financial statements index

certification of financial statements

For the year ended 30 June 2006

The accompanying financial statements of the Public Transport Authority of Western Australia have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2006 and the financial position as at 30 June 2006.

At the date of signing we are not aware of any circumstances which would render any particulars included in financial statements misleading or inaccurate.

R Waldock
Accountable Authority

28 August 2006

J.W. Leaf

J W Leaf
Chief Financial Officer

28 August 2006

income statement

For the year ended 30 June 2006

	NOTES	2006 $000	2005 $000
COST OF SERVICES			
Expenses			
Employee benefit expense	5	68,874	60,910
Supplies and services	6	98,828	92,841
Depreciation and amortisation expense	7	92,477	69,484
Finance costs	8	105,903	85,492
Grants and subsidies	9	243,341	220,274
Capital user charge	10	65,052	44,010
Energy and fuel		8,128	7,959
Land rationalisation expense		6,223	2,903
Loss on disposal of non-current assets	18	83	0
Other expenses	11	10,933	11,339
Total cost of services		**699,842**	**595,212**
Income			
Revenue			
User charges and fees	12	90,258	85,175
Land rationalisation lease revenue	13	83	83
Operating lease revenue	14	19,364	18,947
Grants and subsidies	15	17,021	10,639
Interest revenue	16	1,084	1,342
Other revenue	17	20,863	16,400
Total revenue		**148,673**	**132,586**
Gains			
Gain on disposal of non-current assets	18	0	22,777
Total income other than income from State Government		**148,673**	**155,363**
NET COST OF SERVICES		**551,169**	**439,849**
INCOME FROM STATE GOVERNMENT			
Service appropriation	19	559,824	475,370
Resources received free of charge	19	41	1,618
Total income from State Government		**559,865**	**476,988**
SURPLUS/(DEFICIT) FOR THE PERIOD		**8,696**	**37,139**

The Income Statement should be read in conjunction with the accompanying notes.

balance sheet

As at 30 June 2006

	NOTES	2006 $000	2005 $000
ASSETS			
Current Assets			
Cash and cash equivalents	35	1,146	3,761
Restricted cash and cash equivalents	20	694	932
Inventories	21	7,646	7,468
Receivables	22	12,584	20,423
Other current assets	24	0	28,934
Total Current Assets		**22,070**	**61,518**
Non-Current Assets			
Amounts receivable for services	23	224,040	144,557
Infrastructure, property, plant, equipment and vehicles	25	2,847,108	2,359,177
Intangible assets	26	735	754
Total Non-Current Assets		**3,071,883**	**2,504,488**
TOTAL ASSETS		**3,093,953**	**2,566,006**
LIABILITIES			
Current Liabilities			
Payables	28	98,877	107,059
Borrowings	29	1,122,678	382,723
Provisions	30	17,389	16,748
Other current liabilities	31	753	29,944
Derivatives	32	996	0
Deferred income operating lease	33	12,827	13,591
Total Current Liabilities		**1,253,520**	**550,065**
Non-Current Liabilities			
Borrowings	29	598,794	1,203,692
Provisions	30	4,139	3,124
Deferred income operating lease	33	202,366	215,193
Total Non-Current Liabilities		**805,299**	**1,422,009**
Total Liabilities		**2,058,819**	**1,972,074**
NET ASSETS		**1,035,134**	**593,932**
EQUITY			
Contributed equity	34	939,871	530,424
Reserves	34	26,913	0
Accumulated surplus/(deficit)	34	68,350	63,508
TOTAL EQUITY		**1,035,134**	**593,932**

The Balance Sheet should be read in conjunction with the accompanying notes.

statement of changes in equity

For the year ended 30 June 2006

	NOTES	2006 $000	2005 $000
Balance of equity at start of period		**593,932**	**510,127**
CONTRIBUTED EQUITY			
Balance at start of period		530,424	483,758
Capital contribution		424,947	71,515
Distributions to owners		(15,500)	(24,849)
Balance at end of period	**34**	**939,871**	**530,424**
RESERVES			
Asset Revaluation Reserve			
Balance at start of the period		0	0
Revaluation of land		26,913	0
Balance at end of the period	**34**	**26,913**	**0**
ACCUMULATED SURPLUS (RETAINED EARNINGS)			
Balance at start of period		63,508	26,369
Net adjustment on transition to AIFRS		(3,854)	0
Restated balance at start of period		59,654	26,369
Surplus/(deficit) for the period		8,696	37,139
Balance at end of period	**34**	**68,350**	**63,508**
Balance of equity at end of period		**1,035,134**	**593,932**
Total income and expense for the period (a)		**35,609**	**37,139**

(a) The aggregate net amount attributable to each category of equity is: surplus $8,696k plus gains from asset revaluation reserve $26,913k (2005: surplus $37,139k).

The Statement of Changes in Equity should be read in conjunction with the accompanying notes

cash flow statement

For the year ended 30 June 2006

	NOTES	2006 $000	2005 $000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		480,341	406,388
Capital contributions		424,947	71,515
Net cash provided by State Government		**905,288**	**477,903**
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(65,831)	(58,123)
Supplies and services		(114,990)	(108,197)
Finance costs		(101,388)	(76,781)
Grants and subsidies		(234,193)	(219,009)
Capital user charge		(64,682)	(44,010)
GST payments on purchases		(92,173)	(84,905)
Other payments		(6,917)	(9,721)
Receipts			
Contribution other Government Agencies		15,458	11,276
Transwa		10,000	9,662
Transperth train operations		26,851	25,538
Transperth buses		60,573	56,280
Interest received		833	1,367
GST receipts on sales		9,806	10,512
GST receipts from taxation authority		79,665	72,074
Other receipts		10,362	9,847
Net cash used in operating activities	35	**(466,626)**	**(404,190)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		299	1,015
Purchase of non-current physical assets PTA		(93,344)	(147,602)
Purchase of non-current physical assets New MetroRail		(483,907)	(389,077)
Net cash used in investing activities		**(576,952)**	**(535,664)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		631,361	553,524
Repayment of borrowings		(488,175)	(88,449)
Other repayments		(7,749)	(9,248)
Net cash provided by financing activities		**135,437**	**455,827**
Net increase/(decrease) in cash held		(2,853)	(6,124)
Cash and cash equivalents at the beginning of the period		4,693	10,817
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	35	**1,840**	**4,693**

The Cash Flow Statement should be read in conjunction with the accompanying notes.

1 First time adoption of Australian equivalents to International Financial Reporting Standards

This is the Public Transport Authority of Western Australia's (PTA) first published financial statements prepared under Australian equivalents to International Financial Reporting Standards (AIFRS). Accounting Standard AASB 1 'First time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements of PTA have been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction (TI) 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information has been prepared under the AIFRS basis.

Early adoption of standards

The PTA cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards, AASB 2005-3 'Amendments to Australian Accounting Standards [AASB 119]', AASB 2005-4 'Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]' and AASB 2005-6 'Amendments to Australian Accounting Standards [AASB 3]' to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 45 'Reconciliations explaining the transition to AIFRS'.

2 Summary of significant accounting policies

a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars rounded to the nearest thousand dollars ($'000).

The judgements that have been made in the process of applying the PTA's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 4 'Key sources of estimation uncertainty'.

c) Reporting Entity

The Public Transport Authority of Western Australia is the reporting entity and there are no other related or affiliated bodies.

d) Contributed Equity

Under UIG 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' transfers in the nature of equity contributions must be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) are designated as contributions by owners by TI 955 'Contributions by Owners made to wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal (See note 34 'Equity').

e) Income

Revenue

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser.

Rendering of services

Revenue is recognised on delivery of the service or by reference to the stage of completion except for the following:

i) Cash fares collected by contractors delivering bus services to PTA are accounted for at the time the contract for services invoice is approved for payment.

ii) Fares for MultiRider sales are accounted on a regular basis (at least weekly) when cash is received from sales agents. Unused MultiRider travel entitlements are not recognised in the financial statements.

Interest

Revenue is recognised as the interest accrues.

