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## **7.6 GTE performance reports**

State Transit Authority (NSW)

Sydney Ferries Corporation (NSW)

Public Transport Authority (WA)

TransAdelaide (SA)

Metro Tasmania

State Transit Authority (STA) was incorporated under the *Transport Administration Act 1988* and the *Passenger Transport Act 1990*. In 2006-07, it operated three metropolitan passenger transport businesses — Sydney Buses, Western Sydney Buses, and Newcastle Bus and Ferry Services.

Prices for STA services are set by the Independent Pricing and Regulatory Tribunal (IPART). In its December 2006 determinations, IPART authorised fare increases for Sydney Buses and Newcastle Bus and Ferry Services of up to \$2.00, depending on ticket type.

State Transit Authority entered into four Metropolitan Bus System Contracts with the NSW Minister of Transport on 1 July 2005. These contracts covered four separate regions of Sydney and cover the seven-year period to June 2012. Contract payments for costs, patronage and performance levels replaced the previous system of community service obligations (CSOs) and payments for free school travel. STA signed a fifth Metropolitan Bus System Contract — for the Newcastle region — on 30 June 2006.

State Transit Authority recorded total income of \$552 million in 2006-07, an increase of \$1.5 million from 2005-06. This included actuarial gains on defined benefit superannuation of \$10.9 million.

Profit before tax increased slightly, to \$21.8 million. However, return on equity declined from 12.5 per cent in 2005-06 to 9.0 per cent in 2006-07 because of higher operating assets and lower operating liabilities.

Total assets increased by \$54.7 million (9.7 per cent) to \$622 million in 2006-07. Capital expenditure was \$65.8 million, an increase of \$14.4 million from 2005-06, and included \$48.7 million for the purchase of new buses and \$4.7 million for equipment and enhancement of the new vehicles. Debt was steady at around \$76.0 million. However, because of the increased assets, debt to assets and debt to equity fell to 14.5 per cent and 26.6 per cent respectively in 2006-07.

State Transit Authority made no provision for a dividend in 2006-07.<sup>1</sup> STA also did not record an income tax-equivalent expense in 2006-07, as a result of accumulated tax losses. CSO funding amounted to \$1.5 million in 2006-07, a reduction from the \$25.1 million received in 2005-06.

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<sup>1</sup> State Transit Authority noted that an efficiency dividend was paid to the NSW Ministry of Transport in 2006-07. This dividend was deducted from revenue, and the amount was not disclosed in its 2006-07 annual report.

## STATE TRANSIT AUTHORITY (continued)

### Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS <sup>a,b</sup>		AIFRS <sup>a</sup>	
		2004-05 <sup>c</sup>	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	462	554	567	622
Total income	\$m	487	479	550	552
<i>Profitability</i>					
Profit before tax	\$'000	5 776	3 324	20 533	21 810
Operating profit margin	%	1.5	0.9	4.8	4.2
Cost recovery	%	101.5	100.9	105.0	104.4
Return on assets	%	2.6	2.0	5.5	5.2
Return on total equity	%	4.2	2.5	12.5	9.0
Return on operating equity <sup>c</sup>	%	4.2	3.0	13.9	9.1
<i>Financial management</i>					
Debt to equity	%	51.6	60.0	35.4	26.6
Debt to assets	%	18.9	18.9	16.0	14.5
Total liabilities to equity	%	173.4	217.2	149.3	126.3
Operating liabilities to equity <sup>d</sup>	%	173.4	217.5	128.7	96.1
Interest cover	times	2.0	1.6	4.5	4.9
Current ratio	%	32.1	25.8	29.3	32.1
Leverage ratio	%	273.4	317.5	228.7	196.1
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	–	–	–	–
Income tax expense	\$'000	–	–	–	–
Grants revenue ratio	%	1.0	1.0	–	–
CSO funding <sup>e</sup>	\$'000	231 975	231 975	25 099	1 480

<sup>a</sup> State Transit Authority (STA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for STA. <sup>b</sup> Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. <sup>c</sup> Refers to 'return on equity based on operating assets and liabilities'. <sup>d</sup> Refers to 'operating liabilities to equity based on operating assets and liabilities'. <sup>e</sup> The large decrease in community service obligation funding in 2005-06 was because of the replacement of such funding with contract payments under the new Metropolitan Bus System Contracts. – Zero or rounded to zero.

