

ACTION

Objectives

ACTION provides public transport services for the ACT community, in the form of scheduled route bus services, school bus services, and special needs transport services. These services carry some 16.3 million passengers per year.

1999-2000 Highlights

Strategic highlights that will be pursued in 1999-2000 include:

- refining the new network, implemented in January 1999, to better meet the needs of the ACT community;
- continuing the reform process within the workplace to further improve productivity and reduce costs;
- ensuring improvements to customer service and strengthening of commercial focus;
- introducing an alternative corporate governance structure, i.e., Statutory Authority;
- restructuring capital to place ACTION on a more commercial footing as well as providing greater equity in benchmarking comparisons; and
- refining the service level agreement and developing an appropriate methodology for the recognition of CSO payments, in conjunction with Department of Urban Services.

Budget Summary	1999-2000 Planned \$'000
Government Funding	
• Service purchase payment	33 077
• Concessions and special needs transport	5 970
• Injection for operations	1 943
• Capital injections	3 238
Revenues	
• Fares revenue, charter and advertising	19 416
• Resources received free of charge	7
Services Provided	
• Bus services	63 855

ACTION Operating Statement

1998-99 Budget \$'000		1998-99 Est.Outcome \$'000	1999-00 Budget \$'000	Var %	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
Revenue							
18 569	User Charges - Non ACT Government	16 805	19 416	16	21 432	23 058	23 058
39 480	User Charges - ACT Government	39 230	39 047	..	37 082	35 427	35 732
0	Other Revenue	141	0	-100	0	0	0
7	Resources Received free of charge	7	7	-	0	0	0
58 056	Total Revenue	56 183	58 470	4	58 514	58 485	58 790
Expenses							
41 543	Employee Expenses	41 439	35 790	-14	34 861	34 844	34 844
3 690	Superannuation Expenses	3 690	3 731	1	3 810	3 810	3 810
14 713	Administrative Expenses	13 873	12 893	-7	13 059	13 321	13 321
6 686	Depreciation and Amortisation	6 017	5 720	-5	5 720	5 720	5 720
2 429	Interest	2 429	2 114	-13	1 800	1 485	1 171
3 272	Other Expenses	3 558	3 607	1	3 656	3 707	3 707
72 333	Total Expenses	71 006	63 855	-10	62 906	62 887	62 573
-14 277	Operating Result Before Abnormal Items	-14 823	-5 385	64	-4 392	-4 402	-3 783
0	Abnormal Expense	1 600	0	-100	0	0	0
-14 277	Operating Result Before Extraordinary Items	-16 423	-5 385	67	-4 392	-4 402	-3 783
2 326	Injection for Operating Requirements	2 326	1 943	-16	2 569	4 398	4 093
-11 951	Operating Result	-14 097	-3 442	76	-1 823	-4	310
53 407	Accumulated Funds - Start of Period	52 578	35 985	-32	35 783	34 454	34 450
4 280	Capital Injections	6 798	3 238	-52	495	0	0
-9 829	Inc/Dec in Net Assets from Admin Restructure	-9 293	0	-100	0	0	0
35 907	Accumulated Funds - End of Period	35 985	35 784	-1	34 454	34 450	34 760

ACTION
Statement Of Financial Position

Budget as at 30/6/99 \$'000		Est.Outcome as at 30/6/99 \$'000	Planned as at 30/6/00 \$'000	Var %	Planned as at 30/6/01 \$'000	Planned as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000
Current Assets							
-747	Cash	0	1 631	-	2 504	4 843	7 440
1 469	Receivables	671	671	-	671	671	671
2 245	Other	1 823	1 823	-	1 823	1 823	1 823
2 967	Total Current Assets	2 494	4 125	65	4 998	7 337	9 934
Non Current Assets							
74 964	Property, Plant and Equipment	65 569	60 349	-8	55 129	49 909	44 689
74 964	Total Non Current Assets	65 569	60 349	-8	55 129	49 909	44 689
77 931	TOTAL ASSETS	68 063	64 474	-5	60 127	57 246	54 623
Current Liabilities							
1 330	Creditors	842	842	-	842	842	842
2 501	Borrowings	2 500	2 500	-	2 500	2 500	341
285	Finance Leases	285	328	15	376	432	547
4 576	Employee Entitlements	3 966	3 367	-15	3 178	3 178	3 177
1 792	Other Provisions	570	570	-	570	570	570
10 484	Total Current Liabilities	8 163	7 607	-7	7 466	7 522	5 477
Non Current Liabilities							
2	Creditors	2	2	-	2	2	2
14 105	Borrowings	13 607	11 106	-18	8 605	6 104	5 763
1 684	Finance Leases	1 684	1 356	-19	979	547	0
7 697	Employee Entitlements	6 911	6 911	-	6 911	6 911	6 911
1 452	Other Provisions	1 710	1 710	-	1 710	1 710	1 710
24 940	Total Non Current Liabilities	23 914	21 085	-12	18 207	15 274	14 386
35 423	TOTAL LIABILITIES	32 076	28 691	-11	25 672	22 795	19 862
42 507	NET ASSETS	35 986	35 783	-1	34 455	34 451	34 761
REPRESENTED BY FUNDS EMPLOYED							
35 907	Accumulated Funds	35 985	35 784	-1	34 454	34 450	34 760
6 600	Reserves	0	0	-	0	0	0
42 507	TOTAL FUNDS EMPLOYED	35 985	35 784	-1	34 454	34 450	34 760