Service appropriations

Service appropriations are recognised as revenues at nominal value in the period in which the Public Transport Authority of Western Australia (PTA) gains control of the appropriated funds, which is at the time those funds are deposited into the PTA's bank account or credited to the holding account held at the Department of Treasury and Finance.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when PTA obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Lease income from operating leases is recognised as income on a straight-line basis over the term of the lease (see Note 13 and 33), with the exception of the 49 years lease of the Freight Network Infrastructure which is based on a net present value annuity schedule.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non current assets and some revaluations of non current assets.

f) Borrowing Costs

All borrowing costs are recognised as expenses in the period in which they are incurred (see Note 3).

g) Infrastructure, Property, Plant and Equipment and Vehicles

Capitalisation/Expensing of assets

Items of property, plant and equipment and infrastructure costing over $5,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than $5,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment and infrastructure are initially recognised at costs.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the revaluation model is used for the measurement of land, buildings and infrastructure and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Where market evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

The revaluation of land controlled by the PTA including metropolitan and regional corridor land, not subject to commercial lease has been provided independently by the Department of Land and Information (Valuation Services).

Fair value was determined for all other assets as at 1 July 2003, based on valuation methods to suit specific asset types. Additions since 1 July 2003 have been added to the fair value based on actual cost.

The revaluation of land and buildings which are commercially leased were independently valued based on the capitalised value of current leases.

Rollingstock, permanent way, plant, equipment and vehicles were valued by PTA's engineering and management professionals based on the written down value of the current cost to replace the asset with a modern equivalent asset capable of delivering the same service potential. The written down value was determined by calculating the unexpired component of each asset's total useful life.

The Freight Network Infrastructure, subject to a 49 year prepaid lease was valued by an independent expert based on the net present value of the unearned lease income.

Improvements to the Freight Network Infrastructure, funded by the PTA, have been added to the fair value based on actual cost.

Infrastructure, property, plant and equipment is revalued, at least once every five years, to its fair value having regard to its highest and best use.

Construction in progress is recognised at cost.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits.

Land is not depreciated. Depreciation on other assets is calculated on the straight line basis, using rates which are reviewed annually. Expected useful lives for each class of depreciable asset are:

Class of asset	Useful Life
Buildings	30 to 50 years
Rollingstock	30 years
Infrastructure	15 to 75 years
Plant and equipment	10 to 15 years
Buses	7 to 18 years
Motor vehicles	5 to 10 years
Vessels	10 years
Office equipment	3 to 5 years
Software	3 years

Assets under construction are not depreciated until they are available for use.

h) Intangible Assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing over $5,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below this threshold are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the PTA have a finite useful life and zero residual value.

i) Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset and are capitalised and amortised on a straight line basis over the periods of the expected benefit, which varies from 3 to 5 years. Software costing less than $5,000 is expensed in the year of acquisition.

ii) Web site costs

Costs in relation to web sites controlled by the PTA are charged as expenses in the period in which they are incurred.

i) Impairment of Assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. As the PTA is a not for profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market evidence. Where fair value is determined by reference to the depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairments at each reporting date.

Refer to note 27 'Impairment of Assets' for the outcome of impairment reviews and testing.

j) Leases

The PTA's rights and obligations under finance leases, which are leases that effectively transfer to the PTA substantially the entire risks and benefits incident to ownership of the leased items, are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated to the Income Statement over the period during which PTA is expected to benefit from use of the leased assets. Minimum lease payments are allocated between finance costs and reduction of the lease liability, according to the interest rate implicit in the lease.

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

The PTA has entered into a number of operating lease arrangements where the lessor effectively retains the entire risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased assets.

k) Prepaid Lease Revenue

The sale of the Westrail Freight Business on 17 December 2000 included an operating lease of the freight network infrastructure for 49 years between The Western Australian Government Railways Commission (WAGR) – now Public Transport Authority (PTA) and Westnet Rail Pty. The lease rentals were fully prepaid on 17 December 2000, and credited to deferred operating lease revenue. The annual rental from this lease is recognised as revenue, together with an associated interest expense, in accordance with net present value principles.

l) Financial Instruments

The PTA has three categories of financial instruments:

- Loans and receivables (includes cash and cash equivalents, receivables);
- Non-trading financial liabilities (includes finance leases, payables); and
- Financial asset at fair value through profit or loss.

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently restated to their fair value at each reporting date. Changes in fair value are recognised through the Income Statement.

m) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents (and restricted cash and cash equivalents) assets comprise of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

n) Accrued Salaries

Accrued salaries (refer to note 28 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The PTA considers the carrying amount approximates net fair value.

o) Amounts Receivable for Services (Holding Account)

The PTA receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement. See also note 19 'Income from State Government' and note 23 'Amounts receivable for services'.

p) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory. Inventory recorded using the inventory control system is valued at the weighted average cost whereas the balance is valued on a first in first out basis.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

See note 21 'Inventories'.

q) Receivables

Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when there is objective evidence that the PTA will not be able to collect the debts.

The carrying value is equivalent to fair value as it is due for settlement within 30 days.

See note 2(l) 'Financial Instruments' and note 22 'Receivables'.

r) Payables

Payables, including accruals not yet billed, are recognised when the PTA becomes obliged to make future payments as a result of a purchase of assets or services.

The carrying value is equivalent to fair value as it is due for settlement within 30 days.

See note 2(l) 'Financial Instruments' and note 28 'Payables'.

s) Borrowings

All loans are initially recorded at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method.

See note 2(l) 'Financial Instruments' and note 29 'Borrowings'.

t) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance date. See note 30 'Provisions'

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, to the estimated future cash outflows.

All annual and unconditional long service leave provisions are classified as current liabilities as the PTA does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Sick Leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the income statement for this leave as it is taken.

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Staff may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation (GSS) Scheme, a defined benefit lump sum scheme now also closed to new members. The PTA has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded Pension Scheme and the unfunded GSS Scheme transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the PTA to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.
Employees who are not members of either the Pension or the GSS Schemes become non-contributory members of the West State Superannuation (WSS) Scheme. The PTA makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. The WSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the WSS Scheme. See also note 2(u) 'Superannuation expense'.

The GESB makes all benefit payments in respect of the Pension and GSS schemes and is recouped by the Treasurer for the employer's share.

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including payroll tax and workers' compensation insurance, are not employee benefits and are recognised as separate liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the PTA's 'Employee benefits expense' and the related liability is included in Employment on-costs provision (see notes 5 and 30).

u) Superannuation Expense

The following elements are included in calculating the superannuation expense in the Income Statement:

i) Defined benefit plans – change in the unfunded employers' liability (i.e. current service cost and actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and

ii) Defined contribution plans – employer contributions paid to the GSS and the West State Superannuation Scheme (WSS).

v) Resources Received Free of Charge or for Nominal Cost

Resources received free of charge or for nominal cost which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

w) Comparative Figures

Comparative figures have been restated on the AIFRS basis except for financial instruments which have been prepared under the previous AGAAP Australian Accounting Standard AAS 33. The transition date to AIFRS for financial instruments is 1 July 2005 in accordance with the exemption allowed under AASB 1, paragraph 36A and Treasurer's Instruction 1101.

x) Derivatives

The Public Transport Authority has exercised the exemption available under AASB 1.36A and as per the Treasurer's Instruction 1101 to apply AASB 132 and AASB 139 from 1 July 2005. The PTA has applied previous AGAAP for the comparative period ending 30 June 2005 (see note 2w) for comparative information.

Forward foreign exchange contracts from 1 July 2004 and 30 June 2005

The PTA has applied previous AGAAP for the comparative period ending 30 June 2005.

Under the previous AGAAP gains or losses from entering into a contract intended to hedge the purchase of goods together with the subsequent gains or losses resulting from the restatement of those contracts by reference to movements in spot exchange rates were deferred in the balance sheet from the inception of the hedging transaction up to the date of the purchase and included in the subsequent purchase price of the assets.

Adjustments on transition date: 1 July 2005

At the date of transition, 1 July 2005, in line with AASB 132 and AASB 139 the foreign exchange contracts were measured on the fair value basis. The changes in the fair value were taken to retained earnings.

For future information concerning adjustments on transition date reference should be made to: Note 32 'Derivatives', Note 39 'Financial Instruments' and Note 34 'Equity'.