Sydney Ferries operated within the State Transit Authority until 1 July 2004 when it was incorporated as Sydney Ferries Corporation (SFC). It operates under the *State Owned Corporations Act 1989*. SFC provides approximately 179 000 ferry services per year, carrying more than 14 million people on Sydney Harbour and the Parramatta River.

A Special Commission of Enquiry into SFC commenced in April 2007 in response to collisions with private vessels which occurred in January and March 2007. The findings of this enquiry, released in October 2007, included consistently poor financial and safety performance by SFC.

Prices for SFC services are set by the Independent Pricing and Regulatory Tribunal (IPART). In its December 2006 determination, IPART approved a 3.9 per cent average increase to SFC's fares.

Total income increased from \$98.1 million in 2005-06 to \$122 million. The increase was largely attributable to a \$27.0 million government grant received in 2006-07. This additional funding provided for safety improvements and short-term debt reduction. The grant revenue ratio increased from 5.1 per cent in 2005-06 to 22.6 per cent in 2006-07. As a consequence of SFC's income result, the loss before tax improved from \$52.6 million in 2005-06 to \$5.0 million in 2006-07.

Total assets increased by 8.7 per cent (\$9.3 million) to \$116 million in 2006-07, with capital expenditure and increases in accounts receivable and superannuation assets. Capital expenditure amounted to \$28.8 million in 2006-07. Return on assets improved from -38.8 per cent in 2005-06 to -0.1 per cent in 2006-07.

Sydney Ferries Corporation's total debt increased from \$47.7 million in 2005-06 to \$53.3 million in 2006-07, despite the additional government grant. Debt to equity increased to 147 per cent.

Sydney Ferries Corporation is exempt from dividend payments under the *NSW Transport Administration Act 1988*, and made no income tax-equivalent payments in 2006-07. It received \$44.2 million of community service obligation payments in 2006-07.

## SYDNEY FERRIES CORPORATION (continued)

### Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS <sup>a,b</sup>		AIFRS <sup>a</sup>	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	143	145	107	116
Total income	\$m	96	95	98	122
<i>Profitability</i>					
Profit before tax	\$'000	-2 619	-154	-52 609	-5 044
Operating profit margin	%	-5.2	-2.5	-60.0	-28.8
Cost recovery	%	95.0	97.6	62.5	77.6
Return on assets	%	1.3	2.9	-38.8	-0.1
Return on total equity	%	-5.8	-2.7	-88.8	-71.1
Return on operating equity <sup>c</sup>	%	-5.8	-2.7	-88.8	-71.1
<i>Financial management</i>					
Debt to equity	%	52.2	51.5	122.3	147.4
Debt to assets	%	29.4	29.1	38.0	47.8
Total liabilities to equity	%	77.5	77.1	173.6	221.0
Operating liabilities to equity <sup>d</sup>	%	77.5	77.1	173.7	221.2
Interest cover	times	0.4	1.0	..	..
Current ratio	%	60.5	42.6	36.0	42.5
Leverage ratio	%	177.5	177.1	273.7	321.2
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	..	..	..	..
Income tax expense <sup>e</sup>	\$'000	–	–	–	–
Grants revenue ratio	%	5.9	6.0	5.1	22.6
CSO funding	\$'000	43 367	43 367	42 922	44 175

<sup>a</sup> Sydney Ferries Corporation (SFC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for SFC.

<sup>b</sup> Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. <sup>c</sup> Refers to 'return on equity based on operating assets and liabilities'. <sup>d</sup> Refers to 'operating liabilities to equity based on operating assets and liabilities'. <sup>e</sup> SFC is currently exempt from income tax-equivalent payments. .. Not applicable. – Zero or rounded to zero.

Public Transport Authority (PTA) was established as a state-owned corporation on 1 July 2003 and operates under the *Public Transport Authority Act 2003*. PTA is an on-budget agency in the Planning and Infrastructure Portfolio. It replaced the WA Government Railway Commission, Transperth, School Bus Services and local regional bus services. It provides rail, bus and ferry services in Perth, school buses, public transport in regional areas, and manages public transport infrastructure throughout the State.

