

ACTION

Objectives

ACTION's core objective is to provide public transport services for the ACT community in the form of scheduled route bus services, school bus services and Special Needs services.

In 2007-08, ACTION's bus fleet will travel approximately 16.3 million in-service kilometres and carry an estimated 16.9 million passengers.

2007-08 Priorities

Strategic and operational issues to be pursued in 2007-08 include:

- continuing to develop strategies to increase adult patronage in line with the targets set out in the Government's *Sustainable Transport Plan*;
- developing a comprehensive service improvement plan through surveys and community consultation to better meet the needs of customers and increase the efficiency of the existing network;
- completing the purchase of 18 new buses by 2008-09 and progressing a long term bus replacement strategy;
- completing the fit out of on-board closed circuit television units on all buses as part of a broader initiative to improve security;
- completing the preliminary study into a replacement ticketing system and progressing the project through to completion, planned for 2008-09; and
- continuing workplace reform to further improve productivity and reduce costs.

Business and Corporate Strategies

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

- public bus network and school services, which provide a range of express and route services to and from all Canberra suburbs;
- a Special Needs Transport service, which is a door to door service for clients of the ACT Department of Education and Training and ACT Health; and
- charter bus services provided at competitive rates.

ACTION will have a fleet of 379 route buses by the end of 2006-07. ACTION will review its fleet size in 2007-08 in line with its network capacity and maintenance requirements, including the sale of buses surplus to requirements.

In addition, ACTION has a requirement under the Australian Government's *Disability Discrimination Act 1992* (DDA) to conform to specific timeframes in relation to the provision of accessible buses within ACTION's fleet of vehicles. The number of DDA compliant accessible buses in the fleet at the end of 2006-07 will be 106 (or 28 per cent of the

fleet) – this will increase to 110 by the end of 2007-08. The target set under the DDA is 25 per cent by December 2007 and 55 per cent by December 2012.

ACTION operates under a Quality System, which complies with the requirements of the International Organisation for Standardisation (AS/NZS ISO 9001:2000). The Quality System provides 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, including the material and services provided by ACTION's suppliers.

Estimated Employment Level

	2006-07 Est. Outcome	2007-08 Budget
Staffing (FTE)	669	658

Output Class

	Total Cost ¹		Government Payment for Outputs	
	2006-07 Est. Outcome \$'000	2007-08 Budget \$'000	2006-07 Est. Outcome \$'000	2007-08 Budget \$'000
Output Class 1: Public Transport	89,011	86,147	54,655	53,717
Output 1.1: Public Transport	89,011	86,147	54,655	53,717

Note:

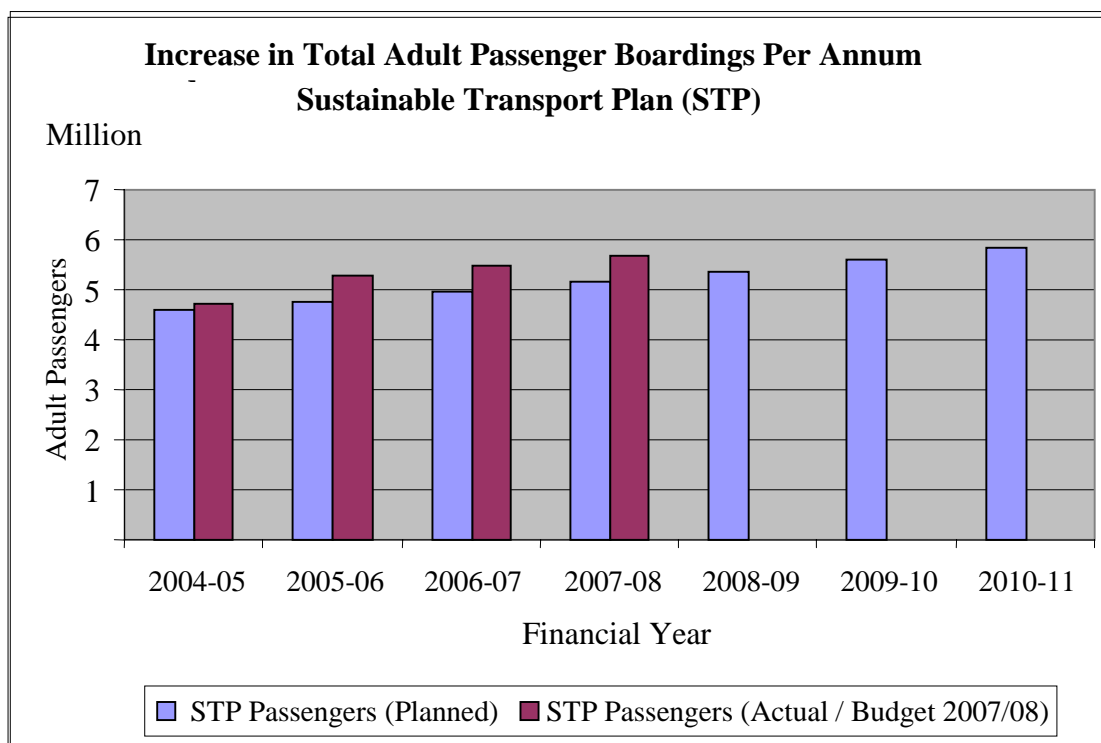
¹ Total cost includes depreciation of \$6.218 million in 2006-07 and \$6.483 million in 2007-08.