From 1 July 2005

The foreign exchange contracts are initially recognised at fair value on the date the contract is entered into and are subsequently restated to their fair value at each reporting date. Changes in the fair value of the contracts are recognised in the income statement and are included in the income or other expenses.

At balance date the amount receivable and payable under the foreign exchange contracts are disclosed on a net basis representing the future cash flow required to settle the contracts.

y) Foreign Currency Translation

Transactions denominated in a foreign currency are translated at the rates in existence at the dates of the transactions. Foreign currency receivables and payables at reporting date are translated at exchange rates current at reporting date. Exchange gains and losses are brought to account in determining the result for the year.

z) Future impact of Australian Accounting Standards not yet operative

The PTA cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. As referred to in Note 1, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6.

Consequently, the PTA has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their application date:

a) AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]').

   This Standard requires new disclosures in relation to financial instruments. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007. The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of a financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.

b) AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts).

   The amendment deals with the treatment of financial guarantee contracts, credit "insurance contracts", letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 "Insurance Contracts" or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'.

   The PTA does not undertake these types of transactions resulting in no financial impact when the Standard is first applied.

   The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2006.

c) UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'.

   This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'.

   At reporting date, the PTA has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.

The following amendments are not applicable to the PTA as they will have no impact:

i) 2005-1 AASB 139: (Cash flow hedge accounting of forecast intragroup transactions).
ii) 2005-5 'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'.
iii) 2006-1 AASB 121 (Net investment in foreign operations).
iv) UIG 5 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.
v) UIG 6 'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'.
vi) UIG 7 'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'.
vii) UIG 8 'Scope of AASB 2'.
viii) UIG 9 'Reassessment of Embedded Derivatives'.

3 Judgement made by management in applying accounting policies

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- The PTA has decided to expense all borrowing costs associated with the construction of major projects such as New MetroRail as allowed by the alternative accounting treatment under AASB 123 'Borrowing Costs'.

4 Key sources of estimation uncertainty

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Discount rates used in estimating provisions

The PTA is using market yields on national government bonds with terms to maturity that match, as closely as possible, to the estimated future cash outflows to discount the estimated value of the provisions for annual and long service leave. Fluctuations in the government bond yields may impact the provision for annual and long service leave.

Estimating useful life of key assets

The useful lives are estimated having regard to such factors as asset maintenance, rate of technical and commercial obsolescence, asset usage. The useful lives of key assets are reviewed annually.

The useful life of the Freight Network Infrastructure is based on the term of the lease.

	2006 $000	2005 $000
5 Employee benefit expenses		
Wages and salaries	56,407	49,475
Superannuation - defined contribution plans	5,541	5,132
Long service leave (i)	1,855	1,685
Annual leave (i)	5,071	4,618
	68,874	**60,910**

(i) Includes a superannuation contribution component

6 Supplies and services

	2006 $000	2005 $000
Consultants and contractors	61,762	58,419
Communications	1,618	1,265
Consumables	5,648	5,342
Travel	7,047	5,872
Materials	12,506	12,602
Other	10,247	9,341
	98,828	**92,841**

7 Depreciation and amortisation expense

	2006 $000	2005 $000
Depreciation		
Buildings	3,306	1,670
Freight Network Infrastructure	6,380	5,431
Rollingstock	13,165	9,561
Railway infrastructure	41,573	25,059
Plant, equipment and motor vehicles	1,244	1,557
Bus infrastructure	4,215	4,113
Vessels	112	176
Buses	18,248	17,702
Total depreciation	**88,243**	**65,269**

	2006 $000	2005 $000
Amortisation		
Intangible assets	640	621
Leased railcars	3,594	3,594
Total amortisation	**4,234**	**4,215**
Total depreciation and amortisation	**92,477**	**69,484**

8 Finance costs

Western Australian Treasury Corporation loans	99,748	80,421
Commonwealth loans	269	291
Financial lease finance charges	30	75
Interest expense on prepaid Freight Network Infrastructure operating lease	5,856	4,628
Other interest	0	77
	105,903	**85,492**

9 Grants and subsidies expense

Bus operators	159,918	143,241
Ferry services	558	514
Regional bus services	11,038	10,762
Student fare concessions	3,191	2,837
Grant to local government	1,165	0
School bus services	67,471	62,920
	243,341	**220,274**

10 Capital user charge

10 Capital user charge	**65,052**	**44,010**

A capital user charge rate of 8% (2004/05: 8%) has been set by the Government for 2005/06 and represents the opportunity cost of capital invested in the net assets of the PTA used in the provision of services. The charge is calculated on the net assets adjusted to take account of exempt assets. Payment was made to the Department of Treasury and Finance on a quarterly basis.

11 Other expenses

Employment on-costs (i)	346	1,166
Payroll tax	3,741	3,742
Workers' compensation	3,156	4,813
Notional charge for land valuation provided by Department of Land Information	41	1,618
Contribution to Main Roads for the South Street bus lane	3,000	0
Contribution to City of Joondalup for car parking	649	0
	10,933	**11,339**

(i) Includes workers' compensation insurance and payroll tax relating to annual and long service leave. The corresponding liability is included at note 30 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

12 User charges and fees

Transperth system revenue	80,997	76,760
Country passenger operations revenue	9,261	8,415
	90,258	**85,175**

13 Land rationalisation lease revenue

Rental income from land rationalisation	**83**	**83**

A 99 year operating lease for 118 grain receival sites was entered into with Co-operative Bulk Handling (CBH) in 2003.

	2006 $000	2005 $000

Rental Income for 99 years of $7.45 million was received in full at the commencement of the lease, and is accounted for as revenue over the 99 year lease period, with the prepaid portion shown as deferred income (see Note 33).
A further 99 year operating lease for 15 grain receival sites was entered into with CBH in 2004. Rental Income for 99 years of $775,000 was received in full at the commencement of the lease, and is accounted for as revenue over the 99 year lease period, with the prepaid portion shown as deferred income (see Note 33).

14 Operating lease revenue

	2006 $000	2005 $000
Rental income from Freight Network Infrastructure	**19,364**	**18,947**

15 Grants and subsidies revenue

	2006 $000	2005 $000
Department for Planning and Infrastructure - Perth CAT costs	7,427	6,958
Department for Planning and Infrastructure - Funding for CAT bus replacement and new CAT depot	7,592	0
Department of Education grant	1,042	682
Department for Planning and Infrastructure - Safer Transport grant	0	2,999
Department of Environment and Heritage	210	0
Town of Victoria Park	750	0
	17,021	**10,639**

16 Interest revenue

	2006 $000	2005 $000
Interest Revenue	**1,084**	**1,342**

Interest revenue is received quarterly from Department of Treasury and Finance calculated on the daily balance held on the interest bearing bank account.

17 Other revenue

	2006 $000	2005 $000
Rents and leases	7,157	6,778
Advertising income	3,465	2,673
Parking and infringements	1,872	2,042
Foreign exchange gain	1,260	0
External works	1,222	2,040
Marketing	658	246
Liquidated damages	44	806
Land sales(i)	2,899	3
Miscellaneous	2,286	1,812
	20,863	**16,400**

(i) Proceeds from DPI for sale of land not previously recognised by the PTA.

18 Net gain/(loss) on disposal of non-current assets

	2006 $000	2005 $000
Cost of Disposal of Non-Current Assets		
Land and buses	605	3,111
Proceeds from Disposal of Non-Current Assets		
Land and buses	522	25,888
Net gain/(loss) on disposal of Non-Current Assets	**(83)**	**22,777**

19 Income from State Government

	2006 $000	2005 $000
Appropriation revenue received during the year:		
Service appropriations (i)	**559,824**	**475,370**
Resources received free of charge (ii)		
Department of Land Information	41	1,618
	559,865	**476,988**

	2006 $000	2005 $000

(i) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(ii) Where assets or services have been received free of charge or for nominal consideration, the PTA recognises revenues (except where the contribution of assets or services is in the nature of contributions by owners, in which case the PTA shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

20 Restricted cash and cash equivalents

	2006 $000	2005 $000
Contractors' deposits	459	644
Railway Servants' Benefit Fund	235	288
	694	**932**

Contractors' deposits are held by the PTA as security for contractor performance according to the terms and conditions of the contracts established with each contractor. Generally, the contracts require that these deposits must be maintained intact by the PTA for repayment to the contractor on successful performance of contract conditions.

