NET INCREASE/(DECREASE) IN CASH HELD	433	264	-39	102	99	492
334	CASH AT BEGINNING OF REPORTING PERIOD	1,697	2,130	26	2,394	2,496	2,595
1,952	CASH AT THE END OF THE REPORTING PERIOD	2,130	2,394	12	2,496	2,595	3,087

ACTION
Statement of Changes in Equity

Budget as at 30/6/08 \$'000		Est.Outcome as at 30/6/08 \$'000	Planned as at 30/6/09 \$'000	Var %	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000	Planned as at 30/6/12 \$'000
50,067	Opening Balance	48,322	44,731	-7	55,738	63,162	69,394
	Accumulated Funds						
-4,900	Operating Result for the Period	-9,291	-7,343	-21	-8,544	-9,755	-10,211
	Reserves						
-4,900	Total Income And Expense For The Period	-9,291	-7,343	-21	-8,544	-9,755	-10,211
	Transactions Involving Equity Holders Affecting Accumulated Funds						
7,395	Capital Injections	7,631	18,350	140	15,968	15,987	13,006
0	Inc/Dec in Net Assets due to Admin Restructure	-1,931	0	100	0	0	0
52,562	Closing Balance	44,731	55,738	25	63,162	69,394	72,189

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- user charges – non ACT Government: the increase of \$0.518 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to increased patronage.
- user charges - ACT Government:
 - the increase of \$6.022 million in the 2007-08 estimated outcome from the original budget is due to additional revenue provided for enhancements to Network 06, and development and implementation of the new Network 08; and
 - the increase of \$4.388 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to additional revenue provided for Network 08.
- employee expenses:
 - the increase of \$4.187 million in the 2007-08 estimated outcome from the original budget is due to wage increases under the new certified agreement, as well as network enhancements; and
 - the increase of \$3.913 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to the full year effect of Network 08, as well as wage increases as noted above.
- superannuation expense:
 - the increase of \$0.368 million in the 2007-08 estimated outcome from the 2007-08 original budget is due to wage increases; and

- the increase of \$0.414 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to the full year effect of Network 08, as well as wage increases.
- supplies and services:
 - the increase of \$2.652 million in the 2007-08 estimated outcome from the original budget is due to increases in bus operating and maintenance costs and the implementation of Network 08; and
 - the increase of \$0.928 million in the 2008-09 Budget from the 2007-08 estimated outcome relates to higher activity levels associated with Network 08.
- depreciation and amortisation: the increase of \$1.257 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to increased depreciation expenses associated with the purchase of new buses.
- borrowing costs: the decrease of \$0.054 million in the 2008-09 Budget from the 2007-08 estimated outcome reflects the reduced loan amount.
- other expenses: the increase of \$3.5 million in the 2007-08 estimated outcome from the original budget is due to a downward revaluation of assets.

Balance Sheet

- cash, cash equivalents and investments: the increase of \$0.178 million in the 2007-08 estimated outcome from the original budget, and the increase of \$0.264 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to increased operating funding.
- current receivables: the decrease of \$0.427 million in the 2007-08 estimated outcome from the original budget is mainly due to lower ticket sales to agents.
- inventories: the decrease of \$2.254 million in the 2007-08 estimated outcome from the original budget is due to a change in the accounting classification of inventories. In the estimated outcome, inventories are classified under other current assets.
- other current assets: the increase of \$2.606 million in the 2007-08 estimated outcome from the original budget relates mainly to the reclassification of inventories, as noted above.
- property plant and equipment:
 - the decrease of \$5.909 million in the 2007-08 estimated outcome from the original budget is mainly due to a downward revaluation of buses and accumulated depreciation; and
 - the increase of \$10.563 million in the 2008-09 Budget from the 2007-08 estimated outcome is mainly due to the purchase of new buses as a part of the fleet replacement strategy.
- current payables:
 - the increase of \$0.680 million in the 2007-08 estimated outcome from the original budget is due to delays in capital project delivery and an increase in diesel fuel payables; and
 - the decrease of \$0.387 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to expected reductions in project and diesel fuel liabilities.

- current finance leases: the decrease of \$0.050 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to a reduction in leases.
- current employee benefits: the decrease of \$0.826 million in the 2007-08 estimated outcome from the original budget reflects a decrease in long-service leave entitlements, mainly due to staff departures.
- other: the increase of \$1.686 million in the 2007-08 estimated outcome from the original budget is due to an increase in revenue received in advance.
- non current payables: the increase of \$0.055 million in the 2007-08 estimated outcome from the original budget is due to increased trade debtors.
- non current interest bearing liabilities: the decrease of \$0.574 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to a reduction in outstanding loans.
- non current finance leases: the increase of \$0.023 million in the 2007-08 estimated outcome from the original budget is due to the impact of an increase in finance leases and a decrease in operating leases.
- non current employee benefits: the increase of \$0.408 million in the 2007-08 estimated outcome from the original budget is due to increases in long service leave accrual.

Cash Flow Statement

- net cash from operations:
 - the decrease of \$1.185 million in the 2007-08 estimated outcome from the original budget is mainly due to increases in employee expenditure; and
 - the decrease of \$0.689 million in the 2008-09 Budget from the 2007-08 estimated outcome is due to increased projected expenditure arising from Network 08.
- net cash from investing activities: the decrease of \$10.719 million in the 2008-09 Budget from the 2007-08 estimated outcome is largely due to the scheduled purchase of new buses as a part of the fleet replacement strategy.

Statement of Changes in Equity

Variations in the statement are explained in the notes above.