Output Description

Provision of public bus network and school services, which includes a range of express and regular route services to and from all Canberra suburbs. ACTION further provides Special Needs Transport and Charter Services on a fee for service basis.

Strategic Indicators

Strategic Indicator Patronage Trends Under Sustainable Transport Plan



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

- increasing patronage, with a particular emphasis on the modal split for adult patronage;
- increasing the number of vehicles that run on alternative fuels to minimise environmental impact; and
- increase the number of accessible vehicles to meet the targets specified under the *Disability Discrimination Act 1992*.

Accountability Indicators

	2006-07 Targets ¹	2006-07 Est. Outcome	2007-08 Targets
Output Class 1: Public Transport			
Output 1.1: Public Transport			
a. Timeliness of ACTION services	99.8%	99.8%	99.8%
b. Customer satisfaction with ACTION services as assessed by passenger surveys	82%	82%	83%
c. Increase in modal share (adult work trip increase in accordance with the Sustainable Transport Plan)	3.2%	3.8%	3.2%
d. Increase in number of passenger boardings ¹	197,000	202,097	n/a
e. Annual increase in number of adult work trips (in accordance with the Sustainable Transport Plan) ¹	n/a	n/a	199,000
f. Percentage of fleet fully compliant with Disability Standards	26.3%	28%	29%
g. Percentage of fleet Euro 3 Emission Standard compliant	14.3%	14.2%	15.3%
h. Total cost per vehicle kilometre	\$3.65	\$4.03	\$3.70
i. Total cost per passenger boarding	\$5.02	\$5.32	\$5.09
j. Farebox recovery as a percentage of total cost	19.8%	21.45%	21.8%

Note:

¹ Existing measure for 2006-07 (item d.) has been discontinued and replaced with a new measure (item e.) to better reflect achievement against the Sustainable Transport Plan.

Commonwealth Grants

ACTION receives the following Commonwealth grants:

- the Energy Grants Credits Scheme and Fuel Tax Credits Scheme, whereby ACTION receives funds based upon the consumption of diesel and alternative fuels by those buses eligible under the scheme¹; and
- the Structured Training and Employment Programs and New Apprenticeship schemes².

Name of Grant	Activities Funded by Grant	2007-08 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.	424
New Apprenticeship Scheme	Department of Education, Science and Training	60
Structured Training and Employment Programs (STEP)	Department of Employment and Workplace Relations	10
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 dependant upon the number of ACTION employees eligible under each scheme

ACTION Operating Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
Income							
Revenue							
19,067	User Charges - Non ACT Government	19,990	19,845	-1	20,894	21,725	22,066
61,671	User Charges - ACT Government	62,038	60,908	-2	61,015	62,663	63,743
494	Grants from the Commonwealth	1,583	494	-69	494	494	494
178	Interest	6	0	-100	0	0	0
50	Resources Received free of charge	0	0	-	0	0	0
81,460	Total Revenue	83,617	81,247	-3	82,403	84,882	86,303
Gains							
0	Total Gains	0	0	-	0	0	0
81,460	Total Income	83,617	81,247	-3	82,403	84,882	86,303
Expenses							
47,307	Employee Expenses	50,000	47,449	-5	48,206	48,969	49,563
7,689	Superannuation Expenses	7,689	6,512	-15	6,706	6,915	7,097
23,278	Supplies and Services	23,784	24,468	3	24,022	24,447	25,090
6,218	Depreciation and Amortisation	6,218	6,483	4	6,273	6,673	6,873
883	Borrowing Costs	883	798	-10	744	744	744
437	Other Expenses	437	437	-	437	437	437
85,812	Total Ordinary Expenses	89,011	86,147	-3	86,388	88,185	89,804
-4,352	Operating Result	-5,394	-4,900	9	-3,985	-3,303	-3,501