The Railway Servants' Benefit Fund is to be used only for the purpose of providing welfare to staff.

21 Inventories

	2006 $000	2005 $000
Current		
Inventories not held for resale:		
Maintenance spares - at cost	7,777	7,599
Less provision for obsolescence	(131)	(131)
	7,646	**7,468**

22 Receivables

	2006 $000	2005 $000
Current		
Receivables	3,122	3,034
Provision for doubtful debts	(104)	(346)
GST receivable	8,942	9,158
Other receivables – external works	64	47
	12,024	**11,893**
Prepayments	560	430
Cash advance to Main Roads on New MetroRail project	0	8,100
	12,584	**20,423**

23 Amounts receivable for services

	2006 $000	2005 $000
Non-current	224,040	144,557
	224,040	**144,557**

This asset represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

24 Other current assets

	2006 $000	2005 $000
Deferred loss on foreign exchange hedging contract (i)	0	3,854
Foreign exchange hedging contract receivable	0	25,080
	0	**28,934**

(i) On 1 July 2005 derivatives were measured at fair value as per AASB 132 and AASB 139.

Changes in fair value at transition date on 1 July 2005 were taken to retained earnings. See note 34.

25 Infrastructure, property, plant, equipment and vehicles

	2006 Cost	2006 At Fair Value	2006 Accumulated depreciation	2006 Carrying amount as at 30 June 2006	2005 Cost	2005 At Fair Value	2005 Accumulated depreciation	2005 Carrying amount as at 30 June 2005
	$000	$000	$000	$000	$000	$000	$000	$000
Owned Assets:								
Freehold land (iii)	-	199,984	-	199,984	-	173,121	-	173,121
Buildings	-	54,925	6,611	48,314	-	37,784	3,305	34,479
Freight Network Infrastructure	-	300,885	17,242	283,643	-	250,298	10,862	239,436
Rollingstock	-	391,611	28,791	362,820	-	285,717	15,656	270,061
Railway infrastructure	-	745,721	73,459	672,262	-	653,848	46,314	607,534
Plant, equipment and motor vehicles	-	7,061	3,409	3,652	-	6,361	2,422	3,939
Bus infrastructure	-	74,177	12,451	61,726	-	73,739	8,252	65,487
Vessels	-	576	464	112	-	576	352	224
Buses	-	225,287	55,647	169,640	-	199,716	37,593	162,123
Leased Assets: (i)								
Railcars	-	65,828	10,782	55,046		65,828	7,188	58,640
Construction in progress (ii)	989,909	-	-	989,909	744,133	-	-	744,133
TOTAL	**989,909**	**2,066,055**	**208,856**	**2,847,108**	**744,133**	**1,746,988**	**131,944**	**2,359,177**

(i) For leased assets the fair value has been deemed to be capitalised cost.
(ii) Construction in progress is valued at cost.
(iii) Land controlled by the PTA has been revalued as at 1 July 2005 by the Department of Land and Information (Valuation Services). The valuations were performed during the year ended 30 June 2005 and recognised at 30 June 2006. The fair value was determined by reference to market values See note 2g.

For all other assets fair value has been determined on the basis of engineering expert valuation or latest prices in the market for equivalent assets at 1 July 2003.

Reconciliations of the carrying amounts of infrastructure, property, plant, equipment and vehicles at the beginning and end of the current financial year are set out below.

2006	Carrying amount at the start of the year	Additions	Revaluation	Disposal	Depreciation	Carrying amount at the end of the year
Owned Assets:						
Freehold land	173,121	-	26,913	(50)	-	199,984
Buildings	34,479	17,141	-	-	(3,306)	48,314
Freight Network Infrastructure	239,436	50,587	-	-	(6,380)	283,643
Rollingstock	270,061	106,005	-	(81)	(13,165)	362,820
Railway infrastructure	607,534	106,308	-	(7)	(41,573)	672,262
Plant, equipment and motor vehicles	3,939	989	-	(32)	(1,244)	3,652
Bus infrastructure	65,487	501	-	(47)	(4,215)	61,726
Vessels	224	-	-	-	(112)	112
Buses	162,123	26,152	-	(387)	(18,248)	169,640
Leased assets:						
Leased Railcars	58,640	-	-	-	(3,594)	55,046
Construction in progress	744,133	245,776	-	-	-	989,909
TOTAL	**2,359,177**	**553,459**	**26,913**	**(604)**	**(91,837)**	**2,847,108**

2005	Carrying amount at the start of the year	Additions	Disposal	Depreciation	Carrying amount at the end of the year
Owned Assets:					
Freehold land	174,913	304	(2,096)	-	173,121
Buildings	36,149	-	-	(1,670)	34,479
Freight Network Infrastructure	244,867	-	-	(5,431)	239,436
Rollingstock	130,783	148,839	-	(9,561)	270,061
Railway infrastructure	499,508	133,085	-	(25,059)	607,534
Plant, equipment and motor vehicles	1,650	3,846	-	(1,557)	3,939
Bus infrastructure	69,600	-	-	(4,113)	65,487
Vessels	400	-	-	(176)	224
Buses	158,222	22,624	(1,021)	(17,702)	162,123
Leased assets:					
Leased Railcars	62,234	-	-	(3,594)	58,640
Construction in progress	476,717	267,416	-	-	744,133
TOTAL	**1,855,043**	**576,114**	**(3,117)**	**(68,863)**	**2,359,177**

26 Intangible assets

	2006 $000	2005 $000
Software - at cost	2,602	1,981
Accumulated amortisation	(1,867)	(1,227)
	735	**754**

Significant costs associated with the acquisition of computer software are capitalised and amortised on a straight line basis over the periods of the expected benefit, which varies from three to five years. Computer software that is not an integral part of the relevant hardware is treated as an intangible asset.
Reconciliations of the carrying amounts of intangibles at the beginning and end of the current financial year are set out below.

Software		
Carrying amount at start of the year	754	1,375
Additions	621	0
Amortisation expense	(640)	(621)
Carrying amount at end of the year	**735**	**754**

27 Impairment of assets

There are no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2006.

PTA held no goodwill or intangible assets with an indefinite useful life during 2005/06 and at 30 June 2006 there were no intangible assets not yet available for use.

28 Payables

Current		
Trade payables	8,952	14,501
Accrued expenses - operational	65,871	66,261
Accrued expenses - salaries	2,162	2,689
Accrued expenses - interest	21,221	22,547
Other payables	671	1,061
	98,877	**107,059**

	2006 $000	2005 $000
29 Borrowings		
(a) Current		
Western Australian Treasury Corporation Loans	1,119,396	374,612
Finance lease liability (i)	2,899	7,730
Commonwealth Loans	383	381
	1,122,678	**382,723**
(b) Non-Current		
Western Australian Treasury Corporation Loans	594,920	1,196,517
Finance lease liability (i)	0	2,918
Commonwealth Loans	3,874	4,257
	598,794	**1,203,692**

(i) Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The carrying amounts of non-current assets leased as security are:

	2006 $000	2005 $000
Railcars	**36,841**	**58,640**
30 Provisions		
Current		
Employee benefits provision		
Annual leave(a)	6,980	6,704
Long service leave(b)	5,699	5,226
	12,679	**11,930**
Other provisions		
Public liability provision	443	557
Workers' compensation	3,075	3,318
Employment on-costs(c)	1,192	943
	4,710	**4,818**
	17,389	**16,748**
Non-Current		
Employee benefits provision		
Long service leave(b)	3,752	2,890
Deferred salary scheme	30	12
	3,782	**2,902**
Other provisions		
Employment on-costs(c)	357	222
	357	**222**
	4,139	**3,124**

a) Annual leave has been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessment indicate that actual settlement of liabilities will occur as follows:

	2006 $000	2005 $000
Within 12 months of reporting date	4,141	3,181
More than 12 months after reporting date	2,839	3,523
	6,980	**6,704**

	2006 $000	2005 $000

b) Long service leave liability has been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2006 $000	2005 $000
Within 12 months of reporting date	709	584
More than 12 months after reporting date	8,742	7,531
	9,451	**8,115**

c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including payroll tax and workers compensation premiums. The provision is the present value of expected future payments. The associated expense is included under note 11 'Other expenses'.