Prices for PTA's services are set by the WA Government. In 2006-07, fare increases were restricted to the change in CPI. Student prices were maintained at previous levels.

Public Transport Authority recorded a profit before tax of \$41.0 million in 2006-07, a \$40.4 million increase on 2005-06. This was attributable to a \$100 million increase in total revenue received from the WA Government, which amounted to \$669 million in 2006-07.<sup>1</sup> The quantity of funding maintained PTA's unusually high grants revenue ratio of 83.3 per cent in 2006-07. Finance expenses fell by \$37.3 million with a reduction in PTA's debt. However, this was offset by a \$65.3 million increase in capital user charges levied by the WA Government. These charges were related to PTA's substantial capital investment program, which commenced in 2005-06. As a result of the improved profit, PTA's return on equity improved from -59.9 per cent in 2005-06 to -32.6 per cent in 2006-07.<sup>2</sup>

Total assets increased by \$609 million to \$3.7 billion in 2006-07. This partly reflected PTA's capital expenditure of \$276 million on the New MetroRail project. There was also a \$236 million revaluation of land, buildings, rolling stock, bus infrastructure and buses. Consequently, PTA's return on assets declined to 3.1 per cent, despite the improved profit.

Total liabilities decreased by 43.0 per cent, largely the result of an \$863 million reduction in debt. PTA's leverage ratio and debt to equity decreased to 147 per cent and 34.1 per cent respectively in 2006-07.

Public Transport Authority is not required to make dividend or income tax-equivalent payments. It does not receive community service obligation funding.

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<sup>1</sup> Funding from the WA Government, in the form of grants and service appropriations, as well as school bus hire, constituted 83.0 per cent of PTA's revenue in 2006-07. This funding is treated as non-operating income under the definitions adopted for this report (chapter 1).

<sup>2</sup> Return on equity remained negative because PTA's operating expenses exceeded its operating revenue from non-government sources.

## PUBLIC TRANSPORT AUTHORITY (continued)

### Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS <sup>a,b</sup>		AIFRS <sup>a</sup>	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	2 566	2 566	3 094	3 702
Total income	\$m	632	632	694	803
<i>Profitability</i>					
Profit before tax	\$'000	37 139	37 139	571	40 962
Operating profit margin	%	-351.3	-351.3	-422.7	-459.9
Cost recovery	%	22.2	22.2	19.1	17.9
Return on assets	%	4.8	4.8	3.6	3.1
Return on total equity	%	-66.8	-66.8	-59.9	-32.6
Return on operating equity <sup>c</sup>	%	-66.8	-66.9	-60.0	-32.6
<i>Financial management</i>					
Debt to equity	%	267.1	267.4	170.7	34.1
Debt to assets	%	62.5	62.5	61.2	25.3
Total liabilities to equity	%	332.0	332.0	206.9	47.3
Operating liabilities to equity <sup>d</sup>	%	327.2	327.6	206.7	47.2
Interest cover	times	1.4	1.4	1.0	1.7
Current ratio	%	6.3	6.3	1.8	24.5
Leverage ratio	%	427.2	427.6	306.7	147.2
<i>Payments to and from government</i>					
Dividends	\$'000	—	—	—	—
Dividend to equity ratio	%	—	—	—	—
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	—	—	—	—
Grants revenue ratio	%	77.1	77.1	81.8	83.3
CSO funding <sup>e</sup>	\$'000	..	..	..	..

<sup>a</sup> Public Transport Authority (PTA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for PTA.

<sup>b</sup> Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. <sup>c</sup> Refers to 'return on equity based on operating assets and liabilities'. <sup>d</sup> Refers to 'operating liabilities to equity based on operating assets and liabilities'. <sup>e</sup> As PTA is an on-budget agency, it does not receive community service obligation funding as such. However, it received funding from the WA Government — in the form of grants and service appropriations — of \$488 million in 2004-05, \$584 million in 2005-06 and \$670 million in 2006-07. .. Not applicable. — Zero or rounded to zero.