ACTION Balance Sheet

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
Current Assets							
2,434	Cash and Cash Equivalents	334	1,952	484	4,401	7,586	10,771
1,620	Receivables	2,276	2,280	..	2,285	2,290	2,295
0	Inventories	2,254	2,254	-	2,254	2,254	2,254
2,238	Other	48	48	-	48	48	48
6,292	Total Current Assets	4,912	6,534	33	8,988	12,178	15,368
Non Current Assets							
72,947	Property, Plant and Equipment	72,385	72,956	1	75,392	68,378	61,164
72,947	Total Non Current Assets	72,385	72,956	1	75,392	68,378	61,164
79,239	TOTAL ASSETS	77,297	79,490	3	84,380	80,556	76,532
Current Liabilities							
3,827	Payables	5,240	4,853	-7	4,466	4,079	3,692
549	Interest Bearing Liabilities	550	562	2	574	586	598
582	Finance Leases	582	50	-91	0	0	0
5,998	Employee Benefits	13,154	14,369	9	15,190	15,616	16,042
797	Other	922	922	-	922	922	922
11,753	Total Current Liabilities	20,448	20,756	2	21,152	21,203	21,254
Non Current Liabilities							
1,008	Payables	13	13	-	13	13	13
6,640	Interest Bearing Liabilities	6,640	6,078	-8	5,504	4,930	4,356
50	Finance Leases	50	0	-100	0	0	0
7,360	Employee Benefits	79	81	3	84	86	86
15,058	Total Non Current Liabilities	6,782	6,172	-9	5,601	5,029	4,455
26,811	TOTAL LIABILITIES	27,230	26,928	-1	26,753	26,232	25,709
52,428	NET ASSETS	50,067	52,562	5	57,627	54,324	50,823
REPRESENTED BY FUNDS EMPLOYED							
52,428	Accumulated Funds	45,067	47,562	6	52,627	49,324	45,823
0	Reserves	5,000	5,000	-	5,000	5,000	5,000
52,428	TOTAL FUNDS EMPLOYED	50,067	52,562	5	57,627	54,324	50,823

ACTION Cash Flow Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
80,738	User Charges	81,661	80,753	-1	81,909	84,388	85,809
178	Interest Received	17	0	-100	0	0	0
494	Grants Received from the Commonwealth	1,583	494	-69	494	494	494
3,993	Other Revenue	4,282	4,053	-5	4,162	4,165	4,165
85,403	Operating Receipts	87,543	85,300	-3	86,565	89,047	90,468
Payments							
54,606	Related to Employees	57,689	52,744	-9	54,088	55,456	56,234
23,618	Related to Supplies and Services	23,053	24,858	8	24,412	24,837	25,480
883	Borrowing Costs	883	798	-10	744	744	744
4,078	Other	4,078	4,150	2	4,260	4,263	4,263
83,185	Operating Payments	85,703	82,550	-4	83,504	85,300	86,721
2,218	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1,840	2,750	49	3,061	3,747	3,747
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments							
4,916	Purchase of Property, Plant and Equipment	5,735	7,395	29	9,050	0	0
4,916	Investing Payments	5,735	7,395	29	9,050	0	0
-4,916	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-5,735	-7,395	-29	-9,050	0	0
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
4,916	Capital Injection from Government	4,916	7,395	50	9,050	0	0
4,916	Financing Receipts	4,916	7,395	50	9,050	0	0
Payments							
539	Repayment of Borrowings	539	550	2	562	562	562
551	Repayment of Finance Lease	551	582	6	50	0	0
1,090	Financing Payments	1,090	1,132	4	612	562	562

ACTION
Cash Flow Statement

2006-07 Budget \$'000		2006-07 Est.Outcome \$'000	2007-08 Budget \$'000	Var %	2008-09 Estimate \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000
3,826	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	3,826	6,263	64	8,438	-562	-562
1,128	NET INCREASE/(DECREASE) IN CASH HELD	-69	1,618	#	2,449	3,185	3,185
1,306	CASH AT BEGINNING OF REPORTING PERIOD	403	334	-17	1,952	4,401	7,586
2,434	CASH AT THE END OF THE REPORTING PERIOD	334	1,952	484	4,401	7,586	10,771

ACTION Statement of Changes in Equity

Budget as at 30/6/07 \$'000		Est.Outcome as at 30/6/07 \$'000	Planned as at 30/6/08 \$'000	Var %	Planned as at 30/6/09 \$'000	Planned as at 30/6/10 \$'000	Planned as at 30/6/11 \$'000
51,610	Opening Balance	50,545	50,067	-1	52,562	57,627	54,324
	Accumulated Funds						
-4,352	Operating Result for the Period	-5,394	-4,900	9	-3,985	-3,303	-3,501
	Reserves						
-4,352	Total Income And Expense For The Period	-5,394	-4,900	9	-3,985	-3,303	-3,501
	Transactions Involving Equity Holders Affecting Accumulated Funds						
4,916	Capital Injections	4,916	7,395	50	9,050	0	0
254	Inc/Dec in Net Assets due to Admin Restructure	0	0	-	0	0	0
52,428	Closing Balance	50,067	52,562	5	57,627	54,324	50,823