Movements in Other Provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

	2006 $000	2005 $000
Public liability provision		
Carrying amount at the start of the year	557	792
Additional provisions recognised	705	563
Payments/other sacrifices of economic benefit	(819)	(798)
Carrying amount at the end of the year	**443**	**557**

The public liability provision represents the PTA's estimate of outstanding claims from previous years.

	2006 $000	2005 $000
Workers' compensation provisions		
Carrying amount at the start of the year	3,318	1,591
Additional provisions recognised	3,155	4,813
Payments/other sacrifices of economic benefit	(3,398)	(3,086)
Carrying amount at the end of the year	**3,075**	**3,318**

The PTA pays a deposit contribution to RiskCover each year. This contribution is based on claims experience and is adjusted by actuarial assessments as claims prevail.

	2006 $000	2005 $000
Employment on-cost provision		
Carrying amount at the start of the year	1,166	1,195
Additional provisions recognised	988	366
Payments/other sacrifices of economic benefit	(605)	(395)
Carrying amount at the end of the year	**1,549**	**1,166**

31 Other current liabilities

	2006 $000	2005 $000
Contractors' deposits	459	644
Payments held in suspense	59	78
Railway Servants' Benefit Fund	235	288
Foreign exchange hedging contract payable (i)	0	28,934
	753	**29,944**

(i) On 1 July 2005 derivatives were measured at fair value as per AASB 132 and AASB 139.
Changes in fair value at transition date on 1 July 2005 were taken to retained earnings. See note 34.

32 Derivatives

	2006 $000	2005 $000
Foreign exchange contracts	996	0
	996	**0**

The PTA has an exposure to changes in foreign exchange rates resulting from the bus replacement program. This program requires payment for bus chassis to be made in Euros. The PTA uses forward exchange contracts in Euros to hedge the risk.

At the balance sheet date the net fair value of these contracts was $996k (2005 - nil) comprising assets of $13,630k (2005 - $25,080k) and liabilities of $14,626k (2005 - $28,934k).

In the year ended 30 June 2006:

- On the date of transition to AASB 132 and 139 on 1 July 2005 the deferred loss on the contracts of $3,854k was debited to retained earnings; and
- There was a gain of $1,260k from the change in the fair value of the asset during the year.

At reporting date, the details of outstanding forward contracts are:

	2006 $000	2005 $000	2006	2005
	Sell Australian Dollars		Average Exchange Rate	
Buy Euro				
Maturity:				
0-6 months	8,469	8,539	0.5430	0.5440
6-12 months	6,157	5,794	0.5445	0.5445
12-24 months	0	13,090	0	0.5445
Buy GBP				
Maturity:				
0-6 months	0	1,511	0	0.4030

33 Deferred income – operating leases

	2006 $000	2005 $000
Current:		
Freight Network Infrastructure prepaid operating lease	12,744	13,508
Co-operative Bulk Handling 99 year lease	83	83
	12,827	**13,591**
Non-Current:		
Freight Network Infrastructure prepaid operating lease	194,549	207,293
Co-operative Bulk Handling 99 year lease	7,817	7,900
	202,366	**215,193**
	215,193	**228,784**

	2006 $000	2005 $000

34 Equity

Equity represents the residual interest in the net assets of the PTA. The Government holds the equity interest in the Authority on behalf of the community.

	2006 $000	2005 $000
Contributed Equity		
Balance at start of the period	530,424	483,758
Capital contributions (i)	424,947	71,515
Distribution to owner (ii), (iii)	(15,500)	(24,849)
Balance at end of the period	**939,871**	**530,424**
Asset Revaluation Reserve		
Balance at start of the period	0	0
Revaluation of land	26,913	0
Balance at end of the the period	**26,913**	**0**
Accumulated surplus/(deficit)		
Opening balance	63,508	26,369
Adjustment on adoption of AASB 132 and AASB 139	(3,854)	0
Surplus/(deficit) for the period	8,696	37,139
Balance at end of period	**68,350**	**63,508**
Balance of equity at the end of period	**1,035,134**	**593,932**

(i) Capital contributions received during the year have been designated as contributions by owners and are credited directly to equity in the Balance Sheet.

(ii) Proceeds from DPI for sale of land not previously recognised by the PTA - $2.8 million.

(iii) As part of the New MetroRail project, Miller's way and Spencer Road bridge assets were transferred to Main Roads Western Australia - $12.8 million.

35 Notes to the Cash Flow Statement

a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flow is reconciled to the related items in the Balance Sheet as follows:

	2006 $000	2005 $000
Cash and cash equivalents	1,146	3,761
Restricted cash and cash equivalents (refer to note 20)	694	932
	1,840	**4,693**

b) Financing facilities

The PTA has a short-term liquidity facility of $200 million (2004/05: $200 million) with the Western Australian Treasury Corporation.

	2006 $000	2005 $000
Amounts drawn from this facility at June 30	30,000	0

The Western Australian Treasury Corporation has provided a facility of $US 85 million (2004/05: $US 93 million) to the PTA to meet contingent obligations under a lease agreement that may eventuate during the life of the lease. As at 30 June 2006, none of this facility has been drawn (2004/05: Nil).

	2006 $000	2005 $000
c) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(551,169)	(439,849)
Non cash items:		
Depreciation and amortisation expense	92,477	69,484
Loss/(gain) on sale of property, plant and equipment	83	(22,777)
Resources received free of charge	41	1,618
Other non-cash adjustments	(238)	(60)
Sale of land by Department of Planning and Infrastructure	(2,728)	0
(Increase)/ Decrease in assets:		
Current receivables	7,622	(5,509)
Current inventories	(178)	(29)
Other current assets	15,304	27,971
Increase/ (Decrease) in liabilities:		
Current payables	(1,556)	1,398
Current provisions	640	3,650
Other current liabilities	(14,565)	(23,298)
Deferred income operating lease	(764)	(811)
Non-current provisions	1,016	817
Non-current deferred operating lease revenue	(12,827)	(13,591)
Change in GST receivables/payments	216	(3,204)
Net cash used in operating activities	**(466,626)**	**(404,190)**

36 Commitments

a) Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	2006 $000	2005 $000
Within one year	274,977	519,951
Later than one year and not later than five years	156,823	419,148
Later than five years	9,650	0
	441,450	**939,099**
The capital commitments include amounts for:		
Railway infrastructure	269,490	661,902
Bus infrastructure	14,790	0
Railcars - Transperth Train Operations	6,670	45,615
Plant, equipment and motor vehicles	13,000	20,132
Buses	137,500	211,450
	441,450	**939,099**

b) (i) Finance lease commitments:
Minimum lease payment commitments in relation to finance leases are payable as follows:

	2006 $000	2005 $000
Within one year	2,904	7,761
Later than one year and not later than five years	0	2,922
Minimum finance lease payments	2,904	10,683
Less future finance charges	(5)	(35)
Present value of finance lease liabilities	**2,899**	**10,648**

	2006 $000	2005 $000
The present value of finance leases payable is as follows:		
Within one year	2,899	7,730
Later than one year and not later than five years	0	2,918
	2,899	**10,648**

(ii) Non-cancellable operating lease commitments:

Commitments for minimum lease payments are payable as follows:

Within one year	924	718
Later than one year and not later than five years	184	179
	1,108	**897**

c) Other expenditure commitments contracted for at the reporting date but not recognised as liabilities, are payable as follows:

Within one year	274,128	267,228
Later than one year and not later than five years	877,355	960,656
Later than five years	984,675	1,062,691
	2,136,158	**2,290,575**

The other expenditure commitments include amounts for:

Land and building maintenance	14,112	820
Transperth train operations	211,198	214,775
Railway infrastructure	14,141	2,500
Railcars and road coaches	7,216	10,280
Buses and support services	646,566	748,200
School bus services	1,236,748	1,301,239
Miscellaneous	6,177	12,761
	2,136,158	**2,290,575**

The commitments are all inclusive of GST.