TransAdelaide was established as a Public Authority under the *TransAdelaide (Corporate Structure) Act 1998* and is subject to the provisions of the *Public Corporations Act 1993*. TransAdelaide has a 50 per cent share in TransitPlus Pty Ltd, a joint-venture entity established for the provision of bus services in the Adelaide Hills. TransAdelaide provides passenger train and tram services to the Adelaide metropolitan area under a service contract with the Department for Transport, Energy and Infrastructure (DTEI). It is also responsible for the management of train and tram infrastructure in Adelaide.

Total income decreased by \$20.0 million to \$114 million in 2006-07. This was mainly because of a once-off recognition in 2005-06 of \$24.6 million in capital grant income triggered by a tram infrastructure asset sale.<sup>1</sup> Although profit before tax declined to \$1.6 million, TransAdelaide's cost recovery performance improved in 2006-07.

Total assets decreased by \$3.4 million (0.5 per cent) in 2006-07. This was mainly due to declines of \$0.8 million in investment property and \$1.7 million in property plant and equipment, due to revaluations and depreciation of rolling stock. Total liabilities increased slightly, reflecting a \$2.1 million increase in the government grants liability.<sup>2</sup> Return on assets declined to 1.0 per cent in 2006-07, because of the decline in profit before tax.

Debt was steady at \$75.2 million in 2006-07, which was reflected in stable debt to assets and debt to equity.

TransAdelaide is subject to dividend and income tax-equivalent payments. An ordinary dividend of \$1.0 million was paid in 2006-07. Special dividend payments totalling \$4.3 million were also paid, which included \$2.3 million relating to an ongoing arrangement, \$0.7 million relating to the sale of land, and \$1.4 million relating to the sale of tram related assets to DTEI.

TransAdelaide recorded an income tax-equivalent expense of \$0.5 million in 2006-07. TransAdelaide does not receive community service obligation funding.

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<sup>1</sup> According to TransAdelaide, this amount was mainly related to the Glenelg tram line upgrade, and would have been amortised against future depreciation if the assets had not been disposed of during 2005-06.

<sup>2</sup> TransAdelaide allocates income from capital grants directly to a liability account, which is then amortised over the life of the associated capital assets.

## TRANSADELAIDE (continued)

### Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS <sup>a,b</sup>			AIFRS <sup>a</sup>
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	726	729	681	677
Total income	\$m	115	105	134	114
<i>Profitability</i>					
Profit before tax	\$'000	10 889	-18 029	16 157	1 614
Operating profit margin	%	-4.3	-24.7	-11.1	-4.4
Cost recovery	%	95.9	80.2	90.0	95.8
Return on assets	%	2.4	-1.7	3.2	1.0
Return on total equity	%	-1.2	-4.0	-2.0	-0.9
Return on operating equity <sup>c</sup>	%	-1.3	-4.1	-2.0	-0.9
<i>Financial management</i>					
Debt to equity	%	14.1	14.5	13.6	13.7
Debt to assets	%	11.5	11.5	10.8	11.1
Total liabilities to equity	%	24.7	27.0	22.8	23.1
Operating liabilities to equity <sup>d</sup>	%	22.8	25.4	22.8	23.1
Interest cover	times	2.8	..	3.7	1.3
Current ratio	%	92.5	100.9	124.3	130.4
Leverage ratio	%	122.8	125.4	122.8	123.1
<i>Payments to and from government</i>					
Dividends	\$'000	2 296	2 296	34 757 <sup>e</sup>	5 296 <sup>f</sup>
Dividend to equity ratio	%	0.4	0.4	6.2	1.0
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	3 239	–	– <sup>g</sup>	484
Grants revenue ratio	%	11.6	3.3	20.3	2.9
CSO funding	\$'000	–	–	–	–

<sup>a</sup> TransAdelaide commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for TransAdelaide. <sup>b</sup> Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. <sup>c</sup> Refers to 'return on equity based on operating assets and liabilities'. <sup>d</sup> Refers to 'operating liabilities to equity based on operating assets and liabilities'. <sup>e</sup> Included special dividend payments of \$2.3 million for depreciation funding and \$32.5 million for the sale of tram infrastructure assets. No ordinary dividend was provided for or paid. <sup>f</sup> Included special dividend payments of \$2.3 million for an ongoing arrangement, \$0.7 million relating to the sale of land, and \$1.4 million for the sale of tram infrastructure assets. <sup>g</sup> TransAdelaide did not record an income tax-equivalent expense in 2005-06 because the proceeds from the tram infrastructure asset sale were excluded from net profit for income tax-equivalent payment purposes. .. Not applicable. – Zero or rounded to zero.