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- user charges – non ACT Government: the increase of \$0.923 million in the 2006-07 estimated outcome from the original budget is due to increased patronage, especially adult patronage.
- user charges – ACT Government:
 - the increase of \$0.367 million in the 2006-07 estimated outcome from the original budget is due to additional revenue generated from the provision of Special Needs Transport services to other ACT Government agencies; and
 - the decrease of \$1.130 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to decreased network service payments and decreased superannuation contributions due to revised contribution rates, offset by an increase in bus maintenance funding.
- grants from the Commonwealth: the increase of \$1.089 million in the 2006-07 estimated outcome from the original budget and the decrease of the same amount in the 2007-08 Budget from the 2006-07 estimated outcome is due to increased Commonwealth Fuel Tax credits initiated on 1 July 2006 that will be retained by ACTION in 2006-07 only.
- interest: the decrease of \$0.172 million in the 2006-07 estimated outcome from the original budget is due to an over-estimation of interest earnings.

- employee expenses:
 - the increase of \$2.693 million in the 2006-07 estimated outcome from the original budget is due to delays in implementing network and overhead employee changes arising from organisational restructures; and
 - the decrease of \$2.551 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to the full implementation of the organisational restructures noted above.
- superannuation expense: the decrease of \$1.177 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to a reduction in staff numbers and lower contribution rates for superannuation.
- supplies and services:
 - the increase of \$0.506 million in the 2006-07 estimated outcome from the original budget is due principally to increased bus maintenance costs; and
 - the increase of \$0.684 million in the 2007-08 Budget from the 2006-07 estimated outcome relates to CPI cost increases and increased costs associated with network service changes.
- borrowing costs: the decrease of \$0.085 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to reductions in repayments of capital for both finance leases and loans.

Balance Sheet

- cash, cash equivalents and investments:
 - the decrease of \$2.1 million in the 2006-07 estimated outcome from the original budget is due to increased costs, decreased capital receipts through buses not being sold, and a slight reduction in operating capital; and
 - the increase of \$1.618 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to an improvement in operating cash following the restructure of the organisation in 2006-07 and the planned sale of old buses.
- current receivables: the increase of \$0.656 million in the 2006-07 estimated outcome from the original budget is mainly due to an increase in receivables arising from additional ticket sales to agents.
- inventories: the increase of \$2.254 million in the 2006-07 estimated outcome from the original budget is mainly due to a change in accounts reflecting inventories. In the original budget, inventories were classified under other current assets.
- other current assets: the decrease of \$2.190 million in the 2006-07 estimated outcome from the original budget relates to the reclassification noted above.
- current payables:
 - the increase of \$1.413 million in the 2006-07 estimated outcome from the original budget reflects increased capital accounts payable on capital acquisitions due to delays in capital project delivery and an increase in diesel fuel payables; and
 - the decrease of \$0.387 million in the 2007-08 Budget from the 2006-07 estimated outcome is due to the one-off effect of higher accounts payables outlined above.

- current finance leases: the decrease of \$0.532 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects lower debt levels.
- current and non-current employee benefits: the increase of \$1.215 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects an increase in long service leave entitlements and wage increases. Timing changes to forecast employee payments associated with voluntary redundancies have also contributed to the increase.
- non-current interest bearing liabilities: the decrease of \$0.562 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects lower debt levels.

Cash Flow Statement

- variances have mostly been explained in the notes to operating statement, other significant variances are as follows:
- net cash from operations:
 - the decrease of \$0.378 million in the 2006-07 estimated outcome from the original budget reflects the change in operating result outlined above. Both revenue and expenses are above budget, although the cash impact is reduced by an increase in diesel fuel payables and;
 - the increase of \$0.910 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the improved operating result.
- net cash from investing activities:
 - the decrease of \$0.819 million in the 2006-07 estimated outcome from the original budget reflects decreased capital receipts from buses not being sold; and
 - the increase of \$1.660 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects the capital expenditure for 2007-08.
- net cash from financing: the increase of \$2.437 million in the 2007-08 Budget from the 2006-07 estimated outcome reflects an increase in the capital injection to meet capital expenditure, offset slightly by increased financing payments.