37 Contingent liabilities and contingent assets

Contingent Liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Litigation in progress

Leighton Contractors Pty Ltd, the contractor engaged by the PTA to design and construct the City portion of the Southern Suburbs Railway, has commenced 3 Supreme Court actions against the PTA, claiming an aggregate of $177 million. The actions relate to contractual disputes between the PTA and Leighton Contractors, on Leighton Contractors' alleged entitlements under the rise & fall and contaminated material provisions of the contract, and a dispute relating to the adequacy of the contracts work insurance effected by the PTA pursuant to the contract. The PTA has denied all liability and is vigorously defending the actions.

38 Remuneration of members of the Accountable Authority and senior officers

Remuneration of Member of the Accountable Authority

The number of members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

$	2006	2005
190,001 - 200,000	0	0
260,001 - 270,000	1	1

	2006 $000	2005 $000
The total remuneration of the members of the Accountable Authority is:	266	263

The superannuation included here represents the superannuation expense incurred by the PTA in respect of the member of the Accountable Authority.
No member of the Accountable Authority is a member of the Pension Scheme.

Remuneration of senior officers

The number of senior officers other than senior officers reported as members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

$	2006	2005
100,001 - 110,000	1	2
110,001 - 120,000	0	1
120,001 - 130,000	0	2
130,001 - 140,000	4	3
140,001 - 150,000	1	3
150,001 - 160,000	4	0
	10	**11**

	2006 $000	2005 $000
Total remuneration of the senior officers is:	1,414	1,450

The superannuation included here represents the superannuation expense incurred by the PTA in respect of Senior Officers, other than the Senior Officers reported as a member of the Accountable Authority.
No Senior Officers are members of the Pension Scheme.

39 Financial instruments

a) Financial Risk Management Objectives and Policies

Financial instruments held by the PTA are cash and cash equivalents, loans, finance lease, receivables and payables. The PTA has exposure to a variety of financial risks. The PTA's overall risk management program focuses on managing the risks identified below.

Credit risk

The PTA trades only with recognised, creditworthy third parties. The PTA has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the PTA's exposure to bad debt is minimal. There are no significant concentrations of credit risk.

Liquidity risk

The PTA has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

The PTA has a short-term liquidity facility of $200 million on which it can draw down to fund temporary cash shortfall.

Cash flow interest rate risk

The PTA's exposure to market risk for changes in interest relates primarily to the long-term debt obligations. The PTA's borrowings are all obtained through Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. The PTA earns interest on the daily balance of its bank account.

Foreign exchange risk

The PTA is exposed to foreign exchange risk arising from currency exposure to the Euro.

Forward contracts transacted with WATC are used to manage these risks. The purpose of the foreign currency contracts is to protect against the risk that eventual dollar outflows in respect of purchases in foreign currency may be adversely affected by changes in exchange rates.

b) Financial Instrument disclosures

Interest Rate Risk Exposure

The following table details the PTA's exposure to interest risk as at the reporting date:

	Notes	Weighted average effective interest rate %	Variable interest rate (i)	Fixed interest rate maturity			Non-interest bearing	Total
				1 or less than 1 year	1 to 5 years	more than 5 years		
2006			**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Financial Assets								
Cash and cash equivalents	35	5.55	1,146					1,146
Restricted cash and cash equivalents	35	5.55	694					694
Receivables	22						12,584	12,584
Amounts receivable for services	23						224,040	224,040
			1,840				**236,624**	**238,464**
Financial Liabilities								
Payables	28						98,877	98,877
Other current liabilities	31						753	753
Derivatives	32						996	996
WATC Loans (ii)	29	6.05		1,119,396	324,783	270,137		1,714,316
Commonwealth Loans	29	5.93		383	1,542	2,332		4,257
Lease Liabilities	29	6.35		2,899				2,899
				1,122,678	**326,325**	**272,469**	**100,626**	**1,822,098**

2005	Notes	Weighted average effective interest rate %	Variable interest rate (i)	Fixed interest rate maturity 1 or less than 1 year	1 to 5 years	more than 5 years	Non-interest bearing	Total
			$000	$000	$000	$000	$000	$000
Financial Assets								
Cash and cash equivalents	35	5.29	3,761					3,761
Restricted cash and cash equivalents	35	5.29	932					932
Receivables	22						20,423	20,423
Amounts receivable for services	23						144,557	144,557
			4,693				**164,980**	**169,673**
Financial Liabilities								
Payables	28						107,059	107,059
Other current liabilities	31						29,944	29,944
Derivatives	32							
WATC Loans (ii)	29	6.05		656,149	356,199	558,781		1,571,129
Commonwealth Loans	29	5.93				4,638		4,638
Lease Liabilities	29	6.47	10,648					10,648
			10,648	**656,149**	**356,199**	**563,419**	**137,003**	**1,723,418**

(i) Variable interest rates represent the most recently determined rate applicable to the instrument at balance date.
(ii) Western Australian Treasury Corporation loans.

Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

Credit Risk Exposure

The PTA's credit risk on financial assets, which have been recognised in the Balance Sheet, is generally the carrying amount, net of any provision for doubtful debts.

Concentrations of credit risk on financial assets are primarily related to property rental agreements and other miscellaneous revenue.

Except for securities held to ensure the performance of contractor guarantees or warrantees, amounts due from major debtors are not normally secured by collateral. However the creditworthiness of debtors is regularly monitored. Securities held to ensure the performance of contractor guarantees or warrantees include Bank Guarantees, Personal (Directors) Guarantees or cash. The value of securities held is dependant on the nature, including the complexity and risk, of the contract.

40 Supplementary financial information

	2006 $000	2005 $000
Losses through theft, defaults and other causes		
Losses of public moneys and public and other property through theft and default	7	2
Stocks		
Obsolescence, damage, surplus	0	287
Revenue written off	24	31
Gifts of public property		
Gifts of public property provided by PTA	0	12
	31	**332**

41 Events occurring after the balance sheet date

The PTA has not identified any significant events after balance sheet date that would require adjustment or disclosure to be made.

42 Explanatory Statement

a) Significant variations between estimates and actual results for the financial year

Details and reasons for significant variations between estimates and actual results are detailed below. Significant variations are considered to be those greater than 10% or $1 million.

	2006 Actual $000	2006 Estimate $000	Variance $000
Income	148,673	123,419	25,254
Cost of Services	699,842	657,956	(41,886)
Net Cost of Services	**551,169**	**534,537**	**(16,632)**

Income

Income was $25 million (20%) above the estimate. The variations include the following significant items:

i) Capital Grant of $7.6 million from Department for Planning and Infrastructure for the Central Area Transit (CAT) bus replacement, CAT depot and yellow CAT extension;
ii) MultiRider and cash fares increased by $3.4 million as a result of increased patronage;
iii) Proceeds from DPI for sale of land not previously recognised by the PTA - $2.8 million;
iv) Advertising revenue increased by $2.0 million from changed contractual arrangements;
v) Foreign exchange gain of $1.3 million on foreign exchange transactions during the year and foreign exchange contracts outstanding at year end;
vi) Grants and subsidies revenue of $1.2 million mainly due to a contribution from the City of Victoria Park for Miller's crossing bridge;
vii) Regional Town Bus Services $1.1 million being brought into account as revenue (in the estimate, revenue was netted off against expenditure);
viii) Increase in revenue from external works of $0.8 million; and
ix) Service contribution revenue $0.8 million due to joint ticketing of various sporting and entertainment events.

Total cost of services

Cost of services for the year was $42 million (6.0%) above estimate.