Metro Tasmania Pty Ltd (Metro) was incorporated on 2 February 1998 under the *Metro Tasmania Act 1997* and the *Corporations Act 2001*. Metro provides bus services within the urban areas of Hobart, Launceston and Burnie. Metro also provides services to a number of regional areas around Hobart, under the business name Hobart Coaches.

The maximum prices that Metro can charge are determined by the Tasmanian Government after considering reports by the Government Prices Oversight Commission. In January 2007, Metro's adult fares were restructured and some fares were increased. However, fares for children, students and other concession passengers remained unchanged.

Metro recorded a \$0.3 million increase in profit before tax. Total income increased by \$2.3 million, including a \$0.2 million profit on sale of assets and a \$0.2 million increase in interest income in 2006-07. Total expenses increased by \$2.0 million, including an increase in administration expenses of 19.5 per cent (\$0.8 million) from 2005-06. The improved profit caused a slight rise in the return on assets, which was 1.0 per cent in 2006-07.

Metro's total assets increased by 11.1 per cent (\$6.3 million) to \$62.8 million in 2006-07, largely due to a \$5.1 million revaluation of buses, as well as increased cash assets. Operating liabilities increased by \$2.0 million to \$28.0 million. However, because of higher operating assets, operating liabilities to equity decreased to 115 per cent in 2006-07.

Debt remained stable at \$2.8 million. However, debt to equity and debt to assets, decreased to 11.5 per cent and 5.6 per cent respectively in 2006-07, because of the increase in total assets.

Metro did not declare a dividend in 2006-07. It recorded an income tax-equivalent expense of expense of \$123 000.

Metro has a Community Service Activity Agreement with the Tasmanian Government, which enables Metro to deliver specified (quantity and quality) services while achieving a break-even operating result. Community service obligation funding is not separately identified in Metro's financial statements.

## METRO TASMANIA (continued)

### Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS <sup>a,b</sup>			AIFRS <sup>a</sup>
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	44	44	57	63
Total income	\$m	33	33	36	38
<i>Profitability</i>					
Profit before tax	\$'000	47	-94	30	307
Operating profit margin	%	0.3	-1.8	-1.6	-1.7
Cost recovery	%	100.3	98.3	98.4	98.3
Return on assets	%	0.5	0.2	0.4	1.0
Return on total equity	%	0.5	-3.6	-2.9	-2.7
Return on operating equity <sup>c</sup>	%	0.5	-3.6	-3.4	-3.4
<i>Financial management</i>					
Debt to equity	%	13.2	17.8	13.6	11.5
Debt to assets	%	6.4	6.4	6.2	5.6
Total liabilities to equity	%	107.1	175.8	112.0	112.9
Operating liabilities to equity <sup>d</sup>	%	107.4	178.3	126.9	115.0
Interest cover	times	1.2	0.5	1.2	2.8
Current ratio	%	142.4	151.2	138.2	114.3
Leverage ratio	%	207.4	278.3	226.9	215.0
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	–	..	..	..
Income tax expense	\$'000	–	–	46	123
Grants revenue ratio	%	–	–	–	–
CSO funding <sup>e</sup>	\$'000	na	na	na	na

<sup>a</sup> Metro Tasmania Pty Ltd (Metro) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for Metro.

<sup>b</sup> Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. <sup>c</sup> Refers to 'return on equity based on operating assets and liabilities'. <sup>d</sup> Refers to 'operating liabilities to equity based on operating assets and liabilities'. <sup>e</sup> Although Metro receives community service obligation (CSO) funding under its Community Service Activity Agreement with the Tasmanian Government, the level of CSO funding is not reported separately in Metro's annual report. .. Not applicable. – Zero or rounded to zero. na Not available.