ACTION Cashflow Statement

1998-99 Budget \$'000		1998-99 Est.Outcome \$'000	1999-00 Budget \$'000	Var %	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
2 376	CASH AT BEGINNING OF REPORTING PERIOD	1 916	0	-100	1 631	2 504	4 843
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
59 592	User Charges	58 361	60 406	4	61 083	62 883	62 883
59 592	Operating Receipts	58 361	60 406	4	61 083	62 883	62 883
	Payments						
42 533	Related to Employees	46 584	40 120	-14	38 860	38 654	38 654
13 922	Related to Administration	13 866	12 886	-7	13 059	13 321	13 321
2 429	Finance Costs	2 429	2 114	-13	1 800	1 485	1 171
5 360	Other	3 445	3 607	5	3 656	3 707	3 707
64 244	Operating Payments	66 324	58 727	-11	57 375	57 167	56 853
-4 652	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	-7 963	1 679	121	3 708	5 716	6 030
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
0	Proceeds from Sale of Property, Plant & Equipment	700	0	-100	0	0	0
0	Investing Receipts	700	0	-100	0	0	0
	Payments						
2 000	Purchase of Property, Plant and Equipment	700	500	-29	500	500	500
2 000	Investing Payments	700	500	-29	500	500	500
-2 000	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	0	-500	-	-500	-500	-500
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
4 280	Capital Injection from Government	6 798	3 238	-52	495	0	0
2 000	Receipt of Transferred Cash Balances	2 000	0	-100	0	0	0
6 280	Financing Receipts	8 798	3 238	-63	495	0	0
	Payments						
2 501	Repayment of Borrowings	2 501	2 501	-	2 501	2 501	2 501
250	Repayment of Finance Lease	250	285	14	329	376	432
2 751	Financing Payments	2 751	2 786	1	2 830	2 877	2 933
3 529	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	6 047	452	-93	-2 335	-2 877	-2 933
-3 123	NET INCREASE/(DECREASE) IN CASH HELD	-1 916	1 631	185	873	2 339	2 597
-747	CASH AT THE END OF THE REPORTING PERIOD	0	1 631	-	2 504	4 843	7 440

Notes to the Budget Statements

The major factors impacting on the statements are the new enterprise agreement and the introduction of *Network 99*.

During the previous financial year, significant progress was made in workplace reforms through the negotiation of an enterprise agreement, which has improved productivity and reduced costs. In addition, *Network 99* was introduced in January 1999, together with a more equitable fare structure. While the fare structure was introduced on a revenue neutral basis, the new network is expected to increase patronage and thereby revenue.

There were significant delays in the negotiation of the enterprise agreement and the implementation of the new network. As a consequence, the increase in patronage and revenue was not fully realised in 1998-99. ACTION's cash shortfall in 1998-99 has been addressed through the Treasurer's Advance of \$2.518m, provided as a capital injection.

Operating Statement

Significant variations are as follows:

- user charges - non ACT Government: the decrease of \$1.764m in 1998-99 from original budget is due to delays in implementing *Network 99*. The increase in 1999-2000 of \$2.611m is due to growth in patronage from the new network;
- user charges - ACT Government: the decrease of \$0.183m in 1999-2000 is mainly a net result of:
 - a reduction of \$1m in funding for tax equivalents;
 - the loss of a contract for transport of patients (\$0.250m);
 - an existing decrease of \$2.028m in the 1998-99 forward estimates; offset by
 - additional funding of \$0.828m to cover the shortfall in revenue;
 - additional funding of \$0.363m for increased services under the new network; and
 - an increase of \$1.624m due to reclassification of injection for operations;
- other revenue: the reduction in revenue in 1999-2000 reflects profits from the sale of assets in 1998-99;
- employee expenses: the reduction of \$5.649m in 1999-2000 is due to a program of redundancies of \$5m in 1998-99 and \$1.238m in 1999-2000, together with flow-on, productivity and cost savings from the enterprise bargaining agreement;
- administrative expenses: the reduction of \$0.980m in 1999-2000 mainly reflects a one-off cost associated with the implementation of the new network;
- depreciation: the reduction of \$0.297m in 1999-2000 is due to a write down in the value of depots to current replacement cost, in line with accounting policy;
- interest on borrowings: the reduction is due to a general diminution of borrowing expenses;
- abnormal expense: the \$1.6m in 1998-99 reflects a write down of Tuggeranong and Belconnen depots; and

- injection for operating requirements: the decrease of \$0.383m is due to a refinement of the benchmark costs and comparative pricing, and reclassification to GPO.

Statement of Financial Position

The major issue impacting on the statement is the write down in the values of Tuggeranong and Belconnen depots by \$8.2m to their current replacement cost in 1998-99. Of this, \$6.6m of the write down has been offset against the asset revaluation reserve, and \$1.6m is recorded as an abnormal expense. In addition, in 1999-2000 a capital injection of \$1.238m for redundancies, and \$2m as working capital is provided.

Significant variations are as follows:

- property plant and equipment: the decrease of \$5.220m in 1999-2000 is mainly due to annual depreciation;
- borrowings: the reduction in liabilities of \$2.5m is due to annual payments of debt associated with borrowings transferred at the time of self government; and
- employee entitlements: the reduced level of employee entitlements of \$0.6m is due to the extinguishment of liabilities through redundancies in the previous year.

Statement of Cash Flows

Significant variations are as follows:

- cash at the beginning of the period: the reduction of \$1.9m reflects the erosion of funds due to costs associated with reforms and the implementation of the new network; and
- purchase of property plant and equipment: the reduction reflects the scaling back of all but essential assets.

Changes to Appropriation

Capital Injection	1998-99 Est. Outcome. \$'000	1999-00 Budget \$'000	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
1998-99 Budget	4 280	0	0	0	0
Funding for redundancies and working capital	0	3 238	495	0	0
Agreement to fund cash shortfall	2 518	0	0	0	0
1999-2000 Budget	6 798	3 238	495	0	0

This table presents a reconciliation of appropriation relating to the Cashflow Statement.