There were several significant positive and negative variations that contributed to this overall variation. These variations include:

i) Increased depreciation of $17 million due to write down of stations and train control system no longer used due to upgrades;
ii) Increased Transperth bus contract costs of $14 million mainly due to fuel, labour, security and maintenance contracts;
iii) Increased capital user charge of $5 million arising from the deferral of asset transfers to Local Governments and Main Roads WA by New MetroRail because construction was not completed at 30 June 2006;
iv) Increased railcar maintenance costs of $4 million mainly due to railcar overhauls;
v) Contribution of $3 million to Main Roads for the South Street bus lane;
vi) Increase in land rationalisation expenses $2.8 million due to clean up of contaminated site, remediation and subdivision at Forrestfield, Leighton and Robb's Jetty;
vii) Increased infrastructure costs of $2 million mainly due to concrete re-sleepering on the Armadale line;
viii) Grants of $2 million to Town of Victoria Park for Miller's crossing bridge as part of the New MetroRail project and City of Joondalup for car park;
ix) Expenditure of $1 million due to installation of infrastructure for the connection of natural gas supplies to new CAT Depot;
x) Increased infrastructure costs of $1 million related to Goongonup bridge; offset by
xi) Lower interest on borrowings of $13 million due to delays in capital works expenditure and lower than projected interest rate.

b) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% or $1 million

	2006 $000	2005 $000	Variance $000
Employee benefit expense	68,874	60,910	7,964
Supplies and services	98,828	92,841	5,987
Depreciation and amortisation expense	92,477	69,484	22,993
Finance costs	105,903	85,492	20,411
Grants and subsidies expense	243,341	220,274	23,067
Capital user charge	65,052	44,010	21,042
Land rationalisation expense	6,223	2,903	3,320
User charges and fees	90,258	85,175	5,083
Grants and subsidies revenue	17,021	10,639	6,382
Other revenue	20,863	16,400	4,463
Gain on disposal of non-current assets	0	22,777	(22,777)

Employee benefit expense

Increase in employee benefit expense due to increase in transit guards and train drivers for the Northern Suburbs line extension to Clarkson and the Thornlie line.

Supplies and services

i) Increased infrastructure costs of $1.6 million due to concrete re-sleepering on the Armadale line.
ii) Installation of connection of natural gas supplies to new CAT Depot - $1 million.
iii) Increased security and maintenance contracts.

Depreciation and amortisation expense

Increase in depreciation of $23 million mainly due to increased depreciation of stations and train control system which have been upgraded and the commissioning of 12 three-car units electric Railcars, 53 new gas buses, AvonLink train, Thornlie rail infrastructure, train control system, closed circuit television systems (CCTV) infrastructure and the Geraldton Southern Rail Corridor during the financial year.

Borrowing costs expense

Increase in borrowings to purchase buses, railcars and construction of the Southern Suburbs Railway line.

Grants and subsidies

Increased Transperth bus contract costs mainly due to fuel, labour and increased kilometers, School Bus Services Composite Rate model indexation costs and Grant to Town of Victoria Park for Miller's crossing bridge as part of the New MetroRail project.

Capital user charge

The capital user charge is based on the average net assets multiplied by 8%. The variance is mainly due to the repayment of the Freight debt in August 2005 - $325 million funded by an equity injection from DTF.

Land rationalisation expense

Increase in expenditure due to clean up of contaminated site, remediation and subdivision at Forrestfield, Leighton and Robb's Jetty.

User charges and fees

Increase in patronage and additional revenue from the opening of new Thornlie station.

Grant and subsidies revenue

Increase in capital grants and subsidies revenue from the Department for Planning and Infrastructure of $7.6 million for the CAT bus replacement , new CAT Depot at Claisebrook and Yellow CAT extension.

Other revenue

Increased revenue of $4.5 million mainly due to:

a. A favourable exchange rate movement on foreign exchange transactions during the year and foreign exchange contracts outstanding at year end - $1.3 million and
b. Proceeds from DPI for sale of land not previously recognised by the PTA - $2.8 million.

Gain on disposal of non-current assets

No material disposal of non-current assets in 2005/06.

43 Schedule of income and expenses by service

	Metropolitan and regional passenger services		Country passenger rail and coach services		Regional school bus service		Rail corridor and residual freight issues		Total	
	2006 $000	2005 $000	2006 $000	2005 $000	2006 $000	2005 $000	2006 $000	2005 $000	2006 $000	2005 $000
COST OF SERVICES										
Expenses										
Employee benefit expenses	55,664	46,218	9,650	9,662	2,139	2,061	1,421	2,969	68,874	60,910
Supplies and services	77,161	63,997	15,458	16,235	1,503	988	4,706	11,621	98,828	92,841
Depreciation and amortisation expense	79,614	58,636	5,744	4,845	14	16	7,105	5,987	92,477	69,484
Finance costs	84,726	54,644	4,521	4,287	0	0	16,656	26,561	105,903	85,492
Grants & subsidies	172,679	154,516	0	0	70,662	65,758	0	0	243,341	220,274
Capital user charge	46,964	36,809	3,574	3,366	11	10	14,503	3,825	65,052	44,010
Energy and fuel	5,992	6,129	2,133	1,830	1	0	2	0	8,128	7,959
Land rationalisation expense	0	0	0	0	0	0	6,223	2,903	6,223	2,903
Loss on disposal of non-current assets	(84)	0	113	0	3	0	51	0	83	0
Other expenses	7,914	6,186	636	885	139	156	2,244	4,112	10,933	11,339
Total cost of services	**530,630**	**427,135**	**41,829**	**41,110**	**74,472**	**68,989**	**52,911**	**57,978**	**699,842**	**595,212**
Income										
User charges and fees	80,929	76,727	9,261	8,415	68	33	0	0	90,258	85,175
Land rationalisation lease income	0	0	0	0	0	0	83	83	83	83
Operating lease revenue	0	0	0	0	0	0	19,364	18,947	19,364	18,947
Grants and subsidies	15,229	6,959	0	0	1,042	681	750	2,999	17,021	10,639
Interest revenue	0	0	0	0	0	0	1,084	1,342	1,084	1,342
Gain on disposal of non-current assets	0	(71)	0	0	0	0	0	22,848	0	22,777
Other revenue	9,022	6,801	25	6	39	2	11,777	9,591	20,863	16,400
Total income other than income from State Government	**105,180**	**90,416**	**9,286**	**8,421**	**1,149**	**716**	**33,058**	**55,810**	**148,673**	**155,363**
NET COST OF SERVICES	**425,450**	**336,719**	**32,543**	**32,689**	**73,323**	**68,273**	**19,853**	**2,168**	**551,169**	**439,849**
INCOME FROM STATE GOVERNMENT										
Service Appropriation	427,658	331,029	33,149	31,764	75,286	69,289	23,731	43,288	559,824	475,370
Resources received free of charge	0	0	0	0	0	0	41	1,618	41	1,618
Total income from State Government	**427,658**	**331,029**	**33,149**	**31,764**	**75,286**	**69,289**	**23,772**	**44,906**	**559,865**	**476,988**
Surplus/(deficit) for the period	**2,208**	**(5,690)**	**606**	**(925)**	**1,963**	**1,016**	**3,919**	**42,738**	**8,696**	**37,139**

	2006 $000	2005 $000

44 Remuneration of auditor

	2006 $000	2005 $000
Remuneration to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	141	128

45 Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

Reconciliation of equity at the date of transition to AIFRS: 1 July 2004 (AASB 1.39 (a)(i))

Note		Previous AGAAP 1 July 2004 $000	Adjustments 1 July 2004 AASB 101.68(c) $000	AIFRS 1 July 2004 $000
	ASSETS			
	Current Assets			
	Cash and cash equivalents	9,815		9,815
	Restricted cash and cash equivalents	1,002		1,002
	Inventories	7,439		7,439
	Receivables	11,711		11,711
	Other current assets	56,904		56,904
	Total Current Assets	**86,871**	**0**	**86,871**
	Non-Current Assets			
	Amounts receivable for services	75,575		75,575
45.1a	Property, plant, equipment and vehicles	1,856,418	(1,374)	1,855,044
45.1a	Intangible assets	0	1,374	1,374
	Total Non-Current Assets	**1,931,993**	**0**	**1,931,993**
	Total Assets	**2,018,864**	**0**	**2,018,864**
	LIABILITIES			
	Current Liabilities			
	Payables	66,316		66,316
	Borrowings	42,985		42,985
	Provisions	13,098		13,098
	Other current liabilities	53,241		53,241
	Deferred Income-Operating Leases	14,402		14,402
	Total Current Liabilities	**190,042**	**0**	**190,042**
	Non-Current Liabilities			
	Borrowings	1,087,604		1,087,604
	Provisions	2,307		2,307
	Deferred Income-Operating Leases	228,784		228,784
	Total Non-Current Liabilities	**1,318,695**	**0**	**1,318,695**
	Total Liabilities	**1,508,737**	**0**	**1,508,737**
	Net Assets	**510,127**	**0**	**510,127**
	Equity			
	Contributed equity	483,758		483,758
	Accumulated surplus	26,369		26,369
	Total Equity	**510,127**	**0**	**510,127**

Reconciliation of equity at the end of last reporting period under previous AGAAP: 30 June 2005 (AASB 1.39(a)(ii))

Note		AGAAP 30 June 05	Adjustments AASB 116 AASB 138	AASB 101.75(b)	AIFRS 30 June 05
		$000	$000	$000	$000
	ASSETS				
	Current Assets				
	Cash assets	3,761			3,761
	Restricted cash assets	932			932
	Inventories	7,468			7,468
45.2a	Receivables	11,893		8,530	20,423
45.2a	Other current assets	37,464		(8,530)	28,934
	Total Current Assets	**61,518**	**0**	**0**	**61,518**
	Non-Current Assets				
	Amounts receivable for services	144,557			144,557
45.1b	Property, plant, equipment and vehicles	2,359,931	(754)		2,359,177
45.1b	Intangible assets	0	754		754
	Total Non-Current Assets	**2,504,488**	**0**	**0**	**2,504,488**
	Total Assets	**2,566,006**	**0**	**0**	**2,566,006**
	LIABILITIES				
	Current Liabilities				
	Payables	107,059			107,059
	Borrowings	382,723			382,723
	Provisions	16,748			16,748
	Other current liabilities	29,944			29,944
	Deferred Income-Operating Leases	13,591			13,591
	Total Current Liabilities	**550,065**	**0**	**0**	**550,065**
	Non-Current Liabilities				
	Borrowings	1,203,692			1,203,692
	Provisions	3,124			3,124
	Deferred Income-Operating Leases	215,193			215,193
	Total Non-Current Liabilities	**1,422,009**	**0**	**0**	**1,422,009**
	Total Liabilities	**1,972,074**	**0**	**0**	**1,972,074**
	Net Assets	**593,932**	**0**	**0**	**593,932**
	Equity				
	Contributed equity	530,424			530,424
	Accumulated surplus/(deficit)	63,508			63,508
	Total Equity	**593,932**	**0**	**0**	**593,932**

Reconciliation of Income Statement for the year ended 30 June 2005 (AASB 1.39(b))

Note		AGAAP 30 June 05	Adjustments AASB 116	AASB 119	AIFRS 30 June 05
Note		$000	$000	$000	$000
	COST OF SERVICES				
	Expenses				
45.3a	Employee benefit expense	70,631		(9,721)	60,910
	Supplies and Services	92,841			92,841
	Depreciation and amortisation expense	69,484			69,484
	Finance costs	85,492			85,492
	Grants and subsidies	220,274			220,274
	Capital user charge	44,010			44,010
	Energy and fuel	7,959			7,959
	Land rationalisation expense	2,903			2,903
45.4	Carrying amount of non-current assets disposed of	3,111	(3,111)		0
45.3a	Other expenses	1,618		9,721	11,339
	Total cost of services	**598,323**	**(3,111)**	**0**	**595,212**
	Income				
	Revenue				
	User charges and fees	85,175			85,175
	Land rationalisation lease revenue	83			83
	Operating lease revenue	18,947			18,947
	Grants and subsidies	10,639			10,639
	Interest revenue	1,342			1,342
45.4	Proceeds from disposal of non-current assets	25,888	(25,888)		0
	Other revenue	16,400			16,400
	Total revenue	**158,474**	**(25,888)**	**0**	**132,586**
	Gains				
45.4	Gain on disposal of non-current assets	0	22,777		22,777
45.4	**Total income other than income from State Government**	**158,474**	**(3,111)**	**0**	**155,363**
	NET COST OF SERVICES	**439,849**	**0**	**0**	**439,849**
	INCOME FROM STATE GOVERNMENT				
	Service appropriation	475,370			475,370
	Resources received free of charge	1,618			1,618
	Total income from State Government	**476,988**	**0**	**0**	**476,988**
	SURPLUS/DEFICIT FOR THE PERIOD	**37,139**	**0**	**0**	**37,139**

Reconciliation of Cash Flow Statement for the year ended 30 June 2005 (AASB 1.40)

Note		AGAAP 2005 $000	Adjustments AASB 119 $000	AIFRS 2005 $000
	CASH FLOWS FROM STATE GOVERNMENT			
	Service appropriation	406,388		406,388
	Capital contributions	71,515		71,515
	Net cash provided by State Government	**477,903**	**0**	**477,903**
	Utilised as follows:			
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Payments			
45.3b	Employee benefits	(67,844)	9,721	(58,123)
	Supplies and services	(108,197)		(108,197)
	Finance costs	(76,781)		(76,781)
	Grants and subsidies	(219,009)		(219,009)
	Capital user charge	(44,010)		(44,010)
	GST payments on purchases	(84,905)		(84,905)
45.3b	Other payments	0	(9,721)	(9,721)
	Receipts			
	Contribution-other Government Agencies	11,276		11,276
	Transwa	9,662		9,662
	Transperth train operations	25,538		25,538
	Transperth buses	56,280		56,280
	Interest received	1,367		1,367
	GST receipts on sales	10,512		10,512
	GST receipts from Taxation Authority	72,074		72,074
	Receipts from customers	9,847		9,847
	Net cash used in operating activities	**(404,190)**	**0**	**(404,190)**
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Proceeds from sale of non current assets	1,015		1,015
	Purchase of non-current assets PTA	(147,602)		(147,602)
	Purchase of non-current assets New MetroRail	(389,077)		(389,077)
	Net cash used in investing activities	**(535,664)**	**0**	**(535,664)**
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from borrowings	553,524		553,524
	Repayment of borrowings	(88,449)		(88,449)
	Other repayments	(9,248)		(9,248)
	Net cash provided by financing activities	**455,827**	**0**	**455,827**
	Net increase/(decrease) in cash and cash equivalents	(6,124)		(6,124)
	Cash and cash equivalents at the beginning of the period	10,817		10,817
	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4,693**	**0**	**4,693**

Notes to reconciliations

Note 45.1 Intangible assets (AASB 138)

AASB 138 requires that software not integral to the operation of a computer must be disclosed as intangible assets. Intangible assets must be disclosed on the balance sheet. All software has previously been classified as property, plant and equipment (office equipment). The following adjustments have been made:

45.1a Adjustments to opening Balance Sheet (1 July 2004)

The PTA has transferred $1,374k in software from property, plant and equipment to intangible assets.

45.1b Adjustments to 30 June 2005 Balance Sheet

The PTA has transferred $754k in software from property, plant and equipment to intangible assets. This represents the opening balance sheet adjustment of $1,374k less $621k depreciation for the year.

Note 45.2 Receivable (AASB101)

AASB 101 requires receivables be disaggregated into amounts receivable from trade customers, prepayments and other amounts.

45.2a Adjustments to 30 June 2005 Balance Sheet

Prepayments and cash advances on New MetroRail project have been reclassified from 'Other assets' to 'Receivables' ($8,530k).

Note 45.3 Employee benefits (AASB 119 and AASB 101)

Employment on-costs are not included in employee benefits under AGAAP or AIFRS. However, under AGAAP employee benefits and on-costs are disclosed together on the face of the Income Statement as employee costs. Under AIFRS employee benefits will be the equivalent item disclosed on the face. On-costs are transferred to other expenses.

45.3a Adjustments to the Income Statement for the period ended 30 June 2005

Employment on-costs expense has been reclassified from employee benefits expense to other expense ($9,721k).

45.3b Adjustments to the Cash Flow Statement for the period ended 30 June 2005

Employment on-costs payments have been reclassified from employee benefit payments to other payments ($9,721k).

Note 45.4 Net gain on disposal of non-current assets (AASB 116)

Under AGAAP the disposal of non-current assets is disclosed on the gross basis. That is, the proceeds of disposal are revenue and the carrying amounts of assets disposed of are expense. The disposal of non-current assets is disclosed on the net basis (gains or losses) under AIFRS.

Adjustments to the Income Statement for the period ended 30 June 2005

The carrying amounts of assets disposed of were previously recognised as expense. This has been derecognised ($3,111k).

The proceeds of disposal of non-current assets were previously recognised as income. This has been derecognised ($25,888k).

A gain on the disposal of non-current assets of $22,777k has been recognised as income.